



**FINAL ADMINISTRATIVE DECISION
ILLINOIS PROPERTY TAX APPEAL BOARD**

APPELLANT: Gerald K. & Donna M. McMahon
DOCKET NO.: 09-03188.001-R-1
PARCEL NO.: 18-32-154-001

The parties of record before the Property Tax Appeal Board are Gerald K. & Donna M. McMahon, the appellants, and the McHenry County Board of Review.

Based on the facts and exhibits presented, the Property Tax Appeal Board hereby finds a reduction in the assessment of the property as established by the **McHenry** County Board of Review is warranted. The correct assessed valuation of the property is:

LAND: \$18,210
IMPR.: \$45,003
TOTAL: \$63,213

Subject only to the State multiplier as applicable.

ANALYSIS

The subject parcel of 6,641 square feet of land area is improved with a one-story frame dwelling that was built in 2000 and contains 1,379 square feet of living area. The dwelling has a full unfinished basement, central air conditioning and a two-car garage. The property is located in Huntley, Grafton Township, McHenry County.

The appellants contend the subject's assessment is not reflective of its fair market value. In support of this argument, the appellants presented data concerning the contract to purchase the property, the Illinois Real Estate Transfer Declaration and the Settlement Statement each of which reflects a purchase price of \$190,000 in June 2009 along with an appraisal report with an estimated market value of \$190,000 as of June 2, 2009.

In Section IV of the Residential Appeal Petition, the appellants reported that the subject property was purchased from Carol Heiden for \$190,000 in June 2009 after the property had been advertised for sale for thirteen months in the Multiple Listing Service and through use of agent Sarah Mitchell of Century 21 New Heritage. As to the purchase price, on the Residential Appeal

form, the appellants also indicated that the parties to the transaction were not related. An eleven-page sale contract also reflects the sale of the property for \$190,000. Additionally, the appellants reported the property was occupied in June 2009.

Appellants also submitted an appraisal report prepared by Aleksander Ivanov of S & P Appraisals, Inc. with a valuation date of June 2, 2009 that expresses an estimated market value of \$190,000. The appraiser utilized both the cost and sales comparison approaches in arriving at an opinion of fair market value. The appraiser also reported that the subject property was listed on the market in May 2008 for \$249,900 and the price was eventually reduced to \$204,900.

Under the cost approach, the appraiser estimated the subject's land value at \$20,000 based on the extraction method using sales of improve properties. Based on data from Building-Cost.net, the appraiser determined a replacement cost new for the subject dwelling of \$186,043. Depreciation of \$7,442 or 4% was calculated using the age/life method resulting in a depreciated value of improvements of \$178,601. Adding together the land value and the depreciated improvement value resulted in a total value by the cost approach of \$203,600.

Under the sales comparison approach, the appraiser used sales of three comparable homes located between .64 and .96 of a mile from the subject. The comparables consist of one-story dwellings of frame construction. The comparables ranged in age from 4 to 10 years old and ranged in size from 1,263 to 1,670 square feet of living area. Two comparables featured full unfinished basements and each comparable had central air conditioning and a two-car garage. The subject was said to be in good condition along with sales #1 and #2 whereas sale #3 was said to be in average-inferior condition. The comparables sold between December 2008 and March 2009 for prices ranging from \$165,000 to \$200,000 or from \$119.76 to \$130.64 per square foot of living area including land. In comparing the properties to the subject, the appraiser made adjustments for condition, dwelling size, amenities and/or kitchen/bathroom renovations. The appraiser's analysis resulted in adjusted sales prices for the comparables ranging from \$184,000 to \$209,400 or from \$113.77 to \$145.68 per square foot of living area, including land. From this process, the appraiser estimated a value for the subject by the sales comparison approach of \$190,000 or \$137.78 per square foot of living area, including land.

In reconciling the conclusions of value, the appraiser wrote that the sales comparison approach provides the best indication of value by reflecting the actions of marketplace buyers and sellers. Based on this analysis, the appraiser opined the subject's fair market value as of June 2, 2009 was \$190,000.

Based on the foregoing, the appellants requested the subject's assessment be reduced to \$63,327 or a market value of approximately \$190,000.

The board of review presented its "Board of Review Notes on Appeal" wherein the subject property's final assessment of \$66,493 was disclosed. The subject's assessment reflects an estimated market value of \$199,859 or \$144.93 per square foot of living area including land using McHenry County's 2009 three-year median level of assessments of 33.27%.

The board of review submitted its "Board of Review - Notes on Appeal" with the following statement:

We are in a declining market. Sale Price \$190,000 x time adj. 1.05 = \$199,500. June 26, 2009 sale recorded July 8, 2009. Time adj is just under 1% per month. \$199,500 x .3333 = \$66,493

Based on the foregoing, the board of review requested confirmation of the subject's assessment.

After reviewing the record and considering the evidence, the Property Tax Appeal Board finds that it has jurisdiction over the parties and the subject matter of this appeal. The Board further finds a reduction in the subject property's assessment is warranted.

The appellants argued the subject property is overvalued. When market value is the basis of the appeal, the value must be proved by a preponderance of the evidence. National City Bank of Michigan/Illinois v. Illinois Property Tax Appeal Board, 331 Ill.App.3d 1038 (3rd Dist. 2002). The Board finds the appellants have overcome this burden.

The evidence disclosed that the subject was purchased in June 2009 for a price of \$190,000. The information provided by the appellants in the Residential Appeal form indicated the sale had the elements of an arm's-length transaction in that it occurred between unrelated parties, the property was advertised for thirteen months, and a Realtor was involved in the transaction.

The board of review contends the subject property had an estimated fair market value of approximately \$199,500 as of January 1, 2009, but provided no independent evidence to support that contention or to explain why the property six months later would sell for \$9,500 less after being advertised for some thirteen months.

Ordinarily, property is valued based on its fair cash value (also referred to as fair market value), "meaning the amount the property would bring at a voluntary sale where the owner is ready, willing, and able to sell; the buyer is ready, willing, and able to buy; and neither is under a compulsion to do so." Illini Country Club, 263 Ill. App. 3d at 418, 635 N.E.2d at 1353; see also 35 ILCS 200/9-145(a). The Illinois Supreme Court has held that a contemporaneous sale of the subject property between parties dealing at arm's length is relevant to the question of

fair market value. People ex rel. Korzen v. Belt Ry. Co. of Chicago, 37 Ill. 2d 158, 161, 226 N.E.2d 265, 267 (1967). A contemporaneous sale of property between parties dealing at arm's-length is a relevant factor in determining the correctness of an assessment and may be practically conclusive on the issue of whether an assessment is reflective of market value. Rosewell v. 2626 Lakeview Limited Partnership, 120 Ill. App. 3d 369 (1st Dist. 1983), People ex rel. Munson v. Morningside Heights, Inc., 45 Ill. 2d 338 (1970), People ex rel. Korzen v. Belt Railway Co. of Chicago, 37 Ill. 2d 158 (1967), and People ex rel. Rhodes v. Turk, 391 Ill. 424 (1945). Thus, considering the sale of the subject, the Board finds the best evidence of the subject's fair market value in the record is the June 2009 purchase price of \$190,000. Moreover, the board of review did not specifically contest the arm's-length nature of the subject's sale price.

Based on the foregoing analysis, the Property Tax Appeal Board finds the subject property had a market value of \$190,000 on January 1, 2009. The subject's assessment reflects an estimated market value of approximately \$199,500, which is higher than its arm's-length sale price. Therefore a reduction is warranted. Since the fair market value of the subject has been established, the Board finds that the 2009 three-year median level of assessment for McHenry County of 33.27% shall apply.

This is a final administrative decision of the Property Tax Appeal Board which is subject to review in the Circuit Court or Appellate Court under the provisions of the Administrative Review Law (735 ILCS 5/3-101 et seq.) and section 16-195 of the Property Tax Code.



Chairman



Member



Member



Member



Member

DISSENTING: _____

C E R T I F I C A T I O N

As Clerk of the Illinois Property Tax Appeal Board and the keeper of the Records thereof, I do hereby certify that the foregoing is a true, full and complete Final Administrative Decision of the Illinois Property Tax Appeal Board issued this date in the above entitled appeal, now of record in this said office.

Date: January 31, 2013



Clerk of the Property Tax Appeal Board

IMPORTANT NOTICE

Section 16-185 of the Property Tax Code provides in part:

"If the Property Tax Appeal Board renders a decision lowering the assessment of a particular parcel after the deadline for filing

complaints with the Board of Review or after adjournment of the session of the Board of Review at which assessments for the subsequent year are being considered, the taxpayer may, within 30 days after the date of written notice of the Property Tax Appeal Board's decision, appeal the assessment for the subsequent year directly to the Property Tax Appeal Board."

In order to comply with the above provision, YOU MUST FILE A PETITION AND EVIDENCE WITH THE PROPERTY TAX APPEAL BOARD WITHIN 30 DAYS OF THE DATE OF THE ENCLOSED DECISION IN ORDER TO APPEAL THE ASSESSMENT OF THE PROPERTY FOR THE SUBSEQUENT YEAR.

Based upon the issuance of a lowered assessment by the Property Tax Appeal Board, the refund of paid property taxes is the responsibility of your County Treasurer. Please contact that office with any questions you may have regarding the refund of paid property taxes.