



MINUTES

THURSDAY, MAY 16, 2019

The scheduled **special** meeting of the Cleveland County Equalization Board was called to order this 16th day of May 2019 at 1:45 p.m., in the conference room of the Cleveland County Office Building by Chairman Larry Heikkila. Tammy Belinson, County Clerk/Secretary, called roll and those present were:

Larry Heikkila, Chairman
Charles Thompson, Vice-Chairman
Bobby Cleveland, Member
Tammy Belinson, Secretary

Others present were: Assistant District Attorney Jim Robertson, Assistant District Attorney Abby Nathan, Kayleigh Chance, Lisa Ward, Linda Atkins, Billijo Ragland, Commissioner Harold Haralson, Douglas Warr and Russell Chronister,

After the reading of the minutes of the **Special Meeting** of March 29, 2019, and there being no additions or corrections, Charles Thompson moved, seconded by Larry Heikkila, that the minutes be **approved**.

The vote was: Larry Heikkila, yes; Charles Thompson, yes; Bobby Cleveland, abstain.
Motion carried.

A. Items of Business:

1. Conference Call (405-410-5209) conducted on the following Letters of Protest:

- a. Pooja Sharma, OMVEER I LLC, 7400 Ridgepoint Drive, Irving, TX, 75063; email address: SHARMAWISE@GMAIL.COM; Account Number: 152457; Protested Property Address: 1304 Fairsted Court, Norman, OK 73071.

Mr. Sharma said that his protest is very straight forward according to his understanding of the evaluation process. In Oklahoma, they decide the fair market value in determining the tax rate. There are various ways in doing that, such as looking at the comps in the neighborhood and if the property changes hands that will set the fair market value. It is a sale agreement between a willing seller and a willing buyer that arrives at value. When he got his property tax statement after purchasing his property for an "X"

amount, it was assessed higher than what a willing buyer would pay for the property. The income approach is a type of real estate appraisal method that allows investors to estimate the value of a property based on the income the property generates. It's used by taking the net operating income of the rent collected and dividing it by the capitalization and he said that this property is no longer generating enough income based on the high assessment value. He cannot adjust the rent at this time. He just purchased the property in November 2018 and if the taxes go up unequal to the income he is at a significant disadvantage. He included the information in his protest.

Douglas Warr, County Assessor, said that his first deputy, Billijo Ragland will respond to Mr. Sharma. Billijo passed out comparable information to the Board members before going over the comps with everyone. Mr. Warr said they used comparable sales and cost approach. An income approach was not done. They relied heavily on the sale comparisons to set the value.

Billijo Ragland said that in past conversations concerning the price of the home, he paid substantially lower for that square footage than seen in other sales. She sent someone out to take a look at the property thinking there is a problem with the square footage. However, they found no mistake in the square footage. The most comparable is at Prospect Court 2366 square feet.

It sold in February 2018 for \$245,000 and it had a two car garage as well. The one on Grant, 3313 Grant Road sold in June 2018 for \$240,000 and is slightly smaller, 2083 square feet with a three car garage. She didn't put as much weight on this property as the two on Grant and Prospect. She pulled one from Red Fin that shows that this was on being sold. It was a short sale, which isn't a true representation of the market value when all the other sales are an arm's length transaction. They arrived at the value of Mr. Sharma's house, which is \$225,785, at \$97.15 per square foot.

Douglas Warr said that you may have 100 homes in an area and 20 of them sell and, typically, someone trying to come up with a fair cash value will look at those 20 sales and try to take that information and apply it to the other hundred. They look at the sales that are true transactions and when there is a short sale involved, which is actually on the website, the lender has to agree to the sales' price because the debt of what is owed on the property is actually going to be more than what it is selling for and the previous owner of the property is selling the property because it is about to get foreclosed on; so, the lender had to agree to it. That is why they believe that what Mr. Sharma paid is below market value and that is why they appraised it above the purchase price and by comparing it to other sales in the area. Mr. Warr said that they don't allow one sale to dictate what the market value is for that area and added that is all that he and Billijo Ragland have to present at this time.

Chairman Heikkila asked Mr. Sharma if he had any questions for Mr. Warr.

Mr. Sharma said, "I do. We have not previously discussed the short sale that is being brought up at this point in time. In my mind, if you look, if you were to describe what is going on at Red Fin and others, as I understood it and I am not an expert in any way when it comes to short sales, but if that is the argument that is being used here which is different from what we have talked about before if you are looking at comps. If you look at Red Fin, you will see that this property would be that the owner tried to sell this property. It was on the open market for a very long period of time. I believe and like I said, I wasn't aware and I am not prepared to counter it, but I believe that it started at \$245,000 and then it went to \$235,000 and then it went to \$225,000. It was an open market sale of this property and it got no offers on it. A short sale is more restrictive to the open market. I am not a realtor, I am a regular Joe that looks on line and I buy property. So, my point is that this was open to the market and anybody could have bought this property at any price. The gentleman that was speaking from the appraiser's side had mentioned that, yes, the bank has to approve it, it is in their best interest to take a fair market value even though, you know, the short sale argument has been brought up I am not quite sure how that relates to the fact that it was not a courthouse sale, it wasn't restricted, it was out in the open on every online listing. I said, hey, this property is for sale and it looks like it could be a good deal. Also, keep in mind there is a reason why this property sold for less because it has issues that needs to be resolved. It's a lower value property and that's why it sold for a lower amount. If this was a property that is described as a comp where it had everything in it, somebody would have bought it. If you will allow, we can all get online and look at that and I am sure that everyone knows how a short sale works. This was out in the open market for anybody to make an offer on it. So that is my counter to the short sale that is being brought up. I don't think that in any way that was taken off the free market. Now to the 2080 house sale that I brought up, in my mind again, this comp should be in there, because there is no way it shouldn't be included in there because it was an open market sale. If you are using that in general to come to a consensus for the other remaining houses, now the question is are you talking this out and saying this is an anomaly? Or is it being included toward the average to determine the property value of the other property owners in the neighborhood. If it is being included, then I pay the fair market and that's the way it should be. I think that I made this other comment to the other person that I described a comp, if I am getting a certain value and another guy bought across the street who over paid for his property, I think that we would all agree, that if you pick someone in the middle you actually don't use the comps on what was negotiated and what the condition of the property is, then I am subsidizing his property taxes while I am overpaying. I don't understand and what I have an issue with as a business owner, why am I subsidizing the rest of the neighborhood,

because, we haven't talked about the condition of the property and we haven't talked about the fact of why this property sold for less and why it was on the market for so long and nobody bought it and why I bought it and how much money I put into it and now I am renting it at a lower value. Because if I paid less, the renter wants to pay less too because it is not the same value it doesn't have the same upgrades. So I am stuck with collecting a lower rent on it because the public out there doesn't want to pay the rent, but my property taxes are at the same value. In my mind, other people are over paying on their value; I don't know what is going on with the other properties. I don't know if they have granite, wood floors, if they were kept clean, you know different aspects of it. So we can all agree that if it is a short sale there are some issues going on inside that property. So, I will stop there and see if there are any questions on the other side."

Chairman Heikkila said, "Yes, sir, I have a question. This is Larry Heikkila. What issues do you have that are with that property that you say devalued it so much?"

Mr. Sharma said, "Well, in my mind, there was nothing upgraded. She had not changed out anything. There were significant pet issues. All the carpets had pet stains everywhere. The baseboards were all messed up. If it had all the upgrades that a normal homeowner that takes pride in their property would do, because they knew that they would exiting at some point. Again, I don't know the history of it. I am sure that everybody knows these things don't happen overnight, it happens all of the time. There was gross negligence happening inside the property that is debatable. To your point again, I wish everybody could get online and I wish could get online, I think it was offered at \$225,000, no offers. Why no offers?"

Chairman Heikkila said, "Understood. Thank you, Sir. Ms. Ragland, did you have a question. Did you have a question, Bobby?"

Bobby Cleveland said, "This is Bobby Cleveland. You are talking about that this has issues but, basically, you are saying that it didn't have issues. It just had the various wear and tear like normal houses have, is that correct?"

Mr. Sharma said, "No, I don't think a normal house this age has the insides this house has. It had no upgrades. It had not been taken care of with the pets. It had significant pet damage inside and during the visits or whenever it was, the baseboards were coming lose. No, it was not just the regular wear and tear that you would expect to have from a 2008 property that these people were taking care of."

Bobby Cleveland said, “Okay. When you were talking about it with the Assessor in the beginning, what was the response when you went over this with the Assessor?”

Mr. Sharma said, “This wasn’t brought up. We didn’t have this discussion. They brought up the facts that the comps were off and I said, ‘no, I got it for “x” amount. No, we did not have this discussion.”

Bobby Cleveland said, “Okay, you were the one that was filing it. Are you not the one responsible to tell them about the problems that you have in the house?”

Mr. Sharma said, “Say that one more time.”

Bobby Cleveland said, “You are the one that bought the house, but you are saying that you did not discuss the issues with the house with the Assessor?”

Mr. Sharma said, “No, I just said, in my mind, that I paid ‘x’ amount of dollars for it in open market. I didn’t think that I needed to discuss, my entire premise has always been that we are talking about the fair market value. They started talking about comps and I said that I don’t know about comps. All I know is that I paid ‘x’ amount. I didn’t give any details of the sale.”

Bobby Cleveland said, “And the short sale, you were not aware of the short sale? It was not brought up in your conversation with the Assessor?”

Mr. Sharma said, “No, in my mind, it was an open market sale.”

Mr. Warr said, “When we look at, when you visited with my first deputy earlier, the short sale is not brought up in the discussion at that time. What we do when we see a short sale, we look at all the sales in the area and all the comparables, but we do not weight them all the same. This sale would not be weighted up as heavily as the other sales because they are not what we consider a typical arm’s length transaction. There are some other circumstances.”

Mr. Sharma said that if it is not weighted he has the full right to it being valued at the open market value and to have a conversation about the impact.

Bobby Cleveland said, “I have a question for you, sir. Well, it’s actually for Doug. Based on what I am hearing from the Assessor, that this price is based on a short sale, because you have it highlighted and you’ve got it in bold letters that this was important and that is how you came to this...”

Mr. Warr said that when they looked at it they considered arm's length transactions in foreclosures or other sales. They are not handled like a typical market transaction. There are extenuating circumstances and they were not aware of any issues on the interior. They appraised it based on the exterior of the house. If the owner brings up something such as water damage, termites, etc., then they will set a time to take a look. He said was a renter in the house and they didn't go inside to inspect the house. He asked Mr. Sharma if the issues were still current or have they corrected the issues.

Mr. Sharma said that it is partial, because as he said it was purchased for a rental. He bought it cheap and he didn't put money into it, so therefore, it went for low rent. He said to him, it is just a money game. He bought it because it had issues, and he didn't have to put much money into it and it was rented cheap.

Bobby Cleveland said, "I guess that I am thoroughly confused here, you brought up the issues about the carpet and the baseboards, but you didn't bother to tell the Assessor about that and now you are saying if I heard you correctly you didn't fix these problems."

Mr. Sharma said he did not know where he created an issue. He said that he told the Assessor that he bought it for \$202,000 in the open market and he didn't know why he had to bring up all of these other issues. Now, the short sale issue has arisen and is doing his best to explain to everyone that if it is a short sale, he bought it to rent and he just put it out there to rent at a lower rent value because of the issues.

Charles Thompson asked if the renter is still in the house.

Mr. Sharma said, "Yes."

Charles Thompson asked if any repairs were made.

Mr. Sharma said, "No." He added that he had to do a significant amount of cleaning because of pet damage in the amount of \$700.

Charles Thompson asked if the renter is still paying the same amount of rent.

Mr. Sharma said that they are paying what he put it on the market, because there were no upgrades done to the house. Their offer to rent was lower than if he had put in \$10,000 to \$15,000 on upgrades. He described the issues with the toilet and garbage disposal. The renters moved in with the

house in that condition. He is not going to break the tenant/property owner laws of Oklahoma.

Bobby Cleveland asked, “Hey, Doug, explain to me on the short sale that this was anybody could have bought it for this price...”

Douglas Warr said, “As long as the lender agreed to the sale. See they are going to go up for foreclosure and a lot of times they are going to dump it on the market so they can kind of...”

Bobby Cleveland said, “If you buy a foreclosed property, you are buying it at a fair market value?”

Douglas Warr said, “Well, a lot of the times the banks, or the lending companies are trying to get rid of property, so they discount it so they can get it off their books, because banks and things and the mortgage companies, they don’t want to own properties and they don’t want to go through the foreclosure process, because it is going to cost them.”

Bobby Cleveland said, “Help me to understand, why this is not fair market value. Why is it not fair market value?”

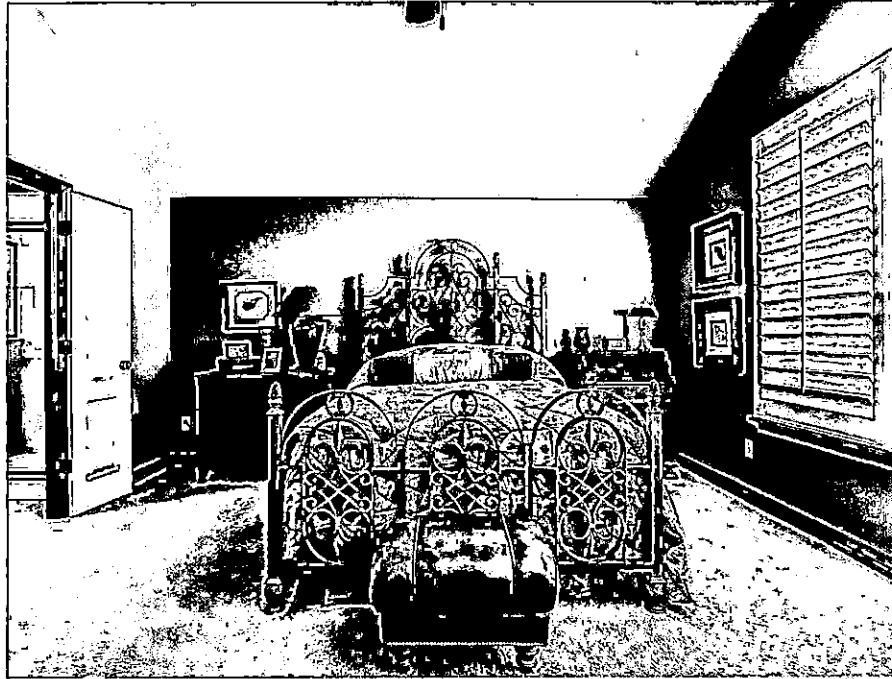
Douglas Warr said, “We considered it from looking at the other comps, we considered it below market. We considered it a short sale. We think it was sold for less than market; because the mortgage company didn’t want to go through the whole process, so they discounted it.”

Chairman Heikkila asked, “Any other questions from the Board? All right, discussion from the Board as to what action you want to take.”

Charles Thompson asked, “Do you think that we could cut it a little by the deficiencies inside the house, Mr. Assessor?”

Douglas Warr said, “We do have some pictures of the interior. It does not show a lot of the issues with the condition of the house. These were on the website.”







Chairman Heikkila said, “No cats, huh?”

Douglas Warr said, “Not in the pictures. We are just showing the Board members some pictures of the property as it was listed for sale.”

Mr. Sharma said the only thing that he will say is that they are not his pictures. They are not dated as to when he closed on the property and didn’t know if it is a true reflection of the condition of the house. They are not dated as to when he closed on the property.

Bobby Cleveland asked, “I guess the question is, Doug, if there is damage like he is speaking about, would it be a different appraisal?”

Douglas Warr answered that it is possible based on what one person considers typical wear and tear as the home ages. At a certain point and time most people go in and redo their homes, but this home was built in 2008 and should need only minimal repairs. However, his office is willing to go out to do an interior inspection to see if the current conditions warrant a lower appraised value. As of today, only the exterior was examined, because they were not aware of any interior issues. Mr. Warr said that he is willing to work with the Board as directed.

Charles Thompson said he mentioned spending \$10,000 to \$15,000 for repairs and asked if they could lower the value by \$10,000 because of the issues.

Douglas Warr said that they would like to take a look at the interior before discussing a dollar amount. He said that if Mr. Sharma would like for them

to go out and do an inspection then they are more than happy to do that for him. He said that based on the exterior, the house is in good condition.

The Board discussed that it sounded fair to them and Chairman Heikkila asked Mr. Sharma if it is agreeable with him.

Mr. Sharma said that he could check with the tenant to see what their availability is, but wants to say that it is a slippery slope, because they will say that the repairs needed are minimal and what he wanted to do is to establish fair market value. He said that if the property would bring the \$225,785 on the market right now, it could go up for sale right now, because he just closed on it in November 2018. He said it is a slippery slope to get people in there to see repair issues, when the facts are that he bought the property in November in the open market and he wants to make that clear. It was out on the open market and anybody could have bought it and he bought it in the condition that he found it. It had multiple bids on it and his bid won. He asked the Board to think about the fact that he paid the highest price. Mr. Sharma said it's not necessary to keep kicking the tires and picking apart the condition of the house and added that is something for the Board to decide.

Chairman Heikkila made the motion to **not change** the appraised value of \$225,785.00. Charles Thompson seconded the motion.

The vote was: Larry Heikkila, yes; Charles Thompson, yes, Bobby Cleveland, yes.

Motion carried.

Mr. Sharma asked the Board to explain what just happened.

Tammy Belinson, County Clerk, said that the Board's motion is no change in the Assessor's appraised value of \$225,785.00.

Mr. Sharma asked for an explanation about why they came to that conclusion.

Charles Thompson said, "I think that your next step is to go to court and then a judge can figure it out."

Chairman Heikkila said that in working with the Assessor's Office throughout the years, he found their methods consistent and fair. He said that Mr. Sharma received a good deal on the house, which is wonderful and wished him well with it. He said that Mr. Sharma did receive a good deal and is very sorry he is not making money on it; but, in his opinion, it is the fair cash value of the house.

Mr. Sharma said that he appreciates the comments and if Mr. Heikkila works with Mr. Warr, it is unknown how Mr. Heikkila establishes the facts as presented. He said that, evidently, Mr. Warr has a lot of good will with the committee for doing such a great job. On the other hand as a “nobody”, he is just someone trying to make a little money while trying to present the facts as accurately as possible. His last comment to the Board concerned his appreciation for their time and added that he will, hopefully, be back next year to show them how people do things to make money.

Tammy Belinson said, “We will be sending you a decision in the mail.”

Mr. Sharma said, “Okay, thank you everyone.”

Chairman Heikkila said goodbye.

B. Tammy Belinson said there is some **County Business** for discussion with the **Board Members**.

Meeting dates were discussed and set for May 30, 2019 at 10:00 A.M.; Thursday, June 13, 2019 @ 10:00 A.M.; and June 27, 2019 @ 10:00 A.M.

Douglas Warr discussed scheduling the Board’s approval of the Homestead Exemption Applications and the Five-Year Ad Valorem Tax Exemptions.

C. No Public Comments were made at this time.

D. There being no further business to come before the Board, Charles Thompson moved, seconded by Bobby Cleveland, to **adjourn** the meeting at 2:26 pm.
The vote was: Larry Heikkila, yes; Charles Thompson, yes; Bobby Cleveland, yes.
Motion carried.

(Clerk’s Note: Agenda was posted on May 14, 2019 @ 8:00 AM.)

**CLEVELAND COUNTY EQUALIZATION BOARD
CLEVELAND COUNTY, OKLAHOMA**



Larry Heikkila, Chairman

ATTEST:



Tammy Belinson, County Clerk and Secretary to the Board

Minutes Prepared by:



Deputy County Clerk