

**PROPERTY ASSESSMENT APPEAL BOARD  
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2015-063-00587R

Parcel No. 10034-000-000

Daryl Schroeder,

Appellant,

v.

Marion County Board of Review,

Appellee.

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**Introduction**

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on November 9, 2015. Daryl Schroeder was self-represented. Assistant County Attorney Benjamin Hayek is legal counsel for the Marion County Board of Review. County Assessor Drew Sanders represented the Board of Review at the hearing.

Schroeder is the owner of a residential property located at 121 South Conrey Street, Knoxville. The subject property is a one-story, frame dwelling with 912 total square feet of living area, a full-unfinished basement, and an enclosed porch built in 1930. The property is also improved by a 336 square-foot detached garage built in 1972. The dwelling is listed in normal condition and with average construction quality (Grade 4-10). It is situated on a 0.138-acre site.

The property's January 1, 2015, assessment was \$53,830, allocated as \$10,250 in land value and \$43,580 to dwelling value. Schroeder's protest to the Board of Review claimed the property was assessed for more than authorized by law under Iowa Code section 441.37(1)(a)(1)(b). The Board of Review reduced the assessment to \$47,650 by applying 15% functional obsolescence due to the dwelling size and 10%

economic obsolescence due to the city lot restrictions and 50-foot site width. Schroeder then appealed to PAAB. He asserts the fair market value of the property is \$36,000.

### **Findings of Fact**

Schroeder asserted his property was over assessed based on his November 2014 purchase price of \$35,900. Housing & Urban Development Settlement Statement and Declaration of Value both confirm that Schroeder purchased the subject property from an estate. An estate sale is not considered a normal transaction by the Department of Revenue because the purchase price may not represent the property's fair market value.

Schroeder testified he found out about the property through a realtor. In his opinion, the purchase price of the house is substantially below the assessment. He reported his primary residence is assessed a little below its actual value and he expected the subject property to be similarly valued.

Schroeder also provided one page of an October 2014 appraisal report from Steenhoek Appraisal, Inc. with a value conclusion of \$36,000 based on the sales comparison approach. First, the lack of the full appraisal report hampers our ability to determine whether the sale properties were sufficiently comparable to the subject property and/or whether the adjustments made to the sales were reasonable to reliably conclude the subject's fair market value.

More importantly, we note the comparable sales located at 617 E Competine Street and 105 W Montgomery Street were real estate owned (REO) sales sold by a lender because of foreclosures. The remaining comparable sale located at 813 S Gholson Street, while listed as an arm's-length transaction, was an estate sale. As with Schroeder's purchase, this estate sale is not considered a normal transaction and may not represent the property's actual fair market value. The appraiser did not adjust for the REO and estate sale conditions or explain why adjustments were unnecessary.

County Assessor Drew Sanders testified for the Board of Review. Sanders was critical of the properties selected by Schroeder's appraiser because two of the properties were foreclosures and one was an estate sale. Additionally, all the sales

were at the lower end of the \$34,000 to \$54,500 sale range within the neighborhood from the previous year.

The Assessor’s Office also provided a list of three 2014 sales of similar properties. The chart included information relating to the property’s age, grade, style, square feet, and their sales prices and assessments. The sale properties were adjusted to account for difference between them and the subject property.

Address	TSFLA	Sale Price	SP/ SF	Adjusted Value	AV	AV/ SF
Subject	912	\$35,900	\$ 39.36	N/A	\$47,650	\$ 52.25
906 Main W	930	\$59,000	\$ 63.44	\$60,145	\$46,500	\$ 50.00
102 Douglas E	738	\$60,000	\$ 81.30	\$52,296	\$55,350	\$ 75.00
206 Park Lane N	808	\$48,000	\$ 59.41	\$36,784	\$58,870	\$ 72.86

We note the sale prices per-square-foot ranged from \$59.41 to \$81.30 per-square-foot. The subject property’s sale price of \$39.36 per-square-foot is well below the lower end of this range. We further note Schroeder’s property was at the lower end of the assessed values per-square-foot (\$52.25) of the selected sales.

### **Conclusions of Law**

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A (2015). PAAB 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). PAAB considers only those grounds presented to or considered by the Board of Review, but 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(1)(a-b). New or additional evidence may be introduced, and PAAB 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). However, the taxpayer has the burden of proof. § 441.21(3). This burden may be shifted; but even if

it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Richards v. Hardin County Bd. of Review*, 393 N.W.2d 148, 151 (Iowa 1986).

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.* "Sales prices of property in abnormal transactions not reflecting market value shall not be taken into account, or shall be adjusted to eliminate the effect of factors which distort market value, including . . . foreclosure or other forced sales." *Id.*

In an appeal alleging the property is assessed for more than the value authorized by law under Iowa Code section 441.37(1)(a)(1)(b), the taxpayer must show: 1) the assessment is excessive and 2) the subject property's correct value. *Boekeloo v. Bd. of Review of the City of Clinton*, 529 N.W.2d 275, 277 (Iowa 1995).

Schroeder asserts the subject property's assessment should be consistent with the 2014 sale price. However, the evidence shows Schroeder purchased the property from an estate. An estate sale is not considered a normal transaction by the Department of Revenue. In the absence of evidence showing the sale price was consistent with other normal, arm's length sales of comparable properties, we question whether the estate sale represents the property's fair market value. Here, the only other evidence of the property's value submitted by Schroeder is the partial appraisal supplied to the Board of Review. The appraisal relied on three sales, two of which were foreclosures and the third was an estate sale. None of these sales were adjusted to remove the distorting factor as required by section 441.21. We find that neither the sale price nor the appraisal reflect the property's fair market value as contemplated by section 441.21.

Conversely, the Assessor's comparison of recent sales of properties that appear comparable to the subject support the assessment considering the unadjusted and adjusted values. The subject property's sale price of \$39.36 per-square-foot is well below the lower end of the comparable sales and its assessed value is at the lower end

of the assessed values per-square-foot of the comparable sale properties. Ultimately, Schroeder's limited evidence failed to establish the subject property was over-assessed.

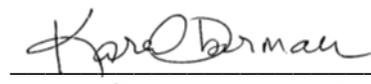
### **Order**

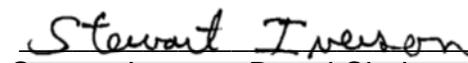
IT IS THEREFORE ORDERED that the Marion County Board of Review's action is affirmed.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A (2015). Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action. Any judicial action challenging this Order shall be filed in the district court where the property is located within 20 days of the date of this Order and comply with the requirements of Iowa Code sections 441.38; 441.38B, 441.39; and Chapter 17A.

Dated this 7th day of December, 2015.

  
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Jacqueline Rypma, Presiding Officer

  
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Karen Oberman, Board Member

  
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Stewart Iverson, Board Chair

Copies to:  
Daryl Schroeder  
Benjamin Hayek