

Commercial Revalue

2018 Assessment roll

BOEING
AREA 625

King County, Department of Assessments
Seattle, Washington

John Wilson, Assessor



King County

Department of Assessments

King County Administration Bldg.
500 Fourth Avenue, ADM-AS-0708
Seattle, WA 98104-2384

(206) 263-2300 FAX (206) 296-0595

Email: assessor.info@kingcounty.gov

<http://www.kingcounty.gov/assessor/>

John Wilson
Assessor

Dear Property Owners,

Our field appraisers work hard throughout the year to visit properties in neighborhoods across King County. As a result, new commercial and residential valuation notices are mailed as values are completed. We value your property at its "true and fair value" reflecting its highest and best use as prescribed by state law (RCW 84.40.030; WAC 458-07-030).

We continue to work hard to implement your feedback and ensure we provide accurate and timely information to you. We have made significant improvements to our website and online tools to make interacting with us easier. The following report summarizes the results of the assessments for your area along with a map. Additionally, I have provided a brief tutorial of our property assessment process. It is meant to provide you with background information about the process we use and our basis for the assessments in your area.

Fairness, accuracy and transparency set the foundation for effective and accountable government. I am pleased to continue to incorporate your input as we make ongoing improvements to serve you. Our goal is to ensure every single taxpayer is treated fairly and equitably.

Our office is here to serve you. Please don't hesitate to contact us if you ever have any questions, comments or concerns about the property assessment process and how it relates to your property.

In Service,

John Wilson
King County Assessor

How Property Is Valued

King County along with Washington's 38 other counties use mass appraisal techniques to value all real property each year for property assessment purposes.

What Are Mass Appraisal Techniques?

In King County the Mass Appraisal process incorporates statistical testing, generally accepted valuation methods, and a set of property characteristics for approximately 700,000 residential, commercial and industrial properties. More specifically for commercial property, the Assessor breaks up King County into geographic or specialty (i.e., office buildings, warehouses, retail centers, etc.) market areas and annually develops valuation models using one or more of the three standard appraisal indicators of value: Cost, Sales Comparison (market) and Income. For most commercial properties the income approach is the primary indicator of value. The results of the models are then applied to all properties within the same geographic or specialty area.

Are Properties Inspected?

All property in King County is physically inspected at least once during each six year cycle. Each year our appraisers inspect a different geographic area. An inspection is frequently an external observation of the property to confirm whether the property has changed by adding new improvements or shows signs of deterioration more than normal for the property's age. For some larger or complex commercial properties an appraiser may need to also conduct an interior inspection of the buildings or property. From the property inspections we update our property assessment records for each property.

How are Commercial Properties Valued?

The Assessor collects a large amount of data regarding commercial properties: cost of construction, sales of property, and prevailing levels of rent, operating expenses, and capitalization rates. Statistical analysis is conducted to establish relationships between factors that might influence the value of commercial property. Lastly valuation models are built and applied to the individual properties. For income producing properties, the following steps are employed to calculate an income approach:

1. Estimate potential gross income
2. Deduct for vacancy and credit loss
3. Add miscellaneous income to get the effective gross income
4. Determine typical operating expenses
5. Deduct operating expenses from the effective gross income
6. Select the proper capitalization rate
7. Capitalize the net operating income into an estimated property value

How is Assessment Uniformity Achieved?

The Assessor achieves uniformity of assessments through standardization of rate tables for incomes, operating expenses, vacancy and credit loss collections and capitalization rates which are uniformly applied to similarly situated commercial properties. Rate tables are generated annually that identify specific rates based on location, age, property type, improvement class, and quality grade. Rate tables are annually calibrated and updated based on surveys and collection of data from local real estate brokers, professional trade publications, and regional

financial data sources. With up-to-date market rates we are able to uniformly apply the results back to properties based on their unique set of attributes.

Where there is a sufficient number of sales, assessment staff may generate a ratio study to measure uniformity mathematically through the use of a coefficient of dispersion (aka COD). A COD is developed to measure the uniformity of predicted property assessments. We have adopted the Property Assessment Standards prescribed by the International Association of Assessing Officers (aka IAAO) that may be reviewed at www.IAAO.org. The following are target CODs we employ based on standards set by IAAO:

Type of Commercial Property	Subtype	COD Range
Income Producing	Larger areas represented by large samples	5.0 to 15.0
Income Producing	Smaller areas represented by smaller samples	5.0 to 20.0
Vacant Land		5.0 to 25.0
Other real and personal property		Varies with local conditions

Source: IAAO, *Standard on Ratio Studies*, 2013, Table 1-3. www.IAAO.org

More results of the statistical testing process are found within the attached area report.

Requirements of State Law

Within Washington State, property is required to be revalued each year to market value based on its highest and best use. (RCW 84.41.030; 84.40.030; and WAC 458-07-030). Washington Courts have interpreted fair market value as the amount of money a buyer, willing but not obligated to buy, would pay to a seller willing but not obligated to sell. Highest and Best Use is simply viewed as the most profitable use that a property can be legally used for. In cases where a property is underutilized by a property owner, it still must be valued at its highest and best use.

Appraisal Area Reports

The following area report summarizes the property assessment activities and results for a general market area. The area report is meant to comply with state law for appraisal documentation purposes as well as provide the public with insight into the mass appraisal process.

2018 Revalue Report

Specialty Area 625: Boeing



King County Department of Assessments



Executive Summary Report

Appraisal Date

- January 1, 2018 for the 2018 Assessment Year (2019 Tax Roll Year)

Specialty

- Boeing

Sales - Improved Ratio Study

No ratio study was performed for Boeing properties. The market for these properties is limited. There is an absence of sales data necessary to measure assessment levels and statistics.

Population – Parcel Summary Data

Total Population - Parcel Summary Data			
	Land	Improvements	Total
2017 Value	\$833,038,400	\$761,481,800	\$1,594,520,200
2018 Value	\$971,892,000	\$833,976,800	\$1,805,868,800
% Change	16.67%	9.52%	13.25%

Number of Parcels in the Population: 133

* Land values represent values prior to any adjustment for contamination

Conclusion and Recommendation

The values recommended in this report improve uniformity of values. We recommend posting them for the 2018 Assessment Year.

Identification of the Area

Name or Designation

- Specialty Area 625, Boeing

Specialty Neighborhoods

Seven neighborhoods have been established by the Assessor for valuation purposes of this specialty in order to group properties into areas of similar markets:

- Neighborhood 52 - Industrial
- Neighborhood 10 - Renton
- Neighborhood 11 – Seattle
- Neighborhood 25 - Longacres
- Neighborhood 30 - Kent
- Neighborhood 33 - Bellevue
- Neighborhood 35 - Spares Distribution Center

Boundaries

All of King County

Maps

General maps of the area are included in this report. More detailed Assessor's maps are located on the 7th floor of the King County Administration Building.

Area Overview

Property Description

Boeing is the world's largest aerospace company and the leading manufacturer of commercial jetliners, defense, space and security systems, and service provider of aftermarket support. The company is America's biggest manufacturing exporter and the largest private employer in Washington State. Currently, nearly half of Boeing's global workforce is located in Washington. Boeing products and tailored services include commercial and military aircraft, satellites, weapons, electronic and defense systems, launch systems, advanced information and communication systems, and performance-based logistics and training.

The company is organized into three business units: Commercial Airplanes, Defense, Space & Security, and Boeing Global Services, which began operations in July of 2017. Supporting these units is Boeing Capital Corporation, a global provider of financing solutions.

Commercial Airplanes:

Commercial Airplanes or BCA, is headquartered in the City of Renton, in King County. It designs, assembles, markets, and sells jet airliners and business jets (Boeing Business Jets); it also provides product-related maintenance and training to customers worldwide. BCA has more than a dozen engineering, manufacturing, and assembly facilities located throughout the U.S. and internationally. BCA includes the assets of the Douglas Aircraft division of the former McDonnell Douglas Corporation, which merged with Boeing in 1997. Major commercial airplane facilities in King County are located in the cities of Renton, Auburn, and Seattle.

The Renton site began manufacturing operations in 1941. It has been home to many of commercial aviation's most renowned airplanes. Renton currently produces the 737-NG (next-generation) airplanes, which includes the Boeing Business Jet (BBJ), and the company's newest 737 model, the 737-MAX. The 737 is the world's most popular and reliable commercial jet. The airplane was first produced in Seattle at Boeing Field in 1967 and has been continuously assembled at the Renton plant since 1970. The 10,000th 737 rolled out of final assembly on March 13th, 2018. There were a total of 529 737's delivered in 2017 and as of May 2018 there was a backlog of 4,648 orders with a production rate of 47 airplanes per month.

The Auburn plant, opened in 1966, is the headquarters for Boeing's Fabrication Division. It is the largest airplane parts plant in the world with 265,000 part numbers currently manufactured there. The facility produces roughly 15,000 parts per day and employs over 5,300 people. In addition to parts production the complex houses an extensive tooling, manufacturing services and support team. This location is considered Commercial Airplanes' area of excellence for emergent

operations, complex precision machining, and specialty production focused on advanced metal structures.

In December of 2016 construction began on the first new building at the Auburn complex in nearly 25 years. The new building, completed in late 2017 is a 2-story, 71,000 square foot Workforce Readiness Center. The \$16.7 million training center is a multi-use facility dedicated to enhance the skills of the more than 5,300 employees Boeing has in Auburn. It also includes a new employee medical center.

Defense, Space & Security:

Defense, Space & Security or BDS is headquartered in Arlington, Virginia. It has a portfolio that includes manned and unmanned systems; space and satellite systems; intelligence and security systems; and extensive integration expertise. The business unit employs about 32,000 people worldwide. As the world's second-largest defense company, BDS is the only aerospace business offering products and capabilities allowing its customers to meet mission requirements from the sea bed to outer space. It serves a diverse customer base, but its portfolio is focused in six key market areas: Commercial Derivatives, Military Rotorcraft, Human Space Exploration, Satellites, Autonomous Systems and Services. Within King County, the Kent Space Center located in the City of Kent, and work groups at the Developmental Center Campus and Thompson Site located in South Seattle are part of the Boeing Defense, Space & Security (BDS) business unit.

Although the Kent Space Center has been significantly downsized over the past 5 years, with over 662,000 square feet of space demolished and the land sold for redevelopment, the Kent Space Center currently provides support for the Defense and Space Group and the Information and Communications Systems. The facility provides communication networks with air, land, sea and space-based platforms for military, government and commercial customers. Boeing designs and manufactures rotorcraft, electronic and defense systems, missiles, satellites, launch vehicles and advanced information and communication systems.

The Thompson Site and the Developmental Center are both located in South Seattle along the Duwamish River and both handle military contracts. The Thompson Site has been home to the P-8A aircraft facility since 2010. The P-8A is a commercial derivative aircraft modified from a next-generation 737-800 commercial airplane built in Renton. The aircraft are flown from Renton to Boeing Field where BDS employees install mission systems and conduct testing prior to customer delivery. The P-8A is a long-range anti-submarine warfare, anti-surface warfare, intelligence, surveillance, and reconnaissance aircraft that was developed for the U.S. Navy by a Boeing-led team.

Boeing Global Services:

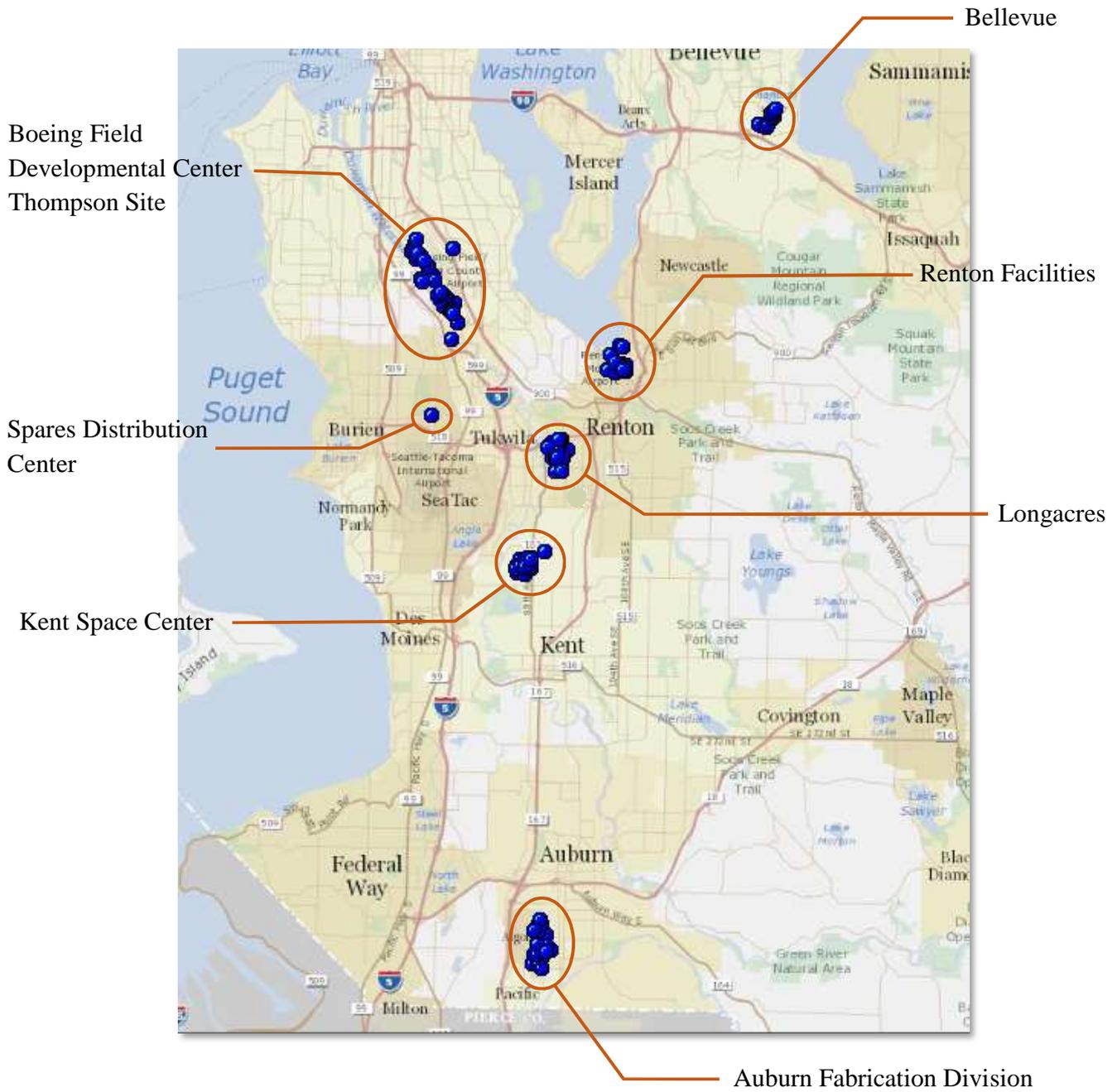
Boeing Global Services was formed as a separate business unit and began operations in July of 2017. It delivers innovative, comprehensive and cost-competitive service solutions for commercial, defense and space customers, regardless of the equipment's original manufacturer. With engineering, digital analytics, supply chain and training support spanning across both the government and commercial service offerings, Boeing Global Services' around-the-clock support keeps customers' commercial aircraft operating at high efficiency, and provides mission assurance for nations around the world.

Boeing Capital Corporation:

Boeing Capital Corporation or BCC, is a global provider of financing solutions for Boeing customers. Working closely with Commercial Airplanes and Defense, Space & Security, BCC ensures customers have the financing needed to buy and take delivery of their Boeing products. With a year-end 2016 portfolio value at approximately \$4.1 billion, BCC combines Boeing's financial strength and global reach, detailed knowledge of Boeing customers and equipment and the expertise of financial professionals.

Area Description

Boeing properties are located in seven locations within King County. As shown in the map below:



Area Market Conditions

Boeing is actively working to reduce overhead and increase its productivity in the highly competitive aerospace and defense industry. The company has put tight controls on spending in Washington State and across the country, curbed employee overtime, imposed layoffs and squeezed suppliers to improve its own competitiveness.

Boeing reported in January of 2017 that it would cut 500 jobs in its defense division nationwide, close facilities in Texas and Virginia, and consolidate some other sites over the next four years.¹ The site consolidation will reduce the company's overall footprint by approximately 4.5 million square feet nationwide and relocate the work of more than 3,500 employees. In Washington State, Boeing expects few if any job losses as a result. In King County, Boeing sold several parcels of land at its Kent location where it continues to reduce its need for space. About 1,000 defense-side workers were moved from the company's Kent site to Tukwila in 2017.

Aside from the current consolidation and cost-cutting measures, the future of the Boeing Company continues to be bright. Boeing has a long tradition of aerospace leadership and innovation. The company continues to expand its product line and services to meet emerging customer needs. Its broad range of capabilities includes creating new, more efficient members of its commercial airplane family; designing, building and integrating military platforms and defense systems; creating advanced technology solutions; and arranging innovative financing and service options for customers.

As of January 1, 2018 Boeing employed a total of 141,322 workers with 65,829 of those located in Washington State.²

¹ Seattle Times January 10, 2017 by aerospace reporter Dominic Gates

² www.boeing.com/company/general-info/#/employment-data

Analysis Process

Effective Date of Appraisal: January 1, 2018

Date of Appraisal Report: July 15, 2018

Highest and Best Use Analysis

As if vacant: Market analysis of the area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the land. The highest and best use of a property must be reasonably probable, legally permissible, physically possible, financially feasible and maximally productive.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing improvements represent the highest and best use of most sites. The majority of the appraised parcels are industrial/manufacturing uses in industrial zoned areas and are considered “specialty properties”. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel. The existing uses will continue until land value, in its highest and best use, exceeds the sum of value of the entire property in its existing use and the cost to remove the improvements. We find that the current improvements do add value to the property, in most cases, and are therefore the highest and best use of the property as improved. In those properties where the property is not at its highest and best use, a nominal value of \$1,000 is typically assigned to the improvements.

Special Assumptions, Departures and Limiting Conditions

The economic income and cost approaches to value were considered for this mass appraisal valuation. Land sales were used by the geographic appraiser to establish land values.

No market trends (market condition adjustments, time adjustments) were applied to sales prices. Models were developed without market trends.

This report intends to meet the requirements of the Uniform Standards of Professional Appraisal Practice, Standard 6

Scope of Data

Physical Inspection Identification

WAC 458-07-015 requires each property to be physically inspected at least once during a 6 year revaluation cycle. At a minimum, an exterior observation of the properties is made to verify the accuracy and completeness of property characteristic data that affect value. Property records are updated in accordance with the findings of the physical inspection. 2018 was the last year of the current six year cycle and all property inspections have been completed. As a result, there were no physical inspections required for 2018.

Land Value Data

The geographic appraiser for each area in which a Boeing property is located is responsible for the land valuation model used for the Boeing parcels. A list of land sales used to establish the current land values and those considered not reflective of market are included in the geographic appraiser's reports.

Improved Parcel Total Value Data

Sales information is obtained from excise tax affidavits and reviewed initially by the Accounting Division Sales Identification Section. Information is analyzed and investigated by the appraiser in the process of revaluation. All sales are verified, if possible, by contacting either the purchaser or seller, or contacting the real estate broker, and reviewing sale transaction data from online subscription sources. Characteristic data is verified for all sales, if possible. If necessary a site inspection is made. Sales are subsequently listed in the "Sales Used" and "Sales Not Used" sections of this report.

Improved Parcel Total Values

Sales Comparison Approach Description

The sales comparison approach was not utilized because there are too few quality sales to form an efficient market. In general, Boeing properties are useful for a specific purpose and rarely sell for investment purposes. The exception to this would be the sale of office buildings. Other sales that have occurred have been for the future development of the land with Boeing demolishing the existing improvements on the site before offering the land for sale.

In October of 2017, Boeing sold four office buildings in Bellevue's Eastgate neighborhood to a private equity real estate firm with experience in acquisition, repositioning, and disposition of corporate owned property. The buildings total 258,000 square feet with 214,684 square feet of net rentable space. The buildings had been offered on the market at the beginning of 2017 with no listing price and a total sales price of \$35,700,000 was ultimately negotiated between the parties. As of the time of closing Boeing still occupied two of the buildings with plans to vacate by January 1, 2018. The allocated sales price for each building is not considered market value and was not considered during the 2018 valuation.

Cost Approach Model Description

The cost approach was the primary valuation methodology used for Boeing industrial properties. The Marshall & Swift Commercial Estimator was utilized which calculates the reproduction cost of an improvement and deducts the appropriate depreciation. The Marshall & Swift Valuation Service adjusts costs to the western United States region and the Seattle area. Cost estimates may be relied upon for valuation of special use properties where comparable sales data and/or income/expense information may not be available. All of Boeing manufacturing, industrial engineering buildings and most warehouses were valued via the cost approach. Many of these buildings have very specialized functions and therefore, the cost approach is the most reliable method of valuation.

Cost Calibration

The Marshall & Swift cost modeling system, built in to the Assessor's Real Property Application and is re-calibrated annually to both the Western Region and Seattle area.

Income Capitalization Approach Model Description

A direct capitalization income approach estimate was calculated for all office properties within the Boeing specialty. The income approach was considered the most reliable approach to valuation for office buildings given the amount of published data available.

The economic income models used to value Boeing office properties were developed using data from the office specialist appraiser. Similar to the office specialty, the Boeing offices valued by the economic income models typically have in excess of 90,000 square feet of net rentable area and are considered to be class A or B investment grade properties. Income parameters were derived from the market place through real estate sales, the sales verification process, via tenants, via owners, via rent rolls from appeals and from a compilation of published sources. Similar uses were grouped together with income rates that were correlated to effective age and building quality. For a detailed discussion of the development of the income data used for valuation, refer to the office specialty report titled: **Major Office Specialty Area 280, 2018 Valuation**.

Income approach calibration

Income tables were developed for each of the geographic neighborhoods that contain Boeing office buildings. The tables were calibrated after setting economic rents, vacancy, expenses, and capitalization rates by using adjustments based on size, quality of construction, and the effective age. The following table outlines a summary of the parameters used in the income tables, which provided the basis for the income value estimate calculations.

Typical Office Income Parameters				
Neighborhood	Rent Range per SF	Vacancy/ Coll. Loss %	Expenses per SF	Capitalization Rate %
Renton	\$22.00 - \$29.00	20%	\$9.25	7.25%
Duwamish	\$25.00	20%	\$9.25	7.25%
Longacres	\$22.00 - \$29.00	14%	\$9.25	7.25%
Bellevue	\$32.00 - \$38.00	20%	\$10.25	6.25%

Reconciliation

Each parcel was individually reviewed by the specialty appraiser for correctness of the model application before the final value was selected. The cost approach to value is given greatest weight for the majority of Boeing improved properties due to a lack of sales data and the specialty nature of the improvements. The income approach to valuation is given the greatest weight in the final analysis of office properties due to the amount of information available.

Model Validation

Total Value Conclusions, Recommendations and Validation

Appraiser judgment prevails in all decisions regarding individual parcel valuation. Each parcel is reviewed and a value selected based on general and specific data pertaining to the parcel, the neighborhood, and the market. The appraiser determines which available value estimate may be appropriate and may adjust for particular characteristics and conditions as they occur in the valuation area.

The Assessor's office values most Boeing property using the cost approach (replacement cost new less depreciation method, RCNLD). All cost information was from the Marshall Valuation Service. Costs were adjusted to reflect the local Greater Seattle Market. Vacant land parcels are valued by the geographic appraiser responsible for that neighborhood. Boeing office properties were valued using an economic income approach using parameters developed by the Assessor's Major Office specialty appraiser.

The total assessed value for the 2017 Assessment Year for Specialty Area 625 was \$1,594,520,200. The total recommended assessed value for the 2018 Assessment Year is \$1,805,868,800. Application of these recommended values for the 2018 Assessment Year results in an annual change of +13.25%.

Change in Total Assessed Value			
2017 Total Value	2018 Total Value	\$ Change	% Change
\$1,594,520,200	\$1,805,868,800	\$211,348,600	13.25%

USPAP Compliance

Client and Intended Use of the Appraisal

This mass appraisal report is intended for use by the public, King County Assessor and other agencies or departments administering or confirming ad valorem property taxes. Use of this report by others for other purposes is not intended by the appraiser. The use of this appraisal, analyses and conclusions is limited to the administration of ad valorem property taxes in accordance with Washington State law. As such it is written in concise form to minimize paperwork. The assessor intends that this report conform to the Uniform Standards of Professional Appraisal Practice (USPAP) requirements for a mass appraisal report as stated in USPAP SR 6-8. To fully understand this report the reader may need to refer to the Assessor's Property Record Files, Assessor's Real Property Data Base, separate studies, Assessor's Procedures, Assessor's field maps, Revalue Plan and the statutes.

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

Definition and date of value estimate

Market Value: The basis of all assessments is the true and fair value of property. True and fair value means market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62 Wn. 2d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65, 12/31/65).

The true and fair value of a property in money for property tax valuation purposes is its "market value" or amount of money a buyer willing but not obligated to buy would pay for it to a seller willing but not obligated to sell. In arriving at a determination of such value, the assessing officer can consider only those factors which can within reason be said to affect the price in negotiations between a willing purchaser and a willing seller, and he must consider all of such factors. (AGO 65, 66, No. 65, 12/31/65)

Retrospective market values are reported herein because the date of the report is subsequent to the effective date of valuation. The analysis reflects market conditions that existed on the effective date of appraisal.

Highest and Best Use

RCW 84.40.030

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

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

WAC 458-07-030 (3) True and fair value -- Highest and best use.

Unless specifically provided otherwise by statute, all property shall be valued on the basis of its highest and best use for assessment purposes. Highest and best use is the most profitable, likely use to which a property can be put. It is the use which will yield the highest return on the owner's investment. Any reasonable use to which the property may be put may be taken into consideration and if it is peculiarly adapted to some particular use, that fact may be taken into consideration. Uses that are within the realm of possibility, but not reasonably probable of occurrence, shall not be considered in valuing property at its highest and best use.

If a property is particularly adapted to some particular use this fact may be taken into consideration in estimating the highest and best use. (Samish Gun Club v. Skagit County, 118 Wash. 578 (1922))

The present use of the property may constitute its highest and best use. The appraiser shall, however, consider the uses to which similar property similarly located is being put. (Finch v. Grays Harbor County, 121 Wash. 486 (1922))

The fact that the owner of the property chooses to use it for less productive purposes than similar land is being used shall be ignored in the highest and best use estimate. (Samish Gun Club v. Skagit County, 118 Wash. 578 (1922))

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

Date of Value Estimate

RCW 84.36.005

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

RCW 36.21.080

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

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

Property Rights Appraised: Fee Simple

Wash Constitution Article 7 § 1 Taxation:

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

Trimble v. Seattle, 231 U.S. 683, 689, 58 L. Ed. 435, 34 S. Ct. 218 (1914)

...the entire [fee] estate is to be assessed and taxed as a unit...

Folsom v. Spokane County, 111 Wn. 2d 256 (1988)

...the ultimate appraisal should endeavor to arrive at the fair market value of the property as if it were an unencumbered fee...

The Dictionary of Real Estate Appraisal, 3rd Addition, Appraisal Institute.

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.

Assumptions and Limiting Conditions

1. No opinion as to title is rendered. Data on ownership and legal description were obtained from public records. Title is assumed to be marketable and free and clear of all liens and encumbrances, easements and restrictions unless shown on maps or property record files. The property is appraised assuming it to be under responsible ownership and competent management and available for its highest and best use.
2. No engineering survey has been made by the appraiser. Except as specifically stated, data relative to size and area were taken from sources considered reliable, and no encroachment of real property improvements is assumed to exist.
3. No responsibility for hidden defects or conformity to specific governmental requirements, such as fire, building and safety, earthquake, or occupancy codes, can be assumed without provision of specific professional or governmental inspections.
4. Rental areas herein discussed have been calculated in accord with generally accepted industry standards.
5. The projections included in this report are utilized to assist in the valuation process and are based on current market conditions and anticipated short term supply demand factors. Therefore, the projections are subject to changes in future conditions that cannot be accurately predicted by the appraiser and could affect the future income or value projections.
6. The property is assumed uncontaminated unless the owner comes forward to the Assessor and provides other information.
7. The appraiser is not qualified to detect the existence of potentially hazardous material which may or may not be present on or near the property. The existence of such substances may have an effect on the value of the property. No consideration has been given in this analysis to any potential diminution in value should such hazardous materials be found (unless specifically noted). We urge the taxpayer to retain an expert in the field and submit data affecting value to the assessor.
8. No opinion is intended to be expressed for legal matters or that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers, although such matters may be discussed in the report.
9. Maps, plats and exhibits included herein are for illustration only, as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose.

10. The appraisal is the valuation of the fee simple interest. Unless shown on the Assessor's parcel maps, easements adversely affecting property value were not considered.
11. An attempt to segregate personal property from the real estate in this appraisal has been made.
12. Items which are considered to be "typical finish" and generally included in a real property transfer, but are legally considered leasehold improvements are included in the valuation unless otherwise noted.
13. The movable equipment and/or fixtures have not been appraised as part of the real estate. The identifiable permanently fixed equipment has been appraised in accordance with RCW 84.04.090 and WAC 458-12-010.
14. I have considered the effect of value of those anticipated public and private improvements of which I have common knowledge. I can make no special effort to contact the various jurisdictions to determine the extent of their public improvements.
15. Exterior inspections were made of all properties in the physical inspection areas (outlined in the body of the report) however; due to lack of access and time few received interior inspections.

Scope of Work Performed

Research and analyses performed are identified in the body of the revaluation report. The assessor has no access to title reports and other documents. Because of legal limitations we did not research such items as easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations and special assessments. Disclosure of interior home features and, actual income and expenses by property owners is not a requirement by law therefore attempts to obtain and analyze this information are not always successful. The mass appraisal performed must be completed in the time limits indicated in the Revaluation Plan and as budgeted. The scope of work performed and disclosure of research and analyses not performed are identified throughout the body of the report.

Certification

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

- *The statements of fact contained in this report are true and correct*
- *The report analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.*
- *I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.*

- *I have no bias with respect to the property that is the subject of this report or to the parties involved.*
- *My engagement in this assignment was not contingent upon developing or reporting predetermined results.*
- *My compensation for completing this assignment is not contingent upon the development or reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.*
- *My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.*
- *The area(s) physically inspected for purposes of this revaluation are outlined in the body of this report.*
- *Services that I provided within the prior three years include physical inspection, revaluation, appeal response preparation, attendance and participation in hearings, data collection, sales verification, and identifying new construction and recording the corresponding data.*