



It's Back To School Time **With TAAD**

Educating the thousands of appraisal district staff members across the state is a big job, and it's one that TAAD's Education Committee takes very seriously. The committee is currently working on an array of classes, seminars and mini-conferences to address the training needs of all its member districts.

TAAD suggests you take a look at our professional development seminars being offered this fall and winter. For RPAs looking for CEUs, we have several options. Even if you're not finished with your RPA studies, we have appraisal seminars you should check out. *For example...*

» **Public Funds Investment Policy Training**

Providing the mandatory 10 hours of investment training required bi-annually of all chief appraisers and appraisal district money managers. New legislation passed by the 82nd Legislature will be included to outline new duties for the public funds manager. **October 17-18, 2011 Dallas CAD**

» **BPP Arbitration & Mediation/Preparing Evidence for BPP Litigation**

Here's a special seminar for those who work with personal property and the equalization/litigation of BPP values. To be covered: trends in BPP; BPP Arbitration (evidence, witnesses, rebuttal, pitfalls); Mediation related to BPP (evidence, challenges, use of experts); the benefits of BPP Audit Power; BPP litigation process (step by step, how it differs from real property litigation); Case Study: Bell Helicopter; BPP and Bankruptcy; and recent appellate litigation in BP.

October 3, 2011 Dallas CAD

» **Personal Property Topics, Part 5**

Topics scheduled for the seminar: Special Inventory Law Changes & Legislative Update; Field Work Techniques and Technology; Rendition Processing: Processes and People; Asset Analyst: Measuring the Change and Accuracy of Renditions; Texas Minerals and the Personal Property That Brings Them to Market; Business Ownership Types and Stories in Tax Collection; Roundtable Part 5: Issues Facing BPP Departments; Case studies, and MORE! **October 4, 2011 Dallas CAD**

» **Special Topics from 82nd Session: Understanding Market Condition Factors for Oil and Gas Properties**

Does your district appraise oil and gas properties? Or, do you want to learn more about the subject, as well as the new legislation passed during the recent legislative session that will bring sweeping changes to oil and gas appraisal? It all starts with this class. **October 5, 2011 Dallas CAD**

» **All About Records Retention, Public Info Requests, Open Meetings/Open Records, and Managing Electronic Records**

The title speaks for itself! All CADs must have an individual assigned to handle these various duties, and this session will instruct them in all the various areas of public info, public meetings, records retention, etc.

October 7, 2011 Dallas CAD & December 5, 2011 North Austin/Round Rock Marriott Hotel

Have You Completed Your **Public Funds Investment Act Training For 2011** ?

If you're a chief appraiser or responsible for handling appraisal district funds, you are required by statute (Chapter 2256 of the Texas Government Code) to undergo a minimum of 10 hours of training every two years.

Where to find such training, you may wonder. Good news – TAAD will once again offer its PFIA training on October 17-18, at the Dallas CAD headquarters.

There are new regulations with which to become familiar; see the article by Linda Patterson (instructor for TAAD's PFIA training) for insight into what's coming! (see article on page 8)

Registration information is located in the "Education" section of the TAAD website (www.taad.org).

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Check Out TAAD's Professional Development Seminars For 2011!

October 3	BPP Arbitration & Mediation/Preparing Evidence for BPP Litigation
October 4	Personal Property Topics, Part 5
October 5	Special Topics from 82nd Session: Understanding Market Condition Factors for Oil and Gas Properties
October 7	Records Retention/Public Info
October 17-18	Public Funds Investment Training
October 17	Ag Use Appraisal
October 18	Ag Schedule Building
October 19	Wildlife Appraisal
October 20	Deeds, Records, Title Transfers
October 21	Preparing for Your MAP, Part 2/New Regulations
October 31	Marshall & Swift Residential Quality, Condition and Effective Age
November 1-2	IAAO Workshop 158: Highest and Best Use
November 3	Hotel/Motel Valuation
November 4	Collection, Interpretation and Model Building of Income & Expense Data
December 5	Records Retention/Public Info

Plus... TAAD is offering the New Laws and Rules session required by TDLR for all registrants who are recertifying. These sessions are as follows:

September 8	Lubbock	Lubbock CAD
September 13	Round Rock	Marriott Hotel
October 6	Dallas	Dallas CAD
October 24	Waco	McLennan CAD
October 25	Abilene	Abilene Country Club
October 26	Fort Worth	Resource Connection of Tarrant County
October 27	Wichita Falls	ESC 9
October 28	Denton	Denton CAD
November 8	Edinburg	ESC 1
November 9	Corpus Christi	ESC 2
November 10	Houston	Harris CAD
November 17	El Paso	Airport Marriott Hotel
November 18	Tyler	Rose Garden Center
November 29	Beaumont	ESC 5
November 30	Brenham	Blinn College Student Union
December 1	San Antonio	ESC 20
December 6	Round Rock	Marriott Hotel

Registration forms for all sessions may be found on the TAAD website (www.taad.org).

Back To School *Continued from page 1*

» Deeds, Records and Title Transfers

TAAD presents a one-day seminar for appraisal district staff members who handle deed transfers, record changes and title research. The day is split into a plats and reading deeds section and a records and title transfers section. This workshop generally fills up – and we won't be offering it again until 2013!

October 20, 2011 (North Austin/Round Rock Marriott Hotel)

» Preparing for Your MAP, Part 2/New Regulations

Topics will be the content of the 2012-13 Methods and Assistance Program (MAP) review instrument. The mandatory "pass-fail" questions will be explained in detail. The questions that will be included in the governance, taxpayer assistance, operations, and appraisal standards sections will be discussed, as well as the scoring and related issues.

October 21, 2011 (North Austin/Round Rock Marriott Hotel)

» Marshall & Swift Residential Quality, Condition and Effective Age

This workshop will review the characteristics that determine construction quality for residential properties by use of the Marshall & Swift Valuation Service. House images will be included in the presentation and will lead to extensive classroom participation. Effective age will be defined and demonstrated on how to extract it from the market. Several data sets will be provided for the students to calculate effective age and how to use for the development of a depreciation or percent good table.

October 31, 2011 (North Austin/Round Rock Marriott Hotel)

» IAAO Workshop 158: Highest and Best Use

This workshop is designed to provide a formal, systematic and comprehensive program of study for conducting a highest and best use analysis, emphasizing mainly mass appraisal. Topics covered will include highest and best use definition and characteristics, analyzing current use; appraisal principles and market forces in highest and best use; litigation and case studies; unique situations; various perspectives on highest and best use; and use in valuation methods.

November 1-2, 2011 (North Austin/Round Rock Marriott Hotel)

» Hotel and Motel Valuation

Purpose of this workshop is to provide guidance and suggestions on the valuation process of hotel/motel properties. It will look at the different classifications of hotel/motel properties, lodging terminology and how all three approaches to value can be used to value these types of properties. The workshop will also provide some internet web sites where additional information on the hotel/motel industry can be discovered. Also, included is some information on what authorities in the field say lies ahead for the industry in the upcoming year or two.

November 3, 2011 (North Austin/Round Rock Marriott Hotel)

» Collection, Interpretation and Model Building of Income & Expense Data

An excellent seminar for all appraisers, especially in the changing markets that Texas is experiencing. Will cover the major steps in the mass appraisal process with topics such as income property data, market analysis, sales comparison approach, cost approach, gross and net income analysis, capitalization rate development, model specification and calibration, and value review.

November 4, 2011 (North Austin/Round Rock Marriott Hotel)

» Ag Use Appraisal // Ag Schedule Building // Wildlife Appraisal

You can take just one class or you can choose to take two of them, or all three! Since the agricultural appraisal and wildlife appraisal courses have been retired, TAAD brings you new one-day sessions on these special appraisal topics. Carla Pope-Osborne is the main instructor for each session; PTAD staff will also participate as instructors in the sessions.

October 17-19, 2011 (North Austin/Round Rock Marriott Hotel)

PLUS: » Law/Rules Update for TDLR Recertification

This one-day workshop meets the biennial recertification requirements for appraisers, tax assessors and tax collectors registered with the Texas Department of Licensing and Regulation. See TAAD's website for the 17 session locations and registration fees. Must register at least one week prior to the seminar!

All registration forms are located on TAAD's website. Have a question? Call us and ask!

82nd Legislature Statistics

**There are reserved numbers which is why the total count doesn't match the last number*

Bill Type	2011			2009			Filed		Passed	
	Filed	Passed	%	Filed	Passed	%	+/-	%	+/-	%
House Bills	3865	797	20.6%	4836	867	17.9%	-971	-20.1%	-70	-8.1%
Senate Bills	1931	582	30.1%	2583	592	22.9%	-652	-25.2%	-10	-1.7%
House Joint Resolutions	154	3	1.9%	140	9	6.4%	14	10.0%	-6	-66.7%
Senate Joint Resolutions	53	8	15.1%	50	0	0.0%	3	6.0%	8	100.0%
House Concurrent Resolutions	173	101	58.4%	285	203	71.2%	112	-39.3%	-102	-50.2%
Senate Concurrent Resolutions	60	41	68.3%	6	55	64.0%	-26	-30.2%	-14	-25.5%
Totals	6236	1532	24.6%	7980	1726	21.6%	-1744	-21.9%	194	-11.2%

TAAD's 2011 State Certification Course Schedule

Month

Course Number-Name

SEPTEMBER 2011

September 12-14	Course 9	Adv. Assessment and Collections
September 12-15	Course 3	Income Approach to Value
September 12-15	Course 4	Personal Property Appraisal
September 12-15	Course 5	Mass Appraisal

OCTOBER 2011

October 17-18	Course 30	Ethics
October 17-21	Course 1	Intro to Texas Property Tax System
October 17-20	RPA Reviews	

NOVEMBER 2011

October 31	Course 31	USPAP Refresher
November 1 - 2	Course 32	USPAP
October 31 - November 4	Seminars	

DECEMBER 2011

December 5-8	Course 7	Texas Property Tax Law
December 5-8	Course 10	Demo Appraisal Concepts
December 5-8	Course 3	Income Approach to Value
December 5-8	Course 4	Personal Property Appraisal
December 5-8	Course 1	Intro to Texas Property Tax System
December 5-8	Course 2	Appraisal of Real Property
December 12-15	RPA Reviews	

Course Registration on next page

2011 State Certification Course Registration Form

- Class Hours:** Unless otherwise specified, course hours are from 8:30am - 5pm. Registration on day one of class is 8 - 8:30am.
- Class Location/Hotel Accommodations:** Courses will be held at the **Marriott North**, 2600 LaFrontera Blvd., Round Rock, TX 78681, 512.733.6767 or 800.865.0546. Lodging is \$111/single or double per night (free parking). To get these rates, call at least **three** weeks in advance and ask for the TAAD block.
- CEUs:** All of TAAD's state certification courses are approved by PTAD and TDLR for certification and continuing education hours. Students must take and pass the exam to receive full credit for each course.
- Certificate:** All member districts will receive a certificate for \$50-off Member District Course Fee. Certificates are valid for one individual registration. To redeem, please enclose certificate with remaining registration fee.
- Class Materials:** Your class materials will be waiting for you at registration. If you want them sooner, enclose \$10 with your registration. TAAD must receive payment at least three weeks prior to class.
- Cancellations:** There will be a **\$75 fee** charged for cancellations. Written request for a refund must be received by TAAD at least seven days **before** class begins.

Cost for Courses:

Courses 1 & 2:

\$275 for TAAD Member Districts
 \$325 for TAAD Associate/Affiliate Members
 \$375 for Non-members

Courses 3, 4, 5, 7, 8, 9, 10:

\$250 for TAAD Member Districts
 \$300 for TAAD Associate/Affiliate Members
 \$350 for Non-members

Courses 26, 28, 30 & 32:

\$200 for TAAD Member Districts
 \$250 for TAAD Associate/Affiliate Members
 \$300 for Non-members

Course 31:

\$145 for TAAD Member Districts
 \$195 for TAAD Associate/Affiliate Members
 \$245 for Non-members

Course # _____ Course Date _____ TDLR# (if applicable) _____

Name _____ Nickname _____ Title _____

Jurisdiction/Firm _____

Mailing address _____

City _____ State _____ Zip _____

Telephone _____ E-mail address _____

confirmations are sent by e-mail

Course Materials (please mark one)

- I will pick up my class materials at registration
- Please mail my class materials. I have enclosed the \$10 shipping and handling fee.*

Materials mailed only if registration and payment are received **three weeks prior to class.*

Note: Property Assessment Valuation book is ordered directly from IAAO (iaao.org). Required for Courses 2, 3, 4 and 5.

Course Registration Fee..... Registration Fee \$ _____

PTEC Glossary - optional (\$20) Enclosed \$ _____

Mail Course Materials - optional (\$10) Enclosed \$ _____

Member District Certificate (must enclose with payment) minus \$ _____

TOTAL AMOUNT ENCLOSED \$ _____



Please complete the registration form and return it along with payment to:
TAAD | 7700 Chevy Chase Drive; Building One, Suite 425 | Austin, Texas 78752-1558

Office Use Only:

Certificate _____
 Date _____ Check# _____
 Paid _____ DB _____
 Gloss _____
 Materials mailed _____
 Confirmation sent _____

TAAD's 2011 Level III and IV RPA Review

TAAD is proud to offer both a **Level III** and **Level IV RPA Review** for TDLR registrants preparing to take the state certification exam. Sessions will be four comprehensive days of course review and working problems. An optional exam will prepare registrants for the TDLR exam. Registrants should be familiar with the outline, and should ensure they have up to date course materials for review.

Daily sessions will be from 8:30am - 5pm. Students attending should be aware that this is a *review* session, not a primary instruction. The instructor will cover basic methodologies, definitions, etc., as outlined in course materials, but will not "reteach" the course.

Time will be provided for working on students' areas of specific concern.

Dates: (Reviews on Monday-Thursday)

- » **October 7-20, 2011**
- » **December 12-15, 2011**

Registration Fee:

- » **TAAD Member District \$300**
- » **TAAD Associate or Affiliate Member \$350**
- » **Non-member \$400**

Hotel Accommodations:

North Austin/Round Rock Marriott Hotel

2600 La Frontera Blvd., Round Rock, TX 78681
512/733-6767 or 800/865-0546

Room Rates: \$111 single or double (reserve at least three weeks before class). Complimentary parking.

Cancellation: Notice must be **in writing** by at least seven days prior to class. \$75 fee will be deducted.

TAAD's Level III & IV RPA Review Registration Form

Name _____ Nickname _____ Title _____

Jurisdiction/Firm _____ TDLR# (if applicable) _____

Mailing address _____

City _____ State _____ Zip _____

Telephone _____ Fax _____

E-mail address _____

FEES (per person):

TAAD member district	\$300
TAAD associate or affiliate member	\$350
Non-member	\$400

FEE ENCLOSED \$ _____



2011 LEVEL III/IV REVIEW

Level: Level III Level IV

Note: A student is officially registered for class when TAAD receives a completed registration form and payment prior to class. Request to cancel/request for refund must be in writing and received by TAAD at least 1 week prior to the first day of class; \$75 cancellation penalty.

Office Use Only:

Date _____

Check# _____

Paid _____

PC _____ DB _____



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Investment Policy Changes Needed As Result Of HB 2226

By Linda Patterson, Patterson & Associates, Austin, TX 800-817-2442

According to new HB 2226, effective 6/17/11:

Local government investment policies required by the Public Funds Investment Act (PFIA) now include procedures to monitor rating changes in investments and the liquidation of investments; Two-year period for training defined in terms of the units fiscal year; and, Obligations backed by full faith and credit of US include those fully guaranteed or insured by FDIC. May use broker selected from a list adopted by the entity.

TAAD will be offering the mandatory training needed under the PFIA with Linda Patterson as the instructor. She offers this information to her clients and as a prelude to the class in October.

HB 2226 has modified the PFIA [2256.005(b)(4)(F)] so that Investment Policies are required to include:

“(F) procedures to monitor ratings in investments acquired with public funds and the liquidation of such investments consistent with the provisions of Section 2256.021.”

Another section [2256.021] has been in the Act for many years and addresses the effect of Loss of Required Rating:

“An investment that requires a minimum rating under this subchapter does not qualify as an authorized investment during the period the investment does not have the minimum rating. An entity shall take all prudent measures that are consistent with its investment policy to liquidate an investment that does not have the minimum rating.”

To address this change in law we are suggesting the following language be added to your policy. We have supplied two alternatives which vary in the degree of responsiveness/authority dependent on your entity's position.

Alternative #1

The Investment Officer or investment adviser shall monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer or adviser shall notify the — CFO, Manager, governing board — of the loss of rating, conditions affecting the rating and possible loss of principal with liquidation options available, within two weeks after the loss of the required rating.

Alternative #2

The Investment Officer or Investment Adviser shall monitor, on no less than a weekly basis, the credit rating on all authorized investments in the portfolio based upon independent information from a nationally recognized rating agency. If any security falls below the minimum rating required by Policy, the Investment Officer shall immediately solicit bids for and sell the security, if possible, regardless of a loss of principal.

In addition, there is another older section in PFIA dealing with “existing investments which become unauthorized” [Section 2256.017] which states:

“An entity is not required to liquidate investments that were authorized investment at the time of purchase.”

This has always been directed primarily at changes in law or in your own policy. However, other changes made as a result of HB 2226 in Section 2256.010 (b) and (c) allow entities to purchase *brokered CDs from any state*. In the spirit of the change to make policies address procedures for liquidation on minimum rating, we are also advising that there are two additional changes needed in your policy dealing with this new investment type – (1) if you choose to add it as an authorized investment and (2) how to monitor possible FDIC coverage changes.

The Bill 2226 also allows for “broker safekeeping” which is in direct conflict with the overall dictum and safety feature of the PFIA which requires delivery versus payment (DVP). As such we are strongly recommending that, if you authorized brokered CDs, you require DVP delivery to your own depository safekeeping bank.

If you choose to add brokered CDs to the policy, the language might be as shown below. The original CD language would remain dealing with true depository relationships because that is a completely different type of investment. New language might be:

Old language for depository CDs:

Fully insured or collateralized certificates of deposit from any bank doing business in the State of Texas and under the terms of a written depository agreement with that bank, not to exceed one year to stated maturity, to include certificates of deposit purchased through the CDARS program with a Texas bank;

continued on next page

HB 2226 *Continued*

In addition the policy would add a NEW investment type:

FDIC insured brokered certificates of deposit securities from a bank in any US state, delivered versus payment to the [ENTITY's] safekeeping agent, not to exceed one year to maturity. Before purchase, the Investment Officer must verify the FDIC status of the bank on www.2fdic.gov/idasp/main_bankfind.asp to assure that the bank is FDIC insured.

In addition to this addition, there is a specific danger in *brokered CDs* because if two of your issuing banks are merged or acquired the FDIC coverage will not be expanded to cover both. You will still have only \$250,000 in FDIC coverage.¹ Because of this your policy, if you choose to use brokered CDs, should make provision for a procedure on this situation because the risk is real. Additional language might be:

The Investment Officer or Investment Adviser shall monitor, on no less than a weekly basis, the status and ownership of all banks issuing brokered CDs owned by the [ENTITY] based upon information from the FDIC. If any bank has been acquired or merged with another bank in which brokered CDs are owned, the Investment Officer or Adviser shall immediately liquidate any brokered CD which places the [ENTITY] above the FDIC insurance level.

¹Brokered CDs are handled differently by the FDIC than two depository CDs you have bought yourself. If you hold depository CDs you placed in two banks which then merger or are acquired, the FDIC expands the insurance until the maturity on the first CD. However, on brokered CDs there is no additional FDIC coverage.

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Attorney General Opinions **Requests for Opinions**

GA-0868 RE: Whether the expanded definition of "disability" under federal law affects a taxpayer's qualification for the real property tax freeze on existing homesteads under Texas law (RQ-0939-GA)

Summary: The tax freezes and exemptions authorized by article VIII, section I-b of the Texas Constitution are available for residence homesteads of persons who are under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance. Whether a person falls within the definition of "disability" under the Americans with Disabilities Act is not relevant to the analysis.

GA-0881 RE: Proper method of calculating interest and penalties on the residence homestead of an elderly or disabled person whose property taxes have been deferred under section 33.06 of the Tax Code (RQ-0960-GA)

Summary: Calculation of interest and penalties on the homestead of an elderly or disabled person whose taxes have been deferred is governed by section 33.06 of the Tax Code for the entire period during which the deferral is effective.

Request No. 0977-GA RE: Whether certain kinds of electronic communication among members of the board of directors of a river authority constitute a violation of the Open Meetings Act, chapter 55I, Government Code

Opinion requested by Don Sloan, President, Bandera County River Authority and Groundwater District



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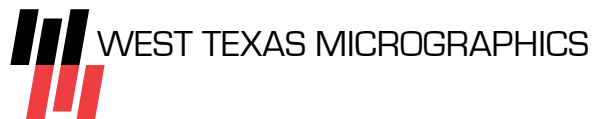
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Existing Home Sales **Down 15% in May**

COLLEGE STATION (Real Estate Center) — Sales of existing single-family homes in Texas last month were down 15 percent from a year ago, according to the most recent Multiple Listing Services (MLS) data compiled by the Real Estate Center at Texas A&M University.

Just over 19,500 existing single-family homes were sold.

The median home price was up 1 percent to \$149,800, and the state's overall inventory was at 8.2 months.

Here is a sampling (data current as of June 30 2011):

City	Sales	Change from Last Year	Median Price	Change from Last Year	Months' Inventory
Abilene	154	down 23%	\$120,600	up 21%	6.8
Austin	2,077	down 9%	\$196,800	up 4%	7
Beaumont	143	down 29%	\$120,700	down 2%	12.4
Dallas	4,134	down 15%	\$166,000	up 3%	7.3
Fort Worth	776	down 15%	\$113,800	down 5%	7.3
Garland	185	down 7%	\$95,000	down 5%	6.4
Houston	5,522	down 13%	\$155,100	up 2%	8.1
Killeen-Fort Hood	191	down 29%	\$120,400	down 3%	7.5
Longview-Marshall	170	down 23%	\$129,600	down 2%	10.9
Lufkin	53	no change	\$102,000	down 16%	10.4
McAllen	130	down 28%	\$114,300	up 10%	14.4
Port Arthur	48	down 25%	\$108,000	up 15%	13.2
San Antonio	1,832	down 10%	\$151,800	up 4%	8.6
Texarkana	53	down 40%	\$98,800	down 12%	10.7
Waco	202	down 9%	\$117,300	up 8%	9.8
Texas	19,543	down 15%	\$149,800	up 1%	8.2

May 2011 MLS data for many Texas cities are available on the Center's website.

June Existing Home Sales **Down Two Percent**

COLLEGE STATION (Real Estate Center) — Sales of existing single-family homes in Texas in June were down 2 percent from a year ago, according to the most recent Multiple Listing Services (MLS) data compiled by the Real Estate Center at Texas A&M University.

About 21,570 existing single-family homes were sold last month.

The median home price was up 2 percent to \$155,400, and the state's overall inventory was at 8.2 months.

Here is a sampling (data current as of July 19, 2011):

City	Sales	Change from Last Year	Median Price	Change from Last Year	Months' Inventory
Austin	2,361	up 8%	\$201,500	no change	6.9
Bryan-College Station	284	down 1%	\$149,400	down 2%	11.1
Dallas	4,493	down 4%	\$168,700	up 1%	7.3
Fort Worth	870	down 1%	\$114,400	no change	7.2
Galveston	89	up 10%	\$150,000	down 15%	15.2
Houston	6,113	no change	\$160,900	up 3%	8.1
Kerrville	40	up 33%	\$184,000	up 22%	25.1
Laredo	76	down 35%	\$128,600	up 11%	7.3
Nacogdoches	36	down 5%	\$140,000	up 17%	9.5
Northeast Tarrant County	723	up 6%	\$182,800	up 6%	6.8
Paris	29	down 6%	\$123,300	down 3%	14.4
San Antonio	1,912	down 3%	\$154,100	up 1%	8.6
San Marcos	43	up 34%	\$141,400	down 1%	9.1
Sherman-Denison	135	up 32%	\$92,900	down 10%	11.4
Texas	21,575	down 2%	\$155,400	up 2%	8.2

June 2011 MLS data for many Texas cities are available on the Center's website.

Petree Running For IAAO Office

“Who is Richard Petree and why should I vote for him in November?”

That may be a question you are asking yourself about candidates for IAAO offices. It is important to the future of our great organization.

I'm Richard Petree, and I am a candidate for Vice President of IAAO. Thank you for taking time to find out more about me why I'm asking for your vote in November.

I've been the director of my assessment office for 35 years. We are recognized as one of the best property tax offices in our state. My 30 person staff and I appraise, assess, and collect taxes for all tax jurisdictions in our county providing convenience for taxpayers and a low operational cost.

I have been a member of IAAO for 30 years and have served on the Executive Board and on numerous committees. Last year I was honored to be selected as Member of the Year. I have been privileged to write articles published in F&E and to speak on several topics at international conferences. IAAO has given much to me, and I want the opportunity to give back to IAAO and to you. I vow to maintain the professionalism and quality that are the hallmarks of IAAO programs.

I have experience in leadership roles, having served in all offices of my state association. My experience on the Executive Board of IAAO has also prepared me to lead, and additionally, I am a licensed facilitator for the Franklin-Covey organization and I have received extensive training in leadership and management.

I am also a family man. My wife Cammie, and I share six children, most of whom are grown. We have seven grandchildren.



I believe in God and have served as a pastor of small churches since 1990. The tenets of religion guide all my daily decisions without imposing my beliefs on others.

I have served my community as a Meals on Wheels driver, as a board member of a church camp, as a member of Kiwanis and Rotary, and as a board member of Rescue the Animals and United Way. This is who I am. I believe these experiences and others have prepared me to serve as your Vice President.

If elected, I plan to maintain excellence in education and expand delivery methods that enable students to learn without additional travel costs. I will continue to lead the organization in balanced budget programming that focuses on professionalism, not social activity expenditures. I will seek ways to retain members as they face reduced agency budgets and offer more value for the membership dollar. I will seek to involve more rank-and-file members in committees and programs and to value every member of IAAO.

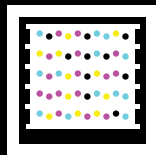
I will be in Phoenix at the annual conference. I hope you will stop by my candidate's table so I can share my vision for IAAO. Thank you for your time.

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IMPLEMENTATION
IS AS
IMPORTANT
AS THE
SOLUTION

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TAAD 2011 IAAO Course/Workshop Schedule

Workshop 151: Uniform Standards of Professional Appraisal Practice (National)

Date: September 7-8, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Antonia G. Viens, MAI, SRA

Fees: TAAD member districts \$195

TAAD associate/affiliate members \$245

Nonmembers: \$295

TDLR credit: 15 hours

This workshop covers materials from The Appraisal Foundation, Uniform Standards of Professional Appraisal Practice which includes: Definitions, Preamble, Ethics Rule, Competency Rule, Departure Rule, Jurisdictional Exception Rule, Supplemental Standards Rule, and Standards 1 through 10. Supplementary materials include The Appraisal Foundation Uniform Standards of Professional Appraisal Practice (USPAP). This workshop includes an exam.

IAAO recertification credit: 15 hours-2 days

Workshop 191: Uniform Standards of Professional Appraisal Practice Update (National)

Date: September 9, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Antonia G. Viens, MAI, SRA

Fees: TAAD member districts \$145

TAAD associate/affiliate members \$195

Nonmembers: \$270

TDLR credit: 7 hours

This workshop is the National 7-hour USPAP Update offered for continuing education for licensure and certification through The Appraisal Foundation. The workshop provides a general overview of USPAP guidelines, advisory opinions, statements, and other appraisal practices. The course is updated yearly to address changes to USPAP and common misunderstandings.

IAAO recertification credit: 7 hours-1 day

Course 101: Fundamentals of Real Property Appraisal

September 12-16, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Marion Johnson, CAE

Fees: TAAD member districts \$385

TAAD associate/affiliate members \$425

Nonmembers: \$490

TDLR credit: 30 hours

Course 101 is designed to provide the students with an understanding and working knowledge of the procedures and techniques required to estimate the market value of vacant and improved properties. This course concentrates on the skills necessary for estimating the market value of properties using two approaches to value: the cost approach and the sales comparison approach. The Fundamentals of Real Property Appraisal utilizes lectures, classroom discussion, and homework problems to emphasize the main concepts and procedures taught in the course.

Recommended text: IAAO's Property Assessment Valuation (obtain from IAAO)

Workshop 191: Uniform Standards of Professional Appraisal Practice Update (National)

Date: September 12, 2011

Site: North Austin/Round Rock Marriott, 2600 LaFrontera Blvd., Round Rock

Instructor: Antonia G. Viens, MAI, SRA

Fees: TAAD member districts \$145

TAAD associate/affiliate members \$195

Nonmembers: \$270

TDLR credit: 7 hours

This workshop is the National 7-hour USPAP Update offered for continuing education for licensure and certification through The Appraisal Foundation. The workshop provides a general overview of USPAP guidelines, advisory opinions, statements, and other appraisal practices. The course is updated yearly to address changes to USPAP and common misunderstandings.

IAAO recertification credit: 7 hours-1 day

Workshop 552: Personal Property Auditing

Date: September 26-28 (noon), 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Jewette Farley, CAE

Fees: TAAD member districts \$275

TAAD associate/affiliate members \$325

Nonmembers: \$375

TDLR credit: 18.5 hours

This workshop provides a foundation for understanding basic financial records. Specifically to be discussed are those records relating to fixed assets. The balance sheet, depreciation schedule, and income statement will be described and discussed in much detail. Emphasis will be placed on the pertinent data relevant to the personal property appraiser. Graduates of this workshop will be able to use basic financial records and conduct "audits" of smaller businesses. *(This workshop includes an optional exam.)*

Recommended: Course 500

IAAO recertification credit: 18.5 hours

Workshop 553: Advanced Personal Property Auditing

Date: September 28 (1pm)-Sept. 30, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Jewette Farley, CAE

Fees: TAAD member districts \$275

TAAD associate/affiliate members \$325

Nonmembers: \$375

TDLR credit: 18.5 hours

This workshop expands the understanding of financial records provided in the Basic Personal Property Auditing Workshop and presents advanced discussions of accounting and auditing theory as it relates to fixed assets. Capitalization techniques will also be discussed. A case study including sample financial records will be used to "discover" fixed assets that may otherwise be hidden from the appraiser. *(This workshop includes an optional exam.)*

Recommended: Course 500 and Workshop 552

IAAO recertification credit: 18.5 hours

continued on next page

IAAO Course/Workshop Schedule *Continued*

Course 311: Residential Modeling Concepts

September 26-30, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Marion Johnson, CAE

Fees: TAAD member districts \$370

TAAD associate/affiliate members \$410

Nonmembers: \$475

TDLR credit: 30 hours

Course 311 presents a detailed study of the mass appraisal process as applied to residential property. Topics covered include a comparison of single-property appraisal and mass appraisal, the major steps in the mass appraisal process, data requirements, market analysis, application of the approaches to value, use of sales ratio studies, and valuation review techniques.

Recommended: Course 300

Recommended text: IAAO's Mass Appraisal of Real Property (obtain from IAAO)

Course 102: Income Approach to Valuation

October 3-7, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Guy Griscom, CAE

Fees: TAAD member districts \$385

TAAD associate/affiliate members \$425

Nonmembers: \$490

TDLR credit: 30 hours

Covers the theory and techniques of estimating value by the income, or capitalized earnings, approach. The material includes selection of capitalization rates, analysis of income and expenses to estimate operating income, and capitalization methods and techniques. This course also covers rental units of comparison, as well as real estate finance and investment.

Recommended: Course 101, PAV/PAAA

Required text: Property Assessment Valuation (obtain from IAAO)

Workshop 162: Marshall & Swift Cost Approach (Residential)

Date: October 10-11, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Rick Stuart, CAE

Fees: TAAD member districts \$260

TAAD associate/affiliate members \$310

Nonmembers: \$360

TDLR credit: 14 hours

This two-day workshop is designed to teach participants how to utilize the Marshall & Swift Residential Cost Manual. Day one of this class is exactly the same as IAAO Workshop 161 (listed above). Day two gives an overview of segregated-cost and how to use segregated-cost, along with various example problems.

IAAO recertification credit: 14 hours

Workshop 163: Marshall & Swift Cost Approach (Commercial)

Date: October 12-13, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Rick Stuart, CAE

Fees: TAAD member districts \$260

TAAD associate/affiliate members \$310

Nonmembers: \$360

TDLR credit: 14 hours

This workshop is designed to teach how to use the Marshall & Swift Commercial Valuation Guide.

Participants will spend more time working several case study problems to assist them in learning how to apply this service.

IAAO recertification credit: 14 hours

Workshop 158: Highest and Best Use

Date: November 1-2, 2011

Site: North Austin/Round Rock Marriott, 2600 LaFrontera Blvd., Round Rock

Instructor: Rick Stuart, CAE

Fees: TAAD member districts \$260

TAAD associate/affiliate members \$310

Nonmembers: \$360

TDLR credit: 15 hours

Highest and best use is a concept in real estate appraisal in which market value is achieved by the reasonably and probable legal land use that results in the highest value. Highest and best use is an essential step in the mass appraisal process and is necessary before market value estimates can be made. Local law may mandate preferential assessments according to specific land uses such as agricultural, historic and so forth rather than the highest and best use. This workshop is designed to provide students with a more in-depth study and understanding of the role and purpose of highest and best use in the appraisal process. Finally, there will be discussion of the unique situations that sometimes arise in a highest and best use analysis.

IAAO recertification credit: 15 hours

Course 402: Property Tax Policy

Date: November 7-11, 2011

Site: Harris CAD, 13013 Northwest Freeway, Houston

Instructor: Rick Stuart, CAE

Fees: TAAD member districts \$385

TAAD associate/affiliate members \$425

Nonmembers: \$490

TDLR credit: 30 hours

Course 402 offers students strategies for assisting in the effective formulation and implementation of tax policies and presents background enabling students to understand the context under which property tax policy is established. Students will be given analytical tools with which they can explain the effects of proposed property tax changes. They will be provided with a sound theoretical basis to guide decision-making and to assist in creating workable solutions for their jurisdictions. The course is designed for assessment administrators and students of taxation, as well as professional policy advisors who guide and make decision in the area of tax policy on a regular basis.

IAAO Registration Form on following page

TAAD 2011 IAAO Course Registration Form

1. **Class Hours:** Unless otherwise specified, course hours are from 8:30am - 5pm. Registration on class day 1 is 8-8:30 am.
2. **Location/Hotel Accommodations:** Check registration materials for announced location:
 - **Harris County Appraisal District** 13013 Northwest Freeway, Houston
 - **North Austin/Round Rock Marriott Hotel** 2600 LaFrontera Blvd., Round Rock

For lodging information, please contact TAAD or refer to TAAD's website for suggestions.
3. **Registration Requirement:** Payment must be received by TAAD for an individual to be officially registered.
There is no on-site registration.
4. **Cancellations:** For all course cancellations there will be a \$75 administrative charge deducted. This includes faxed registrations. *Refund requests must be received by TAAD in writing no later than one week prior to the first day of the course.*
5. **Cost for Courses:** Please refer to the registration materials for cost of registration for TAAD members and non-members. Cost of registration is based on *TAAD membership*, not IAAO membership.
6. **Additional Texts:** Please refer to the registration materials for possible additional IAAO texts needed for the class.
Each student is responsible for ordering and obtaining them from IAAO. No texts will be available at the class.
7. **Registration Deadline:** IAAO requires that registrations be processed *at least three weeks prior to the course* in order to allow sufficient time for mailing materials.
8. **Course Materials:** Students will pick up course materials at registration on the first day of class.

IAAO Course/Workshop # _____ Course Date _____ TPE # (if applicable) _____

Name _____ Nickname _____ Title _____

Jurisdiction/Firm _____

Mailing Address _____

City _____ State _____ Zip _____

Telephone _____ E-mail Address _____

Course Registration Fee\$ _____

(Fee is based on TAAD membership, not on IAAO membership)

Please submit this course for CEs with TDLR

TOTAL AMOUNT ENCLOSED \$ _____



Please complete the registration form and return it along with payment to:
TAAD | 7700 Chevy Chase Drive; Building One, Suite 425 | Austin, Texas 78752-1558

Office Use Only:

Date _____ Ck# _____

Paid _____ PC _____

DB _____ ADV _____

Materials Date _____

Real Estate Notes of Interest

Rick Stuart, CAE

Rick is a Senior Consultant with TEAM Consulting and lives in Topeka, Kansas.

Julie Schmit, USA Today, June 1, 2011

Home prices in the U.S. are at 2002 levels and with the large number of homes in foreclosure or headed for foreclosure, prices are projected to fall even further.

Adam Belz, USA Today, June 1, 2011

Agricultural land values continue to see very large increases. The average farmland sale price per acre in Iowa is now \$5,708 per acre, which is up almost 20 percent from six months ago. One quarter section (160 acres) sold for \$8,125 per acre. Editor's Note: I was in central Nebraska a few weeks after this article and the typical irrigated tract is selling for around \$7,000 per acre, is being purchased by local buyers, and is typically a cash transaction.

Submitted by Jim Borrett, Buffalo, MN

These are the ultimate MAN CAVES, if you like a car that is. I would suggest you start with the news article www.kare11.com/news/article/923888/391/Twin-Cities-man-creates-a-country-club-for-cars and then go www.automotorplex.com.

A sample of what you will see is shown below.



Julie Schmit, USA Today, June 3, 2011

Could this be the start of some good news? LPS Applied Analytics, which tracks the mortgage market, has reported that the number of delinquent home loans has hit a three-year low. Loans that are past due but not in the foreclosure stage are down 16 percent from a year ago, and those in the foreclosure stage are down 11 percent for the same time period.

www.hotelnewsresource.com, June 6, 2011

"The U.S. hotel industry reported increases in all three key performance metrics during the week of 22-28 May 2011, according to data from STR. In year-over-year comparisons, occupancy rose 4.9 percent to 64.2 percent, average daily rate increased 3.8 percent to US\$100.93, and revenue per available room finished the week up 8.9 percent to US\$64.81."

nwbd@bldr-media.com, June 7, 2011

CoreLogic Inc. has stated that 38 percent of those who used home equity loans previously to buy cars, take vacations, pay bills or other uses are now under-water on loan to home values. This compares to 18 percent of those under-water that did not have an additional home equity loan.

nwbd@bldr-media.com, June 8, 2011

Is the apartment market about to explode in a positive value, and will new construction start again? See the article below on why the writer believes there is a large pent up demand and apartments will go up in value.

www.builderonline.com/builder-pulse/rentals-will-be-first-wave-of-demand-as-3-4mil-pent-up-households-come-back.aspx?cid=NWBD110608002.

Continued on following page

Real Estate Notes *Continued***Ken Scholz, nreionlin.com, May 26, 2011**

This is a short, but interesting, article on landlord concessions and the effect on market and economic vacancy. See the article at www.nreionline.com/distressedinventory/landlord_concessions_appraisal_process_0526/

Miguel Bustillo and Kris Hudson, The Wall Street Journal, June 8, 2011

Cities are finding that their sales tax revenue continues to decline, and it is not just from a poor economy — it is customers not going to the malls or other stores, but instead making purchases through the internet.

Kris Hudson, The Wall Street Journal, June 8, 2011

Westfield Group has placed 17 malls on the market and, according to the brokers, there has been a large amount of activity. According to industry experts, this will be a good test of the current and anticipated values for mall properties.

Eliot Brown, The Wall Street Journal, June 8, 2011

Some very large office buildings are being placed on the market, not because they are necessarily struggling, but because there appears to be a surge in the market. A few of these would be “trophy properties” such as the Willis Tower in Chicago that was purchased just a few years ago and formerly known as the Sears Tower.

The Wall Street Journal, June 17, 2011

Housing starts in May rose 3.5 percent from April according to the Commerce Department. Even though there was an increase, the number was down 580,000 from May 2010.

The Construction Index, June 17, 2011

I have to admit that at this age, not many things surprise this editor but this is truly one of those times. A supplier in Florida has reached a \$55 million dollar settlement on Chinese drywall. See the entire article at www.theconstructionindex.co.uk/news/international-construction-news/supplier-reaches-55m-settlement-over-chinese-drywall.

Clare O'Connor, www.forbes.com, June 17, 2011

Want to see what a \$200 million dollar residential property looks like? It has to be done from the air, so go to www.blogs.forbes.com/clareoconnor/2011/06/17/what-americas-most-expensive-home-worth-200-million-looks-like-from-the-air/ to see the photos.

There is currently one Texas hotel for sale at the website of Hotel Asset Group. You can see some information at www.hotelassetgroup.com/index.php?option=com_properties&id=210&task=detail&limitstart=20&Itemid=27.

www.hotelresourcenews.com, June 17, 2011

“The U.S. hotel industry experienced increases in all three key performance metrics during the week of 5-11 June 2011, according to data from STR. In year-over-year comparisons for the week, occupancy rose 3.0 percent to 67.7 percent, average daily rate increased 3.5 percent to US\$102.09, and revenue per available room finished the week up 6.6 percent to US\$69.09.” See the entire article at www.hotelnewsresource.com/article55797US_Hotel_Occupancy_Rises_____to_____Week_Ending_June___th_____.html

www.trends.com, June 15, 2011

“The total active U.S. hotel development pipeline comprises 2,965 projects totaling 310,762 rooms, according to the May 2011 STR/McGraw Hill Construction Dodge Pipeline Report. This represents a 3.6-percent decrease in the number of rooms in the total active pipeline compared to May 2010. The total active pipeline data includes projects in the In Construction, Final Planning and Planning stages, but does not include projects in the Pre-Planning stage.”

David Crook, The Wall Street Journal, June 20, 2011

Editor's Note: What do Cambridge, MA and Denton, TX have in common? Well, you will have to read on. I found this to be a very interesting article. If you can, go to a local library and read the entire article titled, “How to tell if your housing market has hit bottom,” I believe you will also find it interesting.

There are three essential clues that may signal your residential housing market is improving.

1. “Don’t look at these as housing market winners and don’t go looking for new places where you can score a killing. That’s the thinking that got much of the country in trouble in the first place.”

Continued on following page

Real Estate Notes *Continued*

2. "Although many of the areas have certain traits in common, most are just nice places to live, places where anyone might want to work and raise a family."
3. "Finally, the biggest reason that most are surviving the downturn is because they never experienced the huge price run-ups that Florida, Nevada or California did in the first place."

Cambridge and Denton are the two cities this article discusses as being back. Their prices are down but are at 2004 levels at compared to the national average being at the 2002 price levels.

Walter Molony, www.realtor.org, June 21, 2011

The National Association of Realtors reported that existing home sales in May fell by 3.8 percent and that is more than 15 percent below May of 2010. It should be noted that the federal home buyer tax credit was still in place as of May last year.

www.realtor.org, June 28, 2011

If you are in the residential market for a home, would you buy a foreclosure or participate in a short-sale? If this is your situation, you might look at www.realtor.org/RMODaily.nsf/pages/News2011062803?OpenDocument.

Julie Schmit, *USA Today*, June 30, 2011

The residential housing market seems to be picking up in some areas according to Housing IntelligencePro. The states are generally more rural and did not have the extreme increases that most states previously encountered.

- | | | |
|------------------|------------------|---------------------|
| » Oklahoma: +17% | » Nebraska: + 2% | » Mississippi: +11! |
| » Kansas: +6% | » Arkansas: +6% | » North Dakota: +6% |

Nick Timiraos and Maurice Tamman, *The Wall Street Journal*, June 25, 2011

Okay, you have heard this over the last couple of years: "The residential lenders have become too conservative." This article states that the percentage of mortgage applications rejected last year was higher than in 2009. In 2009, 23.5 percent were rejected but it was 26.8 percent last year.

Jon Hilsenrath and Nirmala Menon, *The Wall Street Journal*, June 25, 2011

Canada seems to have paid attention to the mortgage problems in the United States. The governor of the Bank of Canada is proposing tougher lending regulations and better credit ratings for perspective loan applications. The concern is triggered by large price increases, examples of price changes from May 2009 to May 2010 are: Vancouver +25.7 percent, Toronto +8.7 percent and Canada overall of a +8.6 percent.

Kelly Greene, *The Wall Street Journal*, June 25, 2011

Are reverse mortgages over? Two of the largest lenders that participated in reverse mortgages have stopped issuing them. Wells Fargo & Co quit June 30 because of the unstable and declining residential market. Bank of America Corp left the market in February because of the recession. They were having a large number of loans where the borrower (remember these are people 62 or over) were not paying taxes and or home insurance and thus defaulted on their loan.

Nick Timiraos, *The Wall Street Journal*, June 30, 2011

This seems like a worrisome number to me: Almost 20 percent of mortgages in banks' portfolios were delinquent as of the end of March. By comparison just less than seven percent of Fannie and Freddie loans are delinquent.

Julie Schmit, *USA Today*, July 6, 2011

Foreign money continues to enter the U.S. in the form of house purchases. In the last year, 31 percent of the home purchases in Florida were foreign buyers versus only 10 percent in 2007. They are taking advantage of the substantially reduced home prices and the weakened dollar. By far, the largest percentage of purchasers is from Canada.

Nick Timiraos and Alan Zibel, *The Wall Street Journal*, July 6, 2011

If you are in need of that jumbo home loan, you better get it quickly! Three years ago Congress raised the maximum loan guarantee from Fannie Mae and Freddie Mac to \$729,750. This maximum will be lowered this summer by various amounts depending upon where you live. The top-tier markets such as New York and Los Angeles will decrease to \$625,500. The new limit is still greater than the median home price in the top ten areas but will mean a larger down payment in most properties of higher values. Could this signal a decline or slowing of the higher priced residential properties?

Continued on following page

Real Estate Notes *Continued***Wesley Lowery, *The Wall Street Journal*, July 7, 2011**

There is good news for apartment owners as the rents are increasing and the vacancies are decreasing. According to Reis Inc., the average effective rent for the second quarter of this year was \$997 as compared to a year ago at \$974. Effective rent is after any concessions or discounts. Vacancy for the same time period fell from 7.8 percent to six percent.

***www.crenews.com*, June 29, 2011**

If the apartment information above is good news, this commercial loan information seems like really bad news. "Roughly half of the \$346 billion of commercial mortgages that mature this year have principal balances greater than the value of their collateral, according to Trepp LLC. And 63 percent of the \$360 billion of loans held by banks, insurance companies and CMBS trusts that come due next year are similarly underwater." You can see the entire article at www.crenews.com/index.php?option=com_content&task=view&id=72204&Itemid=1

***Phoenix Business Journal*, July 7, 2011**

Now here is something that will surprise most people. Phoenix, everybody knows, is one of the nation's housing market "ground zeroes," along with Las Vegas, parts of California, and Southwest Florida. Which means nothing's happening there, right? Wrong. Home building company executives tell us that Phoenix is consistently starting to yield felicitous tidings from division chiefs, because, as it turns out, there are a few 'holes in the donut' that builders are identifying and marketing to in an otherwise fiercely distressed market arena. The Phoenix Business Journal's Jan Buchholz reports that Phoenix home sales in June produced one for the record books, with 11,125 sales (68 percent of them 'distressed'), the highest number of transactions in a decade. Buchholz writes, "The June number even eclipses the sales figures during the 2005 housing boom. June sales also were nearly 20 percent higher than June 2010." Starting to emerge out of the ashes?

Kenneth Riggs, Jr., CCIM, CRE, MAI, *www.ccim.com*, July 14, 2011

Some limited discussion on how the various commercial property sectors will perform in the near future for such properties as multi-family, retail, industrial, office and lodging can be found at www.ccim.com/cire-magazine/articles/multifamily-still-rules

***www.ccim.com*, July 13, 2011**

There appears to be some optimism among commercial investors according to the article at www.ccim.com/newscenter/hospitality-and-real-estate-ceos-have-optimistic-view

***www.nreionline.com*, July 12, 2011**

"The national office vacancy rate continued to decline in the second quarter of 2011, dropping 20 basis points to 16.2 percent, according to CBRE Econometric Advisors (CBRE-EA). This was the fourth consecutive quarterly decline for the national office vacancy rate since it peaked at 16.8 percent." See the entire article at www.nreionline.com/news/us_office_vacancy_rate_dips_to_16_percent_in_second_quarter/

Greg McHenry, RMA — Riley County, KS sent an email to me with the following comment

"Interesting video and article from Yahoo. Gary Schilling predicts another 20 percent drop in housing over the next two years. I agree with him and believe that we haven't seen the bottom yet in the national housing market."

See the video that Greg is referencing at

www.finance.yahoo.com/blogs/daily-ticker/20-drop-housing-cause-recession-2012-says-gary-161445494.html

Laura Vanderkam, *CNN Money*, July 14, 2011

One part of a neighborhood's life cycle is, hopefully, revitalization. This article discusses that more and more companies are moving back into the urban areas. The article can be read at www.management.fortune.cnn.com/2011/07/14/companies-head-back-downtown/

Kris Hudson, *The Wall Street Journal*, July 8, 2011

Reis Inc. is reporting that mall vacancies have increased from 9.1 percent to 9.3 percent from the first to second quarter, really no change, and that average lease rates remain steady at \$16.54 per square foot.

Continued on following page

Real Estate Notes *Continued*

Robert Bridges, *The Wall Street Journal*, July 17, 2011

"A Home Is a Lousy Investment" is the title for this article which compares the 30-year median home price to the Dow Jones Industrial Index. The California Association of Realtors conducted this study which shows over the 30-year time period the average annual median home price increase in California was 3.6 percent with the Dow Jones at 6.61 percent.

Juliet Ching and Candace Jackson, *The Wall Street Journal*, July 15, 2011

Darn, I wished I knew they would take this big of a discount! The estate of the late television producer Aaron Spelling sold for a mere \$85 million after being on the market since March 2008 for \$150 million. The estate was on five acres with a 57,000 square foot home containing 14 bedrooms, 27 bathrooms and parking for 100 cars. Oh, by the way, it was purchased by a 22 year-old. I am quite sure this young man does not work in the government assessment field.

Well this is not pleasant news. Housing Wire's Jon Prior reports on ways that the Federal government and millions of homeowners seem to be losing the war of loan-to-value, risking the loss of many more homes to foreclosure and further house price decreases. Prior writes, "As of May, 2.1 million mortgages sat somewhere in the foreclosure process, according to Lender Processing Services. Of those delinquent home loans, 80 percent were in negative equity, meaning the borrower owed more on the mortgage than the property is worth. Of the seriously delinquent loans that were current just six months ago, roughly six percent had loan-to-value ratios of 150 percent or higher."

USA Today, July 19, 2011

The Commerce Department said Tuesday that builders began work on a seasonally adjusted 629,000 homes last month, a 14.6 percent increase from May. Still, that's roughly half the 1.2 million homes per year that economists say must be built to sustain a healthy housing market. Apartment construction, a volatile part of the industry, surged 31.8 percent last month. Single-family home construction rose a more modest 9.4 percent. Building permits, a gauge of future construction, increased 2.5 percent

www.crenews.com, July 19, 2011

On the surface good news but some of it is accounting related: "The volume of loans in the hands of the CMBS industry's 21 special servicers declined by \$3.7 billion in June to \$85.7 billion, marking the largest one-month decline in volume ever, according to Morningstar." (That is the good news). "The 4.2 percent drop in volume is explained largely by the heavy volume of liquidations of troubled loans. Also helping out is the fact that a growing number of loans had been modified in recent months and some of those have seasoned enough to warrant a shift back to master servicing." (That is the accounting-related). Overall, this is encouraging and oh, in case we have forgotten, CMBS stands for Commercial Mortgage Backed Securities.

www.calculatedriskblog.com, July 20, 2011

The non-residential building index published by the AIA (American Institute of Architects) dropped again in June to 46.3. A measure below 50 indicates a weakness in new construction orders.

Walter Molony, *www.realtor.org*, July 20, 2011

The National Association of Realtors reported that existing home sales declined in June to the lowest level in seven months and is about nine percent lower than June of 2010.

Sarah Max, *Money Magazine*, August 2011

A few interesting items from this article titled "Looking for a bottom in the housing market" are shown below.

There is a large shadow inventory of homes not on the market yet.

- » 600,000 bank owned
- » 1 million currently in foreclosure
- » 4 million with delinquent loans

Sales of luxury homes are on the upswing and shown by the percentage of change in the sales volume versus two years ago

- » All homes +13% more sales
- » \$1 million and up +56 percent more sales

Continued on following page

New homes are at a 50-year low

- » Typical new homes built per year = 1.1 million, currently 409,000
- » Typical new homes per 1,000 people = 7.3 and currently at 2.5

Jessica Silver-Greenberg, *The Wall Street Journal*, July 23, 2011

If you have been putting off buying that vacation home, now may be the time to buy. It appears the vacation home areas such as Aspen and Hilton Head are seeing value increases. However, Miami Beach, Vail and Palm Beach still are depressed. According to the National Association of Realtors, the median second-home price was down 11 percent in 2010 as compared to 2009 and roughly 25 percent lower than in 2006. The overall housing market is down 22 percent since 2006.

***www.htrends.com*, July 20, 2011**

"Jones Lang LaSalle Hotels today reported that the volume of hotel investment transactions that closed in the America's market in the first six months of 2011 reached \$7.4 billion—a robust increase of approximately 180 percent on the same prior-year period." See the entire article at www.htrends.com/researcharticle56614.html

Justin Scheck, *The Wall Street Journal*, July 27, 2011

The first paragraph states what is wrong with California's Proposition 13. "Declining home prices are starting to slam California harder than the rest of the nation, in part due to a state law that sets a ceiling — but no floor — on property taxes." If you are not familiar with the infamous Prop 13, here is the story in a nutshell. "The law caps property taxes at about one percent of a home's value and forbids major tax increases unless a home is sold or rebuilt, though it permits taxes to go down if a home's value drops."

J.D. Pruitt, *The Wall Street Journal*, July 27, 2011

When Simon Mall Properties was asked about the possibility of default by the federal government and would that affect the rent they received from space leased to them, the response was, "They are always 30 days delinquent anyway."

***The Wall Street Journal*, July 27, 2011**

According to Real Capital Analytics and the Federal Reserve, the average capitalization rate for offices in central business districts changed from 6.72 percent in June of 2010 to 6.47 percent in June 2011. For the same time period, apartments changed from 6.95 percent to 6.45 percent.

Candace Jackson, *The Wall Street Journal*, July 29, 2011

Do I have a deal for you — for only \$55,000 you can purchase an island only 45 minutes from Walt Disney World, and the ad says you can build on it. If however, you are insulted by such a small island, then perhaps one of the following will suit your needs.

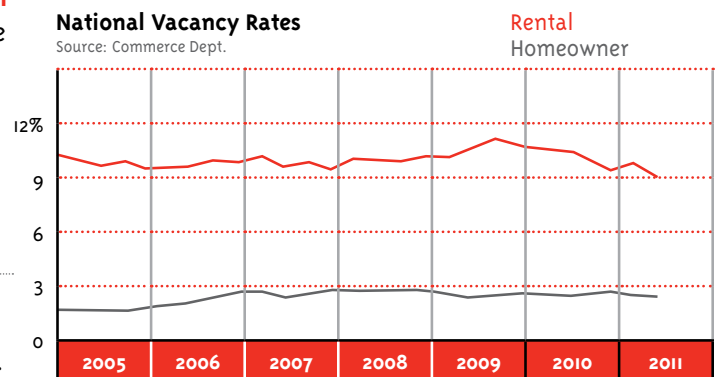
- » **Leaf Cay:** Owned by actor Nicholas Cage. It is unoccupied and available for \$8.5 million.
- » **Children's Bay Cay:** Owned by heirs to the Johnson & Johnson fortune, there are a few improvements and the asking price is \$37.5 million.
- » **Cave Cay:** This island has 250 acres, its own marina and landing strip and has a nice home that would justify the \$110 million asking price. That is a lot of coconuts!

Shelley Hutckins, *customhomeonline.com*, July 14, 2011

The American Institute of Architects is reporting that the custom home building market is recovering faster than the more standard homes. "Although still declining, new construction segments show custom and luxury markets having greater stability and demonstrating better numbers than other segments like entry-level." The diminishing square foot has leveled out.

Justin Lahart, *The Wall Street Journal*, August 1, 2011

Fewer privately-owned and rental properties are now sitting vacant as indicated by the graph shown at right.



Continued on following page

Real Estate Notes *Continued***Nick Timiraos, *The Wall Street Journal*, August 3, 2011**

Hope you are not repossessing any residential properties in Chicago. A new ordinance in Chicago requires that lending institutions that have started the repossession process, but have not taken legal possession to date, are responsible for all yard mowing and maintenance of the property.

Summer Said, *The Wall Street Journal*, August 3, 2011

Taller is better. That must be the thought of the Saudis as they plan a new building that will be 3,281 feet tall and will dwarf the recently constructed tower in Dubai that is a measly 2,717 feet tall. The new structure has a projected cost of \$1.23 billion.

A.D. Pruitt, *The Wall Street Journal*, August 3, 2011

In order to help fill space, even temporarily, malls are leasing more and more space to smaller businesses and kiosks. While we are speaking of malls, General Growth Properties, Inc., is spinning off 30 lower-quality malls containing a total of 21.1 million square feet to a newly formed REIT (Real Estate Investment Trust) named Rouse Properties. So take note appraisers, this is not a sale.

Jeremy Sullivan, *builderonline.com*, August 3, 2011

Last February, public builder KB Home put into practice its Energy Performance Guide (EPG) label, which now comes standard on every house it builds. Touted as the house equivalent of the miles-per-gallon (MPG) fuel efficiency rating for cars, the EPG sticker appeals to consumers' wallets (and, secondarily, to their environmental conscience) by spelling out the estimated monthly costs for heating and cooling, appliances, and lighting. The sticker also includes a HERS yardstick that charts how the home's energy consumption stacks up against other comparably sized new and resale homes.

One newer motel sale listing, a previous listing and one marked as sold at...


www.hotelassetsgroup.com/index.php?option=com_properties&Itemid=27

***hotelnewsresource.com*, August 4, 2011**

"The U.S. hotel industry experienced increases in all three key performance metrics during the week of 24-30 July 2011, according to data from STR. In year-over-year comparisons for the week, occupancy rose 2.5 percent to 72.8 percent, average daily rate increased 4.1 percent to US\$103.59, and revenue per available room finished the week up 6.7 percent to US\$75.42."

Candace Jackson, *The Wall Street Journal*, August 5, 2011

This is not your typical land sale: a 1.84 acre oceanfront vacant tract in Miami Beach sold for \$15 million, or a little over \$8.15 million per acre. Add that to your land sales, and see what your mean ratio does!



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For Your Approval: **Ten Constitutional Amendments**

The amendments are the newest in a long line of legislative proposals to update the state Constitution. Since it was ratified in 1876, Texas voters have considered 646 proposed amendments and approved 467, according to the Legislative Reference Library. Texas is not alone in its prodigious accumulation of constitutional amendments, however. Alabama leads that contest. Its voters, according to Texas Politics, have amended their constitution almost 800 times since its creation in 1901.

In mid-July, Secretary of State Hope Andrade conducted a lottery that determined the order of the 10 new proposals on the November ballot. Each amendment has already won approval from two-thirds of the House and Senate and now needs a nod from a majority of the voters.

Here's the rundown:

» **SJR 14**, which aims to ease the financial burden on spouses of totally disabled veterans. It would allow the Legislature to exempt the surviving spouses of 100-percent disabled veterans from property taxes on all or part of the market value of their home.

» **SJR 4**, which would allow the Texas Water Development Board to issue bonds for projects that will eventually become self-sustaining. The board, which has a zero default rate, issues bonds for water infrastructure projects. The amendment would allow the board to issue a maximum of \$6 billion at any time.

» **SJR 50** would allow the state to issue general obligation bonds to finance student loans.

» **HJR 63** would allow counties to issue bonds to finance the development of transportation reinvestment zones. Such zones allow cities to use certain property tax revenues to build roads and other transportation projects in that area. Currently, cities are able to issue transportation reinvestment zone bonds, but it has been unclear whether counties have the authority to do so.

» **SJR 26**, which would make it easier and cheaper for cities or counties to enter into multi-year interlocal contracts — agreements between government agencies to share budgets. Right now, if a city or county wants to partner with another on a project, it has to create a special tax and a special debt fund for that project.

» **HJR 109** proposes clarifying references to the Permanent School Fund, a pot of money generated from the sale of state property that goes to Texas public schools. It would allow the General Land Office to distribute revenue from the fund, and it would increase the market value of the permanent school fund, allowing schools to get more money.

» **SJR 28** would allow El Paso to be included in the list of counties authorized to create conservation and reclamation districts. With the amendment, El Paso County could use tax revenue to develop parks and recreational facilities.

» **SJR 16** would create an open-space tax exemption for water stewardship. Open-space is land zoned for preservation of natural resources, and historically, open space in Texas has been used for farming or timber. The amendment would add water stewardship, or conservation, to the list, providing extra incentive for individuals to conserve the 90 percent of state water that flows through privately owned land.

» **SJR 9** deals with the governor's authority to pardon individuals who receive deferred adjudication. People sentenced to deferred adjudication are given probation-like conditions, and if they complete the program successfully, a judge can dismiss the charges. Currently, the governor can only pardon convicted individuals, but the authority does not extend to those who have deferred adjudication. The governor would only be able to issue a pardon with the recommendation of the Board of Pardons and Paroles and in criminal cases excluding treason and impeachment.

» **SJR 37** would align the state's resign-to-run laws with the new primary election filing dates. Currently, elected officials can only keep their jobs if they file for other offices with less than one year left in their current terms. But during the legislative session, lawmakers moved the primary election filing deadline from Jan. 2 to mid-December to accommodate military and overseas voters. That would force some elected officials to resign from their current posts to file for candidacies for other offices. The amendment would change the length of unexpired term from one year to one year and 30 days.

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