

Introduction

Type of Property: Agricultural/Forestry/Rural Residential land. The subject is a 314.18± acre farm and forestry property improved with a house, barn and other outbuildings.

Address of Property: 14140 Vail Road SE, Yelm, Washington.

Location: Southeast corner of the intersection of Vail Road SE and 138th Avenue SE in unincorporated Thurston County.

Owner of Record: Park National Bank, Trustee

Legal Description

No title report has been furnished. The legal description shown in public records is as follows:

Parcel #	Abbreviated Legal Description
22608330000	8-16-2E N2-SW-SW & N2-SE-SW LESS RD ON W
22608330100	8-16-2E S4 SW
22608430000	8-16-2E S2 SE & S2 NE-SE
22608410000	8-16-2E N2-SE LESS S2-NE-SE Less N30F PRINGLE RD
22608310000	8-16-2E N2-SW LESS W30F RD LESS N30F PRINGLE RD AND EXCEPT PTN PER ROW AFN 4144907

Site Summary

No site plan has been furnished. The exhibit below is a depiction of the site from Thurston County GeoData, showing the basic orientation and configuration. The following description is based upon public records and/or a personal inspection of the site.



Location:

Southeast corner of the intersection of Vail Road SE and 138th Avenue SE in unincorporated Thurston County.

Abutting Subject Property:

Abuts	Description
<i>North:</i>	138 th Avenue SE thence rural residential and vacant parcels.
<i>South:</i>	Hickory Lane SE thence rural residential and vacant parcels.
<i>East:</i>	Rural residential and parcels in use for agriculture/forestry.
<i>West:</i>	Vail Road SE thence rural residential.

Shape:

Three of the parcels are rectangular and two are irregular. Combined they form a rectangular shape that is approximately 2,590± feet by 5,280± feet.

Size:

Parcel #	Acres
22608330000	39.54
22608330100	39.55
22608430000	100.00
22608410000	58.20
22608310000	76.89
Total	314.18

Visibility:

Good, the site has good visibility from both north and south approaches of Vail Road SE and is visible along 138th Avenue SE.

Access:

Average, there is one primary point of ingress/egress, a gravel driveway accessing the homesite off of Vail Road SE. The site is approximately five miles from State Route 507 and the town of Rainier and (25) miles from Interstate 5.

Frontage:

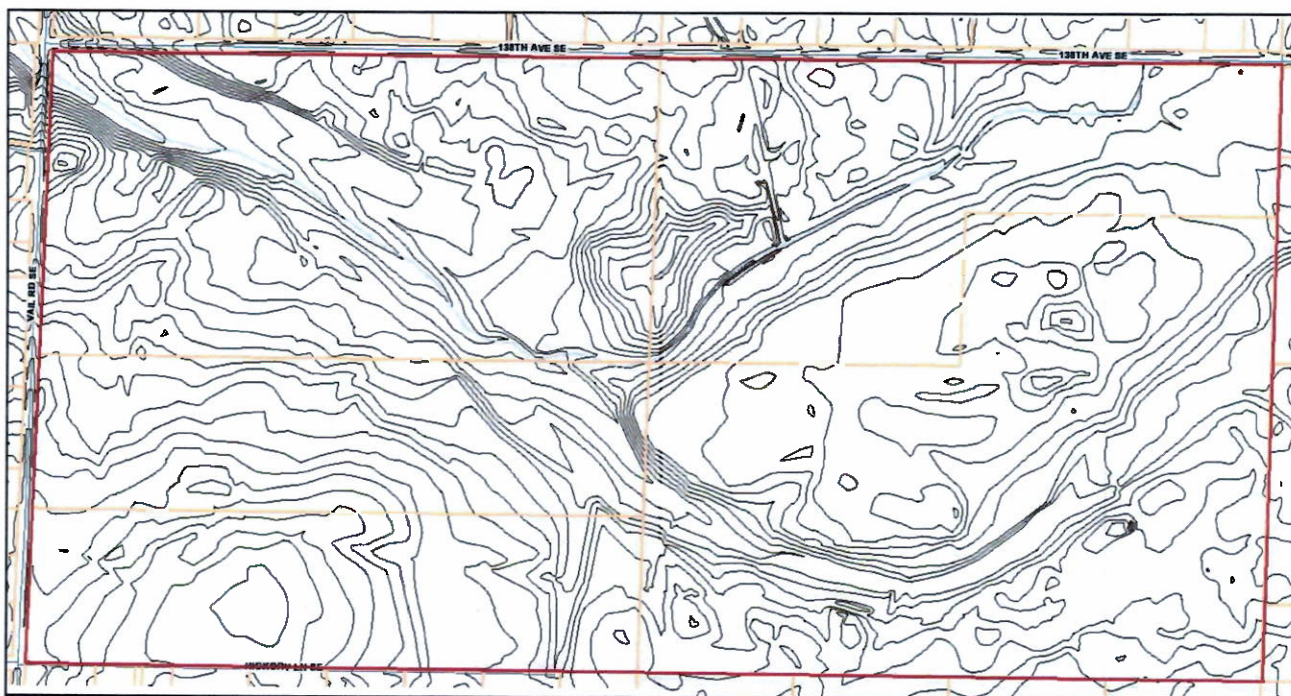
Street	Frontage
Vail Road SE	2,590± Feet
138 th Avenue SE	5,280± Feet
Hickory Lane SE	2,240± Feet

Vail Road SE.

Vail Road SE is a (2) lane paved county road with one lane north bound and one lane south bound. The road has narrow shoulders and drainage ditches on either side. Traffic volumes are moderate and the speed limit is 50 miles per hour.

Topography:

Varies from level to moderately rolling. The elevation ranges from approximately 430' around the creek at the northwestern corner to as high as 470' at the southwest corner. The following map indicates the topography with 2 foot brown contour lines:



Soils:

The following table summarizes the subject soil types:

Soil Type	Size %	Capability Class
Kapowsin silt loam 0 to 3 % slopes	51%	III
Norma silt loam	13%	V
Cagey loamy sand	9%	III
Kapowsin silt loam 3 to 15 % slopes	7%	III
(5) others	20%	III to VI

Class I (1) soils have slight limitations that restrict their use.
Class II (2) soils have moderate limitations that reduce the choice of plants or require moderate conservation practices.
Class III (3) soils have severe limitations that reduce the choice of plants or require special conservation practices, or both.

Class IV (4) soils have very severe limitations that restrict the choice of plants or require very careful management, or both.

Class V (5) soils have little or no hazard of erosion but have other limitations, impractical to remove, that limit their use mainly to pasture, range, forestland, or wildlife food and cover.

According to the subject tenant, the existing soils require active management to continue to produce hay. This includes annual weeding, fertilizing, tilling, and rock picking. The tenant stated that, the soil is somewhat depleted of nitrogen and requires an expenditure estimated at \$25,000 to have it fully repaired.

No soil tests were provided. No settling or other disturbance noted in immediately surrounding area. It is an assumption of the report that the soil qualities are adequate to support the Highest and Best Use of the subject property.

Site Index:

There is one common measure of the potential for forest trees to grow at a particular location, the site index. According to the USDA Natural Resources Conservation Service Web Soil Survey the site index is "the average height, in feet, that dominant and codominant trees of a given species attain in a specified number of years."

The majority of the property has a site index rating as follows:

Kapowsin silt loam 0 to 3% slopes (51% of the site): Site Index 123 feet.

Norma silt loam, (13% of the site): No site index.

Cagey loamy sand, (9% of the site): Site Index 120 feet.

Kapowsin silt loam 3 to 15% slopes, (7% of the site): Site Index 123 feet.

Water Rights:

A search of the Washington State Department of Ecology Water Resources Explorer resulted in one water right associated with the subject ownership. The right is for ground water from a well at a rate of 2 acre feet per year for one half acre. The purpose stated in the water right is for domestic supply and stockwater.

Drainage:

Natural drainage toward the creek and other low lying areas.

Utilities:

	Available	Provider
<i>Electricity:</i>	Yes	Puget Sound Energy
<i>Gas:</i>	No	
<i>Sewer:</i>	No	Onsite Septic System
<i>Water:</i>	No	Onsite Well

Site Improvements & Coverage:

The subject is improved with a farmstead located near the southwest corner of the property encompassing

approximately three acres. The rest of the site is actively managed pasture land, low lying wetlands and creek, and forest land. The forest land is mostly covered by mature to semi-mature coniferous trees. The entire perimeter of the property is fenced by barbwire supported by metal poles. The farmstead area has additional fencing for separate paddocks.

The following is an estimate of current coverage using satellite photography:

Farmstead:	3 acres
Forestland:	155 acres
Pasture/Hay Production:	116 acres
Wetlands/Creek/Unusable:	40 acres

The subject tenant stated that about half of the land considered forestland had trees infected with "root rot". The appraisers are not qualified to offer an opinion on the matter of "root rot" but this could be the disease known as Laminated Root Rot, a damaging root disease amongst conifers in the northwestern United States and Canada. There are a number of methods of management for this disease including and up to destruction of the plantation and replanting with more tolerant species.

*Environmental Hazards &
Nuisances:*

No site environmental assessment information has been furnished.

There was no visual evidence of solid waste materials dumping, soil erosion, overuse of pesticides or other hazardous elements. This statement does not mean that Anderson Appraisal, Inc. warrants the non-existence of any potential environmental concerns, but rather that none were visually evident on the date of inspection. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Flood Insurance:

Subject site is part of a larger surrounding area all designated "Zone C – areas of minimal flooding," according to FEMA Community Panel No. 53067C0365E, dated October 16, 2012.

Wetlands:

According to public mapping large portions of the site are impacted by wetlands and wetland buffers. Based on the map from Thurston County GeoData shown below, approximately half of the subject is impacted by wetlands and/or wetland buffers.



Easements:

No adverse easements noted.

Covenants, Conditions & Restrictions:

None noted.

Summary and Conclusions:

The subject site is a large acreage farm/forestland site improved with a residence and outbuildings. The site is comprised of (5) different parcels that form a rectangular, level to mildly rolling property. The site has adequate soils for limited agricultural uses such as pasturing and for hay production. However, it is impacted by a creek, and areas of wetlands. Also, about half of the property is in timberland covered by nearly mature to mature coniferous trees. The current residential, farmstead and pasturing of animals is allowed by zoning and congruent with the neighborhood. Overall, the site appears capable to support most rural residential and small scale agricultural and forestry uses.

Zoning and Land Use Information

The subject property is part of a larger surrounding area all zoned LTA, Long Term Agriculture, under the Thurston County zoning ordinance. The intent of the LTA designation is reprinted from the ordinance below.

Intent

It is intended that agriculture be the primary use in this district and that other uses be sited so as to minimize their impact on, or conflicts with, surrounding agricultural uses. This district is not intended to preclude farming in other areas of the county. The purpose of this district is to:

1. Conserve agricultural lands of long-term commercial significance used for the production of crops, livestock, or other agricultural products;
2. Protect agricultural lands from incompatible development;
3. Encourage the continued economic viability of agriculture;
4. Encourage property owners to maintain property in agriculture uses; and
5. Promote and protect agriculture and its dependent rural community through the enhancement, protection, and perpetuation of the ability of the private sector to produce food and fiber.



Allowed Uses

The LTA zoning allows low density residential, agricultural, and forestry uses. It is prohibitive to most high density residential, commercial, and industrial uses.

Development Standards

The following summarizes some of the critical development standards.

Maximum Density:	1 residence per 20 acres.
Maximum Hard Surface Coverage:	15% of the site.
Maximum Building Height:	35 feet.
Setbacks:	Ranges from 15' to 25'.

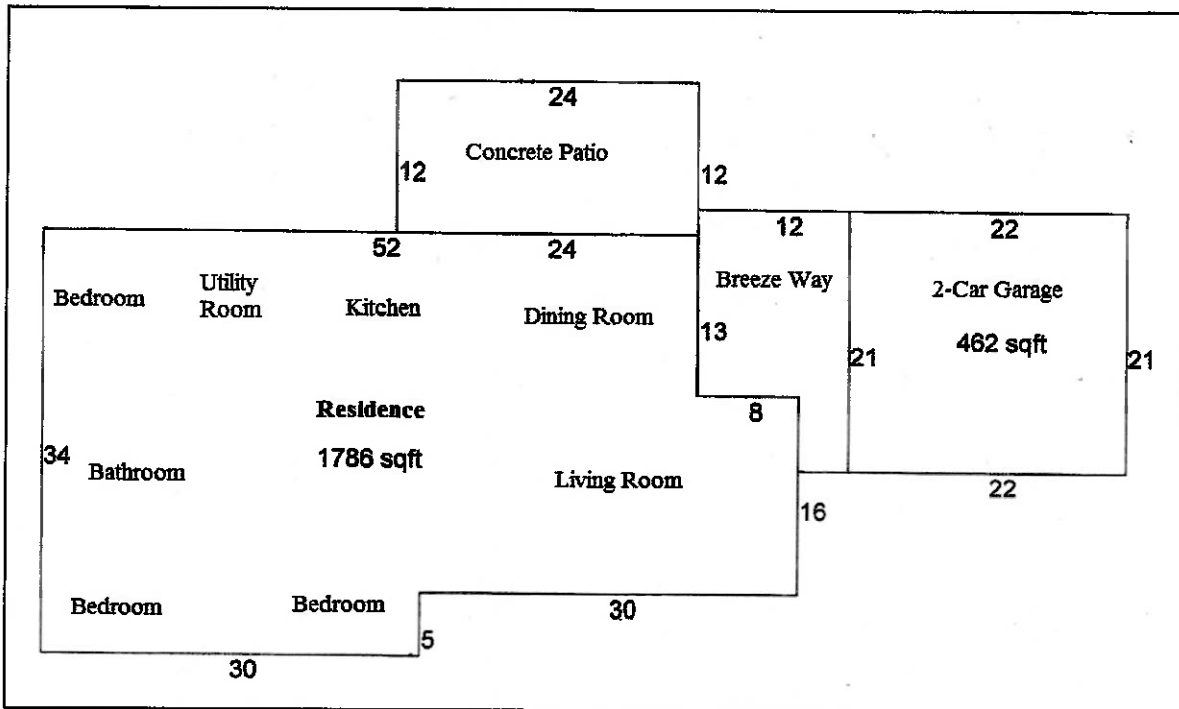
Conclusion

The subject zoning is fairly restrictive to rural residences, agricultural, and forestry uses. Based on the subject's characteristics, the existing residence and agricultural buildings is a legally allowable use provided it conforms to the development standards and all buffers.

Improvements Summary

No floorplans have been furnished. The following description is based upon public records, and/or a personal inspection of the improvements.

The subject is improved with a single family residence, garage, machine shop, barn, milk house, storage shed, chicken coop, and a pump house. The following exhibit and component description is for the residence. The other improvements are summarized in paragraph form.



Building Description:

The residence is a single story, three-bedroom and one-bathroom structure that was originally constructed in 1952 but has subsequently been remodeled. The residence is connected to the adjacent two-car garage by a breeze-way.

Dimensions/Area:

1,786± square feet per public records and onsite measurements.

Please note: the area used is based on public records and the appraiser's measurements. Should a set of "as built" floor plans or an engineering report be provided that shows a difference from the figure utilized, the appraisers reserve the right to modify the report and value conclusions presented within.

Quality of Construction:

Average Class C (brick frame).

<i>Substructure & Foundation:</i>	Concrete perimeter with a crawl space and wood posts supporting wood joists.
<i>Exterior Framing:</i>	Brick construction.
<i>Roof System & Cover:</i>	Insulated wood truss system with a treated, split cedar shake covering.
<i>Fenestration:</i>	Combination of vinyl framed, double paned windows and single paned, wood framed windows. The exterior doors are wood or wood with glass insert.
<i>Flooring Structure:</i>	Wood subfloor over wood joists.
<i>Floor Coverings:</i>	Combination of carpet, hardwoods, and ceramic tile.
<i>Interior Walls & Partitions:</i>	Mostly painted and textured drywall covering with some areas of painted wood panel and unpainted brick.
<i>Ceilings:</i>	Painted drywall.
<i>Plumbing Fixtures:</i>	(1) restroom with (2) sinks, commode, and shower stall. There is a full kitchen and a laundry room with a sink.
<i>Heating & Cooling:</i>	Electric forced air system with a ground mounted heat pump supplemented by a wood burning insert.
<i>Electrical System:</i>	Adequate for residential use.
<i>Lighting Fixtures:</i>	Incandescent or fluorescent fixtures affixed to the ceiling or wall mounted.
<i>Date of Construction:</i>	Original construction in 1952 with subsequent remodels.
<i>Effective Age:</i>	28 years, estimated.
<i>Remaining Economic Life:</i>	32 years, estimated.
<i>Condition of Improvements:</i>	Average. The residence was constructed 63 years ago but has been remodeled and has had many of its components replaced over the last twenty years. This includes the electrical system, plumbing, roof cover, and the bathroom was completely remodeled. Typical wear and tear but no significant deferred maintenance noted.
<i>Functional Utility:</i>	Average, the residence has a typical layout, room count and overall size for rural residences.
<i>External Obsolescence:</i>	None noted.

Garage

The 2-car garage is connected to the residence by a 204± SF breezeway. It has 462± SF of enclosed space and was constructed in the same year as the residence, 1952. It is of brick frame construction with a concrete slab foundation, wood truss roof system covered by treated, split cedar shakes. The garage does have power service and (2) fiberglass overhead doors. The garage is of average quality in average condition.

Machine Shop:

The machine shop is a single story, 3-bay shop used for storing supplies and for parking. One of the bays has an overhead door enclosing it while the other two have open entrances. The machine shop was constructed in 2002 and measures approximately 39' x 19' for a total of 741± SF. The construction is wood pole framing with a concrete slab foundation, and a wood truss system with metal roof covering. The siding is painted wood and the building does have power service. There is no water service but there is a water spigot in the pasture nearby. Attached to the building are two lean-to structures of approximately 400± SF and 150± SF. The machine shop is of average quality and in average condition.

Barn:

The barn is two stories with a second story height tall enough to encompass a third level. The barn is approximately 36' x 80' for a total of 5,760± SF when including the second level. Per public records, the barn was constructed in 1935. It is of wood pole construction with a concrete slab foundation, wood board and baton siding and a metal roof. The barn does have power and water service and the ground floor is partially framed with animal stalls. The second floor is accessed by a wood framed staircase. The barn is of average quality in fair condition with some siding deterioration noted.

Milk House:

The milk house is a concrete block structure formerly used as a milk house but now used for storage located immediately adjacent to the barn. It measures approximately 12' x 17' for 204± SF and was constructed in 1935. The building has concrete block framing, concrete slab foundation, wood truss roof system with metal roof cover. The building does have power and water service. It is of fair quality and in fair condition.

Storage Shed:

The storage shed is a 3-sided structure used for hay storage. It measures approximately 37.5' x 12' for 450± SF and it was constructed in 1996. The building is of wood pole framing, concrete perimeter foundation and a dirt floor. The roof is

wood trusses with metal covering. The building is of fair quality in fair condition.

Chicken Coop:

The chicken coop is approximately 7.5' x 9' for a total of 68± SF. It is a wood framed building with a concrete perimeter foundation a metal roof covering. The age of the building is unknown but it appears to be of average quality and in fair condition.

Summary:

The following table summarizes the improvement sizes, effective ages, remaining economic lives and the quality and condition:

Improvement	Size (SF)	Effective Age	Remaining Economic Life	Quality/Condition
Residence	1,786	28	32	Average/Average
Garage	462	28	32	Average/Average
Machine Shop	741	12	8	Fair/Average
Barn	5,760	16	22	Average/Fair
Milk House	204	12	8	Fair/Fair
Storage Shed	450	10	5	Fair/Fair
Chicken Coop	<u>68</u>	10	5	Average/Fair
Total Size	9,471			

Functional Utility:

The residence and outbuildings are functional for a small sized agricultural related use.

External Obsolescence:

None noted.

Personal Property:

No separate estimate of value, or value consideration, is applied to the timber, livestock, hay, or other furnishings and equipment that were located in the buildings on the date of inspection. These items are considered personal property, and as such, are not part of the real property that is the subject of this appraisal.

Assessed Valuation and Tax Load

The subject property is currently assessed for real estate taxes as shown below:

<i>Parcel #</i>	<i>Land A.V.</i>	<i>Improvement A.V.</i>	<i>Total A.V.</i>	<i>Tax Load</i>
22608330000	\$14,680	\$222,700	\$237,380	\$3,268.43
22608330100	\$6,760	\$0	\$6,760	\$98.44
22608430000	\$14,820	\$0	\$14,820	\$209.82
22608410000	\$11,060	\$0	\$11,060	\$222.56
22608310000	\$12,610	\$0	\$12,610	\$264.07
Totals	\$59,930	\$222,700	\$282,630	\$4,063

The subject parcels are classified on the tax rolls as forest land or agricultural land pursuant to RCW 84.33. In the event that said property is removed from its present classification, it may become liable to assessment of a compensating tax for prior years. The following table summarizes the subject's "market value" as estimated by the Thurston County Assessor:

"Market Values" Per Thurston County Assessor

<i>Parcel #</i>	<i>Land M.V.</i>	<i>Improvement M.V.</i>	<i>Total M.V.</i>
22608330000	\$133,200	\$222,700	\$355,900
22608330100	\$39,600	\$0	\$39,600
22608430000	\$100,000	\$0	\$100,000
22608410000	\$126,700	\$0	\$126,700
22608310000	\$136,700	\$0	\$136,700
Totals	\$536,200	\$222,700	\$758,900

The tax assessment on the subject property appears to be consistent with taxation of similar competitive properties which we have analyzed, and does not impose an undue burden upon the property, as of the date of appraisal.

Subject Photographs



Looking Southeast at the Subject from Across Vail Road SE



Looking North along Vail Road SE (Subject on Right)

Subject Photographs



Looking South along Vail Road SE (Subject on Left)



Looking East along the Driveway to the Subject Farmstead

Subject Photographs



Looking East along 138th Avenue SE (Subject on Right)



Looking North along the Subject Property

Subject Photographs



Looking East along the Subject Property, Subject Forestland in the Distance



Brush and Wetlands at the Northwest Corner of the Property

Subject Photographs



Looking East along the Subject Property from 138th Avenue SE



Residence and Garage

Subject Photographs



Back of Residence



Machine Shop

Subject Photographs



Barn



Milk House

Subject Photographs



Storage Shed

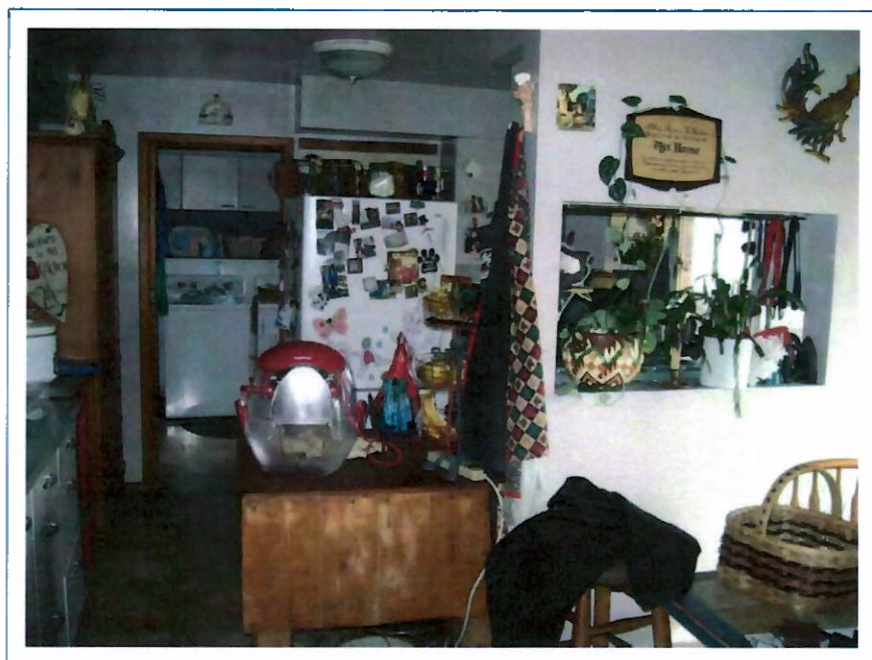


Chicken Coop

Subject Photographs

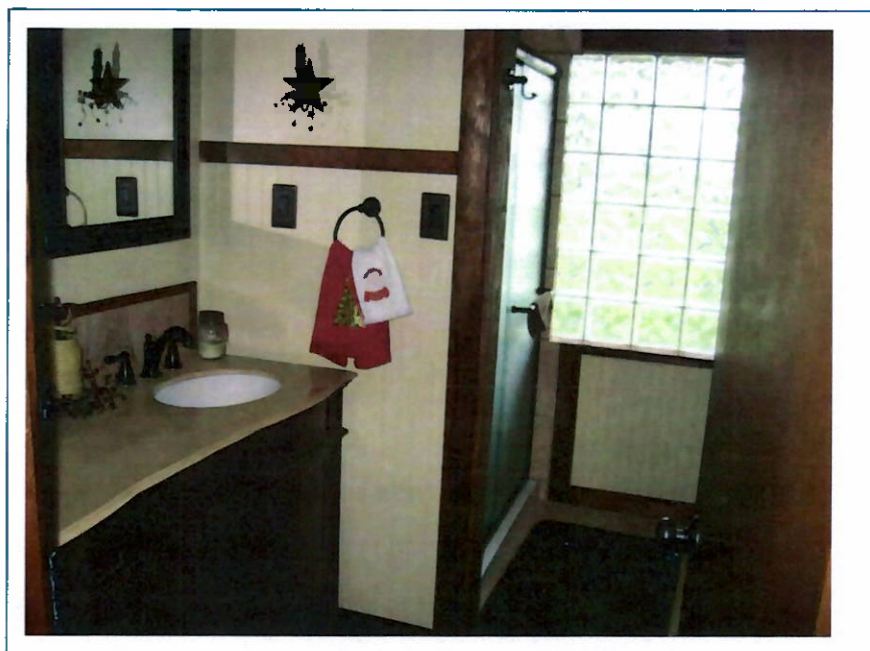


Bedroom in the Residence

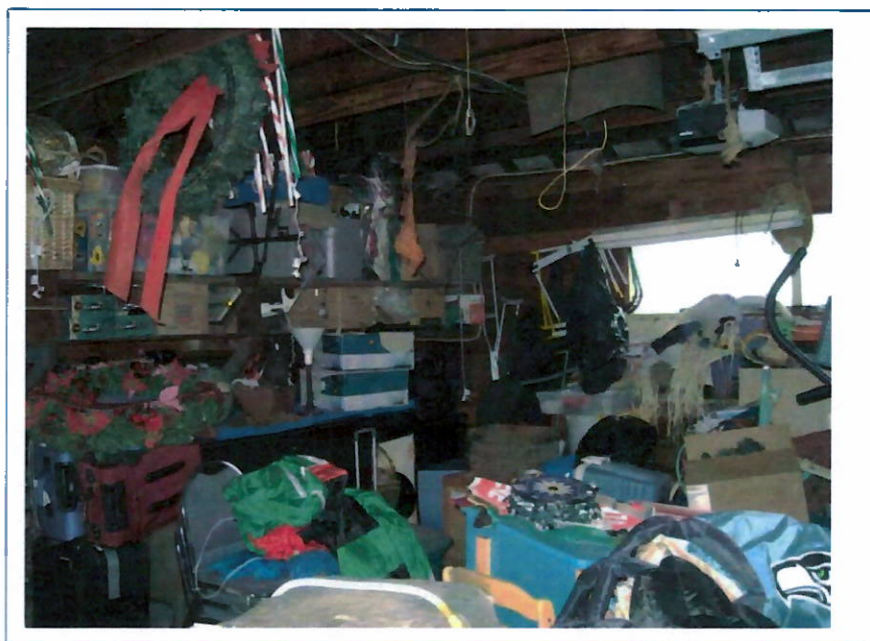


Kitchen in the Residence

Subject Photographs



Bathroom in the Residence



Interior of the Garage

Subject Photographs

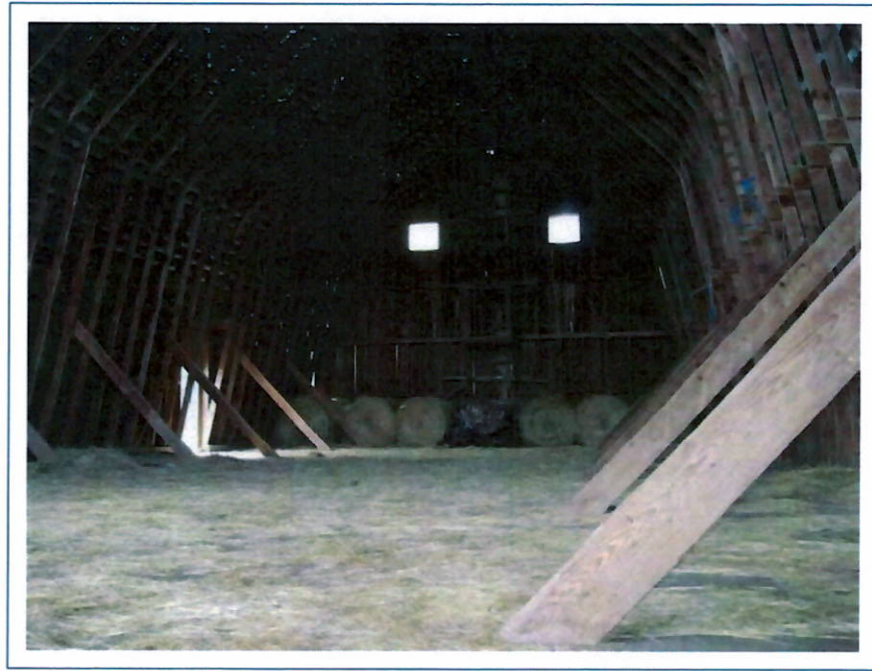


Interior of the Machine Shop



First Floor of the Barn

Subject Photographs



Second Floor of the Barn