

<p><b>BOARD OF ASSESSMENT APPEALS, STATE OF COLORADO</b> 1313 Sherman Street, Room 315 Denver, Colorado 80203</p> <hr/> <p>Petitioner:</p> <p><b>STERLING BANK,</b></p> <p>v.</p> <p>Respondent:</p> <p><b>LAS ANIMAS COUNTY BOARD OF EQUALIZATION.</b></p>	<p><b>Docket No.: 56117</b></p>
<p><b>ORDER</b></p>	

**THIS MATTER** was heard by the Board of Assessment Appeals on May 19, 2011, Debra A. Baumbach and Lyle D. Hansen presiding. Petitioner was represented by Kenneth S. Kramer, Esq. Respondent was represented by Mary D. Newnam, Esq. Petitioner is protesting the 2010 actual value of the subject property.

Subject property is described as follows:

**3125 Toupal Drive, Trinidad, Colorado  
Las Animas County Schedule No. R0012217000**

The subject is a two-story, wood frame, Quality Inn, commercial hotel/motel built in 1979. The building contains a total of 70,720 square feet and a room count of 113 rooms. Motel amenities include a restaurant, indoor swimming pool and conference rooms. The improvements are situated on a 6.0-acre commercial lot.

Petitioner is requesting an actual value of \$3,232,712.00 for the subject property for tax year 2010. Respondent assigned a value of \$5,836,429.00 for the subject property for tax year 2010.

Petitioner presented the following indicators of value:

Market:	n/a
Cost:	n/a
Income:	\$3,232,712.00

Petitioner presented seven comparable sales but did not conclude a value indication by the market approach.

Petitioner presented no cost approach to derive a market-adjusted cost value for the subject property.

Petitioner presented an income approach to derive a value of \$3,232,712.00 for the subject property.

Petitioner's witness, Mr. Ron Little, testified that he is a tax consultant and that he possesses a temporary appraiser's license to practice in Colorado. He testified that the subject property is a 30-year old property in its declining economic life. Mr. Little testified that he was able to obtain the twelve months of income and expense information for 2008 but was unable to obtain any income and expense information for the years prior to 2008. He testified that he based his value for the income approach on income and expense information for the whole year of 2008. Mr. Little testified that as of the appraisal date of June 30, 2008, the hotel/motel room rates in the subject market area were decreasing, expense ratios were increasing and capitalization rates were increasing. Mr. Little testified that he did not complete a pro-forma income approach. During re-direct examination, Mr. Little re-accomplished an income approach by treating real estate taxes as being paid in the second half of 2008 and derived a value indication of \$3,699,800.00.

Respondent presented the following indicators of value:

Market:	\$5,836,429.00
Cost:	\$6,727,814.00
Income:	n/a

Respondent presented three comparable sales ranging in sale price from \$3,100,000.00 to \$5,128,000.00 and in room count from 62 to 200 rooms. No adjustments were made to the comparable sales.

Respondent used a state-approved cost estimating service to derive a market-adjusted cost value for the subject property of \$6,727,814.00.

Respondent did not accomplish an income approach to derive a value for the subject property.

Respondent assigned an actual value of \$5,836,429.00 to the subject property for tax year 2010.

Respondent's appraiser, Ms. Jodi Amato, testified that the subject property sold on June 25, 2008 for \$7,300,000.00 and was financed on a loan of \$6,489,750.00. She testified that the comparable sale located at 702 West Main Street in Trinidad was Respondent's best comparable sale because of its location in the subject property's city. This comparable sale sold at \$3,100,000.00 or

\$50,000.00 per unit. Ms. Amato testified that since she was unable to obtain income and expense information on the subject property, she placed greater reliability upon the market approach.

Sufficient probative evidence and testimony was presented to prove that the tax year 2010 valuation of the subject property was incorrect.

The Board concluded that the income approach to value would be the most appropriate valuation approach for the subject property because the subject is a commercial hotel/motel and the value of the real property is combined with the business value. The Board concluded the Petitioner's income approach was not acceptable because they utilized subject property income data that was outside of the data-gathering period. The Respondent did not complete an income approach. The Board completed an income approach relying upon Petitioner's submission of the subject's income and expense data for the period from January 1, 2008 to June 30, 2008. The Board also utilized capitalization rate data taken from the Real Estate Research Corporation information provided by the Petitioner. By application of the income approach, the Board concluded a value for the subject property of \$4,282,000.00. This concluded value by the Board represents the value of the going concern, which includes the value of the real property combined with the business value.

The Board concludes that the 2010 actual value of the subject property should be reduced to \$4,282,000.00.

**ORDER:**

Respondent is ordered to reduce the 2010 actual value of the subject property to \$4,282,000.00.

The Las Animas County Assessor is directed to change his/her records accordingly.

**APPEAL:**

If the decision of the Board is against Petitioner, Petitioner may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

If the decision of the Board is against Respondent, Respondent, upon the recommendation of the Board that it either is a matter of statewide concern or has resulted in a significant decrease in the total valuation of the respondent county, may petition the Court of Appeals for judicial review according to the Colorado appellate rules and the provisions of Section 24-4-106(11), C.R.S. (commenced by the filing of a notice of appeal with the Court of Appeals within forty-five days after the date of the service of the final order entered).

In addition, if the decision of the Board is against Respondent, Respondent may petition the Court of Appeals for judicial review of alleged procedural errors or errors of law within thirty days of such decision when Respondent alleges procedural errors or errors of law by the Board.

If the Board does not recommend its decision to be a matter of statewide concern or to have resulted in a significant decrease in the total valuation of the respondent county, Respondent may petition the Court of Appeals for judicial review of such questions within thirty days of such decision.

Section 39-8-108(2), C.R.S.

**DATED and MAILED** this 10 day of June 2011.

**BOARD OF ASSESSMENT APPEALS**

*Debra A. Baumbach*

Debra A. Baumbach

*Lyle D. Hansen*

Lyle D. Hansen

I hereby certify that this is a true and correct copy of the decision of the Board of Assessment Appeals.

*Amy Bruins*  
Amy Bruins

