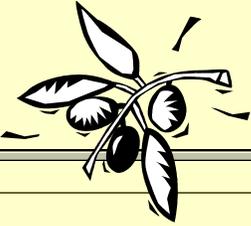


CCAD VALUATIONS



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Interest Rates Drive Timber Values Up

Timber values in East Texas will be experiencing an increase in taxable value this year due to calculations required by state statutes.

Timber value is calculated according to a State timber model that uses an income capitalization method. In the final step of this method, estimated net income per acre is divided by a statutory interest rate called a **CAP RATE**.

The 2009 Cap Rate will be lower than the rate used last year because interest rates have fallen. The result of dividing by a smaller Cap Rate yields a larger result that drives values up.

Falling interest rates were a major problem in 2002 when rates took a nosedive and timber values shot up. In the 78th Regular Session of the Texas Legislature, Senator Todd Staples introduced SB1646 that provided for the accumulation of a five year running average for

Exploring the Homestead Cap

Homestead Caps are a definite benefit for homeowners in times of appreciating real estate markets. In Texas, the taxable value of a homestead property may not exceed the prior year's taxable value plus 10% excluding any new value.

This does not limit the market value shown on local tax rolls however. That value by law must be 100% of market value as of January 1st of each year. The cap comes into play when market value exceeds the prior year's taxable value plus 10%. When that happens, the homeowner is taxed at

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the Cap Rate. Because of this bill, although timber will increase between 6% and 16% depending on timber & soil class this year, it is not increasing 29% to 60% as it would have had this running average not been in place.

Running averages have the effect of smoothing the highs and lows from year to year. While that works to the advantage of timber owners in prosperous times by holding down value when prices are good, it does not seem to help as well in bad times when timber prices are down and log yards aren't accepting loads.

For a table of '09 Timber Values, Please see page 4

the limited value. Each year after that, market value is compared to prior taxable value plus 10% and the lesser of the two is used for tax purposes.

This year, some homeowners may find that even if their current market value is close to or perhaps lower than last year, it still exceeds last year's taxable value. In that case homeowners can still see an increase in their 2009 tax bill.

If you have questions about the accuracy of your homestead cap, please contact the District.

Market Value vs. Economy

We have all read, seen and heard about the current economic climate. Some have actually felt the effects of this downturn in lost jobs or reduced work hours.

While the national economy has taken a beating, Texas has generally held its own compared to the rest of the nation. This in large part can be attributed to low numbers of subprime loans, restrictive home equity laws and continued population growth. This does not mean though that Texas has escaped untouched.

Since September of last year, the number of real

CCAD Value vs. The Market

Each year the appraisal district is tasked with the attempt to determine market value on over 40,000 parcels of property in the county. This is done with statistical measures using local sales and other local market data. Regardless of the state or national economy, the comparison of CCAD values to local market data is the single determining factor in annual valuations. The District is bound by the Constitution to pursue market value.

This one issue is often at odds with property owners and their perceptions of local market conditions.

Many residential schedules this year were not changed. However, some were adjusted downward 2% – 4% and some were adjusted upward 3% – 10%. The amount and direction of adjustment for each class of property depended upon the comparison of their 2008 CCAD value to sales that have occurred since January 1, 2008. Special

estate transactions locally has fallen off significantly. While this has resulted in longer marketing times, there have been sales occurring locally. These sales are not showing a marked decrease in value.

If anything, the Texas market at this time is made up of buyers expecting discounts and sellers unwilling to give those discounts. In many cases, those who don't have to sell aren't selling and those who don't have to buy aren't buying leading to a thin market that has reached a plateau to a certain extent.

emphasis was given during the analysis to sales occurring since September of 2008 in light of the economic fallout that occurred last Fall.

Land schedules were adjusted in similar fashion using available sales information for the same time period. However, land schedules in Wells and New Summerfield ISDs were adjusted to match corresponding rural land schedules in Alto ISD. It is the District's belief that those school district areas are similar in market value for vacant rural land.

Changing the schedule for a class of property is only one piece of the puzzle. Your value may have changed more or less than the underlying schedule. For example, this could happen if a CCAD appraiser inspected your property and increased your depreciation. In that event, you would typically experience less change than the underlying schedule change. However, if the appraiser added square footage or decreased your depreciation, you would experience more change than the underlying schedule change.

You have the right to know why and how your value was changed from last year. Contact the District and ask to speak to a staff appraiser.

"...the comparison of CCAD values to local market data is the single determining factor in annual valuations."

Protesting your Notice of Value

The Notice of Value that accompanied this newsletter will tell you how the appraisal district proposes to value your property for this year. The values expressed on the Notice will be used to calculate your 2009 property taxes for each taxing jurisdiction where your property is located.

If you disagree with the proposed values, or any other issue that adversely affects your property, you should contact the District to discuss the issue with appraisal staff. This is known as an Informal Hearing. During an informal hearing, you can voice your concerns to a staff appraiser. It is always best to provide information or evidence to support your concerns such as photographs of any significant repairs or damage to your property or market information in your area. Informal hearings may be conducted over the phone or in person in the District office.

You also have the option to request a Formal Hearing with the Appraisal Review Board. This can be done in lieu of meeting with District staff or it can be requested following an informal meeting if you are still dissatisfied with the District's action.

In either event, it is necessary to do one or the other **prior** to the “**Deadline for filing a protest**” date listed in your Notice. After this date, your options for appeal are extremely limited.

ARB meetings will be held next door to the District's office this year at 111 East 6th Street in Rusk. In the past, meetings have been held in the conference room of the District which was located at the back of the District office and was not large enough to accommodate the public. This new venue allows enough room for property owners to view other hearings as they take place.

Appraisal Review Board Hearings

As mentioned above, the Appraisal Review Board (ARB) is a Formal Hearing where you can appeal District actions related to your property. It is made up of five Cherokee County property owners. They are charged with hearing evidence from both the property owner and the District and then making a judgment based upon the facts presented.

In cases of value exceeding market, the District has the burden of proof and must prove its case before the ARB. Failure to do so requires the ARB to rule in favor of the protesting party. In cases of unequal appraisal, the ARB must determine whether the property sample submitted by the District or the property owner is more appropriate and then render their ruling.

In any case, the property owner should present factual evidence that supports their concerns.

Appearing before the ARB with no supporting evidence limits the ability of the ARB to rule in the property owner's favor. Likewise, protesting based upon the grounds that your taxes are too high is not an arguable defense since neither the ARB nor the District have any control over the setting of tax rates. Complaints concerning taxes and tax rates should be brought before the taxing unit governing body.

To assist property owners in developing and presenting their case, the State Comptroller's office has prepared an online video that can be seen at their website:

<http://www.window.state.tx.us/taxinfo/proptax/>
Look for the title: “**Protesting a Property Appraisal?**” on their page. The website also contains helpful information about the property tax system.

From *Timber Values Up* on page 1

Timber/Soil Class	2008 CCAD Timber Value per Acre	2009 State Timber Value per Acre	2009 State Timber Value per Acre w/o Running Ave.
PINE SOIL I	\$355.00	\$407.55	\$570.83
PINE SOIL II	\$237.00	\$269.22	\$377.08
PINE SOIL III	\$131.00	\$143.36	\$200.80
MIXED SOIL I	\$285.00	\$331.01	\$463.62
MIXED SOIL II	\$197.00	\$222.43	\$311.54
MIXED SOIL III	\$113.00	\$122.20	\$171.15
HARDWOOD SOIL I	\$131.00	\$149.20	\$208.97
HARDWOOD SOIL II	\$75.00	\$79.63	\$111.54
HARDWOOD SOIL III	\$52.00	\$56.98	\$79.81

Other Complaints relating to Property Tax Issues

There may be other issues you wish to address that are not covered by the ARB process. Some of the most common issues may be addressed as follows:

Complaints about a licensed District appraiser can be registered with the Board of Tax Professional Examiners. These complaints generally should regard illegal or unethical behavior. Contact information for the BTPE is: 333 Guadalupe Street, Tower 2 Suite 520, Austin, TX 78701-3942 Phone: (512) 305-7300 Fax: (512) 305-7304

Complaints concerning District staff should be directed to the Chief Appraiser. However, if the complaint is about the Chief Appraiser, you may request a meeting with the CCAD Board of Directors. Persons requesting to appear before the Board of Directors should submit their request to the District's mailing address to the attention of the Chairman of the Board of Directors. You will have the opportunity to appear at the next Directors meeting.

Complaints about taxes or tax rates should be directed to the appropriate governing body such as the County Commissioner's Court, City Council or School Board of Trustees.

Homestead Exemptions

Persons who own their own home might qualify for a homestead exemption for property tax purposes.

To qualify, the home must be your primary place of residence. Additionally, you may only claim one residence as your homestead. It is illegal to claim more than one residence for homestead exemption purposes.

If you believe you qualify for this exemption you can contact the District for a Homestead Exemption application.

Other Sources of Property Tax Information

District value information may be found on the web at <http://www.cherokeecad.com/> click on the 'Search Roll' button and follow the links. New this year is the ability to look at digital maps of District parcels. This functionality is still in the development phase and some property shapes may not be linked to the parcel database yet. If you do not have web access you can search property information at the District office during business hours.

Also available in the District office are several brochures explaining various property tax functions in more depth such as Over65 Tax Ceilings, Ag Productive Value, Appraisal District Operations and many more. Brochures may be obtained during business hours or send a self-addressed, stamped envelope to POB 494 Rusk, Tx 75785. Please note which brochure you are requesting.

The State Comptroller's website at <http://www.window.state.tx.us/taxinfo/proptax/> has several resources to work with including an online link to the Texas Property Tax Code that governs appraisal district operations. This website contains a Guide to Property Tax Basics and an online version of the Taxpayer Rights and Remedies publication as well as many other useful items.