

April 17, 2026

# FINAL ARGUMENTS



Prepared for: **Board of Equalization**

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## EXHIBIT – COST APPROACH WORKSHEET

**Property:** 3584A N Main St, Kelseyville, CA

**Subject:** County Cost Approach Analysis

**Sale Price (2023):** \$700,000

### Land Value

- Calculator cost worksheet provided by the County prior to the appeal stated the 2024 land value was \$100,000
- Calculator cost worksheet provided by the County at the appeal stated the 2024 land value was now \$150,000 because of grading

#### **1. Actual Cost vs. County Adjustment**

- **Actual grading + gravel cost: \$5,327.33**
- **County land adjustment: \$50,000**

**10× higher than actual cost**

#### **2. Work Performed Was Limited in Scope**

The work consisted of:

- Basic grading
- Gravel placement

It did **not include**:

- Paving (asphalt or concrete)
- Utilities (water, sewer, electricity)
- Drainage systems
- Structural site improvements

This was **minor site work**, not major land development.

#### **3. Misclassification: Land vs. Site Improvements**

- **Land value** = value of raw site
- **Grading & gravel** = site improvements

If recognized at all, this should be treated as a **minor site improvement**, not a **\$50,000 increase in land value**

The county also already has the aisle gravel roadway in the additives-yard improvement section of their worksheet for **\$15,750** (1.05 x 15000sqft). We again only paid a total of **\$5,327.33 for grading and gravel.**

### **Entrepreneurial Profit**

- Calculator cost worksheet provided by the County prior to the appeal stated that entrepreneurial profit was **not included**
- Calculator cost worksheet provided by the County at the appeal has a **20% entrepreneurial profit** added for a total of **\$126,137.37**

Marshall & Swift does not automatically include entrepreneurial profit, it must be supported by the market. There is no evidence that buyers of small, utility-limited storage facilities pay a developer premium. This is a **simple property** with no utilities, no office, and no development complexity. It is also an existing, stabilized asset, **not a new development project**. Adding entrepreneurial profit would push the value above the actual purchase price and income-supported value, which shows it is not market-supported. For those reasons, **entrepreneurial profit should not be included** in the cost approach.

### **Depreciation**

- The county also has 0 depreciation even though the facility was built in 2020.

County's Current Building and additives subtotal: \$630,686.87

- Change Aisle gravel roadway cost: 5,327.33

5,327.33 x 1.3552 (regional & local multiplier) = 7,219.59

7,219.59 (yard improvement cost) + 894.43 (sign cost) = **8,114.02 (total additives cost)**

232,882.65+174,229.26+201,336.14+8,114.02=**616,562.07**

(Building A+Building B+Building C+Additives cost= Building and Additives Subtotal)

- Real Estate Taxes (Say 1% of building cost) = 6,165.62
- Remove Entrepreneurial profit

616,562.07+6,165.02=**622,727.09**

(Building and additives subtotal + Real Estate Taxes)

- Add 6 years depreciation

Economic life: 40

Age: 6

$$6/40=0.15$$

15% of cost = depreciation

$$622,727.09 \times 15\% = 93,409.06$$

$$622,727.09 - 93,409.06 = 529,318.03$$

- Change land value back to 100,000

$$529,318.03 + 100,000 = \mathbf{629,318.03}$$

**Subtotal: 629,318.03**

# County's Cost Worksheet Prior to Appeal

**CALCULATOR COST WORKSHEET**

008-063-250

|                                    |                        |       |
|------------------------------------|------------------------|-------|
| Building type                      | MINI-WAREHOUSES (386)  |       |
| Building class/quality             | S-average              |       |
| Building size (area)               | 30X175, 15x190, 15x250 | 12000 |
| Perimeter                          |                        | 1350  |
| Age & Condition                    | New                    |       |
| Region                             | WESTERN                | 1.07  |
| City                               | lake county            | 1.22  |
| Section 14, page 28, February 2024 |                        |       |

| BUILDINGS                             |                                  | Square Foot Refinements | Description  | M&S (sec, pg, mo & yr) | Multiplier | Add/Subtract to base cost | Cost       |
|---------------------------------------|----------------------------------|-------------------------|--------------|------------------------|------------|---------------------------|------------|
| 1                                     | Base Square Foot Cost            | Average                 | sec 14 pg 28 |                        |            |                           | 47.5       |
| 2                                     | Heating & Cooling                | Include                 |              |                        |            | 0                         |            |
| 3                                     | Elevator                         | None                    |              |                        |            | 0                         |            |
| 4                                     | Other                            |                         |              |                        |            | 0                         |            |
| 5                                     | Total (1+2+3+4)                  |                         |              |                        |            |                           | 47.5       |
| Multiplier Refinements                |                                  |                         |              |                        |            |                           |            |
| 6                                     | Multiple story adjustment        |                         |              |                        | 1          |                           |            |
| 7                                     | Story Heights Multiplier         |                         |              |                        | 1          |                           |            |
| 8                                     | Floor Area/Perimeter Multiplier  |                         | sec 14 pg 38 |                        | 1.083      |                           |            |
| 9                                     | Other multiplier (if applicable) |                         |              |                        | 1          |                           |            |
| 10                                    | Combined Mutliplier (6x7x8x9)    |                         |              |                        | 1.083      |                           |            |
| Refined Square Foot Cost              |                                  |                         |              |                        |            |                           |            |
| 11                                    | Sprinklers                       |                         | sec 14 pg 37 |                        |            | 5.62                      | 51.4425    |
| Refined Square Foot Cost + Sprinklers |                                  |                         |              |                        |            |                           | 57.0625    |
| Regional & Local Multiplier           |                                  |                         |              |                        |            |                           |            |
| 12                                    | Regional cost multiplier         |                         |              |                        | 1.07       |                           |            |
| 13                                    | Local Cost Multiplier            |                         |              |                        | 1.22       |                           |            |
| 14                                    | Combined Mutliplier (12x13)      |                         |              |                        | 1.3054     |                           |            |
| Final Square Foot Cost                |                                  |                         |              |                        |            |                           | 74.4893875 |
| BUILDING COST (size x final sf cost)  |                                  | 12000                   |              |                        |            |                           | 893872.65  |

| ADDITIVES        |  |                  |             |  |        |       |           |
|------------------|--|------------------|-------------|--|--------|-------|-----------|
| Yard Improvement |  |                  |             |  |        |       |           |
| 1                | warehouse aisle gravel roadway                     |                  | sec66 pg1   |  | 1.05   | 15000 |           |
|                  | warehouse aisle roadway price per sf               |                  |             |  |        |       |           |
|                  | Regional & Local multiplier                        |                  |             |  | 1.3054 |       |           |
|                  | Parking lot cost (size x cost per sf x multiplier) |                  |             |  |        |       | 20560.05  |
|                  | Total Yard Improvement cost (1 + 2 + 3 + 4)        |                  |             |  |        |       | 20560.05  |
| Signs            |  |                  |             |  |        |       |           |
| 1                | Sign size 5x3 metal                                | metal front only | Sec 56 pg 6 |  | 98     | 15    |           |
|                  | Sign cost per sf                                   |                  |             |  |        |       |           |
|                  | Regional & Local multiplier                        |                  |             |  | 1.3054 |       |           |
|                  | Signs cost (size x cost per sf x multiplier)       |                  |             |  |        |       | 1918.938  |
| ADDITIVES COST   |  |                  |             |  |        |       | 22478.988 |

| BUILDING and ADDITIVES SUBTOTAL  |  |               |     |                            |         |   | 916,352   |
|----------------------------------|--|---------------|-----|----------------------------|---------|---|-----------|
| Financing Costs                  |  |               |     |                            |         |   |           |
| Real Estate Taxes                |  |               |     | Say 1% of building cost    |         |   | 9,164     |
| Leasing Commissions              |  |               |     |                            |         |   |           |
| Land Value                       |  |               |     | 2024 land value assessment |         |   | 100,000   |
| Entrepreneurial Profit           |  |               |     | not included               |         |   |           |
| Broker's Commission              |  |               |     |                            |         |   |           |
| SUBTOTAL                         |  |               |     |                            |         |   | 1,025,515 |
| expected life sec 97 p 12        |  | expected life | age | life left                  | percent |   |           |
| Depreciation                     |  | 40            |     | 0                          | 40      | 0 |           |
| VALUE INDICATOR BY COST APPROACH |  |               |     |                            |         |   | 1,025,515 |

# County's Worksheet at Appeal

## CALCULATOR COST WORKSHEET

|                                    | BLDG A                | BLDG B | BLDG C |
|------------------------------------|-----------------------|--------|--------|
| Building type                      | MINI-WAREHOUSES (386) |        |        |
| Building class/quality             | LOW COST              |        |        |
| Building size (area)               | 3750                  | 2850   | 3750   |
| Perimeter                          | 530                   | 410    | 420    |
| Age & Condition                    | New                   |        |        |
| Region                             | 1.12                  | 1.12   | 1.12   |
| City                               | 1.21                  | 1.21   | 1.21   |
| Section 14, page 28, February 2024 |                       |        |        |

1.3552

| BUILDING A | Square Foot Refinements                      | Description                          | M&S (sec, pg, mo & yr) | Multiplier        | Add/Subtract to base cost | Cost   |
|------------|--|--------------------------------------|------------------------|-------------------|---------------------------|--------|
|            | 1  | Base Square Foot Cost                | Low Cost               | sec 14 pg 28      |                           | 32.5   |
|            | 2  | Heating & Cooling                    | NONE                   |                   | 0                         |        |
|            | 3  | Elevator                             | None                   |                   | 0                         |        |
|            | 4  | Other                                |                        |                   | 0                         |        |
|            | 5  | <b>Total (1+2+3+4)</b>               |                        |                   |                           | 32.5   |
|            | <b>Multiplier Refinements</b>                |                                      |                        |                   |                           |        |
|            | 6  | Multiple story adjustment            |                        | 1                 | 1                         |        |
|            | 7  | Story Heights Multiplier             |                        | 1                 | 1                         |        |
|            | 8  | Floor Area/Perimeter Multiplier      | 530                    | sec 14 pg 38 2/22 | 1.41                      |        |
|            | 9  | Other multiplier (if applicable)     |                        |                   | 1                         |        |
|            | 10   | <b>Combined Mutliplier (6x7x8x9)</b> |                        |                   |                           | 1.41   |
|            | <b>Refined Square Foot Cost</b>              |                                      |                        |                   |                           |        |
|            | 11   | Sprinklers                           |                        | sec 14 pg 37      | 0                         |        |
|            | <b>Refined Square Foot Cost + Sprinklers</b> |                                      |                        |                   |                           |        |
|            | <b>Regional &amp; Local Multiplier</b>       |                                      |                        |                   |                           |        |
|            | 12   | Regional cost multiplier             |                        |                   | 1.12                      |        |
|            | 13   | Local Cost Multiplier                |                        |                   | 1.21                      |        |
|            | 14   | <b>Combined Mutliplier (12x13)</b>   |                        |                   |                           | 1.3552 |
|            | <b>Final Square Foot Cost</b>                |                                      |                        |                   |                           |        |
|            | 62.10204                                     |                                      |                        |                   |                           |        |
|            | <b>BUILDING COST (size x final sf cost)</b>  |                                      |                        |                   |                           |        |
|            | 3750 232,882.65                              |                                      |                        |                   |                           |        |

| BUILDING B | Square Foot Refinements                      | Description                          | M&S (sec, pg, mo & yr) | Multiplier   | Add/Subtract to base cost | Cost   |
|------------|--|--------------------------------------|------------------------|--------------|---------------------------|--------|
|            | 1  | Base Square Foot Cost                | Low Cost               | sec 14 pg 28 |                           | 32.5   |
|            | 2  | Heating & Cooling                    | NONE                   |              | 0                         |        |
|            | 3  | Elevator                             | None                   |              | 0                         |        |
|            | 4  | Other                                |                        |              | 0                         |        |
|            | 5  | <b>Total (1+2+3+4)</b>               |                        |              |                           | 32.5   |
|            | <b>Multiplier Refinements</b>                |                                      |                        |              |                           |        |
|            | 6  | Multiple story adjustment            |                        |              | 1                         |        |
|            | 7  | Story Heights Multiplier             |                        |              | 1                         |        |
|            | 8  | Floor Area/Perimeter Multiplier      | 410                    | sec 14 pg 38 | 1.388                     |        |
|            | 9  | Other multiplier (if applicable)     |                        |              | 1                         |        |
|            | 10   | <b>Combined Mutliplier (6x7x8x9)</b> |                        |              |                           | 1.388  |
|            | <b>Refined Square Foot Cost</b>              |                                      |                        |              |                           |        |
|            | 11   | Sprinklers                           |                        | sec 14 pg 37 | 0                         |        |
|            | <b>Refined Square Foot Cost + Sprinklers</b> |                                      |                        |              |                           |        |
|            | <b>Regional &amp; Local Multiplier</b>       |                                      |                        |              |                           |        |
|            | 12   | Regional cost multiplier             |                        |              | 1.12                      |        |
|            | 13   | Local Cost Multiplier                |                        |              | 1.21                      |        |
|            | 14   | <b>Combined Mutliplier (12x13)</b>   |                        |              |                           | 1.3552 |
|            | <b>Final Square Foot Cost</b>                |                                      |                        |              |                           |        |
|            | 61.133072                                    |                                      |                        |              |                           |        |
|            | <b>BUILDING COST (size x final sf cost)</b>  |                                      |                        |              |                           |        |
|            | 2850 174,229.26                              |                                      |                        |              |                           |        |

| BUILDING C | Square Foot Refinements                      | Description                          | M&S (sec, pg, mo & yr) | Multiplier   | Add/Subtract to base cost | Cost   |
|------------|--|--------------------------------------|------------------------|--------------|---------------------------|--------|
|            | 1  | Base Square Foot Cost                | Low Cost               | sec 14 pg 28 |                           | 32.5   |
|            | 2  | Heating & Cooling                    | NONE                   |              | 0                         |        |
|            | 3  | Elevator                             | None                   |              | 0                         |        |
|            | 4  | Other                                |                        |              | 0                         |        |
|            | 5  | <b>Total (1+2+3+4)</b>               |                        |              |                           | 32.5   |
|            | <b>Multiplier Refinements</b>                |                                      |                        |              |                           |        |
|            | 6  | Multiple story adjustment            |                        |              | 1                         |        |
|            | 7  | Story Heights Multiplier             |                        |              | 1                         |        |
|            | 8  | Floor Area/Perimeter Multiplier      | 420                    | sec 14 pg 38 | 1.219                     |        |
|            | 9  | Other multiplier (if applicable)     |                        |              | 1                         |        |
|            | 10   | <b>Combined Mutliplier (6x7x8x9)</b> |                        |              |                           | 1.219  |
|            | <b>Refined Square Foot Cost</b>              |                                      |                        |              |                           |        |
|            | 11   | Sprinklers                           |                        | sec 14 pg 37 | 0                         |        |
|            | <b>Refined Square Foot Cost + Sprinklers</b> |                                      |                        |              |                           |        |
|            | <b>Regional &amp; Local Multiplier</b>       |                                      |                        |              |                           |        |
|            | 12   | Regional cost multiplier             |                        |              | 1.12                      |        |
|            | 13   | Local Cost Multiplier                |                        |              | 1.21                      |        |
|            | 14   | <b>Combined Mutliplier (12x13)</b>   |                        |              |                           | 1.3552 |
|            | <b>Final Square Foot Cost</b>                |                                      |                        |              |                           |        |
|            | 53.689636                                    |                                      |                        |              |                           |        |
|            | <b>BUILDING COST (size x final sf cost)</b>  |                                      |                        |              |                           |        |
|            | 3750 201,336.14                              |                                      |                        |              |                           |        |

| ADDITIVES |                         |   |                 |             |        |           |
|-----------|-------------------------|---|-----------------|-------------|--------|-----------|
|           | <b>Yard Improvement</b> |   |                 |             |        |           |
|           | 1                       | warehouse aisle gravel roadway                      |                 | sec66 pg1   | 1.05   | 15000     |
|           |                         | warehouse aisle roadway price per sf                |                 |             |        |           |
|           |                         | Regional & Local multiplier                         |                 |             | 1.3552 |           |
|           |                         | Parking lot cost (size x cost per sf x multiplier)  |                 |             |        |           |
|           |                         | <b>Total Yard Improvement cost (1 + 2 + 3 + 4)</b>  |                 |             |        | 21,344.40 |
|           | <b>Signs</b>            |   |                 |             |        |           |
|           | 1                       | Sign size 5x3 wood                                  | wood front only | Sec 56 pg 6 | 44     | 15        |
|           |                         | Sign cost per sf                                    |                 |             |        |           |
|           |                         | Regional & Local multiplier                         |                 |             | 1.3552 |           |
|           |                         | <b>Signs cost (size x cost per sf x multiplier)</b> |                 |             |        | 894.43    |
|           | <b>ADDITIVES COST</b>   |   |                 |             |        |           |
|           | 22,238.83               |   |                 |             |        |           |

|   |  |  |  |  |  |  |                         |            |                  |                |
|---|--|--|--|--|--|--|-------------------------|------------|------------------|----------------|
| <b>BUILDING and ADDITIVES SUBTOTAL</b>  |  |  |  |  |  |  | 630,686.87              |            |                  |                |
| Financing Costs                         |  |  |  |  |  |  |                         |            |                  |                |
| Real Estate Taxes                       |  |  |  |  |  |  | Say 1% of building cost | 6,306.87   |                  |                |
| Leasing Commisions                      |  |  |  |  |  |  |                         |            |                  |                |
| Entrepreneurial Profit                  |  |  |  |  |  |  | 20%                     | 126,137.37 |                  |                |
| Land Value                              |  |  |  |  |  |  | 2024 land with grading  | 150,000.00 |                  |                |
| Broker's Commision                      |  |  |  |  |  |  |                         |            |                  |                |
| <b>SUBTOTAL</b>                         |  |  |  |  |  |  | 913,131.12              |            |                  |                |
| <i>expected life sec 97 p 12</i>        |  |  |  |  |  |  | <i>expected life</i>    | <i>age</i> | <i>life left</i> | <i>percent</i> |
| Depreciation                            |  |  |  |  |  |  | 40                      | 0          | 40               | 0              |
| <b>VALUE INDICATOR BY COST APPROACH</b> |  |  |  |  |  |  | 913,131                 |            |                  |                |

## EXHIBIT- COUNTY UPDATED APPRAISAL

**Property:** 3584A N Main St, Kelseyville, CA

**County Value Conclusion:** \$1,440,000

**Owner Opinion of Value:** \$700,000 (supported by market sale)

### 1. No New Market Evidence

The County's appraisal relies on three incomparable properties:

- Large-scale facilities
- Multi-parcel portfolio sales
- Superior utility and infrastructure

The County's appraisal from the appeal **repackages adjustments** but does not improve comparability from the the appraisal that was given to us prior to the appeal.

### 2. Comparable Properties Are Not Similar

All County comparables are **materially superior**:

| Feature     | Subject   | County Comps      |
|-------------|-----------|-------------------|
| Electricity | ✗ None    | ✓ Yes             |
| Water       | ✗ None    | ✓ Yes             |
| Office      | ✗ None    | ✓ Yes             |
| Paving      | ✗ Gravel  | ✓ Paved           |
| Gate/Fence  | ✗ None    | ✓ Yes             |
| Scale       | 12,000 sf | 50,000–90,000+ sf |

These are **institutional-grade facilities**, not comparable to a small rural property.

### 3. Adjustments Are Unsupported

The updated report applies:

- Large dollar adjustments
- % condition adjustments (e.g., 15%)

However, it provides:

- ✗ No paired sales analysis
- ✗ No cost-based support
- ✗ No market-derived adjustment data

The County added more adjustments in the updated report, including condition percentages, but provides no market evidence to support them.

There is no paired sales analysis, no cost basis, no explanation of how these numbers were derived.

#### **4. Arm's-Length Sale Ignored**

- Subject sold in **2023 for \$700,000**
- Equals **~\$58/sf**
- Within supported market range of **\$40–\$60/sf**

County conclusion:

- **\$1,440,000 (~\$100–\$120/sf)**

No evidence supports a **100%+ increase over a recent market transaction**

#### **5. Conclusion**

The updated appraisal adds complexity, but not credibility.

The appraisal provided by the County prior to the appeal gave a value of \$1,000,000. The appraisal provided at the appeal has a value of \$1,440,000.

Trying to understand where \$440,000 got added back in.

The most reliable evidence remains the actual sale and the properly adjusted market range of \$40 to \$60 per square foot.



15-2025 Myers Storage  
008-063-250

| Comparable Approach | Income Approach | Cost Approach |
|---------------------|-----------------|---------------|
| \$1,000,000         | 1,210,000       | 1,025,500     |

|            |             |
|------------|-------------|
|            | \$1,078,500 |
| round down | \$1,000,000 |



# PROPERTY TAX APPRAISAL

County's Appraisal at Appeal

Different Comp

Subject Property

Comp1

Comp2

Comp3

**PROPERTY DESCRIPTION**

acreage \$160k/acre value is under View as program would not allow large amount in Acres allocation space  
storage space \$47.5/sf  
condition \$15k/year

| Assessment         | 008-063-250-000                    | 049-300-140-000                     | 014-270-710-000                   | 010-043-070-000              |
|--------------------|------------------------------------|-------------------------------------|-----------------------------------|------------------------------|
| Document Number    |                                    | 2022R0010277                        | 2022R0005681                      | 2022R0011224                 |
| Status             | 3584A NORTH MAIN ST<br>KELSEYVILLE | 11360 SPRUCE GROVE RD LOWER<br>LAKE | 18300 VINTAGE CT MIDDLETOWN       | 6925 OLD HWY 53 CLEARLAKE    |
| Neighborhood Code  | 008                                | 049                                 | 014                               | 010                          |
| Sales Price        |                                    | 6,875,000                           | 8,500,000                         | 5,000,000                    |
| Event Date         |                                    | 07/27/2022                          | 04/22/2022                        | 08/18/2022                   |
| Building Size      | 12,000                             |                                     | 14,273                            |                              |
| Price Per SF       |                                    |                                     | \$ 595.53                         |                              |
| Unfin Bal/Gnd SF   |                                    |                                     |                                   |                              |
| Quality Class      |                                    |                                     |                                   |                              |
| Year Built         | 2021                               | 0                                   | 0                                 | 0                            |
| Effective Year     | 2021                               | 0                                   | 0                                 | 0                            |
| Condition          | New                                |                                     | Good                              |                              |
| Distance           |                                    | 14.42                               | 19.91                             | 12.27                        |
| Location           | Slope: 2°                          | Slope: 18°                          | Slope: 2°                         | Slope: 2°                    |
| Acres              | 0.62                               | 7.46                                | 1.10                              | 0.57                         |
| Bed Rooms          | 0                                  | 0                                   | 0                                 | 0                            |
| Bath Rooms         | 0                                  | 0                                   | 0                                 | 0                            |
| Half Baths         | 0                                  | 0                                   | 0                                 | 0                            |
| HVAC               |                                    |                                     |                                   |                              |
| Garage             |                                    |                                     |                                   |                              |
| Attached Garage SF |                                    |                                     |                                   |                              |
| Detached Garage SF |                                    |                                     |                                   |                              |
| Garport SF         |                                    |                                     |                                   |                              |
| Patio SF           |                                    |                                     |                                   |                              |
| Decks SF           |                                    |                                     |                                   |                              |
| Pool/Spa           |                                    |                                     |                                   |                              |
| Fireplace          |                                    |                                     |                                   |                              |
| View               | No influence                       |                                     |                                   |                              |
| Misc Buildings     |                                    |                                     |                                   |                              |
| Special Features   | new                                | 64k sf storage sp<br>38 yrs old     | 15k sf storage 3<br>bldgs misc im | 54k storage sp 40<br>yrs old |
| Remarks            |                                    | 1 parc                              | 7 parc grp sale<br>10.33 ac       | 3 parc grp sale<br>2.58 ac   |
| Net Adjustments    |                                    |                                     |                                   |                              |
| Adjusted Price     |                                    |                                     |                                   |                              |
|                    |                                    | \$1,094,400                         | \$1,553,600                       | \$313,600                    |
|                    |                                    | \$-200,000                          | \$-4,500,000                      | \$-850,000                   |
|                    |                                    | \$-247,000                          | \$-14,250                         | \$-199,500                   |
|                    |                                    | \$4,334,400                         | \$6,481,100                       | \$-3,558,600                 |
|                    |                                    | \$2,540,800                         | \$2,018,900                       | \$1,441,400                  |

Indicated Value: Land: **\$1,440,000** Structure:

## EXHIBIT – FINANCING ADJUSTMENT (FCV WORKSHEET)

**Property:** 3584A N Main St, Kelseyville, CA

**Subject:** County “Full Cash Value with Present Value of Interest” Analysis

**Sale Price (2023):** \$700,000

### Issue:

The County attempts to increase the verified purchase price of **\$700,000** to **\$1,058,374** by adding a calculated “**present value of interest**” of **\$358,374** derived from the loan amortization schedule.

### 1. Double-Counting Financing (Fundamental Error)

- The \$700,000 purchase price already reflects the **total negotiated consideration** between buyer and seller.
- The County then **adds future interest payments** on top of that price.
- **Interest is the cost of borrowing money—not property value.**
- This results in **double-counting the same transaction.**

### 2. No Evidence of Concessionary or Below-Market Financing

- The loan terms shown:
  - **6% interest rate**
  - Seller financing**Correct terms: 20% down, 7% interest rate, payments for 5 years with a balloon payment**
- The County provides **no market evidence** that:
  - 6% was below market in 2023, or
  - The financing inflated the purchase price
- Without proof of a **financing premium**, **no upward adjustment is justified.**

### 3. Misapplication of “Cash Equivalent” Theory

- A proper cash-equivalent analysis:
  - Adjusts financing **to market terms if necessary**
  - Converts the price to a **cash equivalent—not a higher value**
- The County instead:
  - Adds **total projected interest** as if it were value
- This is **not an accepted appraisal method.**

### 4. Result is Economically Unrealistic

- County conclusion: **\$1,058,374**
- Actual sale: **\$700,000**

- Increase: **+51% above market transaction**
- The conclusion is based **solely on loan math—not market evidence**

### **Correct Standard of Value:**

Under California law, **full cash value = fair market value**, defined as:

The price a willing buyer and seller agree to in an open market transaction.

- The **2023 arm's-length sale at \$700,000** is the **best evidence of value**
- Financing terms do **not convert into additional real estate value**

### **Conclusion:**

The County's analysis is **not a valid appraisal method** and results in a **material overstatement of value**. The calculation improperly converts financing costs into real estate value.

### **Final Position**

- The County's "present value of interest" analysis is:
  - **Methodologically incorrect**
  - **Unsupported by market evidence**
  - **Contrary to appraisal standards**
- It should be given **no weight** in determining value