

CBRE VALUATION & ADVISORY SERVICES

RESUBMITTED

Apr 24 2020

CITY OF FEDERAL WAY  
COMMUNITY DEVELOPMENT

# APPRAISAL REPORT

WOODLANDS AT REDONDO CREEK  
30231 20TH AVE S  
FEDERAL WAY, WASHINGTON 98003  
CBRE GROUP, INC. FILE NO. 20-224NW-2252-1

RMJ HOLDINGS LLC

**CBRE**

April 6, 2020

Mr. Dmitriy Mayzlin  
Director of Land A&D  
RMJ HOLDINGS LLC  
9675 SE 36th Street, Suite 105  
Mercer Island, Washington 98040

RE: Appraisal of: Woodlands at Redondo Creek  
30231 20th Ave S  
Federal Way, King County, Washington  
CBRE, Inc. File No. 20-224NW-2252-1

Dear Mr. Mayzlin:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is a 21.90-acre (953,963 sq. ft.) tract of vacant land (residential subdivision) located at 30231 20th Ave S in Federal Way, Washington. It consists of two tax parcels and has approximately 2,369 linear feet of frontage on three sides. The terrain is rolling, with wetlands that require buffers, resulting in a net buildable site of approximately 60% or roughly 13.14 acres. The owner proposes a subdivision with 68 residential lots averaging approximately 6,047 square feet each.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	April 2, 2020	\$2,400,000
Compiled by CBRE			

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

As of the date of value and the date of this report, the nation, region, and market area are impacted by the COVID-19 pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. The perceived impact on real

Mr. Dmitriy Mayzlin

April 6, 2020

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estate varies on several factors including asset class, use, tenancy, and location. Our analysis considers available information as of the effective date.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. As a condition to being granted the status of an intended user, any intended user who has not entered into a written agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

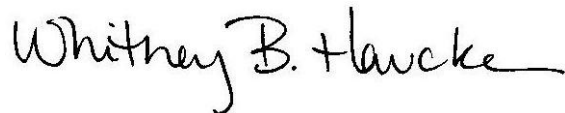
CBRE - VALUATION & ADVISORY SERVICES



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Robert Mangino  
Senior Appraiser  
State Certified General Real Estate Appraiser  
Washington Certification No. 1101669  
Expiration Date: 10/15/2020

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Whitney Haucke, MAI, CPA, MRICS  
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**CBRE**

## Certification

We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of Washington.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Whitney Haucke has completed the continuing education program for Designated Members of the Appraisal Institute.
11. As of the date of this report, Robert Mangino has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Appraisal Institute.
12. Robert Mangino has and Whitney Haucke has not made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the persons signing this report.
14. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
15. Robert Mangino has not and Whitney Haucke has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

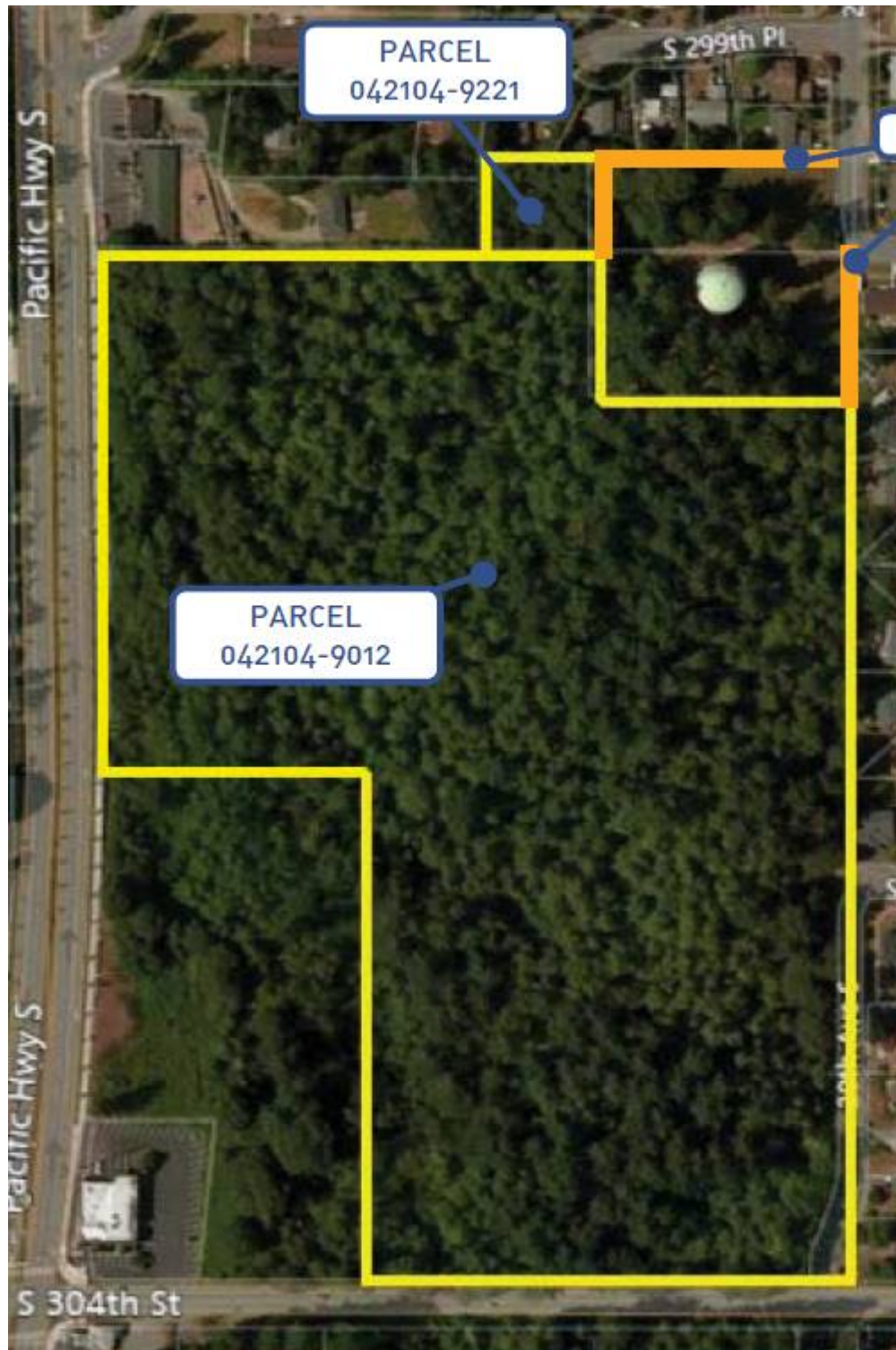
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Expiration Date: 05/17/2020

## Subject Photographs



Aerial View



Subject from southeast



Subject from northeast



Subject from southwest



Subject from south



Subject from west



Subject interior near south end



Subject interior near middle



View north on 20<sup>th</sup> Ave



View west on 304<sup>th</sup> Street



View east on 304<sup>th</sup> Street



View north on Highway 99



Intersection of Highway 99 and 304<sup>th</sup> St



Properties east of subject



Properties southeast of subject



Property south of subject



Property southwest of subject



Properties west of subject across Hwy 99



Properties west of subject across Hwy 99



## Executive Summary

<b>Property Name</b>	Woodlands at Redondo Creek	
<b>Location</b>	30231 20th Ave S Federal Way, King County, WA 98003	
<b>Parcel Number(s)</b>	042104-9012 & 042104-9221	
<b>Client</b>	RMJ HOLDINGS LLC	
<b>Highest and Best Use</b>	Land	
As Improved		
<b>Property Rights Appraised</b>	Fee Simple Estate	
<b>Date of Inspection</b>	April 2, 2020	
<b>Estimated Exposure Time</b>	6 - 12 Months	
<b>Estimated Marketing Time</b>	6 - 12 Months	
<b>Primary Land Area</b>	21.90 AC	953,963 SF
<b>Net Land Area (Estimated)</b>	13.14 AC	572,378 SF
<b>Zoning</b>	RS 5.0	
<b>Buyer Profile</b>	Developer	
<b>VALUATION</b>	<b>Total</b>	<b>Per SF</b>
Land Value	\$2,400,000	\$2.52

CONCLUDED MARKET VALUE			
Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple Estate	April 2, 2020	\$2,400,000

Compiled by CBRE

## STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

### Strengths/ Opportunities

- The subject is well located with exposure to and access from multiple streets.
- The subject is convenient to Highway 99, a major commercial and commuting arterial.
- There is a significant retail concentration of greater than 1 million square feet approximately one mile south of the subject.
- The subject is a medium-sized subdivision site, large enough to attract the widest range of developers—not so large that only national developers could afford to develop it, and not so small that only local builders would be interested.
- The local population and job expansion has created a well-documented housing crunch in the Seattle area, with high housing costs in the core markets forcing potential home-buyers to suburbs like Federal Way.

### Weaknesses/ Threats

- The average and median income levels in the subject's immediate area are below the MSA income levels.

- The subject’s topography includes slopes and wetlands that are more expensive to develop than a flatter site would be; some of the site is not developable at all.
- Increased uncertainty and risk associated with COVID-19 (see discussion below). Most participants anticipate with the greatest impact felt in the next 3-9 months.

### EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”<sup>1</sup>

- The value derived herein assumes the development will be able to be fully entitled and permitted for the construction of the proposed improvements. It is assumed there will be no delays in acquiring necessary permits and approvals for government agencies. Further, it is assumed the project will be completed on time and within budget, in accordance with the plans provided, commensurate with competing properties in the area.

### HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purposes of analysis.”<sup>2</sup>

- None noted

### OWNERSHIP AND PROPERTY HISTORY

OWNERSHIP SUMMARY	
Item	Current
<b>Current Ownership</b>	
Owner:	RMJ Holdings, LLC
Seller:	Tatiana Spoerry, Olga Danilchik, et al
Purchase Price:	\$2,256,000
Transaction Date:	May 20, 2019
Legal Reference:	20190520000974
County/Locality Name:	King
Arm's Length:	Yes
At / Above / Below Market:	At Market
Comments:	On market nine months at \$2.5 million
Compiled by CBRE	

Title to the property is currently vested in the name of RMJ Holdings LLC, which acquired title to the property in May 2019 for \$2,256,000, as recorded in King County online deed records. This most recent sale transaction of the subject appears to have been arm’s length and reasonable

<sup>1</sup> The Appraisal Foundation, *USPAP, 2018-2019*

<sup>2</sup> The Appraisal Foundation, *USPAP, 2018-2019*

based upon the subject's exposure on the open market for nearly nine months, as listed by the local brokerage Paragon Real Estate Advisors, at a price of \$2,500,000.

To the best of our knowledge, there were two quit claim ownership name changes in the year prior to the sale, apparently consolidating ownership among family members, but the same names were associated with ownership of the subject as far back as 1996.

### EXPOSURE/MARKETING TIME

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

- exposure periods for comparable sales used in this appraisal;
- the opinions of market participants.

In light of the COVID-19 pandemic, we would anticipate a slightly longer marketing period relative to the exposure period. The following table presents information derived from various sources and our conclusion.

The following table presents the information derived from these sources.

<b>EXPOSURE/MARKETING TIME DATA</b>		
Investment Type	Exposure/Mktg. (Months)	
	Range	Average
Comparable Sales Data	9.0 - 18.0	12.3
Local Market Professionals	6.0 - 36.0	12.0
<b>CBRE Exposure Time Estimate</b>	<b>6 - 12 Months</b>	
<b>CBRE Marketing Period Estimate</b>	<b>6 - 12 Months</b>	
Source: Comparable Sales and Local Market Professionals		

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## Scope of Work

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied.

### INTENDED USE OF REPORT

This appraisal is to be used for determination of a potential fee-in-lieu of open space dedication as part of the development of the subject, and no other use is permitted.

### CLIENT

The client is RMJ Holdings LLC.

### INTENDED USER OF REPORT

This appraisal is to be used by RMJ Holdings LLC and the City of Federal Way and no other user may rely on our report unless as specifically indicated in the report.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.<sup>3</sup>

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

### DEFINITION OF VALUE

The current economic definition of market value agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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;

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<sup>3</sup> Appraisal Institute, *The Appraisal of Real Estate*, 14<sup>th</sup> ed. (Chicago: Appraisal Institute, 2013), 50.

2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. 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. <sup>4</sup>

## INTEREST APPRAISED

The value estimated represents Fee Simple Estate as defined below:

*Fee Simple Estate* - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. <sup>5</sup>

## Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records

## Extent to Which the Property is Inspected

CBRE inspected the subject site as well as its surrounding environs on the inspection date of the appraisal. Our inspection included viewing the site from public roads and sidewalks, as well as inspection of the subject interior via trails. We were able to observe the majority of the site from multiple angles. This inspection was considered an adequate representation of the subject property and is the basis for our findings.

## Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- comparable data

## Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. For vacant land, the sales comparison approach has been employed for this assignment.

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<sup>4</sup> Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

<sup>5</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6<sup>th</sup> ed. (Chicago: Appraisal Institute, 2015), 90.

## Data Resources Utilized in the Analysis

DATA SOURCES	
Item:	Source(s):
<b>Site Data</b>	
Size	King County assessor, CoStar, offering memorandum
<b>Other</b>	
Title Report	Client
Survey	Client
<b>Data Not Provided</b>	
	Soils report, Phase 1 ESA
Compiled by CBRE	

## APPRAISAL METHODOLOGY

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available. Depending on a specific appraisal assignment, any of the following four methods may be used to determine the market value of the fee simple interest of land:

- Sales Comparison Approach;
- Income Capitalization Procedures;
- Allocation; and
- Extraction.

The following summaries of each method are paraphrased from the text.

The first is the sales comparison approach. This is a process of analyzing sales of similar, recently sold parcels in order to derive an indication of the most probable sales price (or value) of the property being appraised. The reliability of this approach is dependent upon (a) the availability of comparable sales data, (b) the verification of the sales data regarding size, price, terms of sale, etc., (c) the degree of comparability or extent of adjustment necessary for differences between the subject and the comparables, and (d) the absence of nontypical conditions affecting the sales price. This is the primary and most reliable method used to value land (if adequate data exists).

The income capitalization procedures include three methods: land residual technique, ground rent capitalization, and Subdivision Development Analysis. A discussion of each of these three techniques is presented in the following paragraphs.

The land residual method may be used to estimate land value when sales data on similar parcels of vacant land are lacking. This technique is based on the principle of balance and the related concept of contribution, which are concerned with equilibrium among the agents of production--i.e. labor, capital, coordination, and land. The land residual technique can be used to estimate land value when: 1) building value is known or can be accurately estimated, 2) stabilized, annual net operating income to the property is known or estimable, and 3) both building and land capitalization rates can be extracted from the market. Building value can be estimated for new or

proposed buildings that represent the highest and best use of the property and have not yet incurred physical deterioration or functional obsolescence.

The subdivision development method is used to value land when subdivision and development represent the highest and best use of the appraised parcel. In this method, an appraiser determines the number and size of lots that can be created from the appraised land physically, legally, and economically. The value of the underlying land is then estimated through a discounted cash flow analysis with revenues based on the achievable sale price of the finished product and expenses based on all costs required to complete and sell the finished product.

The ground rent capitalization procedure is predicated upon the assumption that ground rents can be capitalized at an appropriate rate to indicate the market value of a site. Ground rent is paid for the right to use and occupy the land according to the terms of the ground lease; it corresponds to the value of the landowner's interest in the land. Market-derived capitalization rates are used to convert ground rent into market value. This procedure is useful when an analysis of comparable sales of leased land indicates a range of rents and reasonable support for capitalization rates can be obtained.

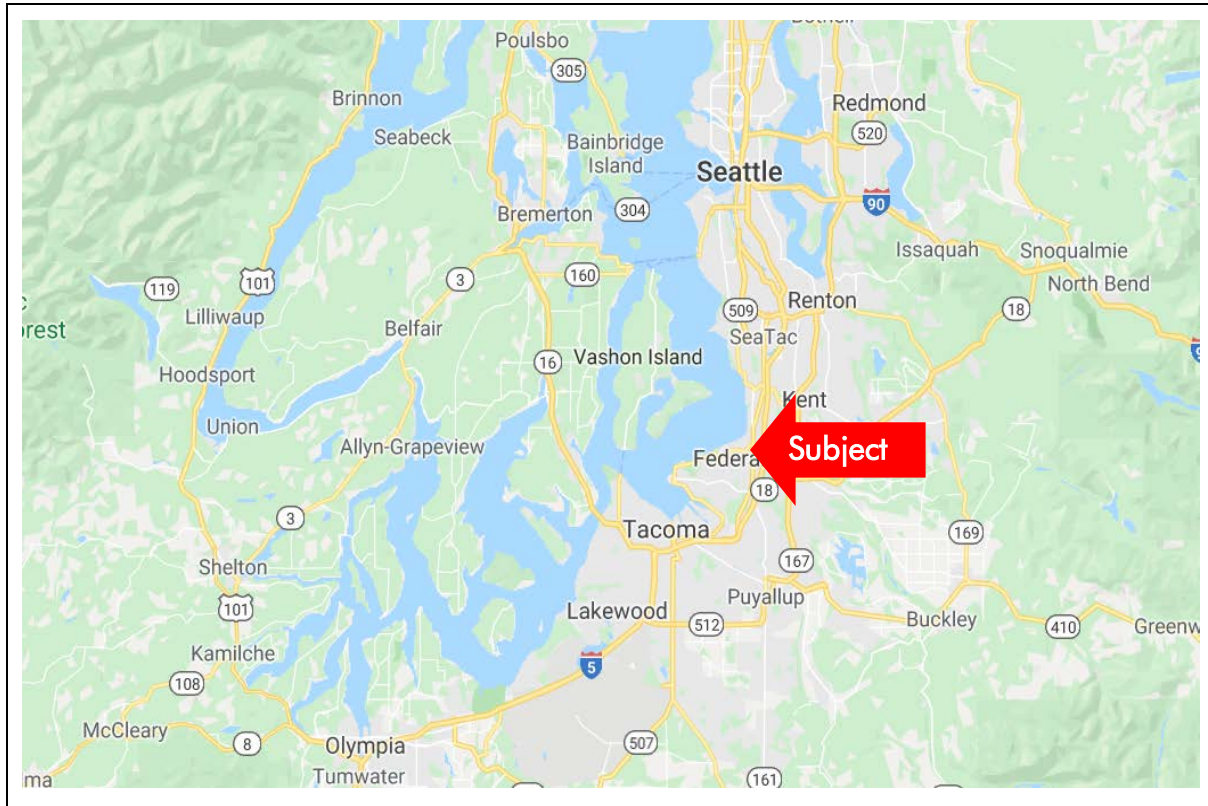
The allocation method is typically used when sales are so rare that the value cannot be estimated by direct comparison. This method is based on the principle of balance and the related concept of contribution, which affirm that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. This ratio is generally more reliable when the subject property includes relatively new improvements. The allocation method does not produce conclusive value indications, but it can be used to establish land value when the number of vacant land sales is inadequate.

The extraction method is a variant of the allocation method in which land value is extracted from the sale price of an improved property by deducting the contribution of the improvements, which is estimated from their depreciated costs. The remaining value represents the value of the land. Value indications derived in this way are generally unpersuasive because the assessment ratios may be unreliable and the extraction method does not reflect market considerations.

For the purposes of this analysis, we have utilized the sales comparison approach as this methodology is typically used for development sites that are feasible for development in the short term. The other methodologies are used primarily when comparable land sales data is non-existent. Therefore, these approaches have not been used.



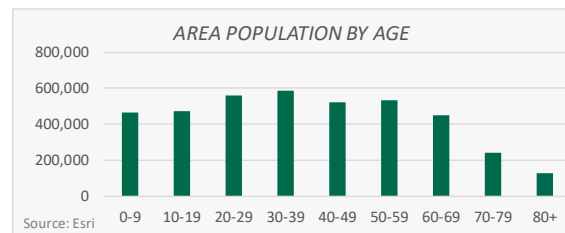
## Area Analysis



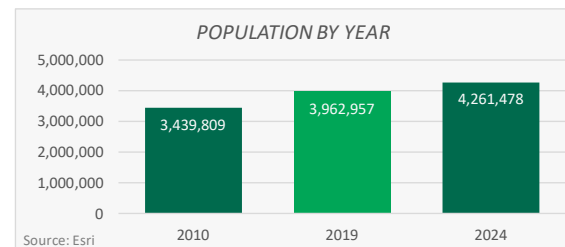
The subject is located in the Seattle-Tacoma-Bellevue, WA Metropolitan Statistical Area. Key information about the area is provided in the following tables.

### POPULATION

The area has a population of 3,962,957 and a median age of 38, with the largest population group in the 30-39 age range and the smallest population in 80+ age range.

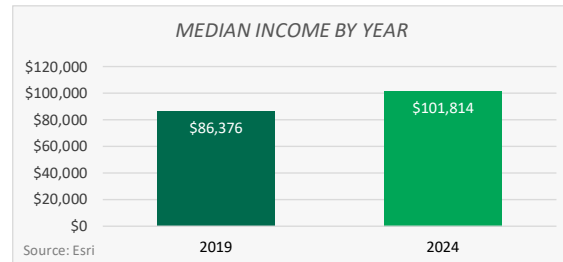


Population has increased by 523,148 since 2010, reflecting an annual increase of 1.6%. Population is projected to increase by an additional 298,521 by 2024, reflecting 1.5% annual population growth.



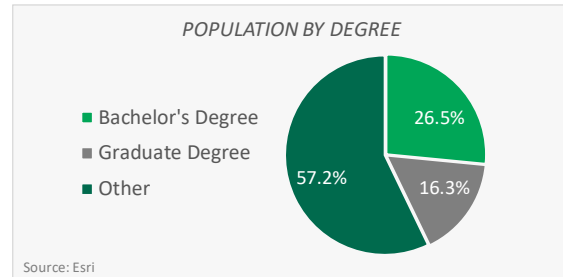
## INCOME

The area features an average household income of \$116,745 and a median household income of \$86,376. Over the next five years, median household income is expected to increase by 17.9%, or \$3,088 per annum.

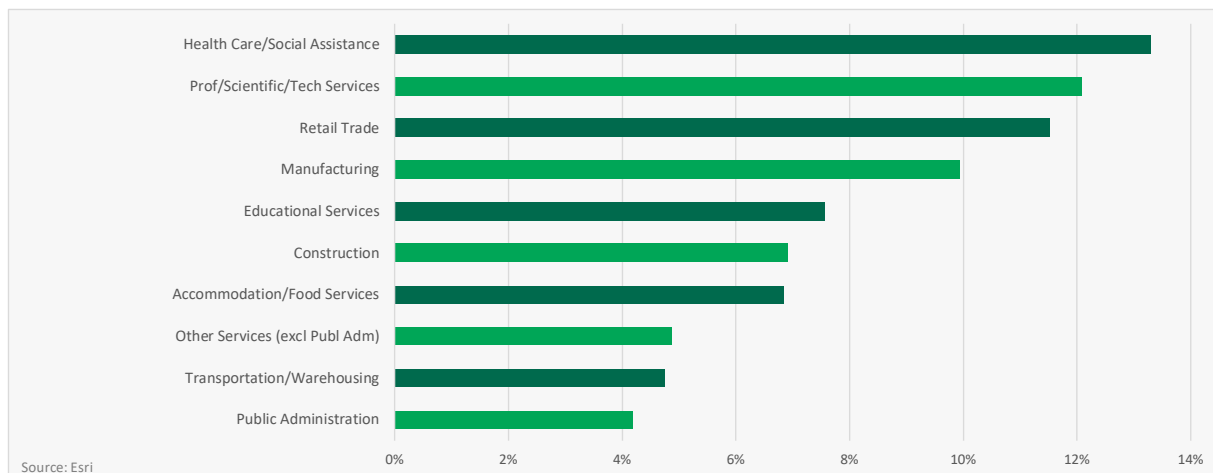


## EDUCATION

A total of 42.8% of individuals over the age of 24 have a college degree, with 26.5% holding a bachelor's degree and 16.3% holding a graduate degree.



## EMPLOYMENT



The area includes a total of 2,103,920 employees and has a 4.6% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Prof/Scientific/Tech Services and Retail Trade, which represent a combined total of 37% of the population.

In summary, the area is forecast to experience an increase in population, an increase in household income, and an increase in household values. This bodes well for residential development.

## Neighborhood Analysis



### LOCATION

The subject is in the city of Federal Way and is considered a suburban location. The city of Federal Way is situated in southwest King County, about 17 miles south of the Seattle Central Business District and nine miles northeast of the Tacoma CBD. Federal Way is generally considered a bedroom community with most land utilized for residential use and the secondary use being retail. Office and industrial occupy considerably smaller segments of the city.

### BOUNDARIES

The neighborhood boundaries are detailed as follows:

North:	288 <sup>th</sup> Street
South:	320 <sup>th</sup> Street
East:	Interstate 5
West:	1 <sup>st</sup> Ave South

Land uses within the subject neighborhood consist of primarily residential uses, with commercial and retail uses along main arterial roads. The primary commercial developments in the subject's immediate neighborhood are Pavillions Centre I and II, on the west side of Highway 99 about ten blocks south of the subject, featuring anchors such as H-Mart and Best Buy. These lead into one

of Federal Way's two primary retail districts—the northerly one located along 320<sup>th</sup> Street (with the southerly one at the junction of 348<sup>th</sup> Street, SR 18, and Interstate 5). The immediate area surrounding the subject (north, south, and east) consists primarily of single-family residential uses with much of the development being built between the 1960s and 1980s. The majority of the single-family residential development within the 1-, 3-, and 5-mile radii of the subject may be described as tract homes in the \$350,000 price range for older homes, the \$550,000 range for homes built in the last two decades, with homes in new subdivisions in the \$750,000 range. To the west lies Highway 99, which is a primary commercial arterial.

### Weyerhaeuser

The most predominant use by a single entity within Federal Way is the former Weyerhaeuser Corporate Campus, which sits on more than 430 acres. In August of 2014, the Weyerhaeuser Company announced that it would be moving into a new location in downtown Seattle, where a smaller build-to-suit office facility was completed and occupied in 2018. Weyerhaeuser previously accounted for approximately 920 jobs within Federal Way. A Los Angeles based real estate developer, Industrial Realty Group (IRG), purchased the 343,534-sf former corporate headquarters building and the 461,673-sf Weyerhaeuser Technology Center and has leased and sold portions of the corporate headquarters buildings.

### GROWTH PATTERNS

Growth patterns have occurred primarily along main commercial thoroughfares such as S. 320<sup>th</sup> Street (west of Interstate 5) and Pacific Highway South (Highway 99). The major retail development in the extended neighborhood is the 620,000-sf Commons at Federal Way, formerly known as the SeaTac Mall. The subject neighborhood is best characterized as a suburban community, with most residents working in the Seattle and Tacoma areas. There are also several anchored retail shopping centers located in the subject's expanded area, which were primarily constructed from the 1980's through the early 2000's. As noted, the former Weyerhaeuser Corporate Campus is in transition.

There has been a significant amount of residential and mixed-use developments occurring in the city which will increase demand for existing commercial uses. An example of a recently completed residential subdivision is Retreat Meadows by Lennar Homes, approximately 3.6 miles southwest of the subject in Federal Way, although regional and national home-builders have also been active developing smaller subdivisions in neighboring towns of Des Moines to the north and Auburn to the east.

### ACCESS

Primary access to the subject neighborhood is provided by Interstate 5. Interstate Highway 5 is the major north-south road bisecting the entire Puget Sound region. Within the Puget Sound region, it connects Tacoma, to the south, through Seattle and Everett to the north. The commute

to the Seattle Central Business District is about 40 minutes, and the commute to the Tacoma Central Business District is about 20 minutes. Both travel times are traffic-dependent and can be much longer depending on the time of day and traffic congestion.

The Federal Way Transit Center and Federal Way Park and Ride are located one mile southeast of the subject, just west of Interstate 5 and contain 2,067 parking spaces as well as bike lockers and are serviced by King County Metro, Pierce Transit, and Sound Transit. Overall, access to the subject neighborhood is generally good.

As part of the approved Sound Transit Light Rail project, Federal Way will benefit from a light rail station located adjacent to the Transit Center and Park and Ride in the retail core near The Commons mall. However, this light rail project will not likely be completed until 2024.

### DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3- and 5-mile radius from the subject are shown in the following table:

<b>SELECTED NEIGHBORHOOD DEMOGRAPHICS</b>				
<b>30231 20th Ave S Federal Way, WA 98003</b>	<b>1 Mile Radius</b>	<b>3 Mile Radius</b>	<b>5 Mile Radius</b>	<b>Seattle-Tacoma- Bellevue, WA</b>
<b>Population</b>				
2024 Total Population	18,322	108,965	244,651	4,261,478
2019 Total Population	17,278	102,960	230,010	3,962,957
2010 Total Population	15,458	92,281	204,813	3,439,809
2000 Total Population	14,589	85,245	192,796	3,043,878
Annual Growth 2019 - 2024	1.18%	1.14%	1.24%	1.46%
Annual Growth 2010 - 2019	1.24%	1.22%	1.30%	1.59%
Annual Growth 2000 - 2010	0.58%	0.80%	0.61%	1.23%
<b>Households</b>				
2024 Total Households	6,478	39,297	89,887	1,667,906
2019 Total Households	6,153	37,388	85,044	1,552,319
2010 Total Households	5,624	34,035	76,924	1,357,475
2000 Total Households	5,637	32,344	74,388	1,196,568
Annual Growth 2019 - 2024	1.03%	1.00%	1.11%	1.45%
Annual Growth 2010 - 2019	1.00%	1.05%	1.12%	1.50%
Annual Growth 2000 - 2010	-0.02%	0.51%	0.34%	1.27%
<b>Income</b>				
2019 Median Household Income	\$58,206	\$69,140	\$69,069	\$86,376
2019 Average Household Income	\$77,458	\$92,305	\$90,467	\$116,745
2019 Per Capita Income	\$28,270	\$33,624	\$33,522	\$45,850
2019 Pop 25+ College Graduates	2,616	19,121	41,285	1,185,804
Age 25+ Pct. College Graduates - 2019	22.5%	27.2%	26.2%	42.8%

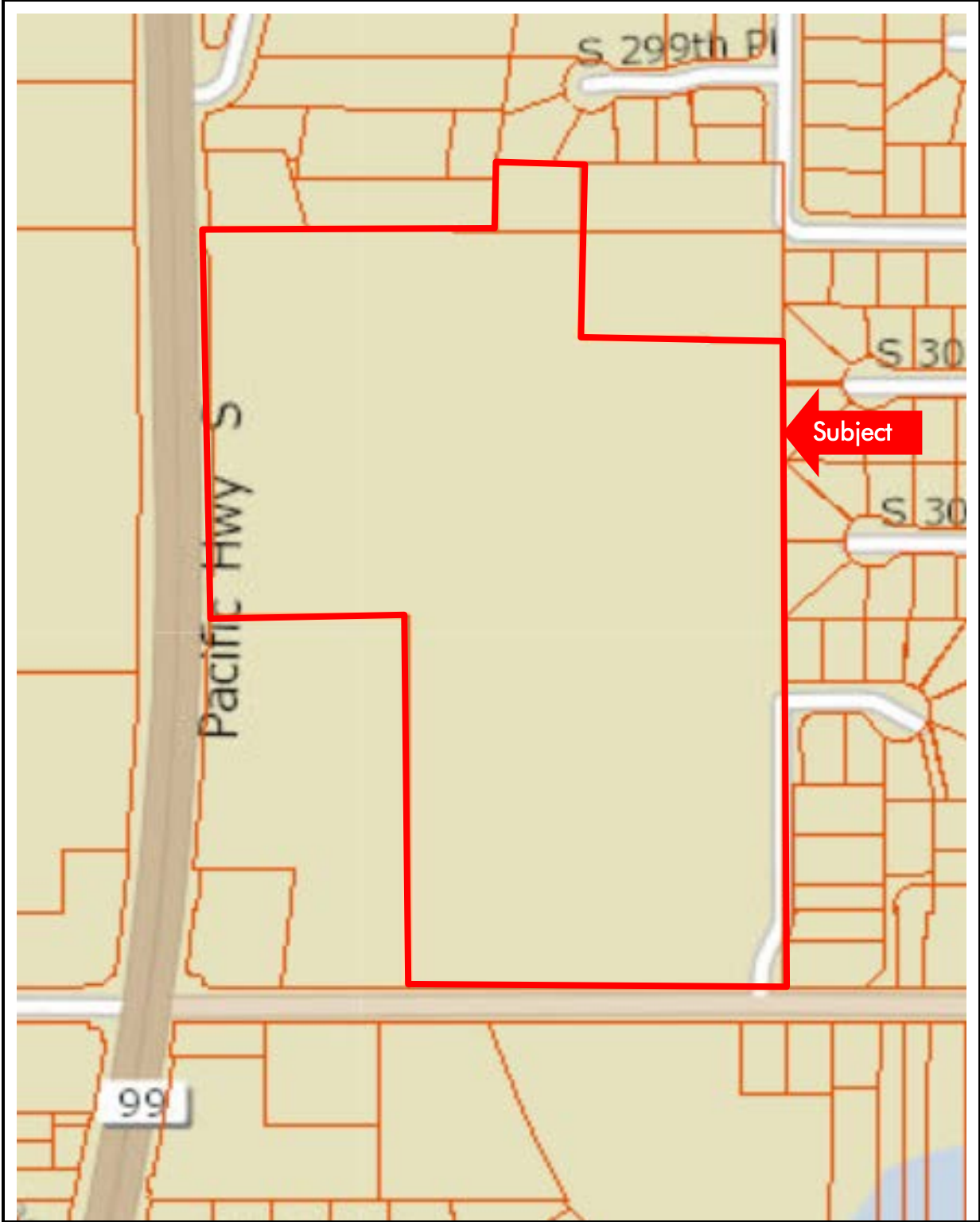
Source: ESRI

## CONCLUSION

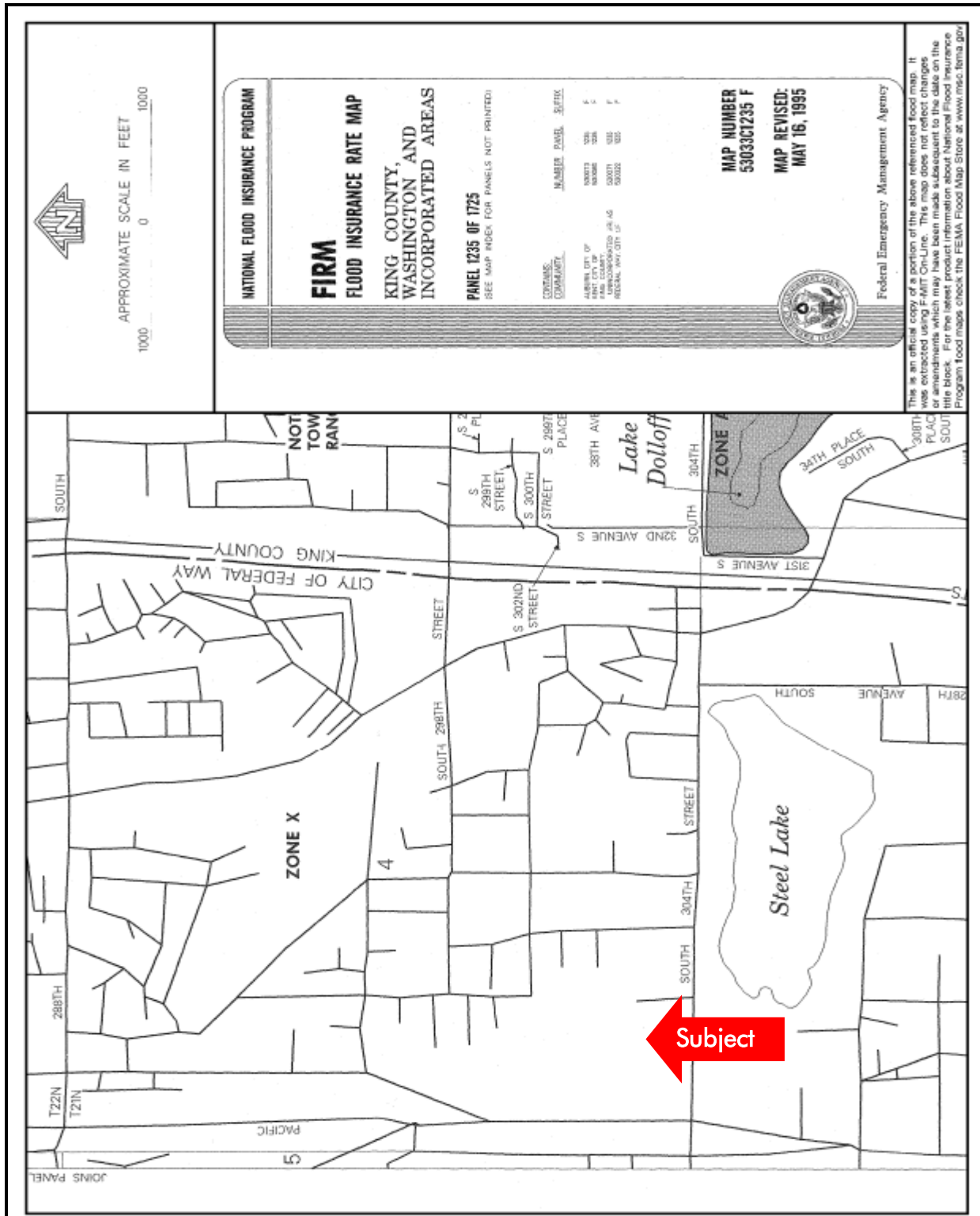
As shown above, the population within the subject neighborhood has shown average growth over the past nine years with annual growth of 1.22% to 1.30%. Anticipated growth is strongest within a five-mile radius with 1.24% annual growth expected between 2019 and 2024. Household income shows a lower-middle income demographic. The relocation of the Weyerhaeuser Corporation had a negative effect overall on the local economy but the drawn-out timeframe of that move to Seattle lessened the blow. Local retailers and the residential sectors have been slightly affected.

Considering all factors, demand for existing developments is expected to continue to show signs of growth in the short-term, with the rate of growth moderated by changes in the current economic marketplace which are expected to show stronger signs of improvement going forward. Further, the subject will benefit from its location near the intersection of and with frontage on two arterials (304<sup>th</sup> Street and Highway 99), with convenient close proximity to Interstate 5 and access to both the Tacoma and Seattle CBDs. As area local populations grow, and as housing costs in core markets like Seattle increase, more residents will seek out Federal Way's modest-priced homes.

PLAT MAP

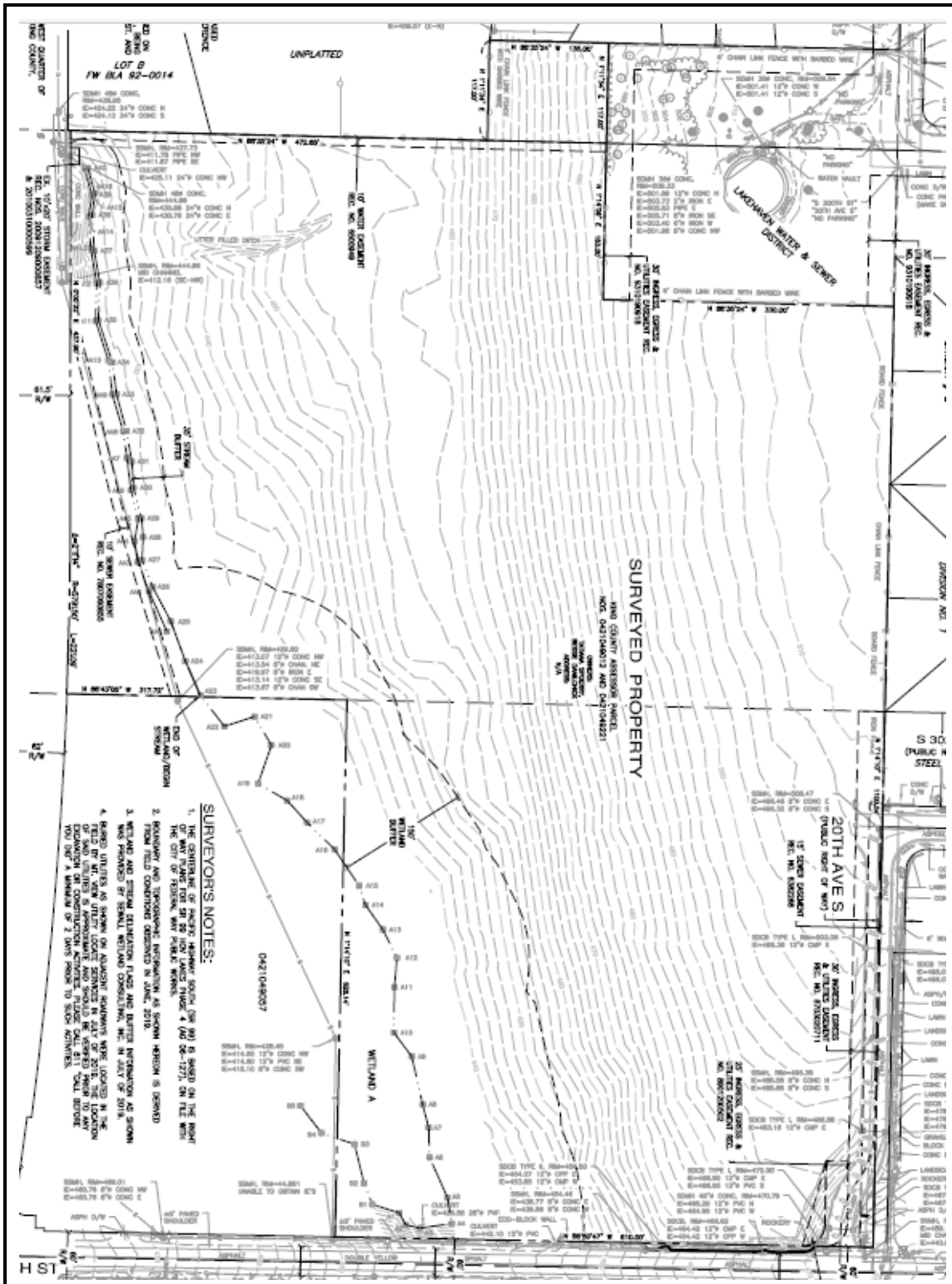


FLOOD PLAIN MAP

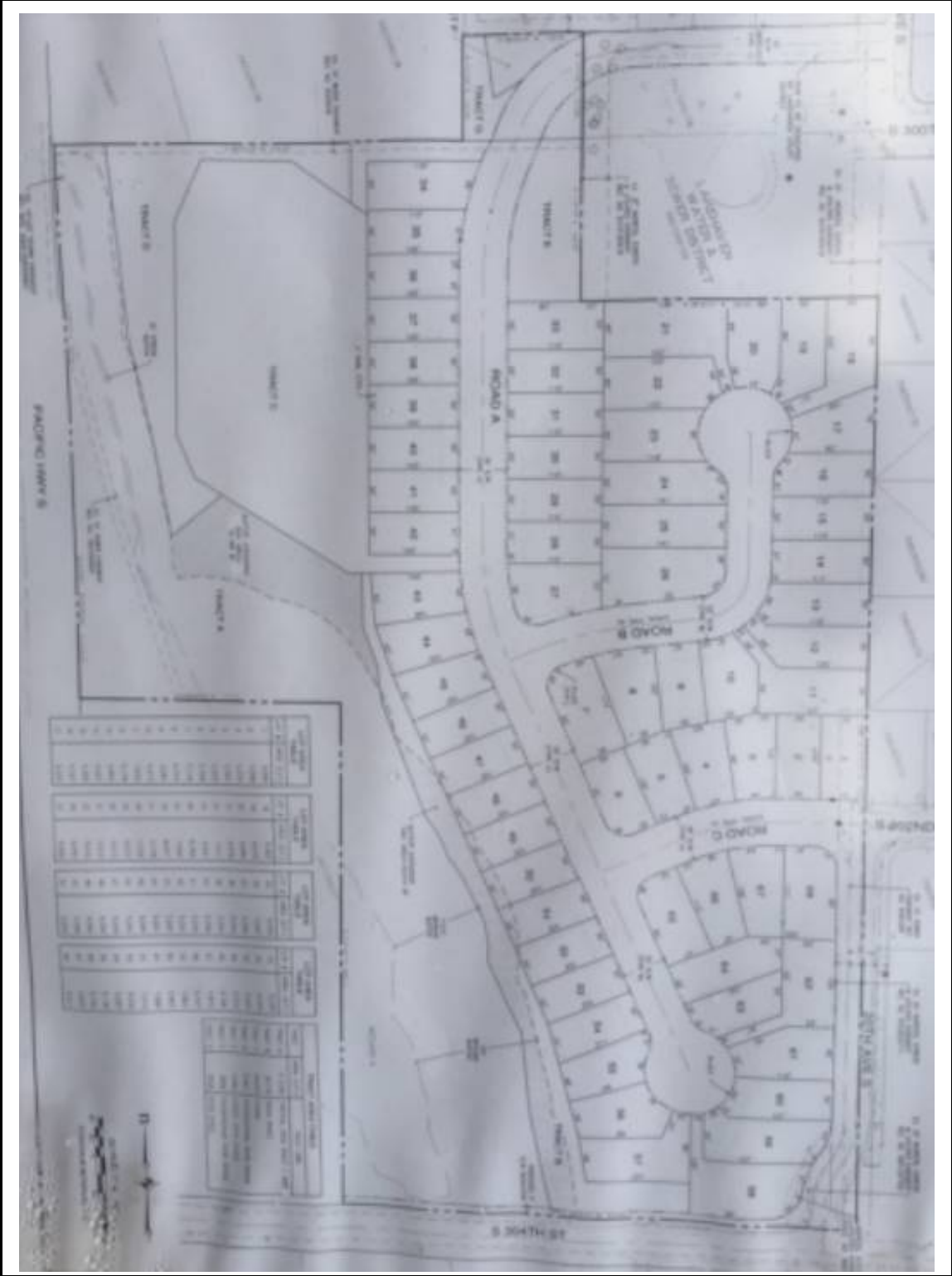




SURVEY MAP



PROPOSED SITE PLAN



## Site Analysis

The following chart summarizes the salient characteristics of the subject site.

<b>SITE SUMMARY AND ANALYSIS</b>			
<b>Physical Description</b>			
Gross Site Area	21.90 Acres	953,963 Sq. Ft.	
Net Site Area (Estimated)	13.14 Acres	572,378 Sq. Ft.	
Primary Road Frontage	20th Ave	1,100 Feet	
Secondary Road Frontage	304th St	610 Feet	
Additional Road Frontage	Hwy 99	659 Feet	
Average Depth	n/a		
Excess Land Area	None	n/a	
Surplus Land Area	None	n/a	
Shape	Irregular		
Topography	Rolling, with wetlands		
Parcel Number(s)	042104-9012 & 042104-9221		
Zoning District	RS 5.0		
Flood Map Panel No. & Date	53033C1235F	May 16, 1995	
Flood Zone	Zone X (Unshaded)		
Adjacent Land Uses	Commercial and residential uses		
Earthquake Zone	High risk		
<b>Comparative Analysis</b>		<b><u>Rating</u></b>	
Visibility	Average		
Functional Utility	Average		
Traffic Volume	Good		
Adequacy of Utilities	Assumed adequate		
Landscaping	n/a		
Drainage	Assumed adequate		
<b>Utilities</b>		<b><u>Provider</u></b>	<b><u>Availability</u></b>
Water	City of Federal Way		Y
Sewer	City of Federal Way		Y
Natural Gas	Puget Sound Energy		Y
Electricity	Puget Sound Energy		Y
Telephone	Various		Y
Mass Transit	King County Metro		Y
<b>Other</b>	<b><u>Yes</u></b>	<b><u>No</u></b>	<b><u>Unknown</u></b>
Detrimental Easements		X	
Encroachments		X	
Deed Restrictions		X	
Reciprocal Parking Rights		X	
Source: Various sources compiled by CBRE			

## LOCATION

The subject is in west-central Federal Way, on the north side of S 304<sup>th</sup> Street, west of 20<sup>th</sup> Ave S, and on the east side of Highway 99 (Pacific Highway).

## LAND AREA

The gross land area of 21.9 acres was obtained from King County and the listing broker's marketing materials. The net size of 13.14 acres was estimated using the proposed site plan and the topographical survey. The site is considered adequate in terms of size and utility. There is unusable land area due to the existence of wetlands and slopes.

## SHAPE AND FRONTAGE

The site is moderately irregular in shape, and has good frontage along three facing roads within the neighborhood, one of which is a high-traffic state highway.

## INGRESS/EGRESS

Ingress and egress is currently available to the site only via trails in the forest from the east, south, and west sides. Potential vehicular access is available from 20<sup>th</sup> Ave S on the east side and S 304<sup>th</sup> Street on the south. Given the terrain, it appears less likely that there would be direct access from Highway 99 to the west. The owner's proposed site plan includes access from the existing 20<sup>th</sup> Ave and via a proposed easement from another portion of 20<sup>th</sup> Ave S northeast of the subject.

20<sup>th</sup> Ave S, at the subject, is technically a city easement that is partially part of the subject site. It is a north/south residential street that is just one block long and terminates in an L-shaped cul-de-sac. It is improved with one lane of traffic in each direction. Street improvements include asphalt paving and concrete curbs on the east side. Street parking is permitted. The segment northeast of the subject from which the proposed easement would access the subject is similar, but several blocks long and not a dead end.

S 304<sup>th</sup> Street, at the subject, is an east/west secondary arterial street that is improved with one lane of traffic in each direction. It mirrors the subject's slopes with a significant dip in elevation. Street parking is permitted.

Highway 99 (Pacific Highway), at the subject, is a north/south state highway that has three lanes of traffic in each direction and is lined with numerous commercial improvements. Street improvements include asphalt paving and concrete curbs, gutters and sidewalks, and street lighting. Street parking is not permitted.

## TOPOGRAPHY AND DRAINAGE

The site is approximately at street grade along the eastern edge, but the terrain is rolling with a significant dip as one heads westward before rising up again near the western extremity. The

topographical survey indicates a maximum height differential of 82 feet on the subject site, and at the lowest points there are wetlands. In addition, we note that the subject is heavily wooded. The topography of the site is seen as an impediment to the development of the entire property; approximately 40% of the site appears undevelopable and is not likely to be improved. During our inspection of the site, we observed ponds at the lowest parts of the site.

## **SOILS**

A soils analysis for the site has not been provided for the preparation of this appraisal. In the absence of a soils report, it is a specific assumption that the site has adequate soils to support the highest and best use.

## **EASEMENTS AND ENCROACHMENTS**

There are no known easements or encroachments impacting the site that are considered to affect the marketability or highest and best use. As noted, 20<sup>th</sup> Ave appears to be built on an easement granted to the City. It is recommended that the client/reader review the current title policy included in the Addenda, which outlines all easements and encroachments on the property, prior to making a business decision.

## **COVENANTS, CONDITIONS AND RESTRICTIONS**

There are no known covenants, conditions or restrictions impacting the site that are considered to affect the marketability or highest and best use. It is recommended that the client/reader obtain a copy of the current covenants, conditions and restrictions, if any, prior to making a business decision.

## **UTILITIES AND SERVICES**

The site includes all municipal services, including police, fire and refuse garbage collection. All utilities are available to the roads surrounding the site in adequate quality and quantity to service the highest and best use.

## **ENVIRONMENTAL ISSUES**

The appraiser is not qualified to detect the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE, Inc. has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

## ADJACENT PROPERTIES

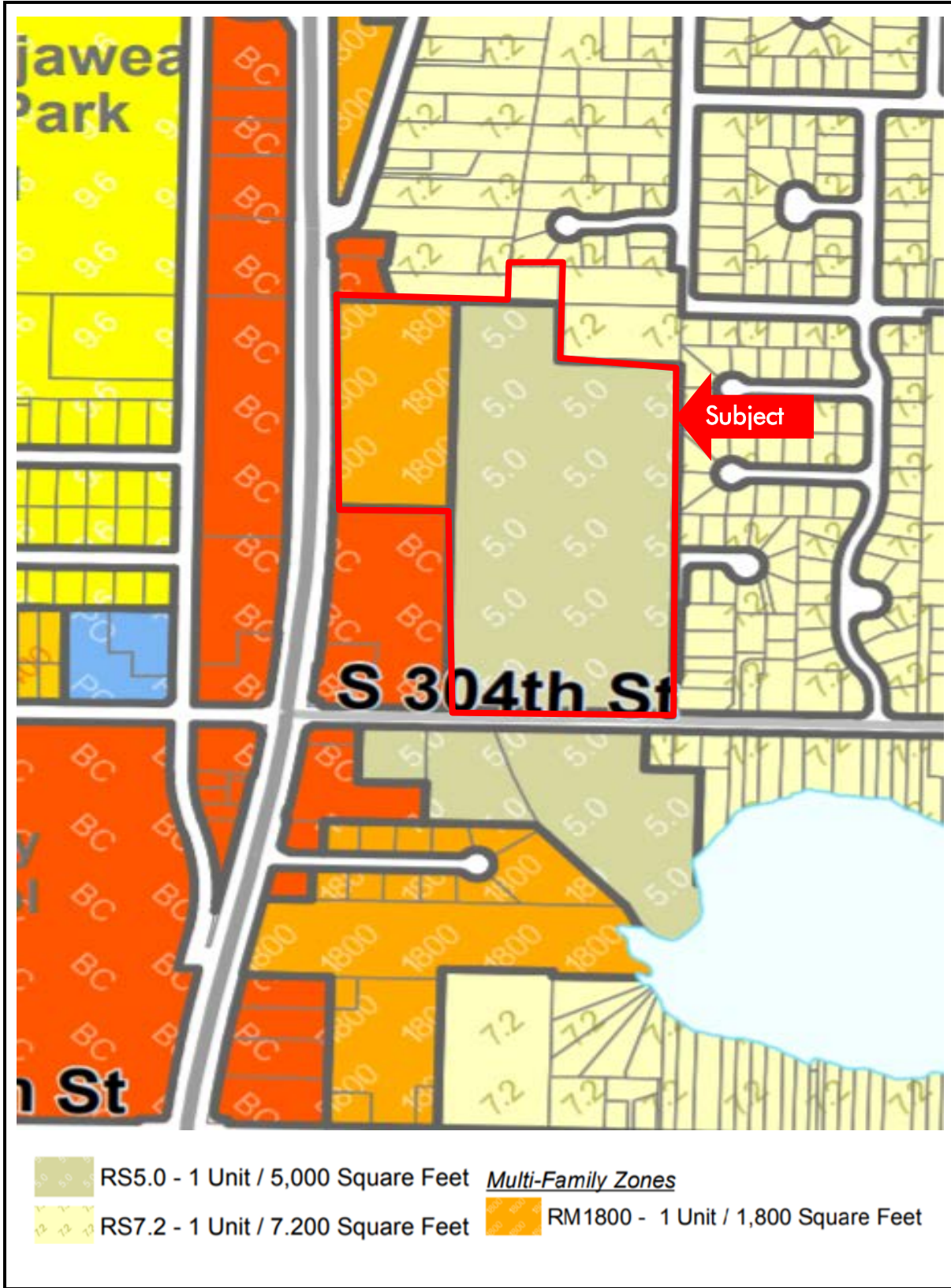
The adjacent land uses are summarized as follows:

- North: Lakehaven Water & Sewer District and an area of single-family residences
- South: Unimproved land
- East: Single-family residences
- West: Small commercial development to the southwest and Pacific Highway to the west. West of Pacific Highway is a church and unimproved land.

## CONCLUSION

The site is well located geographically and fairly well suited physically for residential subdivision use. The topographical challenges are not ideal, but also are not unusual for local subdivision sites.

ZONING MAP



## Zoning

The following chart summarizes the subject's zoning requirements.

<b>ZONING SUMMARY</b>	
Current Zoning	RS 5.0
Legally Conforming	Yes
Uses Permitted	Primarily single-family residences, with related used such as cottages, townhomes, etc with additional review process
Zoning Change	Not likely
<b>Category</b>	<b>Zoning Requirement</b>
Minimum Lot Size	5,000 Sq. Ft.
Minimum Lot Width	None
Maximum Height	30 Feet
Minimum Setbacks	
Front Yard	20 Feet
Street Side Yard	10 Feet
Interior Side Yard	10 Feet
Rear Yard	10 Feet
Maximum Bldg. Coverage	60%
Parking Requirements	2 per DU
Source: Federal Way Municipal Code	

We note that the subject encompasses parts of three zoning areas, RS 5.0, RS 7.2, and RM 1800, but the primary developable portion of the subject is RS 5.0, or Residential Single-Family with a 5,000-sf minimum lot size. The portion that is zoned RM 1800 for multifamily use is the part with the greatest slopes and wetlands. In the proposed plat layout, this area is not developed, nor is the small parcel to the north that is zoned for 7,200 square foot minimum lots. Any zoning analysis of the subject is based on the predominant RS 5.0 zoning.

### ANALYSIS AND CONCLUSION

The subject property is primarily zoned RS 5.0 by the City of Federal Way. This zone allows for a narrow range of single-family residential uses, along with typical related uses such as places of worship or schools, with a special review process. Based on our interpretation of the zoning regulations, the proposed 68-lot residential subdivision as indicated by the owner appears to be allowed under the zoning regulations and is relatively typical in the local area.



## Tax and Assessment Data

<b>AD VALOREM TAX INFORMATION</b>				
Parcel	Assessor's Parcel No.	Parcel Description	2019	2020
1	042104-9012	Parcel A, 21.54 Ac.	3,014	3,058
2	042104-9221	Parcel B, 0.36 Ac.	77,000	80,000
Subtotal			\$80,014	\$83,058
Assessed Value @			100%	100%
			80,014	83,058
General Tax Rate (per \$100 A.V.)			1.131052	1.172675
<b>Total Taxes</b>			<b>\$905</b>	<b>\$974</b>
Source: King County Assessor's Office				

It is important to note that real estate tax assessments are maintained by the King County Department of Assessments. In the State of Washington, real estate is assessed at 100% of the assessor's fee simple estimate of "fair market value." The 2020 assessed values are reflective of the assessor's value as of January 1, 2019 for the 2020 tax year. In addition to property taxes, there are additional fees (special assessments) that must also be paid, which includes a noxious weed charge.

Properties selling for prices significantly greater than assessed value will often trigger an adjustment upon the following re-assessment when the sale price is considered to reasonably reflect market value. Prudent investors will consider the potential for a real estate tax adjustment if market value or sales price significantly differs from the existing assessed value.

Assessed ratios for King County will typically range from 60% and 100% of market value. Typically, the sale of a property will trigger a reassessment and that reassessment is typically 70% to 90% of a recent sales price. Further within a market where there is a significant amount of sales, as currently being witnessed in King County, the following year tax assessment will be based upon the most recent sales data.

### CONCLUSION

Based on the foregoing information, the subject's current assessment is 3.5% of our estimate of market value, indicating that it is likely to be reassessed after the sale with an increase in the assessed value likely.

## Market Analysis

The market analysis is a process for examining demand for and supply of a property type and the geographic market area for that property type. Since any property has the potential for multiple uses, market analysis is necessary to determine which use is to be appraised, the timing of that use, and the market participants for that use. The goal of market analysis is to identify the relationship between demand and competitive supply in the subject property's real estate market, both now and in the future. The four factors that create value in real property are utility, desire (i.e. demand), effective buying power, and lastly, scarcity (i.e. the interaction of supply and demand). The interaction of the four factors is the foundation of real estate market analysis and operates through the principles of supply and demand.

The Savings and Loan crisis of the late 1980s and the subprime crisis in the 2000s are examples of markets driven by capital-fed growth; that is, the growth in supply was unrelated to actual demand. Rather, in both cases, it was due to the abundance of investment funds, as the market-driven reduction in underwriting criteria resulted in an increase in artificial demand. In both cases, the increase in artificial demand was a temporal condition however, as a return to ostensibly conservative underwriting standards caused a strong reduction in capital-fed growth.

With 2008 and 2009 firmly implanted on commercial real estate market participants minds, growth in supply over the past decade tended to track reasonably well with underlying demand. While some larger format retail centers have suffered in the "age of Amazon", other sectors have been supported by what had been a reasonably strong economy prior to a heightened awareness of the outbreak of the Coronavirus (COVID-19). Awareness of the virus seemed to reach a feverish pitch in March, when the fastest stock market correction on record was replaced by the fastest bear market on record as many major equity markets breached the -20% decline threshold during the second week of March. Whereas, it was just three weeks prior that, the North American markets were at all-time highs.

The bull market in stocks that started in March 2009 has now ended. For years folks have warned that the bull would end because of issues like lackluster earnings or sales growth, tepid economic growth, or excessive central bank meddling, or even some big policy mistakes by governments – none of those did it. Instead it was a virus. The market is attempting to quantify a pile of unknowns. How will the virus pandemic play out in other countries such as the U.S. and Canada? With more and more people working from home, cancelling travel and other plans, and stocking up on toilet paper, how much will economic growth contract? It is safe to say we are looking at growth dissipating and potentially contracting for a period.

It remains to be seen whether the fastest bear market in history leads to a recession in the U.S.; and, while development activity continues as a result of projects in the pipeline prior to the outbreak of the Coronavirus, the current lending environment is best characterized by uncertainty, as lenders and market participants await greater clarity as to the fallout from the Coronavirus.

Market participants report that a majority of industrial, office, and multifamily deals that had been in the pipeline leading into March remain on track; however, retailers have pressed paused on major expansions, leasing decisions, etc., as a majority of communities are seeing restaurants, bars, and some retailers shutter for what is expected to be thirty to sixty days.

With the foregoing in mind, we have undertaken the following market analysis analyzing the four factors that create value in real property which are utility, desire (i.e. demand), effective buying power, and lastly, scarcity (i.e. the interaction of supply and demand). Primary data sources utilized for this analysis include CBRE Econometric Advisors, the IBISWorld Industry Report, CoStar, and other local MLS, among others, cited if necessary.

## MACROECONOMIC ENVIRONMENT

### U.S. Economy

Prior to the outbreak of the Coronavirus, national GDP growth continued to follow its trend and slow in Q3 2019. Its annual rate of 1.9% was down slightly from Q2's 2% and down significantly from Q1's 3.1%. Consumer spending growth remained high at 2.9%, which was led by gains in durable goods such as autos and furnishings. However, after the impacts of the Coronavirus economic crisis have been felt across the world, GDP growth for 2020 is projected by CBRE to only reach 1.3% for the full year. Leading some of the decline will be consumer spending, though it remains to be seen if the decline in spending is transitory or not.

Despite softened market conditions for much of Q2 2020, many market participants have suggested pent-up consumer demand will translate into atypical expenditures in the third and fourth quarters of this year. In the short-run, notable declines in travel, accommodations, and related industries are expected, although longer lasting impacts on the cruise industry may manifest. Softened economic conditions in the U.S. and other countries could lead to a global recession, though few are categorizing the current environment a financial crisis. The consensus starting to emerge is that this "feels more like 9/11, than 08-09". Notably, outside of some major metro markets, and despite the significant loss of life on 9/11, commercial property markets saw very little downside pressure on pricing as a result of the terrorist attacks in 2001.

Even prior to the outbreak of the Coronavirus, recent production and survey data had indicated an economic slowdown, likely related to the lingering impact of the trade war and an aging economic expansion. As a result of the Coronavirus outbreak and economic impact and weakness in APAC and EMEA however, the Federal Open Market Committee (FOMC) was motivated to lower the federal funds rate to a target range between 0-0.25 percent on March 15th, after having reduced it 50 basis points on March 3rd. The March 15th cut is the largest emergency reduction in the Fed's more than 100-year history, and it is the first time the U.S. central bank had reduced rates at an unscheduled meeting within 13 days of each other.

In addition to cutting rates, the Fed also introduced a massive program where it is expected to buy Treasury debt and mortgage-backed securities at a pace of \$500 billion and \$200 billion

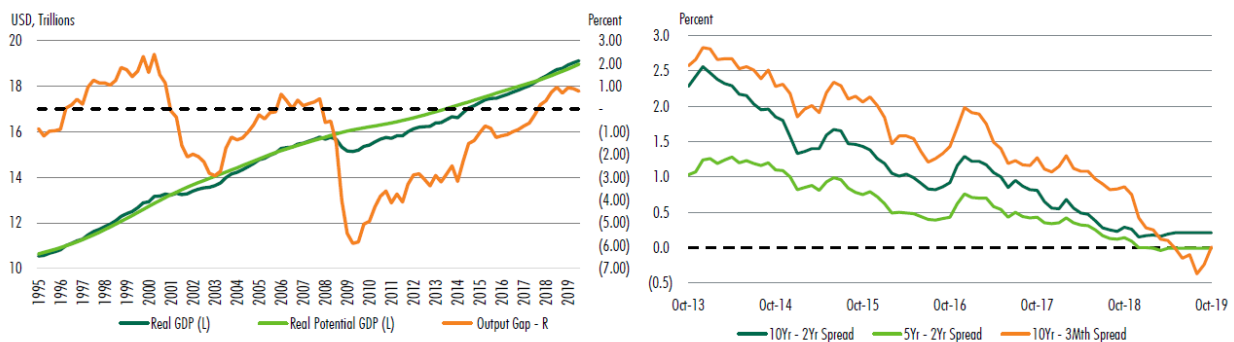
respectively “over coming months.” The move is designed to cushion the U.S. economy even more by ensuring money markets operate smoothly.

The outbreak of the Coronavirus along with subdued economic growth would have historically pointed to higher inflation created by government stimulus and an extended period of low interest rates. However, this inflation may show up again in financial assets and real estate pricing as massive amounts of liquidity seek out yield, which may be mostly supportive of current real estate pricing in general, though some sectors may feel a temporal impact from the Coronavirus.

Closer inspection of trends underlying the U.S. economy is helpful, particularly in light of heightened volatility. Our inspection considers broader macroeconomic trends pre- and post-Coronavirus and then focuses that inspection into an outlook for the remainder of the year.

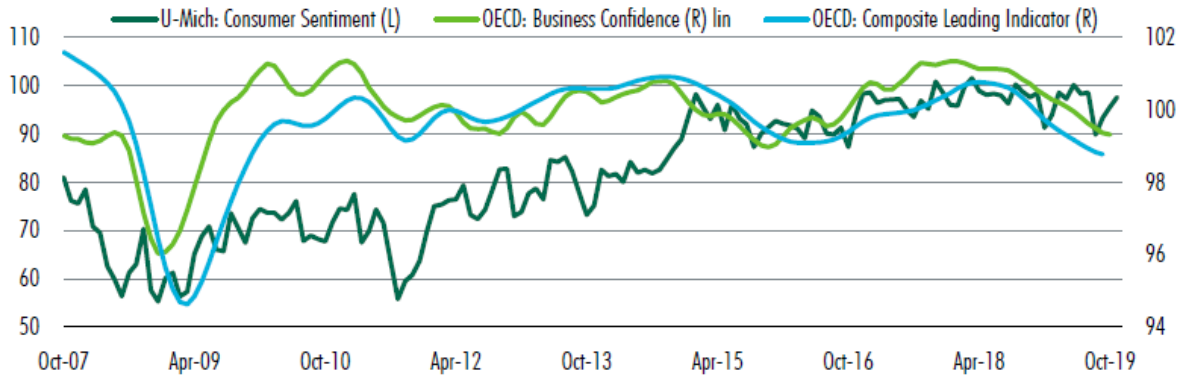
### Output Gap

Prior to the outbreak of the Coronavirus, the economy had been in its 10<sup>th</sup> year of expansion, as the labor market was near full employment. The output gap had been running positive for six consecutive quarters, prior to the outbreak of the Coronavirus. A positive output gap occurs when actual output in an economy is greater than potential output. This occurs when economic growth is above the long run trend (e.g. during strong economic times).



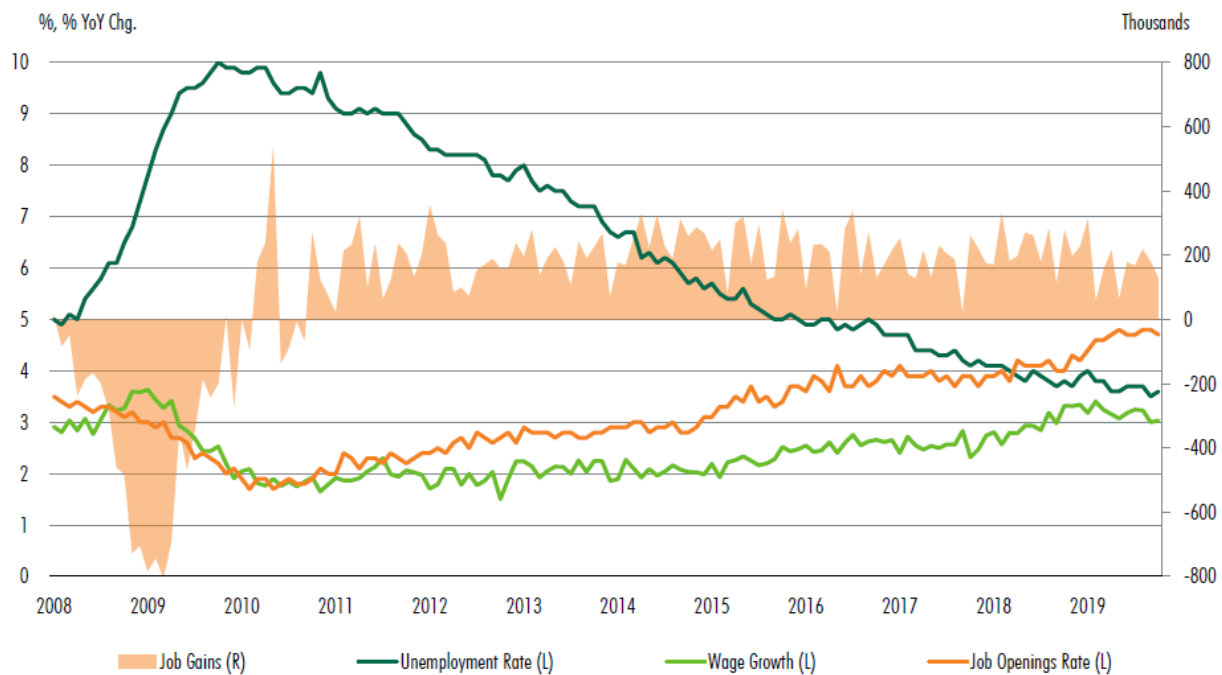
### Consumer Sentiment

After a notable deterioration in January (2019) due to the partial government shutdown, and in August due to trade tensions, U.S. consumer sentiment rebounded sharply in October and November of 2019. Final figures for January and February 2020 are not yet available but are likely to tell the story of a consumer with positive sentiment. More recently however, given a higher degree of uncertainty – be it from monetary authorities, national security or questions surrounding industry-specific proposals, or now from the Coronavirus – consumer sentiment is expected to remain somewhat volatile in 2020.



**Labor Market**

Unemployment at the start of 2020 was at its lowest rate since 1969, as the U.S. economy added a moderate number of jobs, averaging 167,000 per month, in 2019. Wages climbed 3% over the past year. The gain in wages was consistent with a tightening labor market and represented a significant improvement over earlier periods of the expansion. However, it is still not historically commensurate with the current level of unemployment.



Source: U.S. Bureau of Labor Statistics, CBRE Econometric Advisors, Q3 2019

February 2020’s jobs report showed the U.S. labor market was in an extremely strong position heading into a period of heightened uncertainty over the Coronavirus outbreak. Strong gains were widespread across sectors, with office-using jobs rising the most. Although economic growth is expected to be impacted by the current drop in confidence relative to the Coronavirus, a historically tight labor market should make companies hesitant to reduce payrolls. If the

Coronavirus outbreak eases before the end of Q2, only a small non-recessionary impact on the labor market is expected.

Recent uncertainty caused by the Coronavirus comes on the heels of what been an otherwise strong labor market, as Nonfarm payrolls grew far more than expected in February as companies continued to hire leading into a growing Coronavirus scare. The Labor Department reported Friday March 6<sup>th</sup> that the U.S. economy added 273,000 new jobs during the month of February, while the unemployment rate was 3.5%, matching its lowest level in more than 50 years. An alternative measure of joblessness that counts those not looking for work and holding part-time jobs for economic reasons edged higher to 7%. The January and February gains tied for best month since May 2018.

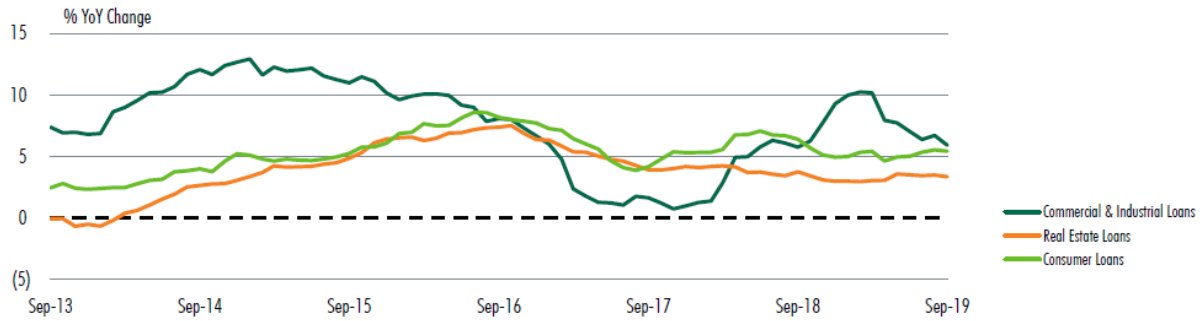
Economists surveyed by Dow Jones had been looking for payroll growth of 175,000 and a 3.5% jobless level. Average hourly earnings grew by 3% over the past year, in line with estimates, while the average work week, considered a key measure of productivity, nudged up to 34.4 hours. What is more, there was yet further good news for the jobs market, as the previous two months' estimates were revised higher by a total of 85,000. December moved up from 147,000 to 184,000, while January went from 225,000 to 273,000. Those revisions brought the three-month average up to a robust 243,000 while the average monthly gain in 2019 was 178,000.

In light of what is regarded as dishonesty from China as to the magnitude of the Coronavirus, as some believe the outbreak in Wuhan could be traced to perhaps six months prior to December, when China first reported the pandemic, many U.S. lawmakers are advocating for incentives to relocation of manufacturing concerns back in the U.S. from China. China's threat to withhold critical medical supplies during the pandemic has heightened the awareness of the U.S.' reliance on the communist regime's delivery of not only critical medical supplies, but technological components and other parts important to a functioning economy.

While disruption in the labor market is likely in the near-term, displacement in the labor market as a result of the Coronavirus may result in a sectoral shift, leaving less pressure on some employment sectors as the unemployed seek different, perhaps better employment opportunities in manufacturing, earning higher wages than what are typical of service sector employment opportunities.

### Credit Growth

At the end of 2019, credit data had showed a slight reversal in the recent trend of slowing growth, while commercial and industrial/real estate loans continued to see a slide in their growth rates. There had also been broad-based deterioration in the OECD's business confidence and leading indicator indices for the U.S. economy, owing to the uncertainties created by lingering impacts of the trade tensions, which are expected be exacerbated by the Coronavirus pandemic in the short-term, as well.



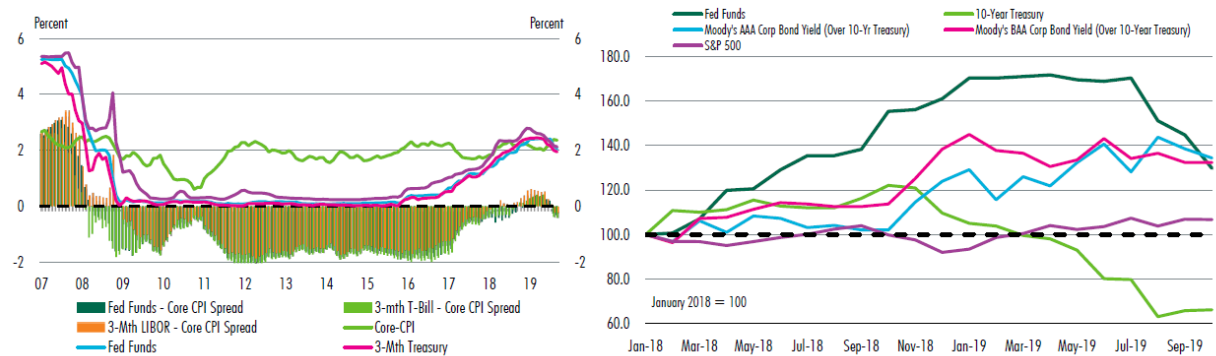
Source: FRED Economic Data – St. Louis Fed; OECD; University of Michigan; Moody’s; CBRE Econometric Advisors, Q3 2019

**10-YEAR TREASURIES EXPERIENCE A LOW**

Some of the slowing credit growth had initially been caused by a tightening regime by the Federal Reserve, who had hoped to reduce their balance sheet while the U.S. economy was on firmer footing. This began to change, especially towards the end of last year however, as the Federal Reserve cut the Fed Funds rate in July, in what they had called at the time a “mid-cycle adjustment”. The mid-cycle adjustment lead to another adjustment, and yet another, and, ultimately the Federal Reserve had cut rates three times throughout 2019 by the end of the year.

Whereas, monetary policy throughout part of 2019 could be described as tightening, the Federal Reserve has moved swiftly beyond accommodative to outright stimulative. In a matter of weeks, Global Central Banks have collectively turned from tightening or accommodative regimes to stimulative ones. In the U.S., the Federal Reserve is now working feverishly to ease liquidity issues in the funding markets.

As noted, prior to the outbreak of the Coronavirus, the Federal Reserve had cut interest rates three times in 2019; however, since then, the Federal Open Market Committee (FOMC) was motivated to lower the federal funds rate to a target range between 0-0.25 percent on March 15<sup>th</sup>, after having reduced it 50 basis points on March 3<sup>rd</sup>. The March 15<sup>th</sup> cut is the largest emergency reduction in the Fed’s more than 100-year history, and it is the first time the U.S. central bank had reduced rates at an unscheduled meeting within 13 days of each other.



As the Coronavirus fueled demand for U.S. debt, the 10-year Treasury note fell to an all-time low on Thursday March 5<sup>th</sup>, as rekindled Coronavirus angst sparked fresh bids for U.S. debt at the

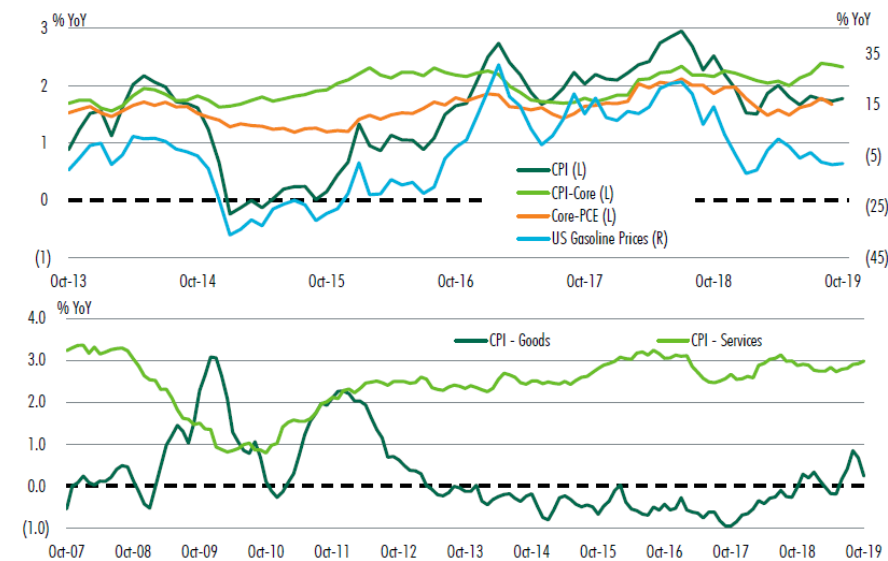
expense of riskier assets like stocks. The yield on the benchmark 10-year sank to a new record low of 0.899%, below its former all-time low of 0.906%, hit only earlier in the week. The yield on U.S. Treasuries, now 1.15%, has moved up while some investors begin deploying investment capital into riskier assets; however, it is forecast to remain below 2% at least until H2 2021.

**INFLATIONARY PRESSURES**

Consumer prices were up just 1.8% in October 2019, up from 1.7% in September, with increases in energy products, healthcare, food and a range of other goods. Core CPI (energy and food components excluded) grew a touch faster, at 2.3%. Consumer prices in 2020, are expected to fall due to the economic crisis triggered by the Coronavirus, as well as the monumental decline in the price of crude oil.

However, in addition to rate cuts and various other measures, such as purchasing Treasury debt and mortgage-backed securities at a pace of \$500 billion and \$200 billion respectively over the coming months, fiscal policy is being coordinated around monetary policy, as lawmakers and the FOMC hope that enough stimulus will prevent a severe recession in the U.S. in the wake of the virus' outbreak.

It remains to be seen whether economic impact from the Coronavirus' government injections give rise to inflationary pressures. With greater certainty around the virus' impact, and, as the labor market tightens, a further uptick in wages and a corresponding increase in consumer spending could fan inflationary pressure, though the recent slippage in medium-and long-term inflation expectations, and the steep decline in the U.S. 10-year might suggest otherwise.



Source: U.S. Bureau of Labor Statistics; U.S. Energy Information Administration; CBRE Econometric Advisors,



## OUTLOOK FOR 2020

Against the backdrop of significant uncertainty, we have explored supply and demand determinants, and how they relate to commercial real estate, as we forecast the trajectory of the commercial real estate market through the end of the year. Useful in our exploration is a March 13<sup>th</sup> analysis published by Moody's Analytics: *Panic, Volatility, and CRE Financing & Transaction Markets*. Much of this section borrows from the Moody's analysis.

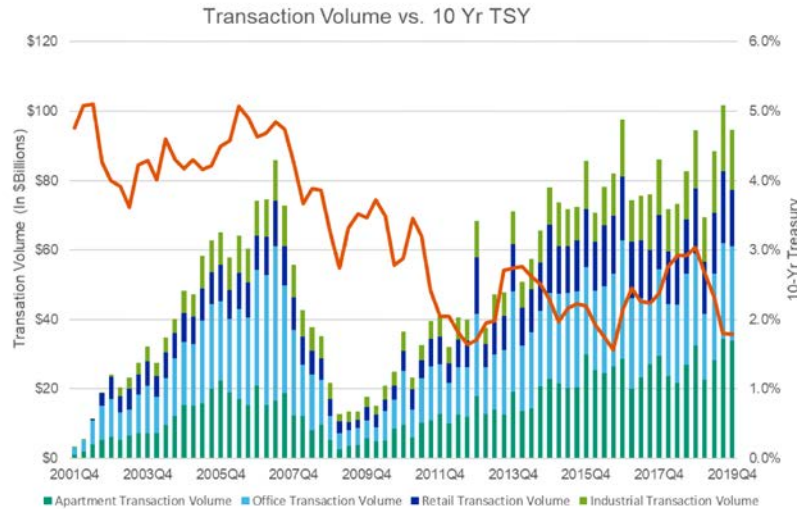
The rout in financial markets precipitated by the spread of the Coronavirus, though now afflicting broad-based indices like the Dow Jones Industrial Average, first exerted its immediate effect on specific companies and industries. Airlines (and as of the week of March 9<sup>th</sup>, energy companies) experienced a severe pullback in business because of cancellations and various forms of delays. Banks, therefore, became subject to higher demands for lines of credit, even as the most affected institutions began implementing staggered schedules and selectively shedding jobs to control costs.

When the Federal Reserve cut the overnight borrowing rate by 50 basis points on March 3<sup>rd</sup>, deals previously predicated on a specific financing package became subject to renegotiation as borrowers clamored for lower interest rates. The launch of additional liquidity measures such as the announcement of repurchase financing on March 12<sup>th</sup> are likely to stimulate similar effects. The immediate effects of volatility in interest rates are expected to be at least two-fold: first, a pause for some transactions, as the near-term future of deals are reassessed. Second, a spike in refinancing requests, given historically low interest rates.

### Transaction Activity

Beyond implications of volatility in interest rates, are the implications of market participants' behavior in light of heightened market uncertainty. Moody's Analytics REIS has almost twenty years of reliable data to assess how transaction volumes and prices have behaved relative to the TSY10, which covers at least two business cycles – dating from the end of the recession in 2001 through the end of 2019.

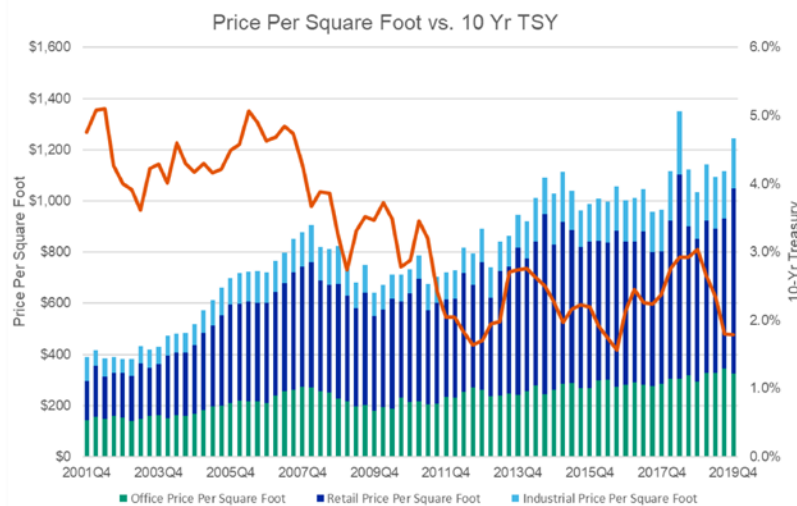
The following graphic shows transaction volume for the apartment, office, retail, and industrial sectors, the traditional core four property types in multifamily and commercial real estate investing. Notably, there was an increase in overall transaction volume following the recession of 2001, which peaked in mid-2007 right before experiencing a massive decline driven by the Great Recession from December 2007 to June 2009.



Throughout the study period, the TSY10 had, in general, followed a declining trend. This was consistent with an overall environment in the United States – and many parts of the world – where interest rates as a whole had been falling. Over the same period, pricing trends were decidedly more stable than transaction volume patterns.

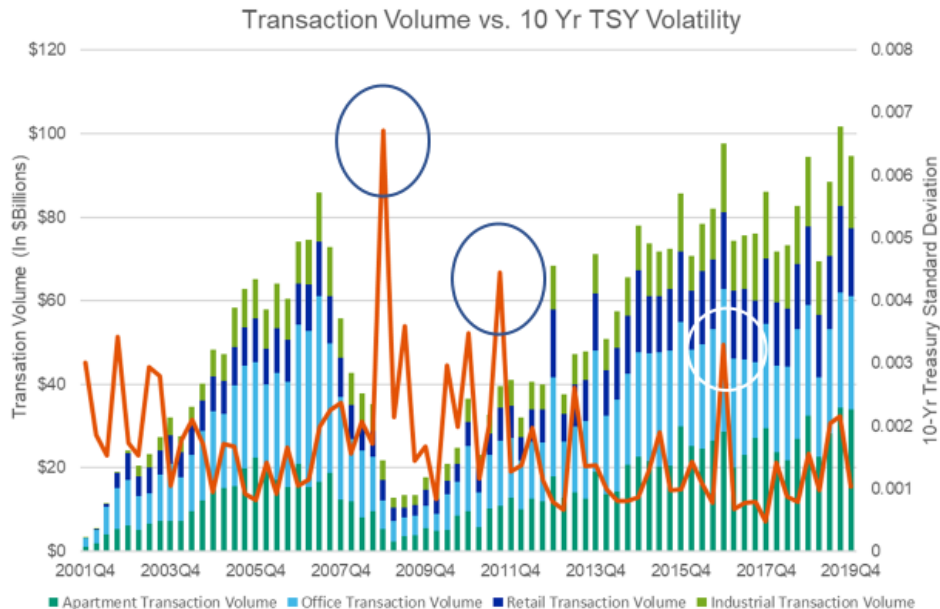
The reason why pricing trends tend to be more stable than transaction volume patterns is because of selection bias peculiar to an income-generating asset like commercial real estate. During the 2008-2009 recession, transaction volumes fell by about 90%. That means deals that were clearing likely involved a select few transactions where buyers and sellers actually agreed. In commercial real estate, this tends to act as a floor on price declines, because sellers who are not in distress can simply wait out the downturn and collect income on their real assets.

While transaction volumes reflect near-term sentiment, the consistent rise in commercial real estate prices per square foot over the past two decades (with the exception of a small decline during the Great Recession) reflects the long-term demand for income-generating assets.



Although pricing tends to remain stable, transaction volume can be widely impacted by volatility. According to Moody's, standard levels of volatility do not appear to correlate with discernible changes in transaction volume. Higher levels of volatility, however, represent a dynamic where some market participants are hurt and others benefit, as market participants pause and reassess deal viability, and transaction volume drops.

There are three specific periods of high volatility in the TSY10 that led to identifiable declines in transaction volume. The chart below shows the spikes during the fourth quarter of 2008, the third quarter of 2011, and the fourth quarter of 2016. On a relative scale basis, these spikes in volatility represent an increase of anywhere from 2x to 4x the average level. Each period represented unique events that lead to a decline in transaction volume: the late 2008 collapse of Lehman Brothers; the crescendo of the Greek debt crisis and broader troubles in the European Union in 2011; and, heightened uncertainty around what is already an uncertain political process in the US with the 2016 election of Donald Trump.



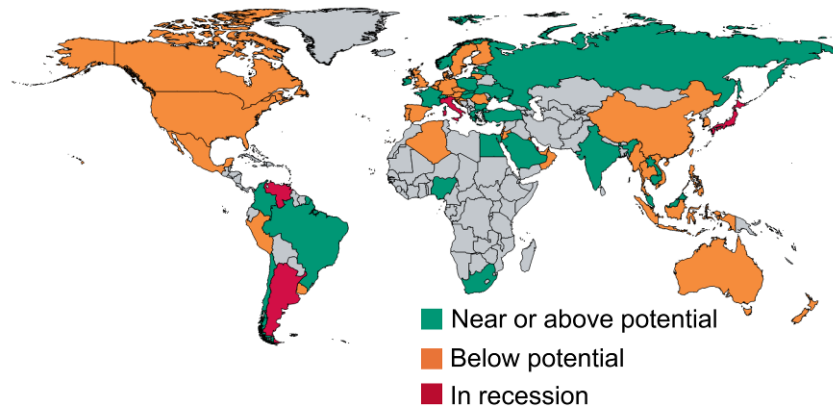
As observed above, short-run economic disruption that leads to a spike in the TSY10 volatility manifests in a decline in transaction volume, on the order of anywhere from 20 to 40%, but a collapse in pricing does not necessarily ensue. Pricing is unlikely to show much of an effect if solely driven by market volatility; however, if we enter into a recession, that is when price declines may become more evident.

If the Great Recession is excluded from the study, however, note that the recovery in transaction activity tends to be appreciable as well, if the disruption is truly limited to the short run. The US did not enter into a recession in late 2011 because of the debt crisis in the European Union; neither did the economy contract in 2017, after the initial period of uncertainty following the Presidential elections.

## Pricing

Because of the heightened uncertainty related to the Coronavirus, there is a range of possible outcomes for the commercial real estate market through the end of the year. Those range of outcomes reflect an optimistic scenario, a recessionary scenario, and, a doomsday scenario. The optimistic scenario reflects the realization that the virus had spread throughout the population a lot sooner than many had realized; alternatively, the virus burns out in warmer weather, and its further spread across the global population is slowed by social distancing efforts.

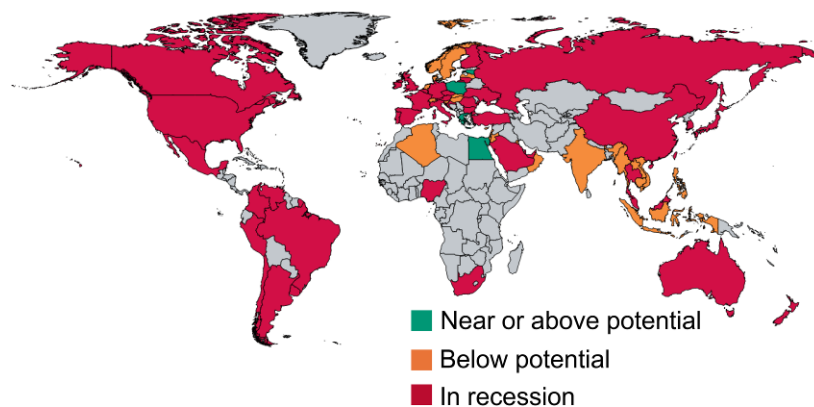
2020 GDP growth forecast, Mar baseline



Source: Moody's Analytics

In the optimistic scenario, broad economic activity returns to normal by mid-April, and a massive bounce back in markets occurs, though, because of longer lasting dislocations in the travel and accommodations sectors, the U.S. performs below its full potential. In hindsight, calls for a recession were premature as economic contraction lasts barely six weeks, but does not lead to a recession. If this scenario prevails, the recovery will look like what happened in early 2012 and early 2017, when transaction volume ramped back up in the next one or two quarters as deals put on hold are consummated.

2020 GDP growth forecast, COVID-19 Pandemic scenario



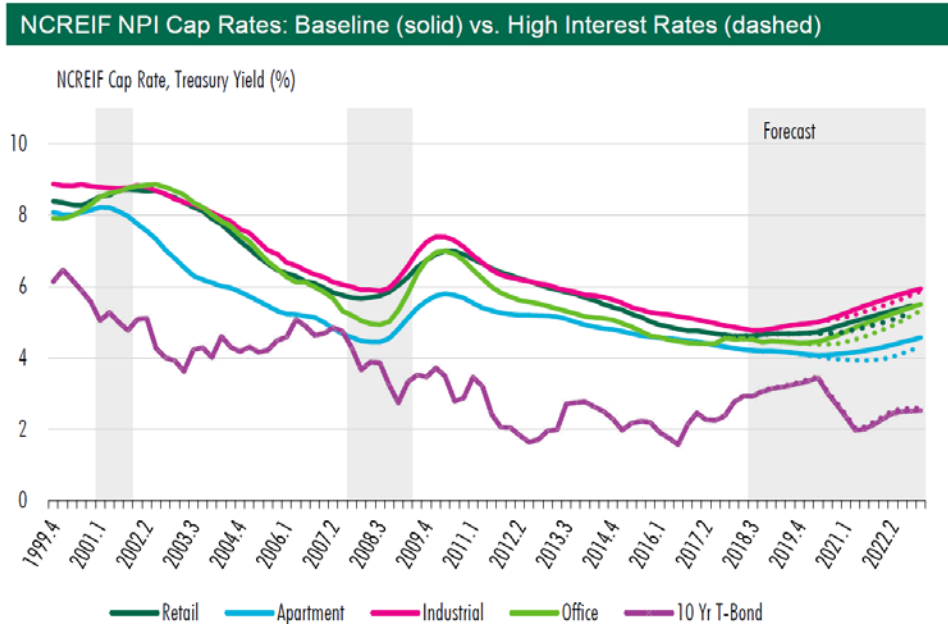
Source: Moody's Analytics

Setting aside a doomsday scenario, wherein, global behavior radically changes with hysteria, a plausible scenario is that, the virus is warm weather resistant and continues to spread despite efforts to “flatten the curve”. The death toll rises, and panic continues to freeze global activity, as Global economies, the U.S. included goes into recession. Recovery ensues in late 2020 or 2021 when a credible treatment and vaccination protocol becomes widely available.

If the pandemic scenario prevails, then pricing will suffer until the economy begins recovering. Transaction volume will begin creeping up once the treatment and vaccination protocol reinvigorates market confidence, and the recovery in both transaction volume and pricing will look more like late 2009 through early 2012 – though it might proceed at a faster pace if the recession does not last as long as the last downturn (18 months). Quantifying the impact on real estate values can perhaps best be done through inspection of overall capitalization rates – historically as well as with an eye towards the future.

**DIRECTION OF CAP RATES**

As had historically been the case, a rising interest rate environment tends to upward pressure on cap rates as the cost of capital rises. The Federal Reserve’s monetary policy throughout much of the past decade however had been accommodative. It was until the past year that they shifted from an accommodative policy stance to a tightening one, and the increase in interest rates was mostly negated by decline in cap rate-to-interest rate spreads. As risk premiums are reassessed on account of the Coronavirus, cap rates may see some upward pressure – particularly for retail-related assets – despite lower interest rates though massive adjustments to overall capitalization rates does not appear to be the market consensus.



Sources: NCREIF, CBRE Econometric Advisors, Q3 2018.

The foregoing exhibit, though from the third quarter of 2018, which represented a modeling of cap rates based on solid GDP through 2019 with a mild recession in 2020, still seems relevant despite the current feverish pitch associated with the Coronavirus. That is to say that, overall capitalization rates may see an increase of 25 to 50, perhaps 75-100 basis points over the next two to three years.

#### SPECIFIC REAL ESTATE IMPLICATIONS

Prior to the Coronavirus outbreak, lending markets had been deep and liquid. But as conditions have worsened, spreads have widened, and some lenders and borrowers are pausing their activity. These measures are helpful, but it is unlikely that real estate lending conditions will ease until the extent of the virus outbreak is clearer and relatively under control.

The Coronavirus outbreak represents a serious shock to the U.S. economy as it affects both supply and demand. There may be a sharp drop-in economic activity in Q2. As early as Q3 2020, as the virus begins to peak, transaction activity and values should be supported by broader economic trends, as a recovery is expected to be underway by Q4, but the impact on the economy and corresponding property values in some sectors will last well into 2021. As such, we have explored practical implications for the subject's relevant property type in the following.

- Residential: Overall, structural shifts in demand remain favorable for the sector. However, issues of affordability and reduced household formation are likely to weigh on demand in the next six months. During the near term, shortage of labor may continue to hamper construction of new units and, in some cases, add costs to new development. However, some of this may be mitigated by entrants to the construction labor force from the oil and gas sector, which may lead to some downward pressure on construction wages. For development sites with build-out timelines extending past 12 months, the negative economic effects are likely to be mitigated.

#### TOTAL RETURNS

In 2019, cap rates remained mostly stable; some markets experienced a downward trend as the Fed shifted to an accommodative monetary policy towards the end of the year however, while virtually all markets continue to enjoy historically low levels. However, falling bond yields and cyclical high corporate debt levels, as well as the outbreak of the Coronavirus, add complexity for real estate investment, as investors are expected to reevaluate their portfolios' return-to-risk. Rising cap rates could temporarily halt asset value growth — until the economy gets back on firmer footing – as negative dynamics in appreciation influence total returns lower, and in some cases negative.

Provided the Coronavirus pandemic is short-lived, asset values could stabilize and return to growth, perhaps in the third or fourth quarter of this year. Even with what may be a temporary adjustment in value, commercial real estate is poised to generate income returns, making it an attractive investment in the long run.

Anticipated by investors, cap rates' upward movement in the coming years may cause more caution; however, commercial real estate has so far shown its resilience, and the sheer volume of debt and equity capital that is likely to become available as greater clarity around the Coronavirus situation unfolds should mitigate any longer term impact to property values. It is noted in spite of investment opportunities in 2020 looking appealing, ownership, especially of retail and hotels, may be destined for a rocky two to three years, however.

### CONCLUSION

There is a high degree of risk right now in the market, which comes from the uncertainty created by a global pandemic, making the economy more vulnerable to unexpected shocks, such as geopolitical conflict, which could cause a broader disruption of commerce. Due to this level of uncertainty, businesses are expected to generally remain defensive throughout 2020, particularly for industries that are vulnerable to any policy changes after the 2020 election. However, the use of monetary policy and upcoming fiscal policy along with other government policies and stimulative measures should help to combat the negative impact on the economy. Additionally, historically low interest rates are likely to have a stimulative effect on real estate, which could mostly support transaction activity along with prices. What remains to be seen is whether an economic slowdown becomes a recession, which tend to be accompanied by significant layoffs.

Unless market conditions deteriorate significantly from here, despite heightened current market uncertainty, because of what is historically unprecedented monetary and fiscal stimulus, paired with perhaps a "flattening of the curve", a rebound in economic growth in the later part of 2020 remains the general consensus, which should translate into continued demand for real estate thereby mostly supporting pricing.

## Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

### AS VACANT

#### Legal Permissibility

The legally permissible uses were discussed in the Site Analysis and Zoning Sections.

#### Physical Possibility

The subject is adequately served by utilities, and has an adequate shape and size, sufficient access, etc., to be a separately developable site. There are no known physical reasons why the subject site would not support any legally probable development (i.e. it appears adequate for development).

Existing structures on similar sites provides additional evidence for the physical possibility of development.

#### Financial Feasibility

Potential uses of the site include primarily detached single-family residences. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. With respect to the legal uses for the subject site, the local housing market is generally stabilized, having reached a bit of a plateau after years of increasing values, although it is generally in a growth stage. Development of new residential properties has occurred in the recent past and continues to this day, including Retreat Meadows by Lennar Homes, approximately 3.6 miles southwest of the subject in Federal Way, Pacific Heights by DR Horton in Des Moines (1.3 miles north of the subject), Havenwood in Des Moines (1.8 miles north), Huntington Woods (2.1 miles east in Auburn), and Pepper Hill (4.1 miles southeast in Auburn).

#### Maximum Productivity - Conclusion

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land.

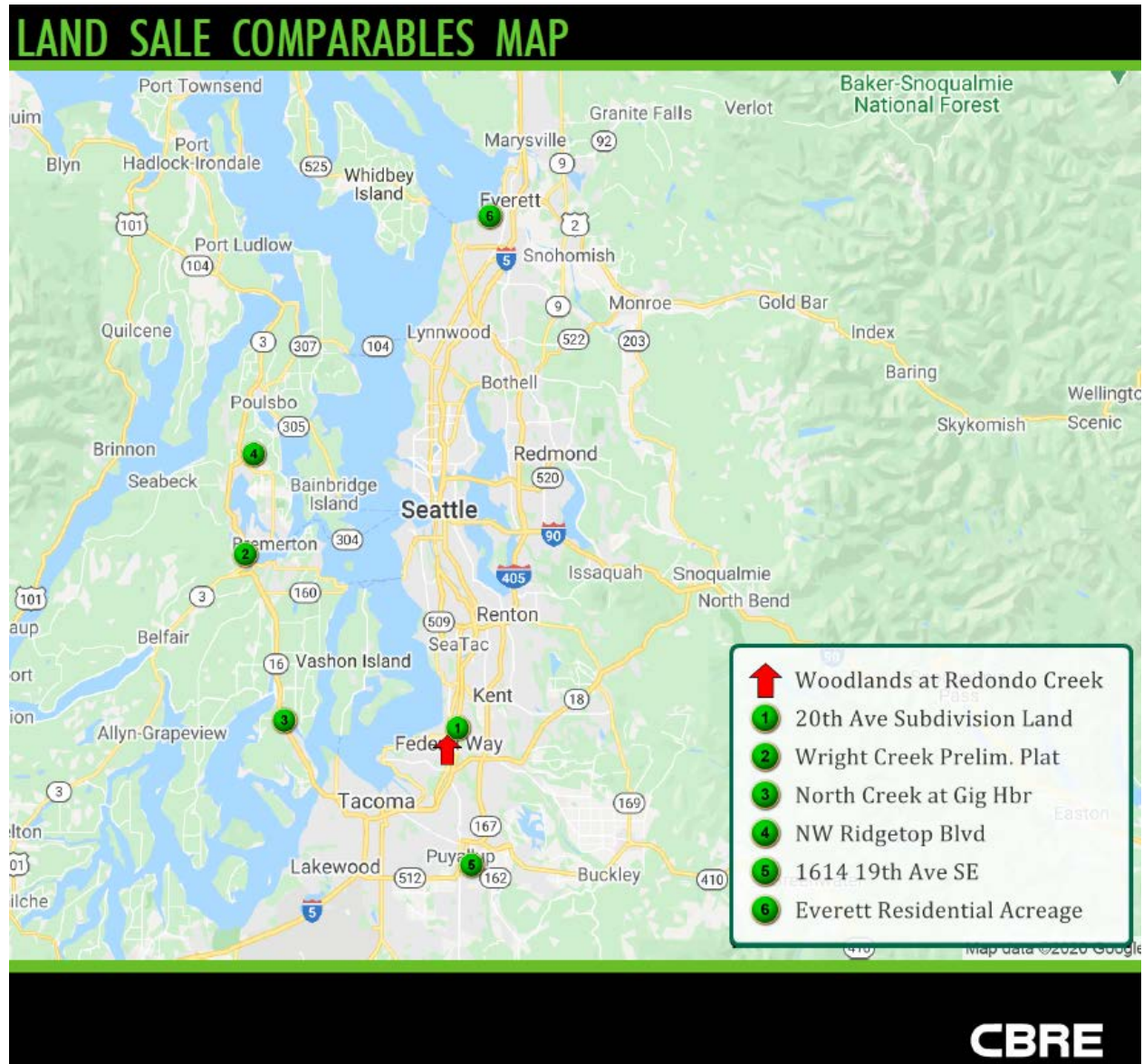
Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as vacant would be the development of a residential subdivision property. More specifically, the subject would be



developed at a density of approximately 3.1 units per gross acre, which is typical of similar projects in this market. The design would be characterized as single-family detached. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as vacant, would be an investor (land speculation) or a developer.

## Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE SUBDIVISION LAND SALES										
No.	Property Location	Transaction		Zoning	Adjusted Sale Price <sup>1</sup>	Size (Acres)	Size (SF)	Proposed Lots	Price Per SF	Price Per Lot
		Type	Date							
1	30231 20th Ave S Federal Way, WA 98003	Sale	May-19	RS 5.0	\$2,256,000	21.90	953,963	68	\$2.36	\$33,176
2	1701 3rd Ave Bremerton, WA 98312	Sale/ Allocated Price	Apr-19	R-10	\$3,094,776	35.10	1,528,956	110	\$2.02	\$28,134
3	9922 Burnham Dr NW Gig Harbor, WA 98332	Sale	Jun-18	R2 Residential	\$3,500,000	32.00	1,393,920	80	\$2.51	\$43,750
4	NW Ridgetop Blvd Silverdale, WA 98383	Sale	Oct-17	UL, Urban Low Residential	\$1,900,000	21.65	943,074	103	\$2.01	\$18,447
5	1614 19th Ave SE Puyallup, WA 98372	Listing	Apr-20	R-10 Residential	\$1,875,000	24.51	1,067,656	68	\$1.76	\$27,574
6	4437 Ridgemont Dr Everett, WA 98203	Listing	Apr-20	R-1 Residential	\$1,250,000	10.04	437,342	77	\$2.86	\$16,339
Subj.	30231 20th Ave S Federal Way, WA 98003	---	---	RS 5.0	---	21.90	953,963	68	---	---

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)  
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject and were selected from the greater Puget Sound. These sales were chosen based upon location, zoning, site size, and date of sale.

## DISCUSSION/ANALYSIS OF LAND SALES

### Land Sale One

This comparable represents the May 2019 sale of the subject, a raw 21.9-acre parcel located in Federal Way, Washington. The land is primarily zoned for residential single-family development and was purchased without any entitlements or preliminary plans. The site topography is rolling with some steep slopes and wetlands, resulting in about 60% being buildable. It has frontage to the east on 20th Ave, to the south on 304th Street, and to the west on Highway 99. It was sold with a preliminary layout for 60 single-family homes on the site, but the buyer intends to build 68 homes, or 3.1 lots per acre overall and approximately 5.2 lots per net acre. The land was marketed for just under nine months with a listing price of \$2.5 million, before selling for \$2,256,000, or \$2.36/sf and \$37,600 per lot as proposed by seller and \$33,176 per lot in the buyer's plans. The sale price per estimated buildable square foot is \$3.94.

### Land Sale Two

This comparable represents the April 2019 sale of a 35.10-acre development parcel (with a net size of 23.0-acres) located at 1701 3rd Ave W just west of Bremerton, Washington. The parcel is in unincorporated Kitsap County in an area of residential development and undeveloped State Agency lands. The rolling parcel has residential R-10 zoning. There are some wetlands on the site, which accounts for the size differences, but maximum development is based on the gross size. The proposed Wright Creek is a 110-unit master planned community, but no entitlements were in place at the time of purchase. We were unable to reach the parties involved and this data was sourced from Kitsap County records and Costar. The sale price was allocated from a multi-property sale as \$3,094,776, or \$2.02 per square foot based on the gross size, or \$28,134 per proposed lot.

### Land Sale Three

This comparable represents the June 2018 sale of a raw 32-acre parcel located in Gig Harbor, Washington. The land is zoned for residential single-family development and was purchased without any entitlements but there was a preliminary plat plan on file from a 2016 sale that fell through due to non-payment of a promissory note. The site's shape is irregular and its topography is described as rolling. The sale involved 75% seller financing. The buyer intended to build 80 single-family homes on the site, or 2.5/acre, and work has already begun. The land sold for \$3,500,000, or \$2.51/sf and \$43,750 per proposed lot.

### Land Sale Four

This is the sale of a 21.65-acre development land site located along NW Ridgetop Boulevard in Silverdale, Washington. The land sold in October 2017 for \$1,900,000, or \$2.01 per square foot. The site's shape is irregular and its topography includes some steep slopes. The proposed use was for 103 rental duplexes and single-family residences for seniors. The property is zoned UL which is low density residential.

### Land Sale Five

This comparable represents the current listing (as of April 2020) of five parcels located northeast of Wildwood Park at 1614 19th Ave SE in Puyallup, Washington. The five parcels form an irregularly-shaped cluster and total 24.51 acres of unimproved land that is zoned for residential development (R-10). The forested site's shape is irregular and its topography is described as rolling. The sellers are in the process of getting preliminary designs for a 68-lot cottage-style planned residential development to add value. The current listing price is \$1,875,000, or \$1.76 per square foot, or \$27,574 per proposed lot.

### Land Sale Six

This comparable represents the current listing (as of April 2020) of three residential development parcels in Everett, Washington. The site lies southwest of the CBD and north of the industrial area centered around Boeing's massive aircraft factories, in a fairly quiet suburban part of the

city. The three parcels form an irregular shape with minimal frontage on Ridgemont Drive, although there may also be access from Olympia Blvd to the north over City-owned land. The site is forested and irregular in shape, with rolling topography. The total acreage is 10.04 acres and zoning allows for up to 77 residential lots. The listing price is \$1,250,000, or \$2.86 per square foot and \$13,339 per lot at maximum density.

## SUMMARY OF ADJUSTMENTS

As commercial real estate markets often are imperfect in nature, the comparable sales are analyzed based on qualitative comparison. The adjustments are subjective, but are based on market evidence as well as the appraiser's judgment, experience, and research. The adjustments are not derived through quantitative analysis techniques, such as paired sale or regression analysis, as the data does not exist in a manner that would provide reliable results. As such, the adjustments made on a percentage basis are conveying the applied degree of subjective adjustments and are not the result of quantitative analysis.

### Property Rights Conveyed

Real estate carries with it a bundle of property rights, which can be transferred in whole or in part. The most common property rights are the fee simple estate, leased fee interest, leasehold interest, and partial interests. Selling prices may be impacted by the specific property rights included in the transfer. Thus, any differences in property rights among the comparable sales must be identified, and may require adjustment to account for differences in property rights compared with the property rights appraised for the subject.

All of the sales reflect a fee simple interest, and therefore no adjustments are warranted.

### Financing

Financing terms provided by the seller can affect the sale price if they differ from terms available from third party lenders. The value estimate in this appraisal is based on an all cash payment to the seller, with buyers typically using institutional financing based on an appropriate loan-to-value ratio, debt-coverage ratio, and market interest rate. Seller financing may have an upward influence on the sale price, if favorable terms are provided. Conversely, existing assumable financing that has a higher than market interest rate and loan-to-value ratio tend to have a downward influence on sale price.

Comparable 3 was purchased with seller financing and receives a downward adjustment accordingly. The remaining comparables sold for cash or at market terms, and no adjustments are given.

### Conditions of Sale

Typically, adjustments for conditions of sale usually reflect the motivations of the buyer and the seller in the transfer of real property. Examples of unusual motivations include related parties, assemblage (plottage) value, forced sale, tax considerations, and lack of sufficient exposure on

the market. These circumstances may result in the following: manipulation of the price by buyer or seller, distress prices that do not reflect typical exposure or marketing time, or premiums (or discounts) associated with unusual motivations.

None of the sold comparables had any special conditions affecting the sale price, and no additional adjustments are given for the four closed sales. We note that Comparables 5 and 6 are listings that are likely to close for less than the asking prices and therefore downward adjustments are warranted.

### Market Conditions

This adjustment accounts for the change in market conditions as it relates to investor demand, rental rates, and occupancy. The local residential development market is considered to be strong. The comparables receive upward adjustments at a rate of 3.0% annually, based on their dates of sale, ranging 3% for the May 2019 sales of Comparable to 8% for the October 2017 sale of Comparable 4. The current listings are not adjusted.

### Size

This adjustment accounts for the economy of scale attributed to size in relation to the allowable or likely improvements to be built. Typically, properties with a smaller square footage have a much wider investor pool as compared to a property with a greater square footage. Properties with more potential investors typically have higher per square foot sales prices, although the total dollar amount is much lower. In our analysis, we use the gross size of the subject and comparables for two reasons: (1) we know the gross size of all properties and have less specific information about any deductions that would reduce the net size (including at the subject, which we have estimated); and (2) development capacity is generally determined by the gross size of a site.

Comparables 1 and 2 are significantly larger than the subject and therefore receive upward adjustments, while Comparable 6 is significantly smaller than the subject and receives a downward adjustment. The remaining comparables are similar in size and receive no adjustments.

### Shape

The shape of a building site can benefit or adversely affect the final product, with square or rectangular parcels generally preferred, although irregular parcels are not necessarily ill suited for development so long as they are large enough for typical improvements and don't have very acute angles or unusable flag portions.

The subject's site is moderately irregular with no hard to develop skinny sections or flag portions, as are, for the most part, the comparables. Comparable 3 is nearly rectangular and receives a downward adjustment while Comparables 4 and 5 are highly irregular and receive upward adjustments. The remaining comparables receive no adjustments for shape.

### Corner

A corner location can greatly benefit many types of properties, but retail, multifamily, and hospitality tend to benefit the most from the convenient exposure and access afforded by corner positioning. A corner benefits a residential subdivision the most by providing access from multiple roads. The subject site has a corner where 20<sup>th</sup> Ave and 304<sup>th</sup> Street meet, as well as exposure on three roads. Its access is considered to be above average.

Comparables 1, 2, 3, and 4 have at least one corner and therefore receive no adjustments, while Comparables 5 and 6 are somewhat isolated from roads and have no corners, indicating that upward adjustments are warranted.

### Frontage

As with corner positioning, greater frontage generally benefits a property because it allows for greater visibility and potentially multiple curb cuts; for a subdivision, multiple access points can improve interior traffic flow and ease ingress/egress at peak traffic times. The subject has very good frontage and exposure along its three facing streets, although the topography abutting Highway 99 would make access from that side difficult and expensive.

Comparables 4, 5, and 6 have inferior frontage to varying degrees and as a result they receive upward adjustments. The remaining comparables have roughly similar frontage and receive no adjustments.

### Topography

This adjustment is based primarily on the extent to which topography impinges on construction and eventual use of the subject site. Level sites are generally the most sought after—which is why very few remain—but sloped sites can offer some benefits such as ease of excavating basements, or an elevation that affords good views. This category also addresses wetlands, streams, or other topographical features that would affect development and development time and costs. The subject is approximately at street grade along the eastern edge, but the terrain is rolling with a significant dip as one heads westward before rising up again near the western extremity. The topographical survey indicates a maximum height differential of 82 feet on the subject site, and at the lowest points there are wetlands. In addition, we note that the subject is heavily wooded, which brings the added cost of clearing (one estimate was for \$8,500 per acre) as well as the benefit of timber sales (one offer was for \$35,000).

The comparables are generally rolling in topography as well and are uniformly covered in trees in addition, so despite the subject's problematic topography, it is fairly typical of many subdivision sites in the region. Comparable 4, located on the aptly named Ridgetop Blvd, has some steep slope issues that exceed the subject's slopes, and as a result receives an upward adjustment.

### Location

This adjustment is based primarily on neighborhood characteristics, location desirability, proximity/access to complimentary commercial development, and access to major roadways, all

of which have an effect on the final selling prices of homes. All other elements of comparison being equal, sites with superior locations will sell for a higher price per unit of comparison as compared to sites within less desirable locations.

Comparables 2, 3, 4, and 5 are all slightly inferior to the subject to varying degrees and receive upward adjustments. Comparable 6, within the city limits of Everett but in a quiet suburban location that is convenient to both the CBD and Boeing, is superior and receives a downward adjustment. Comparable 1 has a similar location and receives no adjustment.

### Zoning/Density/Restrictions

The zoning/density adjustment accounts for the potential final build-out of a site, and generally speaking, sites that allow for greater density, flexibility, or development intensity are considered more valuable than similar sites with lower development potential. All comparables, like the subject, are zoned and were purchased either exclusively or primarily for single-family detached development. The densities vary somewhat, but are generally similar, and when available, we use the buyers' or sellers' suggested density. Comparable 6 is the only one for which we have no suggested density by the selling agent, and therefore assume the maximum allowable density.

Comparables 4 and 6 are both likely to be developed to higher densities than the subject and receive downward adjustments accordingly. The remaining comparables are generally similar in development density and therefore receive no adjustments.

### Utilities

Convenient access to utilities such as electrical power, gas, water, and sewer is crucial to subdivision development. Properties that have utilities on-site save a developer time and money and therefore garner higher prices than raw land.

The subject and the comparables are all raw land with access to utilities in the adjacent streets, and therefore no adjustments are warranted.

### Highest and Best Use

The highest and best use of a development site has a great impact on its value, as well as potential buyers which may specialize in one type of product or another. In the case of the subject and the comparables presented, all have as their highest and best use, the development of detached single-family housing. As a result, no adjustments are warranted.

## TABLE OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.



## LAND SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	5	6	Subject
Transaction Type	Sale	Sale	Sale	Sale	Listing	Listing	---
Transaction Date	May-19	Apr-19	Jun-18	Oct-17	Apr-20	Apr-20	---
Zoning	RS 5.0	R-10	R-2	UL	R-10	R-1	RS 5.0
Adjusted Sale Price <sup>1</sup>	\$2,256,000	\$3,094,776	\$3,500,000	\$1,900,000	\$1,875,000	\$1,250,000	---
Size (Gross Acres)	21.90	35.10	32.00	21.65	24.51	10.04	21.90
Size (SF)	953,963	1,528,956	1,393,920	943,074	1,067,656	437,342	953,963
Price Per SF	\$2.36	\$2.02	\$2.51	\$2.01	\$1.76	\$2.86	---
Price (\$ PSF)	\$2.36	\$2.02	\$2.51	\$2.01	\$1.76	\$2.86	
Property Rts. Conveyed	0%	0%	0%	0%	0%	0%	
Financing Terms <sup>1</sup>	0%	0%	-10%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	-5%	-5%	
Market Conditions (Time)	3%	3%	5%	7%	0%	0%	
Subtotal	\$2.44	\$2.08	\$2.37	\$2.15	\$1.67	\$2.72	
Size	0%	10%	10%	0%	0%	-10%	
Shape	0%	0%	-5%	5%	5%	0%	
Corner	0%	0%	0%	0%	5%	5%	
Frontage	0%	0%	0%	5%	5%	10%	
Topography	0%	0%	0%	5%	0%	0%	
Location	0%	10%	5%	5%	10%	-5%	
Zoning/Density	0%	0%	0%	-5%	0%	-10%	
Utilities	0%	0%	0%	0%	0%	0%	
Highest & Best Use	0%	0%	0%	0%	0%	0%	
Total Other Adjustments	0%	20%	10%	15%	25%	-10%	
<b>Value Indication</b>	<b>\$2.44</b>	<b>\$2.50</b>	<b>\$2.61</b>	<b>\$2.47</b>	<b>\$2.09</b>	<b>\$2.45</b>	
Absolute Adjustment	3%	23%	35%	32%	30%	45%	

<sup>1</sup> Adjusted sale price for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

## ADDITIONAL MARKET SALES NEARBY

There is one more recent subdivision land sale in Federal Way that was not deemed appropriately comparable because of its zoning, but it bears mentioning. In December 2019, a 10.18-acre site located at 1802 S 333<sup>rd</sup> Street in Federal Way sold for \$3,500,000, or \$7.89 per square foot. Benefitting from greater density allowed in the multifamily RM 3600 zoning, the buyer plans to build 96 attached apartment or condominium units on 10.18 acres at a density of 9.2 units per gross acre, nearly three times the density of the subject's 3.1 lots per gross acre. The zoning/density adjustment alone would be larger than any of the absolute adjustment factors above, making that comparable less reliable. There would also be adjustments for size and highest and best use, resulting in an extremely high level of adjustments. As a result, we opted to not include it in our analysis matrix, relying on just comparables with similar proposed densities and either exclusively or primarily single-family expectations.

## PRICE PER LOT SUMMARY

An additional measure of a site's market value often discussed and used when zoning restricts density is price per lot. While generally it refers to the maximum allowable number of lots permitted by zoning, there are often mitigating factors that affect the maximum, including minimum lot sizes and topographical challenges. As a result, we have used the buyers' or sellers' proposed lot count where available, relying on the maximum density when a proposed unit count is not available. As a result, the comparables ranged from \$16,339 per lot to \$43,750 per lot, with an average of \$27,903 per lot. Comparable 4 plans include a mix of duplexes and SFRs, which artificially increases unit count more than just detached SFRs would, explaining its low per lot price. Comparable 6 is the clear outlier in this group, and the only comparable for which we used the maximum allowable density. The subject's value below corresponds to \$35,294 per lot, which falls just above the middle portion of the range of the comparables.

## SALE PRICE PER SQUARE FOOT CONCLUSION

The unadjusted per square foot price range was from \$1.76 to \$2.86, with an average of \$2.25/sf. After adjustments, the range narrowed to \$2.09 to \$2.61, averaging \$2.43/sf.

With the exception of Comparable 1, which is the subject, all comparables received multiple adjustments. Comparables 1, 3, and 6 have the lowest net adjustments, with adjusted prices of \$2.44, \$2.61, and \$2.45/sf, averaging \$2.50/sf. These adjusted comparables represent a reasonable range for the subject. The following table presents the valuation conclusion:

<b>CONCLUDED LAND VALUE</b>			
\$ PSF		Subject SF	Total
\$2.44	x	953,963	= \$2,323,680
\$2.61	x	953,963	= \$2,489,028
<b>Indicated Value:</b>			<b>\$2,400,000</b>
			(Rounded \$ PSF) \$2.52
Compiled by CBRE			

<b>MARKET VALUE CONCLUSION</b>			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	April 2, 2020	\$2,400,000
Compiled by CBRE			

## Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
  - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
  - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
  - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
  - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
  - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
  - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
  - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
  - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
  - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
  - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

**ADDENDA**

Addendum A

**LAND SALE DATA SHEETS**

Property Name	20th Ave Subdivision Land
Address	30231 20th Ave S Federal Way, WA 98003
County	King
Govt./Tax ID	042104-9012
Land Area Net	N/A/ N/A
Land Area Gross	21.900 ac/ 953,963 sf
Site Development Status	Raw
Utilities	All In Street
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Rolling
Flood Zone Class	Zone X (Unshaded)
Flood Panel No./ Date	N/A
Zoning	RS 5.0
Entitlement Status	None



### Transaction Details

Type	Sale	Primary Verification	Buyer, Costar
Interest Transferred	Fee Simple	Transaction Date	05/20/2019
Condition of Sale	None	Recording Date	05/20/2019
Recorded Buyer	RMJ Holdings LLC	Sale Price	\$2,256,000
Buyer Type	Developer	Financing	All Cash
Recorded Seller	Tatiana Spoerry & Olga Danilchik	Cash Equivalent	\$2,256,000
Marketing Time	9 Month(s)	Capital Adjustment	\$0
Listing Broker	Chad Martini, Paragon Advisors 206-812-9137	Adjusted Price	\$2,256,000
Doc #	201905200974	<b>Adjusted Price / ac and / sf</b>	<b>N/A / N/A</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This comparable represents the May 2019 sale of a raw 21.9-acre parcel located in Federal Way, Washington. The land is zoned for residential single-family development and was purchased without any entitlements or preliminary plans. The site is rolling with some steep slopes and wetlands, resulting in about 60% being buildable. It has frontage to the east on 20th Ave, to the south on 304th Street, and to the west on Highway 99. It was sold with a preliminary layout for 60 single-family homes on the site, but the buyer intends to build 68 homes, or 3.1 lots per acre overall and approximately 5.2 lots per net acre. The land was marketed for just under nine months with a listing price of \$2.5 million, before selling for \$2,256,000, or \$2.36/sf and \$37,600 per lot as proposed by seller and \$33,176 per lot in the buyer's plans. The sale price per estimated buildable square foot is \$3.94.



Property Name	Wright Creek Prelim. Plat
Address	1701 3rd Ave Bremerton, WA 98312
County	Kitsap
Govt./Tax ID	282401-1-086-2000
Land Area Net	23.000 ac/ 1,001,880 sf
Land Area Gross	35.100 ac/ 1,528,956 sf
Site Development Status	Raw
Utilities	In Street
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Rolling
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R-10
Entitlement Status	None



### Transaction Details

Type	Sale/Allocated Price	Primary Verification	Costar, public records
Interest Transferred	Fee Simple	Transaction Date	04/02/2019
Condition of Sale	Part of master-planned Dev.	Recording Date	04/02/2019
Recorded Buyer	WC Dev 360 LLC	Sale Price	\$3,094,776
Buyer Type	Developer	Financing	Not Available
Recorded Seller	JWJ Group, LLC	Cash Equivalent	\$3,094,776
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	None	Adjusted Price	\$3,094,776
Doc #	201904020197	<b>Adjusted Price / ac and / sf</b>	<b>\$134,555 / \$3.09</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This comparable represents the April 2019 sale of a 35.10-acre (gross) and 23.0-acre (net) development parcel located at 1701 3rd Ave W just west of Bremerton, Washington. The parcel is in unincorporated Kitsap County in an area of residential development and undeveloped State Agency lands. The parcel has residential R-10 zoning. There are some wetlands on the site, which accounts for the size differences, but development is based on the gross size. The proposed Wright Creek is a 110-unit master planned community, but no entitlements were in place at the time of purchase. We were unable to reach the parties involved and this data was sourced from Kitsap County records and Costar. The sale price was allocated from a multi-property sale as \$3,094,776, or \$2.02 per square foot, or \$28,134 per proposed lot.

Property Name North Creek at Gig Hbr  
 Address 9922 Burnham Dr NW  
 Gig Harbor, WA 98332

County Pierce  
 Govt./Tax ID 022231-3062  
 Land Area Net 32.000 ac/ 1,393,920 sf  
 Land Area Gross N/A/ N/A  
 Site Development Status Raw  
 Utilities All available in street  
 Maximum FAR N/A  
 Min Land Bldg Ratio N/A  
 Shape Irregular  
 Topography Rolling  
 Flood Zone Class Zone X (Unshaded)  
 Flood Panel No./ Date N/A  
 Zoning R2 Residential  
 Entitlement Status Tentative Tract



### Transaction Details

Type	Sale	Primary Verification	Seller, Costar
Interest Transferred	Fee Simple	Transaction Date	06/22/2018
Condition of Sale	75% seller financing	Recording Date	06/22/2018
Recorded Buyer	North Creek Estates LLC	Sale Price	\$3,500,000
Buyer Type	Developer	Financing	Other(See Comments)
Recorded Seller	North Creek Gig Harbor LLC	Cash Equivalent	\$3,500,000
Marketing Time	10 Month(s)	Capital Adjustment	\$0
Listing Broker	None	Adjusted Price	\$3,500,000
Doc #	201806220670	<b>Adjusted Price / ac and / sf</b>	<b>\$109,375 / \$2.51</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This comparable represents the June 2018 sale of a raw 32-acre parcel located in Gig Harbor, Washington. The land is zoned for residential single-family development and was purchased without any entitlements but there was a preliminary plat plan on file from a 2016 sale that fell through due to non-payment of a promissory note. The buyer intends to build 80 single-family homes on the site, or 2.5/acre and work has already begun . The land sold for \$3,500,000, or \$2.51/sf and \$43,750 per proposed lot.

Property Name	NW Ridgetop Blvd
Address	NW Ridgetop Blvd Silverdale, WA 98383
County	Kitsap
Govt./Tax ID	N/A
Land Area Net	21.650 ac/ 943,074 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	N/A
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Steep Slope
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	UL, Urban Low Residential
Entitlement Status	None



### Transaction Details

Type	Sale	Primary Verification	CoStar, Listing Broker, and Public Records
Interest Transferred	Fee Simple	Transaction Date	10/30/2017
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	Cottages on the Ridge LLC	Sale Price	\$1,900,000
Buyer Type	N/A	Financing	Market Rate Financing
Recorded Seller	Ridgetop Homes LLC	Cash Equivalent	\$1,900,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Rick Cadwell - 206.682.0666	Adjusted Price	\$1,900,000
Doc #	201710300153	<b>Adjusted Price / ac and / sf</b>	<b>\$87,760 / \$2.01</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>\$18,447</b>

### Comments

This is the sale of a 21.65-acre land property located along NW Ridgetop Boulevard in Silverdale, Washington. The land sold in October 2017 for \$1,900,000. The proposed use was for 103 rental duplexes and single-family residences for seniors. The property is zoned UL which is low density residential.

Property Name	1614 19th Ave SE
Address	1614 19th Ave SE Puyallup, WA 98372
County	Pierce
Govt./Tax ID	Multiple
Land Area Net	24.510 ac/ 1,067,656 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	In Street
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Rolling
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R-10, Residential
Entitlement Status	None



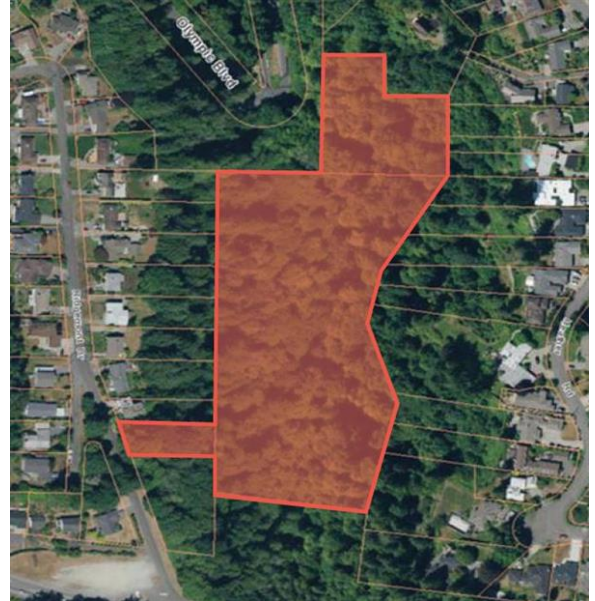
### Transaction Details

Type	Available/Listing	Primary Verification	Brokers, Costar
Interest Transferred	Fee Simple	Transaction Date	04/01/2020
Condition of Sale	Parcels can be sold separately	Recording Date	N/A
Recorded Buyer	n/a	Sale Price	\$1,875,000
Buyer Type	N/A	Financing	Not Available
Recorded Seller	Multicare Health System	Cash Equivalent	\$1,875,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Don Moody, CBRE, 253-569-0045	Adjusted Price	\$1,875,000
Doc #	Listing	<b>Adjusted Price / ac and / sf</b>	<b>\$76,499 / \$1.76</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This comparable represents the current listing (as of April 2020) of five parcels located northeast of Wildwood Park in Puyallup, Washington. The five parcels form an irregularly-shaped cluster and total 24.51 acres on unimproved land that is zoned for residential development (R-10). The sellers are in the process of getting preliminary designs for a 68-lot cottage-style planned residential development to add value. The current listing price is \$1,875,000, or \$1.76 per square foot, or \$27,574 per proposed lot.

Property Name	Everett Residential Acreage
Address	4437 Ridgmont Dr Everett, WA 98203
County	Snohomish
Govt./Tax ID	Multiple
Land Area Net	10.040 ac/ 437,342 sf
Land Area Gross	N/A/ N/A
Site Development Status	Raw
Utilities	In Street
Maximum FAR	N/A
Min Land Bldg Ratio	N/A
Shape	Irregular
Topography	Rolling
Flood Zone Class	N/A
Flood Panel No./ Date	N/A
Zoning	R-1, Residential
Entitlement Status	None



### Transaction Details

Type	Available/Listing	Primary Verification	Brokers, Costar
Interest Transferred	Fee Simple	Transaction Date	04/01/2020
Condition of Sale	None	Recording Date	N/A
Recorded Buyer	N/A	Sale Price	\$1,250,000
Buyer Type	N/A	Financing	Not Available
Recorded Seller	Cadman Materials, Inc.	Cash Equivalent	\$1,250,000
Marketing Time	N/A	Capital Adjustment	\$0
Listing Broker	Teresa Patton, CBRE, 253-596-0043	Adjusted Price	\$1,250,000
Doc #	Listing	<b>Adjusted Price / ac and / sf</b>	<b>\$124,502 / \$2.86</b>
		<b>Adjusted Price/ FAR</b>	<b>N/A</b>
		<b>Adjusted Price/ Unit</b>	<b>N/A</b>

### Comments

This comparable represents the current listing (as of April 2020) of three residential development parcels in Everett, Washington. The site lies southwest of the CBD and north of the industrial area centered around Boeing's massive aircraft factories, in a fairly quiet suburban part of the city. The three parcels form an irregular shape with minimal frontage on Ridgmont Drive, although there may also be access from Olympia Blvd to the north over City-owned land. The total acreage is 10.04 acres and zoning allows for up to 77 residential lots. The listing price is \$1,250,000, or \$2.86 per square foot and \$16,339 per lot at maximum density.

Addendum B

**TITLE REPORT/LEGAL DESCRIPTION**



*First American*

## **First American Title Insurance Company**

**920 5th Avenue, Suite 1250  
Seattle, WA 98104**

September 26, 2019

Dmitriy Mayzlin  
ACH Homes, LLC  
9675 SE 36th Street, Suite 105  
Mercer Island, WA 98040

Phone: (206)588-1147x114

Fax: (206)588-0954

Title Officer:	Kristi Stevenson
Phone:	(206)615-3206
Fax No.:	(866)859-0429
E-Mail:	teamkristi@firstam.com
Order Number:	3324793

Escrow Number: 3324793

Buyer:

Owner:

Property: Vacant Land  
Federal Way, Washington 98003

Attached please find the following item(s):

Guarantee

Thank You for your confidence and support. We at First American Title Insurance Company maintain the fundamental principle:

*Customer First!*



*First American*

# Guarantee

## Subdivision Guarantee

ISSUED BY

**First American Title Insurance Company**

GUARANTEE NUMBER

**5003353-3324793**

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE LIMITS OF LIABILITY AND THE CONDITIONS AND STIPULATIONS OF THIS GUARANTEE,

### **FIRST AMERICAN TITLE INSURANCE COMPANY**

a Nebraska corporation, herein called the Company

### **GUARANTEES**

**ACH Homes, LLC**

the Assured named in Schedule A against actual monetary loss or damage not exceeding the liability stated in Schedule A, which the Assured shall sustain by reason of any incorrectness in the assurances set forth in Schedule A.

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*First American Title Insurance Company*

Dennis J. Gilmore  
President

Jeffrey S. Robinson  
Secretary

**This jacket was created electronically and constitutes an original document**



## SCHEDULE OF EXCLUSIONS FROM COVERAGE OF THIS GUARANTEE

1. Except to the extent that specific assurances are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
  - (a) Defects, liens, encumbrances, adverse claims or other matters against the title, whether or not shown by the public records.
  - (b) (1) Taxes or assessments of any taxing authority that levies taxes or assessments on real property; or, (2) Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not the matters excluded under (1) or (2) are shown by the records of the taxing authority or by the public records.
  - (c) (1) Unpatented mining claims; (2) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (3) water rights, claims or title to water, whether or not the matters excluded under (1), (2) or (3) are shown by the public records.
2. Notwithstanding any specific assurances which are provided in Schedule A of this Guarantee, the Company assumes no liability for loss or damage by reason of the following:
  - (a) Defects, liens, encumbrances, adverse claims or other matters affecting the title to any property beyond the lines of the land expressly described in the description set forth in Schedule (A), (C) or in Part 2 of this Guarantee, or title to streets, roads, avenues, lanes, ways or waterways to which such land abuts, or the right to maintain therein vaults, tunnels, ramps or any structure or improvements; or any rights or easements therein, unless such property, rights or easements are expressly and specifically set forth in said description.
  - (b) Defects, liens, encumbrances, adverse claims or other matters, whether or not shown by the public records; (1) which are created, suffered, assumed or agreed to by one or more of the Assureds; (2) which result in no loss to the Assured; or (3) which do not result in the invalidity or potential invalidity of any judicial or non-judicial proceeding which is within the scope and purpose of the assurances provided.
  - (c) The identity of any party shown or referred to in Schedule A.
  - (d) The validity, legal effect or priority of any matter shown or referred to in this Guarantee.

## GUARANTEE CONDITIONS AND STIPULATIONS

### 1. Definition of Terms.

The following terms when used in the Guarantee mean:

- (a) the "Assured": the party or parties named as the Assured in this Guarantee, or on a supplemental writing executed by the Company.
- (b) "land": the land described or referred to in Schedule (A)(C) or in Part 2, and improvements affixed thereto which by law constitute real property. The term "land" does not include any property beyond the lines of the area described or referred to in Schedule (A)(C) or in Part 2, nor any right, title, interest, estate or easement in abutting streets, roads, avenues, alleys, lanes, ways or waterways.
- (c) "mortgage": mortgage, deed of trust, trust deed, or other security instrument.
- (d) "public records": records established under state statutes at Date of Guarantee for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without knowledge.
- (e) "date": the effective date.

### 2. Notice of Claim to be Given by Assured Claimant.

An Assured shall notify the Company promptly in writing in case knowledge shall come to an Assured hereunder of any claim of title or interest which is adverse to the title to the estate or interest, as stated herein, and which might cause loss or damage for which the Company may be liable by virtue of this Guarantee. If prompt notice shall not be given to the Company, then all liability of the Company shall terminate with regard to the matter or matters for which prompt notice is required; provided, however, that failure to notify the Company shall in no case prejudice the rights of any Assured unless the Company shall be prejudiced by the failure and then only to the extent of the prejudice.

### 3. No Duty to Defend or Prosecute.

The Company shall have no duty to defend or prosecute any action or proceeding to which the Assured is a party, notwithstanding the nature of any allegation in such action or proceeding.

### 4. Company's Option to Defend or Prosecute Actions; Duty of Assured Claimant to Cooperate.

Even though the Company has no duty to defend or prosecute as set forth in Paragraph 3 above:

- (a) The Company shall have the right, at its sole option and cost, to institute and prosecute any action or proceeding, interpose a defense, as limited in (b), or to do any other act which in its opinion may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured, or to prevent or reduce loss or damage to the Assured. The Company may take any appropriate action under the terms of this Guarantee, whether or not it shall be liable hereunder, and shall not thereby concede liability or waive any provision of this Guarantee. If the Company shall exercise its rights under this paragraph, it shall do so diligently.
- (b) If the Company elects to exercise its options as stated in Paragraph 4(a) the Company shall have the right to select counsel of its choice (subject to the right of such Assured to object for reasonable cause) to represent the Assured and shall not be liable for and will not pay the fees of any other counsel, nor will the Company pay any fees, costs or expenses incurred by an Assured in the defense of those causes of action which allege matters not covered by this Guarantee.
- (c) Whenever the Company shall have brought an action or interposed a defense as permitted by the provisions of this Guarantee, the Company may pursue any litigation to final determination by a court of competent jurisdiction and expressly reserves the right, in its sole discretion, to appeal from an adverse judgment or order.
- (d) In all cases where this Guarantee permits the Company to prosecute or provide for the defense of any action or proceeding, an Assured shall secure to the Company the right to so prosecute or provide for the defense of any action or proceeding, and all appeals therein, and permit the Company to use, at its option, the name of such Assured for this purpose. Whenever requested by the Company, an Assured, at the Company's expense, shall give the Company all

## GUARANTEE CONDITIONS AND STIPULATIONS (Continued)

reasonable aid in any action or proceeding, securing evidence, obtaining witnesses, prosecuting or defending the action or lawful act which in the opinion of the Company may be necessary or desirable to establish the title to the estate or interest as stated herein, or to establish the lien rights of the Assured. If the Company is prejudiced by the failure of the Assured to furnish the required cooperation, the Company's obligations to the Assured under the Guarantee shall terminate.

### 5. Proof of Loss or Damage.

In addition to and after the notices required under Section 2 of these Conditions and Stipulations have been provided to the Company, a proof of loss or damage signed and sworn to by the Assured shall be furnished to the Company within ninety (90) days after the Assured shall ascertain the facts giving rise to the loss or damage. The proof of loss or damage shall describe the matters covered by this Guarantee which constitute the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage. If the Company is prejudiced by the failure of the Assured to provide the required proof of loss or damage, the Company's obligation to such assured under the Guarantee shall terminate. In addition, the Assured may reasonably be required to submit to examination under oath by any authorized representative of the Company and shall produce for examination, inspection and copying, at such reasonable times and places as may be designated by any authorized representative of the Company, all records, books, ledgers, checks, correspondence and memoranda, whether bearing a date before or after Date of Guarantee, which reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Assured shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect and copy all records, books, ledgers, checks, correspondence and memoranda in the custody or control of a third party, which reasonably pertain to the loss or damage. All information designated as confidential by the Assured provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Assured to submit for examination under oath, produce other reasonably requested information or grant permission to secure reasonably necessary information from third parties as required in the above paragraph, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this Guarantee to the Assured for that claim.

### 6. Options to Pay or Otherwise Settle Claims: Termination of Liability.

In case of a claim under this Guarantee, the Company shall have the following additional options:

- (a) To Pay or Tender Payment of the Amount of Liability or to Purchase the Indebtedness.  
The Company shall have the option to pay or settle or compromise for or in the name of the Assured any claim which could result in loss to the Assured within the coverage of this Guarantee, or to pay the full amount of this Guarantee or, if this Guarantee is issued for the benefit of a holder of a mortgage or a lienholder, the Company shall have the option to purchase the

indebtedness secured by said mortgage or said lien for the amount owing thereon, together with any costs, reasonable attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of purchase.

Such purchase, payment or tender of payment of the full amount of the Guarantee shall terminate all liability of the Company hereunder. In the event after notice of claim has been given to the Company by the Assured the Company offers to purchase said indebtedness, the owner of such indebtedness shall transfer and assign said indebtedness, together with any collateral security, to the Company upon payment of the purchase price.

Upon the exercise by the Company of the option provided for in Paragraph (a) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4, and the Guarantee shall be surrendered to the Company for cancellation.

- (b) To Pay or Otherwise Settle With Parties Other Than the Assured or With the Assured Claimant.

To pay or otherwise settle with other parties for or in the name of an Assured claimant any claim assured against under this Guarantee, together with any costs, attorneys' fees and expenses incurred by the Assured claimant which were authorized by the Company up to the time of payment and which the Company is obligated to pay.

Upon the exercise by the Company of the option provided for in Paragraph (b) the Company's obligation to the Assured under this Guarantee for the claimed loss or damage, other than to make the payment required in that paragraph, shall terminate, including any obligation to continue the defense or prosecution of any litigation for which the Company has exercised its options under Paragraph 4.

### 7. Determination and Extent of Liability.

This Guarantee is a contract of Indemnity against actual monetary loss or damage sustained or incurred by the Assured claimant who has suffered loss or damage by reason of reliance upon the assurances set forth in this Guarantee and only to the extent herein described, and subject to the Exclusions From Coverage of This Guarantee.

The liability of the Company under this Guarantee to the Assured shall not exceed the least of:

- (a) the amount of liability stated in Schedule A or in Part 2;  
(b) the amount of the unpaid principal indebtedness secured by the mortgage of an Assured mortgagee, as limited or provided under Section 6 of these Conditions and Stipulations or as reduced under Section 9 of these Conditions and Stipulations, at the time the loss or damage assured against by this Guarantee occurs, together with interest thereon; or  
(c) the difference between the value of the estate or interest covered hereby as stated herein and the value of the estate or interest subject to any defect, lien or encumbrance assured against by this Guarantee.

### 8. Limitation of Liability.

- (a) If the Company establishes the title, or removes the alleged defect, lien or encumbrance, or cures any other matter assured against by this Guarantee in a reasonably diligent manner by

## GUARANTEE CONDITIONS AND STIPULATIONS (Continued)

any method, including litigation and the completion of any appeals therefrom, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused thereby.

- (b) In the event of any litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals therefrom, adverse to the title, as stated herein.
- (c) The Company shall not be liable for loss or damage to any Assured for liability voluntarily assumed by the Assured in settling any claim or suit without the prior written consent of the Company.

### 9. Reduction of Liability or Termination of Liability.

All payments under this Guarantee, except payments made for costs, attorneys' fees and expenses pursuant to Paragraph 4 shall reduce the amount of liability pro tanto.

### 10. Payment of Loss.

- (a) No payment shall be made without producing this Guarantee for endorsement of the payment unless the Guarantee has been lost or destroyed, in which case proof of loss or destruction shall be furnished to the satisfaction of the Company.
- (b) When liability and the extent of loss or damage has been definitely fixed in accordance with these Conditions and Stipulations, the loss or damage shall be payable within thirty (30) days thereafter.

### 11. Subrogation Upon Payment or Settlement.

Whenever the Company shall have settled and paid a claim under this Guarantee, all right of subrogation shall vest in the Company unaffected by any act of the Assured claimant. The Company shall be subrogated to and be entitled to all rights and remedies which the Assured would have had against any person or property in respect to the claim had this Guarantee not been issued. If requested by the Company, the Assured shall transfer to the Company all rights and remedies against any person or property necessary in order to perfect this right of subrogation. The Assured shall permit the Company to sue, compromise or settle in the name of the Assured and to use the name of the Assured in any transaction or litigation involving these rights or remedies. If a payment on account of a claim does not fully cover the loss of the Assured the Company shall be subrogated to all rights and remedies of the Assured after the Assured shall have recovered its principal, interest, and costs of collection.

### 12. Arbitration.

Unless prohibited by applicable law, either the Company or the Assured may demand arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Assured arising out of or relating to this Guarantee, any service of the Company in connection with its issuance or the breach of a Guarantee provision or other obligation. All arbitrable matters when the Amount of Liability is \$2,000,000 or less shall be arbitrated at the option of either the Company or the Assured. All arbitrable matters when the amount of liability is in excess of \$2,000,000 shall be arbitrated only when agreed to by both the Company and the Assured. The Rules in effect at Date of Guarantee shall be binding upon the parties. The award may include attorneys' fees only if the laws of the state in which the land is located permits a court to award attorneys' fees to a prevailing party. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court having jurisdiction thereof.

The law of the situs of the land shall apply to an arbitration under the Title Insurance Arbitration Rules.

A copy of the Rules may be obtained from the Company upon request.

### 13. Liability Limited to This Guarantee; Guarantee Entire Contract.

- (a) This Guarantee together with all endorsements, if any, attached hereto by the Company is the entire Guarantee and contract between the Assured and the Company. In interpreting any provision of this Guarantee, this Guarantee shall be construed as a whole.
- (b) Any claim of loss or damage, whether or not based on negligence, or any action asserting such claim, shall be restricted to this Guarantee.
- (c) No amendment of or endorsement to this Guarantee can be made except by a writing endorsed hereon or attached hereto signed by either the President, a Vice President, the Secretary, an Assistant Secretary, or validating officer or authorized signatory of the Company.

### 14. Notices, Where Sent.

All notices required to be given the Company and any statement in writing required to be furnished the Company shall include the number of this Guarantee and shall be addressed to the Company at **First American Title Insurance Company, Attn: Claims National Intake Center, 1 First American Way, Santa Ana, California 92707 [Claims.NIC@firstam.com](mailto:Claims.NIC@firstam.com) Phone: 888-632-1642 Fax: 877-804-7606**



*First American Title*



*First American*

# Schedule A

## Subdivision Guarantee

ISSUED BY

**First American Title Insurance Company**

GUARANTEE NUMBER

**3324793**

Order No.: 3324793

Liability: \$2,000.00

Fee: \$350.00

Tax: \$35.35

Name of Assured: ACH Homes, LLC

Date of Guarantee: September 12, 2019

The assurances referred to on the face page hereof are:

1. Title is vested in:  
  
RMJ Holdings, LLC, a Washington limited liability company
2. That, according to the public records relative to the land described in Schedule C attached hereto (including those records maintained and indexed by name), there are no other documents affecting title to said land or any portion thereof, other than those shown under Record Matters in Schedule B.
3. The following matters are excluded from the coverage of this Guarantee
  - A. Unpatented Mining Claims, reservations or exceptions in patents or in acts authorizing the issuance thereof.
  - B. Water rights, claims or title to water.
  - C. Tax Deeds to the State of Washington.
  - D. Documents pertaining to mineral estates.
4. No guarantee is given nor liability assumed with respect to the validity, legal effect or priority of any matter shown herein.
5. This Guarantee is restricted to the use of the Assured for the purpose of providing title evidence as may be required when subdividing land pursuant to the provisions of Chapter 58.17, R.C.W., and the local regulations and ordinances adopted pursuant to said statute. It is not to be used as a basis for closing any transaction affecting title to said property.
6. Any sketch attached hereto is done so as a courtesy only and is not part of any title commitment, guarantee or policy. It is furnished solely for the purpose of assisting in locating the premises and First American expressly disclaims any liability which may result from reliance made upon it.



*First American*

# Schedule B

## Subdivision Guarantee

ISSUED BY  
**First American Title Insurance Company**

GUARANTEE NUMBER  
**3324793**

### RECORD MATTERS

1. Easement, including terms and provisions contained therein:  
Recording Information: [1333341](#)  
For: Pipeline  
Affects: Parcel A
  
2. Easement, including terms and provisions contained therein:  
  
Recording Information: [2279404](#)  
In Favor of: Pacific Telephone and Telegraph Company  
For: Poles with necessary appurtenances  
Affects: Parcel B
  
3. Easement, including terms and provisions contained therein:  
  
Recording Information: [6382268](#)  
In Favor of: Lakehaven Sewer District, a municipal corporation  
For: Sewer mains  
Affects: Parcel A
  
4. Easement, including terms and provisions contained therein:  
  
Recording Information: [6500949](#)  
In Favor of: Water District No. 64, a municipal corporation  
For: Water main and a reservoir drain line  
Affects: Parcel A
  
5. Easement, including terms and provisions contained therein:  
  
Recording Information: [7807060855](#)  
In Favor of: Lakehaven Sewer District, a municipal corporation  
For: Sewer mains  
Affects: Parcel A
  
6. Easement, including terms and provisions contained therein:  
  
Recording Information: [8703020711](#)  
In Favor of: Adjacent property owners  
For: Ingress, egress and utilities  
Affects: Parcel A

7. Easement, including terms and provisions contained therein:

Recording Information: [8901200501](#)  
In Favor of: Adjacent property owners  
For: Roadway for vehicular and pedestrian ingress and egress and for underground utilities  
Affects: Parcel A

8. Easement, including terms and provisions contained therein:

Recording Information: [8901200502](#)  
In Favor of: Adjacent property owners  
For: Roadway for vehicular and pedestrian ingress and egress and for underground utilities  
Affects: Parcel A

9. Conditions, notes, easements, provisions and/or encroachments contained or delineated on the face of the Survey recorded under Recording No. [9507129006](#).

10. Easement, including terms and provisions contained therein:

Recording Information: [20091209000857](#)  
In Favor of: The City of Federal Way  
For: Storm water system  
Affects: Parcel A

Re-recorded under Recording Number [20100310000599](#).

**Informational Notes, if any**

A. General taxes for the year 2019, which have been paid.

Tax Account No.: 042104901204  
Code Area: 1205  
Amount: \$ 34.42  
Assessed Land Value: \$ 3,014.00  
Assessed Improvement Value: \$ 0.00  
Affects: Parcel A

B. General taxes for the year 2019, which have been paid.

Tax Account No.: 042104922101  
Code Area: 1205  
Amount: \$ 871.15  
Assessed Land Value: \$ 77,000.00  
Assessed Improvement Value: \$ 0.00  
Affects: Parcel B

- C. We don't find any voluntary liens of record affecting subject property. Inquire as to the existence of any unrecorded lien or other indebtedness which could give rise to any security interest in the subject property.



*First American*

# Schedule C

## Subdivision Guarantee

ISSUED BY

**First American Title Insurance Company**

GUARANTEE NUMBER

**3324793**

The land in the County of King, State of Washington, described as follows:

PARCEL A:

THAT PORTION OF THE SOUTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 21 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON, LYING EAST OF PACIFIC HIGHWAY SOUTH.

EXCEPT THE SOUTH HALF THEREOF LYING WEST OF THE EAST 610 FEET THEREOF.

AND EXCEPT THE EAST 330 FEET OF THE NORTH 183 FEET THEREOF.

AND EXCEPT THE SOUTH 30 FEET THEREOF FOR SOUTH 304TH STREET.

AND EXCEPT THAT PORTION CONVEYED TO THE CITY OF FEDERAL WAY BY SPECIAL WARRANTY DEED RECORDED DECEMBER 9, 2009 AS RECORDING NO. [20091209000856](#).

PARCEL B:

THE WEST 135 FEET OF THE EAST 465 FEET OF THE SOUTH 117 FEET OF THE NORTHWEST QUARTER OF THE SOUTHWEST QUARTER OF SECTION 4, TOWNSHIP 21 NORTH, RANGE 4 EAST, W.M., IN KING COUNTY, WASHINGTON.



Addendum C

**DEED**

Record Date: 5/20/2019 4:26 PM  
King County, WA

**E2988819**

EXCISE TAX AFFIDAVITS  
5/20/2019 4:26 PM KING COUNTY, WA  
Selling Price: \$2,256,000.00  
Tax Amount: \$40,161.80

AFTER RECORDING RETURN TO:

RMJ HOLDINGS, LLC  
9675 SE 36th St. #105  
Mercer Island WA 98040



**20190520000974**

DEED Rec: \$104.00  
5/20/2019 4:26 PM  
KING COUNTY, WA

**BARGAIN AND SALE DEED**

**Grantors:** **OLGA DANILCHIK**, an unmarried individual  
**TATIANA SPOERRY**, an unmarried individual and as nonintervention personal representative of the Estate of Vera M. Spoerry, under King County, Washington Superior Court Cause No. 18-4-06387-3 KNT  
**BESSIE DANILCHIK**, an unmarried individual and the Trustee under Subtrust B of the Marital Trust created in Article V of the Last Will and Testament of Constantine Danilchik

**Grantee:** **RMJ HOLDINGS, LLC**, a Washington limited liability company

**Abbreviated Legal Description** (lot, block and plat name, or section-township-range):

Ptn SW $\frac{1}{4}$ /SW $\frac{1}{4}$  Sec 4, T21N, R4E

Complete legal description is on Exhibit A

**Assessor's Property Tax Parcel Account Number(s):** 042104-9012-04 and 042104-9221-01

**Reference Numbers of Documents Assigned or Released (if applicable):** N/A

**BARGAIN AND SALE DEED**

The Grantors, **OLGA DANILCHIK**, an unmarried individual, **TATIANA SPOERRY**, an unmarried individual and as nonintervention personal representative of the Estate of Vera M. Spoerry, under King County, Washington Superior Court Cause No. 18-4-06387-3 KNT, and **BESSIE DANILCHIK**, an unmarried individual and the Trustee under Subtrust B of the Marital Trust created in Article V of the Last Will and Testament of Constantine Danilchik, for and in consideration of Ten Dollars (\$10.00), in hand paid, bargains, sells and conveys to **RMJ HOLDINGS, LLC**, a Washington limited liability company (the "Grantee"), the real property described on Exhibit A attached hereto and made a part hereof (the "Real Property"), SUBJECT TO all matters of record.

DATED this 20 day of May, 2019.

*[Remainder of Page Left Blank Intentionally]*

Unofficial Copy

IN WITNESS WHEREOF, Grantors have executed this Bargain and Sale Deed as of the date written above.

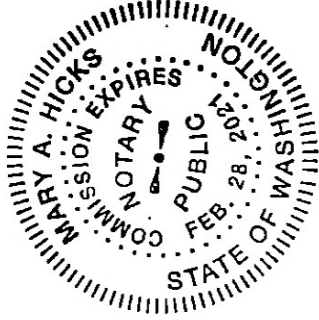
GRANTORS:

*Olga Danilchik*  
Olga Danilchik

STATE OF WASHINGTON     )  
  ) ss.  
COUNTY OF KING        )

On this 16 day of May, 2019, before me, a Notary Public in and for the State of Washington, personally appeared OLGA DANILCHIK, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument and acknowledged it to be her free and voluntary act and deed for the uses and purposes mentioned in the instrument.

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



*Mary A Hicks*

NOTARY PUBLIC in and for the State of Washington,  
residing at Buain  
My appointment expires 02-28-2021  
Print Name Mary A Hicks

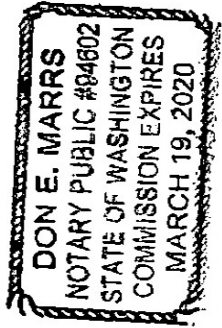
UNOFFICIAL COPY

Bessie Danilchik  
Bessie Danilchik, an unmarried individual and the Trustee under Subtrust B of the Marital Trust created in Article V of the Last Will and Testament of Constantine Danilchik

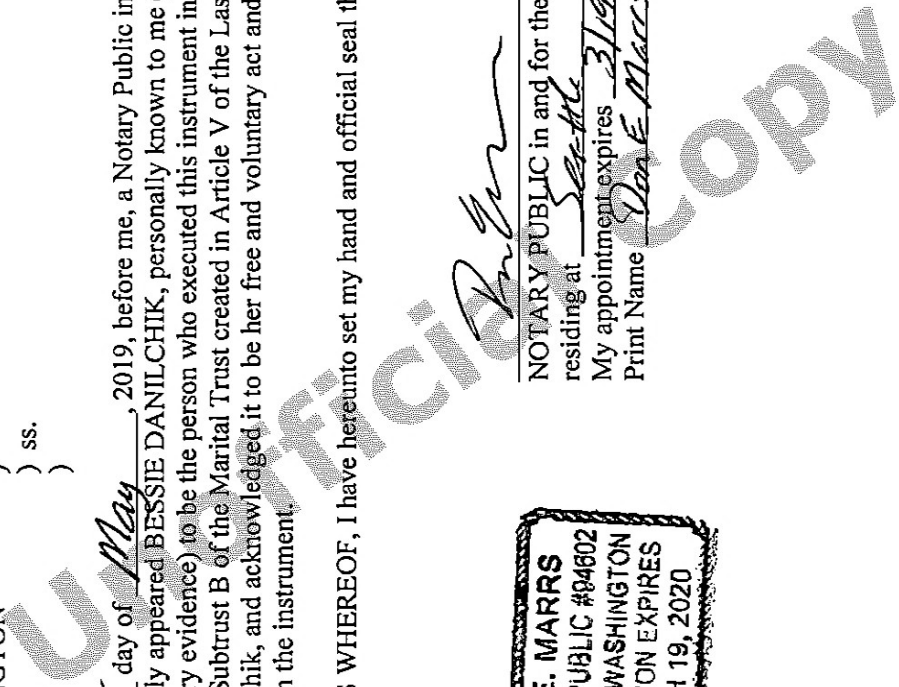
STATE OF WASHINGTON )  
 ) ss.  
COUNTY OF KING )


On this 15 day of May, 2019, before me, a Notary Public in and for the State of Washington, personally appeared **BESSIE DANILCHIK**, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed this instrument in her personal capacity and as Trustee under Subtrust B of the Marital Trust created in Article V of the Last Will and Testament of Constantine Danilchik, and acknowledged it to be her free and voluntary act and deed for the uses and purposes mentioned in the instrument.

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



[Signature]  
NOTARY PUBLIC in and for the State of Washington,  
residing at Seattle  
My appointment expires 3/19/20  
Print Name Don E. Marrs



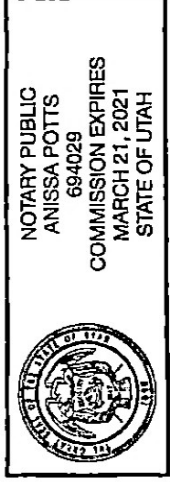
  
 Tatiana Spoerry, an unmarried individual, and  
 nonintervention personal representative of the  
 Estate of Vera M. Spoerry, under King County,  
 Washington, Superior Court Cause No. 18-4-  
 06387-3 KNT

STATE OF UTAH )  
 )  
 COUNTY OF Cache ) ss.  
 )

On this 16 day of MAY, in the year of 2019, before me, Anissa Potts  
 a notary public, personally appeared TATIANA SPOERRY, proved on the basis of satisfactory evidence  
 to be the person whose name is subscribed to this instrument, and acknowledged she executed same in her  
 personal capacity and as nonintervention personal representative of the Estate of Vera M. Spoerry, under  
 King County, Washington, Superior Court Cause No. 18-4-06387-3 KNT.

Witness my hand and official seal.

Anissa Potts  
 (notary signature)



(notary seal)

UNOFFICIAL COPY

**EXHIBIT A  
TO  
BARGAIN AND SALE DEED**

Legal Description

**PARCEL A:**

That portion of the Southwest quarter of the Southwest quarter of Section 4, Township 21 North, Range 4 East, W.M., in King County, Washington, lying East of Pacific Highway South.

EXCEPT the South half thereof lying West of the East 610 feet thereof.

AND EXCEPT the East 330 feet of the North 183 feet thereof.

AND EXCEPT the South 30 feet thereof for South 304th Street.

AND EXCEPT that portion conveyed to the City of Federal Way by Special Warranty Deed recorded December 9, 2009 as Recording No. 20091209000856.

**PARCEL B:**

The West 135 feet of the east 465 feet of the South 17 feet of the Northwest quarter of the Southwest quarter of Section 4, Township 21 North, Range 4 East, W.M., in King County, Washington.

Official Copy

Addendum D

**CLIENT CONTRACT INFORMATION**



# Proposal and Contract for Services

April 2, 2020

Dmitriy Mayzlin

**RMJ HOLDINGS LLC**

9675 SE 36th Street, Suite 105

Mercer Island, WA 98040

Phone: 206.588.1147 ext. 114

Email: [dmitriy@americanclassichomes.com](mailto:dmitriy@americanclassichomes.com)

RE: Assignment Agreement - Land  
20<sup>th</sup> Ave Subdivision Site, 30231 20th Ave S  
Federal Way, WA 98003

Dear Mr. Mayzlin:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

## PROPOSAL SPECIFICATIONS

<b>Purpose:</b>	To estimate the Fair Market Value of the referenced real estate
<b>Premise:</b>	As Is
<b>Rights Appraised:</b>	Fee Simple
<b>Intended Use:</b>	Internal Decision Making purposes
<b>Intended User:</b>	The intended user is RMJ HOLDINGS LLC ("Client"), The City of Federal Way, and such other parties and entities (if any) expressly recognized by CBRE as "Intended Users" (as further defined herein).
<b>Reliance:</b>	Reliance on any reports produced by CBRE under this Agreement is extended solely to parties and entities expressly acknowledged in a signed writing by CBRE as Intended Users of the respective reports, provided that any conditions to such acknowledgement required by CBRE or hereunder have been satisfied. Parties or entities other than Intended Users who obtain a copy of the report or any portion thereof (including Client if it is not named as an Intended User), whether as a result of its direct dissemination or by any other means, may not rely upon any opinions or conclusions contained in the report or such portions thereof, and CBRE will not be responsible for any unpermitted use of the report, its conclusions or contents or have any liability in connection therewith.
<b>Inspection:</b>	CBRE will conduct a physical inspection of the exterior of the subject property, and its surrounding environs on the effective date of appraisal.

CBRE, Inc.  
1420 Fifth Avenue, Suite 1700  
Seattle, WA 98101  
[www.cbre.us/valuation](http://www.cbre.us/valuation)

**Whitney Haucke, MAI, CPA, MRICS**  
Managing Director

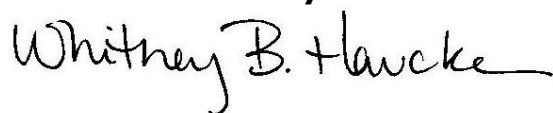
<b>Valuation Approaches:</b>	Only the Sales Comparison Approach will be completed.
<b>Report Type:</b>	Standard Appraisal Report
<b>Appraisal Standards:</b>	USPAP
<b>Appraisal Fee:</b>	\$3,500
<b>Expenses:</b>	Fee includes all associated expenses
<b>Retainer:</b>	A retainer is not required for this assignment
<b>Payment Terms:</b>	Final payment is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. The fee is considered earned upon delivery of the draft report. We will invoice you for the assignment in its entirety at the completion of the assignment.
<b>Delivery Instructions:</b>	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.  An Adobe PDF file via email will be delivered to dmitriy@americanclassichomes.com.
<b>Delivery Schedule:</b>	
<b>Preliminary Value:</b>	5 business days after the Start Date
<b>Draft Report:</b>	Not Required
<b>Final Report:</b>	10 business days after the Start Date
<b>Start Date:</b>	The appraisal process will start upon receipt of your signed agreement and the property specific data.
<b>Acceptance Date:</b>	These specifications are subject to modification if this proposal is not accepted within 3 business days from the date of this letter.

When executed and delivered by all parties, this letter, together with the Terms and Conditions and the Specific Property Data Request attached hereto and incorporated herein, will serve as the Agreement for appraisal services by and between CBRE and Client. Each person signing below represents that it is authorized to enter into this Agreement and to bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,


**CBRE, Inc.**  
**Valuation & Advisory Services**



Whitney Haucke, MAI, CPA, MRICS  
Managing Director  
As Agent for CBRE, Inc.  
T 206.292.6006  
whitney.haucke@cbre.com

# AGREED AND ACCEPTED

## FOR RMJ HOLDINGS LLC ("CLIENT"):

 _____ Signature	<u>4/2/2020</u> _____ Date
Dmitriy Mayzlin _____ Name	<u>Director of Land A&amp;D</u> _____ Title
206.588.1147 _____ Phone Number	<u>dmitriy@americanclassichomes.com</u> _____ E-Mail Address

## ADDITIONAL OPTIONAL SERVICES

Assessment & Consulting Services: CBRE’s Assessment & Consulting Services group has the capability of providing a wide array of solution-oriented due diligence services in the form of property condition and environmental site assessment reports and other necessary due diligence services (seismic risk analysis, zoning compliance services, construction risk management, annual inspections, etc.). CBRE provides our clients the full complement of due diligence services with over 260 employees in the U.S. that are local subject matter experts.

Initial below if you desire CBRE to contact you to discuss a proposal for any part or the full complement of consulting services, or you may reach out to us at [WhitePlainsProposals@cbre.com](mailto:WhitePlainsProposals@cbre.com). We will route your request to the appropriate manager. For more information, please visit [www.cbre.com/assessment](http://www.cbre.com/assessment).

DM \_\_\_\_\_ Initial Here

## TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement" ) between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$00. Additional copies of the Appraisal Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Appraiser is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses, including but not limited to Appraiser's attorneys' fees, and additional time incurred by Appraiser based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 5 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between

Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.

8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to Appraiser's actual knowledge and belief. Appraiser does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others. TO THE FULLEST EXTENT PERMITTED BY LAW, APPRAISER DISCLAIMS ANY GUARANTEE OR WARRANTY AS TO THE OPINIONS AND CONCLUSIONS PRESENTED ORALLY OR IN ANY APPRAISAL REPORT, INCLUDING WITHOUT LIMITATION ANY WARRANTY OF FITNESS FOR ANY PARTICULAR PURPOSE EVEN IF KNOWN TO APPRAISER. Furthermore, the conclusions and any permitted reliance on and use of the Appraisal Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.
9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.
13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.
15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES, AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO APPRAISER UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT

APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

16. Client shall not disseminate, distribute, make available or otherwise provide any Appraisal Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Appraiser as an "Intended User" of the Appraisal Report provided that either Appraiser has received an acceptable release from such third party with respect to such Appraisal Report or Client provides acceptable indemnity protections to Appraiser against any claims resulting from the distribution of the Appraisal Report to such third party, (ii) any third party service provider (including rating agencies and auditors) using the Appraisal Report in the course of providing services for the sole benefit of an Intended User, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Appraiser consents, in writing, to Client incorporating or referencing the Appraisal Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Appraiser with complete copies of such materials and Appraiser has approved all such materials in writing. Client shall not modify any such materials once approved by Appraiser. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of an Appraisal Report by such party extend any right to the party to use and rely on such report, and Appraiser shall have no liability for such unauthorized use and reliance on any Appraisal Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Appraiser, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Appraiser and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Appraisal Report.
17. Furthermore, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any Damages claimed by any user or recipient of the Appraisal Report, whether or not an Intended User, (iii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iv) an actual or alleged violation of applicable law by an Intended User (including, without limitation, securities laws) or the negligent or intentional acts or omissions of an Intended User (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
18. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Appraiser and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Appraisal Report, (b) any services or appraisals under this Agreement or (c) any acts or conduct relating to such services or appraisals, shall be filed within two (2) years from the date of delivery to Client of the Appraisal Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.

# Proposal and Contract for Services

## SPECIFIC PROPERTY DATA REQUEST

In order to complete this assignment under the terms outlined, CBRE, Inc., Valuation & Advisory Services, will require the following specific information for the property:

1. PLEASE NOTIFY US IMMEDIATELY IF ANY OTHER CBRE SERVICE LINE (INCLUDING CAPSTONE) IS INVOLVED IN THE BROKERAGE, FINANCING, INVESTMENT OR MANAGEMENT OF THIS ASSET.
2. Current title report or title holder name
3. Legal description
4. Survey and/or plat map
5. Current county property tax assessment or tax bill and information on the projected effective tax rate (including all potential special assessments)
6. Details on any sale, contract, or listing of the property within the past three years
7. Any other information that might be helpful in valuing this property

If any of the requested data and information is not available, CBRE, Inc., reserves the right to extend the delivery date by the amount of time it takes to receive the requested information or make other arrangements. Please have the requested information delivered to the following:

Bob Mangino  
Robert.mangino@cbre.com  
CBRE, Inc.  
Valuation & Advisory Services  
1420 Fifth Avenue, Suite 1700  
Seattle, WA 98101

Addendum E

**QUALIFICATIONS**



# Bob Mangino

Senior Appraiser, Seattle

CBRE



T + 01 206 292 6164  
M +01 206 910 5934  
robert.mangino@cbre.com

1420 5<sup>th</sup> Ave, Suite 1700  
Seattle, WA 98101  
www.cbre.com/robert.mangino

## Experience

Mr. Mangino is a Senior Appraiser working in the Seattle's Valuation and Advisory Services group. He has been involved with real estate underwriting, appraisal, and counseling since 1999. Prior to working at CBRE he was the principal of Mangino Advisory Services, a firm offering customized services involving the valuation of and investment strategies for commercial real estate. Before that he was an appraiser at O'Connor Consulting Group in Seattle, where he worked on appraisals and litigation support for multifamily, commercial, retail, medical office, recreational, mixed-use, and hospitality properties. Prior to that, Mr. Mangino was an Associate Director of Valuation Advisory Services at Cushman & Wakefield of Washington, Inc., where he worked on appraisals of a wide variety of property types for 12 years.

Mr. Mangino has worked on consulting assignments that include vacant land, office buildings, shopping centers, industrial buildings, commercial properties, mixed-use developments, and residential properties in Alaska, British Columbia, Washington, and Oregon. He has performed valuations of proposed, partially completed, renovated, and existing structures.

## Professional Affiliations / Accreditations

- Affiliate Member, Appraisal Institute
- Duly Certified General Real Estate Appraiser in Washington State
  - Washington License #1101669

## Education

- University of Washington, Seattle, Washington, 1998
  - Degree: Master of Business Administration (Real Estate and Finance)
- Sarah Lawrence College, Bronxville, New York, 1987
  - Degree: Bachelor of Arts (English)



State of Washington  
DEPARTMENT OF LICENSING

APPRAISER PROGRAM  
P O Box 9021  
Olympia, WA 98507

\_\_\_\_\_  
\_\_\_\_\_

ADDRESS SERVICE REQUESTED

REAA 586

ROBERT MANGINO  
3058 60TH AVE SE  
MERCER ISLAND WA 98040

STATE OF WASHINGTON

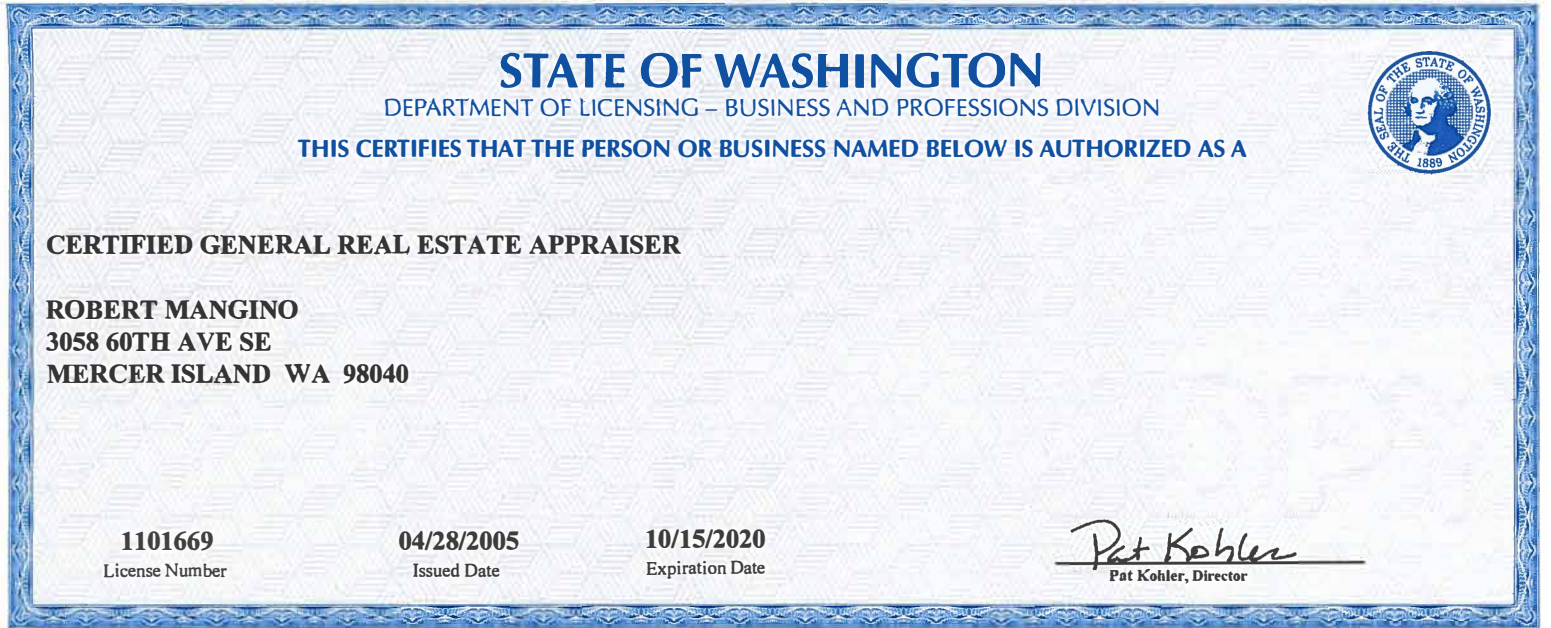
CERTIFIED GENERAL REAL ESTATE APPRAISER

ROBERT MANGINO  
3058 60TH AVE SE  
MERCER ISLAND WA 98040



1101669      10/15/2020  
License Number      Expiration Date

*Pat Kohler*  
Pat Kohler, Director



STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A



CERTIFIED GENERAL REAL ESTATE APPRAISER

ROBERT MANGINO  
3058 60TH AVE SE  
MERCER ISLAND WA 98040

1101669  
License Number

04/28/2005  
Issued Date

10/15/2020  
Expiration Date

*Pat Kohler*  
Pat Kohler, Director

# Whitney Haucke, MAI, CPA, MRICS

CBRE

Managing Director, Pacific Northwest



T + 1 206 292 6006  
whitney.haucke@cbre.com

1420 5<sup>th</sup> Avenue, Suite 1700  
Seattle, WA 98101

## Clients Represented

- Major National Financial Institutions
- Regional Financial Institutions
- Life Insurance Companies
- Core Investors
- Non-Core Investors
- Private Investors
- REITS
- Attorneys
- Development Companies

## Experience

Ms. Haucke has been involved with real estate counseling and appraisal for nearly 20 years. Her family background is in real estate and her roots in the Pacific Northwest run deep, stemming from the active family brokerage and development business in Eugene, Oregon (CW Walker & Associates). She works with a wide variety of clients on diverse issues dealing with real estate. She is the Managing Director of CBRE, managing the consulting and appraisal activities in the Pacific Northwest (Oregon, Idaho, Washington and Alaska). She is also a Washington State licensed Certified Public Accountant.

Her appraisal and consulting assignments have included area malls and shopping centers, apartments, condominiums, vacant land, office buildings, industrial complexes, commercial properties, residential properties, self-storage and other investment properties along the West Coast. She has performed valuations of proposed, partially completed, renovated and existing structures. She has served as arbiter in numerous real estate matters, including ground rent redetermination, space lease renewal rent determination and property tax issues.

## Professional Affiliations / Accreditations

- Designated Member (MAI), Appraisal Institute
  - Chapter President 2018 – Seattle Chapter
  - Chapter Vice President 2017 – Seattle Chapter
  - Chapter Treasurer 2016 – Seattle Chapter
  - Chapter Secretary 2015 – Seattle Chapter
  - Former Member, Board of Directors – Seattle Chapter
  - Former Seattle Chapter Finance Committee Member and Associate Member Guidance Chair
- Royal Institution of Chartered Surveyors – Member (MRICS)
- Certified Public Accountant (CPA) – Washington State, license #20170
- Ms. Haucke is a Certified General Real Estate Appraiser in the following states:
  - Washington #1101005
  - Oregon #C001037
  - Idaho #CGA-3142
  - Alaska #866

## Education

- Seattle Pacific University, Seattle, Washington  
Bachelor of Arts (Majoring in Accounting)
- Appraisal Institute Professional Development Program Registry for Litigation
- Appraisal Institute Program Registry for Valuation of Sustainable Buildings
- “Yellow Book” course (Uniform Appraisal Standards for Federal Land Acquisition)



State of Washington  
**DEPARTMENT OF LICENSING**  
 APPRAISER PROGRAM  
 P O Box 9021  
 Olympia, WA 98507

ADDRESS SERVICE REQUESTED

REAA 950

WHITNEY B HAUCKE  
 2102 NE 100TH STREET  
 SEATTLE WA 98125

**STATE OF WASHINGTON**  
 CERTIFIED GENERAL REAL ESTATE APPRAISER

WHITNEY B HAUCKE  
 2102 NE 100TH STREET  
 SEATTLE WA 98125

**1101005**      **05/17/2020**  
 License Number      Expiration Date

*Pat Kohler*  
 Pat Kohler, Director

**STATE OF WASHINGTON**

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A



**CERTIFIED GENERAL REAL ESTATE APPRAISER**

WHITNEY B HAUCKE  
 2102 NE 100TH STREET  
 SEATTLE WA 98125

**1101005**  
 License Number

**04/03/2001**  
 Issued Date

**05/17/2020**  
 Expiration Date

*Pat Kohler*  
 Pat Kohler, Director

**CBRE VALUATION & ADVISORY SERVICES**

**ROBERT MANGINO**

Valuation & Advisory Services

+1 2062926164

Robert.Mangino@cbre.com

**WHITNEY HAUCKE**

Valuation & Advisory Services

206-292-6122

[www.cbre.com](http://www.cbre.com)