Appraisal Date: January 1, 2009
Assessment Year: 2009 Assessment
Tax Year: 2010 Tax Year
Last Physical Inspection: 2004 Assessment / 2005 Tax Year

Residential Parcels Appraised: 569

Summary of Findings: The analysis for this area consisted of a general review of applicable characteristics such as quality of construction, age, condition, stories, total living area, views, and lot size. As a result of the analysis, an overall market adjustment was applied to the population thus improving assessment levels and maintaining equalization.

Market Area/Name: 371 – Yakima County Rural Residential includes parcels in the West Valley area located north of the Yakama Indian Reservation and south of Marble Road. It includes parcels that are zoned for agricultural use along with a group of parcels zoned (RLDP) remote limited development off Winchester road. Excluded are areas with residential zoning such as 371R.
An Overall Stratification of Neighborhood:

### Neighborhood 371

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agricultural</td>
<td>397</td>
<td>30%</td>
</tr>
<tr>
<td>Commercial/Ag</td>
<td>3</td>
<td>0%</td>
</tr>
<tr>
<td>Commercial</td>
<td>27</td>
<td>2%</td>
</tr>
<tr>
<td>Commercial Lo</td>
<td>1</td>
<td>0%</td>
</tr>
<tr>
<td>Mobile Homes PP</td>
<td>119</td>
<td>9%</td>
</tr>
<tr>
<td>Residential</td>
<td>569</td>
<td>44%</td>
</tr>
<tr>
<td>Residential Det</td>
<td>28</td>
<td>2%</td>
</tr>
<tr>
<td>Residential Lo</td>
<td>163</td>
<td>12%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1307</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Total Number of Residential Sales

- Number of Sales: 29

Only sales of one-unit residences on residential lots, which were verified as or appeared to be market sales, were considered for the analysis. Removed from the analysis were multiple-parcel sales, multiple-building sales, mobile homes on personal property, and sales of new construction where construction was less than a 100% complete.

### Ratio Statistics for Total / Price

<table>
<thead>
<tr>
<th>Statistic</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>.89</td>
</tr>
<tr>
<td>Median</td>
<td>.84</td>
</tr>
<tr>
<td>Weighted Mean</td>
<td>.89</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.13</td>
</tr>
<tr>
<td>Price Related Differential</td>
<td>1.01</td>
</tr>
<tr>
<td>Coefficient of Dispersion</td>
<td>.12</td>
</tr>
<tr>
<td>Coefficient of Variation Mean Centered</td>
<td>14.35%</td>
</tr>
</tbody>
</table>
The graph provides an overall view of the 5,987 sales used in establishing residential improvement value for all market areas for tax year 2010.
Measuring Assessment Level –
How close typical property assessed values are to market value.

Ratio
Assessed (appraised) value divided by sale price.
Example: $40,000 assessed value
$50,000 sale price = .80 = 80% ratio

The Ratio will be:
Equal to 100%, if the assessed value is equal sale price
Greater than 100%, if the assessed value is greater than sale price
Less than 100%, if the assessed value is less than sale price

Mean
Summing the ratios computed for each sale and dividing this total by number of sales in the sample determine the mean ratio. The mean has the advantages of being simple to compute and easy to understand. Another advantage is that it takes all measurements of uniformity. However, a small number of very low or high assessment ratios tend to weigh heavily on the mean, distorting it (usually on the high side) so that it is often not the truest measure of assessment level.

Median
The median ratio is an indicator of the central ratio in any sample. Arraying all of the ratios from a particular category and finding the midpoint determine it. The median is also used in calculating the coefficient of dispersion. The median is considered an unbiased estimator of level, since it is not subject of the effects of outlying ratios; however, this can be a disadvantage as well as an advantage, since valid outliers are not reflected.

Median Rank - .5(n)+.5 where n= the number of sales in the sample.

Weighted Mean - The weighted mean is based on the total assessed value for the entire sample divided by total sales price for all sales in the sample.
In the determination of this statistic, sales of more expensive property weight more heavily than those of less costly property. Outlying individual ratios do not exert strong influence on this statistic, but cautious use is recommended, since value weighting may cause considerable distortion, particularly by very high value occasional sales, which may have non-representative low ratios.

Measuring Uniformity
Uniformity determines the quality of property assessments on an overall basis. Although both the appraisal and market transaction are subject to distortion on any individual property, if the magnitude of this distortion is consistently large, taxes paid by similar properties in the same area will differ widely. The goal of a fair assessment program is to reduce inequity of this type.

COD (Coefficient of Dispersion)
The COD is based on how far each ratio differs from the median and is defined as the average percentage difference between all of the ratios and the median.
A practical grading system for improved property (add 5 points to this scale for unimproved property) would be:

<table>
<thead>
<tr>
<th>COD%</th>
<th>UNIFORMITY CONDITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;5</td>
<td>Questionable</td>
</tr>
<tr>
<td>5-10</td>
<td>Excellent</td>
</tr>
<tr>
<td>10-15</td>
<td>Good</td>
</tr>
<tr>
<td>15-20</td>
<td>Somewhat Poor</td>
</tr>
<tr>
<td>20-30</td>
<td>Poor</td>
</tr>
<tr>
<td>&gt;30</td>
<td>Very Poor</td>
</tr>
</tbody>
</table>

Since typical marketplace variation precludes perfection in mass appraisal, CODs less than 5% are virtually impossible to obtain unless assessments are adjusted to sales prices on individual properties.

COD for improved residential should be <=15. COD for commercial, unimproved residential, and manufactured homes should be >=20.

**Standard Deviation**

The statistic calculated from a set of numbers by subtracting the mean from each value andsquaring the remainders, adding together these squares, dividing by the sample size of the sample less one, and taking the square root of the result.

The portion of property having ratios within a particular range can be predicted from the standard deviation.

<table>
<thead>
<tr>
<th>Standard Group</th>
<th>Deviation %</th>
<th>68% of property</th>
<th>95% of property</th>
<th>99% of property</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>10</td>
<td>90 – 110%</td>
<td>80 – 120%</td>
<td>70 – 130%</td>
</tr>
<tr>
<td>2</td>
<td>20</td>
<td>80 – 120%</td>
<td>60 – 140%</td>
<td>40 – 160%</td>
</tr>
<tr>
<td>3</td>
<td>30</td>
<td>70 – 130%</td>
<td>40 – 170%</td>
<td>10 – 205%</td>
</tr>
</tbody>
</table>

In the above example if the Mean ratio is 100% and the standard deviation is 10%, then the standard deviation predicts that 68% of the neighborhood would sell with a ratio between 90-110%. 95% would sell with a ratio between 80-120% and the total population would sale between 70-130%.
**COV (Coefficient of Variation)**

The Coefficient of Variation is an expression of the standard deviation as a percent of the mean. This “standardizes” the standard deviation so that the COV can be interpreted without additionally knowing the mean.

<table>
<thead>
<tr>
<th>COV%</th>
<th>UNIFORMITY CONDITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5</td>
<td>Questionable</td>
</tr>
<tr>
<td>5-10</td>
<td>Excellent</td>
</tr>
<tr>
<td>10-20</td>
<td>Good</td>
</tr>
<tr>
<td>20-30</td>
<td>Somewhat Poor</td>
</tr>
<tr>
<td>30-40</td>
<td>Poor</td>
</tr>
<tr>
<td>&gt;40</td>
<td>Very Poor</td>
</tr>
</tbody>
</table>

The COV on improved residential should be < .20.
The COV on commercial, unimproved residential, and manufactures homes should be < .25.

**PRD (Price Related Differential)**

The PRD identifies bias in favor of high or low priced properties.

- **PRD Results** Favors
  - .98 – 1.03 None-different value properties treated same. *(LOW AND HIGH ARE TREATED EQUAL)*
  - Less than .98 Low Value Progressive Properties *(LOW PROPERTIES ARE LOW)*
  - More than 1.03 High value Regressive Properties *(HIGH PROPERTIES ARE LOW)*

**IAAO STANDARDS FOR UNIFORMITY:**

<table>
<thead>
<tr>
<th>Type of Property</th>
<th>Measure of Central Tendency</th>
<th>COD</th>
<th>PRD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single Family Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newer, more homogenous areas</td>
<td>0.90 – 1.10</td>
<td>10.0 or Less</td>
<td>0.98-1.03</td>
</tr>
<tr>
<td>Older, heterogeneous areas</td>
<td>0.90 – 1.10</td>
<td>15.0 or Less</td>
<td>0.98-1.03</td>
</tr>
<tr>
<td>Rural, residential and seasonal</td>
<td>0.90 – 1.10</td>
<td>20.0 or Less</td>
<td>0.98-1.03</td>
</tr>
<tr>
<td>Income producing properties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Larger, urban jurisdictions</td>
<td>0.90 – 1.10</td>
<td>15.0 or Less</td>
<td>0.98-1.03</td>
</tr>
<tr>
<td>Smaller, rural jurisdictions</td>
<td>0.90 – 1.10</td>
<td>20.0 or Less</td>
<td>0.98-1.03</td>
</tr>
<tr>
<td>Vacant Land</td>
<td>0.90 – 1.10</td>
<td>20.0 or Less</td>
<td>0.98-1.03</td>
</tr>
<tr>
<td>Other Real and Personal Property</td>
<td>0.90 – 1.10</td>
<td>Varies with local conditions</td>
<td>0.98-1.03</td>
</tr>
</tbody>
</table>

**Mass Appraisal** is the process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.

**Mass Appraisal Model** – A mathematical expression of how supply and demand factors interact in a market.

*(Definitions taken from Uniform Standards of Professional Appraisal Practice)*
Annual Update Process

Effective Date of Appraisal: January 1, 2009

Date of Appraisal Report: September 22, 2009

Yakima County Inspection Cycle

Yakima County’s inspection plan as approved by the Washington State Department of Revenue requiring physical inspection of all properties at least once every six years. Physical inspection of properties meets the requirement of RCW 84-41-041 and WAC 458-07-015. During the interval between each physical inspection, the update of property characteristics requires the valuation of property be adjusted to current true and fair value based on appropriate statistical data.

Data Utilized

Available sales closed and established as valid sales from 1/1/2006 through 3/31/2009 were considered in this analysis. The sales and residential characteristics were extracted from the Yakima County Assessor’s residential data base.

Sales Screening for Improved Parcel Analysis

Only sales verified or accepted as valid were used in this analysis. Sales considered invalid or not representative of the market, were removed prior to the analysis. The following properties were not included in the improved sales analysis.

1. Vacant (land only) parcel sales.
2. Manufactured Homes assessed as Personal Property.
3. Multi-Parcel or multi-building sales.
4. New construction where less than a 100% complete house was assessed.

Improved Parcel Update

The primary method for determining improved values for tax year 2010 is the Cost Approach to value. The method was initiated by installing the latest cost tables from Marshall and Swift in to the Computer Assisted Mass Appraisal (CAMA) software. These cost factors are then used to develop replacement cost new (RCN) on single family residence (SFR) built in 2007 and 2008. These homes are used because they are new and do not have any physical depreciation. The accuracy of the cost tables are validated using market sales. Statistical analysis insures the RCN on new construction homes values reflects market sales for Yakima County.

Physical Depreciation of all residence is determined from market sales. The characteristic of effective age is used to establish the correct amount of depreciation. Depreciation factors are derived by reviewing sales of homes grouping them by actual age and quality based on average condition. Land values are subtracted from the sale
prices to produce a residual building value. The residual building value is subtracted from the replacement cost new (RCN) generated by the CAMA system to estimate the dollar amount of depreciation. Depreciation expressed as a percent is calculated by dividing the dollar depreciation by the RCN. Separate depreciation rates are established for each quality and condition based on market sales.

Since the depreciation rates are established for homes in average condition, additional rates are established for homes in a condition other than average. The following chart establishes depreciation factors as indicated:

- Very Poor 1.65
- Poor 1.60
- Fair 1.30
- Average 1.00
- Good .87
- Very Good .70
- Excellent .65

Homes in very poor condition depreciate an additional 65% while homes in excellent condition have an adjustment factor of 35% less depreciation.

Sales by neighborhood are reviewed to provide location adjustment factors.

**Residential Land Model**

Land value for residential properties 10 acres or less and inspected during cycles 3 through 6 of the 6 year inspection cycle were established using a residential land model. The initial model included 4,879 validated sales occurring during a three year period, January 2006 through March 2009. The final land valuation model is based on 3,850 sales occurring from January 2006 through March 2009.

With a limited number of vacant land sales, a land residual was determined from market sales.

**Abstraction Method**

In the abstraction method, also known as the land residual method, improvement values obtained from the cost approach to value are subtracted from sales prices of improved parcels to yield residual land value estimates. This method is particularly useful in highly developed areas where there are few, if any, vacant land sales.

The dependent variable for the model is the trended sale price less the cost of improvement value. Sales occurring prior to January 1, 2009 were trended up at a rate of 0.002 percent per month. Sales occurring after January 1, 2009 were trended down at the same rate. There were seven candidate variables considered during the model process. These were Size, Neighborhood, View, Topography, Traffic, Lot Shape and Location (road front, corner lot, interior lot).

Three of the candidate variables were used in the final model. The independent variables used to establish land values are size, neighborhood and view. The model summary
indicates an R square of .864 which provides that 86.4% of the value estimate is explained by the model. The standard error of the estimate calculated at $0.29466 on a mean of $2.6714 trended value per square foot which provides for a Coefficient of Variation of 10.30%

A mean sales ratio of 99% has been established from the model with a standard deviation of 9.94. One standard deviation provides that 68% of the properties will be valued between 89% and 109% of actual sales.

The price related differential (PRD) identifies bias in favor of high or low priced properties. A PRD falling between 0.98 and 1.03 shows no bias. The PRD from this land model is 1.01 indicating no bias in favor of high or low priced properties.

The Coefficient of Dispersion (COD) is used to measure uniformity in assessment. The COD for this model is 9 which is excellent uniformity.

**Residential Statistical Testing**

Value established using the cost approach to value was tested against market sales occurring between January 2006 and March 2009. The assessment level of assessed value to actual sale price was set at 90% for tax year 2010. All market areas were reviewed. Those market areas not having sufficient sales on which to base a market adjustment were adjusted based on sales in market areas similar in demographics. An economic adjustment of the primary residence was established to improve assessment levels and maintain equalization and uniformity in assessment.

**Value Reconciliation**

**Cost Approach**

The cost approach to value is the primary method for determining assessed values for ad valorem tax purposes. To the estimated value of the land, derived from sales data, is added the current depreciated replacement cost of the improvements. The value estimate is the sum of the depreciated improvement cost and the site value. The principle of substitution is the foundation of the cost approach.

**Sales Comparison Approach**

Based on the concept of value in exchange, the sales comparison approach to value compares the property being appraised with similar properties sold in the recent past. Value indications derived from the sales comparison approach are particularly significant because they express the reactions of buyers and sellers in the real estate market.
**Income Approach**

The highest and best use of residential single family residence is as an owner occupied residence. The properties included in this report were valued as if owner occupied and an income approach to value was not generated.

**Final Value Reconciliation**

The properties being appraised were valued using the cost approach to value to provide a primary indication of value. The assessed values determined by the cost approach were then compared to actual sales. Ratio sales statistical analysis for all inspection cycles were used to validate the cost approach.

The ratio analysis provides acceptable testing to validate the values determined by the cost approach to value. The assessed values established for ad valorem tax purposes is considered to be supportable and a good indication of value.
Descriptive Key to sales listed on the attached spread sheet.

(Parcel) Parcel ID Number. The tax parcel identification number.

(Nbhd) Neighborhood. The market area of the parcel.

(Date) Sale Date. The recorded date of the sale.

(Year) Sale Year. The year of the sale date (used for analysis).

(Price) Sale Price. The total sale price reported on the real estate excise affidavit recorded at the time of sale.

(Ratio) Ratio of Sale Price to Assessed Value. A percentage determined by dividing the tax year 2010 total market value by the sale price.

(Final Total) Total Value of the improved property. The market value of the property for tax year 2010.

(Qlty) Quality. The quality of construction of the residence.
- L = Low
- A+ = Average/Good
- V+ = Very Good/Excellent
- F+ = Fair/Average
- V = Very Good
- A = Average
- F = Fair
- G+ = Good/Very Good
- E+ = Excellent/Exceptional
- P = Poor
- G = Good
- E = Excellent
- PR = Poor
- AV = Average
- VG = Very Good
- X = Exceptional

(Con) Condition. The condition of the residence as of the last physical inspection.
- VP = Very Poor
- FR = Fair
- GD = Good
- EX = Exceptional
- PR = Poor
- AV = Average
- VG = Very Good

(Yr_Range) Year Built Range. The 10 year range of the year built (used for analysis).

(Yr_Blt) Year Built. The year the residence was constructed.

(LA Range) Living Area Range. A 500 square foot range of the living area (used for analysis).

(LA) Living Area. The total square foot of above grade living area (main floor plus upper floor) of the residence. The living area does not include below grade (basement) finished areas.

(Fin Bsmt) Finished Basement. The square foot of below grade living area.

(Bdrm) Bedroom Count. The number of bedrooms in the residence.

(Fixt) Fixture Count. The total fixture count of plumbing fixtures on trap including kitchen, baths, utility room and water heater.

The sales listing displays the three most significant characteristics affecting value which are Quality of construction, Year Built or age of the residence and Living Area or size of the residence. The sales listing is sorted by quality, then by year built, then by size for ease in determining like parcels.
<table>
<thead>
<tr>
<th>Parcel</th>
<th>Nbhd</th>
<th>Date</th>
<th>Year</th>
<th>Price</th>
<th>Ratio</th>
<th>Final_total</th>
<th>Qty</th>
<th>Con</th>
<th>YR_Range</th>
<th>Yr_Blt</th>
<th>LA Range</th>
<th>LA</th>
<th>Fin Bsmt</th>
<th>Bdrm</th>
<th>Fixt</th>
</tr>
</thead>
<tbody>
<tr>
<td>171329-11008</td>
<td>371</td>
<td>29-Jan-08</td>
<td>2008</td>
<td>$80,000</td>
<td>74%</td>
<td>$59,000</td>
<td>F</td>
<td>AV</td>
<td>1970 - 1979</td>
<td>1973</td>
<td>1000-1499</td>
<td>1,440</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>181208-12002</td>
<td>371</td>
<td>25-Jul-08</td>
<td>2008</td>
<td>$216,250</td>
<td>76%</td>
<td>$165,400</td>
<td>F</td>
<td>AV</td>
<td>1940 - 1949</td>
<td>1945</td>
<td>under 500</td>
<td>384</td>
<td>1</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>181205-41012</td>
<td>371</td>
<td>22-Oct-08</td>
<td>2008</td>
<td>$137,000</td>
<td>95%</td>
<td>$130,000</td>
<td>F</td>
<td>GD</td>
<td>1970 - 1979</td>
<td>1977</td>
<td>1000-1499</td>
<td>1,200</td>
<td>1</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>171330-23403</td>
<td>371</td>
<td>08-Jul-08</td>
<td>2008</td>
<td>$145,000</td>
<td>83%</td>
<td>$120,000</td>
<td>F</td>
<td>AV</td>
<td>1990 - 1999</td>
<td>1995</td>
<td>1500-1999</td>
<td>1,512</td>
<td>3</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>181208-12002</td>
<td>371</td>
<td>25-Jul-08</td>
<td>2008</td>
<td>$216,250</td>
<td>76%</td>
<td>$165,400</td>
<td>F+</td>
<td>AV</td>
<td>1960 - 1969</td>
<td>1965</td>
<td>1000-1499</td>
<td>1,424</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>171208-31003</td>
<td>371</td>
<td>06-Nov-08</td>
<td>2008</td>
<td>$220,000</td>
<td>96%</td>
<td>$210,500</td>
<td>A</td>
<td>AV</td>
<td>1950 - 1959</td>
<td>1950</td>
<td>2000-2499</td>
<td>2,456</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>171332-23404</td>
<td>371</td>
<td>30-Jan-07</td>
<td>2007</td>
<td>$141,000</td>
<td>96%</td>
<td>$135,700</td>
<td>A</td>
<td>GD</td>
<td>1990 - 1999</td>
<td>1999</td>
<td>1000-1499</td>
<td>1,404</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>171203-13009</td>
<td>371</td>
<td>10-Dec-07</td>
<td>2007</td>
<td>$224,000</td>
<td>98%</td>
<td>$218,400</td>
<td>A+</td>
<td>GD</td>
<td>1920 - 1929</td>
<td>1920</td>
<td>2500-2999</td>
<td>2,550</td>
<td>3</td>
<td>12</td>
<td></td>
</tr>
<tr>
<td>171319-14007</td>
<td>371</td>
<td>19-Jun-09</td>
<td>2009</td>
<td>$250,000</td>
<td>78%</td>
<td>$195,900</td>
<td>A+</td>
<td>GD</td>
<td>1940 - 1949</td>
<td>1940</td>
<td>1500-1999</td>
<td>1,739</td>
<td>3</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>171321-24405</td>
<td>371</td>
<td>06-Jan-09</td>
<td>2009</td>
<td>$219,000</td>
<td>91%</td>
<td>$198,350</td>
<td>A+</td>
<td>GD</td>
<td>1950 - 1959</td>
<td>1955</td>
<td>1500-1999</td>
<td>1,718</td>
<td>3</td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>181210-22402</td>
<td>371</td>
<td>02-Jan-07</td>
<td>2007</td>
<td>$240,000</td>
<td>84%</td>
<td>$200,400</td>
<td>A+</td>
<td>GD</td>
<td>1990 - 1999</td>
<td>1990</td>
<td>2000-2499</td>
<td>2,082</td>
<td>3</td>
<td>8</td>
<td></td>
</tr>
</tbody>
</table>
**Client and Intended Use of the Appraisal**

This mass appraisal report is intended for use only by the Yakima County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The Assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP SR 6-8. This report represents only summary discussions of the data, reasoning and analysis that were used in the appraisal process to develop the appraiser’s opinion of value. The depth of the discussion contained in this report is specific to the needs of the client and for the intended use stated in the report. The appraiser is not responsible for unauthorized use of this report. To fully understand this report the reader may need to refer to the Assessor’s Property Record Files, Assessor’s Real Property Data Base, separate studies, Assessor’s Procedures, Assessor’s Residential Standards and Data Definitions, Assessor’s Plat Maps, Yakima County GIS mapping system, Inspection Plan and the statutes.

The purpose of this report is to explain and document the methods, data and analysis used in the valuation of Yakima County residential properties. Yakima County is on a six year physical inspection cycle with annual statistical updates. The six year inspection plan is approved by Washington State Department of Revenue and is subject to their periodic review.

**Definition and date of value estimate:**

**Market Value**

The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65). The true and fair value of a property in money for property tax valuation purposes is its “market value” or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and the assessing officer must consider all such factors. (AGO 65-66. No. 65, 12/31/65)

**Highest and Best Use**

**RCW 84.40.030** All property shall be valued at one hundred percent of its true and fair value in money and assessed on the same basis unless specifically provided by law.

An assessment may not be determined by a method that assumes a land usage or highest and best use not permitted, for that property being appraised, under existing zoning or land use planning ordinances or statutes or other government restrictions.

**WAC 458-07-030(3) True and fair value – Highest and Best Use.** Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner’s investment. Any reasonable use to which the property may be put may be taken into consideration. Uses that are within the realm of possibility, but
not reasonably probable of occurrence, shall not be considered in valuing property at its highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Sammish Gun Club v. Skagit County, 118 Wn. 578 (1922)) The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wn. 486 (1922)) The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Sammish Gun Club v. Skagit County, 118 Wn. 578 (1922))

Where land has been classified or zoned as to its use, the county assessor may consider this fact, but he shall not be bound to such zoning in exercising his judgment as to the highest and best use of the property. (AGO 63-64, No. 107, 6/6/64)

A property is analyzed as vacant and available for development, with consideration given to alternative programs of development among potential uses which are:

1. Physically possible, based upon topography, land area and site configuration.
2. Legally permissible, in compliance with zoning, deed restrictions or other constraints.
3. Economically feasible and fulfilling an identifiable demand in the market.
4. Maximally productive resulting in the highest present land value.

The appraisal area primarily consists of residential property, improved with single family homes. It is the appraiser’s opinion that the highest and best use of the residential properties is to be improved with a single family home.

**Date of Value Estimate**

All property now existing, or that is hereafter created or brought into this state, shall be subject to assessment and taxation for state, county, and other taxing district purposes, upon equalized valuations thereof, fixed with reference thereto on the first day of January at twelve o’clock meridian in each year, excepting such as is exempted from taxation by law. [1961 c 15 §84.36.005]

The county assessor is authorized to place any property that is increased in value due to construction or alteration for which a building permit was issued, or should have been issued, under chapter 19.27, 19.27A, or 19.28 RCW or other laws providing for building permits on the assessment rolls for the purposes of tax levy up to August 31st of each year. The assessed valuation of the property shall be considered as of July 31st of that year. [1989 c 246 § 4]

Reference should be made to the Assessor’s computer file as to when each property was valued. Sales consummating before and after the appraisal date may be used and are analyzed as to their indication of value at the date of valuation. If market conditions have changed then the appraisal will state a logical cutoff date after which no market data is used as an indicator of value.
Property Rights Appraised:

Fee Simple

Wash Constitution Article 7 § 1 Taxation: All taxes shall be uniform upon the same class of property within the territorial limits of the authority levying the tax and shall be levied and collected for public purposes only. The word “property” as used herein shall mean and include everything, whether tangible or intangible, subject to ownership. All real estate shall constitute one class.

Trimble v. Seattle, 231 U.S. 683, 689, 58 L. Ed. 435, 34 S. Ct. 218 (1914) “the entire [fee] estate is to be assessed and taxed as a unit”

Folsom v. Spokane County, 111 Wn. 2d 256 (1988) “the ultimate appraisal should endeavor to arrive at the fair market value of the property as if it were an unencumbered fee”

The definition of fee simple estate as taken from The Third Edition of The Dictionary of Real Estate Appraisal, published by the Appraisal Institute. “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat.”

Assumptions and Limiting Conditions:

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.

2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.

3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.

4. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.

5. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.

6. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous material be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.

7. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
8. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

9. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor’s parcel maps, easements adversely affecting property value were not considered.

10. An attempt to segregate personal property from the real estate in this appraisal has been made.

11. Items which are considered to be “typical finish” and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.

12. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.40.090 and WAC 458-12-010.

13. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact various jurisdictions to determine the extent of their public improvements.

14. Exterior inspections were made of all properties in the physical inspection areas outlined in the body of the report however; due to lack of access and time few properties received interior inspections. The architecture and condition of the exterior of the improvement on the property is used to determine the architecture and condition of the interior.

**Scope of Work Performed:**
Research and analyses performed are identified in the body of the appraisal report. The assessor does not have access to title reports and other documents. Because of the legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior home features and actual income and expenses by property owners is not a requirement by law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated in the Inspection Plan and as budgeted. The scope of work performed and analyses performed are identified throughout the body of the report.

**Comments on Scope of Work**
This report was written for a specific scope of work, intended use and intended users; and if other parties choose to rely on the report, the appraiser is not obligated to such parties and it does not result in such parties becoming intended users.
CERTIFICATION:

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

- The statements of fact contained in this report are true and correct.
- The report 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 property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved.
- 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 predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of stipulated result, or the occurrence of a subsequent event directly related to the intended use of the appraisal.
- My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not made a personal inspection of the properties that are the subject of this report.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by duly authorized representatives.
- The individuals listed below were part of the “appraisal team” and provided significant real property appraisal assistance to the person signing this certification.
  
  Dave Cook, Yakima County Assessor  
  Wally Morrison, Accredited Appraiser  
  Connie Crews, Accredited Appraiser  
  Dick Wilsey, Accredited Appraiser  
  Greg Leadon, Accredited Appraiser  
  Kathi Lasich, Accredited Appraiser  
  Jorge Martinez, Accredited Appraiser  
  Andy Marble, Accredited Appraiser  
  Angela Cervantes, Accredited Appraiser  
  Kris Bailey, Accredited Appraiser  
  Janice Hersey, Accredited Appraiser  
  Bill Seely, Accredited Appraiser  
  Galen Hoover, Accredited Appraiser  
  Troy Laurvick, Accredited Appraiser  
  Matt Martin, Accredited Appraiser  
  Katrina Urlacher, Accredited Appraiser  
  Erin Barnett, Accredited Appraiser  
  Scott Sauve, Accredited Appraiser

Appraiser Certification:
Signature:  /s/
Name:  Tim Kraft
Date Signed:  Sep 22, 2009
State Certification/License Number:  1702748
State:  Washington
Expiration date of License:  4/3/2010
Glossary of Terms for residential parcels:

**AD VALOREM TAX:** A tax levied in proportion to the value of the thing(s) being taxed. Exclusive of exemptions, use-value assessment provisions, and the like, the property tax is an ad valorem tax.

**AD VALOREM:** According to value.

**ADJUSTMENTS:** Modifications in the reported value of a variable, such as sale price. For example, adjustments can be used to estimate the market value in the sales comparison approach to value by modifications for differences between comparable and subject properties.

**APPRAISAL DATE:** The date as of which a property’s value is estimated.

**APPRAISAL RATIO STUDY:** Studies designed to evaluate appraisal performance or determine taxable value through a comparison of appraised or assessed values estimated for tax purposes with independent estimates of market value based on either sales prices or independent appraisals.

**APPRAISAL RATIO:** (1) The ratio of the appraised value to an indicator of market value. (2) By extension, an estimated fractional relationship between the appraisals and market values of a group of properties.

**APPRAISAL REPORT:** The oral or written communication of a completed appraisal.

**APPRAISAL:** (1) The act of estimating the money value of property. (2) The money value of property estimated by an appraiser. (3) Of or pertaining to appraising or related functions, for example, appraisal practice, appraisal services. An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g., assessed value, collateral value).

**APPRAISER:** One who estimates the value of property; more commonly, one of a group of professionally skilled persons holding themselves out as experts in valuation.

**ASSESSED VALUE:** A value set on real estate and personal property by a government as a basis for levying taxes.

**ASSESSMENT:** (verb) The official act of discovering, listing, and appraising property. (noun) The value placed on property in the course of such act.

**ASSESSMENT EQUITY:** The degree to which assessments bear a consistent relationship to market value.

**COD (Coefficient of Dispersion):** It is based on how far each ratio differs from the median and is defined as the average percentage difference between all of the ratios and the median.

**COV (Coefficient of Variation):** The Coefficient of Variation is an expression of the standard deviation as a percent of the mean. This “standardizes” the standard deviation so that the COV can be interpreted without additionally knowing the mean.

**COMPARABLES; COMPARABLE SALES:** (1) Recently sold properties that are similar in important respects to a property being appraised. The sale price and the physical, functional, and locational characteristics of each of the properties are compared to those of the property being appraised in order to arrive at an estimate of value. (2) By extension, the term “comparables” is sometimes used to refer to properties with rent or income patterns comparable to those of a property being appraised.

**COST APPROACH:** One of the three approaches to value, the cost approach is based on the principle of substitution – that a rational, informed purchaser would pay no more for a property than the cost of building an acceptable substitute with utility. The cost approach seeks to determine the replacement cost new of an improvement less depreciation plus land value.

**DATA:** Information expressed in any of a number of ways. “Data” is the general term for masses of numbers, codes and symbols generally, and “information” is the term for meaningful data.

**DEMAND:** The amount of a good or service that would be purchased at various prices during a given period.

**INSPECTION CYCLE:** (1) The period of time necessary for a jurisdiction to have a complete inspection. For example, a cycle of six years occurs when one-sixth of a jurisdiction is inspected each year and also when a jurisdiction is inspected all at once every six years. (2) The maximum interval between inspections as stated in laws.

**MARKET AREA:** A geographic area, typically encompassing a group of neighborhoods, defined on the basis that the properties within its boundaries are more or less equally subject to a set of one or more economic forces that largely determine the value of the properties in question.

**MASS APPRAISAL:** The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.
The goal of a fair assessment program is to reduce inequity of this type. The magnitude of this distortion is consistently large, taxes paid by similar properties in the same area will differ widely. Although both the appraisal and market transaction are subject to distortion on any individual property, if the personal property provisions of chapter 84.56 RCW and RCW 84.60.040.

**PROVIDED,** That a mobile home located on land leased by the owner of the mobile home shall be subject to the permanent foundation (posts or blocks) with fixed pipe connections with sewer, water, or other utilities: permanently fixed in location upon land owned or leased by the owner of the mobile home and placed on a shall also include a mobile home which has substantially lost its identity as a mobile unit by virtue of its being property under the letter, spirit, intent and meaning of the law for the purposes of taxation. The term real property includes a mobile home which has substantially lost its identity as a mobile unit by virtue of its being used as a permanent dwelling, or is so equipped and valued at least once every six years in accordance with RCW 84.41.030, and in accordance with a plan filed and approved by the Department of Revenue. Such revaluation plan shall provide that a reasonable portion of all taxable real property within a county shall be revalued and these newly-determined values placed on the assessment rolls each year. The department may approve a plan that provides that all property in the county be revalued every two years. If the revaluation plan provides for physical inspection at least once each four years,
during the intervals between each physical inspection of real property, the valuation of such property may be
adjusted to its current true and fair value, such adjustments to be based on appropriate statistical data. If the
revaluation plan provides for physical inspection less frequently than once each four years, during the intervals
between each physical inspection of real property, the valuation of such property shall be adjusted to its current true
and fair value, such adjustments to be made once each year and to be based on appropriate statistical data. The
assessor may require property owners to submit pertinent data respecting taxable property in their control including
data respecting any sale or purchase of said property within the past five years, the cost and characteristics of any
improvement on the property and other facts necessary for appraisal of the property. *(RCW 84.41.041)*

**STANDARD DEVIATION:** The statistic calculated from a set of numbers by subtracting the mean from each
value and squaring the remainders, adding together these squares, dividing by the sample size of the sample less one,
and taking the square root of the result.

**STANDARDS OF PRACTICE:** The standards of practice adopted by the department and governing real
property appraisal activities by accredited appraisers are the generally accepted appraisal standards as evidenced by
the current appraisal standards promulgated by the Appraisal Standards Board of the Appraisal Foundation. A
complete text of these appraisal standards is available for viewing during normal working hours at the property tax
division of the department (Washington State Department of Revenue). *(WAC 458-10-060)*.

**SUPPLY:** The amount of a good or service that would be offered for sale at various prices during a given period.

**TAX YEAR:** Properties are assessed as of January 1 of any given year for taxes paid the following year. For
example, properties assessed as of January 1, 2009 will pay taxes in 2010.

**TOTAL LIVING AREA:** Total finished living space; this would include finished space in a basement.

**TRUE AND FAIR VALUE:** In Washington, all property must be valued and assessed at one hundred percent of
ture and fair value unless otherwise provided by law. “True and Fair Value” means market value and is the amount
of money a buyer of property willing but not obligated to buy would pay a seller of property willing but not
obligated to sell, taking into consideration all uses to which the property is adapted and might in reason be applied.
*(WAC 458-07-030(1))*

**UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP):** A publication
of the Appraisal Standards Board of the Appraisal Foundation. The purpose of USPAP is to promote and maintain a
high level of public trust in appraisal practice by establishing requirements of appraisers. It is essential that
appraisers develop and communicate their analyses, opinions, and conclusions to intended users of their services in a
manner that is meaningful and not misleading. These standards deal with the procedures to be followed in
performing an appraisal, review or consulting service and the manner in which an appraisal, review or consulting
service is communicated. Standard 6 sets forth criteria for the development and reporting of mass appraisals for ad
valorem tax purposes or any other universe of properties.