

# APPRAISAL OF REAL PROPERTY



## LOCATED AT

8501 E Highlands Circle  
Palmer, AK 99645 Lot 1

## FOR

Residential Mortgage, LLC / V.A.  
100 Calais Drive, Suite 100  
Anchorage, AK 99503

## AS OF

9/9/2016

## BY

Wendy Brooker  
Appraisal Company Of Mat-Su, LLC  
3544 E Wanamingo Dr  
Wasilla, AK 99654-2816  
(907) 373-3977  
wbrooker@mtaonline.net

# RESIDENTIAL APPRAISAL REPORT

File No.: 163873

<b>SUBJECT</b>	Property Address: 8501 E Highlands Cir	City: Palmer	State: AK	Zip Code: 99645	
	County: Matanuska-Susitna Borough	Legal Description: Lot 1	Assessor's Parcel #: MSB Acct #7502000L001		
	Tax Year: 2016	R.E. Taxes: \$ 4,285.94*	Special Assessments: \$ 0	Borrower (if applicable): NA	
	Current Owner of Record: State of Alaska Dept of Transportation	Occupant: <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input checked="" type="checkbox"/> Vacant	<input type="checkbox"/> Manufactured Housing		
Project Type: <input type="checkbox"/> PUD <input type="checkbox"/> Condominium <input type="checkbox"/> Cooperative <input type="checkbox"/> Other (describe) NA	HOA: \$ NA	<input type="checkbox"/> per year <input type="checkbox"/> per month			
Market Area Name: Central Palmer - Wasilla	Map Reference: MSB WA09	Census Tract: 0011.00			

<b>ASSIGNMENT</b>	The purpose of this appraisal is to develop an opinion of: <input checked="" type="checkbox"/> Market Value (as defined), or <input type="checkbox"/> other type of value (describe)
	This report reflects the following value (if not Current, see comments): <input checked="" type="checkbox"/> Current (the Inspection Date is the Effective Date) <input type="checkbox"/> Retrospective <input type="checkbox"/> Prospective
	Approaches developed for this appraisal: <input checked="" type="checkbox"/> Sales Comparison Approach <input checked="" type="checkbox"/> Cost Approach <input type="checkbox"/> Income Approach (See Reconciliation Comments and Scope of Work)
	Property Rights Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Leased Fee <input type="checkbox"/> Other (describe)
Intended Use: Intended use is to provide information which the client may use to make decisions in regard to the subject property. See Statement of Assumptions and Limiting Conditions, Appraiser Certifications and Definitions, USPAP Compliance addendum attached.	
Intended User(s) (by name or type): Client only; no additional Intended Users were identified by client or are recognized by appraiser.	
Client: State of Alaska, DOT/PF	Address: 4111 Aviation Avenue, Anchorage, AK 99519-6900
Appraiser: Wendy Brooker	Address: 3544 E Wanamingo Dr, Wasilla, AK 99654-2816

<b>MARKET AREA DESCRIPTION</b>	Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="2">Predominant Occupancy</th> <th colspan="2">One-Unit Housing</th> <th colspan="2">Present Land Use</th> <th colspan="2">Change in Land Use</th> </tr> <tr> <td><input checked="" type="checkbox"/> Owner</td> <td>PRICE \$(000)</td> <td>AGE (yrs)</td> <td>One-Unit 85 %</td> <td><input type="checkbox"/> Not Likely</td> <td colspan="2" rowspan="4">* To: more development, residential and comm'l goods and services</td> </tr> <tr> <td><input type="checkbox"/> Tenant</td> <td>100 Low 0</td> <td>2-4 Unit 2 %</td> <td><input type="checkbox"/> Likely *</td> <td><input checked="" type="checkbox"/> In Process *</td> </tr> <tr> <td><input checked="" type="checkbox"/> Vacant (0-5%)</td> <td>800 High 55</td> <td>Multi-Unit 0 %</td> <td><input type="checkbox"/> In Process *</td> <td><input type="checkbox"/> In Process *</td> </tr> <tr> <td><input type="checkbox"/> Vacant (&gt;5%)</td> <td>275 Pred 30</td> <td>Comm'l 5 %</td> <td><input type="checkbox"/> In Process *</td> <td><input type="checkbox"/> In Process *</td> </tr> <tr> <td colspan="2">Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.</td> <td colspan="2"></td> <td>Undeveloped 8 %</td> <td colspan="2"></td> <td></td> </tr> </table>	Predominant Occupancy		One-Unit Housing		Present Land Use		Change in Land Use		<input checked="" type="checkbox"/> Owner	PRICE \$(000)	AGE (yrs)	One-Unit 85 %	<input type="checkbox"/> Not Likely	* To: more development, residential and comm'l goods and services		<input type="checkbox"/> Tenant	100 Low 0	2-4 Unit 2 %	<input type="checkbox"/> Likely *	<input checked="" type="checkbox"/> In Process *	<input checked="" type="checkbox"/> Vacant (0-5%)	800 High 55	Multi-Unit 0 %	<input type="checkbox"/> In Process *	<input type="checkbox"/> In Process *	<input type="checkbox"/> Vacant (>5%)	275 Pred 30	Comm'l 5 %	<input type="checkbox"/> In Process *	<input type="checkbox"/> In Process *	Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.				Undeveloped 8 %			
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Built up: <input checked="" type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%																																								
Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow																																								
Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining																																								
Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply																																								
Market Area Boundaries, Description, and Market Conditions (including support for the above characteristics and trends): Immediate area considered for best comparison includes subject and surrounding MSB map pages. Market area is central Palmer-Wasilla; generally Bogard-Seldon/Mat-Su Veterans Highway corridor north, Palmer/City of Palmer east, Wasilla/City of Wasilla west, Parks Highway corridor south. Predominant age shared with newer development < 10 years. See Neighborhood and General Market Overview in text addendum.																																								

<b>SITE DESCRIPTION</b>	Dimensions: See plat map detail attached	Site Area: 3.04 acres																																																												
	Zoning Classification: No zoning; subdivision covenants and plat notes apply.	Description: Single Family Residential																																																												
	Are CC&Rs applicable? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown	Zoning Compliance: <input type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (grandfathered) <input type="checkbox"/> Illegal <input checked="" type="checkbox"/> No zoning																																																												
	Highest & Best Use as improved: <input checked="" type="checkbox"/> Present use, or <input type="checkbox"/> Other use (explain)	Ground Rent (if applicable) \$ NA/																																																												
Actual Use as of Effective Date: Single Family Residence	Use as appraised in this report: Single Family Residence																																																													
Summary of Highest & Best Use: Criteria for highest & best use are legal permissibility, physical possibility, financial feasibility, and maximum productivity. It may be possible to increase the marketability and value of the existing residence with upgrade to septic and remodeling interior of existing structure for three-bedroom amenity; determination of return-on-investment (if any) & feasibility is beyond scope of assignment.																																																														
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FEMA Spec'l Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	FEMA Flood Zone X	FEMA Map # 02170C8130E																																																												
FEMA Map Date 03/17/2011																																																														
Site Comments: *Note: Property tax amount response is based on borough property record [Account #17N01E02C006] for subject including 5.32 acres gross acreage with 3 acres taxable acreage. Updated property record for subject as Lot 1 of Michael's Mesa [Account #7502000L001] will not be published until 2017 per borough staff. See additional site comments in text addendum.																																																														

<b>DESCRIPTION OF THE IMPROVEMENTS</b>	<b>General Description</b>		<b>Exterior Description</b>		<b>Foundation</b>		<b>Basement</b> <input checked="" type="checkbox"/> None		<b>Heating</b>	
	# of Units	1 <input type="checkbox"/> Acc.Unit	Foundation	CMU / Avg	Slab		Area Sq. Ft.		Type	Forced Air
	# of Stories	2	Exterior Walls	Vnl Sdg / Avg	Crawl Space	Crawl OK	% Finished		Fuel	Natural Gas
	Type	<input checked="" type="checkbox"/> Det. <input type="checkbox"/> Att. <input type="checkbox"/>	Roof Surface	CS / assume Avg	Basement		Ceiling		<b>Cooling</b>	
	Design (Style)	Two Story Reverse	Gutters & Dwnspnts.	G&D / Avg	Sump Pump	<input type="checkbox"/>	Walls		Central	
	<input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Und.Cons.		Window Type	Vnl cs&sld/Avg	Dampness	<input type="checkbox"/>	Floor		Other	Natural
	Actual Age (Yrs.)	18	Storm/Screens	Screens / Avg	Settlement		Outside Entry			
	Effective Age (Yrs.)	15			Infestation					
	<b>Interior Description</b>		<b>Appliances</b>		<b>Attic</b> <input type="checkbox"/> None		<b>Amenities</b>		<b>Car Storage</b> <input type="checkbox"/> None	
	Floors	Cpt, Vnl / Avg	Refrigerator	<input checked="" type="checkbox"/>	Stairs	<input type="checkbox"/>	Fireplace(s) #	0	Woodstove(s) #	style (NG)
Walls	GWB, Wpaper / Avg	Range/Oven	<input checked="" type="checkbox"/>	Drop Stair	<input type="checkbox"/>	Patio	PC walks Frt&Rr	Garage	# of cars ( 8 Tot.)	
Trim/Finish	Ptd wd / Avg	Disposal	<input type="checkbox"/>	Scuttle	<input checked="" type="checkbox"/>	Deck	Open, 2nd Flr	Attach.		
Bath Floor	Vnl, Cpt / Avg	Dishwasher	<input checked="" type="checkbox"/>	Doorway	<input type="checkbox"/>	Porch	Covered Front	Detach.		
Bath Wainscot	CT / Good	Fan/Hood	<input type="checkbox"/>	Floor	<input type="checkbox"/>	Fence	Fncd Rr Area	Blt.-In	2 871sf	
Doors	6-Pnl, GlassPn / Gd, A	Microwave	<input checked="" type="checkbox"/>	Heated	<input type="checkbox"/>	Pool	NA	Carport	0	
		Washer/Dryer	<input checked="" type="checkbox"/>	Finished	<input type="checkbox"/>			Driveway	6	
								Surface	Gravel	
Finished area above grade contains: 8 Rooms 2 Bedrooms 2.1 Bath(s) 2,384 Square Feet of Gross Living Area Above Grade										
Additional features: Features detailed above; see photo addenda										

Describe the condition of the property (including physical, functional and external obsolescence): Subject vacant at time of property visit; it is my understanding that it was rented for a period of state ownership. Utilities were on and house systems appeared to be functioning normally. Subject recently treated and repaired to cure mold issue per information received from State and the contractor who completed repairs including replacement of some plumbing and wall portions; it is assumed that mold issue will not recur. It appears that over time, some lighting and flooring was also variously updated. Wallpaper is dated with some damage. Some surfaces are due for refreshed paint. Some carpet staining noted. Subject residence is oversized for two-bedrooms; den could be possibly be used for 3rd bedroom w/septic upgrade (assumed necessary) and remodel

# RESIDENTIAL APPRAISAL REPORT

File No.: 163873

<b>TRANSFER HISTORY</b>	My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.	
	Data Source(s): State Recorder	
	1st Prior Subject Sale/Transfer	Analysis of sale/transfer history and/or any current agreement of sale/listing: Subject acquired by state as part of a larger parcel, now resubdivided. See neighborhood comments in text addendum. 2nd prior subject sale [to 2007 sellers] included new construction residence built by Heartland Homes, Thomas Rolston.
	Date: 7/18/2007	
	Price: undisclosed	
	Source(s): State Recorder	
2nd Prior Subject Sale/Transfer		
Date: 6/22/1999		
Price: undisclosed		
Source(s): State Recorder		

**SALES COMPARISON APPROACH TO VALUE (if developed)**  The Sales Comparison Approach was not developed for this appraisal.

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	8501 E Highlands Cir Palmer, AK 99645	3501 E Whispering Woods Dr Wasilla, AK 99654		950 N Shenandoah Dr Wasilla, AK 99654		3474 W Grand Bay Dr Wasilla, AK 99654	
Proximity to Subject		4.24 miles W		1.61 miles W		10.95 miles SW	
Sale Price	\$ Not a sale	\$ 245,000		\$ 267,000		\$ 315,000	
Sale Price/GLA	\$ /sq.ft.	\$ 194.60/sq.ft.		\$ 309.03/sq.ft.		\$ 181.87/sq.ft.	
Data Source(s)	Ppty visit, Pub Rec	MLS #16-10986; DOM 20		MLS #16-7153;DOM 8		MLS #15-10602; DOM 16	
Verification Source(s)	Ppty visit, Pub Rec	State,MSB,Appraiser,Discl/Docs		State,MSB,Appraiser,Discl/Docs		State,MSB,Discl/Docs	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjust.	DESCRIPTION	+(-) \$ Adjust.	DESCRIPTION	+(-) \$ Adjust.
Sales or Financing Concessions	NA	ArmLth; VA		ArmLth; Conv		ArmLth; FHA	
	NA	5000	-5,000	0		9000	-9,000
Date of Sale/Time	not a sale	s09/16; c07/16		s07/16;c05/16		s10/15;c07/15	
Rights Appraised	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Location	Res;WA09	Res;WA11		Res;WA10		Res;WA13	
Site	3.04 acres	40519 sf	+10,000	1.14 ac	+5,000	7.36 ac	-35,000
View	Mountains N, Busy	Res;Mtn	0	Res;(Sup)Mtn	0	Res;Mtn,Crk,Pond	0
Design (Style)	Two Story Reverse	Split Entry	0	Split Entry	0	Ranch	
Quality of Construction	MSB 4.9 Abv Avg	MSB 4.9 Abv Avg		MSB 4.4 Avg	0	MSB 4.8 Abv Avg	0
Age	18	34	0	33	0	12	0
Condition	Avg wear, rental	Avg wear, rental		Remodeled	0	Avg wear assumed	0
Above Grade	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
Room Count	8 2 2.1	5 2 2.0	-2,000	3 0 0	+6,000	6 2 2	+2,000
Gross Living Area	2,384 sq.ft.	1,259 sq.ft.	+45,000	864 sq.ft.	+60,800	1,732 sq.ft.	+26,080
Basement & Finished Rooms Below Grade	0sf	632sf632sfwo	-18,960	864sf864sfwo	-25,920	0sf	
Functional Utility	2bd/2bd septic	2bd/4bd septic	-5,000	2bd/3bd septic	-5,000	2bd/3bd septic	-5,000
Heating/Cooling	FA NG	HWBB NG	0	HWBB NG	0	FA NG	
Energy Efficient Items	No EE rtg rec	No EE rtg rec		No EE rtg rec		'03 BEES 5*	0
Garage/Carport	2gbi, 871sf	2gbi, 510sf + 1cp	+1,600	1ga, 336sf	+7,000	2ga, 624sf	+2,500
Porch/Patio/Deck	CPch,Deck	Pch,Wrapdk	0	Porch/Deck	0	CPch,CDk,Dks	-2,000
Interior Features	ws	fp	0	ws		ws	
Exterior Features	pcwalks, fncd area	shed, sdfences	0	sauna shed	+2,000	sheds,fncd area	0
Finishes	dt/upd std/std+	upd std/std+	-2,000	upd upg overall	-9,000	std+, var upg	-9,000
Other	min to no ldscpg	pvddr+,ldscpg	-6,000	avg ldscp	-3,000	pvd dr, avg ldscp	-3,000
Effective Age	15	18	+3,000	12	-3,000	10	-5,000
Net Adjustment (Total)		<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 20,640	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 34,880	<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -37,420
Adjusted Sale Price of Comparables		Net 8.4 % Gross 40.2 %	\$ 265,640	Net 13.1 % Gross 47.5 %	\$ 301,880	Net 11.9 % Gross 31.3 %	\$ 277,580

**SALES COMPARISON APPROACH**  
 Summary of Sales Comparison Approach The sales on this page represent the most comparable of recent sales including two-bedroom residences. It is noted that sale residences are all smaller than subject. Subject residence is larger than any two-bedroom residences discovered in a study of past year property sales in the central Palmer-Wasilla area. The gross adjustment ratios of Sales 1 and 2 are exaggerated by design difference, splitting size adjustment above and below grade. When a combined net size adjustment is used, size line and gross adjustment ratios are lowered. Sale 1 size adjustment ratio becomes 10.6% and gross adjustment ratio becomes 24.8%. Sale 2 size adjustment ratio becomes 13.1% and gross adjustment ratio becomes 28.04%; line and gross adjustment ratios remain above recommended guidelines. Sale 3 has a greater than recommended site value line and gross adjustment ratios at 11.1% and 31.3%. No properties with two-bedroom residences were found in past year sales researched to have better comparability or lower adjustments. Additional sales offering best comparison among properties with three-bedroom residences are analyzed and considered as supplemental Sales 4, 5, and 6. See additional Sales 4, 5, and 6.

See complete comparable sale comments and summary in text addendum.

Indicated Value by Sales Comparison Approach \$ 290,000

# RESIDENTIAL APPRAISAL REPORT

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COST APPROACH	<b>COST APPROACH TO VALUE (if developed)</b> <input type="checkbox"/> The Cost Approach was not developed for this appraisal.	
	Provide adequate information for replication of the following cost figures and calculations.	
	Support for the opinion of site value (summary of comparable land sales or other methods for estimating site value):      Site value is based on study of land sale data in multiple listing service records, public, and appraisal file information. Best recent comparable land sale reported included 3.6 acres backing to a DOT/PF parcel and Palmer-Wasilla Highway [MLS #15-5029] closed in March '16 at \$54,000 after seven months on the market at higher pricing. For the record, a 4.3 acre raw lot adjacent to subject was listed for sale at \$98,900 and \$87,500; expired after 365 days in '13/'14. Cost approach is developed for appraisal reference only.	
	ESTIMATED <input type="checkbox"/> REPRODUCTION OR <input checked="" type="checkbox"/> REPLACEMENT COST NEW	OPINION OF SITE VALUE ..... = \$      50,000
	Source of cost data: M&S hdbk, ACM files	DWELLING                      2,384 Sq.Ft. @ \$      130.00 ..... = \$      309,920
	Quality rating from cost service: Avg(+)    Effective date of cost data: Curr [12/15]	Sq.Ft. @ \$ ..... = \$
	Comments on Cost Approach (gross living area calculations, depreciation, etc.):	Sq.Ft. @ \$ ..... = \$
	Dwelling base includes portioned estimate for porch and deck areas.	Sq.Ft. @ \$ ..... = \$
	Site improvements include well and septic.	Sq.Ft. @ \$ ..... = \$
	Cost approach is developed for appraisal reference and should not be used for insurance purposes.	Garage/Carport                      871 Sq.Ft. @ \$      30.00 ..... = \$      26,130
External depreciation (obsolescence) not deducted in this estimate, would typically be represented by the difference between replacement cost and market value. External depreciation in the case of subject would be attributable primarily to market participation being limited by existing two-bedroom description and Trunk Road influence not already considered in site value opinion; difference appears reasonable.	Total Estimate of Cost-New ..... = \$      336,050	
Estimated Remaining Economic Life (if required):                      45 Years	Less                      Physical                      Functional                      External	
Depreciation                      84,013	Depreciation                      84,013 ..... = \$(      84,013)	
Depreciated Cost of Improvements ..... = \$      252,037	"As-is" Value of Site Improvements ..... = \$      11,000	
= \$	= \$	
= \$	= \$	
= \$	<b>INDICATED VALUE BY COST APPROACH</b> ..... = \$      313,037	

INCOME APPROACH	<b>INCOME APPROACH TO VALUE (if developed)</b> <input checked="" type="checkbox"/> The Income Approach was not developed for this appraisal.	
	Estimated Monthly Market Rent \$      NA      X Gross Rent Multiplier      NA      = \$      NA	Indicated Value by Income Approach
	Summary of Income Approach (including support for market rent and GRM):      NA	


PUD	<b>PROJECT INFORMATION FOR PUDs (if applicable)</b> <input type="checkbox"/> The Subject is part of a Planned Unit Development.	
	Legal Name of Project:      NA	
	Describe common elements and recreational facilities:      NA	

RECONCILIATION	<b>Indicated Value by: Sales Comparison Approach \$ 290,000      Cost Approach (if developed) \$ 313,037      Income Approach (if developed) \$ NA</b>		
	Final Reconciliation      The sales comparison approach is given greatest weight. See complete sales comparison comments and summary in attached text addendum. The cost approach is developed for general reference purposes. The income approach is not developed.		
	This appraisal is made <input checked="" type="checkbox"/> "as is", <input type="checkbox"/> subject to completion per plans and specifications on the basis of a Hypothetical Condition that the improvements have been completed, <input type="checkbox"/> subject to the following repairs or alterations on the basis of a Hypothetical Condition that the repairs or alterations have been completed, <input type="checkbox"/> subject to the following required inspection based on the Extraordinary Assumption that the condition or deficiency does not require alteration or repair:		

ATTACHMENTS	<input checked="" type="checkbox"/> This report is also subject to other Hypothetical Conditions and/or Extraordinary Assumptions as specified in the attached addenda.				
	<b>Based on the degree of inspection of the subject property, as indicated below, defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the real property that is the subject of this report is: \$ 290,000 , as of: 9/9/2016 , which is the effective date of this appraisal. If indicated above, this Opinion of Value is subject to Hypothetical Conditions and/or Extraordinary Assumptions included in this report. See attached addenda.</b>				
	A true and complete copy of this report contains <u>32</u> pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.				

ATTACHMENTS	Attached Exhibits:				
	<input checked="" type="checkbox"/> Photo Cover / Addenda	<input checked="" type="checkbox"/> Narrative Addendum	<input checked="" type="checkbox"/> Limiting Cond./Certifications	<input checked="" type="checkbox"/> USPAP Compliance	<input checked="" type="checkbox"/> Recorded Plat, CCRs
	<input checked="" type="checkbox"/> Map Addenda	<input checked="" type="checkbox"/> Sketch Addendum	<input checked="" type="checkbox"/> Photo Addenda	<input type="checkbox"/>	<input type="checkbox"/>

Client Contact:      Fred Thoerner	Client Name:      State of Alaska, DOT/PF
E-Mail:      fred.thoerner@alaska.gov	Address:      4111 Aviation Avenue, Anchorage, AK 99519-6900

SIGNATURES	APPRAISER	SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)
		Supervisory or Co-Appraiser Name:
	Appraiser Name:      Wendy Brooker	Company:
	Company:      Appraisal Company Of Mat-Su, LLC	Phone:
	Phone:      (907) 373-3977      Fax:      (907) 357-3977	Fax:
	E-Mail:      wbrooker@mtaonline.net	E-Mail:
	Date of Report (Signature):      10/01/2016	Date of Report (Signature):
	License or Certification #:      711      State:      AK	License or Certification #:      State:
	Designation:      Certified Residential Real Estate Appraiser	Designation:
	Expiration Date of License or Certification:      06/30/2017	Expiration Date of License or Certification:
Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None	Inspection of Subject: <input type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None	
Date of Inspection:      9/9/2016	Date of Inspection:	

# ADDITIONAL COMPARABLE SALES

File No.: 163873

FEATURE	SUBJECT	COMPARABLE SALE # 4		COMPARABLE SALE # 5		COMPARABLE SALE # 6	
Address	8501 E Highlands Cir Palmer, AK 99645	800 N Deshka Ridge Dr Palmer, AK 99645		1447 N Ranch Rd Palmer, AK 99645		325 S Serrano Dr Wasilla, AK 99654	
Proximity to Subject		0.37 miles SE		0.96 miles NW		2.66 miles W	
Sale Price	\$ Not a sale		\$ 349,900		\$ 300,000		\$ 250,000
Sale Price/GLA	\$ /sq.ft.	\$ 175.74/sq.ft.		\$ 144.93/sq.ft.		\$ 105.44/sq.ft.	
Data Source(s)	Ppty visit, Pub Rec	MLS #15-18056; DOM 37		MLS #16-9170; DOM 17		MLS #15-13523; DOM 26	
Verification Source(s)	Ppty visit, Pub Rec	State,MSB,Appraiser,Discl/Docs		State,MSB,Appraiser,Discl/Docs		State,MSB,Appraiser,Discl/Docs	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjust.	DESCRIPTION	+(-) \$ Adjust.	DESCRIPTION	+(-) \$ Adjust.
Sales or Financing Concessions	NA	ArmLth; VA		ArmLth; Conv		ArmLth; VA	
	NA	0		3,000	-3,000	1000	-1,000
Date of Sale/Time	not a sale	s04/16;c01/16		s08/16;c06/16		s10/15;c09/16	
Rights Appraised	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Location	Res;WA09	Res;WA09		Res;WA09		Res;WA10	
Site	3.04 acres	2 ac	-10,000	41539 sf	+10,000	1 ac	+10,000
View	Mountains N, Busy	Res;(Sup)Mtn	0	Res		Res	0
Design (Style)	Two Story Reverse	Two Story w/Bs	0	Multilevel	0	Trad Two Story	
Quality of Construction	MSB 4.9 Abv Avg	MSB 4.9 Abv Avg		MSB 4.5 Average	0	MSB 4.8 Abv Avg	
Age	18	10	0	18		34	0
Condition	Avg wear, rental	Avg+ mkt ready	0	Avg+ mkt ready	0	Avg wear assumed	
Above Grade Room Count	Total Bdrms Baths	Total Bdrms Baths		Total Bdrms Baths		Total Bdrms Baths	
	8 2 2.1	7 3 2.1	0	7 3 2.0	+2,000	7 3 2.1	0
Gross Living Area	2,384 sq.ft.	1,991 sq.ft.	+15,720	2,070 sq.ft.	+12,560	2,371 sq.ft.	+520
Basement & Finished Rooms Below Grade	0sf	865sf unfr wu	-12,975	40sf40sfwo	-1,200	0sf	
	NA	0rr0br0.0ba1o	0	0rr0br0.0ba1o	0	NA	
Functional Utility	2bd/2bd septic	3bd/4bd septic	-10,000	3bd assumed	-10,000	3bd/3bd septic	-10,000
Heating/Cooling	FA NG	IFR NG	0	HWBB NG	0	HWBB NG	0
Energy Efficient Items	No EE rtg rec	'06 BEES comp	0	'00 BEES 5*	0	No EE rtg rec	
Garage/Carport	2gbi, 871sf	3gbi, 775sf	-1,400	2gbi, 574sf	+1,200	2gbi, 539sf	+3,300
Porch/Patio/Deck	CPch,Deck	CPch, Deck	0	CPch, Decks	-1,000	CPch, Deck	0
Interior Features	ws	dbfp	0	fp	0	ws	
Exterior Features	pcwalks, fncd area	shed	+3,000	no addtl features	+4,000	shd,gnh,sna,fncd a	0
Finishes	dtd/upd std/std+	std+, var upg	-10,000	dtd/upd std/std+		dtd/upd std overall	+5,000
Other	min to no ldscpg	min to no lscpg		pvd dr, avg+ ldscp	-4,000	pvd dr, avg+ ldscp	-4,000
Effective Age	15	8	-7,000	10	-5,000	17	+2,000
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> -	\$ -32,655	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 5,560	<input checked="" type="checkbox"/> + <input type="checkbox"/> -	\$ 5,820
Adjusted Sale Price of Comparables		Net 9.3 % Gross 20.0 %	\$ 317,245	Net 1.9 % Gross 18.0 %	\$ 305,560	Net 2.3 % Gross 14.3 %	\$ 255,820

SALES COMPARISON APPROACH

Summary of Sales Comparison Approach See complete sales comparison comments and summary in text addendum.

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						

**Neighborhood**

Subject's neighborhood is centrally located in the Trunk Road corridor with good access to the Palmer-Wasilla and Parks Highways. Original subject lot was a 5.32 acre parcel created by plat waiver in 1997 and was improved in 1998 with a single family residence; borough property record former account #17N01E02C006 (Township 17 North, Range 1 East, Section 2, Lot C6, Seward Meridian). State acquired Lot C6 in 2007 as a part of the Trunk Road realignment project and it became a right-of-way parcel, ultimately resubdivided by plat [#2016-8; Michael's Mesa] recorded in January '16. The subject of this report is 3.04 acre Lot 1, Michael's Mesa with single family residence. The remaining 2.28 acre portion of the resubdivided lot is dedicated right-of way for Trunk Road. Subject Lot 1 is on high ground abutting Trunk Road which is at a lower elevation. Lot 1 has no driveway access to Trunk Road. Access to subject street, Highlands Circle, is via Vroman Drive off the Palmer-Wasilla Highway. Access to schools, employment, recreation, goods and services is good. Market appeal of the general area is average or better. The appeal of subject location is diminished by its proximity to Trunk Road.

For the record, there was a closed sale on Highlands Circle in April '16. A 4.8 acre lot with mountain view to south was sold with an unfinished (above and below grade) 3144sf two story residence with basement and 480sf built-in garage; year built/construction began in 2001. This property near the corner of Vroman Drive and Highlands Circle is not directly affected by Trunk Road presence. Sale price reported is \$250,400; no concessions, one week on the market.

The relevant comparable market area is central Palmer-Wasilla, broader than the subject's immediate neighborhood.

**General Market Overview**

The Matanuska-Susitna Borough, located north of Anchorage in southcentral Alaska, contains a land area of 24,685 square miles. The population is primarily settled in the south central portion of the borough in an area known as the Mat-Su Valley, bounded by the Knik and Matanuska Rivers and Knik Arm of Cook Inlet to the south and east, with the Susitna River and southern Talkeetna Mountains to the west and north. Current population for the borough is 100,078 persons (2015 Alaska Department of Labor estimate). This represents a 13% increase from the 2010 census and 69% increase from 2000 census. Ninety percent of the residents live in the greater Palmer and Wasilla market areas, primarily along the Glenn and Parks Highway corridors. Palmer, Wasilla, and Houston are the only three incorporated communities and are home to 17% of the borough population; the rest live in areas defined as census-designated places. Ten of the top fourteen census-designated places in the state, experiencing the most rapid growth over the past few decades, are in the Matanuska-Susitna Borough. If incorporated, three would be larger than Wasilla (2015 city population est. 8,468). Knik-Fairview in the Wasilla area would become the fourth-largest city in the state, having the largest population with nearly twice the number of Wasilla residents. Over the past decade, the Borough has absorbed three-quarters of the state's in-migration and comprises 14% of the state's population. By 2034, the combined population of southcentral cities and communities is projected to exceed 1/2 million persons. According to a forecast by the Alaska Department of Labor and Workforce Development, the Matanuska-Susitna Borough population is forecast to increase by about 50% over the next twenty years.

The most significant factor that continues to contribute to Mat-Su's population growth and housing market is the average price difference of single family housing between the Mat-Su and Anchorage. Other factors make Mat-Su's relatively affordable housing even more attractive such as a variety of housing options including generally larger lots in suburban and more rural surroundings. Highway improvements over the past twenty years have greatly improved travel time and safety for commuters to Anchorage. There are also good employment opportunities in the Valley area and a number of local households supported by earnings from outside Anchorage/Mat-Su, not requiring daily commute. The local economy has diversified and expanded. The Mat-Su area is the largest agricultural producer in the state, and in addition to a strong visitor industry and housing market, financial industry activities, professional and other business services contributed to job growth in the area. Residents spend a growing share of their income locally. Retail employment over the past decade grew along with sales tax revenue which more than doubled. Health care employment doubled with regional hospital construction and related medical services.

Alaska has remained one of the healthiest states in terms of mortgage delinquencies, only mildly affected by the national housing crisis of the last decade. There had been less speculative building here and a much smaller percentage of mortgages were subprime or adjustable rate. Mat-Su continues to reflect population increases and demand for housing appears steady overall. Vacancy rates in the existing housing stock are fairly low. Most new housing construction is presold or owner-builder. Marketing periods in the borough average 90 days, however actual days-on-market statistics for different locations vary. Marketing time also varies seasonally, and winter sale activity is somewhat slower. Individual market segments reflect varying sale/list price ratios. At this time, listing and sale statistics for the more central and populated borough communities continue to be favorable in comparison to other markets in the state and are respectively strong compared to the Anchorage market.

Current concerns related to the effect of lower oil pricing on employment and revenues funding the state budget are expected to have some impact on the overall housing market although this will vary regionally and the degree is not yet apparent. State economists are currently watching statewide trends which are also affected by changing seasonal factors. A recent article in Alaska Economic Trends from the Alaska Department of Labor discussed the differences between the current situation and the correction experienced here in the late 80s, emphasizing a more stable population base, an economy that is more diversified although still heavily reliant on oil, and substantial state assets which can be leveraged giving the state significant influence over its short-term future. The conclusion was that an uncertain degree of impact is anticipated, but the long-term economic future of the state is considered positive.

**Comparable Sales Comments and Summary**

The first search for comparable properties focused on properties in the subject and surrounding central Palmer & Wasilla area map pages ideally having 1 to 5 acres and existing two-bedroom residences between 2000sf to 3100sf. Properties with airplane access and/or lakefront were excluded. There were no results. Various search parameters were reasonably expanded to identify potentially relevant comparable sales for analysis.

Additional search results were studied for similarities in location, design, bedroom-count/residential amenity, age, and appeal. Sales included in analysis represent the most relevant sales found that have similarity to subject and bracket subject in various points of comparison. Sales 1, 2, and 3 are two-bedroom sales and are given the greatest weight in analysis; adjusted sale price / indicated value range considered is \$270,000 to \$300,000. Sales 4, 5, and 6 are supplemental sales considered in analysis from search results looking at properties with bedroom count expanded to three. Adjusted sale price / indicated value range of supplemental sales is broader. See complete sale comments.

Sale 1 was listed as having a three-bedroom residence and has three-bedroom septic documentation, however, residence was actually a two-bedroom residence with the 'bedroom' listed at lower level considered as a den at closing; an adequate egress window was lacking but could be addressed with future remodeling to include window well, lower and larger window. Sale 1 was also influenced by its comparable location adjacent to a busy secondary arterial, Seward Meridian Parkway. This property was listed at \$245,000 in July '16 and pending sale

# Supplemental Addendum

File No. 163873

Borrower	NA				
Property Address	8501 E Highlands Cir				
City	Palmer	County	Matanuska-Susitna Borough	State	AK Zip Code 99645
Lender/Client	Residential Mortgage, LLC / V.A.				

after less than one month on the market. Wasilla sellers who had been renting out the property decided to buy with Palmer Post Office address. Sale closed at 100% sale/list, 2% concessions reported. This sale provides a strong value indication in my opinion based on property similarities and recentness of sale.

It is possible that there are additional three-bedroom sales that were technically two-bedroom at time of sale, however, other than known exception of Sale 1, no others were identified for comparable analysis.

Sale 2 includes a recently remodeled residence with upgraded finishes overall. Floor plan limits residential amenity to two-bedrooms. The property is centrally located and has a sloping lot with mountain view superior to more common mountain views. This property was listed at \$264,000 in May '16 and pended sale about one week later. Price was bid up and sale closed at 101% sale/list, no concessions reported. Wasilla sellers decided to buy with Army Post Office address. Value indicated is at top of two-bedroom adjusted sale price range.

Sale 3 is most comparable from search results looking at properties in slightly expanded radius having two-bedroom residences and site size larger than subject, providing a sale with net downward adjustment; two-bedroom floor plan assumed. This property was listed at \$319,900 in July '15 and pended sale after about two weeks on the market. Sale closed at 98%, 2.9% concessions reported. A cancelled listing in '14 offered this property at higher pricing for over four months. Sellers with an Iowa address decided to buy using sale address.

Sale 4 is provides a sale with residence larger than subject although finished floor area is less; sale has unfinished basement. This is additional sale with net downward adjustment and also has good proximity. Full gross adjustment ratio does not exceed recommended guidelines, but would be less [12.6%] considering net size adjustment as opposed to split adjustment. List price was \$349,900 in December '15. Sale pended after about one month and closed at 100% sale/list, no concessions reported. Seller with Palmer Post Office address decided to buy using sale address.

Sale 5 was listed at \$308,000 in June '16 and pended sale after about two weeks on the market. Sale closed at 97% sale/list, 1% concessions reported. Sellers occupied at time of sale; sellers and buyer had Palmer Post Office addresses.

Sale 6 was listed at \$259,900 in August '15 and pended sale after less than one month on the market. Sale closed at 96% sale/list, .4% concessions reported. Sale 6 is not an estate sale, but seller is surviving spouse and this may have conservatively influenced pricing. Seller and buyer have Wasilla addresses.

## Adjustments

Site value adjustments are not based on size alone and include consideration of view and other locational factors; no separate additional adjustments are made on rows for view or location. Site adjustments are based on a study of land sale data and appraisal file information.

Improvement adjustments include \$40/sf living area above grade, \$30/sf finished below grade floor area, \$15/sf unfinished; \$4000/bath adjusted for total bath count on row for above grade rooms regardless of floor location; \$5000/car garage based on vehicle entries, modified for equivalent per car size difference. Effective age adjustment is \$1000/year and includes consideration of actual age and condition based on best information available in regard to updated house systems, components, and major finishes; no additional separate adjustments are made on rows for actual age or condition. Other adjustments estimate market recognition of differences in features and finishes. Functional utility adjustments are allowances for remodeling and/or septic upgrade needed to meet residential amenity or potential. Unadjusted differences are considered in reconciliation.

## Summary

The sales bracket the subject in various points of comparison. The sale prices before and after adjustment bracket the value opinion. The opinion is placed with most weight on two-bedroom range. Opinion of value considers additional market data studied including current market alternatives. Point value is placed reasonably within total range and compares to, but is not based upon, weighted average.

It is acknowledged that opinion of value stated in this report is below borough's assessed value. Subject bedroom count and influence of Trunk Road proximity to quiet enjoyment of residence is most likely not considered in assessment.

## Assumptions

Subject presently includes a three acre lot with two-bedroom single family residence limited by floor plan and assumed two-bedroom septic system to two-bedrooms. Subject is assumed to have potential for three-bedrooms within existing structure after remodel and septic upgrade.

Subject recently treated and repaired to cure mold issue per information received from State and the contractor who completed repairs including replacement of some plumbing and wall portions; it is assumed that mold issue will not recur.

# Assumptions, Limiting Conditions & Scope of Work

File No.: 163873

Property Address: 8501 E Highlands Cir	City: Palmer	State: AK	Zip Code: 99645
Client: State of Alaska, DOT/PF	Address: 4111 Aviation Avenue, Anchorage, AK 99519		
Appraiser: Wendy Brooker	Address: 3544 E Wanamingo Dr, Wasilla, AK 99654-2816		

## STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
- The appraiser may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Unless otherwise indicated, a Land Survey was not performed.
- If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.
- The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.
- If this appraisal is indicated as subject to satisfactory completion, repairs, or alterations, the appraiser has based his or her appraisal report and valuation conclusion on the assumption that completion of the improvements will be performed in a workmanlike manner.
- An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.
- The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database.
- An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

**The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.**

Subject presently includes a three acre lot with two-bedroom single family residence limited by floor plan and assumed two-bedroom septic system to two-bedrooms. Subject is assumed to have potential for three-bedrooms within existing structure after remodel and septic upgrade. See related comments in appraisal.

Subject recently treated and repaired to cure mold issue per information received from State and the contractor who completed repairs including replacement of some plumbing and wall portions; it is assumed that mold issue will not recur.



# Certifications

File No.: 163873

Property Address: 8501 E Highlands Cir	City: Palmer	State: AK	Zip Code: 99645
Client: State of Alaska, DOT/PF	Address: 4111 Aviation Avenue, Anchorage, AK 99519		
Appraiser: Wendy Brooker	Address: 3544 E Wanamingo Dr, Wasilla, AK 99654-2816		

## APPRAISER'S CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The credibility of this report, for the stated use by the stated user(s), of the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- Unless otherwise indicated, I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- I did not base, either partially or completely, my analysis and/or the opinion of value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification.

**Additional Certifications:** See USPAP compliance addendum.


### DEFINITION OF MARKET VALUE \*:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

\* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

Client Contact: Fred Thoerner	Client Name: State of Alaska, DOT/PF
E-Mail: fred.thoerner@alaska.gov	Address: 4111 Aviation Avenue, Anchorage, AK 99519

<p><b>APPRAISER</b></p>  <p>Appraiser Name: Wendy Brooker          Company: Appraisal Company Of Mat-Su, LLC          Phone: (907) 373-3977 Fax: (907) 357-3977          E-Mail: wbrooker@mtaonline.net          Date Report Signed: 10/01/2016          License or Certification #: 711 State: AK          Designation: Certified Residential Real Estate Appraiser          Expiration Date of License or Certification: 06/30/2017          Inspection of Subject: <input checked="" type="checkbox"/> Interior &amp; Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None          Date of Inspection: 9/9/2016</p>	<p><b>SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)</b></p> <p>Supervisory or Co-Appraiser Name: _____          Company: _____          Phone: _____ Fax: _____          E-Mail: _____          Date Report Signed: _____          License or Certification #: _____ State: _____          Designation: _____          Expiration Date of License or Certification: _____          Inspection of Subject: <input type="checkbox"/> Interior &amp; Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None          Date of Inspection: _____</p>
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SIGNATURES

**SUBJECT**

Borrower NA  
 Property Address 8501 E Highlands Cir  
 City Palmer County Matanuska-Susitna Borough State AK Zip Code 99645  
 Lender/Client Residential Mortgage, LLC / V.A.

**PURPOSE OF THE APPRAISAL**

Opinion of market value to be used for purpose of providing information in regard to real estate owned by client.

**SCOPE OF THE APPRAISAL**

The scope of the appraisal includes visual observation of the property that is subject to the appraisal, identification of the subject property, identification of factors affecting the market value of the subject property, research of market activity including current market sale and cost trends, research and analysis of comparable market data, development and delivery of an appraisal report setting forth summaries of descriptions, analyses, findings and conclusion of value.

**REPORT OF THE PRIOR YEARS SALES HISTORY FOR THE SUBJECT PROPERTY**

Is the subject property currently listed?  Yes  No List Price \$ \_\_\_\_\_  
 Has the property sold during the prior year?  Yes  No If yes, describe below:

**MARKETING TIME**

What is your estimate of marketing time for the subject property? 90 to 120 days Describe below the basis (rationale)for your estimate:  
 Marketing time is an opinion of the time it might take to sell a property at the concluded market value during the period immediately after the appraisal effective date. Exposure time is the estimated time (retrospective) the subject would have been offered on the market prior to the hypothetical consummation of a sale at market value on the appraisal effective date. Exposure time estimate for this assignment is about the same as marketing time opinion. The opinion and estimate are based on range indicated by comparable sales, market condition addendum information, and general market study. Winter market is typically less active.

**NON-REAL PROPERTY TRANSFERS**


Does the transaction involve the transfer of personal property, fixtures, or intangibles that are not real property?  Yes  No  
 If yes, provide description and valuation below:  
 Not a sale; at time of sale, it is expected that any personal property would be dealt with under a separate bill of sale.

**ADDITIONAL LIMITING CONDITIONS OR ADDITIONAL COMMENTS**

This is an Appraisal Report intended to comply with the provisions of Standards Rule 2-2 of USPAP.  
 Details of the appraisal investigation are contained in the appraisal file. The depth of discussion in this report is specific to the needs of the client.  
 The Intended User of this appraisal report is the client. No additional Intended Users were identified by client or recognized by appraiser. Any parties other than Intended User should not rely on this report for any purpose and are advised to consult with professionals of their choosing. The Intended Use is to provide information which the client may use to make decisions in regard to the property that is the subject of this appraisal, subject to the stated Scope of Work, reporting requirements of this appraisal report form, and definition of market value.  
 The value set forth in the cost approach to value is not an insurance value and should not be used in determination of insurable value of the subject.

**ADDITIONAL CERTIFICATION STATEMENTS OR ADDITIONAL COMMENTS**

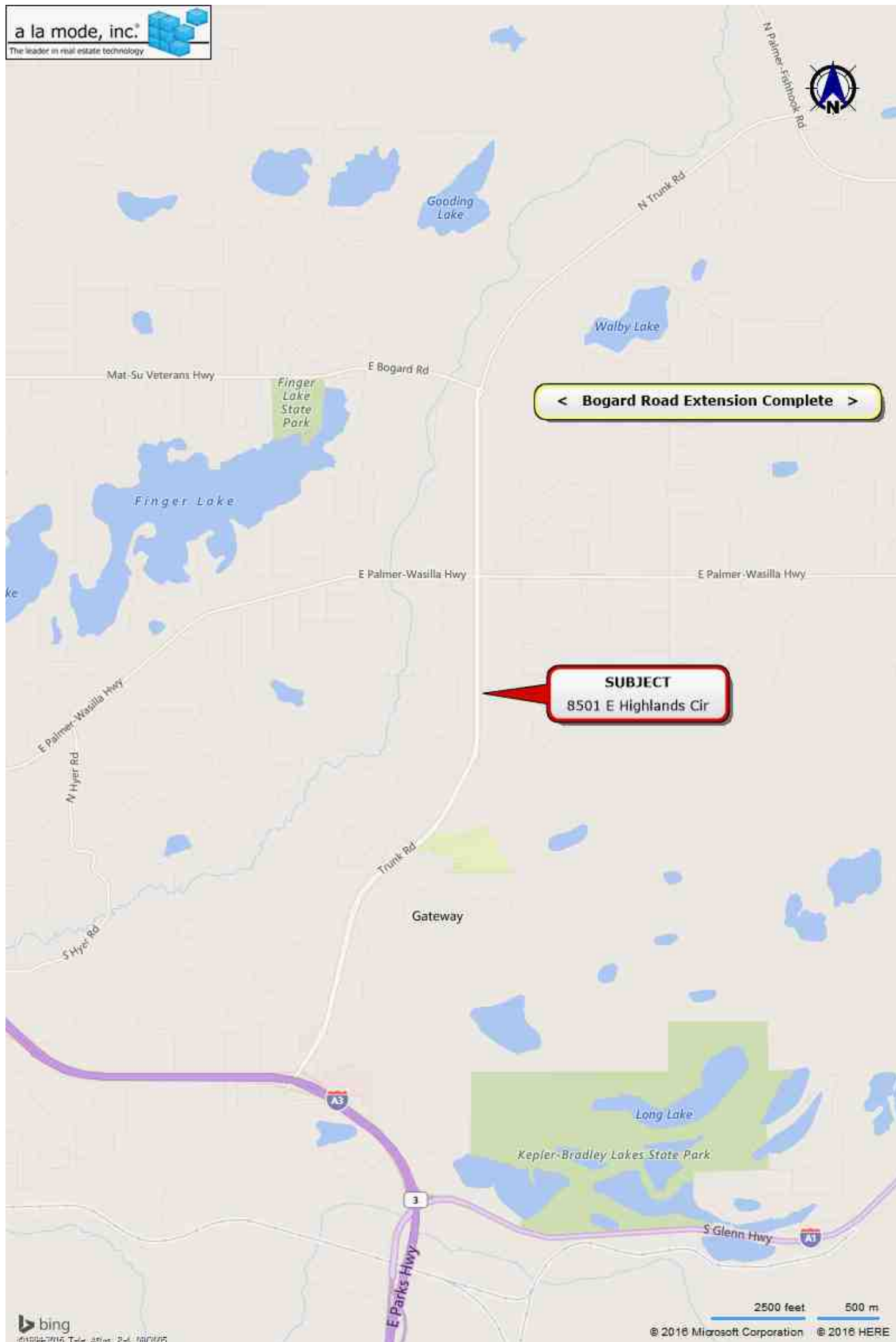
The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. Wendy Brooker is a Practicing Affiliate of the Appraisal Institute and has completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute. Wendy Brooker is not a qualified home inspector, building tradesman, structural engineer, soils engineer, or surveyor.  
 The subject of this appraisal is a single family residential property.  
 I have performed no previous appraisal or other services in regard to subject property.

Date: 10/01/2016 Appraiser(s):   
Wendy Brooker

Date: \_\_\_\_\_ Review Appraiser(s): \_\_\_\_\_

# Location Map

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



**MSB Aerial Map- Subject / Subdivision Access**



MSB Aerial Mosaic Map - Subject





M15669

BOOK 0908 PAGE 553

**PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS**

**SECTION 1. CREATION, TERM, ENFORCEMENT**

The covered property consists of those certain parcels of land and all improvements situate thereon, in the Palmer Recording District, Third Judicial District, State of Alaska, and more particularly described as follows:

- Parcels 1, 2, and 3 of WAIVER RESOLUTION 97-21-PWm Book 895 Page 52,**
- Parcels 1, 2, and 3 of WAIVER RESOLUTION 97-27-PWm Book 899 Page 732,**
- Parcels 1, 2, and 3 of WAIVER RESOLUTION 97-33-PWm Book 904 Page 68,**
- all located within the W1/2 of the SW1/4 of Section 2, Township 17 North, Range 1 East, Seward Meridian.**

WHEREAS, the undersigned hereby declares that all of the above Parcels, which are sometimes referred to herein as lots, shall be held, sold and conveyed subject to the following covenants, conditions and restrictions, which are for the purpose of protecting the value and desirability of, and which shall run with the real property and be binding on and inure to the benefit of all parties having any right, title or interest in said subdivision, or any part thereof, including their legal representatives, heirs, successors and assigns.

**EFFECTIVE DATE**

The protective covenants, limitations, and conditions hereinafter set forth and applicable to the area hereinabove described, or any amendments thereto shall take effect at such time as this or any amending instrument is recorded.

**TERM**

These covenants are to run with the land and shall be binding on all parties and all persons claiming under them for a period of thirty-five (35) years from the date the covenants are recorded, after which time said covenants shall be automatically extended for successive periods of ten (10) years unless an instrument signed by the owners of a majority of the lots has been recorded agreeing to change said covenants in whole or part.

**ENFORCEMENT**

Enforcement of these covenants, conditions and restrictions shall be by proceeding at law or in equity against any person or persons violating or attempting to violate any such provisions, either to restrain a violation thereof or to recover damages for a violation thereof. Such actions may be brought by the owner or owners of record of any parcel in this subdivision.

**SECTION 2. COVENANTS, CONDITIONS AND RESTRICTIONS**

**A. SINGLE FAMILY RESIDENTIAL PURPOSES.** No lot shall be used except for single family residential purposes. No building shall be erected, placed, altered or permitted to remain on any lot other than one single family dwelling with a private garage or shop

building, utility shed or barn. Temporary or surplus buildings may not be placed on any lot for any purpose. No building may be placed on any lot to be used a garage, utility shed or barn unless its appearance is equal to the homes standard, utilizing proper foundations and siding. No building or structure may be used for a group home or for a commercial purpose of any kind with the exception of an approved bed and breakfast with no more than four rentable rooms.

**B. DWELLING SIZE AND QUALITY.** The minimum gross area of the dwelling in square feet, exclusive of open porches and garages, shall be 1,800 sq. ft. Construction of all houses shall be at least equal to the present FHA minimum building standards.

**C. TEMPORARY STRUCTURES.** No mobile homes, or travel trailers or temporary building or structure shall be erected, constructed or moved upon any lot.

**D. CONSTRUCTION COMPLETION REQUIREMENT.** All buildings constructed or placed in the subdivision shall be finished on the exterior within one (1) year after the start of construction. Tar paper, roofing paper, celotex, nu-wood or like material as exterior siding, or exterior finish will not be permitted.

**E. RE-SUBDIVISION.** The area of the lots herein described shall not be reduced to a size less than two (2) acres.

**F. BUILDING LOCATION.** No building or portion of any building shall be located on any lot nearer than seventy-five (75) feet from the front lot line, or nearer than fifty (50) feet from any other lot line.

**G. FENCES.** No fence of any kind may be installed in violation of any state statute or ordinance as presently enacted or as may be hereafter enacted or amended. All fences must be built in a professional manner and properly maintained. No fence or portion of fence shall be located on any lot nearer than twenty-five (25) feet from any lot line.

**H. EASEMENTS.** Easements for installation and maintenance or utilities and drainage facilities are reserved as shown on the recorded plat or as indicated by the public records for the recording district where the property is located. Within these easements, no structure, other material shall be placed or permitted to remain which may damage or interfere with the installation and maintenance of utilities, or which may change the direction of the flow of drainage channels in the easements, or which may obstruct or retard the flow of water through the drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible.

**I. REMOVAL OF VEGETATION .** It is the intent of the undersigned to PROHIBIT the clearing of lots by an owner, his agent or builder, except as is absolutely necessary to allow for construction of allowed improvements. Specifically, no lot owner, his agent, or builder shall be permitted to clear a lot on which standing trees of size and beauty exist (according to the Standards for trees of size and beauty in the Matanuska-Susitna Borough). The trees may be thinned so long as the maximum natural beauty and aesthetic value of the trees is retained. No owner, agent or builder may clear more than fifty (50) percent of the standing trees on a lot.



J. WATER WELLS AND SEPTIC SYSTEMS. All water wells and septic systems shall be a minimum distance of one hundred (100) feet apart within and without of each lot. No water wells or septic systems shall be located on any lot closer than fifty (50) feet from any lot line. WATER WELLS. No individual water supply system shall be permitted on any lot unless such a system is located, constructed and equipped in accordance with the requirements, standards and recommendations of the State of Alaska, Department of Environmental Conservation. Approval of such a system as installed shall be the responsibility of the individual owner. SEPTIC SYSTEMS. All lots shall have individual sewage disposal systems, which is located, constructed and equipped in accordance with the requirements, standards and recommendations of the State of Alaska, Department of Environmental Conservation, which governs those systems. This also includes special septic restrictions within protective well radii. All such systems shall comply with all Federal, State, and local political subdivision laws or requirements.

K. LIVESTOCK AND POULTRY. No animals, poultry, or livestock of any kind, shall be raised, bred or kept on any lot for any commercial purpose, including, but not limited to, use for sporting purposes such as dogsled competition. Not more than two (2) animals of any one specie shall be raised, bred, or kept on any lot, except that poultry is limited to not more than twenty (20) birds. All animals and poultry must be restrained or contained as necessary to prevent their becoming nuisances.

L. NUISANCES. No noxious or offensive activity shall be carried on upon any lot, nor shall anything be done thereon which may be or may become an annoyance or nuisance to the neighborhood. No trade or business of an offensive nature shall be permitted on any lot. No lot shall be used or maintained as a dumping ground for rubbish. No private garbage pits will be allowed. Trash, garbage, or other waste shall not be kept except in sanitary containers.

M. UN-GARAGED AND INOPERABLE VEHICLES: Not more than 3 un-garaged vehicles, including trailers, may exist on any one lot at any time. No inoperable vehicle or vehicle body shall be permitted upon any lot or within any street easement adjacent to any lot in the subdivision.

N. GRAVEL EXTRACTION. No gravel extraction for commercial use shall be permitted on any lot at any time.

O. EXTERNAL ANTENNA RESTRICTIONS. Any disk or other type of television or radio antenna or electronic device shall be screened from the road and kept in an orderly and maintained appearance.

BOOK 0908 PAGE 556

HIGHLANDS DEVELOPMENT, LLC.

BY: Larry A. McMurphy  
Larry A. McMurphy

ITS: member

BY: Susan A. McMurphy  
Susan A. McMurphy

Its: Member

STATE OF ALASKA )  
                          ) SS.  
Third Judicial )  
District

THIS IS TO CERTIFY that on the 15 day of AUGUST 1997, before me, the undersigned Notary Public, in and for Alaska, duly commissioned and sworn as such, personally appeared \*, who is known to me and to my known to be the individual named in and who executed the above and foregoing PROTECTIVE COVENANTS, CONDITIONS AND RESTRICTIONS FOR HIGHLANDS DEVELOPMENT, LLC. as member of HIGHLANDS DEVELOPMENT, LLC. in the name of and for and on behalf of said LLC, and acknowledged to me the execution thereof for the uses and purposed therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal the day and year hereinabove first written.

\*LARRY A. McMURPHY &  
SUSAN A. McMURPHY

Anne L. Brown

NOTARY PUBLIC in and for Alaska  
My commission expires: 2/5/98



RETURN RECORDED COPY TO:

HIGHLANDS DEVELOPMENT, LLC.  
P.O. Box 226  
Palmer, Alaska 99645

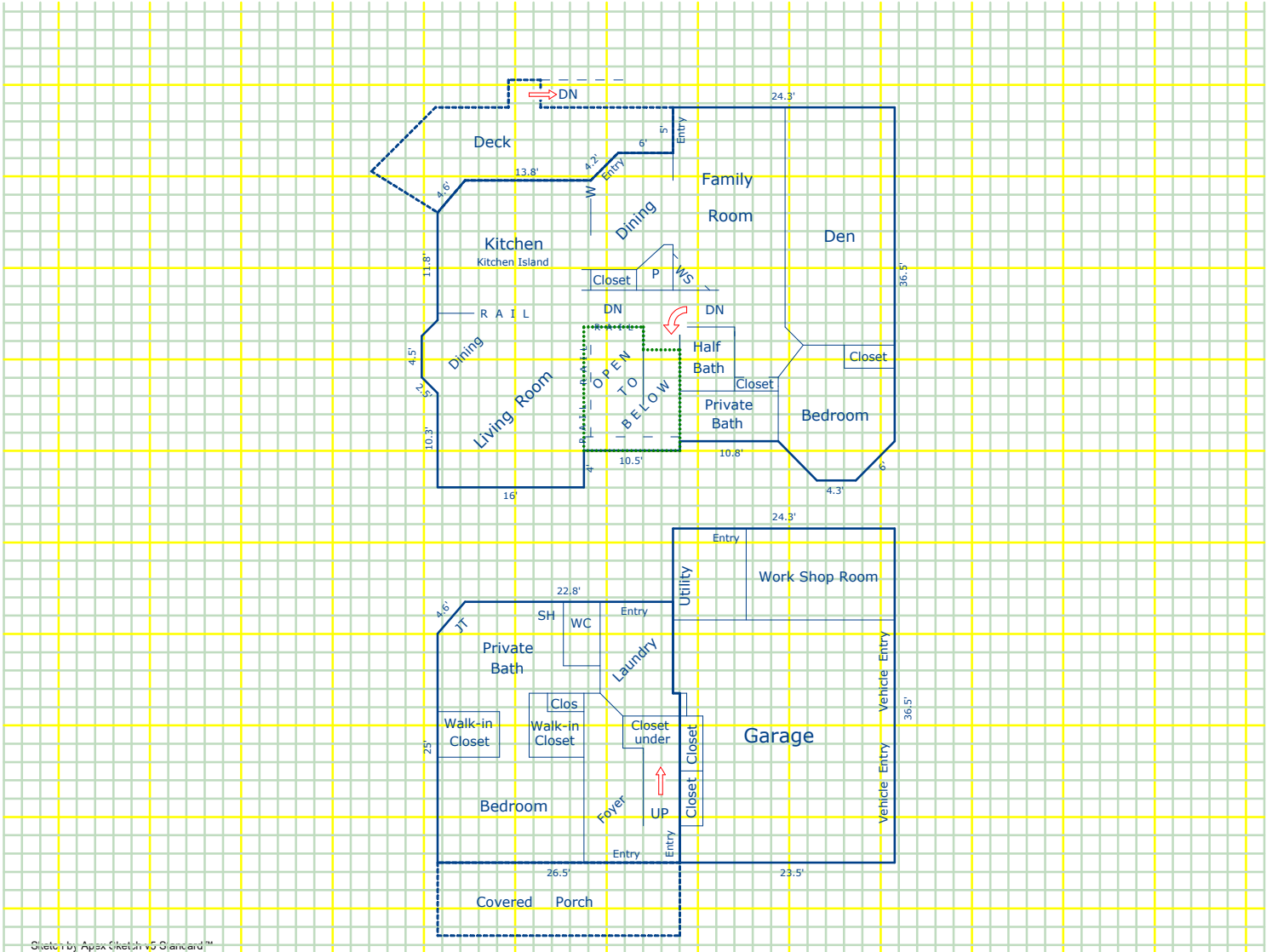
97-013649  
24<sup>se</sup>  
PALMER REC. DISTRICT, McRINLEY TITLE & TRUST  
REQUESTED BY \_\_\_\_\_ 1700 E. PATRICK BLVD.  
WADILLA, ALASKA 99687

97 AUG 20 AM 9 41

CC

# Building Sketch

Borrower	NA		
Property Address	8501 E Highlands Cir		
City	Palmer	County	Matanuska-Susitna Borough
		State	AK
		Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.		



Sketch by Apex Sketch v5 Standard™

Comments:

AREA CALCULATIONS SUMMARY			
Code	Description	Net Size	Net Totals
GLA1	First Floor	742.50	742.50
GLA2	Second Floor	1773.81	
	Open to Below	-131.75	1642.06
GAR	Garage	871.25	871.25
P/P	Porch	212.00	
	Porch	241.81	453.81
Net LIVABLE Area		(rounded)	2385

LIVING AREA BREAKDOWN			
		Breakdown	Subtotals
<b>First Floor</b>			
	26.5 x 18.5		490.25
0.5 x	3.0 x 3.5		5.25
	6.5 x 25.7		167.38
	22.7 x 3.5		79.63
<b>Second Floor</b>			
	16.0 x 4.0		64.00
	26.5 x 1.0		26.50
	50.0 x 7.0		350.00
0.5 x	4.3 x 4.3		9.03
	5.0 x 24.3		121.25
	3.0 x 30.3		90.75
	3.5 x 47.0		164.50
	13.5 x 50.0		675.00
	4.5 x 51.8		232.88
	4.3 x 4.3		18.06
0.5 x	3.0 x 3.0		4.50
0.5 x	3.5 x 3.0		5.25
0.5 x	1.8 x 1.8		1.53
0.5 x	1.8 x 1.8		1.53
0.5 x	4.3 x 4.3		9.03
<b>Open to Below</b>			
	11.0 x 10.5		-115.50
	2.5 x 6.5		-16.25
21 Items		(rounded)	2385

# Subject Photo Page

Borrower	NA				
Property Address	8501 E Highlands Cir				
City	Palmer	County	Matanuska-Susitna Borough	State	AK Zip Code 99645
Lender/Client	Residential Mortgage, LLC / V.A.				



## Subject Front

8501 E Highlands Cir  
Sales Price Not a sale  
Gross Living Area 2,384  
Total Rooms 8  
Total Bedrooms 2  
Total Bathrooms 2.1  
Location Res;WA09  
View Mountains N, Busy Rd W  
Site 3.04 acres  
Quality MSB 4.9 Abv Avg  
Age 18



## Subject Rear



## Subject Street

# Photograph Addendum

Borrower	NA				
Property Address	8501 E Highlands Cir				
City	Palmer	County	Matanuska-Susitna Borough	State	AK Zip Code 99645
Lender/Client	Residential Mortgage, LLC / V.A.				



**Additional Front Photo**



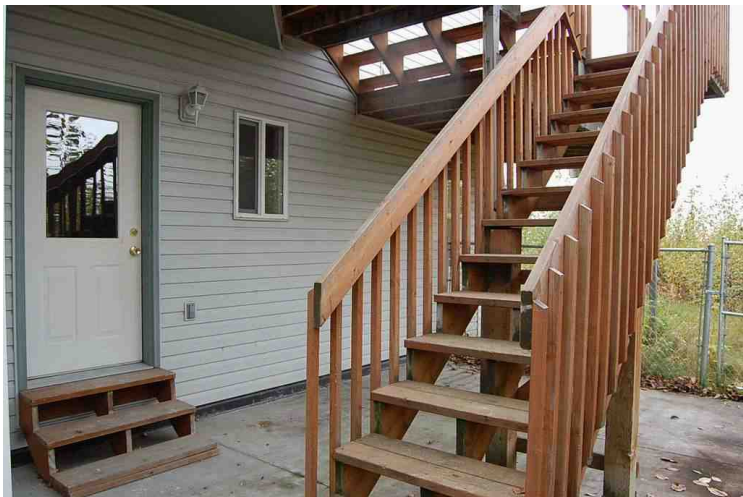
**Front Entry Detail**



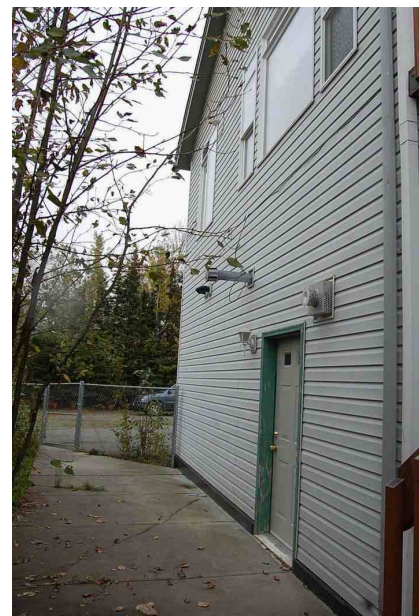
**West Side**



**Northwest Corner Exterior Detail**



**Rear Entry Detail  
Entry at Laundry Room**



**Additional Rear Detail  
Entry at Utility Room in Garage**

# Photograph Addendum

Borrower	NA				
Property Address	8501 E Highlands Cir				
City	Palmer	County	Matanuska-Susitna Borough	State	AK Zip Code 99645
Lender/Client	Residential Mortgage, LLC / V.A.				



**Rear Deck**



**Rear Deck**



**Rear Deck / View**



**View from Rear Deck**



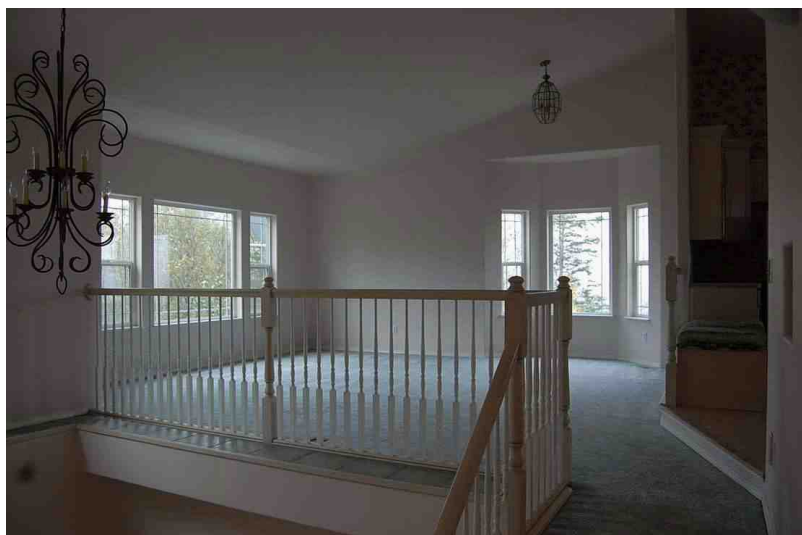
**Trunk Road from Subject Property Bluff**



**Trunk Road from Subject Property Bluff**

## Subject Interior Photo Page

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



### Living Room

8501 E Highlands Cir  
Sales Price Not a sale  
Gross Living Area 2,384  
Total Rooms 8  
Total Bedrooms 2  
Total Bathrooms 2.1  
Location Res;WA09  
View Mountains N, Busy Rd W  
Site 3.04 acres  
Quality MSB 4.9 Abv Avg  
Age 18



### Kitchen from Living Room



### Dining Room

## Interior Photos

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



**Entry Hall / Living Room**



**From Living Room toward Entry Stair**



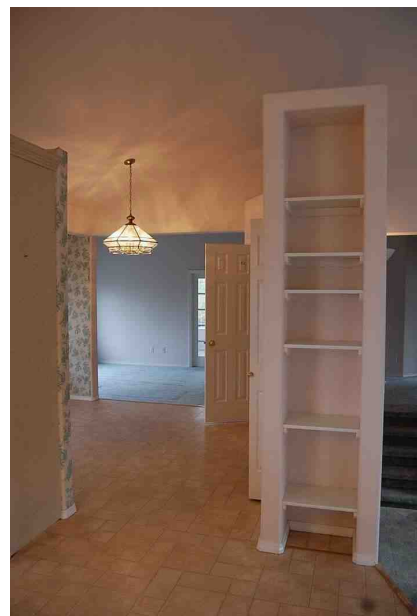
**Kitchen**



**Kitchen Detail**



**Kitchen Detail**



**Kitchen / Dining / Family Room**



# Interior Photos

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



**Entry from Deck at Dining Room**



**Entry from Deck at Family Room**



**Family Room / Den / 2nd Flr Bedroom**



**Family Room Detail  
Gas 'Woodstove'**



**Den**



**Den**

## Interior Photos

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



**Half Bath**



**2nd Floor Bedroom**



**2nd Floor Bedroom**



**Stair Up to East**



**Entry Hall /Stair to West**



**Laundry Room**



**Rear Entry at Laundry**



**Closet under stair**



**1st Flr Bedroom**



**1st Flr Bedroom**



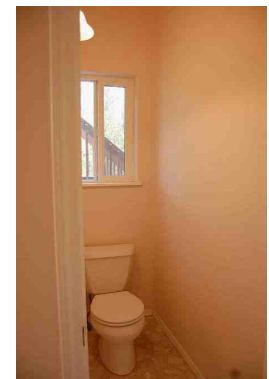
**Walk-in Closet 1 / Pvt Bath**



**Pvt Bath / Walk-in Closet 2**



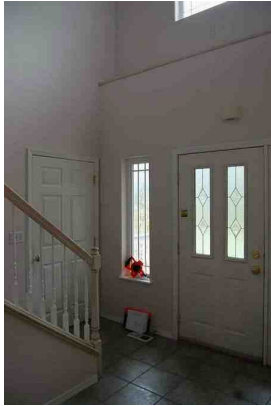
**Private Bath**



**Water Closet / Pvt Bath**

## Interior Photos

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



**Front Entry from Covered Pch**



**Garage Interior / Door to Entry**



**Garage Interior**



**Garage Interior**



**Garage Interior**



**Rear Entry at Utility Room**



**Garage Interior / Utility**



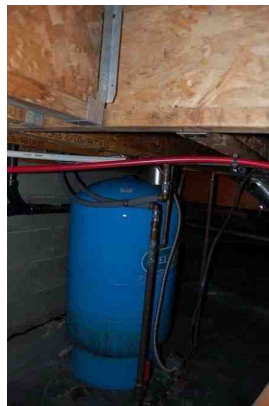
**Garage Workshop Area**



**Garage Workshop Area**



**Garage Workshop Area**



**Crawl**



**Crawl**

## Interior Photos

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



**Condition Detail**



**Condition Detail**



**Condition Detail**



**Condition Detail**



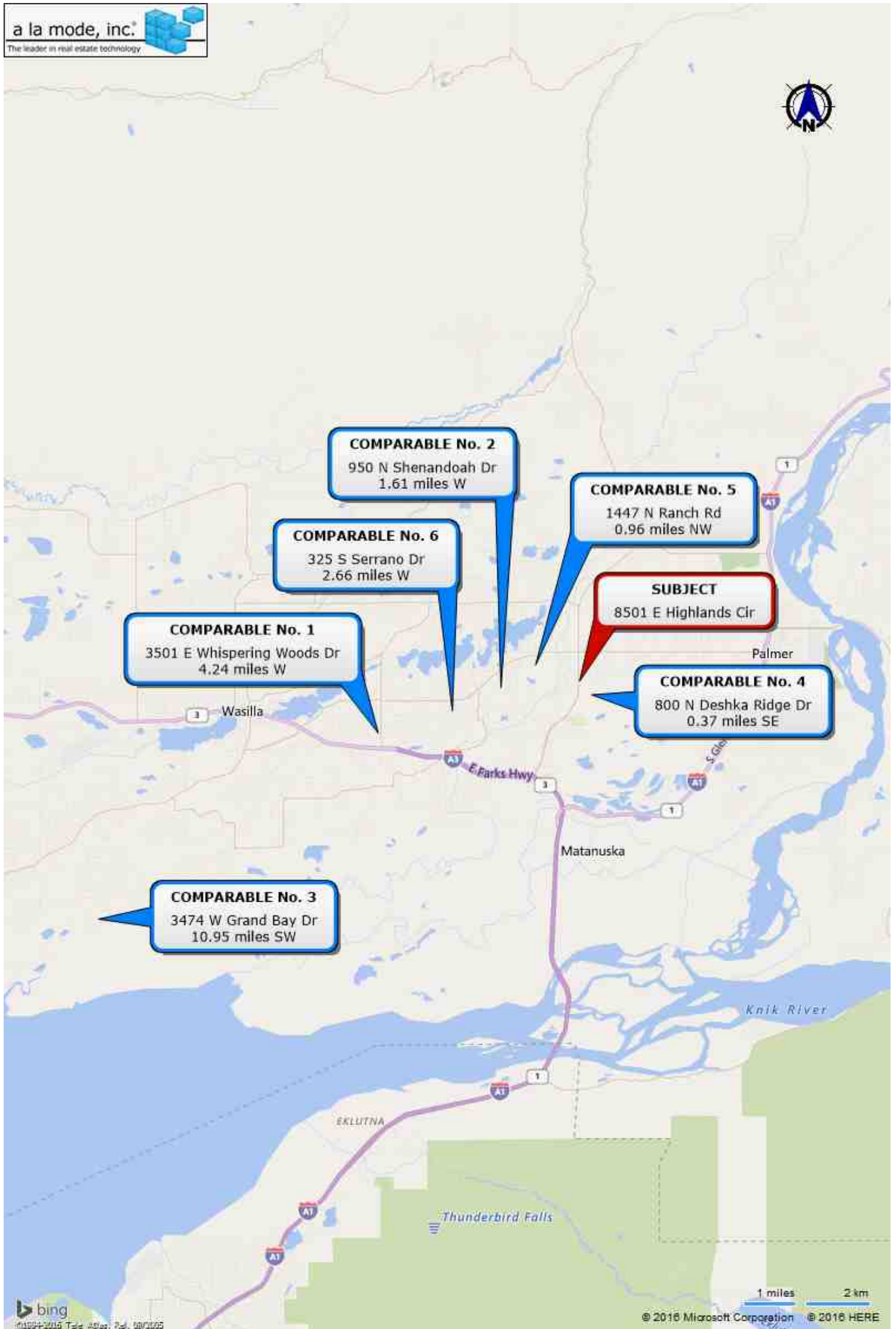
**Condition Detail**



**Condition Detail**

# Comparable Sales Map

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



## Comparable Photo Page

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



### Comparable 1

3501 E Whispering Woods Dr  
 Prox. to Subject 4.24 miles W  
 Sale Price 245,000  
 Gross Living Area 1,259  
 Total Rooms 5  
 Total Bedrooms 2  
 Total Bathrooms 2.0  
 Location Res;WA11  
 View Res;Mtn  
 Site 40519 sf  
 Quality MSB 4.9 Abv Avg  
 Age 34



### Comparable 2

950 N Shenandoah Dr  
 Prox. to Subject 1.61 miles W  
 Sale Price 267,000  
 Gross Living Area 864  
 Total Rooms 3  
 Total Bedrooms 0  
 Total Bathrooms 0  
 Location Res;WA10  
 View Res;(Sup)Mtn  
 Site 1.14 ac  
 Quality MSB 4.4 Avg  
 Age 33



### Comparable 3

3474 W Grand Bay Dr  
 Prox. to Subject 10.95 miles SW  
 Sale Price 315,000  
 Gross Living Area 1,732  
 Total Rooms 6  
 Total Bedrooms 2  
 Total Bathrooms 2  
 Location Res;WA13  
 View Res;Mtn,Crk,Pond  
 Site 7.36 ac  
 Quality MSB 4.8 Abv Avg  
 Age 12

## Photograph Addendum

Borrower	NA				
Property Address	8501 E Highlands Cir				
City	Palmer	County	Matanuska-Susitna Borough	State	AK Zip Code 99645
Lender/Client	Residential Mortgage, LLC / V.A.				



**Sale 2 Supplemental MLS Photo**  
**Residence not clearly visible from street**

## Comparable Photo Page

Borrower	NA						
Property Address	8501 E Highlands Cir						
City	Palmer	County	Matanuska-Susitna Borough	State	AK	Zip Code	99645
Lender/Client	Residential Mortgage, LLC / V.A.						



### Comparable 4

800 N Deshka Ridge Dr  
 Prox. to Subject 0.37 miles SE  
 Sale Price 349,900  
 Gross Living Area 1,991  
 Total Rooms 7  
 Total Bedrooms 3  
 Total Bathrooms 2.1  
 Location Res;WA09  
 View Res;(Sup)Mtn  
 Site 2 ac  
 Quality MSB 4.9 Abv Avg  
 Age 10



### Comparable 5

1447 N Ranch Rd  
 Prox. to Subject 0.96 miles NW  
 Sale Price 300,000  
 Gross Living Area 2,070  
 Total Rooms 7  
 Total Bedrooms 3  
 Total Bathrooms 2.0  
 Location Res;WA09  
 View Res  
 Site 41539 sf  
 Quality MSB 4.5 Average  
 Age 18



325 S Serrano Dr  
 2.66 miles W  
 250,000  
 2,371  
 7  
 3  
 2.1  
 Res;WA10  
 Res  
 1 ac  
 MSB 4.8 Abv Avg  
 34