



# APPRAISING THE PLAINS

*of Kansas*



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## RMA's Granted



Four appraisers received their RMA designation at the 2008 KCAA Annual Business Conference. (Above l-r): Herbert Wilt, Leavenworth County; Gary Fisher, Sedgwick County; Shirley Ehrlich, Geary County; and Kyle Couch, Osage County, were all on hand to receive their certification from Mark Beck, PVD.

This brings the count of current Registered Mass Appraisers to 199. Marilyn Cathey, PVD, provided an interesting fact: It was exactly 10 years ago that the very first RMA's were given. Congratulations to the newest RMA recipients!

See more highlights from the annual conference beginning on page 13. >

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## Okay—It's My Turn

David Thornton  
Mitchell & Neosho County Appraiser  
KCAA President

### Summer Break? Times have changed!

I remember back when I first started working for the county back in the “olden” days. There used to be what I remember being called “slow down time” in the summer.

I don't seem to be finding many of them over the last several years, though. It seems as though the times have changed in about all of the aspects of our life.

### Gas prices:

If any of you do much traveling, as I know some of you do, your pay at the pump has become a real pain in the pocketbook. Where this all ends will not be known until we die—not until then! We shouldn't assume the outcome of some activity until it has actually finished.

How's your life? We only get one of these! All of the other stuff that seems to consume our lives can easily (and is intended to) distract us from keeping our focus on the important things in our lives. My personal faith, my relationship with my wife, our children, our church and then work is the order I would like to try to keep things in. I have come to realize that this is very difficult, and if I am going to succeed at it, then I must take a focused, offensive approach and also prepare some defensive strategies for rocky roads.

In a stretch (and I mean stretch) of my imagination, I can see some correlations between this and Orion.

I appreciated the candid presentations from the panelists for the Orion discussion at the conference (see page?? for a recap). It definitely gave me some insight for the future and my approach to Orion implementation. Even though we didn't build the field—I guess in a way you can say we did—it will come. What I need to do now is prepare offensively and defensively. The old saying an ounce of prevention is worth a pound of cure seems to be true in this situation as well.

Isn't it amazing how wise some of our ancestors were! The changes we face in our personal lives as well as the changes we face in our work lives many times can be addressed in the same manner.

Back to gas. I received an email the other day that basically was asking us to make a list of what we would have to change in our lives if gas were to reach \$10 a gallon. They went on to say why they thought it would be there in their specified time frame.

It makes you stop and rethink the priorities in our lives. Why do we wait till unstable times to do this? This should be the offensive approach we take to the lives we have in the future. Whether it is at home or at work, let's stop and take time to analyze what is important and look at ways to protect and preserve that. Don't get sidetracked by the bunny trails and fires some will put in your paths for distractive purposes.

Roger Magnusun gave a message at a conference we went to once on the “Tyranny of the Urgent.” Basically, we

get so wrapped up in what appear to be the urgent decisions we need to make or problems that need to be fixed that we lose the focus on the long-term goals we have in our lives. In essence, we get so distracted by the “urgent” that we forget the fundamentally “important” things.

Author Steven Covey addresses this issue from another view point in his book *First Things First*. I hope I can keep my focus on the “important” things and not get sidetracked by the “urgent” things, which, when I look back, were not really important after all!

Overall, I think the conference went pretty well. We can always look back and see how we could have done things a little different, but hindsight is 20/20, and sometimes my foresight is 0/0.

The conference had 115 full registrations. We had good turnout for all activities, and I believe most people enjoyed themselves (some obviously more than others). I want to thank, once more, everyone who helped in this conference, and after you have tried to help in the orchestration of one, you appreciate even more the old saying, “You get out of something what you put into it.” The more involved EVERYONE can be in these makes them better for EVERYONE!

KEEP YOUR FOCUS!



David Thornton and his wife Deena at the Annual Conference.

## Board Meeting Highlights

### ■ KCAA Executive Board Meeting March 4, 2008, Salina

**Attendees:** Randy Sangster, Rod Broberg, Mark Hixon, David Thornton, Elysa Lovelady, Jami Clark, Gayla Godfrey, David Stithem, Rachelle Standley, Truette Mcqueen, Rick Batchellor, and Cindy Brenner

Meeting was called to order by President Thornton. Previous meeting minutes were approved as written.

Financial Report was given with account balances of:

|                        |            |
|------------------------|------------|
| KCAA Checking Acct     | 48,091.50  |
| KCAA Money Market Acct | 54,926.42  |
| KCAA CD                | 10,779.06  |
| Total KCAA Funds       | 113,796.98 |

**2012 IAAO Conference:** KC is bidding for the 2012 IAAO Conference. Mark Hixon suggested a \$5,000-\$10,000 level of support from KCAA.

A move was made, seconded and approved to commit to \$10,000. KCAA will budget that in over the next three years. CD funds will be used if the \$10,000 reached in the next three years.

**2008 KCAA Conference:** Education sessions for conference were discussed. An Orion roundtable discussion was strongly encouraged and perhaps a ½-day Orion session for all, not a come-and-go type session. Cindy will email and see if there is interest for a sporting clays outing on Monday morning.

**Legislation:** The homebuilders bill re: inventory is not going anywhere. Value Cap—no hearing. BOTA change to tax court was discussed.

**Ag Land:** David Stithem will be addressing the Northwest region about this topic next month regarding the cap. rate. He would also like to discuss with KAC. No one had any issue with David

approaching KAC about the subject.

**Education:** Cindy recapped the education offerings. She will check on “Real Estate Components” class. If classes are in jeopardy of being cancelled, Cindy will email the board with the break-even point and the board will decide if the class should be cancelled.

**Oil & Gas:** Rick B. reported that machinery and equip. in Colorado is priced three times higher than Kansas. The discussion of KCAA paying to have a guide done was discussed. It was commented that if KCAA does that, and PVD is not on board with it, it will not get accepted or be useful.

**New Business:** A motion was made, seconded and approved to submit the KCAA newsletter for the Zangerle award.

The next meeting is June 8 at KCAA conference. The meeting was adjourned by President Thornton.

## Officers for Northeast Kansas County Appraisers

By Gary Post, Lyon County Appraiser

Northeast Kansas County Officials Association met at the Nemaha County Courthouse on April 11, 2008, in Seneca, Kan. In a speech by Marvin Kohlmeier, in which he challenged the officials to laugh more, one side of the room seemed to need the full minute for the Polaroid moments to develop.

County Appraiser Betty Kohake, RMA, led a tour to St Benedict, Kan., to view the 1890s St Mary’s Church. There are so many things about this church—the pipe organ, the monumental restoration project in the 1980s—that grace this National Register site. It is truly “a repository of fine art, exceptional ornamentation through symbolic painting, statuary and leaded glass.”

The Northeast County Appraiser meeting was held in the basement of the new Spring Creek Golf Course Club House of Seneca, with Marshall County Appraiser Janet Duever, RMA, presid-

ing. After all dues were brought current, one of the first items of business was discussion of the Section 42 housing case in Miami County. The motion was made and passed to show support for Miami County by providing \$150 for legal fees.

Another motion was made for Sam Schmidt, retired Riley County appraiser, to join Terry Rewerts, retired Pottawatomie County appraiser, as an Honorary Member of the Northeast County Appraisers. The motion passed, with no organized dissention.

The nominating committee (Bobby Miller, RMA, Wabaunsee County appraiser) presented the slate of officers:

Paul Welcome, CAE, RMA, ASA, Johnson County appraiser, president; Lois Schlegel, RMA, Pottawatomie County appraiser, vice president; Gary Post, Lyon County appraiser, treasurer; and Greg McHenry, RMA, Riley County

appraiser, Kansas County Appraiser Association Regional Executive Board Member. All nominated persons were successfully elected.

In the absence of President Welcome, Vice President Schlegel made short order of the balance of the meeting. We all went back to town and had a great luncheon catered by the Corn Crib Restaurant.



Appraisers toured beautiful St. Mary’s Church in Benedict.

# BOTA Changed to COTA

By Laurie Walta, RMA, Sumner County

With all of the changes that at the county level we are making with ORION, just make room for several more with the new changes that are being implemented at COTA.

During the 2008 KCAA Conference held in Topeka, the Kansas Board of Tax Appeals came before the members and presented the changes that were occurring in their office.

Starting July 1, 2008, pursuant to HB 2018, the State Board of Tax Appeals will become the State Court of Tax Appeals. As of that date, the Court will operate as an administrative law court within the executive branch of government. There are a number of changes associated with HB 2018 that all counties should be aware of.

The bill creates a new position of "chief hearing officer." The chief hearing officer will supervise the Small Claims Division. The chief hearing officer is responsible for appointing the hearing officers of the Small Claims Division, and will also serve as a judge pro tempore of the court. This position will be appointed by the governor subject to Senate confirmation.

The members of the COTA board will now be referred to as "judges." Any member appointed before July 1, 2008, may continue to serve as a judge until his/her term expires. All judges and the chief hearing officer are required to be selected with special deference to tax, legal, or accounting training and experience.

In addition to the change at the Small Claims level, the following are a few other changes that will occur:

1. The current prohibition against filing fees being imposed for single-family residential cases has been relaxed so that a filing fee of up to \$35 may be charged for appeals to the regular division. There is still "no fee" at the Small Claims and Expedited Hearings Division of COTA. All filing fee checks shall be made out to the State Court of Tax Appeals.



Effective July 1, 2008, pursuant to HB 2018, the State Board of Tax Appeals is now the State Court of Tax Appeals. See COTA's website at [www.kansas.gov/cota/index.html](http://www.kansas.gov/cota/index.html)

2. Any cases that previously provided for district court review of final decision will no longer go to district court and will go directly to the Court of Appeals.
3. The Board will "look closely at US-PAP" to make sure that the counties fully comply with the regulations that promote and maintain a high level of public trust in the professional appraisal practice.
4. All pleadings, proposed orders or other filings prepared by the parties or counsel shall have the following caption: "BEFORE THE COURT OF TAX APPEALS OF THE STATE OF KANSAS."
3. Searchable central bank of court orders online
4. Online filing
5. Online forms
6. Online fee payment
7. FAQ section and pro se packet available
8. Google maps and directions available for all-hearing site

Finally, the Board has received an Information Network of Kansas Grant that will allow them to progress significantly by having the ability to "go live" with a new web-based case management system. This will help improve their scheduling functionality and will allow the board to automate much of their workflow.

In addition to helping in house, the new system will also benefit those who use the court. The following are the specific features that could be beneficial to the counties:

1. Real-Time Calendars online
2. Docket-specific scheduling information and filing histories online; the scanned orders will go back to 1989.

With this new web-based management system, Trevor Wohlford stated during his presentation that if any county had any ideas or suggestions to please contact him at the board office.

The court will also launch a new website, which will include all new forms, instructions, and other court-related information. The new website will be located at [www.kansas.gov/cota](http://www.kansas.gov/cota). The new e-mail address will be [maildesk@cota.ks.gov](mailto:maildesk@cota.ks.gov)

As we all continue to ever-evolve with the new changes, try to keep a positive attitude and a song in your heart. The song I recommend to you that has helped me through this transition is (while carrying the tune of the famous Snow White and The Seven Dwarfs song):

"I OWE, I OWE, it's off to work I go!!

## Chat With Lyon County Appraiser

March 19, 2008, Emporia Gazette – Reprinted with permission.

**Editor's Note:** Last March, Lyon County Appraiser Gary Post teamed up with the Emporia Gazette to offer readers a live chat about appraisal notices. Here is the transcript

**Moderator:** Today, we've got Gary Post, Lyon County appraiser, in The Gazette newsroom answering your questions. Gary took the Lyon County post in 1999 after serving as appraiser in Barton County and Seward County. We have received a number of questions in advance, but will continue to accept questions through the Web site until the chat ends at 2 p.m. Remember to click the Refresh button on your browser to keep up with the chat. Let's get to it.

jcwhit232: How is it that the appraisal value can keep going up by thousands of dollars each year when the housing market has dropped so drastically? How can you compare a house that was built in 1999 with 11 acres to a house that was built in 1963 without any remodeling being done to it and has less than 2 acres?

Gary Post: One often reads that the housing market has gone south; usually they are referring to the national market or locations where there are many foreclosures. The median sale of a home nationally has come down, according to the National Association of Realtors it is still \$206,200 for the fourth quarter 2007. The average sale of a home in Lyon County including Emporia just hit \$100,817 for 2007. Properties in rural Lyon County saw a large increase based on market model done in our office for this year's value. People seem to be willing to pay a premium to move to the country. An owner may request the sales comparison sheet that the appraisal staff used in the field to help them estimate the 2008 county valuation. I also highly encourage owners to request an informal meeting or at least go to the county's Web site (<http://www.lyoncounty.org>) and review the data the county appraiser has for their home and then look at and compare sales.

nutsaboutools: Hi Gary, 1. First I'm

interested in the basis for the latest increase in assessed value. My assessment went up nearly \$6,000. I've made no improvements in the last 2 years and the homes in my area that have been on the market and have sold, are selling for less than the owner's original purchase price. 2. What is the procedure for challenging the assessment? What information will I need and where do I go? How long (how soon) do I have to challenge the assessment (deadline)?

Gary Post: All home values are based on sales of similar properties. An owner does not have to make improvements for sales to indicate what the buyers in the market place are willing to pay for like properties. So even though the owner made no changes to his home and it is not for sale, the appraised value may have been increased to reflect those sales. We would want to look at style, size, age, grade among other features for a subject home, as well as the sales that occurred prior to January 1, 2008.

Gary Post: Call 620.341.3302 to schedule an informal meeting. Bring pictures, appraisals, cost estimate for needed repairs or sales of similar properties that occurred prior to January 1, 2008. This appeal window is open until March 31, 2008.

moderator: Posted by cloud (anonymous) on March 17, 2008 at 12:28 p.m. (Suggest removal) Do you honestly think I could sell my house for the amount at which it is appraised?

Gary Post: The January 1, 2008, value posted for any home is based on sales data and comparing the unique features of each home to at least three and usually five comparable sales. By Kansas Statutes, the county value should be between 90 and 110% of the sale



**Ask Gary.** Lyon Co. Appraiser Gary Post answers appraisal questions.

value of a home or commercial property. If an individual does not believe that the county value is appropriate, I recommend an appeal. If the owner is not satisfied after the informal meeting, they may go to the Small Claims Division of the State Board of Tax Appeals (BOTA), and from there to BOTA. Under current law the owner may then take his appeal to District Court, and then to the Court of Appeals for the State of Kansas. As one can see, the county appraiser is certainly not the last word when it comes to values.

poacher: If people appeal their valuations do you remember them and then really stick it to them in following years?

Gary Post: The county appraiser, by law, must note any decrease through a prior year's appeal, because without substantial and compelling reasons that property may not be increased. Substantial and compelling reasons could be things like major additions or outbuildings or finishing a basement. After the "year of rest," the county value must once again reflect the current sales market trends.

quarterback: How do Emporia valuations compare with other towns around Kansas? Is there a website that compares the work of County Appraisers?

Gary Post: The same criteria is in place to value property for Ad Valorem Tax purposes whether a home is located in Olathe in Johnson County or Emporia in Lyon County or Johnson City out west in Stanton County. It is a sales based system and if \$100,000 would buy a 900

**continued on next page**

**Chat, continued**

Sqft home, a 1200 Sqft home or a 2000 Sqft home based on sales they should all be valued at close to \$100,000. The Division of Property Valuation under the Secretary of Revenue keeps tabs on all county appraisers. If you go to [www.ksrevenue.org/pbd.htm](http://www.ksrevenue.org/pbd.htm) you will find Ratio Studies, Statistical Reports of Property Assessment and Taxation for each of the 105 Kansas Counties.

esuphi448: I recently bought my house in June of 2007. When the bank had it appraised, it was around \$67,000. I received my 2008 notice that my house was appraised at \$58,300. Now, I do agree more with the county appraisal than the bank appraisal, but why do you think there such a difference in appraisal amounts? Thank you for answering my question.

Gary Post: Appraisals, whether they are done by a fee appraiser for a lending institution or the county appraiser for Ad Valorem Tax value, are an estimate of value as of a certain specific date. A valid arms length sale is the result of a willing buyer and a willing seller, with neither acting under duress, coming to an agreed price, assuming there was sufficient time to the market. I would expect that the 2007 county value was within ten percent of the 2007 sale, but if it was not, then the 2008 value estimate should have taken the June sale into account and been adjusted either higher or lower to move closer to the sale price.

create: Will you please discuss the difference between improvements and repairs. If repairs are made to an existing feature like a porch, I don't believe that should signal a raise in taxes, but it has happened to me. Also, why is it that taxes go up in a year when no improvements or repairs are made? Also, how does my neighbor's house, which is in a bad state of repair, reflect on mine with regard to taxes?

Gary Post: The minute the last nail is driven and the last board is painted a property begins to deteriorate. When a property is maintained and repaired it is

going to keep its value when compared to the home which has no maintenance. If you are going to sell a home that has a porch in need of repair, the buyer is going to factor in the cost to repair the porch in any offer he may make. If you repair the porch and put the property on the market, you may not recover all the money you spent on the porch, but a buyer will recognize that this is well maintained property and offer accordingly.

Gary Post: This is a sales based system. Lyon County Appraiser Office puts field appraisers in front of the home each year to make a decision as to value based on the sales, neighborhood location and condition of the home. Every six years data collectors and or field appraisers do on site inspections of all parcels with an interview or a door hanger for the owner to recap the data on their parcel.

momus: In your opinion, could altering the current appraisal methodology to include more property appraised on a "highest and best use" standard discourage dilapidated rental property and encourage turnover of empty speculative property?

Gary Post: Wow! A very interesting question. The 1984 Society of Real Estate Appraisers Real Estate Appraisal Terminology, Revised Edition put forth the idea that: "The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use." That is why in most cases, as the standard is defined, the current use tends to be its highest and best use. I'm not sure how the standard could be altered to discourage depreciating properties or to encourage turnover of a vacant property. Zoning or other governmental actions could impact properties in the market place.

esuhornets: Gary you said nationally the housing market has come down do you not think it has here locally in Emporia? It sure seems to me there are a ton of houses on the market and they

aren't selling for the appraised value. Also how does a home owner that has an old house show that his value is going down on his house?

Gary Post: Everything we saw up to January 1, 2008 indicated that properties were showing an increase overall, although a very small increase for homes built after WWII. Sales that occur this year will be used to set next year's values. In a informal meeting the owner will want to show any problems with their home which may impact value. Pictures are helpful.

emporian: Are people required to allow the appraiser's office into their homes to do an assessment?

Gary Post: No, you do not have to allow folks from the Appraiser Office into your home. We may ask, but it is your decision.

moderator: How much did house valuations go up this year? If houses are selling for less does that mean your valuations will go down?

Gary Post: Residential class values increased overall by less than 3% this year, the smallest overall increase that the county appraiser has had in ten years. That total value included new construction. Some homes, based on the sales, may have larger increases than the overall percentage. Last year, 2007, 66% of the sales sold for more than the 2007 posted county value. The residential ratio was 96.6%, meaning that if a home sold for \$100,000 the county value was \$96,600 on average. Because it is a sales based system, if houses sell for less, then values should decrease and be reflected in the next year's January 1, 2009 value. It should be noted that a lower valuation may not mean a lower tax bill in 2009, because the mill levy (city, county, school) may increase to generate the approved budget the local units of government need to operate.

moderator: How will the Tyson situation affect house valuations?

Gary Post: That announcement came after 1/1/2008, which is the assessment date by law in KS. Because it is a sales based system, those sales that occur this year will be in the mix to determine the value as of January 1, 2009.

moderator: When should people appeal their valuations? How many get overturned every year? How does the appeals process work?

Gary Post: Property owners may appeal during the 30 day window after their notices are mailed. This year the appeal window is open until Monday, March 31, 2008. In recent years the number of appeals has been less than 3% of the total parcel count. Last year there were 252 parcels appealed less than 1.5%. Approximately half of those appeals may see some sort of change. The phone number to call and set an informal meeting is 620.341.3302

moderator: How can people research property values in Lyon County?

Gary Post: In the county appraiser's office there are books with all 17,800+ parcels listed. Owners may also go to <http://www.lyoncounty.org> and click on the Appraiser Department, and then on Parcel Search, enter sales as user name and sales as password. Once there, owners can search by parcel number, appraised value, owner's last name, Section/Township/Range, property address as well as sale prices. After the appeal window closes (March 31, 2008), the sales data is no longer available on the web site, but parcel data remains on the site at Parcel Search Public. Also on the Appraiser web page is the Market modeling study under Legal Notice 2008, a 20 year Sales History, and 2008 Lyon County Value History by total class for the last five years.

moderator: How much did business valuations go up this year? If so how much?

Gary Post: Total commercial class was valued almost 11% more than last year. It should be noted that those totals include new construction, and

any properties whose exemptions had expired according to their agreement with the City of Emporia. Total commercial class value for Lyon County was \$198,053,560

quarterback: With so many vacant businesses in downtown Emporia will that lower valuations for other businesses downtown? Do businesses on the west side of town pay more in valuations?

Gary Post: Business buildings are valued usually by a cost approach to value (Cost New-Less Depreciation) or an income approach to value (Capitalized Net Income). Both are tied to and based on sales. If owners (landlords) must reduce their rents to get a tenant, that may decrease the income stream and have an adverse impact on sales. All valuation estimates by the county appraiser are public information and can be reviewed on-line or in the appraiser office.

Moderator: Our thanks to Gary for staying beyond our 2 p.m. stop time to answer some more questions. Still, I apologize because we were unable to get to all of the questions. Thank you, readers, for sending them. We'll publish a transcript of today's chat in the Thursday edition of The Gazette. The contents of the chat will continue to be available online at [www.emporiagazette.com](http://www.emporiagazette.com).

### In another chatroom...

Lisa Ree, RMA, Ellis County, submitted this quote from a chatroom of the *Salina Journal*:

"My property appraisal went down \$4,000 last year. This year it went up \$50,000 and all I did to my house was vacuum through it twice. I'm not ever going to do that again."

## Corporation Changes

Two press releases are shown below relative to companies that do business with Kansas appraisers. You will note a couple of words that may appear to be misspelled in the Mobile Video press release but are not, as the purchaser (Yotta) is from the United Kingdom.

### Mobile Video Services, Inc. is now Yotta MVS, Inc.

OMG plc, Oxford Metrics Group (LSE: OMG), the technology group providing image understanding products for the entertainment, defence, life science and engineering industries, is pleased to announce that its 3D mapping division, Yotta, has acquired the trade and assets of Mobile Video Services, Inc. ("MVS"), a leading US provider of data collection services for the assessment of property taxation.

The acquisition accelerates the growth of Yotta's 3D mapping business in North America, fulfilling OMG's strategic objective to expand its operations in this important market place. MVS provides OMG with an instant operational capability and offers field data collection and data processing synergies with its existing operations. Yotta will add its mobile mapping technology to MVS vehicles and enable the new business to quickly enter the highway survey and mapping market while growing data collection services in the property tax assessment market.

The deal represents the next important step in the development of the Yotta business. Yotta was founded less than two years ago to exploit core OMG technology in the growing market of 3D mapping. The reach of this technology was further extended in July 2007 with the acquisition of UK-based Data Collection Limited (DCL). This new deal strengthens the business further, by providing Yotta with a foothold from which to expand Yotta's 3D mapping business in North America.

MVS, which is based in Kansas City, Missouri, holds a leading position in the market for the collection of data for property appraisal. MVS provides field data collection services in order

**continued on page 8**

**Corporation Changes, cont.**

to capture high resolution geospatially referenced images of properties for property tax administrators, GIS departments and 911 agencies. Employing a total of 42 staff, it operates a fleet of 16 field vehicles across the U.S., and manages a number of long-term contracts with local government agencies.

Nick Bolton, chief executive of OMG plc, said, "I am very pleased to be making this acquisition. MVS represents an exciting proposition for Yotta by providing a number of important benefits, including a profitable platform for expansion in the U.S. and an opportunity to maximise data collection opportunities, not to mention growing further in its own right. The MVS team is great and their market knowledge is second to none. Bringing these businesses together gives me further confidence in Yotta's growth prospects both in the U.S. and globally."

**Greenman-Pedersen, ACA, Sign Agreement to Become Pictometry Sales Agents**

ROCHESTER, NY – May 5, 2008. Pictometry International Corp., a leading provider of geo-referenced

aerial image libraries whose patented technology is used globally to capture oblique image libraries, announced today that Greenman-Pedersen, Inc. ([www.gpinet.com](http://www.gpinet.com)) and wholly-owned subsidiary, Aerial Cartographics of America ([www.aca-net.com](http://www.aca-net.com)), have become Pictometry sales agents.

"Greenman-Pedersen recognizes the superior technology and efficiency Pictometry has to offer versus MultiVision," said Steve Greenman, chairman and CEO of Greenman-Pedersen. "We are excited about working with Pictometry to help our existing customers and Pictometry's new customers with Pictometry's advanced capabilities."

"By combining Pictometry's advanced technologies, efficiencies, new products and services with Greenman-Pedersen's engineering capabilities, we will bring tremendous value to all our customers," said Richard Kaplan, Pictometry President and CEO. "We believe that our customers will be delighted when they see the potential of this exciting new relationship."

**About Pictometry**

Pictometry International Corp. is a leading provider of geo-referenced,

aerial image libraries and related software. Pictometry has captured over 50 million digital aerial images in over 600 counties in the United States covering over 70 percent of the United States population. Using its proprietary imaging process, Pictometry® captures geo-referenced, high-resolution oblique (at an angle, producing a 3-D like view) and orthogonal (straight down) Intelligent Images®, within which structures and land features can be measured. Pictometry customizes and markets these technologies for government and commercial applications, offering non-traditional software solutions to aerial imaging needs.

Pictometry's imagery and software enables users to "See Everywhere, Measure Anything, Plan Everything"® using a patented digital information system. Pictometry has its headquarters in Rochester, NY and an office in Europe. Pictometry is a second order visualization tool that does not produce authoritative or definitive information (surveying) from its digital, aerial images.

*For more information on Pictometry, visit [www.pictometry.com](http://www.pictometry.com)*

**Ah, Kansas!**

**Editor's Note:** "Anyone can insert their state into this joke, but as this is a KCAA newsletter, well, guess what!"

**When God Created Kansas:**

Once upon a time in the Kingdom of Heaven, God was missing for six days. Eventually, Michael the Archangel found Him, resting on the seventh day. He inquired of God, "Where have you been?" God sighed with a deep satisfaction and proudly pointed downwards through the clouds, "Look Michael, look what I've made!"

Archangel Michael looked puzzled and said, "What is it?" "It's a planet," replied God, and I've put life on it. I'm going to call it Earth and it's going to be a great place of balance." "Balance?" inquired Michael, still confused.

God explained, pointing to different parts of Earth. "For example, northern



Europe will be a place of great opportunity and wealth, while southern Europe is going to be poor; the Middle East over there will be a hot spot. And over there I've placed a continent of white people, while over here is a continent of black people." God continued, pointing to different countries. "This one will be extremely hot and arid while this one will be very cold and covered in ice."

The Archangel, impressed by God's work, then pointed to an area of rolling hills and prairie on a large land mass and said, "What's that beautiful garden spot there?" "Ah," said God, "that's Kansas, the most glorious place on earth. There are beautiful lakes, rivers, sun-

rises, sunsets, rolling hills, open prairie, oceans of waving wheat, small water falls, monumental rock formations, abundant wildlife, with pure white snow in the winter, white fluffy clouds, blue skies year-round, and a place where a person can see millions of stars in the sky at night. God continued, "The people from Kansas are going to be modest, intelligent and humorous and they are going to be found traveling the world. They will be extremely sociable, hard working and high achieving, and they will be known throughout the world as diplomats and carriers of peace."

Michael gasped in wonder and admiration but then proclaimed, "What about balance, God? You said there would be balance!" God replied wisely, "Wait until you see the idiots I'm putting around them in Nebraska, Colorado, Missouri, and Oklahoma."

(Only someone who has grown up in Kansas will forward this!)





## Booking Some Knowledge

By Rick Stuart, CAE

Mary Odom, the research librarian for IAAO, had a list of new library materials in the February issue of *Fair & Equitable*. I had her mail me a book titled *Convenience Stores and Retail Fuel Properties: Essential Appraisal Issues*, written by Robert E. Bainbridge, MAI, SRA. If you need to increase your knowledge of convenience stores, this is a good read.

Chapter titles are: (1) Industry Assessment; (2) Local Supply and Demand Assessment; (3) Site Assessment; (4) Store Design Assessment; (5) Fuel Service and Canopy Assessment; (6) Furnishings, Fixtures, and Equipment Assessment; and (7) Valuation Assessment.

As an IAAO member, you can check the book out for three weeks. The library pays to ship the materials to members and members pay the return shipping.

You can contact Mary at 816-701-8117 or e-mail her at [library@iaao.org](mailto:library@iaao.org)



## IAAO Member News

### New Member:

Jenifer Rea, Reno County

### 5 Years:

Gary Fisher and Karen Kirk, Sedgwick County; Melissa Crane – PVD, Francine Regan, RMA; Washington County; and all the following from Johnson County: Kyle Blanz, RES, RMA; Kara Endicott, CAE, RES, RMA; Jim Hendrickson, RES, RMA; Janna Holden, RES, RMA; and Larry Hoover, RES, RMA.

### 10 Years:

Jeff Busche, Property Tax Advisory Group

### 15 Years:

Judy Orton, Bourbon County

**Thanks for your support of IAAO!**

# WANTED!

*Howdy!*

*Hope ya'll are ready for Kansas Night 2008.*

*We have rustled up some great plans and hope you can join us!*

*Date: Tuesday, September 9th, 2008*

*Time: 7:00 p.m.*

*Place: Silver Peak Restaurant & Brewery  
124 Wonder Street, Reno, Nevada*

*Cost: \$45 per person – must prepay by Sept. 2nd to:*

*Rick Stuart*

*3533 SW Randolph Ave.*

*Topeka, KS 66611*

*The location is about 2.5 miles from the conference hotel.  
Buffet-style grub service with a cash bar all available on a rooftop deck. Trivia and best & ugliest cowboy shirt will all be part of a rootin tootin good time!*

## IAAO Courses

**Course:** Course 102 Income Approach to Valuation  
**Date:** August 25-29, 2008, 8:30 a.m.–5 p.m.  
**Location:** Reno County Courthouse, 206 W. 1st, Hutchinson, KS  
**Cost:** \$410  
**Instructor:** Rick Stuart, CAE

**Course:** Course 201 Appraisal of Land  
**Date:** Sept. 22-26, 2008, 8:30 a.m.–5 p.m.  
**Location:** Reno County Courthouse, 206 W. 1st, Hutchinson, KS  
**Cost:** \$410  
**Instructor:** Marion Johnson, CAE

Register online at [www.accesskansas.org/kcaa](http://www.accesskansas.org/kcaa) (Select Education, KCAA Education)

Courses are approved for KREAB Continuing Education Credit.

## Target Files Lawsuit Against City

### Company says tax break shouldn't have to face annual renewal

By Mike Hall, The Topeka Capital-Journal, published Sat., April 12, 2008.  
Reprinted with permission.

Target Corp. officials are claiming the city, Shawnee County and Go Topeka changed the rules on them after they entered into an agreement to build their new distribution center in south Topeka. The company has filed a lawsuit in federal district court in Wichita asking for a ruling.

At issue is the temporary property tax exemption granted to the company as an incentive for locating the distribution center in Topeka. Tom Shaw, Target's regional vice president for distribution, said from his Minneapolis, Minn., office Friday the agreement called for the exemption to remain in place for 10 years. The new building was completed in 2004, and the exemption began then. Shaw contends, though, that the Shawnee County Commission created a new rule in 2005 that tax exemptions would be reviewed annually to determine whether they should continue. The determination of eligibility included such things as whether the company created the number of new jobs it had promised when the exemption was granted. That wasn't the rule when Target entered into its agreement, Shaw said, so the Target exemption should remain in effect for 10 years without the need for the annual review.

County counselor Rich Eckert said Friday he hadn't seen the filing and wouldn't have any comment until he read it. The matter was already in court then. The Kansas Board of Tax Appeals had issued a ruling agreeing with Target's argument that it is entitled to the exemption, but the county is appealing.

Target maintains it only is required to pay a penalty of \$4,000 for each job below a minimum of 650 jobs it committed to in 2002 when entering into its original economic development incentives package. That agreement required local governmental entities to provide the land for the Target facility and some other costs, such as streets, water and sewer lines. According to Jim Crowl, assistant county counselor, the county's position is that the company also is bound by the terms of a separate agreement with the county allowing for an annual property tax exemption for 10 years, but only if it maintains a minimum of 600 jobs. Crowl told commissioners in January the company had the equivalent of 554 full-time positions. Shaw said the company's Friday court filing isn't an indication of displeasure with the Topeka community. He said the company still feels Topeka is a good place to do business.

accidentally locked the entrance gates without knowing anyone was on the property. The resourceful gentlemen assured the owner that they would find a way off the property, even if it included taking down a fence and putting it back up.

The owner gave them 10 minutes to exit his property. After assuring the owner that 10 minutes was enough time to finish their work, the collectors continued with the review process. Upon seeing the owner leave and quickly proceed toward the main gates, the data collectors followed suit. Even though the 10-minute ultimatum had not passed, the owner padlocked the gate, leaving our fearless data collectors on the wrong side of the gate.

Upon contacting County Appraiser Dean Denning and informing him of their predicament, they inquired if they should let the fence down and drive out.

"Considering that action might further enrage the farmer, I told them I'd see about having a sheriff's deputy oversee their extraction from bondage," Denning said. Explaining the situation to the under-sheriff, the appraiser told him he knew breaking and entering was a crime, but what about breaking and exiting?

After he stopped laughing, the under-sheriff stated that in all his years in law enforcement, he had not encountered anything like this. He did state that people do not have the right to restrain egress and the county had the right to lower the fence and drive out, but it would be courteous to put the fence back up. He did commit to sending a deputy to the area to supervise the escape.

In the meantime, our resourceful team had found a section of fence where the posts were not securely in the ground and were able to lift six of them out, lay down the fence and safely escape. As they were replacing the last post, a deputy sheriff arrived. He related later that he did get a laugh when he drove up to our team as they were waiting for him with their hands high in the air.

These parcels will definitely not be among any random sample for QC!



## Outlaw Collectors

By Lisa Ree, RMA, with Dean Denning, CKA, RMA and Eugene Rupp

This year's re-inspection in Ellis County includes several sections that were the Walker Army Air Force Base during WWII. It is now owned by a local farmer and contains some prime fishing. This makes it an attractive nuisance, so the owner keeps it well-fenced and the gates locked.

Earlier this month, our data collectors, Eugene Rupp and Mike Weber, ventured to the air base for re-inspec-

tion. Seeing the main gate unlocked, they entered the parcel and reviewed several buildings located in the northern portion. While checking the buildings at the south end of the property, they encountered the owner.

After explaining the re-inspection process to the owner and informing him that they only needed to review three more buildings, the owner asked the data collectors what they would do if he

# NCRAAO Experience

By Dean P. Denning CKA, RMA, Ellis County Appraiser

NCRAAO conference was held June 15-17 in Green Bay, WI. We were lucky it wasn't in Coralville, Iowa, the site for next year's conference. While we drove an extra 183 miles to avoid flooded roads, the hotel designated for the 2009 conference had flood water up to the third floor. I suppose the first two floors will have new carpet when we get there.

The conference itself was both informative and entertaining, as usual. I attended four sessions that focused on small markets, public relations, GIS for small jurisdictions, effective age, and what a tax court judge looks at. These titles are pretty self-explanatory, so I won't expound except to say the effective age aspect of appraising stands to be more important to us under ORION.

At the Board of Directors meeting, I presented my belief that three board members from each state was excessive. Do we really need 39 directors? The idea was not warmly received, and the point was made that sometimes people can't attend and with three from each state, there's a better chance that at least they will have some representation.

On the leisure side, we had an evening tour and meal at Lambeau Field and Green Bay Packers Hall of Fame. That team has a very interesting history, and we had a very knowledgeable guide. Some of us managed a couple of hours to tour the Sturgeon Bay Maritime Museum. That area just north of Green Bay has a long history of ship building.

Of course, we had vendor's demonstrations and a Tuesday night banquet with an entertaining comedy and music group.

During our stay in Green Bay, the flood water in Iowa receded enough that we could take the most direct route home.

Kansas was represented by 20 people and, in closing, I'd like to encourage more to consider attending next year's conference in Coralville, Iowa (it's much closer) on June 15-17, 2009.

## A Trip to NCRAAO: No Junk

Leon Reimer, RMA, Meade County

No junk? What do you mean no junk? Well, bear with me for a few moments and you will soon understand. The 2008 NCRAAO conference was hosted by the state of Wisconsin in (of all places) Green Bay. I am neither a cheese-head nor a diehard Packer fan, but we all know about the Green Bay Packers and what that town means to pro football. I want to take this opportunity to thank the hosts for a wonderful conference in a wonderful town.

Now, Green Bay is a 1000-mile drive from my door, so logic would probably have me in an airplane making a quick trip, but there are times when we must overcome logic and take the long way, which was very rewarding. Good



Leon (center) helping the tour guide at Lambeau Field, home of the Green Bay Packers.

traveling companions made the lengthy trip not quite so lengthy and contained "no junk." Our hearts did go out to all those people in Iowa and Wisconsin who were affected by the flooding that



Part of the Kansas gang (l-r): Leon Reimer, Rick and Holly Stuart, Della Rowley, Kim Lauffer and Elysa Lovelady.



Above: On the bus to Lambeau Field (l-r): Elysa Lovelady, Della Rowley, Kim Lauffer (being rude), Rick and Holly Stuart. Right: Rick and Holly Stuart (front), Kim Lauffer and Linda Cwiek, of Rhode Island.

we were detoured around.

The conference (as usual) provided many educational offerings and opportunities to network with others on a regional level that we just can't provide here in Kansas on our own. I would urge each and every one of you to consider attending an NCRAAO conference. Next year's conference will be in Coralville, Iowa (when it dries out), which will not be quite as far away but promises to be a wonderful opportunity for assessors and appraisers to get together and advance our knowledge base. As an advanced notice, I plan to be driving again and anyone is welcome to

hitch a ride.

When we go to conferences like this, you can always be sure Kansas makes an impact on an event such as this. I refer specifically in this case to education. Our own Rick Stuart conducted several sessions, and they were excellent. Thanks, Rick, but don't get too big a head—remember you are surrounded by Jayhawks! (Excellence)



Lambeau Leap: Keep your day job, Leon!

Rick presented a session on public relations, and though he never said it, the message came across clearly. We can provide no junk for our customers. Who are our customers? Obviously, the public is our main customer but also our fellow co-workers are also our customers, and he presented some excellent reminders of how we need to treat the public as well as our fellow workers. We want the best service wherever we go, and thus we should provide the best service to whoever we serve. Never be afraid to improve on who we are and what we can provide.

This session was just a short reflec-

tion on the total experience in Green Bay. There were also sessions on CAMA, GIS, effective age, time trend analysis, what tax court judges look for, dairy farm appraisal, and many more. There is no shortage of education available at NCRAAO.

Of course, a trip to Green Bay would not be complete without a trip to legendary Lambeau Field, the "Frozen Tundra." Being a diehard Cowboys fan, it brought chills to my bones to be there, home of the Ice Bowl, December 31, 1967; 13 degrees below zero, the coldest game in NFL history, the Cowboys vs. the Packers. With 13 seconds

to go, Bart Starr scored the winning touchdown to beat my Cowboys. This story naturally was retold in the very end zone where this touchdown was scored by our stadium tour guide, Terry, who was at that game. Terry, of course, had me stand by him and endure the nightmare one more time, as he told the story. (This may have been the only junk we found.)

No junk? Where did this title come from? As we drove through northeast Iowa and up through Wisconsin, I couldn't help but notice the farms that we passed, and being an old farm boy, I noticed that something was different. Each and every farm was immaculate, picture perfect, no junk. Now, with all due respect to our farmers (since I am one), we all know what our farms look like. There are always one or more old buildings, some old useless machinery or something like that, which isn't worth hauling off. But not these farms; there was no junk there. My hat is off to these farmers, their places were all picture perfect. Just like our trip to NCRAAO 2008, NO JUNK!

## RMA Review Classes

Name: \_\_\_\_\_ SS#: \_\_\_\_\_ - \_\_\_\_\_ - \_\_\_\_\_

County \_\_\_\_\_  County  State  Private  Contractor  Other

Office Address: \_\_\_\_\_

City-State-Zip: \_\_\_\_\_

Office Phone#: \_\_\_\_\_ Fax: \_\_\_\_\_

**Mark your choice of class/dates:**

- Residential October 8-10, 2008, with Exam on the 14th
- Commercial November 3-5, 2008, with Exam on the 13th

**Location:** Shawnee County Admin. Building  
1515 NW Saline, Topeka, KS

**Instructors:** Rick Stuart, CAE  
or Marion Johnson, CAE

**Time:** 8:30 a.m.-4:00 p.m.

**Price:** \$300

**Payment Enclosed:**  Yes  No Amount: \$300 (Payable to KCAA Education Fund)

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

**To register for classes online:** [www.accesskansas.org/kcaa](http://www.accesskansas.org/kcaa). Select Education, KCAA Classes.

# 2008 Annual Business Conference Highlights

KCAA hosted its Annual Business Conference on June 8-11 in Topeka. Our thanks to all who attended, including our sponsors and vendors.

## KCAA Bowling 2008

By Elysa Lovelady

Thirty-five bowlers (and one phantom bowler to round out the teams) were at Gage Center Bowl on June 8, 2008, to participate in the annual KCAA "Bowling for Dollars" tournament. We were very pleased to have IAAO member Ralph DiFebo and his guest, Andrea, from Chicago join us. Throughout the night, prize money was given out for strikes.

The winning team that took home prize money was Jeff Ramsey, Jeff Holsapple, Ryan Miller, and the Phantom bowler (Jeff and Jeff helped fill in). High series men went to Jeff Holsapple with 435 for the three games, and Hi-Series women went to Linda McDermott with a 445 series.

Thanks to Yotta (aka Mobile Video) and TY Pickett for being sponsors and to Kim Lauffer and Holly and Rick Stuart for helping at the bowling alley.



"Bowling for Dollars" Winners



Alan Hale and his wife Joan spreading some "peace" at the bowling tourney.

## Sure Beats Working!

By Mark Low, RMA, Golf Tournament Chair



Barry Porter accepted the award for the 1st place team.

The day started out a rainy, gloomy day, but 42 brave souls showed up at Lake Shawnee golf course ready to brave the elements. As 8 a.m. neared, the rain stopped and the weather cooperated, and it turned out to be a fun and enjoyable day.

Barry and Anna Porter, Barry Riley, Bob Lott, and Jim Harrison shot a 62 for the low score and to bring home the prize money.

Coming in second was the team of Steve Bauman, David Harper, Gene Edwards, and Patrick Titsworth, shooting a 66. Apparently, the wet and soggy golf course took its toll on the team Bobby Miller, Ryan Miller, Janet Duever, and Gary Duever, as they shot an 81 for the high score. Hole prizes were won by Bruce Hardesty, Anna Porter, Bill Turman and, of course, the one and only Tom Brown.

All in all, a fun time seemed to be had by everyone. I would like to thank all the sponsors for the golf outing, because without them we could not have this much enjoyment. Thanks, again!

As noon approached, lunch that was furnished by R & S Digital was nearly done, and the wet and soggy golfers started slowly trickling in. As the golfers were hashing out the good and bad shots for the day and enjoying lunch, the scores were tallied and the results were announced.



Steve Bauman accepted the award for the 2nd place team.



Tom Brown

## Laughs with the M&M Sisters

Real-life sisters Merry and Manda, the M&M Sisters, entertained the crowd as two quirky Southern characters, Mini Pearl and her cousin Urlean, from Backwoods, Ark. There was lots of audience participation and lots of laughs for spectators as well.



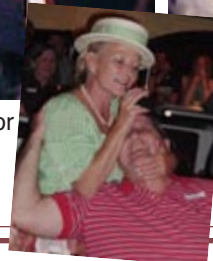
◀ Doug Rozean, Infinitec



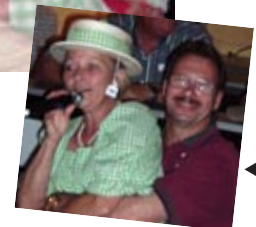
▲ Tina Kroth (seated) gets serenaded for her birthday by Huey, Duey and Luey — otherwise known as Jim Lampe, Chis Gibson and Craig Clough.



◀ Mike Montgomery



◀ Leroy Burk



◀ Rick Stuart

▶ Paul Welcome

## Snapshots...



Melinda, Brian & Natalie were all smiles!



Sumner County Girls: Laurie Walta & Danetta Cook always enjoy Conference!



Natalie Taylor & Leon Reimer. I hope you're not feeling for hair, Natalie!



Kurt Vanalstine, Reno County



The Reno Co. Crew (l-r): Kurt Vanalstine, Lori Reedy, Marvin Clements, Sue Poltera, Heather Gieseck & Jennifer Rea



## KIOGA at KCAA

By Lisa Ree, RMA

At the recent KCAA Annual Business Conference, Edward Cross was part of an Oil and Gas panel discussion.

As the executive vice president of the Kansas Independent Oil & Gas Association (KIOGA), Mr. Cross provided several interesting numbers.

Middle East National Oil Companies own almost 70% of the oil reserves, while Latin America, Russia, and Africa National Oil Companies own just over 23%.

While OPEC nations can maintain the current oil production for an estimate of 30 to 40 years, the demand for oil continually increases worldwide. Estimates indicate that U.S. demand for oil increases 1.2% annually, while China's oil demand is up 35% since 2005. U.S. production of crude oil is declining 1.7% annually, and yet we are importing over 12 million barrels of oil per day.

Per Mr. Cross, while OPEC sets the oil price, Kansas producers' cost structure does not change. OPEC's price per barrel determines whether the independent producers make a profit or not. Independent producers drill 90% of the wells in the U.S. and produce 68% of the oil in the U.S. As a \$4.3 billion industry, oil is the second largest industry in Kansas. Kansas currently produces 35.7 million barrels of oil annually at 97,800 barrels per day. It is ranked 8th among the 31 oil-producing states.

KIOGA considers any well that produces 10 barrels or less of oil per day a marginal well. The average barrels per day production (bopd) in Kansas is 2.27 bopd. Marginal wells account for 94% of all Kansas oil wells. With the high cost of production and the low yield in barrels with a marginal well, KIOGA supports needed policies that would enhance American production and reduce dependencies on foreign oil supplies.

The Kansas oil and gas Industry contributed over \$360 million in taxes in 2006 and \$375 million in 2007 to the state of Kansas. The 2007 collections from taxes were up over 129% from 2002 and up over 205% from 1999. Severance tax collections accounted for over \$134 million in 2007, which was up over 132% from 2002 and up over 188% from 1999. Ad valorem gas collections accounted for \$227 million collected in 2007, which was up over 115% from 2002 and up over 191% from 1999.

KIOGA maintains that the Kansas oil and gas effective tax rate is 11.99%, which is higher than the six surrounding oil- and gas-producing states. In addition, a Kansas oil and gas producer is taxed five times on each barrel of oil or mcf of natural gas produced. The taxes include severance tax, ad valorem tax on reserves and equipment, and state and federal income tax.

Just to put it into perspective: Per the U.S. Department of Energy, I was able to find that the December 2007 oil price has increased 350% from 1999 and also 2002, while the June 2008 oil price has increased over 500% from 1999 and 2002.

With the low-production exemption in Kansas being a "hot" topic for counties, the following is Ellis County-specific data.

With a total of 1,222 oil leases in Ellis County, 1,073 (88%) leases can be classed as low-production leases with 5.0 or less barrels/day/well production. With 2,284 producing wells producing over 3.2 barrels of oil per day, the average well produces 3.94 bopd. Of these, 1759 low-production wells produce 2.33 bopd, and the remaining 525 wells produce 10.20 bopd. 700 (57%) Ellis County leases have a low-production exemption, which amounts to over \$28.5 million in exempt assessed valuation. Just 12 oil leases account for 58% of this exemption, each having over \$1 million in exempted assessed valuation, with the highest exempt assessed valuation at \$2.2 million.

# Orion Panel Discussion

By Cindy Magill, RMA

On Monday, June 9th, a presentation was given by various county appraisers who had gone “live” with Orion for 2008 about their encounters or “struggles” with Orion. They included Paul Welcome from Johnson, Rod Broberg from Salina, Jim Lampe from Atchison, Janet Duever from Marshall, Tom Fuhrmann from Grant, Stacy Berry from Osage and August Dettbarn from Douglas along with his IT representative, Jim Lawson.

## JOHNSON COUNTY

Paul Welcome was first up and had a detailed presentation outlining some of the main issues that Johnson County had dealt with for the 17 months that they have had Orion. They had to devote one full-time position to transition from CAMA to Orion. Additional monies were spent for an income report (that, to date, does not work); had to hire extra personnel to handle the integration of Apex into Orion; and some of the staff was burning the midnight oil with issues with the system and printing of valuation notices.

Some of the software problems that the staff encountered consisted of the following:

- Cost Report does not exist
- Sketch on property record card is small
- Had error rounding issues-(This issue has been fixed.) Yeah?
- Assessed value had to be hand calculated
- Hard to use change after sale properties in market modeling
- Log-in challenges
- Takes forever to create a comp sheet
- Hearing folder documents had to be created in job order, not batch order
- Could not look at hearing calendar after created to see if schedule was full
- Hearing tracking does not recognize the different appeal level or years of appeals

## Panelists gathered to share their hurdles and successes

- Works better in Office 2003 instead of 2007
- CVN program is very slow and cumbersome

## GRANT COUNTY

Tom Fuhrmann stated that in his county, early on a lot of administrative time was needed in the conversion process. His final review books were twice the size, and he had some printing issues with the CVNs. One positive was that the ag land conversion was one conversion that went smoothly.

## MARSHALL COUNTY

Janet was able to get her cleanup done ahead of time, and for the most part her conversion process went well. Marshall County has fewer than 10,000 parcels with 50% being agricultural. Some of the issues she experienced were that the ICS, which is now called a PRC, is two pages and because of this, a lot of paper and toner were used. Janet’s county is hosted by the state and has had a few issues but is pleased with the conversion process and Orion.

## ATCHISON COUNTY

Some of Jim’s highpoints about Orion included that with Atchison County’s 9,000 parcels, it took one person approximately 18 months to work on the name and ownership cleanup. This is in addition to the person’s regular job duties. Jim had concerns with the depreciation tables on ag buildings, and he saw the need for staff to have a good understanding of Marshall and Swift.

## DOUGLAS COUNTY

August Dettbarn supported the remarks by the panel members. Douglas County is in their third year with Orion, and the biggest issue he has experienced was with “versioning.” Versioning is when a data change is made to

the property such as a neighborhood assignment or CDU assignment. Orion will make a record of the change and then is date- and time-stamped. However, you can only view the latest version of the record, and it is very difficult to look at the history created from the data changes. This requires the equipment to have a huge storage capacity.

Another issue is that the end user cannot create any custom GRW’s (General Report Writer); Tyler Technology has to create them. For those of us who have used the cut-and-paste tool in CAMA, it is nearly impossible to do in Orion. His final comment was that if a county were to elect to be “locally hosted,” you will need to periodically manually clean out your report file. If you are “centrally hosted,” PVD will perform this responsibility.

Jim Lawson, Douglas County IT, commented that Orion uses 350+ tables, and he sees why counties are having issues with the speed. Another problem is that a table cannot be deleted from the database after it has been created.

## SALINE COUNTY

Rod in Salina County had issues with the fact that the “other improvements (OB&Y’s)” that were included in the sale price did not show up on the comp sheet. Also there was no clear direction on when to roll the values in Orion.

In conclusion, it looks like Orion is still a work in progress and will be so for the 21 counties that will be converting in 2009. According to the PVD publication “Orion New,” these counties are Barber, Barton, Butler, Clark, Decatur, Edwards, Ellis, Ford, Franklin, Harper, Harvey, Hodgeman, Marion, Meade, Ness, Riley, Scott, Sumner and Thomas.



## Matrot Castle Tour

By Elysa Lovelady

On Monday morning, June 9, 2008, in conjunction with the KCAA conference, 40 people toured the Matrot Castle. Currently also serving as home to Midwest Management Group, there are big plans in the works for a destination place

to promote Kansas' heritage with local artisans setting up shop, adding a farmers market, as well as restoring the original vineyard.

All enjoyed the tour and wine tasting, and many exclaimed they would like to return later to see how things are developing. Read more on the fascinating history of the Matrot Castle below, or visit the website [www.mmgks.com/castle.asp](http://www.mmgks.com/castle.asp)

### A Historical Sketch of Matrot Castle and Vineyards: Les Miserables (the misery of) a Castle and Its Master

*Reprinted from the brochure provided on the tour*

#### I. Pre-History: Les Misérables Matrot

Seraphin Matrot, the nineteenth century French immigrant known to his new neighbors as the eccentric "old gentleman," relocated his family 7,500 miles from Paris to the seclusion of rural Topeka, Kansas. He had been a wine merchant, a contractor, and a political refugee, who sought asylum in the beautifully crafted Normandy-style castle that he built from bare ground. He chose for his homestead one of the most remote but accessible locations in the West. Oral tradition has it that he had narrowly escaped the guillotine before fleeing his homeland with his wife and three children.

Documents verify a long-held local tradition that Monsieur Matrot was sought by French authorities due to his political affiliations in Paris during the mid to late 1800s. Having escaped to the Topeka Township sometime around 1873, it is a fair assumption that the political persecution he feared was related to experiences before, during, or after the notoriously brutal insurrection of 1870-71, a massacre known as the "Semaine Sanglante" (trans. "The Bloody Winter").

During the period following the surrender of Paris to Germany at the end of the Franco-Prussian War, thousands of working class Parisians were summarily tortured and executed for their association with the Council of Paris

(a.k.a. the Commune of Paris). The Commune, a populist political faction with roots in the French Revolution, consisted of well over 100 thousand Parisians who called for economic and political freedom from the monarchy, and from other perceived threats to social liberty for the common man. The origins of this political party are dramatically portrayed in the classic novel and

***It is likely that M. Matrot came to Topeka with a fear for his life...***

stage play entitled "Les Misérables," by Victor Hugo. Consistent with the party's socialist if not purely democratic ideals, the Commune rebelled against their governments' surrender of Paris to Germany in 1870.

From what we've learned of M. Matrot's background as a Paris wine merchant, and a member of the Paris Police Force (which the Franco-Germans disbanded for its alleged treason during the insurrection), it is likely that M. Matrot came to Topeka with a fear for his life that was less than unreasonably paranoid. Oral family tradition relates an occasion in which Ms. Matrot had fought in a street battle alongside her husband, coming to his assistance to remove a black powder stain from his hand. Most of M. Matrot's comrades suffered much more in one of the shortest but bloodiest civil wars in

modern history.

Contemporary observers estimated that 30,000 Parisians, most of them middle class men, women, and children, were tortured and killed. Thirty eight thousand were arrested and held in concentration camps, and over 7,000 were banished to deserted French islands. One such account describes the plight of Parisians who faced the same genocide that M. Matrot successfully avoided:

...Prisoners were formed into long chains... so as to form one body [in convoys from Paris to the camps]....It looked like the population of a city dragged away by fierce hordes....Panting, covered with filth, idiotic with fatigue, hunger, and thirst, burnt by the sun, the convoys dragged themselves along for hours...harassed by the cries, the blows from the mounted chasseurs ... The captives who fell were sometimes shot, [or] thrown into the carts that followed....There were no doctors, gangrene attacked the wounded; ophthalmia broke out; deliriousness became chronic. In

the night were heard the shrieks of the feverstricken and the mad. Opposite, the gendarmes remained impassive, their guns loaded.... Hunts were organized in the forests near Paris. Police watched all the stations, all the ports of France. Passports had to be renewed and checked at Versailles. The masters of boats were under supervision...

Some historians even trace the origins of the first World War to the Council's martyrdom. Many future revolutionaries and democratically-minded citizens looked back for inspiration at the legion of struggling merchants like Seraphin, who aligned themselves at their own peril with the cause of personal freedom and social security. Vladimir Lennon, the founder of modern socialism, requested that



his body be draped and entombed with the Commune's red flag. It was from this chilling history that Seraphin Matrot brought his young family to build a fortress, a replica of the castle from which he was evicted in France, to the western Topeka, Kansas.

## II. A Monsieur's Fortress is His Castle

M. Matrot's new homestead was in no city on a hill. To shelter his family with obscurity, he picked for a homestead a valley far from what little civilization existed in Shawnee County at the time. Although the castle is said to be identical to the home he left in France, as a gesture to his uprooted wife, the most remarkable aspects of the structure's architecture indicate that it was built, as the castles of the medieval period, for the protection of its inhabitants.

The windows in the three story turrets faced in three directions, and contained holes through which to fit the barrels of firearms. The walls of the castle were a full foot thick, sufficient to repel a small army, and well beyond what was needed to protect his family from a Kansas tornado. The most impressive feature of M. Matrot's security system was a secret tunnel that extended from the wine cellar, beneath the grape crops, to a ravine 500 yards northwest of the property. The wine cellar itself, with its high arched brick ceiling, was built 26 feet long and 13 feet wide – small for a wine cellar, and adequate to hide a family of five in the event of an attack on the fortress from without.

The principal purpose of the wine cellar was to provide an optimum environment for the fermentation of grape juice into wine. The turrets were originally open from the cellar to the top of the three story spires to allow maximum ventilation for the casks stored below. Also, diagonal shafts forced low cool air into the cellar from the castle's east exposure, providing an optimum

climate of air and light. Not only did the construction project demand painstaking hours of design work and labor, the grape vines that were planted needed to be carefully tended for several years before a harvest of grapes could be had. One can imagine the apprehension M. Matrot must have suffered as his dream of recreating his life drug on slowly, year after year. As his fear of the French bounty hunters subsided, the forces of history were once again raising its misery to Matrot again.



## III. Les Misérables on the Wagon

Prohibition came to Kansas in 1881. Kansas was the first state to constitutionalize the prohibition of intoxicating beverages, and one of the last states to repeal it. Presumably unknown to the French king of Matrot Castle, his was now the home state of Carrie Nation, and becoming the Kansas law, which took effect in 1871, strictly enforced the prohibition. During this time, M. Matrot was building his wine cellar, and nurturing his grape vines to maturity. Enforcement, particularly in the capitol city, was lax.

Many wineries and breweries skirted the prohibitory law by taking advantage of the exception it created for intoxicants prescribed by physicians. This prevalently channeled loophole garnished national attention; the

Boston Transcript noted in 1882 that "Kansas physicians help the droughty ones to get around the prohibitory law by prescribing liquor for [every] ill. For a boil on the arm, one patient was ordered to take, in eleven days, ten pints of "spiritus fermenti" [i.e. wine] and thirty bottles of beer boils are very fashionable in Kansas."

But by 1885, at about the time M. Matrot's cellar and vines should have been ready to re-establish him in his new neighborhood as a wine merchant, the Kansas Legislature tightened its restrictions. In short order, all of Topeka's established local breweries, wineries, and distilleries were out of business or converted to other commercial purposes. No reference has been found to document that M. Matrot ever sold a bottle of wine. If he did, it was likely to organized bootlegging operations, which generally specialized in liquors rather than wine or beer, because the "hard stuff" could be transported more compactly, with more punch, and pennies, for ounces sold.

The Matrots may have harvested grapes for juice, and a very limited amount of wine for medicinal purposes, but the latter practice was also greatly curtailed state-wide by the 1885 legislation.

Even if no one else benefited from the Matrot Winery and Vineyards, Seraphin himself apparently did. Family tradition holds that the "old gentlemen" even had a dumbwaiter mechanism to draw wine, a bottle or glass at a time, from the cellar through the turret floor to his first story living quarters so that he didn't have to navigate the castle's brutal spiral steps for refills.

History leaves to curious speculation the question of Madam Antionnette's misery during her years at Matrot Castle. One can only wonder about her attitude toward the drinking

habits of her husband, and about the way she felt about the scores of Shawnee Indians that he retained, paid with wine on site, to literally build the castle up around her family. Some have suggested that it may well have been Antionette's outrage over Seraphin's drinking, not to mention his notoriously miserable luck, that accounted for his decision to build the cellar hide-out and secret escape hatch to begin with. Perhaps the hidden tunnel was built with escape from his wife in mind!

Altogether, it would seem that the M. Matrots' long and hard labor was virtually in vain. "The old gentlemen," as some of his contemporaries remembered him, was seemingly oppressed again by political realities over which he was repeatedly rendered powerless. He passed away on the second story of his home, in May 1898. According to his neighbors, Seraphin was a man with no religious beliefs. Newspapers report that his coffin could not be navigated up or down the narrow spiral staircase, so a second story window had to be removed in order to hoist the coffin up and down. This suggests that by the time his body was found and tended, rigamortis prevented the transport of his body down the staircase either.

Antionette is said to have fled back home to France only to be stoned to death in 1914, presumably for her and her husband's involvement in the Paris underground. Census records support that in 1910 she was still living in the castle, with her son-in-law, Eugene (by marriage to her late daughter, Blance), and Eugene's six children. No record of her is known thereafter.

#### IV. Modern Misérables

Prior to Antionette's departure from the castle, Eugene's family lived there for several years. Subsequent owners made various efforts to renovate and restore the property. These include E.E. Moore to 1933; Elroy Vitt, from 1933-1946; George Burns and Earl Green, Jr (cousins returning from World War II) from 1946 to 1947; Julius Perkuhn, who added the west addition around 1947; S.K. Vincent until the early 1970s; Paul Clark, who restored the original mortar work and undertook

several modernization projects through the mid 1970s; Brad Miller for a couple years thereafter; Mark Stillings through 1978; Caroline Kirkfrom 1992-2004; and Jerry Wittmer from 2004 to the present.

Previous owners have been spooked by strange phenomena that some believe is caused by the unsettled spirit of M. Matrot himself. One of Paul Clark's son recalls: "We have many stories of furniture moving, doors opening and closing, pounding noises coming from the living room floor, the sound of phantom footsteps when no one else was present, and other poltergeist-type events...[and other experiences] which were very frightening ..."

In addition, other owners, including its current inhabitants, have noted interior lights igniting when no switch was turned, and noises from various vacant locations within the castle. Sadly, at least one former resident of the Matrot castle ended her own life on the premises.

#### V. Post Misérables: The Ghost of Matrot Future

The future of the Castle and Vineyards promises to redeem, and hopefully appease, the unsatisfied dreams of its original master. Much work undertaken by the current owner, and is still underway, to furnish and refurbish the interior of the castle, and to landscape the acreage on which it stands. Alongside grape vines that have miraculously survived for over 120 years, new vines of several different species are being nurtured and grown. An application for a farm winery license is being prepared for future commercial sales of Matrot wine. Tours of the newly refurbished castle are being booked, and castle parties are being planned. Very soon, the Matrot Castle and Vineyards will be officially nominated for inclusion in the State and National Registers of Historic Places. We believe that Seraphin Matrot would be pleased with these efforts, conceived as they were in his own eventful but sometimes miserable lifetime. And we hope that the fruition of the Monsieur's dreams of a fruitful Castle and Vineyard will allow him rest in peace at last!

#### Read More About It: A Bibliography of Historical Context

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# Wamu Accused of Appraisal Fraud

**Lawsuit claims the lender told an appraiser to offer a rosier housing outlook so risky mortgages could get approved.**

By Stephen Gandel, *Money Magazine* senior writer (Jan. 17 2008)

Submitted by Kevin Bradshaw, CAE, RMA

NEW YORK (Money) – A former real estate appraiser for Washington Mutual is suing the bank, claiming she was blacklisted last year for providing a housing market forecast that was too gloomy.

Jeniffer Wertz, who is seeking unspecified damages, says WaMu stopped accepting her appraisals in mid-2007 a month after she reported that her local housing market in California was “declining.” A pessimistic outlook makes it harder to extend outsized, risky mortgages to borrowers whose homes can’t support them. But Wertz’s assessment shouldn’t have been controversial at the time. According to the National Association of Realtors, home prices in her hometown of Sacramento fell \$9,000, or 2.5 percent, to \$356,500 in the second quarter of 2007. And most economists were already characterizing the housing market as a bubble that was ready to burst.

In the lawsuit, which was filed a week ago, Wertz says she completed appraisals on two houses in May and then quickly got a call from a WaMu (WM, Fortune 500) sales manager demanding she change her outlook to “stable” so a loan could be approved. The WaMu sales manager also demanded Wertz change her appraisal process to produce higher prices for the properties she was evaluating, according to Wertz’s lawyer Stephen Danz. The higher an appraisal comes out, the more likely it is a home loan will get approved. When Wertz refused to comply, she claims the sales manager threatened to block her from doing future appraisal work for the bank. A month later, Wertz’s suit says, a third-party appraisal request assigner told her WaMu would no longer accept her work.

Wertz has her own company. She says she appraised properties for

“This case is just another good example of one of the biggest dirty little secrets of the whole mortgage industry,’ says Pamela Crowley, who runs industry watchdog, [mortgagefraudwatchlist.org](http://mortgagefraudwatchlist.org).”

WaMu for over six years, regularly getting three orders from the bank a day. In 2006, WaMu told her she held the status of “preferred real estate vendor,” because the bank had used her in the past, and her work was “proven,” according to the lawsuit.

Wertz declined to directly comment for this story, referring questions to her lawyer. A WaMu spokesperson says, “We have not had the opportunity to review firsthand the allegations in Ms. Wertz’s lawsuit, and in any event, we do not comment on ongoing litigation.” The suit is only the most recent claim that Washington Mutual used its status as one of the nation’s largest mortgage lenders to pressure appraisers in an effort to boost its lending business.


In November, New York state Attorney General Andrew Cuomo filed a lawsuit against title company First American and its appraisal unit, eAppraiseIT. WaMu wasn’t named as a defendant, but Cuomo alleged it had pressured eAppraiseIT to inflate property values. That same month, government-sponsored mortgage companies Freddie Mac and Fannie Mae said they would name independent investigators to find out if borrowers were properly protected against the risks of inflated home appraisals, particularly on WaMu loans.

The Securities and Exchange Commission and the Office of Thrift Supervision, which is WaMu’s federal regulator, also have open inquiries into

whether the bank hid from investors that some of the loans it sold as mortgage-backed securities were based on inflated appraisals. Asked about those investigations, a WaMu spokesperson says, “With regards to our appraisal practices, we have nothing new to add to our recent public statements.” In the past, WaMu has said it is cooperating with the investigations and that there was no systematic effort by the bank to inflate home appraisals.

Other lenders have come under fire for the way they deal with appraisers. In 2006, Ameriquest agreed to pay \$325 million to settle charges brought by several state attorneys general that it had among other things pressured appraisers into boosting home values. And last year, Ohio’s attorney general sued 10 local mortgage and brokerage firms alleging they regularly asked appraisers to guarantee certain values before they would be hired. The WaMu lawsuit and other inquiries are shedding light on how many big-bank loan officers during the housing boom got around a long-standing check on making ill-advised or fraudulent loans.

Mortgage investors generally require that banks get an appraisal before they make a loan. Appraisals are supposed to insure that banks don’t lend more than a house is worth. A borrower who defaults because of inflated numbers could mean losses for the lender and mortgage investors who buy the loans in mortgage-backed securities.



**From the mortgagefraudwatch.org website:**

MFWL is a database of addresses, submitted by real estate professionals from all 50 states, where a sale or refinance transaction has suspicious activity. Mortgage transactions involving these addresses should be scrutinized to insure the accuracy and honesty of all data submitted as part of the loan process. MFWL will direct all potential fraud reports from our members and non members to proper authorities for investigation.

But appraisers are often hired by mortgage-loan officers whose pay is based on the number and size of loans they get approved. When housing prices decline, lenders may resort to pressure in order to get the highest property appraisals possible.

"It's not just Washington Mutual. Appraisal pressure is an industry-wide epidemic," says John Taylor, president of the National Community Reinvestment Coalition, which has studied the problem. "And it is one of the major contributors to the current foreclosure crisis." "This case is just another good example of one of the biggest dirty little secrets of the whole mortgage indus-

try," says Pamela Crowley, who runs industry watchdog, mortgagefraud-watchlist.org. "The housing market is falling apart, and foreclosures are soaring because the properties that these banks made mortgages on are not worth what they said they were worth," she says. Crowley, an appraiser herself, says she is unable to get work from banks because she is unwilling to push values. "There is no doubt in my mind that the lenders knew exactly what there were doing."

In the past year, a number of states, including California, where Wertz is based, have passed laws to prevent appraisal pressure.

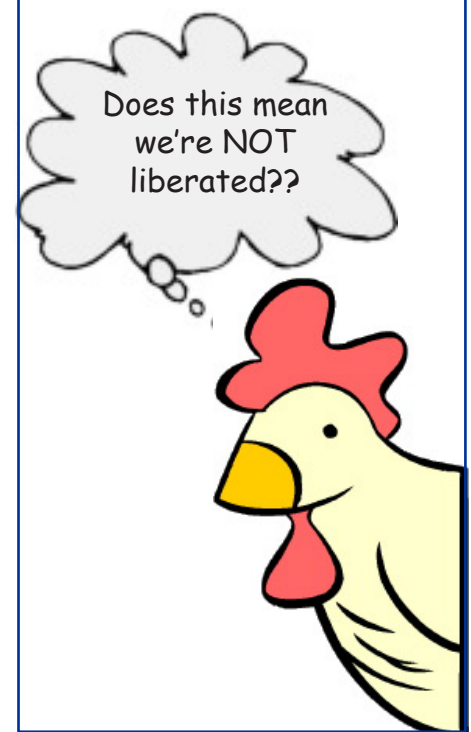
## Interesting Court Comments...

By Rick Stuart, CAE

I was reviewing an agricultural use value appeal for a county in Florida, and one of the court cases that was given me had some interesting comments I thought you might enjoy:

"There was testimony on behalf of the property owner as to an existing or planned activity on the 15.26 acres involving the growing of a type of potato known as yamma. However, the trial court's characterization of this testimony was hardly consistent with directing the reclassification of the property as agricultural. The court noted that there were "no normal agricultural pursuits being conducted in the woods" and said, "I will be brutally frank, the entire agricultural endeavors were mickey mouse to say the least...The talk of yammas and liberated chickens all sounds off the wall...."

I assume you can interpret that the ag use request was denied.





## Real Estate Notes of Interest

■ Stephanie Armour, *USA Today*, March 25, 2008. Well, there is good news and not so good news. According to the National Association of Realtors (NAR), home sales in January were up 2.9%. One of the main reasons for the increase in sales was the decrease in price. Median home sale prices fell 8.2% since February 2007, from \$213,500 down to \$195,900.

■ Associated Press, March 25, 2008. The former chairman of Countrywide Mortgage and some colleagues are starting a new company named Private National Mortgage Acceptance (PennyMac) that will acquire and restructure distressed loans to help borrowers forego foreclosure. Countrywide, the nation's largest mortgage lender and servicer, lost about \$1.6 billion in the last six months of 2007 as higher defaults forced the lender to boost its provisions for anticipated losses. Earlier this year, Bank of America agreed to acquire Countrywide for about \$4 billion in stock. **Editor's Note:** Am I the only one who does not get a warm and fuzzy feeling about this new company?

■ Stephanie Armour, *USA Today*, March 26, 2008. Home prices in major metro areas have continued to plunge with the 10 major markets dropping 11.4% from January 2007 to January 2008. This is the steepest decline since such data were first collected in 1987, according to the S&P/Case-Shiller composite index. The top 20 markets fell by 10.7%.

■ Sue Kirchhoff & Jeff Martin, *USA Today*, March 28, 2008. The rising demand for agricultural crops and the ensuing higher commodity prices are changing the face of once prairie and pasture land. Higher commodity prices are resulting in landowners tearing up

prairie land and planting crops. Some of this land is marginal farmland. The Conservation Reserve Program (CRP) that started over 20 years was designed to pay owners to keep this marginal land out of production to help control erosion. Sounds like a perfect example of supply and demand in the market.

■ Mark Hollis & Linda Kleindienst, *Fort Lauderdale Sun-Sentinel*, March 27, 2008. Florida voters will have an opportunity to pass legislation that would give coastal marinas and water-related commercial properties a major property tax break to help them stay in business. Some of these properties are valued at different use than current use such as for condominiums. If passed, the legislation would give this type of property separate assessment protection, use value, just like agricultural properties. The industry says this is an \$18.3 billion industry and employees 220,000 people. It is expected to wipe tens of millions of dollars off the Palm Beech County tax rolls alone.

■ Mellody Hobson, *ABCNews.com*, March 26, 2008. Not all the U.S. is struggling financial. As constantly being reported, the states of Florida, Nevada, Michigan, California and Arizona are hurting, and a large part of that is the subprime and housing problems. There are several states growing economically, and the growth is mainly tied to the agricultural sector and the rising commodity prices. States that are benefiting from this growth are: Iowa, Kansas, Nebraska, Indiana and North Dakota.

■ Greta Guest, *Detroit Free Press*, April 2, 2008. The Detroit area has been suffering from the highest foreclosure rate in the nation. Now out-of-state and out-of-country investors have been

buying foreclosed properties with the hope of reselling to investors and/or renting them out. Most hope to rent the property for 5 – 10 years and then sell, anticipating that the market will have appreciated again by that point. These investors are buying a large number of properties at a time from lending institutions. Their hope is to buy at 20 to 25 cents on the dollar and most banks are seeking 30 to 35 cents on the dollar.

■ Ian Mount, *The Wall Street Journal Online*, April 1, 2008. A couple of years ago, Pete Davis wrote an article in IAAO's *Fair & Equity* about the valuation of vineyards. This article shows you can purchase land and have your own vineyard for a lot less money. All you have to do is invest in land in Argentina. Investors buy a plot of land and pay a management group an annual fee to plant vines, care for the vineyard and harvest and sell the grapes. At some, for an extra fee, grapes can be made into wine. Several of the developments will eventually include hotels and rental villas for travelers. While an acre of good vineyard land in California's Napa Valley can go for \$50,000 to \$300,000, an acre of Mendoza land runs from \$4,000 to \$16,000. For the full article, go to:

<http://www.realestatejournal.com/secondhomes/20080401-mount.html?refresh=on>.

Let us know, Pete, where you buy and when the wine will be ready for us to sample.

■ Michael M. Phillips, *The Wall Street Journal Online*, March 31, 2008. We have all seen this scenario. A homeowner is going to be foreclosed on, so some of them cause as much damage as possible—their method of revenge, anger release or whatever. Lending institutions in Las Vegas, and I am sure

**REAL ESTATE NOTES, continued**

throughout the U.S., are trying to stop some of this damage by offering cash to those being evicted if the home is left un-damaged. It is much cheaper for lending institutions to pay some cash, get the owner to leave peacefully and not have to pay for all the damage. One of the worst examples was a home appraised for loan purposes in 2006 for almost \$262,000 and is listed for sale, as is, for \$149,000. The market has gone down, but the amount of damage described was unbelievable.

■ Nancy Keaton, *The Wall Street Journal Online*, March 30, 2008. About one-third of new homes are now built with metal roofs. They have a longer life than more typical roofs, more wind resistant and save on utility bills. Unless insulated properly though, rain and hail are quite loud.

■ Brad Heath & Charisee Jones, *USA Today*, April 2, 2008. Denver continues to be one of the hardest hit areas for home foreclosures. Denver officials say they expect 11,000 foreclosures this year, up from 7,700 last year, mirroring increases nationwide. In one newer neighborhood, as many as one-third of the homes have been foreclosed on.

■ Alison Rice, *builderonline.com*, April 8, 2008. The FBI has indicted 19 people for mortgage fraud, mail fraud, money laundering, conspiracy to commit those and various other charges with a total estimated theft of over \$12 million of homeowner equity. Here is how the scheme worked. The leader and others would contact homeowners, offering them two options: a refinance (for which no one “qualified”) or a rescue plan. This second option involved adding an “investor” to the home’s title and required homeowners to pay a more affordable “rental” payment to this third party, which would supposedly rebuild the homeowner’s credit.

Once the “investor” was added to the title, and sometimes even replaced the homeowner’s name, the leader and the other defendants allegedly would refinance the home, cashing out the

equity without the homeowner’s knowledge or participation. The defendants would also pocket the monthly “rent” payments for these homes. When they stopped paying the mortgage or sold the house, the rightful owners were left without their homes.

■ Reuters, April 8, 2008. The bad news continues. The National Association of Realtors Pending Home Sales Index, based on sales contracts signed in February and seen as a key barometer of future housing sales activity, fell to 84.6 in February from 86.2. That was the lowest reading since the trade group began tracking this data in 2001.

■ Eric Petroff, *Forbes.com*, April 2, 2008. Want more details on how the subprime mortgage will affect the economy and you? Go to the following site: <http://www.investopedia.com/articles/pf/07/subprime-impact.asp?partner=forbes-am>

■ Alison Rice, Associated Press, April 15, 2008. According to an Associated Press-AOL Money & Finance Poll, 60% of respondents state they will not buy a home in the next two years. Of those responding, 90% have not purchased a home in the last two years, and 70% of the respondents already own a home. The survey also indicated that one of seven, or 14%, fears they will miss a mortgage payment in the next six months, and 30% believe their home value will decline.

■ Ben Rooney, *CNNMoney.com*, April 15, 2008. Foreclosures are up 57% in March from the previous year and 5% since February. According to RealtyTrac.com, over 234,000 were foreclosed on in February and the number of homes repossessed by banks is up 129% over one-year ago.

■ Jessica Fender, *Denver Post*, April 14, 2008. Proposed legislation in Colorado would require banks to inform home owners about mortgage counseling opportunities, such as the state-sponsored mortgage counseling hotline for home owners, and would

give Colorado judges the power to halt foreclosure proceedings for 90 days to give mortgage lenders and homeowners more time to negotiate arrangements.

■ Mark Landler, *The New York Times*, April 14, 2009. We are not alone! The mortgage problems in the U.S. are showing up in Europe also as their real estate markets have slowed. Spain apparently is the worst, where more homes were built in the last decade than Great Britain, Germany and France combined. Ireland, Great Britain and Germany are also seeing the same slowdown.

■ *USA Today*, April 17, 2008. The Commerce Department reported that housing starts in March sank by 11.9% to the slowest pace in 17 years.

■ Ethan Butterfield, *builderonline.com*, April 22, 2008. In a related note, “Existing-home sales are down 2 percent, and existing-home prices (median and average) are down as well, the National Association of Realtors announced Tuesday.”

■ Jeff Cox, Special to *cnbc.com*, April 22, 2008. Now is the time to buy that luxury home. Luxury homes in most parts of the country are down substantially, and several pundits are saying they have bottomed out and will start back up again. One author of several real estate books has stated the Presidential election will start an increase in home values. **Editor’s Note:** Okay, whatever. Just invite me to the open house after the purchase, please.

■ Stephanie Armour, *USA Today*, April 24, 2008. Foreign investors are buying homes in the U.S. because of the weak dollar and the depressed housing market. The National Association of Realtors has stated that those two points often lead to a discount of up to 30% for the foreign investor. Some real estate agents are contracting with individuals that speak a foreign language to help with the negotiations. The strongest areas of activity are in the more affluent areas of New York

and the warmer climates of Florida and southern California.

■ Kathleen Schalch, *National Public Radio*, April 22, 2008. Well, it has finally started to happen in some areas of the country. This report stated that properties closer in or in the city are selling for higher values than previously, and those in the suburbs requiring longer commutes are falling in value fast. Auburn, VA, is about 40 miles from the D.C. area and prices have fallen by 18% versus 11% in other areas. That 40-mile drive constitutes one-hour on a good day and two-hours on a bad. Realtors have stated that similar homes in the city are up 3.5% and that an open-house in the city will normally bring 40-60 people.

■ *Omaha World-Herald*, May 6, 2008. GMAC's real estate lending unit, Residential Capital (ResCap), stated it is taking steps to alleviate a near-term liquidity crisis. Steps include: redeeming outstanding debt at less than face value, tapping new credit lines and selling some assets. ResCap has about \$4.4 billion in unsecured debt maturing in 2008 and only has \$1.8 billion in cash.

■ *Omaha World-Herald*, May 6, 2008. The Federal Reserve reported that more banks are tightening lending standards on home mortgages and other types of loans. An April survey indicated that nearly two-thirds of banks had tightened lending standards on traditional home mortgages and now are extending that process to all other loans.

■ Joseph Morton, *Omaha World-Herald*, May 7, 2008. A U.S. Nebraska Representative is trying to add one more proposal to the government's answer to the home mortgage and value crisis. His proposal is a \$10,000 income tax credit with the purchase of a home. It would have to meet the following conditions: (1) Primary residence, (2) Illegal aliens are not allowed to use this program, (3) Not "flipped" a home within the last one year, (4) Cannot be a purchase between family members.

The tax credit is limited to 10% of the home's purchase price, and any unused tax can be carried over for one-year.

■ Mauma Desmond, *Forbes.com*, May 6, 2008. The government-sponsored mortgage company (Fannie Mae) reported a \$2.2 billion quarterly loss for January-March, versus earning \$961 million during the comparable period in 2007. This is the third straight quarter that Fannie Mae reported a loss and are anticipating that 2009 will be worse than 2008.

■ Daniel McGinn, *Newsweek.com*, May 6, 2008. For several years, David Lereah was the chief economist of the National Association of Realtors (NAR). During that time, he was always predicting that the housing market was great and even wrote a book in 2006 titled *Why the Real Estate Boom Will Not Bust*. After leaving NAR a year ago, he now heads a company named Reecon Advisors, which advises Wall Street firms and institutional investors about the real estate market. His comments in this article and his advice to his clients are that the residential market has not bottomed out yet, and it will be at least a 20% further decline, if not more. **Editor's Note:** For several years we have seen his predictions and comments of "all is rosy" even when it was not. I find great irony that now he has changed jobs and his opinion changes completely.

■ National Association of Realtors On their website (<http://www.realtor.org/home/index>) is an article titled "NAR Responds to Appraisal Agreement." When you select that, you will have some letters from NAR about the Home Valuation Protection Code proposed by New York State Attorney General Andrew Cuomo. Some brief information from the NAR Summary and FAQ letter is shown below. This could be some good reading:

New York State Attorney General Andrew M. Cuomo, Fannie Mae and Freddie Mac (government sponsored enterprises) reached an agreement on March 3, 2008, to change appraiser

selection criteria that will help eliminate conflicts of interest on mortgage appraisals. The agreement has the support of the Office of Federal Housing Enterprise Oversight (OFHEO). There are three main components to the agreement:

- Establishment of the New Home Valuation Protection Code
- Banks will be required to adhere to the Code
- Formation of the Independent Valuation Protection Institute

The requirements will have a significant impact on appraisal practices by lenders as they will have to comply with the new requirements agreed-to by the government sponsored enterprises (GSE) if the lenders sell mortgages to the GSEs.

■ *USA Today*, May 8, 2008. The National Association of Realtors reported that home sales fell to a new low in March.

■ Haya El Nasser, *USA Today*, May 9, 2008. With the falling real estate prices, conservation groups are taking advantage and purchasing tracts to preserve as open space. The City of Austin, with help from local conservationists, purchased a parcel of over 3,000 acres for preservation purposes.

■ Stephanie Armour, *USA Today*, May 15, 2008. RealtyTrac once again reported an increase in home foreclosures. Filings were up 65% in April as compared to a year ago. Roughly 2% of all homes in the U.S. are now in some process of foreclosure. This article also discussed the mental health issues associated with late payments on mortgages and the foreclosures. Health experts are seeing a large number of related issues such as marriage problems, out-bursts at work, etc. **Editor's Note:** There has been a long history of complaints at assessment officials by property owners on items not related to the value. If you have not seen reactions resulting in people possibly

**REAL ESTATE NOTES, continued**

losing their homes, I would anticipate that would change.

■ Donna Leinwand, *USA Today*, May 16, 2008. Okay, here is something new. Some cities are suing lenders who have foreclosed on homes. They are suing to force the lenders to fix up and maintain homes that they have foreclosed on. **Editor's Note:** I guess I am wondering if those same cities were forcing the owners of the homes to maintain them at these same standards?

■ Steve Karnowski, *The Associated Press*, May 20, 2008. Well, something good may be coming out of all the foreclosures. Some Habitat for Humanity chapters are purchasing some vacant lots and foreclosed homes to build and/or renovate for homes. Often the purchases are as low as 50% of the previous market value.

■ Reuters, May 22, 2008. Residential home loans are becoming more and more difficult to obtain. Lending practices are now being compared to those of 20 years ago. No more loans for zero down payments. Mortgage brokers say that those buyers who still qualify now face higher fees and interest expenses.

■ Alan Zibel, *Associated Press*, May 22, 2008. That good news just keeps coming about the housing market (NOT!). A home-price index considered to be the most comprehensive reading of the U.S. market posted the sharpest decline in its 17-year history, and analysts say housing has yet to bottom out. The Federal Housing Enterprise Oversight Office said home prices fell 3.1% in the first quarter compared with last year.

■ Walter Molony, *National Association of Realtors (NAR)*, May 21, 2008. Commercial properties may be starting to slow down in activity. The Commercial Leading Indicator for Brokerage Activity edged down 0.7% to an index of 119.0 in the first quarter from a downwardly revised reading of 119.9

in the fourth quarter, and is 0.8% below the first quarter of 2007 when it stood at 120.0. This is the third consecutive quarterly dip since reaching a record of 120.5 in the second quarter of 2007.

■ Martin Crutsinger, *Associated Press*, May 27, 2008. The National Association of Realtors (NAR) stated that single-family home sales dropped 1% in April, matching the all-time low set this past January. This is the eighth time in nine months that home sales have dropped.

■ **Editor's Note:** This was the day of real estate news and articles on NPR. *National Public Radio (NPR)*, May 27, 2008.

The National Association of Realtors will open its listings of homes for sale to cheaper, Internet-based brokers in an agreement that settles a federal lawsuit, the Justice Department announced Tuesday.

The association's Multiple Listing Service, or MLS, is a powerful tool in home sales where most realtors list all the houses for sale in their local areas. The association's rules had denied Internet brokers full access to the database, prompting a 2005 suit by the Justice Department.

Justice Department officials said the settlement could increase competition and lower the commission consumers pay. Internet realtors' commissions are often lower than those of traditional agents. The case had been scheduled for trial in July. The National Association of Realtors declared victory, too, saying they did not have to pay fines or admit wrongdoing.

If approved by the court, the settlement will put online realtors on an equal footing with traditional real estate agents.

■ *National Public Radio (NPR)*, May 27, 2008. The latest Standard & Poor's/Case-Shiller index showed its steepest decline for home prices in 20 years, falling 14.1 percent in the first quarter compared with a year earlier.

■ *National Public Radio (NPR)*, May 27, 2008. **Editor's Note:** I do not

know how long NPR keeps articles on their web page, but this one would be worth looking up if available. It was a long discussion about a loan reviewer who denied loans and was overridden by supervisors. Loans where the applicant stated they made \$15,000 per month as a maid in a hotel, and investment banks agreeing they would not reject over 2.5% of loans no matter how many might be bad. See <http://www.npr.org/templates/story/story.php?storyId=90840958>

■ Reuters, June 4, 2008. Attendance in home-buyer classes and workshops has been increasing considerably, and one workshop provider stated attendance is up 30% this year. This large increase in attendance results from the large number of foreclosed properties on the market. Potential buyers have seen the number of people who have lost their homes and want help in avoiding that same fate.

■ *CNBC.com*, June 4, 2008. The website provided a slide show of the top five states that showed declines and increases for the year in the residential market.

| State      | % Change | State   | % Change |
|------------|----------|---------|----------|
| Michigan   | - 3.06   | Alabama | + 4.46%  |
| Arizona    | - 5.50   | Texas   | + 4.69   |
| Florida    | - 8.15   | Montana | + 4.91   |
| Nevada     | -10.30   | Utah    | +5.58    |
| California | - 10.58  | Wyoming | +6.34    |

■ **Editor's Note:** Do not ever remember seeing the following from the *Wall Street Journal.com*, June 4, 2008:

### In SoCal Buy One Home, Get Another Free

We just posted about the possibility of a tax incentive to get buyers back in the market. But one Southern California developer has a more extreme idea.

Peter Viles at the *L.A. Times'* L.A. Land blog writes about a developer that is offering buyers of million-dollar homes another house for free.



According to the blog post: “Michael Crews Development is offering new, 2,000-square foot...row-home-worth \$400,000 in Escondido for free —if you buy one Royal View Estate



home in San Pasqual Valley starting at \$1.6 million.”

**Update:** Reuters is reporting that so far only one man has made an offer to buy a Royal View estate home — but he chose not to take the free row house. A marketing director for Michael Crews Dawn Berry has this suggestion for buyers who don’t want their free home, “You could always give it away.”

Reuters mentions that home sales in San Diego County were down 18 % in April from a year earlier, while the number of homes going into foreclosure rose 130% in the first quarter from a year earlier, according to DataQuick Information Systems.

■ *LoopNet.com*, June 5, 2008. The volume of commercial mortgage originations in Q1 plummeted by 53% from a year ago, according to the Mortgage Bankers Association. The sharp drop comes after declines of 16% and 4% in the two prior quarters and shows how the credit crunch has impacted the market.

■ Stephanie Armour, *USA Today*, June 17, 2008. With the slowing of the real estate market, some realtors as targeting the Gen Y group. Gen Y is the younger folks (20s to 30s) who are more technology savvy. Realtors are now advertising on YouTube and Facebook and also developing blogs.

■ *USA Today*, June 18, 2008. Housing starts fell another 3.3% in May. The Commerce Department stated the cur-

rent annual pace of 975,000 new starts is the lowest since March 1991.

■ The Associated Press, June 19, 2008. Submitted by Rick Batchellor, RMA. It is not unusual for someone to purchase a property improved with a home as a potential building site. This one in Hunts Point, Wash., is a little different. The purchase price was \$9.4 million, and they only wanted the 44,000-square foot lot. Instead of tearing the home down, they sold the home for \$335,000, which included the moving cost. The home was rolled onto a barge (only taking 20 minutes) and floated across Lane Washington, through the Ballard Locks and through Puget Sound into British Columbia, Canada.

■ **Editor’s Note:** June 17 must have been “lets do real estate” day at *The Wall Street Journal*. Several articles from that days issue are shown below.

— By Sarah E. Needleman. Some employers are offering loan assistance to employees to avoid home foreclosures. A handful of companies are offering assistance in the form of interest-free loans, grants and support in securing rental properties. The number of requests for pay advances and an increase in withdrawals from retirement savings is showing the problem and has an affect on production of the workforce resulting from employees worrying about financial problems.

— By Deborah Solomon. Treasury Secretary Henry Paulson is promoting a European method of home loans called covered bonds. About 20 countries in Europe have covered-bond legislation, which provided clarity to the investors. Here is how a covered bond works:

1. A bank issues a covered bond.
2. The bond is backed by a pool of high-quality mortgages that are kept on the bank’s balance sheet.
3. The bond is purchased by investors, providing funds for the bank

to make new loans.

4. In the case of default, the bondholder is first in line with a claim against the assets and the bank.

— By Michael R. Crittenden. Top mortgage companies are bowing to political pressures and have agreed to try to slow down the number of foreclosures. There have been 1.6 million loan workouts since July of last year. The new agreement has lenders accepting short sales. Short sales occur when the borrower sells the house at less than the remaining mortgage balance. In this agreement, the lender would accept the sale amount and forgive the remaining balance. The agreement also directs lenders to accept the deed for the property in lieu of foreclosure.

— By Nicholas Winning. The weak housing market is also being felt in the United Kingdom. May housing prices fell from 3.8% to 4.4% as compared to the previous month. More homes are being placed for sale by auction, but the number of actual sales and the price are declining.

— By Mark Gongloff. As bad as the housing market is, it has been worse. There have been four major downturns since the 1960s, with each having about a 60% home-building decline. In 1972, housing starts declined by 64% for 28 months. In 1986 the building plunge was 60% for 60 months. Currently, housing starts are down 58% from the peak in January 2006.

— By Jonathan Karp. More and more of the suburban crowd are making their way back to the urban areas. The key reason is higher gas prices. In the areas of long commutes, such as California, this is becoming very prevalent. One housing consultant referred to it as “beginning of the end of sprawl.” A challenge to the urban areas is now providing the necessary public transportation systems to support the increase in population.

— By Lingling Wei. As a result of the financial and housing crisis, com-

**REAL ESTATE NOTES, continued**

mercial borrowers are seeing something they have not seen in a long time: recourse loans. It used to be that borrowers often had to sign a personal note as a guarantor of the loan. With all the easy money over the last several years, that had disappeared. Now it seems that lenders are returning to loans that have recourse to the borrower's personal fortunes.

A state audit of New Jersey is showing that millions of dollars in property tax rebate money has been given in error. The annual rebates were provided to some that completed inaccurate rebate forms, people receiving multiple checks, to some who were deceased and to some where the rebate amount exceeded the amount of property tax.

— By Christina S.N. Lewis. Not all real estate is depressed. A Russian billionaire just purchased a Palm Beach, FL home from Donald Trump for \$41.4. It is supposedly the highest price ever paid for a house. The house has 33,000 square feet, built in 1990 on 6.5 acres with 475 feet of ocean.

■ *The Los Angeles Times*, June 22, 2008. As a follow-up to the above story, it seems that the large homes are in a building boom in Los Angeles. Two homes of 30,000 and 32,000 square feet were discussed, and one builder indicated he knew of 20 of at least 20,000 square feet currently under construction.

**Current Housing Indicators**

| CURRENT              |           |                 | PREVIOUS  |
|----------------------|-----------|-----------------|-----------|
| Existing Home Sales  | 5.03m     | ▲               | 4.89m     |
| New Home Sales       | 590,000   | ▼               | 601,000   |
| Housing Starts       | 1.065m    | ▼               | 1.071m    |
| Building Permits     | 978,000   | ▼               | 1.061m    |
| HMI                  | 20        | UNCH            | 20        |
| Existing Home Prices | \$195,900 | ▼<br>(annually) | \$213,500 |
| New Home Prices      | \$244,100 | ▼<br>(annually) | \$250,800 |

■ Diana Olick, *RealtyCheck.com*, June 24, 2008. A comment in this article surprised this editor and I think the writer of the article. "California actually holds one quarter of all the

housing stock value in the nation. Think about that."

■ Mauma Desmond, *Forbes.com*, June 23, 2008. It appears that a large number of homeowners are simply walking away from their homes when the mortgage is greater than the home value. That may not be surprising, but what is surprising is that these same people are going to a different lender and getting a loan to buy the same type of property but at a lower price. Lenders stated they put too much emphasis on the FICO (credit) scores that measures the borrower's ability to pay and did not consider or know how to consider one key element: The lack of willingness to pay by the borrower.

An S&P/Case-Shiller housing index for the top 20 metro markets indicates the price of single-family homes has fallen 15.3% in April this year compared to April 2007. The sharpest decline was in Las Vegas and Miami, but all 20 markets were lower. The drop was the largest in the eight years of the index and shows that the housing problems are nation wide.

**Editor's Note:** The next two articles show that most of us cannot grasp some of the values for real estate around the world:

■ Maura Webber Sadovi, *The Wall Street Journal*, June 25, 2008. Maybe office rent is no so high in the United States. Office space in Moscow cannot meet demand, and the rent is escalating greatly. The average cost of occupying prime space rose to \$232.37 per square foot from \$120.56 in just the first quarter of 2007. Occupancy costs include rent, local taxes and all fees. A comparison to the other highest rates in the world is shown below:

| City                  | Occupancy Cost |
|-----------------------|----------------|
| London (West End)     | \$299.54       |
| Moscow                | \$232.37       |
| Tokyo (Inner Central) | \$220.25       |
| Mumbai                | \$210.97       |
| Tokyo (Outer Center)  | \$175.35       |

■ Shira Ovide, *The Wall Street Journal*, June 26, 2008. If you have ever been to downtown Chicago on Michigan Avenue, you could not help but notice the Tribune Tower, home to the *Chicago Tribune* and WGN Television and Radio. The *Tribune* owner, Sam Zell, is considering selling this landmark and, if sold, is anticipated to sell for around \$150 million.



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# Five Lessons for Life

Submitted by Doug Rozean, Infinitec, Inc.

Five lessons to make you think about the way we treat people.

## 1 First Important Lesson: Cleaning Lady

During my second month of college, our professor gave us a pop quiz. I was a conscientious student and had breezed through the questions until I read the last one: "What is the first name of the woman who cleans the school?"

Surely this was some kind of joke. I had seen the cleaning woman several times. She was tall, dark-haired and in her 50s, but how would I know her name? I handed in my paper, leaving the last question blank. Just before class ended, one student asked if the last question would count toward our quiz grade. "Absolutely," said the professor. "In your careers, you will meet many people. All are significant. They deserve your attention and care, even if all you do is smile and say 'hello.'"

I've never forgotten that lesson. I also learned her name was Dorothy.

## 2 Second Important Lesson: Pickup in the Rain

One night, at 11:30 p.m., an older African American woman was standing on the side of an Alabama highway, trying to endure a lashing rainstorm. Her car had broken down and she desperately needed a ride. Soaking wet, she decided to flag down the next car. A young white man stopped to help her, generally unheard of in those conflict-filled '60s. The man took her to safety, helped her get assistance and put her into a taxicab. She seemed to be in a big hurry, but wrote down his address and thanked him.

Seven days went by, and a knock came on the man's door. To his surprise, a giant console color TV was delivered to his home. A special note was attached. It read: "Thank you so much for assisting me on the highway the other night. The rain drenched not only my clothes but also my spirits.

Then you came along. Because of you, I was able to make it to my dying husband's bedside just before he passed away. God bless you for helping me and unselfishly serving others. Sincerely, Mrs. Nat King Cole."

## 3 Third Important Lesson: Always Remember Those Who Serve

In the days when an ice cream sundae cost much less, a 10-year-old boy entered a hotel coffee shop and sat at a table. A waitress put a glass of water in front of him. "How much is an ice cream sundae?" he asked. "Fifty cents," replied the waitress. The little boy pulled his hand out of his pocket and studied the coins in it. "Well, how much is a plain dish of ice cream?" he inquired. By now, more people were waiting for a table, and the waitress was growing impatient. "Thirty-five cents," she brusquely replied. The little boy again counted his coins. "I'll have the plain ice cream," he said.

The waitress brought the ice cream, put the bill on the table and walked away. The boy finished the ice cream, paid the cashier and left. When the waitress came back, she began to cry as she wiped down the table. There, placed neatly beside the empty dish, were two nickels and five pennies. You see, he couldn't have the sundae, because he had to have enough left to leave her a tip.

## 4 Fourth Important Lesson: The Obstacle in Our Path

In ancient times, a King had a boulder placed on a roadway. Then he hid himself and watched to see if anyone would remove the huge rock. Some of the King's wealthiest merchants and courtiers came by and simply walked around it. Many loudly blamed the King for not keeping the roads clear, but none did anything about getting the stone out of the way. Then a peasant

came along carrying a load of vegetables. Upon approaching the boulder, the peasant laid down his burden and tried to move the stone to the side of the road. After much pushing and straining, he finally succeeded. After the peasant picked up his load of vegetables, he noticed a purse lying in the road where the boulder had been. The purse contained many gold coins and a note from the King indicating that the gold was for the person who removed the boulder from the roadway.

The peasant learned what many of us never understand: Every obstacle presents an opportunity to improve our condition.

## 5 Fifth Important Lesson: Giving When It Counts

Many years ago, when I worked as a volunteer at a hospital, I got to know a little girl named Liz who was suffering from a rare and serious disease. Her only chance of recovery appeared to be a blood transfusion from her 5-year-old brother, who had miraculously survived the same disease and had developed the antibodies needed to combat the illness. The doctor explained the situation to her little brother, and asked the little boy if he would be willing to give his blood to his sister. I saw him hesitate for only a moment before taking a deep breath and saying, "Yes I'll do it if it will save her."

As the transfusion progressed, he lay in bed next to his sister and smiled, as we all did, seeing the color returning to her cheek. Then his face grew pale and his smile faded. He looked up at the doctor and asked with a trembling voice, "Will I start to die right away?" Being young, the little boy had misunderstood the doctor; he thought he was going to have to give his sister all of his blood in order to save her, but he had chosen to save her anyway.