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October 2nd, 2008

Patricia Powell, Executive Director
Whidbey Camano Land Trust
765 Wonn Road, Barn C-201
Greenback, WA 98253

RE: Review of Victoria Adams, MA, MSA Appraisal of
Ducken Family LLC Properties, Whidbey Island, WA

Dear Ms. Powell:

At your request and authorization, I have prepared this review of the above-referenced appraisal. The appraisal report under review was prepared by Victoria Adams, MA, MSA with material support provided by Kathleen Fulton. The effective date of value is September 2, 2008. That appraisal pertains to extensive land holdings under the ownership of the Ducken family on Whidbey Island, Washington. The purpose of the appraisal was to provide the market value of the individual components of the Ducken family holdings for the potential acquisition of the fee simple interest in some portions of the property and conservation easements over other portions of the property by the client agency, which is the Whidbey Camano Land Trust. At the client's direction the appraiser was instructed to provide individual value conclusions for the separate portions of the subject described in that report. Thus, no single property value for the entire land holding was provided. The appraisal was intended to conform with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), as well as the requirements of the Washington State Recreation and Conservation Office (RCO).

The review appraisal at hand has been performed in compliance with the requirements of both USPAP and the RCO. The objective of this review is to commend the appraisal as being fully compliant with the relevant standards or to point out any deficiencies in the valuation analyses or reporting, and to discuss such deficiencies in the context of the property value reported. Additionally, the review appraiser must either approve or reject the value conclusions of the original appraiser. In the event of rejection of part or all of the value conclusions, the reviewer may recommend a new appraisal (which may entail further investigation and corrections by the original appraiser). Alternatively, the reviewer may include his own value opinions within the appraisal review without preparing a separate appraisal report provided such opinions are consistent with the relevant standards.

Identification and Competency of Appraiser

The appraiser of the report under review is Victoria Adams, who is a licensed as Certified General Appraisers in the State of Washington and principal of Terra Valuations. Ms. Adams has 20 years experience as an appraiser and holds the designation of Master Senior Appraiser by the National Association of Master Appraisers. Material support was provided by Kathleen Fulton who has 14 years

experience as an appraiser. Ms. Adams is the sole signatory of the report and is considered to be well qualified to value the subject property.

Identification of the Appraisal Subject

The subject of this appraisal review is land under the ownership of the Ducken family on Whidbey Island, Washington. The property is comprised of a number of individual portions as noted below:

Subject Area	Owner	Parcel #	Acres	Present Use	HBU	Acquisition
Dugually Flats	Ducken Family LLC	R23318-452-4770	39.00ac	Agriculture	Agriculture	Fee Simple
Nearshore Tidelands	Ducken Family LLC	R23317-511-2400	44.90ac	Amenity Tideland	Amenity Tideland	Fee Simple
		R23317-527-0370				
		R23317-506-3460				
Nearshore Uplands	Ducken Family LLC	R23317-450-0920	64.20ac	Hold for Development	Residential Development of 9 lots	Conservation Easemt
		R23317-450-2020				
		R23317-307-325				
		R23317-467-0230				
		R23317-500-0370				
		R23317-452-0610				
		R23317-521-1800				
Shorecrest Lagoon	Ducken Family LLC	R23316-298-0570	26.95ac	Hold for Development	Residential Development of 8 lots	Conservation Easemt
		R23317-316-4720				
Shorecrest Remnant Lots	Ducken Family LLC	S6515-07-00047-1	0.62ac	Amenity Land	Assemblage with Neighbor Lots	Fee Simple
		S6515-07-00049-1				
		S6515-07-00046-1				
		S6515-08-00079-0				
		S6515-08-00080-0				
		S6515-08-00081-0				
		S6515-08-00082-0				
Ducken Heights Tract D	Dugualla Bay Heights Inc.	S6515-08-0000D-0	1.28ac	Hold for Development	Residential Development	Conservation Easemt

The reviewer was provided with title reports for each of the component portions of the subject that included legal descriptions. As per the instructions of the client, the appraiser valued each component individually and no total value for the Ducken property is reported.

Identification of Ownership Interest

As noted in the table above ownership of all of the component properties with the exception of Ducken Heights Tract D is held by Ducken Family LLC. In some instances there is joint ownership between Ducken Family LLC and Frances L. Ducken and Hettie J. Ducken. The Ducken family has owned all of these parcels since April 1999. The Ducken Heights Tract D parcel is owned by Dugualla Bay Heights Inc.

USPAP requires the appraiser to report and analyze all sales of the property that occurred within three years of the effective date of appraisal as well as listings, options or agreements of sale. While there have been no sales of any portion of the subject within the past three years there is an existing Purchase and Sale Agreement on the 39 acre Dugualla Flats portion of the subject between the owner the Whidbey Camano Land Trust as perspective buyer. On page 69 of the appraisal it is noted that an agreement was signed in June 2008 and is scheduled to close in October 2008 for a price of \$120,000 or \$3,077/ac. This information should have been discussed in the ownership section of the report. Further, it is deficient in that there is not specific analysis as to whether this sale agreement represents market value or if there are any non-market influences such as unusual motivation on the part of the buyer or seller. However, given

that it is reported in the valuation section of the report and it falls within the acceptable range of value showed by other market sales comparables, I have concluded that no further action is required on the part of the appraiser.

Effective Date of Appraisal and Date of Report

The date of value of the original appraisal is September 2, 2008. The date of the report is September 10, 2008.

Client and Intended Users of Review Appraisal

The client of this review appraisal is Patricia Powell, executive director of the Whidbey Camano Land Trust. Intended users of this report include the client as well as her authorized associates, employees, representatives or agents.

Intended Purpose/Use of Appraisal Review

The intended purpose of this review is to evaluate the adequacy of the original appraisal report, including its scope, methods, accuracy and to comment upon the credibility of the value conclusions. It will be used in conjunction with the prospective fee acquisitions of certain portions of the subject and placement of conservation easements over other portions in favor of the client agency.

Scope of Review

The scope of this review is in accordance with the requirements of the Uniform Standards of Professional Appraisal Practice as well as the Washington State Recreation and Conservation Office. USPAP does not require the reviewer to replicate the steps completed by the original appraiser. Those items in the original appraisal that are deemed to be credible and in compliance with applicable USPAP standards may be extended to the reviewer's value opinion development process on the basis of an extraordinary assumption by the reviewer. Those items not deemed credible or not in compliance with USPAP must be replaced with information or analysis by the reviewer that is in accordance with USPAP. With this I mind, the reviewer is not required by USPAP to inspect the subject or comparables. However, the RCO does require a field inspection of the subject and comparables in cases where the appraisal sets the property value at \$250,000 or higher. Field inspections were performed by the reviewer. In other respects, the review is reliant on the appraiser's descriptions and presentation for details concerning the subject and the comparisons used in his analysis. It is assumed that this information is accurately represented in the appraisal, and it should also be noted that in some instances the reviewer has requested and received further clarification of relevant details from the appraiser.

In this review I have performed the following procedures with regard to the appraisal at hand:

- Developed an opinion of the completeness of the appraisal under review.
- Developed an opinion of the adequacy and relevance of data, including any adjustments to the data.
- Developed an opinion as to the appropriateness of the appraisal techniques used in the report under review and considered the justification for omission of any appraisal methods.
- Developed an opinion as to whether the analyses, any assumptions or hypothetical conditions opinions and conclusions are appropriate and reasonable.
- Analyzed whether the appraisal is in conformance with USPAP and RCO requirements
- Considered whether any additional data, comparable research or analysis was necessary in order to derive a credible report and provided any such information if deemed necessary.

- Checked for the mathematical accuracy of analysis in the appraisal and made any corrections as deemed necessary.
- Developed an opinion regarding the reasonableness of all value opinions and either approved or rejected the appraiser's conclusions.

Based on my review of the analysis presented in the appraisal I have concluded that the comparable data provided is adequate to derive credible value opinions for the subject. However, as part of my due diligence process, I did undertake a brief search for sales that tended to overlap and support the appraiser's selection of sales data. In addition, in some instances I have provided some alternate analysis that utilizes the appraiser's data.

Date of Review Appraisal

The date of this review appraisal report is September 24, 2008.

Competence of Reviewer

Over the past several years I have appraised numerous land parcels on Whidbey Island including agricultural land and residential waterfront development property intended to be acquired as total fee acquisitions and also some with conservation easements that involved similar appraisal problems as the subject at hand. I consider myself competent to undertake this review.

Appraisal Problem

The task at hand is to address the market value of six separate portions of the Ducken family land holdings on Whidbey Island that have been identified on the table on page 2 of the appraisal report. Per the written instructions of the client each portion of the property is valued separately and no total value opinion is provided. The assignment is further complicated by the fact that three of the areas are valued under the assumption of fee simple acquisitions and three areas are valued under prospective conservation easements that will be granted in favor of the client agency.

Given the common ownership of the subject areas, their close proximity to each other as well as other common characteristics, the appraiser has provided a single report. Within that report there is some discussion and analysis that pertains to all of the subjects in common. The report also provides individual descriptions of each subject property component with a separate highest and best use and valuation analysis. With this in mind, the appraisal review at hand first provides commentary regarding the overall appraisal report and then discusses the valuation analysis of each subject property component separately.

Completeness of Appraisal Under Review

In general the appraisal is well written, well researched and appears to be thorough with respect to research and analysis in order to derive credible value conclusions. All necessary components of a USPAP and RCO compliant appraisal have been provided in order that the value conclusions may be sufficiently understood. Overall the report is clear, accurate and is not misleading. Any limiting conditions have been disclosed and a signed certification was provided. The appraiser has indicated that this is a self-contained report and has complied with the USPAP requirements for such a report including in-depth discussion of property characteristics, analysis of market conditions and comparable data.

The appraiser has properly identified the client and intended users, and has also described the intended use of the report. The type of value derived for each subject component has been identified as market value and an appropriate definition has been provided.

The appraiser noted that the property rights being appraised pertain to the fee simple interest in each component area. Additionally, they noted that three of the subject areas are valued in the after condition with conservation easements in place. While the appraiser was not provided with an actual draft of the prospective conservation easements, she was provided with a written list of permitted and prohibited uses under the easements by the client agency that was included in the Appendix to the appraisal and was available to the reviewer.

The appraiser provided a discussion of the subject's ownership and noted that there have been no sales of any component within the past three years. However, she did discuss the terms of the existing Purchase and Sale Agreement between the owner and the Whidbey Camano Land Trust regarding the 39 acre Dugualla Flats portion of the subject. The effective date of value and the date of the appraisal report have been noted.

Title reports of all the subject properties were provided to the appraiser as well as to the reviewer. The appraiser provided adequate discussion pertaining to any easements, encumbrances, restrictions, covenants, leases or other relevant conditions impacting the properties. The appraiser concluded that there are no such conditions that impact the highest and best use of any of the subject properties, and I concur with this.

One easement that does require some discussion pertains to a channel easement on Dugualla Heights Lot D. According to Peter Hunt, president of Dugualla Community, Inc., the only use of this easement is to accommodate the existing underground transfer of water between the lagoon located to the south of this parcel and Dugualla Bay to the north. This is a very narrow culverted channel and would not impact the highest and best use of the property for residential development. A letter from Mr. Hunt that addresses this issue is provided in the Addenda to the report.

Both USPAP and RCO require the appraiser to report and justify the use of any extraordinary assumptions and hypothetical conditions. The RCO standards require the reviewer to whether any such assumptions or conditions are reasonable with respect to providing credible value conclusions.

There are two extraordinary assumptions underlying the appraisal. One is an assumption that the Dugualla Heights Tract D can be sold and used as a private residential building site. This assumption is supported by a letter provided to the Whidbey Camano Land Trust from Peter Hunt, president of Dugualla Community, Inc. that is included in the Addenda to the report. Mr. Hunt noted that the Dugualla Community Incorporated Board of Directors is empowered to sell any of the community's property in the existing bylaws. Thus, the appraiser concluded that this assumption is reasonable and I concur.

The other extraordinary assumption pertains to the fact that there is no recorded conservation easement on any property upon which to base appropriate after condition values. The appraiser therefore made assumptions regarding the prospective use of the impacted properties based upon a letter provided by Patricia Powell, executive director of the Whidbey Camano Land Trust, who will be the grantee of the easement. As Ms. Powell is considered to be a knowledgeable and credible source regarding this issue, the reviewer concurs that this is a reasonable assumption.

There are two hypothetical conditions cited in the appraisal. The first posits a condition in which the Nearshore Tract is vacant when, in fact, there are two existing homes on this parcel. The appraiser noted that in her opinion the contributory value of the improvements is the same in the after condition with the conservation easement in place as it is in the before condition with no easement in place and that there is no damage to either resulting from the easement. For this reason the tract is valued under the hypothetical condition that it is vacant. I consider this to be a reasonable basis for this hypothetical condition and agree that it would not alter the credibility of the value opinion rendered for this subject property.

The other hypothetical condition pertains the tax parcel R23317-327-4720, which is part of the Shorecrest Lagoon Tract of the subject. This parcel currently consists of 16.05 acres on the north side of a public road and 6.98 acres on the south side of the road. An adjacent lot also owned by the Duckens that is not part of the subject at hand consists of 7.33 acres. The land owner and the Whidbey Camano Land Trust have proposed performing a boundary line adjustment that would alter the boundary line between these two tax parcels in order to maximize the economic use of the two parcels. In my opinion this is a reasonable hypothetical condition because boundary line adjustments are very commonly performed in Island County and carry low expense and risk of denial to the applicant.

Based upon my reading of the appraisal it is my conclusion that the appraiser's scope of work is considered to be complete and more than adequate to support her value conclusions.

Adequacy and Relevance of Data and Adjustments to Data

The appraisal includes a broad discussion of regional and neighborhood description and influences upon the subject with appropriate locational, zoning and critical areas maps. This includes demographic information as well as data pertaining to use regulations and analysis of how these might impact the potential use of the subject. The appraiser also did extensive research regarding current and historic market conditions for residential property on Whidbey Island. She also performed a matched pair sale/resale analysis in order to support a market conditions adjustment of 20% annually from 2004-2006, 15% from 2006-March of 2007 and 0% from April 2007 to the date of appraisal. Based upon the analysis presented in the appraisal I have concluded that these are well supported and credible adjustments. While the appraiser noted that she performed other adjustments between the comparables and the subject, she did not provide quantitative support for these. Rather, she made qualitative adjustments based upon discussions of differences between the subject and the comparables that were found to be reasonable and led to credible value opinions.

More specifically, the appraiser identified relevant property characteristics for each of the component portions of the subject in a concise summary. This included data regarding location, physical characteristics, access, zoning, ownership, parcel numbers, size, easements, critical areas improvements, property assessment, present use and intended use. Photographs and maps of each subject component were provided, and legal descriptions were included in the Addenda of the report.

The descriptions and discussions of the subject and comparable properties are considered to be more than adequate in order to support the appraiser's value conclusions.

Appropriateness of Appraisal Techniques/Assessment of Analyses and Value Opinions

USPAP requires the review appraiser to provide an opinion as to the appropriateness of the appraisal techniques as well as whether the appraiser's analyses, opinions and conclusions are appropriate and reasonable. The appraiser provides a good discussion of the appropriate methodologies applicable to the valuation of each component of the subject. She notes that the direct sales comparison approach is the most typical methodology and is used for each subject component in the before condition. The cost approach is applicable to improved property. In this instance the Ducken family property includes two residential improvements situated on the Nearshore Tract. However, the appraiser notes that it is a hypothetical condition of the appraisal that this property is vacant. Justification for this is that the contributory value of the improvements is the same before and after the proposed conservation easement. For this reason the improvements are not valued and no cost approach is warranted. In my opinion this is a reasonable condition that does not alter the value conclusion of the conservation easement.

The income capitalization approach is not warranted since there is no income producing component of the subject. However, the income development is a viable approach for the portions of the Nearshore Tract portion of the property that has the potential to be subdivided. The appraiser has employed this employed this as a secondary approach to the sales comparison approach for this area. Given that rather low development density potential the appraiser has used the so-called "static" development analysis that incorporates the costs and revenues of a prospective development at a single point in time rather than over an extended absorption period. Thus, she concludes that no discounted cash flow analysis is warranted and I agree with this.

Although the direct sales comparison approach is the preferred valuation methodology it is widely recognized that for unusual circumstances where property is not being valued in fee simple, it may be difficult to find market sales of property with similar characteristics as the subject that are able to reflect its value. The appraiser has concluded that this is the case for the subject components that will be impacted by conservation easements. Thus, in the after condition she relies upon the development approach as well as market data from sales of property that sold with limitations to development in order to derive the value impacts of the prospective conservation easement on the relevant subject areas. In my opinion these are reasonable approaches that lead to credible conclusions.

RCO requires a statement of approval or rejection of the appraiser's conclusions by the reviewer. Both RCO and USPAP standards allow the reviewer to consider providing an alternate value conclusion that may either be based upon the data provided by the appraiser, if it is deemed to be credible, or through data provided by the reviewer. In the review analysis that follows I have provided a statement of approval or rejection for each subject component and considered whether an alternate value opinion is required.

Dugualla Flats

The appraiser performed a highest and best use analysis of the Dugualla Flats subject component and concluded that notwithstanding a zoning designation that ostensible allows for 7 homesites, no portion of the parcel is actually suitable for development due to extensive wetlands. Thus, she concluded that the highest and best use is for low intensity agriculture and habitat protection. Among these uses agriculture is considered to be the most likely economic use and the appraiser tacitly acknowledges this by focusing her sales comparison analysis on this type of property. With this in mind, the conclusion of highest and best use is considered to be reasonable and well supported.

The property is valued through the sales comparison approach and relies upon four sales of agricultural land and the existing Purchase and Sale Agreement of this subject area itself. One of the comparables is adjacent to the subject and the others are all located in Skagit County. The appraiser notes that she did not perform an analysis of any potential price differential between agricultural land on Whidbey versus Skagit County due to location but concludes that there is no significant difference and makes no adjustment. I do not agree with this conclusion. Based upon my own previous analysis of Whidbey versus Skagit agricultural land, it is my opinion that the latter is benefited by proximity to Interstate 5 and larger cities that offer cheaper and more convenient access to markets and services. While I do not have a specific quantitative adjustment, it is my opinion that a downward qualitative adjustment is appropriate for the Skagit comparables owing to their superior location.

The dates of sale of the comparables range from 2004-2008 and the appraiser correctly notes that a consideration of a market conditions adjustment is warranted. She bases this adjustment on the market conditions analysis in the appraisal that analyzed residential sales on Whidbey. In my opinion this is not directly reflective of changes in market conditions for agricultural land. However, the appraiser acknowledges and also notes that one of the comparables sold in 2006 and then again in 2007 showing appreciation of 23%. This does provide good support for the market conditions adjustment.

The size of the comparables ranges from about 10-77 acres; however, the appraiser states that there does not appear to be an inverse size-unit value relationship within this group of sales and therefore makes no adjustment for differences in size. In my opinion this is incorrect. Support for this is provided by the three Skagit comps that show the sale of a 57 acre parcel for \$3,617/ac, a 64 acre parcel for \$3,281/ac and a 77 acres parcel for \$2,391/ac. While there are other attributes impacting the value of these properties, there does appear to be a clear relationship between diminishing unit value and increase in size that should be considered.

The appraiser concludes with a subject value of \$3,200/ac with most weight given to the pending sale of the subject itself. While this is a useful indicator of value for the subject, it is not a recorded sale and also fails to consider that the prospective buyer is a conservation group that may be atypically motivated to acquire the property. With this in mind, I have used the data provided to derive an alternate analysis. Specifically, I have considered that the three sale comparables from Skagit County required downward adjustments for location and upward adjustments for size relative to the subject. Since these factors tend to cancel each other out, the appraiser's values adjusted for market conditions are reasonable.

Based upon the data provided by the appraiser it can be argued that the subject's unit value would be higher than the three Skagit County comparables because the subject is smaller than these properties. For example, the sale of comparable number two at \$3,600/ac is a very recent transaction from 2008 that is about 50% larger than the subject. This suggests that the subject's unit price would be at least this much and probably higher. However, this is countered by the sale of the property adjacent to the subject at a market adjusted price of around \$2,200/ac. As explained in the appraisal this sale was not exposed to the marketplace and does not rise to the standards of a market based sale. Thus, it is a very low indicator. With these factors in mind, I concur with the appraiser's concluded value of \$3,200/ac, which is more or less between the unit values for the Whidbey sale and the Skagit County sales. This amounts to a total rounded value of \$125,000, which I accept as credible and well supported by the appraiser's data and the reviewer's analysis.

Nearshore Uplands Tract

The appraiser performed a highest and best use analysis on the subject's 64-acre Nearshore Uplands Tract that concluded the optimum use is subdivision into nine lots. The appraiser correctly considered that the existing configuration of 5 legal tax parcels and a non-contiguous sixth parcel would allow for division into six development lots through a boundary line adjustment. Meanwhile, the existing zone that allows for one unit per five acres would allow for development density as high as twelve lots. The appraiser then notes that the subject's physical characteristics are such that about 39 acres of this area are reclaimed tidelands that cannot be built upon (but can contribute to overall development density on the 25 acres of uplands in this subject component). She further analyzes additional constraints including potential limits to subdivision due to prevailing Air Force noise zones, hydric soils that may limit septic systems and uncertainty that a full complement of wells could be provided to achieve the maximum development potential. With these factors in mind the appraiser concludes that the physical limitations to the property would not allow for anything near the development density of the prevailing zone. Rather, she concludes that nine development units represents the highest and best use of the property. I consider this to be reasonable and credible.

The appraiser's primary approach to valuing this component of the subject is the direct sales comparison approach. Seven comparable sale properties from Whidbey Island are provided and three additional sale properties from the Port Townsend, San Juan Island and Hood Canal areas. The sale dates range from 2002 to 2008 and the appraiser makes appropriate quantitative market adjustments. Additional qualitative adjustments are also provided in a summary grid to account for differences in location, size, development potential per zoning, water frontage and amenities such as view and woodlands.

The appraiser develops value estimates for this component of the subject based upon \$/acre and \$/unit as units of comparison. The former is estimated at \$42,000/ac or a rounded value of \$2,700,000. The latter is estimated at \$320,000/unit or a rounded value of \$2,880,000. In reconciling to a single point of value the appraiser states that "the weakness of the per-acre approach is that it does not adequately distinguish between a property's developable and unusable areas." She further notes that "a weakness of the per-density unit analysis is that it is necessarily reliant on the number of achievable units, which has been estimated from the zoning designation. While the appraiser believes there is reasonable and compelling support for the nine lots concluded in the highest and best use analysis, there is no certainty in this regard." However, she goes on to state "this is equally true for the comparable properties," and thus it will have implicitly been accounted for in the sales analysis.

The appraiser reconciles the value of the Nearshore Uplands Tract at \$2,800,000, which is roughly the mid-point between the value indications from \$/acre and \$/unit. In my opinion the latter is a more credible value indicator and should receive more weight in the reconciliation process. My reasoning is that the highest and best use of this area as determined by the appraiser is for residential development. Thus, the end user would be a developer whose intent would be to maximize profit by obtaining the greatest number of potential lots for subsequent subdivision and resale. A unit of comparison of \$/acre would be of much less significance to this market user than \$/unit. While the appraiser notes that the reliability of this unit value is weakened by the uncertainty as to how many units would ultimately be obtained, she correctly notes that the comparables have the same issue and thus this risk is presumed to be accounted for in the price of those sale properties. In practical terms, however, placing more weight on the value derived for \$/unit would not substantially alter the appraiser's conclusion of value since the \$/ac and \$/unit values are fairly close. With this in mind, I accept the appraiser's conclusion of value as credible and reasonably well supported.

As a secondary approach the appraiser has performed a subdivision analysis that relies upon market sales comparables of individual retail lots that might be created on the subject. The value of these lots is multiplied by the total number of development lots to derive the retail sell out value of the prospective subdivision. From this the appraiser deducted the estimated costs of development including entrepreneurial profit in order to derive a market value estimate of the property. The appraiser correctly notes that this approach to value is complex and requires a lot of research into the costs of development in order to be accurate. She acknowledges that she has not performed a high level of due diligence and the intention of this analysis is to act as a "reality check" on the sale comparison approach. The appraiser further explains that "more importantly, the primary purpose for this model is to examine the impacts of decreasing density in the various after acquisition premises, subject to a reasonable alignment of the residual land value with that concluded from the sales comparison approach." (In other words, if the results of the development approach prove to be in accord with the sales comparison approach, the appraiser will be justified in utilizing the results of the development approach to address issues of the loss of potential development density on this subject area in the after condition with a conservation easement in place.)

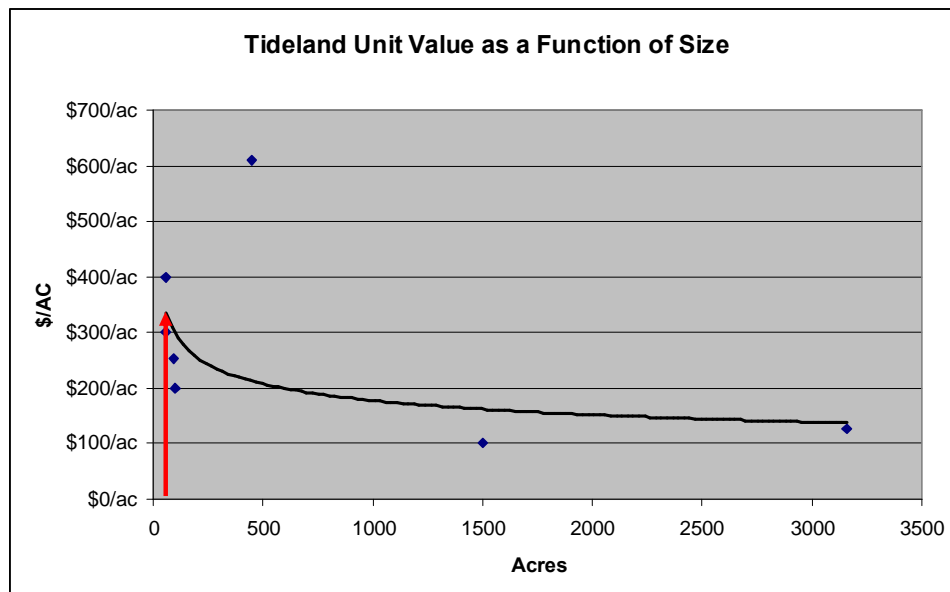
The appraiser provides eight comparables and a current listing to derive an average retail value for the subject's nine waterfront lots of about \$497,000. Based upon the data provided this is considered to be reasonable and results in a gross retail value of \$4,475,000 or \$308,278/unit. Site development costs are estimated at 10% of the gross retail value. The appraiser notes that this is a low ratio compared to the cost of a more complex development project but is justified given that paved roads and power already exist to the property and no sewer hookup is required. The overall cost for development is estimated at \$475,000. Marketing costs for the retail lots is estimated at 10% in the text of the report (although 8% is used in the spreadsheet on Table 15), which accounts for broker's fees, closing costs and excise taxes. Entrepreneurial profit is estimated at 20%, and relies upon the Korpacz Real Estate Investor Survey published by Price Waterhouse Coopers.

Applying the total estimate cost ratio of 38% to the wholesale price of the lots results in a residual land value of \$2,774,500, which is the raw land market value estimate under the development approach. In my opinion this is a reasonable value opinion based upon the data provided. However, as the appraiser has acknowledged, this valuation methodology has not undergone a degree of due diligence with respect to market based inputs that would suggest a high degree of confidence. While it may be construed as a reasonable back up approach to the sales comparison method, it lacks the rigorous investigation to support the costs and profit inputs and therefore its usefulness is limited.

Tidelands Tract

The appraiser does not provide a separate highest and best use analysis of the tidelands apart from the highest and best of the adjacent nearshore uplands tract discussed above. Typically, tidelands are considered to be a low utility amenity to beach front unless they have good characteristics for commercial shellfish operations, which the subject does not have. Nevertheless, the appraiser has chosen to value the tidelands apart from the valuation of the uplands. Assuming an independent sale of the tidelands this would presume that the only access was via the water. Such limited access would significantly undermine the utility and resulting market value of the tidelands. Alternately, it may be presumed that given a dearth of sales comparables of upland property with tidelands similar to those of the subject, the appraiser has chosen to value the subject tidelands directly despite their highest and best use association with the uplands and accorded a contributory value to them. I have assumed that the latter case prevails and therefore consider it reasonable to value the subject tidelands as a separate entity apart from the uplands.

The appraiser performs a direct sales comparison approach using eight sales of tideland property in Island, Skagit, Pacific and Grays Harbor counties. She notes that the highest and best use of the comparable tidelands was for habitat purposes, which would be similar to an amenity use of the subject in assemblage with the beachfront area. Although the sale dates range from 1999 to 2006 the appraiser makes not make any market conditions adjustment noting that property with such low utility to an end user is unlikely to appreciate significantly over time. In my opinion this is a reasonable assumption. Similarly, there is no adjustment for location.



The sale properties range in size from about 60 acres to 3,160 acres. The price per acre ranges from \$100/ac-\$1,000/ac, although the high end purchase apparently had some potential for shellfish production and would not be considered a good comparable for the subject. The low end comparable consists of 1,500 acres and would show a much lower unit value than the subject.

The graph on the previous page was provided by the reviewer to derive a regression of unit value (\$/ac) as a function of overall property size. The appraiser has reconciled with a value for the subject tidelands at \$250/ac for the 44.91 acre subject. However, the trendline on the graph indicates a value well in excess of \$300/ac based upon the overall comparable data. Further, the appraiser's best sale comparable is a tideland property off nearby Camano Island that sold in 1996 for \$400/ac. In my opinion the appraiser's value warrants an upward adjustment to \$400/ac, which amounts to a rounded value of \$18,000 for the subject tideland area.

Shorecrest Lagoon Tract

The subject's Shorecrest Lagoon Tract consists of a 20.36 acre parcel and an adjacent 6.59 acre parcel. The appraiser performed a highest and best use analysis on this subject area's total 26.95 acres that concluded the optimum use is subdivision into eight lots. The appraiser noted that this is based upon a hypothetical condition that a boundary line adjustment will have been performed between the 20.36 acre parcel and adjoining land under the Ducken's ownership that is not part of the subject of this appraisal. That hypothetical condition was previously discussed in the appraisal and has been deemed credible by both the appraiser and the review appraiser.

The appraiser does a good job of analyzing the highest and best use of this area per the existing zoning regulations as well as critical areas issues and concludes that the number of potential development lots that could be obtained through subdivision is considerably fewer than would be allowed by the prevailing zones. This is considered to be very credible and I concur with the appraiser's conclusion that it would be feasible to develop eight lots on this subject area.

The appraiser's approach to valuation is the direct sales comparison approach. Ten comparable sale properties from Whidbey Island are provided. The sale dates range from 2006 to 2008 and the appraiser makes appropriate quantitative market adjustments. Additional qualitative adjustments are also provided in a summary grid to account for differences in location, size, development potential per zoning, water frontage and amenities such as view and woodlands.

The appraiser develops value estimates for this component of the subject based upon \$/acre and \$/unit as units of comparison. The former is estimated at \$16,000/ac or a rounded value of \$431,000. The latter is estimated at \$80,000/unit or a rounded value of \$640,000. In reconciling to a single point of value the appraiser states that the disparity between the two values is that "Because all the comparable properties are in the Rural and Rural Agricultural zones, the per-acre analysis does not adequately account for the Rural Residential zoning on portion of the property." I concur with this statement because the Rural Residential zone allows for significantly higher development density on much smaller lots than is allowed under the Rural or Agricultural zones.

The appraiser reconciles to a rounded value of \$600,000 stating that most weight is given to the \$/unit analysis with some recognition that there is some small risk associated with an assumption that eight development lots could be achieved. One issue worth noting is that while the appraiser acknowledges she has used sales comparables allowing for less density and larger lots than would be developable on the subject, she does not address whether this has any value implications in the direct sales analysis. The sales comparables range in unit size from around 5 acres per lot to around 7 acres per lot. By contrast the subject is assumed to support 8 lots with an average size of around 3.4 acres each (including contributory open space on the property). Since the subject lots are smaller than the comparables this should be

reflected in the analysis. However, since the difference in acreage results in added amenity land rather than a difference in potential development rights any adjustment would not be large. The comparables range in value from \$62,250/unit-\$119,581/unit. The appraiser's reconciliation of the subject's value at \$75,000 would therefore appear to implicitly account for this difference despite the lack of a specific discussion of this factor. Thus, I concur with the appraiser's value conclusion finding it to be credible and generally well supported.

Remnant Parcels

This subject component consists of seven lots situated along the banks of the lagoon and fronting onto Bay Shore Lane that range in size from 3,311sf-4,356sf. The appraiser concludes that these lots cannot support any improvements nor do they contribute any potential development density to the larger lagoon tract discussed above. The highest and best use conclusion is in assemblage with the residential lots on the other side of Bay Shore Lane for amenity use as recreational areas in association with the lagoon. In my opinion this is a credible and well supported conclusion.

The appraiser's approach to valuation is through a strip take analysis that applies a pro rata unit value to the subject lots based upon the \$/ac basis previously derived for the adjacent Shorecrest Lagoon Tract. In my opinion this is a reasonable approach to value given that remnant lots could be perceived as amenity acreage in a larger parcel with the Lagoon Tract and their segregation from that tract does not result in any damages to the remainder. The appraiser applies the previously derived value through the Shorecrest Lagoon analysis of \$22,263/ac to the remnant lots to derive a total value for this subject component of \$14,000. I concur with this value finding it credible and well supported.

Dugualla Heights Tract D

Tract D consists of a 1.28 acre waterfront lot within the Dugualla Heights subdivision that has historically been used as common beach access by the community and has a channel easement that supports a culvert allowing the flow of water between the lagoon and the bay. The appraiser notes that a stipulation of the plat was that "all of Tracts D and E are hereby dedicated to the use of all owners of property in the Plats of Dugualla Bay Heights." This has obvious implications to the highest and best use of this parcel. The appraiser notes that in the absence of a legal opinion she was provided with a letter from Peter Hunt, president of the Dugualla Community Incorporated homeowner's association. In that letter, which was included in the Addendum of the appraisal, Mr. Hunt notes that the DCI charter delegates the power to sell this parcel to the board of directors. Mr. Hunt also noted that the channel easement occupies little space on the eastern side of Tract D and is underground. Based upon this information the appraiser provided an extraordinary assumption that Tract D is saleable as a residential lot and all common use can be extinguished. While Ms. Adams did not specifically mention any impact (or lack thereof) pertaining to the channel easement, it is implied that there would be no detrimental impact to the highest and best use for residential development.

Ms. Adams notes that the extraordinary assumptions are subject to the overall limiting conditions of the appraisal. In my opinion these are reasonable assumptions that allow for a credible determination of value for this subject parcel. However, in the event information comes to light indicating that the lot is not saleable or that the channel easement does have a highest and best use impact upon this parcel, I reserve the right to reconsider my conclusions.

The appraiser's approach to valuation is the direct sales comparison approach. Seven comparable sale properties and one listing from Whidbey Island are provided. The sale dates range from 2005 to 2008 and the appraiser makes appropriate quantitative market adjustments. Additional qualitative adjustments are also provided in a summary grid to account for differences in location, size, development potential per zoning, water frontage and amenities such as view. The property is analyzed based upon a gross sale unit

of value as well as a \$/waterfront foot unit of value. The conclusion of the former is \$325,000 and the latter is \$352,000. The appraiser reconciles at the \$/unit value of \$325,000 stating that "it is believed to more accurately reflect market behavior." I agree with that statement and find this conclusion to be credible and well supported.

Nearshore Uplands Tract – After Conditions

The appraiser was charged with valuing the Nearshore Uplands Tract under four different after conditions scenarios that are discussed below. The appraiser does not utilize the direct sales comparison approach in the after condition. She notes that "the difficulty in employing the direct sales method is in identifying market-based easement sales that are both physically and economically comparable to the property being appraised prior to the easement and which impose a comparable degree of restrictions." It is well recognized that the direct sales approach is not a credible means of valuation when the sale properties are so dissimilar from the subject that the extent of adjustments would render the result less than credible. Having searched for sales comparables suitable for valuing the subject in the after condition under a proposed conservation easement and failing to find any, I accept the appraiser's decision to use alternate valuation methodology.

The appraiser provides two valuation analyses as alternates to the direct sales approach. The first relies upon case studies involving sales and re-sales of the same property before and after imposition of a conservation easement, or sales of easement encumbered properties which are matched with similar properties that sold in fee. While a general range of diminution from 40%-60% is established there is no direct application to the subject property and thus, this serves more to provide an overall context regarding the value impact of the conservation easements at hand rather than an explicit methodology by which to derive a point of value for the subject under the after condition scenarios.

The appraiser's more specific analysis is to rely upon an iteration of the development approach that was performed in the before condition valuation of the Nearshore Uplands Tract. In that valuation analysis the appraiser first performed a direct sales approach analysis that was based upon good sales data that resulted in a credible result. She then performed a subdivision development analysis and found that it correlated with the results of the sales approach. The appraiser acknowledged that the subdivision approach requires a significant amount of research and careful examination of market data and trends, as well as being reliant on well-informed assumptions. She notes that "this level of due diligence has not been performed in this instance." Rather, "the primary purpose for this model is to examine the impacts of decreasing density in the various after acquisition premises." In other words, the operating assumption is that if the subdivision analysis is able to provide a similar result as the more reliable sales comparison approach in the before condition, then it would be deemed reliable as a direct valuation indicator in the after condition. While I have accepted this premise in principal, I have also provided further analysis to test the reasonableness of the appraiser's conclusions.

Scenario A

In the first scenario the 39 undevelopable acres of Nearshore Uplands Tract would be purchased in fee simple leaving the developable 25 acres of upland property as a separate unencumbered tract. The appraiser correctly concludes that the highest and best use is for 5 residential development lots. She further notes that unlike the before condition, in the after condition the lots would no longer have ownership of marine frontage.

While the subdivision analysis relies upon the same general methodology and assumptions as in the before conditions, the appraiser does consider whether development costs and entrepreneurial profit would be different in the after condition development scenario of 5 lots versus 9 lots in the before condition. She concludes that in both circumstances the size of the development is quite small and

therefore any differences would be marginal for purposes of her analysis. The appraiser also relies upon the same sale of lots in the before condition. However, in the after condition she applies a 15% discount that is justified by the fact the 5 lots in the after condition lose their ownership of any beach front. The result of the subdivision analysis under Scenario A is a value indication of \$1,390,000.

In order to test the reasonableness of the appraiser's conclusion I have provided the following analysis that is summarized in the table below. In the before condition there are 9 developable lots with developable and total areas as noted that include waterfront. Their average unit value is \$311,111. In the

Nearshore Uplands Tract After - Scenario A

64 Acres with Waterfront		25 Acres with No Waterfront	Issues
<u>Before Value</u>		<u>After Value</u>	
9 units		5 units	
2.78 ac Dev/Unit		5.00 ac Dev/Unit	
7.11 ac Total/Unit		5.00 ac Total/Unit	
\$311,111/unit		\$278,000/unit	
\$2,800,000		\$1,390,000	
		Conservation Easement 4 units Extinguished	In the after condition the lots' developable area is larger so value should go up, but total area is less and waterfront is lost so values should go down.
		\$352,500/unit	
		\$1,410,000	

after condition the developable area increases while the total area decreases and waterfrontage is eliminated from each parcel. The after condition value is \$278,000. Logically, an increase in developable area would increase the value but the decrease in total area would lower value. Further, the loss of waterfrontage would also tend to reduce the value. Thus, the relationship between the before and after values appears to be logical, and I accept the appraiser's analysis and value conclusion as credible and adequately supported.

Scenario B

Under scenario B a conservation easement would be placed over the undevelopable 39 acres that would severely constrain any use of the land and also proscribe any benefit of contributing development density to the remainder area. However, it would confer rights of ownership including ownership of the beach front and access to it. Thus, the appraiser concludes that the appropriate valuation methodology is very similar to scenario A except that there is no discount accorded for the loss of waterfront. Based upon the subdivision analysis discussed above the appraiser concludes with a value of \$1,650,000 in the after condition under this scenario.

Nearshore Uplands Tract After - Scenario B

64 Acres with Waterfront		CE Over 39 Acres, Has Waterft	
<u>Before Value</u>		<u>After Value</u>	
9 units		5 units	
2.78 ac Dev/Unit		5.00 ac Dev/Unit	
7.11 ac Total/Unit		12.80 ac Total/Unit	
\$311,111/unit		\$330,000/unit	
\$2,800,000		\$1,650,000	
		Conservation Easement 4 units Extinguished	In after condition lot sizes are larger so value should go up but CE restricts use (but not waterfront access) so value should go down.
		\$287,500/unit	
		\$1,150,000	

The test of reasonableness here shows that the developable and total area of each lot increases in the after condition and waterfrontage is retained. The increase in lot size would tend to raise the value of the lots. However, this is countered by the loss of property rights over much of the acreage included in the lots, which would tend to decrease the value of the lots. Since the critical areas impacts on the portion of

property encumbered by the conservation easement was already severely impacted by critical areas, the downward influence on the lot values due to the easement would be less than the upward impact resulting from the increase in average lot size. Thus, the relationship between the lot values from the before to the after conditions is logical, and I accept the appraiser's analysis and value conclusion as credible and adequately supported.

Scenario C

Scenario C is similar to B in that a conservation easement would be placed over the undevelopable 39 acres that would severely constrain any use of the land but would confer rights of ownership including ownership of the beach front and access to it. It differs, however, in that some degree of development density would be permitted to be transferred such that the remainder area could be developed with 7 residential lots. Relying upon the subdivision analysis the appraiser concludes with a value of \$2,210,000.

The test of reasonableness for this scenario shows that the developable area and total lot sizes increase somewhat in the after condition and waterfrontage is retained. These factors would tend to increase value, but are tempered by the loss of property rights owing to the conservation easement. The appraiser's conclusion of lot value is actually quite similar from the before to the after conditions. This is reasonable given that there is a rather small upward influence due to the small increase in lot size, and a small decrease in property rights resulting from a conservation easement over an area that already had significant critical areas impacts. With these factors in mind, the appraiser's conclusions appear to be reasonable, and I accept the appraiser's analysis and value conclusion as credible and adequately supported.

<u>Nearshore Uplands Tract After - Scenario C</u>			
64 Acres with Waterfront	CE Over 39 Acres, Has Waterft		
<u>Before Value</u>	<u>After Value</u>	Conservation Easement	In after condition lot sizes
9 units	7 units	2 units Extinguished	are larger so value should go
2.78 ac Dev/Unit	3.57 ac Dev/Unit		up but CE restricts use (but
7.11 ac Total/Unit	9.14 ac Total/Unit		not waterfront access) so
\$311,111/unit	\$315,714/unit	\$295,000/unit	value should go down.
\$2,800,000	\$2,210,000	\$590,000	

Scenario D

This after condition scenario is actually very similar to the before condition in that it allows full transfer of the development density to the upland acreage and retains the waterfrontage. There would be a conservation easement in place over the lower 39 acres. However, the appraiser notes that this would have no impact on the developable area and only minimal impact upon the easement area, which is already quite constrained in its use due to extensive critical areas. The appraiser concludes that a small diminution in value would result from the requirement of complying with the easement, and I am in agreement with this.

The appraiser notes that she found no direct sales evidence to support an adjustment for an easement that would have such minimal impact. Rather, she relied upon case studies of easement impacted properties with more restrictive easement impacts and relied upon her judgment, which I do not find to be unreasonable under the circumstances. Ultimately, she applies a 7% discount to the before value for what

she deems to be the nuisance factor of the easement. The result is an after conditions value of \$2,600,000, which I accept as credible and reasonably well supported.

Shorecrest Lagoon Tract – After Conditions

In the after condition this subject area loses all development potential including the ability to transfer development rights to any other property. Further, the proposed conservation easement would constrain all uses of the property unrelated to wildlife habitat restoration and associated uses. The appraiser concludes that the highest and best use is for passive recreation as a stand alone parcel or for similar use in assemblage with an adjacent property.

In valuing this subject tract in the after condition the appraiser relies upon a matched pair analysis of a parcel that sold partially encumbered with a highly restrictive conservation easement (on about 500 acres out of 750 acres) and performs a matched paired sales analysis with sales of otherwise similar unencumbered land that sold around the same time. She also relies upon the sale of land that had an 8 year moratorium on development and very limited, if any, development potential thereafter. Based upon this analysis the appraiser derives a range of value for property without development rights at 20%-22% and applies the lower end of the range to the subject to derive an after conditions value of \$120,000.

Given the difficulty of finding market support to derive the value of property with no effective economic utility, this analysis is deemed to be credible and reasonably supported.

Dugualla Heights Tract D – After Conditions

This subject parcel is similar to the Shorecrest Lagoon Tract in that the after condition precludes any economic use of this property owing to a conservation easement intended to hold the property for wildlife habitat that will allow for passive recreational use. Valuation of this property relies upon the same analysis of property sales with no effective development rights used in the Shorecrest Lagoon Tract analysis that showed a range of value from 20%-22% of the before condition value. In this instance the appraiser concludes that in the after condition the property value is 22% of the before condition value. This is at the upper end of the range owing to the potential for assemblage by a neighboring land owner who might be interested in acquiring more waterfrontage despite the constraints upon utilization of the property. The resulting after conditions value is \$72,000, which I accept this credible and reasonably supported.

Summary and Conclusion

A summary of the appraiser's before and after values, as well as the resulting acquisition values of the individual subject properties is provided below. I have accepted all of these value conclusions as credible and adequately supported with the sole exception of the Skagit Bay Nearshore Tidelands. The appraiser shows a value of \$11,000 for this area, which in my opinion is more appropriately concluded to be \$18,000.

Summary of Value Conclusions, Before & After Acquisition					
Property	Acres	Before Acquisition	Value After Acquisition	Acquisition Type	Value of Acquisition
Dequatta Tract	28.00	\$125,000	\$0	fee simple purchase	\$125,000
Shawson Lagoon					
Lagoon & Uplands	28.00	\$600,000	\$125,000	conservation easement	\$475,000
Remnant Lots	0.02	\$14,000	\$0	fee simple purchase	\$14,000
Dequatta Tract II	1.20	\$275,000	\$75,000	conservation easement	\$200,000
Skagit Bay Nearshore Tidelands	44.01	\$11,000	\$0	fee simple purchase	\$11,000
Uplands & Tidelands	64.20	\$2,800,000	Landier Optional Acquisition Scenarios		
Scenario A			\$1,300,000		\$1,500,000
Scenario B			\$1,800,000		\$1,000,000
Scenario C			\$2,250,000		\$650,000
Scenario D			\$2,800,000		\$0

Closing

If I can be of further assistance, please do not hesitate to call.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "S. Shapiro", is displayed on a light blue rectangular background.

Stephen Shapiro, MAI

Attachments:

- USPAP Checklist
- RCO Checklist
- Review Certification and Limiting Conditions

Ref: 8178-Ducken Family LLC Property Review

USPAP APPRAISAL REQUIREMENTS

Item	Yes	No	N/A	Comment
Report is Clear, Accurate and not Misleading	x			
Report Contains Sufficient Information to be Understood	x			
Report Discloses Limiting Conditions	x			
Report States and Supports Report Format Type	x			
Signed Certification Provided	x			
Identify Client and Other Intended Users	x			
Identify Intended Use/Purpose of Appraisal	x			
Identify the Type and Definition of Value Provided	x			
Real Property Interest Being Valued	x			
Identify Ownership Interests	x			
Analyze All Sales of Subject Within 3 Years of Date of Appraisal	x			
Analyze all Agreements of Sale, Options or Listings of the Subject	x			
Identify Effective Date of Value Opinion	x			
Easements, Encumbrances, Restrictions, Covenants, Leases or other	x			
Relevant Conditions that Impact Value Opinions				
Identify and Support Use of Extraordinary Assumptions	x			
Identify and Support Use of Hypothetical Conditions	x			
Identify Scope of Work Necessary to Produce a Credible Report	x			
Identify Relevant Property Characteristics				
Location	x			
Physical	x			
Legal	x			
Economic	x			
Personal Property/Trade Fixtures			x	
When Necessary Identify and Analyze:				
Land Use Regulations	x			
Market Supply and Demand/Market Trends	x			
Adaptability of Subject Real Estate for Potential Uses	x			
Develop an Opinion of Highest and Best Use for the Subject	x			Performed separately for each subject component
Describe Appraisal Methods and Techniques Employed	x			Performed separately for each subject component
Provide Reasoning that Supports Analysis, Opinions and Conclusions	x			Performed separately for each subject component
Reconcile the Quantity and Quality of Data for All Valuation Approaches	x			Performed separately for each subject component
Reconcile the Applicability of all Approaches to Arrive at a Value Opinion	x			Performed separately for each subject component

USPAP REVIEW APPRAISAL REQUIREMENTS

Item	Yes	No	N/A	Comment
Identify Reviewer's Client and Intended Users	x			
Identify Intended Use of Review's Opinions/Purpose of Assignment	x			
Scope of Work Used to Develop the Review Appraisal	x			
Identify the Subject Property	x			
Effective Date of Review	x			
Identify the Ownership Interest of the Subject	x			
Date of the Appraisal Under Review	x			
Effective Date of Value of the Work Under Review	x			
Identify the Appraiser of the Work Under Review	x			
Identify the Scope of Work of the Review	x			
Develop an Opinion of the Completeness of the Appraisal Under Review	x			
Develop an Opinion of the Adequacy and Relevance of Data, Including	x			
Any Adjustments to the Data of the Appraisal Under Review				
Develop an Opinion as to the Appropriateness of Appraisal	x			
Techniques Used in the Report Under Review				
Develop an Opinion as to Whether the Analyses, Opinions, and	x			
Conclusions are Appropriate and Reasonable				
Include a Signed Certification	x			

RCO APPRAISAL REQUIREMENTS

Item	Yes	No	N/A	Comment
Appraiser's Qualifications	x			
USPAP Compliant with RCO Exceptions	x			Appraisal meets USPAP requirements.
UASFLA (Yellow Book) Compliant with RCO Exceptions			x	UASFLA not required.
Statement of Assumptions & Limiting Conditions	x			
Hypothetical Conditions Stated	x			
Hypothetical Conditions Justified	x			
Extraordinary Assumptions Stated	x			
Extraordinary Assmptions Justified	x			
Title Report Provided & Existing Encumbrances Considered	x			
Summary or Self-Contained Report Format Required (self-contained required for partial takes and easements)	x			Self-Contained report provided
Point of Value Conclusion Required	x			Provided separately for each subject component

RCO REVIEW APPRAISAL REQUIREMENTS

Item	Yes	No	N/A	Comment
Review Appraiser's Qualifications	x			
USPAP Compliant	x			Review appraisal meets USPAP requirements.
UASFLA (Yellow Book)			x	UASFLA not required.
Appraiser's Hypothetical Conditions Found Reasonable	x			
Appraiser's Extraordinary Assumptions Found Reasonable	x			
Title Report Provided & Existing Encumbrances Considered	x			
Field Inspections Required for Value above \$250,000	x			
Approval or Rejection of Appraiser's Value Conclusion	x			
Reviewer Recommends Appraiser Provide USPAP Compliant Update		x		
Reviewer Provides Alternate Value Conclusion	x			

Review Certification & Limiting Conditions

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

- 1) The facts and data reported by the review Appraiser and used in the review process are true and correct.
- 2) 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.
- 3) 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.
- 4) I have no bias with respect to the property this is the subject of the work under review or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) 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.
- 7) My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) I inspected the subject property of the report under review on September 17, 2008.
- 9) No one provided significant professional assistance to the person signing this review report.



Signature of Appraiser

WA State Certification Number 1101561