

North Texas Chapter Luncheon Meeting

TUESDAY, January 8, 2008

Greg Stephens, SRA and William Morris, MAI
will present a panel discussion regarding:

***Residential Appraisal Review Guidelines/Red Flags,
Current Market Update, and Real Estate Fraud***

Election of Nominating Committee

Election of Scholarship Committee

Location:

Prestonwood Country Club, 15909 Preston Road, Dallas, TX, 75248

Schedule:

Appraisal Institute Board of Directors Meeting – 9:30 to 11:15 a.m.
Lunch Meeting - 11:30 a.m. to 1:30 p.m.

Continuing Education:

Appraisal Institute–2 hours approved; TALCB–pending 2 hours acceptance

Fees:

\$20.00 Appraisal Institute members (No Shows Will Be Billed)

\$25.00 nonmembers

\$25.00 walkins (no reservations)

North Texas Chapter Members may attend the program free of charge if they do not eat a meal or apply for continuing education credit.

The program will address residential appraisal review guidelines and current market conditions. In addition, an update regarding real estate fraud issues will be presented.

Payments by cash/check/credit card – Complete the attached form and submit it to the Chapter office.

Registration Deadline is Monday, January 7

Nominating Committee Election to be Held at January 8 Meeting

The North Texas Chapter Nominating Committee consists of the immediate past President of the Chapter, one member appointed by the Board of Directors, one member appointed by the Chapter President and two members elected by the Chapter membership. The membership will elect two members of the Nominating Committee at the Tuesday, January 8, 2008 Chapter meeting. All nominations for the two elected members shall be made from the floor. Please consider serving in these positions.

Nominating Committee members cannot serve consecutive terms. Members of the 2007 Nominating Committee were: Shannon Fawcett, MAI, SRA, Chair, Ron Box, SRA, Jim Goodrich, MAI, SRA, Doug Prickett, MAI, and Emma Rhodes, MAI. Mark O'Briant, MAI shall serve as Chair of the 2008 Nominating Committee.

The Nominating Committee will prepare a slate for the year 2009 to fill the positions of President, Vice President, Secretary, Treasurer, three (3) members of the Board of Directors (three-year terms), four (4) Regional Representatives (two-year terms), and up to ten (10) Alternate Regional Representatives (one-year terms).

Contact Ruth Kelton (ainorthtexas@sbcglobal.net or 972-233-2244) if you are interested in serving in any of these positions in 2009.

Scholarship Committee Election to be Held at January 8 Meeting

The North Texas Chapter Scholarship Committee consists of three members – one member is appointed by the Chapter President, one member is appointed by the Board of Directors, and one member is elected by the Chapter membership. Eligible committee members include Designated and Associate Members. Neither committee members nor their immediate families are eligible for a scholarship during the year of service. Scholarship Committee members shall serve no more than two consecutive years on the committee. 2008 Scholarship Committee member terms expire December 31, 2008.

The membership will elect one member of the Scholarship Committee at the Tuesday, January 8, 2008 Chapter meeting. All nominations shall be made from the floor. Please consider serving in these positions.

The Scholarship Committee will meet in January and/or February to award education scholarships to North Texas Chapter Associate Members. The 2006 Scholarship Committee members were David Mentosana, MAI, Bill Pierce, MAI, and Brad Wirth, MAI. The 2007 Scholarship Committee members were David Mentosana, MAI, Max Sanders, MAI, and Brad Wirth, MAI.

Contact Ruth Kelton (ainorthtexas@sbcglobal.net or 972-233-2244) with any questions.

Did You Know... Membership Benefits

Education Programs Discount

Members of the Appraisal Institute, North Texas Chapter, receive a tuition discount of \$50.00 for each course and seminar sponsored by the Chapter (except the *15-Hour National USPAP* course).

Marketplace

Commercial Review Appraiser - LegacyTexas Bank is currently seeking a commercial review appraiser. Position responsibilities include:

- Bid/engage outside appraisal work
- Review/analyze appraisal reports for compliance and risk management
- Assist CRE and other bank depts. with technical expertise as part of the underwriting process

Prefer 3+ years commercial appraisal experience (review or field) plus:

- State certified general appraiser
- BBA or equivalent bachelor's degree

Inquiries: please contact Sandra Poe, MAI at sandra.poe@legacytexas.com

Mark Your Calendar! 2008 Chapter Meeting Dates

The following are North Texas Chapter 2008 meeting dates. Please note that all meetings are scheduled on the second TUESDAY of the month. All meetings will be held at Prestonwood Country Club, located at 15909 Preston Road in Dallas, except the April 8 meeting, which will be held in Tyler.

January 8	May 13
February 12	September 9
March 11	October 14
April 8 (Tyler)	November 11

The Holiday party and Installation Banquet will be held at Prestonwood Country Club on Tuesday, December 9.

Call for Papers Project Team Announces Winners

by Shannon Fawcett, MAI, SRA

Over a year ago, the North Texas Chapter leadership began developing the Call for Papers project. The goal of the project was to promote the Appraisal Institute as the Voice of Knowledge and highlight the real estate expertise of the membership.

The program highlighted the superior knowledge and background of designated Chapter members through a writing contest. The entries were to be of interest to the general public and demonstrate that the Appraisal Institute was a leader in real estate issues. A panel of individuals representing the real estate, journalism and education disciplines reviewed all papers that were submitted. Authors of winning entries were awarded cash prizes, and their papers were submitted to the media for publication.

On behalf of the Call for Papers Project Team and the North Texas Chapter leadership, I am very proud to announce that Lance Coyle, MAI won the first place prize, and Stephen Kincheloe, MAI won the second place prize. Both articles were extremely well written and were a very strong representation of the knowledge and expertise of the membership. The winning papers have been reprinted below.

First Place Winning Article

Property Tax Bills: How Dallas Compares with Other Large Cities

Residents of Dallas-Fort Worth understand that housing is moderately priced since they hear stories about sky high prices in California, the northeast, and Florida. But, what do we hear about property taxes? How does the amount of tax we pay on our houses in the Dallas area compare with other regions nationally? A look at tax systems around the country finds that most use more or less the same formula, but vary in who has the authority to tax, how assessed values are calculated, and how much tax is paid.

To find out how much property tax a resident of the city of Dallas pays as compared with residents of other large cities around the country, we looked at the tax systems and rates for several large cities and calculated the amount of tax paid on a \$250,000 house. We also calculated the effective tax rate, which is simply the amount of tax paid as a percentage of the market value of the house—in this case, \$250,000.

Property Taxes for a \$250,000 House

City	Annual Tax	Effective Tax Rate
Atlanta, Georgia	\$944.00	0.38%
Denver, Colorado	\$1332.27	0.53%
New York City, New York	\$2417.70	0.97%
Chicago, Illinois	\$2681.60	1.07%
Oklahoma City, Oklahoma	\$2750.00	1.10%
Little Rock, Arkansas	\$3165.00	1.27%
Albuquerque, New Mexico	\$3240.00	1.30%
St. Louis, Missouri	\$3320.39	1.33%
Miami, Florida	\$3699.66	1.48%
Los Angeles, California	\$3776.55	1.51%
Dallas, Texas	\$6139.44	2.46%

Among the cities surveyed, Atlanta has the lowest property taxes for a \$250,000 house at \$944.00 per year with an effective tax rate of less than one-half percent. Most large cities, including New York City and Chicago, have an effective tax rate of approximately 1.0% to 1.5%. The highest property taxes paid on a \$250,000 house, by a wide margin, are in Dallas, where the tax bill will run \$6139.44—equivalent to an effective tax rate of nearly 2.5%, or roughly 100% to 150% higher than that of most other large cities.

Tax rates have an effect on housing prices because the property tax paid is usually a part of the mortgage payment for most homeowners. For instance, a 90% loan with a 6.5%, 30-year mortgage on a \$250,000 house will cost \$1422.15 per month for principal and interest. However, the actual payment will include not only the principal and interest, but also an escrow amount for private mortgage insurance, homeowner's insurance, and the property taxes. In Dallas, the taxes add an additional \$511.62 per month to the payment. With insurance and PMI added to that, the resultant monthly payment easily exceeds \$2000 per month.

Lenders use the total monthly payment, among other measures, to qualify a borrower for a home loan. That said, it is significantly easier to qualify for a 90% loan on a \$250,000 house in Atlanta, Georgia than it is in Dallas, Texas. The loan payment on a \$250,000 house in Atlanta is about \$1640 per month, or \$360 per month less than the payment on the same loan for a house in Dallas, all due to the difference in property tax. Depending on the underwriting criteria used by the lender, this could mean that a resident of Dallas would need about \$15,000 more in annual income to qualify for a 90% loan on the same house. What balances this out is that housing prices in Dallas tend to be lower than those in other parts of the country, effectively allowing the same payment to actually buy more house in Dallas than elsewhere.

The tax on your home is only one part of the overall tax picture. States and their local jurisdictions have a variety of methods and a combination of tax systems that determine the total tax burden, and the tax burden in Dallas is clearly concentrated in the property tax arena.

Finally, some analysts argue that higher property taxes have the effect of moderating housing prices. Whether a cause or effect, higher taxes in Dallas do have a relationship to housing prices, and there's no argument that property taxes in the Dallas area are a significant cost of home ownership when compared with property taxes of other large cities.

M. Lance Coyle, MAI

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Second Place Winning Article

Tax Increment Financing Used to Spur Redevelopment

Tax increment financing (TIF) is a tool used to spur redevelopment, ideally in areas that are experiencing economic deterioration. TIF supports the acquisition, demolition, and installation of infrastructure through bond sales that are eventually retired by the expected incremental growth in property taxes. Developers are enticed to redevelop sites with TIFs due to reduced costs of construction and improved infrastructure. The flat or diminishing tax revenues from the deteriorating sector are then replaced with increased tax revenue on the redeveloped or new projects. Once the bonds are repaid, the increased property taxes accrue to the local governmental entities that approved the project (i.e., city, county, school board, county hospital, community college, etc.).

One advantage of a TIF district is that local governments can partly finance projects out of their general budget, or without state or federal funding. However, the local government authorities then have to wait until the bonds are retired in order to pay for any increased service needs within the district. There is also a risk that the anticipated incremental boost in tax revenues will fail to materialize.

An interesting question is, why should local government pay for a project that private developers are unwilling to underwrite due to risk-return tradeoffs? The answer is found in the desire of residents and businesses to accelerate redevelopment. Often, this desire to hasten redevelopment stems from anticipated reductions in crime, increased jobs, improvements in student quality at local schools through greater parental involvement, and proximity to new development and amenities.

The Skillman corridor in northeast Dallas, Texas (an area roughly stretching from Northwest Highway to LBJ Freeway) is a recently approved TIF zone. Numerous substandard apartment properties in this corridor are expected to be replaced by retail, office, and high-end townhome/condominium projects, and a Dallas Area Rapid Transit (DART) light-rail station is in the planning stage. If these improvements come to fruition crime is expected to decline, parental involvement and student quality in nearby schools is expected to improve, the light-rail station will enhance transportation options, and the convenient proximity to new retail and commercial development will be beneficial to nearby residents.

Most single-family residential owners in the local area are strongly supportive of the TIF because of these positive socioeconomic benefits that, in turn, will enhance residential values as demand increases for homes in the nearby neighborhoods. Increases in residential values will further enhance tax revenues to the relevant governmental authorities in addition to increased tax revenues from an improved commercial tax base.

A net increase in jobs for Dallas as a result of this TIF is also anticipated, since numerous substandard apartments will be replaced, in part, by retail and office projects. A net increase in jobs translates to greater tax revenues as well. The only group negatively impacted by the TIF in the Skillman corridor is the resident population of the apartments that will be demolished. However, based on an analysis and subsequent approval of the TIF by local government entities, the economic tradeoff between improved tax revenues and dislocation of apartment residents was deemed worthwhile.

In summary, TIF can be beneficial if an area in socioeconomic decline can be transformed into an economically vibrant sector through a net increase in jobs, improved convenience for local retail and commercial services, improved quality of commercial development, reduction in crime, improved quality of schools, and enhanced residential values.

Stephen C. Kincheloe, MAI

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Dates Set for 2008 Comprehensive Examination

Pearson VUE Professional Testing Centers will administer the General Comprehensive Examination in 2008. Previously, the exam was only offered at ten locations twice a year. Associate Members are now able to choose from over 200 Pearson VUE locations across the United States to take the exam.

Registration for the exam is now available on the National web site (<http://www.appraisalinstitute.org>). The 2008 exam dates, including application deadlines, are as follows:

- February 25–26 (Application Deadline: January 15, 2008)
- July 21–22 (Application Deadline: June 9, 2008)
- September 15–16 (Application Deadline: August 4, 2008)

To be eligible to take the General Comprehensive Exam, individuals must be general associate members in good standing, have met the MAI college degree requirement, and have passed all of the MAI educational requirements.

Individuals are required to complete an application and submit it to the National office for eligibility verification. After the application is verified, a confirmation number and instructions on how to schedule the exam will be provided to the individual. All exam results will be e-mailed to members within two weeks after the date of the exam. To obtain more information, download the [2008 General Comprehensive Examination](#) guide. If you have additional questions, please contact the Associate and Prospective Member Services at 312-335-4111 or associate@appraisalinstitute.org.

2008 Calendar of Events

January

- 8 Board of Directors and Chapter Meetings-
Prestonwood Country Club
- 22-25 *Basic Appraisal Principles*-Admiral Hotel, Arlington
- 26-29 *Basic Appraisal Procedures*-Admiral Hotel,
Arlington
- 30-31 *15-Hour National USPAP*-Admiral Hotel, Arlington
- 31 *7-Hour National USPAP Update*-Univ. of Phoenix-
Dallas Campus

February

- 1 *Business Practices and Ethics*-Univ. of Phoenix,
Dallas Campus
- 12 Board of Directors and Chapter Meetings-
Prestonwood Country Club
- 14 *Appraisal of Local Retail Properties Seminar*-
Univ. of Phoenix, Dallas Campus
- 15 *Quality Assurance in Residential Appraisals
Seminar*-Univ. of Phoenix, Dallas, Campus
- 20-23 *General Appraiser Income Approach, Part 1*-
Southfork Hotel, Plano
- 24-27 *General Appraiser Income Approach, Part 2*-
Southfork Hotel, Plano

March

- 3-4 *Residential Market Analysis and Highest & Best
Use*-Southfork Hotel, Plano
- 5-6 *Residential Report Writing and Case Studies*-
Southfork Hotel, Plano
- 7-10 *Residential Sales Comparison & Income
Approaches*-Southfork Hotel, Plano
- 11-12 *Residential Site Valuation and Cost Approach*-
Southfork Hotel, Plano
- 11 Board of Directors and Chapter Meetings-
Prestonwood Country Club
- 26-29 *General Appraiser Sales Comparison Approach*-
Southfork Hotel, Plano
- 30-4/2 *General Appraiser Site Valuation and Cost
Approach*-Southfork Hotel, Plano

Visit the Chapter's web site at www.appraisalinstitute.org
for information about upcoming meetings and education programs,
the Chapter's membership directory and newsletters, online discussions,
employment forum, resources, and information about the valuation process.

Do You Know your Appraisal Institute Membership Benefits?

Over \$1,091.00 in 2008 Benefits

When you pay your Appraisal Institute dues, do you know the benefits of that membership? Following is a partial listing of benefits and related value. Some benefits are represented at minimum value. For example, each North Texas Chapter course or seminar you attend represents a \$50 value to you. If you attend three courses and/or seminars, you save \$150. Note that several of the benefits are only for North Texas Chapter members.

<u>2008 MEMBERSHIP BENEFITS</u>	<u>VALUE</u>
• Discount for North Texas Chapter courses/seminars (value per program)	\$50.00
• Free North Texas Chapter classroom offering of <i>7-Hour USPAP Update</i> ^A	\$155.00
• Texas legislative representation through FACT and lobbyist	\$50.00
• Eligibility for Chapter education scholarships (approximate value)	\$300.00
• Eligibility to win a progressive drawing of \$100 per meeting	\$100.00
• Complimentary copy of USPAP	\$30.00
• Discounted fee for Chapter membership meetings	\$40.00
• Complimentary admission to Chapter's December Holiday Party	\$50.00
• Member discount for online education (\$16-\$75 per program)	\$50.00
• Member discount on all AI publications (\$10-\$15 per publication)	\$10.00
• <i>The Appraisal Journal</i>	\$48.00
• Complimentary copies of the Appraisal Institute's <i>Valuation</i> magazine	\$48.00
• Member discount on Site To Do Business (STDBonline)	\$145.00
• Access to Lum Library (\$15-\$20 per service)	\$15.00
Total 2008 Membership Benefits Value	\$1,091.00

The value of the following benefits varies. For example, your listing in the "Find an Appraiser" Directory may represent additional business, which translates to the value of your appraisal fee.

ADDITIONAL BENEFITS

- High-Quality Education Courses and Seminars (meeting AQB 2008 Licensing and Certification requirements)
- "Find an Appraiser" Directory - free advertising for members
- Real Estate Valuation Literature
- Insurance Coverage - E&O insurance available through the Appraisers Liability Insurance Program
- MAI and SRA Designations
- Ethics and Counseling Hotline
- Representation in Washington, DC
- Model Engagement Letters
- Shared Interest Groups
- Public Relations and Marketing Materials
- Discounts from other Professional Organizations

This is a partial listing of membership benefits. Additional benefits are available to Appraisal Institute members. If you know an appraiser that is not affiliated with the Appraisal Institute, please encourage them to join. Appraisal Institute membership is an investment in your future.

The leadership of the North Texas Chapter continually strives to provide tangible benefits for all Chapter members. We value your membership.

Contact the Chapter office with questions (ainorthtexas@sbcglobal.net or 972-233-2244).

^ANorth Texas Chapter members are eligible to attend one of two classroom offerings (April 14 or October 2) of the *7-Hour National USPAP Update* course, which will be provided at no charge to North Texas Chapter members in 2008.

North Texas Chapter Leadership

2008 Officers

President.....K. Lynn Ray, MAI
Vice President..... James Jacobs, SRA
Secretary..... Jim Underhill, MAI
Treasurer.....James Justice, MAI

2008 Committee Chairs

Education.....Ann Kostishak, MAI
FinanceJames Justice, MAI
Government Relations.....Greg Stephens, SRA
Bruce Minchey
NewsletterJohn Scarborough, SRA
Nominating.....Mark O'Briant, MAI
Programs James Jacobs, SRA
Jim Underhill, MAI
Public Relations.....Mark O'Briant, MAI
Peter Malin, MAI
Web Site Richard Baker, MAI
Gary Ray, MAI

Chapter Office

Executive DirectorRuth A. Kelton
972-233-2244; 972-239-6857 (fax)
www.ainorthtexas.org (web site)
ainorthtexas@sbcglobal.net (e-mail)

**The North Texas Chapter's 2008
Education Schedule is posted on
the Chapter web site at
www.ainorthtexas.org/education2/**

Announcement

Merle Blosser, MAI, SRA, a longtime appraiser in Lubbock, Texas, recently passed away. He was widely recognized as the leading commercial real estate appraisal resource in West Texas. Merle's family is considering selling his business and/or files. Blosser Appraisal has been extremely successful for more than 25 years and could be a profitable, stable commercial and residential appraisal business for anyone interested. If you are interested in more information, please contact Connie Blosser, 3303 54th Street, Lubbock, TX 79413, 806-797-1720, csblosser@hotmail.com.

Education Scholarships Available from the Appraisal Institute

The Appraisal Institute Education Trust is now accepting applications for the following scholarships to be granted in 2008: One program is directed at graduate and undergraduate students who are concentrating in real estate appraisal, land economics, real estate or allied fields. Another is offered to minority and women college students pursuing academic degrees in real estate appraisal and related fields. A third program is aimed at minority and women Appraisal Institute associate members who need financial assistance to take courses leading to the MAI or SRA designation.

The Appraisal Institute Education Trust Scholarship offers \$3,000 grants for qualified graduate students and \$2,000 grants for undergraduate students (sophomores, junior or seniors). These scholarships are awarded on the basis of academic excellence. The application deadline: March 15, 2008. For more information about the Appraisal Institute Education Trust Scholarship, visit www.appraisalinstitute.org/about/aieducationtrust.asp or contact Sylvia Davila at sdavila@appraisalinstitute.org.

Up to 10 scholarships of at least \$1,000 each will be awarded to full-time and part-time women and minority students enrolled in degree-granting junior colleges, colleges or universities. Applicants must be members of a group that is underrepresented in the real estate appraisal profession and must have a grade point average of not less than 2.5 on a 4.0 scale. Application deadline: April 15, 2008.

Each of the Appraisal Institute's 10 regions has the opportunity to award a scholarship of \$1,000 to minority and women Appraisal Institute associate members who need financial assistance to take courses leading to the SRA or MAI designation. Awards are given for a specific class and are applicable toward the cost of the class only, not travel, books or lodging. The application deadline is December 15, 2007, for courses offered in early 2008; those scholarships will be awarded by January 31, 2008. Remaining funds will be awarded via open, ongoing deadline until the entire year's allocation has been fulfilled.

For more information about the scholarships, contact Hillary Richmond at hrichmond@appraisalinstitute.org or visit the Appraisal Institute web site at www.appraisalinstitute.org/membership/sub_min_wom_sch_fund.asp or