

STATE OF IOWA
PROPERTY ASSESSMENT APPEAL BOARD

Troy and Tiffany Paarmann,
Petitioners-Appellants,

v.

Clinton County Board of Review,
Respondent-Appellee.

ORDER

Docket No. 12-23-0056
Parcel No. 20-0961-4009

On December 21, 2012, the above-captioned appeal came on for consideration before the Iowa Property Assessment Appeal Board. The appeal was conducted under Iowa Code section 441.37A(2)(a-b) and Iowa Administrative Code rules 701-71.21(1) et al. Petitioners-Appellants, Troy and Tiffany Paarmann, were self-represented and requested a written consideration. County Attorney Michael Wolf represented the Board of Review. The Appeal Board now having examined the entire record and being fully advised, finds:

Findings of Fact

Troy and Tiffany Paarmann are the owners of property located at 814 Springbrook Lane, DeWitt, Iowa. The real estate was classified residential on the January 1, 2012, assessment and valued at \$248,820, representing \$42,680 in land value and \$206,140 in improvement value. The Paarmanns protested their assessment to the Clinton County Board of Review on the grounds that the property was assessed for more than authorized by law under section 441.41(1)(a)(2). They asserted the home was completed in March 2011, and that the property had no significant changes by the January 1, 2012, assessment. They do not believe the assessed improvement value should have increased from the previous assessment of \$153,450, to \$206,140 in January 2012. They believed the correct market value should be the previous year's assessment of \$196,130.

The Board of Review denied the protest and explained that the previous assessment was based on improvements that were not yet completed. The January 1, 2012, assessment was based on a nearly complete home.

The Paarmanns reasserted their claim to this Board.

The property record card indicates the subject is a one-story home, built in 2010. It has 1966 square-feet of above grade living area, and a full, unfinished basement. There is an 888 square-foot, attached garage and a small, 42 square-foot, open porch. The site is 0.367 acres.

The Paarmanns only evidence is their written statements asserting the property should not have increased from 2011 to 2012. They state they completed their home and moved into it in March 2011. Shortly after, the assessor's office completed a walk-through of their property in April 2011. They claim very few changes were made to the property between the inspection and January 1, 2012, and that an increase in the improvement value 26.8% is "extremely steep."

Paarmanns acknowledge the Board of Review's explanation that the basis for the 2011 assessment was an incomplete structure. However, they assert when the April 2011 inspection occurred, they were already occupying the property. Even if the home had not been fully complete during the April 2011 walk-through, they do not believe such a significant increase was warranted. They also question why the Assessor's Office did not request a second walk-through after the home was fully complete.

It appears the Paarmanns incorrectly believe the April 2011 inspection was the basis for the January 2011, assessment. According to the Board of Review, this was not the case. The Board of Review stated the April 2011 inspection was the basis for the January 1, 2012, assessment, and reflects a property nearly 100% complete at that time. By Paarmanns' admission, the only additional improvements, after April 2011, were the planting of a small tree and the installation of a small deck. Both are exterior improvements that could have been observed by the assessor's office without an

interior inspection. However, we do note the property record card does not include a deck as part of the improvements that were valued for the 2012 assessment. The record indicates the deck was, in fact, added *after* the 2012 assessment and would not have been valued as of that date.

The Board of Review requested certain documents from the Paarmanns regarding this appeal; essentially, it served Paarmanns with a discovery request. The Paarmanns responded with some of the requested documentation, but did not do so until December 17, just four days prior to the scheduled hearing date. The cover letter included with the response includes an apology for the late reply. The Board of Review also filed a written letter with this Board request that we not consider any late-filed documents. We note the documents Paarmanns submitted below; however, we ultimately give them no weight in this appeal.

Paarmanns provided a copy of what they believe is an appraisal completed by Derrick Miller with DataSource Appraisal, Bettendorf, Iowa. This document, however, is not an appraisal, but rather a desktop underwriter's property inspection report. It does not value the property, and we give it no consideration.

They also provided a "stub" of their property homeowner's insurance payment, which indicates an insurable limit for the dwelling of \$250,100. Although this is a cost estimate for insurance purposes, the subject property is a new home with limited depreciation. The insured amount, in this instance, tends to support the Board of Review's assertion that the improvement value of \$206,140 is not over-assessed.

Lastly, the Paarmanns provided a copy of a "construction contract," which they assert show the total costs to build their home. We note that this the first page of a Mortgage rather than a construction contract, and it does not break down the costs of building. The Paarmanns explained they converted a construction loan to a mortgage for the property. The document indicates a \$193,000 loan on the property. The record appears to indicate this mortgage value is for only the improvements because the

property record card indicates Paarmanns already owned the site, which was purchased in 1998 for \$28,500. The Paarmanns also explain that they did not use a general contractor and that Troy Paarmann acted as the general contractor on the project. Additionally, they note that approximately \$35,000 to \$40,000 in proceeds from the sale of a previous residence was also used for building. For these additional reasons, the mortgage value may not be representative of market costs for construction of the property. We give this evidence no consideration.

The Board of Review provided two independent appraisals, as well as an executive summary from the Clinton County Assessor's Office.

The first appraisal was completed by Jacqueline J. Rannfeldt with ARC Appraisal in Morrison, Illinois. Rannfeldt's appraisal has an effective date of January 1, 2012, and concludes a total value of \$243,000. She developed the sales comparison approach and cost approach to value. Her sales comparison approach included five sales, all of ranch-style homes similar to the subject, and having between 1576 square-feet to 2230 square feet of living area. The sales are all in the subject property's neighborhood. After applying adjustments, Rannfeldt's range of value is roughly \$214,500 to \$267,000, and she ultimately concluded an opinion of \$243,000. Her cost approach indicated a value of \$260,719.

The Board of Review asserts Rannfeldt's appraisal has a serious omission because she failed to state that the subject property adjoins the Springbrook Country Club. It supplied evidence of all lot sales in the subject property's subdivision. It specifically points to sales information that shows lots located on the north side of Springbrook Lane adjoining the Country Club, like the subject lot, have higher sales prices than lots that do not adjoin the Country Club. We find the evidence is detailed and supports the conclusions asserted by the Board of Review.

The second appraisal completed for the Board of Review also has an effective date of January 1, 2012. It was completed by D. Joe Clarkson of Clarkson Appraisal Services, Thomson, Illinois.

Clarkson developed the sales and cost approaches to value. He considered six comparable sales.¹ All six comparable properties are one-story homes like the subject, and have between 1651 square feet to 2230 square feet of living area. Two of the sales are located on the golf course, similar to the subject. Unlike Rannfeldt, Clarkson adjusted the other four sales that are not located on the golf course for lacking this superior location and appeal. After adjustments, the indicated range of value is roughly \$250,000 to \$264,000. He concluded an opinion of \$255,000. His cost approach resulted in a value of \$290,480.

Because Clarkson considered the positive influence of the subject's location on the golf course, we find his opinion to be the credible.

Lastly, the Assessor's Office also prepared an appraisal by comparing six properties' sales to the subject property. The sales occurred between August 2009 and August 2012. All are one-story homes like the subject, with living area between 1672 square feet and 1998 square feet. Two of the sales adjoin the Country Club. After adjustments, these sales indicate a range of value of roughly \$250,000 to \$273,000. A specific point of value was not selected; however, the range supports the January 1, 2012, assessment of \$248,820.

Conclusion of Law

The Appeal Board applied the following law.

The Appeal Board has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2011). This Board is an agency and the provisions of the Administrative Procedure Act apply to it. Iowa Code § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). The Appeal Board determines anew all questions arising before the Board of Review related to the liability of the property to assessment or the assessed amount. § 441.37A(3)(a). The Appeal Board considers only those grounds presented to or considered by the Board of Review. § 441.37A(1)(b). But new or

¹ Two of these sales were also considered by Rannfeldt: 1508 Mackin Drive and 1725 Springbrook Court.

additional evidence may be introduced. *Id.* The Appeal Board considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); *see also Hy-vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct. § 441.37A(3)(a).

In Iowa, property is to be valued at its actual value. Iowa Code § 441.21(1)(a). Actual value is the property's fair and reasonable market value. § 441.21(1)(b). "Market value" essentially is defined as the value established in an arm's-length sale of the property. *Id.* Sale prices of the property or comparable properties in normal transactions are to be considered in arriving at market value. *Id.* If sales are not available, "other factors" may be considered in arriving at market value. § 441.21(2). The assessed value of the property shall be one hundred percent of its actual value. § 441.21(1)(a).

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(2), the appellant has a two-fold burden. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995). First, the appellant must show that the assessment is excessive. Iowa Code § 441.21(3); *Boekeloo*, 529 N.W.2d at 276-77. Second, the appellant must provide evidence of the property's correct value. *Boekeloo*, 529 N.W.2d at 276-77. The Paarmanns did not provide any evidence regarding the subject property's correct market value as of January 1, 2011, other than their proffered argument that the value should be the same as the previous year. For the reasons previously stated, we find this belief unfounded. The 2011 assessment appears to reflect an incomplete value for the subject property, whereas the 2012 value is as completed (or nearly complete).

The Board of Review provided two appraisals, ample evidence regarding the site valuation for lots located within the subject property's subdivision, as well site which adjoins a local country club, as well as its own sales comparison analysis. This evidence demonstrates the subject property is not over-assessed.

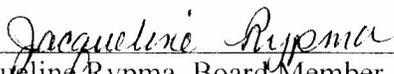
Therefore, we determine the property's assessed value as of January 1, 2012, is \$248,820, representing \$42,680 in land value and \$206,140 in dwelling value.

THE APPEAL BOARD ORDERS that the January 1, 2012, assessment as determined by the Clinton County Board of Review is affirmed.

Dated this 9 day of January 2013.



Karen Oberman, Presiding Officer



Jacqueline Rypma, Board Member

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Certificate of Service	
The undersigned certifies that the foregoing instrument was served upon all parties to the above cause & to each of the attorney(s) of record herein at their respective addresses disclosed on the pleadings on <u>1-9</u> , 2013	
By:	<input checked="" type="checkbox"/> U.S. Mail <input type="checkbox"/> FAX
	<input type="checkbox"/> Hand Delivered <input type="checkbox"/> Overnight Courier
	<input type="checkbox"/> Certified Mail <input type="checkbox"/> Other
Signature	