



APPRAISING THE PLAINS

of Kansas



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IAAO Elections



—Photo provided by Mike Milano, associate member to the Board (Mass.)

Lauffer Sworn in. Kim Lauffer, RES, RMA, Comanche County appraiser, was sworn in as the IAAO vice president on Jan. 20, 2012, at IAAO headquarters in Kansas City, Mo. Pictured above IAAO President Debbie Asbury swears in the new officers and board members (L-R): Rob Turner, president elect (Fla.); Kim; and new board members Heather Drake, CAE, RES (Nev.); Melinda Fonda (Conn.); and Ken Joyner, RES, AAS (N. Carolina). Congratulations to all and good luck!

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THE

President's View

Greg McHenry, RMA, Riley County Appraiser
KCAA President

As I walked through the doorway to my kitchen a few weeks ago after another long day at the office, my wife Tawny handed me a copy of a letter she had received at the local business she works for. Tawny told me I should read the letter, after assuring me she and her boss wanted no part of the business proposal discussed in the letter.

The letter, sent by one of our friends in the tax representation industry, made all sorts of assertions about properties being drastically over-appraised by county appraisers. It also proposed potential property tax savings, at no cost, to property owners who agreed to let this particular company represent them in property tax appeals. These are just a few of the statements made in the letter:

"Stop paying high commercial property taxes in Kansas."

"During 2011, Kansas real estate values continued to decline. Do your property taxes need to be protested?"

"If the County Appraiser has not decreased your commercial property's value significantly during the past 2 years, you are likely over-assessed and your value needs to be appealed."

"Real estate values have fallen over the past two years and may continue to decline even after the recession ends. Your property assessment notice should reflect your property's decline in value! Does it?"

"Experts estimate 60% of taxable property in the United States is over-assessed. Odds are you're paying higher

real estate taxes than you should. Only 2 percent (1 in 50) of property owners challenge their assessment."

My reactions in reading the letter ranged from anger to amusement. These types of tax rep letters are nothing new—we're all aware of how the system works. But it still bothered me to read the completely false statements that were presented as facts. Eventually, I realized there was nothing I could really do about the statements and assertions. Focusing more on public relations seemed to be a better course of action, instead of fussing and fuming about the false statements of others. Participating in Board of County Commissioners press conferences, local radio news programs, press releases, speaking to local business groups, and contacting local legislators are some of the many ways we can provide our side of the story.

We'll never be able to control what others say, but good presentations based on facts can certainly help folks discern fact from fiction. For me, the tax rep's letter was a good reminder to make public relations an on-going priority. I'm going to try spending more time this year doing public relations. I'd challenge each of us to review our local public relations programs. It's a proactive way to dispel myths, rumors, and fiction.

Please also consider registering for the KCAA Annual Conference if you haven't done so already. This year's conference will take place June 17–20 in Manhattan, at the Hilton Garden Inn & Conference Center. Hope to see you in the Little Apple!



The crew of Mulligan's Island will put on a show at this year's conference.



Register Today!

**KCAA Annual
Conference,
June 17–20, Manhattan**

The KCAA Annual Business Conference will be returning to Manhattan in 2012. The conference headquarters will be the brand new Hilton Garden Inn, 410 South 3rd Street.

The conference will begin with bowling at Little Apple Lanes on Sunday night followed by golf at Stagg Hill on Monday morning. Our conference officially kicks off with the opening speaker, Dr. Stanley D. Longhofer, chair of real estate and finance director, Center for Real Estate, W. Frank Barton School of Business, Wichita State University.

The soon-to-open Flint Hills Discovery Center, situated across from the hotel, will be the site of our Monday evening event, which will include barbeque from Cox BBQ and Tallgrass Brewery microbrew beer sampling. Mulligan's Island performance group will be entertaining us Monday evening. Education will fill the day Tuesday, and Tuesday night will be the banquet and entertainment by Rex Getz followed by the ever popular Aggieville Olympics!

The conference will conclude on Wednesday morning with PVD presentations. Vendor's will be available in the vendor area from Monday-Wednesday.

A registration form can be found on page 28. Or you can register on the KCAA website, www.kscaa.net. You can complete your registration online or print a form to email, fax or mail. It will be an exciting conference this year, enjoying both all the "new" things Manhattan has to offer and the "old" activities as well! See you in Manhattan!!

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. Visit KCAA online at www.kscaa.net

Board Meeting Highlights

■ KCAA Executive Board Meeting, Nov. 13, 2011, Topeka

Attendees: Gene Bryan, Dean Denning, Leon Reimer, Bruce Wright, Rod Broberg, Della Rowley, Jami Clark, Greg McHenry

Previous Meeting Minutes: Minutes approved, no opposed.

Financial & Treasurer's Report: Check code of Retirement Gifts on spreadsheet sheet. Cindy to check on that and respond back to Gene. Greg questioned what was outstanding with the Orion account. Kenton will report on that tomorrow. Move to accept Treasurer's report and seconded—approved.

2012 Budget: Proposed budget approved by board.

2012 Committees: There will be no Orion Technical Research committee because they haven't met and didn't feel the need to have it.

Oil & Gas Guide: Oil & Gas Committee wants the guide critiqued. Della would like this board to commit to financing the review. Will PVD use it? Della thinks we need to move forward on reviewing the guide regardless of whether PVD supports it or not. Della discussed that you can determine where figures come from with all the guides except Oil & Gas. Would this board be willing to move forward with getting proposals on this process? It was agreed that PVD should be involved in the process. Rod suggested we involve David in the next meeting to discuss moving forward on trying to get the guide critiqued with PVD's input.

KCAA Website: Logo on the front page. Handbook could be out there, but make it password protected. Pay online is desired. Gene questioned about refunds being issued on cancelled classes.

Orion: Wyandotte County is working on two enhancements with Orion Committee. These will, hopefully, be done by the end of the year. Transfer tab and Advanced COV search are the two enhancements.

Education: Survey returned with 35 responses

Secretary Review: Cindy received a 2% raise and will cover reviews with Della.

Other Business: Jami discussed retirement process. Retirees should fill out form. Cindy to get form done.

Move to adjourn.

■ KCAA Executive Board Meeting, Nov. 14, 2011, Topeka

Attendees: Gene Bryan, Sandy, Rod Broberg, Lori Reedy, Della Rowley, Mike Borchard, Mike Montgomery, Barry Porter, Greg McHenry, Lisa Reeder, Truette McQueen, Rick Batchellor, Dean Denning, David Harper

Education Committee & Online Classes: Mike reported on the presentation from the Docking Institute. Education survey results were provided. Cindy will email results to the board members. PVD expressed interest in helping with an Excel class that includes Orion data. Evaluating Comm/Res Building classes had large numbers. PVD provided course list for 2012 and it will be published Dec. 1st. Oil & Gas Committee would like a mineral appraiser present a class.

Orion: Latest enhancement for payment out of the Orion Enhancement Fund is \$21,484 for Final Review enhancements.

KCAA Website: Cindy provided website address for board to look at and review. Website will be up and available in December.

Legislative Reception: Do we want to have a Legislative Reception? Do we want to have it on our own or in conjunction with KAC? Do a handout with issues for the reception. Motion to have Legislative Reception with no opposed. Cindy will look at dates for holding the reception.

2012 Conference: Conference will be in Manhattan on June 17-20 at Hilton Garden Inn that opened this week. Discovery Center is right next door and we will have a function there. Greg is working on education sessions. Discussions with Chesapeake and K-State for education sessions.

2012 Budget: No questions.

Other Business: Treasurer is needed for the Association. Greg is looking for volunteer.

—Gene would like to see a procedure manual for new board members.

—Oil & Gas Guide is still an open issue from last meeting. Oil & Gas committee is going to get into the scope of what type of critique of the guide would be needed.

Next Board meeting will be held in conjunction with Legislative Reception
Move to adjourn

Attention County Appraisers: Math Tutorials Available

By Rick Stuart, CAE

I recently received an email from a staff member in an appraiser's office asking to purchase one of my math tutorials. Remember that KCAA purchased and distributed all my math tutorials for IAAO 101, 102, 112, 201 and 300. As we are entering the education season, please remember to make the appropriate ones available to your staff to help them prepare in advance. I have sent Cindy the most current versions. and she will email them to you.



The Director's Update...

By David Harper, RMA , Acting Director, Property Valuation Division

Preliminary 2011 abstract numbers indicate that for the first time since 2008, the overall assessed value in the state increased, albeit a moderate change.

March Madness, appraisal style. The culmination of final review and the mailing of valuation notices combined with a busy legislative session, 33 counties relishing their first year with Orion, orders from the courts impacting the appraisals process and more, have made for an interesting start to 2012.

At PVD, one change I am pleased to announce is the promotion of Roger Hamm to deputy director of the Division. Prior to joining PVD in 1997, Roger served as the county appraiser of Pratt County and deputy county appraiser in Butler County. He most recently served as supervisor of the Abstract and Personal Property Sections of PVD, and has been active with agricultural use value issues and the lead on legislative research. He is a valuable contributor to the PVD team, and his increased management duties will be an asset for PVD, the Department of Revenue and the Kansas mass appraisal process.

PVD is also filling two other positions; one to work for Lynn Kent in the Oil and Gas section and the other new staff member will be cross-trained in multiple areas and provide immediate support to the personal property, motor carrier and abstract teams of PVD.

As of April 2, it is anticipated all 105 counties will have sent 2012 valuation notices. For the current year:

- 37 counties sent notices on or before March 1
- 10 counties received a 15-day extension
- 58 counties received a 30-day extension

In 2008 through 2011, an average of 72 counties per year received approval of their extension requests for mailing valuation notices. For future years, with the installation of Orion in all 105 counties now complete, a significant drop in the number of extensions

Percent Change in Assessed Value							
	Residential	C & I	Ag Land	O & G	State Assd	PP	Total
2002	6.37%	3.81%	3.45%	-11.82%	-3.46%	-0.06%	2.57%
2003	7.23%	6.44%	-2.73%	-11.10%	2.85%	-0.77%	4.02%
2004	5.96%	4.61%	2.79%	36.47%	5.45%	-1.57%	6.00%
2005	6.46%	5.54%	-0.82%	29.64%	2.05%	3.64%	6.38%
2006	7.18%	8.20%	-3.44%	30.05%	-0.38%	3.48%	7.20%
2007	6.69%	11.60%	-7.69%	-8.54%	1.24%	-8.45%	3.88%
2008	3.56%	7.25%	-8.33%	12.77%	0.91%	-14.20%	3.04%
2009	0.43%	-2.65%	-8.03%	-5.59%	-1.44%	.13.90	-2.22%
2010	0.14%	-4.29%	-3.33%	-21.38%	5.09%	-11.60%	-2.84%
2011	0.72%	1.82%	1.95%	14.92%	2.01%	-5.57%	1.74%

is anticipated.

In March PVD completed several annual reports and reviews from the 2011 tax year. The preliminary 2011 ratio study is now available on our website, as is the 2011 Statistical Report of Property Assessment and Taxation. I hope all will reference the statistical report and share it with commissioners and other interested parties within your jurisdiction, as it provides detailed information on statewide and local tax rates, appraised and assessed values, property taxes and more. Preliminary 2011 abstract numbers indicate that for the first time since 2008, the overall assessed value in the state increased, albeit a moderate change. (See table above.)

Also this year, Zoe Gehr compiled and distributed to all counties a summary of changes in 2012 agricultural use values and an updated reference for frequently asked questions. It is our hope this will be beneficial to counties in explaining value changes in agricultural land. We would appreciate feedback on the usefulness of this information and suggested changes in order for us to evaluate the continued distribution of the report.

At PVD we are gearing up for the spring and summer educational offerings. Upcoming courses include the

Orion introduction, Orion end-of-year, and Orion data collection courses, oil and gas seminar, basic mapping, property tax law update, and the much-anticipated Basic Microsoft Excel and Appraisal Functions course. Due to high demand PVD will offer the Excel course twice in April, but we do not anticipate any additional Excel courses in 2012.

PVD plans to participate in the upcoming Northwest Kansas Association of Counties meeting in April, the Kansas County Appraisers Association (KCAA) Annual Business Conference, and the North Central Regional Association of Assessing Officers Conference in June. At the KCAA conference, we plan to hold a director's update on the morning of June 20. At this time, we anticipate the main focus of the update will be overviews of 2012 legislative session, recent court cases and other legal issues. Prior to the update, we will request counties to forward any court orders they may wish to include in the discussion.

Another topic will likely be special use properties, specifically what can PVD provide in training and education for their appraisal. We have had numerous discussions within the Division on the challenges presented by special use properties, including the funding for

Director's Update, cont.

contracting for independent appraisals, USPAP compliance concerns, and how a mass appraiser can work towards meeting the competency requirements for appraising special use properties. The KCAA conference may provide an opportunity to open up the discussions to all. On Tuesday, June 19, PVD will provide several educational offerings at KCAA, and we are working with Greg McHenry and Mike Montgomery to finalize the PVD portion of the education agenda for the conference.

A busy spring will undoubtedly quickly turn to a busy summer. Enjoy!

Kansas IAAO Committee Members

Kansas continues to have a strong presence in committee work for IAAO. Current appointments are:

Kim Lauffer, RES, RMA – IAAO Vice-President and Budget
 Marion Johnson, CAE and Toni Veins, MAI – Conference Content
 Paul Welcome, CAE, ASA, RMA – Association of Appraiser Regulatory Officials Roster (AARO), USPAP
 Steven Miles, RMA – IAAO Rep
 August Dettbarn, RMA – Research
 Teresa Hattermer, RES, RMA – Hageman Memorial Trust
 Michael Heaton and Rick Stuart, CAE – Associate Member Committee



2012 NCRAAO Conference
 June 11-13, 2012

Hyatt Crown Center, Kansas City, Mo.

NCRAAO in KCMO

The 2012 North Central Regional Association of Assessing Officers will be held in downtown Kansas City this year. The conference will be June 11–13 at the Sheraton Kansas City Hotel at Crown Center. The downtown location of the conference offers many options for shopping, dining and entertainment all within a short distance. The conference will include two days of education sessions as well as a golf tournament, silent auction, evening activities and vendor presentations and booths.

Find a registration form on page 27. Or complete room reservations and conference registration online at the NCRAAO website: <http://www.ncraao.org/>

Johnson County Shines

By Rick Stuart, CAE – TEAM Consulting

Wow, great news in the February 2012 issue of IAAO's *Fair & Equitable*. Four—yes, four!—new RES designees from the Johnson County Appraiser's Office. Congratulations to the following:

- Jared Thomason, RES
- J. N. Cooper, RES
- Jon Hiss, RES
- Tiffany M. Miller, RES

RES is one of five IAAO designations and stands for Residential Evaluation Specialist. They have shown the way. Now, what are you RMA designees waiting on?

IAAO Member News

Lots of new IAAO members to report—good job, Kansas! Thanks to all of you for your support of the IAAO.

25-year Member: Kathy Hansen, Smith County. Way to go Kathy!

20-year Member: Barry Porter, Republic & Cloud Counties. Attaboy, Barry!

15-year Member: Edward Crane, III, ESRI

10-year Members: Susan Avazpour, Johnson County; Elizabeth Kohake-Roeder, RMA, Nemaha County; and William Neal, II, RES

5-year Members: Tanya Gambrell, Janae Robbins, Cathy Spicer, Roy Wheat, Ralph Bellamy and Jessie Castro—all of Wyandotte County

New Members: Ryan Michaelis, Wabaunsee County; L. Michael Quilty, Michael Shoun, Tracy Weaver, Jeffery White, Mark Boettcher, Christopher Edstrom and Shannon Winter—all of Johnson County; Belinda Atkins, RMA, Shawnee County; and Ryan Janzen, Lyon County; and Nancy Delgado-Hernandez and Alvin G. Federico, of Sedgwick County

2012 Kansas Night

The Final Countdown!
Tuesday, September 11

This is the 9th and FINAL Kansas Night. Oh, are we boogieing the night away!

Considering the average age (okay, nerds—the mean age) of our group, it seems only fitting that we go a little “retro.” Therefore, the theme for 2012 is come dressed as you did in high school. That means some of you will have to look at photos because you cannot remember that far back!

Here is the agenda:

- ◆ Party at Club 1000, 1000 Broadway, Kansas City, MO, only a four block walk from the host hotel. Yeah...no buses or cabs and you can meander (?) your way back home.
- ◆ There will be a Kansas DJ that has been used before and is always fun. There will be some trivia, some games and, of course, some rocking good music to dance to!
- ◆ In addition to the DJ and fun, your fee includes dinner, and if you can believe this, free premium bar drinks, wine and beer from 6:30 p.m.–11:30 p.m.!!!
- ◆ Jack Stack Barbeque is providing the dinner: Sliced barbecue brisket or beef, smoked turkey breast, hickory pit beans, creamy coleslaw, potato salad, and all the fixings! OH, and did we forget to say...dessert!
- ◆ The price is slightly higher this year, \$75 per person, but again, realize this is food, drink and entertainment!

Here is what you need to do:

1. Fill out the form below and **follow the instructions**. Even though we have a very large space, we expect this event to fill quickly, so it is a first come, first accepted event.
2. Start looking for those retro clothes, some of you may just have to look in the closet! Get your outfit ready to dance (and maybe even some disco).
3. Do not hesitate to get your invitation sent back with the money and, yes, you can invite friends, as long as they are FUN!

Please mail your check as soon as possible to reserve your spot in this event.
Send and make checks payable to Vicki Johnson, 813 E. 13th St., Eudora, KS 66025

#Attending: _____ Include Name & Email Addresses for each attendee:

Name

Email Address

_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

For more info contact Rick Stuart at rstuart17@cox.net or Kim Lauffer at cmappraiser@gmaxx.us

By Rod Broberg, CKA, RMA
Saline County

Over the past several years there have been a number of COTA cases and court cases that have raised issues that we felt should be addressed. These issues were distilled into proposed legislation that was introduced into both the House and Senate. The Senate assigned our bill to the Local Government committee and scheduled a hearing first. Our bill (SB 348) asked the Legislature to do four things. The first was to require property owners to submit three years of income and expense information at the informal level of hearings in order for the burden of proof to switch to the county. Secondly, we asked for a change to require boat owners whose boats were absent from the state on January 1 to render their boats at their place of residence. Thirdly, we asked for the ability to deliver a CVN by email if that was acceptable to the property

In the House, SB 348 was assigned to the Tax Committee and hearings were held there. At the hearing, there were some questions by the members about the burden of proof language, so some changes were suggested. Bill Waters and I have both submitted suggested language to the Reviser of Statutes, and we are waiting for them to draft new language for the bill. We are now waiting for the bill to be worked in committee, at which time the new language will be considered. We are hopeful that when the language is agreeable to the House committee, the bill will be passed out. Since there will be changes from the Senate version, the bill will have to go to a conference committee.

that I remember, local governments spend much more time playing defense than offense. This year is no exception. Several bills have surfaced that will have major negative impacts on cities and counties. The first of these are SB 317 and HB 2501. These are identical bills that would define “trade fixtures” and require that they be considered personal property. As such, they would be mostly exempt from property tax. These bills would remove a significant amount of valuation from the tax rolls of the state.

Another bill that is winding its way through the process is a tax lid bill that would prohibit counties from raising additional money from property tax as valuations rise. There have been several version of this proposal, and it has been coupled to another proposal to reinstate \$90 million the Local Ad Valorem Tax Reduction Fund over the next two years.

As I write this there are about three weeks left in the session before the first adjournment. The bills that I have mentioned here still have a ways to go, and I am sure will see more debate and change. Stay tuned for further developments.



Uncharted Waters

By Mark Hixon, RMA, CKA

I am sure we are all in the same boat in that the downturn in real estate values is unusual. And if your county is anything like mine, there is also a downturn in the number of appeals. But I have noticed an upturn in certain types of appeals: value too low.

When the real estate market started to level out a few years ago and our appraised values didn't change much, if at all, from year to year, I started to notice more taxpayers taking issue with our values because they were too low in their opinion. As time went by, they seemed to become more frequent, but since we were not tracking them, I could not quantify the extent of this new phenomenon. But this year, we actually reduced overall appraised values for the first time since I can recall, and on March 2nd the phones started ringing. And the most common reason for the call was to complain about the reduction in appraised value.

I thought we would get calls from taxpayers wanting to know what planet we were from because we lowered their value by a few percent when the market has "gone down the drain" (it hasn't, but people sometimes exaggerate). But the majority of calls were because we lowered our opinion of value and they do not agree. Now, not all of those callers ended up setting hearings for that reason, but 9 of 58 did.

That's right...we now have a reason code to track appeals for "value too low." So far, after two days of calls (the appraisers answer the phones for the first 10 days after mailing notices), we have scheduled 58 hearings and 9 of them are because the taxpayer feels the value is too low. Maybe they'll bring us pictures of walls with no cracks and pristine driveways along with basements that are dry and finished. I can't wait to find out.

But on a more somber note, I have also received several letters and emails from elderly people who are thanking me for lowering their taxes. That is the tragic result of so many years of budgeting by mill levies. Taxpayers assume



[T]his year, we actually reduced overall appraised values for the first time since I can recall, and on March 2nd the phones started ringing. And the most common reason for the call was to complain about the reduction in appraised value.

their taxes are totally dependent upon the value of their property—not local government budgets. When is the last time you read a news report about a local budget that focused on actual tax dollars rather than mill levies?

I'm changing course again: I wanted you to know that we again only mailed value notices for properties that changed value or classification. We did that last year, and it saved lots of money while causing no problems. I actually got positive feedback from taxpayers. So we did the same thing this year. I expect similar results from the public, but I got different results from the media.

One of the many requirements from the Director in approving my request to mail only changes is that I publish a media release informing the public that they will not receive a notice if there was no change. Well, last year was the first time any county had ever done such a thing, and it must have been a slow news day because the media were all over it. This year, not so much. It got some coverage but not like last year. Maybe next year I'll set my hair on fire when I make the announcement and see if that makes it more newsworthy.

Treasurer To Be Challenged

Staffer in appraiser's office seeks to get on ballot in bid against Miller.

By Mary Clarkin, The Hutchinson News, mclarkin@hutchnews.com. Jan. 4, 2012. Reprinted with permission.

A staff member in the Reno County Appraiser's Office will challenge County Treasurer Clark Miller in the Aug. 7 Republican primary election. Jan Hull, 50, personal property and oil and gas manager, switched her voter registration from unaffiliated to Republican on Tuesday and has started to collect voters' signatures to put her name on the ballot. She said she'll need about 600 signatures, and it will save her a filing fee of more than \$700.

Miller, 59, first was elected in 2000 and has not yet filed to run but has said he will be a candidate. The filing deadline is June 1. "One more term," Miller said last year when asked about his election plans. He was surprised Wednesday that Hull was preparing a challenge. Some county officeholders—including Miller—have won reelection without facing a challenger.

Hull has worked in the appraiser's office since July 2002. That office is located one floor below the treasurer's department, but the two departments interact on various issues. Hull said she thinks the tag and tax operations overseen by the treasurer could be streamlined and improved through computer software and more efficient use of staff.

As of Wednesday morning, no one had filed to be on the 2012 ballot for these positions: County Commissioner in Districts 2 and 3, County Clerk, Register of Deeds, Sheriff, District Attorney, and judicial posts now held by Judges Tim Chambers, Patricia Macke Dick and Randall McEwen.

Generally, candidates elected in the November 2012 general election will take office in January 2013. In Kansas, county treasurers elected in November will be sworn into office in the following October.

GAO Study Finds Appraisal Process Inadequately Monitored

Source: The National Association of Homebuilders
http://www.nahb.org/news_details.aspx?newsID=14804

Jan. 23, 2012—Zeroing in on yet another deficiency of a faulty appraisal process that is hurting home values, hampering a housing recovery and often killing sales of homes coming in below the contract sales price, the Government Accountability Office (GAO) earlier this month reported that the Appraisal Subcommittee, which oversees the appraiser regulatory programs established by the states, needs to improve its monitoring procedures.

“These findings underscore the need to establish an effective oversight system to ensure that appraisals accurately reflect true market values and don’t harm aspiring home buyers or builders,” said NAHB Chairman Bob Nielsen, a home builder from Reno, Nev.

A recent NAHB survey shows that one out three builders have lost signed sales contracts because of flawed appraisals and a fall survey conducted by the National Association of Realtors shows that 18 percent of Realtors® reported a recent contract cancellation or delay as a result of a low appraisal.

Numerous flaws in the appraisal system have been causing inaccurate home valuations, both in times of housing weakness and strength. NAHB has been actively seeking improvements in appraiser education and training, particularly for appraisals of new homes, as well as more rigorous oversight so appraisal guidelines are enforced and errors can be corrected as they occur.

The GAO report found the Appraisal Subcommittee’s “enforcement tools and procedures for reporting compliance levels have been limited.” The GAO cited “several weaknesses” that have potentially limited the subcommittee’s ability to monitor state appraiser regulatory agencies; the federal financial institution regulators; and the Appraisal Foundation, a private, non-profit corporation that sets criteria for appraisals and appraisers.

Under the Dodd-Frank Act, the Appraisal Subcommittee was granted the authority to establish a national hotline to receive complaints over noncompliance with appraisal independence standards and grievances from appraisers, individuals or other entities over attempts to improperly influence appraisers or the appraisal process. Currently, no such hotline exists and the GAO report states that the creation of a national hotline could strain the Appraisal Subcommittee’s resources.

Observing that “the critical role of real estate appraisals in mortgage underwriting underscores the importance of effective regulation of the appraisal industry,” the GAO study calls on the Appraisal Subcommittee to strengthen its oversight by developing specific policies and procedures for monitoring the appraisal requirements of the federal

“Numerous flaws in the appraisal system have been causing inaccurate home valuations, both in times of housing weakness and strength.”

financial institutions regulators.

How homes are valued can have a dramatic effect on home owners’ mortgages, foreclosure rates, the health of banks and, ultimately, the condition of the U.S. financial system, said Nielsen.

“The current system is not working,” he said. “We must resolve a flawed appraisal process that produces inaccurate assessment of home values, because this fosters price instability, puts more families in danger of default or foreclosure, and undermines the housing and economic recovery. It’s time that regulators, appraisers, lenders and all of the stakeholders in this debate come together and agree on major reforms in appraisal practices and oversight to ensure that homes are appraised at their fair market rate.”

Garfield is on Top of the Oil Crisis

Submitted by Wayne Trout, Virginia

You gotta love garfield ‘s explanation—too cute and also too true!

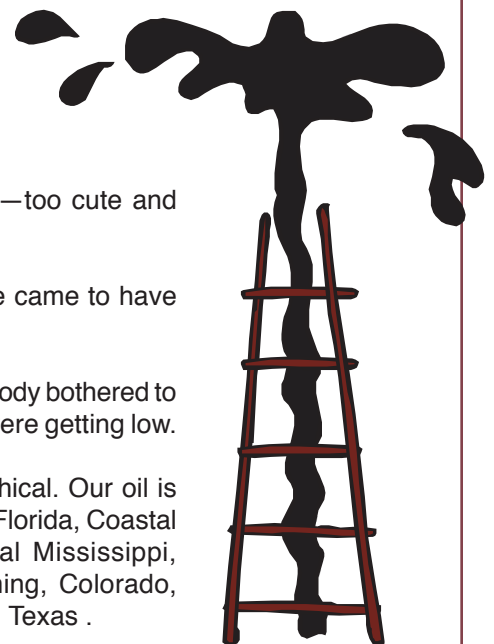
A lot of folks can’t understand how we came to have an oil shortage here in our country.

Well, there’s a very simple answer: Nobody bothered to check the oil. We just didn’t know we were getting low.

The reason for that is purely geographical. Our oil is located in: Alaska, California, Coastal Florida, Coastal Louisiana, Coastal Alabama, Coastal Mississippi, Coastal Texas, North Dakota, Wyoming, Colorado, Kansas, Oklahoma, Pennsylvania and Texas .

Our dipsticks are located in DC.

Any Questions? NO? Didn’t think so.



Lapsing and Reversion of Mineral Interests

Submitted by Pam Wilson, Chase County appraiser

"An interest in coal, oil, gas or other minerals, if unused for a period of 20 years, shall lapse, unless a statement of claim is filed in accordance with K.S.A. 55-1604, and the ownership shall revert to the current surface owner." K.S.A. 55-1602

This is a Kansas law of which many mineral owners may not be aware. For the surface owner, it is an opportunity that upon the lapse or non-use of a mineral interest, an action may be initiated which could trigger the mineral interest in reverting to the current surface owner. For an owner of severed non-producing minerals, it places a responsibility on them to protect their mineral interest and investment in said mineral interest by filing a statement of claim prior to the end of the 20-year period for which the coal, oil, gas or other minerals were not used.

Mineral interests are a real estate interest in Kansas and as such must have title transferred by deed or a Kansas probate action, and which are recorded in the courthouse in the county where the minerals are located. Some Kansas counties do not tax non-producing severed minerals, and in those situations there would be no tax statements or other recognition of ownership sent to the mineral owner on a regular basis. In addition, individuals who received their non-producing minerals through family probate actions may not have copies of the probate orders with their personal documents. As such, when the current owner dies, their heirs may not be aware that such non-producing minerals were owned and that a probate would need to be filed of record in Kansas to transfer those mineral rights to the heirs.

There are also many royalty owners who receive royalty checks with little understanding [that] the royalty interests are generally tied to a mineral interest. Receiving royalty income is a personal property interest in Kansas. An heir who may have received

Mineral interests are a real estate interest in Kansas and as such must have title transferred by deed or a Kansas probate action, and which are recorded in the courthouse in the county where the minerals are located.

their royalty interest from a parent or grandparent should begin to receive royalty payments, but they may not have sufficient information on whether they may have inherited an interest in non-producing minerals.

K.S.A. 55-1603 defines when a mineral interest is considered "used" and therefore has not lapsed. A "used" mineral interest is defined as any mineral produced or which operations are being conducted on the interest. If rental or royalties are being paid on the interest, it is being used. If the use of the mineral right is being carried out on a tract with which the mineral interest may be unitized or pooled for production purposes or, in the case of coal, if there is production from a common vein or seam by the owners of the mineral interests, the interest is considered being used. In addition, if taxes are being paid on the mineral interest by the owner, it is considered used. If the mineral interest does not fit the requirements as stated in K.S.A. 55-1603, then the mineral interest is considered unused under K.S.A. 55-1602 and can be considered lapsed after the 20-year period.

Upon the lapse of a mineral interest under K.S.A. 55-1602, any person who would then be entitled to the ownership of the interest can give notice of the lapse of the mineral interest by publishing the lapse in the local newspaper of general publication circulation in the county in which the land is located. If the name and address of the owner

can be determined, then they must be mailed a copy of the notice within 10 days after publication. A copy of the notice, together with an affidavit of publication and service can be filed with the Register of Deeds office in the county the property is located, which the statute considers as prima facie evidence of notice in any legal proceedings.

The mineral interest owner of an unused mineral interest can file a statement of claim prior to the end of the 20-year period. The statement should contain the name and address of the owner of the mineral interest and a description of the land on or under which the mineral interest is located. The statement of claim should be filed in the Register of Deeds office in the county the property is located. If the statement of claim is filed within the time provided, it will be considered that the mineral interest was being used on the date the statement of claim was filed.

Failure to file a statement of claim within the 20-year period does not mean a mineral interest owner will immediately lose their interest. The mineral interest owner may file a statement of claim within 60 days, after which notice of the lapse of the mineral interest is published in the newspaper or they are notified of the lapse of the mineral interest.

A sample form of a Statement of Claim and Affidavit of Ownership may be found on the Southwest Kansas Royalty Owners Association (SWKROA) website at www.swkroa.com. For all of our members who are currently receiving royalties there is no need to file a statement of claim, as the minerals are considered as being "used."

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Like Fracking? You'll Love 'Super Fracking'

Oil service companies roll out new technologies to break up more earth more cheaply.

By David Wethe, Bloomberg News, Jan. 19, 2012

Few energy industry practices have sparked more controversy than hydraulic fracking. First, wells are drilled horizontally below the surface, allowing a single bore or pathway to reach vertical pockets of oil and natural gas trapped between formations of shale and other rock. Then high-pressure jets of water, sand, and chemicals are pumped into the ground to create fissures through the rock so oil can seep out and be retrieved. Regulators, environmentalists, and academics are studying whether the practice can damage the environment.

Undeterred, oil services companies including Baker Hughes and Schlumberger are continuing their quest to devise ways to create longer, deeper cracks in the earth to release more oil and gas. These companies are no longer content to frack—they want to super frack.

High crude prices and newly accessible oil and gas embedded in shale rock in North America are driving the wave of innovation. The more thoroughly that petroleum-saturated rock is cracked, the more oil and gas is freed to flow from each well, raising the efficiency—and profit—of the expensive process.

For example, the growing use of movable sleeves, a tubelike device with holes that fits inside a well bore, lets drillers target multiple spots to dislodge entrapped oil. This technique can reduce the \$2.5 million startup cost of a fracking well near the Canadian border by up to two-thirds, according to a recent analysis by JPMorgan Chase. Multiply such savings by hundreds of wells added in that area each year, and you start to understand why the industry is so eager to hone the process.

"I want to crack the rock across as much of the reservoir as I can," says David A. Pursell, a former fracking engineer who's now an analyst at Tudor Pickering Holt in Houston. "That's the Holy Grail."

Baker Hughes has set its sights on creating "super cracks," a method of blasting deeper into dense rock to create wider channels. The aim of the technology, branded as DirectConnect, is to better concentrate the pressure of fracking fluids to reach oil or gas farther from the well bore, which existing methods fail to do as effectively.

The company also is trying to speed up the fracking process. Wells usually are fracked in steps, as plastic balls are dropped down to plug the well at various stages and isolate different zones for fracking. It can take days to get a drilling rig to the site and fish out conventional frack balls, which can get stuck over the course of 20 or 30 preparation phases in a typical well before production can begin. With land-based rigs renting for up to \$30,000 a day, reducing such delays is critical. So Baker Hughes has developed disintegrating

balls, which turn into powder "like an Alka-Seltzer" after a couple of days, says Rustom Mody, vice-president for technology.

Schlumberger, after six years of research, has developed a technique called HiWAY. The technology can generate bigger cracks in surrounding rock formations than current methods by combining fiber with typical fracking materials such as sand so the stuff clumps as it's being pumped in repeated pulses and at high pressure into the side of a well. The number of customers using HiWAY in North America has grown from two a year ago to more than 20, Schlumberger says. Chief Executive Officer Paal Kibsgaard told investors in October that the HiWAY technology is yielding larger oil and gas production while using less water and sand than conventional fracking.

continued on next page

To Frack or Not to Frack?

By Rick Stuart, CAE, Editor

Okay, I confess, I know nothing about oil and gas, fracking or severed mineral rights, and I fully intend to keep it that way. I do, however, find this whole discussion interesting.

Although this whole fracking discussion is relatively new to Kansas, we are not the first state to deal with this. In the last issue of *Appraising the Plains*, there were some very interesting articles about the struggles that North Dakota is encountering. For over a year there have been concerns that this process is creating underground water contamination and even earthquakes.

In a Jan. 3, 2012, *Wall Street Journal* article by Daniel Gilbert, "Ohio shuts wells following quakes," concern has risen to a different level. According to Gilbert, "Ohio became the latest state to take action on the possible link between seismic activity and wells

used to dispose of waste water from oil and gas production when state officials ordered a halt to the practice near Youngstown this weekend after several minor earthquakes. There have been 11 small temblors near the well since March 2011."

No different from the standard oil process, those wells are referred to as injection wells. Most of the waste water comes from Pennsylvania, where it is legal to dump but is very restricted to certain geological formation.

Again from Gilbert's article: "Arkansas regulators last year declared a moratorium on injection wells in the vicinity of a series of earthquakes, and in 2010 researchers at Southern Methodist University also found a link between injections wells in the Dallas-Fort Worth areas and nearby quakes."

Even as a non-betting man, I bet we will hear more about this issue.

Super Fracking, cont.

(Schlumberger, in a quiet period prior to the Jan. 20 release of its earnings, declined comment.)

Halliburton, the No. 1 provider of fracking services, also based in Houston, is trying to reduce the amount of materials and labor used on each well. It's rolled out RapidFrac, a series of sliding sleeves that open throughout the horizontal well bore to isolate zones for fracking. Fracking fluid is then injected at high pressure through multiple holes exposed by the sliding sleeve, cracking the surrounding rock. The process can be faster and cheaper than the most popular fracking method, which involves sending an explosive charge down the well to blast one hole at a time.

The critics aligned against fracking, let alone super fracking, aren't impressed. "If critics already think fracking is bad, theoretically, super fracking would be super bad," says Kirk Sherr, president of Regester Larkin Energy

North America, an industry consultant. Doctors attending a fracking conference in Arlington, Va., in early January called for a federal moratorium on the technique in populated areas until the health effects are better understood.

Meanwhile, the U.S. Environmental Protection Agency is studying whether fracking can contaminate water resources. The technique also has raised concerns about excessive water consumption because of the millions of gallons needed to frack each well. And local officials in Texas, Oklahoma, Arkansas, and Ohio have voiced concerns about recent outbreaks of small earthquakes in areas where drilling has been accelerating.

Seismologists and academics doubt that fracking itself has caused the quakes. "The fracturing process is not causing the problems that are perceived by the public," says David B. Burnett, director of technology at Texas A&M University's Energy Institute. He also says the wider or deeper fractures that result from super fracking won't

create bigger environmental problems. "No change in fracturing technology would change that," he says.

However, a 2010 study by seismologists at Southern Methodist University and the University of Texas at Austin found that the injection underground of wastewater from the wells may be affecting subterranean pressures in the rock, triggering tremors. Says Amy Mall, senior policy analyst at the National Resources Defense Council: "Just like any other type of fracking, we need a lot more independent scientific data and research to understand the risks and how best to prevent them." Yet as long as high oil prices create big profit incentives to pursue extraction techniques beyond conventional drilling, energy companies likely will continue to explore ways to squeeze money from rocks.

The bottom line: Despite the furor over fracking to extract oil, energy companies are developing ways to make it more destructive—and profitable.

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KCAA Education Calendar

Course	Date	Location*	Instructor	Cost
IAAO 191 Uniform Stds of Prof. Update Appr. Practice**	Apr. 18	Topeka, KS	Antonia Viens	\$110
**Students will be responsible for bringing the USPAP 2012-13 Publication				
IAAO 101 Fund. of Mass Appraisal	July 9-13	Topeka, KS	Rick Stuart	\$410
IAAO 312 Comm/Ind Modeling	July 23-27	Topeka, KS	Larry Clark	\$410
Evaluating Commercial Bldgs: Class, Quality, Condition	July 16-17	Wichita, KS	James Canestaro	\$225
Evaluating Residential Bldgs: Class, Quality, Condition	July 18	Wichita, KS	James Canestaro	\$150
RMA Residential Review	Aug. 7-9	Wichita, KS	Marion Johnson	\$300
IAAO 201 Appraisal of Land	Aug. 20-24	Wichita, KS	Rick Stuart	\$410
Valuation of Self Storage Properties (1 Day)	Aug. 28	Manhattan, KS	Rick Stuart	\$100
Valuation of High-End & Difficult Homes (1-Day)	Aug. 29	Manhattan, KS	Rick Stuart	\$100
Preparation & Presenting a Valuation Appeal (1 Day)	Aug. 30	Manhattan, KS	Rick Stuart	\$100
IAAO 400 Assessment Admin.	Sept. 24-28	Wichita, KS	Marion Johnson	\$410
IAAO 102 Income Approach	Oct. 8-12	Wichita, KS	Marion Johnson	\$410
IAAO 300 Mass Appraisal	Oct. 22-26	Topeka, KS	Rick Stuart	\$410
RMA Commercial Review	Nov. 6-8	Wichita, KS	Marion Johnson	\$300

Additional classes being scheduled:

IAAO 500 Assessment of Personal Property	TBA
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KCAA Class Locations:

Topeka
Shawnee County Annex Bldg.
1515 NW Saline
Topeka, KS 66618

Wichita
Office This
Fagetaboutit Room
4031 E. Harry St.
Wichita, KS 67218

Manhattan
Public Works Bldg.
6125 Tuttle Creek Blvd.
Manhattan, KS

Register Online

<http://www.kscaa.net/education/online-education-registration/>



Spotlight on Pottawatomie County

By Marian Bradley, local historian

During the several years prior to Kansas being admitted to the United States as a free state, several counties carried names having an association with the South, so they preferred to have a new name for their county. Dr. Luther R. Palmer, government doctor for the Pottawatomie Indians, prepared a petition to take to the interim legislature petitioning that it be named Pottawatomie County. This petition was presented to the legislature in 1856 by Charles Jenkins and J. A. J. Chapman. The petition was granted February 23, 1857, and the county became Pottawatomie County, after the Potawatomi Indians.

Some boundary changes were made: where the western boundary was five miles into Riley County, it was changed so the boundary would be the Blue River; and the eastern boundary was moved five miles west to the present location. The southern boundary has always been the Kaw River, and the northern boundary at Marshall and Nemaha counties.

The care the U. S. government took of the Native American Indians in the St. Marys area is still somewhat visible—especially the Indian Pay Station in the museum park in St. Marys. The Jesuit College was in business in St. Marys for many years and provided a mission school for young students.

Governor Geary made appointments for the first officials who would manage the business of the county until there could be an election for the officers. St. George had been designated the temporary county seat until elections could be held. No courthouse had been built there. The county was divided into four townships, and the number of townships gradually increased as more communities became established. There are now 21 townships.

When an election was held to decide location of the county seat, Louisville won over three other contenders. A two-story frame building was erected



Pottawatomie County 1899

to be the county seat and was used for several years. The northern end of the county and some far corners were a considerable distance from the seat of government, so those citizens wanted the county seat to be more centrally located. An election was held in 1882 to decide between several possible choices and Westmoreland won.

The Westmoreland Town Company, directed by Josiah Comfort, went into action to build a two-story stone county seat at Westmoreland. First the records were moved temporarily into two churches, with chalk lines drawn on the floor to designate the offices. Then a two-story frame temporary courthouse was built to use while the permanent building was being built, and when it was no longer needed for the courthouse, it was renovated into the La Pierre House hotel.

The Westmoreland Town Company used all available labor, teams and wagons to transport stone from an adjacent hill to use for the stone courthouse, which was completed in October of 1884. A small stone jail was built on the courthouse block, and a stone retaining wall was built to address the slope of the ground. This building was dedicated in October 1884, and amid much celebration and fanfare, a brass band, and a parade it was presented to the county commissioners, debt free.

The Union Pacific Railroad had been built as far west as Wamego by 1867, and it was building further west.

When they needed the maintenance shops moved closer to the work area, they entered an agreement that Wamego would provide them land if they promised to stay for 20 years. They actually stayed 30 years but then needed to move the shops to Ellis, Kan. Five Wamego citizens bought 13 acres of the land to reserve in hopes of building a park on the site when the railroad vacated it.

After much discussion, the city voted in favor of the park, and the men who had invested and held the land sold it to the city for exactly what they had paid for it, even though surrounding land value had risen in the interim. Wamego City Park was established and citizens voluntarily transplanted trees and shrubs in the park from the surrounding timber. Today many of those trees provide the shade in the park. Walter Chrysler was born in Wamego during the time his father worked in the railroad shops.

The site where the round house had been for working on the engines had a pit which was heavily loaded with oil and grease, so after the shops had moved to Ellis, this was dug clean and stashed off to the side to be dealt with later. That depression became the deep end of the Wamego City Park Lake. The debris which had sat and settled for a number of years became the mound the Dutch mill was placed on when the park was offered the Dutch-style grinding mill, originally built by Bernard Schoenhoff on his farm about



Pottawatomie County Courthouse

eight miles north of Wamego. The well-settled mound when covered with rich soil became home for the mill. The stones were numbered, and the mill was dismantled and moved to the City Park. There the stones were placed in order and the mill was rebuilt and can be used today. The mound has become a beautiful garden in all seasons.

When the Columbian World's Fair was built in Chicago in 1892-3, the states were encouraged to provide displays at the fair and buildings were named for the states. Great numbers of people attended the fair during the time it was open, including many from Pottawatomie County. J. C. Rogers had attended the fair and was impressed, so returned to Chicago at the end of the fair to purchase pieces for the building he was having built in Wamego. These items were shipped to Wamego. The pieces which had been on loan were returned to their owners and much was stored in a warehouse to be sold at a later date. That warehouse burned, so much was destroyed, but the items which had been shipped out of town survived, so J. C. Rogers had a goodly supply of it. There were 10x16-foot murals painted by Ernst Theodore Baehr, which had hung in the dome of the government building. Today the restored murals hang in the second floor theatre at The Columbian.

There were also several 9x19-foot murals of scenes in our national parks which were hung between the 10x16 foot pieces in the dome of the government building, all of which came to Wamego and awaited restoration. The trunk which housed those paintings was forgotten for many years until the opportunity arose to restore the theatre and the murals were brought from under the stage floor of the theatre. One 9x19-foot piece has been restored and is on display.

Ten years after the fair and during the years Forest Leach was Parks Commissioner, Rogers made a trip to Chicago and was browsing among



Schonhoff Dutch Mill

the pile still left from the fair and which had been waiting to be needed, when he came upon two large iron statues, which he purchased and had shipped to Wamego. After a cleaning and fresh paint, they now spend their days in the Wamego City Park.

Jess Willard grew up in the area of Emmett before he made a name for himself in the boxing ring. And the Wiziardi family traveled a large area performing high-wire and balance acts any where they could draw a crowd.

A World War I memorial statue of the Doughboys who served in WW I sits on a corner of 4th and Leonard Street in Onaga. A great number



Silo in the Oregon Trail Nature Park

of them had been placed in intersections across several states, but it became safer to place them out of the way of traffic.

Many of the Swedish immigrants who settled in Kansas chose the Olesburgh-Olsburg community. The German



Some who came west on the trails saw the possibilities here and stayed.

immigrants tended to gather in the area first settled by the Floursh family and Havensville. The St. Louis Colonization Company helped organize a colony to come from inner-city St. Louis to the healthier and more spacious area of rural Kansas, where they built a church, a village, and a farming community in the area which became Blaine. Other villages were Juanita, SpringSide, Moodyville, Arispie, Savannah, Broderick, LaClede, Emmett, Holy Cross and Garrison. All worked toward the development of this county.

During early days, the stage stopped at the Derastus Torry farm not far north of St. George. The Military Road from Leavenworth to Ft. Riley traversed Pottawatomie County from northeast to southwest, and the Oregon Trail traversed Pottawatomie County from the southeast to the northwest, both trails crossing the Vermillion River at Louisville. Some of the people who came west on the trails saw the possibilities here and stayed in the area to help build Kansas.

Several points of interest in the county are the Onaga Sale Barn Pavilion, which is one of very few octagon

continued on next page



Tuttle Creek Lake

Pottawatomie County, cont.

buildings in the Nation and is registered with the National Historic Register; the Doughboy statue in downtown Onaga; the Columbian Theater in Wamego; the Dutch Mill in Wamego; the Oz Museum in Wamego; the Oregon Trail Parks in Westmoreland and rural Belvue; the Indian Pay Station in St. Marys; Jeffrey Energy Center north of St. Marys; two state lakes; and a border with Tuttle Creek Lake on its western boundary as well as many other points of interest in various other locations in the county.

Pottawatomie County is a growing, thriving county that boasts of one of the highest increases in the 2010 Census population in the 10-year period.

Pottawatomie County Demographics

2010 Population Estimate: 21,604

1900 Population: 18,470

Area: 844 square miles

Persons per square mile: 25.6

Median Household Income: \$54,949

2010 Assessed Real Estate: \$190,381,760

2010 Assessed Personal Property: \$12,348,359

2010 Assessed Oil & Gas: \$26,393

Kansas Housing Predictor

Source: www.housingpredictor.com, Jan. 12, 2012. Reprinted with permission

Submitted by Mark Hixon, CKA, RMA

Pushed by an historic spike in farm profits as U.S. farmers enjoy the best of times in decades, Kansas home sales are increasing, and prices on homes throughout the state are also rising. The demand for existing homes is growing as lower home prices, coupled with close to record low mortgage rates combine to heal the housing market.

The transition from a weaker real estate market, hampered by the foreclosure crisis, is also being ushered in by low unemployment as farmers enjoy some of the highest prices for crops in years, and are able to hire more workers.

Crop sales for soy beans, some livestock and corn used in the production of ethanol are hitting record levels, and are expected to remain high as national and international demand grows. The farm-belt is apt to see better times for many years to come as demand outstrips supply for many food products in new international markets like India and China.

In Kansas City existing home sales are rising and should remain that way through the year. The pace of higher prices should also be boosted with fewer homeowners walking away from mortgages as a result. Housing appre-

Markets at a Glance	
City	Forecast
Kansas City	5.8%
Topeka	4.7%
Wichita	4.1%
Overland Park	4.2%

ciation is forecast as 5.8% in Kansas City in 2012.

In Overland Park, south of the metro Kansas City area, foreclosures troubled the market for more than two years, but as the economy improves in the area fewer homes are going into default. However, a huge wave of foreclosures is expected to be listed on the market in the coming year as the area deals with the fallout of the foreclosure crisis and a pent up vacant inventory of homes known as the shadow inventory.

Overland Park isn't done with the housing mess as banks and mortgage companies keep a tight grip on their funds to pay for at least part of their foreclosure losses. Home prices, however, are expected to keep moving higher through the year, and are forecast to climb 4.2% in 2012.

The transition from a weaker real estate market, hampered by the foreclosure crisis, is also being ushered in by low unemployment as farmers enjoy some of the highest prices for crops in years, and are able to hire more workers.

However, not everyone is sharing in the good fortunes of farmers, but lower unemployment in Kansas than in most other regions of the country is helping home sales in Topeka. The pace of sales has picked-up and should remain fairly steady through 2012 on projected appreciation from homes of 4.7%.

Drought that plagued regions of the corn-belt hurt some unlucky farmers. Outside of Wichita, a wide swath of farmland hurt farmers in the region. But the housing market through most of the area still maintained a healthy pace of sales, and is forecast to see home values rise 4.1% for the year.

Celebrating 150 Years of Kansas History: A Timeline (Part 3 of 4)

Submitted by Lisa Ree, RMA, Ellis County

Editor's note: This is part 3 of an interesting timeline for the state of Kansas as submitted by Lisa Ree, RMA, Ellis County. See part 1 in the October 2011 newsletter.



The Swedish Pavillion in Lindsborg

1867–1868. A great famine in Sweden combined with the discontent bred by repressive government made the American advertisement of land and freedom particularly attractive to Swedes. The third largest foreign-born group in nineteenth-century Kansas came from Sweden. The primary colony from Sweden was at Lindsborg, McPherson County. The settlement at Scandia, Republic County, was promoted by the Scandinavian Agricultural Society of Chicago. Swedish influence was also in Osage County and the Blue River parts of Riley and Pottawatomie counties.

1867. Joseph G. McCoy arrived at Abilene, the end of the extended Chisholm Trail, and built stockyards that he advertised throughout Texas.

Indian attacks reached their height in Kansas, when nearly 130 settlers were killed

June 5: The first recorded Indian attack at Henshaw Station, when the Indians killed four men and stampeded the horses. At the time the station was guarded by only 10 soldiers and two stock traders, so pursuit of the Indians was out of the question.

One Indian raid occurred at a small settlement called Brookville. When



a large body of Indians attacked the town, the settlers rushed to the roundhouse where a barricade was hastily thrown up. The Indians surrounded the building, piled railroad ties against it, and tried to set the structure on fire. Railroad crew members jumped on an engine already under steam, crashed it through the doors of the roundhouse, around the turntable, and with whistle and bell sounding, headed for Salina to get help. When the engine reached Salina, a dead Indian was found lying on a wheel.

The Indian Peace Treaty Monument of Medicine Lodge commemorates the signing of the peace treaty between the U.S. and the Indian tribes.

1868. Jesse Chisholm, namesake of the Chisholm Trail, died at Left Hand Spring near modern Geary, Okla., in 1868, about the time the traders' routes across Indian Territory became the Chisholm Trail, which was used as a cattle highway by Texas ranchers moving their longhorns to railheads in Kansas.

September: Col. George A. Forsyth and his command were on Arikaree Creek, a fork of the Republican River, five miles due west of Kansas' northwest corner. They were surrounded by nearly 1,000 Cheyenne, Arapaho, and Sioux. They retreated to an "island" (sandbar) in the Arikaree and dug-in. They suffered heavy losses, including the company's surgeon and its second-in-command, Lt. Fred H. Beecher, nephew of Harriet Beecher Stowe. The U.S. Army officially named this the Battle of Beecher Island in honor

of Lieutenant Beecher. Nineteenth Kansas Cavalry assembled for Indian Wars.

1869. Sioux and Cheyenne raid northwestern Kansas.

Ernest Valetton de Boissiere established a communal French colony in Franklin County, introducing silk to Kansas.



Wild Bill Hickok

Wild Bill Hickok becomes special marshal of Hays City, Kansas.

1870. Brookville Hotel in Brookville, Kan., was built. It is famous for its family-style chicken dinners.

1870s. Pittsburg, Crawford County, the coal metropolis of Kansas, was founded as a mining camp during the 1870s.

The Bender family lived on the road south from Independence, Montgomery County, halfway between the "Little House on the Prairie" and Independence, and near a landmark known as Bender Mounds. People disappeared on that road and they were never heard of again. Occasionally, the Benders invited travelers to stay for dinner. These itinerants were then murdered and robbed of their valuables.

Bethel College at Newton was founded by Swiss and German Mennonites from Russia; what is now the General Conference Mennonite Church.

1870–1871. After the Civil War, many families came from Clermont County, Ohio, and settled on the high prairie in what is now known as Ohio Township, in the northwest part of Morris County. On their way, they laid over at Topeka, where they met others from Clermont County, Ohio.

continued on next page

Timeline, continued

1871. Many Italian and other immigrants came to the coal mining region of southeast Kansas. Crawford County: Arma, Bruce; Mulberry, Pittsburg, Litchfield. Cherokee County: Stilson/Scammon, Wier City, West Mineral.

About that time coal mines were opened near Mulberry, Crawford County. This was also about the date of transition from the name Mulberry Grove to Mulberry.

April 15: James Butler Hickok replaced Tom Smith as Marshal of Abilene.

July: The Santa Fe Railroad extended its line to Newton, Kan., which then succeeded Abilene as the terminus of the Chisholm Trail. The cattle boom at Newton only lasted a year, for the railroad was soon extended to Wichita.

August: During this period there was considerable violence in the saloons and dance halls at Newton, with nine men being shot down in one shootout.



Dr. Higley

1872. "Home on the Range" song lyrics written in Smith County by Dr. Brewster M. Higley, M.D.

Ellsworth succeeded Abilene as the northern terminus (shipping point) of the Texas cattle trail.

A branch of the Santa Fe Railroad arrived at Wichita, and the town "busted-wide-open." A sign was erected at the outskirts of town proclaiming: "Everything goes in Wichita."

When the Santa Fe Railroad was completed to the Colorado border, the days of the Santa Fe Trail as a main transportation route were over.

1873. The Kaw Indians were removed from their reservation in Morris County to Oklahoma Territory, thus opening this land for white settlement.

1873–1874. German Mennonite immigration occurred in Kansas and South Dakota from Russia. Southeast McPherson and adjoining Marion (Hillsboro); Harvey (Halstead, where they

built a flour mill by the Little Arkansas River, North Newton); and Reno (Buhler, one of the oldest Mennonite Brethren churches in Kansas) counties became the home of German-Russian Mennonites.

1874. March: The Kansas Legislature amended the state militia law. This allowed anyone who objected to military service on religious grounds to obtain release. All they had to do was sign a declaration of objection in the county clerk's office.



July 31/September: Grasshopper plague, Rocky Mountain locusts, visited Kansas. The grasshopper invasion devastated crops in Kansas and many people lost nearly everything. Aid such as clothes, provisions,

and money was sent from the East to help the people get through the hard winter.

Four Kansas railroads shipped 122,914 head of Texas cattle in eight months.

1874–1875. Mennonites from Russia introduced Turkey Red wheat to Kansas.

Mid-1870s. Small western towns such as Catherine, Munjor, Pfeifer, Schoenchen in Ellis County and Liebenthal in Rush County were founded in the middle-1870s by Volga Germans, German Catholics who emigrated from Russia.

1875. The Kansas State Historical Society was organized.

Most buffalo in Kansas had been killed.

1876. State legislature abolishes color distinction from Kansas law.

1878. Robert Layton took advantage of the available fuel at Pittsburg, Crawford County, and established a zinc smelter. Pittsburg became the center

of the leading zinc-smelting area in the United States.

Prag, a Czech community in Rawlins County, is mentioned in a report submitted by Captain William G. Wedemeyer of the 16th Infantry, regarding losses suffered by settlers during the 1878 Cheyenne raid in Northwestern Kansas.

September 27: Chiefs Dull Knife and Little Wolf of the Northern Cheyenne led their people in a rebellion and flight from confinement and starvation on the reservation in Oklahoma (Indian Territory) to their home lands in Yellowstone. The trek climaxed on September 27, when 284 braves, women and children made their final stand on the bluffs of Ladder Creek, now Beaver Creek, just south of Scott County State Park. This encounter with the U.S. Cavalry was the last Indian battle in Kansas. The site, Squaws Den Battleground, drew its name from the pit in which the women and children were placed after helping to dig rifle pits for the warriors.

The last Indian raid occurs in Decatur County.

1878–1879. A colony of several hundred (Susquehanna) River Brethren from Pennsylvania arrived in the old-time corrupt cow town of Abilene to organize homes and fields on virgin land purchased from the Kansas Pacific Railroad.

1879. The prominent issue of the Kansas Legislature was prohibition.

1880. An amendment to the Kansas Constitution approved by Kansas voters prohibited the manufacture, sale, or gift of all forms of intoxicating liquor. Kansas became the first state in the United States to pass this controversial amendment.

1880s. Carry A. Nation lived at Medicine Lodge before she began her crusade against liquor that took her to all parts of the United States and England. All 105 Kansas counties organized.

1881. Bethany College of Lindsborg was founded by Swedish immigrants.

1881–1882. Most of the trail herds headed for Dodge City, another shipping point on the Santa Fe Railroad line. Dodge City was the “Cowboy Capital” of the West.

1884. April 30: Several cowboys, including Henry Brown, who would later become Caldwell City marshal, attempted to rob a Medicine Lodge bank.

Lane University was established in Lecompton and was attended by Ida Stover, President Eisenhower’s mother.

1884–1885. The era of the great cattle drives ended when the Kansas Legislature, alarmed by the increase of the cattle disease called “Texas Fever,” brought into the state by the Texas tick, passed legislation forbidding the importation of Texas cattle between March 1 and December 1, the season for the long drives.

1885. Last Texas cattle drive to Dodge City.

1886. Kansas Wesleyan University was built in Salina.

1887. Susanna Madora Salter of Argonia, Sumner County, was the first woman mayor in the United States, elected in southeastern Kansas.

While drilling a well, Sam Blanchard struck salt at 300 feet. Hutchinson has been built on top of one of the world’s greatest salt deposits.

1888. Almost a dozen salt plants were in operation at Hutchinson.

1889. Mentholatum was invented by Albert Alexander Hyde of Wichita.

1892. The notorious Dalton Gang rode into Coffeyville, Montgomery County, October 5 and attempted to rob two banks, the Condon Bank and the First National Bank. They took about \$25,000 in 12 minutes. A shootout followed, which claimed the lives of eight men: the outlaws, Grat and Bob Dalton, Dick Broadwell and Bill Powers; and four Coffeyville residents, Charles T. Connelly, Coffeyville city marshal (killed by Grat Dalton in “Death Alley”); Lucius M. Baldwin; George B. Cubine; and Charles Brown. Three other townsmen were wounded.

1894. Many companies organized to develop oil and gas fields in Kansas.

1895. Wichita State University in Wichita was founded as Fairmount College.

1896. West Mineral, Cherokee County, was founded in 1896 as a mining town.

1898. Kansas enlists four regiments for service in the Spanish-American War.

1900. The last ethnic group to enter Kansas in large numbers was Spanish-speaking Mexicans, brought to the state as laborers for various railroad companies. Numbering only 71 in 1900, their totals reached 13,570 in 1920 and 19,042 in 1930. Their primary population concentrations were in railroad centers.

Thinking Ahead

By Rick Stuart, CAE

A large number in our profession are starting to consider or are at the point of retirement. As you ponder this momentous change, I would like for you to take a little time and think about us poor souls who will continue to work. I know some of you are starting to feel guilty about leaving us behind—and the rest of you should be ashamed of your first thought! So I have an idea that will make you feel better.

The 2014 IAAO Annual Conference is in Sacramento, Calif. Now, most of you know that is close to the wine heavens of Napa Valley. Currently on the market is a 47-acre estate with an 11,700-square-foot Tuscan-style home that has four bedrooms, a two-bedroom guest house and a caretaker’s apartment. You can relieve all that guilt by purchasing the property and inviting us to stay for a couple of days after the conference. Or to make you feel really good, how about a week or two?

I suggest you jump on this opportunity now in case the asking price of \$29.5 million is raised when they realize what a dream place this is. I prefer red wine, by the way. See you soon!

Small House, U.S.A.

Modeled on the form of a grain silo, this 506 sq. ft. home consists of three cylinders, for sleeping, eating and living. The bed, on a pulley system, can be drawn up into a concealed ceiling box.



An old hitching post marks the grave site of Bob Dalton, Grat Dalton and Bill Powers in Coffeyville’s Elmwood Cemetery. The headstone was purchased years later by Emmett Dalton.



Real Estate Notes of Interest

■ Dawn Wotapka, *The Wall Street Journal*, Dec. 16, 2011. A Chinese company has agreed to a settlement with thousands of homeowners to reimburse for homes containing Chinese drywall. One estimate states the settlement could be as large as \$1 billion.

■ Nick Timiraos, *The Wall Street Journal*, Dec. 13, 2011. Some of you may have remembered in previous "Notes" that Chicago passed an ordinance making mortgage creditors liable for upkeep on vacant properties, even if just in the foreclosure stage. Fannie Mae and Freddie Mac have filed lawsuits against the city over this.

■ *The Wall Street Journal*, Dec. 14, 2011. Smith Travel Research reports that revenue per available hotel room rose in October to \$60.48, which is up 8.4% from a year ago.

■ Maura Webber Sadovi, *The Wall Street Journal*, Dec. 14, 2011. Some commercial markets remain very depressed in parts of the country. Even McDonald's is struggling to get minimum bids for vacant lots and restaurants, and thus areas have boarded up stores.

■ Nancy Trejos, *The Wall Street Journal*, Dec. 16, 2011. The good news for hotels (above) may be somewhat tempered by information in this article. It seems that as airfare is increasing, more and more travelers are staying in lower-priced hotels to make up the difference.

■ Charlie Savage, *www.builderonline.com*, Dec. 11, 2011. "The Justice Department on Wednesday announced the largest residential fair-lending settlement in history, saying that Bank of America had agreed to pay \$335 million

to settle allegations that its Countrywide Financial unit discriminated against black and Hispanic borrowers during the housing boom."

■ A.D. Pruitt and Dawn Wotipka, *The Wall Street Journal*, Dec. 21, 2011. The money is going to the multi-family. This article states that the big developers, ones that normally invested in malls and office properties, are now investing in apartments.

■ Matthew Strozier, *The Wall Street Journal*, Dec. 27, 2011. This article looks at what the author considers the best eight indices of measuring home values and are shown in the "Home-Price Scorecard" below. The link for the full article is <http://blogs.wsj.com/developments/2011/12/23/introducing-the-home-price-scorecard/>.

■ Brady Dennis, *www.washingtonpost.com*, Dec. 25, 2011. For a large

number of jurisdictions throughout the country, this articles does not surprise them when it talks about the prices declining for homes creates less property tax. See chart "Property taxes leveling off" on next page.

■ Walter Molony, *www.realtor.org*, Dec. 29, 2011. The Pending Home Sales Index,* a forward-looking indicator based on contract signings, increased 7.3 percent to 100.1 in November from an upwardly revised 93.3 in October and is 5.9 percent above November 2010 when it stood at 94.5. The October upward revision resulted in a 10.4 percent monthly gain. The last time the index was higher was in April 2010 when it reached 111.5 as buyers rushed to beat the deadline for the home buyer tax credit. The data reflects contracts but not closings.

■ John Gittlesohn, *www.bloomberg.com*, Dec. 27, 2011. This article is titled "RTC-like entity could emerge as U.S. tries to clear distressed inventory," and this editor highly recommends you watch for articles and information on this. A large number of us have been saying for a couple of years that the RTC (Resolution Trust Corporation) or something similar will be coming back for the housing material.

Home-Price Scorecard

They take different approaches, but home-value indexes tackle the same question: Are prices up or down?

S&P/Case-Shiller	LPS	FHFA	FNC
 -3.6%	 -4.4%	 -2.8%	 -4.7%
CoreLogic	Radar Logic	Clear Capital	Zillow
 -3.9%	 -5.4%	 -2.2%	 -5.1%

Note: Latest year-over-year data as of Dec. 22.

Source: Wall Street Journal, <http://blogs.wsj.com/developments/2011/12/23/introducing-the-home-price-scorecard/>

■ CCIM Institute, www.ccim.com, Jan. 5, 2012. "While office demand dropped slightly in 4Q11, the U.S. office sector's overall 2011 space demand reached the highest level since 2007, however 2012 is expected to remain relatively flat across most regions." See <http://www.ccim.com/newscenter/136675/2012/01/05/us-office-demand-increased-2011> for the article.

■ *Daily Real Estate News*, www.realtor.org, Jan. 5, 2012. Will the federal government become residential landlords? There is a proposal to rent versus selling repossessions. There is more and more discussion and articles on this issue, I would recommend you watch for this topic.

■ *Daily Real Estate News*, www.realtor.org, Jan. 5, 2012. "The apartment vacancy rate is at its lowest level since late 2001 as the rental market continues to soar, according to the latest fourth-quarter data by Reis Inc. As demand increases, the vacancy rate for apartments dropped in the fourth quarter to 5.2 percent compared to 6.6 percent a year prior."

■ Annie Gasparro, *The Wall Street Journal*, Jan. 6, 2012. A couple of franchise restaurants are trying to help their current franchisees and encourage others to participate. Papa John's International and Denny's are trying the following:

- Lending programs
- Cutting back royalty fees
- Additional assistance as needed

■ *Hospitality Trends*, www.htrends.com, Jan. 8, 2012. "The U.S. hotel industry experienced increases in all three key performance metrics during the week of 25-31 December 2011, according to data from STR. In year-over-year comparisons for the week, occupancy rose 3.4 percent to 49.0 percent, average daily rate increased 4.3 percent to US\$107.56 and revenue per available room finished the week with an increase of 7.8 percent to US\$52.69."

■ John Caulfield, www.builderonline.com,

Feb. 21, 2011. This is a repeat article with a follow-up. In the 2011 article, the following statement was made: "Since 2003, Marketplace Homes in Plymouth, Mich., has been offering a unique service to home buyers and builders: If that buyer purchases a new home from one of Marketplace's preferred builders, Marketplace will offer to find renters for their properties."

Now, the follow-up as of Jan. 11, 2012 is: The Plymouth, Mich.-based Marketplace helped sell 543 homes last year, a 165% increase over 2010. The carrot was the guaranteed lease stated above.

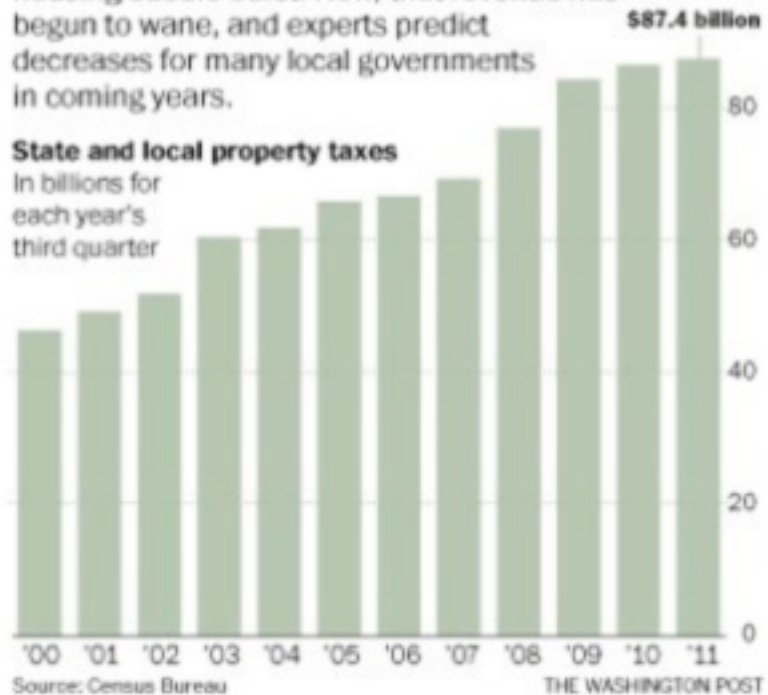
■ Craig Karmin and Eliot Brown, *The Wall Street Journal*, Jan. 11, 2012. Problems continue to mount in the overall office market. According to Reis, Inc., some markets are still below 2007 levels with some areas seeing value drops of 26%. Delinquency rates in December rose to 9%, which is up from 7.4% in June. If the property was

Property taxes leveling off

Because of the lag time in assessments, among other factors, property tax revenue often takes years to catch up with the current economy. That means many municipalities saw tax revenue rise even after the housing bubble burst. Now, that revenue has begun to wane, and experts predict decreases for many local governments in coming years.

State and local property taxes

In billions for each year's third quarter



purchased at or near the peak, a 1% decline in rent would result in a 8% loss in profits.

"A 660,000 square-foot office building in downtown Kansas City, Mo., is trying to renegotiate its \$40 million mortgage with creditors, according to Trepp. The property's vacancy rose to 48% in 2010 when a major tenant, Dickinson Financial Corp., didn't renew its lease."

■ Jason Hindley, *Money Magazine*, January/Feb. 2012. The trend of new homes being constructed continues to indicate smaller is better.

Year Built	Average SF
1985	1,605
1995	1,920
2005	2,227
2010	2,169

continued on next page

REAL ESTATE NOTES, continued

■ *The Wall Street Journal*, Jan. 11, 2012. Knauf Plasterboard Tianjin Co. agreed last month to create an uncapped fund to pay for repairing roughly 4,500 Florida, Louisiana, Mississippi and Alabama. The deal also would create a separate fund capped at \$30 million to pay for other types of losses, including those blaming drywall for health problems."

■ A.D. Pruitt, *The Wall Street Journal*, Jan. 11, 2012. Self-storage facilities continue to be strong in the real estate market and is now carrying over into the REITs. REITs are real estate investment trusts. "Last year, the stocks of real-estate investment trusts posted a total return of 35.4% for the second consecutive year. Those results greatly outpaced the 8% return for all REITs, as measured by the Dow Jones All REIT Equity Index."

■ Jess Bravin and Nathan Koppel, *The Wall Street Journal*, Jan. 21, 2012. December 2010 sales of previously used homes were up for the third straight month, bringing the supply of homes listed for sale to the lowest level since 2006. Lower supply and a good demand should help the market.

■ Conor Dougherty, *The Wall Street Journal*, Jan. 21, 2012. This could be good news for the Lowes and Home Depots of the world. Renovation and remodeling has come back strong starting in 2010 and is expected to be even stronger in 2012.

■ Editorial Page, *The New York Times*, Jan. 25, 2012. In the State of the Union address, President Obama promised a fresh investigation into mortgage abuses that led to the financial meltdown. The goal, he said, is to "hold accountable those who broke the law, speed assistance to homeowners and help turn the page on an era of recklessness that hurt so many Americans." See the entire article at http://www.nytimes.com/2012/01/26/opinion/a-mortgage-investigation.html?_r=1.

■ *Hospitality Trends*, www.htrends.com, Jan. 24, 2012. "The average price per key in 2011 was US\$200,000, compared with US\$179,000 in 2010, an increase of 11.7 percent despite all of the market volatility in 2011, with the debt ceiling debacle and global economic uncertainty, the hotel industry has continued to rebound and investors have obviously taken note," said Steve Hennis, director at STR Analytics.

"Investors are hoping to take advantage of the improving fundamentals, with average room rates on the rebound and supply growth negligible in most markets over the next couple of years." Read the rest of the article at <http://www.htrends.com/research/article60774.html>

■ *National Real Estate Investor Online*, www.nreionline.com, Jan. 27, 2012. To see the entire article on the best and worst states for business taxes, go to http://nreionline.com/news/best_worst_business_tax_states_01272012/. You can see all the state rankings at <http://www.taxfoundation.org/research/show/22658.html>. Kansas is listed as the 25th best in case you are interested.

The BEST & WORST states for business taxes	
TOP 10	BOTTOM 10
Wyoming	Iowa
South Dakota	Maryland
Nevada	Wisconsin
Alaska	North Carolina
Florida	Minnesota
New Hampshire	Rhode Island
Washington	Vermont
Montana	California
Texas	New York
Utah	New Jersey

■ www.realtor.org, Jan. 25, 2012. "After reaching a 19-month high, pending home sales eased in December but stayed above year-ago levels, according to the National Association of Realtors®. The Pending Home Sales Index, a forward-looking indicator

based on contract signings, declined 3.5 percent to 96.6 in December from 100.1 in November but is 5.6 percent above December 2010 when it was 91.5. The data reflects contracts but not closings."

■ Melissa Tracey, Jan. 25, 2012. This blog posting discusses which remodeling projects give the best return on investment based upon the annual survey by the National Association of Realtors. To see this article go to: <http://styledstagedsold.blogs.realtor.org/2012/01/25/2011-2012-cost-vs-value-which-remodeling-projects-pay-off-the-most/>. To see all the remodeling information, go to <http://www.remodeling.hw.net/2011/costvsvalue/national.aspx>.

■ www.builderonline.com, Jan. 26, 2012. This is really scary, even though it is not our state. "Sixteen percent of homes sold in Illinois in the third quarter of 2011 were in foreclosure or owned by a bank. That's according to a report released Thursday by Irvine, Calif.-based RealtyTrac. The company says the total number of foreclosures sold from July through September last year was 6,537 and the average sale price was \$133,121."

■ Jeffrey Trachtenberg, *The Wall Street Journal*, Jan. 30, 2012. "It may be one of the most intriguing trends in homebuilding: do-it-yourself tiny homes. Amid a growing interest in eco-friendly lifestyles comes a spate of picture books capturing the joys of shoe box living. Among the first on the market this year is Lloyd Kahn's "Tiny Homes: Simple Shelter," a quirky photo-rich book that preaches the benefits of a "grassroots movement to scale things back." It has already sold 5,200 copies in the U.S. and Canada since going on sale Jan. 15, making the title a genuine hit in a distinctly niche market." Read more at http://online.wsj.com/article/SB10001424052970203363504577187231003879046.html?mod=WSJ_RealEstate_LEADTopNews#

■ Wendy Koch, *USA Today*, Feb. 3, 2012. The federal government has

cleared the sale of leases to build wind turbines off the coasts of Delaware, Maryland, New Jersey and Virginia with approval for Massachusetts expected soon. From an appraiser's point of view, this will be interesting and expect some very large amounts.

■ www.appraisalinstitute.org, Feb. 8, 2012. "The delinquency rate on U.S. commercial mortgage-backed securities increased five basis points to 9.32 percent in December—its 12th consecutive month above 9 percent—according to Moody's Investors Service data reported by MBA NewsLink Jan. 31. A basis point is one-hundredth of a percentage point. In December, there were \$3.7 billion in newly delinquent loans, according to Moody's CMBS Delinquency Tracker report, while nearly \$3.5 billion in previously delinquent loans became current, worked out or were disposed of. CMBS are Commercial Mortgage Backed Securities.

■ Peter Coy and Prashant Gopal, *Business Week*, Feb. 8, 2012. **Editor's Note:** I believe this short article is a good read. It can be found at <http://www.businessweek.com/magazine/a-solution-to-the-housing-crisis-could-be-at-hand-02082012.html>.

"Aside from cash incentives, lenders are also nudging along potential short sales by pre-approving deals, streamlining the closing process, and forgoing their right to pursue the unpaid balance of the loan, says Bill Fricke, senior credit officer at Moody's Investors Service in New York. Short sales accounted for 33 percent of financially distressed transactions in November, up from 24 percent a year earlier, according to CoreLogic."

■ *Daily Real Estate News*, Feb. 8, 2012. "Fannie Mae has announced that it is rolling out a pilot program nationwide that will allow real estate agents to now submit and track their offers online for Fannie Mae-owned properties. Once an offer is submitted, you'll receive confirmation and be able to track its status through Fannie's HomePath website. Fannie first began piloting the program for online offers in

Seniors Housing & Care

	Seniors Housing 4Q11	Seniors Housing 3Q11	Nursing Care 4Q11	Nursing Care 3Q11
Occupancy (%)	88.2	88.1	88.2	88.3
Annual Rent Growth (%)	1.7	1.6	3.4	3.4
Annual Absorption (%)	2	1.9	-0.7	-0.6
Annual Inventory Growth (%)	1.2	1.0	-0.4	-0.4
Construction vs. Inventory (%)	1.5	1.6	0.5	0.5

■ Susan Piperato, www.nreionline.com, Jan. 26, 2012. Senior housing occupancy is slowing improving according to this article at http://nreionline.com/news/seniors_housing_gradual_recovery_01262012/. A recap table is shown above.

2010 in San Diego, Orlando, Fla., and Detroit. It now will be accepting online offers for properties nationwide."

■ *Daily Real Estate News*, Feb. 8, 2012. A tough market for being a realtor takes on a whole new definition with this gruesome article. <http://realtormag.realtor.org/daily-news/2012/02/08/agents-make-unexpected-finds-in-foreclosures>

■ The new remodeling cost versus value added is here! See what's the most current return on investment for all that remodeling you did. <http://www.remodeling.hw.net/2011/costvsvalue/national.aspx>

■ *Topeka Capital-Journal*, Jan. 7, 2012. January Housing Predictor has put four Kansas cities on its Top 10 list 2012 Housing Appreciation. Kansas City is #1 with a predicted 5.8% housing value increase and Topeka at #2 with 4.7%. Overland Park is #6 with 4.2%. Wichita ranked #7 with 4.1% housing value increase. The appreciation rates are attributed to the high return and strong demand for corn and soybeans.

■ *Kansas City Star*, Jan. 9, 2012. The 2012 Kansas City Retail Report by Lane4 Property Group states that Kansas City area retail real estate is on a slow and bumpy rise. New retail development in the metropolitan area is not expected to be significant. Quality developments in good locations are increasing. Managers of retail developments are pursuing other types of

tenants such as restaurants, medical services and fitness clubs, to fill space. A noted trend is the downsizing of the "big box" stores as online shopping continues to grow.

■ *Crenews.com*, Feb. 15, 2012. Here is some positive commercial news. The complete article is at http://www.crenews.com/index.php?option=com_content&task=view&id=75129&Itemid=128. "Life-insurance companies last year committed to write \$45.5 billion of commercial mortgages, up 48.2 percent from the \$30.7 billion they committed to write in 2010, according to the American Council of Life Insurers. And expectations are that this year's volume will increase by perhaps 20 percent or more."

■ Jennifer Levitz, *The Wall Street Journal*, Feb. 14, 2012. This is a sign of the times. The city of Providence, RI, is asking exempt Ivy League Brown University to pay more in-lieu of taxes. The University does pay about \$1.6 million annually on leased land and then \$2.5 million of in-lieu of taxes. Because of severe budget shortfalls, the mayor is asking them to start paying \$4 million annually for in-lieu of taxes. Brown University owns around 200 buildings that are valued at over \$1 billion. If on the tax role, that value would generate \$38 million in annual property tax.

■ www.appraisalinstitute.org, Feb. 22, 2012. I think this will surprise most people. Commercial property

continued on next page

REAL ESTATE NOTES, continued

manager Grubb & Ellis has filed for bankruptcy. The company has over 3,000 employees and manages over 250 million square feet. <http://www.appraisalinstitute.org/ano/newsletter/DisplayNwsLtrArticle.aspx?volume=2&numbr=3/4&id=17071>

■ Crenews.com, Feb. 23, 2012. "General Growth Properties has agreed to pay \$270 million for 11 Sears store locations at malls it owns and that the retailer plans to vacate. The Chicago REIT said Sears would continue to occupy the locations until next year. It said the deal would facilitate a plan for it to expand some of its properties."

■ Walter Molony, www.realtor.org, Feb. 22, 2012. "Existing-home sales rose in January, marking three gains in the past four months, while inventories continued to improve, according to the National Association of Realtors®. Total existing-home sales, which are completed transactions that include single-family homes, townhomes, condominiums and co-ops, increased 4.3 percent to a seasonally adjusted annual rate of 4.57 million in Jan. from a downwardly revised 4.38 million-unit pace in December and are 0.7 percent above a spike to 4.54 million in Feb. 2011."

■ *USA Today*, Feb. 28, 2012. The Federal Housing Finance Agency has control over roughly 250,000 foreclosed homes and is now starting the process of disposing of those. Soon around 2,500 will be offered to buy or convert into rentals.

■ *Daily Real Estate News*, Feb. 29, 2012. "Agents reported that, compared to last year, sellers are more willing to remove clutter; make cosmetic updates, such as minor repairs; "de-personalize" the home; and stage the home to better their chances of getting it sold, the survey finds. Meanwhile, the survey also found that agents say buyers are most putting a value on new or updated kitchens, bathrooms, and open floor plans when touring homes."



AH, KANSAS! This is way good video about the conversion of a former missile base into survival homes. "It's true peace of mind," says developer Larry Hall. You can watch it online at CNN Money: <http://money.cnn.com/video/pf/2012/03/12/pf-uh-luxury-survival-condos.cnnmoney/>.

■ *Daily Real Estate News*, Feb. 29, 2012. "Warren Buffett, the billionaire investor and Berkshire Hathaway CEO, said on CNBC's "Squawk Box" recently that he'd 'buy up a couple hundred thousand' single-family homes if it was practical. Buffett said that's because he believes purchasing a home with ultra-low mortgage rates and holding it for the long-term has become a better investment than stocks right now." The complete article is at <http://realtormag.realtor.org/daily-news/2012/02/29/buffett-id-buy-up-couple-hundred-thousand-homes>

■ Teresa Burney, *Home Builder Magazine*, March 1, 2012. "Some 20 years after the passage of Title XI [which establishes rules about appraiser qualifications and independence] questions remain about the oversight of the appraisal industry and the quality of

appraisals," says the recently released GAO report. There is also concern about the amount of mortgage fraud and the use of appraisal management companies (AMCs). The article can be found at <http://www.builderonline.com/appraisal/home-appraisal-process-flawed-government-report-finds.aspx?cid=BBU:030112>

■ Matthew Strozier and Dawn Wotapka, *The Wall Street Journal*, March 7, 2012. Has the demand for purchasing apartments cooled? According to this article, the answer is yes. Experts are starting to state that investors are pushing back on prices, yields are flattening and that the best rent increases are passed.

■ If you have time to read a short article about the commercial real estate market and projections, check out the interview with Kevin Smith with Prudential Real Estate Investors at http://nreionline.com/news/how_prei_views_cre_outlook_03122012/.

■ *USA Today*, March 13, 2012. The federal government in conjunction with 49 states have agreed to a \$25 billion settlement with Bank of America, Wells Fargo, JPMorgan Chase, Citigroup and Ally Financial over alleged foreclosure abuses. Oklahoma had previously reached an independent agreement. A total of \$20 billion will be distributed to states and the government will keep the \$5 billion fine. Monies sent to each county will be used to reduce loans of a projected one million households that are under water. Kansas is projected to receive \$13.8 million.

Muy Pequeña Casa

Located in Spain, this 635-square-foot house—built entirely of timber—is designed for the hot summer temperatures of Madrid. Three legs raise the middle of the building off the ground, creating a shaded area for lounging.



Where I've Been

Submitted by
Rick Stuart, CAE

I have been in many places, but I've never been in Cahoots. Apparently, you can't go alone. You have to be in Cahoots with someone.

I've also never been in Cognito. I hear no one recognizes you there.

I have, however, been in Sane. They don't have an airport; you have to be driven there. I have made several trips there, thanks to my friends, family and work.

I would like to go to Conclusions, but you have to jump, and I'm not too much on physical activity anymore.

I have also been in Doubt. That is a sad place to go, and I try not to visit there too often.

I've been in Flexible, but only when it was very important to stand firm.

Sometimes I'm in Capable, and I go there more often as I'm getting older.

One of my favorite places to be is in Suspense! It really gets the adrenalin flowing and pumps up the old heart! At my age I need all the stimuli I can get!

I may have been in Continent, but I don't remember what country I was in.

PLEASE DO YOUR PART!

Today is one of the many "National Mental Health Days" throughout the year. You can do your bit by remembering to send an email to at least one unstable person. My job is done!

Life is too short for negative drama and petty things. So laugh insanely, love truly and forgive quickly!

From one to another: I hope everyone is happy in your head—we're all doing pretty good in mine!

Hobbit House in Nevada



In January 2012 this unique home in Lake Tahoe, Nev., became available for sale at \$3,700,000. According to the listing agent's webpage, it is 6,640 sq. ft., including 4 bedrooms, 5 full baths and 1 partial bath.

You can see more photos at <http://www.sothebysrealty.com/eng/sales/detail/180-l-921-4357753/the-hobbit-house-where-yesterday-meets-tomorrow-lake-tahoe-nv-89439>.



Answers of a Brilliant Student Who Scored 0%

(Or as appraisers think: "I would have given him 100%")

Submitted by Dean Denning, CKA, RMA, Ellis County

- Q1. In which battle did Napoleon die? **His last battle.**
- Q2. Where was the Declaration of Independence signed? **At the bottom of the page.**
- Q3. River Ravi flows in which state? **Liquid.**
- Q4. What is the main reason for divorce? **Marriage.**
- Q5. What is the main reason for failure? **Exams.**
- Q6. What can you never eat for breakfast? **Lunch & dinner.**
- Q7. What looks like half an apple? **The other half.**
- Q8. If you throw a red stone into the blue sea what it will become? **It will simply become wet.**
- Q9. How can a man go eight days without sleeping? **No problem—he sleeps at night.**
- Q10. How can you lift an elephant with one hand? **You will never find an elephant that has only one hand.**
- Q11. If you had three apples and four oranges in one hand and four apples and three oranges in other hand, what would you have? **Very large hands.**
- Q12. If it took eight men ten hours to build a wall, how long would it take four men to build it? **No time at all; the wall is already built.**
- Q13. How can u drop a raw egg onto a concrete floor without cracking it? **Concrete floors are very hard to crack.**

And people think us appraisers are creative!

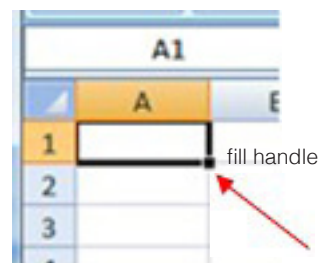


Expanding Your Many Talents!

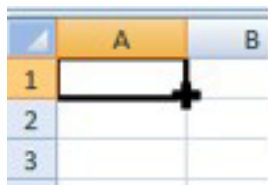
By Lisa Ree, RMA, Ellis County

Fill 'er Up With AutoFill

Excel's AutoFill feature is an easy-to-use tool for quickly filling in a data series or for copying a formula to adjacent cells. The little black square in the lower-right corner of a cell is the **fill handle**, a tool that can make your Excel tasks easier.

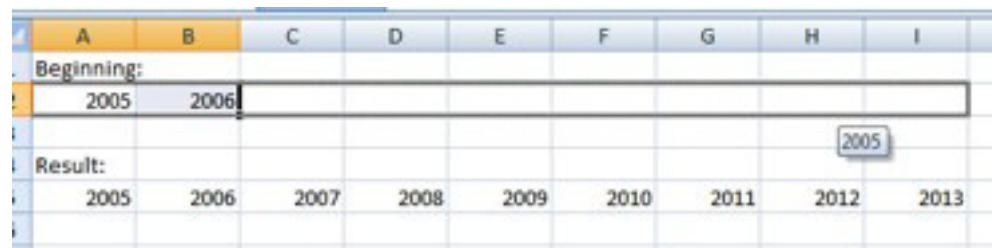
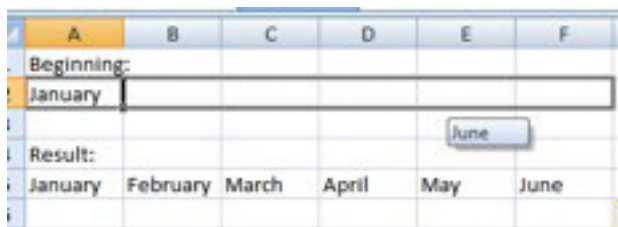


Using AutoFill to Fill in Adjacent Cells



■ **To create a sequential series that increases by "1."** This example uses the fill handle to easily list the calendar months:

- Enter your first entry in a blank cell, such as January
- Grab the handle (a black crosshair will appear when the fill handle is selected) and drag it to the right. While dragging the handle, a pop-up box displays the sequential months.
- Release the mouse when you've reached the last month you wish to use and the cells are now populated.



■ **Using AutoFill to quickly complete a series of numbers.**

When using AutoFill with numbers or dates, two cells of data must be entered to establish a pattern. This example deals with tax years:

- Enter your first and second tax years in two separate but adjacent cells—such as 2005 & 2006
- Highlight the two cells of years. Grab the handle and drag it to the right.
- Release the mouse when you've reach your desired ending tax year and the cells are now populated

These examples have shown the basics of using AutoFill moving to the right in a row which listed the data in ascending order. By moving the fill handle to the left, data will be listed in descending order. (Your data must start in descending order.) AutoFill also works with columns as shown in the example below.

■ **Using Fill Handle to fill formulas in adjacent cells, whether across a row or down a column.**

To copy the formula down the column:

- Enter your formula in the 1st cell. This example calculates a Building Residual as Sale Price less Land Value
- Grab the fill handle.
- Drag the handle down the column.
- Release the mouse when you reach the end of the data and AutoFill will complete the calculations for you.

	A	B	C
1	Beginning:		
2	Sale Price	Land Value	Bldg Resid
3	50000	3500	=A3-B3
4	79500	2000	
5	49225	1500	
6			
7	Result:		
8	Sale Price	Land Value	Bldg Resid
9	50000	3500	46500
10	79500	2000	77500
11	49225	1500	47725
12			

2012 NCRAAO Conference Registration • June 11-13, 2012 • Kansas City, MO

First Name: _____ Last Name: _____
Address: _____ City, State, Zip _____
Employer: _____ Phone: _____ Email: _____

Registration Selection

Registration includes: Monday night reception & silent auction, Tuesday lunch, Tuesday evening meal & entertainment (Hawaiian/Beach theme—dress accordingly!!), Wednesday lunch, Wednesday night meal & banquet, and all education seminars.

_____ \$260 _____ \$280 after May 11

RSVP for the events that are part of registration:

- _____ Monday night silent auction & reception
- _____ Tuesday night dinner & entertainment—Hawaiian/Beach theme event!
Plan to dress in your Hawaiian/Beach attire, prizes will be awarded for the best dressed!
- _____ Wednesday night banquet & entertainment

_____ \$75 Golf Tournament-Swope Park Golf Course: 18 holes of golf and lunch on Monday, June 11 at 8:00 a.m.
Pairing requests should be sent to Mark Reynolds mreynolds@jococourthouse.com

_____ = Total Registration Fees

Additional Tickets

_____ \$35 Monday night silent auction & entertainment
_____ \$60 Tuesday night dinner & entertainment
_____ \$60 Wednesday night banquet & entertainment
_____ \$145 All three events
_____ =Total Additional Tickets Amount

_____ =Grand Total Fees (Registration, Golf & Additional Tickets)



Please mail payment, payable to NCRAAO '12, with a copy of your registration form to:
KCAA, PO Box 988, Meade, KS 67864

Make Lodging Reservations Directly with Hotel

Sheraton Hotel Kansas City at Crown Center
Phone: 816-841-1000 or
<http://www.ncraao.org/2012ConfLocation.htm>

Single: \$99 Triple: \$149
Double: \$124 Quad: \$174

There will be several sessions by vendors that will allow them to speak specifically about their products and allow for questions and answers from the audience.

Indicate your education choices below:

Tuesday, June 12

10:00-11:30 _____ Vanguard Appraisals /Sidwell
10:00-11:30 _____ GIS Workshop/Vision GSI
10:00-11:30 _____ Practical Application of Ratio Studies
& Proposed Changes
1:00-2:30 _____ Promoting Your Office
1:00-2:30 _____ GIS Workshop/Vision GSI (repeated)
1:00-2:30 _____ Practical Application of Ratio Studies &
Proposed Changes (repeated)
1:00-4:30 _____ Valuation of Restaurants
3:00-4:30 _____ Promoting Your Office (repeated)
3:00-4:30 _____ Pickett

Wednesday, June 13

8:00-9:30 _____ IAAO Member Benefits
8:00-9:30 _____ Pickett & Midland GIS
8:00-11:30 _____ Destination Valuation—The Legends
10:00-11:30 _____ IAAO Member Benefits (repeated)
10:00-11:30 _____ Devnet & ESRI (repeated)
1:00-2:30 _____ Golf Course Valuation—Market Rent
Method of Income Approach
1:00-2:30 _____ Oil & Gas Roundtable
1:00-2:30 _____ Vanguard Appraisals/Sidwell (repeated)
3:00-4:30 _____ Oil & Gas Roundtable (repeated)
3:00-4:30 _____ Golf Course Valuation-Market Rent
Method of Income Approach (repeated)

Contact Cindy Brenner at 620-873-7449 or email kcaa@sbcglobal.net with any questions

KANSAS COUNTY APPRAISERS ASSOCIATION

Annual Business Conference ❖ June 17 – 20, 2012 ❖ Hilton Garden Inn ❖ Manhattan

Golf Tournament: Monday, June 18, at Stag Hill Golf Course, 4441 Fort Riley Blvd. 7:30 a.m. is continental breakfast, and tee off is 8 a.m. Tournament is a scramble.

No walk-ons or payments will be allowed at the tournament site. Breakfast & lunch are included in the price. Pairings arranged by Mark Low, tournament coordinator or, if you have a team, please list names below:

Bowling Tournament: Sunday, June 17. Check-in by 6 p.m. and bowling at 6:30 p.m. at Little Apple Lanes, 515 Richards Dr. Tourney is co-ed and for all levels of bowlers. Kim Laufer is tournament coordinator.

REGISTRATION & FEES

REGISTRATION FEES

☐ Full Registration

☐ Education Only

☐ Golf Tournament

☐ Bowling Tournament

☐ Monday Night Dinner/Entertainment

☐ Tuesday Night Dinner/Entertainment

☐ Tuesday Awards Luncheon

BY MAY 17

_____ \$245

_____ \$145

_____ \$ 75

_____ \$ 17 (Includes 3 games, shoes, prizes)

_____ \$ 30

_____ \$ 30

_____ \$ 20

AFTER MAY 17

_____ \$255

_____ \$155

No registrations after May 23

No registrations after May 23

_____ \$ 33

_____ \$ 33

_____ \$ 23

Total Enclosed

\$ _____

\$ _____

Name _____ County/Company _____

Address _____ City/State/ZIP _____

Phone _____ Fax _____ email _____

SPOUSE/GUEST REGISTRATION

REGISTRATION FEES

☐ Golf Tournament

☐ Bowling Tournament

☐ Monday Night Dinner/Entertainment

☐ Tuesday Night Dinner/Entertainment

☐ Tuesday Awards Luncheon

BY MAY 17

_____ \$75

_____ \$17 (Includes 3 games, shoes, prizes)

_____ \$30

_____ \$30

_____ \$20

AFTER MAY 17

No registrations after May 23

No registrations after May 23

_____ \$33

_____ \$33

_____ \$23

Total Enclosed

\$ _____

\$ _____

Spouse/Guest Name _____

HOTEL INFORMATION:

Hilton Garden Inn
410 S. 10th
Manhattan, KS 66502
Ph. 785-532-9116
Room Rate: \$109.00 + tax

Send Forms to:

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