



More Indicators **Texas Market Gaining Strength**

David S. Jones, Senior Editor,
Real Estate Center at Texas A&M University

College Station, Texas (Real Estate Center) – More indicators support the conclusion that the Texas housing market has recovered. One of those is the annual dollar volume of home sales.

In 2011, reports to the Real Estate Center at Texas A&M University put total statewide home sales at nearly \$40 billion. That is about the same amount reported in 2004.

"Sales volume has stabilized around \$40 billion for the past three years," said Center Chief Economist Dr. Mark Dotzour. "Indications are that 2012 will show a substantial increase."

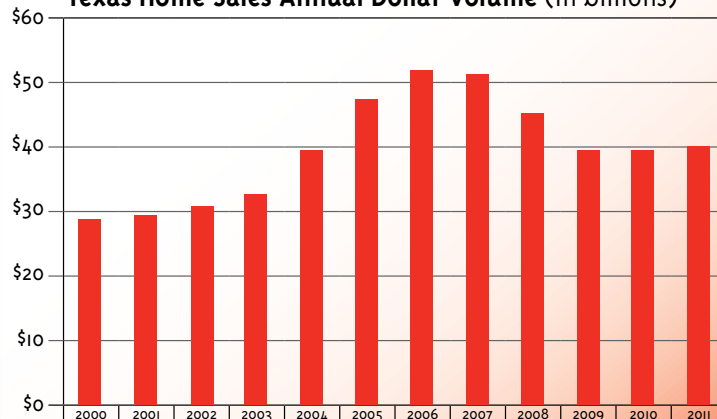
The inventory of Texas homes for sale is another indication the residential market has stabilized.

"If there's an excess of homes for sale, prices trend downward," said Dotzour. "When inventory is smaller, prices rise."

The number of homes for sale depends on the time of year. More homes are for sale in the spring and summer.

The Texas housing inventory peaked at 31,431 listings in June 2006. Five years later, the total was 21,771 – down 31 percent.

Texas Home Sales Annual Dollar Volume (in billions)



"Month's inventory" is a third way to measure housing inventory.

"If you have ten homes on the market, and you sell two each month, you have five months of inventory," explained Dotzour. "Previous Center research has determined a balanced market is about 6.5 months."

When the inventory is less than 6.5 months, prices rise more quickly. When inventory exceeds 6.5 months, prices begin to moderate.

"The danger of falling prices comes into play when inventory gets into the nine to 11-month range," said Dotzour.

Continued on page 3

**Checking
Your
TDLR
Credits**

Do you know how to verify your education hours posted with TDLR? Go to this area of the agency's website and check it out:

» www.license.state.tx.us/ptp/ptp_edexmdetail.asp

This page will let you check both your core courses (those taken for certification) and, if applicable, your Continuing Education (CE) courses taken to renew your certification.

Features

3 » TAAD Welcomes New Member Districts | 4 » Attorney General Opinions/Requests for Opinions | 4 » A TAAD of Info... | 6 » TAAD Education 2012 | 9/10 » TAAD's 2012 State Certification Course Schedule and Registration Form | 9 » TAAD Classifieds | 11 » TAAD's 2012 Level III and IV RPA Review and Registration Form | 12 » Real Estate Notes of Interest | 15 » Oil Industry Notes of Interest | 16 » Texas Housing Recovery Underway | 16 » Hot Topics: Lack of Funding Discipline Gets Pensions Into Trouble

Wardlaw Appraisal Group

16601 N Blanco Road San Antonio, Texas 78232

*Outstanding
Appraisals*



*Affordable
Pricing*

MINERAL, UTILITY & INDUSTRIAL APPRAISERS

Supporting Texas Appraisal Districts since 1987

Simply the Best!

- Great Customer Service
- Knowledgeable Staff
- Painless Conversions
- Free Custom Reports
- No Hidden Charges

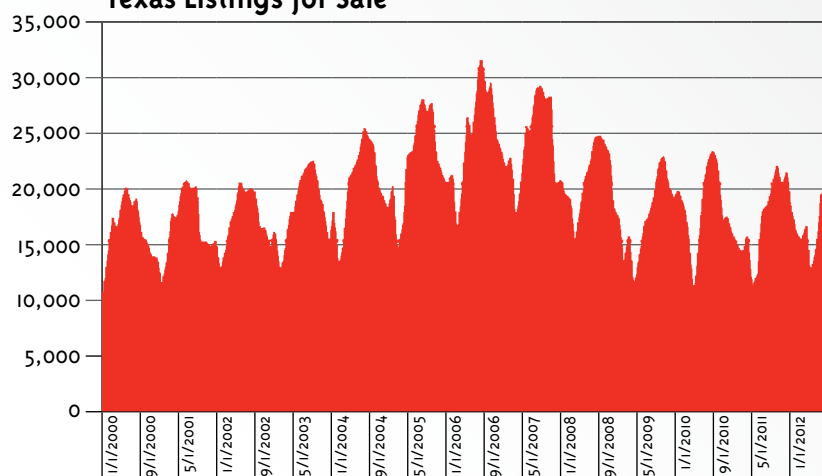
Complimentary oil & gas appraisal seminars available

Call today!

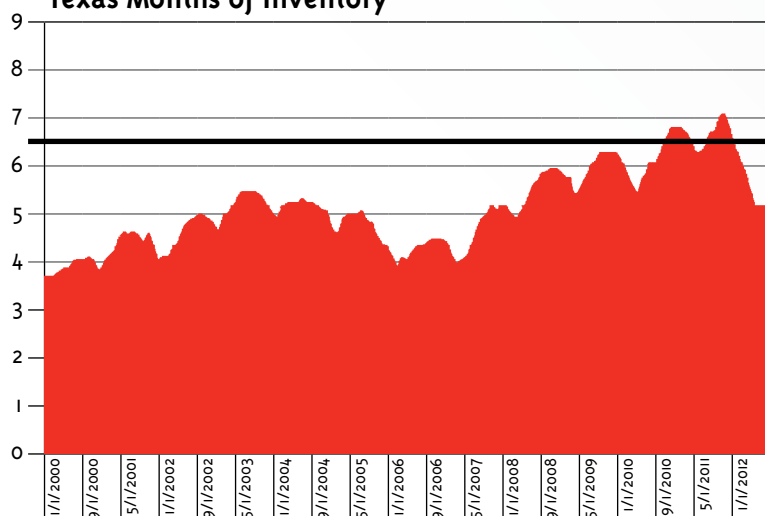
210-448-2000

Housing Market **Gaining Strength** *continued*

Texas Listings for Sale



Texas Months of Inventory



Texas' housing inventory was less than 6.5 months for the first eight years of the 21st century. At the same time, housing prices were rising.

In May 2008, Texas' housing inventory rose to more than 6.5 months; it stayed there through November 2011. Since then, the inventory has hovered around six months.

"This is a clear sign of relative strength in the price of Texas homes," said Dotzour. "Remember that home prices can vary dramatically from city to city. In fact, prices can vary widely in neighborhoods of the same city." Dotzour said "it is possible that prices could continue to be soft in pockets around the state, but the economic foundation of a recovery in residential real estate is being laid."

Graphs source: Real Estate Center at Texas A&M

Welcome **New Member Districts!**

BLANCO CAD

Chief Appraiser: **Hollis Boatwright**

Deputy Chief: **Candice Fry**

Board Secretary: **Will Shelton**

Board Chair: **Will Marasek**

Board Member: **Brenda Adair**

Board Member: **David Behrends**

Board Member: **Lynn Boyd**

COLLINGSWORTH CAD

Chief Appraiser: **Dwight Bowen**

Deputy Chief: **Kathryn Coleman**

Board Member: **Toni Cummings**

Board Member: **Michael Hughs**

Board Member: **Brad Long**

Board Member: **Al Mixon**

Board Member: **John Stages III**

MOORE CAD

Chief Appraiser: **Rhonda Stafford**

Board Chair: **Chris Johnson**

Board Vice Chair: **Scott Peebles**

Board Secretary: **Leighton Stovall**

Board Member: **Mike Burnett**

Board Member: **Deana Houlette**



Attorney General Opinions/Requests for Opinions

GA-0943 (May 30, 2012) **RE:** Whether, in determining the market value of a residence homestead, a chief appraiser is required to consider the value of previously sold foreclosed residential property (RQ-1029-GA)

Summary: Pursuant to Tax Code section 23.01(c), a chief appraiser, in appraising a residence homestead, may not exclude from consideration the value of neighboring properties simply because they were subject to a foreclosure sale.

GA-0954 (June 26, 2012) **RE:** Calculation of a county's rollback tax rate (RQ-1025-GA)

Summary: Chapter 26 of the Tax Code authorizes a petition for a rollback election when the sum of a county's individually adopted tax rates exceeds the combined rollback rate, but under chapter 26's plain terms, the right to petition for a rollback election is not automatically triggered when a county adopts a rate for a particular tax that is above the rollback rate for that particular tax.

Request No. 1060-GA RE: Whether sections 521.121(c) and 521.1211 of Transportation Code allowing federal and state judges, spouses of judges, and peace officers to have drivers licenses with address other than actual residence may be harmonized with Tax Code section 11.43(n) requiring applicant for homestead exemption to provide drivers license with residential address.

Opinion requested by Honorable John Whitmire; Chair, Senate Committee on Criminal Justice

Request No. 1063-GA RE: Whether a county is required to pay accrued penalties and interest on delinquent taxes imposed on real property purchased from another governmental entity.

Opinion requested by Honorable Anna Laura Cavazos Ramirez, Webb County Attorney

A TAAD of Info...

- » **Nancy Hillger** has left the **Glasscock CAD** chief appraiser spot.
- » **Jeannie Gaines** has left the **Sterling CAD** chief appraiser job.
- » **Shirley Smith** has departed as chief appraiser at **Garza CAD**.

- » **Priscilla Ginnetti** has joined **Glasscock CAD** as chief appraiser.
- » **Gov. Rick Perry** reappointed **Alan D. Conner** of **Dayton (Liberty CAD** chief appraiser) to the Coastal Water Authority Board of Directors for a term to expire April 1, 2014.
- » **Summer Golden** is the new chief appraiser at **Marion CAD**.
- » **Christie Ussery** is the **Red River CAD's** new chief appraiser.
- » **Irene Fry** has taken over as chief appraiser at **Garza CAD**.

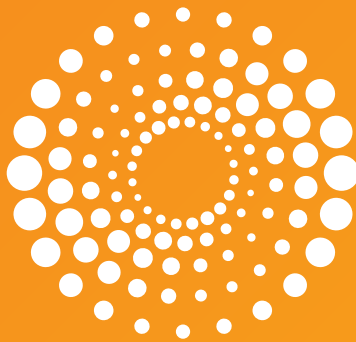
Departures...

- » **Hutchinson CAD's** chief appraiser, **Diana Hooks**, passed away July 8.
- » **Nancy Ellis** has left the **Collingsworth CAD** Chief appraiser spot.
- » **Ed Carter** has departed as **Dallam CAD** chief appraiser.

...and Arrivals

- » **Dwight Bowen** is the new chief appraiser at **Collingsworth CAD**.
- » **Blanco CAD** has joined TAAD and is the **240th member district!**
- » **Collingworth CAD** has joined TAAD and is the **241st member district!**
- » **Moore CAD** has joined TAAD and is the **242nd member district!**
- » **Ronnie Krejci** has joined **Sterling CAD** as its new chief appraiser.
- » **Holly McCauley** was appointed chief appraiser at **Dallam CAD**.

MANATRON IS NOW



THOMSON REUTERS™

Proudly serving customers since 1969
and continuing to provide our 1600+
customers with the power to manage
65 million parcels.

We invite you to learn more at
grm.thomsonreuters.com.

TAAD Education 2012



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 has been at work planning a wide range of classes, seminars and workshops 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 CEs, we have several options. Even if you're not finished with your RPA studies, we have appraisal seminars you should check out.

Registration forms and lodging information are found on the TAAD website's Education page. Some classes will have a limited number of registrants so be sure to check for this information.

Take a look below and see what fits your needs!

TO BE OFFERED IN ROUND ROCK-MARRIOTT HOTEL

» Ag Use Appraisal/Ag Schedule Building **September 17, 2012**

Since the agricultural appraisal course has been retired, TAAD is sponsoring a one-day seminar designed to instruct about the basics of developing ag values and calculating rollbacks, and building ag schedules (using cash and share leases).

» IAAO Standards: What CADs Need to Know **September 18, 2012**

IAAO assessment standards represent a consensus in the assessing profession. The objective of the IAAO standards is to provide a systematic means by which assessing officers can improve and standardize the operation of their offices. Covers Standard on Mass Appraisal of Real Property (Approved January 2012); Standard on Ratio Studies (Approved Jan 2010); Standard on Verification and Adjustment of Sales (Approved Nov. 2010); and Standard on Assessment Appeal (Approved July 2001).

» IAAO Workshop 452: Highest and Best Use **September 19-21, 2012**

This workshop provides a very basic introduction to the development and uses of assessment sales ratio studies. The workshop covers the topics of sales analysis, sampling, and the development of assessment ratio studies. The workshop may be expanded an additional half day to include material on managerial and technical issues, which include staffing, timing of studies, use of study results, statistical testing and assessment regressivity and progressivity.

» Exemptions Workshop **October 15, 2012**

Back by popular demand... TAAD presents a seminar for CAD staff who administer exemptions, both partial and total. Agenda will include review of Tax Code, Government Code, and Local Government Code exemption statutes; Constitutional exemption requirements; explanation of housing exemptions, both publicly owned projects and low and moderate income housing owned by limited liability companies or partnerships; public purpose and public use – what's the difference?; Tax Code and case law definitions of charitable organizations; case studies on residential, charitable, and governmental exemptions; residence homesteads (including disabled vets); new exemption laws/ Questions and answers.

» Law/Rules Update for TDLR Recertification

October 16, 2012 (AM); also offered September 19 (AM) at Denton CAD

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.

» Ethics 2012 for TDLR Recertification

October 16, 2012 (PM); also offered September 19 (PM) at Denton CAD

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.

Continued on following page

TAAD Education 2012 / **Round Rock-Marriot** *continued*

» **Public Funds Investment Policy Training October 17-18, 2012**

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.

» **IAAO One-Day Forum: How to Critique an Appraisal October 19, 2012**

Discover a methodical approach to the review and critique of appraisals submitted in support of assessment reduction. You will distinguish if an appraiser acts as an advocate for the client, or truly approaches the assignment as a disinterested unbiased third party. All aspects of an appraisal will be inspected to ascertain the credibility and reliability of the work submitted.

» **Marshall & Swift Residential Quality, Condition and Effective Age November 5, 2012**

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.

» **Appraisal of Self-Storage Units November 6, 2012**

Upon completion of this workshop, participants will: know the basic premises for USPAP; research various websites and other sources to find data; review application of all three approaches to value; expansion of market search for improved comparable sales and income data; develop alternative methods for establishing the income approach value; and become familiar with the income approach, application of the approach by use of an EXCEL template and Discounted Cash Flow (DCF).

» **Valuation of Manufactured Homes November 7, 2012**

Upon completion of this workshop, participants will: know the basic premises for USPAP; research various websites and other sources to find data; review application of all three approaches to value; expansion of market search for improved comparable sales and income data; develop alternative methods for establishing the cost and comparable sales value; discuss the valuation issues of real versus personal property; and use valuation guides and frequently asked questions and answers.

» **Preparing and Presenting a Valuation Appeal November 8, 2012**

Provides guidance and suggestions on the preparation and presentation of a valuation appeal from an appraiser's perspective. Looks at all levels of appeals including informal level, secondary level also referred to as formal level appeals (boards of equalization and state tax courts) and judicial appeals (district courts and court of appeals). Information from actual residential and commercial appeal documentation will be used to help illustrate some processes and procedures.

» **Valuing High-end and Difficult Homes November 9, 2012**

This workshop provides guidance and suggestions on the process of data collection and analysis of high-end and difficult residential properties. Information from various areas of the U.S. will be used to help establish some processes and procedures. Images and property characteristics of sales and listed properties will be used. Review of contributory factors for land value that may be different than normal single-family residence, develop alternative methods for establishing comparable sales value, use and explain regression lines for establishing comparable sales approach value, become familiar when/if the income approach can be used.

TO BE OFFERED AT DALLAS CAD OFFICE

» **IAAO Workshop 162: Marshall & Swift Cost Approach-Residential December 10-11, 2012**

This two-day workshop provides an understanding of how to utilize Marshall & Swift Residential Cost Manuals. Several case studies are used to enhance the ability to apply this information.

Continued on following page

» **IAAO Workshop 163: Marshall & Swift Cost Approach-Commercial December 12-13, 2012**

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 Standards/MAP: Developing Your CAD's PR Plan December 14, 2012**

This one-day workshop is designed to help participants develop and apply good public relations policy and customer service and uses the IAAO Standard on Public Relations as a guide. Appraisal districts will find this information an important part of their next MAP review!

TO BE OFFERED AT HARRIS CAD OFFICE

» **IAAO Course 500: Assessment of Personal Property September 17-21, 2012**

Designed to provide the students with an understanding and working knowledge of the procedures and techniques required to assess personal property, concentrates on the skills necessary for listing, appraising and assessing the market value of properties using the three approaches to value: the cost approach, the income approach and the sales comparison approach. Utilizes lectures, classroom discussion, and homework problems to emphasize the main concepts and procedures taught in the course. The ten sections of the course present a broad mixture of theory and practical application. Exercises are included so the student can test and reinforce new skills. Time is allotted for questions and answers throughout the course. Students are encouraged to participate actively.

» **Workshop 191: Uniform Standards of Professional Appraisal Practice Update (National) September 24, 2012**

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.

» **Workshop 151: Uniform Standards of Professional Appraisal Practice (National) September 25-26, 2012**

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.

» **Course 101: Fundamentals of Real Property Appraisal October 8-12, 2012**

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. 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. Utilizes lectures, classroom discussion, and homework problems to emphasize the main concepts and procedures taught in the course.

» **Course 300: Fundamentals of Mass Appraisal October 8-12, 2012**

Provides an introduction to mass appraisal and is a prerequisite for the 300 series of courses offered by the IAAO. Topics covered include single-property appraisal versus mass appraisal, components of a mass appraisal system, data requirements and analysis, introduction to statistics, use of assessment ratio studies in mass appraisal, modeling of the three approaches to value, and selection of a mass appraisal system.

» **Course 102: Income Approach to Valuation December 3-7, 2011**

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

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

TAAD's 2012 State Certification Course Schedule

<i>Month</i>	<i>Course Number-Name</i>	
AUGUST 2012	<i>Week of 8/12</i>	
August 13-16	Course 7	Property Tax Law
August 13-16	Course 10	Demo Appraisal Concepts
August 13-17	Course 2	Appraisal of Real Property
SEPTEMBER 2012	<i>Week of 9/16</i>	
September 17-19	Course 9	Adv. Assessment and Collections
September 17-20	Course 3	Income Approach to Value
September 17-20	Course 4	Personal Property Appraisal
September 17-20	Course 5	Mass Appraisal
OCTOBER 2012	<i>Week of 10/14</i>	
October 15-16	Course 30	Ethics
October 15-17	Course 101	Intro to Texas Property Tax System
October 17-20	Course 102	Intro to Appraisal
NOVEMBER 2012	<i>Week of 11/4</i>	
November 5	Course 31	USPAP refresher
November 6-7	Course 32	USPAP (new registrants)
November 5-9	Seminars	
DECEMBER 2012	<i>Week of 12/2</i>	
December 3-6	Course 7	Texas Property Tax Law
December 3-6	Course 10	Demo Appraisal Concepts
December 3-6	Course 3	Income Approach to Value
December 3-6	Course 4	Personal Property Appraisal
December 3-5	Course 101	Intro to Texas Property Tax System
December 5-7	Course 102	Intro to Appraisal
December 3-7	Course 2	Appraisal of Real Property

Course Registration on next page

TAAD Classifieds

Travis Central Appraisal District

» Residential Appraiser

» Land/Ag Appraiser

For more information and to download an application, please visit www.traviscad.org. Resumes may be submitted to the HR Director via mail, email or fax 512.835.5371, P.O. Box 149012, Austin, Texas 78714-9012

2012 State Certification Course Registration Form

- Class Hours:** Unless otherwise specified, course hours are from 8:30 am - 5 pm.
Registration on day one of class is 8 - 8:30 am.
- 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 \$113/single or double per night (free parking). To get these rates, call at least **three** weeks in advance and ask for the TAAD block.
- CEs:** 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 at TAAD at least seven days **before** class begins or entire registration is forfeited.

Cost for Courses:

Course 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 28, 30 & 32:

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

Courses 101 & 102:

\$150 for TAAD Member Districts
\$200 for TAAD Associate/Affiliate Members
\$250 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 2012 Level III and IV RPA Review

» September 24-27, 2012

Reviews on Monday-Thursday

» November 13-16, 2012

Reviews on Tuesday-Friday

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: \$113 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 offers a **Level III/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 8:30 am - 5 pm. 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.

TAAD's Level III & IV RPA Review 2012 Registration Form

Name _____ Nickname _____ Title _____

Jurisdiction/Firm _____ TDLR# (if applicable) _____

Mailing address _____

City _____ State _____ Zip _____

Telephone _____ Fax _____

E-mail address _____

confirmations are sent by e-mail

FEES (per person):

TAAD member district	\$300	<input type="checkbox"/> September Level III RPA review
TAAD associate or affiliate member	\$350	<input type="checkbox"/> November Level III RPA review
Non-member	\$400	or

FEE ENCLOSED \$ _____	<input type="checkbox"/> September Level IV RPA review
	<input type="checkbox"/> November Level IV RPA review



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

Office Use Only:

Date _____

Check# _____

Paid _____

PC _____ DB _____

» A student is officially registered for class only when TAAD receives a completed registration form **and** payment prior to class.

» Written request for refund must be received at TAAD at least seven days **before** class begins or entire registration is forfeited. There will be a \$75 fee charged for timely-received cancellations.

Real Estate Notes of Interest

Rick Stuart, CAE

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

www.crenews.com, April 27, 2012

"Commercial property sales in the first quarter increased 40 percent from the year-ago period to \$50.3 billion, according to Real Capital Analytics. Sales volumes have increased year-over-year for seven consecutive quarterly periods, according to the New York research company."

www.ccim.com, May 2, 2012

According to Studley's 2012 Effective Rent Index, "Rents increased more than concessions last year pushing up tenant and landlord effective rents."

J.P. Donlan, www.chiefexecutive.net, May 2, 2012

"In Chief Executive's eighth annual survey of CEO opinion of Best and Worst States in which to do business, Texas easily clinched the No. 1 rank, the eighth successive time it has done so. California earns the dubious honor of being ranked dead last for the eighth consecutive year."

Julie Schmit, USA Today, May 10, 2012

Could it be... still more good news? "The U.S. had 2.37 million existing homes for sale at the end of March. That was down 22 percent from a year ago and 41 percent from the peak in mid-2007, the National Association of Realtors reported Wednesday."

Alan Zibel and Dawn Wotapka, The Wall Street Journal, May 10, 2012

"The median price for an existing, or previously owned, home rose in 74 of the 146 markets tracked by the National Association of Realtors, during the January-to-March period."

» **This is a shocker!** "Seven housing markets hit hardest by foreclosures — all from Florida — are leading the nation towards a general housing recovery, while unexpected new comers in Michigan, Texas, Iowa and California are showing signs of strength and stability, according to the Top Turnaround Town Report released today by Realtor.com, the #1 homes-for-sale site operated by Move, Inc., (NASDAQ: MOVE), the leader in online real estate." You can see the article at www.realtor.com/blogs/realtor-com-names-top-turnaround-towns-may-2012-data/.

Nick Timiraos, The Wall Street Journal, May 10, 2012

"Fannie Mae reported a \$2.7 billion first-quarter profit and will pay back \$2.8 billion to the U.S. government, making the strongest quarter the mortgage-finance firm has had since it was rescued nearly four years ago."

Christopher Matthews, www.business.time.com, May 15, 2012

Has the housing market officially bottomed out? "The best reason to shed your hard-won dubiousness is a report issued today by the Demand Institute, a think tank jointly operated by the well-respected and non-partisan research organizations, The Conference Board and Nielsen. The fifty-page study is definitively labeling 2012 the year of the housing bottom. It says: The double-digit increases in U.S. housing prices over the first half of the past decade proved unsustainable. But the free-fall is over. The point has been reached where housing prices will start to climb, albeit at single-digit rates in most markets over the next five years." The two items that addresses why they believe the market will improve are:

- **Increase in demand for rentals and higher rents**
- **Price stabilization**

Read more: www.business.time.com/2012/05/15/report-housing-market-recovery-has-officially-begun/#ixzziv2XtS8v3

Nick Timiraos, The Wall Street Journal, May 17, 2012

Well, this is a mixed message. "The percentage of American homeowners behind on their mortgage payments fell during the first quarter to the lowest level since the end of 2008. But, the share of loans in foreclosure remains stubbornly high, according to a survey," conducted by the Mortgage Bankers Association.

Editor's Note: I found this article most interesting: Do your 'due diligence' in evaluating tax consultants.

This discusses some things for the hotel owner to look for in a tax consultant.

See the article at www.hotelnewsnow.com/Articles.aspx/8213/Do-due-diligence-in-evaluating-tax-consultants.

Continued on following page

Real Estate Notes *continued***Claire Easley, *builderonline.com*, May 22, 2012**

After two months of decline, existing-home sales moved upward in April, improving 3.4 percent from March's level and 10 percent annually according to data released today by the National Association of Realtors. Improvements were seen in all four regions, and across housing types, with condo/co-op sales gaining 6.0 percent and single-family sales improving 3.0 percent.

Angus Loten, *The Wall Street Journal*, May 21, 2012

Do you own a large number of fast food franchise restaurants? If so, you are a target to own more. Burger King, McDonald's and Applebee's are awarding more franchises to big owners and are selling them long-time owned company stores. "They often have readier access to capital and can prop up underperforming restaurants with stronger sales elsewhere in the chain. They're also seen as less risky by franchisers, because they have a track record with a brand."

Kris Hudson and Craig Karmin, *The Wall Street Journal*, May 23, 2012

Blackstone Group LP is big into the hotel business now. They believe the lodging downward cycle has stopped and will benefit from rising rates and limited new supply. They just restricted the debt on their 2006 purchase of La Quinta Corp and have recently purchased the Motel 6 chain owned by Accor SA.

***www.ccim.com*, May 23, 2012**

The article below states that the retail market is improving in absorption, higher rents and lower occupancy. Read about the numbers at: www.ccim.com/newscenter/186484/2012/05/23/retail-absorption-rises

» **A very good article on retail and especially as a follow-up to the above story on retail can be found at:** www.ccim.com/cire-magazine/articles/180743/2012/05/rethinking-retail.

» **Another article on retail so it must be their moment in the spot light at:**

www.nreionline.com/news/investment_climate_retail_improves_05232012/

Will this become the trend? More new homes are being built with pocket offices, a small space devoted to paying bills, budgeting and other household affairs. "Pocket offices generally are about half the size of a formal home office. They're often set up in high traffic areas such as the kitchen or a great room, where family members interact." These are becoming more popular as the technology devices we use are smaller and thus take up less space, plus homes have become more multi-generational in the last several years. That spare bedroom is no longer an office but a bedroom again.

Claire Easley, *www.builderonline.com*, May 29, 2012

Well, it seemed like the housing market was improving. "All three composite home price indices put out by S&P/Case-Shiller — including the national index, 10-city, and 20-city — hit new post-crisis lows in the first quarter, according to data released today. While there has been improvement in some regions, housing prices have not turned."

The article can be read at

www.builderonline.com/housing-data/spcase-shiller-home-prices-hit-new-post-bust-lows.aspx?cid=BBU:052912.

Editor's Note: A couple of article links are shown below about the hotel/motel market that are interesting.

» **Hotel Transactions Set to Surge** www.nreionline.com/news/hotel_transactions_set_surge_06062012/

» **Hotel Values Continue Robust Recovery** www.nreionline.com/news/hotel_values_continue_recovery_06052012/

Nick Timiraos, *The Wall Street Journal*, June 12, 2012

Even though the typical American is somewhat cautious about purchasing real estate, foreign investors continue to buy. In a 12-month period, ending last March, foreign investors purchased about nine percent of all sold residential properties.

***USA Today*, June 8, 2012**

The average rates on 15 and 30-year mortgages fell to record lows; this is the sixth consecutive week they have fallen.

Dawn Wotapka, *The Wall Street Journal*, June 8, 2012

The average size of newly constructed single-family homes has increased, much to the surprise of the industry. Home size had fallen the last few years. The current average is 2,079 square feet, a 13 percent increase over last year.

Continued on following page

Real Estate Notes *continued*

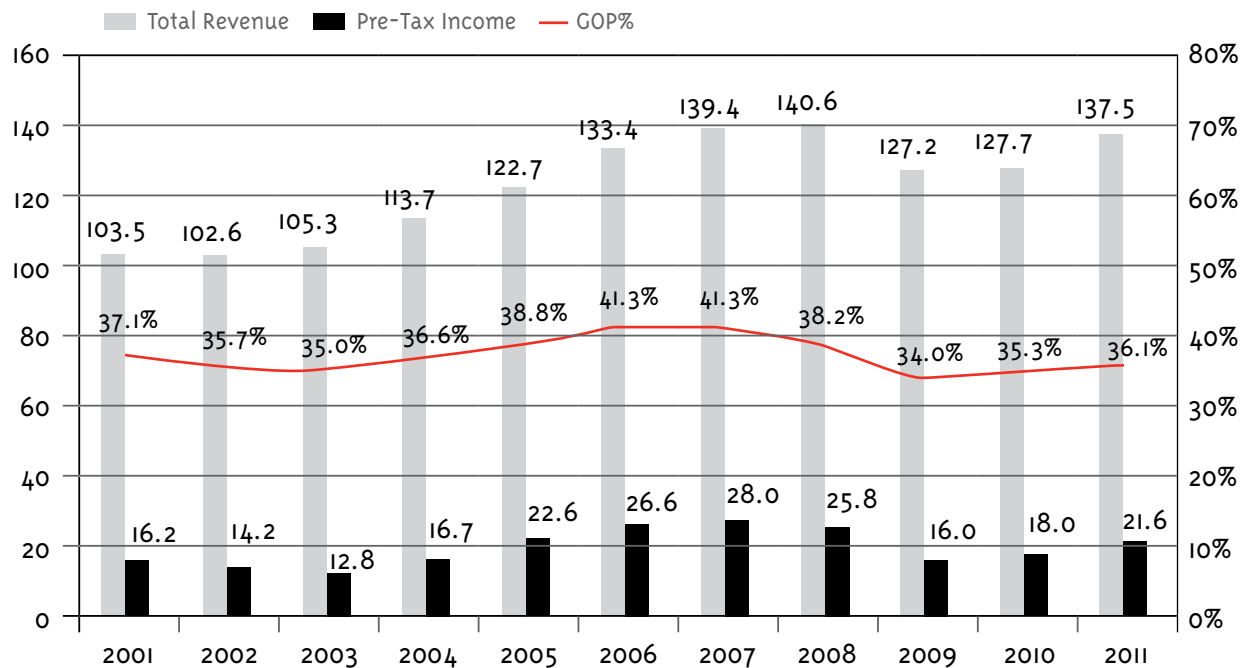
Don Clark and Ben Worthen, *The Wall Street Journal*, June 21, 2012

It appears you missed another wonderful opportunity. According to this article most of the island of Lanai in Hawaii (98 percent of the 141 square miles) has just sold for between \$300 and \$600 million. Just think – if you had purchased that, there would be a steady stream of your assessment friends visiting you at all times.

***www.hotelnewsnow.com*, June 22, 2012**

The profit and value of hotels/motels appears to continue to improve. See the chart below and read the entire article at www.hotelnewsnow.com/Articles.aspx/8446/Hotel-profits-up-growth-expected-through-2015.

Total U.S. Estimated Revenue & Profitability: 2001-2011



NOTE: Revenue and Pre-Tax Income in Billions
GOP% = Gross Operating Profit/Total Revenue

Dinny McMahon & Robbie Whelan, *The Wall Street Journal*, June 26, 2012

The article is titled, “*Chinese Target U.S. Homes*” but I think it should be something like, “*Chinese continue to buy up U.S. real estate.*” The China Development Bank is in discussion with Lennar Corp. to invest approximately \$1.7 billion in capital to help fund two large residential projects. Lennar is one of the largest U.S. home builders.

Maura Webber Sadovi, *The Wall Street Journal*, June 27, 2012

Benton Harbor and St. Joseph, MI are re-inventing themselves. A location where previously Whirlpool Corp. was the manufacturing king for years, is now a Jack Nicklaus Signature golf course which held a Senior PGA Championship this past May, and planned developments to include condos, hotels, cottages, a conference center and boat marinas.

Claire Easley, *builderonline.com*, July 2, 2012

Residential construction spending was up in May, the largest increase for one month this year and up seven percent from one-year ago. www.builderonline.com/housing-data/residential-construction-spending-up-strongly-in-may.aspx?cid=BBU:070312.

Oil Industry Notes of Interest

Rick Stuart, CAE

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

Tennille Tracy, *The Wall Street Journal*, May 4, 2012

The Federal Government has issued some safety standards for fracking on federal land. Here is a recap of the new safety standards:

- Make companies disclose which chemicals they put in the ground
- Set standards for well construction and wastewater treatment
- Let energy companies get permission for fracking through a drilling permit

Tom Fowler, *The Wall Street Journal*, May 4, 2012

A potential court ruling that could have created as much as a \$4.4 billion revenue loss through 2017 for the state of Texas has been over-turned. The irony to some degree is that it was the same judge. He had originally ruled that the metal pipes and other equipment used in oil and gas wells were manufacturing equipment and thus exempt. His second ruling sided with the state in that this equipment did not change the oil and gas, and thus was not manufacturing equipment.

Mark Peters and Isabel Ordonez, *The Wall Street Journal*, May 14, 2012

This could be labeled as another unexpected event as a result of fracking. Sales of sand in Wisconsin, Minnesota, and other Midwestern states has jumped tremendously, as the sand is higher quality and is used in Pennsylvania and North Dakota in the drilling process. "Oil and gas producers in recent years have greatly boosted the use of horizontal drilling and hydraulic fracturing to tap reserves once out of reach. Sand, injected deep underground to prop open fractures in shale formations and allow oil and gas to flow out, is important to fracking."

Jack Nicas, *The Wall Street Journal*, May 16, 2012

North Dakota has officially passed Alaska as the second largest oil producing state. Experts admit that this occurred from six to twelve months earlier than expected. Oh yes — Texas remains number one.

Editor's Note: Does the drilling for natural gas and particularly, the fracking process, create toxic air pollution? You might want to read two stories by National Public Radio (NPR). The links are shown below, and the second one is about Dish, Texas.

» Fracking's Methane Trail: A Detective Story

www.npr.org/2012/05/17/151545578/frackings-methane-trail-a-detective-story

» Town's Effort to Link Fracking and Illness Falls Short

www.npr.org/2012/05/16/152204584/towns-effort-to-link-fracking-and-illness-falls-short

» Okay, a very interesting article can be found at the address below about **hotels in Texas**. Yes, it is about hotels, but *really* about oil and gas. Some of you will not be surprised by this. www.hotelmanagement.net/industry-fundamentals/in-texas-drill-baby-drill-is-a-battle-cry-hotels-like-16311.

Editor's Note: I asked the question below to a couple of appraisers and got the 'do not even bring that up look.' This was a posting on the IAAO AssessorNet: "With today's directional and horizontal drilling, in both gas and oil, is there anyone taxing in any other way except based on the final bottom hole destination. In other words as a horizontal well passes through different taxing districts is the value being ascribed to the final bottom hole location or have taxing authorities requested each well be broken into multiple taxing districts."



your print & mail solution.

Laser Imaging Folding & Inserting Document Design Customized Data Processing Electronic Presentation	Data Encryption File-Based Inserting Intelligent Mail Barcode Job Status Verification via email Accurate. 100% Mail Piece Integrity
--	---

You spend a great deal of time and money mailing business documents, invoices, and monthly statements. Partnering with WTM can be one of the easiest ways for your company to save time and money. Visit our website at westmicro.com to utilize our detailed Cost Benefit Analysis.

WEST TEXAS MICROGRAPHICS

Contact us today for a quote!
(806) 373-6445
westmicro.com



Texas Housing Recovery Underway

By David S. Jones, Senior Editor, Real Estate Center at Texas A&M University

COLLEGE STATION, Tex. (Real Estate Center) — Permits for new single-unit Texas homes are on the rise, fueling expectations the long-awaited housing recovery is underway.

"Texas building permits in the first four months of 2012 were up 17.9 percent," said Dr. Mark Dotzour, chief economist for the Real Estate Center at Texas A&M University.

While home building has apparently turned the corner, Dotzour expects the overall recovery to be gradual.

"In Texas and other states that are producing new jobs, new homes are being built," he said. "Employment in the construction industry will expand to meet demand for new production. The multiplier effect for new jobs in construction is powerful."

Typically, housing leads the economy out of recessions, said Dotzour. The Odessa-Midland metro area recorded the biggest jump in permits — up 55.9 percent.



Other cities with positive increases in permits from 2011 are Houston (24.9 percent), Dallas (24.3 percent) and San Antonio (23.2 percent.)

Increases have been noted in Austin (8.5 percent), Fort Worth-Arlington (4.8 percent) and El Paso (3.1 percent.)

Those eight cities logged 24,160 single-family building permits in the first four months of 2012. Last year at that time, the total was 20,495.

"There is good news for the rest of the country as well," said Dotzour. "Permits across the United States were up 18.7 percent during the same time."

"This appears to be the beginning of the next stage of economic recovery in Texas and the nation."

For more discussion on this, see Dotzour's blog post at www.blog.recenter.tamu.edu/

Hot Topics: Lack of Funding Discipline Gets Pensions Into Trouble

Bad news makes good headlines. When it comes to public pensions, most of the media attention is focused on those few plans that get into trouble. While the story of each troubled plan is different, there is a common theme among the plans that have needed major overhauls. The biggest issue for these pension plans is funding. Pension plans get in trouble when they don't have a consistent, actuarially sound funding method.

For many public pensions, the state legislature or governing body decides how much to fund the plan in any given year. They can even skip contributions. In contrast, TCDRS plan sponsors (employers) pay 100% of their required contribution rate every year. This ensures that the money to pay benefits is there when it's needed, and funding deficits aren't passed on to future generations. This funding discipline was built into the TCDRS plan from day one.

TCDRS has a number of features that make it unique among public pension plans. To learn more, visit www.tcdrs.org.



President: **Rick Kuehler**

Director of Administration

Dallas Central Appraisal District

President-elect: **Jeff Law**

Chief Appraiser

Tarrant Appraisal District

Vice President: **Brent South**

Chief Appraiser

Hunt County Appraisal District

Secretary-Treasurer:

P.H. "Fourth" Coates

Chief Appraiser

Kerr Central Appraisal District

Past President: **Sands L. Stiefer**

Chief Legal Officer/Chief Deputy

Harris County Appraisal District

Editor: **Doris M. Koch**

TAAD Executive Director

dkoch@taad.org

Region 1 » **Humberto Saenz, Jr.** Chief Appraiser Starr CAD

Region 2 » **Kevin Jamison** Chief Appraiser Aransas CAD

Region 3 » **John Haliburton** Chief Appraiser Victoria CAD

Region 4 » **Glenn Peters** Board Member Harris CAD

Region 5 » **Charlotte Dickerson** Deputy Chief Appraiser Jefferson CAD

Region 6 » **Mark Price** Chief Appraiser Brazos CAD

Region 7 » **Tom Hays** Chief Appraiser Gregg CAD

Region 8 » **Jan Tinsley** Chief Appraiser Camp CAD

Region 9 » **Lisa Stephens-Musick** Deputy Chief Appraiser Wichita CAD

Region 10 » **Bo Daffin** Chief Appraiser Collin CAD

Region 11 » **Mickey Hand** Chief Appraiser Wise CAD

Region 12 » **Drew Hahn** Chief Appraiser McLennan CAD

Region 13 » **Stan Hemphill** Chief Appraiser Burnet CAD

Region 14 » **Gary Earnest** Chief Operating Officer Taylor CAD

Region 15 » **Zane Brandenberger** Chief Appraiser McCulloch CAD

Region 16 » **Pam Scates** Chief Appraiser Lipscomb CAD

Region 17 » **Kaye Elliott** Chief Appraiser Bailey CAD

Region 18 » **John Huddleston** Chief Appraiser Reeves CAD

Region 19 » **Dinah Kilgore** Chief Appraiser El Paso CAD

Region 20 » **Michelle Cardenas** Chief Appraiser Atascosa CAD

TAAD's newsletter is published six times a year to inform TAAD members of educational programs, association activities, industry issues and topics of interest to tax professionals. Any Guest View columns are not necessarily the opinion of the Editor, Executive Board, or the Association Membership. The Texas Association of Appraisal Districts, Inc., is an association established to promote the effective and efficient functioning of appraisal districts and to aid in improving the administration thereof in the State of Texas. Contributions or gifts to TAAD are not deductible as charitable contributions for federal income tax purposes. However, dues payments for individual memberships are deductible by members as an ordinary business expense. \$20 of your dues includes your subscription to *The Appriser*.