



Appraisal Report

POCKET PARK and CITY HALL BUILDING
124 Main Street and 147 Main Street
Waitsburg, Washington

for:

City of Waitsburg
PO Box 35
Waitsburg, Washington 99361

by:

Michael Fredrickson, MAI

November 15, 2021

Associated Appraisers of Walla Walla, LLC

Real Estate Appraisals/Consulting/Sales/Property Management

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Walla Walla, WA 99362



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November 15, 2021

Randy Hinchliffe, City Administrator, Clerk, Treasurer
City of Waitsburg
PO Box 35
Waitsburg, Washington 99361

RE: Pocket Park and City Hall Building
124 Main Street and 214 Main Street
Waitsburg, Washington

As per your request, I have inspected the above-referenced properties described in this report. Pocket Park is located along the west side of Main Street, about a block north of the intersection with State Highway 124. The City Hall building is located at the northeast corner of the intersection Main Street and Preston Avenue/State Highway 124, in the Town of Waitsburg, County of Walla Walla, in the State of Washington.

The enclosed Appraisal Report describes the physical features of the property and the valuation procedures utilized. The report is prepared in conformity with minimum standards and *Uniform Standards of Professional Appraisal Practice* (USPAP) as set forth in Section 323.4 Appraisal Standards of Regulations issued by the Federal Deposit Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The report is prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the Appraisal Institute, the requirements of the Code of Professional Ethics of the American Society of Farm Managers and Rural Appraisers.

Randy Hinchliffe
November 15, 2021

After analyzing the data contained in this report, it is my opinion that the most probable market value of the subject properties, in Fee Simple, "As Is" as of the 26th day of October 2021 is:

Pocket Park:

TWENTY FOUR THOUSAND DOLLARS

(\$24,000)

City Hall Building:

TWO HUNDRED FIVE THOUSAND

(\$205,000)

Total by Summation:

TWO HUNDRED TWENTY NINE THOUSAND

(\$229,000)

Respectfully submitted,



Michael Fredrickson, MAI

Enclosure

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EXECUTIVE SUMMARY

Property Name: Pocket Park
City Hall Building

Location:
Pocket Park: 124 Main Street
City Hall Building: 147 Main Street
Waitsburg, Washington

Site Size:
Pocket Park: 4,792 Square Feet
City Hall Building: 2,614 Square Feet

Improvements:
Pocket Park: None
City Hall Building: 4,157 square foot commercial building

Highest and Best Use:

“As If Vacant”:
Pocket Park: Commercial
City Hall Building: Commercial

“As Improved”:
City Hall Building: Commercial – Retail Building

Effective Date of Value: October 26, 2021

Value Opinion:
“As Is”:
Pocket Park: \$ 24,000
City Hall Building: \$205,000

Total by Summation: \$229,000



Introduction to the Analysis



PROPERTY IDENTIFICATION

The subject Pocket Park property is located along the west side of Main Street, about a block north of the intersection with State Highway 124. The subject City Hall Building is located along the east side of Main Street, at the northeast corner of the intersection with Preston Avenue/State Highway 124. Both properties are within the Downtown District of the Town of Waitsburg, County of Walla Walla, State of Washington. The Pocket Park situs address is 124 Main Street. The site is identified by Walla Walla County as parcel number 37-09-11-61-0326. The City Hall Building situs address is 147 Main Street. The site is identified by Walla Walla County as parcel number 37-09-11-61-0026. The properties are legally described as:

Pocket Park:

BEGINNING AT A POINT 45 FEET WEST OF THE CENTER LINE OF MAIN STREET IN THE CITY OF WAITSBURG, WASHINGTON, AND 207.33 FEET SOUTH OF THE SOUTH LINE OF FIRST STREET IN SAID CITY, AND RUN THENCE SOUTH, ALONG THE WEST LINE OF MAIN STREET, A DISTANCE OF 46.67 FEET; THENCE WEST, PARALLEL TO THE SOUTH LINE OF FIRST STREET, A DISTANCE OF 107.00 FEET; THENCE NORTH PARALLEL TO THE WEST LINE OF MAIN STREET, A DISTANCE OF 46.67 FEET; THENCE EAST PARALLEL TO FIRST STREET, 107.00 FEET TO THE TRUE POINT OF BEGINNING.

City Hall Building:

Beginning at the point of intersection of the North line of Preston Avenue with the East line of Main Street in the City of Waitsburg, Washington, as said streets are now established and running thence North, along the East line of Main Street, a distance of 30.0 feet; thence East parallel to the North line of Preston Avenue, a distance of 100.0 feet, more or less, to the West line of the alley as said alley is now established; thence South along the West line of said alley, a distance of 30.0 feet to the North line of Preston Avenue; thence West, along the North line of Preston Avenue, a distance of 100.0 feet, more or less, to the point of beginning;

PROPERTY RIGHTS APPRAISED

The property rights being appraised are the Fee Simple Estate, subject to existing encumbrances of record. The fee simple estate is defined as the absolute ownership unencumbered by any other interest or estate subject only to the four powers of government.



OWNER OF RECORD

The owner of record of the Pocket Park property is the City of Waitsburg. The property was purchased from John R. and Marilyn E. Stellwagen on September 11, 2018 for \$30,000. This sale will be analyzed in this report. On the same date, ownership of the property was transferred from Waitsburg Mercantile LLC to the Stellwagen's via quit claim deed to clean up ownership. There were no other recorded sales and/or transfers of ownership of the subject Pocket Park property discovered within the **last three years**.

The owner of record of the City Hall Building property is the City of Waitsburg. The property was purchased from The National Bank of Commerce of Seattle on April 24, 1974 via Quit Claim Deed for \$4,000. There were no recorded sales and/or transfers of ownership of the subject City Hall Building property discovered within the **last three years**.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to provide an opinion of the most probable subject market value, of the subjects in fee simple, "As Is", as of the 26th day of October 2021 (the effective date of value).

CLIENT AND INTENDED USERS OF THE ANALYSIS

The client is Randy Hinchliffe of the City of Waitsburg, who is the only intended user of the appraisal.

INTENDED USE

The intended use of this appraisal is to provide an opinion of the market value "as is" of the subject properties, to evaluate the subject properties for internal decision making for future potential sale, subject to the stated scope of the work, purpose of the appraisal, reporting requirements of this appraisal report, and definition of market value.

HYPOTHETICAL CONDITIONS

Hypothetical conditions are defined as that which is contrary to what exists, but is supposed for the purpose of analysis. There are no hypothetical conditions supposed for this analysis.



EXTRAORDINARY ASSUMPTIONS

Extraordinary Assumptions are defined as an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.

The appraiser is not aware of any environmental site assessment (Phase I Study) that has recently been conducted on the properties. This report assumes that there is no hazardous waste material, contained on the analyzed properties that would affect the herein reported value opinion.

COMPETENCY RULE

The appraiser is familiar with the property type, market area, and methods utilized, and has the knowledge and experience required to perform the appraisal service competently. There were no special measures, other than those discussed in the Scope of the Appraisal, necessary to conform to the Competency Provision of USPAP.

COVID-19 APPRAISAL STATEMENT

This appraisal was performed following public awareness that COVID-19 was affecting residents in the United States. At the time of the appraisal, COVID-19 was having widespread health and economic impacts. The effects of COVID-19 on the real estate market in the area of the subject property were not yet measurable based on reliable data. The analyses and values opinion in this appraisal are based on the data available to the appraiser at the time of the assignment and apply only as of the effective date indicated. No analyses or opinions contained in the appraisal should be construed as prediction of future market conditions or values.



SCOPE OF WORK

The scope of the appraisal process involves gathering pertinent regional and area data, analyzing demographic area trend, inspecting the subject properties, analyzing competitive sales, and employing accepted real estate methods and techniques. The process involves processing data to provide an opinion of value, and to prepare an appraisal report in accordance with the intended use, the *Uniform Standards of Professional Appraisal Practice* of the Appraisal Foundation, The Standards of Professional Practice of the Appraisal Institute, and the American Society of Farm Managers and Rural Appraisers. The indicated values derived from accepted real estate methods are then correlated to indicate an opinion of market value from the subject property.

1. The subject properties were inspected on the 26th day of October 2021 by Michael Fredrickson, MAI and Robert Aycock (appraisal trainee) of Associated Appraisers of Walla Walla, LLC. The appraisers were accompanied during the inspection by Randy Hinchliffe, (509) 337-6371. Robert Aycock participated in the inspection, subject data search, and sales analysis.
2. Regional, city and market area data are based on Associated Appraisers' database that is upgraded periodically and a physical inspection of the market area. Subject property data was obtained from the Walla Walla County records, the owners, as well as inspection of the subject properties.
3. In developing an opinion as to the Highest and Best Use for the property and approaches to value, the appraiser analyzed market data collected from public records, public agencies, other appraisers, realtors and/or persons knowledgeable of the area. All approaches to value deemed necessary to provide a credible value opinion were completed in the appraisal process.
4. An extensive sales search was conducted in the market area. Data has been utilized from many sources, including but not limited to, Walla Walla MLS, and Walla Walla County Auditor's Offices.
5. The appraisal problem involves providing an opinion of the subjects' market value in fee simple, "As Is", as of October 26, 2021.

After assembling and analyzing the data defined in this scope of the appraisal, the indicated values from the approaches completed in this report were correlated into a final value opinion for the subject property.



DEFINITION OF MARKET VALUE

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Adjustments to the comparable must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third-party institution lender that is not already involved in the property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession, but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

SOURCE: Office of the Comptroller of the Currency under 12 CFR, part 34, Subpart C-Appraisals, 34.42 Definitions [f].

Market Value As Is: Means an estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date of inspection.

Market Value as if Complete on Appraisal Date: Market Value of the property with all proposed construction, conversion, or rehabilitation hypothetically completed, or under other specified hypothetical conditions, as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicated that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants. That, the value includes the undiscounted anticipated cost of tenant improvements for the level of occupancy contemplated as have stabilized occupancy.

Prospective Future Value Upon Completion of Construction: Same as Market Value as if Complete on Appraisal Date except that the prospective future value applies based upon market conditions forecast to exist as of the completion date.



ASSUMPTIONS AND LIMITING CONDITIONS

Information has been gathered from various sources, and the information obtained is assumed to be correct.

Lump sum and/or percentage adjustments of market data are employed only for the purpose of aiding the appraiser to arrive at a preliminary estimate of value for the properties.

As with all adjustments, the appraiser's experience must be given primary reliance over a mathematical procedure since many factors in the marketplace cannot be measured with mathematical precision.

The appraiser assumes no responsibility for legal matters including those affecting title to the properties and their validity.

Titles to the properties are assumed to be fee simple, marketable, and free of all encumbrances including, but not limited to, mortgages, liens, trust deeds, and delinquencies.

The sizes were derived from the County records, and are assumed to be correct. The legal descriptions provided to the appraiser is assumed to be correct.

No surveys were made, and no liability for surveys are assumed. Sketches, if any, contained in this report are for illustrative purposes only.

No right to testimony is included. Prior arrangements for testimony are required, and such testimony is at an additional fee.

No fractional part of this appraisal is to be used in conjunction with another appraisal. Such use renders this appraisal invalid.

The existence of potentially hazardous material used in the construction of the improvements, such as the presence of urea formaldehyde foam insulation, radon gas, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. If desired, the client can retain an expert in this field.



ASSUMPTIONS AND LIMITING CONDITIONS, continued

However, if during inspection of the subject properties, the appraiser detects evidence of potentially hazardous material, it will be addressed in this report.

Neither all nor parts of the contents of this report shall be conveyed to the public through advertising, public relations, news sales or other media, without the written consent and approval of this appraiser, particularly as to valuation conclusions, the identity of the appraiser or firm with which he is associated, or any reference to the professional organizations of which he is a member or to the designations which he holds.

The appraisal was not based on a requested minimum valuation or a specific valuation, or the approval of a loan.

This appraisal report complies to the current Uniform Standards of Professional Appraisal Practice of the Appraisal Standards Board (USPAP) and current minimum standards by regulation or the office of Thrift Supervision (12 CFR, Part 564.4).

The appraiser assumes competent ownership, efficient management, and marketable unencumbered title in the owner. The appraisers believe, but do not guarantee, that all data upon which value conclusions are based are reliable.

The appraisal excludes personal furniture, fixtures and equipment from valuation.



CERTIFICATE

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

the statements of fact contained in this report are true and correct.

the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the properties that are the subject of this report, and no personal interest with respect to the parties involved.

I have performed a Broker's Pricing Opinion on the City Hall Building on January 16, 2019; other than this pricing opinion, I have performed no other services, as an appraiser or any other capacity, regarding the properties that are the subject of this report within the three-year period immediately preceding acceptance of this assignment.

I have no bias with respect to the properties that are the subject of this report, or to the parties involved with this assignment.

my engagement in this assignment was not contingent upon developing or reporting predetermined results.

my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Practice* and the requirements of the Code of Professional Ethics and the Standards of Professional Practice of the appraisal professional organizations of which I am an associate.



CERTIFICATE, continued

as of the date of this report I have completed the continuing education program for Designated Members of the Appraisal Institute and have completed the Standards and Ethics Education Requirements for the American Society of Farm Managers and Rural Appraisers.

the use of this report is subject to the requirements of the appraisal organizations of which I am an associate and/or a member pertaining to review by its duly authorized representatives.

I am a Certified Real Estate Appraiser - General Classification, by the Real Estate Division, State of Washington.

I have made a personal inspection of the properties that are the subject of this report.

no one provided significant professional assistance to the person signing this report, other than Robert Aycock (Washington State registered real estate appraiser trainee #1002121) participated in the inspection, subject data, research, sales search, and sales analysis.

the appraiser is competent to complete this report in accordance with the competency provision in the USPAP.

the appraiser assumes competent ownership, efficient management, and marketable unencumbered title in the owner. The appraiser believes, but does not guarantee, that all data upon which value conclusions are based are reliable.



Michael Fredrickson, MAI

11/15/2021

Date

Oregon State Certified General Appraiser No. C000555, Expires 01/31/23
Washington General Certificate No. 1100101, Expires 01/13/23



Descriptive Data



REGIONAL MAP



REGIONAL DATA

The States of Washington and Oregon are located in the northwestern corner of the United States and are considered to be located in the Pacific Northwest. The Pacific Northwest is made up the states of Washington, Idaho, and Oregon.

The Cascade Mountain Range divides both states of Washington and Oregon into western (or coastal area) and eastern portions.

Growth statewide for Washington was 1.6% between 2018 and 2019, for a population of approximately 7,546,400 for 2019. Oregon's population was 4,222,960 for 2019, for a growth rate of 1.0% between 2018 and 2019.

The Pacific Northwest will continue its population boom over the next two decades, with Washington ranking fourth nationally in terms of both growth rate and net increase, the US Census Bureau predicts. Oregon's growth rate, by comparison, is ranked 22nd in the nation at only 0.89%. Washington is currently the 13th most populated state with Oregon ranked 27th.

The largest city in the State of Washington, and in the region, is Seattle, located in the western area, with a 2020 population of 776,55 people. Seattle is located in King County, which had a 2020 population of 2,260,800.

The two counties contiguous to King County are Pierce County, the second ranked most populous county with a 2020 population of 927,428, and Snohomish County, the third most populous county with a 2020 population of 830,500. The largest segment of the state population resides west of the Cascade Mountains along the I-5 interstate freeway corridor that connects Canada and California.

In the eastern area of the state, the Tri-Cities metro area (Kennewick, Pasco, and Richland) was ranked number one in population growth in the U.S. from April 2010-July 2011 by the U.S. Census Bureau. This has continued since then with Franklin County growing at 21.8% since 2010 and Benton County growing at 16.7% over the same period.

The economy of the west side of the state is driven by Boeing, the high-technology industries (led by Microsoft and Amazon), Forestry, Fishing and Foreign Trade.



REGIONAL DATA, continued

The State of Oregon's largest city is Portland, also located in the western area of the state with a population of 662,549 (2020). Portland is located in Multnomah County, which had a 2020 population of 816,421. Portland is home to the Port of Portland, where river (Columbia/Snake River System), rail, air and ground transportation meet and transport domestic and international goods throughout the United States and the world. On Oregon's east side, the Bend-Redmond area was ranked the seventh fastest-growing metro area in the U.S. in 2015, which has continued to grow just not at the same rate.

Economy

Washington's unemployment rate for January 2021 was 6.0%, just below the national rate of 6.3%, this is expected to decrease over the next few months as the effect of the COVID-19 state shut down restrictions ease with the vaccine continues to be given to greater numbers of people. The state currently (2021) holds the highest minimum wage rates in the county at \$13.69 per hour.

According to Washington State's Economic and Revenue Forecast Council, the state's economic growth is picking up from the COVID shut downs. Private, service-providing industries accounted for most of the job growth, with construction and manufacturing following.

The State of Oregon's unemployment rate for January 2021 was 6.2%. The Oregon State Employment Department reported that the state nonfarm employment in January 2021 was 1,975,166. However, as of the end of January 2021 non-farm payroll employment has dropped 162,800 jobs or 8.3%, since January 2020, as a result of the COVID-19 state wide shut down.

Because one of the fundamental strengths of the Pacific Northwest is that it is an attractive place to live, it is expected that population and job growth will continue to be strong, once we are past the weakness caused by the current pandemic.

Aerospace Industry

In the Pacific Northwest, the aerospace industry is one of the region's most mature and far-reaching economic sectors. Approximately 500 aerospace related companies affect the economic stability in the region. The economy had seen demand and growth in this sector at historic levels, however it has been collapsing since the 737 MAX issues started in 2019 along with the COVID pandemic all but killing international travel in 2020.



REGIONAL DATA, continued

Boeing, the region's, and one of the world's, largest private sector employers, is forecasting a total demand over the next 20 years of 36,800 new airplanes valued at \$5.2 trillion, with Boeing's 737—assembled at the Renton, Washington site—as a driving force of this demand. Boeing's Renton plant had been assembling a record-setting 52 planes per month, however because of the grounding of the MAX no planes had been constructed for over a year, but Boeing has announced plans to ramp up to reach 31 aircraft per month.

Job Growth

Personal income is one of the most important and widely-watched measures of a state's economy. It includes wages, salaries, bonuses, proprietors' income, rents, dividends and transfer payments such as Social Security and unemployment benefits. Washington State's average per capita personal income is \$64,758 well above, the national average of \$56,490 (for 2019).

Employment growth has outpaced the modest growth expected, leaving the current unemployment levels near all-time lows. Private-sector growth has helped push down Washington's jobless rate. Industry sectors with the biggest positive revisions were transportation, warehousing and utilities, manufacturing and retail trade, and leisure and hospitality. The sectors with the largest downward trend were construction and other services, though construction is showing signs of rebounding.

Agriculture is a major economic contributor in Washington State. With over 300 crops, it is the nation's second most diverse agricultural states. 2016 ranked it number one in apples, hops, spearmint oil, sweet cherries, pears, concord grapes, red raspberries (for processing), blueberries, and aquiculture. And ranked number two in production of onions, nectarines, potatoes, Niagara grapes, all grapes, apricots, and asparagus. The greatest portion of this agriculture is east of the cascades. Agriculture and aerospace are virtually identical in their contributions to the state's economy.

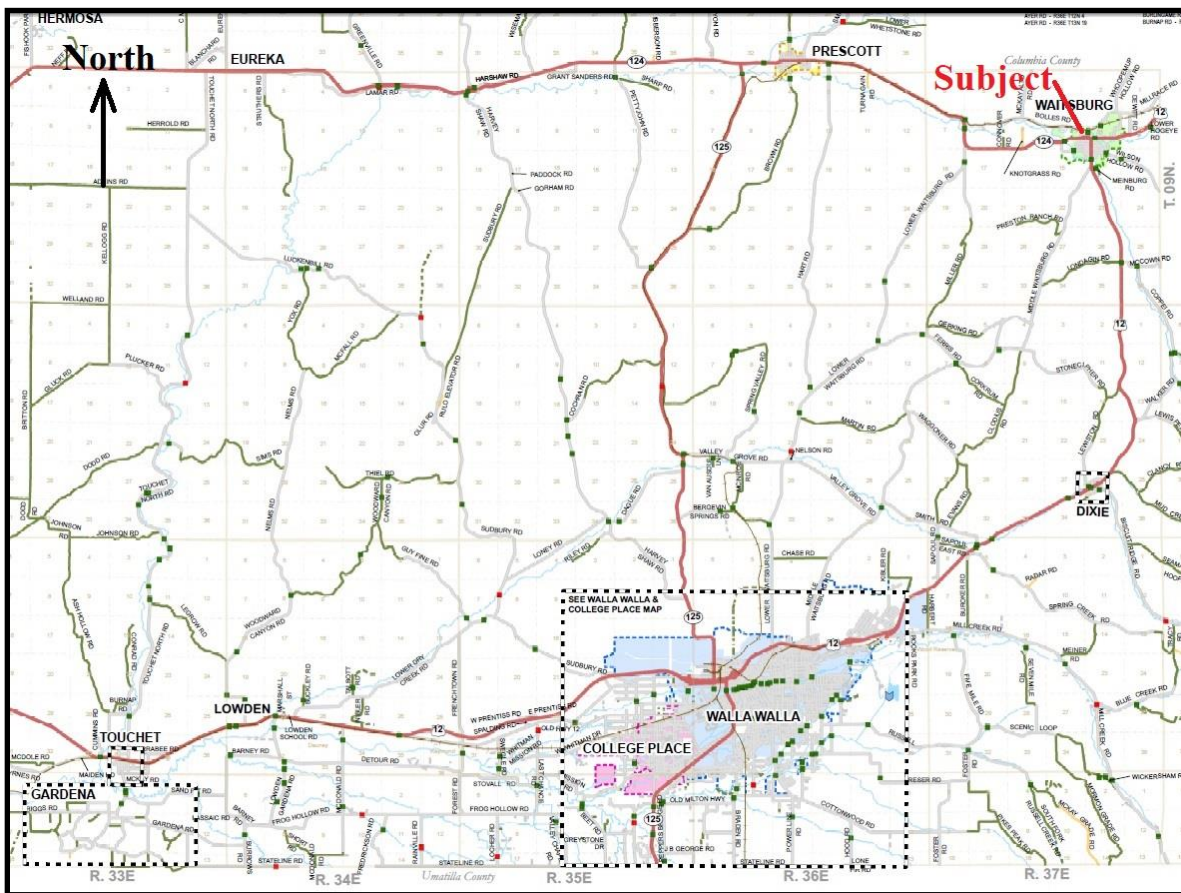
The Pacific Northwest should be a national leader during the COVID recovery because as Asian zone continues to accelerate growth, the States of Washington and Oregon are poised to take advantage and grow with the region, since a majority of the exports from the region go to the Asian markets. So, the overall outlook for the region is strong.



WAITSBURG AREA DATA

The subject properties are located in Waitsburg, a farm community 20 minutes northeast of Walla Walla. Currently, Waitsburg is the only city in the state of Washington which still operates under the terms of its Territorial Charter. The current population is 1,243 people. The K-12 school educates nearly 300 students per year.

SUBJECT PROXIMITY MAP

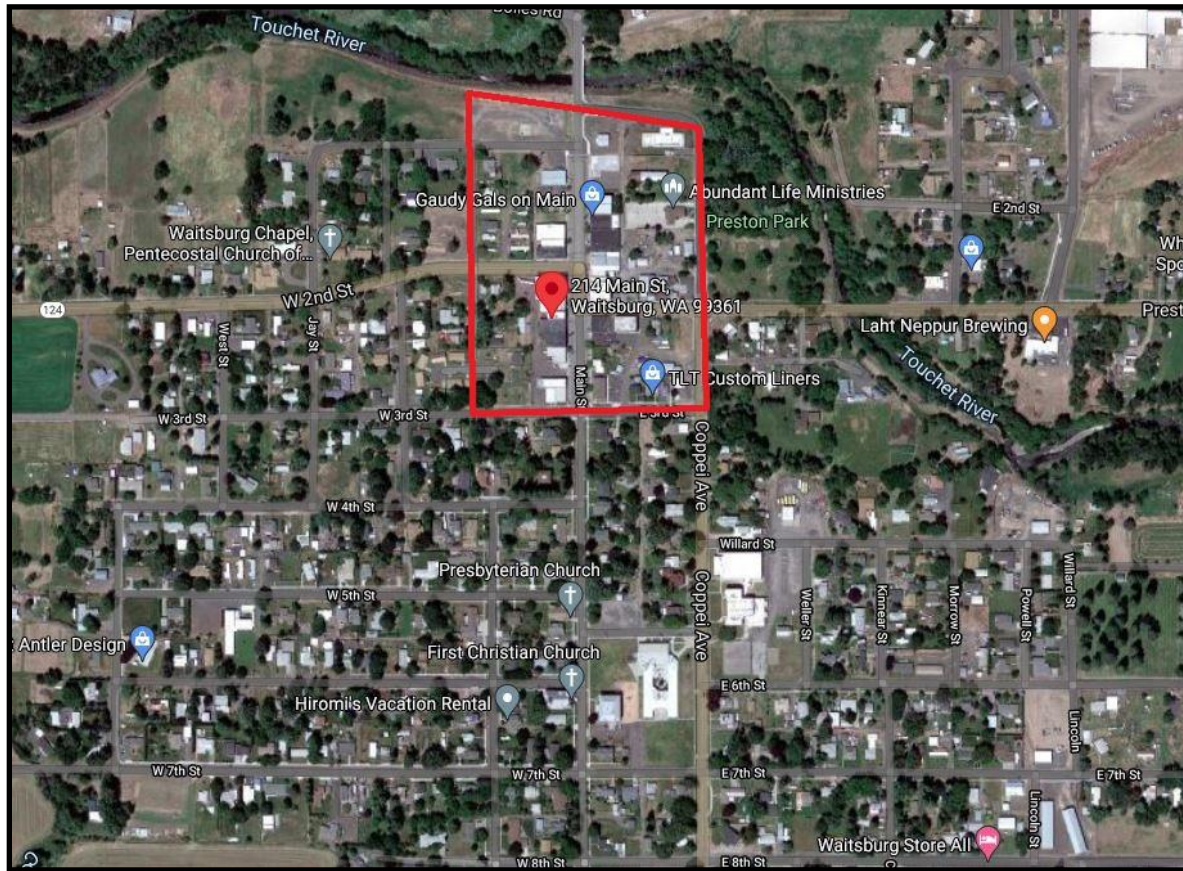


MARKET AREA DESCRIPTION AND ANALYSIS

Social, economic, governmental and environmental forces influence property values in the vicinity of a subject property, which, in turn, directly affect the boundaries of the area of influence and must be delineated to conduct a thorough analysis. The area of influence is the area within which the forces affect all surrounding properties in the same way they affect the property being appraiser.

Although physical boundaries may be drawn, the significant boundaries are those that fix the limits of influence on property values. By coincidence, these limits may be physically observable.

Market Area or district analysis provides a framework, or context, in which property value is estimated. It identifies the area of analysis and establishes the potential limits within which the appraiser searches for data to be used in applying the three approaches to value.



MARKET AREA DESCRIPTION AND ANALYSIS, continued

The subjects' market area includes the downtown Waitsburg central business district. The area is generally bounded by the Touchet River on the north, Highway 12 on the east, Third Street on the south and Warren Street on the west.

The greater market area includes all of the commercial areas in the communities surrounding Walla Walla, including Waitsburg, Prescott, Touchet, and Dayton (in Columbia County).

The downtown market area is characterized as a mix of metal clad structures and older masonry buildings. The primary arterials are Main Street, Highway 12, and Highway 124. Main Street is a two-lane, paved city street with concrete curbs, sidewalks, storm drains, and streetlights.

Subject Vicinity Map



MARKET AREA DESCRIPTION AND ANALYSIS, continued

The subject Pocket Park is located along the west side of Main Street in the northern area of the Downtown District. Adjacent north is a vacant restaurant building and the new Waitsburg City Hall; to the south is the vacant Anchor Bar, the Morgan building and the Waitsburg Hardware and Mercantile building. To the west is low density residential; to the east along Main Street are a vacant commercial building and the Town Hall building.

The subject City Hall building is located at the northeast corner of Main Street and Preston Avenue/State Highway 124 in the central area of the Downtown District. Adjacent north is a law office, a salon, and The Times; to the south is Banner Bank, further south is light density residential; to the west along Main Street is Waitsburg Grocery, a vacant commercial building, the Plaza Theater, and the Weller Library; to the east is the Waitsburg Business Center, a salon and a self-serve fueling station. About 50% of the Main Street buildings are occupied.

City services including water, sewer, and trash collection are provided in Waitsburg. Walla Walla County provides emergency services. Power, telephone, cable, and wireless internet services are available.

There does not appear to be any social, economic, governmental or environmental adverse forces that would negatively influence the value of the subject property. It is concluded that the social, economic, governmental and environmental forces are conducive to commercial uses.

Looking East along Preston Avenue/State Highway 124, Subject at Left



MARKET AREA DESCRIPTION AND ANALYSIS, continued



Looking North from City Hall along Main Street/State Highway 124

Looking South of City Hall along Main Street



SITE DESCRIPTION AND ANALYSIS

In appraising any type of property, an appraiser describes and analyzes the land or site. A land or site analysis is a careful study of factual data in relation to the market area characteristics that create, enhance or detract from the utility and marketability of the land or site as compared with competing comparable land or sites. One primary objective of land or site analysis is to gather data that will indicate the highest or best use of the land or site as though vacant.

The subject unimproved Pocket Park site is located along the west side of Main Street about a block north of the intersection with Preston Avenue/State Highway 124. According to the Walla Walla County Assessor's Website, the rectangular shaped site contains a total of **4,792 square feet**.

County GIS Plat Map – Pocket Park



SITE DESCRIPTION AND ANALYSIS

The subject City Hall Building site is located at the northwest corner of Main Street and Preston Avenue/State Highway 124. According to the Walla Walla County Assessor's Website, the rectangular shaped site contains a total of **2,614 square feet**.

County GIS Plat Map – City Hall



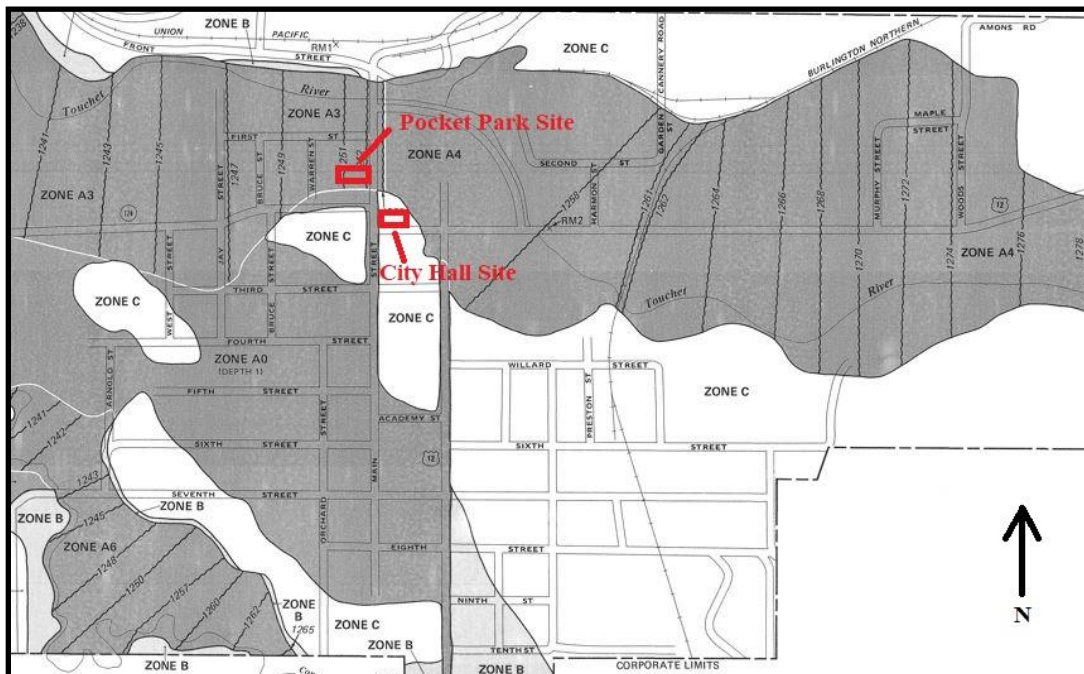
SITE DESCRIPTION AND ANALYSIS, continued

Good visibility is provided to the sites from Main Street. Access is provided along Main Street and from gravel alleys at the rear of each site. City Hall is provided additional access along Preston Avenue/State Highway 124.

The rectangular shaped sites are generally level and at street grade with the frontage streets. The Pocket Park site is provided with about 36 feet of frontage along Main Street. The City Hall site is provided with about 30 feet of frontage along Main Street and about 87 feet of frontage along Preston Avenue/State Highway 124. All utilities are provided to the sites including city water, sewer, power, natural gas, telephone, and internet service.

The Pocket Park site elevation is about 1,255 feet above sea level. The City Hall site elevation is about 1,260 feet above sea level. Annual rainfall for the sites is 16 to 18 inches. The soil type for the sites is Yakima silt loam, 0 to 3 percent slopes.

The appraiser did not notice any noxious odors, signs of exploration and/or chemical spills, or dump areas. According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the Pocket Park site is within Zone A4 (areas of 100-year floods) and the City Hall Building site is within Zone C (areas of minimal flooding), as indicated on the indicated Community Map Panel No. 5301960001B, dated November 3, 1982. It is concluded that the site is conducive to commercial development.



SITE DESCRIPTION AND ANALYSIS, continued

Soils Map – Pocket Park



Soils Map – City Hall



BUILDING IMPROVEMENT DESCRIPTION

The subject City Hall Building site is improved with a two-story commercial building, with a full basement, containing a total of **4,157 square feet**. The building was originally built for commercial bank use.

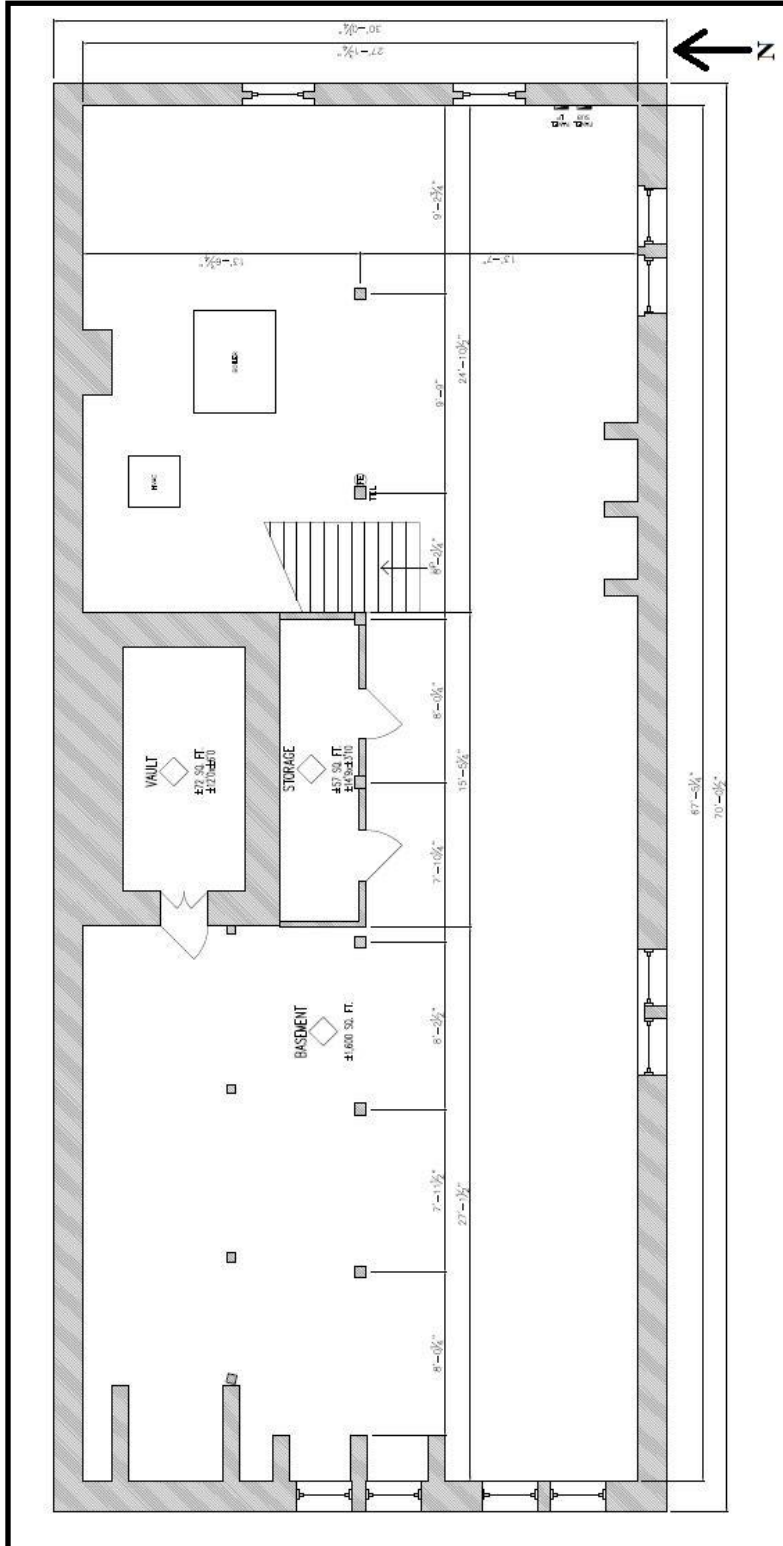
The two-story building has a concrete foundation; walls are brick; and the roof has a membrane covering. HVAC is provided from an electric furnace located in the basement and an exterior air-conditioning unit located at the east side of the building.

Looking Southwest at City Hall along Main Street



BUILDING IMPROVEMENT DESCRIPTION, continued

Building Diagram - Basement



BUILDING IMPROVEMENT DESCRIPTION, continued

Basement

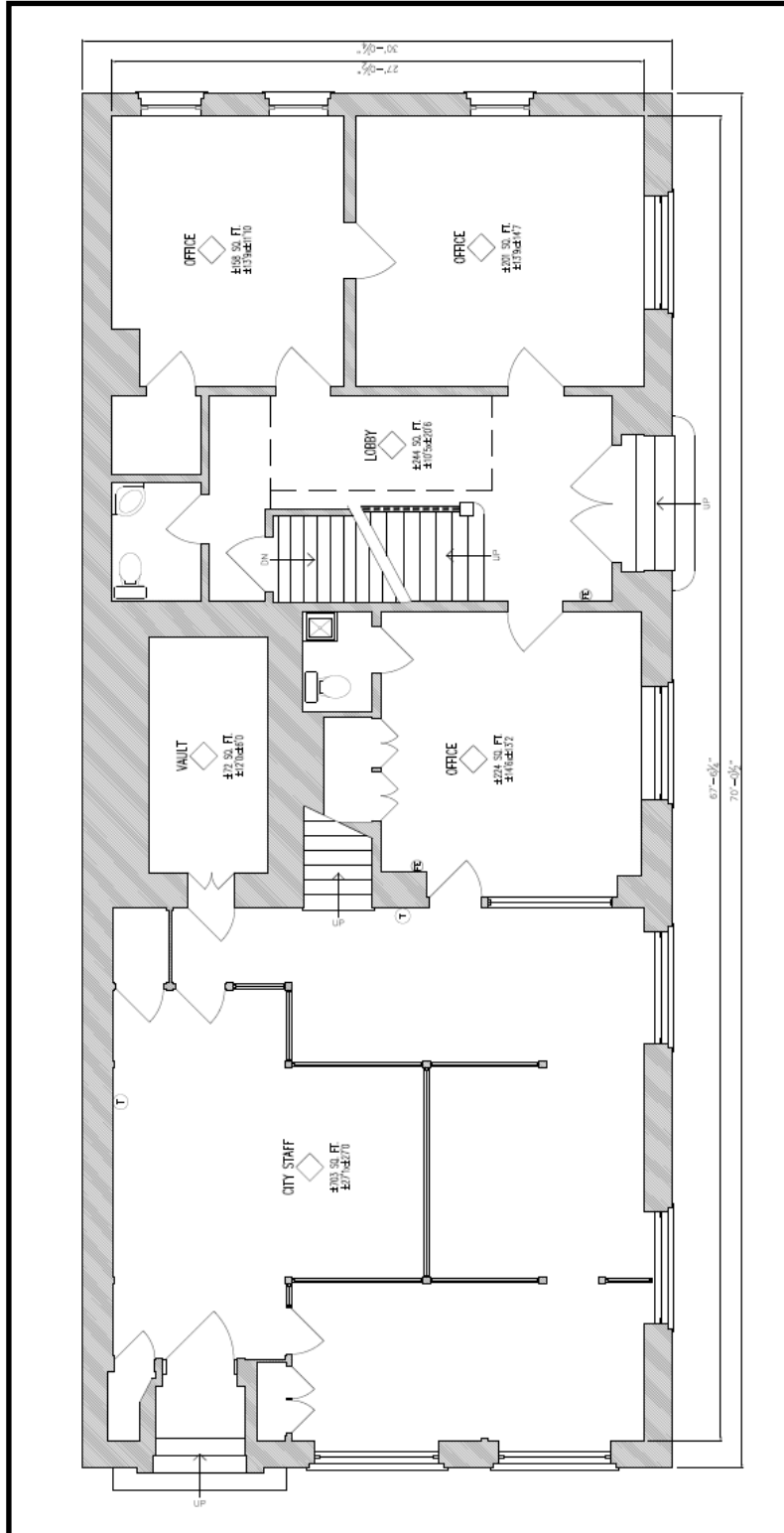
The floors are concrete with a dirt floor at the southwest corner; walls are concrete; and ceilings are open wood framing with wood support columns. Lighting is provided from fluorescent fixtures. The basement is partitioned to a storage closet and a walk-in vault room, with remainder of the basement open. Access to the basement is from a wooden staircase in the central area of the basement. The basement contains HVAC for the building and is used only as storage.

Basement



BUILDING IMPROVEMENT DESCRIPTION, continued

Building Diagram – Main Level



BUILDING IMPROVEMENT DESCRIPTION, continued

Main Level

The main level floors are sheet vinyl, vinyl tile, and wall-to-wall carpet; walls are plaster, concrete, and manufactured wood paneling with single-pane windows; and ceilings are plaster with a decorative tray ceiling in the lobby, and acoustical tile in the office areas. Lighting is provided from hanging incandescent and fluorescent fixtures. Access to the building is provided from two entrance doors, one along Main Street and one along Preston Avenue/State Highway 124.

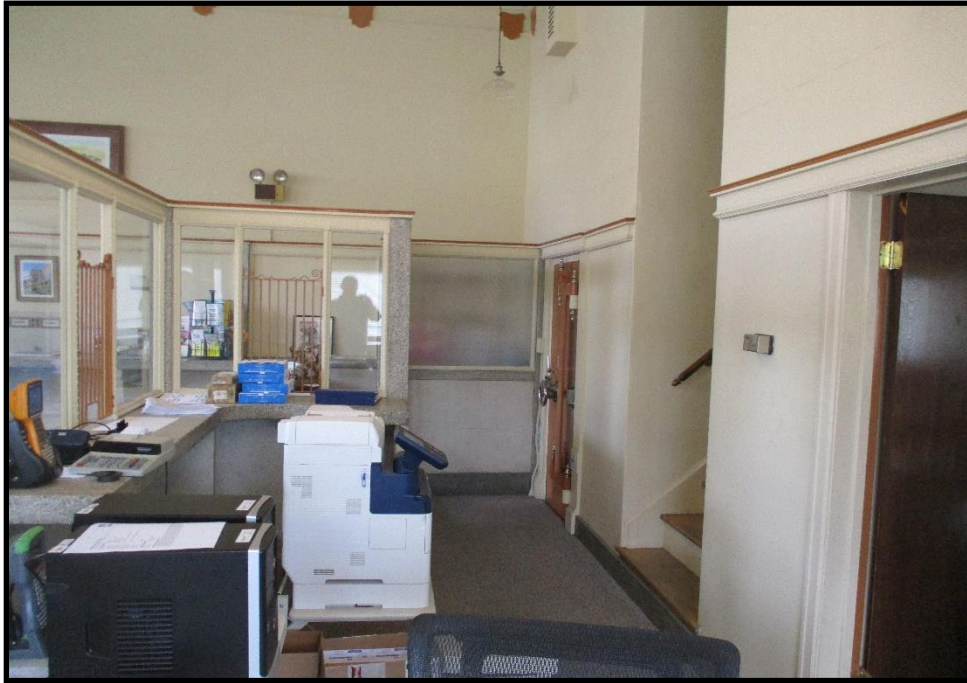
The main level is partitioned to the front lobby area, a vault room, (2) restrooms, and (3) offices. The front lobby area contains half walls that are masonry constructed from its original use as a bank. One office is centrally located along the south wall and the other two offices are located along the east wall.

The two eastern offices are provided primary access from the Preston Avenue/Highway 124 entrance. This entrance also provides access to a small lobby and a wood staircase that leads to the second level.

Front Lobby Area



BUILDING IMPROVEMENT DESCRIPTION, continued



Stairs to Mezzanine Level and Door to Vault Room

Restroom



BUILDING IMPROVEMENT DESCRIPTION, continued



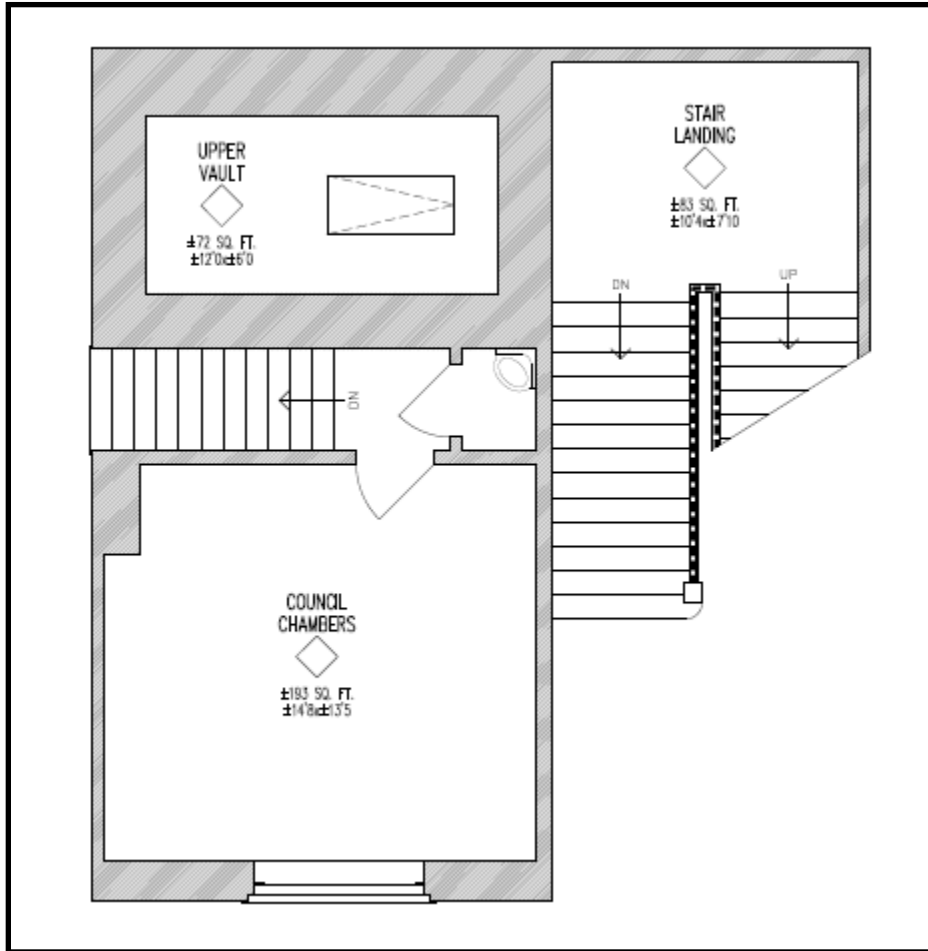
Central Office

Eastern Office Area



BUILDING IMPROVEMENT DESCRIPTION, continued

Building Diagram – Mezzanine Level



BUILDING IMPROVEMENT DESCRIPTION, continued

Mezzanine Level

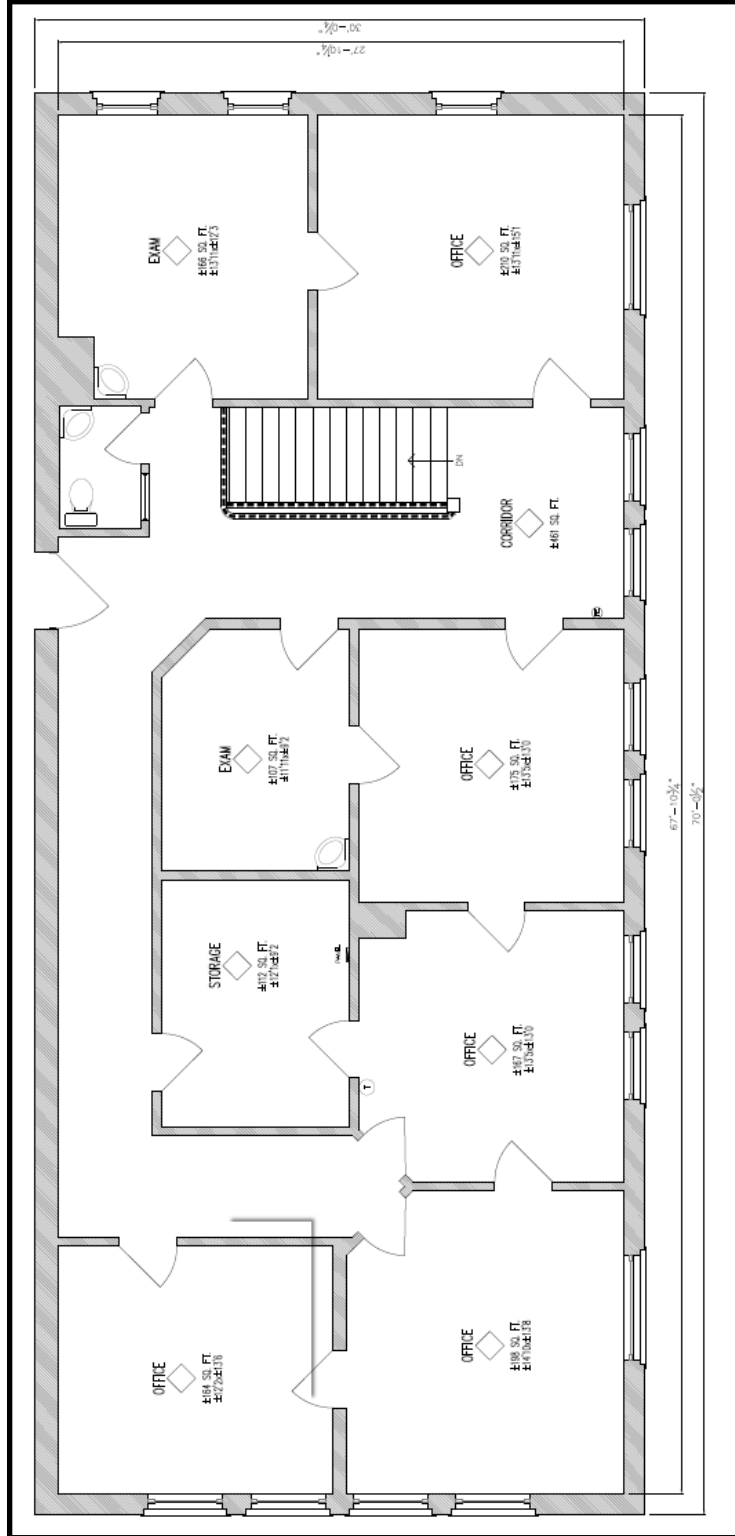
The mezzanine level floors are wood; walls and ceilings are plaster with lighting provided from fluorescent fixtures. The mezzanine is located above the central office and contains a small meeting room and a closet. The mezzanine is accessed from a staircase in the lobby.

Mezzanine Meeting Room



BUILDING IMPROVEMENT DESCRIPTION, continued

Building Diagram, Second Level



BUILDING IMPROVEMENT DESCRIPTION, continued

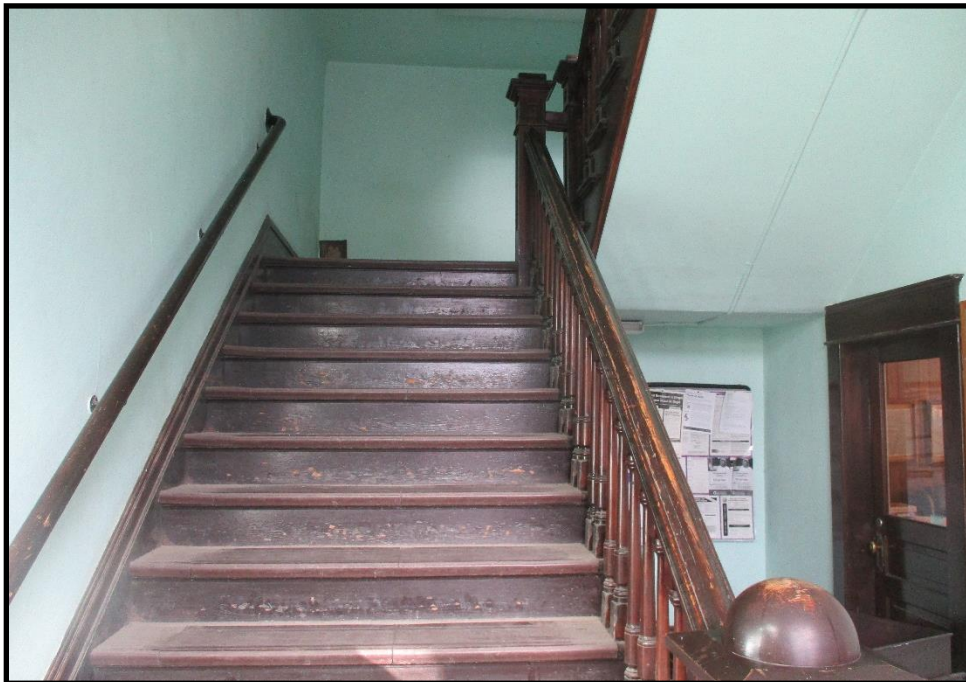
Second Level

The second level of the building is accessed from a wooden staircase along the east side of the building. The floors are wood plank; walls are plaster; and the high ceilings are plaster. There are windows along the west, south, and east sides of the second level that are wood-framed and single pane. Lighting is provided from fluorescent fixtures. Access between rooms is provided from doorways with transom windows above the doors.

The second level is vacant and has not been used for many years. It is partitioned to (8) rooms and a restroom. Along the north hallway, a metal door provides access to the adjacent building.

The second level has visible signs of water damage along the ceilings. The overall condition of the building is below average.

Staircase to Second Level



BUILDING IMPROVEMENT DESCRIPTION, continued



Typical Room at Southwest Corner of Second Level

Typical Room at Southeast Corner of Second Level



BUILDING IMPROVEMENT DESCRIPTION, continued



Typical Ceiling with Water Damage

Doorway to Adjacent Building



PROPERTY HISTORY AND OPERATION

The subject Pocket Park property has been owned by the City of Waitsburg for three years. The City purchased the property after prior improvements had been destroyed by a fire. The subject City Hall Building has been owned by the City for many years and has functioned primarily as the city hall.

2021 ASSESSED VALUE AND 2021 TAXES

Pocket Park

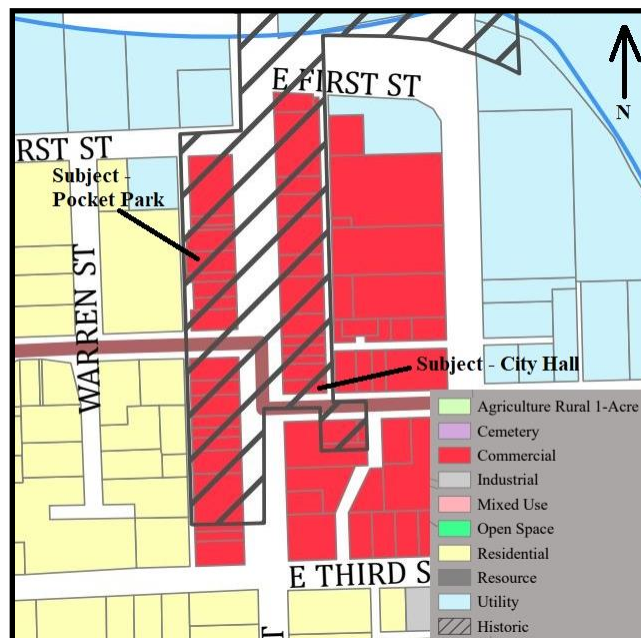
Parcel	Property	Market Assessed Value			2021
<u>Number</u>	<u>ID</u>	<u>Land</u>	<u>Improve.</u>	<u>Total</u>	<u>RE Taxes</u>
37-09-11-61-0326	23387	12310	\$ -	\$ 12,310	\$ -

City Hall Building

Parcel	Property	Market Assessed Value			2021
<u>Number</u>	<u>ID</u>	<u>Land</u>	<u>Improve.</u>	<u>Total</u>	<u>RE Taxes</u>
37-09-11-61-0026	14765	\$6,720	\$192,000	\$198,720	\$ -

ZONING

The City of Waitsburg zoning is **C-1 – Central Commercial** for the subject properties. The Central Commercial zone is designed to encourage and accommodate the development and preservation of a viable central business district serving a broad trade area.



HIGHEST AND BEST USE

Highest and Best Use is herein defined as that reasonable and probable use that will support the highest value, as defined, as of the effective date of the appraisal; alternately, that use from among reasonable probable and legal alternative uses found to be physically possible, appropriately supported, financially feasible, and resulting the highest land value.

Implied within this definition is recognition of the contribution of the specific use to community environment and/or community development goals, in addition to wealth maximization of individual property owners. Also implied is that the determination of Highest and Best Use results from the appraiser's judgment and analytical skills, i.e., that the use is determined from analysis and represents an opinion, not a fact to be found.

This definition applies specifically to the Highest and Best Use of the land. It is to be recognized that in cases where the site had existing improvements, the Highest and Best Use may very well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value in its Highest and Best Use exceeds the total value of the property in its existing use.

The two parcels, in a potential sale, with one site vacant and one site improved creates two different analyses of Highest and Best Use. Thus, the analysis of Highest and Best Use for each site will be completed separately.

HIGHEST AND BEST USE - "AS IF VACANT"

POCKET PARK SITE and CITY HALL SITE

The analysis of Highest and Best Use encompasses studies of the site, "As If Vacant." The Highest and Best Use of the site is generally regarded as the most reasonable and probable use to support the greatest land value as of the date of valuation. The four areas of consideration or criteria are: **Legally Permissible, Physically Possible, Financially Feasible and Maximum Productivity.**



HIGHEST AND BEST USE - “AS IF VACANT”, continued

POCKET PARK SITE and CITY HALL SITE, continued

Legally Permissible

The subject sites are zoned Central Commercial. Most commercial uses are permitted in the zone including residential uses above the ground floor. There were no deed restrictions or adverse easements discovered that would be in conflict with commercial zoning and land use for the subject sites.

Physically Possible

The location, size, shape, terrain, and accessibility are considered in this analysis. The market area is built-up with a variety of retail and service properties, and all necessary utilities are available to the site. The subjects' location, along the Main Street corridor is desirable for commercial uses.

The subject level sites are of adequate in size and shape to be improved with a small-sized commercial building. The visibility and access from Main Street are good. These factors favorably support commercial uses for the properties.

Financially Feasible

The uses that meet the first two criteria are further analyzed to determine which is likely to produce an income or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization.

In recent years, there have been some additions, modifications, renovations and upgrading to the property uses or businesses located in the Main Street corridor indicating that returns from commercial enterprises have been sufficient to remain in operation or expand. Therefore, commercial use is financially feasible.

Maximally Productive

After the financially feasible use has been determined, the use that produces the highest residual land value consistent with the ratio of return warranted by the market is the Highest and Best Use. The only use that meets the above four criteria for the subject properties, is commercial. The Highest and Best Use of the site “As If Vacant” is concluded to be **Commercial**.



HIGHEST AND BEST USE - "AS IMPROVED"

CITY HALL SITE

The subject is improved with a commercial/retail building containing 4,157 square feet. The analysis of Highest and Best Use encompasses the same criteria as the Highest and Best Use of the land "As If Vacant", i.e., Legally Permissible, Physically Possible, Financially Feasible and Maximally Productive.

The existing building is Legally Permissible, Physically Possible, and Financially Feasible. However, to determine if the existing improvements are Maximally Productive there are two important issues: 1) consideration of alternative uses and 2) the marketability of the most probable use. In the following analysis, alternative treatments of an improved property are **demolition, expansion, renovation, conversion, and continued use as is**.

Demolition – The demolition option includes removing all of the improvements creating a vacant site. The improvements contribute substantial value to the overall property; therefore, demolition is not currently an option.

Expansion – The expansion option includes enlarging the improvements to better utilize the site to building ratio. The current building encompasses the majority of the site and an expansion of the building will not increase the value of the property greater than the cost; thus, it is not an option.

Renovation – The subject building is an older historic-type building that has been renovated over the years on the main floor to meet the needs of the intended use however, the second level has not been renovated. Any current renovations would require ADA accessibility updates which are very expensive. The value of the property is not likely to exceed the cost of further renovations, thus renovation is not an option at this time.

Conversion – The subject building is suitable for continued office building use. Conversion to other commercial uses would not increase the value more than the cost of the conversion, thus it is not an option.

Continued use "as is" – After analyzing the building use alternatives, the appraiser has concluded that continued use as is of the **commercial/retail building** is the Highest and Best Use. The Highest and Best Use – "As Is" is **Commercial – Retail Building**.



Valuation



VALUATION PROCESS

The art of real estate appraisal has been developed from a foundation consisting of three simple and practical notions. The value of a project is indicated, in some manner or degree, by the cost to create it (Cost Approach), by the price at which it trades on the open market (Sales Comparison Approach), and by the amount of quality of earnings it can produce (Income Approach).

The **Cost Approach** estimates the replacement cost of the improvements (new, less accrued depreciation) plus the value of land. This approach is most valid when 1) the property is improved with a new structure representing the Highest and Best Use of the site and the unimproved land value is well supported by raw land sales 2) older improvements that contribute a small portion of the overall value and 3) when the improvements are considered to be for a specific use.

The **Sales Comparison Approach** estimates the value of the properties by comparing it with similar properties that have recently sold, and making adjustments for comparability. The units of comparison will vary from property to property, but can usually be expressed as a ratio of gross income to sales price, sales price per unit, or sales price per size. This approach is indicative of trends in the market at the date of the appraisal.

The **Income Approach** estimates the gross income received by the landlord under typical lease terms, then deducts for expenses typically paid by the landlord, and finally capitalizes net income by a rate derived from the market. This approach is indicative of the income performance of the property under appraisal. This approach has not been completed as the majority of the market is owner-occupied and there is not adequate rental data to provide a credible analysis.

The value indicated by the approaches used are then analyzed. The final indicated value, which in the appraiser's opinion, most accurately represents all facts concerning the properties, is the market value opinion.



COST APPROACH

Land Sales Analysis

The first step in the Cost Approach is to provide a value opinion of the subjects' land. The subject sites are commercial lots in downtown Waitsburg. There are limited rural town site sales and both residential and commercial sites indicate similar values in the market area. Older structures appurtenant to the sales (if applicable) are fully depreciated. The following grid summarizes the competitive sales in the market area to indicate the subjects' underlying site value:

Land Sale	Address/Location	Description	Buyer	Sale Date	Sale Price	Size (SF)	Price Per SF
1	NKA E Sixth Street, Waitsburg	Residential Lot, Old Barn poor	Harting	Sep-16	\$35,000	37,500	\$0.93
2	701 Preston Avenue, Waitsburg	Commercial Lots	Waitsburg Investment	Feb-14	\$48,000	40,338	\$1.19
3	501 E Sixth Street, Waitsburg	Commercial Lots, Old Shops	Mings	Aug-16	\$32,500	25,047	\$1.30
4	NKA W Brooklyn Ave, Dayton	Residential Lot	Bartlett	Oct-18	\$22,000	9,000	\$2.44
5	231 Coppei Avenue, Waitsburg	Commercial Lot	Umphey	Sep-20	\$37,500	14,375	\$2.61
6	124 Main Street, Waitsburg	Commercial Lot	City of Waitsburg	Sep-18	\$30,000	4,792	\$6.26

When analyzing competitive sales, the appraiser is attempting to find and correlate common units of comparison. The common unit of comparison utilized in the sales analysis is the price paid **per square foot**, as this is the most typical in analysis by real estate professionals and market participants.

Estate and Terms

The first consideration in sales analysis is: What is the estate being appraised? In this case, it is fee simple and all of the land sales utilized involve fee simple estates. The second consideration is: Were the terms of the comparable sales equal to cash, or stated another way, were the sale terms cash equivalent? The sales analyzed in this report are cash and/or adjusted for cash equivalency.

Market Conditions

The next consideration is market conditions; has the market for sites within the market area been stable or has there been an increase or decrease in the value? The sales analyzed all took place from 2014 to 2020. Market activity is limited in this rural community and has been stable for years. Therefore, an adjustment for market conditions is not warranted.



COST APPROACH, continued

Qualitative Analysis

The subject Pocket Park site contains 4,792 square feet and the subject City Hall Building site contains 2,614. The sales show an increasing price per square foot for smaller size.

Land Sales #1, #2, and #3 sets the extreme lower end of the value range due to large size and the balance of the sales indicate a range of \$2.44 to \$6.26 per square foot. Land Sale #6 is the previous sale of the subject Pocket Park on Main Street in Waitsburg however, the purchase price reflects the city's strong motivation to acquire the lot. The subjects currently do not have this influence, therefore due to the small size the indicated lot value is concluded in the upper area of the narrowed range at **\$5.00 per square foot**.

Thus: Subject Size Indicated Per SF

Pocket Park Site

4,792 Square Feet @ \$5.00 Per Square Foot = ® **\$24,000**

City Hall Site

2,614 Square Feet @ \$5.00 Per Square Foot = ® **\$13,000**

Replacement Cost Estimate

The appraiser utilizes Marshall Valuation Service cost publications. The cost publications have been compared with actual construction costs in the area, and are consistent with the local market.

Section 13 Page 26 provides replacement costs for retail stores. The subject is rated Class C – Average. The balance of the replacement costs is derived from various sections of Marshall & Swift, as well as other contractor estimates for similar projects.

Multipliers applied to the base structure costs include perimeter, height, and the local Class C structures modifier (Walla Walla) shown in Section 99 Page 10, as of October 2021.

Direct costs are expenditures for the labor and materials necessary to construct a new improvement. Direct costs are also called hard costs. A contractor's overhead and profit are generally considered direct costs.



COST APPROACH, continued

Indirect costs are incurred in construction refer to expenditures for items other than labor and materials. Indirect costs include administrative costs; expenses incurred by the owner for professional fees, financing, taxes, and interest and insurance during construction; and lease-up costs, which are the net expense of operating the project until it reaches a stable occupancy level. Indirect costs are sometimes referred to as soft costs.

Indirect costs vary considerably depending on the complexity of the project, credit of the investor/borrower, loan to value ratio and other variables related to the investor and not the project. However, **10%** of the total Direct Cost is considered a reasonable allocation for typical indirect costs, related to the subject property in the State of Washington.

The entrepreneurial profit has not been considered in the above hard and soft costs. The entrepreneurial time, investments and expertise to get the construction project on line and ensure adequate completion has to be taken into consideration. The developer has to acquire an adequate site with all utilities available and make sure all the plans meet all of the local codes and environmental review. Generally, entrepreneurial profits and profit targets range from 8% to 12%. It would appear that the central area of the range is appropriate for the subject and **10%** is allocated.

Total Accrued Depreciation

Depreciation is the difference between the value of improvements and the cost of replacement at the same date. Depreciation is caused by deterioration and/or obsolescence or both. It is evidenced by wear, tear, decay, dryrot, cracks and other defects. Physical deterioration is based on an observed condition.

Functional obsolescence is divisible into two parts, functional curable and functional incurable obsolescence. Functional curable obsolescence can be corrected or cured when the cost of replacing the outmoded or unacceptable component is at least offset by the anticipated increase in utility, and hence ultimately in value, resulting from the replacement.



COST APPROACH, continued

Functional incurable obsolescence results from structural deficiencies or super-adequacies that the prudent investor or owner would not be justified in replacing, adding or removing, because the cost of effecting a cure would be greater than the anticipated increase in the utility resulting from the replacement, addition or removal. Economic obsolescence is caused by external influences.

Total Accrued Depreciation – Market Extraction

The overall depreciation has been extracted from the following improved sales data. The ratio of estimated Replacement Cost New to actual improvement contributory value results in the following overall depreciation:

Sale #1	71%		Sale #5	47%
Sale #2	66%		Sale #6	46%
Sale #3	72%		Sale #7	34%
Sale #4	66%			

Sales #1 thru #3 are the most similar in age, quality of construction, and condition. Therefore, the subject total accrued depreciation is concluded in the central area of the narrowed range at **70%**.

Analysis

Valuation Service										
Replacement Cost Estimate										
City Hall Building										
Improvement	Size	Unit	RCN/Unit	Multipliers						
				Perim.	Height	Time	Local			
Two-Story Building	4,157	SF	\$ 88.00	0.969	1.170	1.220	1.10	=	\$ 556,576	
Improvements RCN										\$ 556,576
Indirect (Soft) Costs	10%							=		\$ 55,658
Total Direct and Indirect Costs										\$ 612,234
Entrepreneurial Profit	10%							=		\$ 61,223
Total Cost New										\$ 673,458
Less Accrued Depreciation	70%							=		\$ 471,420
Depreciated Replacement Cost										\$ 202,037
Plus Site Value	2,614	SF	\$ 5.00					=	®	\$ 13,000
										\$ 215,037
City Hall Building										
Cost Approach - Indicated Market Value										
									®	\$ 215,000



SALES COMPARISON APPROACH

The Sales Comparison Approach involves researching comparable property sales, and comparison of the sale properties to the subject based on market data. The allocations to land and improvements are based on verification and land values in the respective areas for each sale. Overall depreciation for the improvements is based on Marshall and Swift replacement cost new.

The Waitsburg area has been researched for any recent competitive commercial/retail improved sales. The following sales were discovered and are considered the most representative subject value indicators.



IMPROVED SALE #1

Seller: Wheeler and Mock, LLC, a Washington limited liability company

Buyer: Ear Trumpet Holdings LLC, a Washington limited liability company

Date: October 19, 2018

Site Size: 4,300 Square Feet

Identified: 137 and 139 Main Street, Waitsburg. Walla Walla County ID 14757 and 14766; parcel numbers 37-09-11-61-0014 and -32.

Abbrev. Legal: Waitsburg Tax 15 & 17

Recorded: Walla Walla County Auditor's file number 2018-08685

Consideration: \$92,500

Terms: Statutory Warranty Deed

Verification: County records and field inspection.

Comments: The sale property is located along the east side of Main Street, just southeast of the intersection with Highway 124 in downtown Waitsburg. The rectangular shaped interior site is level and at street grade at an elevation of about 1,255 feet, with good visibility and access from the frontage street with parallel parking. All city utilities are provided to the site and the zoning is Central Commercial.

The commercial building was constructed in 1884 and 1938 containing **3,063 square feet** of gross building area (GBA). The building is classified as community service by the assessor's office. The single-story masonry (brick) structure has a concrete foundation, wood floor, brick and vertical wood storefront with fixed windows and a flat roof. The building is comprised of two separate units, with wood flooring, lathe and plaster walls and high, plaster ceilings. The overall condition is below average.

The building(s) is currently vacant. The property sold in 2009 for \$65,000; and the current sale in 2018 for \$92,500.



IMPROVED SALE #1, continued

Indication:					
Land Allocation				<u>\$/Unit</u>	
4,300	SF	Commercial Site	@	\$ 5.00	= \$ 21,500
Improvement Allocation					
3,063	SF	Commercial Building	@	\$23.18	= \$ 71,000
Total Sale Price					\$ 92,500
3,063	SF	Overall (GBA)	@	\$30.20	= \$ 92,500
Estimated Replacement Cost New					\$242,896
Improvement Contributory Value					<u>\$ 71,000</u>
Total Accrued Depreciation				71%	\$171,896



IMPROVED SALE #1, continued



IMPROVED SALE #2

Seller: Katherine Elizabeth Niehoff and Kirby Harold Kallas-Lewis, husband and wife

Buyer: Joseph C. Roberts and Tiina S. H. Jaatinen, unmarried persons, as equal tenants in common

Date: October 2, 2020

Site Size: 7,405 Square Feet

Identified: 222 Main Street, Waitsburg, Washington
Walla Walla County parcel numbers 37-09-11-59-0107 and 37-09-11-61-0417.

Legal:

Lot 5 in Block 4 of the Town (now City) of Waitsburg, according to the official plat thereof of record in Volume A. of Plats at Page 5, records of said County;

EXCEPT a strip 15 feet in width off the east side of said Lot for Main Street;

Also, beginning at a point which is 20 feet West of the Southeast corner of Whitcher's Addition, according to the official plat thereof of record in Volume A of Plats at Page 51, records of said County; thence West 45 feet; thence North 50 feet; thence East 45 feet' thence South 50 feet to the point of beginning.

Recorded: Walla Walla County Auditor's file number 2020-10131

Consideration: \$335,000

Terms: Warranty Deed

Verification: County records, field inspection, and Joe Roberts, buyer (206) 730-8000, on May 12, 2021

Comments: The sale property is located along the west side of Main Street, about half a block south of the intersection with Preston Avenue, in downtown Waitsburg. The rectangular shaped site is fairly level and at street grade with the frontage with an elevation of about 1,260 feet above sea level. A small portion of the property is located across a city alley right of way. All city utilities are available to the property. The zoning is C-1, Central Commercial.



IMPROVED SALE #2, continued

The property is improved with a 6,850 square foot, two-story building with an unfinished basement, that was constructed in 1920. The masonry constructed building has a concrete foundation; walls are brick with a decorative store front on both levels and a rubberized metal step along the west side of the building; and a flat roof with a membrane covering. Access is provided along Main Street. Access is also provided at the rear of the building for both levels with each level having its own metal staircase. HVAC is provided from a roof mounted unit.

The interior has wood floors, walls are brick, and the ceilings are drywall and plaster. Lighting is provided from incandescent fixtures. The interior on the main level is primarily open with (2) restrooms and the second level is partitioned to (6) unfinished guestrooms. Each guestroom is provided a full bathroom.

Before the sale occurred, the previous owners removed all finishes from the main and second levels. Seismic structural steel was added to the exterior walls; one wall was added to the main floor and the guestrooms in the second level were rebuilt, all using double-wall construction. The overall condition of the building is average.

The buyers purchased the property to finish the renovations with the main level to be a wine bar and the second level to be (6) finished guestrooms.

Indication:

	<u>Size</u>	<u>Unit</u>		<u>Price/</u>		
<u>Land Allocation</u>				<u>Unit</u>		
Commercial Site	7,405	SF	@	\$ 5.00	=	\$ 37,025
<u>Building Allocation</u>						
Retail	6,850	SF	@	\$43.50	=	\$ 297,975
Total Sale Price:						\$ 335,000
<u>Depreciation Analysis</u>						
Replacement Cost New						\$ 887,760
Improvement Contributory Value						\$ 297,975
Total Accrued Depreciation	66%					\$ 589,785



IMPROVED SALE #2, continued



IMPROVED SALE #3

Seller: K Brands LLC, a Washington limited liability company
Buyer: Thomas C. Bennett and Judith L. Bennett, husband and wife
Date: August 31, 2021
Site Size: 5,571 Square Feet
Identified: 128 Main Street, Waitsburg, Washington
Walla Walla County parcel numbers 37-09-11-16-0318 and 37-09-11-61-0314

Legal:

APN: 37-09-11-61-0314

Beginning at a point in the West line of Main Street in the City of Waitsburg, Washington, which is 71.05 feet North, measured along said West line of Main Street, from the North line of Second Street in said City, and running thence North along said West line of Main Street, a distance of 34.231 feet; thence West, parallel to said North line of Second Street, a distance of 100 feet; thence South and parallel to the West line of Main Street, a distance of 34.231 feet; thence East 100 feet to THE POINT OF BEGINNING.

Situated in the City of Waitsburg, County of Walla Walla, State of Washington.

APN: 37-09-11-61-0318

Beginning at a point 125 feet North of the North line of Second Street and 45 feet West of the Center line of Main Street, City of Waitsburg; thence South 19 feet 8 5/8 inches to center of Partition Wall; thence West along center line of said Wall 100 feet; North 3 inches; West 7 feet; North 19 feet, 5 5/8 inches East 107 feet to THE POINT OF BEGINNING.

Recorded: Walla Walla County Auditor's file number 2021-10699
Consideration: \$250,000
Verification: County Records, Field inspection; and Tom Bennett, buyer (503) 475-9511, on October 26, 2021
Comments: The sale is located along the west side of Main Street, about a half block north of the intersection with State Highway 124, in downtown Waitsburg. The rectangular shaped site is fairly level and at street grade with the frontage with an elevation of about 1,255 feet above sea level. All city utilities are available to the property. The zoning is C-1, Central Commercial.



IMPROVED SALE #3, continued

The property is improved with a masonry constructed, single-story building containing 4,800 square feet. The structure has a concrete foundation; brick and stucco over brick walls; and a shed roof. The interior floors are wood and vinyl sheet; walls are drywall, brick, and stucco; and the high ceilings are beadboard. Lighting is provided from recessed, track, and decorative incandescent fixtures. Fire suppression is provided from wet sprinkler system.

The interior is partitioned to a (2) bar areas, banquet room, (2) restrooms, (2) full bathrooms, kitchen, (2) offices, and a storage area. The offices are located on a mezzanine level. Each office is provided with a full bathroom.

Immediately after purchase the buyer completed structural repairs along the north side of the building, including tuck-pointing and foundation reinforcements.

The buyers intend to use the building for a restaurant. The property was listed on the market for over 6 years with an initial asking price of \$445,000. The overall condition of the building is average.

Indication:

Indication:						
<u>Land Allocation</u>	<u>Size</u>	<u>Unit</u>		<u>Price/</u> <u>Unit</u>		
Commercial Site	5,571	SF	@	\$ 5.00	=	\$ 27,855
<u>Building Allocation</u>						
Retail	4,800	SF	@	\$ 46.28	=	\$ 222,145
Total Asking Price:						\$ 250,000
<u>Depreciation Analysis</u>						
Replacement Cost New						\$ 788,486
Improvement Contributory Value						\$ 222,145
Total Accrued Depreciation	72%					\$ 566,341



IMPROVED SALE #3, continued



IMPROVED SALE #4

Seller: Main Street Project, LLC, a Washington limited liability company

Buyer: Corben Ketelsen, an unmarried person

Date: July 7, 2021

Site Size: 3,729 Square Feet

Identified: 208 Main Street, Waitsburg, Washington
Walla Walla County parcel number 37-09-11-61-0425

Legal:

Beginning at a point which is 80 feet South of the South line of Second Street and 105 feet West of the West line of Main Street in the City of Waitsburg, Washington and running thence South, parallel with Main Street, a distance of 20 feet; thence East at right angles 105 feet to the West line of Main Street; thence North, along said West line of Main Street, a distance of 20 feet; thence West 105 feet to the point of beginning.

Recorded: Walla Walla County Auditor's file number 2021-08211

Consideration: \$299,000

Verification: County Records, Field inspection and MLS number 1756789

Comments: The sale is located along the west side of Main Street, at the intersection with Preston Avenue, in downtown Waitsburg. The rectangular shaped site is fairly level and at street grade with the frontage with an elevation of about 1,260 feet above sea level. All city utilities are available to the property. The zoning is C-1, Central Commercial.

The property is improved with a masonry constructed, two-story building containing 5,490 square feet. The structure has a concrete foundation, stucco over brick walls and a flat roof. On the main level, the floors are concrete, carpet, wood laminate in the retail spaces and tile in the restroom; walls are concrete block, painted drywall and plaster; and the high ceilings are plaster. Lighting is provided from hanging incandescent and fluorescent fixtures. HVAC is provided from a roof mounted heat pump and radiant wall unit.

The main floor is partitioned into (2) retail spaces at the front of the building, each containing 720 square feet, a 135-seat theater and (2) restrooms. The theater area further contains a movie screen, stage, recording studio, video production area and exterior exits. The theater is fully functional.



IMPROVED SALE #4, continued

The 1,440 square foot second level floors are wood, wall-to-wall carpet, vinyl and tile in the bathroom; walls are painted drywall; and ceilings are painted drywall and acoustical tile. The second level is an apartment that is partitioned to (2) bedrooms, (1) bathroom; an open concept living room, dining room and kitchen; and a laundry room.

The building has recently been remodeled and the overall condition is above average.

Indication:

				Price/		
<u>Land Allocation</u>	<u>Size</u>	<u>Unit</u>		<u>Unit</u>		
Commercial Site	3,729	SF	@	\$ 5.00	=	\$ 18,645
<u>Building Allocation</u>						
Retail	5,490	SF	@	\$51.07	=	\$ 280,355
Total Asking Price:						\$ 299,000
<u>Depreciation Analysis</u>						
Replacement Cost New						\$ 828,990
Improvement Contributory Value						\$ 280,355
Total Accrued Depreciation	66%					\$ 548,635



IMPROVED SALE #4, continued



IMPROVED SALE #5

Seller: Lupe Torres and Sandra Torres, a married couple
Buyer: Brooke Mikesell
Date: June 12, 2019
Site Size: 2,178 Square Feet
Identified: 214 Main Street, Waitsburg, Washington
Walla Walla County parcel number 37-09-11-61-0415
Legal:

Beginning at a point 150 feet south of the south line of Second Street and 45 feet west of the center line of Main Street in the City of Waitsburg, Washington, and running thence south, along the west line of Main Street, a distance of 21 ½ feet; thence west 105 feet; thence north, parallel to said west line of Main Street, a distance of 21 ½ feet; thence east 105 feet to the point of beginning.

Recorded: Walla Walla County Auditor's file number 2019-04069
Consideration: \$265,000
Terms: Contract Deed. \$55,000 down payment, Principal of \$210,000 repaid in month installments of \$2,000 with 5% annual interest for 115 months.
Verification: County records, field inspection and Brooke Mikesell, buyer (509) 337-3100, on May 12, 2021
Comments: The sale property is located along the west side of Main Street, about half a block south of the intersection with Preston Avenue, in downtown Waitsburg. The rectangular shaped site is fairly level and at street grade with the frontage with an elevation of about 1,260 feet above sea level. All city utilities are available to the property. The zoning is C-1, Central Commercial.

The masonry constructed, two-story building, containing 3,720 square feet, was constructed in 1900. The structure has a concrete foundation with crawlspace, masonry and manufactured wood siding walls with large store-front windows along the east side, and a flat roof with a membrane covering.



IMPROVED SALE #5, continued

The main level has vinyl plank floors; walls and high ceilings are painted drywall. Lighting is provided from hanging LED fixtures. The main level is partitioned to an open front area and restroom with an apartment at the rear of the building. The apartment has (2) bedrooms, (1) bathroom, kitchen/dining combination and laundry area.

The second level floors are wood and wall-to-wall carpet, walls and high ceilings are painted drywall. Lighting is provided from recessed incandescent fixtures. The second level is partitioned into two apartments. One apartment consists of (2) bedrooms, a bathroom, living room, kitchen and laundry area. The second bedroom consists of (1) bedroom and (1) bathroom, kitchen and laundry area. Access is provided along Main Street and a wooden staircase provides access to the main and second levels at the rear of the building.

The overall condition of the building is average. The buyer purchased the building for her salon on the main floor, to live in the main level apartment and rent the upper level apartments.

Indication:

				Price/		
<u>Land Allocation</u>	<u>Size</u>	<u>Unit</u>		<u>Unit</u>		
Commercial Site	2,178	SF	@	\$ 5.00	=	\$ 10,890
<u>Building Allocation</u>						
Retail	3,720	SF	@	\$68.31	=	\$ 254,110
Total Sale Price:						\$ 265,000
<u>Depreciation Analysis</u>						
Replacement Cost New						\$ 482,112
Improvement Contributory Value						\$ 254,110
Total Accrued Depreciation	47%					\$ 228,002



IMPROVED SALE #5, continued



IMPROVED SALE #6

Seller: K Brands, LLC, a Washington limited liability company
Buyer: Dustin T. Nelson, an unmarried person
Date: September 10, 2020
Site Size: 2,178 Square Feet
Identified: 132 Main Street, Waitsburg, Washington
Walla Walla County parcel numbers 37-09-11-61-0317
Legal:

BEGINNING AT A POINT IN THE WEST LINE OF MAIN STREET IN THE CITY OF WAITSBURG, WASHINGTON, WHICH POINT IS 45 FEET NORTH, MEASURED AT SAID WEST LINE OF MAIN STREET, FROM THE NORTH LINE OF SECOND STREET IN SAID CITY, AND RUNNING THENCE NORTH ALONG SAID WEST LINE OF STREET, A DISTANCE OF 26.05 FEET; THENCE WEST AND PARALLEL TO NORTH LINE OF SECOND STREET, A DISTANCE OF 100 FEET; THENCE SOUTH AND PARALLEL TO THE WEST LINE OF MAIN STREET, A DISTANCE OF 26.05 FEET; THENCE EAST 100 FEET TO THE POINT OF BEGINNING.

Recorded: Walla Walla County Auditor's file number 2020-09210
Consideration: \$210,000
Terms: Warranty Deed
Verification: County records; field inspection; unable to contact parties directly involved in transaction
Comments: The sale property is located along the west side of Main Street, about half a block north of the intersection with Preston Avenue/State Highway 124, in downtown Waitsburg. The rectangular shaped site is fairly level and at street grade with the frontage with an elevation of about 1,260 feet above sea level. All city utilities are available to the property. The zoning is C-1, Central Commercial.

The property is improved with a masonry constructed, single-story office/retail building containing 2,189 square feet. The building has a concrete foundation, masonry and metal walls with metal framed, single-pane windows, and a flat roof with a membrane covering. The interior floors are wood, walls are exposed brick and ceilings are wood. The building has a full, unfinished basement and no restroom. There is no interior partitioning at the time of sale. The overall condition of the building is average.



IMPROVED SALE #6, continued

The buyer reportedly purchased the building with the intent of constructing a residence within the building with the front half of the building remaining as commercial space.

Indication:

				Price/		
<u>Land Allocation</u>	<u>Size</u>	<u>Unit</u>		<u>Unit</u>		
Commercial Site	2,178	SF	@	\$ 5.00	=	\$ 10,890
<u>Building Allocation</u>						
Retail	2,189	SF	@	\$90.96	=	\$ 199,110
Total Asking Price:						\$ 210,000
<u>Depreciation Analysis</u>						
Replacement Cost New						\$ 365,651
Improvement Contributory Value						\$ 199,110
Total Accrued Depreciation	46%					\$ 166,541



IMPROVED SALE #6, continued



IMPROVED SALE #7

Seller: Eleven 88, LLC a Washington limited liability company

Buyer: Waitsburg 120 Main St., LLC a Washington limited liability company

Date: September 22, 2021

Site Size: 4,792 Square Feet

Identified: 120 Main Street, Waitsburg, Washington
Walla Walla County parcel numbers 37-09-11-61-0327

Legal:

Beginning at a point 45 feet West of the center line of Main Street in the City of Waitsburg, Washington, and 161 feet South of the South line of First Street in said City, and run thence South, along the West line of Main Street, a distance of 23 feet; thence West, parallel to the South line of First Street, a distance of 100 feet; thence North, parallel to the West line of Main Street, a distance of 23 feet; thence East 100 feet to the POINT OF BEGINNING; being a part of Lot 3 in Block 3 of the Town of Waitsburg.

TOGETHER WITH

Beginning at a point 45 feet West of the center line of Main Street in the City of Waitsburg, Washington, and 161 feet South of the South line of First Street in said City, and run thence South, along the West line of Main Street, a distance of 46.33 feet; thence West, parallel to the South line of First Street, a distance of 107.00 feet; thence North, parallel to the West line of Main Street, a distance of 8.33 feet; thence East parallel to First Street, 2.00 feet; thence North parallel to aforesaid Main Street, 15.00 feet; thence East parallel to First Street, 5.00 feet; thence North parallel to Main Street, 23.00 feet; thence East parallel to First Street, 100 feet to the POINT OF BEGINNING.
Situating in the City of Waitsburg, County of Walla Walla, State of Washington.

Recorded: Walla Walla County Auditor's file number 2021-11616

Consideration: \$290,000

Terms: Warranty Deed

Verification: County records; field inspection; and Connie Blumenthal, buyer (206) 579-9739, on October 27, 2021

Comments: The sale property is located along the west side of Main Street, a block north of the intersection with State Highway 124, in downtown Waitsburg. The rectangular shaped site is fairly level and at street grade with the frontage with an elevation of about 1,250 feet above sea level. All city utilities are available to the property. The zoning is C-1, Central Commercial.



IMPROVED SALE #7, continued

The single-story building contains 1,873 square feet with a partially finished full basement, that was constructed in 1900. It has a concrete foundation, brick walls with a decorative glass storefront, and a flat roof with a membrane covering. Along the south side of the building is a 150 square foot patio with a 120 square foot pergola.

The interior is primarily open containing a dining area, (2) restrooms, and a commercial kitchen. The floors are wood and ceramic tile; walls are drywall with a tile wainscoting 3-feet high in the bathroom; and the ceilings are drywall. Lighting is provided from hanging incandescent and fluorescent fixtures. HVAC is provided from a heat pump system located at the rear of the building.

The basement has a concrete floor; walls are concrete and drywall; ceilings are exposed framing and drywall. The finished area contains about 600 square feet and is used for dry goods storage. Lighting is from fluorescent fixtures.

The buyers intend to renovate the building and start a restaurant. The building was listed on the market for 2 years with an original asking price of \$199,900. The overall condition of the building is average.

Indication:

				Price/		
<u>Land Allocation</u>	<u>Size</u>	<u>Unit</u>		<u>Unit</u>		
Commercial Site	4,792	SF	@	\$ 5.00	=	\$ 23,960
<u>Building Allocation</u>						
Retail	1,873	SF	@	\$ 142.04	=	\$ 266,040
Total Asking Price:						\$ 290,000
<u>Depreciation Analysis</u>						
Replacement Cost New						\$ 404,568
Improvement Contributory Value						\$ 266,040
Total Accrued Depreciation	34%					\$ 138,528



IMPROVED SALE #7, continued



SUBJECT AND IMPROVED SALES LOCATOR MAP



IMPROVED SALES SUMMARY GRID

<u>Sale No.</u>	<u>Seller</u>	<u>Buyer</u>	<u>Date</u>	<u>Sale Price</u>	<u>Total Bldg. Size SF</u>	<u>Building Allocation</u>	<u>Price/SF</u>
1	Wheeler and Mock LLC	Ear Trumpet Holdings LLC	Oct-18	\$ 92,500	3,063	\$ 71,000	\$ 23.18
2	Kallas-Lewis	Roberts and Jaatinen	Oct-20	\$ 335,000	6,850	\$ 297,975	\$ 43.50
3	K Brands LLC	Bennett	Aug-21	\$ 250,000	4,800	\$ 222,145	\$ 46.28
4	Main Street Project	Ketelsen	Jul-21	\$ 299,000	5,490	\$ 280,355	\$ 51.07
5	Torres	Mikesell	Jun-19	\$ 265,000	3,720	\$ 254,110	\$ 68.31
6	K Brands LLC	Nelson	Sep-20	\$ 210,000	2,189	\$ 199,110	\$ 90.96
7	Eleven 88 LLC	Waitsburg 120 Main St LLC	Sep-21	\$ 290,000	1,873	\$ 266,040	\$ 142.04

IMPROVED SALES ANALYSIS

When analyzing improved competitive sales, the appraiser is attempting to find and correlate common units of comparison. These units of comparison can usually be expressed as the sales price per unit or sales price per size.

The unit of comparison that is selected as the best indicator of value for the subject is the **Price Per Square Foot** of Gross Building Area (GBA). The land value has been extracted from the sales price (market value, at the date of sale). Therefore, the indicated sale improvement value is compared to the subject improvements without the influence of location.

Estate and Terms

The first area of consideration when analyzing market sales is: What type of estate is being sold? i.e., fee simple estate, leased fee, or leasehold estate. All of the Sales are fee simple estates, as is the subject. Thus, no adjustment is warranted. The second question is: Are the sales cash and/or cash equivalent? All of the Sales used are cash and/or cash equivalent transactions.

Market Conditions

Another important consideration is date of sale price. Does the market indicate any change in value, either upward or downward since the date of comparable sale to the date of appraisal? All of the Sales occurred from 2018 to 2021. Analysis of the sales data indicates the property factors impacting value are age/condition and construction quality. There is no indication an adjustment for market conditions is warranted.



IMPROVED SALES ANALYSIS, continued

Another consideration is for building size. Smaller building sizes typically indicate higher per square foot values due to higher construction costs.

Improved Sale #1, Wheeler and Mock to Ear Trumpet occurred in October of 2018 involving a two-unit commercial building containing 3,063 square feet which sold for \$92,500 with improvements allocated **\$23.18 per square foot**. The sale building is an older structure with some updating and suitable for office and/or retail use however, it is inferior to the subject's two-story construction. Thus, this sale is rated **inferior** to the subject.

Improved Sale #2, Kallas-Lewis to Roberts and Jaatinen occurred in October of 2020 involving a two-story commercial building containing 6,850 square feet, which sold for \$335,000, with improvements allocated at **\$43.50 per square foot**. The sale building is similar in age and construction quality to the subject however, it is superior in completed building upgrades. This is offset by its size and unfinished space at the time of sale. Due to size and condition, this sale is rated **similar** to the subject.

Improved Sale #3, K Brands LLC to Bennett occurred in August of 2021 involving a commercial building containing 4,800 square feet, which sold for \$250,000, with improvements allocated at **\$46.28 per square foot**. The sale building is similar in construction quality and condition. Thus, this sale is rated **similar** to the subject.

Improved Sale #4, Main Street Project to Ketelsen occurred in July of 2021 involving a 5,490 square foot commercial building, which sold for \$350,000, with improvements allocated at **\$51.07 per square foot**. The sale is similar in quality of construction. It is far superior in condition however, the majority of the building is set up as theater thus limiting its commercial use. Overall, this sale is rated **slightly superior** to the subject.

Improved Sale #5, Torres to Mikesell occurred in June of 2019 involving a two-story commercial building containing 3,720 square feet, which sold for \$265,000, with improvements allocated at **\$68.31 per square foot**. The sale building is similar in size and quality of construction however, it is superior in condition as the second level of the building has been maintained and updated over the years. Due to condition of the second level, this sale is rated **superior** to the subject.



IMPROVED SALES ANALYSIS, continued

Improved Sale #6, K Brands LLC to Nelson occurred in September of 2020 involving a 2,189 square foot commercial building, which sold for \$210,000, with improvements allocated at **\$90.96 per square foot**. The sale, located a block northwest of the subject, is similar in age and construction quality however, it is superior in condition and the buyer was motivated to purchase the building to construct a residence. Due to buyer motivation, this sale is rated **far superior** to the subject.

Improved Sale #7, Eleven 88, LLC to Waitsburg 120 Main St LLC occurred in September of 2021 involving an 1,873 square foot commercial building, which sold for \$290,000, with improvement allocated at **\$142.04 per square foot**. The sale property is similar construction quality however, it is considerably smaller and far superior in condition. Due to size and condition, the sale is rated **far superior** to the subject.

The following table summarizes the sales to subject comparisons.

<u>Sale No.</u>	<u>Price Per SF</u>	<u>Comparison</u>
1	\$23.18	Inferior
2	\$43.50	Similar
3	\$46.28	Similar
4	\$51.07	Slightly Superior
5	\$68.31	Superior
6	\$90.96	Far Superior
7	\$142.04	Far Superior

Sale #2 (\$43.50 per square foot) and Sale #3 (\$46.28 per square foot) are rated the most similar to the subject and are given the greatest weight. The indicated per square foot value of the subject building is in the central area of this narrowed range.

After reconsidering quality of construction, size, condition and functional utility, it is the appraisers' opinion that the indicated market value of the subject building is **\$45.00 per square foot**.



IMPROVED SALES ANALYSIS, continued

Summary

City Hall Building			Indicated		
<u>Improvement</u>	<u>Size</u>	<u>Unit</u>	<u>Value</u>		
Retail/Commercial Building	4,157	SF	\$ 45.00	=	\$ 187,065
Site Value Allocation (Land Sales Analysis)					<u>\$ 13,070</u>
					\$ 200,135
Sales Comparison Approach - Indicated Market Value				®	\$ 200,000



CORRELATION AND FINAL VALUE OPINION

The value indicated by the approaches completed in this report are as follows:

	<u>Pocket Park</u>	<u>City Hall Building</u>
Cost Approach		\$215,000
Sales Comparison Approach	\$24,000	\$200,000

The Cost Approach estimates the replacement cost of the improvements (new, less accrued depreciation) plus the value of land. This approach is most valid when 1) the property is improved with a new structure representing the Highest and Best Use of the site and the unimproved land value is well supported by raw land sales 2) older improvements that contribute a small portion of the overall value and 3) when the improvements are considered to be for a specific use. It is also based on a proposition that the informed purchaser will pay no more than the cost of producing a substitute property with the same utility as the subject property.

The Sales Comparison Approach is the process of analyzing sales of similar, recently sold property in order to derive an indication of the most probable sale price of the property being appraised. The reliability of the techniques is depended upon (a) Availability of comparable sale data, (b) The verification of sales data, (c) The degree of comparability or extent of adjustment necessary for time differences (d) The absence of non-typical conditions affecting the sale price.

The Sales Comparison is given considerable credence for the City Hall Building site, because it represents what the market participants currently pay for retail/commercial buildings and is well supported by the cost approach.

After considering the factors impacting value in this market, and the relevant data contained in this report, it is my opinion that the most probable market value for the subject property, Fee Simple, "As Is", as of the 26th day of October 2021 is:

Pocket Park:

**TWENTY FOUR THOUSAND DOLLARS
(\$24,000)**

City Hall Building:

**TWO HUNDRED FIVE THOUSAND DOLLARS
(\$205,000)**

Total by Summation:

**TWO HUNDRED TWENTY NINE THOUSAND DOLLARS
(\$229,000)**



EXPOSURE AND MARKETING PERIOD

The exposure time is defined as the amount of time on the market that the subject property would have been to get the herein-reported market value (in the past). It would appear from the sales that the exposure time is about one year.

The marketing time is defined as the amount of time the subject property would need to be on the market to achieve the herein-reported market value (in the future). Marketing time takes into consideration the sales, listings, volume of comparable properties on the market, and economics of the market area. The subject property would have average to above average market acceptance at the herein-reported market value. If the property were exposed to the market, it is anticipated that the marketing period would be similar to the exposure time, at about one year.

The exposure and marketing time estimates are typical for rural vineyard properties, however aggressive, competent and professional marketing would be required to attract a buyer to the subject property.

“Market Value As Is” means an estimate of the Market Value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumption, or qualifications as of the date of the inspection.

“Market Value Upon Completion” means a forecast of value expected to occur at the estimated completion of construction date. This value is premised on market conditions to exist as of that completion date. The subject valuation is based on the hypothetical premise that proposed vineyard is completed as of the date of inspection.

“Stabilized Occupancy Market Value” means a forecast of value expected to occur at the estimated date of stabilized value. This is the prospective Market Value of the property at a point in time when all improvements have been physically constructed and the property has been leased to its stable level of long-term occupancy. “Market Value As Is”, “Stabilization Occupancy Market Value”, and “Market Value Upon Completion” are synonymous in this report.

“Typical Terms” 25% down payment, 25-30 year mortgage amortized over 25-30 years and/or with balloon in 10 years, with an interest rate of 7.0% to 9.0%.



Addenda



537253



QUIT CLAIM DEED

THE GRANTOR, THE NATIONAL BANK OF COMMERCE OF SEATTLE, A national banking association, for and in consideration of Ten and No/100 (\$10.00) Dollars, and other valuable consideration in hand paid, conveys and quit claims to the CITY OF WAITSBURG, State of Washington, a municipal corporation, the following described real estate, situated in the County of Walla Walla, State of Washington, to-wit:

Beginning at the point of intersection of the North line of Preston Avenue with the East Line of Main Street in the City of Waitsburg, Washington, as said streets are now established and running thence North, along the East line of Main Street, a distance of 30.0 feet; thence East parallel to the North line of Preston Avenue, a distance of 100.0 feet, more or less, to the West line of the alley as said alley is now established; thence South along the West line of said alley, a distance of 30.0 feet to the North line of Preston Avenue; thence West, along the North line of Preston Avenue, a distance of 100.0 feet, more or less, to the point of beginning.

RESTRICTIVE COVENANT:

This grant is made on the express condition that the premises shall not be used for the operation of a Bank, Loan Agency, Savings and Loan or other financial institution for a period of ten years after the date of this instrument. Reserving further the right to remain rent free on the premises to date of June 1, 1974, and to remove such fixtures as grantor desires by the said date of June 1, 1974.

REAL ESTATE EXCISE TAX

PAID

MAY 31 1974

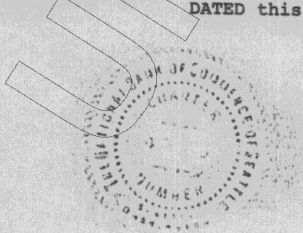
AMT. 40.00 NO. 3907
WALLA WALLA COUNTY
By HARMON F. JOHNSON, Treasurer

DATED this 24th day of April, 1974.

THE NATIONAL BANK OF COMMERCE OF SEATTLE, A national banking association

BY: *Alfred A. Erickson*
Alfred A. Erickson
Senior Vice President

BY: *Kenneth J. Clark*
Kenneth J. Clark
Vice President and Cashier



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STATE OF WASHINGTON)
) ss.
COUNTY OF KING)

On this 24th day of April, 1974, before me personally appeared ALFRED A. ERICKSON, to me known to be the Senior Vice President and KENNETH J. CLARK, to me known to be the Vice President and Cashier of THE NATIONAL BANK OF COMMERCE OF SEATTLE, a national banking association, that executed the within and foregoing instrument, and acknowledged the same instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument and that the seal affixed thereto is the corporate seal of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal, the day and year first above written.

J. D. Umharn
Notary Public in and for the State
of Washington, residing at Seattle

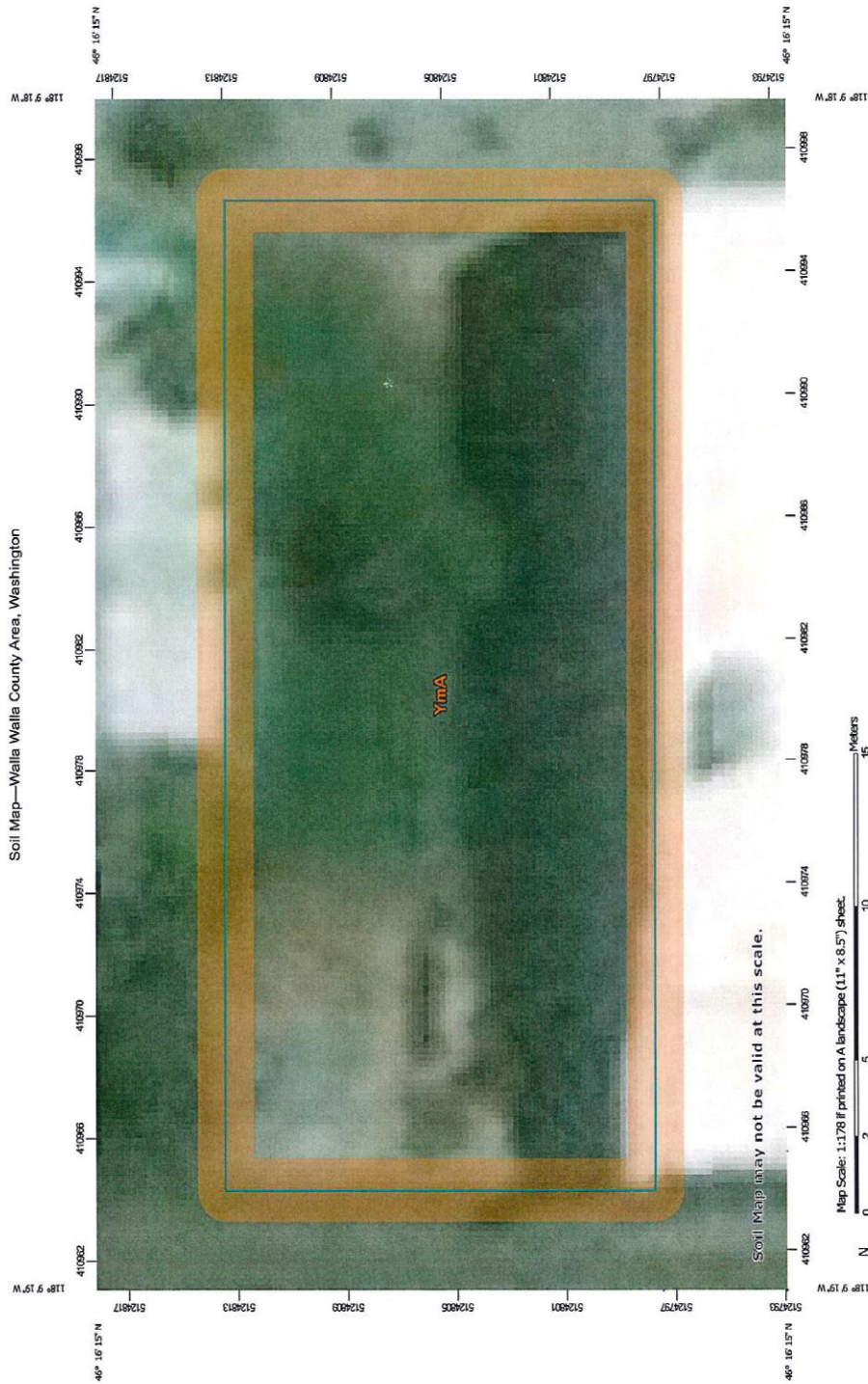
FILED FOR RECORD *Jan 3, 1974* AT 10:29A M
BY *Thelma S. Bjerke*
THELMA S. BJERKE, Walla Walla County Auditor

MAY 29/74

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WA 16 REC-478

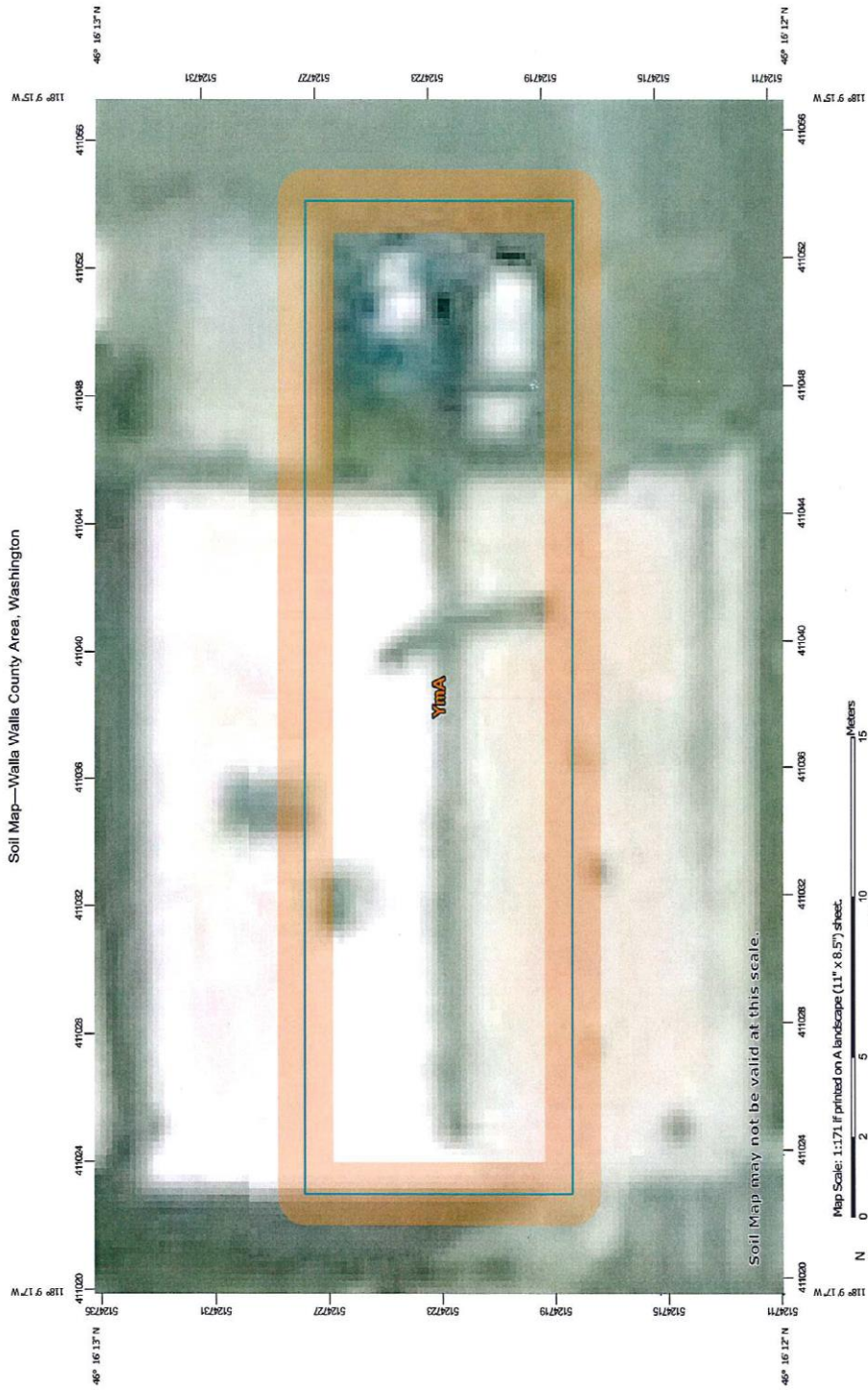




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Web Soil Survey
National Cooperative Soil Survey





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Page 1 of 3

Web Soil Survey
National Cooperative Soil Survey

USDA
Natural Resources
Conservation Service



Map Unit Legend

Map Unit Symbol	Map Unit Name	Acres in AOI	Percent of AOI
YmA	Yakima silt loam, 0 to 3 percent slopes	0.1	100.0%
Totals for Area of Interest		0.1	100.0%

APPRAISAL COMPLIANCE CHECKLIST

USPAP (S.R. 2-2 Guidelines)

a) Set forth pertinent facts and conclusions	<u>6</u>
b) Identify real estate appraised	<u>8</u>
c) Identify real property interest appraised	<u>8</u>
d) Purpose of appraisal	<u>9</u>
e) Effective date of value and report	<u>9</u>
f) Scope of appraisal	<u>11</u>
g) Assumptions and limiting conditions	<u>13</u>
h) Signed certification	<u>15</u>
i) Highest and Best Use opinion	<u>45</u>
j) Explain exclusion of an approach	<u>49</u>
k) Correlation and Final Value Opinion	<u>81</u>

Comments:



QUALIFICATIONS

Michael Fredrickson, MAI

2 West Main Street
Walla Walla, WA 99362
(509) 522-2272 mike@asapww.com

State of Washington – Bus. & Professions Div.
Real Estate Designated/Managing Broker
License # 21009558
Firm #21010246

State of Washington - Real Estate Division
Certified Real Estate Appraiser - General
License # 1100101
State of Oregon - Appraiser Cert. & Lic. Board
State Certified Appraiser No. C000555

Experience

Controller, Sigma Phi Epsilon WSU	1990-91
Real Estate Data Researcher	Summers of 1986-88, 1990-91
Associated Appraisers, Walla Walla, WA	1992-present
Real Estate Broker	2010-present

Education

Washington State University	1992
Bachelors of Science in Agricultural Business	
Minor in Agricultural Economics	
Minor in Business Administration	

Appraisal Institute courses Level I and II successfully completed

American Society of Farm Managers and Rural Appraisers
courses successfully completed:

A-20 Principles of Rural Appraisal Sacramento, CA	2000
Requirements of UASFLA – The “Yellow Book” Denver, CO	2012

Professional Activities & Contributions

Appraisal Institute	MAI
Licensed Real Estate Broker	St. of WA
American Society of Farm Managers and Rural Appraisers	Associate

Types of Property Appraised

Residential	Commercial	Agricultural
Apartments & Condominiums	Industrial	Spec. Purpose



Michael Fredrickson, MAI – Qualifications

Clientele

Financial Institutions:

AmericanWest Bank	Key Bank of Washington
Baker Boyer Bank	Gesa Credit Union
Bank of America	Sterling Savings Assoc.
Bank of the West	U.S. Bank
Banner Bank	Yakima Federal Savings & Loan
Community Bank	Harvest Capital
Community First Bank	Columbia River Bank
Farm Credit Services	Interwest Mortg. Investment

Government and Municipalities:

City of College Place	Port of Walla Walla
City of Walla Walla	U.S. Corps of Engineers
Columbia School District	U.S. Forest Service
USDA Farm Service Agency	Walla Walla County
Federal Deposit Insurance Corp	Walla Walla Housing Authority
Franklin County	Walla Walla School District
General Services Admin.	WA State Dept. of Transportation
Internal Revenue Service	Port of Kennewick
WA State Dept. of Natural Resources	WA State Dept. of Wildlife
City of Pasco	Benton County
City of Milton-Freewater	Blue Mountain Action Council

Legal and Accounting Firms:

Reese, Baffney, Frol & Grossman	Minnick-Hayner, Attorneys at Law
Collins & Collins	Law Office of Bradley S. Wolf
Creason, Moore & Dokken	Schwabe, Williamson, & Wyatt
Monahan, Grove & Tucker	Corey, Byler, Rew, Lorenzen & Hojem
McAdams, Ponti, Wernette & Van Dorn	Carol Bailey & Associates
Rettig, Osborne, Forgette	Bier Family Law
Sattler and Associates	Zalaznik, Moore and Associates
W. Scott Lowry	Laura L. Shantz
Law Office of Jeffrey A. Robinson	McKinley Irvin

Community Organizations

Walla Walla County Planning Commission	1998-2006
Chairman	2001-2006
Port of Walla Walla Commissioner	2006-

