



APPRAISING THE PLAINS

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of Kansas



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New RMA's Recognized at Annual Conference



Congrats to Jeffery Ball, Wyandotte Co., and Michael Durdee, Johnson Co., who received their RMA designations at the KCAA symposium last month. See more highlights from this year's conference beginning on page 10.

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President's Forum

Mark Hixon, RMA, CKA
KCAA President

As you may have noticed, I asked our newsletter editor, Rick Stuart, to use a more current photograph of me for this edition of the Newsletter. I received a call from one of my bosses, Vic Miller, who busted me on using a photo from my high school annual. At first I was a little hurt and offended. But then I took a closer look at that picture and the face in the mirror and decided that he had a valid point. Therefore, I asked Rick to use a more recent photo from his files, and I trust that he chose something more appropriate.

What a great Symposium we had! Those of you who have put on one of these know how you fret all the unpleasant surprises you just know are going to spring up at the last minute. And there were several this year, but with Cindy Brenner's expert assistance, we figured out ways to adapt and recover from most of them. It's hard to find the words to express how much in awe I am of how effortless Cindy makes it look to organize one of these events. I know her experience is invaluable, but it is never the same from one property to another, and she is always faced with crisis management situations that most of us never even know about. She just works through them and everything turns out OK. We are truly lucky to have her working for us.

We are also lucky to have such a wonderful organization. At our Symposium, the feeling of camaraderie went beyond that of a mere gathering of colleagues. It felt more like a family reunion without all the obligatory hugging.

But seriously, we have a very good group that serves as a support system for one another. And with the coming of Orion, we need that more than we have in the past. There's nothing like a common challenge to unify a group of individuals into one cohesive unit.

For those of you who did not attend the Symposium—we missed you. And we hope you will join us at the next opportunity to get together. Speaking of that, I am seriously considering putting on a technical conference later this year. I'll have to get the Executive Board to approve it, and that will require some strong support for such a thing from the membership. With all the IAAO and PVD classes being canceled, perhaps there is a need for some specialized Orion training that is focused on issues that are relevant to counties in pre-conversion, post-conversion, and production. We covered a lot of ground at the Symposium, but there's a lot that we did not get to. If this is something you could/would attend, please let Cindy or me know ASAP.

I received a call from one of my bosses, Vic Miller, who busted me on using a photo from my high school annual.



Introducing a new series...

After reviewing the Oklahoma newsletter, Paul Welcome, CAE, ASA, RMA, suggested we start a new series talking about the history of each county in Kansas. Newsletter Chair Lisa Ree and committee member Cindy Magill have started the series, which begins on page 16.

Please help out by offering to write about your county. Lisa and Cindy have given you the template, and I am sure Lisa will advise as needed. Enjoy!

Thanks for the idea, Paul—and to all you other readers, make sure to send me any ideas you may have to make your IAAO award-winning newsletter even better.

—Editor Rick Stuart, CAE

Appraisers to Commissioners?

Two former county appraisers are on the November ballot for the position of county commissioner. The two candidates are: Kyle (Mallow) Radenberg, Barton County, and Jim Siemens, Reno County.

Thank you, PVD

Thanks to PVD for setting up and paying for conference calls for the Orion Enhancement Committee. It is truly helping our endeavors! Kenton Lyon, Russell County Appraiser and committee chair

Professional Designations Committee: May We Ask You For Directions?

By Darla Frank, CAE, RMA Johnson County Residential Real Estate Manager

The professional designations committee would like to solicit your ideas regarding the focus for our committee. Our goal is to answer questions and support anyone working on acquiring a professional appraisal designation; however, we would like to be more helpful in serving our organization. Please email me or another committee member with any ideas or suggestions you may have. Your committee members are:

Darla Frank, chair, Johnson Co.
darla.frank@jocogov.org

Kim Lauffer, Comanche Co.
cmappras@pixius.net

Jeanie Gee Fraser, Kearny Co.
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state.ks.us

Robert Miller, Wabaunsee Co.
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state.ks.us

We recently explored the possibility of lowering the 120 hours of continuing education hours required to maintain a RMA designation. The initial intention was to reduce associated costs and to more align the RMA designation continuing education with the IAAO designation. The IAAO Executive Board made changes to the professional designation recertification requirements at its November 2008 meeting. The current requirement of 50 credit hours (tested or untested) for professional designation recertification every five years has been increased to 70 credit hours. Response from Property Valuation Department was that the 120 hours of continuing education every four years required for a Kansas RMA designation would remain unchanged.

The new language adopted at KCAA for the Professional Designations Committee reads:

The president, subject to the approval of the Board of Directors, shall appoint a standing committee to be known as the Professional Designation Committee. This committee shall consist of a chairman and six members of the association in good standing and who hold an appraisal association designation. Members of this committee shall serve alternating two year terms.

Here is an update regarding Kansas appraisers with professional appraisal designations:

RMA designations in Kansas (155):

Year-to-date Property Valuation Department has awarded 214 RMA designations. There are 181 appraisers on the current 2010 Eligibility List, 155 have RMA designations. In 2008, 207 appraisers were on the State Eligibility List, with 177 holding RMA designations. In two years the Eligibility List has decreased by 14 percent as only 14 new RMA designees were added to the Eligibility List and 36 RMA designees were removed.

IAAO designations in Kansas (34):

- 17 CAE
- 10 RES
- 4 AAS
- 3 CMS

CKA Designations (17):

17 appraisers paid \$10 annual dues for their CKA designations in 2009.



Please email me or another committee member with any ideas or suggestions you may have.

Out With the Old

Submitted by Rod Broberg, RMA

After three years, we decided that we had no need to tie up computer space any longer. So...



It's Hardly Worth Saving for a Home

By Rick Stuart, CAE

This was a letter to the editor in the April 12, 2010, *Wallstreet Journal* and is a very thought-provoking letter.

My husband and I are the saps you reference in your editorial "The Permanent Mortgage Crisis" (April 1). We haven't purchased a house to date, but we've been saving and saving some more. We have 20% of our purchase price and hope to live below our means.

What's the point of home ownership if you're house-poor, right? But with the government ready and willing to step in to help so many fiscally irresponsible Americans, what's the point of putting down 20%? What's the point of living below our means when we'll get rescued by the taxpayers? More Americans should demand their tax dollars be spent on social services for those truly in need, not on those who believed homeownership was a right rather than a privilege.

Editor's Note: You can express any opinion on this subject to this editor at rstuart17@cox.net. Please be sure to include your name and position.

NCRAAO Education Sessions Recap

By Dean Denning, CKA, RMA

This year the NCRAAO Annual conference in Bloomington, Minn., had the usual educational sessions which focused on small market and rural appraisal problems. One of the sessions I attended was about Ag markets and how much productivity matters in valuing land. How's that for rural? It was interesting to hear appraisers from other states in our region describe how farm land is valued for tax purposes. Most of the states represented have a system somewhat similar to ours and use a crop productivity index to help establish potential income and then capitalize the NOI to arrive at taxable value. One of the major differences seems to be the wide range of cap rates utilized.

On the market value side, I mentioned that we are now seeing sales of Ag land in Ellis County that compute out to a \$1 million or more for a square mile, at which point the Appraisers from Iowa and Minnesota said land in their area was selling for \$5,000 to \$8,000 per acre. Ok, so that's \$5 million per square mile. Another difference is that our land sales are usually for 160 acres or more, and they frequently see sales for smaller parcels than that.

It's always interesting to visit with people in our industry from other jurisdictions, and the annual NCRAAO business conference is a good place to do that.



◀ Della Rowley, RMA, and husband Dan on a tour of Target Field.

NCRAAO Kansas Hospitality Room at NCRAAO

By Della Rowley, RMA

Well, hosting the 2011 NCRAAO Conference in Kansas is off to a great start! Mark Low, Leon Reimer, Cindy Brenner, Rick Stuart, Lori Reedy, Dan Rowley and I all were hosts to the hospitality room in Minneapolis, Minn. A BIG thanks to Mitch Price with Postal Presort out of Wichita, who helped serve up the good time not only with work but also with a \$500 donation to help us out!

Leon and Cindy did a lot of the planning before the arrival of any of us in Minneapolis. Lori and Cindy ran around and got the room all set up Monday while several of us golfed. Lori and Mark continued to run around and get what was forgotten or replenish what needed.

We all wore our yellow "COOL, CALM AND COLLECTED IN KANSAS" shirts the first night! Someone (we are not sure who) came up with the idea of having coozies to give away. What a big hit they were! Everyone really enjoyed them, and along with the postcard invitations that Riley County printed out for us, we had good things to remind other states what NCRAAO would be like in 2011.

Dan, my husband, even got in on the ice runs that had to be hauled up a flight of stairs because the ice machine outside the room was broken! Leon, Cindy and Dan all got plenty of exercise doing that! I appreciate all everyone did.

If nothing else, the other states all know Kansas can have a good time. With the help of all who attended from Kansas and their spouses, a great time was had by all in the Kansas hospitality room. We are looking forward to enjoying the room next year as none of us will be doing the work!



NCRAAO Annual Conference
June 21-23, 2010
Bloomfield, Minn.



Leon Reimer (I) and Mitch Price of Postal Presort take a seat at Target Field, the new Twins baseball stadium.



Leon and Bob Kocer (I) of Vanguard Appraisals.

A Good Life

By Gary Post, CKA

1407 Drury Lane
Emporia, KS 66801
garyepost@sbcglobal.net

*In each human heart are a tiger, a pig, an ass, and a nightingale;
Diversity of character is due to their unequal activity.*

— Ambrose Gwinnett Bierce

I was born on a bright, sunny day (or maybe it was cloudy night, I really don't recall for sure) in July 1944, the eldest of nine (five boys, four girls). My dad was a farmer who later was the Meade County weed guy. My mother was deputy county clerk for a time also in Meade County. My great-grandfather A. E. Post was, at the time, the longest serving county commissioner. My grandmother Nell Bradley, on the other side of the family, worked in the Meade County Clerk of the District Court.

My public service started with three years in the U.S. Army, 1966 to 1969, first as the battalion legal clerk in Can Tho, Vietnam, and later as the chief clerk in the department of surgery at Fitzsimons Army Hospital, in Denver. After college I taught elementary children in Great Bend (one year) and Dodge City (five years). Finding myself unemployed, I looked into acting in LA or maybe being a Frito-Lay delivery dude in Denver—settling finally on the deputy county appraiser job in Ford County in August 1978. This, by the way, was a cut in pay from being a school teacher.

Clerk/Appraiser Lucile Keck got me an ashtray and a 1972 *Marshall & Swift Residential Cost Handbook*. And I was an appraiser. There were rumors of a pending re-appraisal that would use a machine called a computer and something called multiple regression analysis to value property. In the meanwhile, all you had to do was measure the new stuff and take off old stuff that might have burned or fallen down.

Big, Green and Ugly was the 1976 Dodge motor home that we used



Caption Needed: Mark Hixon (?), Gary Post and ? share a laugh at ??

They say for a permanent vacation, pick work you love. That's what I have had for 32 years.

during data collection in the mid- to latter 1980s. Current Barton County Appraiser Barbara Konrade-Stierlen was a temporary data collector for Ford County. She said it was a pretty good idea. It gave a place for maps, lunches, field staff briefings, daily work, a central location and a place to warm-up when she got chilled. Plus, people knew we were in the area when they saw it parked on the street with the Ford County Appraiser stickers on the side. I did an article on it for the IAAO Newsletter as well as a presentation at the 1989 annual conference in Ft. Worth, Texas.

Where did the idea come from? These ideas just always seem to hatch between 2:00 a.m. and 3:30 a.m. For example, I was presented "The Beautiful Dreamer Award" in Liberal for my suggestion that Seward County buy a popcorn machine and an airplane.

While in Ford County, Beverly and I had three different addresses: three in Liberal, two in Great Bend and two in Emporia. When we moved in to our current home in 1999, it was our fifth address in just under two years. Beverly said she was tired. In 2001, on a trip to see Finney County Appraiser Alan Roop's new offices, Beverly commented that Alan had been there a long time, and it sure would have been nice if I could have figured out how to stay

in one place for a while. Oh, well. It appears to me that about a third of the county appraisers figured out how to do that. The rest of us are just a band of gypsies.

They say for a permanent vacation, pick work you love. That's what I have had for 32 years. I had the wonderful chance to work with some truly great people in the appraiser's offices all over Kansas as well as hear such fabulous property-owner stories during hearings or just on their doorstep. Plus, we were privileged to attend some truly great educational opportunities throughout North America at IAAO annual conferences.

What's next? It is really a "What's next!": A trip to Atlantic City the first of August. A road trip to Denver, Black Hills, Idaho, Lake Tahoe and Northern California that will catch half of our kids and grandkids. The other half as late fall and winter arrives: South Texas on the Trinity River and then Winter Haven, Fla., where there are two great-grandkids. Along the way, an Alaska cruise and another trip to the Bahamas will be in order. And, of course, regular trips to Laughlin, Nev., to replenish the retirement funds (Ha!)

My day will include sojourns to the library, the local coffee shops, a lunch lovingly prepared by Beverly's sweet

continued on next page

Good Life, cont.

little hands, maybe a nap, and then putter in the garden.

What? My sweet, beautiful spouse says you may not be able to count on that lunch thing. Oh, well.

To do nothing at all is the most difficult thing in the world,
The most difficult and the most intellectual.

—Oscar Wilde

The fall of kings,
The rage of nations, and the crush of states,
Move not the man, who, from the world escap'd,
In still retreats, and flowery solitudes,
To Nature's voice attends, from month to month,
And day to day, through the revolving year;
Admiring, sees her in her every shape;
Feels all her sweet emotions at his heart;
Takes what she liberal gives, nor thinks of more.

—James Thomson, Scottish poet

Gary Post, My First Boss in the Appraiser's Office

By Della Rowley Sumner County Appraiser

Back when reappraisal was just getting underway, I went to work in the Ford County Reappraisal Office. Judy Trail was the reappraisal coordinator, but Gary Post was the Ford County appraiser at the time. The main appraiser's office was in a separate building from the reappraisal office, so Gary would come in and visit us from time to time.

Gary always had a smile and a "Good day" for you, and when you would ask how he was, he was always "FANTASTIC!" Gary always had a cheery disposition and was always on the encouraging side of life! If you let him know something wasn't going quite right, you always got a look of surprise and a click of the tongue and a "WELL..." comment. Gary also spoke to even the "lowest" of peons and never considered himself better than anyone else. Most of us were in awe of him

and regarded him as someone to look up to.

Well, with reappraisal came changes, and some of them weren't so good. Gary, as Ford County appraiser, was blamed for all the increases in valuation. He was the scapegoat, and some of the citizens of Ford County were not so nice to Mr. Post. As a matter of fact, one of the taxpayers went so far as to have a T-shirt made up with someone choking Gary on it! Not too grown up of a response to what was obviously an issue that was being played out across Kansas.

Mr. Post never let staff know how upset he had to have been. He took the whole thing in stride and kept up with the "Good days!" and the "Fantastic!" comments and always with the same smile! He told me one time, "They have to blame someone, so I guess that would be me"—never negative or rude comments about the taxpayers themselves. Now, don't get me wrong: remember, I was just a peon doing data entry and I wasn't included in the "big" discussions, but Gary never once let the staff get down through all of this.

As time moved on, Gary went to Seward County, then to Barton County and finally landed in Lyon County—all as the county appraiser! I became a county appraiser, and Gary



"The Preening Macaw"
by artist Gary Post.

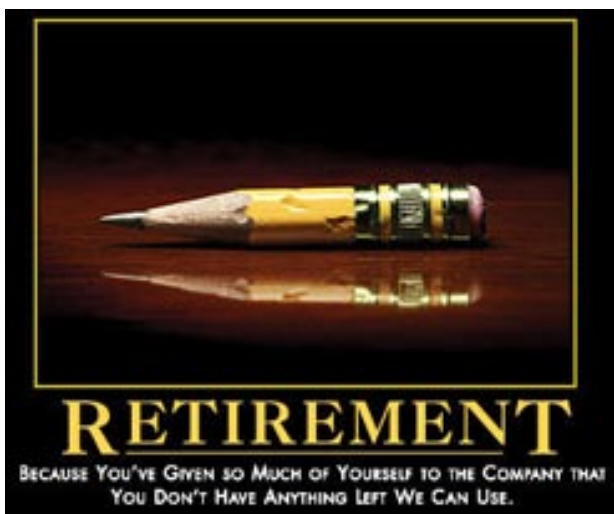
was now a peer and a mentor. He has been a friend and a confidant who has advised me, told me he didn't agree with me and, yes, even told me he thought I was *wrong!* Can you believe that? Gary has a sense of humor that has made me laugh and kept me halfway sane through some difficult times, which we all face in the business.

Gary has been an active member of the Lion's Club in all of the counties where he has worked. He has always been a part of the community where he lives and has said that he believes that is the best way to do public relations. Gary has written articles, taught classes, given advice, ideas and has been a valuable member of KCAA as well as KAC. Gary is a past president of both associations and has contributed greatly through all he has been involved in to the people of Kansas.

Gary Post will be missed, and his advice and mentoring through the years will continue to be used. KCAA will miss his cheery and happy outlook on life. I will leave you with a quote that Gary heard a few years back and still says from time to time:

"Life is like a roll of toilet paper; the closer it gets to the end, the faster it goes!"

Happy Retirement Gary!





It has been a great ride

By LeRoy Burk,
Montgomery Co. Appraiser

Montgomery County Appraiser LeRoy Burk is retiring after 24 years. "I began my career in the county where I will end my career," says Burk.

My career in county government began in September 1986 when Terry Brown, former county appraiser, offered me a job in the Montgomery County Appraiser's Office. He told me that he would send me to schools, and that if I like the job, I would or could become a county appraiser. Since farming and the oil and gas business in the 80s was not very lucrative, it was my thought to accept Mr. Brown's job offer, which would get me back into the job market until a job came up that better suited me and one that I would enjoy. That job never appeared, and now it is 24 years later.

I have been a county appraiser for 17 of the 24 years. I began my career in the county where I will end my career. I have also worked in Neosho County and Labette County.

In Montgomery County, I hired in as appraiser (data collector) and, under the old reappraisal laws, valuing everything as if it was built in 1965. (Try that.) In 1989 my entire life changed. It was called re-appraisal, computers, changes, 25% review, re-valuing properties at "Fair Market Value," Ag Use, valuing properties on an annual basis.... WE GOT THROUGH IT!!!

Now, after all those years, this is just standard procedure of the position. We now have the new com-

puter system, "Orion." This system reminds me of breaking a young colt that just does not want to be broken. But again, we will get through it.

In September 1993, I took my first appointment as Neosho County appraiser. It was nice to work in Erie, which was my hometown. In July 1997 I accepted the appointment as Labette County appraiser, and I was in that position until July 2008. For the first nine years, it was very pleasant, but there probably should be a "gag order" where the last two years were concerned. In September 2008, I came full circle and accepted the Montgomery County appraiser position.

Over the past 24 years, I have seen a lot of changes in the Appraiser's Office. I have had some of the best employees; and I have had a lot of help from PVD; and yes, I have also had a select few qualified and common sense commissioners.

I feel that the Kansas appraisers are the best in the USA at performing their job. That can change only by expecting less out of ourselves as county appraisers. My advice is to hold true to yourself. This may cost you the next appointment, but your integrity and doing what is right will create a better person who is pleasing to God and yourself. After all, there is always

My advice is to hold true to yourself. This may cost you the next appointment, but your integrity and doing what is right will create a better person who is pleasing to God and yourself.

one more county that will be more suitable for you. Just ask Gary Post and, of course, I can testify to that.

It has been my pleasure to be associated with and work with such wonderful people and colleagues in this great appraisal association, and I thank you for your advice when I needed it, your support throughout the years, and most of all, your friendship. This has been a great ride.

God Bless

LeRoy Burk
Montgomery County Appraiser
G-838



**RSVP
REQUIRED!**

**Pirate Attire
Encouraged!**

**DEADLINE
August 15!!!**

2010 Kansas Night

IAAO - 76th Annual Conference

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

JIMMY BUFFETT'S MARGARITAVILLE

\$60 PER PERSON - INCLUDES TRANSPORTATION

MOTOR COACH WILL TRANSPORT ATTENDEES FROM CONFERENCE HOTEL TO VENUE

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

Name (s): _____

Email Address: _____

Number Attending: _____ Total Enclosed: _____

Contact Kim Lauffer for additional information: cmappras@pixius.net

IAAO Member News

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

30-year Members

Larry Clark, CAE, IAAO

20-year Members

Bettejane Wooding, CMS, Barton County
Dennis Gering, Johnson County

10-year Members

Christine Gibson, RMA, Dickinson County

5-year Members

Robert McElroy, RMA, Montgomery County

New Members:

Lawrence Reynolds, Jackson County



76th Annual IAAO Conference

August 29 – September 1, 2010
Walt Disney World Dolphin Hotel
Orlando, Florida
www.iaao.org

Haiti Visited

By Marion Johnson, CAE

I recently took a trip to Haiti as part of a mission trip with a Kansas City church. Upon my return, I was asked by the editor of *Appraising the Plains* to write an article on my experience. I am not sure how to start or even if any words can express how I feel after this experience. I have been on several mission trips before to the country of Guatemala. In fact, my last trip there was in January of this year, so that experience was still fresh in my mind. So, as the team prepared to leave for Haiti, I thought I had some idea of what I might find there, but I soon found out it was going to be nothing like what I had experienced on previous mission trips.

Even now when people ask me what it was like, I don't know where to start. Trying to put into words what I saw and the experiences I felt is almost an impossible task. However, there are two or three things I can't forget.

First, as you fly into the city of Port-au-Prince what you see from the air are blue and white structures all through out the city. I asked a team member sitting next to me what he thought they were. We neither one had an answer. But as soon as we landed and started our journey to where we were staying, and as we drove throughout the city several times, we soon found out what the blue and white structures were. They were block after block of tents that people were living in. Every open space is jammed full of tents and other temporary living structures. What we learned that week was that between 750,000 and 1,000,000 Haitians still live on the street, in tents or any other kind of shelter they can find.

Secondly, the amount of physical destruction in the city and surrounding areas is hard to imagine. What used to be three- and four-story buildings are nothing more than piles of rubble or floor after floor just pancaked together. We were told that over 300,000 died in the earthquake, and still today many of the bodies have not been found.



Photo credit: Talia Frenkel/American Red Cross

So, when you saw Haitians young and old digging through the piles of rubble trying to salvage any wiring, iron rods, etc., you couldn't help but imagine what else they might be finding. It was truly a sobering experience.

The other amazing thing about the earthquake damage was that you would see one building still standing and not that damaged, while right next to it another building was nothing but a pile of rubble. It reminded me of the photos I had seen after severe tornadoes in this country.

Finally, the other thing that is etched in my memory are the faces of the people, both young and old. Despite all the devastation and despair, you still see people with smiles on their faces as they walk amongst the destruction. In a place where there is very little hope of things improving, you see people who are willing to help others. We witnessed our van driver giving coins to people on the street whom he did not know, while all the while he sleeps every night in a chair at the compound where we stayed and his family slept in tents at the compound.

We saw young schoolchildren every day walking to and from school in their school uniforms. The uniforms were always clean, pressed and brightly colored. They were like a shining star midst all that devastation and despair.

Lastly, we worked at an orphanage, and everyday at the site you saw young faces which, despite their current situation, were always smiling and wanting to help us in any way they could. They were so appreciative of anything we did for them, but most of all just holding

It will undoubtedly take much more than the efforts of mission teams traveling to the country week after week. But when you think about it, just making a difference in the life of one Haitian at a time may be all we can ask.

their hand for a few seconds or playing a little game with them brought the biggest smiles. I tell you, nothing we could ever do for them can equal what that smile does to your heart. I knew from previous mission trips that the people always gave me more back than I gave them. This trip really reinforced that to me.

I ask myself now, how this place can ever recover. What can we as individuals do help these people? I am not sure I have an answer. The country has so many needs. It needs a working government. It needs a middle class. Right now, Haiti basically consists of 90 percent lower class and 10 percent elite. The country cannot survive with that much disparity. It will undoubtedly take much more than the efforts of mission teams traveling to the country week after week. But when you think about it, just making a difference in the life of one Haitian at a time may be all we can ask. I know that I will be going back in a few months. There is no way that I can stay away after what I have seen and experienced on this trip.

Editor's Note: It is typical that people contribute to disaster relief and then, as the media coverage drops, so does our attention and thus the contributions. If you have not already contributed or wish to contribute again, one of the generally referenced groups is the American Red Cross. To learn more about their relief efforts and how you can help, visit the Red Cross website at www.redcross.org.

Highlights From the 2010 KCAA Annual Business Conference

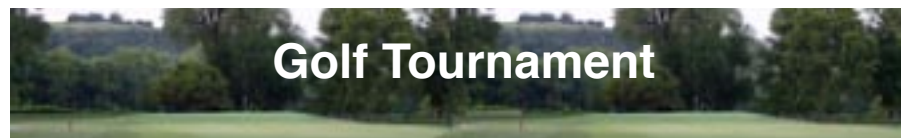
KCAA returned to Manhattan last month for the Annual Business Conference (aka "Symposium"), including the 2010 Aggieville Olympics. Our thanks to all who attended this year's conference.



Bobby Miller and Janet Duever won bowling hi-series.

tors were present. Kim Lauffer and Rick Stuart kept bowlers hopping by throwing some interesting challenges in the mix. Prize money was given out throughout the evening for those who could throw a strike.

Thanks to Kim for arranging the great snack food and to both Kim and Rick for running the event. A big thank you to Team Consulting and T.Y. Pickett for sponsoring bowling this year!



Cosmo Bowl!

By Kim Lauffer, RES, RMA

Twenty-four wild-and-crazy bowlers gathered at the Zuckey Bowl in Manhattan to kick off the 2010 KCAA Symposium. A great evening of food, good friends and stylin' bowling was enjoyed by all.

Elysa Lovelady (see her account below) once again did a wonderful job organizing the event. Rick Stuart served as the master of ceremonies, struggling to keep the group under control. New this year were opportunities to exhibit creativity when presented with various challenges to alter the participants' usual bowling styles, such as: bowlers were challenged to bowl backwards, on one foot and various other fun options. As usual, strikes were rewarded with massive \$1 payouts!

The bowlers are always looking for new recruits and are excited to welcome our NCRAAO friends to join us next year.

KCAA Bowling

By Elysa Lovelady

Zuckey Bowl was the site of the 2010 bowling outing. Twenty-four bowlers participated, and many more specta-

Despite a little rain, everyone had a great time golfing at Stagg Hill. Our thanks to R&S Digital for the great lunch and to all of the other golf sponsors for their support.



▲ **1st Flight Winners (l-r):** Steve Thompson, Chuck Latham and Bob Lehn. (Sean Robertson not pictured.)

◀ **2nd Flight Winners (l-r):** Greg McHenry, Sandra Drake and Bruce Hardesty. (George Overton not pictured.)



◀ **2nd Flight Runners-up (l-r):** Gene Bryan, Leon Reimer, Travis Rozean and Brian Baker.



KCAA Symposium Keynote Speaker

By Lisa Ree, RMA

Dr. Eric Wiggins

As the keynote speaker at the recent KCAA Symposium, Dr. Eric Wiggins, KSU Finance Department chair, discussed the history and impact of the current economic crisis. Most economists projected that the recession was over in July 2009, the most common date as its end. This would indicate that the recession lasted approximately 20 months, making it the longest since the Great Depression. Dr. Higgins believes that the real estate market is where a lot of the crisis started, stating that as county appraisers, we have been on the frontlines of the crisis.

Because interest rates were low, it was more affordable to purchase a home. Historically, real estate values tend to go up, which lenders counted on. The demand for home mortgages increased, which tended to influence banks to relax their lending standards. Then the bubble burst, with home values topping out from 2005 to 2007. When home values dropped dramatically, mortgage defaults increased. With a high number of defaults, many banks were forced to charge-off mortgages, eventually resulting in bank closings. The current rate for residential mortgage charge-offs is 2% compared to a typical 0.1% rate. The rate of bank failures appears to continue to grow, with 140 failures in 2009 and 81 failures so far for 2010. With fewer banks making loans, less money is being pushed into the economy, resulting in a longer economic recovery period.

Dr. Higgins predicts we will see more bank failures, although there appears to be some stability in the number of mortgage charge-off rates. Kansas banks have fared well compared to the rest of the country, with most hometown banks being relatively stable. Because Kansas did not experience the rapid growth in home prices like some parts of the country, we did not see the dramatic decline; although Dr. Higgins did state a slight downturn in the Kansas real estate market began in 2009. This downturn can be attributed to the stagnant economy.

A direct impact of the recession on individuals has been the loss of jobs. Approximately 7.2 million people were unemployed in 2009, a rate of 10.9%. With no paycheck being drawn, mortgage obligations were not being met—another blow to mortgage lenders. Recent legislation was passed to prevent a future banking crisis, attempting to prevent mega-banks from failing without negatively affecting the smaller banks. This may be where the smalltown banks are negatively impacted, with increased paperwork to comply with the new regulations.

Dr. Higgins stated that in relation to financial markets, we tend to have a short-term memory. We don't seem to take actions to correct a future problem by learning from our past. We know that our financial markets have cycles. The economy goes up and the economy goes down. Remember the savings and loan crisis in the 1980s? Historically, no matter what government's reaction may be to a recession, the economy tends to straighten itself out.

Fun & Games...



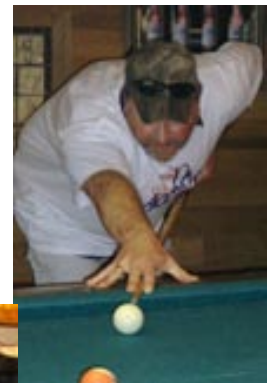
The craps table was never short of players.



Rick Stuart deals a mean hand of cards.



Rack 'em up!
Strong pool-shooting form from Steve Bauman (above), Jeff Holsapple (right) and Jim Lampe (below).



Bill "Big Winner" Hendrix (l) and Jerry Mentzer (r)



Using Apex with Orion

By Kim Frodin, Gray County

An overview of APEX was one of the sessions at the annual KCAA conference. I have been using APEX since 2004, and I still learn new tips or shortcuts from these sessions. It was demonstrated how to launch APEX from Orion and pre-fill some fields in Orion. I have not used this feature yet, but I have begun to "import" my APEX sketches into Orion.

To import a sketch into an Orion, parcel select the appraisal tab and then residential buildings (or manufactured homes) folder. From the dwelling info screen you can click on "Apex sketch." This will launch Apex. Click "import file" and select your previously saved sketch for that parcel. Then click "save" and then the "x" in the upper righthand corner of your screen to close Apex. (**Note: if your sketch is two pages, it will open with the second page showing. You will need to make sure page 1 is showing before you click "save" in order for page 1 to print on the PRC).

When Apex closes, the Ovr Tot Area, MFLA, and Calc Area will be red with zeroes in them. You will need to fill in the correct amounts back in these boxes. (**Note: if you fill in the MFLA box, the Calc Area box will automatically fill in.) I have also been deleting the vector info as I import my sketches.

A few other notes:

- For anyone who has been using Apex for several years and has files saved as ".AX2", these will not import. You will need to open those Apex sketches and save them as ".AX4." Then they will import correctly.
- If you add a sketch to the first screen of the appraisal tab or to the other improvements tab, these will not print on the PRC.

APEX, in my opinion, is a fabulous program. Drawing an entire farm site is quick and easy. The ability to maintain your sketches with a few clicks of a button instead of erasing and redrawing is time saving. It will label each item you draw with the title you give it and calculate the square feet (which for some items used to take what seemed like every mathematical equation known to man to come up with). If they can build it, APEX can sketch it.



Teaming up for the Aggieville Olympics.

Sunset Zoo Tour

By Elysa Lovelady

While the golfers were out on the course, others ventured out to the Manhattan Sunset Zoo to take a behind-the-scenes tour. Upon arriving, we were greeted by two male peacocks showing their wonderful array of colors (then we saw the female peacock and realized they were really trying to impress her).

The group was split into two smaller groups for the tour. One group took the behind-the-scenes tour and was sent on their way to spend the rest of the morning sightseeing at the zoo on their own. The other tour guide gave her group a behind-the-scenes tour and also took them on a full walking tour to view all the animals in the zoo. Dressed with animals on her clothing, reptile earrings, and a spider bracelet, you knew this tour guide really loved her job!

In the commissary we saw the preparation of food for various animals and learned that they even prepare "blood popsicles" for the lions from the blood off the fresh red meat. I'm not sure a cherry popsicle will ever look the same! Much of the dry food is made from horse meat, which surprised some. The most expensive food was a special wingless fruit fly that they hatch for feeding to the poisonous dart frogs.

Sadly, we learned that "Brownie," the 56-year-old grizzly bear that had lived well past the expected lifespan of a grizzly in the wild, had to be euthanized in May. He was the oldest grizzly bear living in captivity in the U.S. Many animals are rescued and brought to the zoo for treatment and recuperation with the ultimate goal of being released back into the wild, but not all are able to return to their natural habitat. Many now make the zoo their permanent home.

We also learned that the zoo has a wonderful partnership with K-State that allows interns at KSU's veterinary school hands-on practice while providing the zoo with top-notch veterinary care for their animals. Hopefully, all those who went on the tour had a relaxing morning and enjoyed the zoo!

Final Review Program In Orion

By Darla Frank, CAE, RMA Residential Real Estate Valuation Manager, Johnson County Appraiser's Office

Tired of juggling piles of reports, photos, and sales information doing final valuation? Well maybe you can find relief in the Final Value Program from all your frustration and agonizing over what value method is the best indicator of value on residential properties.

Last fall I had the privilege of presenting this program to participants at the Kansas Association of Counties (KAC) and recently at the Kansas County Appraisers symposium (KCAA) in Manhattan, and both sessions were well attended. This article is written to communicate the highlights of this ORION enhancement which is now available. Users can access the final review program by navigating under the Activities menu in ORION. See a screen shot of the program display (right). The efficient and exciting attribute about this program is that it compiles into one central place report data such as:

- A multitude of property characteristics of the subject property
- Prior year values and indicated values by each method
- Permit information on subject property
- Appeal information on subject property
- Sales information on subject property and neighborhood
- Front elevation images of subject property and comparables
- MLS (Multiple Listing Data) if applicable to your county

In Johnson County we utilize this program along with a PDF file of neighborhood comparable sheets generated from the Orion Custom Reporting Services (CRS) to conduct final review on all our residential properties. We have



Access the final review program by navigating under the Activities menu in ORION.

found that the situs address sort works the best in our county. In 2010, utilizing this program, our production numbers ranged from 300–400 parcels valued per day per appraiser.

Another useful feature is that the program alerts users of the percentage (%) difference of the new value selected to the prior year value so users can easily detect parcels that may need further review. The program also provides the ability to flag a particular parcel for review at a later time. The program has a theatrical element of horns and screams to key users that recent sales and/or appeals have occurred on the subject property.

Should you require support setting up the program in your county, please contact Rae Schnacker of Property Valuation Department. Additionally, I will be more than happy to assist with

general questions. My direct number is 913-715-0041.

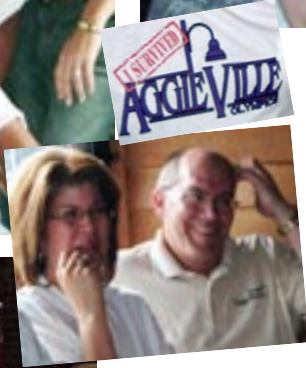
Coming soon: Final Value Program for commercial properties.

“In 2010, utilizing this program, our production numbers ranged from 300–400 parcels valued per day per appraiser.”



THE SURVIVORS:

2010 Aggieville Olympics



Public Relations

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

—Mark Twain



Does Government Have to Be Perfect?

by Norm Jacknis, Cisco

“A group of leading social and information scientists and government practitioners met February 23-24, 2010, at the National Science Foundation (NSF) to lay out a research agenda to address grand challenges in information, technology, and governance” – as the organizers of the workshop described it.

I [Norm Jacknis] was among the three dozen people who participated in this wide ranging discussion about the various trends in government and its use of technology. But there was one critical, if unstated, question that was just below the surface in most of these discussions: how perfect does government have to be?

Traditionally, most government leaders would say that the public sector is expected never to make mistakes—although plenty of mistakes do happen. Some of the participants in the workshop pointed out the various ways that e-government systems are vulnerable or can be the source of erroneous information. Read the rest of the article at <http://blogs.cisco.com/ciscotalk/localgov>



Yet Another Reason to Lower Values?

Hawking: Aliens ‘No Longer Interested’ in Invading Earth Planet Already ‘Pre-destroyed,’ Scientist Says

LONDON (The Borowitz Report) – Reversing his recent position on the dangers of an extraterrestrial invasion, eminent theoretical physicist Stephen Hawking said today that the planet is in no such peril anymore because aliens are “no longer interested” in invading Earth.

“Assuming that aliens have been monitoring Earth for the past month in preparation for an invasion, they’ve probably figured out it’s no longer worth the trip,” Dr. Hawking said.

Speaking at a conference of the International Society of Eminent Theoretical Physicists, Dr. Hawking added, “Most extraterrestrials would want to come to Earth to destroy it, and let’s face it, this planet has been pretty much pre-destroyed.” Even if aliens planned to travel to Earth to warn humans against destroying their own planet, Dr. Hawking said, “If they showed up now and took a look around they’d be like, ‘Oops, too late.’”

—From The Borowitz Report,
www.borowitzreport.com/2010/06/21/hawking-aliens-no-longer-interested-in-invading-earth/



One Definition of Public Relations...

Systematic effort to create and maintain goodwill of an organization’s various publics (customers, employees, investors, suppliers, etc.), usually through publicity and other non-paid forms of communication. These efforts may also include support of arts, charitable causes, education, sporting events, etc.

—<http://www.businessdictionary.com/definition/public-relations.html>



A Bit Late Maybe?

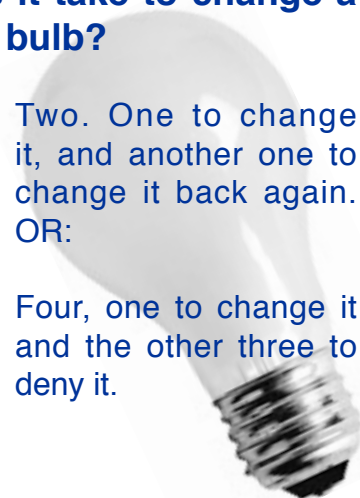
“Gordon Brown joked today that he had considered taking courses in communication skills and public relations after stepping down as prime minister.”

—From a May 13, 2010, article in The Independent by Lucy Collins, Press Association,

Q: How many politicians does it take to change a light bulb?

A 1: Two. One to change it, and another one to change it back again. OR:

A 2: Four, one to change it and the other three to deny it.





Spotlight on Phillips County: The Cow/Calf Capital and State Hamburger Capital of Kansas

By Lisa Ree, RMA

Phillips County (county code PL) was created in 1867, named in honor of William Phillips, a free-state martyr who was murdered by a pro-slave militia in 1856 at Leavenworth, Kan. It wasn't until 1872 that the county organization was completed, the requirement of at least 600 residents having been met. Although there are currently 25 townships, only seven were created originally.

After the civil war, Colonel Kirwin and troops were dispatched to the area south of the town named in his honor to erect a stockade fort to protect settlers heading to California and to deter intrusions of roaming bands of Indians. This fort was abandoned soon after settlers began arriving in the area. The first settlement in the county was established in 1869 just east of Kirwin. The town can also boast of having the first school and post office in the county. The Government Land Office was moved from Cawker city to Kirwin in 1875, aiding in the development of the town.

Emigration into the county progressed until the grasshopper plague in 1874. The following year brought an abundant grain crop, which encouraged settlement of the area again. Also encouraging settlement was the first railroad to the county in 1880, the Central Branch of the Missouri Pacific Railroad.



Phillipsburg, also known as The City of the Hills, was designated as the county seat in 1872, although no buildings existed in the town

at that time. Two weeks later the first meeting of the board of county commissioners was held with the first county officers elected within two months. For nearly two years the county re-

ords were kept in officials' homes and offices then transferred to rented buildings in Phillipsburg. The county took custody of a prisoner and having no jail facilities, used the second story of one of these rented buildings as a jail. To contain the prisoner, a hole was made in the floor of the upper story; a chain was fastened to the prisoner's foot, then passed through the hole in the floor and fastened to a plow set on the first floor. Consequently, the first county jail was constructed that year.

Six years after the county's organization, the first courthouse was purchased, but within four years a larger building was being sought. The city of Phillipsburg donated to the county a tract to house the courthouse with the provision that the city was not deprived of building the courthouse upon the donated land. Within one year, the city handed county commissioners the deed to the land known as the public square, along with the newly constructed building for the courthouse. After 30 years this courthouse was sold and razed and construction of the current courthouse began.

An 1883 historical account of Phillips County boasts about its characteristics. The county was described as having an exceptionally fine climate with a nice contrast between the cold north and humid south. The rolling prairies are portrayed as bare for most of a winter, which are bright, dry and open



William Phillips

allowing for pleasant outdoor work. The sun shines most of each day with the skies being bright and genial. It was stated that no other northern Kansas county can show a lower mortality rate, with the malarial diseases being relatively unknown.

The abundant local limestone was praised for its superior use for building purposes, with no other stone as beautiful and durable. An ample water supply was noted, with the Solomon River and Deer, Prairie Dog and Bow Creek areas furnishing large amounts of timber. Numerous springs were said to never go dry. The make-up of the soil in the region was said to be suitable for enduring dry weather. The lands were

said to be easily worked with moisture easily absorbed and retained. The account boasted that only one-half as much work was need for farming the land as in the eastern states.



Phillips County Courthouse

Part of Phillips County's history revolves around rodeos, although the first official Kansas' Biggest Rodeo was held in August 1929. Each year this event is held



Kansas' Biggest Rodeo began in 1929.

the first weekend of August and attracts 500 participants and 15,000 spectators. Another attraction is Fort Bissell. Although never a military post, it was built by settlers as a means of

protection against Indians. The fort was stocked with provisions at all times. When riders came to warn settlers of possible Indian raids, they just need to ride to Fort Bissell. After six years, when Indian attacks were no longer a threat,



Fort Bissell was built by settlers to protect against Indian attacks.

the fort was torn down. Current buildings located on the site are buildings originally located within the county.

The first National Wildlife Refuge in the state is located near Kirwin and was established in 1954. The refuge consists of nearly 11,000 acres. It is a major feeding stop for migrating waterfowl, helping to establish Phillips County as the Goose Capital of Kansas.

Located in Logan, the Dane G. Hansen Plaza houses the Hansen Foundation & Trust. The trust continues Mr. Hansen’s work of benevolence. The foundation, one of the top contributing



The first National Wildlife Refuge in Kansas was established in 1954.

foundations in the state, sponsors cultural events, educational scholarships, educational programs and numerous local projects.

Incorporated cities of the county include Phillipsburg, Logan, Agra, Kirwin, Long Island, Prairie View, Glade, and Speed. Unincorporated towns are Stuttgart and Woodruff.

Please contact Rick Stuart if you would like to contribute a “Spotlight on [Your County]” article to the newsletter: rstuart17@cox.net.

Phillips County Demographics



2009 Population Estimate: 5,272	Median Household Income: \$41,832
1900 Population: 14,442	2009 Assessed Real Estate: \$31,467,677
Area: 887 square miles	2009 Assessed Personal Property: \$ 8,287,452
Persons per square mile: 5.9	2009 Assessed Oil & Gas: \$ 4,504,533

Surely This is Wrong!

Submitted by Della Rowley, RMA

These are supposedly actual comments from Kansas. They must have moved in from out of state. Kind of scary!!

Idiot sighting—Kingman. I live in a semi-rural area. We recently had a new neighbor call the local township administrative office to request the removal of the DEER CROSSING sign on our road. The reason: “Too many deer are being hit by cars out here! I don’t think this is a good place for them to be crossing anymore.”

Idiot sighting in food service—Kansas City. My daughter went to a local Taco Bell and ordered a taco. She asked the person behind the counter for “minimal Lettuce.” He said he was sorry, but they only had iceberg lettuce.

Just another idiot sighting—Wichita. The stoplight on the corner buzzes when it’s safe to cross the street. I was crossing with an intellectually challenged co-worker of mine. She asked if I knew what the buzzer was for. I explained that it signals blind people when the light is red. Appalled, she responded, “What on earth are blind people doing driving?” She was a probation officer in Wichita.

Top 10 for Topeka

Topeka was chosen as 10th in the Top 10 List by editors of *Kiplinger’s Personal Finance* magazine. Criteria to make the list were cities in which foundations for economic growth through 2020 were in place, and indicated Topeka is likely to enjoy prosperity during the next decade. Topeka’s strengths were listed as: friendly people, quality schools, good hospitals, influx of business investment and tolerable unemployment rate. See article by By Tim Carpenter, *Topeka Capital-Journal*, May 27, 2010, at http://cjonline.com/news/local/2010-05-26/topeka_lauded_for_growth_potential

Maybe Not for Everyone...

Submitted by Trudy Kamphaus, Cowley County

The Loo with the View. Spending around \$75,000, an England couple has converted a public restroom into their dream home. Turn on your volume and watch the news clip at: <http://news.yahoo.com/video/local-15749667/19632700>



Spotlight on Linn County

By Cindy Magill, RMA

Linn County (county code LN) is located in east central Kansas and was named after Dr. Lewis Fields Linn, believe it or not, a United States senator from Missouri. His term as senator started in 1833 and continued until his death in 1843.

Settlement to this area began in 1853-1854. The county was organized in 1855 and in 1856 was divided into three townships. Subsequent township changes occurred in 1857, 1858, 1859, 1866, 1867 and 1870. The date that the county was established is recorded as February 26, 1867.

The county courthouse is located in Mound City and was built in 1868. It is the second oldest courthouse still in use in Kansas. The city hall was also built in 1868.

Origin of Linn County's Name

Dr. Linn was born near Louisville, Ky., in 1775. He traveled to Missouri to



Dr. Linn

visit family members in 1809, and in a subsequent stay the War of 1812 broke out and Linn was appointed surgeon of the troops commanded by General Dodge. When the war ended, Linn returned to Kentucky

to continue his study of medicine. Then in 1816, Linn returned to Missouri, where he worked as a pioneer doctor.

During his tenure as a United States senator, he was given credit for passage of several important territorial bills. One of the bills was the acquisition of the Oregon Territory by the United States. According to some, Linn was popularly known as the "Father of Oregon."

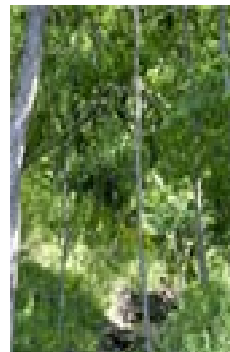
So, here is another way Kansas is so closely connected with Missouri, not only with Kansas City, Kan., and Kansas City, Mo., but with Dr. Linn and Linn County. Linn County is considered part of the Kansas City metropolitan area.

Historical Events

One historical event that Linn County is well-known for is the Marais de Cygnes Massacre, which happens to be another connection with Missouri. The Marias des Cygnes Massacre was one of the triggers of the Civil War and the location of the only Civil War battlefield (Mine Creek) in Kansas. The massacre was committed in a ravine located one-half mile from the state line, one mile west of "Spy Mound" in Missouri, and three-fourths of a mile north of "Hay Stack Mound" in Kansas. The massacre occurred on May 19, 1858, when 11 free-state men were taken, unarmed, to the ravine north of the Trading Post, where they were shot.

The site is located on the northwest quarter of Fractional Section 26, Township 20, Range 25 east. It is now owned by C.C. Hadsall, who bought it from Capt. Eli Synder and Capt. John Brown for the pittance of \$550 in cash. The bill of sale is dated July 25, 1858, written by John Brown, and reserved to Capt. Brown the right to occupy the claim for "military purposes" as long as desired. The right to the military occupancy appears to be the only claim John Brown had upon the land, the actual right to the property owner vested to Capt. Synder. John Brown built a cabin for himself during the summer of 1858, after the massacre.

The Marais des Cygnes Massacre was precipitated by early troubles immediately prior to Kansas statehood surrounding the issue of slavery. This era became known as "Bleeding Kansas." The Kansas-Nebraska Act of 1854 decreed that the people should



A ravine in Linn Co. was the site of the Marais de Cygne Massacre in 1858.

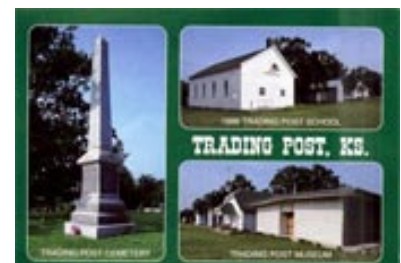
vote to decide whether Kansas would be admitted to the Union as a free or slave state. This created free-state and pro-slavery vigilantes, and they began to battle violently along the Kansas-Missouri border. In Linn and Bourbon counties raids were frequently carried out by opposing factions. It was a constant part of life from 1854-1861.

Historical Sites

The Marais de Cygnes is now a state historic site located east of the Trading Post. The Trading Post is the oldest still-occupied settlement in Kansas. The cemetery at the Trading Post has a granite obelisk commemorating the people killed at the massacre. There is also a wildlife area named after the massacre, which

is home to a wide variety of migrating birds.

Another historical event that took place in Linn County is referred to as the "Trail of Death" for the Potawatomi Indians and is marked by the St. Philippine Duchense Shrine and Memorial Park. The Potawatomi Indians were removed in groups from northern Indiana in 1837, 1838, and 1840. The effects of the terrible march and disease killed so many on the trail of death and also contributed to the many more deaths over the next 10 years. Approximately 600 Potawatomi died during the 10



The Trading Post is the oldest still-occupied settlement in Kansas.



St. Philippine Duchesne Memorial Park

years that it was a mission.

Located on 1525 Road, five miles west of Highway 7, St. Philippine Duchesne Memorial Park is a 450-acre Catholic retreat. It is named for Mother Rose Philippine Duchesne, who came to teach the Potawatomi. It was the first Indian school for girls west of the Mississippi River. When her health started to deteriorate at age 72, she was not able to work and dedicated herself to contemplative prayer. The Indian children would notice that she was still in the same position from the night before, and they would place pebbles around her long black robe. When they discovered the pebbles undisturbed, they realized she was praying all night. The Indians named her "Woman Who Prays Always."

Deuchesne was the first female saint west of the Mississippi river when she was canonized in 1988. That is when a large circular altar and a 30-foot metal cross were erected in the



1883 Linn County map

Linn County Demographics

CHEYENNE	RANKINE	DECATUR	NORTON	PHILLIPS	SMITH	JEWELL	REPUBLIC	MARSHALL	NEENAH	BROWN			
SHERMAN	THOMAS	SHERIDAN	GRANHAM	ROCKS	OSBORNE	MITCHELL	CLOUD	CLAY	RILEY	COTTAWATOMIE	JACKSON	ATCHISON	
WALLACE	LOGAN	GOVE	TREGO	ELLIS	RUSSELL	LINCOLN	OTTAWA	GEARY	DOUGLASS	JOHNSON	SENECA	WAGON MOUNTAIN	
GRIELEY	RICHTA	SCOTT	LANE	NESE	RUSH	BARTON	ELLSWORTH	SALINE	DICKINSON	MORRIS	OSAGE	FRANKLIN	WAGNER
HAMILTON	KEARNEY	FINNEY	HODGEMAN	FARNESE	EDWARDS	STAFFORD	RENO	HARVEY	GREENWOOD	ALLEN	BOURBON	WAGON MOUNTAIN	WAGON MOUNTAIN
STANTON	GRANT	HASKELL	GRAY	FORD	KIOWA	PRATT	KINGMAN	SEDGWICK	BUTLER	ELK	WILSON	HEDGECOCK	LEAVELAND
NORTON	STEVENS	SEWARD	HEADS	CLARK	COMANCHE	BARBER	HASPER	SUMNER	COWLEY	CHANDLER	WAGON MOUNTAIN	LABETTE	CHESTER

2009 Pop. Estimate: 9,335 Median Household Income: \$43,671
 1900 Pop.: 16,689 2009 Assessed Real Estate: \$62,258,544
 Area: 599 square miles 2009 Assessed Personal Property: \$4,372,623
 Persons per square mile: 15.6 2009 Assessed Oil & Gas: \$614,391

park. The park boasts many other sites, including 14 Stations of the Cross, many religious pictures made in stone, wooden signs about the Potawatomi Indians, and the original mission buildings. Also, there is a Trail of Death diary wall, a Holy Family statute by the wall and seven wooden crosses. The crosses have metal plaques with the names of the Potawatomi who died at the park during 1838-1848.

Courthouse on the move

In January 1856, a commission was appointed to locate the county seat of Linn County. Commissioners James P. Fox and McD. Osborn made their report in March designating the county seat in what is now known as Paris Township. A number of elections were held in the following years to relocate the county seat:

Nov. 8, 1859:
Paris 471, Mound City 508

May 22, 1865:
Linnville 533, Mound City 502



A Look Back in History: Main Street in Mound City



Linn County Courthouse in Mound City.

Feb. 20, 1866:
Mound City 635, Linnville 301, Mansfield 170

May 29, 1866:
Mound City 617, Linnville 301, Mansfield 170

Feb. 14, 1871:
Mound City 1,226; La Cygne 1,589; Pleasanton 1.

March 27, 1873:
Pleasanton 1,183; Farmer's City 1,252. Because Farmer's City was a brush patch south of Farlinville the county seat remained at La Cygne.

April 14, 1874: Pleasanton 1,692; La Cygne 1,026

The final election was held on March 9, 1875: Pleasanton 1,201; Mound City 1,211. This placed the county seat at Mound City, where it remains today. The courthouse was placed on the National Register of Historic Places in 1974.



Real Estate Notes of Interest

■ James Hagerty and Nick Timiraos, *The Wall Street Journal*, March 25, 2010. Up to this point, all the programs to try and help residential property owners that were behind on their mortgages were geared towards a new loan with a lower interest rate. That approach has not been successful, and now the federal government is promoting a new approach that is being implemented by the Bank of America. This program will reduce the mortgage balances by as much as 30% and thus reduce the loan balance and payments.

■ Nick Timiraos, *The Wall Street Journal*, March 25, 2010. In the previous issue of "Real Estate Notes of Interest" was an article about some local governments providing loans to homeowners who made energy efficiency upgrades to their homes. The loans were treated like special assessments over a 10- to 15-year period. The White House has made this same proposal, but Fannie Mae and Freddie Mac are resisting. The reason for the resistance is that the new debt for the upgrades would be senior to any existing loan and thus would place the primarily lender in second place in case of any defaults.

■ www.cnnmoney.com, April 2010. This is *Money Magazine's* annual real estate issue that is always an interesting read. One article showed the 50 largest metro areas and projected when the residential real values would bottom out and what the projected one-year value change would be. Kansas City Metro Area was projected to bottom out in the third quarter of 2011 with the decrease over the next year of 2.8%.

It is not big news that our home affects our happiness. In their survey, 59% stated their home had a major effect on their mood. 75% who have completed improvements are happy

with their home, and 66% who have made no improvements over the last two years are not happy. The top four items that gave homeowners the biggest increase in value and degree of happiness are shown below.

Item	% Increased Value	% Happiness
Replacing or repairing siding	74	88
Upgrading kitchen	60	87
Replacing or repairing windows	60	86
Finishing or upgrading basement	59	90

In case you are considering painting the inside of your home, here are the colors the experts say you should use for the most happiness.

- Livingroom: Soft yellow
- Kitchen: Light blue-gray
- Dining room: Rich dove gray or other deep neutral
- Bathroom: Cream
- Bedroom: Blue
- Home office: Red

■ Nick Timiraos and James Hagerty, *The Wall Street Journal*, March 27, 2010. In a nutshell, this article states that the high-end residential homes are staying on the market longer and requiring larger percentage reductions than more average-valued homes. High-end, of course, would be different in each market area. Simply stated, I would imagine in whatever market you are in, the higher-priced homes are more difficult to sell.

■ Rebecca Mowbray, *The Times-Picayune*, March 26, 2010. The website for the New Orleans newspaper shows what is believed to be the first ruling on a Chinese drywall appeal against the denial of a claim by an insurance company. This will just be the opening round. http://www.nola.com/business/index.ssf/2010/03/orleans_judge_says_policy_excl.html

■ *WINK News*, March 29, 2010. Cape Coral, Fla., police are investigating a "new" crime in the city. Home investors are paying people to break into foreclosed homes to check appliances and lighting fixtures and to search for Chinese drywall. When banks release homes to go to auction, many are sold "as is." Investors attempting to beat the system, break into the locked up homes to determine if the investment is worth it.

Editor's Note: Instead of trying to explain the new federal government's program for underwater residential home loans, a good article can be found at: <http://industry.bnet.com/financial-services/10007996/help-for-hamp-feds-finally-try-to-patch-up-troubled-foreclosure-program/>

■ *Standardandpoors.com*, March 30, 2010. Data through January 2010, released today by Standard & Poor's for its S&P/Case-Shiller Home Price Indices, the leading measure of U.S. home prices, show that the annual rates of decline of the 10-City and 20-City Composites improved in January compared to December 2009. In fact, the 10-City Composite is unchanged versus where it was a year ago, and the 20-City Composite is down only 0.7% versus January 2009. Annual rates for the two composites have not been this close to a positive point since January 2007, three years ago.

■ Jenny Sullivan, *builderonline.com*, March 24, 2010. Think you are going to be an empty nester? Well, this may make you think again. Analyzing census data, Pew researchers found that in 2008, 49 million Americans (about 16%) lived in a household that contained at least two adult generations, up from

28 million in 1980. This 33% increase over the past three decades represents a significant reverse trend, considering multigenerational households declined by more than half between 1940 and 1980, from 25% to 12%.

■ David M. Levitt, *Bloomberg.com*, Feb. 26, 2010. Office building sales in the U.S. fell in January to the lowest since at least 2000 as commercial real estate values and frozen credit markets kept buyers at bay, Real Capital Analytics said.

■ Joel Millman, *The Wall Street Journal*, April 2, 2010. This is truly a story of good intentions gone bad. In 1973, the Oregon Legislature passed a bill that was intended to make Oregon a model state for being a green state. The bill placed zoning restrictions on current agricultural land that it must be maintained as agricultural land. Well, you can probably already see the problems. The biggest problem currently is with orchards used for the raising of pears, in which Oregon is second only to Washington, and with the economy struggling, some orchard land worth about \$10,000 per acre as agricultural, could be sold for about \$100,000 per acre for residential development but is restricted from changing the use.

■ M.P. McQueen, *The Wall Street Journal*, April 3, 2010. Remodeling expenditures are up this year compared to last year, but the type of remodeling is changing. This year the remodeling is on items that make the home more energy efficient and have tax credits. Gone are the upscale items such as granite countertops and bamboo floors. The market continues to show a smaller percent return on investment with remodeling. Typical return on investment for 2006 was 76%, in 2008 it was 67%, and in 2009 it was down to 64%.

■ Gary Stoller, *USA Today*, April 6, 2010. Even though first-time home buyers are thought to be rushing to meet the April 30 deadline for the \$8,000 tax credit, the National Association of Realtors was surprised by an 8.2% increase in the number of home sales in Febru-



Source: hotelnewsnow

ary. This represented the largest one month increase since October 2001.

■ Prashant Gopal, *businessweek.com*, March 31, 2010. Welcome back, flippers! In parts of the country where the number of home foreclosures are high, those known as flippers (buy, repair and sell quickly) are back. RealtyTrac measures a home as being flipped if purchased and then sold a second time within six months. Use of this measure indicates that flipping in the Phoenix area has increased over 80% from a year ago. Las Vegas has increased by almost 40%; areas of California by 45%; and Cape Coral, Fla, almost tripled.

“Indeed, the government has given its seal of approval to house flipping, an activity it used to discourage. At the Federal Housing Administration, a one-year waiver of anti-flipping rules took effect Feb. 1, so borrowers can now get FHA financing to acquire homes from investors who have held title for less than 90 days.

“We do believe investors will play an important role in today’s marketplace because they tend to be more liquid than first-time home buyers,” says Vicki Bott, a deputy assistant secretary at the Housing & Urban Development

Dept. in Washington.”

■ *Crenews.com*, April 5, 2010. *Commercial Real Estate News* is reporting that office vacancy continued to increase and is up to over 17% nationally, and this as the effective rent has decreased by 2%.

Editor’s Note: Here is something I had not noticed previously. For what it may be worth, *Realty Times* is doing a local market conditions report. It will probably only be for most metro areas, but check it out at <http://realtytimes.com/rtmcrstate/Kansas> and then click on your city or county to see if any information is available.

■ Jan Freitag, *hotelnewsnow.com*, March 24, 2010. This article says the worst is over for the hotel/motel industry. In the chart above, the trough is the lowest average daily rate.

■ Rick Fernandez, *Calkain Companies*, April 8, 2010. For the last two years there has been some movement from the suburbs back into the urban and the fringe of urban areas. This is occurring in commercial as well as residential properties (see link). <http://www.calkain.com/news/2010/010408-fernandezloopnet.php>

REAL ESTATE NOTES, continued

CRE News, April 6, 2010. Multi-family properties are bouncing back according to Reis, Inc. After declining in the last six quarters, asking and effective rent increased in the first quarter of 2010.

Markets with Greatest Effective Rent Gains in 1Q			
Rank	Market	Avg. Effect Rent (\$ unit)	% Gain from 4Q
1	Miami	1,008	2.9
2	Ventura County	1,346	1.3
3	Tucson, Ariz.	603	1.2
4	Memphis, Tenn.	625	1.1
5	Houston	717	1.1
6	Colorado Springs	656	1.1
7	Palm Beach, Fla.	1,036	1.1
8	Maryland Suburbs	1,221	1.0
9	Little Rock, Ark.	625	1.0
10	Seattle	946	1.0

■ Kris Hudson and A.D Pruitt, *The Wall Street Journal*, April 7, 2010. It does not seem to be getting any better for shopping centers. Average lease rates for malls during the first quarter were almost \$39 a square foot annually, which is down 3% from a year ago. For shopping centers smaller than malls the average was under \$17, down 3.4%.

■ Craig Karmin and James Hagerty, *The Wall Street Journal*, April 9, 2010. Even the rich are not immune to home foreclosures. According to RealtyTrac, 352 homes with mortgages of \$5 million or more received notice of the final step in the foreclosure in February alone. There were a total of 1,312 homes in this loan category last year.

■ *Associated Press*, April 9, 2010. Fourteen states; Washington, DC; and the federal government all raise taxes

on cigarettes this year in hopes of helping to reduce budget deficits.

■ Smith Travel Research, April 16, 2010. Hotel per-room revenue (Rev-Par) continues to decline but at a slower rate. Revenue in February was down over 15% as compared to 16% in January and 17% in December.

■ Anna Prior, *The Wall Street Journal*, April 15, 2010. Hotels are now competing over bathroom upgrades. Some of the upscale hotels are now offering overhead rain shower, two body sprays attached to the wall, and a hand spray; plus some shower heads will flip and change water patterns. Some are installing embedded television sets in the bathroom mirrors, but no appraiser should be without the soaking tub for two with a tiny-bubble massaging feature and chromatherapy for those tough days of dealing with property owners.

■ Alain Sherter, *bnet.com/financial-services*, April 15, 2010. Bank repossessed homes, REOs as they're called in the trade, rose 9% in the first quarter compared to the previous one, according to housing industry research firm RealtyTrac. Home seizures are up 35% from the year-ago quarter. "Since this crisis began, a couple things have become increasingly clear: Lenders and their investors don't want to reduce homeowners' mortgage payments, since that hurts corporate earnings; and the federal government's response to the problem has been, and is likely to remain, inadequate."

■ Teresa Burney, *builderonline.com*, April 20, 2010. A recent Gallup poll

indicates that 77% of the 1,020 people surveyed believe housing values in their area are stabilizing or will climb over the next year.

■ Allison Rice, *builderonline.com*, April 20, 2010. Building permits for single-family residences increased almost 6% in March over February and are at the highest level since August 2008.

■ Clay Masters, National Public Radio, April 21, 2010. **Editor's Note:** In 2009 and 2010, there has been considerable discussion throughout the country about the number of exemption and exclusions from property tax. I found this issue in Thurston County, Neb., quiet interesting. Thurston County is north of Omaha, west of Interstate 29 and almost to the South Dakota line. The U.S. Census Data shows it has about 7,500 people with a little over 2,500 homes and is about 400 square miles.

"Native American tribes across the country are buying back land where their ancestors lived and putting it in federal trusts. It often makes that land exempt from local and state taxes. That's leading to tensions in the counties that suddenly experience budget shortfalls as revenue streams disappear.

"Acres of softly rolling farmland scattered with pools of melted snow and thick mud seem like an unlikely place for a tax battle. But in Thurston County, Neb., the Winnebago tribe has bought nearly 4,000 acres land, which the tribe is trying to get off the tax rolls.

"That would mean Thurston County

Figure 27: Changes in Home Price Indices, 2000-2009

	S&P/Case-Shiller ³²³	FHFA ³²⁴	Zillow ³²⁵	Average
2000	11.14%	5.89%	8.22%	8.42%
2001	6.74%	6.12%	6.53%	6.46%
2002	11.58%	7.07%	9.34%	9.33%
2003	10.48%	7.13%	10.62%	9.41%
2004	14.72%	8.72%	14.37%	12.60%
2005	13.88%	8.57%	11.70%	11.38%
2006	(0.15)%	2.37%	0.13%	0.78%
2007	(9.17)%	(2.13)%	(5.41)%	(5.57)%
2008	(17.27)%	(7.56)%	(11.63)%	(12.15)%
2009	(1.02)%	(2.78)%	(4.53)%	(2.78)%

Source: The Congressional Oversight Panel.

couldn't collect taxes on it, and that doesn't sit well with some of the locals. 'All of the burdens are still there when you remove that tax base,' says Teri, a Thurston County supervisor. She adds, 'and what ends up happening is everyone else that does not have the luxury of being able to just take their land off the tax rolls and not pay taxes anymore, the rest of those people has to bear the burden, and it's not right.'"

■ *Commercial Real Estate News*, April 21, 2010. "The cumulative default rate for CMBS conduit loans is projected by Fitch Ratings to climb to 11% by the end of the year from 6.59% at the end of last year. Through the end of last year, \$35.5B of loans in Fitch's universe of \$539B of fixed-rate CMBS loans had defaulted. Last year alone, \$17.7B of loans was added to the rolls of defaulted mortgages, with \$6B of that being added in the fourth quarter. In contrast, \$17.7B of loans had defaulted between the market's inception in the early 1990s through 2008."

■ Ruth Simon, *The Wall Street Journal*, April 19, 2010. Stop the presses! A bright spot in the foreclosure market! The number of mortgages that are at least 30 days past due or in foreclosure declined almost 9% in March, according to LPS Applied Analytics.

■ Two very different hotel stories follow. Kris Hudson, *The Wall Street Journal*, April 21, 2010. Red Roof Inn and the Extended Stay, Inc. hotel chains purchased and refinanced at the very peak of the market. Now with a reduction in property values, it remains very difficult to refinance. One of the largest creditors for Red Roof Inn has started taking some properties in foreclosure proceedings.

Alexandra Berzon and Tess Stynes, *The Wall Street Journal*, April 23, 2010. Marriott International reported a better than expected first quarter and are saying business travel is up. Smith Travel Research has updated its forecast to reflect stronger than anticipated 2010 and 2011 hotel revenue per room.

■ Dawn Wotapka, *The Wall Street*

During the remodeling boom	New version
Major home office remodel: Cost \$27,000	Basic remodel converting a bedroom by adding low-priced cabinets. Cost: As little as \$2,000
Bathroom addition: Cost \$37,200	Maybe a 5' x 7' upgrade with low-flow toilets. Cost: \$16,000
Major kitchen remodel/expansion: Cost \$55,500	Remodel within exist space, energy efficient appliances, water saving fixtures and wireless. Cost: \$21,000
Family room addition: Cost \$79,000	I there is a foundation, screened in porch. Cost: \$15,000-\$20,000
Master suite addition: Cost \$98,863	If possible, attic bedroom and smaller shower area. Cost: \$49,346

Source: *The Wall Stree Journal*.

Journal, April 23, 2010. Possibly another sign that the residential housing market is bottoming out is the home-building companies buying and sometimes competing with each other for lots. The preference is for sites ready to be built on versus raw land.

■ M.P. McQueen, *The Wall Street Journal*, April 24, 2010. Remodeling has changed. See the new versus the old in the chart above.

■ Lisa Gibbs, *Money Magazine*, May 2010. The table below shows projections on when the housing recovery will come quickly and the ones that will be the slowest to recover. Some of this is depressing.

■ Amy Fontinelle, *Forbes.com*, April 23, 2010. This article discusses eight signs of a real estate rebound. **Editor's Note:** Could be something to clip and save and see if these factors can be a guide to market reaction.

1. **Pending home sales.** Pending home sales up over 8% in February

and over 17% from a year ago.

2. **Housing starts.** Not a positive item at this point as starts remain down from a year ago.
3. **New and existing home sales.** Record low number of sales in February keeps this on the negative side.
4. **Home inventory.** February had the largest inventory of available homes for sale on record.
5. **Housing affordability.** Housing prices down, credit harder to get, but home affordability is slightly better.
6. **Mortgage applications.** Applications were down almost 10% after the first week in April.
7. **Mortgage interest rates.** Mortgage rates remain historically low, but the article noted that a large number of people could not get a mortgage at a 1% interest rate.
8. **Real estate mutual funds.** In a positive note, "According to Morningstar, real estate mutual funds returned 9.4% in the first quarter of 2010, one of the highest return of any mutual fund category. Over the

Best Markets	% Underwater	Recovery Year	Worst Markets	% Underwater	Recovery Year
Oklahoma	6	2009	Nevada	70	2033
New York	6	2016	Arizona	51	2034
Montana	7	2012	Florida	48	2031
N. Dakota	8	2013	Michigan	39	2022
Alabama	9	2013	California	35	2028

Source: Money Magazine, May 2010.

REAL ESTATE NOTES, continued

last year, they have also led all mutual funds with a gain of 105.3%.”

■ Want to see how the billionaires live? A little on their homes can be found at <http://www.msnbc.msn.com/id/36724300/ns/business-forbescom/>
Editor’s Note: You may have to watch a short commercial that is kind of funny before you see this interesting video clip. <http://www.msnbc.msn.com/id/21134540/vp/36823339#36823339>

■ Mark Whitehouse, *The Wall Street Journal*, April 26, 2010. How strong is the housing market coming back? Will it continue to improve after the tax credits stop at the end of April? This article supports most economists in stating the housing market will determine if the economy is back or if the stimulus money was supporting the economy. Well, you will be on the frontline of the data.

■ Nick Timiraos, *The Wall Street Journal*, April 26, 2010. Fannie Mae has created new rules about foreclosures. If a troubled borrower will give up their home with a voluntary transfer of ownership through a deed in lieu of foreclosure, they will be eligible in two years for another loan that Fannie Mae would purchase and thus be guaranteed. **Editor’s Note:** Does this sound like good policy?

■ Shayndi Raice and Anton Troianovski, *The Wall Street Journal*, April 28, 2010. Pension funds have now started to reinvest in real estate. California, which lost a large amount of money on land development, has been buying back into real estate for several months now. **Editor’s Note:** The best way for you to see how this works out is for those of you in a state pension fund to watch the dollar amount of investment and the return on that investment in the pension’s annual report.

■ James Hagerty, *The Wall Street Journal*, April 28, 2010. Real Capital Analytics is reporting that capitalization rates fell in March as compared to February as shown below.

Property Type	February	March
• Office properties in central business districts	8.26%	7.42%
• Apartments	6.93%	6.88%

■ *Associated Press*, May 3, 2010, submitted by Dean Denning, CKA, RMA. A list of the 20 least economically stressed counties with populations of at least 25,000 and their March 2010 Stress scores, according to The Associated Press Economic Stress Index:

1. Ford County, Kan., 4.07
2. Ellis County, Kan., 4.17
5. Finney County, Kan., 4.89
6. Riley County, Kan., 5.08

■ American Institute of Architects, *aia.org*, March 9, 2010. “Instead of playing the trade-up game, more homeowners are staying in their homes, upgrading kitchens and baths and building additions to accommodate their needs instead of moving into a bigger house, but there are also some early signs of an improving real-estate market, according to a new survey of architecture firms. More architects say they are seeing demand for and inquiries about home-remodeling projects, including kitchen and bath upgrades and home additions. And an increasing percentage of architects say business conditions in the first-time-buyer and affordable-home market also improved in the fourth quarter of 2009, compared with the fourth quarter.”

■ Francesca Levy, *forbes.com*, April 27, 2010. This article shows the 10 metro areas in the country that Local Market Monitor, in Cary, NC, predicts will decline in value the most over the next 12 months (see table below). These may surprise you.

10 metro areas predicted to have the greatest decline in value the most in the next 12 mos.

Rank	Metro Area	Rank	Metro Area
1	Atlantic City, NJ	6	Flagstaff, AZ
2	Provo, UT	7	Salt Lake City, UT
3	Portland, OR	8	Charleston, SC
4	Glens Falls, NY	9	Eugene, OR
5	Bellingham, WA	10	Salisbury, MD

■ Haya El Nasser, *USA Today*, May 7, 2010. This could be bad news for the apartment industry: The number of people living under one roof has increased. Some of the trends causing this are: (1) older Americans moving in with children, (2) high unemployment forcing more children and grandchildren to live with family, and (3) immigrants that culturally have more children and extended families living together.

■ Walter Molony, *realtor.org*, May 4, 2010. Pending home sales in March increased by over 5% and is 21% greater than March of 2009. The question will be with the end of the federal tax credits for purchasing a home, how will the market react.

■ *nrei.com*, May 4, 2010. “The delinquency rate for commercial mortgage-backed securities (CMBS) loans hit a record 8.02% in April, according to New York-based data firm Trepp LLC. A year earlier, the delinquency rate was 2.45%.”

Lingling Wei, *The Wall Street Journal*, May 5, 2010. Now, here is something that makes sense. With the volume of new construction down substantially, the United Brotherhood of Carpenters and Joiners has committed \$250 million to Related Cos., for new construction loans for office towers, shopping malls, hotels and other commercial properties.

■ Commerce Department, *The Wall Street Journal*, May 5, 2010. In a related story to the one above, construction spending was down over 12% in March as compared to a year ago.

■ A.D. Pruitt, *The Wall Street Journal*, May 5, 2010. “Executives with the National Association of Real Estate

Investment Trusts say they have new data that show investments in REIT's outperform private-equity firms." These executives are seeking to get pension fund investors and private equity money to invest in REIT's (Real Estate Investment Trusts).

■ Kris Hudson, *The Wall Street Journal*, May 8, 2009. A bankruptcy judge has ruled in favor of a recapitalization plan submitted by Brookfield Asset Management Inc. for the properties of General Growth Properties Inc., the country's second largest owner of mall properties. This in effect shuts out the Simon Property Group Inc., which is the largest owner of mall properties.

Editor's Note: I have been trying to closely follow this and am surprised by the judge. I would be further surprised if down the road in the near future that the Simon Group does not get control after all.

■ Anne Lloyd-Jones, *hotelresource.com*, April 2010. Great article titled "Comparative Capitalization Rate Study on Hotels and Motels" can be found at: <http://www.hotelnewsresource.com/pdf8/HVS05061002.pdf>

■ *Htrends.com*, May 2010. According to Hotel Trends, "the average U.S. hotel suffered a 35.4% decline in profits in 2009. This is the greatest annual fall-off in the bottom line since PKF-HR began tracking the industry in the 1930s."

■ Conor Dougherty, *The Wall Street Journal*, May 10, 2010. As a result of severe budget deficits, some state governments are cutting, delaying or reducing tax incentives for new businesses. Some of the examples are:

- New York: Deferring dozens of tax credits for three years
- Missouri : Reducing the amount of tax credits for restoration of historic properties
- Oregon: Reducing tax credits to certain renewable energy projects
- Iowa: Halts credits to filmmakers and reducing economic developing lures
- New Jersey: Recommending an

end to tax credits for film and television production

■ *CBS 60 Minutes*, May 9, 2010. Editor's Note: This was a very disturbing segment on people who are underwater on their homes, have the ability to pay their mortgage, but are simply walking away from the house and letting the banks take the loss. What is disturbing to me was the homeowner saw nothing wrong with it, and if it continues, the banks will become less solvent and the real estate market will continue to struggle. The segment is titled "Walking Away." Watch it online at <http://www.cbsnews.com/video/watch/?id=6470184n&tag=mncol;lst;3>

■ *Commercial Real Estate News*, April 29, 2010. "The average cap rate was 7.74% for all U.S. hotel transactions over the past 12 months, according to Real Capital Analytics and is 1.36 percentage points below the rate for all of 2009 and up just 27 basis points for all deals in 2008, the year hotel fundamentals began their nosedive. In comparison, average cap rate for office transactions during the past 12 months is 7.75%, down just 12 bp from 2009 and up 1.84 percentage points from its 2008 average. And the cap rate for industrial properties is 8.44% average for the past 12 months, essentially flat from 2009 and up 1.27 percentage points from 2008."

■ Vanessa Wong, *Bloomberg Business Week*, May 11, 2010. There seems to be a trend developing throughout the country: high-end residential properties have seemed to bottom out and sales are increasing, as well as values, because purchasers see big discounts. An example follows.

"In April, Texas billionaire Kelcy Warren bought a 3,500-acre trophy property, the Boot Jack Ranch near Pagosa Springs, Colo. The retreat has about 77,000 sq. ft. of living space, seven lakes, and miles of pastures. The sale, worth \$46.5 million, was the biggest U.S. residential transaction so far this year. What sweetened the deal was the discount: Warren, who made a fortune in the pipeline business, got the

property for 53 percent of the original asking price—\$88 million, which had already been reduced last year to \$68 million."

The National Association of Realtors reported that luxury homes were almost 8% higher in 2009.

■ Alex Kellogg, *The Wall Street Journal*, May 14, 2010. The reconfiguration of the city of Detroit is about to begin. For a long time, Detroit has had a glut of abandoned homes, and the economy has added more. Mayor Dave Bing promised to demolish 10,000 in his first term. His desire is to tear down the areas of abandoned homes and resize the city into a functional city again. They will soon start with 3,000 identified for demolition.

■ *Arkansas Democrat-Gazette*, May 18, 2010. The housing market index, conducted by the National Association of Home Builders, has reported a 3 point increase to the highest level since August 2007.

■ *Arkansas Democrat-Gazette*, May 18, 2010. Mortgage modification plans implemented by the federal government continue to falter. It was projected that over 1.2 million people would be helped when the program was started in March of 2009, but to date only 299,000 had been successful in modifying their loans.

■ **Editor's Note:** This is on target. "Until the foreclosure wave ebbs and the overhang of unsold existing homes abates the recovery in homebuilding will be subdued," Sal Guatieri, an economist with BMO Capital Markets.

■ **Editor's Note:** After almost 30 years in this business, I still am amazed at times. When the Chinese drywall problems started coming up and people were suing the companies in China, I thought "good luck." Then a judge in New Orleans ruled in the homeowners' favor, and I thought "good luck getting your money." Well, label me stupid! See the following CBS News story: http://www.cbsnews.com/8301-31727_162-20005167-10391695.html

REAL ESTATE NOTES, continued

■ *Daily Real Estate News*, May 19, 2010. According to the Mortgage Bankers Association, “The unadjusted purchase index decreased 27 percent compared with the previous week and was 24.1 percent lower than the same week a year ago. This is the lowest level of applications for home purchases observed in the survey since May 1997.” The ending of the federal tax credits for first time home buyers may already be showing in the market.

■ James Hagerty, *The Wall Street Journal*, May 19, 2010. I am not sure any of the experts know any more than the rest of us. MacroMarkets LLC surveyed 92 economists and other housing experts on what home prices will do by the end of 2014. The average was a projected 12% overall increase, but the opinions ranged from down 28% to up 37%.

■ Lingling Wei, *The Wall Street Journal*, May 19, 2010. Good news, bad news for commercial mortgages. The dollar amount of new loans was up 12% in the first quarter of this year, which may signal more monies available, but most property owners are keeping their properties versus selling in a down market.

■ Jonathan Cheng & Joyce Li, *The Wall Street Journal*, May 19, 2010. The next time someone complains about their land value, tell them this story. A residential tract in China sold for a record of \$233 million (American), which translates to \$8,700 per square foot.

■ *USA Today*, May 25, 2010. The city of Marquette, Kan., started offering free land six years ago if the new owner would build a home on it in a set time period. In the six years, there have been 30 homes built. The city is now offering a 20-acre tract in hopes of enticing a factory or several small businesses.

■ *Standardsandpoors.com*, May 25, 2010. The S&P/Case-Shiller Home Price Index was released today for the first quarter of this year, and the index

Single-Tenant Players		
RETAILER	2010 NEW U.S. STORE ROLLOUT	AVERAGE CAP RATE FOR RETAIL CATEGORY
Walgreens	250	7.5%
Dollar General	600	8.5 – 8.9%
7-Eleven	250	7.0 – 7.5%
McDonald's	150	7.5 – 8.0%

Source: Marcus & Millichap, CNNMoney.com

Some of the commercial investment market is back.

fell nationally by over 3%. The decrease has been tied to the expiring of the federal homebuyer credit.

■ Beth Mattson-Teig, *ciremagazine.com*, May 2010. Some of the commercial investment market is back. Primary interest is in the investment grade single-tenant retail properties such as CVS, Walgreen's, Burger King and McDonald's. (See table above.) To see the complete article, go to http://www.ciremagazine.com/article.php?article_id=1519

■ *Insurancejournal.com*, June 2, 2010. Florida Gov. Crist today signed legislation making properties affected by imported or domestic drywall eligible for an adjustment of their assessed value. The bill, HB 965, applies to the 2010 and subsequent assessment rolls and is repealed on July 1, 2017, unless reviewed and reenacted by the Legislature. If the building cannot be used without remediation to bring the property up to current building standards, then the property appraiser must assess the value of the building at \$0.

■ Juliet Chung and James Hagerty, *The Wall Street Journal*, May 28, 2010. It appears that the high-end home market is picking back up. CoreLogic reported that nationally homes in the \$2 to \$5 million range had a 32% increase in first-quarter sales.

■ Mike Spector and Lingling Wei, *The Wall Street Journal*, May 29, 2010. Centerbridge Partners LP won the bidding contest for the bankrupt Extended Stay hotel chain. The winning bid was just under \$4 billion. Although

that sounds like a large sum of money, the first mortgage was for \$4.1 billion and the second mortgage was for \$3.3 billion. The Federal Reserve inherited about \$744 million of the debt that they have already written off and still has an exposure of \$153 million that will not be collected.

■ Lingling Wei, *The Wall Street Journal*, May 26, 2010. These are indeed interesting times for commercial property. “Some real-estate funds, which raised billions of dollars hoping to pounce on bargain properties, are returning money to investors after finding slim pickings, as many banks avoid dumping property by extending and restructuring loans.”

■ James Hagerty and Nick Timiraos, *The Wall Street Journal*, June 5, 2010. As anticipated, the number of home sellers fell substantially after the federal income tax credit for home buyers ended. The decline in sales was greater than anticipated and is as much as 25% to 30%.

■ Nick Timiraos, *The Wall Street Journal*, June 7, 2010. Some good news on mortgage delinquencies: “Home mortgages insured by the Federal Housing Administration are falling into delinquency at a slower pace than they have in the past.”

■ A.D. Pruitt, *The Wall Street Journal*, June 9, 2010. Now, this is an interesting way to lower the inventory of condo units in Miami. The public housing agency of Miami is purchasing multiple vacant condo units in some developments for about a 20% discount and renting them for around \$550 to \$650

per month. Not sure this is a good investment for the city as they are generally paying around \$162,000 per unit.

■ The sky's the limit! A developer in Mumbai plans to construct a 117-story stack of private homes that will make it taller than the Empire State Building and the Willis (formerly Sears) Tower.

■ Sarah Nassauer, *The Wall Street Journal*, June 9, 2010. Thinking about where to take your next vacation? Well, the answer to that question may be the top suite in the Four Seasons Hotel in New York. The suite comes with a butler, use of a Rolls Royce and driver, solid rock crystal sinks and has great views of Manhattan. You might want to save up as the cost is \$35,000 night. Caviar is extra!

■ Carole Fleck, *AARP Bulletin*, June 2010. This article discusses the increase in the number of value protests and how property owners have realized that even though values can go down, tax rates often increase and their tax bills go up. See the table below for the five highest and lowest median real estate taxes.

■ Brian D. Frank, CCIM, GAA, *Commercial Real Estate News*, May/June 2010. For all you commercial appraisers out there, this article titled "Cap Rate Crazy" was interesting as were the responses. The article addresses the author's opinion of why discounted cash flow is superior to direct capitalization during the current economic climate. You can read the entire article at http://www.ciremagazine.com/article.php?article_id=1528.

Nick Timiraos, *The Wall Street Journal*, June 11, 2010. Congress is now considering an extension to the first-time

home buyers tax credit deadline. The bill stated the sale must close by June 30, and the discussed extended date would be September 30.

■ Nathan Becker, *The Wall Street Journal*, June 11, 2010. The 15-year mortgage rate fell to 4.17%, the lowest rate since Freddie Mac has been tracking rates since 1991.

■ The Chinese drywall situation continues to be a problem, particularly in Florida. For a good, short article on legislation see <http://www2.tbo.com/content/2010/jun/11/column-tainted-drywall-tax-relief-confounds-proper/>.

■ *The Wall Street Journal*, June 12, 2010. **Editor's Note:** I just do not understand things sometimes. Commercial real estate is really struggling, so I'm not sure more tax is the right approach. "A plan passed by the House and pending in the Senate would raise 'carried interest' taxes on the managers of many real-estate partnerships from the current capital gains tax rate of 15% to the top income tax rate, scheduled to hit 39.6% on January 1. Carried interest is the gain these managers receive if the assets held by the partnerships rise in value."

■ Allison Ross, *Palm Beach Post*, June 16, 2010. OOPS! In a June 2 article in this issue was the mention that Florida was going to give residential property a building value of \$0 if it contained Chinese drywall. Well, it appears the legislation was worded as single-family residential, and the Florida Department of Revenue has stated condos and townhomes are not eligible.

■ Paul Owens, *SunSentinel.com*, June 18, 2010. The Chinese drywall saga continues. "Fannie Mae and

Freddie Mac have new Chinese drywall policies that instruct lenders to give borrowers relief from mortgage payments. Fannie's plan calls for suspension of payments for up to six months, while borrowers with loans backed by Freddie can get payments stopped for up to one year. Fannie's policy goes into effect in July, while Freddie's already is in place. The government-run mortgage companies also will call for lenders to "minimize the derogatory credit impact" for homeowners who are current on their loans and complying with the terms of the forbearance. Fannie lenders will report to credit bureaus that borrowers complying with the terms of the forbearance are 'current but on a modified payment.' Borrowers delinquent when the forbearance is approved still will be reported as delinquent."

■ Alan Zibel, *Associated Press*, June 22, 2010. The National Association of Realtors has reported that home sales in May were 2.2% lower than the previous month. Some believe this is a sign that home prices will again fall, but this may just be fallout from the ending of the tax credit for new home buyers.

■ Daniel Beaird, *nreonline.com*, June 21, 2010. LoopNet has recently launched a property database comprising 5 million commercial properties across all major property types including retail, office, industrial and multifamily. The property database includes info about owners, property history, tenant rosters, and current and previous mortgages. The software also provides tax data, assessed value and lease information, as well as photos, asking price and rent trends. There will be no additional charge to users.

■ *Nreoline.com*, June 18, 2010. "The delinquency rate for loans held in commercial mortgage-backed securities (CMBS) reached the highest level since 1997, according to the report issued this week. Between the fourth quarter of 2009 and the first quarter of 2010, the delinquency rate of CMBS loans at least 30 days overdue rose 1.54 percentage points to 7.24%, according to the mortgage bankers."

5 Highest & Lowest Median Real Estate Taxes

Source: AARP Bulletin

Highest State	Taxes	Lowest State	Taxes
New Jersey	\$6,320	Louisiana	\$188
Connecticut	\$4,603	Alabama	\$383
New Hampshire	\$4,501	West Virginia	\$457
New York	\$3,622	Mississippi	\$468
Rhode Island	\$3,534	Arkansas	\$534