



Residential & Commercial Revaluation

2016 Annual Report

BURLINGTON

REVALUATION CYCLE 1

**Skagit County Assessor's Office
Mount Vernon, Washington**



Dear Property Owner:

The Assessor's office staff has completed real property physical inspections for the Burlington revaluation area, defined as all property within the boundary of the Burlington-Edison School District. In September 2016, upon completion of the assessment process and new construction inspections, change of value notices were mailed to those property owners whose assessments were affected.

The 2016 Burlington Revaluation Annual Report which follows this letter summarizes the real property physical inspections that occurred and the resulting assessments. The information provided in the report is meant to assist the property owner in gaining knowledge regarding the inspection and valuation processes that are utilized by the Skagit County Assessor's office.

As Skagit County Assessor, I encourage my staff to implement new methodologies in achieving continuous and ongoing improvements to the valuation process, while adhering to our requirement of determining property valuation at fee simple title reflecting its highest and best use, and at its true and fair market value as mandated per RCW 84.40.030. These fair and uniform assessments are fundamental to our property tax system and maintaining effective government services.

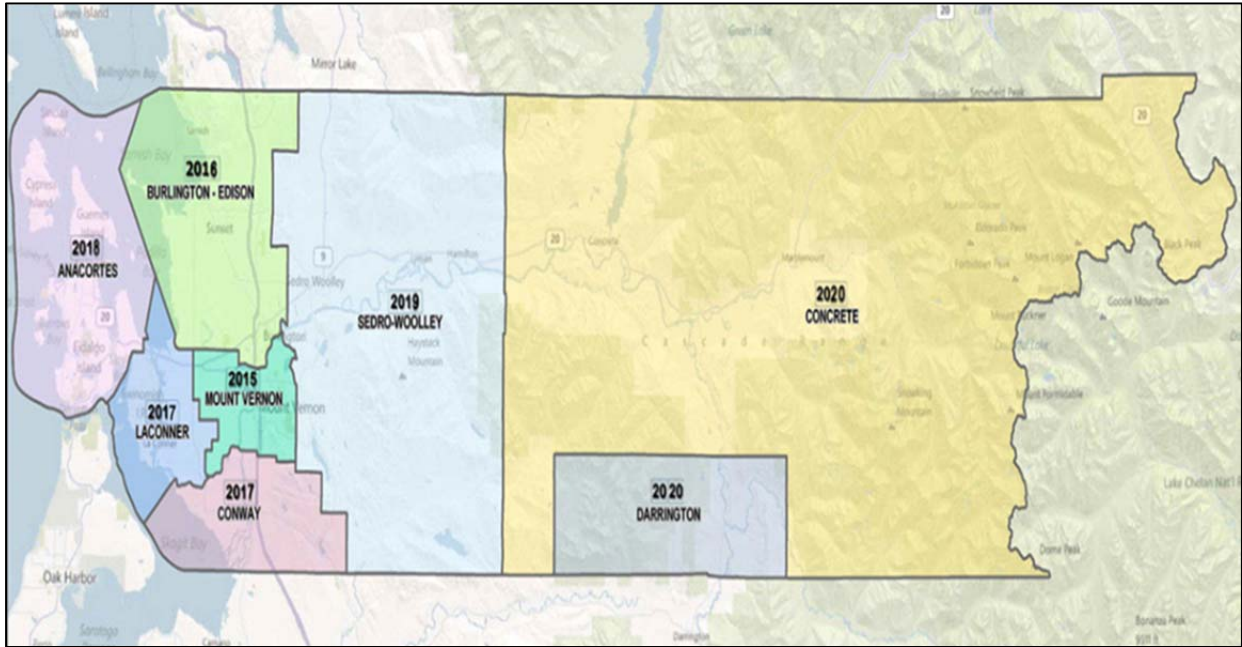
We welcome you to contact us with any questions you may have regarding the assessment process as detailed in the following report and how it relates to your property.

Sincerely,

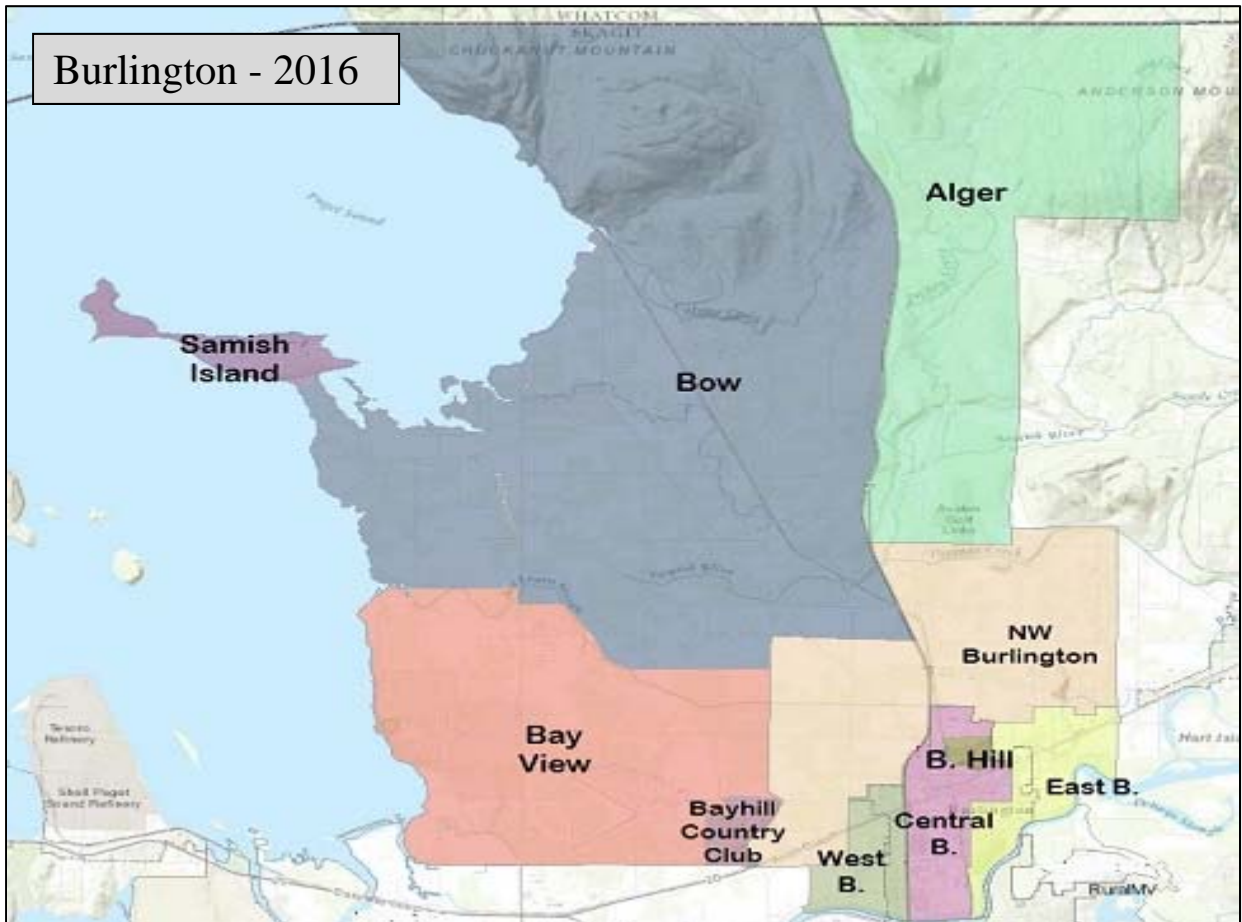
A handwritten signature in cursive script that reads "David M. Thomas".

David M. Thomas
Skagit County Assessor

SKAGIT COUNTY REVALUATION AREAS



BURLINGTON REVALUATION AREA - CYCLE 1



EXECUTIVE SUMMARY

A study of valid sales within the physical inspection cycle was used in examining the valuation of the Burlington revaluation area. Below is a summary analysis of the sales that were used. Please refer to the glossary at the end of this report for statistical definitions.

	SFR		Condominium		Commercial	
	Before Reval	After Reval	Before Reval	After Reval	Before Reval	After Reval
SAMPLE STATISTICS						
Sample Size (n)	287		24		18	
Mean Assessed Value	\$240,200	\$275,200	\$172,500	\$205,300	\$747,900	\$924,100
Mean Sales Price	\$295,200		\$220,200		\$991,200	
ASSESSMENT LEVEL						
Arithmetic Mean Ratio	82.97%	94.69%	79.50%	95.26%	81.36%	94.52%
Median Ratio	83.24%	95.05%	80.19%	90.97%	78.53%	94.06%
Weighted Mean Ratio	81.70%	93.22%	78.34%	93.23%	75.45%	93.23%
UNIFORMITY						
Coefficient of Dispersion (COD)	13.66%	8.56%	12.02%	10.78%	20.20%	6.73%
Coefficient of Variation (COV)	20.18%	12.29%	15.05%	13.72%	23.79%	9.14%
Price-Related Differential (PRD)	1.02	1.02	1.01	1.02	1.08	1.01
SAMPLE SIZE EVALUATION						
N (population)	9,958		470		1,460	
B (acceptable error)	5%		5%		5%	
S (estimated from this sample)	0.1675	0.1164	0.1196	0.1307	0.1936	0.0864
Recommended minimum sample size	45	22	22	26	58	12
Actual sample size	281	287	24	24	18	18
Conclusion	OK	OK	OK	Minimal	Minimal	
NORMALITY						
Binomial Test						
# ratios below mean	138	135	12	14	9	10
# ratios above mean	143	152	12	10	9	8
Z-score	0.238619995	0.944450138	-0.204124145	0.612372436	-0.235702260	0.235702260
Conclusion	Normal*	Normal*	Normal*	Normal*	Normal*	Normal*
*no evidence of non-normality						

Executive Summary Conclusion

Value changes for all three market segments in the physically-inspected area were the result of a calibrated cost approach. As resources and available data allowed, an income approach was implemented as an alternative method and test of reasonableness for commercial properties. When warranted, all property types were then modified based on sales of comparable properties within each classification via the sales ratio analysis summarized above. The sales samples indicate normal distributions and the post-revaluation values improve uniformity and equity. The results are therefore considered to provide a reliable representation of fair market value for all three market segments and we recommend posting these values for the 2016 assessment year.

Introduction

This mass appraisal report is a post-revaluation report card on the physical inspection cycle. It is not a fully self-contained appraisal, but rather a summary for the geographic areas identified in the report. The summary statistics apply to the population of sales used as a whole, and are not appropriate to apply to any specific property. While property values in a general geographic area may change by XX% on average, individual properties may increase or decrease at greater or lesser amounts due to changes in property characteristics or localized market factors which do not affect the broader geographic area.

Type of Report

This Skagit County Assessor's Mass Appraisal Report is for the geographic area named in this report as required under Standards 6-8, Uniform Standards of Professional Appraisal Practice (USPAP).

This document is not intended to be a self-contained documentation of the mass appraisal. Its intent is to summarize the methods and data used, and to guide the reader to other documents or files which were relied upon to perform the mass appraisal. These other documents may include the following:

- Individual property records – contained in the Assessor's property system database (PACS);
- Sales review file – returned questionnaires;
- Cost tables – contained in the Assessor's property system database (PACS);
- Depreciation tables – contained in the Assessor's property system database (PACS);
- Revised Code of Washington (RCW) – Title 84;
- Washington Administrative Code (WAC) – WAC 458;
- County Assessor's Manual – published by Department of Revenue (DOR), November 2011;
- Mass appraisal report – data extracts and sales files; and
- Uniform Standards of Professional Appraisal Practice (USPAP) – published by the Appraisal Standards Board of the Appraisal Foundation.

Appraisal Team

The following Skagit County Assessor's staff participated by varying degrees in all aspects of the 2016-2017 Burlington Revaluation, including physical property inspection, land and improvement valuation, cost and depreciation table development, sales verification, and sales and statistical analysis.

Annette DeVoe, Chief Deputy Assessor
Jane Sneeringer, Senior Commercial Appraiser
Andrew Corcoran, Commercial Appraiser
Thomas (Buck) Young, Senior Residential Appraiser
Richard (Rich) Holtrop, Residential Appraiser III
Stephen (Steve) Pedersen, Residential Appraiser III
Lois Wedekind, Residential Appraiser III
Julie Priest, Residential Appraiser III
Ben Dodge, Residential Appraiser II
Timothy (Tim) Light, Residential Appraiser I
Daniel (Danny) Hagen, Residential Appraiser I
Christopher (Chris) Zimmerman, Residential Appraiser I
Jacob (Jake) Leander, Residential Appraiser Trainee
Christopher (CJ) Rankin, Residential Appraiser Trainee
Brian Herring, Appraiser/Analyst

Client

This mass appraisal report was prepared for David M. Thomas, Skagit County Assessor.

Client Instructions to Appraisers

- Appraise all properties in each physical inspection cycle by the date specified in the approved Skagit County revaluation calendar.
- The appraisals are to be compliant with Revised Code of Washington (RCW), Washington Administrative Code (WAC), Department of Revenue (DOR) guidelines, International Association of Assessing Officers (IAAO) Standard on Ratio Studies (January 2010 edition), IAAO Standard on Mass Appraisal of Real Property, and the Uniform Standards of Professional Appraisal Standards (USPAP) Standard 6: Mass Appraisal, Development and Reporting.
- The appraisals are to be performed using industry-standard mass appraisal techniques, including adjusting sale prices for time when warranted.
- Physical inspections must comply with the revaluation plan approved by the Washington State Department of Revenue. Physical inspections will at a minimum be performed by a curbside visit and review of the property characteristics.
- An effort should be made to inspect and review all qualified sales that occurred in the year prior to the assessment date. Those qualified sales which are determined to be outliers should be examined as resources allow. In lieu of examination, a sales questionnaire may be mailed to the property owner and/or an internet review performed.
- A written mass appraisal report which is compliant with USPAP Standard 6 must be completed for each of Skagit County's physical inspection cycle.
- The intended use of the appraisals and subsequent report is for the administration of ad valorem property tax assessment.

Intended User(s)

The intended user(s) of this report include the Skagit County Assessor, the Skagit County Board of Equalization, the Skagit County Treasurer, all Skagit County levying authorities, the Washington State Board of Tax Appeals, and the Washington State Department of Revenue. No other users are intended or implied.

Intended Use

The intended use of this report is limited to the administration of ad valorem taxation purposes in accordance with Washington state law and its administrative code. After certification by the Assessor, the concluded values will be used as the basis for assessment of real estate taxes payable in 2017. The information and conclusions contained in this report cannot be relied upon for any other purpose.

Assumptions and Limiting Conditions

1. This revaluation is a mass appraisal assignment resulting in conclusions of market value for ad valorem tax purposes, and no one should rely on this study for any other purpose. The opinion of value on any parcel may not be applicable for any use other than ad valorem taxation.
2. This is a retrospective analysis with an assumed data cut-off date as of the appraisal date specified in this report.
3. Properties are appraised as if free and clear of any and all liens or encumbrances unless otherwise stated.
4. No personal property is included in the value. Fixtures are generally accepted as real property. Business value is personal property and exempt.
5. Responsible ownership and competent property management are assumed.
6. It is assumed that there are no hidden conditions of the property, subsoil or structures that render it more or less valuable unless specifically noted in the property system database.
7. The appraisers are not qualified to detect the existence of potentially hazardous materials 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. It is assumed that there are no hazardous materials affecting the value of the property, unless specifically identified in the property system database.
8. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless noncompliance has been noted in the property system database.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless otherwise noted in the property system database.
10. It is assumed that all required licenses, permits, certificates, consents, easements or other legislative or administrative authority from any local, state or national government, or private entity or organization have been or can be obtained or renewed for any use on which the value estimate is based, unless otherwise noted in the property system database.
11. It is assumed that there are no adverse easements, encroachments, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of similar nature significantly affecting the value of the property, unless otherwise noted in the property system database.
12. No responsibility is assumed for matters pertaining to legal or title considerations.
13. Fiscal constraints may impact data completeness and accuracy, valuation methods, and valuation accuracy.
14. The Assessor's records are assumed to be correct for the properties appraised.

15. Sales utilized are assumed to be arm's length market transactions based on initial validation review; fiscal constraints limit the Assessor's ability to verify all transactions beyond this initial sales screening. Secondary sales validation may include the mailing of sales questionnaires, internet research, and physical inspection.
16. The subject property is assumed to be buildable unless otherwise noted in the property system database.
17. It is assumed that the property is unaffected by any federal, state, or local sensitive or critical area regulations, unless otherwise noted in the property system database.
18. Maps, aerials and drawings may be included to assist the intended user in visualizing the property; however, no responsibility is assumed as to their exactness.
19. The value conclusions contained in this report apply to the subject parcels only, and are valid only for assessment purposes. No attempt has been made to relate the conclusions in this report to any other past, present, or future revaluation.
20. It is assumed that exposure time for the properties appraised is typical for their market area.
21. It is assumed that the legal descriptions stored in the Assessor's property system database for the properties appraised are correct. No survey or search of title of the properties has been made for this report, and no responsibility for legal matters is assumed.
22. Rental rates, when employed, were calculated in accordance with generally accepted appraisal industry standards.
23. The Skagit County Assessor's office does not employ a sales database that captures property characteristics at the time of sale. Staffing resources preclude the level of sales review which is required to support this activity.
24. Exterior inspections were made of all properties in the physical inspection areas per the revaluation plan approved by the Washington State Department of Revenue. Due to lack of access, some properties did not receive walk-around inspections, nor did improved properties receive interior inspections. An effort was made to either inspect or validate the researched sales.
25. The values reported herein are only valid as of the date of this report. Values of individual properties may change through normal jurisdictional processes.
26. Time adjustments were not made to sales due to lack of activity with which to consider for time trend analysis.
27. Where Appraisal Trainees participated in the appraisal process, they were supervised and their work reviewed by a Washington State Department of Revenue accredited appraiser who ultimately holds accountability for the work performed.

Jurisdictional Exception

The mass appraisal must be completed within the time constraints set by statute, and with the work force and financial resources available. As these constraints limit the scope of work performed for the mass appraisal, limiting the ability to fully comply with USPAP Standard 6, the jurisdictional exception as provided for in Standard 6 is invoked.

Date of Appraisal

The appraisal date for properties other than new construction is January 1, 2016.

RCW 84.40.020

Assessment date — Average inventory basis may be used — Public inspection of listing, documents, and records.

All real property in this state subject to taxation shall be listed and assessed every year, with reference to its value on the first day of January of the year in which it is assessed.

The appraisal date for new construction, for those properties which were issued a building permit or should have been issued a building permit, is July 31, 2016.

RCW 36.21.080

New construction building permits — When property placed on assessment rolls.

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.

Date of Report

The date of this mass appraisal report is December 15, 2016.

Type of Value – Market Value

The basis of all assessments is the true and fair market value of property. True and fair market value (Spokane etc. R. Company v. Spokane County, 75 Wash. 72 (1913); Mason County Overtaxed, Inc. v. Mason County, 62d (1963); AGO 57-58, No. 2, 1/8/57; AGO 65-66, No. 65 12/31/65... or amount of money a buyer is 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 that can within reason be said to affect the price in negotiations between a willing purchaser and willing seller, and he must consider all of such factors (AGO 65.66. No. 65, 12/31/65).

Property Rights Appraised – Fee Simple Title

Fee simple title indicates ownership that is absolute and subject to no limitation other than eminent domain, police power, escheat and taxation. (International Association of Assessing Officers, *Glossary for Property Appraisal and Assessment*, (Chicago. IAAO 1997).

REVALUATION PROCESS

Overview

Value changes for all three market segments (single-family residential, condominium, and commercial) in the physically-inspected area were the result of a calibrated cost approach. In the cost approach, land values are added to the replacement cost new of improvements, less their depreciation. As time allowed and sufficient data was available, an income approach was employed as a calibration method for the income-producing properties. The calibration method for all three property types was a sales ratio study. Sale samples were identified and analyzed by dividing assessed values by their respective sale prices to produce a sale ratio. This analysis is the basis for adjusting land and/or improvement values for a given population of properties.

Inspection of Properties

RCW 84.41.041

Each county assessor shall cause taxable real property to be physically inspected and valued at least once every six years in accordance with RCW 84.41.030, and in accordance with a plan filed with and approved by the Department of Revenue.

The Burlington-Edison School District is Region/Cycle 1 and is scheduled for the 2016 real property physical inspection.

Sales Source

The Skagit County Assessor's office utilizes sales obtained from real estate excise tax affidavits filed with the Skagit County Treasurer's office. A query of sales throughout the county was performed for the time period of May 1, 2015 – April 30, 2016, which is the time frame prescribed by the Washington State Department of Revenue for sales ratio analysis.

Sales Review

Sales are assumed to be arm's length transactions based on initial screening in the sales verification process utilizing standards published by the Washington State Department of Revenue.

Sales located in the scheduled physical inspection revaluation area receive, at a minimum, an external inspection. Sales identified as outliers or located outside of the physical inspection revaluation area may receive sales questionnaires and/or be scheduled for review. The sales review may include a site visit, contact with either the buyer or seller of the property, and/or a review of published information on various real estate websites. Time and workforce constraints may limit the level of sales review that can be performed.

Standards and Measurement of Data Accuracy

Current data was verified via field inspection, coded per the Assessor's procedural manual and corrected when necessary. Each sale was verified with the buyer, seller, real estate agent, or tenant when possible.

Certificate of Appraisal

- The appraisers are, at minimum, accredited by the State of Washington Department of Revenue. By signing this report, the appraisers certify that they have the knowledge and expertise to complete this Assessor's Annual Report of Appraisal with professional assistance if required and disclosed.
- To the best of the appraisers' knowledge and belief, all statements and information in this report are true and correct, and the appraisers have not knowingly withheld any significant information.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are the appraisers' personal, impartial and unbiased professional analyses, opinions, and conclusions.
- The appraisers have no bias with respect to any property that is the subject of this report, or to the parties involved with this assignment.
- The appraisers' engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The appraisers' compensation for completing this assignment is not contingent upon the 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.
- The appraisers' analyses, opinions, and conclusions were developed in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). This report has been prepared in conformity with USPAP.
- Inspections were performed by appraisers of the Skagit County Assessor's Office.

SIGNATURES ON FILE

BURLINGTON SINGLE-FAMILY RESIDENTIAL REVALUATION REPORT

Area Name:	All Burlington single-family residential (SFR) properties, excluding condominiums, tidelands, open space and mobile homes on leased land
Cycle Number:	1
Parcel Count:	9,958
Previous Physical Inspection:	2010
Effective Date of Appraisal:	January 1, 2016
Date of Physical Inspections:	October 1, 2015 – July 31, 2016
Range of Sale Dates:	May 1, 2015 – April 30, 2016
Number of Valid Sales:	287

Sales Summary

All single-family residential sales that were verified as valid and did not have characteristic changes between the dates of sale and appraisal were included in the analysis. A list of the utilized valid sales follows in the individual neighborhood summaries.

Overall Value Sale Price Ratio COD: 8.56%

The Coefficient of Dispersion (COD) is a measure of uniformity; the lower the number the better the uniformity. IAAO Standard 14.2.2 recommends a COD of 15.0 or less for single-family residences. In areas of newer or fairly similar residences it should be 10.0 or less.

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as residential. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, both demographic and current development patterns, the existing buildings represent the highest and best use of the property as improved for most properties. The existing use will continue until land value, in its highest and best use, exceeds the sum of the value of the entire property in its existing use and the cost to remove the improvements. In most cases, we find that the current improvements do add value to the property and are therefore the highest and best use. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

Interim Use: In many instances a property's highest and best use may change in the foreseeable future. For example, an improved residential property may be located near a commercial zone area that is slowly expanding and creating pressure for redevelopment. The use to which the site is currently put until the redevelopment pressure is too great is called an interim use. Thus, interim uses are current highest and best uses that are likely to change in a relatively short period of time.

General Area Boundaries

The entire Burlington-Edison School District.

Area Description

The Burlington Revaluation Area is a 106 square mile sector in the northwest portion of Skagit County. It is a diverse area bordered by Whatcom County to the north, the Skagit River and Mount Vernon to the South, Sedro-Woolley to the east, and Puget Sound to the west. Included within these borders is rich farmland, 29 miles of shoreline, and the foothills of the Cascade Mountains. The City of Burlington (pop. 8,600) is the residential and commercial center. Other residential communities include the villages of Edison, Bay View, Allen, and Alger, as well as the Skagit Golf & Country Club and Samish Island.

Along with the neighboring city of Mount Vernon, Burlington is the commercial hub of the county. The two cities are intersected by Interstate 5, the West Coast's major north-south transportation corridor. The last twenty years have seen significant commercial development in Burlington along the southern portion of Burlington Boulevard, north of Burlington Hill, and at the Bayview Business Park which is located at the Skagit Regional Airport four miles west of the city. Six of Skagit County's top 16 non-government employers are located in Burlington.

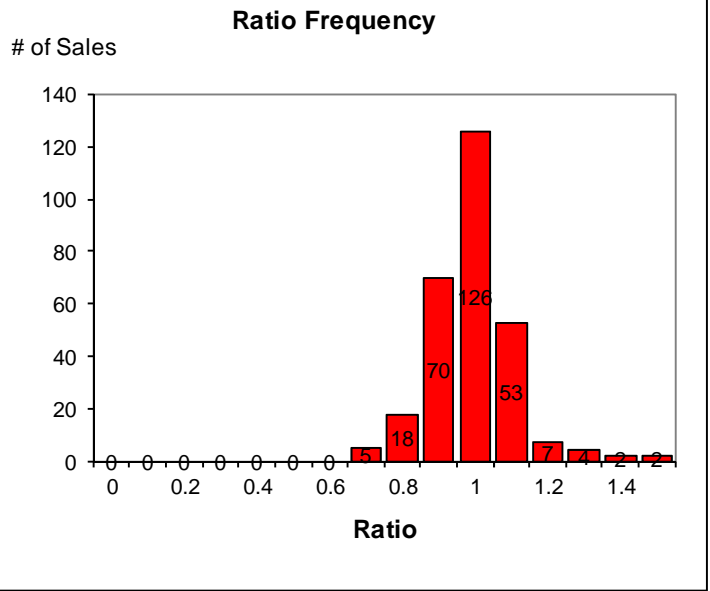
Burlington offers a wide variety of housing options, from rentals to starter homes to elegant view properties. Every level of quality and construction style is present, including residential condominiums, townhomes, apartments, single-family homes, and commercial and industrial properties. For the 2016 revaluation, extensive re-classification of neighborhoods occurred to better define submarkets for assessment purposes. The neighborhood re-classification considered characteristics such as location, predominant land use, age of homes, quality of construction, and the stage in the life cycle of the neighborhood. This allowed for superior analysis of comparable sales data and improved the equity of assessments. The following pages summarize sales and assessment information for each of these neighborhoods.

Conclusion and Recommendation

Value changes of single-family residential properties in the physically-inspected area were the result of applying current replacement cost tables to the improvements less depreciation, then combining with a land value, as determined by sales of similar vacant land, or by extracting land value from improved property sales. Values resulting from this process were then modified, when warranted, based on sales of comparable properties within each plat or neighborhood. The sales sample of the single-family residential market segment indicates a normal distribution, and the post-revaluation values improve uniformity and equity. The results are therefore considered to provide a reliable representation of fair market value, and we recommend posting these values for the 2016 assessment year.

BURLINGTON RESIDENTIAL SALES RATIOS AFTER REVALUATION

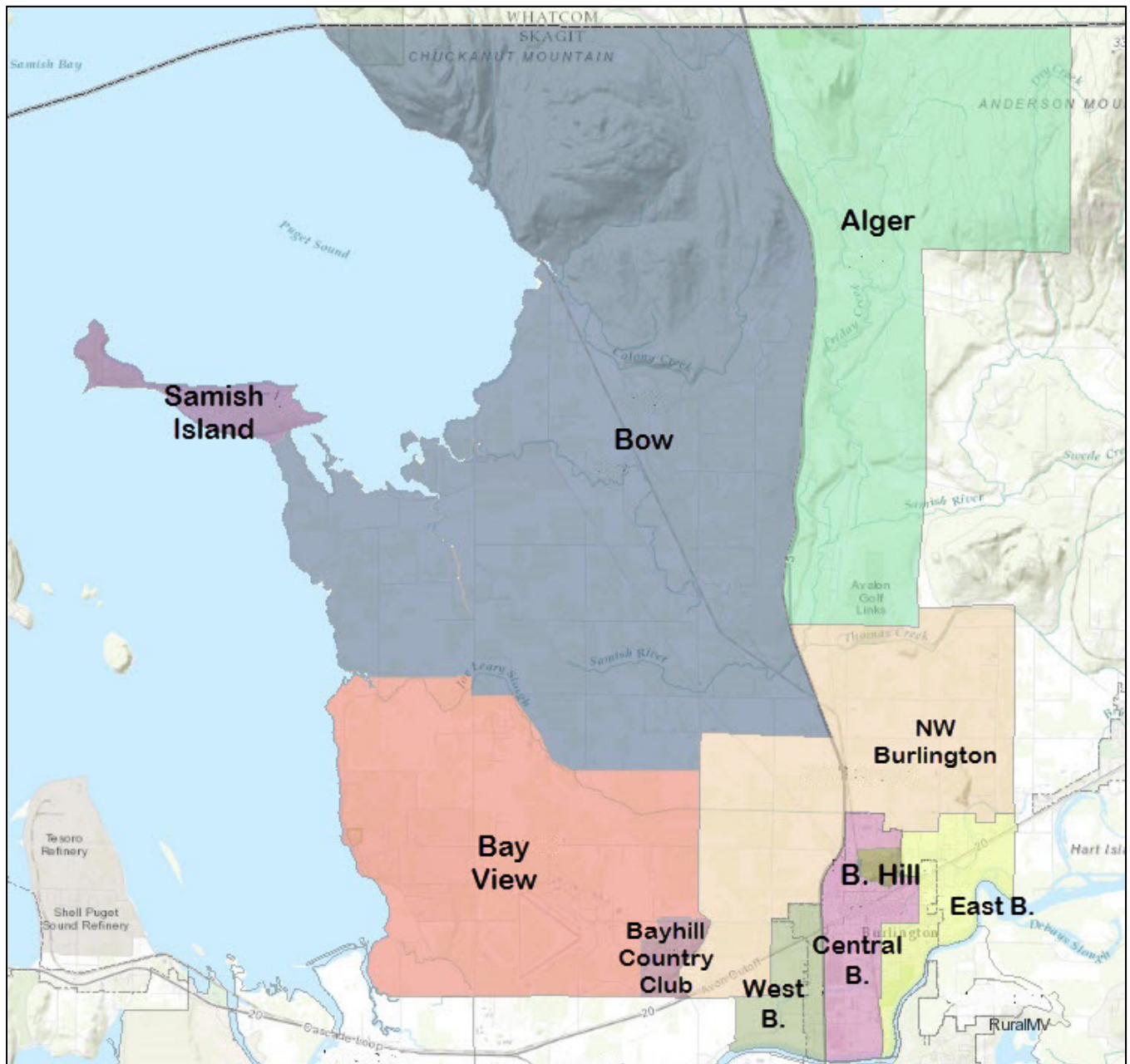
Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: All of Burlington SFRs	Appraiser: ALL	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	287		
Mean Assessed Value	275,200		
Mean Sales Price	295,200		
Standard Deviation AV	145,696		
Standard Deviation SP	162,557		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.947		
Median Ratio	0.951		
Weighted Mean Ratio	0.932		
UNIFORMITY			
Lowest ratio	0.6266		
Highest ratio	1.6467		
Coefficient of Dispersion	8.56%		
Standard Deviation	0.1164		
Coefficient of Variation	12.29%		
Price-related Differential	1.02		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.934		
Upper limit	0.964		
95% Confidence: Mean			
Lower limit	0.933		
Upper limit	0.960		
SAMPLE SIZE EVALUATION			
N (population size)	9,958		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1164		
Recommended minimum	22		
Actual sample size	287		
Conclusion	OK		
NORMALITY			
Binomial Test			
# ratios below mean	135		
# ratios above mean	152		
Z-score	0.944450138		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

The sales used in this analysis are a compilation of data from ten geographic sub-areas, referred to as neighborhoods. Individual neighborhood information is presented in the following pages.

BURLINGTON NEIGHBORHOOD MAP



The following pages provide more narrowly-defined descriptions, statistical analysis and sales lists for the ten neighborhood sub-areas depicted above.

NEIGHBORHOOD SUMMARY

Neighborhood:	Alger
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	1,115
Sales Sample Size:	30

Sales Summary

There were a total of 30 valid, arm's length sales considered for statistical analysis. Many more sales occurred but were invalidated for reasons such as bank sales, family sales, and quit claim deeds.

General Neighborhood Boundaries

North – Skagit/Whatcom county border

West – Interstate 5

East – Burlington/Sedro Woolley school district line

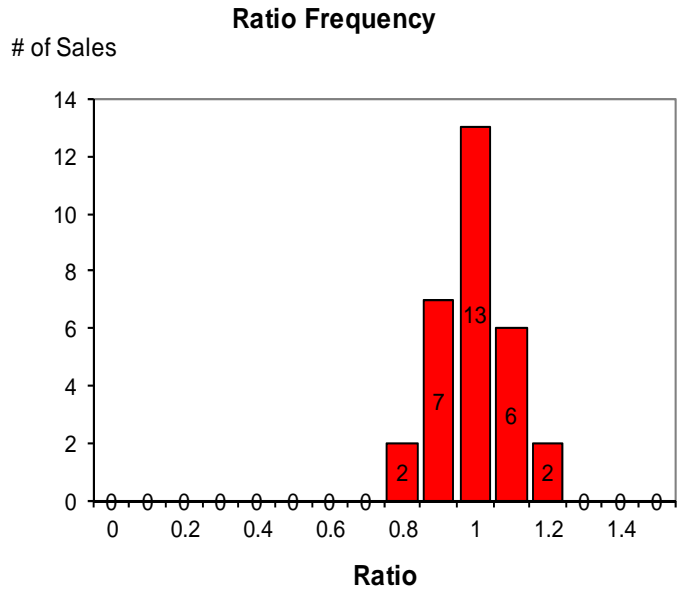
South – South line of Sections 7 & 8 of Township 35 North/Range 4 East

Neighborhood Description

Alger is located in the northeastern part of the Burlington-Edison School district. Single-family residences are prevalent in this area, with some multi-family and mobile homes scattered within. The area has many outdoor amenities, walking trails, creeks and lakes. Market values appear to be improving in most sectors, but more so in the newer homes than those built prior to 1990.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Alger	Appraiser: DH	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	30		
Mean Assessed Value	253,400		
Mean Sales Price	267,100		
Standard Deviation AV	102,574		
Standard Deviation SP	102,380		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.952		
Median Ratio	0.971		
Weighted Mean Ratio	0.949		
UNIFORMITY			
Lowest ratio	0.7514		
Highest ratio	1.1640		
Coefficient of Dispersion	8.17%		
Standard Deviation	0.1038		
Coefficient of Variation	10.89%		
Price-related Differential	1.00		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.904		
Upper limit	0.986		
95% Confidence: Mean			
Lower limit	0.915		
Upper limit	0.990		
SAMPLE SIZE EVALUATION			
N (population size)	1115		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1038		
Recommended minimum	17		
Actual sample size	30		
Conclusion	OK		
NORMALITY			
Binomial Test			
# ratios below mean	13		
# ratios above mean	17		
Z-score	0.547722558		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(ALGER)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
50493	\$ 191,600	\$ 255,000	04/28/2016
101721	\$ 433,000	\$ 440,000	04/27/2016
49555	\$ 199,100	\$ 190,000	04/12/2016
49143	\$ 258,900	\$ 300,000	03/17/2016
49522	\$ 209,200	\$ 235,000	03/17/2016
49533	\$ 254,600	\$ 332,500	03/14/2016
68684	\$ 242,500	\$ 261,000	03/11/2016
68737	\$ 212,200	\$ 210,000	02/26/2016
125874	\$ 312,900	\$ 306,000	02/17/2016
103071	\$ 146,200	\$ 150,000	01/22/2016
49035	\$ 171,900	\$ 206,000	01/05/2016
115447	\$ 216,600	\$ 250,000	12/22/2015
49685	\$ 557,100	\$ 560,000	12/07/2015
49047	\$ 83,100	\$ 76,000	11/23/2015
48920	\$ 229,000	\$ 235,000	11/16/2015
68730	\$ 232,800	\$ 257,500	10/29/2015
49172	\$ 354,900	\$ 310,000	10/01/2015
49120	\$ 217,700	\$ 225,000	09/29/2015
118032	\$ 322,400	\$ 340,000	09/18/2015
49434	\$ 145,500	\$ 125,000	08/31/2015
68693	\$ 240,600	\$ 220,000	07/15/2015
68708	\$ 270,100	\$ 274,000	07/06/2015
68751	\$ 127,400	\$ 139,900	06/26/2015
49352	\$ 263,100	\$ 252,700	06/25/2015
49332	\$ 257,900	\$ 316,000	06/24/2015
50246	\$ 388,100	\$ 400,000	06/15/2015
49024	\$ 290,500	\$ 299,000	06/12/2015
50445	\$ 443,200	\$ 455,000	06/12/2015
49578	\$ 193,600	\$ 222,000	06/03/2015
106719	\$ 137,300	\$ 170,000	06/01/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Bay Hill
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	757
Sales Sample Size:	41

Sales Summary

There were a total of 41 valid, arm's length sales considered for statistical analysis. Short sales and foreclosures were not included in the ratio study.

General Neighborhood Boundaries

North – Peterson Road
West – Eagle Drive
East – Avon-Allen Road
South – Ovenell Road

Neighborhood Description

The Bay Hill neighborhood is located in unincorporated Skagit County a few minutes west of Burlington and Interstate 5. Home to the Skagit Golf and Country Club, it is a unique area on the eastern edge of a plateau overlooking the valley and the Cascade Mountains beyond. Originally built as a nine-hole course and clubhouse in 1920, the Country Club was expanded to 18 holes in 1969.

This area contains several plats that were developed from the early 1970s through the mid-1990s. Much of the development is located on and around the Skagit Golf and Country Club. Styles include custom-built Cape Cod, Mediterranean, two-story, split-entry, tri-levels and ramblers. There are also condominiums and duplexes.

North of the Country Club along Peterson Road, plats such as Bay Hill Village Cedar Downs were created in the mid-1990s. In most cases the quality level is consistent with the Country Club. There is a mix of acreage parcels among these plats that offer the country-living feel. The newest short plat, developed in 2013, retains the original 1956 home and added Kenzie Court with three homes built in 2015 and 2016.

The Bay Hill area provides property owners both the out-of-town feeling and quick, direct access to the amenities of Burlington, Mount Vernon and Anacortes, as well as the neighboring industrial park and airport.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Bay Hill	Appraiser: LAW	Property Type: Improved / Vacant Residential	Trend used?: No

SAMPLE STATISTICS	
Sample size (n)	41
Mean Assessed Value	314,300
Mean Sales Price	328,600
Standard Deviation AV	55,345
Standard Deviation SP	66,744

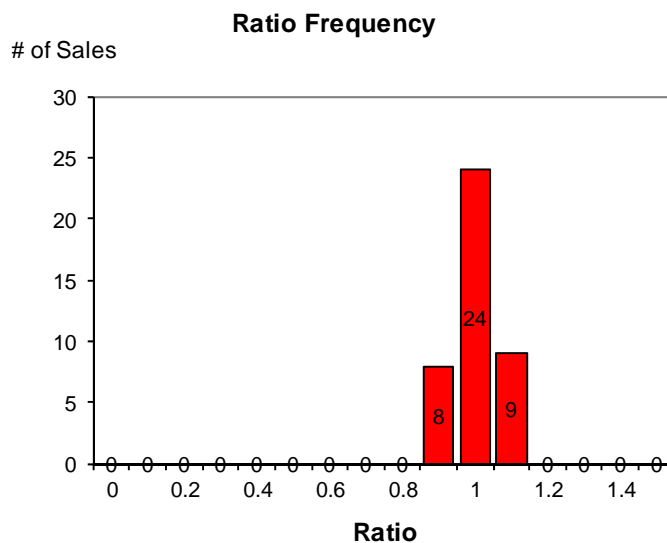
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.962
Median Ratio	0.971
Weighted Mean Ratio	0.956

UNIFORMITY	
Lowest ratio	0.8399
Highest ratio	1.0872
Coefficient of Dispersion	4.74%
Standard Deviation	0.0582
Coefficient of Variation	6.06%
Price-related Differential	1.01

RELIABILITY	
95% Confidence: Median	
Lower limit	0.940
Upper limit	0.984
95% Confidence: Mean	
Lower limit	0.944
Upper limit	0.979

SAMPLE SIZE EVALUATION	
N (population size)	757
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.0582
Recommended minimum	5
Actual sample size	41
Conclusion	OK

NORMALITY	
Binomial Test	
# ratios below mean	18
# ratios above mean	23
Z-score	0.624695048
Conclusion	Normal*
*i.e., no evidence of non-normality	



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(BAY HILL)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
79528	\$ 285,200	\$ 314,500	04/28/2016
81138	\$ 312,600	\$ 320,000	04/28/2016
104454	\$ 300,300	\$ 319,000	03/10/2016
70149	\$ 306,800	\$ 329,500	02/18/2016
132002	\$ 307,500	\$ 349,000	02/12/2016
81136	\$ 500,200	\$ 595,565	01/27/2016
102702	\$ 359,700	\$ 385,000	01/26/2016
104423	\$ 282,100	\$ 315,000	01/20/2016
70203	\$ 249,300	\$ 247,000	01/14/2016
79500	\$ 267,900	\$ 260,000	12/23/2015
64570	\$ 331,900	\$ 345,000	12/18/2015
64524	\$ 334,500	\$ 319,000	12/17/2015
67681	\$ 272,400	\$ 280,000	12/09/2015
79360	\$ 331,300	\$ 335,000	11/25/2015
70201	\$ 262,800	\$ 295,000	11/23/2015
132001	\$ 321,500	\$ 352,500	11/16/2015
79772	\$ 293,500	\$ 280,000	11/09/2015
79503	\$ 305,500	\$ 298,000	11/04/2015
79523	\$ 330,500	\$ 335,000	10/27/2015
79330	\$ 300,500	\$ 307,000	10/20/2015
64594	\$ 333,100	\$ 348,000	10/19/2015

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
79494	\$ 247,900	\$ 285,000	10/13/2015
64559	\$ 292,300	\$ 301,000	09/30/2015
79773	\$ 359,500	\$ 345,000	09/21/2015
67673	\$ 259,500	\$ 280,000	09/08/2015
20971	\$ 271,700	\$ 260,000	09/02/2015
79331	\$ 415,000	\$ 430,000	08/31/2015
67704	\$ 338,400	\$ 391,500	08/26/2015
79527	\$ 421,300	\$ 387,500	08/24/2015
79510	\$ 261,100	\$ 275,000	08/21/2015
79389	\$ 293,000	\$ 300,000	08/07/2015
79537	\$ 309,000	\$ 312,500	08/04/2015
104399	\$ 303,100	\$ 345,000	07/28/2015
20993	\$ 407,100	\$ 462,500	07/17/2015
79383	\$ 295,100	\$ 290,000	07/16/2015
21051	\$ 255,500	\$ 256,000	07/06/2015
102713	\$ 446,700	\$ 475,000	07/01/2015
83983	\$ 284,900	\$ 290,000	06/26/2015
81143	\$ 272,100	\$ 284,500	06/19/2015
104423	\$ 282,100	\$ 287,500	06/16/2015
95888	\$ 281,500	\$ 286,000	05/19/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Bay View
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	971
Sales Sample Size:	17

Sales Summary

There were a total of 17 valid, arm's length sales considered for statistical analysis.

General Neighborhood Boundaries

North – D'arcy Road
West – Padilla Bay
East – Avon Allen Road
South – Ovenell Road

Neighborhood Description

The Bay View neighborhood is located in Skagit County, approximately 15 minutes west of Burlington. It encompasses the elevated area west of the agricultural area of western Burlington, and south of Bow and Allen. This area consists of several different land use designations and zoning districts, such as single-family residential, agricultural land, rural village reserve, aviation related and public open space. There are a variety of home styles in the area such as older farm houses, ramblers, two-story homes, manufactured homes, and custom built homes.

Along Josh Wilson Road, Farm to Market Road, Marihugh Road, and Bay View Road there are mostly acreage parcels with single-family residences. Some parcels are unimproved, possibly due to water restrictions. Platted areas such as Bridgewater Estates and Bay Meadows were developed in the 1990s and 2000s.

In the village of Bay View there is a mix of homes built from the early 1900s to the present. Construction ranges from fair quality beach cabins to very good or excellent quality custom homes. Most properties have at least a partial view of Padilla Bay from the waterfront to locations further up the hillside. There may also be a view of the Olympic Mountains and Mount Rainier on a clear day.

Property owners in the Bay View area have amenities such as the local church and elementary school, the Farmhouse Restaurant on Highway 20, the Flyers Restaurant & Brew House and the Chuckanut Brewery located in the Bay View Business Park/Port of Skagit, the Skagit Regional Airport, and the Bay View State Park with 1,285 feet of saltwater shoreline along Padilla Bay. The nearby communities of Burlington, Mount Vernon, and Anacortes provide additional amenities such as art galleries, movie theatres, shopping malls, and medical facilities.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Bay View	Appraiser: TY	Property Type: Improved / Vacant Residential	Trend used?: No

SAMPLE STATISTICS	
Sample size (n)	17
Mean Assessed Value	362,900
Mean Sales Price	396,400
Standard Deviation AV	182,703
Standard Deviation SP	183,345

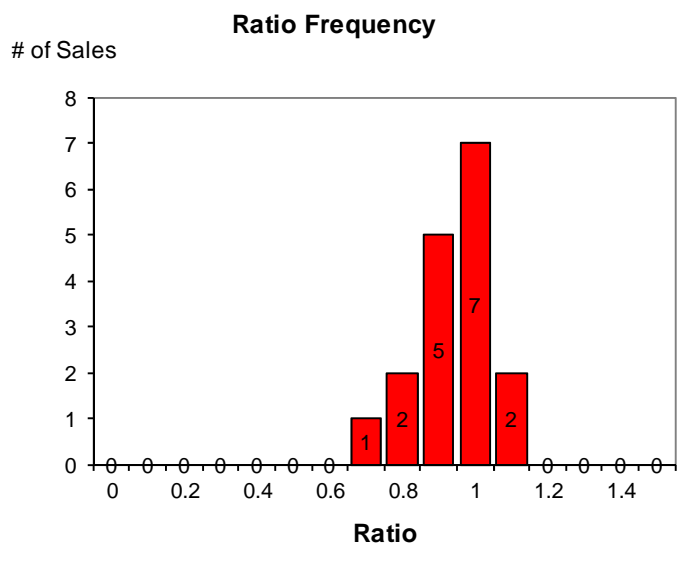
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.897
Median Ratio	0.908
Weighted Mean Ratio	0.915

UNIFORMITY	
Lowest ratio	0.6846
Highest ratio	1.0662
Coefficient of Dispersion	9.64%
Standard Deviation	0.1086
Coefficient of Variation	12.10%
Price-related Differential	0.98

RELIABILITY	
95% Confidence: Median	
Lower limit	0.828
Upper limit	0.986
95% Confidence: Mean	
Lower limit	0.846
Upper limit	0.949

SAMPLE SIZE EVALUATION	
N (population size)	971
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.1086
Recommended minimum	19
Actual sample size	17
Conclusion	Minimal

NORMALITY	
Binomial Test	
# ratios below mean	8
# ratios above mean	9
Z-score	0
Conclusion	Normal*
*i.e., no evidence of non-normality	



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(BAY VIEW)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
35004	\$ 453,000	\$ 539,000	04/27/2016
34633	\$ 236,600	\$ 270,000	03/23/2016
34998	\$ 444,100	\$ 475,000	12/18/2015
123844	\$ 399,300	\$ 439,900	10/27/2015
35244	\$ 119,800	\$ 175,000	10/19/2015
132827	\$ 119,800	\$ 160,000	09/25/2015
132826	\$ 119,800	\$ 166,000	09/02/2015
34605	\$ 200,000	\$ 200,000	08/12/2015
71162	\$ 492,400	\$ 580,000	07/10/2015
115477	\$ 420,400	\$ 429,900	07/01/2015
115735	\$ 728,600	\$ 750,000	06/26/2015
34992	\$ 252,400	\$ 305,000	06/25/2015
100910	\$ 515,200	\$ 522,500	06/17/2015
34920	\$ 500,500	\$ 520,000	06/01/2015
104059	\$ 138,600	\$ 130,000	05/12/2015
34956	\$ 587,500	\$ 577,000	05/05/2015
121876	\$ 440,700	\$ 500,000	05/04/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Bow
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	2,460
Sales Sample Size:	37

Sales Summary

There were a total of 37 valid, arm's length sales considered for statistical analysis. Three more sales occurred but were invalidated for inclusion in the ratio analysis for various reasons. One of these was a bank-owned sale. Distressed property in this area appears to have been minimal.

General Neighborhood Boundaries

North – Whatcom County

West – Samish Bay & Padilla Bay

East – Interstate 5

South – Cook Road and Allen West Road

Neighborhood Description

The neighborhood of Bow is situated in the northwest portion of Skagit County. It is accessed via Cook Road and Chuckanut Drive from the south, and from Bow Hill Road from the northeast. This valley is mostly low and level with some wet areas. The southern portion contains soil conditions supportive of agricultural cropland and a few dairy farms, some with cheese production.

On the east side of the neighborhood, Bow Hill offers the elevation for distant marine and valley views to the west; here the plat of Sunset Creek includes 25 good quality homes. Some home sites on Ershig Road also have views to the west, somewhat offset by the Burlington Northern Railroad located below.

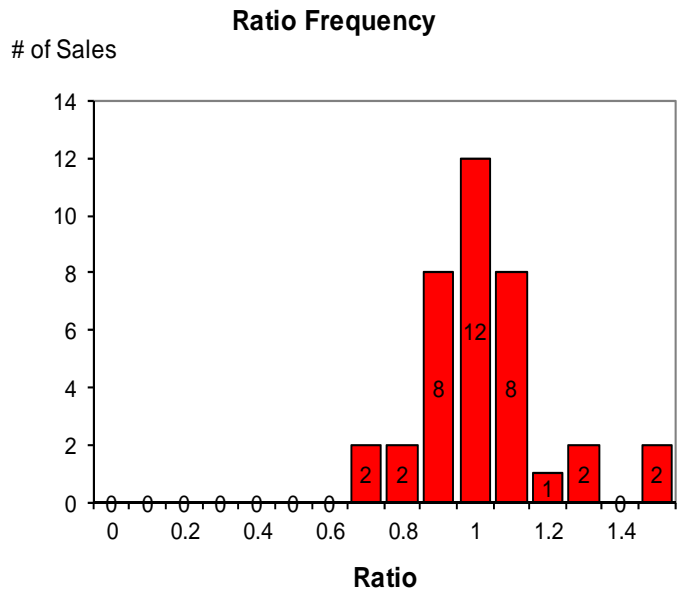
Edison is a village with a population of 103. It is a dense residential area with an eclectic mix of home styles, including several multi-story homes built in the early 1900s. Residences are generally well-maintained, and some have had extensive remodeling. A portion of the homes remaining are of lower quality one-story and manufactured homes.

Good views of Mount Baker can be found south of Edison. In the northern portion of Bow there are residential and timber properties on the hillside above Chuckanut Drive. The steep topography and elevation makes for residential lots with expansive marine views overlooking Samish Bay. While multiple styles and qualities are represented, a large percentage of properties are exclusive, high-end residences.

The lack of sales noted is a result of the limited number of properties in the neighborhood and the upper end price range. It appears that the market in the Bow area is continuing the recovery seen in other portions of Skagit County after the economic downturn of 2007-2009.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Bow	Appraiser: SP	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	37		
Mean Assessed Value	346,000		
Mean Sales Price	371,000		
Standard Deviation AV	180,315		
Standard Deviation SP	202,762		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.977		
Median Ratio	0.960		
Weighted Mean Ratio	0.933		
UNIFORMITY			
Lowest ratio	0.6266		
Highest ratio	1.6467		
Coefficient of Dispersion	13.30%		
Standard Deviation	0.1920		
Coefficient of Variation	19.66%		
Price-related Differential	1.05		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.902		
Upper limit	1.003		
95% Confidence: Mean			
Lower limit	0.915		
Upper limit	1.039		
SAMPLE SIZE EVALUATION			
N (population size)	2460		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1920		
Recommended minimum	58		
Actual sample size	37		
Conclusion	Minimal		
NORMALITY			
Binomial Test			
# ratios below mean	20		
# ratios above mean	17		
Z-score	0.328797975		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(BOW)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
133096	\$ 342,100	\$ 325,000	04/25/2016
48735	\$ 601,500	\$ 635,000	04/18/2016
68648	\$ 213,200	\$ 236,400	04/15/2016
100897	\$ 439,300	\$ 520,000	04/15/2016
130430	\$ 98,800	\$ 70,000	04/15/2016
130431	\$ 98,800	\$ 60,000	04/15/2016
47588	\$ 621,800	\$ 685,000	03/23/2016
68668	\$ 364,200	\$ 425,000	03/17/2016
99148	\$ 421,400	\$ 650,000	02/26/2016
47577	\$ 636,400	\$ 850,000	02/23/2016
48155	\$ 277,100	\$ 310,000	01/29/2016
68673	\$ 533,600	\$ 600,000	12/30/2015
73008	\$ 171,100	\$ 210,000	12/02/2015
48663	\$ 414,300	\$ 449,900	11/23/2015
33543	\$ 272,100	\$ 314,000	11/13/2015
132754	\$ 239,400	\$ 232,000	11/13/2015
68642	\$ 239,200	\$ 245,000	11/09/2015
48726	\$ 243,000	\$ 248,000	10/19/2015
34549	\$ 297,700	\$ 235,000	10/09/2015
100333	\$ 480,000	\$ 500,000	10/07/2015
127959	\$ 286,400	\$ 226,000	09/30/2015
127961	\$ 210,000	\$ 185,000	09/16/2015
34380	\$ 139,100	\$ 222,000	09/14/2015
119193	\$ 404,900	\$ 389,900	09/04/2015
47807	\$ 237,800	\$ 224,900	09/02/2015
48114	\$ 301,600	\$ 350,000	09/02/2015
48188	\$ 416,400	\$ 415,000	08/20/2015
33777	\$ 260,400	\$ 325,000	07/29/2015
103339	\$ 603,200	\$ 585,000	07/20/2015
106450	\$ 306,600	\$ 389,500	07/17/2015
34071	\$ 265,200	\$ 279,000	07/13/2015
48026	\$ 983,400	\$ 950,000	07/13/2015
125113	\$ 469,100	\$ 475,000	06/24/2015
72988	\$ 173,800	\$ 175,000	06/24/2015
48420	\$ 298,600	\$ 282,549	06/09/2015
47944	\$ 187,000	\$ 195,000	05/22/2015
71256	\$ 252,400	\$ 257,500	05/13/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Burlington Hill
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	120
Sales Sample Size:	5

Sales Summary

There were a total of five valid, arm's length sales considered for statistical analysis. Three valid sales outside of the date parameters were reviewed but not included in the ratio study.

General Neighborhood Boundaries

North – Cook Road
West – Old Highway 99 North Road
East – North Skagit Street
South – State Route 20

Neighborhood Description

Located within the northern city limits, Burlington Hill consists of greenschist and phyllite rock and rises nearly 500 feet above the Skagit Flats. The plat of Tinas Coma covers roughly the eastern half of the hill and contains 85 lots, of which approximately 25 are undeveloped. Building costs associated with the topography and concerns over the naturally occurring asbestos in the hill, which was confirmed by the US EPA in 2012, are possible reasons for lots remaining unimproved.

Zoning in this area consists of single-family, multi-family, and a business park district. Homes are good to very good quality one and two-story homes with custom features such as stone columns, special lighting, vaulted or trayed ceilings, home theaters, and guest suites. The steeply sloped lots are optimal for basement and sub-basement levels, and capture the exceptional bay, river valley and territorial views that the hilltop provides. There are some acreage parcels to the north and west side of the hill, and located off Dane Lane are some older homes

Property owners in the Burlington Hill area have five minute access to the schools and library in Burlington, the retail amenities on Burlington Boulevard, Interstate-5, and State Route 20.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Burlington Hill	Appraiser: LAW	Property Type: Improved / Vacant Residential	Trend used?: No

SAMPLE STATISTICS	
Sample size (n)	5
Mean Assessed Value	537,300
Mean Sales Price	547,600
Standard Deviation AV	19,889
Standard Deviation SP	34,472

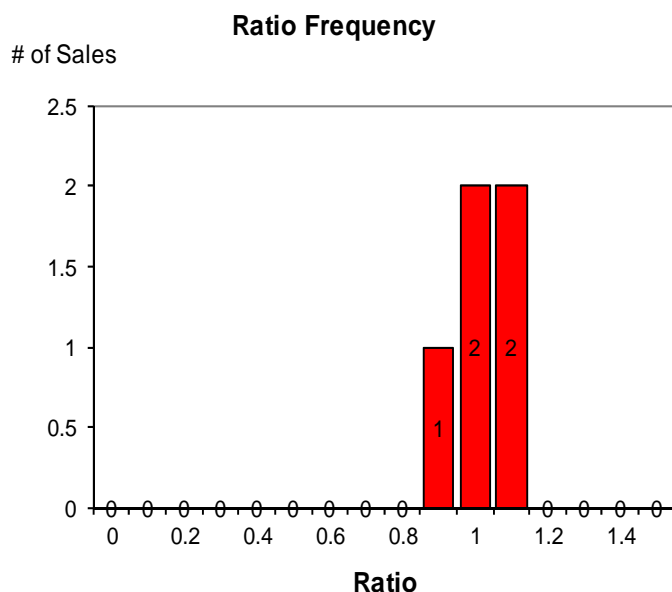
ASSESSMENT LEVEL	
Arithmetic Mean Ratio	0.984
Median Ratio	0.973
Weighted Mean Ratio	0.981

UNIFORMITY	
Lowest ratio	0.8908
Highest ratio	1.0684
Coefficient of Dispersion	5.56%
Standard Deviation	0.0715
Coefficient of Variation	7.27%
Price-related Differential	1.00

RELIABILITY	
95% Confidence: Median	
Lower limit	N/A
Upper limit	N/A
95% Confidence: Mean	
Lower limit	0.922
Upper limit	1.047

SAMPLE SIZE EVALUATION	
N (population size)	120
B (acceptable error - in decimal)	0.05
S (estimated from this sample)	0.0715
Recommended minimum	8
Actual sample size	5
Conclusion	Minimal

NORMALITY	
Binomial Test	
# ratios below mean	3
# ratios above mean	2
Z-score	0
Conclusion	Normal*
*i.e., no evidence of non-normality	



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(BURLINGTON HILL)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
117056	\$ 524,700	\$ 589,000	04/26/2016
117079	\$ 530,900	\$ 560,000	12/01/2015
117110	\$ 530,500	\$ 545,000	09/16/2015
117050	\$ 527,800	\$ 494,000	06/10/2015
117084	\$ 572,600	\$ 550,000	05/19/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Central Burlington
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	1,173
Sales Sample Size:	47

Sales Summary

There were a total of 47 valid, arm's length sales considered for statistical analysis. Short sale and foreclosure sales were not included in the analysis. Two sales of vacant land that were later improved were also not included.

General Neighborhood Boundaries

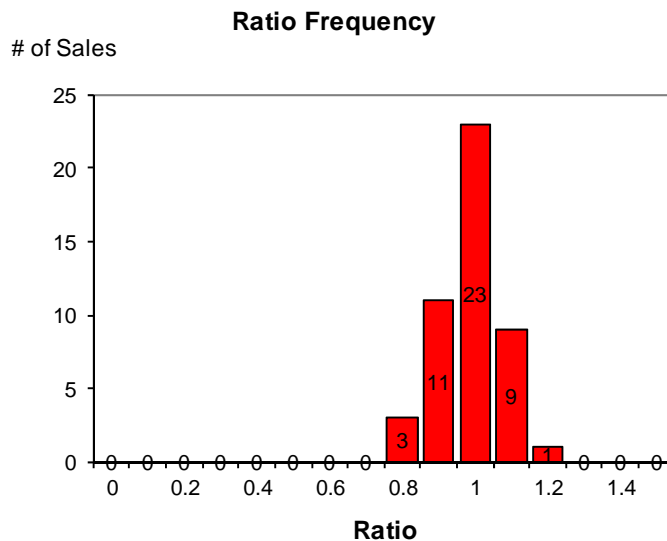
North – Gear Road, excluding Burlington Hill
West – Interstate 5
East – South Anacortes Street and North Section Street
South – Skagit River

Neighborhood Description

The central neighborhood encompasses the heart of Burlington. This includes the older downtown area surrounding Fairhaven Avenue, which was platted in 1893, and the retailer-dominated southern portion centered on Burlington Boulevard. Due to the zoning of this area there is a blend of residential, commercial and industrial properties. It also contains Burlington-Edison High School, the Cascade Mall, the Outlet Shoppes, numerous retailers, the Burlington library, and a number of city parks. The majority of the homes in this area were built prior to 1950, though many have been updated significantly since. There are some smaller developments of newer homes in the area as well. The values of homes in this neighborhood appear to be growing as evidenced by recent sales.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Central Burlington	Appraiser: JT/CR	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	47		
Mean Assessed Value	169,800		
Mean Sales Price	181,300		
Standard Deviation AV	46,143		
Standard Deviation SP	49,140		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.942		
Median Ratio	0.957		
Weighted Mean Ratio	0.937		
UNIFORMITY			
Lowest ratio	0.7688		
Highest ratio	1.1495		
Coefficient of Dispersion	6.61%		
Standard Deviation	0.0821		
Coefficient of Variation	8.71%		
Price-related Differential	1.01		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.915		
Upper limit	0.969		
95% Confidence: Mean			
Lower limit	0.918		
Upper limit	0.965		
SAMPLE SIZE EVALUATION			
N (population size)	1173		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0821		
Recommended minimum	11		
Actual sample size	47		
Conclusion	OK		
NORMALITY			
Binomial Test			
# ratios below mean	21		
# ratios above mean	26		
Z-score	0.583459966		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(CENTRAL BURLINGTON)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
71611	\$ 139,800	\$ 161,500	04/28/2016
71509	\$ 122,200	\$ 140,000	04/21/2016
72254	\$ 195,200	\$ 225,000	04/20/2016
71759	\$ 151,300	\$ 164,500	04/14/2016
71397	\$ 117,800	\$ 150,500	04/09/2016
71439	\$ 112,700	\$ 105,000	03/09/2016
72414	\$ 145,200	\$ 147,500	03/07/2016
71917	\$ 174,000	\$ 195,000	03/03/2016
71408	\$ 114,800	\$ 110,000	02/29/2016
130256	\$ 147,200	\$ 174,000	02/24/2016
62825	\$ 264,100	\$ 274,900	02/10/2016
72567	\$ 204,800	\$ 237,400	02/03/2016
130253	\$ 147,200	\$ 158,000	02/01/2016
71820	\$ 197,500	\$ 215,000	01/14/2016
71653	\$ 183,700	\$ 189,900	12/30/2015
72166	\$ 128,900	\$ 128,000	12/30/2015
72325	\$ 105,000	\$ 98,000	12/22/2015
71596	\$ 230,400	\$ 249,500	12/04/2015
72021	\$ 212,000	\$ 220,000	11/05/2015
71830	\$ 196,900	\$ 205,500	10/30/2015
71500	\$ 179,200	\$ 180,000	10/16/2015
71328	\$ 96,100	\$ 125,000	10/01/2015
71716	\$ 166,500	\$ 171,300	10/01/2015
72123	\$ 190,800	\$ 196,875	09/30/2015

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
71864	\$ 206,100	\$ 205,000	09/24/2015
72784	\$ 147,200	\$ 185,000	09/18/2015
71868	\$ 183,000	\$ 217,000	09/11/2015
71854	\$ 174,000	\$ 180,500	08/18/2015
72600	\$ 237,300	\$ 248,000	07/31/2015
71436	\$ 208,300	\$ 234,740	07/30/2015
72615	\$ 213,500	\$ 225,000	07/20/2015
71922	\$ 135,400	\$ 128,850	07/09/2015
72212	\$ 268,400	\$ 275,000	07/09/2015
72452	\$ 323,700	\$ 338,000	07/07/2015
71493	\$ 134,800	\$ 136,000	07/01/2015
71819	\$ 180,300	\$ 185,500	07/01/2015
72803	\$ 143,200	\$ 157,000	06/25/2015
71855	\$ 138,700	\$ 145,000	06/23/2015
72769	\$ 163,300	\$ 178,450	06/23/2015
71927	\$ 161,500	\$ 149,000	06/09/2015
71752	\$ 155,100	\$ 169,950	06/02/2015
71749	\$ 191,800	\$ 189,000	05/28/2015
96123	\$ 165,800	\$ 165,000	05/28/2015
130126	\$ 113,800	\$ 135,000	05/28/2015
72024	\$ 148,400	\$ 185,000	05/27/2015
71924	\$ 120,700	\$ 105,000	05/14/2015
71360	\$ 143,200	\$ 159,950	05/04/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	East Burlington
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	1,548
Sales Sample Size:	62

Sales Summary

There were 62 valid, arm's length sales considered for statistical sales analysis. Among those sales there were seven sales of vacant, unimproved parcels. Four of these vacant parcels were one acre or greater in size and located within the Urban Growth Area (UGA), thereby were designated as developable property as determined by local zoning.

General Neighborhood Boundaries

- North – Peter Anderson Road and Gages Slough
- West – Burlington Hill, Section Street, Anacortes Street, and Whitmarsh Road
- East – District Line Road
- South – Skagit River

Neighborhood Description

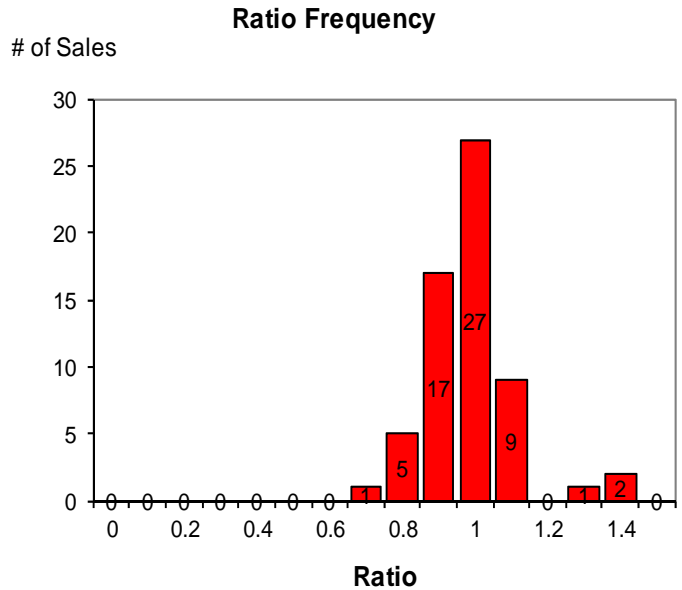
The East Burlington neighborhood is a residential area situated east of Burlington's central and downtown area. It expands northeasterly along State Route 20 to the western edge of the city of Sedro-Woolley.

This area is a mixture of both dense, urban neighborhoods and rural, residential parcels. Densely, subdivided plats are found nearer the central area within the city limits and urban growth area (UGA). Rural residential acreage parcels become more prominent in the agricultural area outside of the city limits and UGA.

House styles vary and include ranch style ramblers, two-story craftsman, large farmhouses, split-entry or tri-level, and some manufactured homes. There are also a fair amount of residential and agricultural oriented structures and outbuildings such as loft barns, pole buildings, workshops, and equipment sheds.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: East Burlington	Appraiser: CZ	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	62		
Mean Assessed Value	225,600		
Mean Sales Price	246,500		
Standard Deviation AV	74,830		
Standard Deviation SP	106,336		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.937		
Median Ratio	0.928		
Weighted Mean Ratio	0.915		
UNIFORMITY			
Lowest ratio	0.6489		
Highest ratio	1.3640		
Coefficient of Dispersion	8.43%		
Standard Deviation	0.1179		
Coefficient of Variation	12.58%		
Price-related Differential	1.02		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.898		
Upper limit	0.957		
95% Confidence: Mean			
Lower limit	0.908		
Upper limit	0.966		
SAMPLE SIZE EVALUATION			
N (population size)	1548		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1179		
Recommended minimum	22		
Actual sample size	62		
Conclusion	OK		
NORMALITY			
Binomial Test			
# ratios below mean	32		
# ratios above mean	30		
Z-score	0.127000127		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(EAST BURLINGTON)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
38000	\$ 155,700	\$ 155,000	04/29/2016
72483	\$ 215,900	\$ 229,000	04/25/2016
62717	\$ 595,000	\$ 917,000	04/20/2016
81071	\$ 223,300	\$ 249,900	04/18/2016
72855	\$ 178,400	\$ 240,000	04/13/2016
99962	\$ 298,000	\$ 338,000	04/07/2016
122269	\$ 256,800	\$ 262,000	04/07/2016
124609	\$ 267,100	\$ 279,000	03/28/2016
83914	\$ 264,000	\$ 300,000	03/25/2016
78390	\$ 217,900	\$ 229,000	03/24/2016
72836	\$ 171,100	\$ 190,000	03/23/2016
107053	\$ 265,200	\$ 265,000	03/23/2016
124605	\$ 260,100	\$ 287,000	03/22/2016
124607	\$ 254,600	\$ 276,242	03/17/2016
69733	\$ 186,400	\$ 244,000	03/10/2016
69719	\$ 243,000	\$ 249,000	03/09/2016
124604	\$ 268,700	\$ 285,000	03/08/2016
107033	\$ 255,900	\$ 277,000	03/04/2016
64013	\$ 278,600	\$ 281,500	03/02/2016
62812	\$ 122,500	\$ 150,000	02/25/2016
120003	\$ 188,000	\$ 213,000	02/24/2016
38002	\$ 152,900	\$ 193,000	02/17/2016
118499	\$ 54,400	\$ 55,000	01/22/2016
72917	\$ 189,200	\$ 215,000	01/05/2016
37739	\$ 136,400	\$ 100,000	12/30/2015
107054	\$ 232,800	\$ 269,900	12/21/2015
72834	\$ 176,300	\$ 200,900	12/04/2015
122263	\$ 312,200	\$ 312,000	11/22/2015
114120	\$ 319,300	\$ 305,000	11/13/2015
38040	\$ 128,400	\$ 139,000	10/20/2015
62778	\$ 178,000	\$ 200,000	10/14/2015

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
79454	\$ 189,900	\$ 199,950	10/14/2015
107055	\$ 226,600	\$ 279,000	10/07/2015
62381	\$ 260,400	\$ 269,500	10/01/2015
62290	\$ 203,400	\$ 224,900	09/30/2015
72641	\$ 223,200	\$ 239,500	09/29/2015
69739	\$ 215,200	\$ 235,000	09/28/2015
122277	\$ 267,900	\$ 262,500	09/28/2015
104482	\$ 182,700	\$ 190,000	09/16/2015
99917	\$ 270,000	\$ 279,000	09/13/2015
62694	\$ 158,500	\$ 175,000	09/11/2015
72092	\$ 110,400	\$ 144,000	09/11/2015
62459	\$ 289,600	\$ 322,500	09/09/2015
62805	\$ 268,600	\$ 320,500	08/28/2015
38015	\$ 207,500	\$ 237,500	08/24/2015
122272	\$ 265,400	\$ 260,000	08/21/2015
100548	\$ 235,500	\$ 310,000	08/18/2015
123054	\$ 283,800	\$ 274,950	08/18/2015
67380	\$ 286,300	\$ 321,000	08/12/2015
99951	\$ 298,500	\$ 317,000	07/20/2015
77622	\$ 229,100	\$ 255,000	07/09/2015
124717	\$ 313,800	\$ 302,000	07/08/2015
72083	\$ 115,300	\$ 116,000	07/01/2015
104143	\$ 200,000	\$ 229,000	07/01/2015
123053	\$ 284,400	\$ 269,900	07/01/2015
107032	\$ 204,900	\$ 230,000	06/03/2015
69980	\$ 110,900	\$ 85,000	06/01/2015
72811	\$ 232,100	\$ 239,900	06/01/2015
124608	\$ 233,000	\$ 237,500	05/21/2015
62368	\$ 192,900	\$ 150,000	05/18/2015
67385	\$ 184,400	\$ 193,000	05/15/2015
72640	\$ 198,900	210000	05/14/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Northwest Burlington
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	526
Sales Sample Size:	4

Sales Summary

There were a total of four valid, arm's length sales considered for statistical analysis. They consist of residential dwellings on small acreage parcels surrounded by farmland.

General Neighborhood Boundaries (the neighborhood is split by Interstate 5 as noted below)

East of Interstate 5

North –Horizontal line of school district boundary north of Kelleher Road

West – Interstate 5

East – School district boundary

South –City limits and suburban/platted areas to the east

West of Interstate 5

North –Cook Road

West – Avon Allen Road

East – Interstate 5

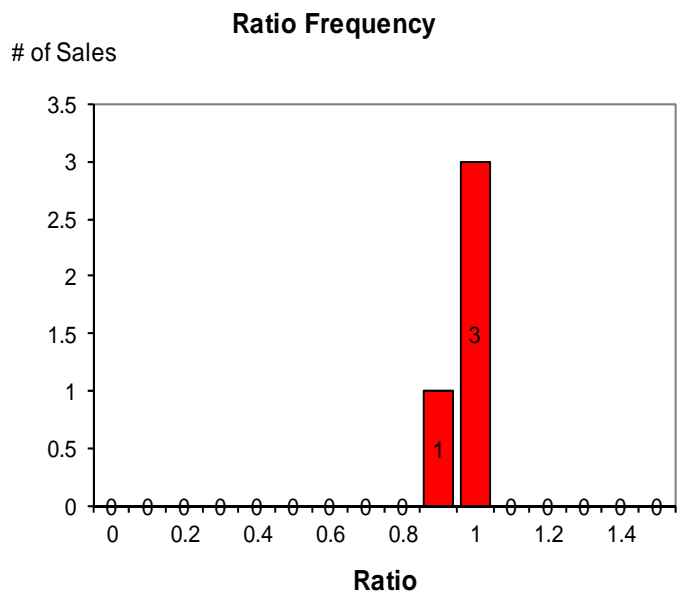
South –Peterson Road west of Pulver Road, State Route 20 East of Pulver Road

Neighborhood Description

This neighborhood is located north and west of downtown Burlington. It is comprised mostly of farmland and small acreage residential properties. The farmland includes a few operating dairies, other agricultural related properties, and large acreage parcels utilized as cropland and grazing acreage. The residential properties are scattered along the county roads and are improved with homes of varied levels of quality, style, and size. Accessory buildings are common and may have higher improvement values than the residences on the same sites. Very few sales have occurred in the recent past, which is typical for rural areas of Skagit County. Some new construction was noted, together with remodeling projects at various locations within the neighborhood, which indicate a stable economic status.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Northwest Burlington	Appraiser: RH	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	4		
Mean Assessed Value	301,700		
Mean Sales Price	322,200		
Standard Deviation AV	36,244		
Standard Deviation SP	37,422		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.938		
Median Ratio	0.957		
Weighted Mean Ratio	0.936		
UNIFORMITY			
Lowest ratio	0.8540		
Highest ratio	0.9826		
Coefficient of Dispersion	3.82%		
Standard Deviation	0.0574		
Coefficient of Variation	6.13%		
Price-related Differential	1.00		
RELIABILITY			
95% Confidence: Median			
Lower limit	N/A		
Upper limit	N/A		
95% Confidence: Mean			
Lower limit	0.881		
Upper limit	0.994		
SAMPLE SIZE EVALUATION			
N (population size)	526		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0574		
Recommended minimum	5		
Actual sample size	4		
Conclusion	Minimal		
NORMALITY			
Binomial Test			
# ratios below mean	1		
# ratios above mean	3		
Z-score	0.5		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(NORTHWEST BURLINGTON)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
36764	257800	267000	12/09/2015
37082	331100	336950	09/28/2015
36763	331800	350000	06/09/2015
37935	286100	335000	05/29/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Samish Island
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	606
Sales Sample Size:	22

Sales Summary

There were a total of 22 valid, arm's length sales considered for statistical analysis. An additional six sales occurred within the date range, but were invalidated from the ratio analysis for various reasons. Three of these sales were Bargain and Sale Deeds purchased at discounted prices, and two sales were in poor condition at the time of purchase and improved afterwards, thus making the "before" and "after" ratios incomparable. The remaining sale was a bank sale that was determined to be invalid. Sales on Samish Island have increased in the past couple of years, which indicates a stronger market than in previous years.

General Neighborhood Boundaries

North – Bellingham Bay

West – Puget Sound and Guemes Island

East – Samish Bay

South – Padilla Bay

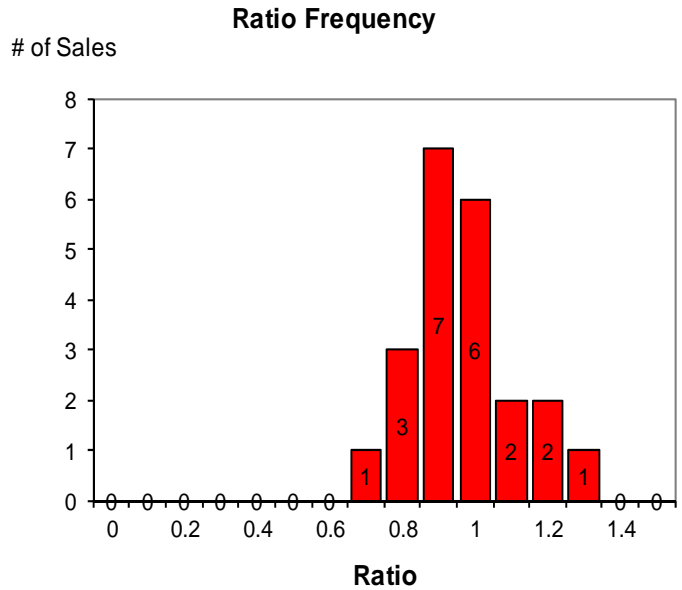
Neighborhood Description

Samish Island is a small island located between Anacortes and Chuckanut Drive. It was once a true island and was connected to the mainland by a dike in the 1930s. It is actually two smaller islands connected by what geologists call a "tombolo" - a natural causeway created by a glacial outwash deposit. The locals call this the neck of the island.

There is a mix of small vacation cabins, large older estates, and new modern waterfront homes. It is mostly residential with a couple of oyster businesses, a small winery, a bed and breakfast inn, and a few vacation rentals. There have been several new homes built on the island in the past year, and the recent sales indicate an improving market.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Samish Island	Appraiser: JP	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	22		
Mean Assessed Value	405,300		
Mean Sales Price	448,900		
Standard Deviation AV	275,586		
Standard Deviation SP	311,598		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.930		
Median Ratio	0.904		
Weighted Mean Ratio	0.903		
UNIFORMITY			
Lowest ratio	0.6981		
Highest ratio	1.2471		
Coefficient of Dispersion	11.56%		
Standard Deviation	0.1418		
Coefficient of Variation	15.24%		
Price-related Differential	1.03		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.863		
Upper limit	0.995		
95% Confidence: Mean			
Lower limit	0.871		
Upper limit	0.989		
SAMPLE SIZE EVALUATION			
N (population size)	606		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1418		
Recommended minimum	31		
Actual sample size	22		
Conclusion	Minimal		
NORMALITY			
Binomial Test			
# ratios below mean	12		
# ratios above mean	10		
Z-score	0.213200716		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(SAMISH ISLAND)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
81520	\$ 561,500	\$ 600,000	04/26/2016
47352	\$ 279,400	\$ 300,000	03/10/2016
70410	\$ 1,327,200	\$ 1,500,000	02/26/2016
47234	\$ 886,100	\$ 970,000	02/16/2016
77705	\$ 289,100	\$ 334,900	12/02/2015
123036	\$ 574,400	\$ 553,000	11/12/2015
109672	\$ 478,200	\$ 574,950	10/27/2015
47260	\$ 260,100	\$ 349,000	10/26/2015
66139	\$ 496,900	\$ 690,000	10/26/2015
47492	\$ 355,700	\$ 400,000	10/14/2015
47229	\$ 178,800	\$ 225,000	10/13/2015
47243	\$ 485,300	\$ 487,500	10/12/2015
47035	\$ 455,300	\$ 395,000	09/22/2015
47101	\$ 329,700	\$ 314,000	09/14/2015
77688	\$ 84,800	\$ 68,000	09/02/2015
46986	\$ 452,600	\$ 515,000	08/17/2015
77693	\$ 324,600	\$ 327,000	08/14/2015
122367	\$ 141,300	\$ 160,000	07/16/2015
47407	\$ 355,900	\$ 377,500	07/14/2015
47213	\$ 296,700	\$ 425,000	07/01/2015
68829	\$ 196,700	\$ 220,000	06/26/2015
68840	\$ 106,300	\$ 90,000	06/04/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	West Burlington
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	682
Sales Sample Size:	22

Sales Summary

There were a total of 22 valid, arm's length sales considered for statistical analysis. One short sale was invalidated and not included.

General Neighborhood Boundaries

North – Plats north of Peterson Road
West – Pulver Road
East – Interstate 5
South – Skagit River

Neighborhood Description

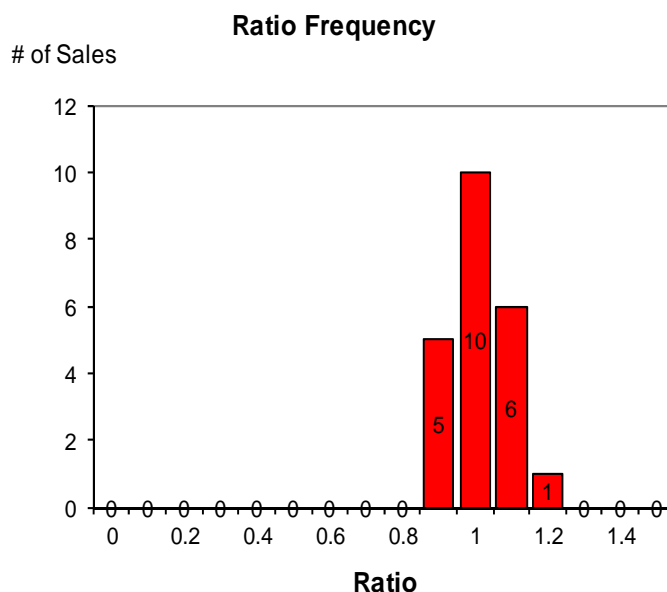
The West Burlington neighborhood is a mixed area of developments, older homes, commercial zones, and agricultural land. The most recent development is north of Peterson Road, where plats of approximately 90 one and two-story single-family residences, 48 detached condominiums, and 17 townhouses were built in the mid-2000s. Residences along Peterson Road itself include homes built from the early twentieth century to the present. There are six plats located between Peterson Road and State Route 20 totaling approximately 155 one-story single-family homes built from the 1950s through the 1970s. Also located in this neighborhood is Westpoint, a plat of 36 detached condominiums built in the early 2000s.

South of State Route 20 there is a mixture of residential and commercial areas. Several stand-alone commercial buildings line the roads close to Interstate 5. These businesses include retailers, a fast food restaurant, and a hotel. Moving farther south there are warehouses and auto dealerships. The plats south of State Route 20 center around Andis Place and Markwood Road. There are approximately 90 single-family residences in this area. These include one and two-story homes built from the 1950s to the early 2000s. This area also includes nine 2-4 unit multi-family homes. The southern portion of West Burlington includes farmland and homes along Bennet Road dating from the early 1900s through the early 2000s.

Property owners in these areas are a few minutes' drive from State Route 20, Interstate 5, and the retailers along Burlington Boulevard. The location is convenient for traveling to neighboring cities such as Mount Vernon, Anacortes, and Bellingham.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: West Burlington	Appraiser: TL	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	22		
Mean Assessed Value	217,900		
Mean Sales Price	230,400		
Standard Deviation AV	31,551		
Standard Deviation SP	44,555		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.957		
Median Ratio	0.971		
Weighted Mean Ratio	0.946		
UNIFORMITY			
Lowest ratio	0.8021		
Highest ratio	1.1456		
Coefficient of Dispersion	7.26%		
Standard Deviation	0.0878		
Coefficient of Variation	9.17%		
Price-related Differential	1.01		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.900		
Upper limit	1.013		
95% Confidence: Mean			
Lower limit	0.920		
Upper limit	0.994		
SAMPLE SIZE EVALUATION			
N (population size)	682		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0878		
Recommended minimum	12		
Actual sample size	22		
Conclusion	OK		
NORMALITY			
Binomial Test			
# ratios below mean	10		
# ratios above mean	12		
Z-score	0.213200716		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(WEST BURLINGTON)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
70249	\$ 183,300	\$ 160,000	04/13/2016
21584	\$ 175,000	\$ 164,500	03/01/2016
23728	\$ 159,800	\$ 160,000	12/31/2015
70265	\$ 194,200	\$ 232,000	11/30/2015
64619	\$ 209,600	\$ 255,500	11/25/2015
81059	\$ 262,700	\$ 268,000	11/18/2015
64632	\$ 250,000	\$ 268,500	11/12/2015
120535	\$ 225,300	\$ 266,700	10/15/2015
124201	\$ 188,100	\$ 189,000	10/07/2015
81056	\$ 212,000	\$ 234,500	08/25/2015
70279	\$ 238,100	\$ 235,000	08/19/2015
120525	\$ 256,600	\$ 285,000	08/14/2015
124198	\$ 187,000	\$ 185,000	08/13/2015
125223	\$ 175,100	\$ 187,000	08/11/2015
120498	\$ 251,700	\$ 238,000	07/30/2015
23723	\$ 234,900	\$ 225,000	07/28/2015
79698	\$ 228,900	\$ 258,000	07/22/2015
70349	\$ 204,200	\$ 209,500	07/09/2015
62618	\$ 234,500	\$ 255,000	06/17/2015
21618	\$ 272,700	\$ 340,000	06/11/2015
70290	\$ 220,200	\$ 227,500	06/04/2015
120499	\$ 229,300	\$ 225,000	05/27/2015

NEIGHBORHOOD SUMMARY

Neighborhood:	Burlington Residential Condominiums
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	470
Sales Sample Size:	24

Sales Summary

There were a total of 24 valid, arm's length sales considered for statistical analysis. All residential condominium sales that were verified as valid and did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis.

General Neighborhood Boundaries

This neighborhood includes all Burlington condominiums. It is therefore not confined to a geographic locale smaller than the Burlington-Edison School District boundaries that define this revaluation cycle.

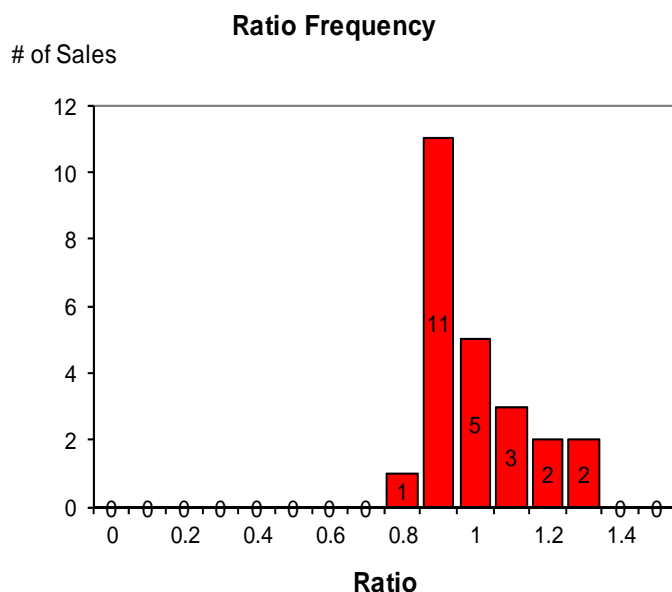
Neighborhood Description

The Burlington condominium market segment is largely represented by nine major projects. Four projects are located on the west side of Interstate 5 (Country Club, Farmington Square, Harvest Edge and Westpoint), and five projects are located on the east side (Cedars, Cedar Point, Foothills, Cascade Commons and Cascade Estates).

This condominium market segment consists mainly of 900 to 1,600 square foot units with values between \$140,000 and \$200,000. Exceptions on the lower end of this price range include the modest-sized units in Foothills and the apartment-style Cascade Estates developments where values range from \$110,000 to \$130,000. Exceptions on the higher end include specific developments at the Country Club (golf course community), the detached and duplex units at the age 55+ Cedar and Cedar Point developments, and the detached units of the age 55+ Farmington Square development. In these locations values range from \$180,000 for the smaller 1,000 square foot units to \$250,000 for the larger 1,600 square foot units. This is primarily due to higher quality finishes and the self-contained layout of the communities.

NEIGHBORHOOD RATIO STUDY

Reval Cycle: 1 - Burlington	Appraisal Date: 01/01/2016	Report Date: 12/15/2016	Sales Range: 05/01/2015 - 04/30/2016
Neighborhood: Burlington Condos	Appraiser: TL	Property Type: Improved / Vacant Residential	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	24		
Mean Assessed Value	205,300		
Mean Sales Price	220,200		
Standard Deviation AV	25,314		
Standard Deviation SP	44,339		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.953		
Median Ratio	0.910		
Weighted Mean Ratio	0.932		
UNIFORMITY			
Lowest ratio	0.7370		
Highest ratio	1.2397		
Coefficient of Dispersion	10.78%		
Standard Deviation	0.1307		
Coefficient of Variation	13.72%		
Price-related Differential	1.02		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.876		
Upper limit	1.009		
95% Confidence: Mean			
Lower limit	0.900		
Upper limit	1.005		
SAMPLE SIZE EVALUATION			
N (population size)	470		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.1307		
Recommended minimum	26		
Actual sample size	24		
Conclusion	Minimal		
NORMALITY			
Binomial Test			
# ratios below mean	14		
# ratios above mean	10		
Z-score	0.612372436		
Conclusion	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(CONDOMINIUMS)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
125121	\$ 162,300	\$ 184,000	04/25/2016
112584	\$ 196,300	\$ 229,000	04/13/2016
116260	\$ 182,600	\$ 205,000	04/13/2016
112606	\$ 163,000	\$ 139,900	03/29/2016
79726	\$ 243,200	\$ 330,000	03/14/2016
116271	\$ 201,900	\$ 245,000	03/14/2016
121281	\$ 219,100	\$ 250,000	02/05/2016
103195	\$ 203,400	\$ 199,950	02/03/2016
82035	\$ 194,900	\$ 218,000	02/02/2016
117168	\$ 213,800	\$ 240,000	12/16/2015
116275	\$ 202,400	\$ 250,000	11/19/2015
112601	\$ 168,000	\$ 138,000	10/28/2015
116729	\$ 179,800	\$ 195,000	10/21/2015
121267	\$ 240,300	\$ 280,500	10/21/2015
118752	\$ 218,700	\$ 236,000	10/16/2015
117157	\$ 209,700	\$ 250,000	10/12/2015
118764	\$ 198,000	\$ 172,000	10/12/2015
121265	\$ 259,500	\$ 261,500	10/07/2015
117160	\$ 204,600	\$ 228,000	09/02/2015
118753	\$ 231,000	\$ 229,000	08/24/2015
79728	\$ 238,700	\$ 235,000	07/29/2015
116272	\$ 210,400	\$ 220,000	07/14/2015
116261	\$ 185,900	\$ 149,950	06/22/2015
79723	\$ 199,200	\$ 200,000	05/28/2015

BURLINGTON COMMERCIAL REVALUATION REPORT

Neighborhood:	All Burlington commercial, industrial and 5+ unit, multi-family properties
Previous Physical Inspection:	2010
Neighborhood Parcel Count:	1,460
Number of Valid Sales:	18

Sales Summary

There were a total of 18 valid, arm's length sales considered for statistical analysis. All sales of commercial, industrial, and 5+ unit, multi-family properties that were verified as valid and did not have characteristic changes between the date of sale and the date of appraisal were included in the analysis. Additional sales occurred, but were invalidated as non-market transactions for various reasons, including two low-income, multi-family properties that underwent major renovations, and one partial interest sale.

Overall Value Sale Price Ratio COD: 6.73%

The Coefficient of Dispersion (COD) is a measure of uniformity; the lower the number the better the uniformity. IAAO Standard 14.2.2 recommends a COD for income-producing properties of 20.0 or less (15.0 or less in larger, urban jurisdictions).

Highest and Best Use Analysis

As if vacant: Market analysis of this area, together with current zoning and current anticipated use patterns, indicate the highest and best use of the majority of the appraised parcels as non-single family residential, whether they are commercial, industrial, or 5+ unit, multi-family. Any opinion not consistent with this is specifically noted in our records and considered in the valuation of the specific parcel.

As if improved: Based on neighborhood trends, demographics and current development patterns, the existing buildings represent the highest and best use of most sites. The existing use will continue until land value, in its highest and best use, exceeds the sum of the 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.

Interim Use: In many instances a property's highest and best use may change in the foreseeable future. A tract of land at the edge of a city might not be ready for immediate development, but current growth trends may suggest that the land should be developed in a few years. The use to which the site is put until it is ready for its future highest and best use is called an interim use. Thus, interim uses are current highest and best uses that are likely to change in a relatively short time.

Area Description

The boundaries of the Burlington area follow a bend of the Skagit River to the southeast, reach north to the Whatcom County border (just south of Lake Samish and Chuckanut Mountain), and extend west to the Puget Sound, including the areas of Bay View, Bow, and Samish Island. Highway 20 provides easy access to Anacortes and the San Juan Islands to the west and the Cascades to the east.

Along with the neighboring city of Mount Vernon to the south, Burlington is the commercial center of the county, situated at the intersection of major highways (State Highway 20, and Interstate 5 - the West Coast's major north-south transportation corridor), and railways. The Skagit Regional Airport, located several miles west of the city of Burlington, services a variety of users, including business, commercial, and recreational aviation.

General Neighborhood Boundaries

This neighborhood includes all Burlington commercial, industrial, and 5+ unit, multi-family properties, and is therefore not confined by any geographic boundaries other than the Burlington-Edison School District boundaries that define this revaluation cycle.

Neighborhood Description

Burlington is Skagit County's fourth largest city. The city's population was 8,568 in 2014; approximately seven percent of the total population of Skagit County. According to a January 21, 2015 study by Western Washington University (WWU) Center for Economic and Business Research, the largest employers in the county are Skagit Regional Health, Shell Puget Sound Refinery, Island Hospital, Janicki Industries, Skagit County government, Swinomish Casino, Walmart, Tesoro Refinery, and the Mount Vernon, Sedro Woolley, and Burlington-Edison School districts. Additionally, the resident labor force in Skagit County is influenced by high seasonality, largely due to the substantial and highly visible agricultural sector.

While the Burlington commercial area encompasses the entire area located within the boundaries of the Burlington-Edison School District, there are several distinct sub-markets located within the district.

The *I-5 corridor* includes the main commercial developments in the area. Numerous 'big box' retailers such as Best Buy, Costco, Fred Meyer, Home Depot, K-Mart, Old Navy, and Walmart have invested heavily in Burlington commercial real estate.

Burlington Boulevard includes the Cascade Mall, with anchor retailers including AMC Theatres, JC Penney and Macy's. Numerous other small businesses and banks are located along Burlington Boulevard, while many service-related industries can be found in the multiple industrial parks lying to the east.

Auto Boulevard, located on the west end of town, offers vehicles of nearly every available make and model. Pacific Woodtech maintains a multimillion dollar industrial facility to the east.

The *Port of Skagit* includes the Skagit Regional Airport and Bayview Business Park, with Hexcel, Nordic Tugs, and an extension of Washington State University (WSU) among the various industrial and light manufacturing tenants. The port is also becoming a local hub for craft brewing, with Chuckanut Brewery, Skagit Valley Malting, and Cardinal Craft Brewing. Paccar, Inc. operates a multimillion-dollar truck testing facility west of the Skagit Regional Airport.

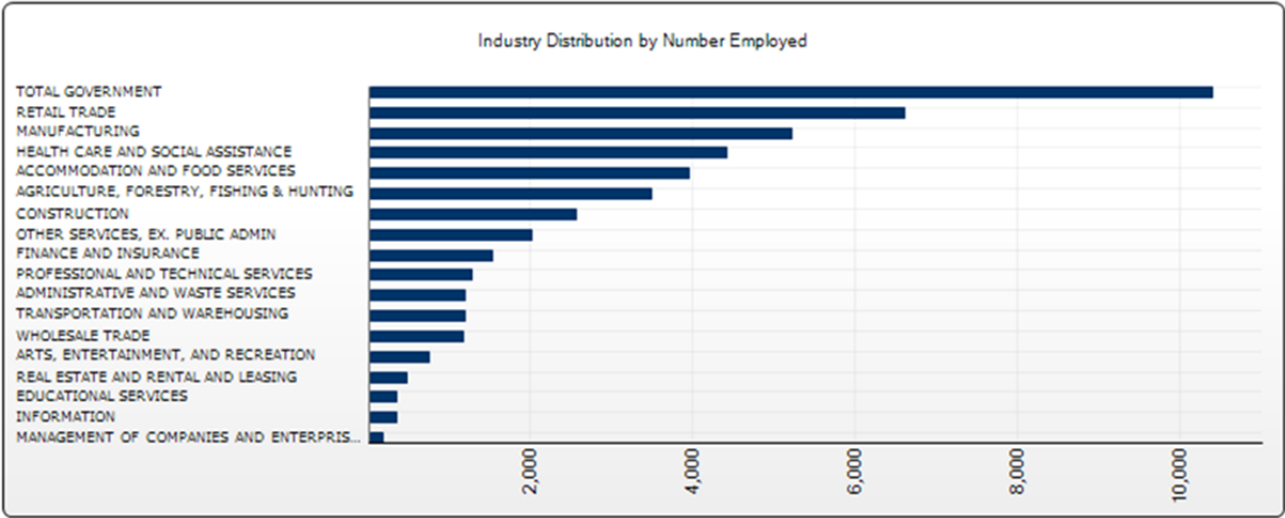
Economic Trends

Skagit County is best known throughout the region for its agriculture. However, in 2013 the U.S. Bureau of Economic Analysis estimated the major contributor to the Skagit County gross domestic product (GDP) was manufacturing; 33.4 percent of total GDP was attributable to the manufacturing sector, and 4.5 percent was accounted for by agriculture, forestry and fishing and hunting. Government was the source of about 16 percent of local GDP.

In Skagit County, as in the national economy, the largest sector providing jobs is the private service sector, which made up 57.2 percent of total non-farm employment in 2014. Retail trade and social and health services contribute the largest employment bases within the private service sector. In 2014, 19.5 percent of non-farm jobs were in local government with most of those in K-12 education.

In the time of the Great Recession, goods-producing jobs in Skagit County fell from 21.2 percent of non-farm jobs in 2007 to 17.4 percent in 2011. These industries have slowly recovered and by 2014 they made up 19.6 percent of total non-farm jobs.

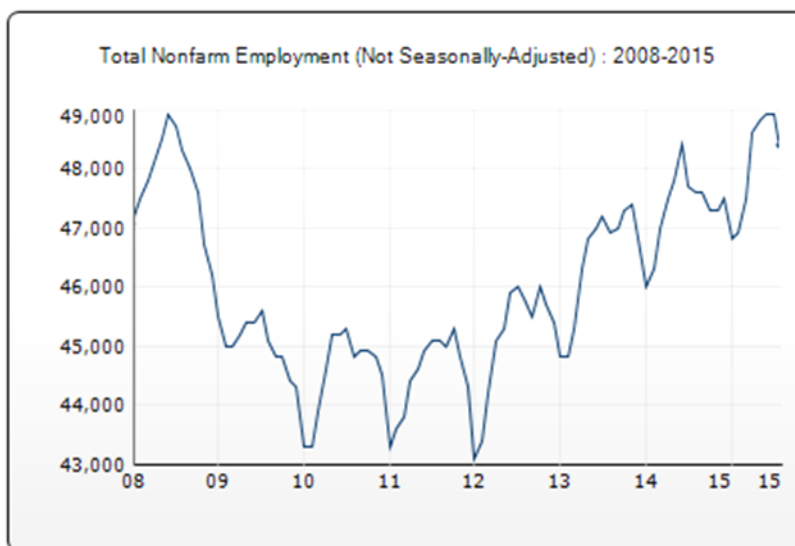
The county economy is rounded out by heavy industry, including the Tesoro and Equilon oil refineries, a variety of aerospace and marine-related manufacturers, and a growing food manufacturing segment. Though the economic recovery was a long time coming in Skagit County, manufacturing is one industry that has been a key to the county’s revitalization.



Source: Anneliese Vance-Sherman, Employment Security Department Washington, Skagit County Profile, updated September 2015. <https://fortress.wa.gov/esd/employmentdata/reports-publications/regional-reports/county-profiles/skagit-county-profile>

Employment Trends

According to Employment Security findings, Skagit County entered the recession earlier than the rest of the state and experienced a greater decline which took longer to recover. Between 2007 and 2011, Skagit County lost 3,400 jobs (over seven percent). January 2010 marked the peak of Skagit County unemployment at 10.9 percent. The recovery began in 2012 and began to strengthen in 2013. From 2013 to 2014, 900 jobs were added by Skagit County businesses. Taxable sales in Skagit County rose 12.95 percent between 2010 and 2014. Job growth in the county has been widely spread among job sectors and improvement has been steady. The average unemployment rate was 7.4 percent in 2014 and by July of 2015 had dropped to 6.6 percent.

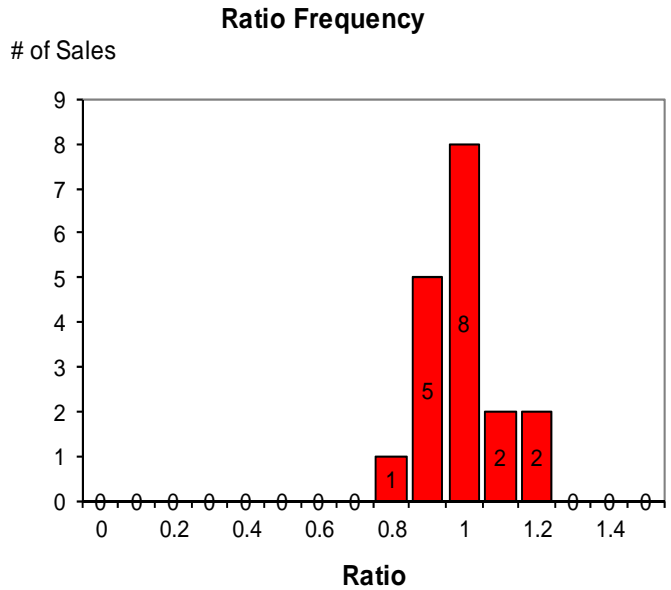


Summary

With increased employment throughout Skagit County, along with the broader economic recovery of the Puget Sound region, the Burlington commercial and industrial markets are showing positive signs of generally stable to increasing lease rates, stable to decreasing vacancy rates, a slight decrease in capitalization rates, and stabilized to slightly improved property values.

NEIGHBORHOOD RATIO STUDY

Reval Cycle 1 - Burlington	Appraisal Date 01/01/2016	Report Date 12/15/2016	Sales Range: 5/1/2015 - 04/30/2016
Neighborhood: Commercial	Appraiser: JS, AC	Property Type: Commrci, Indstrl, 5+ Multi-Fam	Trend used?: No
SAMPLE STATISTICS			
Sample size (n)	18		
Mean Assessed Value	924,100		
Mean Sales Price	991,200		
Standard Deviation AV	1,042,434		
Standard Deviation SP	1,132,377		
ASSESSMENT LEVEL			
Arithmetic Mean Ratio	0.945		
Median Ratio	0.941		
Weighted Mean Ratio	0.932		
UNIFORMITY			
Lowest ratio	0.7892		
Highest ratio	1.1359		
Coefficient of Dispersion	6.73%		
Standard Deviation	0.0864		
Coefficient of Variation	9.14%		
Price-related Differential	1.01		
RELIABILITY			
95% Confidence: Median			
Lower limit	0.886		
Upper limit	0.989		
95% Confidence: Mean			
Lower limit	0.905		
Upper limit	0.985		
SAMPLE SIZE EVALUATION			
N (population size)	1460		
B (acceptable error - in decimal)	0.05		
S (estimated from this sample)	0.0864		
Recommended minimum	12		
Actual sample size	18		
Conclusion	OK		
NORMALITY			
Binomial Test			
# ratios below mean:	10		
# ratios above mean:	8		
Z-score	0.23570226		
Conclusion:	Normal*		
*i.e., no evidence of non-normality			



These figures reflect the ratio of assessed value to sales price after the 2016 revaluation.

**NEIGHBORHOOD SALES SAMPLE
(COMMERCIAL)**

Parcel Number	2016 Assessed Value	Sale Price	Sale Date
72060	426300	480000	04/26/2016
23776	254200	270000	03/30/2016
24079	3979700	4200000	03/29/2016
48060	593400	620000	03/10/2016
38204	296600	300000	03/10/2016
47704	349600	377000	03/04/2016
81256	213900	255000	03/03/2016
122695	1258800	1595000	01/21/2016
72044	352400	375000	12/15/2015
62821	1524000	1550000	12/10/2015
23630	329400	290000	12/08/2015
112833	2980300	3400000	12/03/2015
24173	296900	335000	11/25/2015
72724 & 72726	1701900	1700000	11/16/2015
72040 & 72042	414500	475000	08/10/2015
62554	717900	650000	06/30/2015
71342 & 71345	554,400	545000	05/27/2015
121447	390300	425000	05/11/2015

2016 - 2017 STATISTICAL ANALYSIS AND UPDATE

For property tax assessment purposes, state law requires a physical, on-site inspection to occur at a minimum frequency of six years for every property in the county. To achieve this, Skagit County has been divided into six revaluation regions/cycles that correspond with school district boundaries. In this year's 2016-2017 revaluation, physical inspections and subsequent re-appraisals occurred in the Burlington-Edison School District. The main body of this report is the revaluation report for this physical inspection cycle. The remaining five regions that were not physically-inspected and re-appraised were reviewed and re-valued based on a broader statistical analysis of sales ratios.

Sales Ratio Statistical Analysis

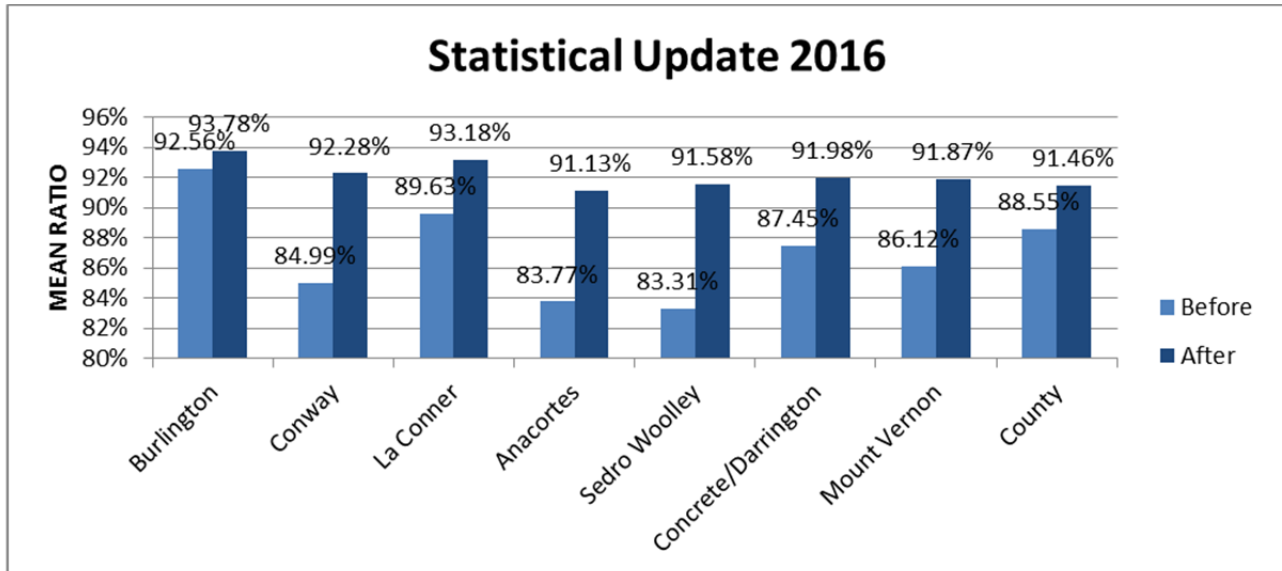
A sales ratio study identifies all valid market transactions for a neighborhood grouping, computes the sales ratios (assessed value/sale price), and applies statistical analysis to conclude a weighted mean ratio. The weighted mean ratio is the measure which is statistically adjusted to a desired percentage. State law mandates that assessments are equal to 100 percent of true and fair market value. However, due to the nature and constraints of mass appraisal and the realities of statistics, it is impossible to achieve a 100 percent overall ratio without many properties being above that threshold. Therefore, a desired overall sales ratio typically falls in the low 90 percent range to allow for a normal statistical distribution above and below that range, while minimizing any outliers falling above 100 percent.

This statistical updating is used to equalize neighborhoods within a given region. The process also serves to equalize the six regions relative to each other. An additional and valuable use of the sales ratio study is to calibrate and fine tune our valuation tables and models for future appraisal cycles.

2016-2017 Sales Ratio Study

A query of sales for all property types throughout the county, including single-family, condominium, multi-family and commercial/industrial properties was performed for the time period of May 1, 2015 through April 30, 2016 (this being the timeframe prescribed by the Washington State Department of Revenue). The local real estate market has generally been appreciating as reflected in the statistics below. Predictably, the five regions, with the exception of Burlington, that were last inspected one to five years ago and have dated appraisals are trailing this rising market (as evidenced by weighted mean ratios in the upper 80 percentiles). Burlington, which had just been re-appraised during this year's revaluation cycle, had a weighted mean ratio of 92.56 percent which is very close to the desired figure. Statistical updates were targeted at individual neighborhoods within these regions to equalize them in the low 90 percentile range. The neighborhoods are merged to then calculate a weighted mean for each region. The charts below show the regional weighted means "before" statistical updates (left and light blue), and "after" statistical updates have been applied (right and dark blue).

Statistical summary before update		Statistical summary after update	
Region	Sales Ratio	Region	Sales Ratio
Burlington	92.56	Burlington	93.78
Conway	84.99	Conway	92.28
La Conner	89.63	La Conner	93.18
Anacortes	83.77	Anacortes	91.13
Sedro Woolley	83.31	Sedro Woolley	91.58
Concrete/Darrington	87.45	Concrete/Darrington	91.98
Mount Vernon	86.12	Mount Vernon	91.87
Skagit County	88.55	Skagit County	91.46



Conclusion

The “before” and “after” results indicate a vast improvement and subsequent equalization of the weighted mean ratios in the desired lower 90 percent range for Skagit County’s six revaluation regions. We recommend posting these values for the 2016 assessment year.

GLOSSARY

Measures of Central Tendency

- **Mean** – the average value or ratio.
Computed by summing the values and dividing by sample size.
More affected by extreme values than the median.
- **Median** – the midpoint, middle value or ratio.
If the number of data items is even, then the median is the midpoint between the two middle values.
- **Weighted Mean** – an aggregate ratio, weights each ratio in proportion to its sale price. Sum of assessed values divided by the sum of sale prices.

Measures of Uniformity

- **Standard Deviation** – square root of the variance, assuming a normal data distribution.
Approx. 68% will lie within +/- one standard deviation of the mean.
Approx. 95% will lie within +/- two standard deviations of the mean.
Approx. 99% will lie within +/- three standard deviations of the mean.
- **Price Related Differential (PRD)** – calculated by dividing the mean by the weighted mean.
PRD > 1.03 indicates relative under appraisal of higher value parcels (assessment regressivity).
PRD < 0.98 indicates relative over appraisal of higher value parcels (assessment progressivity).
- **Coefficient of Dispersion (COD)** – represents the average percent difference from the median, most widely used measure of uniformity in ratio studies.
IAAO standards are:
10.0 or less for properties in newer relatively homogeneous areas.
15.0 or less for properties in older, heterogeneous areas.
20.0 or less for vacant land.
- **Coefficient of Variation (COV)** – standard error divided by the mean of the dependent variable.
It expresses the standard deviation as a percentage, making comparison among groups easier.
Approx. 68% will lie within one COV% of the mean ratio.
Approx. 95% will lie within two COV% of the mean ratio.
Approx. 99% will lie within three COV% of the mean ratio.

Source: Pierce County Department of Assessments

GLOSSARY (Continued)

IAAO Standards

14.2.2 Uniformity among Single-Family Residential Properties

The COD for single-family homes and condominiums should be 15.0 or less. In areas of newer or fairly similar residences, it should be 10.0 or less.

14.2.3 Uniformity among Income-Producing Properties

The COD for income-producing properties should be 20.0 or less. In larger, urban jurisdictions, it should be 15.0 or less.

14.2.4 Uniformity among Unimproved Properties

The COD for vacant land should be 20.0 or less.

14.2.5 Uniformity among Rural Residential and Seasonal Properties

The COD for heterogeneous rural residential property and seasonal homes should be 20.0 or less.

14.2.6 Uniformity among Other Properties

Target CODs for special-purpose real property and personal property should reflect the nature of the properties involved, market conditions, and the availability of reliable market indicators.

14.2.7 Vertical Equity

PRDs should be between 0.98 and 1.03. The reason this range is not centered on 1.00 relates to an inherent upward bias in the arithmetic mean (numerator in the PRD) that does not equally affect the weighted mean (denominator in the PRD). When samples are small, have high dispersion, or include properties with extreme values, the PRD may not provide an accurate indication of assessment regressivity or progressivity. Similar considerations apply to special-purpose real property and to personal property. It is good practice to perform an appropriate statistical test for price-related biases before concluding that they exist.