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December 29, 2010

Mr. Mike Pelissier
Inland Empire Action Coalition
8979 Mill Creek Road
Walla Walla, WA 99363

RE: Ford Easement Assessment,
RCO-SRFB #09-1583
Project Closeout

Dear Mr. Pellisier:

Thank you for submitting the final report, metrics, and preliminary acquisition documents for the above-described project. Acquisition will proceed under SRFB grant 10-1823. After reviewing the documents, it is our opinion that you have completed the scope of the assessment project agreement and it is in compliance. You should soon receive your final reimbursement, the project will close, and this letter will become part of the permanent file for this grant.

Please note that further action is expected on several items that I reviewed in conjunction with this acquisition and they are expected to be addressed within the new grant, prior to acquisition. You have already been notified of this, but I wanted to reiterate them here. Further required information includes:

Review Appraisal:

The review appraiser still must complete a field inspection of all comparable properties used in the original appraisal to meet RCO policy requirements since the value of the property is greater than \$250,000. I notified you in November that the review appraiser had not inspected the subject property nor any of the comparables. On December 3, I received a letter to attach to the original review appraisal stating that they had reviewed the subject property. There was no indication that they had visited the comparable properties. This must be completed.

RCO Manual 3 Acquisition policy says that for state funded projects, such as this, RCO recognizes the appraisal standards recommended by USPAP, which the appraiser followed. However, the policy further states "...with the following exceptions: (see p16 of Manual 3 at http://www.rco.wa.gov/documents/manuals&forms/Manual_3_acq.pdf)



- Extraordinary Assumptions and Hypothetical Conditions must be clearly listed and justified in the appraisal report and be found reasonable by the review appraiser;
- Appraisals must include consideration of existing encumbrances;
- The restricted format for reporting appraisal is not acceptable; and
- Appraisers must provide a point value, rather than a value range."

The appraiser seemed to consider existing encumbrances on p20 of the report. They did not use a restricted format report and they did provide a point value. What wasn't clear to me is if they had made any "extraordinary assumptions and hypothetical conditions". I typically see this called out as its own subtitle in appraisals and the standard assumption is that the easement is in place when considering the "after easement" value of the property. The appraiser did include an "assumptions and limiting conditions" section.

I asked our more senior staff if this was a problem. Since it seems as though the review appraiser wasn't aware of our policy to visit sites with values greater than \$250,000, I am unsure if they were aware of our exceptions to the USPAP standards. Senior staff advised me to have you be sure to share our manual with the review appraiser, to ask them to comment on whether they feel any possible omission would affect the value of the easement, and if so, what additional work is needed. If the review appraiser doesn't feel any further work is needed to meet our policies, then the original appraiser doesn't need to be involved. HOWEVER, the review appraiser must still complete a field inspection of the subject property and comparables to meet our policy requirements.

Title Review

I did not receive the easement pertaining to #6 of the title report and will need to review it.

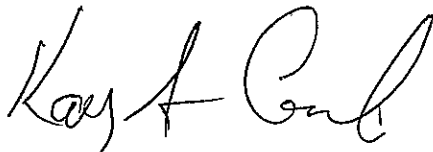
There are additional title questions that I would like answered for the acquisition grant. You sent me the easements pertaining to title easement #4 and 5. These are easements for telephone, power and light. The easements cover a rather large area. Could you please show on a map where the existing lines are relative to the easement? We need to be sure that they won't interfere with the objective of the easements (e.g., they don't run along the stream and so the riparian vegetation will need to be mowed).

Because there is an existing lien and mortgage on the property, before you acquire the property, you must ask the holder of the lien and

mortgage to sign a subordination agreement which will be recorded by the county at the same time the easement is recorded. This makes the mortgages and liens subordinate to the conservation easement so that the easement is protected if the landowner were to default on their loans.

If you have any questions, please do not hesitate to call me at (360) 902-2639 or e-mail to kay.caromile@rco.wa.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Kay Caromile". The signature is fluid and cursive, with the first name "Kay" and last name "Caromile" clearly distinguishable.

Kay Caromile
Outdoor Grants Manager

Cc: Kris Buelow, Snake River Region Project Coordinator

