

April 26, 2011

State Tax Commission
Complaints Review
PO Box 30471
Lansing, MI 48909

RE: Property Tax ID 004-135-001-0000

Complaint to Michigan State Tax Commission

To Whom It May Concern:

I request that the State Tax Commission (STC) staff review the following information and proceed to an investigation of the Gerrish Township Assessor and all individuals involved in the assessment review process.

The following is a recap of the evidence presented to the Board of Review in Gerrish Township, County of Roscommon regarding the above property, and additional Exhibits regarding the assessment of the above property and other properties utilizing the "ECF (AREA 4 WEST SIDE)", (hereafter "AREA 4") as described on the Valuation Report (Exhibit F).

The Township of Gerrish, Assessor Cheryl Gillman and Jerry McReynolds of the Board of Review in Gerrish Township have conspired and colluded to shift the property tax burden from those with deeded lake access to those that do not have lake access in clear violation of State law as the proofs attached will attest. This unlawful activity should be investigated by the State Tax Commission and relief should be granted to all property owners in "AREA 4" and the proper disciplinary action should be taken regarding the Township.

The documentation attached was presented to Jerry McReynolds and the Gerrish Township Board of Review. It was also presented to the Township at a Special Meeting held on Friday, March 25, 2011. The True Cash Value (TCV) in regards to the "AREA 4" ECF multiplier as determined by the Gerrish Township Assessor is illegal because the assessor incorporated dissimilar properties in determining the ECF indicator for those properties, a clear violation of State law. Documentation regarding the improper valuation (as shown in the exhibits) was given to Jerry McReynolds and the Board of Review. This information was essentially disregarded by the Board in making their final determination which has improperly increased the tax assessment on all the non-lake properties in which the Assessor used the "AREA 4" ECF multiplier, including mine. It

also decreased the ECF multiplier on lake access properties. 7 of the 12 properties in the ECF analysis do not have “deeded lake access” and 5 properties have “deeded lake access”. This is discriminatory and illegal.

My property has been over-assessed for the past several years and this year the assessment was increased dramatically. In making its final ruling the Board of Review did not follow the law in making a determination of the TCV of my property and instead choose to manipulate the TCV in order to maintain a higher Taxable Value, another violation of the law. This was done to “protect” the assessor and the townships tax collections. After irrefutable evidence was presented, the Board of Review used an assessment slightly higher than the taxable value in order to keep tax collections at higher level than the law permits, despite the fact that almost all the assessments in Roscommon have gone down in value.

1. On or around mid-February of 2011, I received new tax assessment which increased my assessed value about 20%. My assessed value was increased \$10,700 to \$68,400 (a TCV of \$136,800) and my Taxable value was increased from \$57,638 to \$58,617 (see Exhibit A, attached).
2. On Wednesday, March 16, 2011, I went to the Board of Review and appealed my increased assessment. I explained that properties in Roscommon have gone down in value, not up and that my ECF was 1.42, which meant that the depreciated value of my building (including the county multiplier) was being assessed at 142%. I explained that was ridiculous and Jerry McReynolds, who chaired the Board of review said that the ECF was something that I needed to take up with the assessor, which is incorrect according to the Board of Reviews powers as described in MCL 211.29. Jerry McReynolds clearly misrepresented his actual authority and surrendered his responsibility in regard to this statement in an attempt to mislead and confuse.
3. I also provided a copy of an appraisal from 2008 and told Jerry McReynolds that my property was appraised when I refinanced and the value was stated at \$98,500, (see Exhibit B, attached) and that property values since 2008 have gone down, not up. He stated that the appraisal was out of date and that couldn't be used to come up with a TCV. I told him that I was in the process of refinancing again and that I should have another appraisal in a few days and I would send it to him, which I did via email, on Monday, March 28, 2011, (see Exhibit C, attached) and received an email acknowledgement of receipt of that appraisal (see Exhibit D, attached) from Jodi Valentino, Clerk of Gerrish Township. The new appraisal established the value of my property at \$75,000, which acknowledged my properties diminished value the past two years since the last appraisal in 2008.
4. On Monday, March 21, 2011, via email, (see Exhibit E, attached), I received a copy of my properties “Valuation Reports” for 2010 and 2011 (see Exhibit F, attached) and the **“ECF Table and State Review Statement”** (see Exhibit G,

attached) from the Assessor, Cheryl Gillman, which established the "Total Depreciated Cost" of my building at \$85,419 and the land was valued at \$15,529. As the Valuation Report shows, the "AREA 4" ECF that was used was 1.42 (circled on bottom of report) which improperly increased my TCV on the entire property to \$136,824.

5. Cheryl Gillman, the Gerrish Township Assessor attempted to "blame" the increased ECF on the State Tax Commission in that series of emails between us (see Exhibit H) and suggested that I talk to the State Tax Commission regarding the increased ECF.
6. When I inquired with the State Tax Commission, Kelli Sobel, the Executive Director, replied in an email (see Exhibit I, attached) and contradicted Cheryl Gillman, and said she was "incorrect" in implying that the State Tax Commission was responsible for increasing the ECF on my property which resulted in such a steep increase and that she was currently being reviewed by the State Tax Commission. Apparently, Cheryl Gillman failed a 14 point mini review late last year and only scored 12 points out of a possible 100.
7. On Friday, March 25, 2011, a special Township meeting was held and I attended. Several things were discussed including the ECF of 1.42 used on all "AREA 4" properties. This meeting was reported by the Houghton Lake Resorter the following Thursday, March 31, 2011, (see Exhibit J, attached).
8. Immediately after the special Township meeting, myself and another property owner appealing the outrageous ECF, were allowed to revisit with the Board of Review, reviewing appeals in the next room and I provided him with additional information regarding the improper ECF computations for "AREA 4" properties.
9. I explained to Jerry McReynolds and the Board of Review that the Assessor had improperly and unlawfully combined dissimilar properties (lake access with non-lake access) in computing the ECF multiplier that was used to increase the non-lake access "AREA 4" property assessments. Out of the 12 properties used in the **"ECF Table and State Review Statement"** by Cheryl Gillman, 5 properties had "deeded lake access" (shown as exhibits later) which had very high individual ECF indicators which drove up the ECF multiplier for non-lake access "AREA 4" properties. Jerry McReynolds seemed mystified that this was done and didn't seem to understand what I was saying.
10. To help Jerry McReynolds understand, I left him a copy of the "STATE ASSESSORS BOARD MANDATORY CERTIFICATION RENEWAL PROGRAM LAND VALUES, LAND VALUE MAPS, AND ECONOMIC CONDITION FACTORS", (see Exhibit K, attached) pages 40-50, regarding ECF's (and how they should be determined) so he could learn about the proper way ECF's should be arrived at.

11. The day following the special Township meeting, Saturday, March 26, 2011, I sent the Township an email recapping my verbal concerns regarding how the ECF was computed (see Exhibit L, attached) and provided documentation on the improper ECF calculation and showed what the ECF would be if the lake access properties were removed which lowered the ECF in all "non-lake access: properties in the "AREA 4" classification to .958. I asked the Township to forward a copy of this email as Jerry McReynolds would not give me his email when I requested it at the meeting.
12. On Saturday, April 09, 2011, I received the Gerrish Township's Board of Review findings (see Exhibit M, attached) to my appeal. They lowered my assessed value from \$68,400 to \$59,800. However, this reduction didn't reflect my properties TCV, as required by law, in total disregard to the documentation I provided them. In doing so, the Board did acknowledge the assessors erroneous findings but did not go far enough. Jerry McReynolds and the Board of Review disregarded the documentation that was presented to them and colluded with the assessors' office to maintain an improper TCV used in the assessment of my property and other properties in the "AREA 4" properties.
13. Cheryl Gillman, the Gerrish Township Assessor, contrary to well established guidelines and principals in computing a proper ECF multiplier mixed dissimilar properties as shown below. "Deeded Lake Access" properties are inherently more valuable and using the individual ECF indicators from those recent sales to arrive at an ECF for non-lake access assessments improperly and illegally increases the TCV of non-lake access properties. The numbers on the charts below were taken directly from the charts provided by Cheryl Gillman as shown in Exhibit H.

Improper Area 4 Sampling

Parcel #	Street Address	Sale Date	Sale Price	Building Residual	Cost Man \$	Individual ECF's
004-030-001-0060	5045 W. Birch Road	07/22/10	\$ 145,000	\$ 99,692	\$ 126,730	0.7866
004-180-016-0000	8770 Edward Kumm	12/07/09	\$ 110,000	\$ 103,715	\$ 93,753	1.1063
004-180-025-0000	5840 Ellixson Court	06/14/10	\$ 55,500	\$ 45,350	\$ 77,963	0.5817
004-611-024-0000	108 Holly Lane	07/24/10	\$ 183,000	\$ 140,705	\$ 65,398	2.1515
004-611-026-0000	104 Holly Lane	11/03/09	\$ 191,100	\$ 149,662	\$ 62,585	2.3913
004-613-069-0000	205 Gardners Grove	08/20/10	\$ 188,900	\$ 159,688	\$ 91,458	1.7460
004-625-004-0000	112 Pleasant View	08/27/10	\$ 173,000	\$ 128,792	\$ 58,959	2.1844
004-625-027-0000	109 Dunlop	07/19/10	\$ 180,000	\$ 137,250	\$ 40,832	3.3613
004-713-079-0000	223 Spruce	08/19/10	\$ 43,900	\$ 26,497	\$ 16,224	1.6332
004-714-012-0000	222 Spruce	05/24/10	\$ 83,500	\$ 52,760	\$ 63,531	0.8305
004-800-025-0000	149 Chicago Ave	10/30/09	\$ 125,000	\$ 116,266	\$ 97,256	1.1955
004-800-101-0000	434 Jefferson	03/20/10	\$ 115,000	\$ 105,838	\$ 98,502	1.0745
				\$ 1,266,215	\$ 893,191	19.0428
						12 properties
						1.587 average ECF
Actual ECF						1.418

Area 4 Sampling (without Lake Access Lots)

Parcel #	Street Address	Sale Date	Sale Price	Building Residual	Cost Man \$	Individual ECF's
004-030-001-0060	5045 W. Birch Road	07/22/10	\$ 145,000	\$ 99,692	\$ 126,730	0.7866
004-180-016-0000	8770 Edward Kumm	12/07/09	\$ 110,000	\$ 103,715	\$ 93,753	1.1063
004-180-025-0000	5840 Ellixson Court	06/14/10	\$ 55,500	\$ 45,350	\$ 77,963	0.5817
004-713-079-0000	223 Spruce	08/19/10	\$ 43,900	\$ 26,497	\$ 16,224	1.6332
004-714-012-0000	222 Spruce	05/24/10	\$ 83,500	\$ 52,760	\$ 63,531	0.8305
004-800-025-0000	149 Chicago Ave	10/30/09	\$ 125,000	\$ 116,266	\$ 97,256	1.1955
004-800-101-0000	434 Jefferson	03/20/10	\$ 115,000	\$ 105,838	\$ 98,502	1.0745
				\$ 550,118	\$ 573,959	7.2082
						7 properties
						1.030 average ECF
Actual ECF						0.958

Lake Access Properties

004-611-024-0000	108 Holly Lane	07/24/10	\$ 183,000	\$ 140,705	\$ 65,398	2.1515
004-611-026-0000	104 Holly Lane	11/03/09	\$ 191,100	\$ 149,662	\$ 62,585	2.3913
004-613-069-0000	205 Gardners Grove	08/20/10	\$ 188,900	\$ 159,688	\$ 91,458	1.7460
004-625-004-0000	112 Pleasant View	08/27/10	\$ 173,000	\$ 128,792	\$ 58,959	2.1844
004-625-027-0000	109 Dunlop	07/19/10	\$ 180,000	\$ 137,250	\$ 40,832	3.3613
				\$ 716,097	\$ 319,232	11.8347
						5 properties
						2.367 average ECF
Actual ECF						2.243

14. As you will notice, once you remove the Lake Access Lots from the “Improper Area 4 Sampling” ECF analysis, the ECF multiplier drops to .958 as shown in “Area 4 Sampling (without Lake Access Lots)” which is much more in line with non-lake access TCV’s.

15. The methodology used by the assessor violated several directives as described in the “STATE ASSESSORS BOARD MANDATORY CERTIFICATION RENEWAL PROGRAM LAND VALUES, LAND VALUE MAPS, AND ECONOMIC CONDITION FACTORS” and the Assessor’s Manual, volumes 1,2 and 3.

16. One of the directives assessors are supposed to use states that dissimilar properties should not be used in the same ECF analysis.

17. Another directive states that when there is an abnormal variance in individual ECF indicators, as in this case, the assessor should investigate the reason for that variance. If Cheryl Gillman, the Gerrish Township Assessor would have investigated the abnormal variance as she should have, she would have noticed that she improperly included “deeded lake access” properties in the ECF analysis for “non-lake access” properties. **Lake access** properties individual ECF indicators ranged from 1.74 to 3.36. **Non-Lake access** properties individual ECF indicators ranged from .58 to 1.63. This should have sent up a red flag to the assessor and corrections should have been made. I believe she knew these facts but chose to ignore them out of ignorance or as a methodology to boost tax revenues.
18. In any event, most properties in the Roscommon have gone down in value and an ECF of .958 is reasonable and should be utilized in non-lake access “AREA 4” assessments or it should be scrapped and another analysis developed. If the proper ECF was used on my property the TCV assessment would be on a true cash value of \$97,360 including the land. This is much more in line with its actual value despite the fact that it appraised at only \$75,000. To arrive at this figure I removed the land value from the 2011 valuation report provided to me by Cheryl Gillman and used the .958 ECF multiplier on the depreciated value (\$85,419, which includes the county multiplier of 1.09) and then added the land value (\$15,529) back in to arrive at the correct assessment of \$97,360.
19. I have included Google Maps (see Exhibit N, attached) indicating where each property is located as utilized in the “AREA 4” ECF analysis so you can see the proximity of the properties in question to Higgins Lake. The close proximity to Higgins Lake doesn’t necessarily indicate that the properties have deeded lake access, but they are indicative of that probability. As you will see, some properties don’t have lake access even though they are on the lake side of Co. Rd 200 (West Higgins Lake Drive). However, all properties on the non-lake side of Co. Rd 200 (West Higgins Lake Drive) do not have lake access and should not be included in the “AREA 4” classification. What really bothers me is that the Assessor has lived in the Higgins Lake area for years and knows which properties have “deeded lake access” and which ones do not. Even if she never lived in the area, she should have investigated to determine if the properties have deeded lake access. This is something that Cheryl Gillman should have done as described in the Assessors Manuals and certification programs because maps are supposed to be used with ECF’s shown to prevent such things from happening as patterns are established when individual ECF indicators on maps are seen. Since Cheryl Gillman has lived in the Higgins Lake area most if not all of her life, and is very familiar with all the lake access issues over the years, she does know which properties have lake access. That is why I suspect a more nefarious motive and conspiracy is taking place between her office and the Board of Review to improperly hike tax revenues.

20. To further assist, I researched the lake access properties at the Register of Deeds in Roscommon and those copies are attached providing proof that the five lake access properties described, do in fact, have lake access, which everyone in our area knows. They either belong to lake access associations or they have deeded lake access granted to them (see Exhibits O-S, attached). The Roscommon County Register of Deeds will verify the "deeded lake access" properties and the "non-lake access" properties as I described in the above charts.

I am extremely concerned that the methodologies used by Cheryl Gillman are improper and incompetent in the least or illegal and negligent at worst. There is clear misconduct involved in this case and all the properties included in the "Area 4" properties and I suspect many other inconsistencies in Gerrish. The Township Supervisor and the Board or review is equally complicit and should also be investigated in this regard. Shifting the tax burden from one class of property owners to another class of property owners is discriminatory and illegal.

Another deep concern I have is the fact that Jerry McReynolds was complicit with regard to Cheryl Gillman's improper job performance. He was provided with more than adequate documentation and other proofs that should have helped him in coming up with a proper conclusion. Instead, he chose to ignore the facts to protect the assessor in her incompetence. If that isn't the case, he is guilty of much more.

I hereby request that the State Tax Commission review the above claims and evidence attached and proceed to an investigatory review regarding the Township assessor and everyone involved in the inappropriate and illegal actions in this matter. The State needs to step in and mandate that the Township remove the assessor and hire independent contractors or take the assessment process over entirely and review the assessment activities over the past few years. I believe this case is a tip of the iceberg.

Sincerely,

Eric Ostergren
6016 Foxboro Court
Midland, MI 48640
989-859-8791