



APPRAISING THE PLAINS of Kansas



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Congrats New RMAs! Front row (l-r): Jared Thomason, Jay Cooper and Tiffany Miller. Back Row (l-r): Angela Wright, John Perry, Jon Hiss and Justin Eimers. See "On the Cover" on page 2.

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My Wacky World— and Welcome to It!

Della Rowley, RMA
Cowley County
KCAA President

The winter of 2010 – 2011 seemed like forever when I was a kid; now time is moving faster than I ever imagined! There are changes not only in the economy, which results in fewer sales and more complaints from taxpayers who don't (or won't) understand, to the new Orion system!

I have heard it said that change brings knowledge. Well, I am here to tell you that I don't know if I am any smarter, but I am learning that this old dog can do new tricks! Orion isn't mastered by any means, but discovering that you can still absorb more information and skills is refreshing. I may have less hair and more stress for awhile, but Orion was not as bad as I first thought it would be. A wise friend told me the sooner I decided to get on with the changes, the easier life would be. He was correct; the dread was worse than the actuality.

2010 brought about changes and Past KCAA President Mark Hixon had the foresight to put together The Orion Enhancement Committee. They did a terrific job for their first year as a committee and a wonderful job working on getting the first enhancements together and making recommendations not only for which ones were most important, but how to fund them. As we move forward into 2011, the committee's commitments are as high, if not higher, as Orion progresses.

COTA has changed and with that comes a different approach to procedure and when counties are notified. It is difficult with busy schedules to keep track of what, when and how often the COTA website might hold information on these procedures. A new COTA Committee has been put together in an effort to track these updates and inform Kansas county appraisers of what our roles are within the appeals process. It is frustrating when you have a situation arise that was done one way in the past and changes now are in effect that put the county in an embarrassing position in front of taxpayers and the court. Keep the committee updated on things that you are aware of that have changed *OR* ask them what might occur given certain circumstances.

Change is definitely occurring, but with the changes comes progress. I am looking at the year of 2011 as a challenge and an opportunity to learn, share and maybe even enjoy myself along the way! I think we are a serious, hard-working lot that sometimes forget that we live in a wonderful country that allows us to have freedom and choice in what goes on around us. Let's make this year one of cheer and gratitude for what we have and take pride in the great work that we do! Share a joke or funny story from your experiences and remember to Smile☺.

"Have you ever noticed how easily puppies make human friends? Yet all they do is wag their tails and fall over." Walter Anderson, *The Confidence Course*, 1997.

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

Brownback Appoints Secretary of Revenue

By Tim Carpenter, The Topeka
Capital-Journal, Dec.7, 2010
Reprinted with permission.

Newly elected Governor Sam Brownback started making cabinet appointments and appointed former state Sen. Nick Jordan, secretary of the Kansas Department of Revenue.

Jordan, who unsuccessfully sought election to the U.S. House, represented Johnson County in the Senate for 13 years. The 61-year-old businessman is director of tax credit equity for a real estate service company, was president of the Overland Park Convention and Visitors Bureau for 10 years, and worked from 1964 to 1983 in the hotel industry.

As revenue secretary, Jordan said he would concentrate on revision of the state tax code. Avenues must be found to shrink the business and individual tax burden, he said. It is unclear, he said, whether he would endorse repeal of a 1-cent increase in the statewide sales tax adopted by the 2010 Legislature. "We're looking at more of a comprehensive, long-term review," Jordan said. "Our tax policy will play an important role in making our state's economy globally competitive."

See also "Secretary of Revenue Retires" on page 10.

ON THE COVER

A total of 11 people completed the requirements to receive their Residential Mass Appraisal designation in November of 2010, not all of whom appear in the cover picture. Not pictured but no less accomplished are: Julie Valentine, Alvin Federico, Erik Preston, Norma Steventon-Bierens. Our congratulations to all of them on their achievement!

Board Meeting Highlights

■ KCAA Executive Board Meeting August 19, 2010, Topeka

Attendees: Mark Hixon, Dean Denning, Lori Reedy, Jami Clark, Gene Bryan, Rod Broberg, Della Rowley, Greg McHenry, Cindy Brenner

Meeting Minutes: Data Collection Manual—the website WILL be updated. Mark to check on whether letter was sent to Iowa. Double-check spelling of Paul Corusy or Corusey and correct. PVD website—Gene wanted to know if PVD could italic or put at top of the page those items that are recently updated.

Financial Information:

KCAA CD: \$11,251.48
KCAA Checking Acct: \$43,736.48
KCAA Money Market: \$56,443.61
Total KCAA Funds: \$11,431.57

Symposium:

\$34,967.00 income
 \$25,397.62 expenses
 \$9,569.38 profit (budgeted profit was \$7,000)

No Treasurers Report

Education: Cindy to check KREAB for 300 and 201 approval. Cindy provided enrollment numbers for upcoming KCAA classes.

Orion: Cindy distributed a sample invoice. Add a date to invoice i.e., 2010-2011 invoice. Cindy will get invoice out in September. Board members feel strongly that if we are paying for these enhancements that a committee from KCAA get to test and sign off on the

enhancements along with PVD.

Billboards in old guide say personal property, but should it be real estate? Majority put on as personal property. Ethanol plant case is at COTA—they contend that ALL is Personal Property so have paid no taxes. COTA—Brocato, case #102565 from Johnson county might be of interest. This property is a strip mall. Vacancy rate was at issue. Mark will send Cindy a .pdf file for distribution.

NCRAAO: \$485.53 is account balance. 23 people will be here tomorrow for the NCRAAO board meeting on Saturday. Tomorrow is golf and social hour. Meeting is Saturday morning. Gary Stapp and troupe will be doing a production for entertainment for conference next year. Firekeeper will be the golf course. Going to the Great Overland Station for one night. Flashlight tour of capital will be part of the conference. June 13-15, 2010 is the date.

Other Business: Gene brought up a survey he did in 2008. 90% of AA was being done in appraiser's office. How to keep two systems in sync with regard to AA in Wyandotte County. Rod indicated Manatron new software takes that function out of Orion.

Reno County is pulling data from Orion to CIC software. Biggest issue is conversion of data in Reno County. Statute requires clerk to maintain records, but this doesn't happen in most counties. Reno County insisted they use same format. Moved and seconded we do survey again. Gene will get information to Cindy.

Is there a class out there with query-building as the topic? Is that done in Report Writing class?



COTA Appointments

By Tim Carpenter, *The Topeka Capital-Journal*, Nov. 16, 2010. Reprinted with permission. Submitted by Phil Dudley, RES, RMA, Franklin County

State Sen. Janis Lee and attorney Trevor Wohlford were appointed Tuesday to the state's tax appeals court by Democratic Gov. Mark Parkinson. Lee, a Democrat from Kensington who has served in the Senate more than 20 years, would resign her 36th District seat in northwest Kansas to be the court's full-time chief hearing officer. Wohlford, of Lawrence, is the current chief hearing officer on the four-person Court of Tax Appeals. He would take one of the panel's three judge positions.

The tax appeals court works to make certain property in the state is assessed for tax purposes in an equal and uniform manner. The court's members resolve disputes between taxpayers and taxing authorities. The court also reviews tax exemption decisions by local governments and grievances resulting from technical errors.

Both appointments are subject to confirmation by the Senate when the 2011 convenes in January. "The Court of Tax Appeals is an important legal body for Kansas citizens, serving as an advocate for taxpayers across the state," Parkinson said. "Trevor and Janis will bring their combination of legal expertise and experience in state government to the bench to help ensure that our tax code is applied fairly and equitably." Both appointments are subject to confirmation by the Senate when the 2011 convenes in January.

Lee, among nine Democrats in the 40-member Senate, is the chamber's assistant minority leader. Wohlford was appointed chief hearing officer by then-Gov. Kathleen Sebelius after serving as chief legal counsel and executive director of the tribunal.



2011 IAAO Conference
 September 18 - 21, 2011
 Sheraton Phoenix Downtown Hotel
 Phoenix, Arizona

KCAA at KAC:

Pursuit of Excellence

By Lisa Ree, RMA, Ellis County

Believing that 95% of what we see, hear and read every day is negative, keynote speaker Steve Siemens encouraged KAC meeting attendees to be careful not to focus on the negative but to do what we can to eliminate negativity. As leaders, we should work towards not allowing that negativity to be a part of our thinking and communication. To do this we should pursue excellence with the intent of catching it by digging deeper, thinking bigger and creating a bigger vision.

If we are going to be leaders within our county and community, we need to dig deep because excellence starts

within us. When obstacles occur, we can stand on our integrity, our character, and our passion for life.

If we think bigger, we can create a vision. A vision is required if we are going to be leaders who will make a difference. There are things that we may not be able to change, but opportunities are everywhere. If we increase our vision and think bigger, we will see them,

We should strive to increase change, even though problems are a natural process of change and will occur. When change is encouraged, mistakes and problems typically arise, but we should strive to make them work.

[W]e should pursue excellence with the intent of catching it by digging deeper, thinking bigger and creating a bigger vision.

We should not be afraid of change, but should work toward making the process work. We may need to acknowledge that we don't know the exact outcome and that we are not afraid to make mistakes.

To be leaders who pursue excellence, we need to be negative-free, think outside the box, and work toward eliminating obstacles. We can do this because excellence starts within. You dig deeper because excellence requires vision. You aim higher because excellence raises the bar. You work smarter because excellence carries a price tag.

KCAA at KAC:

Enhancement Committee Update: Nov. 15, 2010

By KentonLyon, RMA, Orion Enhancement Committee

At the KCAA board meeting held in conjunction with the KAC meeting in Overland Park, the KCAA Board of Directors voted to fund four of the enhancements for Orion this year. Those four items and their costs are:

- | | |
|---------------------------|----------|
| 1. Obsolete party records | \$18,340 |
| 2. Online reporting | \$11,790 |
| 3. Individual pdf | \$13,886 |
| 4. New market variables | \$ 6,550 |

To date, \$60,494.60 has been deposited. Sedgwick County will be paying for the online reporting enhancement as their contribution to our enhancement effort for this year. Some funding continues to trickle in and will continue into 2011. The carry-over monies will be utilized for the next round of enhancements. Believe it or not, there are still some items on the list. Our job is to identify those items with the most critical need, broadest appeal, and to fund as many of those as we can with the least expenditure possible.

This project is unusual. It requires cooperation and a willingness to come together to resolve some common issues. That can-do spirit is sadly missing in our culture today and is why I've personally never been prouder of our organization. Thank you, each and every one of you who at least asked for funding this past year. Thanks also to the entire committee, the KCAA board, PVD, and Tyler. None of us succeeds individually. All of us benefit to varying degrees from the efforts and actions of others. Acknowledgement of that truth is something to be especially thankful for this year.

NOTE: The KCAA Executive Board voted in November to dedicate \$50,000 in KCAA funds toward additional Orion enhancements.

New Year, New KCAA Executive Board...



Above: Mark Hixon, RMA, CKA swears in 2011 KCAA President Della Rowley, RMA, Sumner County, during the KCAA meeting at KAC. **Below:** Bruce Wright, RMA, Dickinson County; and Dean Denning, CKA, RMA, Ellis County.



Is It a Road?

By Travis Perry, www.graphic-online.com, Osawatomie, Kan., Nov. 17, 2010.
Reprinted with permission. Submitted by Phil Dudley, RES, RMA, Franklin Co.

TOPEKA – After years in court, a possible landmark case filed by rural Centerville resident John Brownback versus the Trust of Thomas M. Gilkison, and Richard and Mary Wilson was decided by the Court of Appeals of the State of Kansas in favor of the Gilkison Trust on Nov. 12, 2010. If the case had been determined in Brownback's favor, it may have clouded every landowner's deed in Kansas that had a wagon road, Indian trail, or evidence of a past road on their property.

According to court documents, Brownback acquired 172 acres of land in Linn County in October 2006. Several months later, Brownback sold 142 acres of the northern portion of his land and retained the remaining 30 acres to the south. The 30 acres of Brownback property was accessed by Brownback by using a "road" on the Gilkison Trust property east of Centerville. On Dec. 12, 2007, Brownback filed a petition to establish the "road" he used to access his property as either (1) a public or private easement by prescription or (2) an easement by necessity. After several pretrial hearings, Brownback voluntarily abandoned his claims for a private easement and an easement by necessity.

In February 2009, the district court held a three-day bench trial where several individuals testified they sporadically used the road with or without permission over a period of more than 20 years to access the Brownback property. According to court documents, retired Linn County Highway Department employees testified they performed maintenance twice on the road in the mid to late 1980s. There was no evidence that the road had been maintained by the county before or after the '80s.

Both parties presented maps and photographs supporting their case that the road was or was not a public road. Brownback used an 1886 map of Linn County, taken off the courthouse wall

during trial, and an unofficial 1906 plat book to claim the "road" was a public road from 1886 to 1906 and continues to be a public road to the present. According to surveyor James Schmitz of rural Parker, who is the Linn County surveyor and was Brownback's map expert, there was some "confusion about whether the 1886 map actually depicted a public road on the Trust property."

Schmitz testified that the 1886 map broke the "cardinal rule of surveying" by incorrectly portraying the fractional government lots to the east of a section line and, therefore, could contain other errors. In addition, Schmitz testified there was no evidence of any official road, either public or private, that existed after 1906 on the Trust's property. Schmitz also noted the 1906 plat book indicated a "wagon road" entered the Trust property from the south; however the plat book did not describe the function of a "wagon road."

Brownback also had two aerial photographs from 1956 and 1971 admitted into evidence. Former Linn County engineer Richard Long compared the photographs and determined that an individual must have performed some periodic maintenance on the "road" due to the road's coloring. But according to court records, he could not confirm whether the county or a private party performed the maintenance.

The Wilsons submitted official county maps dating from 1936 to 1998, which they obtained from the Kansas Department of Transportation (KDOT). All of these maps indicated there was no public road on the Trust's property. Linn County zoning administrator and traffic safety coordinator Larry Robinson noted that the "wagon roads" described in the unofficial 1906 plat book were likely roads constructed by the federal government to access government lots and were never considered public roads.

The district court filed its order

If the case had been determined in Brownback's favor, it may have clouded every landowner's deed in Kansas that had a wagon road, Indian trail, or evidence of a past road on their property.

on April 1, 2009, that Brownback had proved the case that this was a public road. Contending that the district court erred in determining Brownback had established a public easement by prescription, the Wilsons took the case to the Court of Appeals of the State of Kansas. The appellate court determined that the record on appeal did not support by clear and convincing evidence that a public easement by prescription was created on the Trust property. The appellate court cited *Kratina v. Board of Commissioners* where, in 1976, the Kansas Supreme Court discussed the elements required to establish a public prescriptive easement. The *Kratina* court case stated:

There must in addition be some action, formal or informal, by the public authorities indicating their intention to treat the road as a public road." The appellate court ruling stated "the law will not allow the property of a person to be taken by another upon slight presumptions or possibilities. The facts relied upon to establish adverse possession, cannot be presumed, and presumptions will not be indulged in to establish a claim of title.

When contacted about the case and whether he planned to appeal to the Kansas Supreme Court, Brownback declined comment.

In an interview this week, Richard Wilson said, "This should have never gone to trial. Mr. Brownback's legal remedy is across the land he sold." Wilson added, "If judges would just follow the well-established law, it would be unnecessary for people to spend thousands of dollars going to the appellate court, crowding up their busy docket, in order to get justice.

Strained Gas Reserves Play Part

John Green, *The Hutchinson News*, Dec. 12, 2010. green@hutchnews.com

Reprinted with permission. Submitted by Elysa Lovelady, Lyon County

More than a dozen southwest Kansas counties that rely on tax revenues off oil and gas reserves to fund local budgets took a significant hit this year. For a handful, the drop was staggering, with a loss in value of 30 percent or more.

In Stevens County, one of the hardest hit, the county hiked its property tax mill levy more than 15 percent to compensate for the loss, and the school district, 30 percent. Both also implemented spending cuts or freezes, though there were no layoffs.

"It's been a pretty rough year," said Tom Fuhrmann, who is county appraiser for Stevens and four other counties in the region. The counties, which have relied on oil and gas reserves for decades, are used to annual fluctuations in valuation, Fuhrmann said, but not like this. "This is about the worst I've seen," said Fuhrmann, who's been county appraiser for seven years, but in the business in the county for 24. The forecast for 2011 promises a leveling off, but no real hike in revenues as gas reserves in the region continue to decline.

Excess gas. Officials in the region recognized several years ago that the reserves are running out. It wasn't, however, depletion of gas zones in the massive Hugoton field that cut deeply into tax revenues this year. Instead, new technology boosted gas production elsewhere to the point it flooded the market and drove down the price of natural gas. State appraisers use both levels of production and estimated reserves underground to determine the taxable value for oil and gas lands. For gas production, the average gas price from the previous year is used to set those values, while for oil the current spot market price is used, according to the state's property valuation division.

The average wholesale price for natural gas reached a decade high in 2008, when it hit \$8.86 per million Btu (MMBtu). In 2009, the price plunged 55 percent, averaging just \$3.95 per

In Stevens County ... last year the petroleum tax base was tapped for 81 percent of that county's revenues. Yet for 2010, those values dropped more than \$140 million, or nearly 34 percent.

MMBtu, said Tancred Lidderdale, of the U.S. Department of Energy's Energy Information System. For 2010, which will determine next year's lease values, the average gas price is currently \$4.35 per MMBtu, though the year is not yet over, Lidderdale said. Natural gas working inventories at the end November 2010 were 3.8 trillion cubic feet, slightly less than last year's record-setting end-of-November level. So the forecast price for 2011 is \$4.27 per MMBtu, Lidderdale said.

"The primary reason (for the price drop) is there's been a huge surge in production from unconventional natural gas sources," Lidderdale said. "In particular, what's called shale gas. Generally, it's located around Pennsylvania and Texas. They've developed new drilling technology such that it's a large new resource. It really wasn't available just 10 years ago, or even five years ago. And it's reasonably affordable to develop."

Shale gas has been produced for years from shale rock formations that had natural fractures. But the shale gas boom in recent years has been due to hydraulic fracturing, which uses water and chemicals pumped under pressure into a shale bed that creates extensive artificial fractures, releasing the trapped gas.

"Natural gas prices have really reached a floor determined by the price of coal," Lidderdale said. "Historically, coal has been much cheaper than gas, so electric utilities primarily burned coal. Because of natural gas production the last couple of years, the price of gas has fallen enough that it now competes for coal in electricity production."

Majority of revenues. The reason gas prices are so important in southwest Kansas is that revenues from

valuations account for such a large percentage of the property taxes collected in many of those counties. In Stevens County, for example, last year the petroleum tax base was tapped for 81 percent of that county's revenues. Yet for 2010, those values dropped more than \$140 million, or nearly 34 percent. "In Haskell and Kearny counties, oil and gas valuations accounted for 79 percent of budget revenues," Fuhrmann said and "In Stanton County, 76 percent, and in Morton 69 percent."

In the past, during years of high production and high prices, officials were able to build up reserves and fix roads and do special projects. This year's drop, however, has cut sharply into those reserves. "We had been putting money aside for an economic development fund and a county foundation," said Stevens County Commissioner David Bozone. "We had to cut both of those. We cut where we could without affecting employees and we had to raise the mill levy some to offset it."

For this year the county mill levy was 40.65 mills, Bozone said. For fiscal 2011, it was raised to 46.9. Plus, the county was hit with a 19 percent hike in its health insurance to employees, Bozone said. The county has not yet determined how to fund that hike. "We've been lucky we had years it was up, which really helped us put money aside." Bozone said. "If we hadn't, our mill levy would have been well over 50 mills this year."

The school district, which two years ago passed its first bond issue for new construction in 18 years, had to absorb an extra spike in its local option budget along with the scheduled rise in its bond and interest levy. There, the mill levy went from 18.58 mills to 24.15. "It's

pretty serious,” said Hugoton USD 310 Superintendent Mark Crawford, in his fourth year with the district. “We went from 3 mills generating more than \$1 million to this year it generating only \$600,000.” The impact would have been worse, Crawford said, except that the district cut five teachers and four classified staff two years ago in anticipation of state budget cuts. “It probably affected the recreation commission more than anyone else,” Crawford noted. “Their budget is completely based on valuation. They had to make more adjustments over the last six months than the school district. They reduced staff and some service. They’re living off their reserves as well, so they’re hoping the valuation comes back next year.”

Oil rising. The natural gas market, Lidderdale said, is primarily a U.S. market, while crude oil is a global market. With demand for oil growing, driven in part by demand from China, India and the Middle East, consumption is growing faster than production. That’s helping keep oil prices high. With the growing gas production elsewhere, and significant jumps in drilling and completion costs over the past three years, producers in Kansas have shifted their focus to the more lucrative oil, said Ed Cross, president of the Kansas Independent Oil and Gas Association. “In 2009, many oil producers cut budgets by as much as half,” Cross said, “Since then, however, oil production in the state has started to recover.”

In fact, more counties in the state saw positive valuation growth in 2010 from oil production than experienced losses from gas—58 gaining compared to 32 counties with loss. A half-dozen counties, mostly in the northwest, experienced valuation climbs of 15 to 20 percent, including a nearly 16 percent jump in Ness County and 21.54 percent in neighboring Lane County. The biggest jump in dollars was a \$20 million gain in Ellis County. That wasn’t enough, however, to offset the gas losses. Overall, assessed valuation for oil and gas in Kansas lost \$505 million in value, or nearly 2 percent. “And it wasn’t all that many years ago the bottom fell out of oil,” Fuhrmann noted.

After more than 70 years of mining one of the area’s most valuable non-renewable resources, experts expect the Hugoton fields to be depleted within the next two decades. The field has been depleted by 50 percent over the last 10 years, according to a recent university study, and is disappearing at a rate of about 10 percent annually. That, Fuhrmann said, is contributing to declining values of 7 to 10 percent per year, even without price fluctuations. “Gas prices in the last year have stabilized pretty well,” the appraiser said. “All indicators are, at this point, there will be no huge swings in the near future. But I’m not sure anyone predicted this swing either.”

The county recognizes it needs to find new sources of revenue, but that’s quite the challenge, said Stevens County Commission Chairman O.D. Littrell. “The only way to replace it is with new industry,” Littrell said. “In this part of the country, it’s pretty hard to get them to come in.” The county is looking toward development of a cellulosic ethanol plant now under development. Ground has been broken on the plant and some dirt work done, but the plant is far from built. “All these counties have some tough decisions to make around here,” said Littrell, who was recently defeated in a bid for re-election. “I’m glad I won’t have to deal with it.”



In fact, more counties in the state saw positive valuation growth in 2010 from oil production than experienced losses from gas—58 gaining compared to 32 counties with loss.

Meet Your IAAO Executive Board

President:

Bruce Woodzell, Virginia

President Elect:

Debra Asbury, Arkansas

Vice President:

Rob Turner, AAS, Florida

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Bill Carroll, Texas

Continuing Board Members:

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 Joe Hablinski, CAE, Texas
 Martin Marshall, Michigan
 Michael Stone, AAS, Illinois
 W. A. (Pete) Rodda, CAE, RES, North Carolina
 Dorothy Jacks, AAS, Florida
 Michael Miano, Massachusetts, Associate Member

New Board Members:

Randy Ripperger, CAE, Iowa
 David McMullen, New Hampshire
 Jim Weaver, CAE, AAS, Tennessee

IAAO Member News

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

30-year Members:

Nancy Tomberlin, PVD (*Way to go, Nancy!*)

25-year Members:

Mary Cech, CKA, Thomas Co.

15-year Members:

Truette McQueen, Ottawa Co.

10-year Members:

Sheryl Sammons, RMA, Saline Co.;
 Terry Henning, RMA, Hodgeman Co.

5-year Members: Cindy Spriggs, Douglas Co.; Laura Blossom, Yotta; Ray Browning, Savage & Browning; Lauri Poe, Marks, Nelson, Vohland & Campbell, Overland Park

New Members:

Karla Grosdidier, Douglas Co.

SCKCAA Tech Fair:

Dec. 10, 2010

By Jazz Wood, Sumner County

The Tech Fair was held at the Office Building in Wichita in the Forgetaboutit Room. Forty-two people from 12 Kansas counties attended; all Kansas counties were invited. Representatives from YOTTA, Tyler, PVD and Apex were the presenters. Thank you to SCKCAA, who hosted the fair and provided lunch catered by Air Capital Catering.

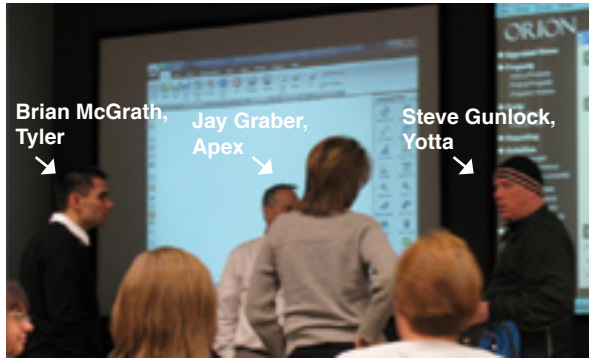
We began the day with Jay Graber from Apex. He started by showing us how a DISTO with Bluetooth would



Jay Graber, Apex

over second stories, upper living space, attics, half-stories and how they were to be sketched and how Orion reads them.

Steve Gunlock from Yotta gave us an overview of Mobile O using electronic tablets to data collect. Steve explained how Mobile O integrates with Apex and Orion. With Mobile O you can have your PRC's electronically while out in the field along with maps of the area(s) you are working. Steve showed how you load the tablets with specific information that you want for data collection.



transfer measurements from the DISTO directly onto our tablets without having to write it onto the tablet. Then we were shown some new and coming electronic tablets. I was most impressed by the Motion F5. The Motion F5 has both a built in handle and camera. It can also be completely submerged in water! Jay went on to show us the Apex sketching program. Brian McGrath was there to answer any questions on the Orion side and how Orion pulled sketches over from Apex. There was a lot of discussion

Raelane Schnacker from PVD talked about the Assessment Tab in Orion. She handed out an instructional page: "Understanding the Assessment Tab—Instructions on How to Make the Final Value Tab and Assessment Tab Work Together." After a final value has been set on the Final Value Tab, it must be pulled onto the Assessment Tab through the batch Assessment Calculation functionality. The Calculated Values button calculates the Assessment Tab ONLY. Users should always calculate the CAMA calculations manually or in a batch before calculating the Assessment Tab.

Raelane also said that there is a new education calendar out, Orion class were in the first six months of the calendar.

Brian McGrath concluded the day with a brief presentation on online appeals. He played a PowerPoint that took us step by step through the appeals process online—this appeals process is up and going in Texas.



And the Marshall Swift Structure Code is...?



—Submitted by Rod Broberg, CKA, RMA and Sean Robertson, RMA, Saline County

KCAA Sponsored Classes

Course: IAAO Course 101, Fundamentals of Real Property Appraisal

Date: July 18–22, 2011
Location: Office This
4031 E. Harry St., Wichita, KS
Cost: \$410
Instructor: Marion Johnson

Course: IAAO Course 112, Income Approach to Valuation II

Date: August 29–September 2, 2011
Location: Office This
4031 E. Harry St., Wichita, KS
Cost: \$410
Instructor: Rick Stuart

Course: IAAO Course 102, Income Approach to Valuation

Date: October 3–7, 2011
Location: Office This
4031 E. Harry St., Wichita, KS
Cost: \$410
Instructor: Marion Johnson

Course: IAAO Course 400, Assessment Administration

Date: November 7–11, 2011
Location: Public Works Classroom
6125 Tuttle Creek Blvd.
Cost: \$410
Instructor: Marion Johnson

RMA REVIEWS

All RMA Case Study Reviews are \$300

Course: Residential RMA Review

Date: August 16–18, 2011
Location: Office This
4031 E. Harry St., Wichita, KS
Instructor: Marion Johnson

Course: Commercial RMA Review

Date: November 1–3, 2011
Location: Shawnee County Annex Bldg.
1515 NW Saline, Topeka, KS
Instructor: Marion Johnson

KCAA Class Registration

Name: _____ SS#: _____ - _____ - _____

County _____ County State Private Contractor Other

Job Title _____

Office Address: _____

City-State-ZIP: _____

Office Phone#: _____ Fax: _____

Course: _____

Date: _____

Location: _____

Payment Enclosed: Yes No Amount: \$ _____ (Make payable to KCAA Education Fund)

Mail or Fax to:

KCAA, P.O. Box 988, Meade, KS 67864-0988. Fax (620) 873-2237
Phone (620) 873-7449 • kcaa@sbcglobal.net

Secretary of Revenue Retires

Angela Deines, cjonline.com, Dec. 3, 2010

Reprinted with permission . Submitted by Elysa Lovelady

She has been mayor of Topeka, a Kansas House member, a community activist and a Cabinet secretary. But when Jan. 10 arrives, Joan Wagon, secretary of the Kansas Department of Revenue since 2003, says she will retire, for the most part. She cautioned, though, "I'm not ready to sit down in a rocking chair."

In retirement, Wagon said she plans to continue work on financial issues on the national level with the Girls Scouts of the USA and always will be looking for "something really interesting" to do.

Former Democratic Gov. Kathleen Sebelius appointed Wagon revenue secretary. "There's a change in the administration," Wagon said, referring to Gov.-elect Sam Brownback, a Republican. "I signed on for eight years, and that eight years ends on January 10th. I plan to work until the last day. I have loved it. Just loved it."

Wagon said when she was appointed secretary of the Department of Revenue, the state tax agency "wasn't at the top of everyone's favorite list." In particular, the Kansas Society of Certified Public Accountants had the department on its "hit list." "I think we've established a real partnership with them," Wagon said. "The department has a good reputation for customer service."

Bob Clubine, a Salina certified public accountant and chairman the Liaison Committee of the Public Accountants Association of Kansas Inc., agrees. "The previous administration had taken away the authority of the people working there," he said. "Joan gave that responsibility back to those people. They've been able to work one on one with us. That was the best thing that happened when she came on board."

Clubine said Wagon has been instrumental in encouraging more Kansans to file their taxes electronically and has improved processes that allow

Wagon's service on several levels epitomizes the term "public servant." "When you look at her career, it's actually remarkable to have a leadership role in the state Legislature, the city and then the Cabinet."

Bob Beatty, Washburn University

CPAs to better serve their customers. "I hope they're able to keep the staff and keep an open ear, especially those who are handling things on a day-to-day basis with taxpayers and encouraging people to file (electronically)," he said. "Joan recognized that more than anybody."

Wagon said when she took over the tax agency, her goal was to get 90 percent of Kansans to file their tax returns electronically. "Eighty-four percent of Kansans are filing electronically," she said. "That has amounted to a huge tax savings to the public. Whoever my successor is will walk into a well-run organization with a competent staff. I'm very proud of the agency."

Wagon, a Democrat, has a long history of public service. From 1977 to 1993, she was executive director of the Topeka YWCA. While at the YWCA, Wagon started the Battered Women Task Force, a teen pregnancy prevention program and the Career Assistance Network, an employment program for disadvantaged women. From 1983 to 1994, she represented the 55th District of the Kansas House before becoming the first woman elected as mayor of Topeka, a term she served from 1997 to 2001 before finishing third in the 2001 primary election.

As mayor, Wagon pushed for issues important to her, such as trying to beef up the city's environmental code enforcement, and she formed a partnership with then-Gov. Bill Graves to get city control of the old Topeka State Hospital property. She also worked with the Graves administration to develop new office buildings in the downtown area to concentrate state agencies there. After leaving the mayor's office,

Wagon served as president of Central National Bank until she was appointed by Sebelius, a colleague of hers in the Kansas House, as revenue secretary.

Bob Beatty, political science professor at Washburn University, said Wagon's service on several levels epitomizes the term "public servant." "When you look at her career, it's actually remarkable to have a leadership role in the state Legislature, the city and then the Cabinet," he said. "She's still part of that generation of women who paved the way for other women to go into leadership positions. It used to be a tough road for women, but people like Joan Wagon made it easier."

Beatty recalled Wagon having to be tough, particularly in the face of some strong male personalities when she was mayor of Topeka. An effigy of Wagon with her head inside a toilet seat was placed outside her office at city hall the night of the primary election in 2001. Acting Police Chief Ed Klumpp, who was deputy chief at the time, said Councilman John Alcalá confessed that he, Councilman Jim Gardner and Shawnee County Commissioner Vic Miller had taken the display from a citizen's yard and moved it to city hall.

During a March 2001 news conference, Wagon acknowledged she probably erred in pushing too hard and too fast to break a pattern of complacency and inaction. She said she may have been short on sensitivity and ruffled too many feathers. "She paid a price," Beatty said. "It was not a moment of glory. It didn't make Topeka look good."

A retirement reception is scheduled for 1 to 3 p.m. Jan. 7 at the Kansas Department of Revenue, Docking State Office Building, 915 S.W. Harrison.

Building Boom for Grain Elevators

By Roxana Hegeman, The Topeka Capital-Journal, Dec. 1, 2010
Reprinted with permission. Submitted by Elysa Lovelady, Lyon County

LARNED — A construction boom is underway at grain elevators across the Great Plains, where new varieties of corn are allowing farmers to grow more crops off the same acres and demand from ethanol plants is keeping more crops in state.

In more recent years, a number of forces have coalesced to ignite a building boom of new storage facilities particularly in states such as Kansas and Nebraska that are awash with more grain crops than places to put them. But demand for more storage space is up across much of the nation's grain producing areas despite historically high storage capacity in the nation's federally licensed grain elevators.

The boom is driven in part by the advent of drought-resistant corn varieties that gave growers in arid climates like western Kansas the option to switch to more profitable corn crops that yield far more bushels per acre than the traditional wheat crops they are replacing. Another factor driving the booming construction is the rise of an ethanol industry that has kept more corn and sorghum within the state, rather than shipping them out immediately after harvest. And commodity markets have given farmers more incentive to hold crops in storage during the harvest glut to wait for better prices later in the season.

All this comes at a time of low interest rates and high commodity prices that have allowed elevators to raise grain storage prices and ultimately build new capacity at existing facilities to handle the huge mounds of grain now being dumped on the ground during each fall harvest.

For communities, the boom is bringing in temporary construction jobs during the weeks it takes to build the storage, but the most immediate economic impact for rural towns will be in the added property valuation on the tax rolls that help fund schools and municipal services. Since most of this storage



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is going up in existing elevators, it is not adding new jobs at them because typically the existing staff can handle it, said Tom Tunnell, executive director of the Kansas Grain and Feed Association, the trade group representing grain elevators. "But then that (construction) crew and that operation move to the next location within the state," Tunnell said. "It is an ongoing process. Those guys are working somewhere all the time and mostly in our state. So it is good for the state."

Capacity at federally licensed grain facilities nationwide reached a historical high in 2010 with more than 4.5 billion bushels of storage space, not counting capacity at state-licensed facilities, Agriculture Department statistics show. The previous high was in 1988. The low point since then was reached a decade later. But storage capacity in recent years has been steadily rising, with 2010 being a particularly busy year for new construction that has yet to be licensed and counted.

Among them are the two 140-foot-tall concrete silos now under construction at the elevator in Larned, Kan., owned by Pawnee County Co-op Association. The concrete bins will add some 600,000 bushels in new storage capacity, a welcomed addition given that the elevator now has a million bushels of corn piled on the ground a mile away exposed to the weather. "The pipeline

is full," said Hugh Mounday, general manager of the Pawnee County Co-op. "There is hardly any export grain going out anymore and that is backlogging a lot of wheat in our area, so therefore it forces us to pile corn and milo outdoors."

Orders for new concrete grain silos at McPherson Concrete Storage Systems, Inc., are backlogged until at least September 2011 or later, said sales manager Roy House. The McPherson-based company built 31 concrete silos in Kansas and Nebraska this past year, up from 25 in a normal year. "We are putting up the big, concrete silos. We are in the business for the long term," said Frank Riedle, the general manager for the Great Bend Co-op. "Those last 30 years. We are building permanent storage."

Within the past four years, the Great Bend Co-op Association has added concrete grain silos at its central Kansas elevators in Seward, Pawnee Rock and Ellinwood across central Kansas. Woofter Construction and Irrigation Inc., based in Colby, Kan., has built metal grain bins for nearly 5 million bushels in new capacity this past spring through fall in Kansas, Colorado, Oklahoma and Nebraska, said salesman Larry McDonald.

"I've got probably more projects

continued on next page

Grain Elevators, continued

to bid on than I can physically get done," McDonald said. "We could use more people. They are out there, we need them here." McDonald said the company needs to hire eight to ten millwright workers now. His company has kept some 60 employees busy, but he figures that if you count the outside concrete crews, millworkers, electricians and other contractors his grain storage projects alone have probably generated work for between 200 and 250 people.

The advent of the ethanol industry in Kansas beginning in 2002 has created more demand within state boundaries for corn and sorghum along with somewhere to store it all. It takes some 142 million bushels of these feed grains to produce the 400 million gallons of ethanol now produced by Kansas ethanol plants. About 17 percent of the state's feed grains now go to produce ethanol here.

The shortage of space is reflected in rising storage rates that have nearly doubled within the past decade in Kansas. Elevators make money by charging farmers to store their grain or by buying their harvest outright for sale on commodity markets. "Storage rates have gone up tremendously in the last five years," Riedle said. "It is more lucrative to have storage, but mostly we just have to keep up with the farmers [as] they produce more grain."

For years, total grain production in Kansas of major crops wheat, corn, sorghum and soybeans hovered each year under a billion bushels, statistics show. Last year, it was 1.4 billion bushels and it is estimated to reach 1.3 billion bushels this year. Kansas is expected to harvest its second largest corn crop on record in 2010.

One measure of how much trouble elevators are having in keeping up with season after season of plentiful fall crops is the number of licenses issued for temporary storage, such as bunkers that store grain on the ground covered by tarps. Last month Kansas alone had 132 million bushels of temporary storage, a significant amount when you consider that the state has some 900

million bushels of state and federally licensed commercial storage combined, Tunnell said

At least 15 million bushels of storage capacity was added in Kansas alone last year, Tunnell said. "The price of commodities has risen. They can't afford to store it in piles," said Larry Endress, a salesman for Cornbelt Fabric Structures, based in Bradford, Illinois. The company, which builds fabric-topped storage structures, has put in 3.5 million bushels of new storage capacity in Kansas, Nebraska, Illinois and Wisconsin this past year.

Even the most carefully stored outdoors is vulnerable to weather that deteriorates grain quality, with losses of one percent not uncommon. The storage boom is focused in Kansas because of the emphasis away from wheat production to fall crops here, Tunnell said. Corn harvest in the fall when other row crops mature puts an added strain on the old elevators originally built to handle the winter wheat harvest in June, when storage space is more readily available.

The storage shortage is further aggravated by the fact that corn yields more bushels per acre than winter wheat. A good acre of wheat produces between 40 and 50 bushels per acre. That compares to the new high-tech corn varieties that average yields of more than 225 bushels per acre.

The advent of the ethanol industry in Kansas beginning in 2002 has created more demand within state boundaries for corn and sorghum along with somewhere to store it all.



White House Loses Nearly a Quarter of Its Value

By Holly Bailey, Yahoo.com, Jan. 5, 2011

Submitted by Kevin Bradshaw, CAE, RMA, Wyandotte County

On paper, it sounds like a property to die for: 132 rooms, including 16 bedrooms and 35 bathrooms, with 28 fireplaces, a tennis court, a bowling alley and an attached garage spread out over 55,000 square feet on 18 acres of centrally located land.

But the White House, as enviable a property as it is, hasn't been immune from the nation's housing crisis.

As syndicated columnist Lew Sichelman first noticed, the property value of the White House has lost nearly a quarter of its value over the last three years, according to the real estate site Zillow. In fact, in the last month alone, the White House's estimated property worth has dropped nearly \$5.5 million.

At the height of the 2007 housing boom, the White House was valued at roughly \$332 million. In January 2009, when President Obama and his family moved in, the fair market value was listed as \$292 million. Now Zillow says the property is worth just \$252 million—even with all the redecorating the Obamas have done since moving in.

That's still an impressive net worth, considering the property was reportedly built at a cost of just over \$232,000 (roughly \$3 million in 2011 numbers).



Tour the White House online at:

<http://www.whitehouse.gov/about/interactive-tour>

Cool, Calm and Collected in Kansas:



Home on the Range

One wonders if this house, now a museum, was indeed painted pink in 1887 when Susanna Salter was elected the first woman mayor in the USA in Argonia, Kansas, in Sumner County.

The story behind her election is at once interesting and humorous. Her father had been the first mayor of the small town, and the 27-year-old Susanna, an acquaintance of Carrie Nation, was active in the local Women's Christian Temperance Union. Several local men (rumored to be drunk at the time in some reports)

nominated her as the Republican candidate for mayor. With the backing of the city's women, prohibitionists, and Republicans, she won a surprise victory. After an uneventful term, she declined to run again. News of her election stirred debate around the world regarding the eligibility of women for public office.

It all began right here, in little Argonia, Kansas, amongst the wheat fields of western Sumner County.

NCRAAO

North Central Regional Association of Assessing Officers

2011 Annual Conference in Topeka, KS

June 13th to 15th

Ramada Inn, 420 E. Sixth, Topeka, KS 66607

Ph. 785-215-8257

Go to www.ncraao.org for more details.

Watch the KCAA website (www.kansas.gov/kcaa) and the next issue of "Appraising the Plains" for registration info.

Della Rowley RMA, President, 500 N Washington, Wellington, KS 67152.
620-399-1020 • John Lawson ICA, Secretary, PO Box 452, Spencer, IA 51301.
712-262-1986

IRS Drywall Guidance May Provide Opportunities for Appraisers

The Internal Revenue Service's Sept. 30 guidance for taxpayers seeking reimbursement for repairs made to their homes as a result of faulty imported drywall may open an avenue of work for appraisers, according to a recent

tax newsletter.

The IRS Revenue Procedure 2010-36 states that individuals who pay to repair damage to their personal residences or household appliances resulting from corrosive drywall may

Drywall, cont.

treat the amount paid as a casualty loss in the year of payment. Taxpayers generally have up to three years to file an amended return and claim the deduction.

According to a Nov. 11 Marcum Tax Flash newsletter, only amounts paid to restore the taxpayer's personal residence to the condition existing immediately prior to the damage qualify for the loss treatment. "Any improvements that result in a value that exceeded the pre-loss value are non-deductible," according to Marcum.

The Marcum newsletter promotes the use of appraisals in preparing for an audit casualty loss, should the IRS take such action. The newsletter suggests getting appraisals that state the value of the residence immediately before the discovery of the drywall problem and immediately after the discovery of the drywall problem, as well as a closing statement to support original cost of residence.

In addition to the IRS audits, Joe Milkes, MAI, owner of Milkes Realty Valuation in Dallas, said there are likely to be a number of lawsuits involved in cases against the drywall manufacturers and installers. As such, appraisers should make their services available to the attorneys and other parties involved in the lawsuits, he said. Milkes specializes in appraisal, consulting and litigation support services for commercial real estate and estates, including environmentally distressed properties.

"Surely there will be consideration not only of the cost involved in remedying the problem but in the diminution in market value due to a residence having construction and health issues resulting from the defective product," Milkes told Appraiser News Online. "In some lawsuits the permanent loss of value to the property may be a factor or possibly in some cases, the loss of market value might be the measure of damages."

For the IRS's Sept. 30 guidance, visit www.irs.gov/newsroom/article/0,,id=228402,00.html.

—Source: Appraisalinstitute.org
Nov. 17, 2010.

ULI Fellows Identify Forces Shaping the 'New Normal' For Real Estate

By Jenny Sullivan, www.builderonline.com, Oct. 14, 2010

No one knows when exactly local housing markets will recover, banks will emerge from paralysis, or just how deeply the recession will permeate consumer sentiment in the years to come.

But there are some sure things that will alter the housing landscape over the next decade, according to a panel of Urban Land Institute senior resident fellows who spoke at ULI's annual conference in Washington, D.C., earlier this week. Among them: demographic population shifts, financial restructuring, global competition, and climate change.

"These trends will continue regardless of location, of which political party is in power, and of how quickly we recover from the recession," Maureen McAvey, ULI's executive vice president of initiatives, said during the briefing. "Taken collectively, they will create the 'new normal.'"

Here are five predictions culled from that panel and from the newly released ULI report "Finding Certainty in Uncertain Times."

Urbanization of the 'Burbs'

Despite renewed interest in downtown living, outer suburban areas in the United States grew nearly three times faster in population than central cities and inner suburbs over the last decade. ULI senior fellow and finance expert Stephen Blank believes the fabric of those neighborhoods is about to change with added density. He predicts a shift away from large-lot homes on the fringe toward infill locations that are closer to 24-hour markets. But he qualifies that round-the-clock communities are today just as likely to emerge in the outer 'burbs' as they are in the urban core.

"Expect to see more high-rise and mid-rise apartments and townhouse projects built around shopping centers and commercial districts," Blank writes. "Failing retail space will be converted

[H]omeownership levels, which are currently at 66.9%, will likely drop to levels not seen since the 1980s—to between 62% and 64%.

to accommodate other uses, often with residential components, and more under-occupied suburban office campuses will be transformed into mixed-use properties."

Fewer Homeowners

Homeownership rates reached unsustainable levels during the boom and will now inevitably correct, predicts John McIlwain, senior resident fellow and ULI/J. Ronald Terwilliger Chair for Housing. Although the U.S. population continues to grow steadily, adding 2.5 million people each year, "U.S. household formation has crashed, dropping to less than one-third of the long-term average of 1.4 million a year," he observes. "While several million people are waiting in the wings to form new households when jobs come back, the two big questions are what they will be able to afford and whether they will buy or rent."

McIlwain believes falling wages, high college debts, and overburdened parents (who lost considerable equity in the downturn) will fuel a robust rental market for the foreseeable future—particularly among Gen Y, who will rent far longer than previous generations before buying a house. As a result, homeownership levels, which are currently at 66.9%, will likely drop to levels not seen since the 1980s—to between 62% and 64%.

Incremental Sustainability

Momentum for green building has slowed as environmental stewardship has taken a back seat to pocketbook issues, but green isn't a fad that's going away, contends Edward McMahon, senior resident fellow and ULI/Charles E. Fraser Chair for Sustainable Development and Environmental Policy. If anything, it's a movement that will con-

tinue to grow in spite of the downturn.

The lion's share of that impetus will come from local governments and the private sector, not the federal government, he says, noting that the wheels are already in motion. The U.S. Green Building Council now certifies 870,000 square feet of space daily, and the nation now has roughly 1 million Energy Star rated homes and more than 9,000 Energy Star-certified commercial buildings. Wal-Mart recently announced plans to build all of its new stores to LEED standards.

Furthermore, McMahon points out, 33 states (representing 70% of the nation's population) have already developed climate action plans, and 21 states have set carbon reduction targets. More than 1,000 U.S. mayors have adopted Kyoto protocols. He believes resistance and concerns over the cost of green building will dissipate with the advent of better products, improved procedures, and greater expertise from real-world experience. Land planning, he adds, will increasingly factor into carbon reduction goals, particularly when it comes to reducing car trips. "The location of a building is as important to energy efficiency as how a building itself is designed and built," he says.

New Promised Lands

Global gateway cities such as New York, Chicago, and Los Angeles will always be desirable locations to live and work, but the "knowledge economy" could help determine the burgeoning housing markets of the next decade, according to Tom Murphy, senior fellow for urban development. Just follow the venture capital and R&D funding. Investments channeled through higher education, medical institutions, and enterprise start-ups will prove to be an essential ingredient in seeding new

ULI Report, continued

“creative class” communities in the years ahead, Murphy argues.

The ULI report also tracks good examples of “creative and nimble” metro areas that have embraced change, seeded new economies for employment, and offer a unique quality of life. Examples of such cities include Austin, Charlotte, Minneapolis/St. Paul, Nashville, Portland, Raleigh/Durham, and Tampa/Orlando.

In addition, the report hypothesizes that many of the areas hit hardest by the housing bust (think Detroit, Cleveland, Las Vegas, New Orleans, Philadelphia, Phoenix, Pittsburgh, and Sacramento) will become prime spots for reinvention and rebirth. “Many of these markets currently have commercial rents substantially below replacement costs, yet had outsized population growth from 2000 to 2008... They may have hit the floor hard, but their dogged spirit of reinvention lives on, and all that vacancy and speculation may give rise to the next great thing,” McAvey writes in the report.

An Inverted Population Bell Curve

Half the U.S. population is now represented by demographic cohorts at opposite ends of the home-buying spectrum: baby boomers (age 45 to 65) and their offspring, Gen Y (age 18 to 32), which together account for 150 million people.

“Both represent lifestyle change,” asserts McAvey. And those lifestyle shifts will spark demand for alternative types of housing. “Boomers will begin moving to retirement, downsize, and make increased demands on the country’s health care system. Gen Y will form new households, pair up, try to find more permanent jobs, have children, and set new patterns of consumption,” she writes. “Both groups will embody market preferences that break from recent past and pre-recession expenditures.”

Jenny Sullivan is a senior editor for BUILDER covering architecture, design, and community planning

Housing is Forecast to Rebound Next Year

By Bill Wilson, The Wichita Eagle, Oct. 6, 2010. Reprinted with permission.

House for sale by owner in North Riverside, Wichita, Monday, Aug. 13, 2010

Wichita area home sales will rebound in 2011 after the effect of the homebuyer tax credits wears off, according to the 2011 Kansas Housing Markets Forecast released today by the Center for Real Estate at Wichita State University. Local sales will rise by 6.6 percent in 2011, while new home construction activity will remain relatively flat, rising by 0.9 percent, said Stan Longhofer, director of the Center for Real Estate. “One of the things we’ve seen is an extended hangover following the expiration of the tax credit in most markets across the state,” Longhofer said.

“As a whole, home sales across the state appear on pace below 2009 figures, but we think we see the bottoming out of that; 2010 will be down a little bit, but we think there will begin a slow but measurable recovery in 2011.” That is, if aviation cooperates.

“Even if Hawker leaves quickly, the impact on our housing market depends on the individual choices of employees,” Longhofer said.

“Do they move with the company? If so, that likely translates into an increase in home sales and depresses home prices. But if people decide Hawker’s going and I’m staying, it will depress sales figures...”

Longhofer’s forecast will be unveiled at 8:15 a.m. October 6 at the Wichita Marriott. Its title is “Ripple Effects,” reflecting how the tax credits forced much of 2010’s home sales into the first six months of the year. The study also includes a look at Kansas and several other areas, including Kansas City, Lawrence, Manhattan and Topeka.

Here are some highlights from the study:

- **Wichita:** Total sales will decline by 5.5 percent in 2010 to 8,140 units before rising in 2011 to 8,680 units. New home construction will end 2010 down 14.8 percent before stabilizing

next year with the slight increase. Home prices will be flat in 2010 before rising 1.4 percent next year.

- **Kansas:** Sales should end this year down 3.4 percent at 29,600 units before rebounding next year, up 4.2 percent to 30,850 units. New home construction should rise 5.5 percent this year to 3,860 units, then rise more slowly next year to 3,910 units. Prices will end this year down 1.1 percent and then remain flat next year.

- **Kansas City:** Home sales will end the year down 5.1 percent at 24,450 units before rebounding by 2.5 percent next year to 25,050 units. New home construction has bottomed out, with single-family permits increasing by 7.9 percent this year to 2,060 units. Permits should rise next year to 2,100 units. Home prices are stabilizing, but should fall by 2.2 percent this year and another 1.3 percent in 2011.

- **Lawrence:** Home sales will rise 4.6 percent this year to 1,310 units, accelerating next year by 9.2 percent to 1,430 units. New home construction also is on the rebound, with single-family permits up 7 percent this year to 200 units, followed by a 10 percent increase next year to 220 units. Home prices, though, will end the year down 3 percent before stabilizing next year, down 0.5 percent.

- **Manhattan:** Home sales will remain unchanged this year at 600 units. Sales should rise 3.3 percent next year to 620 units. New home construction has risen sharply this year, up 11.7 percent to 200 units. It should drop off slightly in 2011, down 5 percent to 190 units. Prices rose at a 6.8 percent rate during the first seven years of the past decade before flattening.

- **Topeka:** Home sales will end 2010 up 2 percent to 2,670 units. Sales should rise about 1.1 percent next year, to 2,700 units. New home construction activity will continue to decline this year, dropping to 270 units before bouncing back next year to 310 units. Home prices will remain basically flat.

The Foreclosure Mess: A Continuing Saga

By Rick Stuart, CAE

Over the last couple of years there have been articles in “Real Estate Notes of Interest” concerning the residential foreclosures occurring within the market. Now it seems that the foreclosure mess has ramped up another few notches. This ramping up has resulted from the questions surrounding the foreclosure process and if the financial institutions actually have all their paperwork in order to foreclose. This story has now taken on a life of its own and is worthy of special attention. The headlines below tell the story.

Probe Targets Foreclosure Paperwork
Document Questions Cloud Recovery
J.P. Morgan Widens Foreclosure Review
Document Mess Hits Fannie, Freddie
Foreclosure Crisis Slams into Banks
Mortgage Damage Spreads
Homeowners in Limbo
Why a Foreclosure Moratorium Is a Bad Idea

Florida’s attorney general first expressed concern that some of the loan processors and legal firms did not review all information needed, such as who actually was the owner of the loan document for a property and had all the ownership transfers or loan assignments been recorded. This situation has spawned a new term: robo-signers. Robo-signers are individuals who may sign-off on the paperwork necessary for foreclosure. The concern is that not all the process documents used accurate data, some data was not complete, and the documents were not even read; and often hundreds of foreclosure documents were signed per day. All of this comes at a time that Realty-Trac is reporting that one in four home sales nationwide are foreclosed properties.

With the perceived problems, it will come as no surprise that realtors see an immediate effect upon residential sales. Some foreclosure properties have been pulled from the market until the lending institutions can be assured the paperwork is correct, and potential purchasers are backing away from foreclosures. Adding to those problems, some title companies are becoming cautious of issuing title insurance on foreclosed properties, and others have issued guidelines that could make it harder to write policies and could make it difficult for an owner to refinance a previously foreclosed property.

Fannie Mae and Freddie Mac become part of this entire review process as they purchase mortgages from banks and then sell them to investors as mortgage-backed securities and provide guarantees of default and any losses. They also provide a list of approved vendors to handle the mortgage process. One such vendor caught the attention of the Florida AG, and Fannie and Freddie have now ordered that no additional work be sent to that vendor.

Delaying foreclosures is having some effect on the stock market performance of financial institutions. The financial

institutions have been performing better and appear, for the most part, to be returning to sound financial footing. Investors are now concerned that any extended period of delay on foreclosures will lead to additional holding costs, reduce available cash flow to pay mortgage bondholders, force banks to modify billions of dollars of loans and thus reduce returns to investors, and has the potential for lengthy legal battles with homeowners who believe they were unjustly foreclosed upon.

Our legal system requires documented paper trails for all transactions. In the heat of the upwardly spiraling housing market of a few years ago, mortgages were sold through faster technological methods, and the fear for some lending institutions is now they do not have the proper paper trail. This could not just slow the process but actually bring it to a halt. It is anticipated that the end results will be the same—those in default will be foreclosed on, just considerably later. Florida is one of the hardest hit states and requires that all foreclosures go through the court system. According to J.P. Morgan, the average borrower had spent 678 days without paying before being evicted in Florida. The current concerns will now make that a longer process still.

Some people are calling for a foreclosure moratorium, but this author believes that to be a mistake. If the homeowner is in default, the property will be taken back. Make sure the paperwork is in order so the title is clear, but get the property back into the market and let supply and demand drive the market.

A few independent fee appraisers in Topeka are expressing concerns that if the number of sales do not pick up soon in certain areas and property types, there will not be any current sales to be used for loan appraisals. A moratorium would just exacerbate that problem.

Buckle up. It is going to be a long trip.

Robo-signers are individuals who may sign-off on the paperwork necessary for foreclosure. The concern is that not all the process documents used accurate data, some data was not complete, and the documents were not even read; and often hundreds of foreclosure documents were signed per day.





Expanding your many talents!

By Lisa Ree, RMA, Ellis County

So you've figured out how to use the CRS query tool, maybe even write a query from scratch. You run the query and bam, the data is in an Excel spreadsheet. Then you end up just staring at the spreadsheet and wondering, Now What?

This new addition to *Appraising the Plains* will hopefully help you become more comfortable using Excel, one key stroke or click at a time. Each issue will feature shortcut keys plus a little extra.

Ever been at the top of a spreadsheet and you want to get past the last line of data, maybe to calculate a mean or median value? You can get to the last line by clicking on the scroll bar and sliding it down to the last line. Or you might use the wheel on your mouse. These may work fine if you have a small number of samples. But if you have 500 lines of data, these methods may be cumbersome. Try these shortcuts as another, maybe even quicker, way to get to the end of your spreadsheet:

CTRL + END

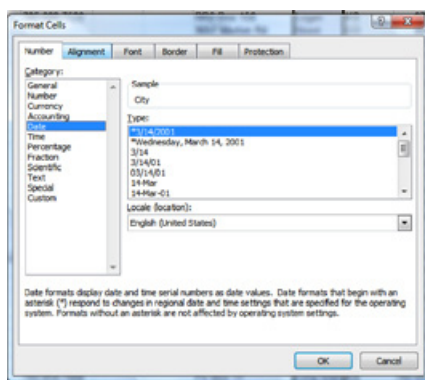
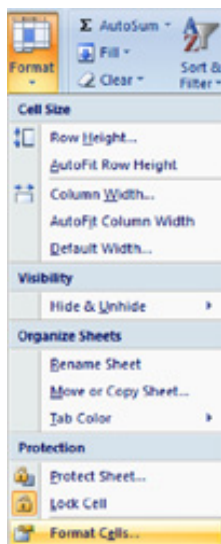
Hold these 2 keys down together and your cursor will end up at the last row and last column of your spreadsheet.

CTRL + HOME

Now that you are at the very end of your data, hold these 2 keys down together and your cursor goes back to the very first cell of your sheet.

Formatting Dates (Excel 2007)

When any date is downloaded into Excel from a CRS query, the date is formatted as mm/dd/yyyy 0:00 (12/05/2010 0:00). An easy way to display only the date is by using the Format option. Highlight the cell, column, or row you want to format, select the Home tab. In the Cells group, select Format. Then select Format Cells.



In the Cells group, select Format. Then select Format Cells.

A dialog box titled Format Cells is opened. Select the Number tab then Date under the Category section. Notice the different options listed in the Type section. Select one of the 17 date formats.

Other ways to access Format Cells:

Right-click your highlighted cells and select Format Cells

Shortcut key: Highlight your cells and hold down together the keys **CTRL + 1**

Jobs are the Answer to Foreclosures in County

By Bill Wilson, The Wichita Eagle, Nov. 7, 2010.
Reprinted with permission

The September and October foreclosure statistics from Sedgwick County Appraiser Mike Borchard are grim, a 10-year high that analysts say is indicative of a worsening job situation in Wichita. Borchard's figures show 368 active commercial and residential foreclosures in the county in September and October. And since January 2008, Borchard shows more than 3,300 foreclosures in the county—figures that analysts say will grow until the aviation industry and the economy stabilize.

"Jobs," said Gary Schmitt, who oversees commercial and residential lending for Wichita's Intrust Bank. "It's hard to make payments when you don't have a job. Until we get the jobs back, it's going to take a long time to get this thing straight."

Wichita economist Jeremy Hill, who heads the Center for Economic Development and Business Research at Wichita State University, agreed. "The unemployment numbers out today (Friday) are still high," Hill said. "We have the looming issue with Hawker leaving. This issue will definitely go into 2011. "People are strapped for cash. Some are on unemployment insurance. It's just logical that creates more opportunities for foreclosures."

Of Borchard's September/October numbers, 224 are in Wichita. The other hard-hit area is Bentley, with 119 in a city trying to dig out of the failure of the Castle Estates subdivision. The 224 active residential foreclosures in Wichita are about on pace with Schmitt's estimate for 2010 residential foreclosures—2,485. Those are by far the worst foreclosure numbers of the past 10 years, Schmitt said—three times the 835 recorded in 2000 and almost twice the 1,409 recorded in 2002, a year after the 9/11 terrorist attacks slowed the aviation industry.

"Unemployment at 10 percent instead of 4," Schmitt said. "It's putting

continued on next page

Jobs, continued from p. 17

economic pressures on families that end in a divorce or financial catastrophe.” The foreclosures haven’t put a downward pressure on Wichita home prices—yet, Schmitt said. “It hasn’t moved a whole lot yet,” he said. “There are, though, a number of homes coming on the market for economic and jobs reasons that you can get at a reasonable price. Big discounts, though, are few and far between.”

Castle Estates in Bentley is one of several Kansas housing projects developed by Wichita builder Tim Malone, who has sustained millions of dollars in foreclosures over the past two years. Malone also had a project in Junction City that was hit hard when projections that Fort Riley’s population would jump failed to materialize as quickly as hoped. The problem is \$1.4 million borrowed by the city to extend water and sewer lines to Castle Estates, with only about \$100,000 retired, Armstrong said. Bentley has incurred about \$240,000 in expenses from the stalled development, which has eaten up \$120,000 in the city’s cash reserves and caused the police department’s \$50,000 budget to be cut in half.

Bentley Mayor Shelley Armstrong said that the city is still waiting to see if the investors who bought the properties—Heartland Properties—will pay the property taxes on the development. The foreclosure solution, Hill said, won’t be found in the profitability of Wichita’s aviation companies. “It’s an employment effect,” he said. “They can be as profitable as they want, but until we sell planes and hire people, nothing will change.”

Article of Interest...

Submitted by Rick Batchellor, RMA, CKA

“Investors raise pressure on mortgage lenders” by John Schoen, msnbc.com. This story concerns the on-going saga of selling bad loans and discusses the lawsuits filed against the large financial institutions for passing on bad and fraudulent loans. Read it online at <http://www.msnbc.msn.com/id/40075142/from/toolbar>.



Spotlight on Reno County

Reno County, the second largest county in Kansas, is located on both sides of the Arkansas River in the south central part of the state. Reno County was created by the state Legislature in 1868; however, the population was not sufficient to necessitate self-government until 1871.

Reno County is named for Major—General Jesse Lee Reno, who fought in the Civil War and died in the line of duty at the Battle of South Mountain in Maryland in 1862. General Reno had a reputation as a “soldier’s soldier” and often fought alongside his troops without a sword or any sign of rank. Reno also commanded an artillery battery in the Siege of Vera Cruz and other battles in the Mexican-American war. Reno received commendations for bravery and “gallant and meritorious conduct.”

Lewis M. Thomas, a cattle rancher, was the first settler in Reno County in 1870 after prospecting through the valleys of the Solomon and Smoky Hill rivers, attracted by the cottonwood groves that at that time covered the sand hills. In 1871, a party of 16 entered the county from the east. Many located claims along the river, as far north as the present city of Hutchinson. Up to spring of 1872, with few exceptions, the settlement of Reno County was confined to the northeastern portion, mostly because of difficulties crossing the Arkansas River.



Reno County Courthouse

The first board of county commissioners and county clerk were appointed in 1872. At a special election, at which



Gen. Reno

112 votes were cast, C.C. Hutchinson was elected as a representative to the state Legislature, and Hutchinson was deemed the county seat.

During the spring of 1872, a petition was circulated among the legal voters of the county asking that an election be ordered for the purpose of determining the feasibility of issuing bonds in the amount of \$60,000 to be used as follows: \$15,000 for a courthouse; \$35,000 for a bridge across the Arkansas at Hutchinson, an iron bridge across the Little Arkansas, and two iron bridges across Cow Creek; and \$10,000 to pay the first year’s interest on the bonds and current expenses, which could not be provided for by taxation. The bridges were completed in the fall of the same year. A second bond election was ordered for additional monies required due to changes in the original courthouse building plans



Early downtown

that included a jail in the basement.

Hutchinson, the largest city in Reno County, sometimes known as the “gate city” and nicknamed “Salt City,” is located at a point where the AT&SF Railway strikes the Arkansas River. In 1871, C.C. Hutchinson, because there was no wagon road, followed the line of stakes set by the railroad engineers and purchased a section of land in the immediate vicinity of the town site.

continued on next page

Reno County, continued

Shortly after his arrival, he was joined by his cousin, W.E. Hutchinson, who immediately took charge of surveying off the town site. In all the contracts and deeds, a clause was inserted to the effect that all lots and improvements there on would revert back to the original owner in case the owner sold or gave away spirituous or malt liquors prior to 1875 in an effort to control the liquor traffic. By the end of 1872, Hutch



Benjamin Blanchard

became the home to a hotel, store, stage and express office, grocery and provision store, hardware and agricultural implement store, a livery stable, a bank and a post office.

Blanchard organized a town company that purchased 280 acres of land south of the river. In 1886 the town company obtained a state charter for South Hutchinson, Kansas. Blanchard was convinced that a vast oil supply lay under the soil and hired a firm to drill for oil. He was disappointed when his well produced a vein of salt; however, this gave rise to the first salt-processing plants west of the Mississippi River.

Salt was originally extracted using the evaporation method by pumping water into brine wells. In 1923, the Carey Salt Company opened the only salt mine in Hutchinson, which then produced rock salt. That mine is still in use today and is now operated by Hutchinson Salt Company. Cargill and Morton Salt also have evaporative salt plants in Hutchinson.

In 1873, when the prairie town of Hutchinson was just barely one year old, a group of businessmen met and organized the Reno County Agricultural Society. On September 23 and 24 that year, the society hosted a fair in a small wooden livery stable behind the town's only bank on the northwest corner of Sherman and Main. This infant local fair, only one of many held throughout Kansas, was destined to become the present Kansas State Fair.

Today, the Greater Hutchinson Convention & Visitor Bureau and the *Hutchinson News* boast the "8 Wonders of Reno County":

1. **Kansas Cosmosphere and Space Center** houses the largest collection of space artifacts outside the Smithsonian and the largest collection of Soviet space hardware in the Western world. Other entertaining and educational opportunities at the space center include the Carey IMAX Dome Theater, an Astronaut Experience, Dr. Goddard's live rocket demonstration and the Justice Planetarium Theater.

2. **Kansas Underground Salt Museum** provides a 70-second descent straight down to 650 feet under the Kansas prairie, where you will be surrounded by salt deposits formed 275 million years ago. A special museum gallery depicts the underground storage facility, and displays include actual costumes from Hollywood flicks.

3. **Fox Theatre** has been restored to its original 1931 grandeur and greets you with one of the few surviving original neon marquees in the country. It is designated as the "State Movie Palace of Kansas" and is listed on the National Register of Historic Places.

4. **Kansas State Fair and Fairgrounds** is home to more than 230

events annually, in addition to the Kansas State Fair that takes place every September.

5. **Dillon Nature Center**, a National Urban Wildlife Sanctuary, showcases both plant and wildlife. Here visitors will find hundreds of tree, shrub and wildflower species, over 200 species of birds and a diverse variety of other wildlife.

6. **Yoder**, an Amish community established in the early 1900s, has prospered and is now a quaint mixture of the past and present. A stroll down the street will uncover horse buggies intermingled with cars, several unique stores offering handcrafted items, and the sweet smell of cinnamon rolls wafting from the local bakery.

7. **World's Longest Grain Elevator**, located in Hutchinson, holds 18.2 million bushels of grain, equal to 1.3 billion loaves of bread; is 230 feet high, the size of a 23-story office building; and is 127 feet deep and 2,577 feet long—just short of a half-mile.

Quivira Wildlife Refuge is a 22,135-acre refuge and home to more than 260 species of birds including bald and golden eagles, white pelicans, whooping cranes and wild turkeys. Visitors will find relatively lush vegetation of the east blending into the more arid grasslands of the west.

Reno County Demographics

<p>2009 Population Estimate: 63,357 1900 Population: 29,027 Area: 1254 square miles Persons per square mile: 51.7</p>	<p>Median Household Income: \$42,597 2009 Assessed Real Estate: \$362,350,147 2009 Assessed Personal Property: \$30,815,081 2009 Assessed Oil & Gas: \$13,424,888</p>
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Spotlight on Haskell County

The Most Level County in Kansas

Pre-Settlement Years

When settlement began in Haskell County (county code HS), the once abundant buffalo herds that roamed the plains were gone. But evidence of their numbers remained. Buffalo wallows were created when the animals would plunge their horns into the ground and throw dirt onto themselves, helping to ward off mosquitoes. The wallows would often fill with water, also cooling the buffalo.

The wallows remained long after the buffalo were gone. One wallow north of Sublette was said to be as big as 30 acres. Settlers would gather the bones left from the mass buffalo hunts and sell them. The bones were shipped back east and were used to make fertilizer. One settler sold three wagon loads of bones collected from his claim alone.



Haskell County—1899

The Cimarron Branch of the Sante Fe Trail crossed Haskell County from the northeast to the southwest. This section was known as the Journey of Death after a gruesome attempt by a trail scout and crew to cross the sandhills. Those heading west using the Trail often met with hostile Indians. Also the lack of water sources contributed to the dire nickname.

No distinct trail had been established after the Trail first crossed the county in 1831. But three years later, heavy rains made it possible for the wagons to create deep ruts, clearly

marking the trail. The trail ruts were clearly visible in a 1939 SCS aerial photograph. During the 1860s, Indian activities had increased, forcing the trail to become useless.

After the Civil War, the Cimarron crossing was used again as a trade route, mainly because it was 100 miles shorter than the mountain route. By the mid 1950s, a local farmer stated the only evidence of the Sante Fe Trail was in the wheat fields where the wheat was a different shade of green and it ripened a day or two earlier than other wheat. And in dry years, the Trail wheat would be the first to burn out.

Settlement

In 1872 the first settlers of Haskell County were cattlemen, typically grazing their cattle on the grasses between the Arkansas River to the north and the Cimarron River to the south through the future towns of Ivanhoe and Sante Fe. The cattlemen had no interest in developing the county; their only interest was the area's grass for their stock. Their cattle were ranged over thousands of acres and without fence restrictions. Since the cattle of many ranches intermingled, roundups were performed twice a year. This free-range cattle industry was nearly destroyed during a blizzard in 1886 when thousands of cattle were killed, financially ruining many of the cattle dealers.

In March 1873, Arapahoe County was established. Ten years later the state Legislature dissolved this county and made it part of Finney County. In March 1887, Haskell County, named for Congressman Dudley C. Haskell of Lawrence, was created using the same boundaries as the original Arapahoe County. The first county commissioners, clerk and sheriff were elected in July 1887. The census at that time indicated a population of 2,841.

The settlement of Haskell County is said to be a record of the attempt to extend the culture of a subhumid region to



Dudley C. Haskell

a subarid region. Abnormal high rain falls in 1885 to 1887 led potential settlers to believe the area was subhumid, increasing settlement, with all land within the county being homestead

by 1888. The first official settler to the county laid claim in the southwest part. This settler helped plow the first furrow for a road from the Cimarron River north to the Arkansas River, south of Garden City. Portions of it are part of the current Highway 83.

The towns of Sante Fe and Ivanhoe were the contenders for the official county seat. When the election was held in October 1887, the Ivanhoe supporters had hired a band of men from Dodge City, while the Sante Fe boosters had bought off the group of men. Sante Fe was voted as the county seat with little fanfare.

Water was a major concern for early settlers. Sante Fe and Ivanhoe both had public water wells. To prevent dispute over this desirable commodity, a book was maintained with each person registering upon arrival of the well, logging how much and how often water was taken. Settlers soon learned to have a cistern and or barrels to catch rain water.

The early settlers of Haskell County had to endure drought, dust storms, high winds, prairie fires, blizzards and hail storms. Many settlers relinquished their town lots or homesteads and moved on. By the end of the century the county population had decreased down to less than 450.

Resettlement

Starting in 1905, a period of resettlement began when the precipitation increased. The Sante Fe railroad was

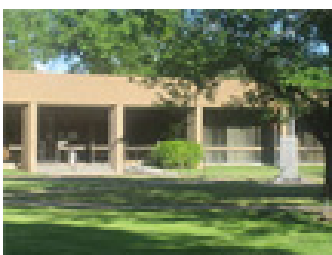
continued on next page

Haskell County continued

extended through the county during this period. The railroad bypassed the town of Sante Fe, sealing its future demise, but the towns of Sublette and Satanta were established. The railroad also impacted farming, giving farmers a closer and cheaper method to transport their crops.

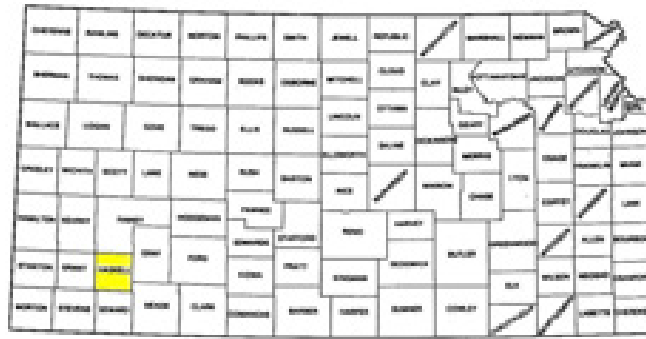
In February 1913, Sublette tried to be declared the county seat in an election but did not receive enough votes. Five years later, a second election was held and again the county seat remained in Sante Fe. When a Sublette native was elected as a state legislator, a bill was passed authorizing another election, which Sublette won. Sante Fe obtained a restraining order preventing removal of any county records. Sante Fe fought the legislation to the Kansas Supreme Court. The Court ruled the election unconstitutional, so the Sublette legislator introduced another bill that allowed counties with less than a population of 2,000 to call an election any time. Seven years after its first attempt, Sublette became the county seat of Haskell County.

After World War II, crop irrigation began in the county. In 1948 there were 20 irrigation wells and 2,000 acres of irrigated land. Today 186,730 acres, roughly 50% of the county, are designated as irrigated. A 1956 account questioned the future of irrigation in the county. Today it is said that Haskell County finally lived up to its promise as "The Garden of the West" by becoming one of the top-producing irrigated counties in the state. With the increase of feed grain production due to irrigation, feedlots became a part of the county landscape. Today there are seven commercial feedlots in production in the county.



Haskell County Courthouse

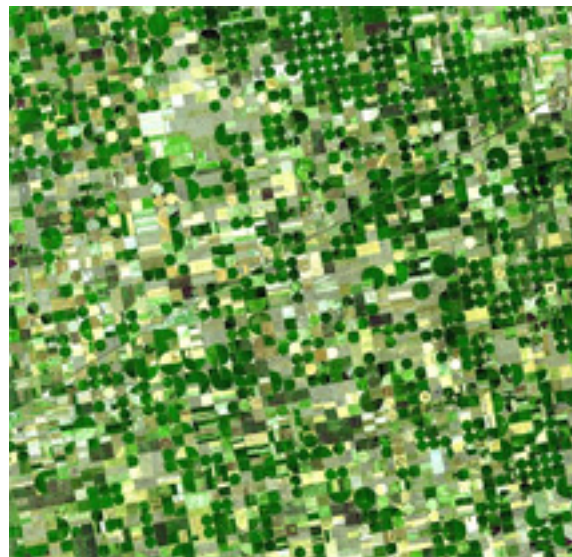
Haskell County Demographics



2009 Population Estimate: 4,006	Median household income: \$48,810
1900 Population: 457	2009 Assessed Real Estate: \$29,070,181
Area: 577 square miles	2009 Assessed Personal Property: \$4,431,332
Persons per square mile: 6.9	2009 Assessed Oil & Gas \$190,184,743

The 1956 account also stated that natural gas was plentiful in the area, referring to the Hugoton field, with only 30 gas wells existing at that time. These wells were said to be a minor source of income for the local farmers, typically paying out little and being used as a

source of power for irrigation pumps. Today Haskell County has 1,268 gas wells and 447 oil wells in production. With the use of irrigation and the county becoming part of the Hugoton Gas Field, population steadily increased.



Circular crop fields in Haskell County, June 2001

Satellite image of circular crop fields in Haskell County in late June 2001. Healthy, growing crops are green. Corn would be growing into leafy stalks by then. Sorghum, which resembles corn, grows more slowly and would be much smaller and therefore, possibly paler. Wheat is a brilliant gold as harvest occurs in June. Fields of brown have been recently harvested and plowed under or lie fallow for the year. U.S. Route 56 crosses the scene, passing the cities of Sublette (lower left) and Copeland (upper right).

Source:
http://en.wikipedia.org/wiki/Haskell_County,_Kansas

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Check out the newsletter archives on KCAA's website.

<http://www.kansas.gov/kcaa/>



Real Estate Notes of Interest

■ Sarah Murray, Conor Dougherty and Alexandra Berzon, *The Wall Street Journal*, Sept. 24, 2010. According to this article, all things travel related are rising—airlines, hotels, car rentals. Smith Travel Research indicates that hotel occupancy is up 5% for the year through August and for the last four straight months, average room rates have increased.

■ *The Wall Street Journal*, Sept. 29, 2010. Trepp National CMBS Delinquency Report shows that over 9% of the \$694 billion in commercial mortgages are 30 days or more delinquent.

■ Kris Hudson, *The Wall Street Journal*, Sept. 29, 2010. The economy must be picking up. The Mall of America delayed an expansion about a year ago and is now preparing to start on the additions. The 4.2 million square foot mall in Bloomington, Minn., is adding an attached 501-room Radisson Blu hotel, and the overall expansion are to total 5.6 million square feet over the next few years.

■ Sara Murray, *The Wall Street Journal*, Sept. 29, 2010. A 20-city home price index released by the S&P Case-Shiller Index shows that home prices in July rose 0.6% and is up 3.2% for the year.

■ www.trends.com, Sept. 29, 2010. “The U.S. hotel industry reported increases in all three key performance metrics during summer 2010, according to data from STR. Overall, summer occupancy rose 6.8 percent to 65.6 percent, average daily rate increased 1.3 percent to US\$98.76, and revenue per available room was up 8.2 percent to US\$64.78. The summer season comprises June, July and August.”

■ www.loopnet.com, Sept. 30, 2010. LoopNet continues to show data related to the Sedgwick County commercial market. The graphs below show (1) the asking price/square foot for Kansas listing; and (2) the asking price/square foot for Kansas listings. Search Kansas Industrial For Sale Listings

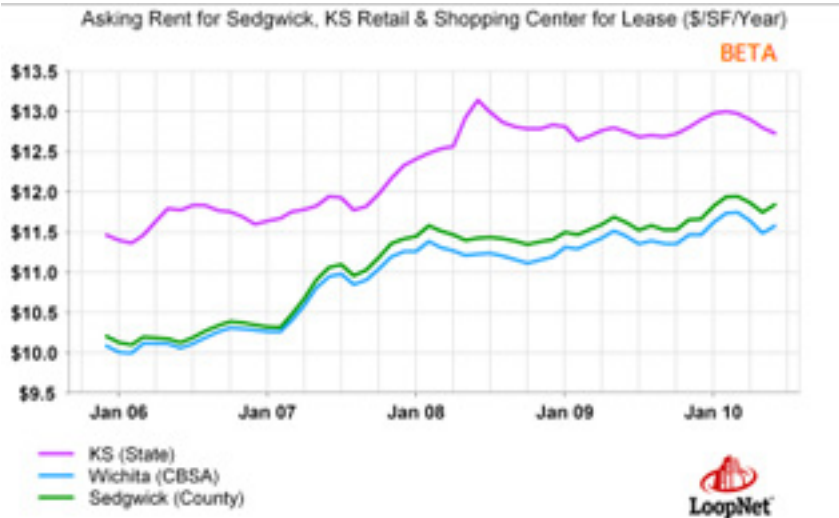
■ usatoday.com, Oct. 4, 2010. The number of national financial institutions

that are stopping foreclosures continue to increase. “Bank of America is halting foreclosures in 23 states because of paperwork problems, the Associated Press is reporting. The announcement follows the disclosure that a BofA official admitted to signing up to 8,000 foreclosure documents a month, usually without reading them.”

If you are thinking about purchasing a home in foreclosure, you probably should read this article that is related to the above story. <http://bucks.blogs.ny-times.com/2010/10/01/should-you-buy-a-foreclosed-home-now/?src=busin>

■ Stephanie Armour, *usatoday.com*, Oct. 4, 2010. The problem with foreclosures (above) may be a large **continued on next page**

Graph 1.



Graph 2



REAL ESTATE NOTES, continued

problem with wide effects. “Old Republic National Title Insurance, among the nation’s largest title insurance companies, will no longer write new policies for homes foreclosed upon by J.P. Morgan Chase and Ally Financials GMAC Mortgage unit—a sign that concerns about faulty foreclosure paperwork could now endanger new sales of foreclosed homes.”

Editor’s Note: Do not forget that you can go to Realty Rates to see the realtor’s opinion of your local market. <http://realtytimes.com/>

■ Juliet Chung, *The Wall Street Journal*, Oct. 1, 2010. Okay, so is now the time to buy that mansion you have been looking for? After all, even the depressed housing market has hit the high-end homes, hasn’t it? It seems that some of the owners of the very high-end have not received the message or simply do not need to sell and will wait it out. Some of the highest listed properties are shown in Table 1 above.

As you can see, the most recent listing is the only one that may be recognizing the market, so thus that is your bargain home.

■ Alison Rice, *builderonline.com*, Oct. 5, 2010. This is an interesting article discussing that foreclosures are selling for 25% less than normal market transactions and that 56% of residential sales in Las Vegas are foreclosures and that is a big improvement. <http://www.builderonline.com/home-prices/on-sale-properties-in-foreclosure-typically-sell-for-26-percent-less.aspx?cid=BLDR101005002>

■ Stephanie Armour, *usatoday.com*, Oct. 8, 2010. Now is the time to refinance. The 30-year fixed rate mortgage hit a record low interest rate of 4.27%.

The graph (right) below shows the asking price/square foot for Kansas listings. Search Kansas Office for Lease Listings.

■ Dawn Wotapka, *The Wall Street Journal*, Oct. 6, 2010. The national vacancy rate for apartments had the sharpest drop in the third quarter of

Table 1.

Original Asking Price	\$150 million	\$125 million	\$100 million	\$75 million	\$33 million	\$100 million
Date Listed	2008	April 2007	July 2006	August 2007	November 2006	October 2009
Current Asking Price	\$150 million	\$125 million	\$100 million	\$75 million	\$33 million	\$48 million

2010 ever recorded. One year ago the vacancy rate was 7.9%, the second quarter it was 7.8% and the third quarter was down to 7.2%.

■ Conor Dougherty, *The Wall Street Journal*, Oct. 7, 2010. City property taxes dropped 1.8% in 2010, according to the National League of Cities. This is the first national drop as cities have been raising their tax rates even as market value of properties have been declining for the last few years.

■ Kris Hudson, *The Wall Street Journal*, Oct. 7, 2010. Maybe commercial properties are improving in value slightly. For the first time since 2006, mall occupancy is improving. Vacancy rates for the top 80 markets have declined from 9.0% to 8.8% according to Reis, Inc.

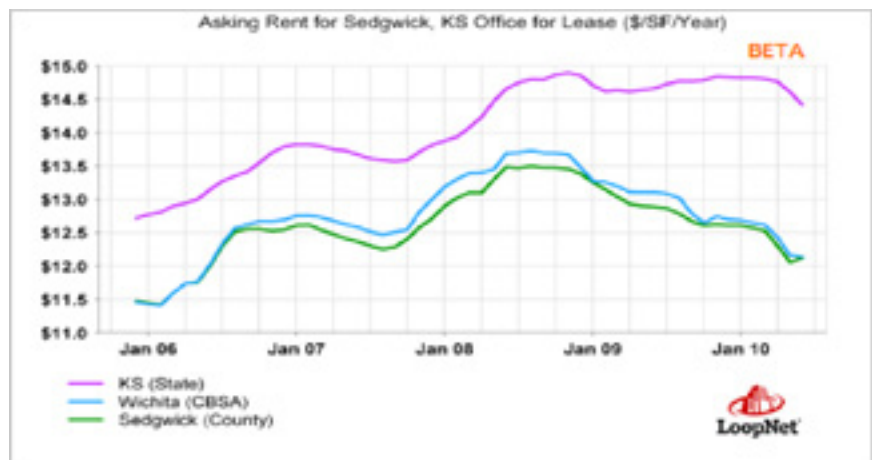
■ A.D Pruitt, *The Wall Street Journal*, Oct. 13, 2010. It is official! No one knows what the commercial real estate market is doing. Green Street Advisors closely tracks real estate trusts and have stated the commercial market bottomed out in mid 2009 and has slowly been increasing since then. Moody’s

Investors Service is still telling their customers that it is too early to tell if a bottom has been reached.

■ M.P. McQueen, *The Wall Street Journal*, Oct. 15, 2010. A federal judge signed off on what is being declared as the template for settling all those Chinese drywall lawsuits. Knauf Plasterboard Tianjin has agreed to remove and replace all drywall, plus all electrical wiring, gas tubing and appliances in 300 homes in four states. Additionally, the company will pay for all relocation expense while the homes are being repaired.

■ *Builder Pulse Newsletter*, Oct. 20, 2010. “The American Institute of Architects’ Architecture Billings Index increased to 50.4 in September from 48.2 in August. Any reading above 50 indicates expansion.” It’s a far-leading indicator, but nevertheless, the direction appears clear.

■ *Hotelnewsnow.com*, Oct. 12, 2010. “The total active U.S. hotel development pipeline comprises 3,362 projects totaling 352,356 rooms, according to



the September 2010 STR/TWR/Dodge Construction Pipeline Report released this week. This represents a 21.9 percent decrease in the number of rooms in the total active pipeline compared to September 2009.”

■ Justin Lahart and Jeffrey Sparshott, *The Wall Street Journal*, Oct. 20, 2010. The Commerce Department reported that new home construction in September rose 4.4% since August.

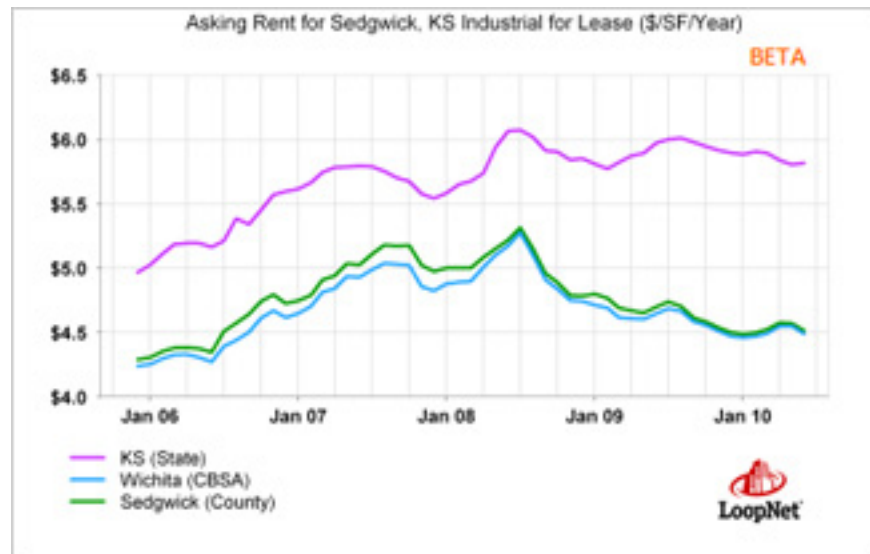
■ Lingling Wei, *The Wall Street Journal*, Oct. 20, 2010. The FDIC continues to take over insolvent banks and is now considering new methods to dispose of all the troubled assets they are inheriting. It is estimated that 88% of the last three banks that were closed consisted of bad commercial real estate loans, including construction loans. The FDIC is considering selecting some banks to underwrite the consolidation of properties into Commercial Mortgage Backed Securities (CMBS). Currently the FDIC partners with purchasers, and if the values increase, the taxpayers would get a return on their investment.

■ Walter Molony, *realtor.org*, Oct. 26, 2010. Existing home sales, which are completed transactions that include single-family, townhomes, condominiums and co-ops, jumped 10 percent from August to September but was still 19% behind the previous year.

■ Michael Winter, *USA Today*, Oct. 28, 2010. Wells Fargo has stated they will re-file 55,000 home foreclosure documents in 23 states to clean up minor errors. The company said that all of the filings for foreclosure would have occurred anyway.

■ Katy Tomasulo, *ecohome.com*, Oct. 27, 2010. “In the 2010 edition of its “Sins of Green Washing” report, environmental marketing company TerraChoice found some form of green washing in more than 95% of consumer products labeled as “green.” The construction sector by itself fared only slightly better, with green washing evidence in close to 94% of eco-marketed products.” Green washing refers to the

■ *Loopnet.com*, Nov. 4, 2010.



stretching of truth or just plain misstatement of facts.

■ *Realtytrac.com*, Oct. 28, 2010. Foreclosures are higher in a large number of states. To check out Kansas, go to <http://www.realtytrac.com/trendcenter/ks-trend.html>

■ Adam Cancryn, *The Wall Street Journal*, Oct. 26, 2010. Now, who would have thought of this? It seems that land developers had purchased large Florida orange groves to be used for residential development. When the market died, the developers did not use the orange groves and lice-carried disease has been established. This disease causes trees to produce bitter, shriveled oranges and does not have a cure. Most diseased orchards are being burned and then replanted. This is having a major affect on the production of oranges and therefore will be seen in prices.

■ *ciremagazine.com*, September/October 2010. This is just one of the many interesting items that can be found at http://www.ciremagazine.com/article.php?article_id=1567

■ Jack M. Cohen, CEO of Cohen Financial, in Knowledge Leader, Summer 2010. “Loan to value is no longer a driving force in underwriting.... Lenders are underwriting against debt service

coverage ratio and debt yield. Debt yield is the ratio of verifiable net operating income divided by the principal balance. Lenders want a debt yield number between 10 percent and 12 percent.”

■ Paul Bancroft, *nreionline.com*, Nov. 3, 2010. If you are a commercial property owner in the Las Vegas area, this would be a depressing article. “With nearly \$17.2 billion in distressed assets across all commercial property types, Las Vegas ranks No. 1 among U.S. metros by proportion of distress to total inventory in the local market, according to New York-based Real Capital Analytics. Some analysts suggest the volume of troubled commercial loans could create a wave of foreclosures similar to those that swept through the residential market, a specter that is eroding confidence in commercial real estate.”

You can see the entire article at http://nreionline.com/news/las_vegas_property_tax_assessments_1103/

■ *Remodelingonline.com*, November 2010. The latest edition of Cost versus Value data is now available at. <http://www.remodeling.hw.net/2010/costvs-value/national.aspx>

■ Julie Schmit and Stephanie Armour, *USA Today*, Nov. 8, 2010. Real-

REAL ESTATE NOTES, continued

tyTrac has reported that the number of foreclosed homes held by Fannie Mae and Freddie Mac as of September 30 is over 240,000, which is double what they had a year ago. This number represents 25% of all home foreclosures and amounts to around \$24 billion in value. Additionally, they spent over \$2 billion this year in property expenses on the foreclosures.

■ *Appraisalinstitute.org*, Nov. 3, 2010. According to a report by Interthinx, incidents of mortgage fraud committed in order to obtain a property – also known as fraud “for property” – are on the rise. To see the entire story, go to the following link and scroll down to the second story. . <http://www.appraisalinstitute.org/ano/current.aspx?volume=11&numbr=21/22#12235>

■ *Hotelworldnetwork.com*, Nov. 4, 2010. “The average selling price per room (ASP/room) accelerated 86% to \$107,988 for the first nine months of 2010, compared to the 2009 year-end total of \$58,190 per room. Earlier, ASP/room had dropped a dramatic 51% from the peak of \$119,553 per room in 2007 to the cyclical low established in 2009.”

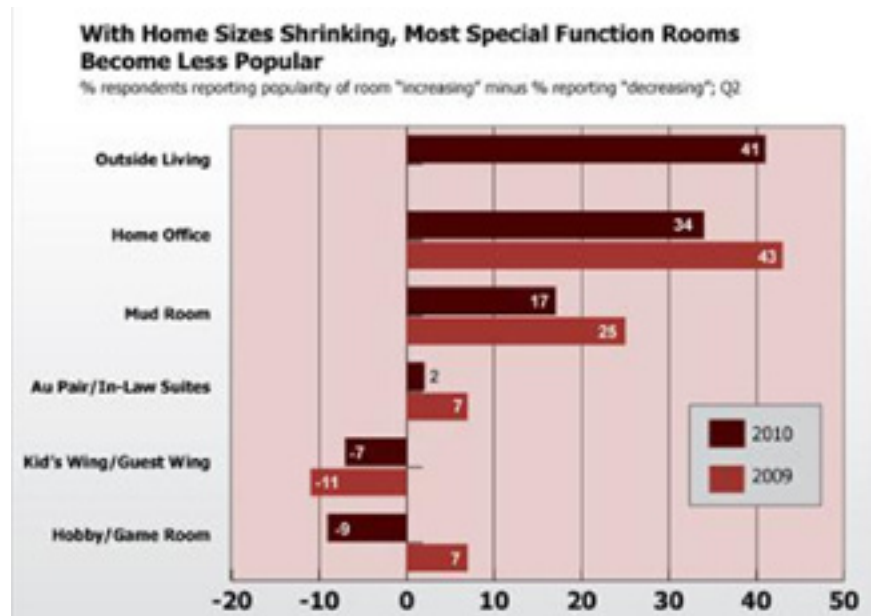
■ Now, this is too much. Go to the following website and you will see a video of the Chinese framing a 15-story hotel in two days and completing it in six. http://behindthewall.msnbc.msn.com/_news/2010/11/12/5453277-15-floors-in-2-days

■ Cindy Perman, *CNBC.com*, Nov. 15, 2010. Smaller and different priorities: that best describes the changing face of new homes in America. In 2007 the median new home size was around 2,300 square feet and is now about 2,100. Some homes are being built without formal living rooms, media and game rooms and libraries are on the way out. One item that is back: front porches.

■ Paul Cardis, *builderonline.com*, Nov. 2, 2010. Top 10 Most Desired Home Design Features:

- Walk-In Closets

■ American Institute of Architects, Sept. 30, 2010. In the AIA’s latest survey, more homeowners are interested in building smaller, building more energy efficient and increasing outside living areas and home offices.



■ Loopnet.com, Nov. 11, 2010



- Energy-Efficient Appliances
- Overall Energy-Efficient Home
- Linen Closets
- Large Kitchens
- High-Efficiency Insulation
- High Window Efficiency
- Kitchen Islands
- Large Windows
- Ceiling Fans

■ *builderonline.com*, *nreionline.com*, Nov. 18, 2010. Now, this is some encouraging news—even if not the local

market, maybe a positive sign just the same. “Rental declines appear to be leveling off in a number of major U.S. cities, and some, such as Washington, D.C., and New York, have reached the bottom of the rental cycle, according to a new, third-quarter report by CB Richard Ellis Group.”

■ Anton Troianovski, *The Wall Street Journal*, Nov. 10, 2010. REIT’s (Real Estate Investment Trusts) have been disappointed that more commercial

properties have not been exposed for sale. The philosophy was with values decreasing, loans coming due and the tightening of available money, the REIT's could purchase a large amount of properties at a discounted price. Few investment properties have been placed on the market, and now some of the REIT's are entering the global real estate market. So if you have money in REIT's, you may become a part-owner of properties in foreign countries.

■ Gwendolyn Bounds, *The Wall Street Journal*, Nov. 10, 2010. Say it isn't so! This article discusses the "man-cave" and the progression from often a damp-cool, minimally finished basement area where the guys can have a few beers and watch the game to nicely finished rooms with kitchens, large flat-screened TVs, pool tables, etc. Now it seems that the women are often using that space when the men are not around and, even worse, doing such things as sewing and knitting! This is wrong.

■ Nick Timiraos, *The Wall Street Journal*, Nov. 19, 2010. Good news, bad news. The number of mortgage delinquencies declined during the 3rd quarter, but the number of new foreclosures is expected to increase.

■ *Money Magazine*, December 2010. Some interesting projections by Moody's Analytics for 2011 are shown below.

- 5% – Projected average rate on a 30-year mortgage by year-end vs. 4.2% now

- 25% – U.S. metro areas expected to see home prices rise

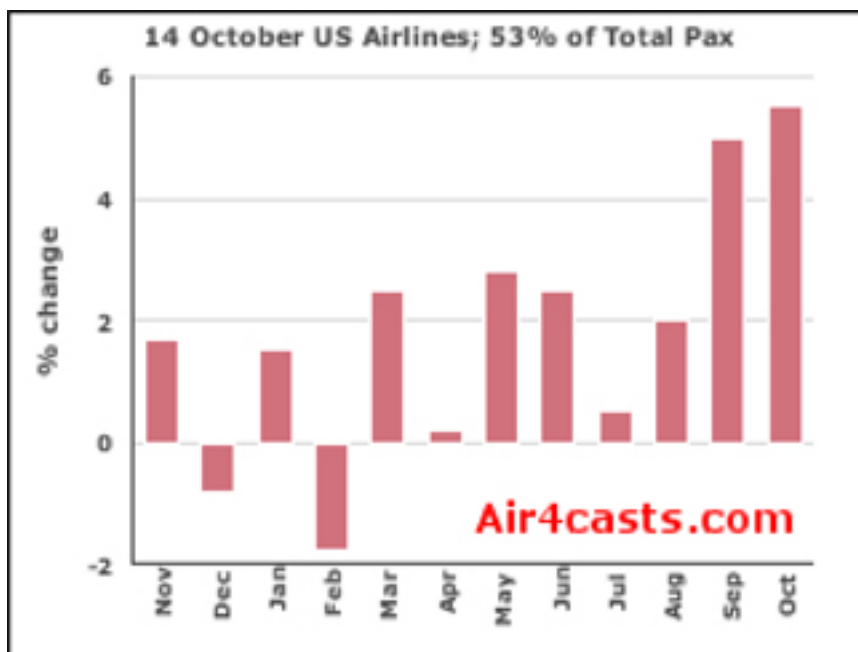
- 2.1 million – Distressed borrowers expected to lose their homes vs. 1.8 million in 2010

- 5% – Projected drop in median home price

- 5.2 million – Estimated home sales for 2011 vs. 4.5 million in 2010

■ *Associated Press*, Nov. 27, 2010. Fannie Mae and Freddie Mac have once again starting allowing real estate agents to sell foreclosed properties. Both agencies had stopped the sales

■ *Htrends.com*, Nov. 15, 2010. The hotel industry considers airline seat purchases as the most responsive economic indicator and as shown below in the chart, September and October of 2010 showed large increases. Therefore, hotels are looking for a continued increase in room rentals.



after the foreclosure document issues were discovered.

■ *Htrends.com*, Nov. 29, 2010. The three key performance measures for hotels were all up through October 2010. The trends are indicating: (1) occupancy increased 11.1 percent to 58.4 percent, (2) average daily rate up 2.7% and (3) revenue per available room up 14.1%.

■ *Realtyrates.com*, Dec. 1, 2010. Commercial real estate markets are flattening out, with modestly improving fundamentals expected in 2011, according to the National Association of Realtors®. Lawrence Yun, NAR chief economist, said commercial real estate sectors appear to be stabilizing. "The basic fundamental of rising commercial leasing demand, resulting from a steadily improving economy, means overall vacancy rates have already peaked or will soon top out," he said.

"The outlook for the office and industrial markets has moderated with modestly declining vacancy rates expected as 2011 progresses, while the retail sector should hold fairly steady.

Still, high vacancy rates imply falling rents."

■ The S&P/Case-Shiller Home Price Indices shows that 18 of 20 metropolitan areas' residential values are below last year's levels. See the entire report at <http://www.standardandpoors.com/home/en/us> under the Highlights section.

■ Matthew Phair, *builderonline.com*, Dec. 2, 2010. "In the third quarter, properties in some stage of foreclosure sold for an average of 32% less than the average sales price for non-distressed properties, which is a greater discount than the previous quarter. Foreclosures accounted for 25% of all U.S. residential sales in the third quarter of 2010, which is down from the previous quarter and the same period one year ago."

■ Kris Hudson, *The Wall Street Journal*, Dec. 3, 2010. As the public continues to stay away from malls, retail development is going to the outlets. There are currently around 1,400 malls in the United States with a few under development, but compare that to the

REAL ESTATE NOTES, continued

outlet malls where there are currently 214 but with 40 on the drawing board. Some older malls have been renovated and converted into enclosed outlet malls.

Alison Rice, *builderonline.com*, Dec. 7, 2010. A survey conducted jointly by Trulia and RealtyTrac has provided some maybe not surprising numbers.

- 81% believe there are downsides to purchasing a foreclosed home
- 49%, up from 45%, are somewhat likely to consider purchasing a foreclosed home
- 54%, up from 49%, say a purchase would be risky
- 35% think the robo-signings will slow the pace of sales

■ *Daily Real Estate News*, Dec. 8, 2010. Here are the top five issues facing commercial real estate in 2011, according to consultant Deloitte LLP:

1. The market remains uncertain. The recovery isn't following previous trends. While there is some indication that the worst may be over, some markets continue to decline.

2. Impact of "amend and extend." Some banks are recognizing that they will never recover full value on some properties and are willing to work with borrowers. This has made it more difficult to tell when the business has hit bottom.

3. High maturities remain a challenge. The high level of maturing debt over the next several years remains a significant barrier to recovery. In addition to commercial mortgage-backed securities (CMBS), loan delinquencies and commercial real estate loan defaults, there is also an increase in strategic defaults as more commercial borrowers make a pragmatic business decision to exit profit-draining investments in order to divert money to performing projects or shareholders.

4. The number of deals is increasing. A good sign.

5. The economy is recovering very slowly. This increases opportunities in distressed properties, but the overall market isn't in a hurry to pick up.

■ Nick Timiraos and Kalita, *The Wall Street Journal*, Dec. 14, 2010. Not that the market values are increasing, but the number of home loans that are underwater was down in the third quarter of 2010. The reduction was attributed to banks getting more aggressive on foreclosures and thus reducing the number of loans that are greater than the home value.

■ David Bodamer, *retailtrafficmag.com*, Dec. 14, 2010. "Investors searching for distressed big-box deals are facing competition from an unlikely source—retailers. Large tenants, including Wal-Mart, Target, Kohl's Department Stores and others, have become aggressive bidders in the market for vacant big boxes. The retailers are buying distressed space from owners or banks, often at prices that are 20 percent to 30 percent higher than real estate investors are willing to pay."

You can see the complete article at http://retailtrafficmag.com/distressed-inventory/retailers_outbid_investors_big_boxes_12142010/.

■ *Rcanalytics.com*, Dec. 14, 2010. More and more data is showing that the apartment market and occupancy rate is improving. Small improvements in the economy have younger individuals moved back out of the parent's home and into apartments. This is expected to continue as there are over 20 million between the ages of 18 and 34.

■ *Htrends.com*, Dec. 15, 2010. The total active U.S. hotel development pipeline comprises 3,174 projects totaling 330,920 rooms, according to the November 2010 STR/McGraw Hill Construction Dodge Pipeline Report released this week. This represents a

20.7 percent decrease in the number of rooms in the total active pipeline compared to November 2009. See "Hotel Pipeline Report" on next page.

■ Anton Troianovski and Eliot Brown, *The Wall Street Journal*, Dec. 8, 2010. For the last couple of years, there has been real concern that the amount of CMBS (Commercial Mortgage Backed Securities) that would be in default would cause a commercial real estate crisis. In fact, the amount of current loans in special services (problem loans) is \$90.9 million as compared to \$73.8 million last year. So, why are we not hearing more about this and why isn't the anticipated crisis occurring?

"Many of those bad loans are simply getting modified and extended, pushing the borrower's day of reckoning to a day into the future when, both sides hope, the market will improve to a point at which property owners can refinance."

■ Kelly Evans, *The Wall Street Journal*, Dec. 8, 2010. At the peak of the housing bubble in 2006, Americans pulled out over \$80 billion from their home values in home equity loans. The amount at the end of the third quarter of 2010 shows only \$7.4 billion for 2010.

■ Kris Hudson, *The Wall Street Journal*, Dec. 9, 2010. In case you have not noticed, Holiday Inn has been on a three-year program of upgrading all the Holiday Inns. Their philosophy is to make their hotels competitive with Hilton Garden Inns and Courtyard by Marriott. This has priced some owners out of the market, and some former Holiday Inns are carrying other banners, most notably Ramada Inn. One owner stated he would become a franchise of Choice Hotels as he could not afford the \$1.6 million upgrade required and then approximately \$150,000 to \$250,000 for new signage, bedding, etc., for his 146-unit hotel.

"Many of those bad loans are simply getting modified and extended, pushing the borrower's day of reckoning to a day into the future when, both sides hope, the market will improve to a point at which property owners can refinance." — *The Wall Street Journal*

Hotel Pipeline Report (see Htrends.com, Dec. 15)

Region	Rooms In Construction November 2010	Rooms in Construction November 2009	% change	Total Active Pipeline (rooms) November 2010	Total Active Pipeline (rooms) November 2009	% change
Pacific	3,017	10,099	-70%	38,662	54,812	-29%
Mountain	5,447	12,930	-58%	27,710	43,611	-36%
West North Central	2,918	3,487	-16%	15,001	16,656	-10%
West South Central	11,154	24,237	-54%	52,209	69,591	-25%
East North Central	5,264	8,636	-39%	26,092	33,309	-22%
East South Central	3,104	5,330	-42%	22,595	25,007	-10%
Middle Atlantic	10,092	17,291	-42%	55,872	60,194	-7%
New England	833	2,018	-59%	5,818	15,841	-63%
South Atlantic	12,449	22,196	-44%	84,261	98,391	-14%

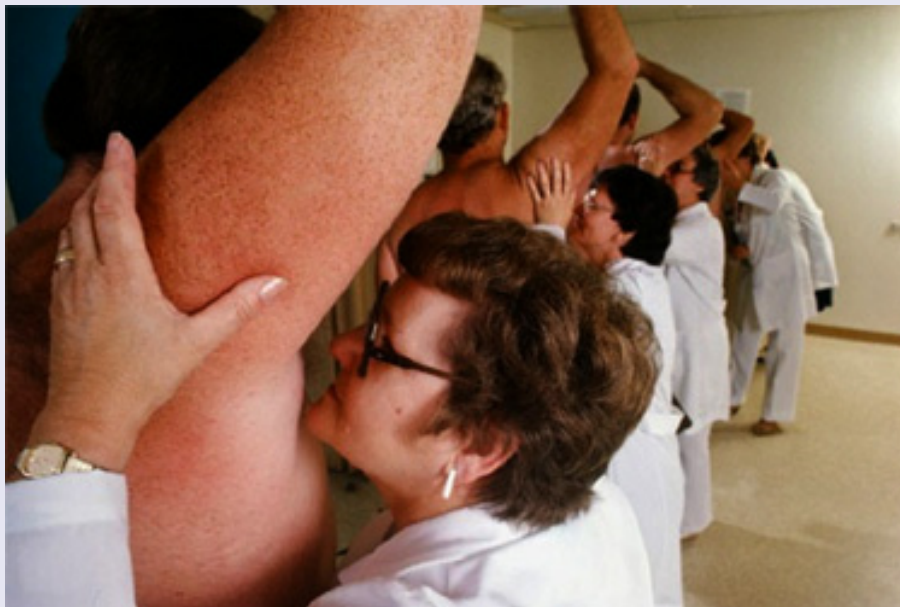
It could be worse...

By Rick Stuart, CAE

Recently, I was talking with a woman who had graduated college 25 years ago with a degree in chemistry. In the last 25 years as a chemist, these have been her jobs:

- Working for a fertilizer company and watching grass grow
- Working for a chemical company and watching acid burn
- Working for a paint company and watching paint dry

And then there is this job:



Maybe this appraisal gig is not too bad after all!

ACCT #	ACCOUNT DESCRIPTION	2011 Budget
01-11	BANK SERVICE CHG.	
01-11-01	BANK SERV. CHG.	\$50
01-12	SPECIAL PROJECTS	
01-12-01	SHIRTS	-
01-12-05	COMPUTER PURCHASES & MAINTENANCE	1,000
01-12-07	HANDBOOK	-
01-12-08	IAAO TRIP	-
01-12-09	NCRAAO TRIP	-
01-12-11	TECH SEMINAR	-
01-12-12	RETIREMENT GIFTS	-
	TOTAL SPECIAL PROJECTS	\$1,000
	APPRAISER OTHER	
01-13-01	KREAB	205
01-13-02	APPRAISER OTHER: RMA AND NON-PVD	20,000
01-13-03	PVD SPLIT	23,000
	TOTAL APPRAISER OTHER	\$43,205
	TOTAL APPRAISER EXPENSES	\$94,515
02	EDUCATION EXPENSES	
02-02	INSTRUCTOR FEES	8,000
02-04	MEETING ROOMS	210
02-05	CLASSES OTHER	20,000
	TOTAL EDUCATION EXPENSES	\$28,210
	TOTAL EXPENSES	\$122,725
	TOTAL REVENUES	\$122,960
	OPERATING BALANCE	\$235



Giant Wedding

Submitted by Laurie Walta,
Sumner County

Makes you wonder what the
bridesmaid and best man
looked like...

