

## APPRAISAL REVIEW

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### PROPERTY INFORMATION:

Property Name: Watmough Head Property  
Address: 324 Chadwick Road  
City, County, State: Lopez Island, San Juan County, WA

### PROJECT INFORMATION:

ID: San Juan County Land Bank Acquisition  
Tax Parcel No.: 1421-13004-000  
Sales History: Prior sale 11/14/05 at \$855,000, subsequently purchased for \$1,150,000, 9/7/07, Excise Tax #2007-0907003 by San Juan County

### APPRAISAL INFORMATION:

Appraiser(s): James R. Nowadnick, MAI, CRE  
Firm: Property Counselors  
Date of Report: November 29, 2007  
Date of Value: September 7, 2007  
Interests Valued: Fee Simple  
Appraisal Type: Complete  
Report Format: Self-Contained  
Valuation Approaches Omitted: None  
Prepared for (client): San Juan County Land Bank  
Intended Users: San Juan County Land Bank and San Juan Preservation Trust  
Intended Use: Document purchase and provide basis for adjustments

### REVIEW INFORMATION:

Review No: 08-1006  
Review Date: January 18, 2007  
Reviewer: James A. Greenleaf, MAI  
Appraisal Grade: 5.0 (1 = Poor, 2 = Fair, 3 = Average, 4 = Good, 5 = Excellent)

### Reviewer's Recommendation for Compensation - Full Acquisition

**\$1,150,000**

**Comments:** The assignment was to form a retrospective opinion of market value of a 7.29 acre forested waterfront property situated on Watmough Bay, on Lopez Island. The parcel is zoned Rural Farm Forest permitting a single residence on the subject as a legal nonconforming parcel. The property has a existing well easement benefitting the sellers and an access easement restricting public, but not private access.

### EFFECTIVE DATES AND VALUE CONCLUSIONS

Type of Value	Effective Date	Appraiser's Conclusion	Reviewer's Conclusion
Sales Comparison 1 waterfront parcel as a whole	8/15/07	\$1,000,000 to \$1,300,000	\$1,000,000 to \$1,300,000
<b>Appraiser's Reconciled Final Value</b>		<b>\$1,150,000</b>	
<b>Reviewer Recommendation</b>		<b>Point Estimate</b>	<b>\$1,150,000</b>

Assumptions: None

**PROPERTY DESCRIPTION:**

	YES	NO	N/A
1. Region/vicinity analysis is adequate (considering scope of assignment):	X		
2. Site description is adequate:	X		
2a. Larger Parcel (if any) properly identified	X		
2b. Photos of Subject Included:	X		
3. Improvement description is adequate	X		
4. Improvement conformance with zoning is considered:	X		
5. Description of Remainder is adequate			X
6. Identification of Encumbrances (if any):	X		
7. Five Year sales history	X		
8. Analysis of Highest & Best Use	X		
8a. Comparison of H&B Use to Present Use	X		

**Comments:** Market and neighborhood analysis is excellent. Discussion of subject and specifics of development potential is good. Analysis of zoning and governmental regulation is good. Sales history disclosed adequately. Analysis of market trends is excellent.

**SITE VALUATION:**

	YES	NO	N/A
1. Value conclusion is consistent with subject acquisition price:	X		
2. Value conclusion is adequately supported by verified market data:	X		

**Comments:** The appraiser discusses nine sales of waterfront lots. The sales occurred between 2006 and 2007. One adjoining sale was discussed and discount due to a much larger size. The remaining eight sales are all reasonable selections. Appropriate adjustments for size, shape, water access and aspect. After adjustment, the comparable indicated a range from \$1,000,000 to \$1,300,000. The appraiser correlated towards the middle of the range at \$1,150,000. The appraiser compared his reconciled value to price per water front foot and to price per acre and concluded that the indicated value was reasonable. The analysis appears complete and is persuasive.

**RECONCILIATION:**

	YES	NO	N/A
1. Relative reliability and applicability of approaches discussed:	X		
2. Final conclusions and analyses are reasonable:	X		
5. Excess land is properly considered:			X
6. Personal Property and/or Improvements is properly considered:			X

**Comments:** The appraiser places primary emphasis on the Sales Comparison Approaches. This is the most commonly used method and is appropriate for the appraisal problem. The appraiser's research and analysis is adequate and exhibits a good understanding of the San Juan Islands market.

**Other Values Estimated:** none

**REVIEWERS' CONCLUSIONS**

	YES	NO	N/A
1. Agree with Appraiser's Original Conclusions:	X		
2. If Not did the Appraiser make corrections/revisions:			X
3. If Not were minor corrections/revisions made:			X
4. Was sufficient information contained within the report?	X		

**Comments:** No changes requested

**USPAP APPRAISAL REPORTING REQUIREMENTS:**

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Appraisal is not misleading:	<u>X</u>		
2. Written report contains sufficient information to support decision made (USPAP):	<u>X</u>		
3. Extraordinary assumptions are clearly disclosed:	<u>x</u>		
4. Identifies real estate appraised (location & legal description) (USPAP):	<u>X</u>		
5. Identifies real property interest appraised:	<u>X</u>		
6. States purpose of the appraisal:	<u>X</u>		
7. States proper definition of Market Value (USPAP):	<u>X</u>		
8. States effective date of the appraisal:	<u>X</u>		
9. States date of the report:	<u>X</u>		
10. Describes scope of appraisal process:	<u>X</u>		
11. Sets forth assumptions and limiting conditions:	<u>X</u>		
12. Summarizes data and appraisal procedures:	<u>X</u>		
13. Identifies Highest & Best Use:	<u>X</u>		
14. Explains exclusion of any valuation approach:	<u>x</u>		
15. Explains departures from USPAP:			<u>X</u>
16. Includes signed certification:	<u>X</u>		

**ADDITIONAL RCO REQUIREMENTS:**

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Federal Funds require UASFLA compliance	<u>X</u>		
2. Extraordinary Assumption & Hypothetical Conditions clearly listed and justified	<u>X</u>		
3. Existing encumbrances considered.	<u>X</u>		
4. Restricted reported format is not permitted	<u>X</u>		
5. Point Value Estimate must be provided	<u>X</u>		
6. Review within self life of 12 months for state funded projects	<u>X</u>		
7. Review within self life of 18 months for federally funded projects	<u>x</u>		

**Comments:.**

**PURPOSE OF REVIEW:** The purpose of this review is to evaluate the adequacy of the appraisal report, including its scope, methods, accuracy and reasonableness and to comment on the conclusions for use in acquisition negotiations. The report has been reviewed for conformity with WA State RCO, Federal and USPAP standards.

**SCOPE OF REVIEW:** The scope of this review included the following procedures:

1. Reading and analyzing the appraisal report;
2. Checking quality and appropriateness of market data in the appraisal;
3. Checking for omitted data or techniques;
4. Checking reasonableness of analysis, adjustments and conclusions;
5. Checking for conformity to RCO, Federal, and USPAP standards;
6. Checking mathematics for accuracy;
7. Reconciliation of discrepancies and errors identified with the appraiser.
8. Field inspection of subject and comparables used.

## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this review report.
- My analyses, opinions and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I **did** [ x ] **did not** [ ] personally inspect the **subject property** of the report under review.
- I **did** [ x ] **did not** [ ] personally inspect the **comparables** used in the report under review.
- No one provided significant professional assistance to the person signing this review report except those noted below.
- The reported analyses, opinion, and conclusions in this review report were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this review report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Persons Providing Assistance

Nature of Assistance Provided

None

Review Appraiser

*James A Greenleaf*

Dated 1/22/2007

James A. Greenleaf, MAI  
Greenleaf Valuation Group, Inc

## APPRAISAL REVIEW

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Appraisal Grade: 5.0 (1 = Poor, 2 = Fair, 3 = Average, 4 = Good, 5 = Excellent)

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<b>Reviewer Recommendation</b>		<b>Point Estimate</b>	<b>\$1,150,000</b>

Assumptions: None

**PROPERTY DESCRIPTION:**

	YES	NO	N/A
1. Region/vicinity analysis is adequate (considering scope of assignment):	X		
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2a. Larger Parcel (if any) properly identified	X		
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3. Improvement description is adequate	X		
4. Improvement conformance with zoning is considered:	X		
5. Description of Remainder is adequate			X
6. Identification of Encumbrances (if any):	X		
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8a. Comparison of H&B Use to Present Use	X		

**Comments:** Market and neighborhood analysis is excellent. Discussion of subject and specifics of development potential is good. Analysis of zoning and governmental regulation is good. Sales history disclosed adequately. Analysis of market trends is excellent.

**SITE VALUATION:**

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1. Value conclusion is consistent with subject acquisition price:	X		
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**RECONCILIATION:**

	YES	NO	N/A
1. Relative reliability and applicability of approaches discussed:	X		
2. Final conclusions and analyses are reasonable:	X		
5. Excess land is properly considered:			X
6. Personal Property and/or Improvements is properly considered:			X

**Comments:** The appraiser places primary emphasis on the Sales Comparison Approaches. This is the most commonly used method and is appropriate for the appraisal problem. The appraiser's research and analysis is adequate and exhibits a good understanding of the San Juan Islands market.

**Other Values Estimated:** none

**REVIEWERS' CONCLUSIONS**

	YES	NO	N/A
1. Agree with Appraiser's Original Conclusions:	X		
2. If Not did the Appraiser make corrections/revisions:			X
3. If Not were minor corrections/revisions made:			X
4. Was sufficient information contained within the report?	X		

**Comments:** No changes requested

**USPAP APPRAISAL REPORTING REQUIREMENTS:**

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Appraisal is not misleading:	<u>X</u>		
2. Written report contains sufficient information to support decision made (USPAP):	<u>X</u>		
3. Extraordinary assumptions are clearly disclosed:	<u>x</u>		
4. Identifies real estate appraised (location & legal description) (USPAP):	<u>X</u>		
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6. States purpose of the appraisal:	<u>X</u>		
7. States proper definition of Market Value (USPAP):	<u>X</u>		
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10. Describes scope of appraisal process:	<u>X</u>		
11. Sets forth assumptions and limiting conditions:	<u>X</u>		
12. Summarizes data and appraisal procedures:	<u>X</u>		
13. Identifies Highest & Best Use:	<u>X</u>		
14. Explains exclusion of any valuation approach:	<u>x</u>		
15. Explains departures from USPAP:			<u>X</u>
16. Includes signed certification:	<u>X</u>		

**ADDITIONAL RCO REQUIREMENTS:**

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Federal Funds require UASFLA compliance	<u>X</u>		
2. Extraordinary Assumption & Hypothetical Conditions clearly listed and justified	<u>X</u>		
3. Existing encumbrances considered.	<u>X</u>		
4. Restricted reported format is not permitted	<u>X</u>		
5. Point Value Estimate must be provided	<u>X</u>		
6. Review within self life of 12 months for state funded projects	<u>X</u>		
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**Comments:.**

**PURPOSE OF REVIEW:** The purpose of this review is to evaluate the adequacy of the appraisal report, including its scope, methods, accuracy and reasonableness and to comment on the conclusions for use in acquisition negotiations. The report has been reviewed for conformity with WA State RCO, Federal and USPAP standards.

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Persons Providing Assistance

Nature of Assistance Provided

None

Review Appraiser

*James A Greenleaf*

Dated 1/22/2007

James A. Greenleaf, MAI  
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## APPRAISAL REVIEW

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**Comments:** The assignment was to from a retrospective opinion of market value of a 7.29 acre forested waterfront property situated on Watmough Bay, on Lopez Island. The parcel is zoned Rural Farm Forest permitting a single residence on the subject as a legal nonconforming parcel. The property has a existing well easement benefitting the sellers and an access easement restricting public, but not private access.

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<b>Reviewer Recommendation</b>		<b>Point Estimate</b>	<b>\$1,150,000</b>

Assumptions: None

**PROPERTY DESCRIPTION:**

	YES	NO	N/A
1. Region/vicinity analysis is adequate (considering scope of assignment):	X		
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3. Improvement description is adequate	X		
4. Improvement conformance with zoning is considered:	X		
5. Description of Remainder is adequate			X
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**ADDITIONAL RCO REQUIREMENTS:**

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8. Analysis of Highest & Best Use	X		
8a. Comparison of H&B Use to Present Use	X		

**Comments:** Market and neighborhood analysis is excellent. Discussion of subject and specifics of development potential is good. Analysis of zoning and governmental regulation is good. Sales history disclosed adequately. Analysis of market trends is excellent.

**SITE VALUATION:**

	YES	NO	N/A
1. Value conclusion is consistent with subject acquisition price:	X		
2. Value conclusion is adequately supported by verified market data:	X		

**Comments:** The appraiser discusses nine sales of waterfront lots. The sales occurred between 2006 and 2007. One adjoining sale was discussed and discount due to a much larger size. The remaining eight sales are all reasonable selections. Appropriate adjustments for size, shape, water access and aspect. After adjustment, the comparable indicated a range from \$1,000,000 to \$1,300,000. The appraiser correlated towards the middle of the range at \$1,150,000. The appraiser compared his reconciled value to price per water front foot and to price per acre and concluded that the indicated value was reasonable. The analysis appears complete and is persuasive.

**RECONCILIATION:**

	YES	NO	N/A
1. Relative reliability and applicability of approaches discussed:	X		
2. Final conclusions and analyses are reasonable:	X		
5. Excess land is properly considered:			X
6. Personal Property and/or Improvements is properly considered:			X

**Comments:** The appraiser places primary emphasis on the Sales Comparison Approaches. This is the most commonly used method and is appropriate for the appraisal problem. The appraiser's research and analysis is adequate and exhibits a good understanding of the San Juan Islands market.

**Other Values Estimated:** none

**REVIEWERS' CONCLUSIONS**

	YES	NO	N/A
1. Agree with Appraiser's Original Conclusions:	X		
2. If Not did the Appraiser make corrections/revisions:			X
3. If Not were minor corrections/revisions made:			X
4. Was sufficient information contained within the report?	X		

**Comments:** No changes requested

**USPAP APPRAISAL REPORTING REQUIREMENTS:**

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Appraisal is not misleading:	<u>X</u>		
2. Written report contains sufficient information to support decision made (USPAP):	<u>X</u>		
3. Extraordinary assumptions are clearly disclosed:	<u>x</u>		
4. Identifies real estate appraised (location & legal description) (USPAP):	<u>X</u>		
5. Identifies real property interest appraised:	<u>X</u>		
6. States purpose of the appraisal:	<u>X</u>		
7. States proper definition of Market Value (USPAP):	<u>X</u>		
8. States effective date of the appraisal:	<u>X</u>		
9. States date of the report:	<u>X</u>		
10. Describes scope of appraisal process:	<u>X</u>		
11. Sets forth assumptions and limiting conditions:	<u>X</u>		
12. Summarizes data and appraisal procedures:	<u>X</u>		
13. Identifies Highest & Best Use:	<u>X</u>		
14. Explains exclusion of any valuation approach:	<u>x</u>		
15. Explains departures from USPAP:			<u>X</u>
16. Includes signed certification:	<u>X</u>		

**ADDITIONAL RCO REQUIREMENTS:**

	<u>YES</u>	<u>NO</u>	<u>N/A</u>
1. Federal Funds require UASFLA compliance	<u>X</u>		
2. Extraordinary Assumption & Hypothetical Conditions clearly listed and justified	<u>X</u>		
3. Existing encumbrances considered.	<u>X</u>		
4. Restricted reported format is not permitted	<u>X</u>		
5. Point Value Estimate must be provided	<u>X</u>		
6. Review within self life of 12 months for state funded projects	<u>X</u>		
7. Review within self life of 18 months for federally funded projects	<u>x</u>		

**Comments:.**

**PURPOSE OF REVIEW:** The purpose of this review is to evaluate the adequacy of the appraisal report, including its scope, methods, accuracy and reasonableness and to comment on the conclusions for use in acquisition negotiations. The report has been reviewed for conformity with WA State RCO, Federal and USPAP standards.

**SCOPE OF REVIEW:** The scope of this review included the following procedures:

1. Reading and analyzing the appraisal report;
2. Checking quality and appropriateness of market data in the appraisal;
3. Checking for omitted data or techniques;
4. Checking reasonableness of analysis, adjustments and conclusions;
5. Checking for conformity to RCO, Federal, and USPAP standards;
6. Checking mathematics for accuracy;
7. Reconciliation of discrepancies and errors identified with the appraiser.
8. Field inspection of subject and comparables used.

## CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The facts and data reported by the review appraiser and used in the review process are true and correct.
- The analyses, opinions and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- My compensation is not contingent on an action or event resulting from the analyses, opinions or conclusions in, or the use of, this review report.
- My analyses, opinions and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I **did** [ x ] **did not** [ ] personally inspect the **subject property** of the report under review.
- I **did** [ x ] **did not** [ ] personally inspect the **comparables** used in the report under review.
- No one provided significant professional assistance to the person signing this review report except those noted below.
- The reported analyses, opinion, and conclusions in this review report were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this review report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Persons Providing Assistance

Nature of Assistance Provided

None

Review Appraiser

*James A Greenleaf*

Dated 1/22/2007

James A. Greenleaf, MAI  
Greenleaf Valuation Group, Inc