



November 20, 2012

Mecklenburg County Board of County Commissioners  
Charlotte Mecklenburg Government Center  
Charlotte, NC 28202

Dear Commissioners of the Board,

On July 3, 2012 the Mecklenburg County Board of Commissioners selected our firm, Pearson's Appraisal Service Incorporated, to perform an independent review of the Mecklenburg County 2011 real property revaluation. The review was conducted in accordance with the Request for Proposals issued by Mecklenburg County on June 6, 2012 and our submitted proposal dated June 20, 2012.

Our firm sincerely appreciated the opportunity to conduct this independent review. To our knowledge, this is the first independent review of a revaluation in the State of North Carolina. That being said, there is no standard or precedent of which to compare the results and findings of our review of the Mecklenburg County 2011 revaluation.

We are thankful for the broad support we received throughout the review process from many individuals and associations in Mecklenburg County. The assistance provided by local builders, residential and commercial appraisers, homeowners, commercial property management companies, and residential and commercial realtors was an invaluable asset to gain a thorough understanding of the 2011 revaluation process and an accurate snapshot of the overall local real estate market as of January 1, 2011.

Based on our review of the appraisal work for the 2011 revaluation conducted by the Mecklenburg County Tax Office, most areas reviewed were deemed acceptable by mass appraisal standards. We did, however, find areas in which high degrees of inequity among like properties has resulted in valuations that are not acceptable by widely accepted mass appraisal standards. Based on our review, the unacceptable residential areas were most likely to be older neighborhoods, heterogeneous in nature, and typically with land values that represent a significant portion of the total assessed value. The majority of the commercial neighborhoods we reviewed also possessed significant issues of inequity. Some of these issues of inequity result from the initial 2011 values, while other instances are the result of inequity produced during the appeals process.

It is our recommendation that these neighborhoods deemed as having significant issues be addressed to resolve the issues of inequity among like and similar properties. It is also recommended that neighborhoods be selected that possess qualities similar to the neighborhoods we reviewed to determine if they possess similar level of inequity.

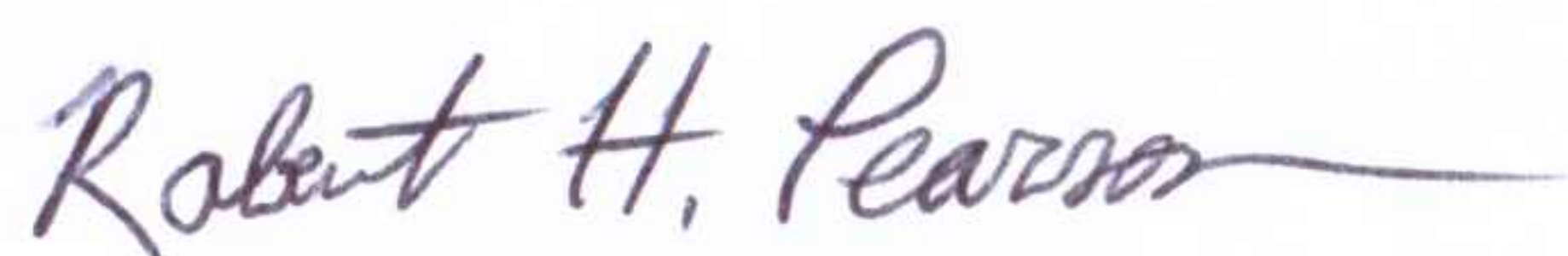
Lack of customer service and the 2011 appeals process were also factors that greatly contributed to the citizen's frustration surrounding the 2011 property revaluation. We hope that the recommendations we have provided regarding these matters will be incorporated into future revaluation cycles to better serve the taxpayers of Mecklenburg County.

Some of the recommendations included in this report are the result of particular findings and inconsistencies discovered during our review of the Mecklenburg County revaluation. Some of the recommendations are based on our firm's experience of more than 30 years in conducting real property revaluations in North Carolina. It is through these recommendations that we hope to provide a framework for a more efficient and transparent process and approach for real property revaluations in Mecklenburg County. We believe the ultimate goal of both County officials and County taxpayers is the same: To conduct a revaluation that accurately reflects market value with a process that is transparent, efficient, and maintains and instills public trust.

In an effort to maintain a high degree of independence, many of the exhibits and evidential findings listed in this report were not reviewed by Mecklenburg County tax office staff. The exhibits contained in this report serve as examples of findings we encountered during our review. Every attempt was made to ensure that our exhibits were well researched based on the resources at our disposal. These resources include the 2011 Patriot CAMA file maintained by the Mecklenburg County tax office, our public meetings held in July and August of 2012, meetings with County staff, and numerous meetings with real estate professionals throughout Mecklenburg County.

Thank you again for the opportunity to serve the taxpayers and officials of Mecklenburg County.

Sincerely,

A handwritten signature in dark ink, reading "Robert H. Pearson" with a long, sweeping horizontal line extending to the right.

Bob Pearson  
President  
Pearson's Appraisal Service, Inc.