



# Holsapple Joins TEAM



Jeff Holsapple

TEAM is pleased to announce that Jeff T. Holsapple, CAE, RES, RMA, has joined as a TEAM associate. Jeff serves as the assistant county

appraiser for Johnson County, Kan. He holds a Certified Assessment Evaluator (CAE) and a Residential Evaluation Specialist (RES), which are both designations from the International Association of Assessing Officers (IAAO). Jeff also holds a Registered Mass Appraiser (RMA) for the state of Kansas.

Serving as assistant county appraiser of Johnson County, Jeff manages a staff of 84 employees and the valuation and records for approximately 224,000 parcels with a 2020 valuation of approximately \$91.2 billion. He began with the county in May 1993 as a residential real estate appraiser and has been promoted several times, most recently to assistant county appraiser in April 2015.

Prior to coming to Johnson County, Jeff was an assistant appraiser in the private sector.

Jeff has been a member of IAAO since 1994 and is a current chair of the IAAO Standard on Professional Development Task Force. He has served on many committees with the most recent being the Research and Standards Committee for 2020–2021. Jeff is also a member of the Kansas City Chapter of IAAO, where he served as president for 2010-2011 and as the Kansas director for 2006–2008.

Jeff is a member of and involved in many assessment organizations including the Kansas County Appraisers Association, the Northeast Kansas County Appraisers Association, and the Northeastern Regional Association of Assessing Officers.

He attended Colorado State University where he earned a Bachelor of Science degree in business administration with an emphasis in finance and real estate administration. ❖

# TEAM Welcomes New Instructor Trevor Abernathie



Trevor Abernathie

Trevor Abernathie has been an appraiser with Pennington County, S.D., Equalization since 2012 and is currently a senior residential appraiser in the office. He holds the

Residential Evaluation Specialist (RES) designation from International Association of Assessing Officers along with the Certified South Dakota Assessor (CSDA), and Certified Appraiser Assessor (CAA) from the South Dakota Association of Assessing Officers. In 2020, Trevor was the president of the board for the CSDA and is a national instructor for IAAO.

### TEAM courses he will teach:

- Customer Service
- How to Teach Adult Students
- Low-End Residential Properties
- Preparation & Presenting a Valuation Appeal Workshop
- Public Relations & Customer Service
- Residential Quality Rating Guidebook
- Residential Quality, Condition and Effective Age Workshop
- The Art of Making a Powerful Presentation
- Unique & Challenging Homes
- Valuation of Barndominiums
- Valuation of Manufactured Homes Workshop
- Valuation of Residential Land ❖

## IAAO Election Results Announced

*reprinted from www.iaao.org*

IAAO recently completed the election process for the 2021 Board of Directors and the following members were elected. In addition, members approved the proposed amendments to the IAAO Bylaws.

- President Elect:** L. Wade Patterson
- Vice President:** Patrick Alesandrini, CAE, RES
- Region 1:** Marcy Martin, AAS
- Region 2:** Brian Gay
- Region 3:** Terry Taylor, CAE, RES, AAS (TEAM Instructor)

# Setting the Record Straight on a County Cadastre (Part 3)

By Richard Norejko, CMS

In this final installment of Setting the Record straight on a County Cadastre, we will examine the role an assessment office plays in the latest cyber threat: the stealing of real property. We will also review its importance to the national economy.

As discussed in the previous articles, the county cadastre, its authenticity, accuracy, accessibility, and maintenance are of vital importance not only to the assessment office but to various governmental and commercial enterprises. Deed fraud, assisted by the proliferation of Internet accessibility to county records, is becoming a concern throughout the United States. This concern has reached a level that the Federal Bureau of Investigation has dedicated significant resources to combat the scam. They referred to this action as "Operation Stolen Dreams."

The title is appropriate since one's home is usually the most substantial single investment that anyone can make. Property ownership has been a crucial part of the "American dream" ever since our forefathers came to the New World to begin a new life. Like those of millions of people today, their dream was to own their property, which gives a person freedom and financial independence.

The mechanics of the scam works as follows. Domestic and international thieves scour county online records for a property with equity. It could be the primary residence, a vacation home, or a rental property. The next step is to file a quitclaim deed for the property with the recorder/clerk's office conveying the title to themselves. They will then follow up by taking out an equity line of credit through banks or online lenders using the home's

## Deed fraud, assisted by the proliferation of Internet accessibility to county records, is becoming a concern throughout the United States.

equity as collateral. The thieves will then abscond with the funds, and the owner of record is left with property that is technically titled in the thief's name.

Title theft can happen to property owners in any age bracket; however, the most targeted population for this fraud is seniors, who may have substantial equity in the property they own.

The FBI began to investigate "house stealing" in 2008. They have not released any statistics regarding the number of victims to the crime, and neither has the American Land Title Association. However, the United States government has a cybercrime unit investigating this criminal enterprise, suggesting that it is a disturbing trend.

When learning of the scam, my first thought was how many loans are made in which the lender does not check to make sure that the borrower has proper title to the home? Second, are victims of this scheme covered by their title insurance or homeowner insurance policies?

If this scheme is happening, there must be lenders who are not checking the county cadastre for the owner of record. Assessment personnel typically question quitclaim deeds that omit a link in the chain of title. The mapping staff usually ask and request clarification from title authorities or real estate attorneys to change the property's listing when they process suspicious documents, especially quitclaim deeds.

Does purchasing a title insurance policy at the time of closing cover these land fraud situations?

Many land title policies state that the covered risk includes an interloper claiming to have rights affecting title because of forgery or impersonation. However, some of these policies are called "backward-looking." In other words, they insure against conditions that existed when the property was initially purchased. A homeowners' insurance policy may cover victims if it includes identity theft coverage. Identity theft coverage should insure against a fraudulent title transfer.

One way to combat this fraudulent practice is to change the mechanics of recording legal documents related to real property. For most of the country, the existing recording protocol is for conveyance instruments to be presented to the county register of deeds, county clerk, clerk of court, or county recorder for public filing. These instruments will be recorded as long as they meet the formal requirements for recording (usually only notary acknowledgment).

Unfortunately, the recorder's job is merely ministerial. In other words, the clerk accepts instruments for filing by stamping the date and time of filing on them and placing a digital version in the official county index record. No examination of the validity or accuracy of the instrument is conducted. Did the grantor have title to the property when they conveyed it? Did the grantor intend to deliver the deed to the grantee? Did someone forge the grantor's signature? Is the property description correct?

The county recorder's office

makes no effort to answer substantive questions like these. Instead, it functions as a passive custodian.

The process of determining the instrument's validity, accuracy, and authenticity is left to the assessment/mapping staff after recording.

A better, more efficient recording method would be to require prior approval from the assessment staff before recording any deed or survey plat. This new protocol would also prevent thieves from trying to obtain title and equity funds through fraudulent means. It would also alert interested parties to closure, bad calls, overlapping properties, any missing links of consistency in the chain of title, incorrect spelling of conveying parties' names, and general ambiguity of the instrument's intention.

The revised protocol would have the GIS technician review all of these elements before the document is recorded and processed into the county cadastre.

Counties considering requiring prior deed and survey plat approval should include in their local ordinance statements to the effect:

- These requirements intend to provide a standard method of checking legal descriptions on deeds, surveys, easements, affidavits, and other instruments related to real property ownership.
- The county desires to provide a service for the public to ensure proper and accurate descriptions of the property, correct any evident errors, and ensure that the property is listed correctly for tax purposes.
- These requirements cannot cover all situations. When those situations arise, they will be handled as exceptional cases and interpreted by the assessment staff's mapping personnel. The mapping staff will utilize all measures necessary in resolving issues of ambiguity.

## The fact is the assessor's cadastre has become a vital repository of information in the digital era.

- Authors of conveyance instruments are encouraged to have descriptions and surveys checked by the county assessment office before the actual time of closing the transaction. Advanced notification will avoid delays and allow time for corrections that may be necessary. The county staff will stamp the legal description or survey "preapproved" and request that the preapproval statement be attached to the original document before official recording with the county clerk's office.

The benefit of the change outweighs the recording process currently practiced in many counties. Since county recorders are elected officials, the difference may ruffle some political feathers. Still, the advantage of an accurate cadastre outweighs the clerical acceptance of incomplete and inaccurate real property documents. The fact is the assessor's cadastre has become a vital repository of information in the digital era. By analogy, it has become the reservoir of financial and locational information above a hydroelectric dam. It provides the power to service a multitude of enterprises.

### Governmental & Commercial Users

In all fifty states, the county cadastral database is networked like quilt pieces to the state level. Each part of the state quilt is a county with all associated parcels and attribute information networked together. In North Carolina, this statewide cadastre is known as NC One map. This database helps administrate state governance right down to the individual parcel level if needed.

All fifty states upload their piece of the quilt to the federal level for use by Homeland Security, Federal Emergency Management Agency (FEMA), and other federal agencies.

The national quilt, specifically a national cadastre, has been an ongoing project since the conceptual idea took root in 1985.

Federal, state, and commercial enterprises have been utilizing the local assessor's database for decades. For example, the real estate sales market uses cadastral information to sell and purchase real property. The sale of said properties generates further inquiries to the database from lending institutions, which employ fee appraisers who utilize the database for their loan to value appraisals.

Home insurance companies utilize the cadastre to verify, among other items, the proximity to fire stations and fire hydrants. Recently, Geico insurance declined insuring my home because it is not in the line of sight of two or more neighboring houses. They validated their decision by utilizing the county's cadastre, which is accessible through the NC One map portal.

The COVID-19 crisis has increased Amazon's, FedEx's, and UPS's utilization of county cadastres to locate addresses of remote rural properties to deliver packages.

These are just a few of the endless list of enterprises that rely on the reservoir of information that each assessing office possesses.

It is not a stretch to proclaim that the assessment cadastre retains all of the economic features that allows a tract of land to be utilized as working capital. In other words, parcel equity. The assessors' database is capitals' hydroelectric plant. Practically every facet of the economy is using the information created and maintained by the assessment office.

### Conclusion

The county assessor is responsible

*continued on next page*



for creating and maintaining the cadastral database, which is defined as “an official register of the quantity, value, and ownership of real estate used in apportioning taxes.” This database is maintained by professionals who utilize accepted protocols to make well-reasoned decisions on the placement of property lines for acreage in determining a real property assessed value.

We cannot overstate the importance of maintaining an accurate level of the GIS cadastre related to the owner of record and the property boundary overlay of digital orthophotographs. While the various definitions of a cadastre conclude with “for assessment purposes only,” the local cadastre’s importance and viability as a reliable resource to a myriad of public and private enterprises is significant. It is the premier database for inquiring the location, amount, and value of all real property within a jurisdiction. ❖

**Learn More: TEAM Workshop**

This series of articles is part of the workshop “Assessment Administration: Maintaining a Cadastre.” The workshop also covers an in-depth understanding of property ownership and the interpretation of property line placement within the county cadastre.

For information on hosting this TEAM workshop, contact Richard-Norejko@bellsouth.net



*Rick Norejko, CMS, has over 40 years of experience in all aspects of cadastral mapping. He is a nationally recognized speaker, lecturer, author and teacher in the field*

*of cadastral mapping.*

## AAS Designation

*Reprinted with permission from IAAO*

Congratulations to the following appraisal professionals on obtaining their AAS designation after using TEAM’s AAS Case Study Review material.



**Gordy Bauhan, AAS**, assessment specialist/IN Level III assessor-appraiser, Lake County Assessor’s Office, Crown Point,

Ind., earned the IAAO Assessment Administration professional designation. Ms. Bauhan has been in the profession for six years and with the Lake County Assessor’s Office for three years. She’s been in her current position for three years. Ms. Bauhan has a Bachelor of Science in engineering from Purdue University and a Bachelor of Science in mathematics from Mississippi University for Women. She has been a member of IAAO since 2019.



**Christopher A. Gilbert, AAS**, commercial appraisal deputy, Allen County Assessors, Fort Wayne, Ind., earned the

IAAO Assessment Administration professional designation. Mr. Gilbert

has been in the profession and with the Allen County Assessors for just under five years. He’s has been in his current position for two and a half years and has been an active IAAO member in Indiana since October 2019



**Kevin Poore, AAS**, commercial/ industrial appraisal manager, Hamilton County Assessor’s Office, Hamilton County, Ind., earned the IAAO Assess-

ment Administration professional designation. Mr. Poore has been in the profession for 26 years and with the Hamilton County Assessor’s Office and in his current position for 21 years. He holds a Bachelor of Science in public affairs from Indiana University. He is a member of IAAO and the Indiana Chapter of IAAO. ❖

TEAM’s AAS Case Study Review Workshop provides a review of materials and an understanding of the composition of a case study to help prepare for the AAS Case Study Exam. Workshop materials are available for purchase on the through the TEAM website. Learn more at [www.teamconsulting.cc/aas-review](http://www.teamconsulting.cc/aas-review).



# Inspired by the 2019 IAAO Conference Experience: Awareness Provided by Signs Around You

By Brad Eldridge, MAI, CAE, Douglas County, Kan.

I wrote this article when I returned from the 2019 IAAO conference. Our annual state conference in Kansas was cancelled this year, and with the 2020 IAAO conference being modified to a format that adapts to our current world situation, I am reminded of conference experiences that may be a thing of the past...at least for a little while longer.

I try to pay attention to the signs around me when I travel. They usually help keep me from getting lost and I usually learn something along the way! I found this approach to be helpful traveling to another country for the 2019 IAAO conference...albeit just a few miles north of the border.

The IAAO conference had its typical influence on me: I'm inspired and ready to hit the ground running. As I reflect about the 2019 event in Niagara Falls, there are several messages, signs, and placards that stuck out to me along the way. They each offer perspective and guidance worth sharing.



Nikola Tesla overlooks the Horseshoe Falls.

In 1895, Tesla and industrialist George Westinghouse created the world's first hydroelectric power plant at the Niagara Falls. Tesla was inspired by the falls and came up with his theory on alternating current (AC) as he watched water flow over the rocks.

Tesla has always amazed me. He came up with ideas on electricity 100-plus years ago that we're just

now starting to use. Wireless charging for your cell phone and now cars? That was his idea. He also came up with a remote-controlled torpedo and a precursor to modern radar that militaries began using in World War I. Both ideas were conceived **15-plus years before** being used.

Tesla reminds me that we should write down our ideas no matter how impractical or weird. They may seem impossible or inappropriate to achieve at present time, but circumstances and technology are ever changing. Write down your ideas. Circle back and review them from time-to-time. Add to them and let the concepts evolve. Check in on them later on and see if they can be applied.

From employee management to value model building, or from personal ambitions to parenting, write down your thoughts. Give your future self a head-start on reaching your goals and living the life you envision.



Warning sign next to Niagara Falls

Note to self: Don't go over the rail next to the water moving at 32 feet per second with 2,509 tons of force. Got it.

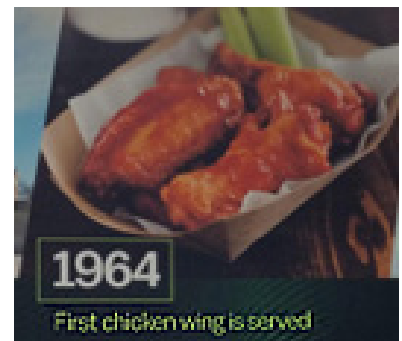
Why do we need these types of signs in public? Do we want to get a little closer and away from the herds of people for that perfect picture, or

do some folks just want to "feel the power"?

This sign reminded me that we shouldn't be shy about encouraging each other to avoid making bad decisions. Sometimes we need to speak up or give someone a gentle nudge to avoid mistakes.

Seems like a basic concept, but I wonder how many people fell over that rail near the falls before they had to put a sign up?

Either way, it's okay to state the obvious to prevent something bad from happening. Preventive maintenance is usually easier than damage control.



Buffalo Airport History Timeline Near Security Entrance

I saw this sign in the Buffalo Airport and thought, "So, no one in Buffalo 'served' any chicken wings until 1964? Weird."

Then I looked closer. Those are hot wings. I love hot wings. I can usually hang with most sauces until they incorporate ghost peppers or a name that I shouldn't say here. It seems that they meant to say "hot wing" instead of "chicken wing."

We're in Buffalo. *Ohhhhh...so THIS is where Buffalo Hot Wings were created!* Kinda like Philly Cheese Steak Sandwiches. I get it now. Is it a coincidence that the hot wing and

*continued on next page*

one of America's favorite sports cars were born the same year? It was a good year for bringing innovation to market.

This sign reminded me that folks don't always say what they mean. Sometimes we have to pay close attention to listen for what they're really trying to say. We deal with this issue quite a bit in our profession.

We speak mass appraisal and taxation with jargon folks like us only use. The taxpayer speaks property ownership issues that might not utilize words we would use—or the stress of the tax bill makes it harder for them to articulate the issue. Where's an interpreter when you need one? We may need to pause and find a way to translate the issue into words that make sense to both parties. ❖



Kara Endicott

## New Role for Kara

Congratulations to TEAM instructor Kara Endicott, CAE, RES, RMA, on her appointment as

interim commercial real estate manager for Johnson County, Kan.

Kara has over two decades of appraisal work in county government working in areas as diverse as testifying at the Board of Tax Appeals for commercial property to managing the valuation of residential properties, including single-family, multi-family and condominiums. She currently manages a portion of the residential real estate department in

Johnson County.

Kara holds both the Certified Assessment Evaluator (CAE) and Residential Evaluation Specialist (RES) designations from the International Association of Assessing Officers, and is a Registered Mass Appraiser (RMA) for the state of Kansas.

Kara has served on both the Education Committee and Instructors Relations Subcommittee for IAAO. She has also chaired several task forces for the organization. She is a senior national instructor for IAAO and has taught course across the country. She currently serves as president of the Kansas City chapter of IAAO (KCIAAO).

### History Corner:

## When You Could Pay Your Taxes With Smoked Eels

By Richard Norejko, CMS

January is a month when credit card bills from your Christmas shopping arrive in the mail. In some parts of the country, it is also the month when property tax bills are due. Grudgingly, taxpayers will write a check or, in some cases, go to their local tax office and pay in cash.

But in early medieval England (1000-1300), quit-rent payments in eels were commonplace. During this period, there was not enough coinage in circulation; therefore, tax collectors often accepted in-kind tax payments such as eggs, ales, grain, and, especially, eels. The fish was plentiful in England's rivers and streams. Fishermen would catch them using spears, nets, and wicker traps at various mill dams in the fall during the annual downstream migration.

However, people did not pay their taxes with live eels. After capture, the fish were cured through some combination of salting, smoking, and drying to be more easily transported and stored. The eels needed to be preserved so the taxpayer could keep them from spoiling until the quit-rent was due.

England's Domesday Book of 1086 recorded more taxes paid in eels than in corn.

At the end of the 11th century, citizens paid their quit-rent with more than half a million eels every year. By the 13th century, tax payments in eggs, produce, and livestock had disappeared, but tax collectors continued to collect eels. The decline in eel payments came during the 14th century, with economic changes that fol-



England's Domesday Book of 1086 recorded more taxes paid in eels than in corn.

lowed the Black Death. The bubonic plague that struck Europe reduced England's population so that there was more currency per capita in the monetary system. As the payment of bills and the exchange of goods and services with coinage became popular, harvesting eels declined.

I believe there are thousands of county citizens today who would like nothing more than to drop a stringer of eels on the Tax Collector/Treasurers counter as payment for their taxes. ❖



# The Good, the Bad and the Ugly of Texas School Tax Portability

By Jerry Bundick, RPA, RTA, Chief Appraiser, Midland, Texas

**Editor's Note:** Jerry recently was in IAAO 402 – Tax Policy that I was teaching. He brought up this tax policy when exemptions were being discussed. I found it fascinating and he was kind enough to explain in more detail. Thank you, Jerry.

—Rick Stuart, CAE, FIAAO

Under Texas property tax law, the ad valorem tax imposed on the residential homestead of a person aged 65 or older cannot increase above the amount that was imposed in the tax year when the individual first qualified for the exemption. In 1997, Texas voters approved a constitutional amendment allowing elderly qualified owners to transfer this ceiling from one homestead to another. The new school tax portability law was codified in Texas Property Tax Code, sec. 11.26(g).

While this law has proved very beneficial to the state's elderly homeowners, it has at times caused undesirable inequities and resulted in unforeseen abuse or in tax policy language, unintended consequences.

## Reasons for the Law, "The Good"

The school tax-freeze portability provision was created in an effort to soften the blow that citizens over the age of 65 were experiencing in the differences of their school property tax liability when moving from one home to another, or moving from one part of the state to another.

Prior to this law, an elderly homeowner who wished to downsize to a smaller home or move to another city would lose the tax savings benefit of having their school taxes frozen once they reached the age of 65, which they enjoyed on their current home. This tax savings

loss was particularly burdensome to senior citizens living on a fixed-income. The tax saving loss often totaled to thousands of dollars per year.

## How the Portability Works

Once a homestead property owner reaches the age of 65, their school tax amount will remain at a set amount for the remainder of the time the owner resides in their homestead residence. The tax liability can change if the owner makes significant changes to the property such as adding a second story or room addition. Upon death, the tax savings benefit is transferrable to the surviving spouse of age 55 or older.

In order to transfer the school district tax ceiling to another home, a qualified homeowner must request a certificate from the chief appraiser in the last appraisal district in which the tax ceiling was received. The owner then presents the transfer certificate to the chief appraiser in the appraisal district where the new homestead is located. The certificate is presented when application is made for homestead exemption on the owner's new home.

What is particularly unique about the Texas school tax portability is the method whereby it transfers the tax-ceiling benefit. In Texas, the benefit is transferred as a percentage of the cost savings. For example, if a homeowner has a tax ceiling amount of \$100 but would pay \$400 without the ceiling, the percentage of tax paid is 25 percent. If the homeowner moves to a new homestead in which the school tax would normally be \$1,000 in the first year, the homeowner would instead only pay \$250, or 25 percent of \$1,000.

## Taxpayer Inequity, "The Bad"

It is the transfer method as a percentage where problems occur. The tax-freeze portability percentage can be very low, and often varies greatly from person to person. In section 11.26(g) of the Texas Tax Code, the tax official is instructed to "multiply by a fraction the numerator (frozen school taxes of original home) and the denominator (tax as if not frozen, on same original home). This factor is simply multiplied by the school tax amount of the new home. Simple, yes. Fair... not always.

The first time I encountered this situation was in the summer of 1999. I had a local elderly gentleman call me one afternoon after receiving his notice of appraised value from the appraisal district where I served as the appraisal director. He explained he was a retired school teacher and continued to tell me how he and his neighbor were comparing information on their notifications, and was astonished how significantly higher his tax bill estimate was than his neighbor's.

He went on to explain both were about the same age, and lived in a townhouse next to each other. The homes were of identical age, floor plan, and amenities. Upon my review of the assessed values of each property, the only real difference was the school tax liability.

Prior to this new law, similar taxpayers of like age, living in similar homes would have near identical tax liability. One of the hallmarks of the Texas Constitution is the provision that "all property must be taxed equally and uniformly"; however, this new law created an inequity that was glaringly obvious. It seems

*continued on next page*

the man's neighbor was also a retired teacher who had moved from a smaller community the year before. His neighbor was able to "port" a very low percentage from her prior homestead to her new home in the city. The elderly gentleman struggled to understand how such similar homes, occupied by people of similar age and income, could pay such drastic differences in property tax! Unfortunately, my attempts to explain the new process fell upon deaf ears.

**Potential for Abuse, "The Ugly"**

Earlier in this article I mentioned the potential for abuse. This is where unintended consequences of the law can create extreme inequities and possible long-term levy loss for taxing jurisdictions. As I mentioned, the tax-freeze portability percentage can be very low. How low you ask? How about zero! Yes, based on the state's current formula and given the right circumstances, a taxpayer could port zero percent to a new residence in Texas, and thus completely thwart the legislative intent for "fairness."

In Texas, all homestead property owners are allowed a \$25,000 reduction in the assessed value of their property for school taxes. The state also allows owners 65 or older an additional \$10,000 reduction in value. This brings the state mandated reduction for all qualified elderly citizens in Texas to \$35,000. The Texas Tax Code also allows school districts to exercise the ability to implement a local optional exemption for homestead property owners, up to an addition 20% reduction with a minimal local option reduction amount of \$5,000 in value.

At a minimum, all totaled, an age 65 or over homestead owner can receive a mandated reduction of \$40,000 from their property value for school tax purposes. If the assessed value of their property is

\$40,000 or below, the value reductions will offset the value of the property resulting in an assessed valuation of zero. This scenario would effectively eliminate all school tax liability for the homeowner.

The situation I have just described does not particularly create a great injustice of monumental proportions for owners who purchase

similar-valued homes. However, some taxpayers have exploited this provision and have maximized the legislature's math formula to their advantage.

To illustrate, I will present three examples of homeowners moving to more expensive homes using school tax-freeze portability, and the resulting effect on the school tax liability.

**Scenario 1: No Tax Benefit**

In this example, a homeowner decides to move to a larger home after recently reaching age 65. Because he has not accumulated a tax freeze difference, he transfers a percentage of 100%. As you will observe, there is no portability tax benefit for this taxpayer. In the examples, ISD stands for Independent School District.

FROM – Origination Home			TO – Destination Home	
Market Value:	\$250,000		Market Value:	\$350,000
State HS Exemptions	-\$25,000		State HS Exemptions	-\$25,000
Additional for 65	-\$10,000		Additional for 65	-\$10,000
Local Option: -10%	<u>-\$25,000</u>		Local Option: None	<u>\$0</u>
Assessed Value:	<b>\$190,000</b>		Assessed Value:	<b>\$315,000</b>
1st ISD tax rate	0.010266		#2 ISD tax rate	0.010272
<i>ISD Actual Current Frozen Levy</i>	<i>ISD Levy as if no Freeze</i>	<i>Portability Percent</i>	<i>New ISD Levy as if no Freeze</i>	<i>Levy After Port Applied</i>
<b>\$1,950.54</b>	<b>\$1,950.54</b>	<b>100.0%</b>	<b>\$3,235.68</b>	<b>\$3,235.68</b>

**Scenario 2: Intended Tax Benefit**

In this example, a 72-year-old homeowner decides she wants to move closer to her children. She is moving to a similar size home in an expensive part of the state with higher home values. Fortunately, she will be able to port a percentage of 64.85%. To calculate the final school tax amount for the second home, the assessor multiplies the new home's levy as if no port, by the port percentage: For the example below: (\$2,722.08 x 0.6485 = \$1,765.27). This saves her \$957 annually from what she would have paid without the portability benefit. (\$2,722.08 - \$1,765.27 = \$956.81 in tax savings)

FROM – Origination Home			TO – Destination Home	
Market Value:	\$250,000		Market Value:	\$300,000
State HS Exemptions	-\$25,000		State HS Exemptions	-\$25,000
Additional for 65	-\$10,000		Additional for 65	-\$10,000
Local Option: -10%	<u>-\$25,000</u>		Local Option: None	<u>\$0</u>
Assessed Value:	<b>\$190,000</b>		Assessed Value:	<b>\$265,000</b>
1st ISD tax rate	0.010266		#2 ISD tax rate	0.010272
<i>ISD Frozen Levy (7 yrs ago)</i>	<i>ISD Levy as if no Freeze</i>	<i>Portability Percent</i>	<i>New ISD Levy as if no Freeze</i>	<i>Levy After Port Applied</i>
<b>\$1,265.00</b>	<b>\$1,950.54</b>	<b>64.85%</b>	<b>\$2,722.08</b>	<b>\$1765.27</b>



### Scenario 3: Tax Loophole

Mr. Big is a wealthy taxpayer, age 65, who moves into a used mobile home in a rental park. He pays \$38,000 for the residence and is assessed at total value of \$40,000. After he obtains a legal homestead exemption and all the age 65 tax benefits on the property, he purchases a \$1,500,000 property and ports a percentage of zero percent to his new home, thus saving him approximately \$15,000 a year in property taxes! This continues as long as he owns the home.

FROM – Origination Home			TO – Destination Home		
Market Value:		\$40,000	Market Value:		\$1,500,000
State HS Exemptions		-\$25,000	State HS Exemptions		-\$25,000
Additional for 65		-\$10,000	Additional for 65		-\$10,000
Local Option: -10%		-\$5,000	Local Option: None		\$0
Assessed Value:		<b>\$0</b>	Assessed Value:		<b>\$1,465,000</b>
1st ISD tax rate		0.010266	#2 ISD tax rate		0.010272
<i>ISD Frozen Levy (1 yrs ago)</i>	<i>ISD Levy as if no Freeze</i>	<b>Portability Percent</b>	<i>New ISD Levy as if no Freeze</i>	<b>Levy After Port Applied</b>	
<b>\$0.00</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>\$15,048.48</b>	<b>\$0.00</b>	

### Attempts to Close the Loophole

As I have shown, the portability provision in Texas can be a good thing or a bad thing, depending on your point of view. But what cannot be denied are the inequities which often incur and the possibility for abuse. I am not aware of a comprehensive study which documents to what extent this law affects the revenue of taxing entities in Texas.

In 1999, Senate Bill 1210 was introduced in an attempt to curb some of the unfair advantages the law provides. Under the proposal legislation, an individual would be required to live in a particular residence homestead for at least 12 consecutive months before transferring a tax freeze to another residence homestead. It also curtailed the benefit “to people who move to higher-valued properties” under the presumption that these homeowners have more resources and thus can afford to pay their property taxes. The bill passed the Texas Senate but died in House committee. As of the writing of this article, the current law stands.

### Personal Observations

I believe the extreme tax reductions I described in my third example are rare. Most elderly taxpayers are unaware of the possibility of transferring zero percent to a new residence. In addition, logic would dictate that very few wealthy people would wish to disrupt their current standard of living, even for a temporary period of time. As chief appraiser, I have on occasion signed portability certificates for taxpayers who have transferred zero percent to their new residence in another city.

Currently on my tax rolls the account with the greatest transfer percentage is on a residence valued at \$365,000. The tax savings for this owner equates to \$2,560 per year, based on a portability percentage of 15.17%. The account with the greatest tax savings is a property valued at \$1,844,000, with a 41.05% port, equating to a \$9,180 savings on their school taxes, once again illustrating that the ones who need it least are the ones getting the most benefit.

### Conclusions

While the Texas school tax portability provision lessens the tax burden for one of society’s most deserving groups, it can create an unfair playing field for this same group. At this point in time there seems to be no political will by Texas lawmakers to modify the school tax portability law, and the issue does not appear to be widespread enough to garner their attention. The state has now institutionalized the procedure to the point that citizens’ cries of unfairness are treated as a moot point.

The potential for inequity makes it incumbent on the assessor to be diligent in ensuring homestead exemptions are properly and legally applied. ❖



*Jerry Bundick, RPA, RTA, is chief appraiser in Midland, Texas.*

### Editor’s Note: Unintended Consequences – Part II

Just a few days after Jerry finished this article, I received an email from Jeff Middleton, education coordinator for the Idaho State Tax Commission. He provided the link shown below with a note saying he thought I would enjoy this article: “Idaho tried to lure a nuclear company in 2008. Instead, Micron got millions in property tax breaks.”

Thank you, Jeff. This is another tax policy issue with unintended consequences. Read the article online at: <https://boisedev.com/news/2020/11/09/idaho-tried-to-lure-a-nuclear-company-to-east-idaho-in-2008-instead-they-got-millions-of-property-taxes-exempted-for-micron/>

***In 1999, Senate Bill 1210 was introduced in an attempt to curb some of the unfair advantages the law provides. The bill passed the Texas Senate but died in House committee.***

# Course 600 via Zoom: This old dog can learn

By Rick Norejko, CMS

**Editor's Note:** This was Mr. Norejko's first experience teaching via Zoom—and a challenging class, no less.

## Prelude

The virtual instruction of Course 600 would not have been successful if it wasn't for Deputy Director Rob McGee of the Arkansas Assessment Coordination Division; Michele Wilcox, coordinator for the event; and Danny White, IT technician. Three weeks before the start of the class, Rob initiated a meeting for me to learn Zoom technology. Along with Michele, we spent two hours reviewing the protocols of "sharing" PowerPoint slides, illustrations, document reader illustrations, and video images of me lecturing to the student.

A few days later, Michele scheduled a Zoom meeting with all the students to ensure that they knew the requirements for a virtual classroom, how to ask a question, etc.

## The Details

Fifteen minutes before the start of Monday's class, Danny White would bring Zoom up and allow students to migrate from the "waiting room" into the "meeting." He would also be available to assist any student that may experience technical difficulties logging into the system.

Once all the students were in the "classroom," Michele would monitor the session, taking care of any attendance problems, and resolve any audio and video issues. She remained with me throughout the day and would ensure that the students could see the PowerPoint slide or my document illustrations. (On a few occasions, Zoom would not share my screen, and the audio level unexpectedly dropped. Michele alerted me to these issues.) My internet con-



## The Pros

- The students receive their SRM on Wednesday before the beginning of class the following Monday. Michele emailed them my instructions to read chapters one and two ahead of time, thus giving them a head start with the curriculum.

- Virtual learning allows more attendance and students from other regions of the country. This particular class had students from three different states.

- Viewing a monitor 18 inches away from you eliminates sight issues viewing a small tripod screen in large classrooms.

- Testing is via a link that is open to students from Friday morning at 12:01 to either midnight on Tuesday or Wednesday. (Some students had Tuesday evening as the deadline while others had Wednesday evening as the deadline. I do not know why the dates are different.) Allowing 5 or 6 days for a student to prepare for the exam may help

complete a course successfully. Students have the answers to all exercises and chapter review questions.

## The Cons

- Students have the answers to all exercises and chapter review questions.

Note: this question appears both as a pro and a con. Having the answers ahead of time is beneficial for some; for other students, it has a negative effect. It is possible that students will not work exercises knowing they already have the answers. However, others may not know the steps involved in getting to the correct answer.

For instance, during the review Thursday afternoon, I presented the class with a curve problem that was not in the written material. I then proceeded to show them how to solve the problem procedurally and was shocked when a student asked how I placed my protractor. That question should have been asked Tuesday morning, not Thursday afternoon! The question told me that

the student did not have a grasp of geometry and could not have correctly worked the exercises during the week.

- Not seeing the body language of struggling students that a classroom setting presents is negative. Teachers can visually see a student's frustration with the material; therefore, we can initiate a one-on-one session to overcome the mental hurdle.
- Newly hired or inexperienced assessment personnel will struggle with the material by not having an instructor readily available.
- Students seem to be more reluctant to ask questions in a virtual platform than in a classroom setting. What is also missing is the war stories, banter, and fellowship between an instructor and students that can make for a very successful learning experience.

### Conclusion

The COVID crisis has pushed this virtual platform to the forefront for the foreseeable future. I fully expect that perhaps half of my clients will prefer a Zoom classroom instead of in-person classes. Virtual classrooms via Zoom necessitate technical support and participation of the host coordinator. Instructors will not have the time to make sure the students are online seven-plus hours a day, nor are they able to help with computer hardware issues or logins.

Instructors also may not have the software licenses required for virtual instruction. There **has to be** a team effort between the coordinator(s) and the instructor to host a workshop or four-day class. As previously mentioned, without the assistance of the staff from Arkansas, this class could not have taken place.

Finally, I can honestly report that this old dog did learn a new trick. I **can** teach a class via Zoom, albeit it is not my preference. ❖

## We Lost a Great Friend

By Rick Stuart, CAE, FIAAO



Kellianne Nagy

We are saddened by the passing of our dear friend Kellianne Nagy, CMI, CAE, PPS, FIAAO, on Sept. 23, 2020. Kellianne had over 40 years of experience in government and corporate property valuation and taxation.

For the last few years Kellianne had battled cancer, and at least twice was told by the doctors she was cancer free. We all know how insidious that disease is and this last battle was too great.

Kellianne served on the International Association of Assessing Officers Executive Board and was an active member for over 30 years, both as a regular and associate

member. She served on various committees over the years. She was past chair and recognizable permanent member of the Associate Committee and a mainstay for the IAAO Annual Conference Silent Auction. Kellianne presented at many Annual Conferences and Symposiums throughout the years. She was also TEAM Consulting, LLC instructor.

Kellianne was the recipient of many IAAO awards and most recently received the FIAAO (Fellows of IAAO) designation. The FIAAO recognizes individuals who have dedicated their career to the development of our profession and made exceptional contributions to the Association and the assessment industry.

Kellianne will be missed for her love of life, sense of humor and the love that she showed to others. ❖

## Class Feedback: TEAM Courses for Idaho

Rick Stuart, CAE, presented the workshop "Appraising After a Disaster or in Traumatic Events" for the Idaho State Tax Commission via Zoom@. The course material received a 4.4 rating on a scale of 5. The rating is lower than normal, but also reflects comments that some dislike online education but realized that "I wouldn't have been able to take it otherwise." Some comments:

- It was a good class. It was all interesting and included many things that I had really never thought of before.
- The real-world example, pictures, and explanation of events. The in-depth information on every subject.
- It was interesting from start to finish.

The Idaho State Tax Commission also offered the workshop "Valuing

Commercial Properties in a Declining Market" via Zoom. Thanks to the promotion by Jeff Middleton, he had participants from a large number of states.

The workshop was presented by Brad Eldridge, MAI, CAE, to 78 people. A top rating is 5, and both the material and Brad received that top rating. Some of the comments:

- The course content was relevant and up-to-date. Well organized – everything was great!
- I liked the real-world examples that were discussed—it made the information relatable.
- I liked the nationwide attendance of appraisers and the instructor's knowledge.
- I liked the coordination and organization. The background market reports were great primers for the final market data points to consider in our revaluation. ❖



# Do you have Declining Commercial Values?

By Rick Stuart, CAE, FIAAO

WOW! Brad Eldridge, MAI, CAE, has updated "Valuing Commercial Properties in a Declining Market." Brad didn't just shake off the dust, but totally reinvented the workshop. What previously was a one-day workshop is two days loaded with current topical data for a large number of commercial property types and data from third-party sources.

This workshop will concentrate on recognizing the state of the market and changes that have occurred, with an emphasis on data analysis and interpretation. How to properly address these market condition changes in the cost, sales comparison, and income approach will be discussed.

The material also offers suggestions on proper documentation and handling public relations during turbulent times. When real estate markets are making dramatic shifts up or down, it is important to con-

tinue monitoring the conditions and appropriately adjust in real time. The material includes data on the changing economic conditions through 2020 and current trends that are impacting different commercial real estate uses, such as retail, office, industrial, apartments, hotels, mini-storage, mobile home parks and senior housing.

We have always written our workshops as a reference source so that you can pull it off the shelf at a future date and use it as needed. This workshop really meets that criteria.

If you are interested in holding this workshop, contact Brad at [eldridge.brad@gmail.com](mailto:eldridge.brad@gmail.com) or (785) 550-0945.

Don't have time to sit in an actual or virtual classroom? You can purchase the workshop for only \$75 at <https://www.teamconsulting.cc/self-study>.

# New: Innovation Intersection

By Rick Stuart, CAE

Over the years TEAM News has published articles submitted by our associates and business partners about available products or new technology. TEAM Consulting, LLC, has also worked with jurisdictions to review technology and software and to comment if we have any experience with a certain company or product.

Now we are launching a new section in the newsletter called "Innovation Intersection" and inviting businesses to submit articles about relevant products and services to be considered for publication. Jurisdictions are also invited to submit articles on innovations they are using within their office.

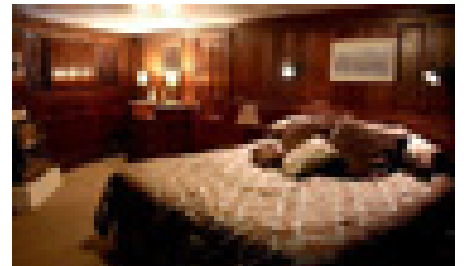
All of this in keeping with one of our original and continuing charges: "TEAM specializes in bringing new technology and innovative approaches to solving your assessment or appraisal problem in the most cost-effective manner possible, always striving to show a positive return on investment."

For all submissions, TEAM retains the right to decide which article(s) will be accepted for publication. The newsletter is published quarterly production and deadlines for submission are the 15th day of the months of December, March, June and September. If you have a submission, contact Rick Stuart at [r17stuart@gmail.com](mailto:r17stuart@gmail.com) or 785.259.1379. ❖

# Unusual Buildings



Above: Deborah Lutton of Grays Harbor County, Wash., sent in the multiple-storied home that was discovered. I was totally shocked when she stated there were no building permits! Below: If hurricanes continue to hit Louisiana, the cargo home may become an option. Keep those photos coming to [r17stuart@gmail.com](mailto:r17stuart@gmail.com).



## Slowing down the craziness

Even in this crazy year, you still have to answer the basic questions. If you have never watched this video or if it has been considerable time since watching, this could be the best few minutes you spend today.



*Has COVID-19 changed the way your office operates? Having trouble getting your message out to your consumers/taxpayers?*

As an appraiser or assessor, you spend countless hours answering questions and fielding appraisal appeals from taxpayers—and this has increased greatly with COVID-19. With each question, it's clear that there is widespread confusion about the appraisal process. Often taxpayers are unclear on exactly how appraisers or assessors determine a property's worth. This confusion can lead to unnecessary misunderstandings.

Fortunately, TEAM Consulting LLC has a great video that you can place on your website to answer a large number of questions in just a few minutes. This video is in use from Rhode Island to Hawaii and in jurisdictions from 4,000 to over 1 million parcels. It is effective and very reasonably

priced. It is available in English and Spanish.

There is no annual maintenance fee, and once you purchase your custom-branded copy, you own it for use on multiple platforms for easy access by your consumers.

**Watch It Today!** If you have not yet seen this video or it's been a while, check it out at <http://www.teamconsulting.cc/videos>.

*The video is branded with your jurisdiction's name. Choose from Appraiser or Assessor versions in English or Spanish.*



[www.teamconsulting.cc/videos](http://www.teamconsulting.cc/videos)



■ Diana Olick, *www.cnn.com*, Sept. 16, 2020. Submitted by Brad Eldridge, MAI, CAE. "With demand for housing surging, the nation's homebuilders are positively ebullient. Builder confidence in the market for single-family homes in September increased 5 points to 83 on the monthly NAHB/Wells Fargo Housing Market Index. That's the highest reading in the survey's 35-year history, which matched its last all-time high in August. Anything above 50 is considered positive. The index stood at 68 in September 2019.

Lumber prices have jumped more than 170% since mid-April, adding more than \$16,000 to the price of a typical new single-family home, according to the NAHB. Lumber producers shut down in March and April as the pandemic hit the U.S., and did not expect to see the quick surge in housing demand that began in late May. Ramping up production, while protecting workers with social distancing, was not easy, and supply suffered." <https://cnb.cx/33NzFMB>

■ Mary Salomonsen, *www.builderonline.com*, Sept. 22, 2020. **Editor's Note:** There is a large amount of interesting data in this article and I would recommend reading it.

"Existing-home sales marked their third consecutive month of positive gains in August, according to the latest data from the National Association of Realtors, with total existing-home sales—including single-family, townhomes, condominiums,

and co-ops—rising 2.4% from July to a seasonally adjusted annual rate of 6 million in August. Sales rose by 10.5% year over year, up from an annual rate of 5.43 million in August 2019. The median existing-home price for all housing types rose 11.4% YOY, up from \$278,800 in August 2019 to \$310,600 in August 2020. This marks 102 consecutive months of year-over-year gains." <https://bit.ly/2RVQc57>

■ Rayna Katz, *www.globest.com*, Sept. 25, 2020. "In spite of wage growth and a decline in mortgage rates, other market factors are placing home ownership out-of-reach for many Americans than ever before. Sharp increases in single-family home prices are moving faster than increasing wages and historic dips in mortgage rates, according to ATTOM Data Solutions. As a result, a greater percentage of wages is needed to buy a home, and affordability has decreased in a large swath of the nation." <https://bit.ly/3kLeul9>

■ Kelsi Maree Borland, *www.globest.com*, Sept. 30, 2020. "This year is on track to rival 2010 in retail bankruptcies. In 2010 following the Financial Crisis, 48 retailers filed for bankruptcy, marking one of the most significant years for retail chapter 11 filings. 2020 could close the year exceeding that number, according to data from BDO United States (Assurance, Accounting, Tax Advisory Services)." <https://bit.ly/3n4GSkd>

■ Rayna Katz, *www.globest.com*, Sept. 30, 2020. "Reports of the demise of major cities in the wake of COVID-19—and a resulting surge in suburban offices—are greatly exaggerated. Activity in the national office market remains

robust in downtown areas, and such locations still are preferred by many corporations, according to new research from Newmark Knight Frank." <https://bit.ly/3icFND7>

■ Les Shaver, *www.globest.com*, Sept. 30, 2020. "Is COVID-19 convincing millennials that it may finally be time to buy a home? A new survey from Morning Consult suggests that may be the case. More than one-quarter of millennials who don't own a home, 28%, said they are more interested in purchasing one because of the pandemic." <https://bit.ly/3kYrYX>

■ Kelsi Maree Borland, *www.globest.com*, Sept. 30, 2020. "The hotel market recovery could be slower than initially expected. New research from Fitch Ratings has found a lack of meaningful demand in the upper-tier hotel market, which could prove to slow the recovery in the US lodging market. As a result, the firm is decreasing its revPAR expectations for 2021 and maintaining its 2020 outlook. However, this adjusted outlook will not trigger downgrades due to cost controls, and the firm maintains that the market will recover in 2022 and 2023." <https://bit.ly/3cM6tcJ>

■ *www.builderonline.com*, Sept. 24, 2020. "Sales of new single-family homes in August jumped 4.8% above the revised July rate and 43.2% year over year, according to the U.S. Census Bureau and the Department of Housing and Urban Development." <https://bit.ly/3cLx9KS>

■ *www.appraisalinstitute.org*, Sept. 30, 2020. "11M Households Behind on Mortgages, Rent in Q2: MBA. Nearly 11 million households fell behind on their mortgage or rent during the second quarter, accord-



Rick Stuart, CAE, CDEI, FIAAO, is a senior consultant with TEAM Consulting, LLC. He lives in Topeka, Kan.



ing to a report released Sept. 17 by the Mortgage Bankers Association's Research Institute for Housing America. The report revealed that 65% of borrowers received permission from their lenders to delay or reduce their monthly payments."

■ Kelsi Maree Borland, *www.globest.com*, Oct. 7, 2020. "Homeowners have struggled to make mortgage payments during the pandemic. Since March, 24% of homeowners have missed or deferred a mortgage payment, according to a survey from Clever Real Estate. Renters have also been significantly impacted, with one in three renters missing rent payments during the pandemic. Combined, these two groups paint a startling image of the pressure Americans are facing to keep up with necessities." <https://bit.ly/3l0flbW>

■ Natalia Siniavskaia, *www.eyehousing.org*, Oct. 5, 2020. "According to the Census Bureau, the median lot size for homes sold in 2019 dropped to 8,177 square feet, or 0.188 of an acre. The new number establishes a new record low and represents a solid drop of 390 square feet since 2018." <https://bit.ly/2Sx03Fn>

■ Mary Salmonsens, *www.builderonline.com*, Oct. 2, 2020. "In this year's annual Wildfire Report, CoreLogic has identified 1,975,116 single-family home properties at moderate to extreme risk of wildfire damage from across the country's 15 wildfire-prone states. These single-family residences have a combined reconstruction cost value (RCV) of more than \$638 billion, and comprise approximately 6.5% of the total number of single-family homes in these states.

"Out of the top 10 metro areas with the greatest single-family home loss potential, seven are located in California. Los Angeles ranks first

with 154,462 homes at elevated risk and a total RCV of \$90.31 billion, followed by Riverside, California, with 126,628 homes at elevated risk and an RCV of \$50.62 billion." <https://bit.ly/2GGjqtD>

■ Les Shaver, *www.globest.com*, Oct. 9, 2020. "Dollar General has announced a new retail store concept, called popshelf, that is targeting a higher-income shopper. While part of the Dollar General corporation, popshelf will be a differentiated store and shopping experience, according to the company. In a release announcing the venture, the company said that each approximately 9,000 square-foot popshelf store will be focused on delivering a combination of continually refreshed merchandise, seasonal specials and limited-time items." <https://bit.ly/3jLLrxA>

■ Rachel Looker, *www.naco.org*, Oct. 12, 2020. Submitted by Lisa Ree, RMA, Ellis County, Kan., Appraiser. "For a new housing community in Bernalillo County, N.M., it's all about the location of a neighborhood-scaled tiny home village to house individuals experiencing homelessness. Bernalillo County Commissioner Debbie O'Malley, who has a background in affordable housing, spearheaded the idea with council members from the City of Albuquerque to create a community of tiny houses in the county.

"The village offers holistic housing intervention and provides safe, dignified transitional housing for individuals experiencing homelessness. Its close proximity to amenities provides support services for employment and the stabilization of residents. The village is currently under construction and will open in December 2020." <https://bit.ly/31wtM5U>

■ Les Shaver, *www.globest.com*, Nov. 10, 2020. "According to Moody's

Analytics REIS, mall vacancy rates increased by 0.2% in the quarter to 10.4%, which was the highest mark since 2013. Average asking rents and average effective rents fell 0.1% and 0.4%, respectively." <https://bit.ly/3lhamtX>

■ Kelsi Maree Borland, *www.globest.com*, Nov. 10, 2020. "The pandemic has driven gen-Z and millennials back home to live with parents or relatives—a trend that will negatively impact apartment demand, according to a new report from Marcus & Millichap." <https://bit.ly/3phgowQ>

■ Michael Tucker, *www.mba.org*, Nov. 11, 2020. "The Urban Land Institute, Washington, D.C., said a consensus of real estate economists surveyed expect a short-lived recession and above-average GDP growth in 2021 and 2022. The ULI semi-annual Real Estate Economic Forecast survey of 43 economists and analysts at 37 real estate organizations said the recovery will likely start next year and be even more positive in 2022, though growth will likely vary by sector. Real estate market conditions and values should hold up much better than was expected six months ago, with industrial real estate and single-family housing expected to perform best." <https://bit.ly/3kpYOMG>

■ *www.corelogic.com*, Nov. 11, 2020. "New York, Nevada, and Florida are the top 3 states for mortgage application fraud risk. Nevada moved into the top 3 for the first time since 2014. Hawaii and Maine are the other states in the top 5 for overall risk levels. During the second quarter of 2020, an estimated 0.61 percent of all mortgage applications contained fraud, about 1 in 164 applications. By comparison, in the second quarter of 2019, our estimate was 0.81 percent, or about 1 in 123

*continued on next page*

applications. In both purchase and refinance populations, the highest-risk applications were for investment properties, while the lowest-risk applications were VA-backed programs. Investment purchase applications are showing the highest risk, with 1 in 28 applications estimated to have indicated fraud.”  
<https://bit.ly/2loiSZs>

■ Mary Salmonsén, *www.builderonline.com*, Nov. 19, 2020. “Existing home sales—a figure that includes single-family homes, condos, and co-ops—continued a now five-month streak of month-over-month gains in October, with sales up 4.3% to a seasonally adjusted annual rate of 6.85 million, according to the National Association of Realtors.”  
<https://bit.ly/3I5pDNf>

■ Ana Durrani, *www.realtor.com*, Nov. 4, 2020. “Home trends come and go, but social distancing and staying at home have ushered in a new way of life—and some of those changes have spurred home trends that are likely to stick around well past the COVID-19 era. Here are some of the real estate and design trends people have latched on to during the pandemic that will likely have staying power for years to come.”

- The great escape — leaving the cities for less crowded areas.
- The Zoom room — creating a designated space for this
- Clean and cozy design — more simply
- Backyard premium — willing to have smaller home to gain more yard

<https://bit.ly/33iEJcj>

■ Rayna Katz, *www.globest.com*, Nov. 25, 2020. “Homeowners looking to sell right now have cause to celebrate. The S&P CoreLogic Case-Shiller Indices—newly released for

September, by the S&P Dow Jones Indices—showed a continuing rise in home prices across the country. More specifically, the S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index—which encompasses all nine United States census divisions—posted a 7.0% annual gain in September, up from 5.8% in August. The indicator hasn’t hit 7% in over six years; last reaching that level in May 2014.”  
<https://bit.ly/3fwRViA>

■ *www.press.redfin.com*, Nov. 19, 2020. “Sales of vacation homes are soaring, even as millions of Americans grapple with financial devastation triggered by the coronavirus pandemic. In October, demand for second homes skyrocketed 100% from a year earlier—the fourth triple-digit increase in the last five months, according to a new report from Redfin (*redfin.com*), the technology-powered real estate brokerage.” <https://bit.ly/2KvGM6f>

■ *www.freddiemac.gcs-web.com*, Nov. 19, 2020. “Freddie Mac (OTCQB: FMCC) today released the results of its Primary Mortgage Market Survey® (PMMS®), showing that the 30-year fixed-rate mortgage (FRM) averaged 2.72 percent, the lowest rate in the survey’s history which dates back to 1971.”  
<https://bit.ly/366Odt0>

■ Rayna Katz, *www.globest.com*, Dec. 1, 2020. “The housing market is still hot, but we may be starting to see rising home prices hurting affordability, said Lawrence Yun, NAR’s National Association of Realtors’ chief economist. The combination of scarce housing, low interest rates, plus very strong demand “has pushed home prices to levels that are making it difficult to save for a payment, particularly among first-time buyers, who don’t have the luxury of using housing equity from a sale to use as a down payment,” said Yun.

“The escalation of home prices has many ramifications including one for multifamily and single-family rental homes: it could push more people into the rental market, especially as rents lag housing prices.”  
<https://bit.ly/3In3OJf>

■ Alexandre Tanzi, *www.bloomberg.com*, Nov. 23, 2020. “Millions of Americans expect to face eviction by the end of this year, adding to the suffering inflicted by the coronavirus pandemic raging across the U.S. About 5.8 million adults say they are somewhat to very likely to face eviction or foreclosure in the next two months, according to a survey completed Nov. 9 by the U.S. Census Bureau. That accounts for a third of the 17.8 million adults in households that are behind on rent or mortgage payments.”  
<https://bloom.bg/2VshqIX>

■ Kelsie Maree Borland, *www.globest.com*, Dec. 10, 2020. “Remote will have a ripple effect throughout urban markets. While physical offices and multifamily will bear the brunt of the impact, reduced commuter traffic could have a positive effect on urban centers. The DCBID in Downtown Los Angeles is looking closely at the effect of reduced commuter traffic and how it could change the dynamic and culture of the urban core—potentially for the better.”  
<https://bit.ly/2WcBb7z>

■ Les Shaver, *www.globest.com*, Dec. 14, 2020. “Problems in the hotel and lodging sectors are pushing the commercial mortgage delinquency rate up. In November, 5.7% of commercial mortgages were delinquent, increasing from 5.4% in October, according to the Mortgage Bankers Association. The delinquencies can be traced back to lodging and retail loans that fell behind in April and May, which have now transitioned to later-stage delinquencies.”  
<https://bit.ly/3qXMjDB>

■ National Association of Home Builders, [www.builderonline.com](http://www.builderonline.com), Dec. 11, 2020. "Lumber prices have reversed their downward course over the past three weeks, edging up from a recent low of \$550 per thousand board feet to roughly \$600 per thousand board feet. Prices had previously rocketed to an all-time high of \$950 per thousand board feet in September, then gradually fallen over the course of October and November." <https://bit.ly/3715yim> ❖



## What is a Ghost Kitchen?

By Rick Stuart, CAE

What is a ghost kitchen? This is a new term to most people resulting from the COVID-19 pandemic. I felt confident I knew the answer to this question until my wife asked me. By the look on her face and a follow-up question, it was obvious I did not know the answer. So, of course, I went to the web.

After a very poor explanation on the website of the National Association of Restaurants, I went to Wikipedia: "A ghost kitchen is a professional food preparation and cooking facility set up for the preparation of delivery-only meals. It may also be called a delivery-only restaurant, online-only

restaurant, delivery kitchen, virtual kitchen, shadow kitchen, commissary kitchen, dark kitchen, ghost line, or cloud kitchen (or other variant names, referring to 'ghost kitchens').

"However, a ghost kitchen differs from a virtual restaurant in that a ghost kitchen is not necessarily a restaurant brand in itself and may contain kitchen space and facilities for more than one restaurant brand. A ghost kitchen contains the kitchen equipment and facilities needed for the preparation of restaurant meals but has no dining area for walk-in customers."



**TEAM Consulting, LLC** offers expertise in property assessment and valuation to business and government clients. Our nationally recognized assessment and appraisal experts are "problem solvers" who seek cost-effective, innovative solutions to any assessment-related problem. From discovery and identification through valuation and administration to appeals and policy, our TEAM professionals are prepared to help you achieve your goals.

### We Have Extensive Experience In:

- Assessment administration
- Appraisal education
- Reappraisals, mass appraisals
- Market modeling
- Real & personal property valuation
- Cadastral mapping (GIS)
- Public information programs
- Ratio studies
- Quality control
- Tax policy
- CAMA
- —and much more



Let us know how TEAM can assist you. Contact Fred Chmura, AAS, Managing Partner, Phone 860-974-1354 [fchmura@teamconsulting.cc](mailto:fchmura@teamconsulting.cc)