

APPRAISING THE PLAINS

A Publication of the Kansas County Appraisers Association

If you build it we will come

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President-elect Elysa Lovelady accepted the award on behalf of *Appraising the Plains*.

Kansas Recognized at IAAO Conference

Kansas appraisers brought home an armful of awards from this year's IAAO conference in Reno, Nev., including one for this publication, Appraising the Plains of Kansas. Congratulations to all of this year's award winners!

Read more about this year's IAAO conference, including the other award winners, beginning on page 9.

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Okay—It's My Turn

David Thornton
Mitchell & Neosho County Appraiser
KCAA President

Fall: Each year seems to go by a little faster. It is hard to believe it has almost been a year. We still have some open doors. We will always have open doors if we are attentive and look diligently for them.

Looking back over the past year, I would like to say that it was the best one we ever have had. But in reality, many times it seems like each year they get a little bit worse. I have not figured out why it seems this way, but I have a few ideas. We know more each year (despite what many will tell us).

We are exposed to the politics involved. It turns my stomach when I realize how much self interest and special interest influences the political decisions that affect our so-called fair and equitable taxation in the state of Kansas. I do not see much fair or equitable anymore! I do not know why this surprises me, as we are told that each one will seek to serve self first by natural tendency. We get discouraged or tired of the same old arguments (many of which we have absolutely no control over). We are dumbfounded by some of the new arguments that arise. Some of these come from within the courthouse, and we in our ignorance truly believe that individuals in these positions surely know better—only to find out that they really don't!!

My wife enlightened me after all these years yesterday. We were talk-

ing about a political candidate in our area, and I stated remembering him tell me that "any idiot would know that it was not worth that" and how I would be hard-pressed to vote for him! She stated that he was just acknowledging that I was not an idiot as I did not know that it was not worth that! What a lesson on perspective. I can now just smile and thank those who tell me that from this time forward. Who knows, maybe I ought to vote for him!

I think I will keep it short and end on that note. Let us each remember that everything we do as an individual is seen by ourselves through OUR perspective! Many times (and most of the time) there are other perspectives that are greatly different from our own! I am going to try to see things from another perspective. I want to SEE things from a higher perspective than my own. I want to HEAR things from an untainted perspective. I want to DO things with the proper attitude. I want to be what the LORD has called me to be, and I can only do this with His guidance and support. What I do He allows me to do. and I need to do it for HIM. It doesn't matter what others think. I am to please HIM. Not the world! This is my service to HIM.

I hope the rest of the year is a blessed one for you all. May we all keep, get, or find the right perspective.

FIND YOUR FOCUS! KEEP YOUR FOCUS!!!

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

KCAA Meeting at KAC



The Kansas Association of Counties will host its 33rd Annual Conference and Exhibition on November 16–18 at the Wichita Hyatt

Regency. This year's theme is "The Strength of Many Voices.

KCAA will hold its meeting at KAC beginning at 1 p.m. Monday, Nov. 18. (See agenda below.)

AGENDA

Kansas County Appraisers Association Meeting

Monday, November 18, 2008

1:00 p.m. • Financial Report

Treasurer's Report

Audit Report

· Committee Reports

1:30 p.m. Speaker

2:15 p.m. Break

2:30 p.m. Speaker

• Observations & Progress Reports on Orion

 Mark Beck, PVD Director

RMA Presentations

Installation of Officers

• 2009 Budget

· Legislative Report

Committee Appointments

· Committee Meetings

Board Meeting Highlights

■ KCAA Executive Board Meeting June 8, 2008, Topeka

Attendees: Mark Hixon, Gayla Godfrey, Bobby Miller, David Thornton, Elysa Lovelady, Dean Denning, Mark Niehaus, Truette McQueen, Jami Clark, Cindy Brenner.

The meeting was called to order by President Thornton. The previous meeting minutes were approved as written. The treasurer's report was given by Mark Niehaus, with funds of \$68,917.27, \$55,005.43 and \$10,779.06 in the three bank accounts. Cindy provided the wrong financial spreadsheet. She will bring the correct copy to the next board meeting.

Sec. 42 Housing: Gary Post would like KCAA to provide \$2,000 for an amicus brief. The board will continue to follow the progress of this issue. Gary Post and Stephanie O'Dell will keep in touch with Elysa Lovelady and/or David Thornton.

BOTA Exemption: An email was sent out to all counties asking how they handle the filing fee. Most counties do not take cash. Marg in Osage county indicated they tell applicants to send fee directly to BOTA.

2008 conference: Cindy reported there are 113 full registrations and 11

vendors participating. The agenda for the conference was reviewed.

Education: IAAO Course 102 and 201 are the next courses being offered by KCAA. The RMA Residential and Commercial reviews will also be offered this fall.

16-20M: Bobby indicated it was asked at a regional KCAA meeting if these would be going back on. Consider it a good time with the new VIPS system.

Oil & Gas: Low production oil was discussed. It was agreed that numbers/ figures are needed *prior* to January. Find out the statewide impact. David will contact John Reeder, chair of the Oil & Gas committee, so they can contact all the counties. It was suggested an email go out to all counties and then actively pursue those counties with the most production. David will let John know we would like information at the next board meeting (August). See "Low Production Oil Exemption Numbers" on next page.

NCRAAO: It was suggested that maybe the NCRAAO board members could be cut back from three down to one or two. Or only send one to the August board meeting and keep three for the annual meeting. Elysa suggested a budget for attending NCRAOO be given

to the board directly after the NCRAAO August board meeting. This would help in the budgeting for the next year.

The meeting was adjourned by President Thornton. The next meeting board meeting will be scheduled for mid-August.

Those Clever Property Owners

By Kevin Bradshaw, CAE, RMA

One of my appraisers just received this response to an Income and Expense questionnaire. I loved it so much that I just had to share it with you. To protect the innocent I will not provide the property name or taxpayer's identity. This has to be the classiest, best thought out and most amusing way I have ever been told to "get stuffed!" I have ever heard. And I have been at this for over 25 years.

Dear Sir.

I am reluctant to voluntarily give information that will most assuredly RAISE my taxes disproportionately. It will be a cold day in the underworld when it will be used to lower taxes. The Appraiser's Office may indeed have a legal obligation to determine the fairness of the taxes. It is, however, sadistic to expect us to help you inflict more taxes upon ourselves.

Ticked off by this request,

[Signature]

KREAB Renewal Changes

In case those of you who are state-certified appraisers were not aware, renewal changes from www.accesskansas.org/kreab are shown below. See the website for a table showing the annual renewals, their place in the continuing education cycle and the hours required. (Select "Board Changes Renewal Procedures.")

Board Changes Renewal Procedures

Beginning with the 2008 renewal, the Board is changing the reporting of continuing education. During the first of year of the education cycle (this is always an even year), renewal applications will not require that continuing education be logged. You will simply answer the standard renewal questions, sign the form and submit it with the renewal/national registry fee. During the second year of the education cycle (odd year), you will be required to log the 28 hours required, 7 of which must be in USPAP Update. The education cycles will still run from July 1 of each odd year to June 30 of the next odd year; however, there will be no requirement that you take a minimum of 14 hours per year....[Y]ou may take the any part or all of the 28 hours at any time during the cycle....

Low Production Oil Exemption Numbers

By Della Rowley, RMA

Mark Low, RMA, was contacted by KAC (Kansas Association of Counties) requesting some idea of what the total loss in revenue was to the counties that have low production oil. The counties were contacted and asked to supply both the appraised and the assessed totals for each individual county. A total of 59 counties responded with the final results of Appraised Value of \$762,376,564 and Assessed Value of \$202,391,860.

The results were reported to the KAC Executive Board on August 22, 2008 (the totals were different due to errors and some counties' data being added since that report was given) by Rodney Broberg, RMA, Saline County appraiser.

COUNTY	APPRAISED	ASSESSED	
BARBER	17,624,116	4,406,029	
BARTON	2,368,131	636,882	
BOURBON	38,744	10,266	
BUTLER	13,127,550	3,281,941	
CHAUTAUQUA	21,118,860	5,279,715	
COFFEY	10,289,600	2,953.73	
COMANCHE	4,077,964 1,037,62		
COWLEY	24,220,262	6,761,151	
CRAWFORD	62,031	17,131	
DICKINSON	1,889,675	472,418	
DOUGLAS	77,180	19,295	
EDWARDS	8,728,398	2,439,500	
ELK	4,614,268	1,153,567	
ELLIS	102,339,315	29,082,333	
FINNEY	9,173,603	2,553,703	
FORD	1,299,602	342,084	
GOVE	13,121,232	3,280,308	
GRAHAM	37,974,440	9,493,610	
GRANT	246,524	61,631	
GRAY	1,571,588	392,897	
GREELEY	24,784	6,196	
GREENWOOD	29,756,216	7,439,054	
HAMILTON	0	0	
HARVEY	9,355,948	2,693,877	
HASKELL	2,408,984	602,246	
JACKSON	17,263	4,315	
KEARNY	4,630,544	1,157,636	
KINGMAN	4,269,164	1,067,291	
KIOWA	13,990,148	3,902,808	
LANE	10,527,747	2,813,821	

COUNTY	APPRAISED	ASSESSED
LEAVENWORTH	3,244,470	929,924
LINN	3,547,277	1,093,079
MARION	6,476,576	1,793,749
MCPHERSON	15,111,482	3,777,870
MEAD	2,076,819	574,546
MIAMI	571,960	142,960
MONTGOMERY	1,670,612	417,653
MORTON	907,600	226,900
NEMAHA	69,240	17,310
NEOSHO	189,762	49,222
NESS	34,952,682	8,738,170
NORTON	583,252	145,813
PAWNEE	4,597,263	1,212,320
RENO	20,689,655	5,172,413
RICE	29,913,527	7,478,382
RILEY	7,788,764	1,947,191
ROOKS	70,013,932	19,956,801
RUSSELL	90,884,279	26,163,452
SCOTT	2,249,159	600,044
SEDGWICK	5,032,049	1,352,218
STAFFORD	39,730,772	9,932,693
STANTON	1,037,424	259,356
STEVENS	1,491,736	372,934
SUMNER	25,551,159	7,335,261
TREGO	4,005,384	1,001,346
WABAUNSEE	1,797,521	444,667
WILSON	15,329,996	3,832,499
WOODSON	23,918,331	7,010,800
TOTALS	762,376,564	202,391,860

Okay - We Have a Housing Bill

By Rick Stuart, CAE

Several months in the making, but President Bush has signed the longawaited housing act. So, now what do we have? The information below is a combination of many sources. Please let me know if I have misspoken on anything.

First time home buyers: This section has all the makings of a subprime type mortgage disaster. Most headlines simply read, "\$7,500 tax credit for first time home buyers." This is nothing but a loan and must be repaid. If the adjusted gross income is below \$75,000 for a single person or \$150,000 for a couple and the home is purchased between April 8, 2008, and July 1, 2009, a first-time buyer would be eligible for a \$7,500 tax credit or 10% of the purchase amount, whichever is less. A tax credit is a dollar for dollar tax savings or refund. However, they have to pay it back. But it is interest free!

Starting in the second year, the first-time buyer will pay back the loan over a 15-year period. If they sell before the 15-year period, then the balance is due and payable. Maybe this will allow some people to qualify for a loan that would not have otherwise and help sell some homes. The established cost for this part of the act over10 years: \$4.8 billion. What happens when someone stops paying the loan back? Does the federal government place a lien or tax lien on the property? What enforcement policies were set in place?

Money for refinancing: An estimated \$300 billion is available for an estimated 400,000 homeowners to avoid foreclosure. In order to qualify for this money, a homeowner must have a relatively high level of debt to income, use their homes as a primary residence and agree to share any profits from resale with the government. The new loans would be for up to 90% of the home's current value and can have a term up to 30 years. (Looks like the fee appraisers should like this!) In order to be eligible, borrowers must have

spent more than 31 percent of their monthly incomes on their mortgages as of March 1, 2008. The troubled loan must have originated no later than Jan. 1, 2008, and be on the borrower's primary residence. And the borrower's income must be verified

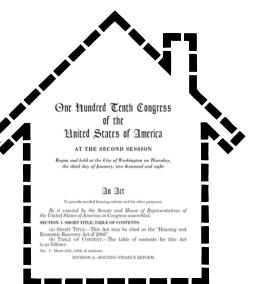
This section further requires the lending institutions to agree to the loan refinance. Lending institutions could keep the good loans and agree to the refinance, and the government would then be accepting the bad loans. Is there some type of recorded document that requires payment of the profitsharing before the title is passed? What is the formula for determining profit? If you sell during the next five years, you must agree to share 50 percent of any profits from the resale with the government. What's more, homeowners can only retain equity gains based on a sliding scale. The homeowner would have zero equity from a sale in the first year, with the amount rising 10 percent in each succeeding year and capping at 50 percent from a sale in year five and thereafter.

In states that already have a homestead exemption, the determination and tracking of the homestead is very difficult and time consuming. Some counties in Florida have homestead divisions to make sure this is not being violated and, of course, it is. Who is going to check that this is the primary residence?

More for Freddie and Fannie: The Treasury Department is authorized to increase its credit line for Freddie Mac and Fannie Mae and buy stakes in them if needed.

Higher loan limits: FHA loan limits are raised in high-cost areas from 95% to 115% of the area median home price, up to \$625,500. This also applies to reverse mortgages. Wasn't it loans like this that created part of the problems?

Buying foreclosed homes: There



is \$4 billion included to allow communities to buy foreclosed homes at a discount and rehab them and then sell to low- to moderate-income families. All profits will be used for neighborhood development. How is the money to be allocated to the communities? What is the definition of a discounted purchased price? Why would there be any profit, and if so, who is accounting for the funds?

Some oversight: A new independent regulator will be established for Fannie and Freddie to provide more oversight. I do not know what this position is responsible for doing. See "New Housing Regulator" on next page.

No form 1040, no problem: Homeowners who do not file a 1040 form for federal taxes (itemizing) will now be allowed to deduct up to \$500 for single or \$1,000 for a couple or their actual property taxes, whichever is smaller. Estimated cost of this over 10 years is \$1.5 billion.

Reverse mortgages: Fees for borrowers on reverse mortgages will be limited to 2% up to \$200,000 of a home's value plus 1% for the amount that exceeds \$200,000, with a maximum total of \$6,000.

Misc. stuff: I do not know what

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any of this is, but it adds up to some real money. All of the costs are over a projected 10-year period.

- Low-income housing tax credit: \$1 billion
- Housing mortgage bonds: \$1.8 billion
- Reforms to real estate investment trusts: \$359 million
- · Other: \$5.7 billion

By now you have probably grown tired of my cynicism. But there is hope. You can read the entire act at: http://www.rules.house.gov/110/

http://www.rules.house.gov/110/text/110_atostohto3221.pdf

If you decide to read the entire act, I would pack a lunch as it is 694 pages.

Sebelius Appoints Wohlford to COTA

KCA County Comment, excerpted with permission. Submitted by Della Rowley, RMA

Gov. Kathleen Sebelius has appointed Trevor Wohlford to the newly created chief hearing officer position on the Kansas Court of Tax Appeals. The law that transitions the Kansas Board of Tax Appeals into the new Kansas Court of Tax Appeals goes into effect today [July 1, 2008].

"Members of the Kansas Court of Tax Appeals work to resolve tax disputes in a fair and impartial way," Sebelius said. "Trevor has done a terrific job over the past four years in his service to this group and I'm confident his experience and skills will make him a strong addition to the court."

Wohlford, Lawrence, earned his bachelor's and master's degrees from the University of Kansas and a J.D. degree from the Denver College of Law.

Since 2004, Wohlford has served as the executive director and chief counsel to the Kansas State Board of Tax Appeals. Previously, he was an attorney at Hinkle Elkouri Law Firm, LLC and Foulston Siefkin, LLP.

New Housing Regulator

By Rick Stuart, CAE

As part of the housing act, more regulation or supervision was included for Freddie Mac and Fannie Mae. Both of those organizations are government-sponsored companies that invest in home mortgages by buying the mortgages and then packaging them as securities to sell to investors. They are chartered by Congress but owned by private-sector shareholders.

The key role the regulator position will play is cited from an article by James R. Hagerty and Damian Paletta in the July 25 issue of *The Wall Street Journal*.

- The regulator will have authority to raise capital requirements for Fannie and Freddie.
- The bill creates procedures for putting the companies into receivership if they become insolvent.
- The regulator will have new powers to restrict executive pay at the companies.
- •The maximum size of single-family-home mortgage loans that Fannie and Freddie can buy or participate in the highest-cost areas is set at \$625,500, effective Jan. 2, 2009. That is down from a temporary ceiling of \$729,750 set by Congress earlier this year but well above the prior cap of \$417,000.
- A slice of profits from the companies will go to a trust fund that is to finance housing for low-income people.

Perhaps the first item will be the most difficult. Currently the capital (cash-on-hand) requirements for the two groups are substantially less than for lending institutions. The regulator, James B. Lockhart, III, will have to walk a tightrope on what the right percentage is. If he requires too much capital, then it will further tighten up the mortgage market by having fewer funds available. If he requires too little capital, then a large amount of bad loans could result in a government bailout.

Follow up: Freddie Mac posted a second-quarter loss of \$821 million on August 6, three times what analysts expected. This was the fourth straight quarterly loss. Glad I do not have his regulator's job.

The Real Estate Crisis Hits Close to Home

By Rick Stuart, CAE

The real estate mortgage crisis has closed a bank in Topeka. My wife called me one night in July and said our bank had made a series of bad loans on some Florida projects and was on the FDIC concerned list. Well, in August the FDIC took over the bank, and the next day it opened under a different name. I would anticipate this will not be the last Kansas bank before the mortgage mess is all done. There are several ironies for me with all this change.

- 1. When we came to Topeka over 20 years ago, we chose this bank because of the long-time family ownership and their somewhat conservative and stodgy philosophy of practice loans and banking. Apparently, the current generation in the family was not as conservative.
- 2. The bank that took over is the same banking entity that my parents used in Missouri and where I held my first accounts and loans.
- 3. A positive note for me was that all accounts are insured up to \$100,000. But on a negative note, I did not have to worry about it!

So, what is a Fannie Mae or a Freddie Mac, and should we care?

By Gary Post, Lyon County Appraiser

A Wall Street Journal opinion piece from July 8, 2002, "A Housing Bubble?" has hung on Lyon County Appraiser's office bulletin board all this time. It is now yellow and brittle. The message is coming through loud and clear with a 65% to 75% drop in the stock price for Fannie Mae and Freddie Mac in just the past eight months. The following few paragraphs are a quote from that six-year-old Review & Outlook:

But the most troublesome sign is that credit standards are falling in an effort to keep people buying. An early sign of any bubble is when lenders start to use ploys they wouldn't dream of indulging in normal times. For example, mortgage lenders are now offering interest-only loans for up to 15 years before principle repayment starts, and they are permitting higher and higher loan-to-value contracts.

There is no doubt that some of this high energy lending has been made possible by innovations in housing finance. Chief among them is the securitization of mortgages: Lenders who originate mortgage loans can spread their risk by selling loans to institutions, private banks and those government-sponsored institutions known as Fannie Mae and Freddie Mac, who, in turn, pool them and sell them to investors.

But securitization has also created dangers. The loan originators, who have incentive to value houses at the maximum possible, know that they are going to lay off the risk. So they tend to choose appraisers who are known to assess value on the, um, high side. And, as these columns have noted, Fannie and Freddie are themselves worthy of greater scrutiny, as they grow at rapid rates and in the process concentrate ever more of the nation's

housing risk into two large, taxpayer supported entitles (we won't call them "savings and loans").



Remember, the above was written in midyear, 2002.

So, just what is a Fannie Mae or a Freddie Mac?

Fannie Mae's real name is the Federal National Mortgage Association created in the depths of the Great Depression in 1938, a part of President Franklin Roosevelt's New Deal. The government established Fannie Mae in order to make federal money available to local banks for home mortgages. At first it did operate like a national savings and loan by expanding mortgage funds to all towns and cities across the country, under any conditions, to assist in lowering the cost of buying a home.

Fannie Mae had a lock on the secondary mortgage market for 30 years. During the "Guns vs. Butter" years, Washington was trying to figure out how to pay for the Vietnam War. In 1968, President Lyndon Johnson privatized Fannie Mae so those dollars would no longer be included in the national debt. Fannie Mae became a government sponsored enterprise (GSE). As noted in the WSJ opinion piece above, a GSE is privately owned and operated by shareholders; they are protected and supported by the federal government. Those protections included a line of credit through the U.S. Treasury, and Fannie Mae was exempt from state and local income taxes and exempt from Securities and Exchange Commission (SEC) oversight.

In 1970, Congress chartered a second GSE, the Federal Home Mort-gage Corporation, nicknamed Freddie Mac, to keep Fannie Mae from having a monopoly on the market. Freddie Mac (FRE, stock symbol, Fortune 500)

enjoys all the same benefits and protections that Fannie Mae (FNM, stock symbol, Fortune 500) has. These two GSE's are the dominant players when it comes to making finances available for U.S. home loans. They either guarantee or own nearly \$5.2 trillion (yes, that's trillion with a "T") of outstanding home loans, one-half of all housing mortgages made in America.

The two companies each had a \$2.25 billion credit limit. Changes proposed in July 2008 would give an unlimited line of credit as well as the authority for the Treasury Department to buy stock in either or both companies if their capital was judged to be inadequate. These changes would sunset after 18 months. CNN Money.com headline in late July estimates the cost of the rescue at \$25 billion, with a 50% chance the money won't be needed. Every newspaper, financial website, television news story, and radio all were reporting these proposed changes with screaming headlines.

Seward County Commissioner, Shannon Frances, president of the Kansas Association of Counties, developer and former mortgage broker, was of the opinion that "the underwriting guidelines for mortgages that could be sold on the secondary market were too loose, and that educating borrowers isn't going to solve the problem. They already have lots of disclosures to read."

The legislation calls for guidelines to be developed by the Department of Housing and Urban Development (HUD) as well as two large GSE's to help beleaguered home owners in danger of foreclosure. It should be noted, there is a stipulation in the new bill that defaulting homeowners who get helped out must return all or a significant portion of any profit they make on their home sale back to the federal government. There are also provisions for state and local governmental units

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Fannie Mae, continued

(read cities and counties) to deal with the already foreclosed properties.

The Realtors Nation website highlighted some of these changes that apply to Fannie Mae and Freddie Mac. They are summarized below.

- GSE Reform: There will be stronger regulation and loan limits to 115% local market with a \$625,500 cap.
- Homebuyer Tax Credit: A \$7500 tax credit that would be would be available for a qualified purchase between April 9, 2008 and June 30, 2009. The credit (really an interest free loan) is repayable over 15 years.
- GSE Stabilization: The Treasury Department is authorized to make loans to and buy stock from the GSEs to make sure that Freddie Mac and Fannie Mae could not fail.

That 2002 opinion piece quoted above was saying the Safety Canary in the mine had stopped singing and was swaying noticeably on his perch, but not enough people were paying attention before the canary died. And now the taxpayers may get the shaft.



Local Bank Officials Say Mortgage Crisis Won't Be Disaster for Hays

By Mike Corn, *Hays Daily News* (mcorn@dailynews.net) Reprinted with permission. Submitted by Lisa Ree, RMA

Kansas banks, for the most part, will be able to stand on the sidelines and watch as the housing and mortgage crisis sails by. Kansas won't slip by totally unscathed, but the problems will not be to the degree being witnessed elsewhere in the country.

"We're doing just fine," said Chuck Stones, president of the Kansas Bankers Association. "Banks in Kansas are in very good shape. Banks are in very good position to weather this storm in the financial market right now." Ron Wente agrees the Sunflower state's financial industry is in good shape overall. Wente is president of Golden Belt Bank in Havs and chairman of the board of the Federal Home Loan Bank in Topeka, one of 12 such banks in the nation. "Will we be totally buffered from it?" Wente said of what is happening in the housing market. "No. Will it be a disaster for us? No."

While there are pockets in the nation that are struggling, Wente said Kansas is not one of them. Specifically, he pointed to Florida, Arizona, Nevada and California, where housing prices have collapsed along with the mortgage market. Those four states have had to contend with what has been called flippers - home buyers who turn around and sell the house at a profit in just a few short months. But that has been driven by population and resulting high demand, fueled in part by mortgage brokers quick to make loans, often without adequate documentation or ensuring borrowers had the ability to repay a loan.

The crisis did not come about because homeowners in the late '90s either refinanced or upgraded to a larger home. "Really, a lot of that was good," Wente said. Many people, he said, went from a 30-year loan to a 15-year loan, and are now two-thirds of the way through the life of the loan and have a lot of equity capital built up. Others were able to upgrade to a larger house.

That was good as well, Wente said, unless they got into a house they were unable to afford. That is contributing to the problems in the housing market. To be sure, the slump in the housing markets elsewhere has affected Kansas. "We're in a down housing market right now and probably will be for a while," Wente said. "That's nationwide."

The Kansas economy is buffered, he said, pointing to oil and farming, both of which have had huge price increases in the commodities they produce. "We've diversified in Kansas, particularly in Hays," he said. There are pockets of problems in Kansas, he said, but those are mainly in bigger cities.

Wente also thinks Kansas is in better shape because when borrowers refinanced or moved into bigger homes, lenders did a better job underwriting loans to "make sure that people could afford it and not put people in a position where they couldn't."

How much effect the nationwide housing slump might have on Hays and Kansas will depend on "how long and how bad it gets," he said. Yet another buffer for Hays, Wente said, is that only a small number of houses are on the market, sitting empty. "For example, if there were 100 homes vacant, that could have an effect," Wente said. "For those houses to move, they're going to have to come down in value. And if they come down in value, they're going to bring others down as well."

As for bank closings, Wente hates to speculate. "Could there be some?" he asked. "Yes. But they will open right back up." Stones simply doubts Kansas banks will be closed as a result of the housing and mortgage meltdown. "I don't anticipate Kansas having any bank failures as a result of these current conditions," he said. "I don't know of any impending failures because of what people are reading about in the newspapers and seeing on the nightly news."

It's a Wrap: The 2008 IAAO Annual Conference

IAAO hosted its 74th Annual International Conference last month at the Grand Sierra Resort in Reno, Nev. Kansas appraisers were well-represented at this year's event, returning with impressive awards and stories. Here are the highlights.

First Time at IAAO Annual Conference

By Greg McHenry, RMA, Riley County Appraiser

For several years, I had entertained the hope and desire to attend an IAAO Annual Conference. This year hope became reality for me as I was able to attend the 2008 IAAO Conference in Reno, Nev.

After checking in at our conference headquarters, the Grand Sierra Resort & Casino, I decided to attend the orientation meeting for first-time attendees. There I met folks from all across the country, and around the world, who were experiencing their first IAAO Conference. We had the opportunity to network with each other and were given some insight as to what the conference would entail. The information shared at the meeting was beneficial, and it was nice to get to know a few people who were also experiencing the conference for their first time.

Sunday evening's Welcome Reception provided a time of relaxation and memories as we dined in the midst of the National Automobile Museum. I enjoyed seeing the classic cars, especially some of the "muscle cars" from my younger years. Monday morning's breakfast speaker reminded us that we each have a "compass for life" to follow.

The educational workshops provided Monday–Wednesday were very good and covered a wide range of topics to choose from. It was neat to see people from so many different jurisdictions discussing similar problems and issues: appraisal techniques, budget problems, legislative issues, personnel issues, etc. It was both comforting and reassuring to see that all appraisers/ assessors face these same issues, no matter where they're from.

Tuesday evening's Kansas Night

included a great time of fun and relaxation. We were treated to good food and drink, along with fun and games led by "Cowboy Rick" Stuart. The western themed event included best/worst dressed contests, which brought out "the good, the bad, and the ugly" among us ③. We also had the opportunity to compete in Kansas trivia and do competing college cheers, which I'm certain was highlighted by myself and Rod Broberg doing our "somewhat synchronized" version of the KSU Wildcat cheer.

Wednesday's closing banquet provided an opportunity to recognize and celebrate the contributions of many IAAO members. As I watched the evening's events, I realized the scope of IAAO's contributions to our profession here and around the world. Although I've probably taken it for granted, IAAO is a great group of committed professionals.

I definitely benefited from attending this year's conference, and I hope to attend next year's conference in Louisville, Kentucky. If you haven't attended an IAAO conference, I highly recommend putting Louisville on your calendar. You won't be disappointed.

2008 IAAO Conference

Rod Broberg, RMA, Saline County Appraiser

This year I attended the 2008 IAAO Conference as I have for the past 13 or so years. I expected this year's conference to be pretty much the same as it has been for the past several years. I expected to attend conference functions, educational sessions, see old friends, and perhaps see some of the local points of interest. I also expected, and it came to pass, that Editor Rick would ask me to write a short article about a session I attended. I knew that he also asked the same thing of

other Kansas attendees. In order to avoid duplicating a report on a session that someone else may be writing about, I am going to tell you of another experience that is also an important part of conference attendance.

I want you to meet my new friend, Tony Matheson. I met Tony at the opening reception at the Harrah's Auto Museum. The auto museum function fulfilled one of my expectations in providing access to a point of local interest along with the standard rubber chicken hors d'oeuvres. I was reading a placard about one of the cars on display when the fellow standing next to me made a comment about the car. This led to further discussion as we proceeded from one car to the next. When I first realized that he was talking to me, I was only getting about half of what he was saying as he had a really funny accent.

As it turned out, Tony was one of six persons attending the conference from Australia. We walked and talked for more than an hour that night and managed to exchange quite a bit of information about cars, ourselves and our jobs. I managed to run into Tony on several other occasions in and around the conference, and we ended up talking about a multitude of subjects over the several days of the event.

Mr. Matheson is a partner in the firm of Matheson Smith Valuation and Property Consultants. His firm does contract work for various jurisdictions in and around Melbourne, Australia. They also do fee appraisals and consulting in the private sector. During our time together, we shared information about valuation and assessment processes in our respective jurisdictions. One of the very interesting things that I learned is that they develop land, improvement, and total market values in ways very similar to ours, but different taxing jurisdictions derive revenue by

continued on next page

taxing different components of the value. In other words, cities derive tax revenue based on the total value, their equivalent of states tax, only the land portion of the value regardless of whether it is improved or not.

It is not my intent in this article to tell you specifically what I learned from Tony but rather to make the point that I was exposed to a fascinating person and learned some surprising things about property taxes in another part of the world. It is likely that our paths will never cross again, but my life has been enriched by our chance meeting, and I hope that Tony feels that he gained something valuable also.

IAAO Executive Board Candidates

By Marion Johnson, CAE, Nominating Committee Chair

The ballot for the 2009 IAAO election has been set by the nominating committee. The election period this year will be from November 1 through November 30. Following is a list of the candidates that will be on the ballot:

President-elect: Bill Carroll, Texas Vice-president: Bruce Woodzell, Va.

Region #1 – Two-year term: Tom May, AAS, Minn.

Doug Warr, AAS, Okla.

Region #1 – Three-year term: Sackey Kweku, Mo. John Lindsay, Calgary, Canada

Region #2 – Two-year term: Jim Michaud, CAE, New Hampshire Mike Stone, AAS, III.

Region #2 – Three-year term:

Tom Frey, NY Marty Marshall, Mich. Virginia Whipple, AAS, Ind. Scott Winter, RES, Wis.

Region #3 – Two-year term: John Zimpel, Ark.

Region #3 – Three-year term: Pete Rodda, CAE, North Carolina

KANSAS NIGHT: ROOTIN' TOOTIN' GOOD TIME

Good food, good friends and lots of cowboy style made for a "rootin' tootin' good time" at this year's Kansas Night at Reno's Silver Peak Restaurant & Brewery.



Dean Denning and his wife Arlene enjoyed the good eats. Why did Dean get a gold star and everyone else had a silver star?



Paul Welcome (right) finds time to nap while visiting with Bill Carroll, Texas (left) and Alan Bronte, Ireland (center). Yes, that is Ireland as in the country. This is Alan's second consecutive Kansas Night visit.



Kathy Wagner won the best dressed western attire. Admiring her outfit were Gary Snyder (left) and Wade Patterson (right) from Okla...





Bruce Wright and his wife, Lisa, show off their best outfits. Sorry Bruce, but I think you need a larger gun to control those Dickinson County property owners. Nice hat, though.



Have you seen this man? He is wanted for questioning. If you know his whereabouts, contact Officer Dangle at Reno 911. Fortunately for Rick, he won the ugliest cowboy shirt contest. "Wanted photo" and caption courtesy of Rod Broberg, RMA, and Doug Warr, Okla.

Getting into the fun from top: Kathy Wagner, RMA, Teresa Hattemer, RES, RMA, (both of Jefferson County), Ronnie Tidwell (Sedgwick County). Beside and across from Ronnie are Ralph DiFebo, CAE, RES and Mike Stone, ASA both of Cook County (Chicago).

More pics from Reno...



Other Kansas Night attendees (left to right): Monica Schmidt, Oklahoma, Jerry Ratzlaff and Kevin Ternes, North Dakota.



Oklahoma "Wanna Be" Sheriff, Wade Patterson, tried to get a free drink ticket from host Kim Lauffer, RES, RMA.



"Bad" Bob Lehn from TY Pickett strikes his best cowboy pose.

Kansas Rocks at Conference

It was a very good year for Kansas and IAAO Awards at conference.

Zangerle Award

This award was named in honor of the IAAO's third president, John A. Zangerle, and is presented to outstanding periodical publications of an assessor's association, an IAAO chapter, or other similar organization. *Appraising the Plains* was a winner again this year. Our publication also won in 2007, 2005, 2002 and 2001. This year we won as a magazine instead of a newsletter. Maybe the publication

has become so large that it now looks more like a magazine. Whatever they want to call us is fine, just so we win! Thanks to all those who contribute to our publication. Elysa Lovelady, KCAA President Elect accepted the award for the association (see photo on p.1).



Paul Welcome

Clifford B. Allen–Most Valuable Member Award

This award is named after the 35th president of the IAAO and is presented to the IAAO member who

has, over a period of years, made a significant contribution to the IAAO through participation in its activities, and who made an outstanding contribution to the realization of the mission of the IAAO. This year's winner is Paul



(L-R) Award winners Larry Clark and Rick Stuart with former IAAO president Fred Chmura. *Photo courtesy of Chris Bennett, IAAO.*

Welcome, CAE, ASA, RMA, Johnson County appraiser.

Verne W. Pottorff–Professional Designee of the Year

This award was named in honor of the late Verne W. Pottorff, CAE, former Executive Board member, and is presented to the IAAO Professional Designee who has most effectively promoted the interests and mission of the IAAO Professional Designation Program. Contributions may have been in the area of enrolling, advising, and encouraging candidates, developing programs to assist candidates, and in other ways promoting the goals of the program. This year's winner is Larry Clark, CAE. Larry was formerly with Johnson County and is now the director of Professional Development for IAAO.

Instructor of the Year Award

This award recognizes instructors who have gone beyond the basic text-book instruction and who have motivated students to learn professional skills that will positively influence their own careers. It is awarded to an instructor who has made significant contributions toward the educational program and who has demonstrated involvement with the association at state, regional, and national levels. This year's winner is Rick Stuart, CAE.

Thanks to Our Sponsors

This year we tried something different at Kansas Night, and that was sponsorships to help hold down the cost and generally create more fun. Thanks to this year's generous sponsors: Apex, Manatron: InfiniTec division, and TEAM Consulting. A special thanks to TY Pickett for a double sponsorship. A total of 58 attended this year from 12 states and the country of Ireland. I am sure all the participants will tell you that if in Reno, go to the Silver Peak Restaurant and Brewery for some good food. Hopefully, we will see everyone again next year. Thanks, again, from Kim and Rick.

The Kansas Connection

By Sackey Kweku, Jackson County Assessor's Office, Kansas City, Mo.

I've always known they were a fun bunch, but I never knew after all these years away from the fine state of Kansas—where it all started—that I would be coming back "home" to the Sunflower State.

My (by-chance) professional career as an appraiser started in Johnson County in 1986 under the late Prather Brown. What a fine human he was—but I'll leave that write-up for another day. Talk about computers! There were none. Everything was with pencil meeting paper. From sketching to final valuation, everything was done manually.

It was in Kansas that I heard the acronym CAMA. With Kansas CAMA, came the "tricks" of modeling. With all the difficult terminology I was learning, coupled with the responsibilities of data collection, my Kansas Connection was just beginning to germinate. I found IAAO via my Kansas Connection, and I have been a member for a long time. It was at KCIAAO (my local chapter) that the seed of public service and servitude to IAAO was planted into this bald head of mine.

I have witnessed the service of others that were a part of the Kansas Connection before me — too many to mention, but a few deserve credit: George Donatello, Paul Welcome, Marion Johnson, Pete D, Rick S., Mark H., Elysa L., Kim L., Gene B., Gary P., Stan M., and Larry C. There are others, but space precludes me from crediting all. They continue to serve IAAO honorably.

Fast forward. A few months ago, KCIAAO, with major assistance from KCAA, the metropolitan area of Kansas City was awarded the 2012 IAAO convention. There was no better place to celebrate this exciting event than with my Kansas Connection friends at the annual Kansas Party held in Reno during the IAAO Convention. What a great bunch of friends to share and exchange ideas with. Memories of the beginning crawled through my mind. And yes, I have come full circle to the Sunflower State.



Rick Stuart, CAE (right) presents the first ever JZ Awards to Marion Johnson, CAE (left) and John Zimpel from Arkansas. It would appear winning this award has some great benefits. Marion is the current Past President of IAAO and John is running unopposed for the IAAO Executive Board. Therefore, if you want to be elected to the IAAO Executive Board, just become qualified for the JZ Award!

JZ Award

Dear Friends, I wish to add an award to the fine list of awards presented by IAAO. This would be the JZ Award...not to be confused with jeezee underwear! Until recently this would have been just the 'J' Award, but now due to another feat of mind-numbing concentration, Mr. John Zimpel has joined the ranks of the few! Therefore, the "JZ" Award.

This award would be presented to all who have achieved the Highest Level of Overhead Presentations! The ability to write on the screen while concentrating on the lesson at hand only exemplifies that the mind may be somewhere, but the hand can be in somewhere else!

As I believe I am the only human on this planet, dead or alive, who has witnessed this accomplishment twice, I now consider myself an expert on identifying to whom this award should be presented. They should be awarded a certificate of accomplishment, a dozen donuts, and a \$1 scholarship to the Marion Johnson Seminar: "Is Wet Paint Worth More than Dry Paint."

I do believe, though, that this cannot be just limited to an award. At this point, I believe it probably will also be added to the American Medical Association's Encyclopedia of Medical Terms. Perhaps as a phobia: "JZ Phobia — An instructor's fear that they will mark or draw on a projection screen. "Please feel free to add any statements that will help define these Great Men of the Appraisal Industry!

Yours Truly, William (Bill) G. Hendrix

Editor's Note: As Marion is the Immediate Past President of IAAO and John is an unopposed candidate for the IAAO Executive Board, it would appear that marking on an overhead screen is a direct path to the IAAO Executive Board.

Pitfalls in Industrial Valuation: Report on Education Session

By Gary Post, 25-year IAAO Member, Lyon County Appraiser

The 74th IAAO Annual Conference held this year in Reno, Nev., followed the same layout or tracks as the past few years. They included Personal Development, Technology, Tax Policy, Special Topics, Valuation IAAO Spotlight, and Emerging Issues. A session which caught my eye early Monday afternoon, Sept. 10, 2008, was in the valuation track. John Lifflander, Covenant Consultants, Inc., was the presenter for "Pitfalls in Industrial Valuation."

Almost the first words out of this instructor and published author of many articles and books were that "this was a humbling business." This is from the guy who two days later would win the 2008 IAAO Donahoe Essay Award for his 2007 Fair & Equitable Magazine article, "The Rise and Fall of Real Estate."

John spoke on several areas of fundamental industrial valuation based on his extensive experience as an administrative law judge for the Oregon Department of Revenue as well as his expertise with large industrial corporations such as paper mills and semiconductor companies. He urged the audience to not just check their work, but to triple-check their math and Excel formulas, making sure the "Common Sense" factor is on and working.

He used case studies illustrating market value vs. book value and blue sky vs. land and building values. Other ways of valuing he spoke of were IRS accounting values vs. local ad valorem values. He made a comment about trending values—any clerk can do that; why then would one want or need an appraiser. Mr. Lifflander certainly has a presence in the session; the years as an administrative judge are evident, while at the same time he was open to questions. Good session.

Other education events I enjoyed were the Tuesday morning breakfast with its "Spotlight on Professional Development." Congratulations to Rick Stuart on being chosen the IAAO Instructor of the Year.

A new event the past two years has been the Wednesday morning Plenary Sessions. This year was especially timely with Peter F. Korpacz, MAI, FRICS, talking on the CRISIS in the U.S. Real Estate Markets! I and many others thought this session was *extraordinary!!* Chair George Donatello, CMS and the Conference Content Committee—we need and want more of this kind of session. Thank you very much. Good conference.

Last but not least, the week started off on a high note with spouse, Beverly, winning \$300 while I was checking-in.



New Members:

William Benson, IV, Wyandotte County Charles T. Bolton, Pictometry Melissa Demler, Lyon County

10 year Member:

Claire Chase, Sprint, Overland Park

15 year Member:

Jeanie Gee-Fraser, Kearny County Della Rowley, Sumner County

25 year Member:

Gary Post, Lyon County

35 year Member:

Michael Goodwin, CAE, Michael Goodwin & Associates, Topeka

Thanks to all for your participation in IAAO!

Kansas City and KCIAAO to Host IAAO Convention in 2012

By Curtis Koons, KCIAAO President and Sackey Kweku, KCIAAO Past-President

At the IAAO Executive Board meeting in Asheville, North Carolina, (April 25th and 26th 2008), the Board voted unanimously to award the 2012 International Convention to Kansas City. The international convention is usually attended by over 1,200 assessment professionals from all over the world.

The Kansas City Regional Chapter (and its associates) has promised to raise \$100,000 before the conference. So far, close to \$30,000 is at hand—with a \$10,000 commitment from the Kansas County Appraiser's Association (KCAA) and \$20,000 from KCIAAO. The jurisdictional areas of the Chapter encompass the western counties of the state of Missouri and the immediate eastern counties in the state of Kansas.

The Chapter shares this great milestone with the leadership of the Kansas County Appraisers Association—David Thornton, KCAA president; Elysa Lovelady, KCAA president-elect; Mark Hixon, KCAA vice president; and Paul Welcome, KCAA Northeast regional president—but especially with your members, for the kind generosity and commitment in helping Missouri and Kansas land this convention.

Again, we share this news with KCAA. For without your help, our efforts would have been fruitless. We look forward to our shared commitment in making the 2012 IAAO convention to be held in Kansas City a very joyful and memorable one.

"The Chapter shares this great milestone with the leadership of the Kansas County Appraisers Association—David Thornton, KCAA president...but especially with your members...."

Math Tutorial Guides

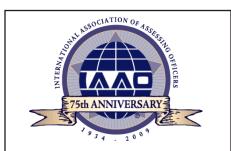
By Tracy Miller, Barton County

I recently had the opportunity to attend several IAAO classes. Each presented their own set of problems and challenges. During my second class I was introduced to a math tutorial guide tailored to the class I was taking. The guide began with a refresher course in math. Some basic concepts and memory tips were explained. The skills shown were essential as the class built on the basics into more complex formulas. As the guide progresses, problems were broken down into everyday examples, showing that the concepts are not so foreign after all. Many of the appraisal methods are translated into familiar situations we can all relate to.

Throughout the guide there are numerous problems to solve. Each has an example that shows the steps needed to find the solution. Then practice problems are presented, and answers are provided so you can check your progress. Several versions containing different information are shown to help clarify the formulas and how it can be manipulated to fit several scenarios.

Located at the back of the guide is a listing of formulas used during the course. I found this list helpful when studying for the final exam. Having the formulas located in one area was also useful when working examples and problems presented in class.

After experiencing one course without using the math tutorial guide and two with, I would recommend taking advantage of the tutorial. Contact your Kansas county appraiser and request a copy of the math tutorial guide for your next IAAO class.



IAAO celebrates its 75th anniversary in 2009. Learn more about IAAO at www.iaao.org.

LeRoy Burk Resigns

Taylor News Service, July 29, 2008. Reprinted with permission.

A key position in the Labette County courthouse is vacant following the resignation of County Appraiser LeRoy Burk, effective July 31.

Burk handed commissioners Lonie Addis and Brian Kinzie his letter of resignation at Monday's county commission meeting. It was accepted without discussion. Burk handed a detailed letter to a member of the press before he left the commission room. In the letter he said he was retiring "due to constructive termination." That reason was not in the letter he gave commissioners. Several conflicts between the appraiser and the commissioners were cited in the letter, mostly in regard to the scope of his duties and his pay.

Burk served the county as appraiser for 11 years. He accepted the position in July of 1997. This position is appointed for a term of four years and the salary is fixed by the state. The county appraiser's office is operated under guidelines provided by the Property Valuation Department in Topeka; however the appraiser is still an appointment employee of the commission.

Burk gave no indication of his future career plans.

TO: LABETTE COUNTY COMMISSIONERS, MARK BECK-DIRECTOR-KANSAS DEPARTMENT OF REVENUE, DIVISION OF PROPERTY VALUATION

FROM: LEROY BURK (G-838) - LABETTE COUNTY APPRAISER

DATE: JULY 28, 2008

RE: RESIGNATION AND RETIREMENT

Effective July 31, 2008, I am resigning and retiring as Labette County Appraiser due to Constructive Termination.

It has been my pleasure to serve the taxpayers of Labette County for the past eleven years.

I want to thank each employee in the Appraiser's office for their dedication, commitment, hard work, loyalty, and support throughout my employment at Labette County.

LeRoy Burk (G-838) Labette County Appraiser



Editor's Note: *Black's Law Dictionary* defines constructive termination or discharge as:

"A termination of employment brought about by making the employee's working conditions so intolerable that the employee feels compelled to leave".

LeRoy Burk was appointed Montgomery County appraiser on September 8, 2008, to complete the term.

Other Appraiser Changes

By Lisa Ree, RMA and Rick Stuart, CAE

Bruce Webb, CAE

Bruce retired from Jewell and Osborne counties in August. Bruce has indicated that he may do some contract work or serve as a contracted county appraiser.

Tom Brown

Also known as "Jackson Brown," Tom resigned in September from Brown and Jackson counties. Tom has discussed doing some fee work and maybe contract work with some counties, but first he will be working to win his election as Jackson County commissioner.



Tom Brown (r) and Pat Aller share a laugh.

Marvin Clements

Marvin had previously retired as an appraiser with KDOT and says he is totally retiring now with his September retirement from Reno County. Of course, Marvin was the winner of the Bad Penny Returning Award when he again became a county employee at Reno County...so we will see. Lori Reedy, RMA has been appointed as the interim appraiser.

On a sad note, after attending Tom Brown's retirement party in Holton on September 24, Marvin had a car turn in front of him on his motorcycle in Oskaloosa. Fortunately, it occurred in front of the ambulance barn. Marvin was life-flighted to KU Medical Center in Kansas City.



Marvin Clements (I) visits with Jack Baines, Wyandotte County. Lurking in the background is another retired appraiser, Tom Brown.

Marg Archer

From the Osage Herald Chronicle, by Wayne White, managing editor. Reprinted with permission.

County appraiser resigns

After nine years on the job, Osage County Appraiser Marg Archer is ready to start a new chapter in her life. Archer announced her resignation Monday to the Osage County Commission. Her last day on the job will be Sept. 26.

Archer said Tuesday her decision was prompted in part by the birth of her grandchild. "I have become a grandmother and am going to take care of my grandchild," she said. In addition to being a grandparent, Archer said she and her husband will be starting an appraisal business, Archer Appraisals, based in Topeka. "I am going to perform fee appraisal for financial institutions and be a contractor for counties," she said.

Archer has served as Osage County's appraiser since September 1999. A resident of Topeka, she has commuted to Osage County the entire time. As with any county appraiser, her tenure has had its share of conflicts, some of which ended with the state board of tax appeals. For the most part, though, Archer said she has loved her job in Osage County. "It has been a wonderful community of taxpayers," she said. "I have thoroughly enjoyed it here. It has been a wonderful place to be a county appraiser and I'm going to miss it terribly."

"It's a great job, it's the most interesting job there could be."

-Marg Archer

"I have very mixed emotions about leaving," she said, "but I've always wanted to start my own business." She said she has previous experience as a fee appraiser and also served as appraisal contractor before she came to work in Osage County. Archer said she recommended to commissioners that deputy appraiser Stacy Berry, who has worked in the office for over eight years, be hired to replace her. "She will make an excellent county appraiser," Archer said. "The only problem would be to replace her (as deputy appraiser.)"

Archer said commissioners are scheduled to discuss her recommendation and the vacant position next Monday. "If they don't hire someone fairly quickly, the state of Kansas will step in and take charge of the office," she said. Presently, there are nine employees in the Osage County Appraiser's office, including Archer. She said staff members knew she was planning to leave the position once her grandchild was born. "They've been anxiously waiting...my staff's going to miss me," she said. I'm going to miss them, it's going to be difficult. We are like a family here, we may have disagreements, but we are like a family. She said she is leaving the office in capable hands. "I have trained my staff," she said. "They are ready to step up to the plate."

Archer said her resignation is not a retirement. "Sometime, I'll be back in mass appraisal," she said. About county appraisers, Archer said, "We don't go away, you can never get rid of us." "It's a great job, it's the most interesting job there could be," she said. But working in Osage County made it better for her, she said. "Osage County is a great county," Archer said. "I truly thank the taxpayers of Osage County who truly made this a great place to work.

continued on next page

Other Appraiser continued



Berry accepts Osage Co. Position

Stacy Berry, RMA

Stacy Berry, RMA, became the Osage County appraiser effective September 29 by the recommendation and vot-

Stacy Berry

ing of the Osage County Commissioners. Stacy has worked in the office for the last eight years as deputy appraiser and office manager.

Stacy has over 22 years of appraisal experience, including 14 years at Shawnee County. She has held the RMA designation since 1998. Her experience as both commercial and residential appraiser and work with Personal Property and clerical staff has produced a diversified skill set to continue her System and Personnel management under the new ORION Valuation System.

"I am fortunate to have a knowledgeable and dedicated staff, who has shared in this office's past accomplishments," noted Berry, including producing values for the 2008 tax year through the implementation of ORION. I have enjoyed working in the Osage County Appraiser's Office over the last eight years and appreciate the opportunity afforded me to continue my career in this community."

There is a position open for an appraiser on her staff if there are any interested parties.

Randy Sangster

Cheyenne County: Randy Sangster resigned as Cheyenne County appraiser Aug. 18, 2008. He had been the appraiser for 15 years. At the end of August, the two part-time office employees also resigned, leaving the office non-staffed.

To date, the county has hired two full-time employees, with the hopes that one of the new hires being interested in starting the process to acquire the RMA designation. Currently, Shirley Soellner, PVD, field staff, is assisting the county two days a week with Melanie Rowlison, PVD as acting county appraiser.

Adult Care Facilities

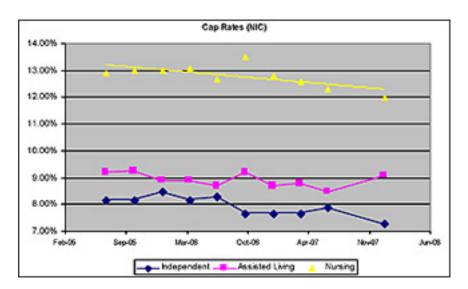
By Kevin Bradshaw, CAE, RMA, Wyandotte County

Any of you that have any experience trying to value adult care facilities know how frustrating it can be trying to support your capitalization rates. Well, help is now just a click away.

The website for the National Investment Center for Senior Housing and Care Industry (www.nic.org) publishes cap rate, occupancy rate, and loan volume and performance data pertaining to the adult care industry on a quarterly basis. Go to the website and under the Research and Data heading, you should find "Key Financial Indicators."

What makes it especially nice is that these rates are broken down by Nursing Home, Assisted and Independent Living.

Below is a graph showing cap rate trends that I compiled with data just from this website.



For Inquiring Minds

By Michael Borchard, CAE, RMA

According to Wikipedia, a "Cama" is a hybrid between a camel and a llama, produced via artificial insemination by a breeder in Dubai attempting to create a animal with the size and strength of the camel, but the more cooperative temperament of the llama.

The Dromedary camel is six times the weight of a llama; hence, artificial insemination was required to impregnate the llama female (mating of llama male to Dromedary female has proven unsuccessful). Though born even smaller than a llama calf, the Cama had the short ears and long tail of a camel, no hump and llama-like cloven hooves rather than the dromedary-like pads.

At four years old, the Cama became sexually mature and interested in Ilama and guanaco females. This first Cama has been a disappointment behaviorally, displaying an extremely poor temperament. A second Cama (female) has since been produced using artificial insemination.

Despite approximately two-three million years of evolutionary separation, both Old World and New World camelids have by chance maintained the same number of chromosomes, 74, making this extraordinary cross-breeding between not only distinct species, but distinct families, much easier and more likely to produce fertile offspring.

Editor's note: And all this time you thought "Cama" had something to do with appraisal systems.

Impact of SemGroup's Bankruptcy on Kansas

SemGroup, LP, an oil marketing company based in Tulsa, Okla., filed for Chapter 11 bankruptcy protection on July 19. The following stories from *The Wichita Eagle*, submitted by Lisa Ree, RMA, explore the impact of SemGroup's bankruptcy on the Kansas oil industry.

SemGroup's bankruptcy felt across the state

By Dan Voorhis and Bill Wilson, *The Wichita Eagle*. Reprinted with permission.

The bankruptcy of Tulsa oil transporter SemGroup in late July ripped a \$140 million hole in Kansas' oil industry, affecting a chain of producers, middlemen, oil service companies and investors. "Everybody in the Kansas oil patch is affected in some way," said Debbie Hill, of husband-and-wife oil services firm Dyna-Log in El Dorado. SemGroup was one of the biggest buyers of oil in Kansas, buying from hundreds of producers big and small, either directly or through middlemen.

The company was supposed to pay its suppliers July 20 for oil it had picked up over the previous month. Instead it filed bankruptcy in Delaware, where it was chartered, with an estimated \$2.5 billion owed to creditors. Now scores of producers are missing payment for oil sold to SemGroup between June 1 and July 20. The Kansas Independent Oil and Gas Association estimate that SemGroup owes \$140 million to its Kansas suppliers. That figure doesn't include the multiplier typically used in estimating the economic impact on a community. A multiplier accounts for the ripple of those dollars to the second, third and more times a dollar generated by an oil well is spent.

Although the impact in rural central and western Kansas where oil has a big presence might hurt, the impact on the state's \$98 billion-a-year economy is likely to be muted, said one expert. "In the aggregate that's a huge amount of money, but in the overall economy, it's not enough to really notice," said John Wong, an economist at Wichita State University.

Broad, not deep: For those in the oil business, the damage, of course, will be more painful. SemGroup and its subsidiaries had about 20 percent

of the Kansas oil market, said David Dayvault of Abercrombie Energies in Wichita, president of KIOGA. The \$140 million estimate is based on 50 days of disrupted production and a daily state output of 100,000 barrels. But while the damage is expected to be widespread, it won't be deep enough to drive those in the oil industry into bankruptcy except. perhaps, in a few cases, say oil executives and owners. Most have had or will soon have cash flow problems. There wasn't any cash coming for almost two months to pay bills. But they say the price of oil has been so high this year. averaging in the neighborhood of \$100 per barrel, that oil companies have piled up enough cash or oil to manage the interruption of cash. Or they may be able to exist on credit for a few weeks until the money starts coming in again.

Industry experts agree that some of the biggest losers are the little guys: from the elderly farmer who relies on monthly royalty checks to the small middleman who has no money from the 50 days worth of oil he transferred to SemGroup to pay his suppliers.

"The problem, as I see it, is the multiple levels where this deal affects people," said Wichita attorney Martin Bauer of Martin Pringle, who represents 23 oil producers.

"You've got people on fixed incomes dependent on that money to live. You've got people who invested very heavily in some of these entities, and they're the lowest repayment priority."

Hill, the owner of Dyna-Log, said she expects their business to be off 10 percent because her biggest customer is owed millions of dollars and has decided to hold off on drilling new wells for the rest of the year. Bauer said producers will survive the crisis. "We'll go on. We'll focus on doing everything we can to get back what we haven't been paid for the last seven weeks, but we'll just get production sold to someone else."

Even the state of Kansas is a loser, through lost severance tax from the lost

production. Freida Warfield, a spokesman for Kansas Revenue Secretary Joan Wagnon, said the state is prohibited by confidentiality regulations from discussing individual accounts. And to date, the state hasn't filed a severance tax claim in the bankruptcy.

The biggest hit: The middleman facing the biggest hit in Kansas is Chuck Touchstone of Pratt, president of Central Kansas Crude. Touchstone's problem is cash: SemGroup hasn't paid him for oil he sold them, oil he bought from mom-and-pop interest owners across the region. The amount is a moving target, but it's around \$22 million. Touchstone and his attorney, Ed Nazar, are working on a financial plan to revitalize the business and repay royalty holders. Touchstone could not be reached for comment.

It remains business as usual at one SemGroup refinery client, McPherson-based NCRA, said Hope VonBorkenhagen, the company's human resources director—despite a \$54 million claim against the bankruptcy. "We just acquired more oil from a new source," she said. "It shouldn't have much adverse effect at all." What the bankruptcy of SemGroup and its subsidiaries, including SemCrude, have done is put a damper on a time of unprecedented prosperity and excitement in the oil patch, Dayvault said.

"The SemCrude situation has thrown a wet blanket over that to a large extent," he said.

SemGroup woes have ripple effect

By Phyllis Jacobs Griekspoor and Bill Wilson, *The Wichita Eagle*. Reprinted with permission.

Small businesses and independent oil producers in Kansas, Oklahoma and Texas find themselves caught in the ripples from the spreading SemGroup

continued on next page

SemGroup, continued

LP bankruptcy. SemGroup buys, sells, stores and transports crude oil and crude oil products. The Tulsa-based company, the 12th-largest privately held company in the United States, filed for Chapter 11 bankruptcy reorganization on July 22. Numerous Wichita-area and Kansas companies are on the 900-page list of creditors that SemGroup filed with U.S. Bankruptcy Court in Delaware. Company officials said it owes at least \$2.52 billion just to its lenders. "I think the greatest fear out there is that this is not an anomaly; that it might be the first of more to come," said Ed Cross, executive vice president of the Kansas Independent Oil and Gas Association. "It's certainly causing some concern out there."

Oil patch hit hard: Jon Callen, president of Edmiston Oil in Wichita, said nobody knows yet how deep the ripples will run, but the effect on Kansas oil producers and the companies that did business with SemGroup is profound. Many producers have yet to be paid for oil that was sold to SemGroup in June and July. More fear they won't be paid going forward. Without revenue from oil sales, they can't continue exploration, drill new wells or buy more supplies.

The bankruptcy court has released \$50 million for SemGroup to pay past-due bills and continue purchasing oil. But it owes more than \$1 billion to its creditors, many of them small, independent oil operators. Darrel Herl, who operates wells in Ellis County, is one of them. Herl said he has seen activity around him halt as people try to figure out how to deal with the bankruptcy of the second-largest purchaser of crude oil in Kansas.

"I never thought in a million years a big company like that would go under right in the middle of a boom," he said. "It just came out of the blue."

At L.D. Drilling in Great Bend, Rochelle Patten said it makes her angry that SemGroup officials were irresponsible with the hard-earned money of producers.

"My boss is 78 years old, and he's

"I never thought in a million years a big company like that would go under right in the middle of a boom.... It just came out of the blue."

out working the wells today in this heat," she said. She said it's also painful to have to tell landowners that they won't be getting a royalty check. "All we can do is go on with life," she said. "But this hurts. It really hurts."

Producers who routinely sell their oil to SemGroup are facing a decision: Do they continue to sell their product to SemGroup and risk not getting paid or do they look for another buyer? Timely collection of oil is critical to producers who pump to stock tanks, many of which are located in remote areas with limited service from buyers. In some locations, SemGroup has been the only buyer serving the area.

"When your tank is full, you have to either have a buyer pick it up or you have to stop pumping," Cross said. "Most of our Kansas producers are small operators. Even a day or two of being shut in is money they can't afford to lose."

Cash flow problems for operators trickle down to service companies as exploration and new drilling slows. And it hits landowners as the royalty checks stop coming in. If producers are down for any length of time, they also lose employees. And workers are hard to replace. "If you lay them off, they're gone," Cross said. "There's a huge shortage of workers in the oil industry." If you're a little guy who has worked hard the last three years to build up infrastructure, you could lose it all."

Other businesses hurt: Businesses who sold other products to SemGroup or did work for the company also have not been paid. Dan Sellers of Sellers Equipment works out of the Wichita firm's Salina office. He said the company—a distributor of heavy con-

struction, industrial and material handling equipment—is trying to determine how much SemGroup and its affiliates owe for past equipment purchases. A couple of smaller Wichita-area businesses were surprised to learn of the bankruptcy.

"Shoot, I thought I'd already been paid," said James Miller, a partner in ACM Removal in Wichita, an asbestos removal company. He is among the creditors listed in the bankruptcy filing.

Miller said the firm removed asbestos from SemMaterials' Halstead asphalt plant a couple of years ago.

Eldon Estes, who manages the Midwest Superstore Ford and Toyota dealership in Hutchinson, said a quick check showed the dealership's Oklahoma oil accounts, including SemGroup, appear to be paid up. But the sheer number of SemGroup affiliates gave him pause. "We've done some service work, though, for some of those kinds of folks as they come through," he said. "Engines, transmissions, pretty substantial work."

SemGroup field workers spent about \$2,000 a month on fuel at a site operated by Murphy Oil in El Dorado, office manager Ja Parson said. And a SemGroup affiliate owes Adams Electric in Pratt \$300, office manager Carry Farris said. Some of the other Wichita-area creditors listed include Koch Industries-where SemGroup co-founder Tom Kivisto once served as vice president of the northern region for Koch Oil-APAC Kansas Shears division in Hutchinson and MKEC Engineering in Wichita. Officials at all three companies either declined comment or did not return calls seeking comment.

"All we can do is go on with life.... "But this hurts."

Biomass' Acres Vital to Project

Company asks farmers to contract land for turning crop waste into ethanol

By Amy Bickel, The Hutchinson News, abickel@hutchnews.com Reprinted with permission.

HUGOTON – For eight months, Tom Robb searched America for the perfect spot for the nation's first cellulosic ethanol plant. He toured the cornfields of Iowa, the landscape of Indiana and several other states with the idea of turning crop waste to energy. Then he came to Kansas, to the southwest town of Hugoton in Stevens County, population 5,000. It's here his search stopped—it's here Abengoa Bioenergy will build a multimillion-dollar plant that will boost this town's economy.

Company officials announced their plans a year ago: Robb, who is manager of co-product development for Abengoa, announced the company's latest plans at a series of meetings over the past two weeks—this time aimed at educating farmers and getting them to contract their land with the company. Robb said he liked Hugoton because of its diversified crop rotations, the water availability and the semiarid landscape. "It was perfect," Robb said.

A boon for Hugoton: The landscape of Stevens County is one dotted by cornfields and irrigation pivots, by grain elevators, gas wells and cattle feedlots. For years, this was the makeup of Hugoton's economy, said Doug Martin, who runs a local trucking firm and is on the county's economic development board. Yet the water table is declining. The cattle-feeding industry development peaked in the 1970s. And while the county added a new dairy a few years ago, it was the last big investment to future growth in a time when young folks are leaving the rural landscape.

Then enters Spanish energy producer Abengoa: "It seemed like we have gone quite a long time without any type of development," Martin said. Now we are at the forefront of a project this size, being on the start of something new. That is always exciting."

It also means jobs. The employ-

Once operational, the plant would employ at least 100 with a payroll of \$5.5 million, officials have stated. "It's an ambitious project, but it is on its way to coming to fruition"....

ment boost starts with the influx of 500 workers during the two-year construction phase to begin next spring, Robb said. They will construct the hybrid plant, which will produce 88 million gallons of ethanol and 12 million gallons of cellulosic ethanol a year.

Once operational, the plant would employ at least 100 with a payroll of \$5.5 million, officials have stated. "It's an ambitious project, but it is on its way to coming to fruition," Robb said. Investing in cellulosic fuels Americans consume about 12.4 million barrels a day of imported oil, meaning \$566 billion a year leaves the nation. "We need to keep more (dollars) home," Robb said, adding that Abengoa plans to help curb those numbers through its big investment in the town of Hugoton.

Abengoa has spent more than \$60 million in two pilot plants—one in York, Neb., the other in Spain. To date, the company has invested more than \$20 million in the design and planning of the Kansas plant. Company officials previously estimated the Hugoton project costing at least \$300 million. They also have said they will invest more than \$500 million in the next five years in cellulosic biofuels. Construction will be buoyed by a \$76.8 million grant from the U.S. Department of Energy, Robb said.

Last year, Gov. Kathleen Sebelius set a goal of 10 percent of Kansas' electricity coming from renewable sources by 2010 and 20 percent by 2020. President Bush's ethanol mandate calls for 15 billion gallons of the fuel by 2015. The nation is already nearing that amount. Now sights are set on Abengoa, which is embarking on somewhat new territory. About 170 plants churn out corn-based ethanol. Only a few,

however, produce it from crop residue. Biomass makes up anything from crop residues and wood waste to the corn and milo stubble. Robb said two companies are using government grants to research turning wood chips to energy. However, no one has developed anything to date, he said.

Besides the normal grain commodities, the Kansas plant will take switchgrass and former Conservation Reserve Program grasses, as well as irrigated wheat and corn stubble, and milo stubble.

"There are some good things going on down here in western Kansas," Martin said, noting that his trucking company could profit from the spin-off business. "There's the trucking, the parts and repairs, the rental, even your hospitals, all of this could expand."

Farmers needed: Robb had several meetings in an effort to recruit farmers. Much of the operation will be grain ethanol product, with the plant producing 88 million gallons of grain ethanol a year. However, Robb said, he needs to secure about 490,000 tons of biomass a year to produce about 12 million gallons of cellulosic ethanol. The plant would receive product from a 50-mile radius.

About 75 percent of biomass procurement will be irrigated corn stover.

Robb listed a few of the things the company would do:

- Harvest and remove the biomass at no charge.
- Give back nutrients taken from the land at no charge, both in the form continued on next page

of an application and a nitrogen rebate

- Give those who sign up now a \$1-an-acre signing bonus. The company also would provide an annual biomass reservation payment of 50 cents an acre.
- There also would be a payment per ton of biomass provided.

Top those incentives off with a biomass program in the new farm bill that pays farmers and companies to produce the crop. Called the Biomass Crop Assistance Program, the initiative calls for a \$1.01 tax credit for biomass-derived ethanol. The bill also would appropriate money to loan to biomass refineries.

According to 25 X 25-a group aimed at having 25 percent of America's energy produced by renewable efforts by the year 2025—farmers could get up to 75 percent of the cost back for establishing biomass acreage. Farmers also could receive annual payments in amounts determined by the government in subsequent years to help compensate for so-called "lost-opportunity" costs until the dedicated energy crops are established and purchased from the bio-refinery. The program also provides for cost-share payments for the harvest, storage and transport of biomass crops to match the biomass sale price, up to \$45 per dry ton.

Farmers seemed to be interested in the idea: "I'm always interested in extra income," said Theron Walker, who farms in Seward County near Kismet. "It could be a second income on the same crop." Terry Lofland, who farms near Liberal, said while the idea seems interesting, it's a decision she'd have to mull for a while. She was interested in using the program on CRP acreage that will come out of the program over the next few years. "We all came here today to learn a little more about it," she said. "It's something we'll think about for a while. Farmers don't make decisions on the spot."

Just Another Day

If there is any group of people that see the wild, wacky and funny, it is us. Keep submitting these types of items with a brief narrative.

Appraise This!

Jacklyn Powell from the Arkansas State Banking Commission in Little Rock, AR was wondering how this would appraise? Is it a mansion, hotel or condos?



Dispute between neighbors (This is a true story.) Submitted by Larry Clark, CAE, IAAO Director of Professional Development

A city councilman in Utah, Mark Easton, had a beautiful view of the east mountains, until a new neighbor purchased the lot below his house and built a new home. The new home was 18 inches higher than the ordinances would allow, so Mark Easton, mad about his lost view, went to the city to make sure they enforced the lower roof line ordinance. The new neighbor had to drop the roof line, at great expense.

Recently, Mark Easton called the city and informed them that his new neighbor had installed some vents on the side of his home. Mark didn't like the look of these vents and asked the city to investigate. When they went to Mark's home to see the vent view, this is what they found.



Larry wondered if functional obsolescence for the subject was now present and external obsolescence was created for neighboring properties.



- John Murphy, *The Wall Street Journal*, July 2, 2008. Did anyone know that Toyota also builds prefabricated housing? It makes up a very small amount of Toyota's overall business but is expected to expand in Japan. Because of earthquakes, the typical wood frame home is demolished around 30 years and built new. With more pressure from the government to make homes stronger and safer, Toyota anticipates an increase in their home sales. The 1,000-square foot two-story model sells for \$200,000 and the custom built 2,000 square foot home is \$800,000.
- Jennifer S. Forsyth, *The Wall Street Journal*, July 2, 2008. There is increasing concern that banks are now going to be hammered with delinquent new-construction commercial loans, just as some have been with residential loans. The biggest problem is in the condo development market. A bright spot is that the rate of delinquency for commercial loans for non-construction (traditional loans) is at historic lows.
- Kris Hudson, *The Wall Street Journal*, July 2, 2008. REIT's (Real Estate Investment Trusts) have fallen like the stock market but not as much overall. Most of the fall off is a concern about the tightening of the credit market. Changes in the second quarter of this year, by property type, are shown in Table 1 below.
- James Prichard, Associated Press, July 1, 2008. This is scary! A 73-year-old

Table 2.

Metro Area	Change	Metro Area	Change
Boston	- 6.1%	Miami	- 16.0%
Chicago	- 11.5%	New York	- 8.6%
Denver	- 1.4%	San Diego	- 18.7%
Las Vegas	- 3.5%	San Francisco	- 18.4%
Los Angeles	- 20.0%	Washington	+ 2.6%

man sold his house that he purchased in 2005. With the large decline in real estate values in the area of Michigan where the owner resides, the home sold for less, and the owner felt the original realtor took advantage of him. Police say the murder was premeditated as the homeowner had the realtor look at some papers and then shot him when the realtor was distracted.

- Pallavi Gogoi, BusinessWeek.com, July 2, 2008. Traders on the Chicago Mercantile Exchange are betting on housing futures continuing to go down for 10 large markets. What's behind the numbers? We start with the S&P/Case-Shiller index of current home prices. This index was developed by professors Robert Shiller and Karl Case in conjunction with Standard & Poor's, which, like BusinessWeek, is part of The McGraw-Hill Companies (MHP). The index for each market is based on the change in price for homes that have sold at least twice. See Table 2 above.
- Kris Hudson & Nick Timiraos, *The Wall Street Journal*, July 7, 2008. Va-

cancy rates in retail centers is starting to rise caused by the weakening economy. Enclosed malls saw an increase from 5.9% in the first quarter to 6.3% in the second quarter. Open-air retail areas witnessed a change from 7.7% to 8.2% during the same time periods.

Melinda Fulmer, MSN Real Estate, July 7, 2008. Submitted by Rick Batchellor, RMA, CKA, Kingman County. The annual survey of the most livable-bargain markets shows Wichita as the number one choice.

1. Wichita, Kan.	·
Population	592,126
Affordability Index	2.7
Unemployment	3.3%
Median home price (Q1 2008)	\$131,210
Cost of living index	76.8
Commute time (mins.)	21.2
Home appreciation*	4.4%
Median household income	\$47,878
*Price appreciation from Q1 2008	2007 to Q1

Wichita is one of the most affordable places in the study and has some of the best numbers for employment and job growth, thanks to a boom in agriculture and ethanol.

Houses are appreciating in value, even in today's tough economy. And

Table 1.

Туре	Change	Туре	Change
Office	+ 0.3%	Self-Storage	- 6.9%
Apartments	- 6.1%	Strip Centers	-10.3%
Industrial	- 6.7%	Hotels	- 14.9%

REAL ESTATE NOTES, continued

commute times are blessedly short. The downtown area is being revitalized with new restaurants, shopping centers and parks. Arts and entertainment facilities are stronger than one might expect for a city this size, and the community feel is strong. And there's a new convention center along the Arkansas River.

Cons: It's fairly isolated, with Tulsa and Kansas City each nearly 200 miles away. The flat landscape lacks breathtaking natural scenery. Its climate can swing to extremes, with hot, humid summers, short periods of extreme cold in winter and a lot of rain in between.

Editor's Note: This headline will shock you! "Property Taxes Irk Homeowners."

- Arden Dale, *The Wall Street Journal*, July 9, 2008. More and more homeowners are appealing their taxes as home values have generally decreased throughout the country. This is especially true where values are not updated on an annual basis. Some of the general comments such as values are down all over the country. The Florida market, for example, may be different than your market areas.
- Associated Press, July 10, 2008. Nationwide, 252,363 homes received at least one foreclosure-related notice in June, up 53 percent from the same month last year, but down 3 percent from May, RealtyTrac Inc. said. One in every 501 U.S. households received a foreclosure filing last month. In Nevada, one in every 122 households received a foreclosure-related notice last month, more than four times the national rate.
- CNNMoney.com, July 10, 2008. Rates on 30-year mortgages rose again this week, climbing to the highest level in more than nine months, reflecting more concerns about how the Federal Reserve will respond to higher inflation pressures.
- Alex Frangos, *The Wall Street Journal*, July 10, 2008. Another real estate landmark goes foreign. An Abu Dhabi

sovereign-wealth fund has purchased a 90% stake in the Chrysler Building in New York City. The 90% stake was purchased for about \$890 million dollars or \$742 per square foot. Total square footage of the office building is around 1.2 million.

- Mark Gongloff, *The Wall Street Journal*, July 10, 2008. Marriott International reports that fewer people are traveling and that occupancy rates are declining. In addition, there is an increase of new hotel rooms in the industry of 4.6%.
- Cnnmoney.com, July 14, 2008. Submitted by Lisa Ree, RMA, Ellis County. Annually, Money Magazine selects the 10 best places to live in the United States. The selection criteria includes: plentiful jobs, excellent schools, scenic beauty and houses that won't suck away your last dime. Congratulations to Overland Park!



Courtesy City of Overland Park

No. 9: Overland Park, Kan. Population: 166,700 Miles from Kansas City: 10 Typical single-family home: \$275,000

Job growth since 2000: 16.8% **Pros:** Reasonably priced housing,

great job market

Con: Sometimes feels a little too planned

Overland Park's flat terrain and grid layout don't provide much drama, but for its residents, reasonable housing prices, good jobs and proximity to Kansas City, Mo., are excitement enough. "I've had a lot of opportunities to move," says Chris Price, 46, a manager at an engineering consulting firm, "but the quality of life has always kept us here." The city (where Sprint Nextel

employs 12,000 people) recently began building a dozen soccer fields to host national tournaments—good news for local businesses. There are six major medical centers here too, and schools are among the best in the nation. Happily, development hasn't paved over the green space: The Arboretum and Botanical Gardens covers 300 lush acres, for example.

- Zack O'Malley Greenburg, Forbes. com, July 3, 2008. Submitted by Lisa Ree, RMA, Ellis County. A double shot for Johnson County. The Forbes ranking showed Johnson County as the third best place to raise a family in America. Judging factors include: quality of education, length of commute for employment, low-cost living and reasonably priced homes.
- Katharine Lackey, *USA Today*, July 15, 2008. Waste not, want not! This could have been the title for this article. In parts of California old vacant shipping containers are being converted into homes. These are 8 x 40 containers and are stacked and crossed to make homes. The containers can be purchased for \$2,000 to \$3,000 each, cost 20% less to build than traditional homes and finish out 40% faster. There are approximately 75 homes using these containers nationwide.
- Pat Curry, Builder.com, July 15, 2008. Gas cards have become a hot incentive for businesses to draw potential customers. Now some home builders and realtors are using them. One builder is offering a \$50 gas card for anyone viewing a home, another is offering a \$5,000 gas card for a home purchase and another is offering \$100 of gas per week for 100 consecutive weeks to help make the commute more affordable. **Editor's Note:** I am looking forward to gas cards for going to golf courses.
- Associated Press, July 16, 2008. Revenues from residential real estate sold at live auction grew about 5 percent last year and are up almost 47 percent since 2003, according to the National Auctioneers Association.

which held its annual conference last week in Nashville.

- Jillian Mincer, The Wall Street Journal, July 16, 2008. Some homeowners that are facing foreclosure are selling their homes to family members at less than they paid for the property and then leasing it back from them. It gets the homeowner out from under the loan, the loan company does not have to go through the foreclosure process, and hopefully the purchaser will hold the property until the market improves. Depending upon the location within the United States, the rent may be less, equal to, or even greater than the house payments. Family members should be aware that their tenant may find it easier to not pay them than a lending institution.
- Amy Merrick, The Wall Street Journal, July 15, 2008. Mortgage insurance requirements are back. Mortgage insurance, required for buyers who are unable to make a full down payment or who have insufficient credit histories, reimburses lenders in the event of a borrower default. In the last several vears, individuals could take out a home loan for 80% of the purchase price and then a second "piggy-back loan" for the down payment and avoid the mortgage insurance. This is just one more example that lending practices are reverting back to more historical applications.
- Angela Pruitt, *The Wall Street Journal*, July 11, 2008. Marriott International reported a 24% decrease in second-quarter net income and has cut forecasts for this year. PKF Hospitality Research states that the expected 10% cut in airline seats flown could translate into a 3.9% decline in hotel rooms occupied.
- n Christina S.N. Lewis, *The Wall Street Journal*, July 11, 2008. In New York City, foreign buyers now make up about 15% of the market with Russians the largest contingent. They are also buying in other countries. In one neighborhood in London, they have purchased so many homes it is now re-

ferred to as Moscow on the Thames.

- Amy Hoak, *The Wall Street Journal*, July 15, 2008. Okay, it really is a buyers market. Reality programs such as TLC's "Date My House" and HGTV's "Sleep On It" are spillover into the market. Some potential buyers are requesting a sleepover so they can test-drive what the house will be like of a night.
- Kris Hudson. The Wall Street Journal, July 16, 2008. How much has the market value of shopping centers gone down? Centro Properties Group from Australia has sold 29 U.S. shopping center properties for \$714 million. According to outside sources, this represents a 10% discount from their latest book value. Pricing is off, easily by more than 10% said Bernard Haddigan, managing director of the national retail group for brokerage Marcus & Millichap Real Estate Investment Services. This is also supported by Jim Sullivan, an analyst with Green Street Advisors, who said the 10% discount to book value matches the price declines his company has tracked in sales of strip center properties.
- Kris Hudson, *The Wall Street Journal*, July 17, 2008. What has been the hottest retail trend this decade has now started to come to a screaming halt. These are retail development centers called "lifestyle centers" or "open-air shopping venues." Last year there were 37 centers totaling 12 million square feet built.
- Sara Lin, *The Wall Street Journal*, July 18, 2008. Two developers in the Seattle area have been building smaller homes so people can downsize. They have built and sold about four dozen, and other developers across the country are looking at the houses. Here is the kicker: They are around 800–1,500 square feet. Recent sales of 1,000-square foot homes are at \$599,950.
- Reuters, July 22, 2008. U.S. home prices extended their slide in May with a 0.3 percent decline from the previous month, the Office of Federal Housing Enterprise Oversight said Tuesday.

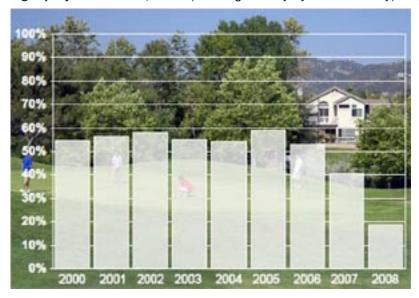
For the 12 months ending in May, U.S. prices fell 4.8 percent, the report said. Tuesday's data reflects a third straight drop and 10th decline out of 11 months, according to Deutsche Bank.

- Stephanie Armour, *USA Today*, July 25, 2008. Sales of previously owned homes fell in June by 2.6%, which was twice as much as expected. The number of sales was 15.53% below last year, according to the National Association of Realtors. The median sale price also declined to \$215,100, which is down 6.1% from last year.
- Ruth Simon, Lingling Wei and Michael Corkery, *The Wall Street Journal*, July 23, 2008. Contrary to typical beliefs, the subprime debacle is not primarily poor and minorities. In a report by ComplainceTech in Arlington, Va., states that middle- and upper-income borrowers accounted for two-thirds of the high-rate mortgages and that 55% of such loans went to white borrowers.
- Foresight Analytics, LLC of Oakland, Calif., estimates that construction loan delinquencies among all property types reached 9% in the quarter, up from 7.2% in the first quarter and 2.4% in the year earlier.
- June Fletcher, *The Wall Street Journal*, July 24, 2008. For those of you ready to build that McMansion, now you have more options. The large-volume home builders like Laing Homes, Toll Brothers, Inc. and K. Hovanian Homes are now also building the large, upscale custom homes. They offer the homeowner more choices and less cost.
- Haya El Nasser, *USA Today*, July 29, 2008. Revitalizing older neighborhoods continues to happen throughout the United States. Maricopa County (Phoenix) is one of the latest. They are attempting to change areas into more lively cosmopolitan places that mix houses with jobs, shops, restaurants, colleges and entertainment. These areas will cut down on the time and expense of the typical suburban commute.

REAL ESTATE NOTES, continued

- Anna Bahney, USA Today, July 30, 2008. The latest Standard & Poor's/ Case-Shiller index report shows home values continued to decline in the 20 largest markets. The median price of a single-family home in May was 15.8% lower than in May of 2007. This represents the lowest home values in four years. Las Vegas continues to lead the way with a one-year decline of 28.4%. Moody's chief economist, Mark Zandi, believes the market is only in the sixth inning and that the overall residential market could fall by 30% before it reaches bottom.
- n Ruth Simon, *The Wall Street Journal*, July 29, 2008. More and more cities are charging fees to mortgage companies for vacant foreclosed homes. The fees are reported to be necessary for maintenance and extra policing of abandoned properties.
- Associated Press, July 28, 2008
 A Georgia home that was a feature of ABC's Extreme Makeover show is being foreclosed on and auctioned. Three years ago the home was provided to the family on the show, and they took out a \$450,000 mortgage that became delinquent.
- Christina S.N. Lewis, The Wall Street Journal, July 25, 2008. Want to buy what could be a house that a famous person lived in? Well, John McCain's former house in North Phoenix. Well, actually it is his wife's home, but he lived there for 20 years. The current owner purchased it in December 2006 for around \$3 million and is now asking \$12 million. A real estate agent says buyers will pay a "celebrity premium." But the current owner also made some major improvements since purchasing: New floors, added theater room and a seven-car garage with a four-bedroom guest apartment. Square footage is 14,000 square feet with 13 bedrooms and 15 baths.
- n Ellen Gamerman, *The Wall Street Journal*, July 25, 2008. So, since vegetable prices are high in the store, the solution is to plant a vegetable garden.

Falling equity in Modesto, Calif. (see Aug. 6 story by Matt Woolsey) on p. 25



But you cannot plant just any garden! Seems the latest craze for the wealthy is to have a vegetable patch, but they hire a landscaping company. One firm in Connecticut installed a \$60,000 garden at a weekend home. A woman in Illinois asked her husband for a garden for her 50th birthday. \$70,000 later she had her garden. **Editor's Note:** I am thrilled my wife is happy with a nice evening out for her birthday!

- Kris Hudson, The Wall Street Journal, July 30, 2008. A company named Vesta that was established in Chicago in 2004 is the latest real estate related company to be causing problems. The firm assisted in 1031 exchanges, and the owners are now suing each other over mismanagement and are now bankrupt. In 1031 exchanges, people reinvest in commercial properties within 180 days of selling a property to avoid capital gains tax. Vesta held \$10 to \$30 million of investors' money at any one time. In 2005, at the height of the boom, 415,000 exchanges occurred with a cumulative value of \$230 billion. Oh, by the way, one of the owners had a history of failed real estate dealings, but there is no disclosure or regulation within this industry.
- The Wall Street Journal, July 30, 2008. Cap rates for commercial last month indicated that the average cap rate for apartment buildings rose to

- 6.50% in June from 6.44% in May according to Real Capital Analytics. Office properties in central-business districts changed from 5.93% to 6.43%.
- Michael Corkery, The Wall Street Journal, July 30, 2008. It is anticipated that the new housing legislation will provide no benefit, and between it and no more loans without down payments, will hurt home builders. One analyst is predicting that this combination of events will eliminate 1 in 10 home builders.
- n The Wall Street Journal, July 30, 2008. This stuff just keeps getting better. About a month ago, one home builder was giving away a townhouse with the purchase of an upscale home. Now one developer in Pennsylvania is offering a free fuel-efficient 2008 Honda Civic with a home purchase. But not to be out-done, some builders in Florida are giving away Mustangs and Mercedes.
- Carlo Dellaverson, CNBC.com, Aug. 26, 2008. If you are purchasing a home, a few tips you should consider are shown below.
 - 1. Beware of buyers fees. Some agents are slipping in administration fees.
 - 2. Comparison shop for title insur-

ance if needed.

- 3. Negotiate realtors fees. At least one-third of sales are not full commission.
- 4. Brokers aren't your friends.
- 5. Get closing details early.
- Reuters, Aug. 4, 2008. According to Moody's Investors Service, the delinquency on home loans rose again in June. Delinquency is defined as over 60 days behind and the percentage was only up 0.01 percent to a total of 0.45 percent. That is less than 1 percent but still over twice what it was last year when it was at 0.21 percent.
- Matt Woolsey, Forbes.com, Aug. 6, 2008. The amount of equity that the typical homeowner has is down. This should not surprise anyone, considering the falling home prices in some areas and the mortgage mess. The largest drop is in Modesto, Calif., and the information is shown in the chart on page 24.. Equity changes are 54% in 2004, 56% in 2006 and down to 19% in 2008.
- Jessica Holzer, wsj.com, Aug. 6, 2008. Pulte Homes Inc., one of the country's largest home builders, says it will match a new \$7,500 tax credit for first-time home buyers with its own \$7,500 discount on homes. The goal of the offer, which the company plans to extend to any buyer of a Pulte home, is "to draw attention not only to our homes but to the housing market in general," said Richard J. Dugas, Pulte's president and chief executive.
- Money Magazine, August 2008
 The large increases in residential prices lead people to believe that their home was the best investment available. A study by Harvard's Joint Center for Housing Studies shows that home prices grew by only 1.8% above inflation between 1975 and 2007 with stocks returning more than 7% over inflation. A graph further compared a median home price of \$20,000 in 1970 to \$20,000 invested in the stock market

- at the same time. The home price would now be a little over \$200,000, but the stock is a little under \$1 million.
- USA Today, Aug. 14, 2008. Home foreclosures were 50% higher in July than in July 2007, according to Real-tyTrac. That means one in every 464 U.S. homes received a foreclosure filing last month.
- David Wessel, *The Wall Street Journal*, Aug. 14, 2008. Alan Greenspan is talking again. He is projecting that the housing prices will stabilize or bottom out sometime in the first half of 2009. He does not like the new Housing Act and referred to it as "bad."
- David Benoit, *The Wall Street Journal*, Aug. 14, 2008. Toll Brothers, one of the nation's largest home builders, thinks there is some light at the end of the tunnel. Although the rate of cancellation for new home construction remains historically high, the third-quarter cancellations of 195 was the lowest quarterly total in over two years.
- Dwight Cass and Lauren Silva, The Wall Street Journal, Aug. 15, 2008. This article had an interesting title, "The Accidental Landlord." In this article was the discussion about Fannie Mae and Freddie Mac repossessing properties and becoming a landlord. In the first six months of this year, they have repossessed twice the number of properties that they sold. Analysts estimate that the holding costs for each property amounts to around 2% of the unpaid mortgage balance and that the carrying value of single-family homes it owns was \$5.8 million at the end of June.
- Nancy Keates, *The Wall Street Journal*, Aug. 15, 2008. More and more Amish builders are entering the home construction industry. One estimate is there are around 600 Amish contractors or subcontractors nationwide. Most of their framing is done with wooden pegs instead of nails. The total cost is often as much as one-third less than typical homebuilders as the Amish do not carry insurance, liability or health, and generally use family members.

Christina S.N. Lewis. The Wall Street Journal, Aug. 15, 2008. More home sales that we appraiser types will never get to live in but cause us all kinds of problems. There was a discussion in this issue and in previous issues that Russians are coming to this country and buying some very expensive homes, and two more sold recently. A property owner in Snowmass, Colo., was contacted to sell his home, even though it was not on the market. The home has 6,000 square feet and is referred to as a "ski-in and ski-out" home. The owner purchased the home in 2005 for \$7.1 million and added \$2 million in improvements. He asked for \$14 net and received \$14.5. including the agent's commission.

The second sale was in Aspen, Colo., and is one of the highest sale prices. The 11,500-square-foot home was purchased in 1997 for \$9.25 million and sold for \$20.75 million.

- Northwest Airlines Magazine, Aug. 18, 2008. Okay, this tops most things I have seen for awhile: An ad telling you to call them so they can show you how to use your IRA or 401K to buy real estate. The scary part will be that people will do that.
- Prashant Gopal, Businessweek. com, Aug. 21, 2008. Home prices may be at basement levels in the normal vacation spots in Florida, California and Nevada, with prices having fallen by as much as 29%, but maybe it makes more sense to rent. Rents have fallen over 9%, and a one- or two-week rental only costs 50% of what ownership would be.
- Walter Molony, National Association of Realtors (NAR), Aug. 20, 2008. The Commercial Leading Indicator for Brokerage Activity slowed by 2.1% last quarter. Lawrence Yun, NAR chief economist, said commercial real estate activity, as measured by net absorption and the completion of new commercial buildings, is projected to weaken over the next six to nine months. "The pace of decline has intensified due to job cuts and very sluggish economic activity since the beginning of the year,

REAL ESTATE NOTES, continued particularly in those industries requiring commercial building spaces," he said. "We anticipate the weakest commercial brokerage activity in nearly three years as a result."

- Nick Timiraos, *The Wall Street Journal*, Aug. 20, 2008. Apartment rentals are starting to slow down. Apartments were seeing a boost with the need for housing for those that now could not afford to purchase a home and those that lost their homes to foreclosure. Now more apartments are becoming empty as a result of job losses and the general economy. Some tenants are doubling up, some are moving in with family and still others are renting homes that the owners cannot sell.
- Jonathan Karp, Kris Hudson and Lingling Wei, The Wall Street Journal, Aug. 20, 2008. If you have been to the Mall of America in Bloomington, Minn., you know it is very large. Now there are plans to expand up to 1.4 million square feet to 5.6 million for a potential cost of \$2.1 billion. The expansion could include a Bass Pro Shop, hundreds of retail stores and four hotels including a Great Wolf Resort. Some funding may be available from the City of Bloomington for up to \$300 million for infrastructure funded by imposing use taxes on sales and by increasing the city's lodging tax by a percentage point.
- Nancy Keates, *The Wall Street Journal*, Aug. 22, 2008. How about a home tour by bicycle? Some realtors throughout the country are taking clients on tours of homes in this fashion and then point out any features such as bike and walking paths. A realtor in New Jersey says the ride is normally from five to 10 miles and that 20% of his sales are made in this manner.
- n Bill Wilson, *The Wichita Eagle*, Aug. 26, 2008. *Submitted by Rick Batchellor, RMA*. Sale prices have risen 3.34% between the second quarter of 2007 and the second quarter of 2008. In the last quarter, there has been a 1.6% increase.

- Alan Zibel, Associated Press, Aug. 26, 2008. The National Association of Realtors reported that in July, sales of existing homes rose 3.1% and surpassed expectations. The bad news was that the number of unsold properties hit an all time high. Sales had been expected to rise by only 1.6%. The median price for a home sold in July dropped to \$212,000, down by 7.1 percent from a year ago. Between 33% and 40% of all sales activity is coming from foreclosures or other distressed properties.
- Reuter's, Aug. 27, 2008. Hope Now said that 192,000 borrowers were helped out of their current troubled home loan through repayment plans or saw the terms of that mortgage adjusted to make them affordable. In June, 181,000 borrowers received such loan workouts. The pace of foreclosure prevention is likely to accelerate in coming months, said Hope Now chief Faith Schwartz. The U.S. Treasury Department helped conceive Hope Now in October as a coalition of mortgage industry leaders who could coordinate outreach to borrowers facing foreclosure.
- Sushil Cheema, *The Wall Street Journal*, Aug. 27, 2008. Well, it may not be a Hilton, but a Travelodge in London is made of shipping containers. The hotel (below) has 120 rooms and was constructed in four months.





- James R. Hagerty, *The Wall Street Journal*, Aug. 26, 2008. In a web posting, the Federal Housing Administration has increased the upfront premium charged on most loans to 1.75%, up from 1.5%.
- Lingling Wei, The Wall Street Journal, Aug. 26, 2008. This has shades of scary memories of years gone by. A developer in New York felt he had a good opportunity to purchase a vacant retail property but could not get conventional financing. Therefore, he turned to an unlikely source, a hedge fund. He took out a one-year loan, interest only, at 12%. Hedge funds are only loaning on properties that have enough cash flow to cover debt payments or high enough current value relative to the amount of loan. Unlike typical lending institutions, they are more selective with their loan practices and plan to hold the loans for one to two years. Look for more of this to start happening.
- AARP Bulletin, September 2008. An article talked about an individual who lost his home in Katrina and has been living in a FEMA trailer (Katrina Cottage) the last two years. He cannot rebuild because the cost of a home is now three times the cost before Katrina. There are about 9,000 Mississippians in this same situation. State officials indicate they have met all the housing needs and are diverting federal funds for housing to restoration and expansion of the Port of Gulfport.
- Tom Hays, Associated Press, Sept. 3, 2008. A former Wall Street broker pleaded not guilty Wednesday to charges he and a colleague duped investors into purchasing more than \$1 billion in high-risk securities by making it look as though the trades were protected by the federal government.

An indictment unsealed in federal court in Brooklyn said because the securities actually were tied to subprime mortgages, Eric Butler and Julian Tzolov stood to pocket higher commissions. The scheme was exposed when the subprime market collapsed.

"The defendants' fraudulent misrepresentations and bait-and-switch tactics saddled investors with unknown risks they did not bargain for," U.S. Attorney Benton Campbell said in announcing the case against the former Credit Suisse Securities brokers.

■ John Tozzi, The New Entrepreneur (blog), Sept. 2, 2008. Alt-A mortgages were designed for people with good credit who had trouble documenting their income—people like the self-employed. A *Barron's* magazine article states the following:

"A substantial portion of Fannie's and Freddie's credit losses comes from \$337 billion and \$237 billion, respectively, of Alt-A mortgages that the agencies imprudently bought or guaranteed in recent years to boost their market share. These are mortgages for which little or no attempt was made to verify the borrowers' income or net worth. The principal balances were much higher than those of mortgages typically made to low-income borrowers. In short, Alt-A mortgages were a hallmark of realestate speculation in the ex-urbs of Las Vegas or Los Angeles, not predatory lending to low-income folks in the inner cities."

Steven A. Carmarota, *The Washington Post*, Aug. 31, 2008. When the Census Bureau released population projections last month, more attention was paid to the country's changing racial composition than to the massive scope of the increase. What's clear is that the latest numbers will inevitably give the real estate business a boost. The Census Bureau is projecting an increase of 135 million people in the U.S, a 44 percent rise, by 2050. That's equivalent to the entire populations of Mexico and Canada moving to the United States.

The bureau estimates that this population boom, largely fueled by immigration, will require 52 million new housing units, along with more places for people to shop and work.

Associated Press, Sept. 3, 2008. Calling a home for sale a "dollhouse" isn't necessarily a compliment, but in the case of the home Gerry and Cindy Mann are selling, it's the truth. The

Manns have been unable to find a buyer for their full-size home in Battle Creek, Mich., over the last year. Now they are trying a new approach. To focus attention on the property, they are offering a dollhouse version of their home created 15 years ago by Cindy Mann's father. It's built on a 1 foot to 1-inch scale and is valued at about \$2,000. The Manns are offering it for \$169,000 and throwing in the full-size version for free.

Editor's Note: A story on National Public Radio on September 23 indicated this creativity resulted in a large number of inquiries and that the home had sold for almost the asking price, and the Mann's got to keep the doll-house.

■ Walter Molony, National Association of Realtors (NAR), Sept. 17, 2008. No big surprise here, commercial real estate financing is getting tougher and the market is expected to slow with the crisis in the financial markets.

Office vacancy rates are expected to increase to 14.4 percent in the second quarter of 2009 from 12.9 percent in the second quarter of this year. Annual rent growth in the office sector should be 3.2 percent this year before contracting 0.4 percent in 2009; it rose 8.0 percent last year.

Vacancy rates in the industrial sector are likely to rise to 10.8 percent in the second quarter of 2009, up from 9.9 percent in the second quarter of this year. Annual rent growth is forecast at 1.1 percent this year and 1.0 percent in 2009; it rose 3.6 percent last year.

Vacancy rates in the retail sector are expected to be 10.4 percent in the second quarter of 2009, up from 9.7 percent in the second quarter of this year. Average retail rent is estimated to grow 1.2 percent in 2008 and then decline by 0.9 percent in 2009, compared with a 3.2 percent increase last year.

Multifamily vacancy rates are projected to rise to 5.9 percent in the second quarter of 2009 from 5.4 percent in the second quarter of this year. Average rent will probably rise 3.9 percent in 2008 and 4.0 percent next year, up from a 3.1 percent increase in 2007.

■ Topeka Capital-Journal, Sept. 8,

2008. The federal government took over Fannie Mae and Freddie Mac to try and reverse a prolonged housing and credit crisis. This could be a potential bet with taxpayer money of up to \$200 billion.

- Michael Hooper, *Topeka Capital-Journal*, Sept. 10, 2008. Bailing out Fannie Mae and Freddie Mac could have an adverse affect on about four percent of Kansas banks. About 10 of 250 state-chartered banks have indicated they own preferred or common shares of Fannie Mae or Freddie Mac, whose values plummeted after the bailout was announced.
- Kris Hudson and Ann Zimmerman, The Wall Street Journal, Sept. 10, 2008. Shopping mall and retail owners are struggling with the economy, slower consumer spending and store closings by retailers. Developers have built one billion square feet of retail space in the 54 largest U.S. markets. Simon Property Group Inc., the largest U.S. mall owner with 323 malls, sees a decade of little new development. For the first time since the 1990-1991 recession, occupied retail space in major U.S. markets is expected to decline. Home Depot has said it would close 15 unprofitable stores and cancel 50 proposed ones.
- Kelly Evans and Jeff Bater, *The Wall Street Journal*, Sept. 18, 2008. New home construction fell 6.2% in August to the lowest in 17 years.

The Census Bureau is projecting an increase of 135 million people in the U.S, a 44 percent rise, by 2050. That's equivalent to the entire populations of Mexico and Canada moving to the United States.

The Washington Post, Aug. 31, 2008

Local tax in Vichy, France

By Maxime Turpin

According to wikipedia:

Vichy (Occitan: Vichèi) is a commune in the department of Allier in Auvergne in central France. It is known as a spa and resort town. The inhabitants are known as Vichyssois. It was the de facto capital of Vichy France during the World War II Nazi German occupation from 1940 to 1944. It has a population of 26,528 (1999).

Paid by the tenant

Local residence tax: 16.56% Business tax

Paid by the owner

Tax on the built properties: 21.70%
Tax on the not built properties: 24.52%
Tax of Removal of the Garbage

Local residence tax (the rental value rate):

The local residence tax is annually established according to your situation on January 1st of the year of imposition (taxation). It is collected for the municipality; for the grouping of municipalities to which it belongs, possibly; and of the department where your house is situated. It contributes to the financing of the services returned to the inhabitants, the community facilities. In certain cases, according to your personal situation or premises, you can benefit from an exemption or from a limitation of this tax.

What are the taxable persons?

The local residence tax is due by every person arranging, or having the enjoyment of, in some title (owner, occupant, tenant, occupant without title), an accommodation (housing) stocked with furniture in January 1st of the year of imposition (taxation). The tax is due even if the taxpayer does not personally occupy the accommodation (housing); for example, if it is in journey January 1st, or if it is about a residence. The employees occupying an accommodation (housing) of function (office), including the caretakers, are subjected to the local residence tax. Garages, priva-



tive car parks and other dependences deprived of the premises of house are taxable, even if they are not adjoining. A move in the course of the year, even in January, pulls (entails) no reduction of the tax.

Tax on the built properties:

The budget of the municipalities (Communes) is partially financed by the land (basic) tax on the built properties, which contributes to the development of the community facilities and the proposed services. As owner of a building, you have to settle this tax every year. However, for certain constructions, you can benefit from temporary exemptions, from 2, 10, 15, 20, 25 or 30 years. The old or handicapped persons, of modest condition, can also benefit from reductions of the land (basic) tax on the properties built for their main house.

Tax on the "not built" properties:

The properties not built of all kinds situated in France are taxable in the land (basic) tax. The product of this tax returns to local authorities and public establishments of inter-municipal cooperation, departments and regions. It serves for financing, partially, their budget. Certain categories of properties are never taxable, like the state properties, the scientific establishments and grounds occupied by railroads; the others benefit from temporary exemp-



Maxime Turpin

About Maxime Turpin: I am 21 years old and I am a French student, who did his four months of internship in the Lyon County appraisal office, and

has ambition to work in real estate in his return to France. I do my study of business and management in the University of Clermont-Ferrand, a city of 409,558 inhabitants, and next year I will specialize in real estate. I have one sister who is 28 years old, who is an educator, and my parents have several insurance agencys around Vichy.

As it was the first time I had the oportunity to discover the American land and its inhabitants, I have to say that the USA is a magnificent country, with a big variety of amazing land-scapes. I had the luck to visit this country, notably the West coast, and in all the states where I stayed, people were so friendly. I really like this country and I hope to be back as soon as possible.

I would like to thank the Kansas County Appraisers Association for publishing my article in "Appraising the Plains of Kansas."

tions. Reductions are also pronounced for the benefit of the young farmers to help them in the installation or because of damages undergone on certain plots of land.

Business tax:

The business tax is due by every French or foreign person who works in France with usual title, a not salaried professional activity. The non-profit activities are excluded. There are some exceptions which are exempted from TP: the activities of general interest (exercised by the State, the regions with a measure of autonomy or associations); the agricultural activities; and the craft (home-made) activities under certain conditions. There are also exemptions bound (connected) to the figure of affair (business). Indeed, a trading company is not taxable if its sale is lower than 235.155 \$, if it makes provisions of a service, the threshold in returned to 94.062 \$ (for 2008).