



The INGAA Foundation, Inc.

# **Pipeline Impact to Property Value and Property Insurability**

**The INGAA Foundation  
Prepared by Integra Realty Resources  
February 2016**

**INGAA Foundation  
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## Executive Summary

The INGAA Foundation Inc. retained Integra Realty Resources (IRR) to study how natural gas transmission pipelines affect the value of real estate. Analysis by IRR shows that the presence of pipelines does not affect the value of a home or its insurability.

### Report Background and Methodology

Companies seeking to construct new pipeline infrastructure or expand existing infrastructure must respond to questions from the community and affected landowners. Some landowners and nearby residents have expressed concerns that the presence of a natural gas pipeline might lower the value of their home because subsequent buyers might be unwilling to purchase a residence located in proximity to a pipeline.

The INGAA Foundation first examined the effect of natural gas transmission pipelines on property values in 2001. The authors of that report, Allen, Williford & Seale, Inc. (AWS), determined that there was no evidence that pipelines affected sales prices.<sup>1</sup> The AWS study looked at properties in four areas: Katy, Texas; Medford, Oregon; Irving, Texas; and Newtown, Connecticut.

Because more than 14 years had passed since the AWS study, the INGAA Foundation initiated a new study to examine different areas, including those experiencing an increase in pipeline construction because of either growing natural gas supply or growing consumer demand.

The INGAA Foundation asked IRR to study areas in the Midwest, Northeast, Mid-Atlantic and Southeast, where there was concern over pipeline projects and their impact on property values.

IRR selected geographically diverse areas for the case studies (an additional area was studied by Allen, Williford & Seale). The areas had varying demographics and population densities. Some areas were established neighborhoods with little new construction. Others consisted of new subdivisions. The natural gas pipelines traversing the respective study areas were put in service in 1949, during the 1950s, 1959, 1985, 2009 and 2013, and have varying pressures and sizes.

These areas were selected after extensive research to determine if sufficient sales data existed to enable a thorough analysis. IRR determined that single family residential homes and townhomes were the best property types for comparative analysis because of their homogeneity and significantly fewer characteristics influencing price, compared with vacant land and income-producing property.

The areas studied were:

1. Two suburban areas outside Cincinnati, Ohio; one that is traversed by two 26-inch-diameter natural gas pipelines in service since 1949 and 1959, respectively, and one that is traversed by a pipeline with diameters ranging from 36- to 42- inches, in service since 2009.
2. A townhome development in a new 580-acre master-planned residential community in

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<sup>1</sup> Natural Gas Pipeline Impact Study. Conducted by Allen, Williford & Seale of Houston, Texas, for the INGAA Foundation. 2001. <http://www.ingaa.org/File.aspx?id=5597>

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Prince William County, Virginia, that is traversed by three existing 30- to 42- inch natural gas pipelines. The original line has been in service since 1950, with the other two lines added in the 1960s.

3. A rural neighborhood in Clinton, New Jersey, that is traversed by three natural gas pipelines of various sizes up to 42 inches in diameter and in service since 1959, 1985 and 2013, respectively.
4. A small town subdivision in Dallastown, Pennsylvania, where a 24-inch-diameter natural gas pipeline originally placed in service in 1958 was replaced in 2007. (AWS, the author of the 2001 study, conducted this analysis in 2014).
5. A suburban area outside Jackson, Mississippi, traversed by one natural gas pipeline, 30 inches in diameter, which was installed in the 1950s.

IRR only looked at underground, FERC-regulated interstate natural gas transmission pipelines.

IRR analyzed data from multiple perspectives to evaluate how the installation and operation of a natural gas pipeline affected home values. The analyses utilized paired sales, descriptive statistics and linear regressions as described below.

IRR's comparative analysis consisted of two steps. First, the sales price of each home or townhome was adjusted based on size, because the living area of each home or townhome has the greatest effect on sales price. Second, IRR compared the adjusted prices paid for residences located along the natural gas pipeline to the adjusted prices paid for residences located away from the pipeline. This step included three types of analysis. The first type of analysis compared the sample mean and sample median data for sales of properties along the pipeline to similar data for sales away from the pipeline. The second type of analysis used linear regression analyses to test for influences of the pipeline on sale prices. Linear regression is a statistical measure (plotted on a chart with a line of best fit) that attempts to determine the strength of the relationship between one independent variable and a series of other changing variables (dependent variables). The third type of analysis involved paired sales analyses, which compared one sale of a property located away from the pipeline with the sale of a similar property located along or in close proximity to the pipeline.

If sales along or abutting the pipeline easement systematically showed a reduced value compared with sales of homes away from the pipeline easement, one could conclude that a pipeline easement might reduce property values. In contrast, if no correlation existed, one could conclude that a pipeline easement had no effect on property values. IRR based its conclusions on the cumulative and individual results of the case studies.

The following two tables show the percent difference in pricing for each of the four areas that were studied by IRR and the fifth area studied by AWS. The first table reflects difference in **sales price** for homes located near a pipeline (compared with similar homes in the same community that are not near a pipeline). The second table reflects the difference in home values **per square foot** for homes located near a pipeline (compared with similar homes in the same community that are not near a pipeline).

**Difference in Sales Price for Homes Located Near a Pipeline  
(Compared with Similar Homes in the Same Community that  
are not Near a Pipeline)**

<b>Unadjusted Prices</b>		
<b>Study Area</b>	<b>Percent Difference in Average Price</b>	<b>Percent Difference in Median Price</b>
Kyles Station Meadows, OH	-8.31%	-9.23%
Victory Lakes, VA	-3.44%	10.53%
Wellington Knolls, NJ	7.12%	7.79%
Brandon, MS	-1.75%	-0.60%
Saddle Ridge, PA	1.87%	-0.04%
<b>Adjusted Prices</b>		
<b>Study Area</b>	<b>Percent Difference in Average Price</b>	<b>Percent Difference in Median Price</b>
Kyles Station Meadows, OH	0.08%	-2.16%
Victory Lakes, VA	-1.43%	-4.31%
Wellington Knolls, NJ	-0.56%	-0.02%
Brandon, MS	-0.41%	-1.57%
Saddle Ridge, PA	2.98%	1.11%

**Difference in Home Values Per Square Foot for Homes Located  
Near a Pipeline (Compared with Similar Homes in the Same  
Community that are not Near a Pipeline)**

<b>Unadjusted Prices</b>		
<b>Study Area</b>	<b>Percent Difference in Average Price /SF</b>	<b>Percent Difference in Median Price/SF</b>
Kyles Station Meadows, OH	4.53%	5.07%
Victory Lakes, VA	12.07%	8.27%
Wellington Knolls, NJ	-0.63%	0.58%
Brandon, MS	0.06%	1.88%
Saddle Ridge, PA	1.85%	0.60%
<b>Adjusted Prices</b>		
<b>Study Area</b>	<b>Percent Difference in Average Price/SF</b>	<b>Percent Difference in Median Price/SF</b>
Kyles Station Meadows, OH	3.74%	7.73%
Victory Lakes, VA	13.26%	21.24%
Wellington Knolls, NJ	-1.44%	-0.32%
Brandon, MS	0.91%	3.74%
Saddle Ridge, PA	3.11%	1.74%

Based on IRR's analysis, as described in the conclusions section, the major conclusions are:

1. There is no measurable impact on the sales price of properties located along or in proximity to a natural gas pipeline versus properties which are not located along or in proximity to the same pipeline.
2. Neither the size nor the age of a natural gas pipeline affects a property's sale price.
3. There is no impact on demand for properties located along natural gas pipeline easements nor is development in areas with natural gas pipelines hindered.
4. Natural gas pipelines do not affect the property value of any particular type of residence any more or less than another type of residence.
5. The sales frequency of homes "on" a pipeline is consistent with those "off" a pipeline indicating that the presence of a pipeline does not inhibit sales.
6. Buyers purchasing homes along pipeline easements in each area were able to obtain conventional, Federal Housing Administration (FHA), and Veterans Affairs (VA) loans. This indicates that the presence of a natural gas pipeline had no effect on obtaining a mortgage.
7. Insurance companies and agents interviewed said there was no indication that the presence of a natural gas pipeline would hinder a buyer's ability to acquire property insurance. They also said there was no indication that premiums paid for insurance policies would increase because of the proximity to a natural gas pipeline.
8. Based upon the geographically disparate areas studied, IRR concluded that it was highly likely that the results and conclusions of this report would apply to other markets across the country in which natural gas pipelines were located.

# General Information

## Purpose of the Report

The purpose of the report is to assess potential impact of natural gas pipelines on local real estate in the Northeast, Southeast, Midwest and Mid-Atlantic regions, as of the effective date of the report, December 2015. The period of study was between 2008 and 2015. IRR identified objectives to help form conclusions about the impact of the sale of properties encumbered by, adjacent to or abutting natural gas pipelines on surrounding real estate values. These conclusions are summarized in the Executive Summary, and addressed in the Conclusion section of this report.

## Intended Use

The client and intended user is the INGAA Foundation membership, regulators, and the public. The report is meant to inform member companies and the public about the potential impact of the installation and operation of natural gas pipelines on surrounding properties.

## Applicable Requirements

The following impact study is intended to conform to The Uniform Standards of Professional Appraisal Practice (USPAP). In 1989, the U.S. Congress enacted the *Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA)*, which authorized the Appraisal Foundation as the source of appraisal standards and qualifications. The Appraisal Foundation serves as an umbrella organization for three independent Boards, the Appraisal Practices Boards (APB), Appraiser Qualifications Board (AQB), and Appraisal Standards Board (ASB). As a result of the legislation, all real property appraisers must meet the qualification criteria established by the AQB and all appraisals for federally related transactions must conform to the *Uniform Standards of Professional Appraisal Practice (USPAP)* promulgated by the ASB. USPAP contains standards for all types of appraisal services, including real estate. Compliance is required for state-licensed and state-certified appraisers involved in federally-related real estate transactions. USPAP is updated every two years so that appraisers have the information they need to deliver unbiased and thoughtful opinions of value. Addendum A includes the qualifications of David R. Dominy, MAI,CRE,FRICS.

This assignment adheres to the portion of USPAP that applies to appraisal practice, but falls outside of the requirements of Standards 1-10. This report is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;

## Significant Assistance

Jake T. Mitchell and Cameron Boone, MAI, made significant professional contributions to this report, consisting of conducting research on the transactions involving comparable properties, performing



analyses, and assisting in report writing, under the supervision of the persons signing the report. John Gilooly, MAI, SCGRETA, CTA, and Thomas Guinan contributed to this report through general market research and analysis in the State of New Jersey. John Praytor, MAI contributed to this report through general market research and analysis in the State of Mississippi. James Herbig, SRA, and Tyler Sexton contributed to this report through general market research and analysis in the State of Ohio. Kenneth L. Brown, MAI, FRICS, CCIM, and George “Beau” Garbutt, IV contributed to this report through general market research and analysis in the state of Virginia.

## Background

Over 300,000 miles of natural gas transmission pipelines are located underground across the United States, forming a vast energy transportation network. These pipelines link the nation’s natural gas supply to the consumers who use the energy for such things as heating, cooking, electricity generation and industrial applications.

This vast pipeline network is ever changing, with new pipelines and expansions to existing pipelines proposed on a regular basis to meet increasing consumer demand and accommodate new and growing sources of supply.

For each pipeline project, the sponsor must select a route. A route is selected based on a number of criteria including engineering feasibility, safety, proximity to private properties, terrain, environmental and cultural sensitivities and community concerns. Pipeline safety regulations use the concept of “High Consequence Areas” (HCAs), to identify specific locales and areas where a release could have the most significant adverse consequences. Once identified, operators are required to devote additional focus, efforts and analysis in HCAs to ensure the integrity of pipelines and safety of the communities.

Operators spend significant time selecting a route, and they look for input from many sources. Once filed for approval, the lead federal regulator, the Federal Energy Regulatory Commission (FERC), in coordination with other federal, state and local agencies, as well as the community, refine the route to minimize various impacts. Operators seek easements from individual property owners to allow them to build the pipeline across private land. The land the route is located on is called a right of way (ROW).

Construction of a pipeline involves cutting a trench across the property and laying the pipeline within the trench. Construction crews bury the line, usually with three to five feet or more of cover. Access during construction and for periodic maintenance is generally via the right of way. The pipeline company is responsible for maintenance of the pipeline and the right of way, performing routine inspections, and mowing the right of way on a regular basis.

For many years, the pipeline industry has used scrubbing and scraping devices to clean the inside of their piping systems. These devices – called “pigs” – reduce build-up of waxes and other contaminants along the pipe’s interior. Sophisticated and sensitive in-line inspection (ILI) tools travel through the pipe and measure and record irregularities that may represent corrosion, cracks, laminations, deformations (dents, gouges, etc.), or other defects. Because these inspection devices run inside the



pipe in a manner similar to the cleaning pigs, these in-line inspection tools are often referred to as “smart pigs.”

Smart pigs are inserted into the pipeline at a location, such as a valve or pump station, that has a special configuration of pipes and valves where the tool can be loaded into a pig launcher, the pig launcher can be closed and sealed, and the flow of the pipeline product can be directed to launch the tool into the main line of the pipeline. A similar setup is located downstream, where the tool is directed out of the main line into a receiver, the tool is removed, and the recorded data retrieved for analysis and reporting.

In addition to inline inspections, pipeline operators monitor their pipelines around the clock, using state-of-the-art computer systems. They also routinely patrol the ROW on foot, in vehicles, and with airplanes. All pipelines are marked to help identify and prevent accidental damage to the pipeline.

Nevertheless, some landowners and nearby residents have expressed concerns that the presence of a pipeline might lower the value of their property. The INGAA Foundation initiated this report to address that concern.

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## Scope of Work

The goal of the pipeline impact study was to identify, measure and explain the impact of natural gas pipelines (if any) on real estate values. The IRR study covers four states in three geographical regions across the country. At the request of the client, IRR also included a study performed by Allen, Williford, & Seale, Inc., dated December 2014, which covered Pennsylvania. The research and analyses conducted is outlined below:

- Identified single family residential subdivisions developed adjacent to or encumbered by natural gas pipelines which are currently in-service
- Collected, inspected, and verified sales within the respective subdivision areas
- Determined the in-service dates, sizes, and type of products contained in the pipelines
- Determined distance to the pipeline easement for each analyzed data set.
- Analyzed property characteristics, including:
  - Land Size
  - Building Size
  - Date of Sale
  - Property Features
- Analyzed conventional, Department of Housing and Urban Development (HUD), FHA, VA, Freddie Mac and Fannie Mae lending requirements
- Interviewed industry participants, including:
  - Title Insurers
  - Mortgage Lenders
  - Property Insurance Companies
- Interviewed local real estate professionals and brokers in the respective study areas
- Conducted statistical analysis, paired sales analysis, and identified trends

The research and comparison of sales within each region was analyzed to determine if there was a measurable effect in property valuations caused by the natural gas pipeline easement. These effects could be both tangible and intangible factors that would impact the market value of a property.

To measure the effects, IRR compared similar sales of properties located along, in proximity to, or encumbered by a pipeline easement, to those that were not located in these areas. If there was an effect on market value as a result of the pipeline easement, there would be a correlation between location of the pipeline and the sales that exist along that pipeline. If sales along the pipeline easement systematically showed a reduced value compared with similar sales away from the pipeline easement, then one could conclude that the pipeline easement may be the cause of the negative correlation. Similarly, if there was no correlation between the sales and the location of the pipeline, one could conclude that there was no diminution in property value or damage as a result of the pipeline easement.

To summarize, the scope of this assignment was to determine if there is an effect on real estate resulting from the presence of natural gas pipelines.

## Objectives

The following objectives were addressed through analysis of the data obtained from each of the study areas. Some case studies did not address each objective individually; however, the cumulative results of all case studies provided enough data to reach overall conclusions.

- **Determine if there is a measurable impact on the sales price of properties located along, in proximity to, or encumbered by a pipeline easement, to those that are not located in these areas.**
- **Determine if the size of the pipeline has any impact on sales price.**
- **Determine if the age of the pipeline has any effect on sales price.**
- **Determine if there is an impact on demand for properties located along natural gas pipelines.**
- **Determine if the existence of a natural gas pipeline inhibits development of the surrounding area.**
- **Determine if the impact of a pipeline varies by type of property.**
- **Determine if the findings of this study are applicable to other geographic areas.**
- **Determine if the ability to obtain, or the cost to carry or purchase, property insurance is affected by the presence of a natural gas pipeline.**
- **Determine if the ability to secure a loan or obtain homeowner's insurance is impacted by the presence of a natural gas pipeline.**

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## Methodology

To meet the objectives of the study, IRR identified locations in which a natural gas pipeline traversed the region in areas that provided the quality of data necessary to perform an analysis. IRR searched Ohio, Virginia, New Jersey, Pennsylvania and Mississippi for areas where natural gas pipelines were proximate to home development.

- Kyles Station Meadows is a suburban area outside of Cincinnati, Ohio. The Texas Gas Transmission Pipeline runs in many areas around Cincinnati and has two pipelines that cross the subdivision. Monroe, Ohio, another suburban area outside of Cincinnati, was also reviewed because the area is traversed by the Rockies Express (REX) pipeline. The data available for this area was found to be extremely limited, so minimal analyses, conclusions, and impact weighting were associated with this area of study.
- Victory Lakes is an active 580-acre master-planned residential community located near three existing Williams Companies natural gas pipelines in Prince William County, Virginia.
- Wellington Knolls is a rural neighborhood in New Jersey that contains three adjacent natural gas pipelines. The neighborhood is located in the central portion of Clinton Township, and is traversed by the Transcontinental Gas Pipe Line System.
- Pennsylvania was studied independently by AWS, a third party, and its report was relied upon to answer IRR's overall study objectives. Saddle Ridge is a neighborhood in Dallas Township. This small Pennsylvania town is traversed by the Williams Natural Gas Pipeline system.
- Brandon, Mississippi, is a suburban area that contains many natural gas pipeline easements. The area selected for study includes four subdivisions northeast of Jackson that are traversed by the Gulf South Pipeline System.

## Data Collection

The impact of a pipeline on property values has to be studied over a period of multiple years. The period of this study was dictated by the availability of data, as well as by periods in which market conditions could be accounted for. The study period for Ohio was 2013 to 2015. The study area for Virginia was 2008 to 2015. The study period for New Jersey was 2013 to 2014 to include the in-service date of the most recent pipeline. The study period for Pennsylvania was 2008 to 2014. The study period for Mississippi was 2010 to 2015. Within these study areas, there were very few areas where IRR could gather sufficient data to draw conclusions. In addition, IRR needed enough sales data to make credible adjustments for various characteristics affecting sales price.

In an effort to measure the impact of a pipeline on property values, IRR sought sale transactions of both homes located next to a natural gas pipeline and those that were away from the same natural gas pipeline, but in the same community. The data collected includes sales of single family dwellings in Ohio, Pennsylvania, New Jersey, Mississippi, and townhomes in Virginia. All sales were arm's length transactions, with short sales, foreclosure sales, and sales between related parties excluded. Data sources for each set of data are identified in the respective study area analysis. Each sale used in the analysis is contained within IRR's work file. The name of each person that inspected the data is cited in the General Information section of this report.

IRR determined single family residential and townhomes to be the best property type for comparative analysis because of its homogeneity and significantly fewer characteristics influencing price, compared with vacant land and income-producing property. Single family residential is typically built around the same time period, located in the same area, governed by restrictions insuring compliance to a certain set of building standards, and typically similar in size to one another. Consequently, single family residential requires fewer adjustments, making it easier to isolate the presence of a pipeline as the variable characteristic reflected in the price.

In addition to analyzing different geographic regions to best understand the impact of pipelines on property values, IRR analyzed single family sales in areas where both newer and older pipelines were in service. As evidenced herein, after adjusting for various sales characteristics, IRR determined that the age of a pipeline had no effect on the market value of homes within proximity.

### **Analysis**

IRR used a number of different statistical analytic tools, including averages (mean), median, standard deviation and linear regression in the study. The average is a central or typical value in a set of data, and is calculated by dividing the sum of the values in the set by their number. The median is the midpoint of a set of data, and is calculated by arranging values in numeric order and finding the value that divides the data into two equal halves. Standard deviation is a quantity that describes the extent to which the whole group deviates from the mean. A linear regression is a tool that aids in analyzing trends and relationships between potentially related variables in an attempt to explain their relation. Statistical analysis is strongest when there are large sets of data to analyze, and weakest when the set of data is small. Addendum C includes definitions of terms used in this report.

Additionally, when applicable, paired sales analysis was used to compare and analyze the data. Paired sales analysis is a quantitative technique used to identify and measure adjustments to sales prices on nearly identical property by isolating and estimating the effect of a single characteristic on value.

IRR used paired sales analysis cumulatively to make direct comparisons between individual sales, when available. This analysis was best for measuring differences between sales when a single characteristic is different between sales and can be isolated. Paired sales analysis was used in combination with statistical analysis to compare the average mean and median of the sales of properties located along a pipeline easement against sales of properties away from the pipeline.

# Ohio

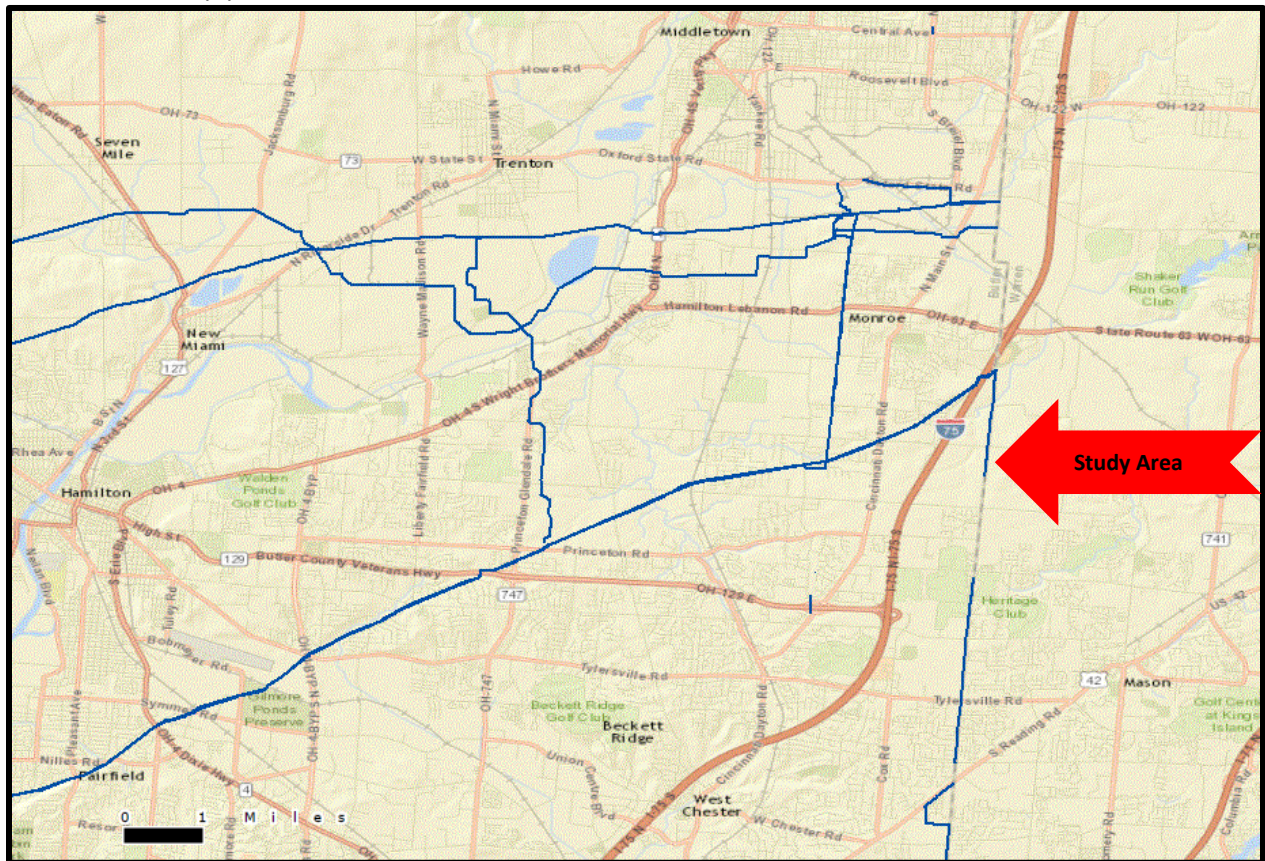
Two areas of study were selected in Ohio – a neighborhood in Liberty Township, near Cincinnati, Ohio, in proximity to a Texas Gas Transmission pipeline and a neighborhood in the city of Monroe, Ohio, also near Cincinnati, in proximity to the Rockies Express pipeline.

## Texas Gas Transmission Pipeline

The study area selected for direct comparison is located along the Texas Gas Transmission Pipeline. The following includes a brief synopsis of the existing gas line, as well as a map illustrating its location throughout Butler County, Ohio.

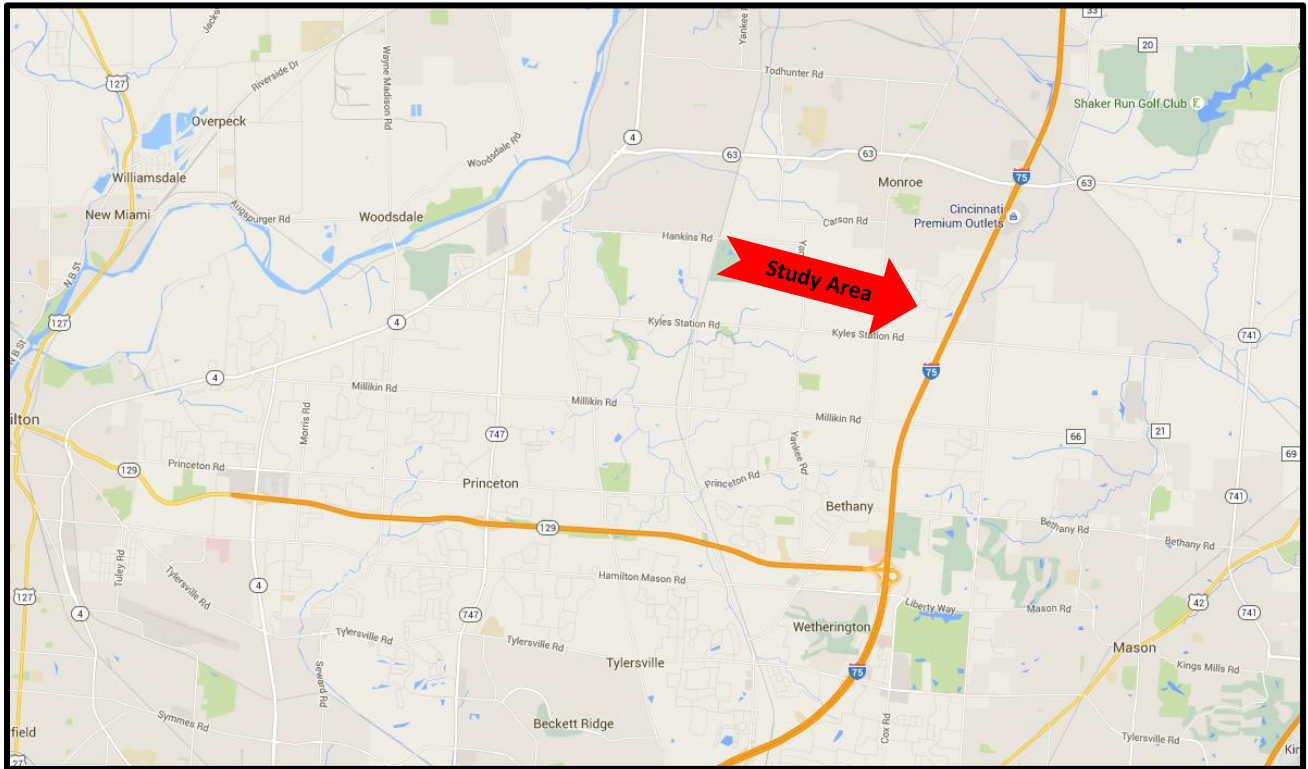
### Pipeline Information

- Texas Gas Transmission is a 1,500-mile natural gas pipeline that transports gas from Louisiana to southwest Ohio.
- The pipeline section through Butler County (map) includes two 26-inch high-pressure natural gas transmission pipelines.
- The two pipelines were installed in 1949 and 1959.

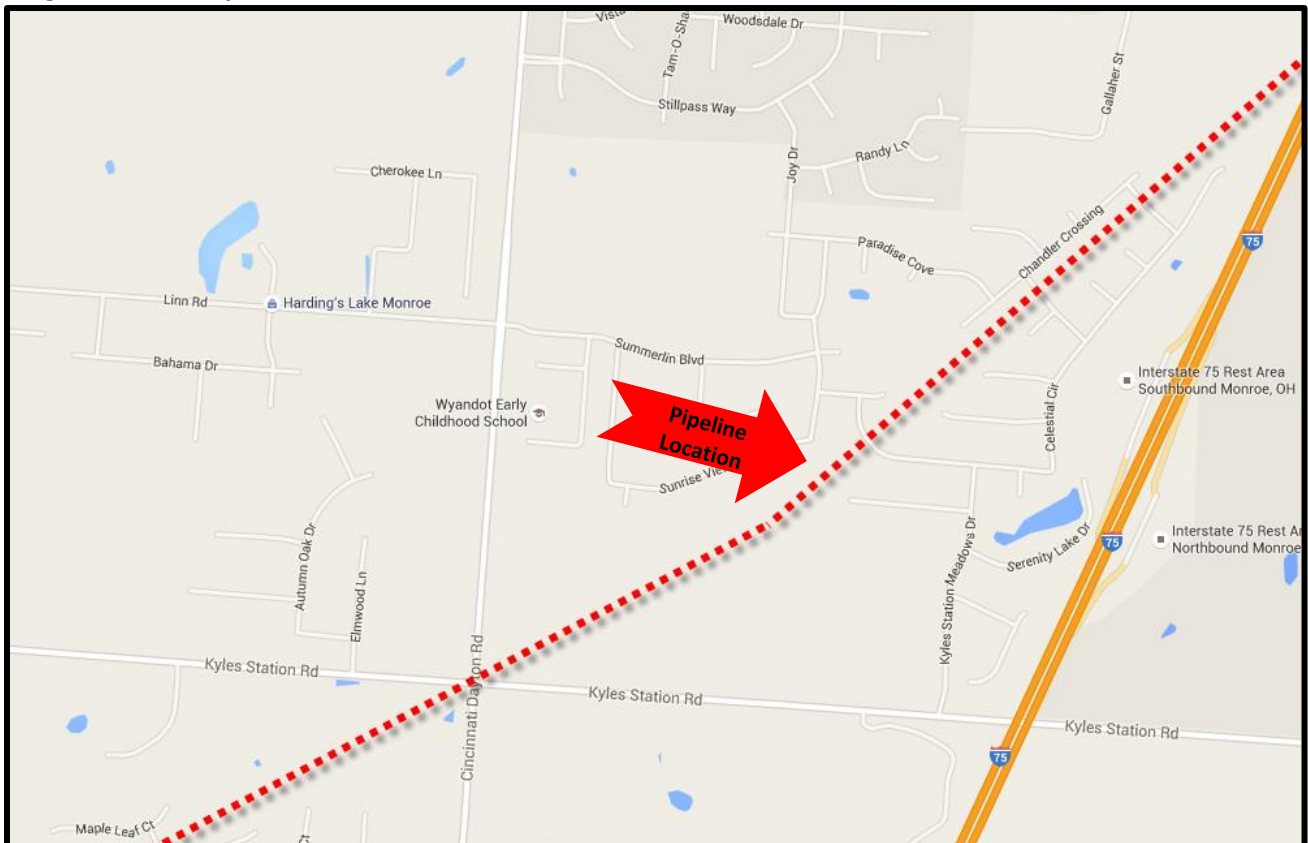


\*The blue lines represent natural gas pipelines

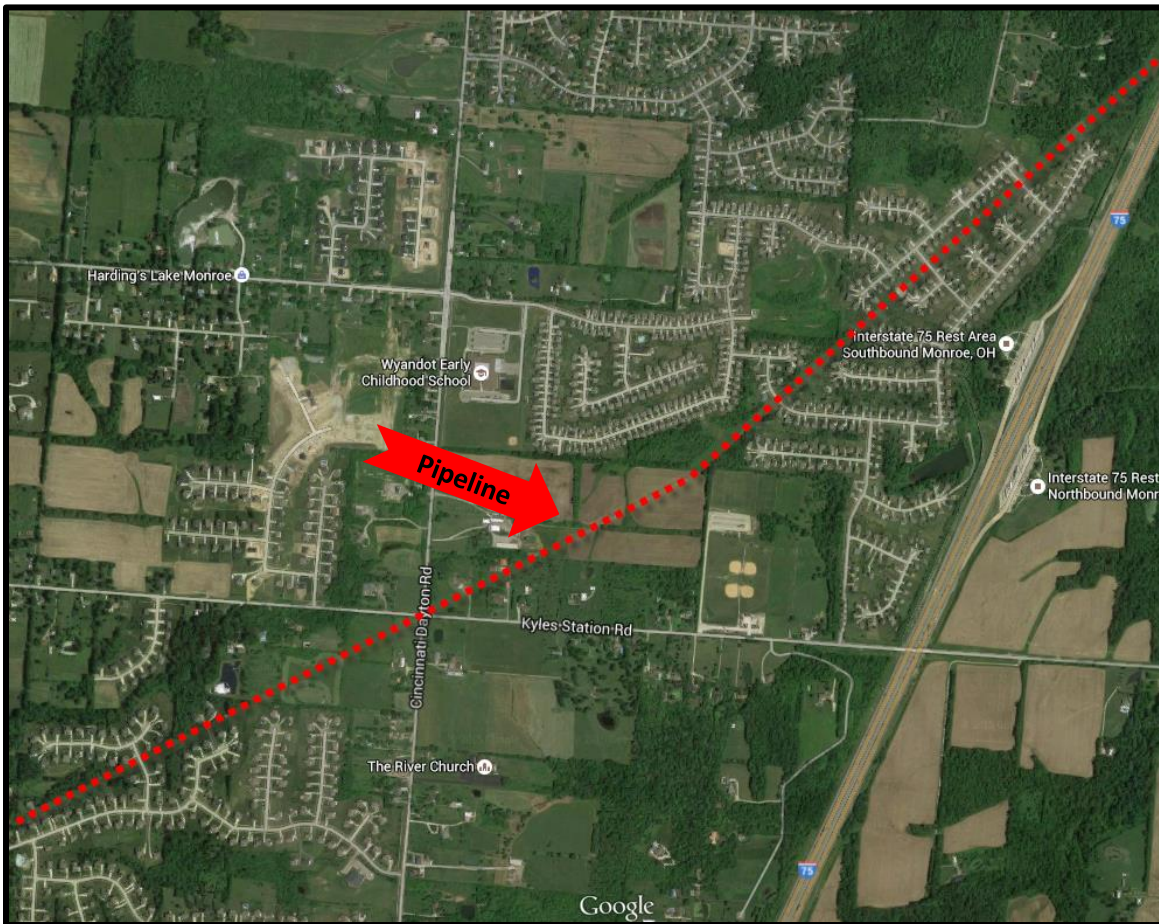
### Area Map



### Neighborhood Map



## Aerial Map



### **Liberty Township Overview**

Liberty Township is a suburban area of Cincinnati located in east-central Butler County. Single family detached housing dominates the landscape in Liberty Township. A minority of other housing types exist, consisting of smaller-lot, single family detached houses (which are marketed to empty nesters and families), an array of semi-detached duplexes, townhomes, condos and multi-family apartment buildings. According to the Liberty Township 2013 Comprehensive Plan, there are 107 platted subdivisions.

### **Kyles Station Meadows**

The neighborhood selected to compare sales of single-family homes is located adjacent to a natural gas pipeline that traverses the Liberty Township market area was Kyles Station Meadows. This area was selected because of the quantity of readily available sales both “on” and “off” the natural gas pipeline.

Kyles Station Meadows is located off the northern elevation of Kyles Station Road, immediately west of I-75. The community was incorporated in October 1996. The subdivision contains 316 platted lots, 30 of which are two-family properties. The community is governed by a homeowners association which is currently managed by Towne Properties.



## Texas Gas Pipeline Impact Analysis

IRR studied local and state public and private real estate transaction data sources (including the local MLS and the Liberty County Appraisal District records) to find sales of single family residences within the Kyles Station Meadows neighborhood from 2013 to 2015. Within the neighborhood, IRR found 31 sales of residences situated on lots that were not located on the natural gas pipeline easement. IRR found 13 sales of residences on lots that were on, adjacent, or abutting the natural gas pipeline easement. IRR considers these sales to be located “on” the pipeline for this analysis. IRR excluded two sales that were short sales because IRR could not conclusively determine if the short sale affected the sale price. The sales are displayed in the table on the following page, with the sales of properties encumbered by the pipeline highlighted in yellow.

IRR’s comparative analysis of the sales consisted of two steps. First, the sales price for each home was adjusted based on size, bathroom count and age. These were determined to have the greatest effect on sales price in this subdivision. Second, IRR compared the adjusted prices paid for residences located “on” the natural gas pipeline to the prices paid for residences located on sites located away from the pipeline. This step consisted of two types of analyses. First, IRR compared the sample mean and sample median data for sales of properties “on” the pipeline with similar data for sales of properties “off” the pipeline. Secondly, IRR used linear regression analyses to test for influences of the pipeline on sale prices.

In the following tables, IRR organized the sales four different ways. First, the sales were sorted by date of sale. Second, the sales were sorted by sale price. Third, the sales were sorted by sale price per square foot. Lastly, the sales were sorted by the gross living area (GLA). Based on the assortments, it appears that the properties encumbered by the pipeline easement were well distributed among the sales. In the table titled “Sales - Sorted By Gross Living Area (GLA),” it appears that homes near the pipeline easement are of a smaller size than the homes located away from the easement. Sales of residences located “on” the pipeline easement are highlighted in yellow.

## Kyles Station Meadows Residential Sales - Sorted by Date of Sale

No.	Address	Sale Date	Days on Market	Sale Price	\$ / SF	Lot Size		Stories	BR	Bath	Baths	Age of Home (years)	Cul de Sac/Corner Lot	Garage	Distance From Pipeline (LF)	Location Of Pipeline	Encumbered Area (SF)	Encumbered Area (%)
						GLA (SF)	(AC)											
5	8372 Celestial Cir.	2/28/2013	0	\$170,000	\$114.02	1,491	0.4976	2	2	2	2	6	0	2	0	Rear	3,925	18.1%
41	8000 Trinity Shore Cir.	3/5/2013	111	\$199,000	\$81.32	2,447	0.3330	2	4	2	1	12	1	2	825'			
39	8021 Celestial Cir.	3/12/2013	36	\$190,000	\$96.54	1,968	0.2990	2	3	2	1	13	1	2	820'			
28	7971 Celestial Cir	4/11/2013	5	\$195,000	\$72.76	2,680	0.2760	2	3	2	1	10	0	2	440'			
12	4965 Chandler Crossing	4/25/2013	215	\$152,600	\$114.39	1,334	0.2790	1	3	2	0	4	0	2	0	Rear	0	0.0%
44	7920 Trinity Shore Cir.	6/18/2013	91	\$201,000	\$83.33	2,412	0.2755	2	4	3	1	14	0	2	285'			
23	7872 Mindy Mano	7/23/2013	80	\$190,000	\$96.84	1,962	0.2752	2	3	2	1	12	0	2	420'			
29	8002 Celestial Cir.	7/23/2013	14	\$185,000	\$106.32	1,740	0.2755	1	3	2	0	14	0	2	520'			
37	8104 Cartman Ct.	7/24/2013	0	\$190,000	\$71.05	2,674	0.6591	2	4	2	1	10	1	2	285'			
2	8412 Celestial Cir.	7/25/2013	94	\$168,000	\$90.03	1,866	0.3610	2	4	2	1	7	0	2	0	Rear	6,970	44.3%
4	8392 Celestial Cir.	7/25/2013	127	\$168,000	\$94.12	1,785	0.4463	2	4	3	1	8	0	2	0	Rear	5,492	28.2%
45	7900 Trinity Shore Cir.	7/31/2013	60	\$194,000	\$93.54	2,074	0.2893	2	4	2	1	13	0	2	160'			
3	8402 Celestial Cir.	7/31/2013	8	\$164,000	\$93.50	1,754	0.3979	2	3	2	1	7	0	2	0	Rear	5,078	29.3%
20	8040 Paradise	8/20/2013	7	\$255,500	\$128.98	1,981	0.3181	1	4	3	0	7	0	2	380'			
38	8091 Celestial Cir.	9/19/2013	8	\$161,900	\$100.62	1,609	0.9091	2	3	2	1	14	1	2	1,310'			
7	5085 Chandler Crossing	10/21/2013	22	\$200,000	\$111.42	1,795	0.2792	2	4	3	1	2	0	3	0	Rear	2,136	17.6%
15	8432 Celestial Cir.	12/12/2013	143	\$200,000	\$91.74	2,180	0.4721	2	4	2	2	9	1	2	40'			
13	8194 Colyn Ct.	3/17/2014	290	\$178,000	\$91.56	1,944	0.3772	2	4	2	1	0	1	3	0	Rear	8,240	50.1%
26	7962 Celestial Cir.	3/20/2014	35	\$192,000	\$88.11	2,179	0.2755	2	4	2	1	11	0	2	220'			
43	7950 Trinity Shore Cir.	4/17/2014	78	\$163,000	\$90.96	1,792	0.2755	2	4	2	1	13	0	2	500'			
35	8093 Cartman Ct.	5/2/2014	131	\$215,000	\$80.10	2,684	0.3030	2	4	2	2	7	0	2	260'			
8	5075 Chandler Crossing	5/14/2014	8	\$170,000	\$96.37	1,764	0.2792	2	3	2	1	2	0	2	0	Rear	2,136	17.6%
36	8084 Cartman Ct.	6/4/2014	2	\$209,900	\$91.70	2,289	0.2763	2	4	2	1	9	0	2	140'			
32	4353 Goldendawn Way	7/7/2014	11	\$212,000	\$97.92	2,165	0.3220	2	4	3	1	14	1	2	15'			
6	8134 Darlene Ter.	7/11/2014	4	\$177,000	\$101.37	1,746	0.5408	2	3	2	1	9	1	2	0	Side	4,899	20.8%
11	5015 Chandler Crossing	7/28/2014	9	\$210,000	\$91.82	2,287	0.3215	2	4	2	1	8	1	2	0	Side	1,863	13.3%
16	5098 Chandler Crossing	7/31/2014	8	\$195,000	\$109.18	1,786	0.3306	2	3	2	1	4	0	2	220'			
31	4413 Goldendawn Way	8/19/2014	15	\$196,500	\$82.63	2,378	0.2755	2	4	2	1	14	0	2	595'			
24	7871 Celestial Cir.	9/16/2014	21	\$191,900	\$113.55	1,690	0.4025	2	3	2	2	12	0	2	135'			
22	8010 Paradise	9/21/2014	41	\$245,000	\$107.27	2,284	0.2839	2	4	3	1	5	0	2	570'			
17	8026 Peaceful Way	11/21/2014	62	\$207,000	\$86.25	2,400	0.3420	2	3	2	1	9	1	2	230'			
33	8213 Colyn Ct.	1/5/2015	16	\$170,000	\$96.48	1,762	0.3119	2	3	2	1	11	1	2	180'			
30	8062 Celestial Cir	2/19/2015	74	\$149,000	\$121.34	1,228	0.2755	1	3	2	0	14	0	2	990'			
14	4377 Todds Trl.	3/7/2015	15	\$200,000	\$107.30	1,864	0.6718	2	4	2	2	7	1	2	0	Rear	8,784	30.0%
42	7950 Trinity Shore Cir.	3/17/2015	61	\$170,200	\$94.98	1,792	0.2755	2	4	2	1	14	0	2	500'			
27	7972 Celestial Cir.	3/24/2015	8	\$214,900	\$84.97	2,529	0.2760	2	4	3	1	13	0	2	250'			
40	5200 Kyles Station Meadows	3/31/2015	99	\$180,000	\$114.36	1,574	0.2755	2	3	2	1	14	1	2	960'			
25	7952 Celestial Cir.	5/11/2015	4	\$185,100	\$101.04	1,832	0.2755	2	3	3	1	12	0	2	185'			
19	7936 Peaceful Way	5/12/2015	186	\$263,000	\$132.69	1,982	0.2773	1	3	2	0	6	1	2	770'			
21	8031 Paradise	6/11/2015	31	\$253,000	\$102.51	2,468	0.3149	2	4	3	1	10	0	2	355'			
34	8076 Melissa Crossing	6/17/2015	173	\$192,200	\$92.05	2,088	0.2771	2	3	2	1	11	0	2	120'			
9	5055 Chandler Crossing	7/5/2015	47	\$227,000	\$113.50	2,000	0.2966	2	4	2	1	4	0	2	0	Rear	2,678	20.7%
18	7976 Peaceful Way	7/7/2015	62	\$220,000	\$106.95	2,057	0.2755	2	3	2	1	6	0	2	600'			
10	5045 Chandler Crossing	7/15/2015	10	\$194,000	\$103.52	1,874	0.2966	2	4	2	1	6	0	2		Rear	2,678	20.7%

## Kyles Station Meadows Residential Sales - Sorted by Sale Price

No.	Address	Sale Date	Days on		Sale Price	\$ / SF	Lot Size		Stories	BR	Bath	Baths	Age of Home (years)	Cul de Sac/Corner Lot	Garage	Distance From Pipeline (LF)	Location Of Pipeline	Encumbered Area (SF)	Encumbered Area (%)
			Market				GLA (SF)	(AC)											
30	8062 Celestial Cir	2/19/2015	74		\$149,000	\$121.34	1,228	0.2755	1	3	2	0	14	0	2	990'			
12	4965 Chandler Crossing	4/25/2013	215		\$152,600	\$114.39	1,334	0.2790	1	3	2	0	4	0	2	0	Rear	0	0.0%
38	8091 Celestial Cir.	9/19/2013	8		\$161,900	\$100.62	1,609	0.9091	2	3	2	1	14	1	2	1,310'			
43	7950 Trinity Shore Cir.	4/17/2014	78		\$163,000	\$90.96	1,792	0.2755	2	4	2	1	13	0	2	500'			
3	8402 Celestial Cir.	7/31/2013	8		\$164,000	\$93.50	1,754	0.3979	2	3	2	1	7	0	2	0	Rear	5,078	29.3%
2	8412 Celestial Cir.	7/25/2013	94		\$168,000	\$90.03	1,866	0.3610	2	4	2	1	7	0	2	0	Rear	6,970	44.3%
4	8392 Celestial Cir.	7/25/2013	127		\$168,000	\$94.12	1,785	0.4463	2	4	3	1	8	0	2	0	Rear	5,492	28.2%
5	8372 Celestial Cir.	2/28/2013	0		\$170,000	\$114.02	1,491	0.4976	2	2	2	2	6	0	2	0	Rear	3,925	18.1%
8	5075 Chandler Crossing	5/14/2014	8		\$170,000	\$96.37	1,764	0.2792	2	3	2	1	2	0	2	0	Rear	2,136	17.6%
33	8213 Colyn Ct.	1/5/2015	16		\$170,000	\$96.48	1,762	0.3119	2	3	2	1	11	1	2	180'			
42	7950 Trinity Shore Cir.	3/17/2015	61		\$170,200	\$94.98	1,792	0.2755	2	4	2	1	14	0	2	500'			
6	8134 Darlene Ter.	7/11/2014	4		\$177,000	\$101.37	1,746	0.5408	2	3	2	1	9	1	2	0	Side	4,899	20.8%
13	8194 Colyn Ct.	3/17/2014	290		\$178,000	\$91.56	1,944	0.3772	2	4	2	1	0	1	3	0	Rear	8,240	50.1%
40	5200 Kyles Station Meadows	3/31/2015	99		\$180,000	\$114.36	1,574	0.2755	2	3	2	1	14	1	2	960'			
29	8002 Celestial Cir.	7/23/2013	14		\$185,000	\$106.32	1,740	0.2755	1	3	2	0	14	0	2	520'			
25	7952 Celestial Cir.	5/11/2015	4		\$185,100	\$101.04	1,832	0.2755	2	3	3	1	12	0	2	185'			
39	8021 Celestial Cir.	3/12/2013	36		\$190,000	\$96.54	1,968	0.2990	2	3	2	1	13	1	2	820'			
23	7872 Mindy Mano	7/23/2013	80		\$190,000	\$96.84	1,962	0.2752	2	3	2	1	12	0	2	420'			
37	8104 Cartman Ct.	7/24/2013	0		\$190,000	\$71.05	2,674	0.6591	2	4	2	1	10	1	2	285'			
24	7871 Celestial Cir.	9/16/2014	21		\$191,900	\$113.55	1,690	0.4025	2	3	2	2	12	0	2	135'			
26	7962 Celestial Cir.	3/20/2014	35		\$192,000	\$88.11	2,179	0.2755	2	4	2	1	11	0	2	220'			
34	8076 Melissa Crossing	6/17/2015	173		\$192,200	\$92.05	2,088	0.2771	2	3	2	1	11	0	2	120'			
45	7900 Trinity Shore Cir.	7/31/2013	60		\$194,000	\$93.54	2,074	0.2893	2	4	2	1	13	0	2	160'			
10	5045 Chandler Crossing	7/15/2015	10		\$194,000	\$103.52	1,874	0.2966	2	4	2	1	6	0	2	0	Rear	2,678	20.7%
28	7971 Celestial Cir	4/11/2013	5		\$195,000	\$72.76	2,680	0.2760	2	3	2	1	10	0	2	440'			
16	5098 Chandler Crossing	7/31/2014	8		\$195,000	\$109.18	1,786	0.3306	2	3	2	1	4	0	2	220'			
31	4413 Goldendawn Way	8/19/2014	15		\$196,500	\$82.63	2,378	0.2755	2	4	2	1	14	0	2	595'			
41	8000 Trinity Shore Cir.	3/5/2013	111		\$199,000	\$81.32	2,447	0.3330	2	4	2	1	12	1	2	825'			
7	5085 Chandler Crossing	10/21/2013	22		\$200,000	\$111.42	1,795	0.2792	2	4	3	1	2	0	3	0	Rear	2,136	17.6%
15	8432 Celestial Cir.	12/12/2013	143		\$200,000	\$91.74	2,180	0.4721	2	4	2	2	9	1	2	40'			
14	4377 Todds Trl.	3/7/2015	15		\$200,000	\$107.30	1,864	0.6718	2	4	2	2	7	1	2	0	Rear	8,784	30.0%
44	7920 Trinity Shore Cir.	6/18/2013	91		\$201,000	\$83.33	2,412	0.2755	2	4	3	1	14	0	2	285'			
17	8026 Peaceful Way	11/21/2014	62		\$207,000	\$86.25	2,400	0.3420	2	3	2	1	9	1	2	230'			
36	8084 Cartman Ct.	6/4/2014	2		\$209,900	\$91.70	2,289	0.2763	2	4	2	1	9	0	2	140'			
11	5015 Chandler Crossing	7/28/2014	9		\$210,000	\$91.82	2,287	0.3215	2	4	2	1	8	1	2	0	Side	1,863	13.3%
32	4353 Goldendawn Way	7/7/2014	11		\$212,000	\$97.92	2,165	0.3220	2	4	3	1	14	1	2	15'			
27	7972 Celestial Cir.	3/24/2015	8		\$214,900	\$84.97	2,529	0.2760	2	4	3	1	13	0	2	250'			
35	8093 Cartman Ct.	5/2/2014	131		\$215,000	\$80.10	2,684	0.3030	2	4	2	2	7	0	2	260'			
18	7976 Peaceful Way	7/7/2015	62		\$220,000	\$106.95	2,057	0.2755	2	3	2	1	6	0	2	600'			
9	5055 Chandler Crossing	7/5/2015	47		\$227,000	\$113.50	2,000	0.2966	2	4	2	1	4	0	2	0	Rear	2,678	20.7%
22	8010 Paradise	9/21/2014	41		\$245,000	\$107.27	2,284	0.2839	2	4	3	1	5	0	2	570'			
21	8031 Paradise	6/11/2015	31		\$253,000	\$102.51	2,468	0.3149	2	4	3	1	10	0	2	355'			
20	8040 Paradise	8/20/2013	7		\$255,500	\$128.98	1,981	0.3181	1	4	3	0	7	0	2	380'			
19	7936 Peaceful Way	5/12/2015	186		\$263,000	\$132.69	1,982	0.2773	1	3	2	0	6	1	2	770'			



## Kyles Station Meadows Residential Sales - Sorted by Sale Price per Square Foot

No.	Address	Sale Date	Days on		Sale Price	\$ / SF	Lot Size		Stories	BR	Bath	Baths	Age of Home (years)	Cul de Sac/Corner Lot	Garage	Distance From Pipeline (LF)	Location Of Pipeline	Encumbered Area (SF)	Encumbered Area (%)
			Market	Market			GLA (SF)	(AC)											
37	8104 Cartman Ct.	7/24/2013	0		\$190,000	\$71.05	2,674	0.6591	2	4	2	1	10	1	2	285'			
28	7971 Celestial Cir	4/11/2013	5		\$195,000	\$72.76	2,680	0.2760	2	3	2	1	10	0	2	440'			
35	8093 Cartman Ct.	5/2/2014	131		\$215,000	\$80.10	2,684	0.3030	2	4	2	2	7	0	2	260'			
41	8000 Trinity Shore Cir.	3/5/2013	111		\$199,000	\$81.32	2,447	0.3330	2	4	2	1	12	1	2	825'			
31	4413 Goldendawn Way	8/19/2014	15		\$196,500	\$82.63	2,378	0.2755	2	4	2	1	14	0	2	595'			
44	7920 Trinity Shore Cir.	6/18/2013	91		\$201,000	\$83.33	2,412	0.2755	2	4	3	1	14	0	2	285'			
27	7972 Celestial Cir.	3/24/2015	8		\$214,900	\$84.97	2,529	0.2760	2	4	3	1	13	0	2	250'			
17	8026 Peaceful Way	11/21/2014	62		\$207,000	\$86.25	2,400	0.3420	2	3	2	1	9	1	2	230'			
26	7962 Celestial Cir.	3/20/2014	35		\$192,000	\$88.11	2,179	0.2755	2	4	2	1	11	0	2	220'			
2	8412 Celestial Cir.	7/25/2013	94		\$168,000	\$90.03	1,866	0.3610	2	4	2	1	7	0	2	0	Rear	6,970	44.3%
43	7950 Trinity Shore Cir.	4/17/2014	78		\$163,000	\$90.96	1,792	0.2755	2	4	2	1	13	0	2	500'			
13	8194 Colyn Ct.	3/17/2014	290		\$178,000	\$91.56	1,944	0.3772	2	4	2	1	0	1	3	0	Rear	8,240	50.1%
36	8084 Cartman Ct.	6/4/2014	2		\$209,900	\$91.70	2,289	0.2763	2	4	2	1	9	0	2	140'			
15	8432 Celestial Cir.	12/12/2013	143		\$200,000	\$91.74	2,180	0.4721	2	4	2	2	9	1	2	40'			
11	5015 Chandler Crossing	7/28/2014	9		\$210,000	\$91.82	2,287	0.3215	2	4	2	1	8	1	2	0	Side	1,863	13.3%
34	8076 Melissa Crossing	6/17/2015	173		\$192,200	\$92.05	2,088	0.2771	2	3	2	1	11	0	2	120'			
3	8402 Celestial Cir.	7/31/2013	8		\$164,000	\$93.50	1,754	0.3979	2	3	2	1	7	0	2	0	Rear	5,078	29.3%
45	7900 Trinity Shore Cir.	7/31/2013	60		\$194,000	\$93.54	2,074	0.2893	2	4	2	1	13	0	2	160'			
4	8392 Celestial Cir.	7/25/2013	127		\$168,000	\$94.12	1,785	0.4463	2	4	3	1	8	0	2	0	Rear	5,492	28.2%
42	7950 Trinity Shore Cir.	3/17/2015	61		\$170,200	\$94.98	1,792	0.2755	2	4	2	1	14	0	2	500'			
8	5075 Chandler Crossing	5/14/2014	8		\$170,000	\$96.37	1,764	0.2792	2	3	2	1	2	0	2	0	Rear	2,136	17.6%
33	8213 Colyn Ct.	1/5/2015	16		\$170,000	\$96.48	1,762	0.3119	2	3	2	1	11	1	2	180'			
39	8021 Celestial Cir.	3/12/2013	36		\$190,000	\$96.54	1,968	0.2990	2	3	2	1	13	1	2	820'			
23	7872 Mindy Mano	7/23/2013	80		\$190,000	\$96.84	1,962	0.2752	2	3	2	1	12	0	2	420'			
32	4353 Goldendawn Way	7/7/2014	11		\$212,000	\$97.92	2,165	0.3220	2	4	3	1	14	1	2	15'			
38	8091 Celestial Cir.	9/19/2013	8		\$161,900	\$100.62	1,609	0.9091	2	3	2	1	14	1	2	1,310'			
25	7952 Celestial Cir.	5/11/2015	4		\$185,100	\$101.04	1,832	0.2755	2	3	3	1	12	0	2	185'			
6	8134 Darlene Ter.	7/11/2014	4		\$177,000	\$101.37	1,746	0.5408	2	3	2	1	9	1	2	0	Side	4,899	20.8%
21	8031 Paradise	6/11/2015	31		\$253,000	\$102.51	2,468	0.3149	2	4	3	1	10	0	2	355'			
10	5045 Chandler Crossing	7/15/2015	10		\$194,000	\$103.52	1,874	0.2966	2	4	2	1	6	0	2	0	Rear	2,678	20.7%
29	8002 Celestial Cir.	7/23/2013	14		\$185,000	\$106.32	1,740	0.2755	1	3	2	0	14	0	2	520'			
18	7976 Peaceful Way	7/7/2015	62		\$220,000	\$106.95	2,057	0.2755	2	3	2	1	6	0	2	600'			
22	8010 Paradise	9/21/2014	41		\$245,000	\$107.27	2,284	0.2839	2	4	3	1	5	0	2	570'			
14	4377 Todds Trl.	3/7/2015	15		\$200,000	\$107.30	1,864	0.6718	2	4	2	2	7	1	2	0	Rear	8,784	30.0%
16	5098 Chandler Crossing	7/31/2014	8		\$195,000	\$109.18	1,786	0.3306	2	3	2	1	4	0	2	220'			
7	5085 Chandler Crossing	10/21/2013	22		\$200,000	\$111.42	1,795	0.2792	2	4	3	1	2	0	3	0	Rear	2,136	17.6%
9	5055 Chandler Crossing	7/5/2015	47		\$227,000	\$113.50	2,000	0.2966	2	4	2	1	4	0	2	0	Rear	2,678	20.7%
24	7871 Celestial Cir.	9/16/2014	21		\$191,900	\$113.55	1,690	0.4025	2	3	2	2	12	0	2	135'			
5	8372 Celestial Cir.	2/28/2013	0		\$170,000	\$114.02	1,491	0.4976	2	2	2	2	6	0	2	0	Rear	3,925	18.1%
40	5200 Kyles Station Meadows	3/31/2015	99		\$180,000	\$114.36	1,574	0.2755	2	3	2	1	14	1	2	960'			
12	4965 Chandler Crossing	4/25/2013	215		\$152,600	\$114.39	1,334	0.2790	1	3	2	0	4	0	2	0	Rear	0	0.0%
30	8062 Celestial Cir	2/19/2015	74		\$149,000	\$121.34	1,228	0.2755	1	3	2	0	14	0	2	990'			
20	8040 Paradise	8/20/2013	7		\$255,500	\$128.98	1,981	0.3181	1	4	3	0	7	0	2	380'			
19	7936 Peaceful Way	5/12/2015	186		\$263,000	\$132.69	1,982	0.2773	1	3	2	0	6	1	2	770'			

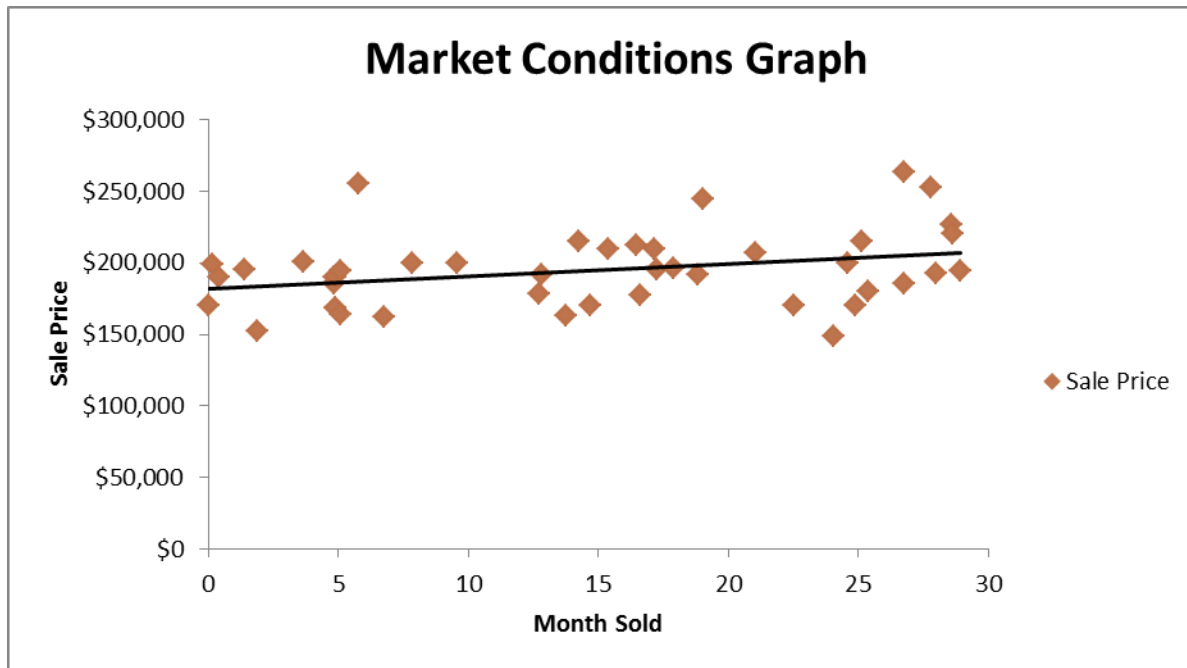


## Kyles Station Meadows Residential Sales - Sorted by Gross Living Area (GLA)

No.	Address	Sale Date	Days on		Sale Price	\$ / SF	Lot Size		Stories	BR	Bath	Half Baths	Age of Home (years)	Cul de Sac/Corner Lot	Garage	Distance From		Location Of Pipeline	Encumbered Area (SF)	Encumbered Area (%)
			Market				GLA (SF)	(AC)								Pipeline (LF)	Pipeline			
30	8062 Celestial Cir	2/19/2015	74		\$149,000	\$121.34	1,228	0.2755	1	3	2	0	14	0	2	990'				
12	4965 Chandler Crossing	4/25/2013	215		\$152,600	\$114.39	1,334	0.2790	1	3	2	0	4	0	2	0	Rear	0	0.0%	
5	8372 Celestial Cir.	2/28/2013	0		\$170,000	\$114.02	1,491	0.4976	2	2	2	2	6	0	2	0	Rear	3,925	18.1%	
40	5200 Kyles Station Meadows	3/31/2015	99		\$180,000	\$114.36	1,574	0.2755	2	3	2	1	14	1	2	960'				
38	8091 Celestial Cir.	9/19/2013	8		\$161,900	\$100.62	1,609	0.9091	2	3	2	1	14	1	2	1,310'				
24	7871 Celestial Cir.	9/16/2014	21		\$191,900	\$113.55	1,690	0.4025	2	3	2	2	12	0	2	135'				
29	8002 Celestial Cir.	7/23/2013	14		\$185,000	\$106.32	1,740	0.2755	1	3	2	0	14	0	2	520'				
6	8134 Darlene Ter.	7/11/2014	4		\$177,000	\$101.37	1,746	0.5408	2	3	2	1	9	1	2	0	Side	4,899	20.8%	
3	8402 Celestial Cir.	7/31/2013	8		\$164,000	\$93.50	1,754	0.3979	2	3	2	1	7	0	2	0	Rear	5,078	29.3%	
33	8213 Colyn Ct.	1/5/2015	16		\$170,000	\$96.48	1,762	0.3119	2	3	2	1	11	1	2	180'				
8	5075 Chandler Crossing	5/14/2014	8		\$170,000	\$96.37	1,764	0.2792	2	3	2	1	2	0	2	0	Rear	2,136	17.6%	
4	8392 Celestial Cir.	7/25/2013	127		\$168,000	\$94.12	1,785	0.4463	2	4	3	1	8	0	2	0	Rear	5,492	28.2%	
16	5098 Chandler Crossing	7/31/2014	8		\$195,000	\$109.18	1,786	0.3306	2	3	2	1	4	0	2	220'				
43	7950 Trinity Shore Cir.	4/17/2014	78		\$163,000	\$90.96	1,792	0.2755	2	4	2	1	13	0	2	500'				
42	7950 Trinity Shore Cir.	3/17/2015	61		\$170,200	\$94.98	1,792	0.2755	2	4	2	1	14	0	2	500'				
7	5085 Chandler Crossing	10/21/2013	22		\$200,000	\$111.42	1,795	0.2792	2	4	3	1	2	0	3	0	Rear	2,136	17.6%	
25	7952 Celestial Cir.	5/11/2015	4		\$185,100	\$101.04	1,832	0.2755	2	3	3	1	12	0	2	185'				
14	4377 Todds Trl.	3/7/2015	15		\$200,000	\$107.30	1,864	0.6718	2	4	2	2	7	1	2	0	Rear	8,784	30.0%	
2	8412 Celestial Cir.	7/25/2013	94		\$168,000	\$90.03	1,866	0.3610	2	4	2	1	7	0	2	0	Rear	6,970	44.3%	
10	5045 Chandler Crossing	7/15/2015	10		\$194,000	\$103.52	1,874	0.2966	2	4	2	1	6	0	2	0	Rear	2,678	20.7%	
13	8194 Colyn Ct.	3/17/2014	290		\$178,000	\$91.56	1,944	0.3772	2	4	2	1	0	1	3	0	Rear	8,240	50.1%	
23	7872 Mindy Mano	7/23/2013	80		\$190,000	\$96.84	1,962	0.2752	2	3	2	1	12	0	2	420'				
39	8021 Celestial Cir.	3/12/2013	36		\$190,000	\$96.54	1,968	0.2990	2	3	2	1	13	1	2	820'				
20	8040 Paradise	8/20/2013	7		\$255,500	\$128.98	1,981	0.3181	1	4	3	0	7	0	2	380'				
19	7936 Peaceful Way	5/12/2015	186		\$263,000	\$132.69	1,982	0.2773	1	3	2	0	6	1	2	770'				
9	5055 Chandler Crossing	7/5/2015	47		\$227,000	\$113.50	2,000	0.2966	2	4	2	1	4	0	2	0	Rear	2,678	20.7%	
18	7976 Peaceful Way	7/7/2015	62		\$220,000	\$106.95	2,057	0.2755	2	3	2	1	6	0	2	600'				
45	7900 Trinity Shore Cir.	7/31/2013	60		\$194,000	\$93.54	2,074	0.2893	2	4	2	1	13	0	2	160'				
34	8076 Melissa Crossing	6/17/2015	173		\$192,200	\$92.05	2,088	0.2771	2	3	2	1	11	0	2	120'				
32	4353 Goldendawn Way	7/7/2014	11		\$212,000	\$97.92	2,165	0.3220	2	4	3	1	14	1	2	15'				
26	7962 Celestial Cir.	3/20/2014	35		\$192,000	\$88.11	2,179	0.2755	2	4	2	1	11	0	2	220'				
15	8432 Celestial Cir.	12/12/2013	143		\$200,000	\$91.74	2,180	0.4721	2	4	2	2	9	1	2	40'				
22	8010 Paradise	9/21/2014	41		\$245,000	\$107.27	2,284	0.2839	2	4	3	1	5	0	2	570'				
11	5015 Chandler Crossing	7/28/2014	9		\$210,000	\$91.82	2,287	0.3215	2	4	2	1	8	1	2	0	Side	1,863	13.3%	
36	8084 Cartman Ct.	6/4/2014	2		\$209,900	\$91.70	2,289	0.2763	2	4	2	1	9	0	2	140'				
31	4413 Goldendawn Way	8/19/2014	15		\$196,500	\$82.63	2,378	0.2755	2	4	2	1	14	0	2	595'				
17	8026 Peaceful Way	11/21/2014	62		\$207,000	\$86.25	2,400	0.3420	2	3	2	1	9	1	2	230'				
44	7920 Trinity Shore Cir.	6/18/2013	91		\$201,000	\$83.33	2,412	0.2755	2	4	3	1	14	0	2	285'				
41	8000 Trinity Shore Cir.	3/5/2013	111		\$199,000	\$81.32	2,447	0.3330	2	4	2	1	12	1	2	825'				
21	8031 Paradise	6/11/2015	31		\$253,000	\$102.51	2,468	0.3149	2	4	3	1	10	0	2	355'				
27	7972 Celestial Cir.	3/24/2015	8		\$214,900	\$84.97	2,529	0.2760	2	4	3	1	13	0	2	250'				
37	8104 Cartman Ct.	7/24/2013	0		\$190,000	\$71.05	2,674	0.6591	2	4	2	1	10	1	2	285'				
28	7971 Celestial Cir	4/11/2013	5		\$195,000	\$72.76	2,680	0.2760	2	3	2	1	10	0	2	440'				
35	8093 Cartman Ct.	5/2/2014	131		\$215,000	\$80.10	2,684	0.3030	2	4	2	2	7	0	2	260'				

## Market Conditions

A linear regression was conducted on the sales data that showed a slight upward trend in the market from 2013 to 2015, of about 6 percent per year, shown below.



Additionally, three homes sold twice within the 2013 to 2015 time period and are shown in the following table.

Paired Sales Market Trends Analysis - Residences					
Pair No.	Address/ Lot Number	Sale Date	Sale Price	Percent Change per	
				Change	Year
1	7952 Celestial Cir	5/11/2015	\$185,100		
	7952 Celestial Cir	9/4/2013	\$187,500	-1.28%	-0.76%
2	8062 Celestial Cir.	2/19/2015	\$149,000		
	8062 Celestial Cir.	8/16/2012	\$148,000	0.68%	0.27%
3	7950 Trinity Shore	3/17/2015	\$170,200		
	7950 Trinity Shore	4/17/2014	\$163,000	4.42%	4.83%

The above-referenced array demonstrates a -1.28 percent, 0.68 percent, and 4.42 percent change in value, respectively. Based on the above information, IRR projected a 3 percent per year, or 0.25 percent per month increase in home sales prices from 2013 to 2015.

## Determination of Adjustments

To determine which factors had the largest impact on sale price, and to quantify an adjustment for each amount, IRR interviewed real estate professionals and performed linear regressions to determine which variables had the largest impact on sale price. IRR interviewed real estate professionals at RE/MAX



United Associates and Star One Realtors who had recent transactions in the neighborhood for their opinions on market conditions and adjustment criteria. It was determined that the three most important factors were bathroom count, age of the property and the property's gross living area. In an appraisal, downward adjustments are made to properties with superior characteristics and upward adjustments are made to properties with inferior characteristics. Based on analysis of market data and conversations with market participants, sales that had a third bathroom were adjusted downward by \$4,000. Sales that had no half baths were adjusted upward \$2,500, and sales that had two half baths were adjusted downward \$2,500. IRR then grouped the sales by age. Those three groupings were less than five years old, between five and 10 years old, and greater than 10 years old. The homes that were less than five years old were adjusted downward by \$5,000. The homes that were greater than 10 years old were adjusted upward by \$5,000. After adjusting for these factors, IRR adjusted for gross living area (GLA), explained below.

### **Determination of Size Adjustment**

IRR conducted a simple linear regression to analyze the impact of GLA on the bathroom and age adjusted sale price of property within Kyles Station Meadows. Given the sample size of 44 properties, the regression function predicted that a change of one square foot of GLA corresponds with an increase in \$39.82 in the overall sale price. The adjusted coefficient of determination (adjusted R-squared) indicated that roughly 26 percent of the total variance in sale prices was explained by variances in GLA. Based on this test, IRR applied an adjustment of \$39.82 for each square foot of variation from the sample median GLA of 1,965 square feet (e.g. a 2,065 square foot home would be adjusted downward \$3,982).

The sales and their respective adjustments are shown on the following page. The adjusted sales price and price per square foot are indicated in red.



## Summary Statistics

## Kyles Station Meadows Residential Sales - Sorted by Adjusted Sale Price

No.	Address	Sale Date	Days on		GLA (SF)	Lot Size (AC)	Market Conditions	Market Adjusted Price	Bath Adjustment	Half Bath Adjustment	Age Adjustment	Adjusted Price	Size Adjustment	Adj Sale Price	Adj Bath/Age Sales Price Per	Stories	BR	Bath	Baths	Age of Home (years)		Age Category	Distance From Pipeline (LF)	Encumbered Area (SF)	Encumbered Area (%)
			Market	Sale Price																Half	Home				
37	8104 Cartman Ct.	7/24/2013	0	\$190,000	2,674	0.6591	1%	\$192,312	\$0	\$0	\$0	-\$5,000	\$187,312	-\$28,234	\$159,078	\$70.05	2	4	2	1	10	3	285'		
28	7971 Celestial Cir	4/11/2013	5	\$195,000	2,680	0.2760	0%	\$195,683	\$0	\$0	\$0	-\$5,000	\$190,683	-\$28,472	\$162,210	\$71.15	2	3	2	1	10	3	440'		
43	7950 Trinity Shore Cir.	4/17/2014	78	\$163,000	1,792	0.2755	3%	\$168,610	\$0	\$0	\$0	-\$5,000	\$163,610	\$6,889	\$170,499	\$91.30	2	4	2	1	13	3	500'		
4	8392 Celestial Cir.	7/25/2013	127	\$168,000	1,785	0.4463	1%	\$170,058	-\$4,000	\$0	\$0	\$0	\$166,058	\$7,168	\$173,226	\$93.03	2	4	3	1	8	2	0	5,492	28.2%
38	8091 Celestial Cir.	9/19/2013	8	\$161,900	1,609	0.9091	2%	\$164,639	\$0	\$0	-\$5,000	\$159,639	\$14,177	\$173,815	\$99.22	2	3	2	1	14	3	1,310'			
2	8412 Celestial Cir.	7/25/2013	94	\$168,000	1,866	0.3610	1%	\$170,058	0	\$0	\$0	\$0	\$170,058	\$3,942	\$174,000	\$91.14	2	4	2	1	7	2	0	6,970	44.3%
3	8402 Celestial Cir.	7/31/2013	8	\$164,000	1,754	0.3979	1%	\$166,091	\$0	\$0	\$0	\$0	\$166,091	\$8,402	\$174,493	\$94.69	2	3	2	1	7	2	0	5,078	29.3%
41	8000 Trinity Shore Cir.	3/5/2013	111	\$199,000	2,447	0.3330	0%	\$199,083	\$0	\$0	-\$5,000	\$194,083	-\$19,194	\$174,889	\$79.31	2	4	2	1	12	3	825'			
44	7920 Trinity Shore Cir.	6/18/2013	91	\$201,000	2,412	0.2755	1%	\$202,843	-\$4,000	\$0	-\$5,000	\$193,843	-\$17,800	\$176,042	\$80.37	2	4	3	1	14	3	285'			
33	8213 Colyn Ct.	1/5/2015	16	\$170,000	1,762	0.3119	6%	\$179,577	\$0	\$0	-\$5,000	\$174,577	\$8,084	\$182,660	\$99.08	2	3	2	1	11	3	180'			
42	7950 Trinity Shore Cir.	3/17/2015	61	\$170,200	1,792	0.2755	6%	\$180,795	\$0	\$0	-\$5,000	\$175,795	\$6,889	\$182,684	\$98.10	2	4	2	1	14	3	500'			
31	4413 Goldendawn Way	8/19/2014	15	\$196,500	2,378	0.2755	4%	\$205,293	\$0	\$0	-\$5,000	\$200,293	-\$16,446	\$183,847	\$84.23	2	4	2	1	14	3	595'			
26	7962 Celestial Cir.	3/20/2014	35	\$192,000	2,179	0.2755	3%	\$198,160	\$0	\$0	-\$5,000	\$193,160	-\$8,522	\$184,638	\$88.65	2	4	2	1	11	3	225'			
30	8062 Celestial Cir.	2/19/2015	74	\$149,000	1,228	0.2755	6%	\$157,952	\$0	\$2,500	-\$5,000	\$155,452	\$29,349	\$184,801	\$126.59	1	3	2	0	14	3	990'			
39	8021 Celestial Cir.	3/12/2013	36	\$190,000	1,968	0.2990	0%	\$190,190	\$0	\$0	-\$5,000	\$185,190	-\$119	\$185,071	\$94.10	2	3	2	1	13	3	820'			
12	4965 Chandler Crossing	4/25/2013	215	\$152,600	1,334	0.2790	0%	\$153,312	\$0	\$2,500	\$5,000	\$160,812	\$25,127	\$185,940	\$120.55	1	3	2	0	4	1	0	0	0.0%	
5	8372 Celestial Cir.	2/28/2013	0	\$170,000	1,491	0.4976	0%	\$170,000	\$0	-\$2,500	\$0	\$167,500	\$18,875	\$186,375	\$112.34	2	2	2	2	6	2	0	3,925	18.1%	
45	7900 Trinity Shore Cir.	7/31/2013	60	\$194,000	2,074	0.2893	1%	\$196,474	\$0	\$0	-\$5,000	\$191,474	-\$4,341	\$187,133	\$92.32	2	4	2	1	13	3	160'			
23	7872 Mindy Mano	7/23/2013	80	\$190,000	1,962	0.2752	1%	\$192,296	\$0	\$0	-\$5,000	\$187,296	\$119	\$187,415	\$95.46	2	3	2	1	12	3	420'			
8	5075 Chandler Crossing	5/14/2014	8	\$170,000	1,764	0.2792	4%	\$176,233	\$0	\$0	\$5,000	\$181,233	\$8,004	\$189,237	\$102.74	2	3	2	1	2	1	0	2,136	17.6%	
13	8194 Colyn Ct.	3/17/2014	290	\$178,000	1,944	0.3772	3%	\$183,666	\$0	\$0	\$5,000	\$188,666	\$836	\$189,503	\$97.05	2	4	2	1	0	1	0	8,240	50.1%	
35	8093 Cartman Ct.	5/2/2014	131	\$215,000	2,684	0.3030	4%	\$222,668	\$0	-\$2,500	\$0	\$220,168	-\$28,632	\$191,537	\$82.03	2	4	2	2	7	2	260'			
6	8134 Darlene Ter.	7/11/2014	4	\$177,000	1,746	0.5408	4%	\$184,346	\$0	\$0	\$0	\$184,346	\$8,721	\$193,066	\$105.58	2	3	2	1	9	2	0	4,899	20.8%	
29	8002 Celestial Cir.	7/23/2013	14	\$185,000	1,740	0.2755	1%	\$187,235	\$0	\$2,500	-\$5,000	\$184,735	\$8,960	\$193,695	\$106.17	1	3	2	0	14	3	520'			
15	8432 Celestial Cir.	12/12/2013	143	\$200,000	2,180	0.4721	2%	\$204,783	\$0	-\$2,500	\$0	\$202,283	-\$8,562	\$193,722	\$92.79	2	4	2	2	9	2	40'			
25	7952 Celestial Cir.	5/11/2015	4	\$185,100	1,832	0.2755	7%	\$197,471	-\$4,000	\$0	-\$5,000	\$188,471	\$5,296	\$193,767	\$102.88	2	3	3	1	12	3	185'			
34	8076 Melissa Crossing	6/17/2015	173	\$192,200	2,088	0.2771	7%	\$205,638	\$0	\$0	-\$5,000	\$200,638	-\$4,898	\$195,740	\$96.09	2	3	2	1	11	3	120'			
27	7972 Celestial Cir.	3/24/2015	8	\$214,900	2,529	0.2760	6%	\$228,403	-\$4,000	\$0	-\$5,000	\$219,403	-\$22,459	\$196,943	\$86.75	2	4	3	1	13	3	250'			
10	5045 Chandler Crossing	7/15/2015	10	\$194,000	1,874	0.2966	6%	\$201,013	\$0	\$0	\$0	\$194,000	\$3,624	\$197,624	\$103.52	2	4	2	1	6	2	0	2,678	20.7%	
17	8026 Peaceful Way	11/21/2014	62	\$207,000	2,400	0.3420	5%	\$217,885	\$0	\$0	\$0	\$217,885	-\$17,322	\$200,562	\$90.79	2	3	2	1	9	2	230'			
40	5200 Kyles Station	3/31/2015	99	\$180,000	1,574	0.2755	6%	\$191,415	\$0	\$0	-\$5,000	\$186,415	\$15,570	\$201,985	\$118.43	2	3	2	1	14	3	960'			
32	4353 Goldendawn Way	7/7/2014	11	\$212,000	2,165	0.3220	4%	\$220,727	-\$4,000	\$0	-\$5,000	\$211,727	-\$7,964	\$203,763	\$97.80	2	4	3	1	14	3	15'			
24	7871 Celestial Cir.	9/16/2014	21	\$191,900	1,690	0.4025	5%	\$200,935	\$0	-\$2,500	-\$5,000	\$193,435	\$10,951	\$204,386	\$114.46	2	3	2	2	12	3	135'			
36	8084 Cartman Ct.	6/4/2014	2	\$209,900	2,289	0.2763	4%	\$217,964	\$0	\$0	\$0	\$217,964	-\$12,902	\$205,061	\$95.22	2	4	2	1	9	2	140'			
11	5015 Chandler Crossing	7/28/2014	9	\$210,000	2,287	0.3215	4%	\$219,013	0	\$0	\$0	\$219,013	-\$12,823	\$206,190	\$95.76	2	4	2	1	8	2	0	1,863	13.3%	
7	5085 Chandler Crossing	10/21/2013	22	\$200,000	1,795	0.2792	2%	\$203,917	-\$4,000	\$0	\$5,000	\$204,917	\$6,770	\$211,686	\$114.16	2	4	3	1	2	1	0	2,136	17.6%	
14	4377 Todds Trl.	3/7/2015	15	\$200,000	1,864	0.6718	6%	\$212,283	0	-\$2,500	\$0	\$209,783	\$4,022	\$213,805	\$112.54	2	4	2	2	7	2	0	8,784	30.0%	
16	5098 Chandler Crossing	7/31/2014	8	\$195,000	1,786	0.3306	4%	\$203,418	0	\$0	\$5,000	\$208,418	\$7,128	\$215,546	\$116.70	2	3	2	1	4	1	220'			
18	7976 Peaceful Way	7/7/2015	62	\$220,000	2,057	0.2755	7%	\$235,748	\$0	\$0	\$0	\$235,748	-\$3,664	\$232,085	\$114.61	2	3	2	1	6	2	600'			
21	8031 Paradise	6/11/2015	31	\$253,000	2,468	0.3149	7%	\$270,562	-\$4,000	\$0	-\$5,000	\$261,562	-\$20,030	\$241,532	\$105.98	2	4	3	1	10	3	355'			
22	8010 Paradise	9/21/2014	41	\$245,000	2,284	0.2839	5%	\$256,638	-\$4,000	\$0	\$5,000	\$257,638	-\$12,703	\$244,934	\$112.80	2	4	3	1	5	1	570'			
9	5055 Chandler Crossing	7/5/2015	47	\$227,000	2,000	0.2966	7%	\$243,212	\$0	\$0	\$5,000	\$248,212	-\$1,394	\$246,818	\$124.11	2	4	2	1	4	1	0	2,678	20.7%	
20	8040 Paradise	8/20/2013	7	\$255,500	1,981	0.3181	1%	\$259,183	-\$4,000	\$2,500	\$0	\$257,683	-\$637	\$257,046	\$130.08	1	4	3	0	7	2	380'			
19	7936 Peaceful Way	5/12/2015	186	\$263,000	1,982	0.2773	7%	\$280,599	\$0	\$2,500	\$0	\$283,099	-\$677	\$282,422	\$142.84	1	3	2	0	6	2	770'			



## Kyles Station Meadows Residential Sales - Sorted by Adjusted Sale Price Per Square Foot

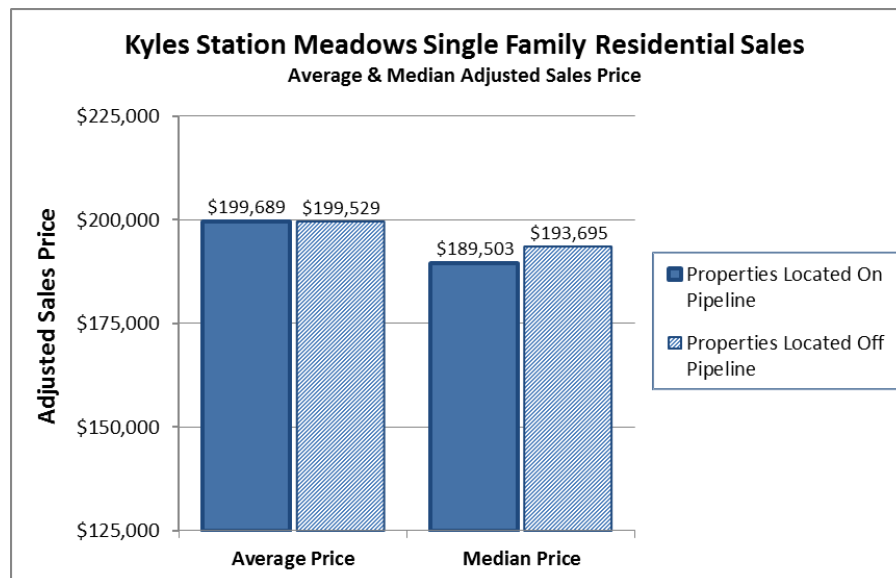
No.	Address	Sale Date	Days on Market	Sale Price	GLA (SF)	Lot Size (AC)	Market Conditions	Market					Adjusted Price	Size Adjustment	Adj Sale Price	Adj Sales Price Per	Age of Home (years)					Distance From Pipeline (LF)	Encumbered Area (SF)	Encumbered Area (%)
								Adjusted Price	Bath Adjustment	Half Bath Adjustment	Age Adjustment	Stories					BR	Bath	Baths	Category				
37	8104 Cartman Ct.	7/24/2013	0	\$190,000	2,674	0.6591	1%	\$192,312	\$0	\$0	-\$5,000	\$187,312	-\$28,234	\$159,078	\$70.05	2	4	2	1	10	3	285'		
28	7971 Celestial Cir.	4/11/2013	5	\$195,000	2,680	0.2760	0%	\$195,683	\$0	\$0	-\$5,000	\$190,683	-\$28,472	\$162,210	\$71.15	2	3	2	1	10	3	440'		
41	8000 Trinity Shore Cir.	3/5/2013	111	\$199,000	2,447	0.3330	0%	\$199,083	\$0	\$0	-\$5,000	\$194,083	-\$19,194	\$174,889	\$79.31	2	4	2	1	12	3	825'		
44	7920 Trinity Shore Cir.	6/18/2013	91	\$201,000	2,412	0.2755	1%	\$202,843	-\$4,000	\$0	-\$5,000	\$193,843	-\$17,800	\$176,042	\$80.37	2	4	3	1	14	3	285'		
35	8093 Cartman Ct.	5/2/2014	131	\$215,000	2,684	0.3030	4%	\$222,668	\$0	-\$2,500	\$0	\$220,168	-\$28,632	\$191,537	\$82.03	2	4	2	2	7	2	260'		
31	4413 Goldendawn Way	8/19/2014	15	\$196,500	2,378	0.2755	4%	\$205,293	\$0	\$0	-\$5,000	\$200,293	-\$16,446	\$183,847	\$84.23	2	4	2	1	14	3	595'		
27	7972 Celestial Cir.	3/24/2015	8	\$214,900	2,529	0.2760	6%	\$228,403	-\$4,000	\$0	-\$5,000	\$219,403	-\$22,459	\$196,943	\$86.75	2	4	3	1	13	3	250'		
26	7962 Celestial Cir.	3/20/2014	35	\$192,000	2,179	0.2755	3%	\$198,160	\$0	\$0	-\$5,000	\$193,160	-\$8,522	\$184,638	\$88.65	2	4	2	1	11	3	220'		
17	8026 Peaceful Way	11/21/2014	62	\$207,000	2,400	0.3420	5%	\$217,885	\$0	\$0	\$0	\$217,885	-\$17,322	\$200,562	\$90.79	2	3	2	1	9	2	230'		
2	8412 Celestial Cir.	7/25/2013	94	\$168,000	1,866	0.3610	1%	\$170,058	0	\$0	\$0	\$170,058	\$3,942	\$174,000	\$91.14	2	4	2	1	7	2	0	6,970	44.3%
43	7950 Trinity Shore Cir.	4/17/2014	78	\$163,000	1,792	0.2755	3%	\$168,610	\$0	\$0	-\$5,000	\$163,610	\$6,889	\$170,499	\$91.30	2	4	2	1	13	3	500'		
45	7900 Trinity Shore Cir.	7/31/2013	60	\$194,000	2,074	0.2893	1%	\$196,474	\$0	\$0	-\$5,000	\$191,474	-\$4,341	\$187,133	\$92.32	2	4	2	1	13	3	160'		
15	8432 Celestial Cir.	12/12/2013	143	\$200,000	2,180	0.4721	2%	\$204,783	\$0	-\$2,500	\$0	\$202,283	-\$8,562	\$193,722	\$92.79	2	4	2	2	9	2	40'		
4	8392 Celestial Cir.	7/25/2013	127	\$168,000	1,785	0.4463	1%	\$170,058	-\$4,000	\$0	\$0	\$166,058	\$7,168	\$173,226	\$93.03	2	4	3	1	8	2	0	5,492	28.2%
39	8021 Celestial Cir.	3/12/2013	36	\$190,000	1,968	0.2990	0%	\$190,190	\$0	\$0	-\$5,000	\$185,190	-\$119	\$185,071	\$94.10	2	3	2	1	13	3	820'		
3	8402 Celestial Cir.	7/31/2013	8	\$164,000	1,754	0.3979	1%	\$166,091	\$0	\$0	\$0	\$166,091	\$8,402	\$174,493	\$94.69	2	3	2	1	7	2	0	5,078	29.3%
36	8084 Cartman Ct.	6/4/2014	2	\$209,900	2,829	0.2763	4%	\$217,964	\$0	\$0	\$0	\$217,964	-\$12,902	\$205,061	\$95.22	2	4	2	1	9	2	140'		
23	7872 Mindy Mano	7/23/2013	80	\$190,000	1,962	0.2752	1%	\$192,296	\$0	\$0	-\$5,000	\$187,296	\$119	\$187,415	\$95.46	2	3	2	1	12	3	420'		
11	5015 Chandler Crossing	7/28/2014	9	\$210,000	2,287	0.3215	4%	\$219,013	0	\$0	\$0	\$219,013	-\$12,823	\$206,190	\$95.76	2	4	2	1	8	2	0	1,863	13.3%
34	8076 Melissa Crossing	6/17/2015	173	\$192,200	2,088	0.2771	7%	\$205,638	\$0	\$0	-\$5,000	\$200,638	-\$4,898	\$195,740	\$96.09	2	3	2	1	11	3	120'		
13	8194 Colyn Ct.	3/17/2014	290	\$178,000	1,944	0.3772	3%	\$183,666	\$0	\$0	\$5,000	\$188,666	\$836	\$189,503	\$97.05	2	4	2	1	0	1	0	8,240	50.1%
32	4353 Goldendawn Way	7/7/2014	11	\$212,000	2,165	0.3220	4%	\$220,727	-\$4,000	\$0	-\$5,000	\$211,727	-\$7,964	\$203,763	\$97.80	2	4	3	1	14	3	15'		
42	7950 Trinity Shore Cir.	3/17/2015	61	\$170,200	1,792	0.2755	6%	\$180,795	\$0	\$0	-\$5,000	\$175,795	\$6,889	\$182,684	\$98.10	2	4	2	1	14	3	500'		
33	8213 Colyn Ct.	1/5/2015	16	\$170,000	1,762	0.3119	6%	\$179,577	\$0	\$0	-\$5,000	\$174,577	\$8,084	\$182,660	\$99.08	2	3	2	1	11	3	180'		
38	8091 Celestial Cir.	9/19/2013	8	\$161,900	1,609	0.9091	2%	\$164,639	\$0	\$0	-\$5,000	\$159,639	\$14,177	\$173,815	\$99.22	2	3	2	1	14	3	1,310'		
8	5075 Chandler Crossing	5/14/2014	8	\$170,000	1,764	0.2792	4%	\$176,233	\$0	\$0	\$5,000	\$181,233	\$8,004	\$189,237	\$102.74	2	3	2	1	2	1	0	2,136	17.6%
25	7952 Celestial Cir.	5/11/2015	4	\$185,100	1,832	0.2755	7%	\$197,471	-\$4,000	\$0	-\$5,000	\$188,471	\$5,296	\$193,767	\$102.88	2	3	3	1	12	3	185'		
10	5045 Chandler Crossing	7/15/2015	10	\$194,000	1,874	0.2966	6%	\$204,346	\$0	\$0	\$0	\$194,000	\$3,624	\$197,624	\$103.52	2	4	2	1	6	2	0	2,678	20.7%
6	8134 Darlene Ter.	7/11/2014	4	\$177,000	1,746	0.5408	4%	\$184,346	\$0	\$0	\$0	\$184,346	\$8,721	\$193,066	\$105.58	2	3	2	1	9	2	0	4,899	20.8%
21	8031 Paradise	6/11/2015	31	\$253,000	2,468	0.3149	7%	\$270,562	-\$4,000	\$0	-\$5,000	\$261,562	-\$20,030	\$241,532	\$105.98	2	4	3	1	10	3	355'		
29	8002 Celestial Cir.	7/23/2013	14	\$185,000	1,740	0.2755	1%	\$187,235	\$0	\$2,500	-\$5,000	\$184,735	\$8,960	\$193,695	\$106.17	1	3	2	0	14	3	520'		
5	8372 Celestial Cir.	2/28/2013	0	\$170,000	1,491	0.4976	0%	\$170,000	\$0	-\$2,500	\$0	\$167,500	\$18,875	\$186,375	\$112.34	2	2	2	2	6	2	0	3,925	18.1%
14	4377 Todds Trl.	3/7/2015	15	\$200,000	1,864	0.6718	6%	\$212,283	0	-\$2,500	\$0	\$209,783	\$4,022	\$213,805	\$112.54	2	4	2	2	7	2	0	8,784	30.0%
22	8010 Paradise	9/21/2014	41	\$245,000	2,284	0.2839	5%	\$256,638	-\$4,000	\$0	\$5,000	\$257,638	-\$12,703	\$244,934	\$112.80	2	4	3	1	5	1	570'		
7	5085 Chandler Crossing	10/21/2013	22	\$200,000	1,795	0.2792	2%	\$203,917	-\$4,000	\$0	\$5,000	\$204,917	\$6,770	\$211,686	\$114.16	2	4	3	1	2	1	0	2,136	17.6%
24	7871 Celestial Cir.	9/16/2014	21	\$191,900	1,690	0.4025	5%	\$200,935	\$0	-\$2,500	-\$5,000	\$193,435	\$10,951	\$204,386	\$114.46	2	3	2	2	12	3	135'		
18	7976 Peaceful Way	7/7/2015	62	\$220,000	2,057	0.2755	7%	\$235,748	\$0	\$0	\$0	\$235,748	-\$3,664	\$232,085	\$114.61	2	3	2	1	6	2	600'		
16	5098 Chandler Crossing	7/31/2014	8	\$195,000	1,786	0.3306	4%	\$203,418	0	\$0	\$5,000	\$208,418	\$7,128	\$215,546	\$116.70	2	3	2	1	4	1	220'		
40	5200 Kyles Station	3/31/2015	99	\$180,000	1,574	0.2755	6%	\$191,415	\$0	\$0	-\$5,000	\$186,415	\$15,570	\$201,985	\$118.43	2	3	2	1	14	3	960'		
12	4965 Chandler Crossing	4/25/2013	215	\$152,600	1,334	0.2790	0%	\$153,312	\$0	\$2,500	\$5,000	\$160,812	\$25,127	\$185,940	\$120.55	1	3	2	0	4	1	0	0	0.0%
9	5055 Chandler Crossing	7/5/2015	47	\$227,000	2,000	0.2966	7%	\$243,212	\$0	\$0	\$5,000	\$248,212	-\$1,394	\$246,818	\$124.11	2	4	2	1	4	1	0	2,678	20.7%
30	8062 Celestial Cir.	2/19/2015	74	\$149,000	1,228	0.2755	6%	\$157,952	\$0	\$2,500	-\$5,000	\$155,452	\$29,349	\$184,801	\$126.59	1	3	2	0	14	3	990'		
20	8040 Paradise	8/20/2013	7	\$255,500	1,981	0.3181	1%	\$259,183	-\$4,000	\$2,500	\$0	\$257,683	-\$637	\$257,046	\$130.08	1	4	3	0	7	2	380'		
19	7936 Peaceful Way	5/12/2015	186	\$263,000	1,982	0.2773	7%	\$280,599	\$0	\$2,500	\$0	\$283,099	-\$677	\$282,422	\$142.84	1	3	2	0	6	2	770'		

### Analysis of Impact of Location on Pipeline Easement

The average unadjusted raw data sale price of residences on properties located “on” the pipeline easement was 8.31 percent lower than the average unadjusted sale price of residences located away from the pipeline easement. The median unadjusted raw data sale price was 9.23 percent lower. However, that necessitates an adjustment because the average home size of the sales located on the pipeline was 1,803 square feet, compared with the average size of home sales located away from the pipeline of 2,087 square feet. The difference in size is a primary contributor to the total price difference shown in the table below of the unadjusted homes. The average sale price after adjustments for number of bathrooms, age and gross living area were made is 0.08 percent higher for properties located “on” the pipeline easement, compared with those located away from the pipeline easement. The adjusted median was 2.16 percent lower. After adjusting for the gross living area, bathroom count and age, there appears to be little difference in total sales price of properties located along the pipeline and those that were not.

#### Kyles Station Meadows Single Family Residential Sales

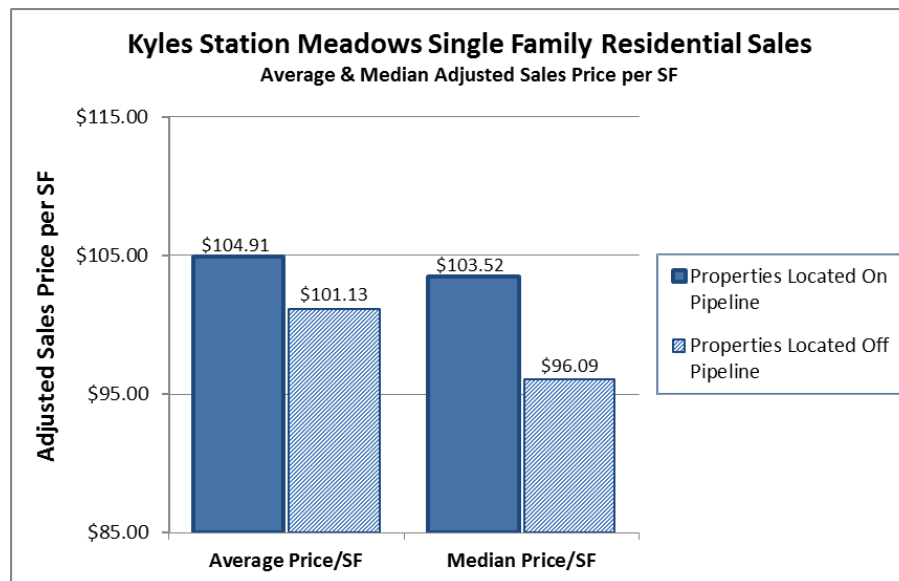
Unadjusted Prices	Average Price	Median Price
Properties Located On Pipeline	\$182,969	\$177,000
Properties Located Off Pipeline	\$199,552	\$195,000
Percent Difference	-8.31%	-9.23%
Adjusted Prices	Average Price	Median Price
Properties Located On Pipeline	\$199,689	\$189,503
Properties Located Off Pipeline	\$199,529	\$193,695
Percent Difference	0.08%	-2.16%



IRR also compared the sale prices of the properties on a per square foot basis. The average unadjusted sale price per square foot for properties encumbered by the pipeline was 4.53 percent higher than the average unadjusted price per square foot for properties located away from the pipeline. The median price per foot was 5.07 percent higher. After adjustments were made for bathroom count and age, the average price per foot for properties located “on” the pipeline was 3.74 percent higher than the price per square foot for properties located away from the pipeline. The median price per square foot for properties located on the pipeline was 7.73 percent higher than the price per square foot for properties located away from the pipeline. When comparing the properties on a sales price per square foot basis, it appears that both before and after adjustments, properties located on the pipeline easement sold for a higher price per square foot than those located away from the pipeline.

<b>Kyles Station Meadows Single Family Residential Sales</b>		
<b>Unadjusted Prices</b>	<b>Average Price/ SF</b>	<b>Median Price/ SF</b>
Properties Located On Pipeline	\$101.76	\$101.37
Properties Located Off Pipeline	\$97.36	\$96.48
Percent Difference	4.53%	5.07%
<b>Adjusted Prices*</b>	<b>Average Price/ SF</b>	<b>Median Price/ SF</b>
Properties Located On Pipeline	\$104.91	\$103.52
Properties Located Off Pipeline	\$101.13	\$96.09
Percent Difference	3.74%	7.73%

\*The adjusted price per square foot excludes the size adjustment to prevent redundancy.



## Regression Analysis

IRR conducted a simple linear regression analysis on the data set to see if there was a correlation between adjusted sales price and the presence of a pipeline easement. The adjustments were made to the sale prices based on bathroom count, age and size, as previously discussed. IRR conducted linear regression testing the impact on sale price of a property's location "on" or "off" the natural gas pipeline. To establish pipeline location as the dependent variable, IRR assigned properties located off the pipeline a value of "zero" and properties located on the pipeline a value of "one," and used this assignment column as the dependent variable in the linear regression.

For its analysis IRR used the adjusted property sale prices as the dependent variable. Location on or off the pipeline was a poor predictor of price differences in this analysis. The coefficient was -\$322 (indicating that the model predicted that a property located on the pipeline would sell for \$322 less than a property located off the pipeline, all else being equal), but the adjusted coefficient of determination was close to zero, at -0.02376. IRR also checked the unadjusted sales price per square foot to determine if it would indicate similar results. The coefficient was \$7.05, indicating that the presence of a pipeline raised the sales price of the property by \$7.05 per square foot (indicating that the model predicted the price per square foot would increase by \$7.05 if the property was located on a pipeline, all else being equal), but yet again the adjusted coefficient of determination was close to zero at -0.029561.

The adjusted coefficient of determination is a measurement used to verify the correlation of a set of data. Measurements close to one indicate high correlation, while numbers close to 0 indicate no correlation. The results of these two tests are largely conflicting, since one indicates a price decrease, while the other indicates a price increase with the presence of a pipeline. The whole price decrease of \$322 is largely insignificant, and both tests appear to show very little correlation to indicate that encumbrance by a pipeline has an effect on value.

## Paired Sale Analysis

In this neighborhood, there is one pair of homes that shared similar enough characteristics to compare for differences in sale price as a result of a pipeline easement. As such, IRR conducted a paired sales analysis as a demonstration of the expected effects of a pipeline when observing small samples of comparable data. The pair shows Sale 36 (located away from the pipeline) and Sale 11 (located on the pipeline) have generally similar characteristics, were proximate in location, and sold for a similar price.

### Paired Sales Market Trends Analysis - Residences

Pair No.	Sale No.	Address/ Lot Number	Sale Date	DOM	Lot Size (AC)	GLA (SF)	Sale Price	Price/ SF		BA	Half		Percent Change
								GLA	BR		Baths	Age	
1	36	8084 Cartman Ct.	6/4/2014	2	0.28	2,289	\$209,900	\$91.70	4	2	1	9	0%
	11	5015 Chandler	7/28/2014	9	0.32	2,287	\$210,000	\$91.82	4	2	1	8	



**Conclusion**

IRR found no evidence of a statistically significant difference in the prices paid for homes located along or near a pipeline in Liberty Township, Ohio, when compared with prices for homes located away from the pipeline, particularly after adjusting for the most significant influences on sale price for this subdivision – bathrooms, age and size. The differences in the mean and median sale prices of homes located on and away from the pipeline were not measurable. On a per-square-foot basis, mean and median sales prices were 3.74 percent to 7.73 percent higher for properties “on” the pipeline, compared with those “off” the pipeline.

As discussed above, the coefficients of determination for the simple linear regressions performed were very low, indicating that the sale price of the home is not related to location “on” or “off” the pipeline (both when considered on a per square foot basis and on a whole sale price).

The paired sales analysis conducted showed no statistically significant price difference in sales prices for properties located along or encumbered by the pipeline easement compared to properties which did not have these locational characteristics.

Based on the on the single-family sales in the Kyles Station Meadows subdivision of Ohio, there appears to be no measurable difference between a property’s location along or encumbered by the pipeline easement when compared to properties which do not have these locational characteristics.

## Rockies Express Pipeline (REX) Pipeline

The study area that was chosen for direct comparison is located along the Rockies Express Pipeline (REX). Due to the lack of data available for analysis, IRR has given less weight to the REX study, as explained below, than the Texas Gas Transmission Pipeline, also in Ohio. The following includes a brief synopsis of this existing gas line, as well as a map illustrating its location throughout Butler County.

### Pipeline Information

- REX is a 1,679-mile natural gas pipeline that transports gas from Colorado to eastern Ohio.
- The diameter of the pipeline varies between 36 and 42 inches.
- The capacity of the pipeline is 16.5 billion cubic meter of gas per year.
- The Ohio section, known as REX-East, is a 638-mile long, 42-inch-diameter pipeline from Audrain County, Missouri, to Monroe County, Ohio. FERC approved the pipeline in May 2008 and the project was completed in November 2009.

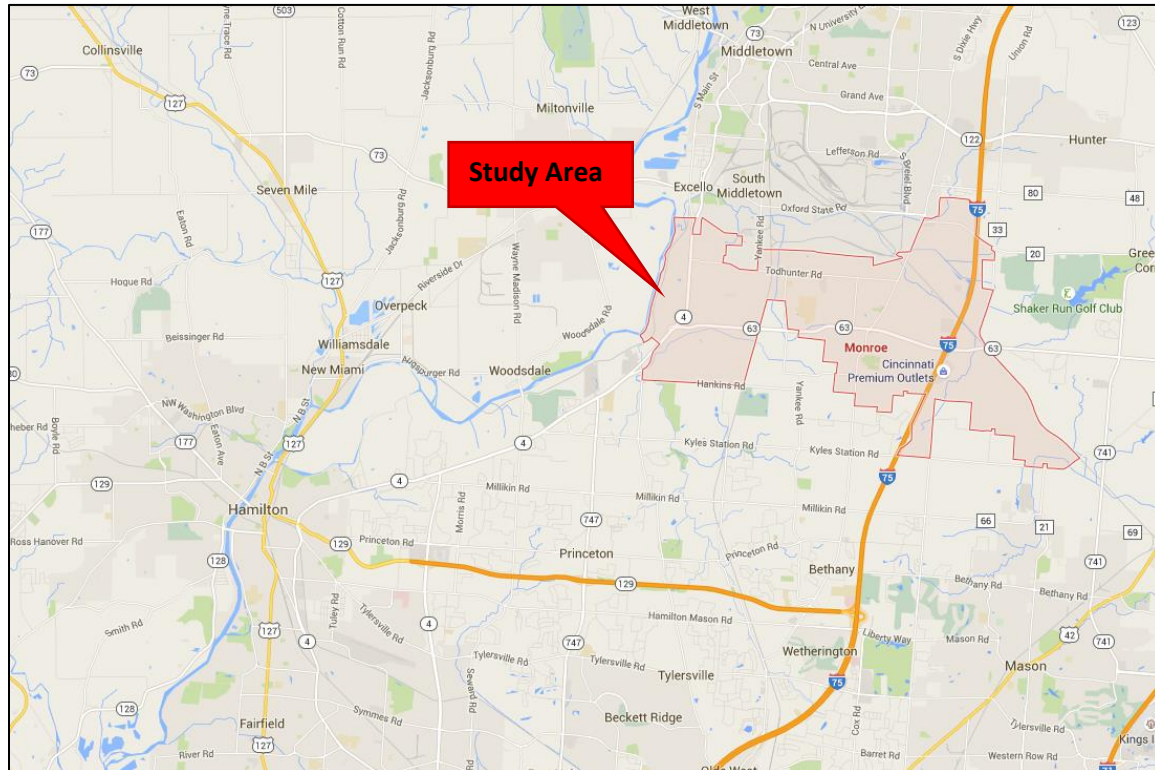


The pipeline bisects Butler County running east and west. The path generally crosses through less developed areas of the county. Looking at the map, one can see that the pipeline loops around the northern side of Hamilton (the largest city in Butler County) and crosses along the southern side of Middletown through Monroe.

## **Monroe Overview**

The city of Monroe is located in southwest Ohio, centrally between the metropolitan areas of Cincinnati and Dayton. The city was founded in 1817 and is approximately 15.87 square miles. The estimated 2015 population is 13,270 and is projected to increase to 14,129 or 6.47 percent by 2020. There are 3,678 plotted single family residential lots in Monroe consisting of a mix of old and modern residential houses.

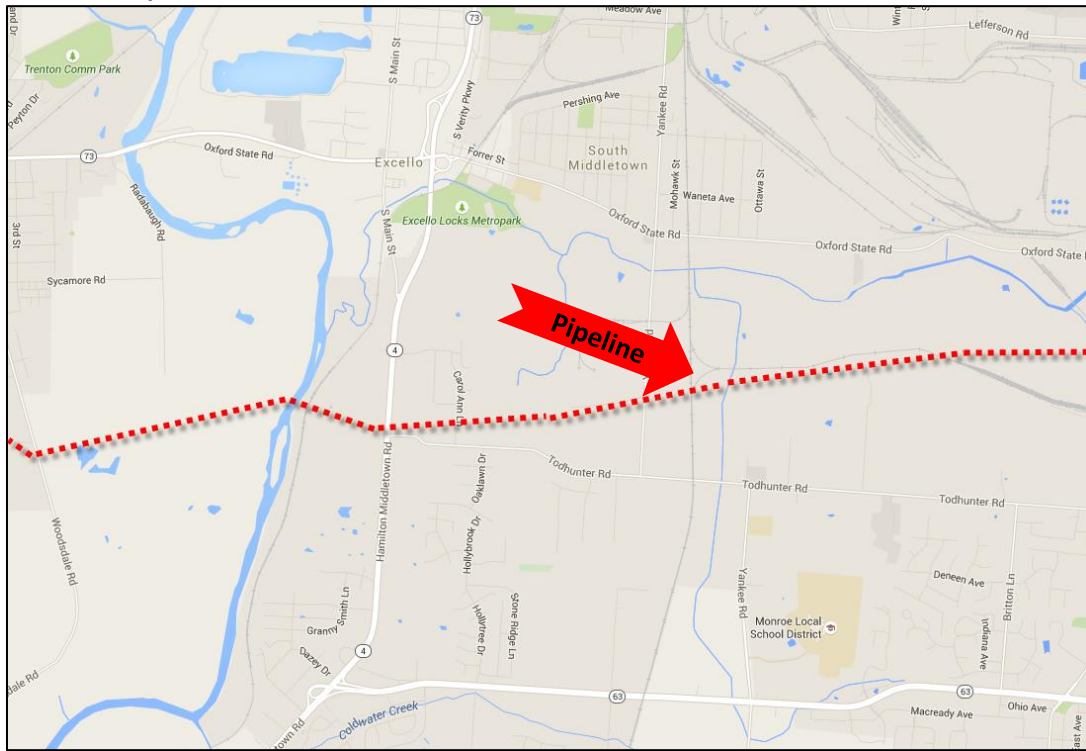
## **Area Map**



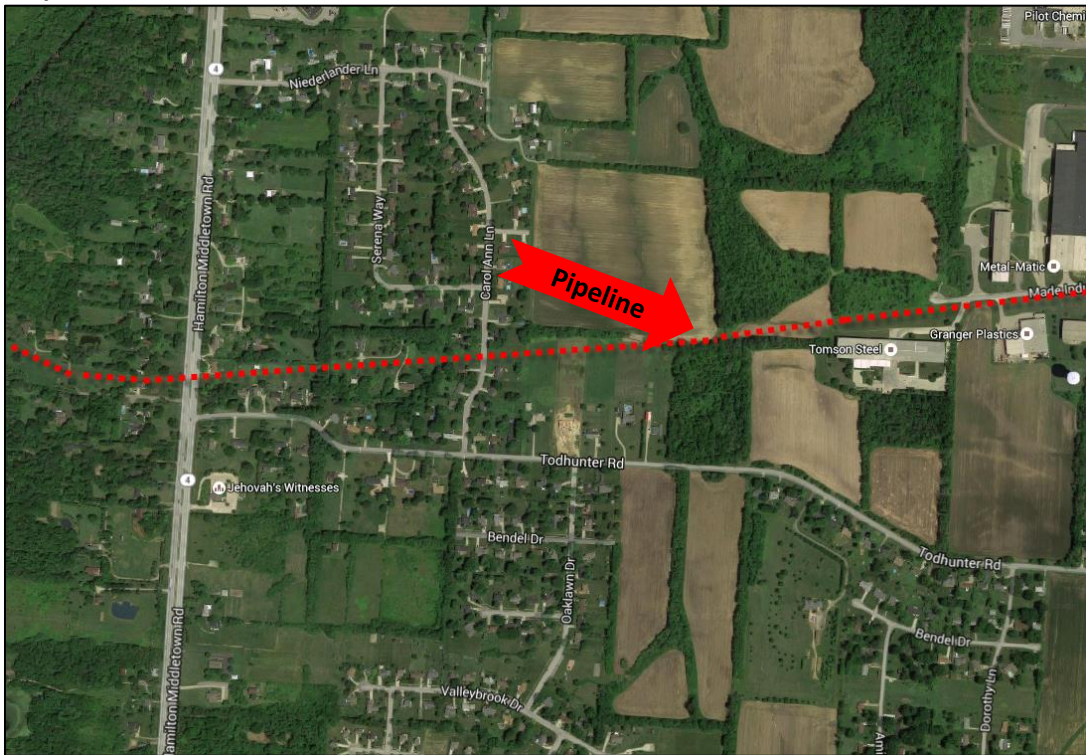
## **Pipeline Subdivision**

The neighborhood that was utilized to compare the sales of single family homes located along a natural gas pipeline that traverses the Monroe market area is located adjacent to the Todd Hunter Road/Route 4 intersection. It was developed around 1970. The area in the study consists of 109 single family residential platted lots in the west Monroe area of Butler County.

### Neighborhood Map

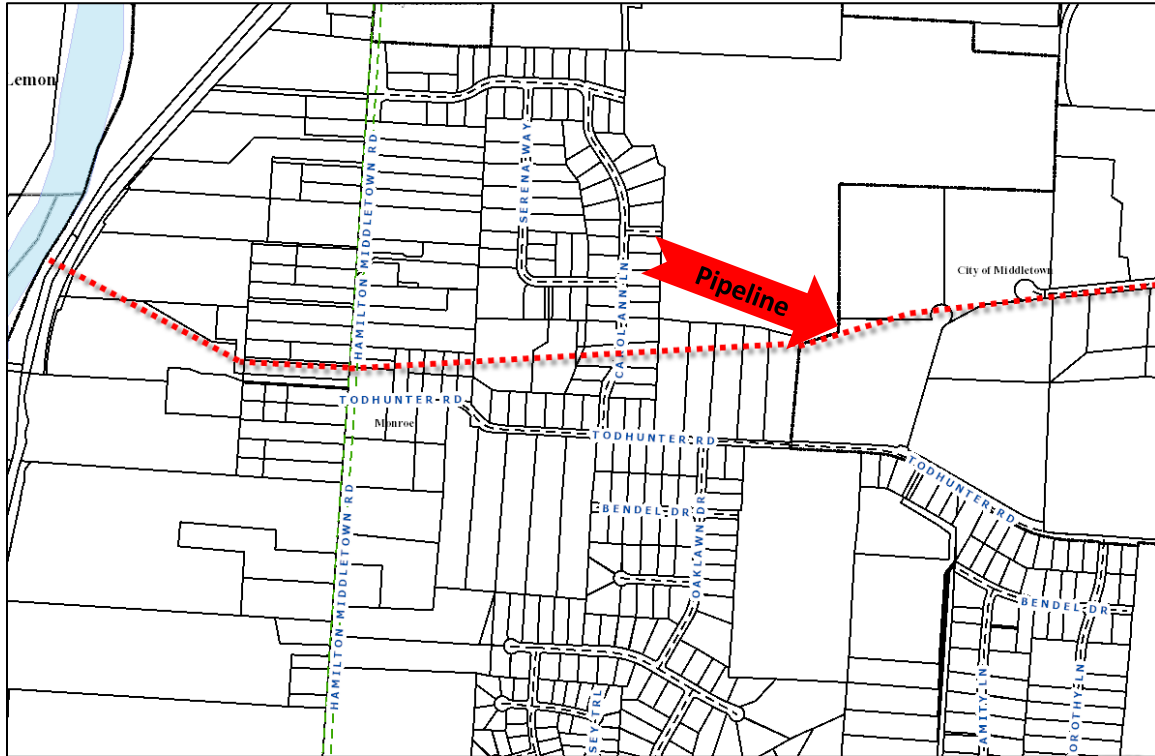


### Aerial Map





### Neighborhood Plat Maps



## Pipeline Impact Analysis

IRR studied local and state real estate transaction databases (including the local MLS and Butler County public records) to find recent sales of single family residences within the neighborhood. IRR found seven sales of residences situated on lots that were unencumbered by a gas pipeline. Each of the seven sales closed after the third quarter of 2012. IRR found two additional sales of residences on lots that were encumbered by the natural gas pipeline. The sales are displayed in the table below, with the sales of properties encumbered by the pipeline highlighted in yellow.

Monroe Residential Sales												
Address/Parcel ID	Sale Date	Days on Market	Sale Price	Lot Size (SF)	GLA (SF)	\$/GLA	Stories	BR	BA	Age	Basement	Distance From Pipeling (LF)
5960 Todhunter Rd./ C1800018440017	12/6/2011	84	\$150,000	40,384	1,653	\$90.74	2	3	2.5	50	1	0
6111 Todhunter Rd./ C1800014330013	11/14/2012	82	\$124,000	22,216	1,932	\$64.18	2	4	2.5	46	0	634
6007 Woodland Ct./ C1800013110020	2/10/2014	43	\$130,000	24,829	1,824	\$71.27	2	4	3.0	43	1	1584
5961 Niederlander Ln./ C1800018420007	10/22/2013	26	\$139,900	20,038	1,825	\$76.66	2	3	2	54	0	1584
6052 Todhunter Rd./ C1800019330004	4/20/2012	161	\$162,000	23,958	1,546	\$104.79	1	3	2	57	1	240
6073 Serena Way/ C1800019000015	12/3/2013	190	\$240,000	123,070	1,889	\$127.05	1	4	2	7	0	0
5991 Hankins Rd./ D2010028000004*	1/3/2013	102	\$183,900	87,120	1,904	\$96.59	1	3	3	25	1	11722
6031 Hankins Rd./ D2010024000002*	12/17/2014	120	\$269,900	87,120	2,522	\$107.02	1	3	2	19	0	11722
5925 Todhunter Rd./ C1800015430001	9/22/2014	171	\$142,500	77,101	2,250	\$63.33	2	3	2.5	37	1	178

\*These sales are located south of the study neighborhood but are considered highly comparable to the data set due to proximity and physical characteristics.

With only nine sales, IRR has determined there is not sufficient data to make adjustments. As such, IRR has not analyzed the sales on an adjusted basis to determine the impact of proximity to natural gas pipelines on property value.

### Impact of Pipeline Easement

#### Summary Statistics

The average unadjusted raw data sale price of residences on properties encumbered by the pipeline was approximately 18.47 percent higher than the average unadjusted raw data sale price of residences unencumbered by the pipeline. This difference could be attributed to the fact that the two encumbered properties feature larger lots.

IRR also compared the sale prices of the properties on a per square foot basis. The average unadjusted raw data sale price per square foot for properties encumbered by the pipeline was 30.56 percent higher than the average unadjusted raw data price per square foot for properties located off the pipeline. Upon review of the physical characteristics of the sample sales, one sale was identified as an outlier, 6073 Serena Way (encumbered). This property is seven years old, which is considerably lower than the average age of the sample set, 38 years old. If this sale is excluded from the dataset, the unadjusted raw data sale price of the remaining encumbered property would be 8.87% lower than the average of the unencumbered properties. The large variance in price by the removal of one of the data points indicates that the data pool is too small to be relied upon to draw conclusions.

### Conclusion

Although not discussed above, a simple linear regression conducted to test the effects of the pipeline easement showed that the variation in price was not explained by the inclusion or exclusion of the pipeline. The resulting coefficient of determination of the linear regression was extremely insignificant.

As previously stated, there was minimal data within the study area from which to draw conclusions. Consequently, IRR has given less weight to this study compared with the other Ohio study area, Kyles Station Meadows. Nevertheless, from an unadjusted basis, IRR found no evidence of a statistically



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significant difference in the prices paid for homes located along or near a pipeline in west Monroe, Ohio, when compared with prices for homes located away from the pipeline.



# Virginia

## Victory Lakes (Prince William Co., VA) Case Study

The following section offers a synopsis of a neighborhood in Virginia that is currently under development on a large parcel of land that is already traversed by two natural gas pipeline easements. The following summarizes IRR's conversation with the developer of the project, and offers a brief description of the area. This section is used as an example of the continued desire to develop land, regardless of the presence of a natural gas pipeline easement.

### Victory Lakes

#### Prince William County, VA

Prince William County is located on the Potomac River in the Commonwealth of Virginia approximately 30 miles southwest of the nation's capital in Washington, DC. Known for its proximity to the Potomac River and two national forests, Prince William County also offers access to various roadways, railways, airports and ports.

According to the Prince William County Economic Development website, "Prince William County lies at the center of Northern Virginia's 1.1 million workers. PWC is located just 20 minutes from Dulles International Airport, less than 30 miles from the heart of Washington, DC. Prince William County is the community of choice for business location and expansion offering unmatched access to workforce and unparalleled quality of place right in the heart of key markets." Also according to the Prince William County Development website, the area offers the "second largest school system in Virginia" as well as "a wide range of housing options are available including gated communities, golf course communities, marina communities, rural living and mixed-use developments."

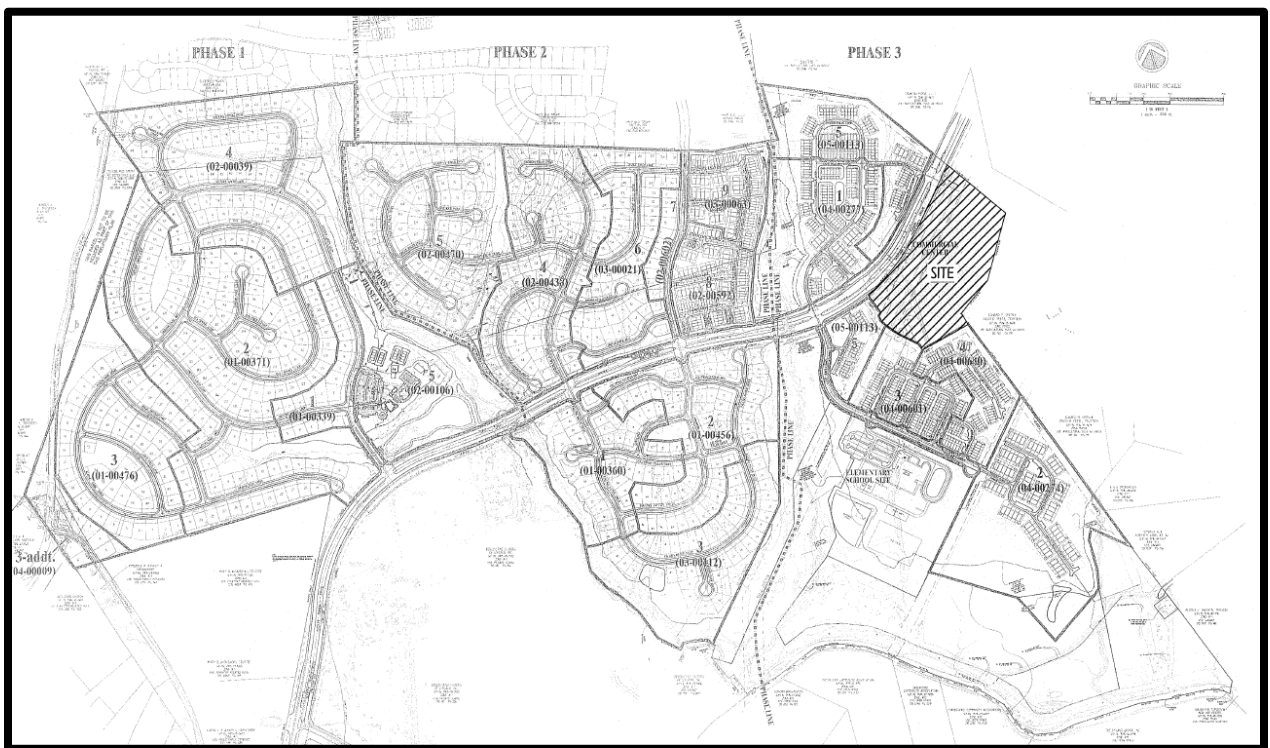


Located within Prince William County in the unincorporated community of Bristow, Victory Lakes is an active 580-acre master-planned residential community located near three existing Williams Companies natural gas pipelines. According to representatives of Williams Companies, the three existing pipelines were originally constructed in three phases from the early 1950s until mid-1970s.

With the increase in population density, the existing pipelines necessitated replacements in 1996 and 2008, with another phase planned to start in the summer of 2016.

The Victory Lakes master planned community was developed in the early 2000s and was constructed around the existing pipeline easements, indicating that the developer was confident that lots could be sold within proximity to pipelines.

According to a representative with Miller and Smith Companies, the site developer, the development plan originally included the region's first "Family Active Community" with approximately 694 single-family detached homes and 554 townhomes over three phases, in addition to commercial and green space. Miller and Smith broke ground on the Victory Lakes master planned development in the early 2000s, with the first home available in Phase One in 2002, followed by Phase Two in 2004/2005 and Phase Three in 2007/2008. The Victory Lakes community includes a community clubhouse, pools, walking trails and an on-site full time activities director. According to the Miller and Smith Companies representative interviewed by IRR, this concept was the first in this region and the goal was to bring a true sense of community into Victory Lakes. A site plan of the development is below.



Source: Steve Aylor, Miller And Smith Companies – Plan as of March 8, 2012

Currently, Victory Lakes is in development of 55 townhomes within a newly rezoned portion of Phase Three, which is slated to be completed in the summer of 2016. Miller and Smith will finish Victory Lakes with 1,296 units consisting of 694 single family detached homes and 602 townhomes with many community amenities, including daycare and commercial retail spaces along major thoroughfares. In IRR's interview with the representative of Miller and Smith Companies, it was revealed that main hindrance in the development of Victory Lakes was the economic downturn; the existing natural gas pipelines in the immediate area had no effect on the single-family and townhome developments.

Furthermore, based on the conversation with Miller & Smith and general knowledge of large-scale single-family residential development, IRR has determined that Victory Lakes, and similar large residential developments, have no aversion to developing near an existing pipeline. The following page contains an aerial image of the pipeline easements shown in orange and the neighborhood area.



### Aerial of Neighborhood

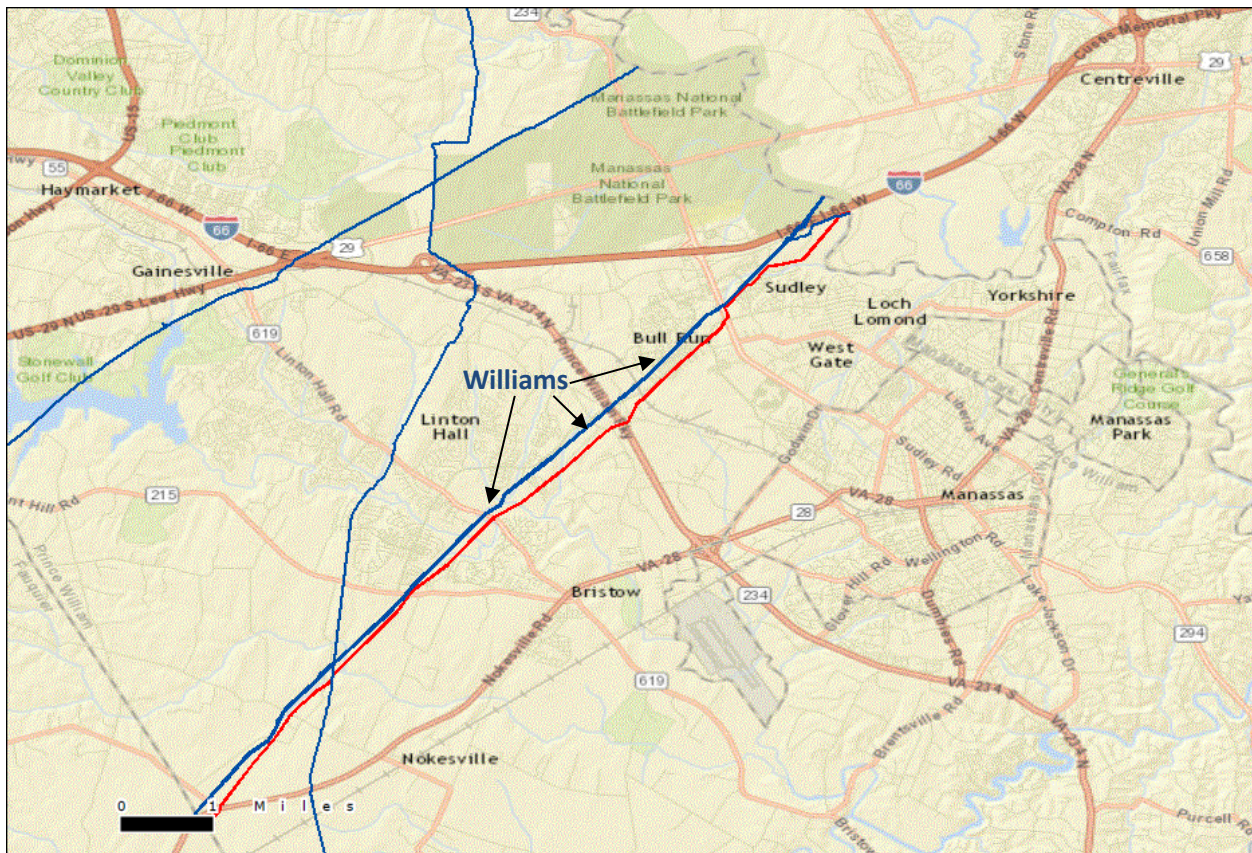


## Transco (Williams) Gas Pipeline

The study area that was chosen for direct comparison is located along the Transco (Williams) “main line” pipelines “A,” “B” and “C.” The following includes a brief synopsis of the existing gas lines, as well as a map illustrating their location throughout Prince William County.

### Pipeline Information

- The various pipelines consist of approximately 11.5 miles through Prince William County.
- The diameters of the pipelines vary between 30 and 36 inches.
- The pressures range from 480 – 780 psi.
- Pipeline “A” was placed in service in 1949/1950, Pipeline “B” was placed in service in 1955, and Pipeline “C” was placed in service in the early 1960s.



The pipelines bisect Prince William County in a southwest to northeast direction. The path generally crosses through less developed areas of the county.



## Transco (Williams) Gas Pipeline Impact Analysis

IRR studied local and state public and private real estate transaction data sources (including the local MLS and the Prince William County Property Assessment Records) to find sales of townhomes within the Victory Lakes neighborhood from 2008 to 2015. Within the neighborhood, IRR found 57 sales of residences situated on lots that were not located on the natural gas pipeline easement. The 57 sales include two townhomes that re-sold within the time frame being studied. IRR found 11 sales of residences on lots that were on, adjacent, or abutting the natural gas pipeline easement. IRR considers these sales to be located “on” the pipeline for this analysis. The sales are displayed in the table on the following page, with the sales of properties encumbered by the pipeline highlighted in yellow.

IRR’s comparative analysis of the sales consisted of two steps. First, the sales price for each townhome was adjusted based on size. Size was determined to have the greatest effect on sales price in this subdivision. Second, IRR compared the adjusted prices paid for residences located “on” the natural gas pipeline to the prices paid for residences located on sites located away from the pipeline. This step consisted of two types of analyses. First, IRR compared the sample mean and sample median data for sales of properties “on” the pipeline with similar data for sales of properties “off” the pipeline. Secondly, IRR used linear regression analyses to test for influences of the pipeline on sale prices.

In the following tables, IRR organized the sales four different ways. First, the sales are sorted by date of sale. Second, the sales are sorted by sale price. Third, the sales are sorted by sale price per square foot. Lastly, the sales are sorted by the gross living area (GLA). Based on the assortments, it appears that the properties encumbered by the pipeline easement were well distributed among the sales. In the table titled “Sales - Sorted By Gross Living Area,” it appears that homes near the pipeline easement are of a smaller size than the homes located away from the easement. Sales of residences located “on” the pipeline easement are highlighted in yellow.









**Determination of Size Adjustment**

IRR conducted a simple linear regression to analyze the impact of GLA on the sale price of a townhome within Victory Lakes. Given the sample size of 61 properties, the regression function predicted that a change of one square foot of GLA corresponds with an increase in \$61.15 in the overall sale price. The adjusted coefficient of determination (adjusted R-squared) indicated that roughly 20 percent of the total variance in sale prices was explained by variances in GLA. Based on this test, IRR applied an adjustment of \$61.15 for each square foot of variation from the sample median GLA of 1,873 square feet (e.g. a 1,600 square foot home would be adjusted upward \$16,694).

The sales and their respective adjustments are shown on the following page. The adjusted sales price and price per square foot are indicated in red.



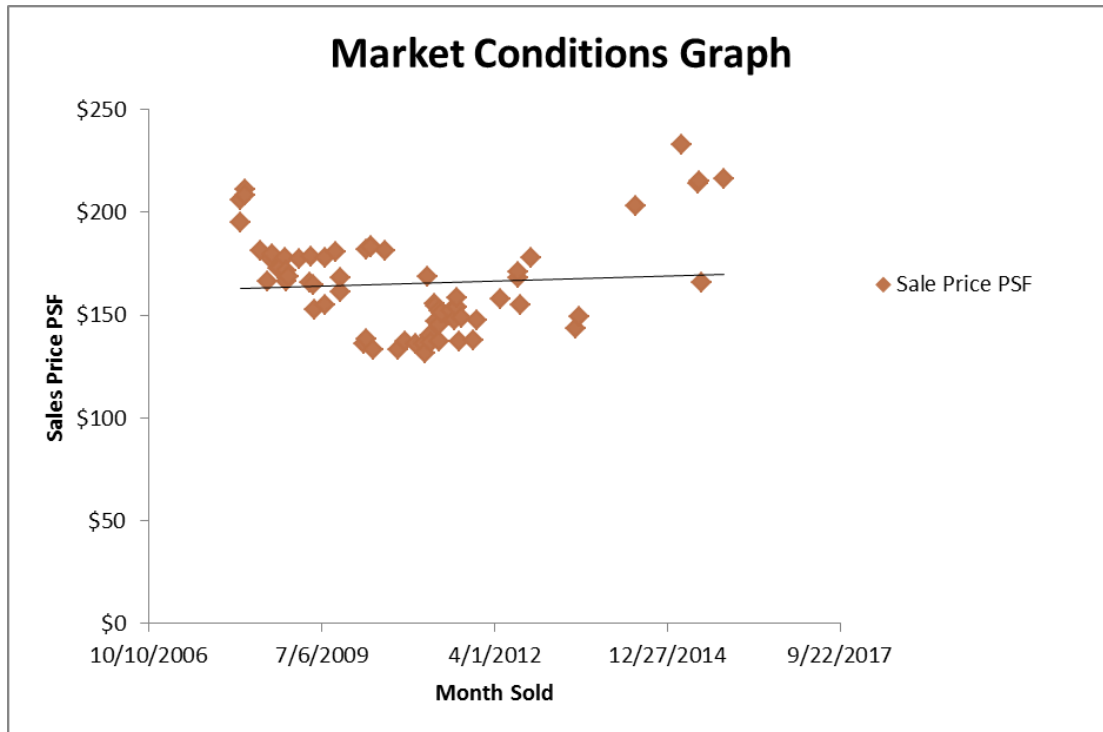






## Market Conditions

A linear regression was conducted on the sales data that showed a nominal upward trend in the market from 2006 to 2015, shown below



Within the data set, six of the 68 sales occurred after 2013. Of the six sales, three were located “on” the pipeline and featured newly constructed townhomes. These three sales in 2015 had the highest per square foot adjusted values in the entire data set. To determine whether to make a market conditions adjustment to these three sales, after adjusting for gross living area, IRR utilized a paired sales technique to determine the appropriate adjustment for market conditions (time). IRR compared the 2008 sale of 9207 Alwyn Lake Circle (adjusted \$177 PSF) to the 2015 sales of 11905, 11909 and 11911 Waterton Lake Lane (adjustment mean \$226 PSF). Almost all of the characteristics of the respective properties were similar (bedroom count, bathroom count, location “on” pipeline, age of construction, stories, etc.<sup>2</sup>), allowing IRR to isolate market conditions as the predominant variable in sales price.

Pair No.	Address/ Lot Number	Sale Date	DOM	Lot Size (SF)	GLA (SF)	Adj. Sale Price	Adj. Sale Price/ SF	BR	BA	Half Baths	Age
1	11911 WATERTON	3/17/2015	28	2,614	1,768	\$418,211	\$237	3	3	1	0
	11905 WATERTON	6/29/2015	142	1,307	1,742	\$383,171	\$220	3	3	1	0
	11909 WATERTON	11/17/2015	165	1,721	1,742	\$385,231	\$221	3	3	1	0
	9207 ALVYN LAKE CIR	9/19/2008	185	1,520	1,680	\$309,301	\$184	3	3	1	0

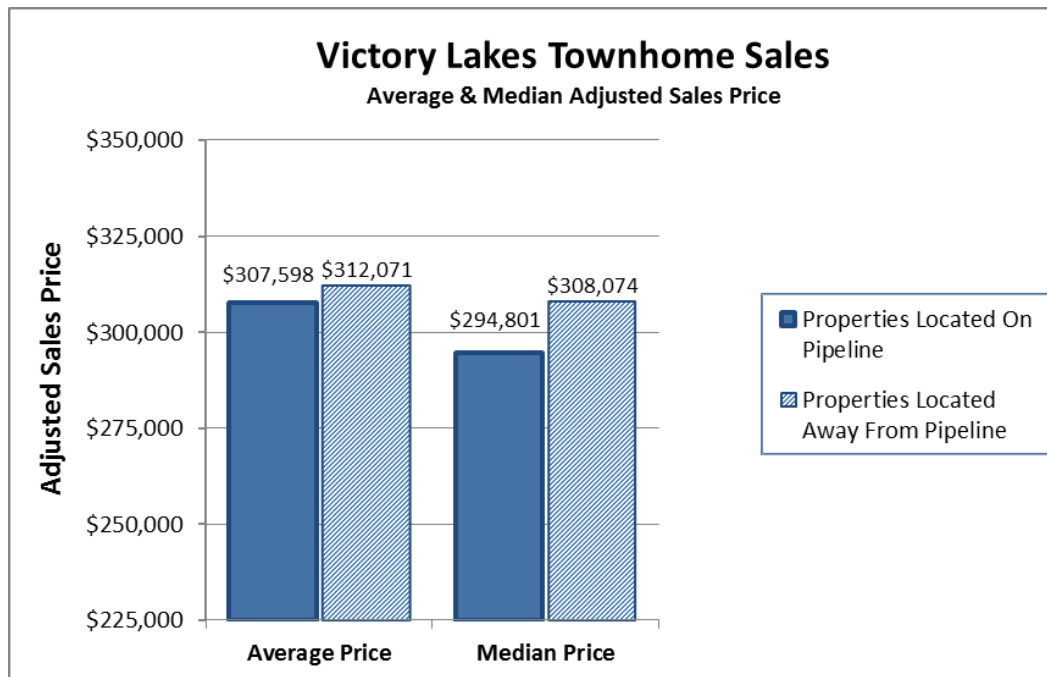
<sup>2</sup> Linear regression analyses indicated nominal impact on sales price for these factors.

The chart on the previous page indicates a \$42/SF gross adjustment for the seven-year time period. After adjusting to the mean sale date of all of the sales in the data set (December, 2010), the three Waterton Lake Lane sales were adjusted downward 2.9807 percent per year, compounded. This results in an adjusted per square foot sales price of \$211 for 11911 Waterton Lane, \$196 for 11905 Waterton Lane, and \$197 for 11909 Waterton Lane, respectively.

### Analysis of Impact of Location on Pipeline Easement

For this analysis, IRR considered properties that abut the pipeline or that were encumbered by the pipeline to be “on” the pipeline easement. The average unadjusted raw data sale price of residences on properties located “on” the pipeline easement was 3.44 percent lower than the average unadjusted sale price of residences located away from the pipeline easement. The median unadjusted raw data sale price was 10.53 percent lower. The average home size of the sales located on the pipeline was 1,699 square feet, compared with the average size of home sales located away from the pipeline of 2,014 square feet. The difference in size is a primary contributor to the total price difference shown in the table below of the unadjusted homes. The average sale price after adjustments for gross living area were made was 1.43 percent lower for properties located “on” the pipeline easement, compared with those located away from the pipeline easement. The adjusted median was 4.31 percent lower. After adjusting for the gross living area, there appears to be little difference in total sales price of properties located along the pipeline and those that were not.

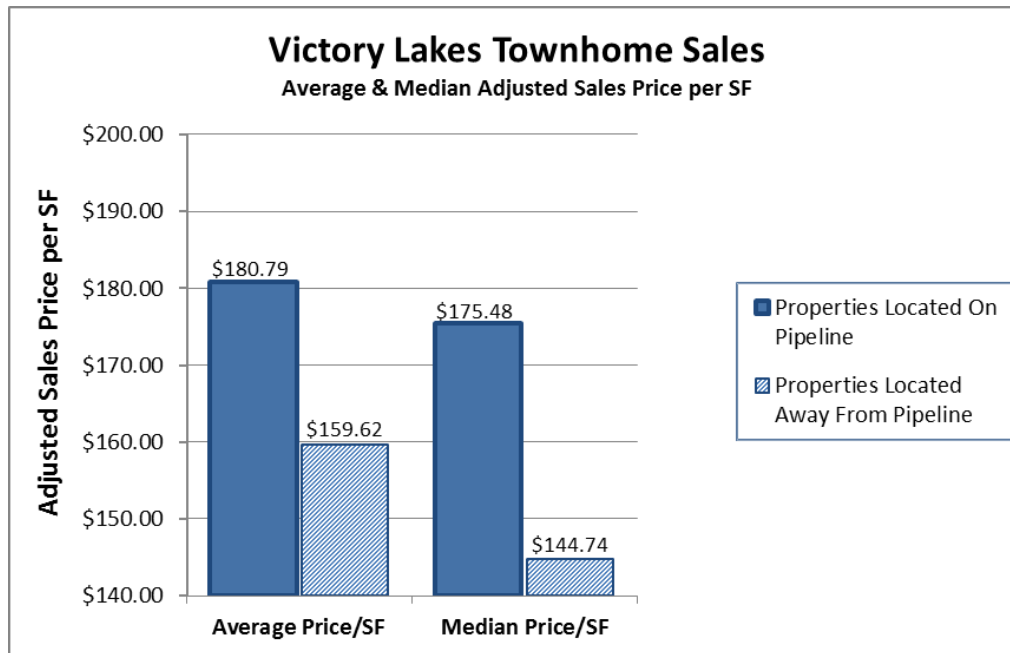
<b>Victory Lakes Townhome Sales</b>		
<b>Unadjusted Prices</b>	<b>Average Price</b>	<b>Median Price</b>
Properties Located On Pipeline	\$309,653	\$282,999
Properties Located Away From Pipeline	\$320,683	\$316,300
Percent Difference	-3.44%	-10.53%
<b>Adjusted Prices</b>	<b>Average Price</b>	<b>Median Price</b>
Properties Located On Pipeline	\$307,598	\$294,801
Properties Located Away From Pipeline	\$312,071	\$308,074
Percent Difference	-1.43%	-4.31%



IRR also compared the sale prices of the properties on a per square foot basis. The average unadjusted sale price per square foot for properties encumbered by the pipeline was 12.07 percent higher than the average unadjusted price per square foot for properties located away from the pipeline. The median price per square foot was 8.27 percent higher. After adjustments were made for gross living area, the average price per foot for properties located “on” the pipeline was 13.26 percent higher than the price per square foot for properties located away from the pipeline. The median price per square foot for properties located on the pipeline was 21.24 percent higher than the price per square foot for properties located away from the pipeline. When comparing the properties on a sales price per square foot basis, it appears that both before and after adjustments, properties located on the pipeline easement sold for a higher price per square foot than those located away from the pipeline.

#### Victory Lakes Townhome Sales

Unadjusted Prices/ SF	Average Price/ SF	Median Price/ SF
Properties Located On Pipeline	\$181.76	\$168.45
Properties Located Away From Pipeline	\$162.19	\$155.59
Percent Difference	12.07%	8.27%
Adjusted Prices/ SF	Average Price/ SF	Median Price/ SF
Properties Located On Pipeline	\$180.79	\$175.48
Properties Located Away From Pipeline	\$159.62	\$144.74
Percent Difference	13.26%	21.24%



### Regression Analysis

IRR conducted a simple linear regression analysis on the data set to see if there was a correlation between adjusted sales price and the presence of a pipeline easement. The adjustments were made to the sale prices based on size, as previously discussed. IRR conducted a linear regression testing the impact that a property's location "on" or "off" the natural gas pipeline had on its sale price. In order to establish pipeline location as the dependent variable, IRR assigned properties located off the pipeline a value of "zero" and properties located on the pipeline a value of "one."

For its analysis, IRR used the adjusted property sale prices as the dependent variable. Location on or away from the pipeline was a poor predictor of price differences in this analysis. The coefficient was \$8,206 (indicating that the model predicted that a property located on the pipeline would sell for \$8,206 more than a property located away from the pipeline, all else being equal), but the adjusted coefficient of determination was close to zero, at -0.00475. IRR also checked the unadjusted sales price per square foot to determine if it would indicate similar results. The coefficient was \$19.57, indicating that the model predicted the price per square foot would increase by \$19.57 if the property was on the pipeline, all else being equal. Again, the adjusted coefficient of determination was close to zero, at -0.079221.

The adjusted coefficient of determination is a measurement used to correlate a set of data. Measurements close to one indicate high correlation, while numbers close to zero indicate no correlation. Both tests appear to show very little correlation to indicate that the location of a pipeline on or near a property affects its value when sold.

**Conclusion**

IRR found no evidence of a statistically significant difference in the prices paid for townhomes located along or near a pipeline in Victory Lakes, when compared to prices for townhomes located away from the pipeline, particularly after adjusting for size, the only significant influence on sale price for this townhome development.

As discussed above, the coefficients of determination for the simple linear regressions performed were very low, indicating that the sale price of the townhome is not related to location “on” or “off” the pipeline (both when considered on a per square foot basis and on a wholesale price).

Based on the townhome sales in Victory Lakes in Prince William County, Virginia, there appears to be no negative effect between a property’s location along or encumbered by the pipeline easement when compared to properties which do not have these locational characteristics.

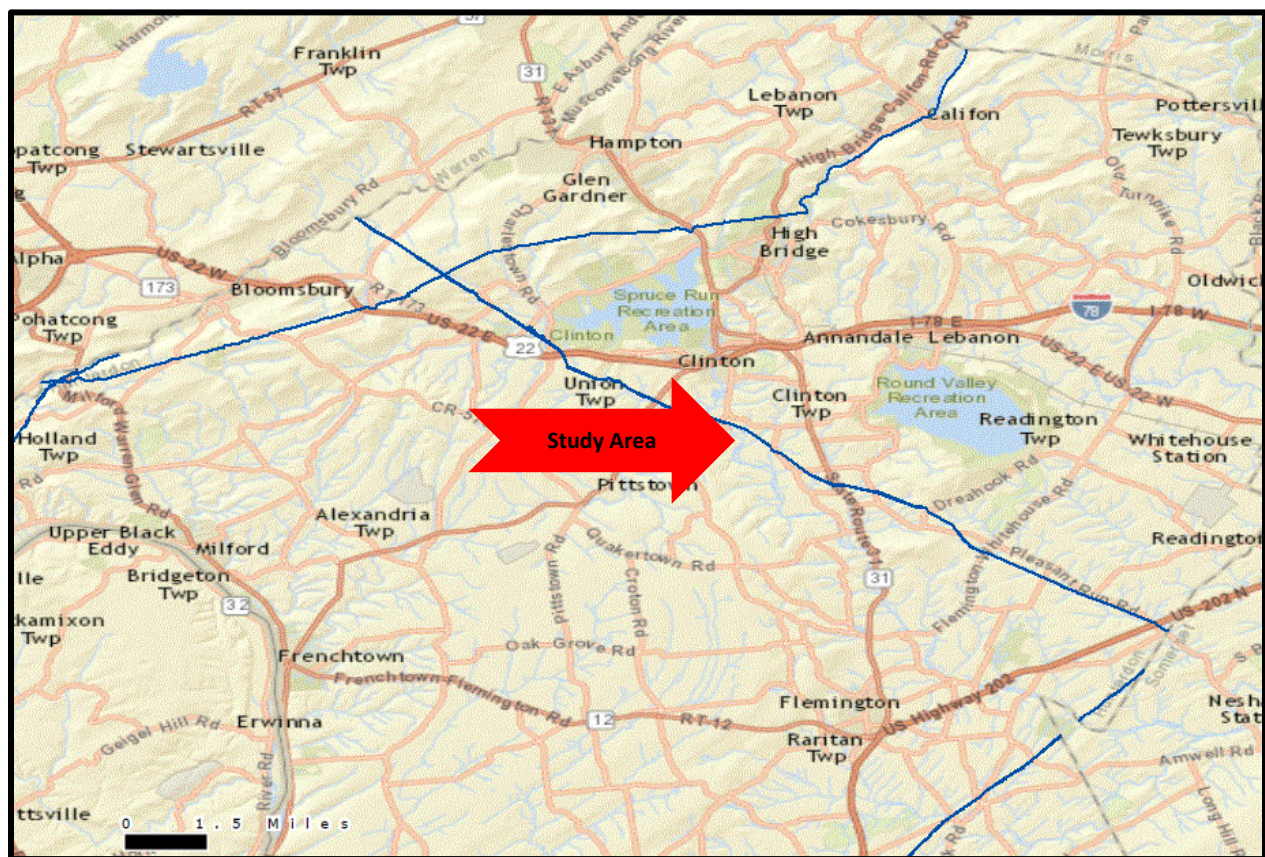
# New Jersey

## Transcontinental Gas Pipe Line

The study area that was chosen for direct comparison is located along the Transcontinental Gas Pipe Line System. The following includes a brief synopsis of this existing gas line, as well as a map illustrating its location in Hunterdon County, New Jersey. Additional information about the area, including demographics and economics, as well as home sale sheets and property photos, is contained within the work file.

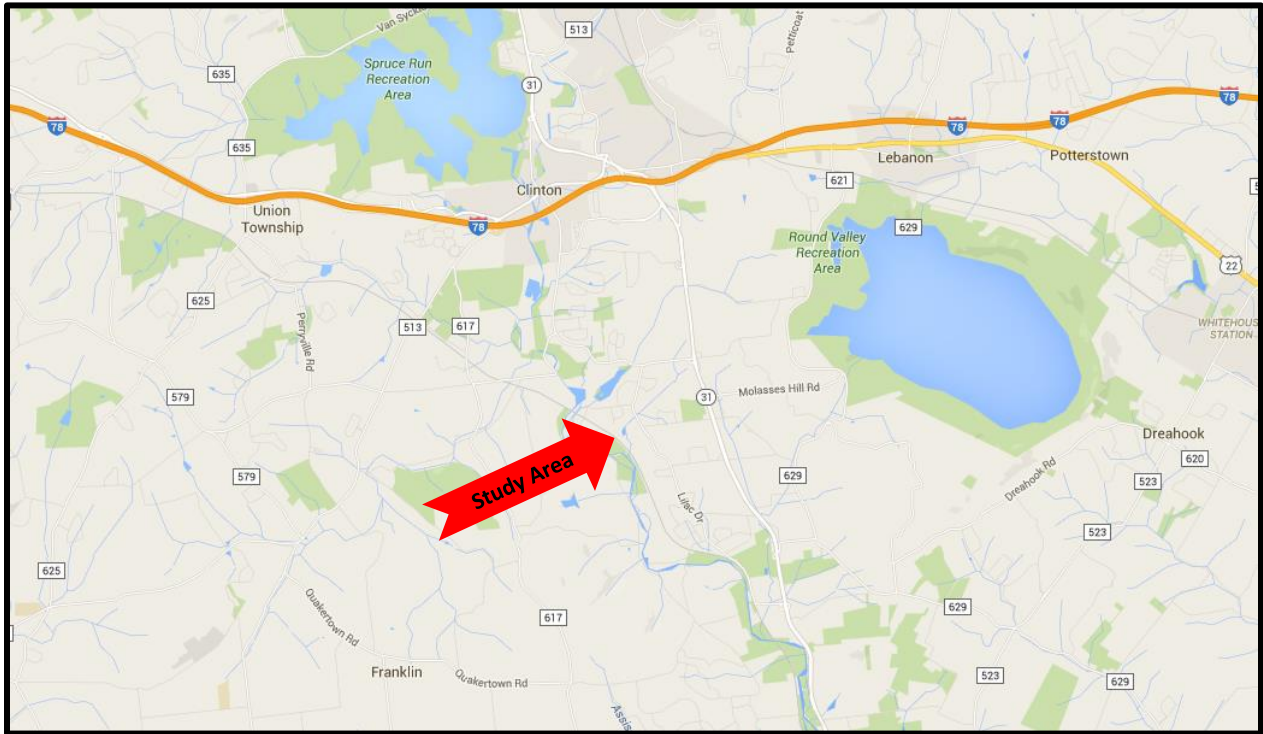
### Pipeline Information

- Transco is an approximately 10,200-mile natural gas pipeline system that transports gas from south Texas to New York.
- The pipeline section spanning Hunterdon County (map) includes three high-pressure natural gas transmission pipelines.
- The original two pipelines were installed in 1959 and 1985, and the third, 42-inch diameter line, was installed in January 2013.

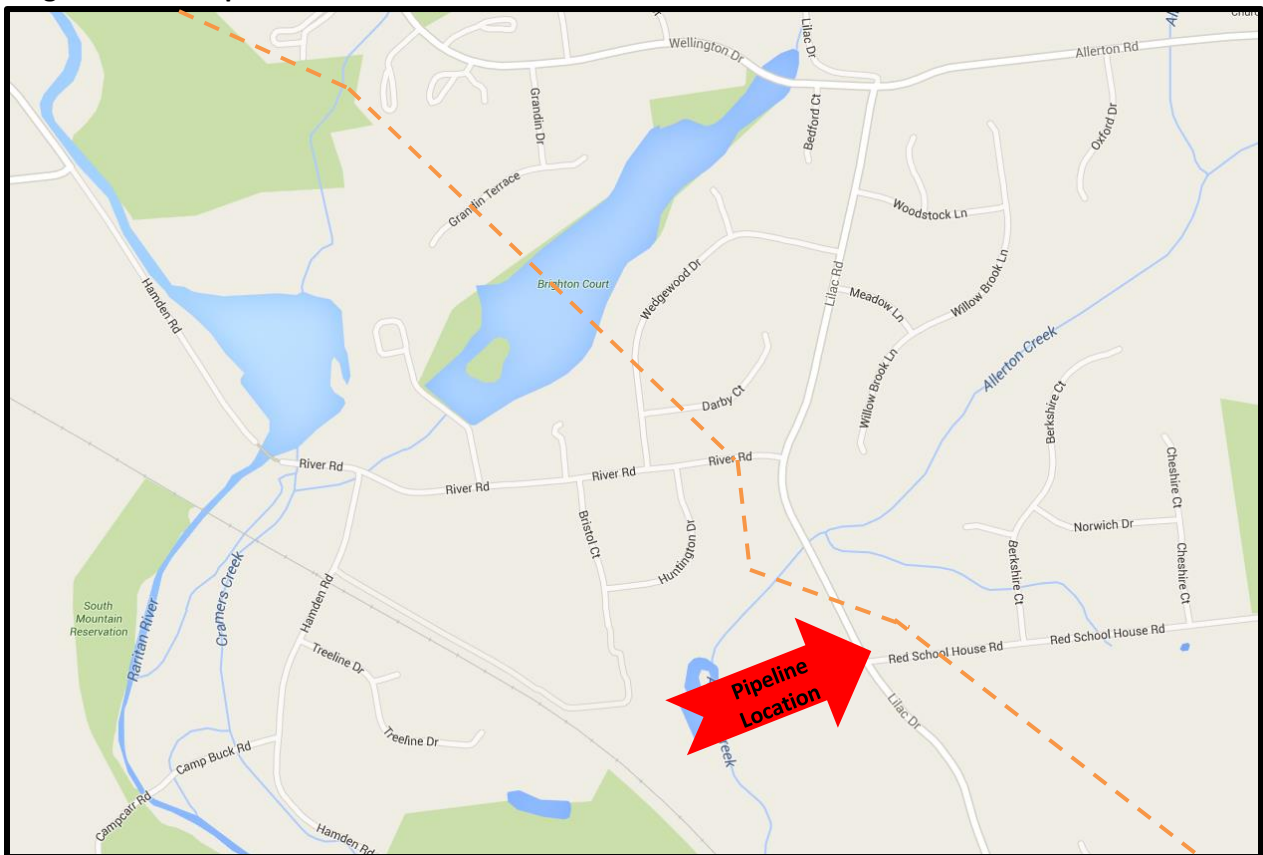


\*The blue lines represent natural gas pipelines.

### Area Map



### Neighborhood Map



### **Clinton Township Overview**

Clinton Township is a non-metropolitan area in central Hunterdon County. Rural detached housing and conservation land dominates the landscape in Clinton Township. Other housing types such as affordable housing, suburban residential and village residential are also located in the township.

### **Wellington Knolls**

The neighborhood selected to compare the sales of single-family homes located adjacent to a natural gas pipeline that traverses the Clinton Township market area was Wellington Knolls and several other neighboring subdivisions. This area was selected because of the quantity of readily available sales both on and off the natural gas line.

Wellington Knolls and its neighboring subdivisions are located in the southwest portion of Clinton Township, directly west of New Jersey State Route 31. The community as a whole was incorporated between 1983 and 1995. The subdivision contains approximately 330-340 platted lots. An aerial map with the pipeline location is shown below.

### **Aerial Map**





## Transcontinental Gas Pipeline Impact Analysis

IRR studied local and state public and private real estate transaction data sources (including the local MLS and Appraisal records) to verify recent sales of single family residences near the Wellington Knolls neighborhoods, south of Clinton, New Jersey. Within the study area, IRR verified two sales of detached single-family residences constructed on sites located along the natural gas pipeline easement, and two sales of single-family detached homes that are facing the pipeline easement and have property lines approximately 80 feet from the easement area. IRR has considered these four sales to be located “on” the pipeline easement for this analysis. IRR verified seventeen sales of detached single family residences constructed on sites that are located near the natural pipeline. Due to interest in studying effects of new pipeline construction also, IRR evaluated sales that occurred after the new pipeline’s in-service year of 2013.

IRR’s comparative analysis of the sales consists of two steps. First, the sales prices of each home was adjusted for market conditions. Then each home sales price was adjusted for having private pools. IRR also made adjustments based on living area, which was determined to have the greatest effect on sales price. The pool amenity was considered to carry a slight premium based on conversations with multiple real estate professionals at Coldwell Banker and Weichert Realtors. Second, IRR compared the adjusted prices paid for residences “on” the natural gas pipeline easement with the prices paid for residences located on sites away from the pipeline. This step consisted of two types of analyses – one comparing the sample mean and sample median data for sales of properties “on” the pipeline to similar data for sales away from the pipeline, and a second type in which IRR used linear regression analyses to test for influences of the pipeline on sale prices.

In the following tables, IRR organized the sales four different ways. First, the sales are sorted by date of sale. Second, the sales are sorted by sale price. Third, the sales are sorted by sale price per square foot. Lastly, the sales are sorted by the gross living area (GLA). The 2013 to 2014 pipeline sales have two of the smallest and two of the largest sales prices per square foot. The 2013 to 2014 pipeline sales also appear to be on the higher end of the size range. Sales of residences encumbered by the pipeline easement, or within 100 feet of the easement, are highlighted in yellow.

**Wellington Knolls Sales Sorted by Date of Sale**

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	Lot Size		Pool	BR	Bath	Year Built	Distance From Pipeline (LF)
						GLA (SF)	(AC)					
2	2 Brown Court	8	6/17/2013	\$ 435,000	\$182.16	2,388	0.63	0	4	2.5	1984	1,030
36	30 Red Schoolhouse Rd	62	6/25/2013	\$ 586,000	\$159.50	3,674	1.50	0	4	2.5	1998	225
10	4 Norwich Drive	53	7/3/2013	\$ 615,000	\$183.42	3,353	1.16	1	4	3.0	1997	1,200
45	5 Huntington Dr	58	7/19/2013	\$ 501,000	\$154.87	3,235	1.19	0	4	2.5	1994	0
41	37 Willow Brook Ln	141	8/2/2013	\$ 377,500	\$116.80	3,232	1.04	0	4	2.5	1986	2,600
7	2 Twin Oaks Lane	7	8/23/2013	\$ 439,000	\$180.07	2,438	0.61	0	4	2.5	1985	785
25	12 Grandin Ter	11	9/23/2013	\$ 575,000	\$178.24	3,226	1.96	1	4	2.5	1987	120
20	8 Darby Court	38	12/20/2013	\$ 569,000	\$167.65	3,394	1.37	0	4	3.5	1992	270
22	10 Woodstock Ln (2)	61	12/27/2013	\$ 475,000	\$172.35	2,756	0.79	0	4	2.5	1985	1,680
23	11 Chesthire Ct	51	12/31/2013	\$ 525,000	\$162.04	3,240	1.24	0	4	2.5	1997	1,525
5	2 High Point Court (2)	72	1/7/2014	\$ 530,000	\$165.01	3,212	0.81	0	4	2.5	1985	1,900
18	7 Bristol Court	91	1/28/2014	\$ 630,000	\$176.97	3,560	1.06	1	4	2.5	1995	620
49	26 Wedgewood Dr (2)	19	3/13/2014	\$ 579,900	\$150.94	3,842	0.95	1	4	3.5	1992	0
33	20 Willow Brook Ln	11	6/2/2014	\$ 545,000	\$166.16	3,280	1.29	0	4	2.5	1985	1,800
40	32 Red Schoolhouse Rd	7	6/3/2014	\$ 595,000	\$182.74	3,256	1.11	0	4	2.5	1997	80
19	8 Bristol Court	29	6/13/2014	\$ 649,900	\$181.13	3,588	1.18	1	4	3.0	1993	940
8	3 Grandin Drive	7	6/17/2014	\$ 547,500	\$163.04	3,358	0.95	0	4	2.5 (2)	1987	630
31	19 Berkshire Ct	16	6/19/2014	\$ 620,000	\$189.95	3,264	1.35	0	4	2.5	1998	1,720
28	15 Willow Brook Ln	19	6/26/2014	\$ 524,000	\$166.88	3,140	0.93	0	4	2.5	1985	1,325
34	23 Willow Brook Ln	34	6/27/2014	\$ 486,000	\$158.10	3,074	0.66	0	4	3.5	1985	1,925
35	28 Wedgewood Dr	24	8/15/2014	\$ 625,000	\$182.38	3,427	0.95	1	4	2.5	1993	70

**Wellington Knolls Sales Sorted by Sale Price**

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	Lot Size		Pool	BR	Bath	Year Built	Distance From Pipeline (LF)
						GLA (SF)	(AC)					
41	37 Willow Brook Ln	141	8/2/2013	\$ 377,500	\$116.80	3,232	1.04	0	4	2.5	1986	2,600
2	2 Brown Court	8	6/17/2013	\$ 435,000	\$182.16	2,388	0.63	0	4	2.5	1984	1,030
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22	10 Woodstock Ln (2)	61	12/27/2013	\$ 475,000	\$172.35	2,756	0.79	0	4	2.5	1985	1,680
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23	11 Chesthire Ct	51	12/31/2013	\$ 525,000	\$162.04	3,240	1.24	0	4	2.5	1997	1,525
5	2 High Point Court (2)	72	1/7/2014	\$ 530,000	\$165.01	3,212	0.81	0	4	2.5	1985	1,900
33	20 Willow Brook Ln	11	6/2/2014	\$ 545,000	\$166.16	3,280	1.29	0	4	2.5	1985	1,800
8	3 Grandin Drive	7	6/17/2014	\$ 547,500	\$163.04	3,358	0.95	0	4	2.5 (2)	1987	630
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35	28 Wedgewood Dr	24	8/15/2014	\$ 625,000	\$182.38	3,427	0.95	1	4	2.5	1993	70
18	7 Bristol Court	91	1/28/2014	\$ 630,000	\$176.97	3,560	1.06	1	4	2.5	1995	620
19	8 Bristol Court	29	6/13/2014	\$ 649,900	\$181.13	3,588	1.18	1	4	3.0	1993	940

### Wellington Knolls Sales Sorted by Sale Price per Square Foot

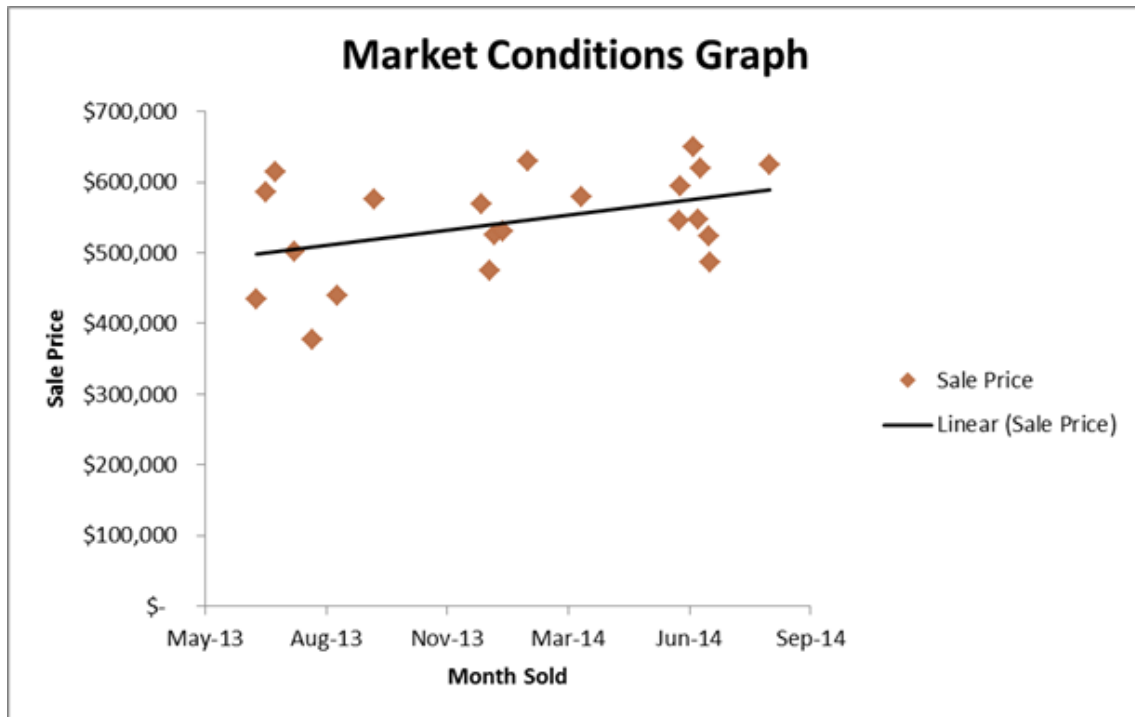
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31	19 Berkshire Ct	16	6/19/2014	\$ 620,000	\$189.95	3,264	1.35	0	4	2.5	1998	1,720

### Wellington Knolls Sales Sorted by Gross Living Area (GLA)

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	Lot Size		Pool	BR	Bath	Year Built	Distance From Pipeline (LF)
						GLA (SF)	(AC)					
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34	23 Willow Brook Ln	34	6/27/2014	\$ 486,000	\$158.10	3,074	0.66	0	4	3.5	1985	1,925
28	15 Willow Brook Ln	19	6/26/2014	\$ 524,000	\$166.88	3,140	0.93	0	4	2.5	1985	1,325
5	2 High Point Court (2)	72	1/7/2014	\$ 530,000	\$165.01	3,212	0.81	0	4	2.5	1985	1,900
25	12 Grandin Ter	11	9/23/2013	\$ 575,000	\$178.24	3,226	1.96	1	4	2.5	1987	120
41	37 Willow Brook Ln	141	8/2/2013	\$ 377,500	\$116.80	3,232	1.04	0	4	2.5	1986	2,600
45	5 Huntington Dr	58	7/19/2013	\$ 501,000	\$154.87	3,235	1.19	0	4	2.5	1994	0
23	11 Chesthire Ct	51	12/31/2013	\$ 525,000	\$162.04	3,240	1.24	0	4	2.5	1997	1,525
40	32 Red Schoolhouse Rd	7	6/3/2014	\$ 595,000	\$182.74	3,256	1.11	0	4	2.5	1997	80
31	19 Berkshire Ct	16	6/19/2014	\$ 620,000	\$189.95	3,264	1.35	0	4	2.5	1998	1,720
33	20 Willow Brook Ln	11	6/2/2014	\$ 545,000	\$166.16	3,280	1.29	0	4	2.5	1985	1,800
10	4 Norwich Drive	53	7/3/2013	\$ 615,000	\$183.42	3,353	1.16	1	4	3.0	1997	1,200
8	3 Grandin Drive	7	6/17/2014	\$ 547,500	\$163.04	3,358	0.95	0	4	2.5 (2)	1987	630
20	8 Darby Court	38	12/20/2013	\$ 569,000	\$167.65	3,394	1.37	0	4	3.5	1992	270
35	28 Wedgewood Dr	24	8/15/2014	\$ 625,000	\$182.38	3,427	0.95	1	4	2.5	1993	70
18	7 Bristol Court	91	1/28/2014	\$ 630,000	\$176.97	3,560	1.06	1	4	2.5	1995	620
19	8 Bristol Court	29	6/13/2014	\$ 649,900	\$181.13	3,588	1.18	1	4	3.0	1993	940
36	30 Red Schoolhouse Rd	62	6/25/2013	\$ 586,000	\$159.50	3,674	1.50	0	4	2.5	1998	225
49	26 Wedgewood Dr (2)	19	3/13/2014	\$ 579,900	\$150.94	3,842	0.95	1	4	3.5	1992	0

**Market Conditions**

A linear regression was conducted on the sales data that showed an increasing trend from 2013 through 2014. A scatter plot and best fit line are shown below.



The above table indicates a 15 percent sales price increase over the 2013 to 2014 time period. IRR additionally found two homes that sold twice within a similar time period, shown in the following table.

<b>Paired Sales Market Trends Analysis - Residences</b>						
Pair No.	Sale No.	Address/ Lot Number	Sale Date	Sale Price	Sale Price % Change	Price per SF % Change
1		2 High Point Ct	6/6/2011	\$482,000	9.06%	3.49%
			1/7/2014	\$530,000		
2		10 Woodstock Ln	8/10/2012	\$465,000	2.11%	1.52%
			12/27/2013	\$475,000		

Source: Garden State MLS

The data presented in the above-referenced array indicates market condition appreciation of 9.06 percent (approximately 3.5 percent per annum) for Sale 1 and 2.11 percent a year for Sale 2. Based on the above information and conversations with real estate professionals at Weichert Realtors and Coldwell Banker, IRR applied a 3 percent per year or 0.25 percent per month upward adjustment to homes sold between January 2013 and December 2014.



**Determination of Adjustments for Private Pools**

Conversations with the two real estate firms indicated that private pools were only modest premiums in the area because there is not a large demand in the market. Further, considering the age and condition of the residences in the area, it is common to see pools in need of repairs due to physical deterioration over time. Taking into consideration all of these factors, a \$5,000 downward adjustment was applied to homes with private pools.

**Determination of Adjustments for GLA**

IRR conducted a simple linear regression to analyze the impact of GLA on the total sale price of a property within the neighborhoods. Given the sample of 21 properties from 2013 to 2014, the regression function predicted that a change of one square foot of GLA corresponds with a change of \$147.20 in the overall sale price. Based on this test, IRR applied an adjustment of \$147.20 for each square foot of variation from the sample median GLA of 3,256 square feet (e.g., a 3,356 square foot home would be adjusted downward \$14,720).

The sales and their respective adjustments are shown on the following pages. The adjusted sales price and price per square foot are indicated in red.



Summary of Adjustments

Wellington Knolls Sales Sorted by Adjusted Sale Price

No.	Address	DOM	Sale Date	Sale Price	GLA (SF)	Lot Size (AC)	Market Conditions	Market			Size Adjustment	Adj Sales Price	Market and Pool Adj Price Per SF	Pool	BR	Bath	Year Built	Distance From Pipeline (LF)
								Adjusted Sale Price	Pool Adjustment	Adjusted Price								
41	37 Willow Brook Ln	141	8/2/2013	\$ 377,500	3,232	1.04	3%	\$389,228	\$0	\$389,228	\$3,533	\$392,761	\$120.43	0	4	2.5	1986	2,600
49	26 Wedgewood Dr (2)	19	3/13/2014	\$ 579,900	3,842	0.95	1%	\$587,288	-\$5,000	\$582,288	-\$86,257	\$496,030	\$151.56	1	4	3.5	1992	0
34	23 Willow Brook Ln	34	6/27/2014	\$ 486,000	3,074	0.66	0%	\$487,957	\$0	\$487,957	\$26,790	\$514,747	\$158.74	0	4	3.5	1985	1,925
45	5 Huntington Dr	58	7/19/2013	\$ 501,000	3,235	1.19	3%	\$517,142	\$0	\$517,142	\$3,091	\$520,233	\$159.86	0	4	2.5	1994	0
8	3 Grandin Drive	7	6/17/2014	\$ 547,500	3,358	0.95	0%	\$550,155	\$0	\$550,155	-\$15,014	\$535,141	\$163.83	0	4	2.5 (2)	1987	630
23	11 Chesthire Ct	51	12/31/2013	\$ 525,000	3,240	1.24	2%	\$534,795	\$0	\$534,795	\$2,355	\$537,150	\$165.06	0	4	2.5	1997	1,525
28	15 Willow Brook Ln	19	6/26/2014	\$ 524,000	3,140	0.93	0%	\$526,153	\$0	\$526,153	\$17,075	\$543,228	\$167.56	0	4	2.5	1985	1,325
36	30 Red Schoolhouse Rd	62	6/25/2013	\$ 586,000	3,674	1.50	3%	\$606,036	\$0	\$606,036	-\$61,528	\$544,508	\$164.95	0	4	2.5	1998	225
33	20 Willow Brook Ln	11	6/2/2014	\$ 545,000	3,280	1.29	1%	\$548,315	\$0	\$548,315	-\$3,533	\$544,782	\$167.17	0	4	2.5	1985	1,800
5	2 High Point Court (2)	72	1/7/2014	\$ 530,000	3,212	0.81	2%	\$539,584	\$0	\$539,584	\$6,477	\$546,060	\$167.99	0	4	2.5	1985	1,900
22	10 Woodstock Ln (2)	61	12/27/2013	\$ 475,000	2,756	0.79	2%	\$484,018	\$0	\$484,018	\$73,598	\$557,617	\$175.62	0	4	2.5	1985	1,680
20	8 Darby Court	38	12/20/2013	\$ 569,000	3,394	1.37	2%	\$580,131	\$0	\$580,131	-\$20,313	\$559,817	\$170.93	0	4	3.5	1992	270
7	2 Twin Oaks Lane	7	8/23/2013	\$ 439,000	2,438	0.61	3%	\$451,881	\$0	\$451,881	\$120,407	\$572,288	\$185.35	0	4	2.5	1985	785
2	2 Brown Court	8	6/17/2013	\$ 435,000	2,388	0.63	3%	\$450,159	\$0	\$450,159	\$127,767	\$577,926	\$188.51	0	4	2.5	1984	1,030
25	12 Grandin Ter	11	9/23/2013	\$ 575,000	3,226	1.96	3%	\$590,407	-\$5,000	\$585,407	\$4,416	\$589,823	\$181.47	1	4	2.5	1987	120
18	7 Bristol Court	91	1/28/2014	\$ 630,000	3,560	1.06	2%	\$640,304	-\$5,000	\$635,304	-\$44,748	\$590,557	\$178.46	1	4	2.5	1995	620
35	28 Wedgewood Dr	24	8/15/2014	\$ 625,000	3,427	0.95	0%	\$625,000	-\$5,000	\$620,000	-\$25,171	\$594,829	\$180.92	1	4	2.5	1993	70
40	32 Red Schoolhouse Rd	7	6/3/2014	\$ 595,000	3,256	1.11	1%	\$598,570	\$0	\$598,570	\$0	\$598,570	\$183.84	0	4	2.5	1997	80
19	8 Bristol Court	29	6/13/2014	\$ 649,900	3,588	1.18	1%	\$653,265	-\$5,000	\$648,265	-\$48,869	\$599,396	\$180.68	1	4	3.0	1993	940
10	4 Norwich Drive	53	7/3/2013	\$ 615,000	3,353	1.16	3%	\$635,624	-\$5,000	\$630,624	-\$14,278	\$616,345	\$188.08	1	4	3.0	1997	1,200
31	19 Berkshire Ct	16	6/19/2014	\$ 620,000	3,264	1.35	0%	\$622,905	\$0	\$622,905	-\$1,178	\$621,727	\$190.84	0	4	2.5	1998	1,720





**Wellington Knolls Sales Sorted by Adjusted Sale Price per Square Foot**

No.	Address	DOM	Sale Date	Sale Price	GLA (SF)	Lot Size (AC)	Market Conditions	Market			Adjusted Size	Adj Sales Price	Market and Pool Adj Price	Pool	BR	Bath	Year Built	Distance From Pipeline (LF)
								Adjusted Sale Price	Pool Adjustment	Adjusted Price								
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34	23 Willow Brook Ln	34	6/27/2014	\$ 486,000	3,074	0.66	0%	\$487,957	\$0	\$487,957	\$26,790	\$514,747	\$158.74	0	4	3.5	1985	1,925
45	5 Huntington Dr	58	7/19/2013	\$ 501,000	3,235	1.19	3%	\$517,142	\$0	\$517,142	\$3,091	\$520,233	\$159.86	0	4	2.5	1994	0
8	3 Grandin Drive	7	6/17/2014	\$ 547,500	3,358	0.95	0%	\$550,155	\$0	\$550,155	-\$15,014	\$535,141	\$163.83	0	4	2.5 (2)	1987	630
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7	2 Twin Oaks Lane	7	8/23/2013	\$ 439,000	2,438	0.61	3%	\$451,881	\$0	\$451,881	\$120,407	\$572,288	\$185.35	0	4	2.5	1985	785
10	4 Norwich Drive	53	7/3/2013	\$ 615,000	3,353	1.16	3%	\$635,624	-\$5,000	\$630,624	-\$14,278	\$616,345	\$188.08	1	4	3.0	1997	1,200
2	2 Brown Court	8	6/17/2013	\$ 435,000	2,388	0.63	3%	\$450,159	\$0	\$450,159	\$127,767	\$577,926	\$188.51	0	4	2.5	1984	1,030
31	19 Berkshire Ct	16	6/19/2014	\$ 620,000	3,264	1.35	0%	\$622,905	\$0	\$622,905	-\$1,178	\$621,727	\$190.84	0	4	2.5	1998	1,720



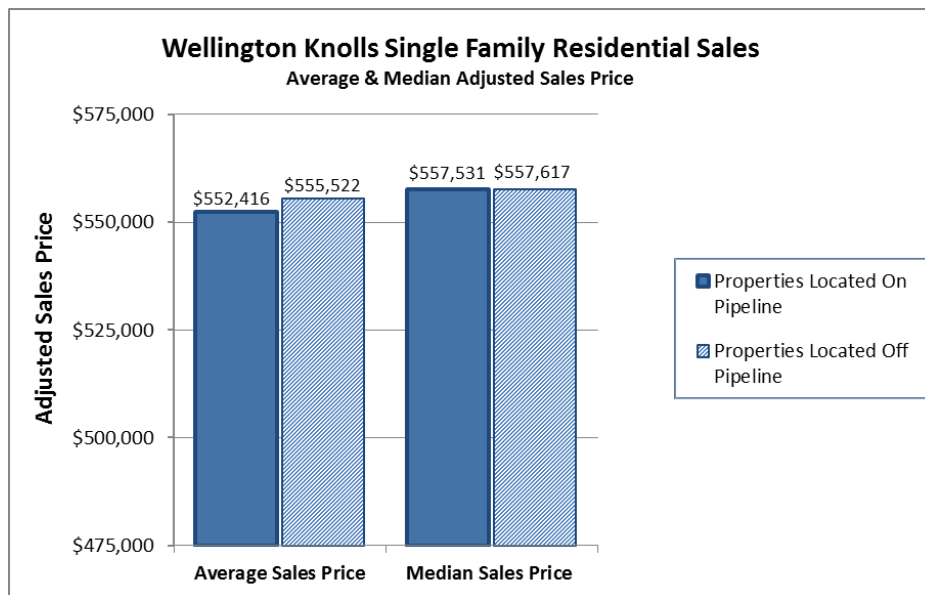
**Analysis of Impact of Location on Pipeline Easement**

The average unadjusted sale price of properties encumbered by, or in proximity to, the pipeline, was 7.12 percent higher than the average unadjusted sale price of residences located away from the pipeline easement. The median sale price of residences located “on” the pipeline easement was 7.79 percent higher than those away from the pipeline. The average sale price, after adjusting for market conditions, private pools, and size, is 0.56 percent lower for properties located “on” the pipeline versus those properties located “off” of the pipeline. The adjusted median was 0.02 percent lower.

**Wellington Knolls Single Family Residential Sales**

<b>Unadjusted Prices</b>	<b>Average Price</b>	<b>Median Price</b>
Properties Located On Pipeline	\$575,225	\$587,450
Properties Located Off Pipeline	\$536,994	\$545,000
Percent Difference	7.12%	7.79%

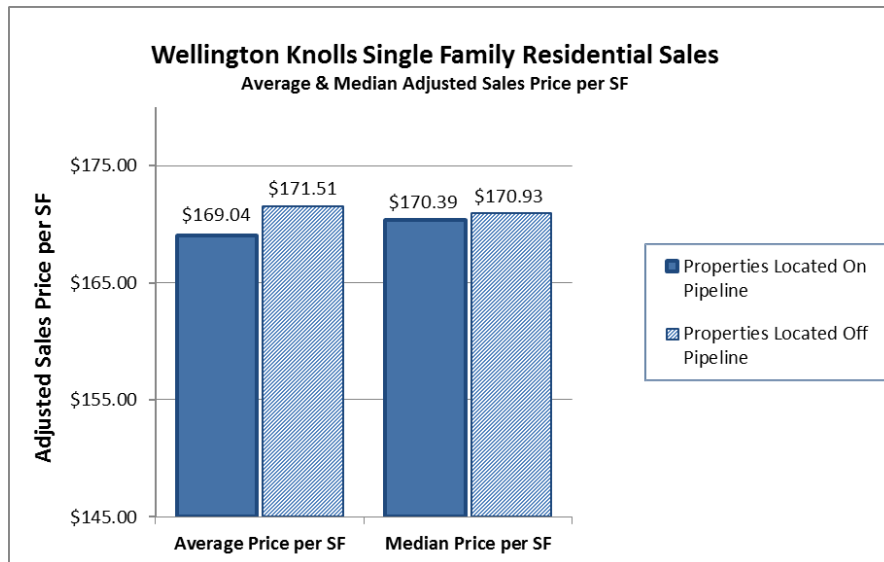
<b>Adjusted Prices</b>	<b>Average Price</b>	<b>Median Price</b>
Properties Located On Pipeline	\$552,416	\$557,531
Properties Located Off Pipeline	\$555,522	\$557,617
Percent Difference	-0.56%	-0.02%



IRR also compared the sale prices of the properties on a per square foot basis. The average sale price per square foot for properties located “on” the pipeline was 0.63 percent lower than the average price per square foot for properties located away from the pipeline. The median sale price of properties located “on” the pipeline is 0.58 percent higher. The average adjusted sale price per square foot for properties located “on” the pipeline was 1.44 percent lower than the average adjusted price per square foot for properties located away from the pipeline. The median adjusted sale price of properties located “on” the pipeline was 0.32 percent lower.

<b>Wellington Knolls Single Family Residential Sales</b>		
<b>Unadjusted Prices</b>	<b>Average Price/ SF</b>	<b>Median Price/ SF</b>
Properties Located On Pipeline	\$167.73	\$168.62
Properties Located Off Pipeline	\$168.79	\$167.65
Percent Difference	-0.63%	0.58%
<b>Adjusted Prices*</b>	<b>Average Price/ SF</b>	<b>Median Price/ SF</b>
Properties Located On Pipeline	\$169.04	\$170.39
Properties Located Off Pipeline	\$171.51	\$170.93
Percent Difference	-1.44%	-0.32%

\*Adjusted prices exclude size adjustments to prevent redundancy



### Regression Analysis

IRR conducted a simple linear regression analysis on the data set to see if there was a correlation between adjusted sales price and the presence of a pipeline easement. The adjustments were made to the sale prices based on market conditions, size (GLA) and private swimming pools, as previously discussed. IRR conducted linear regression testing the impact on sale price of a property's location "on" or away from the natural gas pipeline. In order to establish pipeline location as the dependent variable, IRR assigned properties located away from the pipeline a value of "zero" and properties located on the pipeline a value of "one," and used this assignment column as the dependent variable in the linear regression.

For the analysis, IRR used the adjusted property sale prices as the dependent variable. The coefficient was -\$3,106 (indicating that the model predicted that property located "on" the pipeline would sell for \$3,106 less (or approximately 0.6 percent less) than property located away from the pipeline, all else being equal. The adjusted coefficient of determination was near zero at -0.05198. IRR also checked the adjusted sales price per square foot to determine if it would indicate similar results. The coefficient was -\$2.47 (indicating that the model predicted the price per square foot would decrease by \$2.47 per square foot if the property was located "on" the pipeline, all else being equal), with an adjusted coefficient of determination near zero at -0.04857.

The adjusted coefficient of determination is a measurement used to correlate a set of data. Measurements close to one indicate high correlation, while numbers close to zero indicate no correlation. Both tests suggest that there is little correlation between the sale price of a home sold from 2013 to 2014 and the location of the pipeline easement.

### Re-sale Analysis of 26 Wedgewood Drive Property

One property was located on the pipeline easement and sold in 2010 for \$644,900 and in 2014 for \$579,900. This property represents a single example of the same house selling before and after the in-service date of the 2013 pipeline. The property was encumbered by a pipeline easement containing two natural gas pipelines in 2010, and when it sold again in 2014, it contained three natural gas pipelines. Weichert Realtors was the listing agent on both sales. It was indicated that neither sale was impacted by the presence of the natural gas pipelines, and that the decrease in sale price was attributable to a declining market during the period from 2010 to 2012. It should also be noted that the assessed value of the property decreased in the same time period as well, further indicating that the market had declined. This trend was confirmed by another broker at Coldwell Banker. The sale was for the full list price of \$579,900.

The difference in market price from 2010 to 2014 appears to be related to the declining market, as confirmed by multiple real estate professionals. The sale at full asking price generally indicates that the installation and operation of the 2013 Transcontinental Gas Pipe Line had no measurable effect on this property. The 2010 and 2014 MLS sheets are shown on the following pages.



Hunterdon\* Clinton Twp.\* (1906) 26 Wedgewood Dr\* List Price: \$579,900

**Residential Agent Complete Report**



MLS#: 3113223 Section: WELLINGTON MANOR LP: \$579,900  
 Status: SD ZN: RESIDENTIAL OLP: \$579,900  
 Rms: 9 GRS: SPRUCERUN SP: \$579,900  
 Bdrm: 4 MSJR: P.MCGAHERN LD: 01/13/2014  
 FB: 3 HS: N.HUNTERDN XD: 07/13/2014  
 HB: 1 Acres: 0.95\* UCD: 02/01/2014  
 ZIP: 08801-3352\* Ltsz: 0.947\* AntCd:03/12/2014  
 RZIP: 08801 SqFt: CD: 03/13/2014  
 Block: 82.13\* CLR: WHITE ADM: 42  
 Lot: 61.23\* CL: No DOM: 19  
 Unit #: GSMLS.com:Yes Terms:Conventional  
 Floor #: Pets: Yes SDA: Yes  
 Bldg #: YB/Desc/Ren: 1992 / Standing /  
 FHA55+:No PSubType: Single Family  
 Style: Colonial

Directions: RT 78 TO 31 SOUTH R ON ALLLERTON LEFT ON LILAC RIGHT ON WEDGEWOOD TO #26  
 Remarks: WELLINGTON MANOR BRINKERHOFF BUILT SPACIOUS FLR PLAN, 2 STORY FOYER,BANQUET SIZED DINING RM, 1ST FLR STUDY FEATURES RECENT UPDATED, MASTER BATH, KITCHEN, NEW ROOF, FURNACES & CENTRAL AIR. SUNKEN FAMILY ROOM W/VAULTED CEILING & WOOD BURNING FIREPLACE. MASTER ENSUITE W/WALK IN CLOSET & FULL UPDATED BATH W/JETTED TUB & SEPERATE SHOWER. FINISHED LOWER LEVEL. AN INGROUND SALT WATER POOL & EXPANSIVE PRIVATE REAR DECK ARE IDEAL FOR BACKYARD ENTERTAINING.

**INTERIOR**

Applncs: Carbon Monoxide Detector, Dishwasher, Generator-  
 Hookup, Microwave Oven, Refrigerator, Range/Oven-  
 Gas Handicap Modified: No  
 IntFeat: Blinds, Carbon Monoxide Detector, Fire Extinguisher,  
 Shades, Skylight, Smoke Detector, Whirlpool, Walk-In  
 Closet  
 Bsmnt: Yes / Finished Kitch: Center Island, Eat-In Kitchen, Separate Dining Area  
 Dine: Formal Dining Room MastBr: Full Bath, Walk-In Closet  
 Exclu: HOT TUB, GARAGE REFRIGERATOR & FREEZER, WASHER & DRYER MstBath: Jetted Tub, Stall Shower And Tub  
 FirePl: 1 / Family Room, Gas Fireplace, Wood Burning In-law Suite: No/  
 Floor: Carpeting, Tile, Wood

**EXTERIOR / OTHER FEATURES**

Drive: / 2 Car Width, Additional Parking, Blacktop Garage: 2 / Attached Garage, Garage Door Opener  
 Exterior: Brick, Vinyl Siding LotDesc: Level Lot  
 ExtFeat: Deck, Privacy Fence, Storage Shed, Thermal Pool: Yes/In-Ground Pool  
 Windows/Doors Roof: Asphalt Shingle

**ROOMS**

LivRm: 18x15 / First DinRm: 17x15 / First Kitch: 23x14 / First Den: 14x10 / First FamRm: 21x20 / First  
 Mstr: 20x15 / Second Bed2: 15x15 / Second Bed3: 14x11 / Second Bed4: 21x19 / Second  
 Rec Room : 36x12/Basement Game Room : 24x13/Basement Leisure Room : 17x13/Basement : /  
 LevelB: Bath(s) Other, Family Room, Rec Room, Storage Room, Utility Room  
 Level1: Breakfast Room, Den, Dining Room, Family Room, Foyer, Kitchen, Laundry Room, Living Room, Pantry, Powder Room  
 Level2: 4 Or More Bedrooms, Bath Main, Bath(s) Other

**UTILITIES**

Heat: 2 Units, Forced Hot Air Sewer: Septic  
 Cool: 2 Units Utilities: Gas-Natural  
 Fuel: Gas-Natural Water: Public Water  
 Service: Cable TV Available, Garbage Extra Charge WtrHt: Gas

**FINANCIAL INFORMATION / TAX INFORMATION**

Fee: \$ / FarmAsm: No HmWrnty: No Taxes: \$13,656 / 2013 LndAsmt: \$107,600  
 AppFee: \$ LenderAprvReq: No OTP: Fee Simple TaxRt: 2.440 / 2013 BldAsmt: \$452,100  
 Other: \$ / Easement: Yes / G TotAsmt: \$559,700

**SHOWING INFORMATION**

Owner: FLINT, RAY E & LYNNE M\* OwnerPh: 908-391-5473 Sign:Yes  
 Instr: CALL LA CINDY 908-391-5473 FOR APP'T TO SHOW Posses:POT  
 Show: Call Listing Agent, Courtesy Call, [GSMLS Lockbox](#)

**LISTING OFFICE INFORMATION**

ListOff: WEICHERT REALTORS (000623) Ph:908-735-8140 Fax: 908-735-8372  
 ListAgt1: CINDY CZASKOS (242501) Ph:908-391-5473 Fax: 908-735-8372  
 BREL: Disclosed Dual Agent BB:2.5% - 50 SB: 0 TB:2.5% - 50  
 LType: Exclusive Right to Sell Photo: Broker/Agent to Provide

**SELLING OFFICE INFORMATION**

SellOff: WEICHERT REALTORS (000623) Ph:908-735-8140 Fax: 908-735-8372  
 SellAgt1: ANN ATHERTON (268287) Ph:908-410-3377 Fax: 908-735-8372

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\*\*Info. deemed RELIABLE but not GUARANTEED - ALL Room Sizes are Approx.\*\*

[BARRY J KRAUSER](#)



Hunterdon\* Clinton Twp.\* (1906) 26 WEDGEWOOD DR\* List Price: \$644,900

Residential Agent Complete Report



MLS#: 2735467 Section: WELLINGTON MANOR LP: \$644,900  
 Status: SD ZN: RESIDENTIAL OLP: \$644,900  
 Rms: 9 GRS: SPRUCERUN SP: \$630,000  
 Bdrm: 4 MSJR: P.MCGAHERN LD: 01/04/2010  
 FB: 3 HS: N.HUNTERDN XD: 07/06/2010  
 HB: 1 Acres: 0.95\* UCD: 01/28/2010  
 ZIP: 08801-3352\* Ltsz: 0.947\* AntCd:05/15/2010  
 RZIP: 08801 SqFt: CD: 04/29/2010  
 Block: 82.13\* CLR: WHITE ADM: 29  
 Lot: 61.23\* CL: No DOM: 24  
 Unit #: GSMLS.com:Yes Terms:  
 Floor #: Pets: Yes SDA: Yes  
 Bldg #: YB/Desc/Ren: 1992 / Standing /  
 FHA55+:No PSubType: Single Family  
 Style: Colonial

Directions: RT 78 TO 31 SOUTH R ON ALLERTON LEFT ON LILAC RIGHT ON WEDGEWOOD #26  
 Remarks: WELLINGTON MANOR BRINKERHOFF BUILT FEATURES SPACIOUS RM SIZES,2 STORY FOYER,CHERRY KTCHN W/CORIAN COUNTERTOPS SEP Breakfast AREA,GREAT RM FLR TO CEILING BRICK FRPLC,MAIN FLR DEN ,BANQUET SIZE DIN/RM, FULL Finished LOWER LEVEL W/ADDITIONAL FULL BATH,EXPANSIVE REAR DECK & INGROUND POOL,FRAMED BY EXTENSIVE LANDSCAPING,EASY ACCESS TO COMMUTER ROUTES,SCHOOLS & TOWN OF CLINTON

INTERIOR

Applncs: Dishwasher, Microwave Oven, Refrigerator, Range/Oven- Electric, Water Softener-Own Handicap Modified: No  
 IntFeat: Blinds, Beam Ceilings, High Ceilings, Skylight, Smoke Detector, Whirlpool  
 Bsmnt: Yes / Finished Kitch: Center Island, Pantry, Separate Dining Area  
 Dine: Formal Dining Room MastBr: Full Bath, Walk-In Closet  
 Exclu: CHLDRNS GYM DIN/RM CHANDELIER,NURSERY,MSTR BD/RM&OFFICE CEILING FANS MstBath: Jetted Tub, Stall Shower And Tub  
 FirePl: 1 / Gas Fireplace, Great Room, Insert In-law Suite: No  
 Floor: Carpeting, Ceramic Tile, Wood

EXTERIOR / OTHER FEATURES

Drive: / 2 Car Width, Blacktop Garage: 2 / Attached Garage, Garage Door Opener  
 Exterior: Brick, Vinyl Siding LotDesc: Level Lot, Open Lot  
 ExtFeat: Deck, Privacy Fence, Storage Shed, Thermal Pool: Yes/In-Ground Pool  
 Windows/Doors Roof: Asphalt Shingle

ROOMS

LivRm: 18x15 / First DinRm: 17x15 / First Kitch: 23x14 / First Den: 14x10 / First FamRm: 21x20 / First  
 Mstr: 20x15 / Second Bed2: 15x15 / Second Bed3: 14x11 / Second Bed4: 21x19 / Second  
 Rec Room : 36x12/Basement Game Room : 24x13/Basement Leisure Room: 17x13/Basement : /  
 LevelB: Bath(s) Other, Family Room, Rec Room, Utility Room  
 Level1: Breakfast Room, Dining Room, Foyer, Kitchen, Laundry Room, Library, Living Room, Pantry, Powder Room  
 Level2: 4 Or More Bedrooms, Bath Main, Bath(s) Other

UTILITIES

Heat: 2 Units, Forced Hot Air Sewer: Septic  
 Cool: 2 Units, Central Air Utilities: All Underground, Electric, Gas-Natural  
 Fuel: Gas-Natural Water: Public Water  
 WtrHt: Gas

FINANCIAL INFORMATION / TAX INFORMATION

Fee: \$ / FarmAsm: No Taxes: \$14,755 / 2009 LndAsmt: \$139,600  
 AppFee: \$ LenderAprvReq: OTP: Fee Simple TaxRt: 1.997 / 2009 BldAsmt: \$599,300  
 Other: \$ / Easement: Yes / GAS TotAsmt: \$738,900

SHOWING INFORMATION

Owner: SIBLE, VANCE GORDON & TARA MARY\* OwnerPh: 908-713-9284 Sign:Yes  
 Instr: CALL # IF NO ANSWER 268-6058 Posses:POT  
 Show: Call Listing Office, Courtesy Call, GSMLS Lockbox

LISTING OFFICE INFORMATION

ListOff: WEICHERT REALTORS (000623) Ph:908-735-8140 Fax: 908-735-8372  
 ListAgt1: CINDY CZASKOS (242501) Ph:908-391-5473 Fax: 908-735-8372  
 BREL: Disclosed Dual Agent BB:2.5% -25 SB: 0 TB:2.5% -25  
 LType: Exclusive Right to Sell Photo: Broker/Agent to Provide

SELLING OFFICE INFORMATION

SellOff: COLDWELL BANKER REALTORS (002422) Ph:908-782-6850 Fax: 908-782-2147  
 SellAgt1: MICHAEL A. SARNO (212908) Ph:908-310-4945 Fax: 862-345-3296

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\*\*Info. deemed RELIABLE but not GUARANTEED - ALL Room Sizes are Approx.\*\*

BARRY J KHAUSER



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## Conclusion

IRR found no evidence of a statistically significant difference in the prices for homes located along or near a pipeline, when compared with the sales prices for homes located away from the pipeline, in the Wellington Knolls study area from 2013 to 2014, particularly after adjusting for the major factors on sale price – market conditions, private swimming pools, and gross living area. The differences in the mean and median sale prices of homes located “on” and away from the pipeline are not substantial.

As discussed above, the coefficients of determination for the simple linear regressions performed were very low, indicating that the sale price of the home is not related to location “on” or “off” the pipeline (both when considered on a per-square-foot basis and on a whole-sale price). This is supported by information provided by real estate professionals from Coldwell Banker and Weichert Realtors, who indicated that presence of the pipeline easement was not a contributing factor to sales prices in the area.

Based on the single-family sales studied by IRR in the Wellington Knolls study area of New Jersey, there appears to be no measurable difference between a property’s location along or encumbered by the pipeline easement when compared to properties which do not have these locational characteristics.

# Pennsylvania

## Williams Natural Gas Pipeline

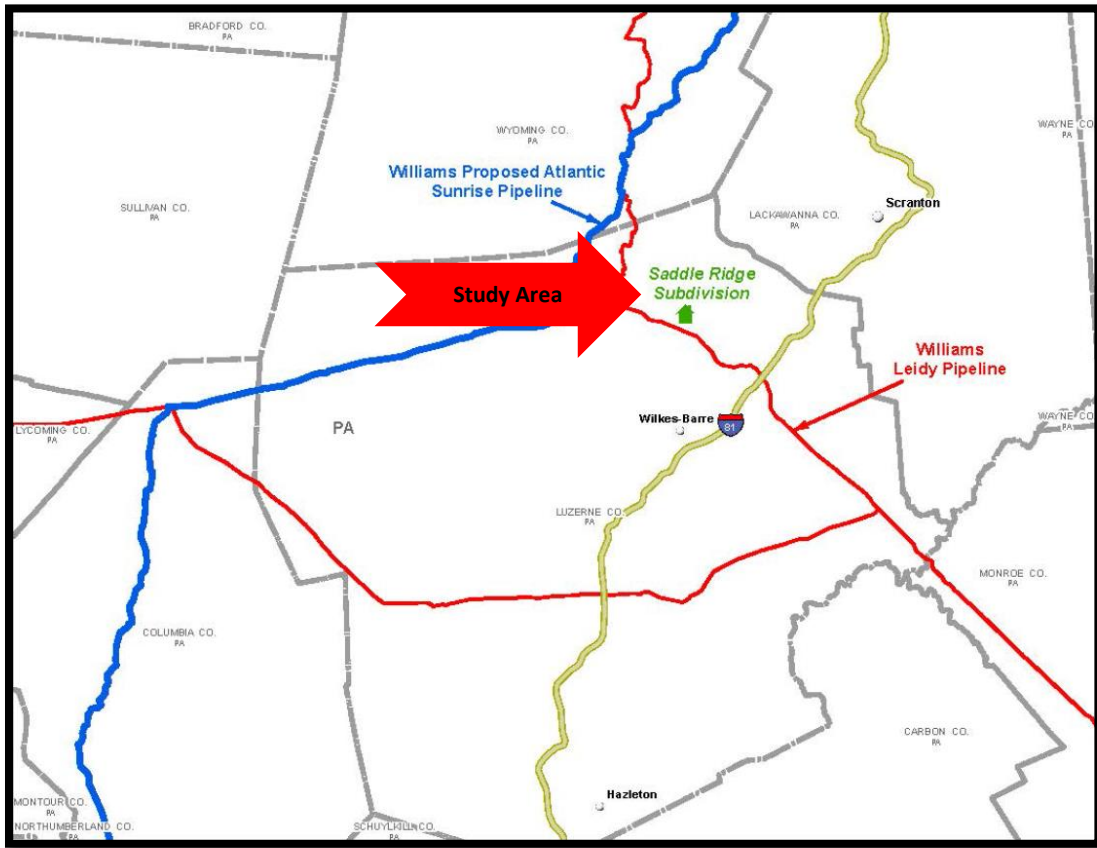
At the request of the client, IRR has included the study of a Williams natural gas pipeline on residential real estate in the Saddle Ridge Subdivision, Dallas Township, Luzerne County, Pennsylvania, conducted by Houston-based Allen, Williford & Seale, Inc. (AWS) in December 2014. Following is a condensed synopsis of the AWS report. The graphs, analyses and conclusions herein are property of AWS and are independent of the IRR study.

The study area that was chosen by AWS for direct comparison is located along the Williams Leidy 24-inch-diameter natural gas pipeline. The 50-foot pipeline easement was originally granted to Transcontinental Gas Pipe Line Corporation in September 1958. The Saddle Ridge Subdivision was platted and built in 2005 over the right of way area. Then, the pipeline was replaced in 2007. The following includes a brief synopsis of this existing gas line as well as a map illustrating its location across Luzerne County.

### Pipeline Information

- The Transcontinental (Transco) pipeline (now owned by Transco's successor, Williams) is a 10,500-mile natural gas pipeline system that transports gas from the Gulf Coast to northeastern and southeastern states

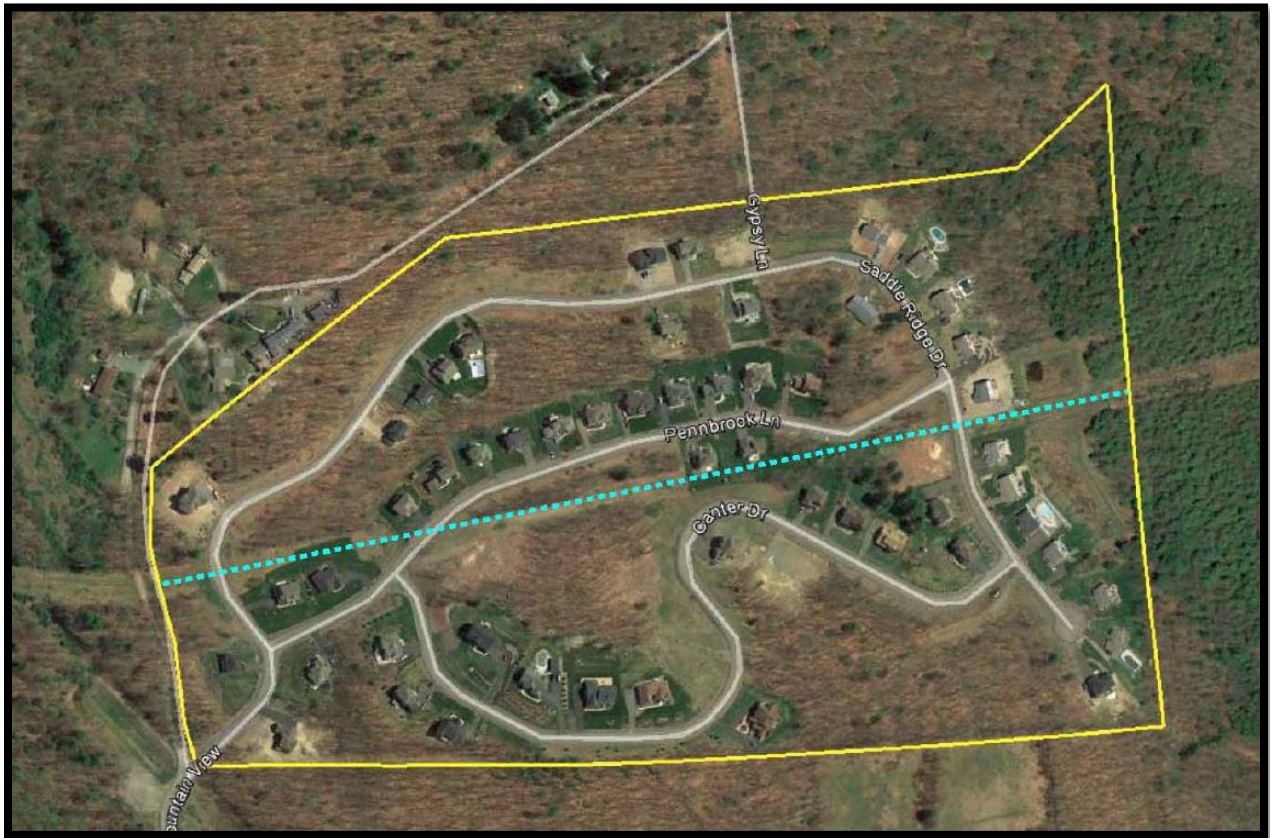




**Saddle Ridge Overview**

Saddle Ridge is located in Dallas Township, which is in northern Luzerne County, Pennsylvania. It is part of the Scranton-Wilkes-Barre-Hazleton, Pennsylvania Metropolitan Statistical Area. Saddle Ridge is a 101-lot subdivision that was platted in 2005 that is located approximately seven miles northwest of Wilkes-Barre. It is approximately one mile northeast of Highway 309. The neighborhood is generally accessed by State Highway 309, which connects Dallas Township to Wilkes-Barre. It consists of a combination of residential, industrial, commercial and agricultural use properties.

An aerial map with the pipeline location (dotted blue line) is shown below.

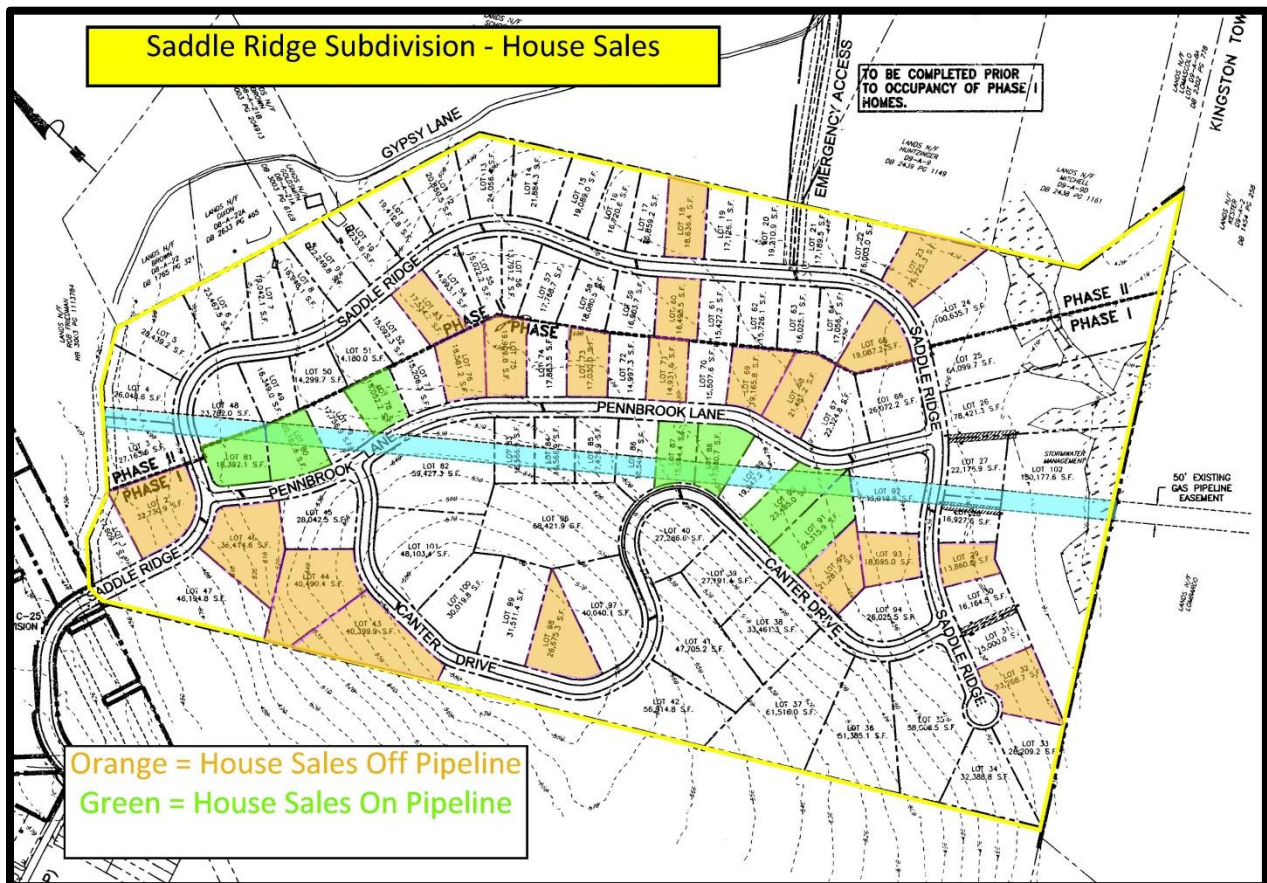


### Williams Pipeline Impact Analysis (Summary of AWS Report)

AWS studied both unimproved residential lots and improved homes within the Saddle Ridge Subdivision. As previously referenced, the following is a summary of the AWS report. The tables, analyses and conclusions herein are property of AWS and independent of the IRR study.

#### Impact Study of Unimproved Lots

AWS analyzed lot sales between 2009 and 2014. The lots encumbered with the pipeline easement are highlighted in green and the unencumbered lots are highlighted in orange in the map below.



The table below indicates the sales prices of the 17 transactions that occurred between 2009 and 2015, six of which were encumbered by the pipeline easement (highlighted in green).

Saddle Ridge Subdivision Lot Sales					
Lot Number	Sale Price	Sale Date	Lot Size (Ac)	Pipeline	Encumbered Area (Ac)
Lot 80	\$48,000	11/10/2009	0.46	Yes	0.150
Lot 27	\$48,000	2/20/2014	0.51	Yes	0.080
Lot 2	\$50,000	7/24/2009	0.75	No	0.000
Lot 88	\$50,000	8/7/2009	0.41	Yes	0.100
Lot 28	\$50,000	6/12/2012	0.39	Yes	0.080
Lot 92	\$50,000	5/27/2014	0.78	Yes	0.210
Lot 31	\$54,900	6/21/2012	0.34	No	0.000
Lot 40	\$55,000	5/4/2012	0.63	No	0.000
Lot 78	\$56,000	3/10/2009	0.35	Yes	0.002
Lot 77	\$56,900	8/10/2009	0.35	No	0.000
Lot 67	\$59,000	7/1/2009	0.51	No	0.000
Lot 55	\$59,755	6/12/2012	0.34	No	0.000
Lot 54	\$60,755	6/13/2012	0.34	No	0.000
Lot 46	\$62,500	7/2/2009	0.84	No	0.000
Lot 34	\$65,000	12/21/2010	0.74	No	0.000
Lot 47	\$66,400	6/2/2010	1.06	No	0.000
Lot 44	\$71,000	9/10/2010	0.93	No	0.000

As detailed below, the average and median sales price for the encumbered lots sold for 16 percent less than the unencumbered lots.

Saddle Ridge Subdivision Lot Sales		
	Average Price	Median Price
Encumbered Lots	\$50,333	\$50,000
Unencumbered Lots	\$60,110	\$59,755
Difference	\$9,777	\$9,755
Percent Difference	16%	16%



While the data indicates a discount paid for lots encumbered by the pipeline, AWS discovered that the six residential lots traversed by the pipeline easement have an area encumbered by the easement ranging from 1 percent to 33 percent of the total lot size, with the average and median encumbered area being 20 percent and 22 percent, respectively, as detailed below.

### Lot Areas Encumbered

Lot Number	Lot Size (Ac)	Easement Area (Ac)	Percent Encumbered
Lot 78	0.35	0.002	0.6%
Lot 28	0.39	0.08	21%
Lot 88	0.41	0.10	24%
Lot 80	0.46	0.15	33%
Lot 27	0.51	0.08	16%
Lot 92	0.78	0.21	27%
<b>Average</b>			<b>20%</b>
<b>Median</b>			<b>22%</b>

The percentage difference of sales price for the encumbered lots (16 percent) is less than the percentage of encumbered area (20 percent, 22 percent) for those same lots. Based on the analysis above, AWS determined that the market discounts only the actual area of the lot that is encumbered by the easement and the discount does not flow into the unencumbered area of the lot.

AWS performed a paired sales analysis of two similar lots, one of which is slightly encumbered by the pipeline easement, below.

Lot	Sale Date	Size (Ac)	Sale Price	% Encumbered
77	8/10/2009	0.35	\$56,900	0
78	3/10/2009	0.35	\$56,000	0.6%
Price Difference			1.6%	

The paired sales analysis further supports the conclusion that any discount for sales price for an encumbered lot is contained within the easement area.



Similarly, AWS analyzed three paired sales to illustrate the difference between an encumbered lot and an unencumbered lot. The tables are below.

Pair 1.

Lot	Sale Date	Size (Ac)	Sale Price	% Encumbered
77	8/10/2009	0.35	\$56,900	0%
80	11/10/2009	0.46	\$48,000	33%
Price Discount For Encumbered Sale =			16%	
Area Encumbered by Pipeline Easement =			33%	
<b>Implied Discount To Encumbered Area =</b>			<b>48%</b>	

Pair 2.

Lot	Sale Date	Size (Ac)	Sale Price	% Encumbered
67	7/1/2009	0.51	\$59,000	0%
88	8/7/2009	0.41	\$50,000	24%
Price Discount For Encumbered Sale =			15%	
Area Encumbered by Pipeline Easement =			24%	
<b>Implied Discount To Encumbered Area =</b>			<b>64%</b>	

Pair 3.

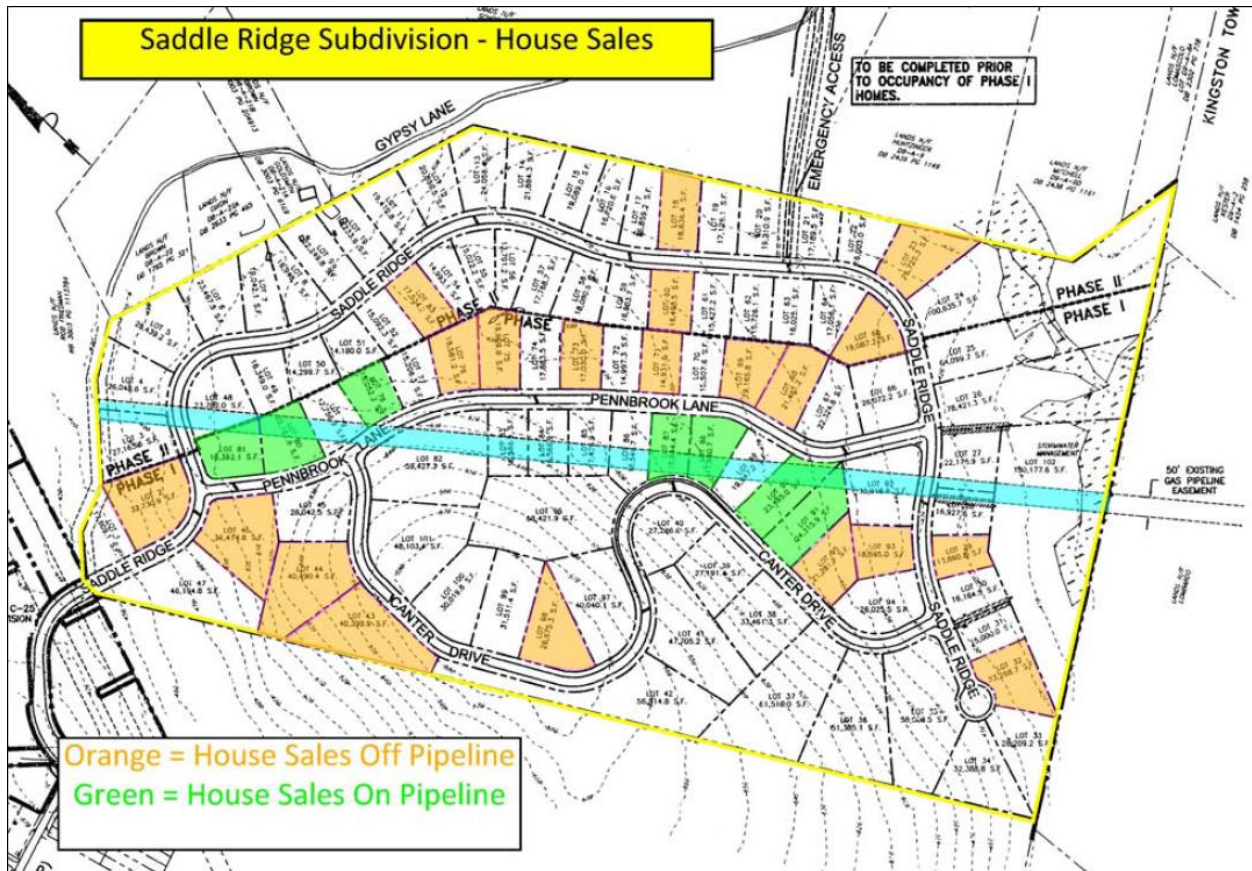
Lot	Sale Date	Size (Ac)	Sale Price	% Encumbered
31	6/21/2012	0.34	\$54,900	0%
28	6/12/2012	0.39	\$50,000	21%
Price Discount For Encumbered Sale =			9%	
Area Encumbered by Pipeline Easement =			21%	
<b>Implied Discount To Encumbered Area =</b>			<b>43%</b>	

In all three pairs above, the percentage price discount is less than the percentage of area encumbered by the pipeline easement, indicating that the discount in price is contained within the easement area. In conclusion, AWS determined that there was no impact to the price paid for the area outside the pipeline easement.



### Impact Study of Improved Lots

AWS analyzed thirty transactions of improved single family dwellings between April 2008 and June 2014 in the Saddle Ridge Subdivision. Of the thirty sales, nine were located on a pipeline (noted in green below). Note that 253 Pennbrook Lane and 358 Canter Dr. each sold twice in this period.



The dwellings range in size from 1,899 square feet to 3,885 square feet and range in sales price from \$261,138 to \$460,000. The price per square foot range was \$93.84 to \$159.36. All homes were constructed with a full basement, are two stories with three to four bedrooms and most had a two-car garage.

The table on the following page sorts the data set of improved sales by sale date.

Saddle Ridge Subdivision Improved Residential Sales											
Sorted by Sale Date											
Address	Sale Date	Sales Price	Price/SF	Bed	Bath (full/half)	Imp Size (SF)	Stories	Year Built	Garage	Land Size (Ac)	Pipeline?
256 Pennbrook Ln	4/1/2008	\$265,000	\$125.71	3	1/1	2,108	2	2007	2 Car	0.49	No
244 Pennbrook Ln	5/13/2008	\$343,000	\$116.15	4	2/2	2,953	2	2008	2 Car	0.34	No
<b>204 Pennbrook Ln*</b>	<b>7/16/2008</b>	<b>\$385,000</b>	<b>\$144.41</b>	<b>3</b>	<b>2/1</b>	<b>2,666</b>	<b>2</b>	<b>2008</b>	<b>2 Car</b>	<b>0.42</b>	<b>Yes</b>
135 Saddle Ridge Dr	7/18/2008	\$460,000	\$118.40	4	3/0	3,885	2	2007	3 Car	0.43	No
136 Saddle Ridge	4/1/2009	\$303,864	\$93.84	4	3/0	3,238	2	2007	2 Car	0.32	No
<b>216 Pennbrook Ln*</b>	<b>6/5/2009</b>	<b>\$305,473</b>	<b>\$123.08</b>	<b>3</b>	<b>2/1</b>	<b>2,482</b>	<b>2</b>	<b>2009</b>	<b>2 Car</b>	<b>0.35</b>	<b>Yes</b>
224 Pennbrook Ln	6/17/2009	\$300,000	\$137.87	3	2/2	2,176	2	2009	2 Car	0.43	No
<b>354 Canter Dr*</b>	<b>9/18/2009</b>	<b>\$316,290</b>	<b>\$126.31</b>	<b>3</b>	<b>2/1</b>	<b>2,504</b>	<b>2</b>	<b>2009</b>	<b>2 Car</b>	<b>0.53</b>	<b>Yes</b>
61 Saddle Ridge Dr	9/29/2009	\$300,000	\$137.36	3	2/2	2,184	2	2009	2 Car	0.40	No
27 Saddle Ridge Dr	11/10/2009	\$300,000	\$132.98	3	2/2	2,256	2	2009	2 Car	0.84	No
26 Saddle Ridge Dr	1/4/2010	\$337,500	\$123.81	4	2/1	2,726	2	2009	2 Car	0.75	No
362 Canter Dr	2/16/2010	\$389,000	\$116.50	3	2/1	3,339	2	2008	3 Car	0.49	No
148 Saddle Ridge	4/19/2010	\$320,000	\$109.36	4	2/1	2,926	2	2009	2 Car	0.53	No
<b>208 Pennbrook Ln*</b>	<b>6/2/2010</b>	<b>\$275,000</b>	<b>\$116.33</b>	<b>3</b>	<b>2/0</b>	<b>2,364</b>	<b>1</b>	<b>2010</b>	<b>2 Car</b>	<b>0.46</b>	<b>Yes</b>
<b>253 Pennbrook Ln*</b>	<b>6/22/2010</b>	<b>\$325,000</b>	<b>\$126.46</b>	<b>3</b>	<b>2/1</b>	<b>2,570</b>	<b>2</b>	<b>2009</b>	<b>2 Car</b>	<b>0.41</b>	<b>Yes</b>
<b>358 Canter Dr*</b>	<b>9/2/2010</b>	<b>\$409,900</b>	<b>\$133.30</b>	<b>4</b>	<b>2/1</b>	<b>3,075</b>	<b>2</b>	<b>2007</b>	<b>3 Car</b>	<b>0.56</b>	<b>Yes</b>
307 Canter Dr	5/24/2011	\$370,000	\$128.56	4	3/2	2,878	2	2010	2 Car	0.93	No
113 Saddle Ridge Dr	6/27/2011	\$261,138	\$137.51	3	2/0	1,899	1	2011	2 Car	0.44	No
<b>358 Canter Dr*</b>	<b>9/16/2011</b>	<b>\$423,900</b>	<b>\$137.85</b>	<b>4</b>	<b>2/1</b>	<b>3,075</b>	<b>2</b>	<b>2007</b>	<b>3 Car</b>	<b>0.56</b>	<b>Yes</b>
236 Pennbrook Ln	10/19/2011	\$379,000	\$142.37	4	2/0	2,662	2	2007	2 Car	0.39	No
322 Canter Dr	12/7/2011	\$385,000	\$113.64	4	2/1	3,388	2	2007	3 Car	0.61	No
<b>245 Pennbrook Ln*</b>	<b>4/4/2012</b>	<b>\$309,000</b>	<b>\$124.25</b>	<b>4</b>	<b>2/1</b>	<b>2,487</b>	<b>2</b>	<b>2010</b>	<b>2 Car</b>	<b>0.36</b>	<b>Yes</b>
252 Pennbrook Ln	6/21/2012	\$338,000	\$159.36	3	2/1	2,121	2	2012	2 Car	0.44	No
112 Saddle Ridge Dr	8/3/2012	\$279,239	\$123.67	4	2/1	2,258	2	2013	2 Car	0.59	No
93 Saddle Ridge Dr	12/3/2012	\$305,000	\$122.15	3	2/1	2,497	2	2009	2 Car	0.38	No
228 Pennbrook Ln	1/31/2013	\$328,000	\$138.16	4	2/1	2,374	2	2007	2 Car	0.46	No
<b>253 Pennbrook Ln*</b>	<b>2/28/2013</b>	<b>\$352,500</b>	<b>\$137.16</b>	<b>3</b>	<b>2/1</b>	<b>2,570</b>	<b>2</b>	<b>2009</b>	<b>2 Car</b>	<b>0.41</b>	<b>Yes</b>
315 Canter Dr	4/24/2013	\$391,000	\$156.40	4	2/1	2,500	2	2013	2 Car	0.93	No
932 Saddle Ridge Dr	7/17/2013	\$358,513	\$108.38	4	2/1	3,308	2	2014	2 Car	0.43	No
307 Canter Dr	6/2/2014	\$392,300	\$136.31	4	3/2	2,878	2	2010	2 Car	0.93	No

\*Indicates pipeline easement on the lot

AWS used a linear regression and paired sales analysis and determined that a market conditions adjustment of 3 percent per year or 0.25 percent per month would be appropriate. After adjusting for market conditions, AWS sorted the data by adjusted sales price and adjusted price per square foot (those properties encumbered by the pipeline easement are highlighted in green). The tables are located on the following pages.





**Saddle Ridge Subdivision Improved Residential Sales  
Sorted by Adjusted Sales Price**

Address	Sale Date	Adjusted Sales Price	Adjusted Price/SF	Bed	Bath (full/half)	Imp Size (SF)	Stories	Year Built	Garage	Land Size (Ac)	Pipeline?
113 Saddle Ridge Dr	6/27/2011	\$284,640	\$149.89	3	2/0	1,899	1	2011	2 Car	0.44	No
112 Saddle Ridge Dr	8/3/2012	\$294,597	\$130.47	4	2/1	2,258	2	2013	2 Car	0.59	No
208 Pennbrook Ln*	6/2/2010	\$308,000	\$130.29	3	2/0	2,364	1	2010	2 Car	0.46	Yes
256 Pennbrook Ln	4/1/2008	\$314,025	\$148.97	3	1/1	2,108	2	2007	2 Car	0.49	No
93 Saddle Ridge Dr	12/3/2012	\$318,725	\$127.64	3	2/1	2,497	2	2009	2 Car	0.38	No
245 Pennbrook Ln*	4/4/2012	\$329,085	\$132.32	4	2/1	2,487	2	2010	2 Car	0.36	Yes
27 Saddle Ridge Dr	11/10/2009	\$341,250	\$151.26	3	2/2	2,256	2	2009	2 Car	0.84	No
228 Pennbrook Ln	1/31/2013	\$341,940	\$144.04	4	2/1	2,374	2	2007	2 Car	0.46	No
61 Saddle Ridge Dr	9/29/2009	\$342,750	\$156.94	3	2/2	2,184	2	2009	2 Car	0.40	No
224 Pennbrook Ln	6/17/2009	\$345,000	\$158.55	3	2/2	2,176	2	2009	2 Car	0.43	No
136 Saddle Ridge	4/1/2009	\$350,963	\$108.39	4	3/0	3,238	2	2007	2 Car	0.32	No
216 Pennbrook Ln*	6/5/2009	\$351,294	\$141.54	3	2/1	2,482	2	2009	2 Car	0.35	Yes
252 Pennbrook Ln	6/21/2012	\$358,280	\$168.92	3	2/1	2,121	2	2012	2 Car	0.44	No
148 Saddle Ridge	4/19/2010	\$360,000	\$123.03	4	2/1	2,926	2	2009	2 Car	0.53	No
354 Canter Dr*	9/18/2009	\$361,361	\$144.31	3	2/1	2,504	2	2009	2 Car	0.53	Yes
253 Pennbrook Ln*	6/22/2010	\$364,000	\$141.63	3	2/1	2,570	2	2009	2 Car	0.41	Yes
253 Pennbrook Ln*	2/28/2013	\$366,600	\$142.65	3	2/1	2,570	2	2009	2 Car	0.41	Yes
932 Saddle Ridge Dr	7/17/2013	\$368,372	\$111.36	4	2/1	3,308	2	2014	2 Car	0.43	No
26 Saddle Ridge Dr	1/4/2010	\$382,219	\$140.21	4	2/1	2,726	2	2009	2 Car	0.75	No
307 Canter Dr	6/2/2014	\$392,300	\$136.31	4	3/2	2,878	2	2010	2 Car	0.93	No
307 Canter Dr	5/24/2011	\$404,225	\$140.45	4	3/2	2,878	2	2010	2 Car	0.93	No
315 Canter Dr	4/24/2013	\$404,685	\$161.87	4	2/1	2,500	2	2013	2 Car	0.93	No
244 Pennbrook Ln	5/13/2008	\$405,596	\$137.35	4	2/2	2,953	2	2008	2 Car	0.34	No
236 Pennbrook Ln	10/19/2011	\$409,320	\$153.76	4	2/0	2,662	2	2007	2 Car	0.39	No
322 Canter Dr	12/7/2011	\$413,875	\$122.16	4	2/1	3,388	2	2007	3 Car	0.61	No
362 Canter Dr	2/16/2010	\$439,570	\$131.65	3	2/1	3,339	2	2008	3 Car	0.49	No
204 Pennbrook Ln*	7/16/2008	\$453,338	\$170.04	3	2/1	2,666	2	2008	2 Car	0.42	Yes
358 Canter Dr*	9/2/2010	\$456,014	\$148.30	4	2/1	3,075	2	2007	3 Car	0.56	Yes
358 Canter Dr*	9/16/2011	\$458,872	\$149.23	4	2/1	3,075	2	2007	3 Car	0.56	Yes
135 Saddle Ridge Dr	7/18/2008	\$541,650	\$139.42	4	3/0	3,885	2	2007	3 Car	0.43	No



Saddle Ridge Subdivision Improved Residential Sales											
Sorted by Adjusted Price Per Square Foot											
Address	Sale Date	Adjusted Sales Price	Adjusted Price/SF	Bed	Bath (full/half)	Imp Size (SF)	Stories	Year Built	Garage	Land Size (Ac)	Pipeline?
136 Saddle Ridge	4/1/2009	\$350,963	\$108.39	4	3/0	3,238	2	2007	2 Car	0.32	No
932 Saddle Ridge Dr	7/17/2013	\$368,372	\$111.36	4	2/1	3,308	2	2014	2 Car	0.43	No
322 Canter Dr	12/7/2011	\$413,875	\$122.16	4	2/1	3,388	2	2007	3 Car	0.61	No
148 Saddle Ridge	4/19/2010	\$360,000	\$123.03	4	2/1	2,926	2	2009	2 Car	0.53	No
93 Saddle Ridge Dr	12/3/2012	\$318,725	\$127.64	3	2/1	2,497	2	2009	2 Car	0.38	No
208 Pennbrook Ln *	6/2/2010	\$308,000	\$130.29	3	2/0	2,364	1	2010	2 Car	0.46	Yes
112 Saddle Ridge Dr	8/3/2012	\$294,597	\$130.47	4	2/1	2,258	2	2013	2 Car	0.59	No
362 Canter Dr	2/16/2010	\$439,570	\$131.65	3	2/1	3,339	2	2008	3 Car	0.49	No
245 Pennbrook Ln *	4/4/2012	\$329,085	\$132.32	4	2/1	2,487	2	2010	2 Car	0.36	Yes
307 Canter Dr	6/2/2014	\$392,300	\$136.31	4	3/2	2,878	2	2010	2 Car	0.93	No
244 Pennbrook Ln	5/13/2008	\$405,598	\$137.35	4	2/2	2,953	2	2008	2 Car	0.34	No
135 Saddle Ridge Dr	7/18/2008	\$541,650	\$139.42	4	3/0	3,885	2	2007	3 Car	0.43	No
26 Saddle Ridge Dr	1/4/2010	\$382,219	\$140.21	4	2/1	2,726	2	2009	2 Car	0.75	No
307 Canter Dr	5/24/2011	\$404,225	\$140.45	4	3/2	2,878	2	2010	2 Car	0.93	No
216 Pennbrook Ln *	6/5/2009	\$351,294	\$141.54	3	2/1	2,482	2	2009	2 Car	0.35	Yes
253 Pennbrook Ln *	6/22/2010	\$364,000	\$141.63	3	2/1	2,570	2	2009	2 Car	0.41	Yes
253 Pennbrook Ln *	2/28/2013	\$366,600	\$142.65	3	2/1	2,570	2	2009	2 Car	0.41	Yes
228 Pennbrook Ln	1/31/2013	\$341,940	\$144.04	4	2/1	2,374	2	2007	2 Car	0.46	No
354 Canter Dr *	9/18/2009	\$361,361	\$144.31	3	2/1	2,504	2	2009	2 Car	0.53	Yes
358 Canter Dr *	9/2/2010	\$456,014	\$148.30	4	2/1	3,075	2	2007	3 Car	0.56	Yes
256 Pennbrook Ln	4/1/2008	\$314,025	\$148.97	3	1/1	2,108	2	2007	2 Car	0.49	No
358 Canter Dr *	9/16/2011	\$458,872	\$149.23	4	2/1	3,075	2	2007	3 Car	0.56	Yes
113 Saddle Ridge Dr	6/27/2011	\$284,640	\$149.89	3	2/0	1,899	1	2011	2 Car	0.44	No
27 Saddle Ridge Dr	11/10/2009	\$341,250	\$151.26	3	2/2	2,256	2	2009	2 Car	0.84	No
236 Pennbrook Ln	10/19/2011	\$409,320	\$153.76	4	2/0	2,662	2	2007	2 Car	0.39	No
61 Saddle Ridge Dr	9/29/2009	\$342,750	\$156.94	3	2/2	2,184	2	2009	2 Car	0.40	No
224 Pennbrook Ln	6/17/2009	\$345,000	\$158.55	3	2/2	2,176	2	2009	2 Car	0.43	No
315 Canter Dr	4/24/2013	\$404,685	\$161.87	4	2/1	2,500	2	2013	2 Car	0.93	No
252 Pennbrook Ln	6/21/2012	\$358,280	\$168.92	3	2/1	2,121	2	2012	2 Car	0.44	No
204 Pennbrook Ln *	7/16/2008	\$453,338	\$170.04	3	2/1	2,666	2	2008	2 Car	0.42	Yes



AWS determined the lot sizes for encumbered residences to be similar to unencumbered residences. Thus, no adjustment was deemed necessary for lot size. Further, after analyzing the data, AWS concluded the house sizes of the encumbered residences to be similar to those unencumbered by the pipeline. Consequently, AWS did not make an adjustment for house size.

After adjusting for market conditions, the following two charts generated by AWS demonstrate the average and median adjusted sales price for houses encumbered by the pipeline easement to be 3 percent and 1 percent higher, respectively, than the average and median adjusted sales prices for houses not encumbered by the pipeline.

Saddle Ridge House Sales Average & Median Lot Size (Acres)		
	<u>Average</u>	<u>Median</u>
Encumbered	0.45	0.42
Unencumbered	0.55	0.46

Similarly, as was the case in total sales price, the average and median price per square foot for encumbered houses was higher than the average and median price per square foot for unencumbered houses, referenced below.

Saddle Ridge House Sales Average Adjusted Sales Price		
	<u>Sales Price</u>	<u>% Difference</u>
Encumbered	\$383,174	3%
Unencumbered	\$372,094	

Saddle Ridge House Sales Median Adjusted Sales Price		
	<u>Sales Price</u>	<u>% Difference</u>
Encumbered	\$364,000	1%
Unencumbered	\$360,000	



AWS also utilized eight pairings of similar sales to determine any correlation between encumbrance of the pipeline and sales price. All sales occurred within zero to eight months of one another. As shown below, six of the eight pairings have the encumbered residence selling for more than the unencumbered residence.

Saddle Ridge Subdivision House Sales										
Paired Sales Analysis										
Sale Date	Address	House Size (SF)	Year Built	Beds	Baths (Full/Half)	Garage	Lot Size (Ac)	Sales Price	Adjusted Price PSF	% Difference
2/28/2013	253 Pennbrook	2,570	2009	3	2/1	2	0.41	\$352,500	\$137.16	11.73%
12/3/2012	93 Saddle Ridge	2,497	2009	3	2/1	2	0.38	\$305,000	\$122.76	
9/2/2010	358 Canter Dr	3,075	2007	4	2/1	3	0.56	\$409,900	\$133.30	20.38%
4/19/2010	148 Saddle Ridge	2,926	2009	4	2/1	2	0.53	\$320,000	\$110.73	
9/18/2009	354 Canter Dr	2,504	2009	3	2/1	2	0.53	\$316,290	\$126.31	-8.04%
9/29/2009	61 Saddle Ridge Dr	2,184	2009	3	2/2	2	0.40	\$300,000	\$137.36	
4/4/2012	245 Pennbrook	2,487	2010	4	2/1	2	0.36	\$309,000	\$125.49	1.47%
8/3/2012	112 Saddle Ridge	2,258	2013	4	2/1	2	0.59	\$279,239	\$123.67	
9/16/2011	358 Canter Dr	3,075	2007	4	2/1	3	0.56	\$423,900	\$138.89	22.22%
12/7/2011	322 Canter Drive	3,388	2007	4	2/1	3	0.61	\$385,000	\$113.64	
6/2/2010	208 Pennbrook Ln	2,364	2010	3	2/0	2	0.46	\$275,000	\$116.33	-14.03%
11/10/2009	27 Saddle Ridge Dr	2,256	2009	3	2/2	2	0.84	\$300,000	\$135.31	
9/2/2010	358 Canter Dr	3,075	2007	4	2/1	3	0.56	\$409,900	\$133.30	5.56%
1/4/2010	26 Saddle Ridge	2,726	2009	4	2/1	2	0.75	\$337,500	\$126.28	
4/4/2012	245 Pennbrook Ln	2,487	2010	4	2/1	2	0.36	\$309,000	\$126.73	3.75%
12/3/2012	93 Saddle Ridge Dr	2,497	2009	3	2/1	2	0.38	\$305,000	\$122.15	
<b>Encumbered</b>										
<b>Unencumbered</b>										

**Conclusion**

In conclusion, based on the analysis performed by AWS, the encumbrance of the Williams natural gas pipeline easement has no impact on the prices paid for residences located within the Saddle Ridge Subdivision.



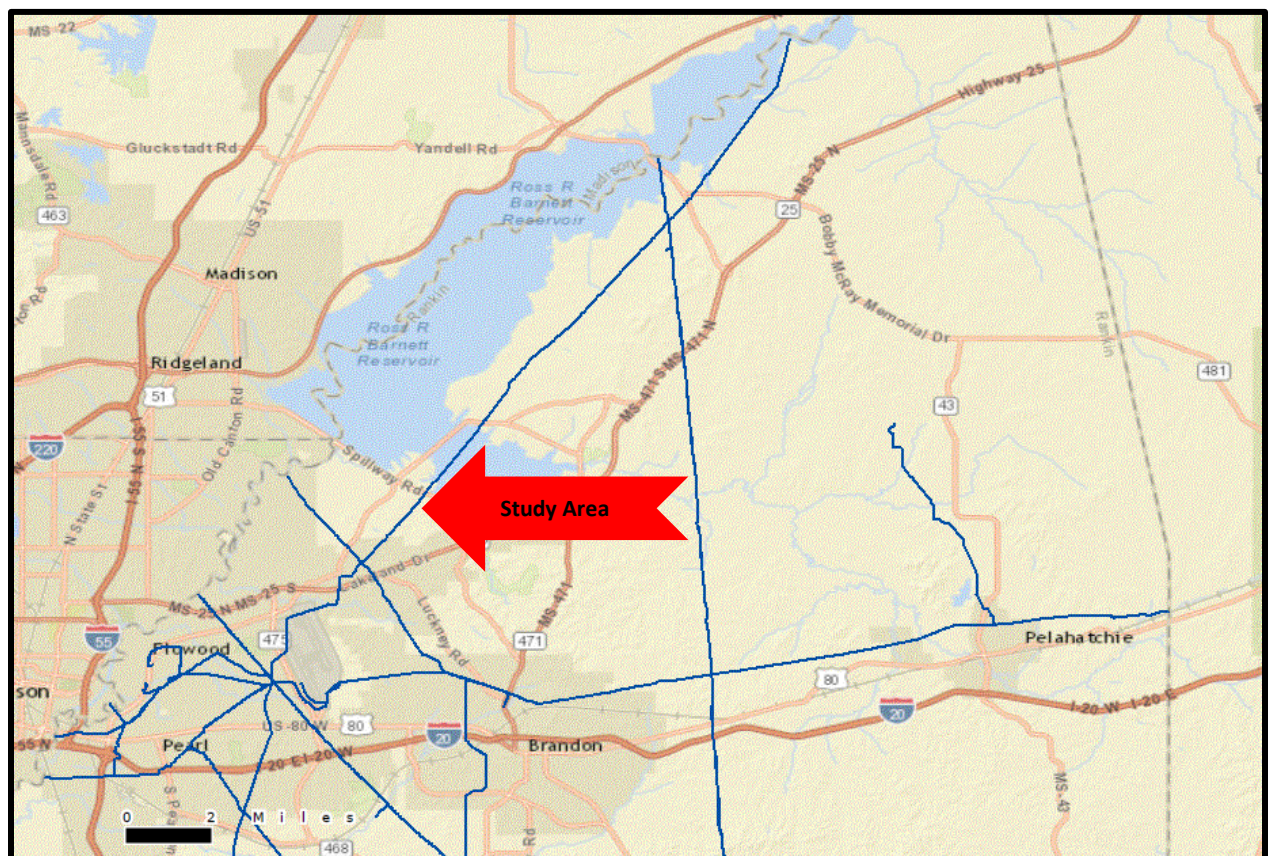
# Mississippi

## Gulf South Transmission Pipeline

The study area chosen for direct comparison is located along the Gulf South Transmission Pipeline. These are examples of residential subdivisions that were platted and constructed over/around the pipeline right-of-way. The following includes a brief synopsis of this existing gas line, as well as a map illustrating the location across Central Mississippi.

### Pipeline Information

- The Gulf South system includes approximately 7,400 miles of pipeline having an average daily throughput of approximately 2.9 billion cubic feet (Bcf) per day in 2013.
- The pipeline section studied was 30 inches in diameter and was installed in the 1950s outside Jackson, Mississippi (map).

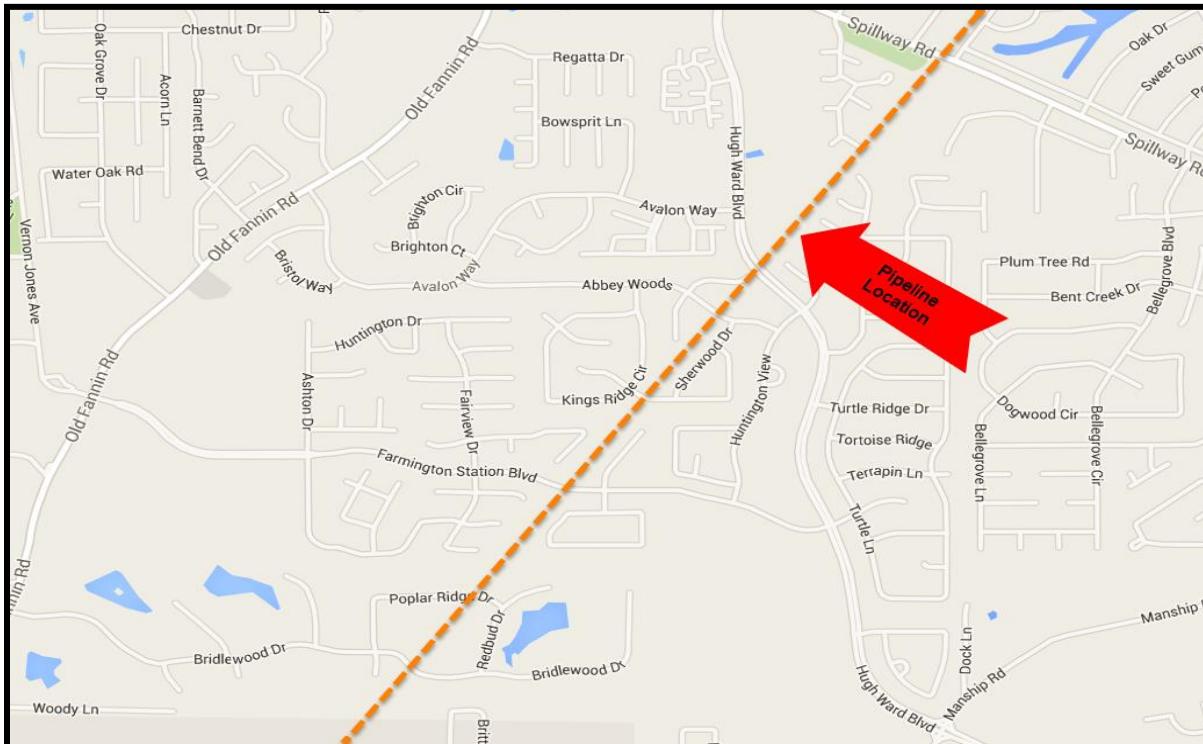


\*The blue lines represent natural gas pipelines.

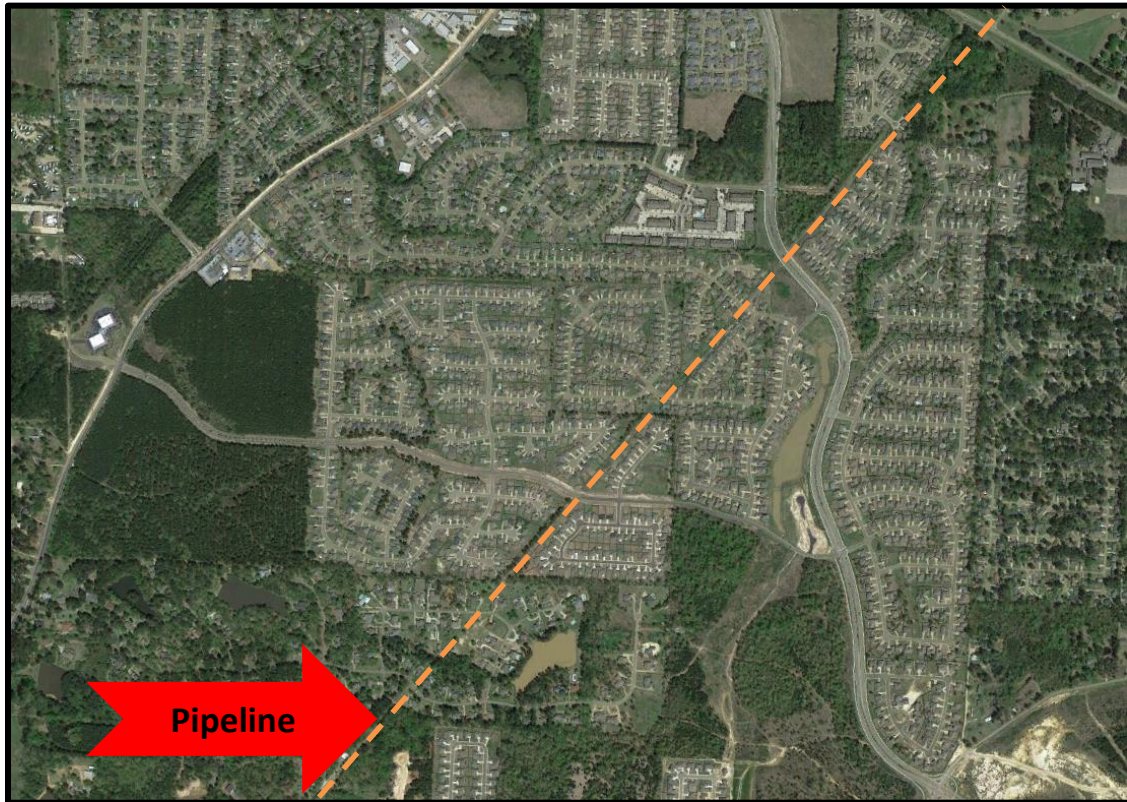
**Area Map**



**Neighborhood Map**



## Aerial Map



### Pipeline Subdivisions

The neighborhoods selected to compare the sales of single-family homes located adjacent to a natural gas pipeline that traverses the southern Ross Barnett Reservoir market area were Avalon, Farmington Station, Pinebrook and Bridgetowne. Based on IRR research, these neighborhoods were considered to be comparable based on location, gross living area, age and design.

### Avalon

Avalon is located off Old Fannin Road and extends to Hugh Ward Boulevard to the East. It consists of a total of 398 lots. Avalon commenced selling lots in 1994 and continues to experience sustained demand.

### Farmington Station

Farmington Station is located off Old Fannin Road. Farmington Station commenced selling lots in 2003 and continues to experience sustained demand. There are a total of 353 lots in the development.

### Pinebrook

Pinebrook is located off Hugh Ward Boulevard. Pinebrook commenced selling lots in 2004 and continues to experience sustained demand. There are a total of 109 lots in the development.

## **Bridgetowne**

Bridgetowne is located off Spillway Road. Bridgetown commenced selling lots in 2001 and continues to experience sustained demand. There are a total of 61 lots in the development.

As previously indicated, the Gulf South Transmission Pipeline was constructed in the 1950s. All of the subdivisions analyzed in this study were constructed decades after the pipeline was put in service. This indicates that the developers were confident that lots could be sold within proximity to pipelines.

## **Gulf South Pipeline Impact Analysis**

IRR studied local and state public and private real estate transaction data sources (including the local MLS and Appraisal records) to verify recent sales of single family residences within the Avalon, Farmington Station, Pinebrook and Bridgetowne neighborhoods. Within the four neighborhoods, IRR verified nineteen sales of detached single family residences constructed on sites that are encumbered by a natural gas pipeline easement or adjacent to a natural gas pipeline easement. For this analysis, IRR considered the properties that abut the natural gas pipeline, or that are encumbered by the natural gas pipeline, to be located “on” the pipeline easement. In the cases of the properties abutting the pipeline easement, there may be instances where the properties include some easement area, or a portion of the property may be adjacent to the pipeline easement. IRR also verified seventeen sales of detached single family residences constructed on sites that are not encumbered by or adjacent to a natural gas pipeline.

IRR’s comparative analysis of the sales consisted of two steps. First, the sales prices of each home was adjusted based on size, bathroom count and age. These traits were determined to have the greatest effect on sales price in this subdivision. Second, IRR compared the adjusted prices paid for residences located “on” the natural gas pipeline to the prices paid for residences on sites located away from the pipeline. This step consisted of two types of analysis. First, IRR compared the sample mean and sample median data for sales of properties on the pipeline with similar data for sales of properties away from the pipeline. Secondly, IRR used linear regression analyses to test for influences of the pipeline on sale prices.

In the following tables, IRR organized the sales four different ways. First, the sales are sorted by date of sale. Second, the sales are sorted by sale price. Third, the sales are sorted by sale price per square foot. Lastly, the sales are sorted by the gross living area (GLA).

As discussed later in this report, market conditions appeared to be improving moderately during the study period, but did not warrant an adjustment. Sales of residences located “on” the pipeline easement are highlighted in yellow.



## Gulf South Residential Sales - Sorted by Date of Sale

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	GLA (SF)	Lot Size			Year Built	Pipeline-encumbered?	Cul de	Distance	Encumbered Area (SF)	Encumbered Area (%)	
							Sac/Corner	From Pipeline (LF)	Lot							
38	403 Bedford Pl (2010)	2	4/30/2010	\$ 148,000	\$113.15	1,308	8,190	1	3	2.0	2005	0	0	1,737		
27	213 Pineleaf Cv	286	5/12/2010	\$ 160,000	\$102.37	1,563	8,712	1	3	2.0	2005	1	1	0	154	1.8%
24	153 W Pinebrook Drive	40	2/24/2011	\$ 164,000	\$106.29	1,543	12,070	1	3	2.0	2007	1	1	0	146	1.2%
40	458 Pinebrook Cir (2011)	126	3/10/2011	\$ 186,000	\$112.32	1,656	10,382	1	3	2.0	2006	0	1	1,200		
12	316 Austin Circle	53	5/27/2011	\$ 171,155	\$118.94	1,439	8,240	1	3	2.0	2011	1	0	0	65	0.8%
2	455 Abbey Woods	65	10/24/2011	\$ 168,000	\$99.00	1,697	10,671	1	3	2.0	2002	1	0	0	4125	38.7%
19	320 Austin Circle	98	3/15/2012	\$ 167,000	\$113.99	1,465	10,000	1	3	2.0	2011	1	0	0	65	0.7%
11	318 Austin Circle	120	3/29/2012	\$ 171,900	\$120.38	1,428	8,100	1	3	2.0	2012	1	0	0	Abuts	0.0%
16	413 Mason Court	50	3/30/2012	\$ 155,000	\$100.91	1,536	19,825	1	3	2.0	2008	1	1	0	32	0.2%
18	322 Austin Circle	101	3/30/2012	\$ 171,300	\$117.41	1,459	10,157	1	3	2.0	2011	1	0	0	98	1.0%
14	308 Austin Circle	8	4/13/2012	\$ 175,000	\$111.82	1,565	12,727	1	3	2.0	2012	1	0	0	60	0.5%
23	151 W Pinebrook Drive	0	5/31/2012	\$ 187,900	\$114.50	1,641	14,472	1	3	2.0	2007	1	1	0	91	0.6%
22	510 Pinebark Cv	43	8/29/2012	\$ 183,000	\$110.84	1,651	11,866	1	3	2.0	2008	1	1	0	161	1.4%
13	524 Sweetwater Commons	27	8/30/2012	\$ 152,400	\$102.08	1,493	12,488	1	2	2.0	2001	1	0	0	130	1.0%
21	212 Pineleaf Cv	286	9/28/2012	\$ 156,000	\$112.80	1,383	17,095	1	3	2.0	2005	1	1	0	95	0.6%
3	516 W Abbey Place	8	3/6/2013	\$ 181,500	\$102.31	1,774	34,047	1	3	2.0	2002	1	1	0	6512	19.1%
36	305 Bedford Ct (2013)	20	4/29/2013	\$ 149,000	\$113.57	1,312	8,307	1	3	2.0	2005	0	0	2,030		
26	613 Boatman's Cv	15	8/23/2013	\$ 157,500	\$105.42	1,494	10,890	1	3	2.0	2003	1	0	0	60	0.6%
6	506 W Abbey Place	26	8/23/2013	\$ 170,000	\$101.61	1,673	8,099	1	3	2.0	2002	0	0	315		
20	309 Pinecone Cove	161	12/20/2013	\$ 155,000	\$104.87	1,478	12,000	1	3	2.0	2009	1	1	0	97	0.8%
33	622 Pinebrook Pl	7	5/16/2014	\$ 183,500	\$107.94	1,700	12,289	1	3	2.0	2010	0	1	1,200		
34	433 Pinebrook Cir	97	5/30/2014	\$ 167,000	\$104.38	1,600	9,600	1	3	2.0	2006	0	0	1,234		
7	512 W Abbey Place	37	6/20/2014	\$ 179,000	\$100.90	1,774	7,571	1	4	2.0	2002	0	0	200		
15	310 Austin Circle	48	8/26/2014	\$ 160,000	\$120.66	1,326	8,302	1	3	2.0	2011	1	0	0	103	1.2%
25	612 Boatman's Cv	109	8/28/2014	\$ 139,999	\$98.45	1,422	9,500	1	3	2.0	2003	1	0	0	65	0.7%
41	908 Bent Willow Commons	69	10/14/2014	\$ 192,000	\$100.89	1,903	10,813	1	3	2.0	2004	0	0	351		
5	114 Sherwood Drive	257	1/30/2015	\$ 172,500	\$103.42	1,668	7,800	1	3	2.0	2003	1	0	0	Abuts	0.0%
35	458 Pinebrook Cir (2015)	115	2/3/2015	\$ 185,500	\$111.41	1,665	10,382	1	3	2.0	2006	0	1	700		
42	403 Bedford Pl (2015)	39	3/11/2015	\$ 152,000	\$116.21	1,308	8,190	1	3	2.0	2005	0	0	1,737		
29	429 Spring Hill Pt	2	3/17/2015	\$ 163,000	\$115.36	1,413	7,344	1	3	2.0	2009	0	0	355		
37	305 Bedford Ct (2015)	0	3/26/2015	\$ 139,000	\$105.95	1,312	8,307	1	3	2.0	2005	0	0	2,030		
30	415 Spring Hill Pt	9	4/29/2015	\$ 166,500	\$125.76	1,324	10,637	1	3	2.0	2008	0	0	525		
32	413 Pinebrook Cir	14	5/13/2015	\$ 176,000	\$107.71	1,634	9,600	1	3	2.0	2005	0	0	1,200		
8	450 Abbey Woods	33	5/29/2015	\$ 166,000	\$99.94	1,661	10,142	1	3	2.0	2002	0	0	180		
31	304 Pinecone Cv	58	6/1/2015	\$ 164,900	\$105.10	1,569	5,790	1	3	2.0	2005	0	0	222		
39	700 Stillwood Ct	18	6/26/2015	\$ 191,500	\$105.92	1,808	8,125	1	3	2.5	2002	0	1	382		

## Gulf South Residential Sales - Sorted by Sale Price

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	GLA (SF)	Lot Size			Year Built	Pipeline-encumbered?	Cul de Sac/Corner Lot	Distance From Pipeline (LF)	Encumbered Area (SF)	Encumbered Area (%)	
							(SF)	Stories	BR Bath							
37	305 Bedford Ct (2015)	0	3/26/2015	\$ 139,000	\$105.95	1,312	8,307	1	3	2.0	2005	0	0	2,030		
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## Gulf South Residential Sales - Sorted by Sale Price per Square Foot

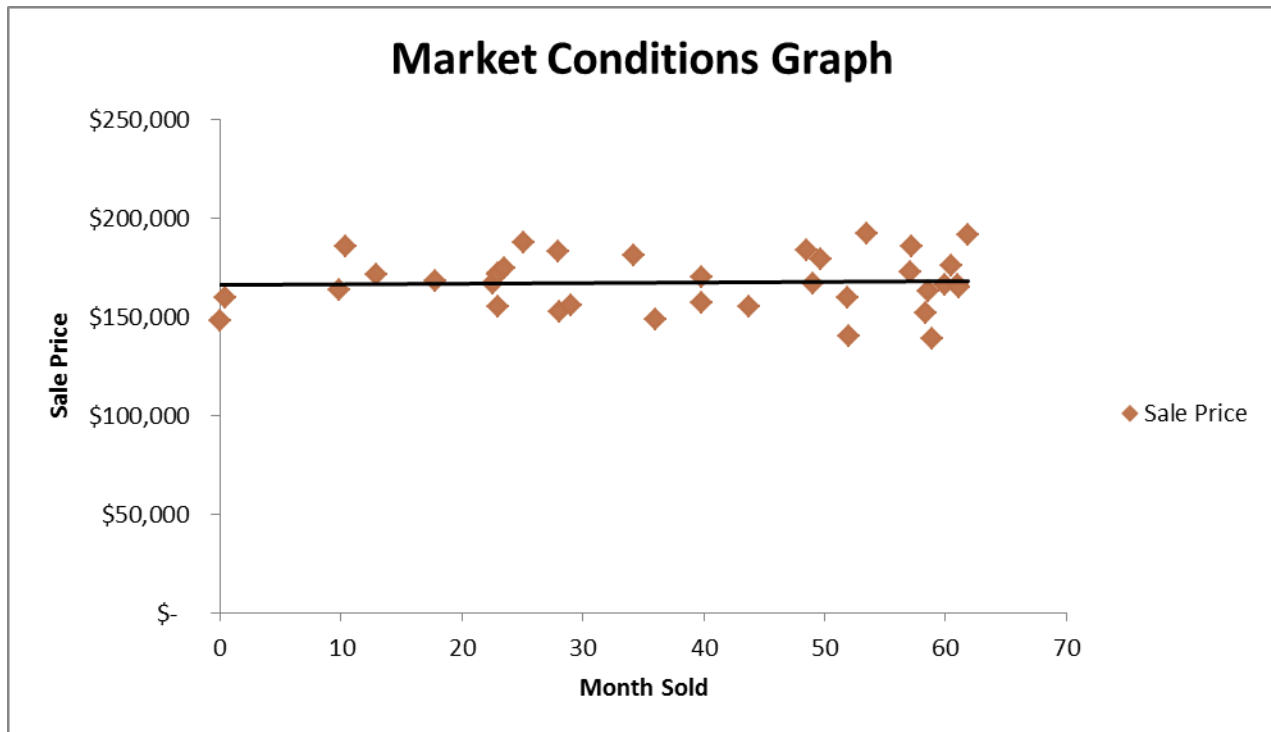
No.	Address	DOM	Sale Date	Sale Price	\$ / SF	GLA (SF)	Lot Size			Year Built	Pipeline-encumbered?	Cul de Sac/Corner Lot	Distance From Pipeline (LF)	Encumbered Area (SF)	Encumbered Area (%)	
							(SF)	Stories	BR Bath							
25	612 Boatman's Cv	109	8/28/2014	\$ 139,999	\$98.45	1,422	9,500	1	3	2.0	2003	1	0	0	65	0.7%
2	455 Abbey Woods	65	10/24/2011	\$ 168,000	\$99.00	1,697	10,671	1	3	2.0	2002	1	0	0	4125	38.7%
8	450 Abbey Woods	33	5/29/2015	\$ 166,000	\$99.94	1,661	10,142	1	3	2.0	2002	0	0	180		
41	908 Bent Willow Commons	69	10/14/2014	\$ 192,000	\$100.89	1,903	10,813	1	3	2.0	2004	0	0	351		
7	512 W Abbey Place	37	6/20/2014	\$ 179,000	\$100.90	1,774	7,571	1	4	2.0	2002	0	0	200		
16	413 Mason Court	50	3/30/2012	\$ 155,000	\$100.91	1,536	19,825	1	3	2.0	2008	1	1	0	32	0.2%
6	506 W Abbey Place	26	8/23/2013	\$ 170,000	\$101.61	1,673	8,099	1	3	2.0	2002	0	0	315		
13	524 Sweetwater Commons	27	8/30/2012	\$ 152,400	\$102.08	1,493	12,488	1	2	2.0	2001	1	0	0	130	1.0%
3	516 W Abbey Place	8	3/6/2013	\$ 181,500	\$102.31	1,774	34,047	1	3	2.0	2002	1	1	0	6512	19.1%
27	213 Pineleaf Cv	286	5/12/2010	\$ 160,000	\$102.37	1,563	8,712	1	3	2.0	2005	1	1	0	154	1.8%
5	114 Sherwood Drive	257	1/30/2015	\$ 172,500	\$103.42	1,668	7,800	1	3	2.0	2003	1	0	0	Abuts	0.0%
34	433 Pinebrook Cir	97	5/30/2014	\$ 167,000	\$104.38	1,600	9,600	1	3	2.0	2006	0	0	1,234		
20	309 Pinecone Cove	161	12/20/2013	\$ 155,000	\$104.87	1,478	12,000	1	3	2.0	2009	1	1	0	97	0.8%
31	304 Pinecone Cv	58	6/1/2015	\$ 164,900	\$105.10	1,569	5,790	1	3	2.0	2005	0	0	222		
26	613 Boatman's Cv	15	8/23/2013	\$ 157,500	\$105.42	1,494	10,890	1	3	2.0	2003	1	0	0	60	0.6%
39	700 Stillwood Ct	18	6/26/2015	\$ 191,500	\$105.92	1,808	8,125	1	3	2.5	2002	0	1	382		
37	305 Bedford Ct (2015)	0	3/26/2015	\$ 139,000	\$105.95	1,312	8,307	1	3	2.0	2005	0	0	2,030		
24	153 W Pinebrook Drive	40	2/24/2011	\$ 164,000	\$106.29	1,543	12,070	1	3	2.0	2007	1	1	0	146	1.2%
32	413 Pinebrook Cir	14	5/13/2015	\$ 176,000	\$107.71	1,634	9,600	1	3	2.0	2005	0	0	1,200		
33	622 Pinebrook Pl	7	5/16/2014	\$ 183,500	\$107.94	1,700	12,289	1	3	2.0	2010	0	1	1,200		
22	510 Pinebark Cv	43	8/29/2012	\$ 183,000	\$110.84	1,651	11,866	1	3	2.0	2008	1	1	0	161	1.4%
35	458 Pinebrook Cir (2015)	115	2/3/2015	\$ 185,500	\$111.41	1,665	10,382	1	3	2.0	2006	0	1	700		
14	308 Austin Circle	8	4/13/2012	\$ 175,000	\$111.82	1,565	12,727	1	3	2.0	2012	1	0	0	60	0.5%
40	458 Pinebrook Cir (2011)	126	3/10/2011	\$ 186,000	\$112.32	1,656	10,382	1	3	2.0	2006	0	1	1,200		
21	212 Pineleaf Cv	286	9/28/2012	\$ 156,000	\$112.80	1,383	17,095	1	3	2.0	2005	1	1	0	95	0.6%
38	403 Bedford Pl (2010)	2	4/30/2010	\$ 148,000	\$113.15	1,308	8,190	1	3	2.0	2005	0	0	1,737		
36	305 Bedford Ct (2013)	20	4/29/2013	\$ 149,000	\$113.57	1,312	8,307	1	3	2.0	2005	0	0	2,030		
19	320 Austin Circle	98	3/15/2012	\$ 167,000	\$113.99	1,465	10,000	1	3	2.0	2011	1	0	0	65	0.7%
23	151 W Pinebrook Drive	0	5/31/2012	\$ 187,900	\$114.50	1,641	14,472	1	3	2.0	2007	1	1	0	91	0.6%
29	429 Spring Hill Pt	2	3/17/2015	\$ 163,000	\$115.36	1,413	7,344	1	3	2.0	2009	0	0	355		
42	403 Bedford Pl (2015)	39	3/11/2015	\$ 152,000	\$116.21	1,308	8,190	1	3	2.0	2005	0	0	1,737		
18	322 Austin Circle	101	3/30/2012	\$ 171,300	\$117.41	1,459	10,157	1	3	2.0	2011	1	0	0	98	1.0%
12	316 Austin Circle	53	5/27/2011	\$ 171,155	\$118.94	1,439	8,240	1	3	2.0	2011	1	0	0	65	0.8%
11	318 Austin Circle	120	3/29/2012	\$ 171,900	\$120.38	1,428	8,100	1	3	2.0	2012	1	0	0	Abuts	0.0%
15	310 Austin Circle	48	8/26/2014	\$ 160,000	\$120.66	1,326	8,302	1	3	2.0	2011	1	0	0	103	1.2%
30	415 Spring Hill Pt	9	4/29/2015	\$ 166,500	\$125.76	1,324	10,637	1	3	2.0	2008	0	0	525		

## Gulf South Residential Sales - Sorted by Gross Living Area (GLA)

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	GLA (SF)	Lot Size			Year Built	Pipeline-encumbered?	Cul de	Distance	Encumbered Area (SF)	Encumbered Area (%)	
							Sac/Corner	From Pipeline (LF)	Stories			BR	Bath			Lot
38	403 Bedford Pl (2010)	2	4/30/2010	\$ 148,000	\$113.15	1,308	8,190	1	3	2.0	2005	0	0	1,737		
42	403 Bedford Pl (2015)	39	3/11/2015	\$ 152,000	\$116.21	1,308	8,190	1	3	2.0	2005	0	0	1,737		
37	305 Bedford Ct (2015)	0	3/26/2015	\$ 139,000	\$105.95	1,312	8,307	1	3	2.0	2005	0	0	2,030		
36	305 Bedford Ct (2013)	20	4/29/2013	\$ 149,000	\$113.57	1,312	8,307	1	3	2.0	2005	0	0	2,030		
30	415 Spring Hill Pt	9	4/29/2015	\$ 166,500	\$125.76	1,324	10,637	1	3	2.0	2008	0	0	525		
15	310 Austin Circle	48	8/26/2014	\$ 160,000	\$120.66	1,326	8,302	1	3	2.0	2011	1	0	0	103	1.2%
21	212 Pineleaf Cv	286	9/28/2012	\$ 156,000	\$112.80	1,383	17,095	1	3	2.0	2005	1	1	0	95	0.6%
29	429 Spring Hill Pt	2	3/17/2015	\$ 163,000	\$115.36	1,413	7,344	1	3	2.0	2009	0	0	355		
25	612 Boatman's Cv	109	8/28/2014	\$ 139,999	\$98.45	1,422	9,500	1	3	2.0	2003	1	0	0	65	0.7%
11	318 Austin Circle	120	3/29/2012	\$ 171,900	\$120.38	1,428	8,100	1	3	2.0	2012	1	0	0	Abuts	0.0%
12	316 Austin Circle	53	5/27/2011	\$ 171,155	\$118.94	1,439	8,240	1	3	2.0	2011	1	0	0	65	0.8%
18	322 Austin Circle	101	3/30/2012	\$ 171,300	\$117.41	1,459	10,157	1	3	2.0	2011	1	0	0	98	1.0%
19	320 Austin Circle	98	3/15/2012	\$ 167,000	\$113.99	1,465	10,000	1	3	2.0	2011	1	0	0	65	0.7%
20	309 Pinecone Cove	161	12/20/2013	\$ 155,000	\$104.87	1,478	12,000	1	3	2.0	2009	1	0	0	97	0.8%
13	524 Sweetwater Commons	27	8/30/2012	\$ 152,400	\$102.08	1,493	12,488	1	2	2.0	2001	1	0	0	130	1.0%
26	613 Boatman's Cv	15	8/23/2013	\$ 157,500	\$105.42	1,494	10,890	1	3	2.0	2003	1	0	0	60	0.6%
16	413 Mason Court	50	3/30/2012	\$ 155,000	\$100.91	1,536	19,825	1	3	2.0	2008	1	1	0	32	0.2%
24	153 W Pinebrook Drive	40	2/24/2011	\$ 164,000	\$106.29	1,543	12,070	1	3	2.0	2007	1	1	0	146	1.2%
27	213 Pineleaf Cv	286	5/12/2010	\$ 160,000	\$102.37	1,563	8,712	1	3	2.0	2005	1	1	0	154	1.8%
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31	304 Pinecone Cv	58	6/1/2015	\$ 164,900	\$105.10	1,569	5,790	1	3	2.0	2005	0	0	222		
34	433 Pinebrook Cir	97	5/30/2014	\$ 167,000	\$104.38	1,600	9,600	1	3	2.0	2006	0	0	1,234		
32	413 Pinebrook Cir	14	5/13/2015	\$ 176,000	\$107.71	1,634	9,600	1	3	2.0	2005	0	0	1,200		
23	151 W Pinebrook Drive	0	5/31/2012	\$ 187,900	\$114.50	1,641	14,472	1	3	2.0	2007	1	1	0	91	0.6%
22	510 Pinebark Cv	43	8/29/2012	\$ 183,000	\$110.84	1,651	11,866	1	3	2.0	2008	1	1	0	161	1.4%
40	458 Pinebrook Cir (2011)	126	3/10/2011	\$ 186,000	\$112.32	1,656	10,382	1	3	2.0	2006	0	1	1,200		
8	450 Abbey Woods	33	5/29/2015	\$ 166,000	\$99.94	1,661	10,142	1	3	2.0	2002	0	0	180		
35	458 Pinebrook Cir (2015)	115	2/3/2015	\$ 185,500	\$111.41	1,665	10,382	1	3	2.0	2006	0	1	700		
5	114 Sherwood Drive	257	1/30/2015	\$ 172,500	\$103.42	1,668	7,800	1	3	2.0	2003	1	0	0	Abuts	0.0%
6	506 W Abbey Place	26	8/23/2013	\$ 170,000	\$101.61	1,673	8,099	1	3	2.0	2002	0	0	315		
2	455 Abbey Woods	65	10/24/2011	\$ 168,000	\$99.00	1,697	10,671	1	3	2.0	2002	1	0	0	4125	38.7%
33	622 Pinebrook Pl	7	5/16/2014	\$ 183,500	\$107.94	1,700	12,289	1	3	2.0	2010	0	1	1,200		
7	512 W Abbey Place	37	6/20/2014	\$ 179,000	\$100.90	1,774	7,571	1	4	2.0	2002	0	0	200		
3	516 W Abbey Place	8	3/6/2013	\$ 181,500	\$102.31	1,774	34,047	1	3	2.0	2002	1	1	0	6512	19.1%
39	700 Stillwood Ct	18	6/26/2015	\$ 191,500	\$105.92	1,808	8,125	1	3	2.5	2002	0	1	382		
41	908 Bent Willow Commons	69	10/14/2014	\$ 192,000	\$100.89	1,903	10,813	1	3	2.0	2004	0	0	351		

## Market Conditions

A linear regression was conducted on the sales data that showed a slight upward trend in the market from 2010 to 2015. Scatter plot and best fit line are shown below.



Based on the best fit line, the market appears to have improved less than 2 percent over the span of five years. Additionally, IRR found three homes that sold twice within a similar time period and are shown in the following table.

### Sale / Resale Analysis - Residences

Sale No.	Address/ Lot Number	Sale Date	Sale Price	Sale Price % Change	Price per Year % Change
1	458 Pinebrook Cir	2/3/2015	\$185,500		
		3/10/2011	\$186,000	-0.27%	-0.07%
2	305 Bedford Ct	3/26/2015	\$139,000		
		4/29/2013	\$149,000	-6.71%	-3.52%
3	403 Bedford Pl	3/11/2015	\$152,000		
		4/30/2010	\$148,000	2.70%	0.56%

Source: Central Mississippi MLS

Based on the above information, IRR did not apply a market conditions adjustment for sales in this time period.

### **Determination of Adjustments**

To determine the factors that had the largest impact on sale price, and to quantify an adjustment for each amount, IRR interviewed real estate professionals and performed linear regressions to determine which variables had the largest impact on sale price. It was determined that the most important factors were the age of the property, and the property's gross livable area. In appraisal, downward adjustments are made to properties with superior characteristics and upward adjustments are made to properties with inferior characteristics.

Based on analysis of market data and conversations with market participants, sales that had a third bathroom were adjusted downward by \$4,000. Sales that had no half baths were adjusted upward \$2,500, and sales that had two half baths were adjusted downward \$2,500. IRR then grouped the sales by age. Those three groupings were less than five years old, between five and 10 years old, and greater than 10 years old. The homes that were less than five years old were adjusted downward by \$5,000. The homes that were greater than 10 years old were adjusted upward by \$5,000. After adjusting for these factors, IRR adjusted for gross living area (GLA), explained below.

### **Determination of Adjustments for GLA**

IRR conducted a simple linear regression to analyze the impact of (GLA) on the total sale price of a property within the neighborhoods. Given the sample of 36 properties, the regression function predicted that a change of one square foot of GLA would correspond with a change of \$69.13 in the overall sale price. The coefficient of determination indicated that roughly 61 percent of the total variance in sale prices was explained by variances in GLA. Based on this test, IRR applied an adjustment of \$69.13 for each square foot of variation from the sample median GLA of 1,553 square feet (e.g., a 1,653 square foot home would be adjusted downward \$6,913).

The sales and their respective adjustments are shown on the following pages. The adjusted sales price and price per square foot are indicated in red.



Summary of Adjustments

Gulf South Residential Sales - Sorted by Adjusted Sale Price

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	GLA (SF)	Lot Size		Adj Sale Price	Sale Price Per SF	Stories	BR	Bath	Year Built	Distance		
							(SF)	Adjustment							From Pipeline (LF)	Encumbered Area (SF)	Encumbered Area (%)
25	612 Boatman's Cv	109	8/28/2014	\$ 139,999	\$98.45	1,422	9,500	\$9,055	\$149,054	\$98.45	1	3	2.0	2003	0	65	0.7%
37	305 Bedford Ct (2015)	0	3/26/2015	\$ 139,000	\$105.95	1,312	8,307	\$16,659	\$155,659	\$105.95	1	3	2.0	2005	2,030		
16	413 Mason Court	50	3/30/2012	\$ 155,000	\$100.91	1,536	19,825	\$1,175	\$156,175	\$100.91	1	3	2.0	2008	0	32	0.2%
13	524 Sweetwater Commons	27	8/30/2012	\$ 152,400	\$102.08	1,493	12,488	\$4,148	\$156,548	\$102.08	1	2	2.0	2001	0	130	1.0%
2	455 Abbey Woods	65	10/24/2011	\$ 168,000	\$99.00	1,697	10,671	-\$9,954	\$158,046	\$99.00	1	3	2.0	2002	0	4125	38.7%
8	450 Abbey Woods	33	5/29/2015	\$ 166,000	\$99.94	1,661	10,142	-\$7,466	\$158,534	\$99.94	1	3	2.0	2002	180		
27	213 Pineleaf Cv	286	5/12/2010	\$ 160,000	\$102.37	1,563	8,712	-\$691	\$159,309	\$102.37	1	3	2.0	2005	0	154	1.8%
20	309 Pinecone Cove	161	12/20/2013	\$ 155,000	\$104.87	1,478	12,000	\$5,184	\$160,184	\$104.87	1	3	2.0	2009	0	97	0.8%
26	613 Boatman's Cv	15	8/23/2013	\$ 157,500	\$105.42	1,494	10,890	\$4,078	\$161,578	\$105.42	1	3	2.0	2003	0	60	0.6%
6	506 W Abbey Place	26	8/23/2013	\$ 170,000	\$101.61	1,673	8,099	-\$8,295	\$161,705	\$101.61	1	3	2.0	2002	315		
7	512 W Abbey Place	37	6/20/2014	\$ 179,000	\$100.90	1,774	7,571	-\$15,277	\$163,723	\$100.90	1	4	2.0	2002	200		
34	433 Pinebrook Cir	97	5/30/2014	\$ 167,000	\$104.38	1,600	9,600	-\$3,249	\$163,751	\$104.38	1	3	2.0	2006	1,234		
31	304 Pinecone Cv	58	6/1/2015	\$ 164,900	\$105.10	1,569	5,790	-\$1,106	\$163,794	\$105.10	1	3	2.0	2005	222		
5	114 Sherwood Drive	257	1/30/2015	\$ 172,500	\$103.42	1,668	7,800	-\$7,949	\$164,551	\$103.42	1	3	2.0	2003	0	Abuts	0.0%
24	153 W Pinebrook Drive	40	2/24/2011	\$ 164,000	\$106.29	1,543	12,070	\$691	\$164,691	\$106.29	1	3	2.0	2007	0	146	1.2%
38	403 Bedford Pl (2010)	2	4/30/2010	\$ 148,000	\$113.15	1,308	8,190	\$16,936	\$164,936	\$113.15	1	3	2.0	2005	1,737		
36	305 Bedford Ct (2013)	20	4/29/2013	\$ 149,000	\$113.57	1,312	8,307	\$16,659	\$165,659	\$113.57	1	3	2.0	2005	2,030		
3	516 W Abbey Place	8	3/6/2013	\$ 181,500	\$102.31	1,774	34,047	-\$15,277	\$166,223	\$102.31	1	3	2.0	2002	0	6512	19.1%
21	212 Pineleaf Cv	286	9/28/2012	\$ 156,000	\$112.80	1,383	17,095	\$11,751	\$167,751	\$112.80	1	3	2.0	2005	0	95	0.6%
41	908 Bent Willow Commons	69	10/14/2014	\$ 192,000	\$100.89	1,903	10,813	-\$24,194	\$167,806	\$100.89	1	3	2.0	2004	351		
42	403 Bedford Pl (2015)	39	3/11/2015	\$ 152,000	\$116.21	1,308	8,190	\$16,936	\$168,936	\$116.21	1	3	2.0	2005	1,737		
32	413 Pinebrook Cir	14	5/13/2015	\$ 176,000	\$107.71	1,634	9,600	-\$5,599	\$170,401	\$107.71	1	3	2.0	2005	1,200		
29	429 Spring Hill Pt	2	3/17/2015	\$ 163,000	\$115.36	1,413	7,344	\$9,678	\$172,678	\$115.36	1	3	2.0	2009	355		
19	320 Austin Circle	98	3/15/2012	\$ 167,000	\$113.99	1,465	10,000	\$6,083	\$173,083	\$113.99	1	3	2.0	2011	0	65	0.7%
33	622 Pinebrook Pl	7	5/16/2014	\$ 183,500	\$107.94	1,700	12,289	-\$10,161	\$173,339	\$107.94	1	3	2.0	2010	1,200		
39	700 Stillwood Ct	18	6/26/2015	\$ 191,500	\$105.92	1,808	8,125	-\$17,627	\$173,873	\$105.92	1	3	2.5	2002	382		
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15	310 Austin Circle	48	8/26/2014	\$ 160,000	\$120.66	1,326	8,302	\$15,692	\$175,692	\$120.66	1	3	2.0	2011	0	103	1.2%
22	510 Pinebark Cv	43	8/29/2012	\$ 183,000	\$110.84	1,651	11,866	-\$6,774	\$176,226	\$110.84	1	3	2.0	2008	0	161	1.4%
35	458 Pinebrook Cir (2015)	115	2/3/2015	\$ 185,500	\$111.41	1,665	10,382	-\$7,742	\$177,758	\$111.41	1	3	2.0	2006	700		
18	322 Austin Circle	101	3/30/2012	\$ 171,300	\$117.41	1,459	10,157	\$6,498	\$177,798	\$117.41	1	3	2.0	2011	0	98	1.0%
40	458 Pinebrook Cir (2011)	126	3/10/2011	\$ 186,000	\$112.32	1,656	10,382	-\$7,120	\$178,880	\$112.32	1	3	2.0	2006	1,200		
12	316 Austin Circle	53	5/27/2011	\$ 171,155	\$118.94	1,439	8,240	\$7,880	\$179,035	\$118.94	1	3	2.0	2011	0	65	0.8%
11	318 Austin Circle	120	3/29/2012	\$ 171,900	\$120.38	1,428	8,100	\$8,641	\$180,541	\$120.38	1	3	2.0	2012	0	Abuts	0.0%
23	151 W Pinebrook Drive	0	5/31/2012	\$ 187,900	\$114.50	1,641	14,472	-\$6,083	\$181,817	\$114.50	1	3	2.0	2007	0	91	0.6%
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## Gulf South Residential Sales - Sorted by Adjusted Sale Price per Square Foot

No.	Address	DOM	Sale Date	Sale Price	\$/ SF	GLA (SF)	Lot Size			Adj Sale Price	Sale Price Per SF	Stories	BR	Bath	Year Built	Distance From Pipeline (LF)	Encumbered Area (SF)	Encumbered Area (%)
							Size (SF)	Adjustment										
25	612 Boatman's Cv	109	8/28/2014	\$ 139,999	\$98.45	1,422	9,500	\$9,055	\$149,054	\$98.45	1	3	2.0	2003	0	65	0.7%	
2	455 Abbey Woods	65	10/24/2011	\$ 168,000	\$99.00	1,697	10,671	-\$9,954	\$158,046	\$99.00	1	3	2.0	2002	0	4125	38.7%	
8	450 Abbey Woods	33	5/29/2015	\$ 166,000	\$99.94	1,661	10,142	-\$7,466	\$158,534	\$99.94	1	3	2.0	2002	180			
41	908 Bent Willow Commons	69	10/14/2014	\$ 192,000	\$100.89	1,903	10,813	-\$24,194	\$167,806	\$100.89	1	3	2.0	2004	351			
7	512 W Abbey Place	37	6/20/2014	\$ 179,000	\$100.90	1,774	7,571	-\$15,277	\$163,723	\$100.90	1	4	2.0	2002	200			
16	413 Mason Court	50	3/30/2012	\$ 155,000	\$100.91	1,536	19,825	\$1,175	\$156,175	\$100.91	1	3	2.0	2008	0	32	0.2%	
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13	524 Sweetwater Commons	27	8/30/2012	\$ 152,400	\$102.08	1,493	12,488	\$4,148	\$156,548	\$102.08	1	2	2.0	2001	0	130	1.0%	
3	516 W Abbey Place	8	3/6/2013	\$ 181,500	\$102.31	1,774	34,047	-\$15,277	\$166,223	\$102.31	1	3	2.0	2002	0	6512	19.1%	
27	213 Pineleaf Cv	286	5/12/2010	\$ 160,000	\$102.37	1,563	8,712	-\$691	\$159,309	\$102.37	1	3	2.0	2005	0	154	1.8%	
5	114 Sherwood Drive	257	1/30/2015	\$ 172,500	\$103.42	1,668	7,800	-\$7,949	\$164,551	\$103.42	1	3	2.0	2003	0	Abuts	0.0%	
34	433 Pinebrook Cir	97	5/30/2014	\$ 167,000	\$104.38	1,600	9,600	-\$3,249	\$163,751	\$104.38	1	3	2.0	2006	1,234			
20	309 Pinecone Cove	161	12/20/2013	\$ 155,000	\$104.87	1,478	12,000	\$5,184	\$160,184	\$104.87	1	3	2.0	2009	0	97	0.8%	
31	304 Pinecone Cv	58	6/1/2015	\$ 164,900	\$105.10	1,569	5,790	-\$1,106	\$163,794	\$105.10	1	3	2.0	2005	222			
26	613 Boatman's Cv	15	8/23/2013	\$ 157,500	\$105.42	1,494	10,890	\$4,078	\$161,578	\$105.42	1	3	2.0	2003	0	60	0.6%	
39	700 Stillwood Ct	18	6/26/2015	\$ 191,500	\$105.92	1,808	8,125	-\$17,627	\$173,873	\$105.92	1	3	2.5	2002	382			
37	305 Bedford Ct (2015)	0	3/26/2015	\$ 139,000	\$105.95	1,312	8,307	\$16,659	\$155,659	\$105.95	1	3	2.0	2005	2,030			
24	153 W Pinebrook Drive	40	2/24/2011	\$ 164,000	\$106.29	1,543	12,070	\$691	\$164,691	\$106.29	1	3	2.0	2007	0	146	1.2%	
32	413 Pinebrook Cir	14	5/13/2015	\$ 176,000	\$107.71	1,634	9,600	-\$5,599	\$170,401	\$107.71	1	3	2.0	2005	1,200			
33	622 Pinebrook Pl	7	5/16/2014	\$ 183,500	\$107.94	1,700	12,289	-\$10,161	\$173,339	\$107.94	1	3	2.0	2010	1,200			
22	510 Pinebark Cv	43	8/29/2012	\$ 183,000	\$110.84	1,651	11,866	-\$6,774	\$176,226	\$110.84	1	3	2.0	2008	0	161	1.4%	
35	458 Pinebrook Cir (2015)	115	2/3/2015	\$ 185,500	\$111.41	1,665	10,382	-\$7,742	\$177,758	\$111.41	1	3	2.0	2006	700			
14	308 Austin Circle	8	4/13/2012	\$ 175,000	\$111.82	1,565	12,727	-\$830	\$174,170	\$111.82	1	3	2.0	2012	0	60	0.5%	
40	458 Pinebrook Cir (2011)	126	3/10/2011	\$ 186,000	\$112.32	1,656	10,382	-\$7,120	\$178,880	\$112.32	1	3	2.0	2006	1,200			
21	212 Pineleaf Cv	286	9/28/2012	\$ 156,000	\$112.80	1,383	17,095	\$11,751	\$167,751	\$112.80	1	3	2.0	2005	0	95	0.6%	
38	403 Bedford Pl (2010)	2	4/30/2010	\$ 148,000	\$113.15	1,308	8,190	\$16,936	\$164,936	\$113.15	1	3	2.0	2005	1,737			
36	305 Bedford Ct (2013)	20	4/29/2013	\$ 149,000	\$113.57	1,312	8,307	\$16,659	\$165,659	\$113.57	1	3	2.0	2005	2,030			
19	320 Austin Circle	98	3/15/2012	\$ 167,000	\$113.99	1,465	10,000	\$6,083	\$173,083	\$113.99	1	3	2.0	2011	0	65	0.7%	
23	151 W Pinebrook Drive	0	5/31/2012	\$ 187,900	\$114.50	1,641	14,472	-\$6,083	\$181,817	\$114.50	1	3	2.0	2007	0	91	0.6%	
29	429 Spring Hill Pt	2	3/17/2015	\$ 163,000	\$115.36	1,413	7,344	\$9,678	\$172,678	\$115.36	1	3	2.0	2009	355			
42	403 Bedford Pl (2015)	39	3/11/2015	\$ 152,000	\$116.21	1,308	8,190	\$16,936	\$168,936	\$116.21	1	3	2.0	2005	1,737			
18	322 Austin Circle	101	3/30/2012	\$ 171,300	\$117.41	1,459	10,157	\$6,498	\$177,798	\$117.41	1	3	2.0	2011	0	98	1.0%	
12	316 Austin Circle	53	5/27/2011	\$ 171,155	\$118.94	1,439	8,240	\$7,880	\$179,035	\$118.94	1	3	2.0	2011	0	65	0.8%	
11	318 Austin Circle	120	3/29/2012	\$ 171,900	\$120.38	1,428	8,100	\$8,641	\$180,541	\$120.38	1	3	2.0	2012	0	Abuts	0.0%	
15	310 Austin Circle	48	8/26/2014	\$ 160,000	\$120.66	1,326	8,302	\$15,692	\$175,692	\$120.66	1	3	2.0	2011	0	103	1.2%	
30	415 Spring Hill Pt	9	4/29/2015	\$ 166,500	\$125.76	1,324	10,637	\$15,830	\$182,330	\$125.76	1	3	2.0	2008	525			

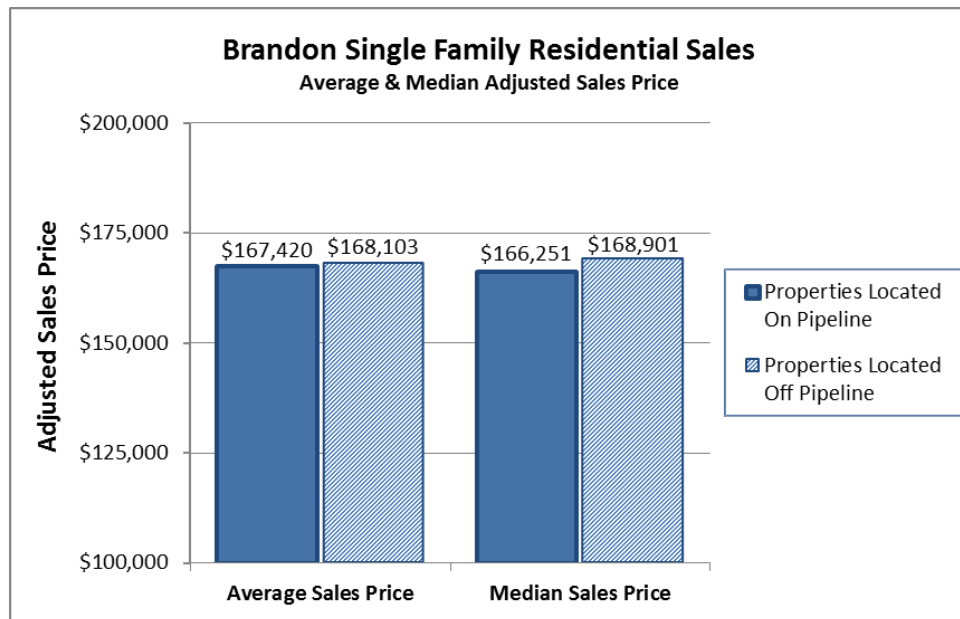


### Analysis of Impact of Location on Pipeline

For this analysis, IRR considered properties that abut the natural gas pipeline or that were encumbered by the pipeline to be “on” the pipeline easement. The average unadjusted sale price of residences on the pipeline easement was 1.75 percent lower than the average unadjusted sale price of residences located away from the pipeline. The median sale price was 0.60 percent lower. The average sale price after adjusting for size and age was 0.41 percent lower for properties that were on the natural gas pipeline easement than for properties located away from the pipeline, while the adjusted median was 1.57 percent lower.

#### Brandon Single Family Residential Sales

Unadjusted Prices	Average Price	Median Price
Properties Located On Pipeline	\$166,053	\$167,000
Properties Located Off Pipeline	\$169,003	\$168,000
Percent Difference	-1.75%	-0.60%
Adjusted Prices	Average Price	Median Price
Properties Located On Pipeline	\$167,420	\$166,251
Properties Located Off Pipeline	\$168,103	\$168,901
Percent Difference	-0.41%	-1.57%



IRR also compared the sale prices of the properties on a per square foot basis. The average unadjusted sale price per square foot of residences on the pipeline easement was 0.06 percent higher than the average unadjusted sale price per square foot of residences located away from the pipeline. The median sale price was 1.88 percent higher. The average sale price per square foot after adjusting for size and age was 0.91 percent higher for properties that were on the natural gas pipeline easement than for properties located away from the pipeline, while the adjusted median was 3.74 percent higher.

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### **Brandon Single Family Residential Sales**

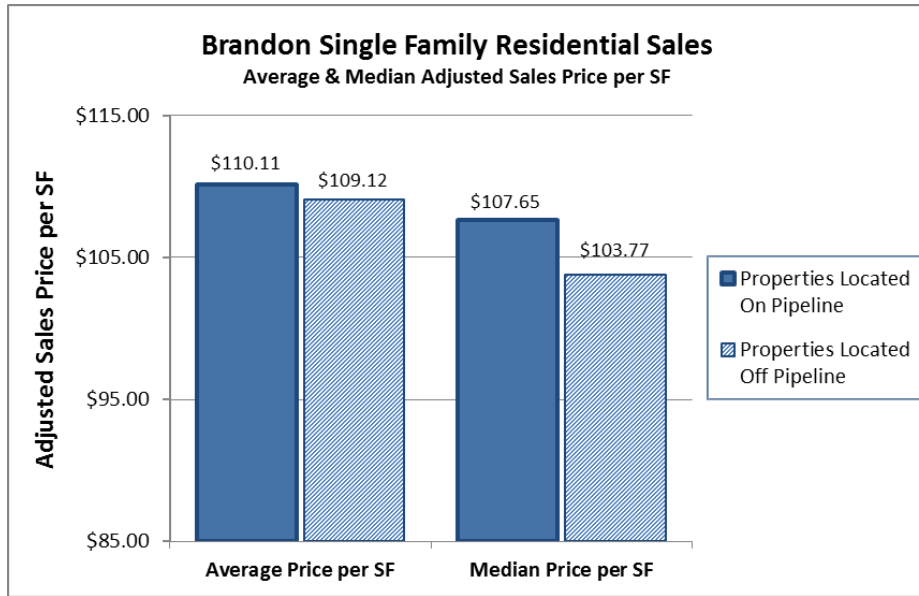
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<b>Unadjusted Prices</b>	<b>Average Price/ SF</b>	<b>Median Price/ SF</b>
Properties Located On Pipeline	\$108.77	\$107.94
Properties Located Off Pipeline	\$108.70	\$105.95
Percent Difference	0.06%	1.88%

<b>Adjusted Prices</b>	<b>Average Price/ SF</b>	<b>Median Price/ SF</b>
Properties Located On Pipeline	\$110.11	\$107.65
Properties Located Off Pipeline	\$109.12	\$103.77
Percent Difference	0.91%	3.74%

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## Regression Analysis

IRR conducted a simple linear regression analysis on the data set to see if there was a correlation between adjusted sales price and the presence of a pipeline easement. The adjustments were made to the sale prices based on size, as previously discussed. IRR conducted linear regressions testing the impact on sale price of a property's location "on" or away from the natural gas pipeline. In order to establish pipeline location as the dependent variable, IRR assigned properties located away from the pipeline a value of "zero" and properties abutting the natural gas pipeline, or encumbered by the natural gas pipeline, a value of "one," and used this assignment column as the dependent variable in the linear regression.

For its analysis, IRR used the adjusted property sale prices as the dependent variable. Location on or away from the pipeline was a poor predictor of price differences in this analysis. The coefficient was -\$958 (indicating that the model predicted that a property located on the pipeline would sell for \$958 less than a property located away from the pipeline, all else being equal), but the adjusted coefficient of determination was close to zero, at -0.02609. IRR also checked the unadjusted sales price per square foot to determine if it would indicate similar results. The coefficient was \$0.05, (indicating that the model predicted the price per square foot would increase by \$0.05 if the property was on the pipeline, all else being equal). Again, the adjusted coefficient of determination was close to zero at -0.00294.

The adjusted coefficient of determination is a measurement used to correlate a set of data. Measurements close to one indicate high correlation, while numbers close to zero indicate no correlation. Both tests appear to show very little correlation to indicate that the location of a pipeline on or near a property affects its value when sold.

## Paired Sales Analysis

Since the sales "on" the pipeline easement generally occurred before the sales of properties located away from the pipeline, it was difficult to create multiple paired sales.

In this neighborhood, there were two sets of homes that shared enough similar characteristics such that the most substantial difference between the two properties was that one was abutting or encumbered by the pipeline easement and the other property was not in proximity to the pipeline. As such, IRR conducted a paired sales analysis as a demonstration of the expected effects of a pipeline when observing small samples of comparable data.

The table below shows two sets of paired sales. The first pair shows sale number 5 (located on the pipeline easement) with a sales price that is bracketed by sales 32 and 8 (located away from the pipeline). The second pair shows sale number 40 (located on the pipeline easement) was slightly higher than sale number 22 (located away from the pipeline). In both cases, the differences appear to be insignificant.



**Paired Sales Market Trends Analysis - Residences**

Pair No.	Sale No.	Address/ Lot Number	Sale Date	Lot Size		Price/ SF				Year	Pool	Adjusted Price	Adjusted \$/SF
				(SF)	GLA (SF)	GLA	BR	BA	Built				
1	5	114 Sherwood Drive	1/30/2015	7,800	1,668	\$172,500	\$103.42	3	2.0	0	2003	\$172,500	\$103.42
	32	413 Pinebrook Cir	5/13/2015	9,600	1,634	\$176,000	\$107.71	3	2.0	0	2005	\$176,000	\$107.71
	8	450 Abbey Woods	5/29/2015	10,142	1,661	\$166,000	\$99.94	3	2.0	0	2002	\$166,000	\$99.94
2	40	458 Pinebrook Cir	3/10/2011	10,382	1,656	\$186,000	\$112.32	3	2.0	1	2006	\$156,000	\$94.20
	22	510 Pinebark Cv	8/29/2012	11,866	1,651	\$183,000	\$110.84	3	2.0	1	2008	\$153,000	\$92.67

**Conclusion**

IRR found no evidence of a statistically significant difference in the prices paid for homes located along or near a pipeline in the Mississippi study area, when compared with the sales prices for homes located away from the pipeline, particularly after adjusting for GLA, the most significant influence on sales price. The differences in the mean and median sale prices of homes located on and away from the pipeline were not substantial, and were not consistent. While average adjusted home prices were 0.41 percent lower “on” the pipeline, than away from the pipeline, average prices per square foot “on” the pipeline were higher.

As discussed above, the coefficients of determination for the simple linear regressions performed were very low, indicating that the sale price of the home is not related to location on or off of the pipeline (both when considered on a per square foot basis and on a whole sale price).

The paired sales analysis conducted showed no statistically significant price difference in sales prices for properties located along or encumbered by the pipeline easement compared with properties which did not have these locational characteristics.

IRR also interviewed real estate brokers from Nell Watt Real Estate and Front Gate Realty. Both brokerage firms’ respondents agreed that there was no price difference for the properties located on the pipeline, and they said buyers and sellers in this market did not express concern about the pipeline in the area. Based on the sales of single-family dwellings in the Mississippi study area, there appears to be no measurable difference between a property located along or encumbered by the pipeline easement when compared with properties that do not have these locational characteristics.

## Insurability

Some members of the public have expressed concern that it could be more difficult to obtain homeowner's insurance for a dwelling within close proximity to a natural gas pipeline. Some homeowners have also expressed concern that their insurance rates will go up due to the presence of a pipeline.

In order to address these concerns, IRR contacted the corporate offices of State Farm, Allstate and Farmers, the three largest home insurers in the United States. Representatives from all three companies indicated that proximity to a pipeline was not taken into consideration when underwriting a homeowner's policy. In addition, there was no indication that homeowner premiums would go up as a result of new pipeline construction.

Additionally, IRR interviewed agents with over 100 years of combined insurance experience on the topic of insurability for properties located in proximity to a pipeline. Responses came from Wilson Risk Management, LLC; ProTech Insurance Agency, Inc.; and Marsh & McLennan Agency.

The consensus among those interviewed is that issues related to insurability essentially stay the same if the insurance is for a property account or a liability account. Insurance companies have varying appetites for different businesses. Driven by their financial condition, the policyholder surplus determines how much insurance the company can sell. The insurance company then determines which types of accounts they will consider. Thus, their capacity of available insurance is critical to the process.

Specifically in Houston, property insurance can be difficult to obtain and pricing can vary by significant amounts from year to year due to policy surplus issues as a result of the city's proximity to the Gulf Coast. Hurricanes and severe weather can affect the ability of a property owner to obtain insurance in the Gulf Coast region, Florida and the Southeast. Similarly, snow, ice or hail might affect available coverage in parts of the country with colder climates. Susceptibility to flooding oftentimes poses the greatest risk.

A number of factors help the underwriter determine whether or not to provide a policy. According to those interviewed by IRR, these include the financial condition, credit and other history of the potential policyholder, local real estate market conditions, protection (alarms, sprinklers, security guards and fencing) available, the intended use and condition of the structure (particularly roof, plumbing and electrical) and the location of the property.

Based on conversations with insurers, including a former underwriter at State Farm, the existence of pipelines is not a factor in the underwriting process, unless a previous claim has been filed specifically related to the pipeline. If a claim has been filed, it would show up on a CLUE (Comprehensive Loss Underwriting Exchange) report, detailing the loss history, type, frequency, severity, and amount paid. It was acknowledged that if a claim has been made as a result of pipeline leak, it could be more difficult for the homeowner to get insurance. However, every insurance company and agent interviewed by IRR stated that if no prior claim had been made, the existence of a pipeline had no effect on the ability of a homeowner to get insurance.



After analyzing insurability, the underwriter then turns to pricing the policy. Pricing is based on competition, market conditions and available quota. Quotas –the number of policies a company issues a year – often come into play at the end of the year, when companies are scrambling to meet expectations as set by the home or corporate office. While some companies will not entertain any new risk, others will, but will adjust the price accordingly.

Similarly, based on IRR interviews, the existence of pipelines is not a factor when considering prices for insurance. Those factors considered when underwriting a policy include quality and proximity of the local fire department, history of criminal activity in the area, age and condition of property, claims history of a property, and traits related to the individual who is insuring the property. Provided there is no prior claim, the location of a pipeline is not part of the criteria.

In conclusion, all agents and company representatives interviewed by IRR agreed that the proximity to the pipeline would **not** be a consideration during the underwriting of insurance or in the marketing of insurance. Further, unless a claim has been made related to the pipeline, a property's proximity to a natural gas pipeline has **no impact** on the availability of property insurance or the cost of the premiums.



## Lending Requirements

Among other things, in order to qualify for a mortgage (a homeowner's loan), a property must meet the minimum property requirements that are established by the lender. To address the minimum requirements of a property relative to the location of an easement, IRR interviewed lenders and mortgage bankers from numerous firms, including BancorpSouth, Integrity Mortgage, Bank of America and Wells Fargo.

Lenders interviewed by IRR indicated that conventional, Federal Housing Administration (FHA) and Veterans Affairs (VA) loans are issued on property encumbered by pipeline easements on a continual basis. Additionally, the presence of an easement does not hinder the ability to acquire a loan, provided that the buyer can obtain title insurance and the property improvements are located outside of the easement area and within the appropriate setback lines. "Improvements," as it pertains to real property, is defined as buildings or other relatively permanent structures or developments located on, or attached to, land.

Wells Fargo is the largest home lender in the United States, with \$62 billion of mortgage originations in the second quarter of 2015. Further, Wells Fargo is the largest lender of VA (Veterans Affairs) and FHA (Federal Housing Administration) loans in the nation. In an interview with IRR, the Wells Fargo lender specified that any improvements to a property must meet a ten foot setback requirement in order to qualify for a VA or FHA loan. The loan amount will not include the value of any improvements that are even partially located in the easement area.

IRR has determined that homebuyers of property along pipeline easements across the United States are able to obtain FHA and VA loans. In the appendix of this report, IRR has cited examples of homes located near a natural gas pipeline that sold and obtained VA or FHA financing. The samples are only a small number of the thousands of homes that are located in proximity to natural gas pipelines and are financed via conventional, FHA or VA mortgages.

The "Fuel Pipeline and High Voltage Electric Lines" section of the VA Minimum Property Requirements is located in the addendum B. Additionally, a full copy of the VA minimum property requirements can be accessed in the addenda of this report.

In conclusion, as long as the pipeline easement is not encroaching on the property improvements, the presence of a natural gas pipeline has no effect on obtaining a mortgage or obtaining conventional, FHA or VA loans.





## Conclusions

The following objectives were studied in IRR's research and the availability of observable data and patterns in each case study. Based upon the data analyzed in this report, the following conclusions were drawn for each objective.

**Overall, this report finds that in all areas studied, there is a sales frequency for homes “on” a pipeline that is consistent with those “off” a pipeline.** This indicates that the presence of a pipeline does not inhibit sales.

**Determine if there is a measurable impact on the sales price of properties located along natural gas pipelines, when compared with the sales price of properties not located along a pipeline.**

The results from the AWS analyses indicated that residential sales encumbered by the pipeline easement have an adjusted sales price higher than the average and median sales price for unencumbered homes. Studies in Victory Lakes, Virginia; Wellington Knolls, New Jersey; and Brandon, Mississippi, demonstrated a slight decrease, while Kyles Station Meadows in Liberty Township, Ohio showed a slight increase in average and median sales price for properties located on, adjacent to or abutting a pipeline easement.

On an adjusted per square foot basis, the AWS analyses indicated an increase in the residential sales prices for homes encumbered by the pipeline easement. Similarly, Kyles Station Meadows, Ohio; Victory Lakes, Virginia; and Brandon, Mississippi, all showed increases in average and median per square foot sales prices for properties located on, adjacent to or abutting a pipeline easement. Wellington Knolls, New Jersey, showed a slight decrease in average and median per square foot sales prices.

Since the results did not show a systematic impact, there appears to be no measurable impact on sale price. As such, IRR concludes that proximity to a natural gas pipeline had no measurable impact on the sales price of a property.

**Determine if the size of the pipeline has any impact on sales price.**

The natural gas pipelines in this study included a variety of sizes – 24-, 26-, 30-, 36-, and 42-inches in diameter. Since no measurable effect on sales price was observed, IRR concludes that size of the pipeline has no effect on sales price in the study areas.

**Determine if the age of the pipeline has any effect on sales price.**

The natural gas pipelines that were studied in this report entered service in 1949, during the 1950s, 1959, 1985, 2009, and 2013. The Pennsylvania line was originally constructed in 1958, but replaced in 2007. Since no measurable effect on sales price was observed on any pipeline, IRR concludes that the age of the pipeline has no effect on sales price of properties located in proximity to easements in the study areas.



**Determine if the existence of a natural gas pipeline inhibits development of the surrounding area.**

The Victory Lakes development in Prince William County, Virginia, is showing no signs of slowed development due to either the natural gas lines already in the area, or the additional gas pipeline proposed for the area. General observations of the study areas, which have homes that are younger than the pipeline easements in their respective areas, also suggest development still occurs in areas traversed by natural gas pipelines. The even distribution of Gross Living Area of properties encumbered by the natural gas pipeline, when compared with properties away from the pipeline, shows that there is not an impact on the size of the homes constructed. Based on the findings in the case studies, as well as general observations made through due diligence, IRR concludes that the existence of a pipeline does not inhibit development of the surrounding study areas.

**Determine if the impact of a pipeline varies by type of property.**

The types of homes comprising this study included: (1) a suburban market area outside of Jackson, Mississippi, with sale prices ranging from \$139,000 to \$192,000; (2) townhomes in a master planned community in suburban Virginia with sales prices ranging from \$265,190 to \$411,790; (3) a suburban area outside of a major metropolitan area in Cincinnati, Ohio, with sale prices ranging from \$149,000 to \$263,000; (4) a suburban area north of Cincinnati Ohio, with sale prices ranging from \$124,000 to \$269,900; (5) a rural neighborhood in Clinton, New Jersey, with sale prices ranging from \$377,000 to \$650,000; and (6) a small town subdivision located in Dallastown, Pennsylvania, with sale prices ranging from \$261,000 to \$460,000. The findings did not indicate any measurable impact in sales price based on the proximity to a pipeline in any case study. Thus, IRR concludes that the presence of a pipeline does not affect any specific type of property more or less than any other property type.

**Determine if the findings of this study are applicable to other geographic areas.**

The five case studies had little variation in results, while each was unique in geographic location and property type. Considering the lack of a systematic impact by any of the case studies, and the overall minor difference in sale price, it is very likely that the conclusions developed in this study would be transferable to other markets across the country.

**Determine if the ability to obtain, or the cost to carry insurance, is affected by the presence of a natural gas pipeline.**

While a statistical analysis was not performed, and while a single insurance guideline cannot be referenced, there is no demonstrable impact on the insurability of property in proximity to a natural gas pipeline. According to the interviewed participants, the factors that would affect marketability, underwriting and coverage would not be related to pipeline easements. Thus, IRR concludes that there is no impact on the insurability of properties proximate to natural gas easements.

**Determine if the ability to secure a loan is impaired by the presence of a natural gas pipeline.**

According to the Veteran's Affairs and Federal Housing Administration guidelines and market participants interviewed, the presence of a pipeline would not disqualify a potential buyer or homeowner from securing a VA or FHA loan. Additionally, based on our research, other forms of conventional lending are available to homebuyers purchasing property along pipelines. In the areas studied in this report, it was shown that conventional, FHA and VA loans were acquired by buyers purchasing homes encumbered by pipeline easements. IRR concludes that the presence of a pipeline easement does not affect the ability to secure a loan as long as the home is located outside of the easement area.



## Certification

IRR certifies that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this report.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. David R. Dominy, MAI, CRE, FRICS, has not personally inspected the areas subject to this report. Inspections of the areas were conducted by John Gillooly, MAI, SCGRE, CTA, Thomas Guinan, John Praytor, MAI, James Herbig, SRA, Tyler Sexton, and George "Beau" Garbutt, IV.
11. Significant professional assistance was provided by Jake T. Mitchell who has not signed this certification. Assistance consisted of, conducting research on the transactions involving comparable properties, performing analyses, and assisting in report writing, under the supervision of the persons signing the report.
12. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.



13. As of the date of this report, David R. Dominy, MAI, CRE, FRICS, has completed the continuing education program for Designated Members of the Appraisal Institute.
  
14. USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. As no specific property was valued, this does not apply to this report.



David R. Dominy, MAI, CRE, FRICS  
Certified General Real Estate Appraiser  
Texas Certificate # TX-1321542-G



## **Addendum A**

### **Appraiser Qualifications**

# David R. Dominy, MAI, CRE, FRICS

## Experience

Senior Managing Director of Integra Realty Resources Houston, a multi-faceted real estate valuation and consulting firm with experience in properties including office buildings, single-family and multi-family residential, single and multi-tenant retail centers, industrial facilities, subdivisions, billboard valuation, convenience stores/service stations, hospital/MOB properties and mini-warehouse facilities. Other assignments include pipeline systems and rights of way including roadways, railroads, waterways, aviation and high voltage transmission corridors and salt cavern storage facilities.

Clients include financial institutions, insurance companies, law firms, governmental entities, oil companies, developers, and private property owners, including many Fortune 500 companies. The practice features a litigation section assisting clients in many matters including general commercial litigation, property partitioning, estate tax matters, environmental contamination cases and eminent domain cases among others.

## Professional Activities & Affiliations

Advisory Board Member: Baylor University - Hankamer School of Business  
Board Member: On Track Ministries  
Board Member: Yellowstone Academy  
Board of Director: West Harris County Municipal Utility District #15  
Royal Institute of Chartered Surveyors, Fellow (FRICS)  
Counselor of Real Estate (CRE) Former Chairman, Current Board Member; Houston Appraisal Institute, Member (MAI) Former President; Houston  
Member: International Right of Way Association  
Former President: C Club Houston  
Former President: Houston Realty Business Coalition  
Former Vice Chairman: Integra Realty Resources; National

## Licenses

Alabama, Real Estate General Appraiser, G00659, Expires September 2017  
Arkansas, State Certified General Appraiser, CG 1255, Expires September 2016  
Arizona, Certified General Real Estate Appraiser, 31937, Expires February 2017  
Colorado, Real Estate General Appraiser, CG40033015, Expires December 2017  
Georgia, Certified General Real Property Appraiser, 366343, Expires January 2017  
Iowa, General Real Property Appraiser, CG034272, Expires June 2016  
Louisiana, Real Estate General Appraiser, G1033, Expires December 2017  
Mississippi, Real Estate General Appraiser, GA-740, Expires October 2016  
Oklahoma, Real Estate General Appraiser, 11679, Expires February 2018  
Texas, Real Estate General Appraiser, TX-1321542-G, Expires November 2017  
Texas, Real Estate Broker, 341697-13, Expires May 2016

## Education

BBA – Baylor University – Major – Accounting/Finance

Successfully completed numerous real estate related courses and seminars sponsored by the Appraisal Institute, accredited universities and others.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

Guest Lecturer: Rice University; CLE International; Harris County Eminent Domain Seminar; Harris County Appraisal District; Texas Association of Assessment Officers

## Qualified Before Courts & Administrative Bodies

County and District Courts: Texas – Harris, Montgomery, Fort Bend, Brazoria, Galveston, Chambers, Grimes, San Jacinto, Angelina, Polk, Liberty, Bexar, and Waller.  
Arkansas - White County  
Louisiana - St. Tammany Parish  
Federal Courts: Houston and Sherman, Texas

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# Integra Realty Resources, Inc.

## Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in the United States with 61 independently owned and operated offices in 34 states and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

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## **Addendum B**

**VA Minimum Property Requirements**

**VA Financed Sales**



## Chapter 12 Minimum Property Requirements

### Overview

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**Purpose of MPRs**

VA Minimum Property Requirements (MPRs) provide general acceptability criteria for properties which will become the security for VA-guaranteed loans.

In proposed or under construction cases, the MPRs help ensure that the property is constructed according to the applicable

- building code
- Federal regulations, and
- HUD requirements.

In existing and new construction cases, the MPRs provide a basis for determining that the property is

- safe, structurally sound and sanitary, and
  - meets the standards considered acceptable in a permanent home in its locality.
- 

**Scope of MPRs**

Any reference to “MPRs for existing construction” in this handbook applies to all MPRs outlined in this chapter, except those shown as specifically applicable to “proposed construction.”

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**Specially Adapted Housing**

Additional MPRs apply to Specially Adapted Housing program cases. Each VA office has an SAH agent to answer questions.

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*Continued on next page*

**Overview, Continued**

**In This Chapter**

This chapter contains the following topics.

<b>Topic</b>	<b>See Page</b>
12.01 MPR Variations and Exemptions	12-3
12.02 Proposed Construction MPRs	12-4
12.03 Basic MPRs	12-6
12.04 Shared Facilities and Utilities	12-9
12.05 Access-Related Issues	12-10
12.06 Hazards and Defective Conditions	12-11
12.07 Fuel Pipelines and High Voltage Electric Lines	12-13
12.08 Individual Water Supply/Sewage Disposal Requirements	12-14
12.09 Community Water Supply/Sewage Disposal Requirements	12-16
12.10 Manufactured Homes Classified as Real Estate	12-20

## 12.01 MPR Variations and Exemptions

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<b>Variations</b>	VA may agree to modify the MPRs where justified by certain conditions common to a particular geographic area or occurring on the site, or where such conditions make compliance impractical or impossible.
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<b>Exemptions</b>	An MPR for existing construction can be waived by the VA field office if <ul style="list-style-type: none"><li>• a veteran is under contract to purchase the property</li><li>• the veteran and lender request the exemption in writing</li><li>• the property is habitable from the standpoint of safety, structural soundness and sanitation, and</li><li>• VA is satisfied that the nonconformity has been fully taken into account by way of depreciation in the VA valuation.</li></ul>
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## 12.02 Proposed Construction MPRs

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**Where a Building Code is Enforced**

If the property is located in a jurisdiction which enforces a State, county or local building code, then VA MPRs require that the construction comply with

- the applicable State, county or local building code
- 24 Code of Federal Regulations (CFR) 200.926d, *Construction Requirements*
- 1992 Council of American Building Officials (CABO) *Model Energy Code (MEC)*, and
- HUD references below.

[\[CFR 200.926d\]](#)

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**Where a Building Code is Not Enforced**

If the property is located in a jurisdiction which **does not** enforce a State, county or local building code, then VA MPRs require that the construction comply with

- applicable provisions of the current *CABO International One and Two Family Dwelling Code*, and any mandatory codes or standards incorporated by reference
- 24 CFR 200.926d, *Construction Requirements*
- 24 CFR 200.926e, *Supplemental Information for Use with CABO One and Two Family Dwelling Code*
- 1992 CABO *Model Energy Code (MEC)*, and
- HUD references below.

[\[24 CFR 200.926d\]](#)

[\[24 CFR 200.926e\]](#)

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*Continued on next page*

## 12.02 Proposed Construction MPRs, Continued

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### HUD References

The following references from the Department of Housing and Urban Development (HUD) are also included in VA MPRs, as applicable:

- HUD engineering bulletins and materials releases that address, the use of new or unconventional construction methods, or materials that have been reviewed and considered suitable from a technical standpoint by HUD, and
  - standards and practices recommended in HUD Handbooks
    - Handbook 4140.1, *Land Planning Principles for Home Mortgage Insurance*
    - Handbook 4140.2, *Land Planning Procedures and Data for Insurance for Home Mortgage Programs*, and
    - Handbook 4140.3, *Land Planning Data Sheet Handbook*.
- 

### Using HUD Publications

When Using HUD Publications for VA Purposes

- read all references to “HUD” and “HUD field office” as “VA” and “VA field station”
  - construe “insured mortgage” to mean “VA-guaranteed mortgage,” and
  - remember that, **for MPR purposes**, VA treats properties with up to four living units the same as properties with only one living unit.
-

### 12.03 Basic MPRs

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<b>Entity</b>	The property must be a single, readily marketable real estate entity.
<hr/>	
<b>Nonresidential Use</b>	<p>Any nonresidential use of the property must be subordinate to its residential use and character.</p> <p>If any portion of a property is designed or used for nonresidential purposes, that property is eligible only if the nonresidential use does not</p> <ul style="list-style-type: none"> <li>• impair the residential character of the property, or</li> <li>• exceed 25 percent of the total floor area.</li> </ul> <p><i>Note:</i> In making this calculation, the total nonresidential area must include storage areas or similar spaces that are integral parts of the nonresidential portion.</p>
<hr/>	
<b>Space Requirements</b>	<p>Each living unit must have the space necessary to assure suitable</p> <ul style="list-style-type: none"> <li>• living</li> <li>• sleeping</li> <li>• cooking and dining accommodations, and</li> <li>• sanitary facilities.</li> </ul>
<hr/>	
<b>Mechanical Systems</b>	<p>Mechanical systems must</p> <ul style="list-style-type: none"> <li>• be safe to operate</li> <li>• be protected from destructive elements</li> <li>• have reasonable future utility, durability and economy, and</li> <li>• have adequate capacity and quality.</li> </ul>

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*Continued on next page*

### 12.03 Basic MPRs, Continued

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**Heating**

Heating must be adequate for healthful and comfortable living conditions:

If the property has an **unvented space heater**, see the requirements in Section 11.12.

Homes with a **wood burning stove** as a primary heat source must also have a permanently installed conventional heating system that maintains a temperature of at least 50 degrees Fahrenheit in areas with plumbing.

**Solar systems** for domestic water heating and/or space heating must

- meet standards in HUD Handbook 4930.2, Solar Heating and Domestic Hot Water Heating Systems, and
- be backed-up 100 percent with a conventional thermal energy subsystem or other backup system which will provide the same degree of reliability and performance as a conventional system.

*Note:* VA field stations may determine that climatic conditions are such that mechanical heating is not required.

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**Water Supply and Sanitary Facilities**

Each unit must have

- domestic hot water
- a continuing supply of safe and potable water for drinking and other household uses, and
- sanitary facilities and a safe method of sewage disposal.

*Reference:* For requirements regarding **individual** water supplies and individual sewage disposal systems, see Section 12.08.

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*Continued on next page*

### 12.03 Basic MPRs, Continued

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**Roof Covering** The roof covering must

- prevent entrance of moisture, and
- provide reasonable future utility, durability, and economy of maintenance.

When a defective roof with three or more layers of shingles must be replaced, all old shingles must first be removed.

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**Crawl Space** The crawl space must

- have adequate access
- be clear of all debris, and
- be properly vented.

The floor joists must be sufficiently above the highest level of the ground to provide access for maintenance and repair of ductwork and plumbing.

Any **excessive dampness or ponding of water** in the crawl space must be corrected.

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**Ventilation** Natural ventilation of structural spaces such as attics and crawl spaces must be provided to reduce the effect of excess heat and moisture which could cause decay and deterioration of the structure.

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**Electricity** Each unit must have electricity for lighting and for necessary equipment.

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## 12.04 Shared Facilities and Utilities

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**Facilities**

Facilities such as laundry and storage space or heating may be shared in two-to-four living unit buildings under a single mortgage.

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**Utilities**

Utility services must be independent for each living unit, except

- living units under a single mortgage or ownership may share water, sewer, gas, or electricity as long as there are separate service shut-offs for each unit, and
- living units under separate ownership may share connections from the main to the building line when those connections are protected by
  - easement or covenant, and
  - a maintenance agreement acceptable to VA.

Individual utilities serving one living unit shall not pass over, under, or through another living unit unless there is a legal provision for permanent right of access for maintenance and repair of the utilities without trespass on adjoining properties.

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## 12.05 Access-Related Issues

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**Access to Property**

Each property must be provided with a safe and adequate pedestrian or vehicular access from a public or private street.

Private streets must be

- protected by a permanent easement, and
- maintained by a homeowners association or joint maintenance agreement.

All streets must have an all-weather surface.

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**Access to Living Unit**

Access to the living unit must be provided without passing through any other living unit.

Each living unit must be able to be used and maintained individually without trespass upon adjoining properties. Any easements required must run with the land.

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**Access to Rear Yard**

Access to the rear yard must be provided without passing through any other living unit.

For a row-type dwelling, the access may be by means of

- alley
  - easement
  - passage through the subject dwelling, or
  - other acceptable means.
- 

**Access for Exterior Wall Maintenance**

There must be adequate space between buildings to permit maintenance of the exterior walls.

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## 12.06 Hazards and Defective Conditions

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<b>Hazards</b>	<p>The property must be free of hazards which may</p> <ul style="list-style-type: none"> <li>• adversely affect the health and safety of the occupants</li> <li>• adversely affect the structural soundness of the dwelling and other improvements to the property, or</li> <li>• impair the customary use and enjoyment of the property by the occupants.</li> </ul>
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<b>Defective Conditions</b>	<p>Conditions which impair the safety, sanitation, or structural soundness of the dwelling will cause the property to be <b>unacceptable</b> until the defects or conditions have been remedied and the probability of further damage eliminated. Such conditions include but are not limited to</p> <ul style="list-style-type: none"> <li>• defective construction</li> <li>• poor workmanship</li> <li>• evidence of continuing settlement</li> <li>• excessive dampness</li> <li>• leakage</li> <li>• decay, and</li> <li>• termites.</li> </ul>
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<b>Drainage</b>	<p>The site must be graded so that it</p> <ul style="list-style-type: none"> <li>• provides positive, rapid drainage away from the perimeter walls of the dwelling, and</li> <li>• prevents ponding of water on the site.</li> </ul>
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<b>Wood Destroying Insects/Fungus/Dry Rot</b>	<p>Appraisers must look for and report evidence of wood destroying insect infestation, fungus growth, and dry rot in addition to any VA requirement for an inspection of the property by a wood destroying insect inspector.</p>
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## 12.06 Hazards and Defective Conditions, Continued

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### Lead-Based Paint

Lead-based paint constitutes an immediate hazard that must be corrected, unless testing shows that lead is not present in the paint at a level above that permitted by law.

Appraisers must

- assume that a defective paint condition (involving cracking, scaling, chipping, peeling, or loose paint) on any interior or exterior surface of properties built prior to 1978 involves lead-based paint
- clearly identify the location of such conditions, and
- recommend correction.

Any defective paint condition identified must receive adequate treatment to prevent the ingestion of contaminated paint. Either

- the surface requiring treatment must be thoroughly washed, scraped, wirebrushed or otherwise cleaned to remove all cracking, scaling, peeling, chipping and loose paint and then repainted with two coats of a suitable nonleaded paint, or
  - the paint shall be completely removed or the surface covered with a suitable material such as gypsum wallboard, plywood or plaster before any painting is undertaken if the paint film integrity of the surface needing treatment cannot be maintained.
- 

### Party Walls

A building constructed to a property line must be separated from the adjoining building by a wall extending the full height of the building from the foundation to the roof ridge. The wall may separate row type townhouses or semi-detached units.

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## 12.07 Fuel Pipelines and High Voltage Electric Lines

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### Gas and Petroleum Pipelines

No part of any residential structure may be located within a high pressure gas or liquid petroleum pipeline easement.

Any detached improvements even partially in the pipeline easement will not receive value for VA purposes.

If a proposed residential structure will be located outside the pipeline easement, but within an area that extends 220 yards on either side of the centerline of the pipeline itself, the VA notice of value will be conditioned for the following, as applicable:

- High Pressure Gas Pipelines – A statement from an authorized official of the pipeline company certifying compliance with 49 CFR 192.607, 192.609, 192.611 and 192.613.
- Liquid Petroleum Pipelines – A statement from an authorized official of the pipeline company certifying compliance with 49 CFR 195 and amendments thereto.

[\[49 CFR 192.607, 192.609, 192.611 and 192.613\]](#)

[\[49 CFR 195\]](#)

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### High Voltage Electric Transmission Lines

No part of any residential structure may be located within a high voltage electric transmission line easement.

Any detached improvements even partially in a transmission line easement will not receive value for VA purposes.

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## 12.08 Individual Water Supply/Sewage Disposal Requirements

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**Connection to Public System**

Connection to a public or community water/sewage disposal system is required whenever feasible.

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**Water Quality**

Water quality for an individual water supply must meet the requirements of the health authority having jurisdiction. If the local authority does not have specific requirements, the maximum contaminant levels established by the Environmental Protection Agency (EPA) will apply.

If the health authority is unable to perform the water quality analysis in a timely manner, a commercial testing laboratory or a licensed sanitary engineer acceptable to the health authority may take and test the water sample.

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**Water Treatment Systems**

Water treatment systems are not acceptable for wells which do not meet VA quality standards due to insufficient depth or a contamination source near the supply.

However, if public water is not available and individual water supplies in the area are served by an aquifer confirmed by the health department to be contaminated, the property is eligible for a VA loan if the lender provides

- a copy of the health department letter confirming the aquifer contamination
  - evidence that all of the requirements in HUD Mortgage Letters 92-18 and 95-34, concerning individual water purification systems, have been met for the property, and
  - the veteran purchaser's written acknowledgment that he/she understands that the well water serving the property must be continuously treated by the homeowner, as required by the local health department, to be considered safe for human consumption.
- 

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## 12.08 Individual Water Supply/Sewage Disposal Requirements, Continued

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<b>Shared Wells</b>	<p>The following requirements must be met for a shared well:</p> <ul style="list-style-type: none"><li>• The well must be capable of providing a continuing supply of safe and potable water to each property simultaneously, so that each dwelling will be assured a sufficient quantity for all domestic purposes.</li><li>• There must be a permanent easement which allows access for maintenance and repair.</li><li>• There must be a well-sharing agreement which<ul style="list-style-type: none"><li>- makes reasonable and fair provisions for maintenance and repair of the system and the sharing of those costs</li><li>- is binding on the signatory parties and their successors in title, and</li><li>- is recorded in local deed records.</li></ul></li></ul>
<b>Sewage Disposal System</b>	<p>An individual sewage disposal system must adequately dispose of all domestic wastes in a manner which will not create a nuisance, or in any way endanger the public health.</p>
<b>Pit Privies</b>	<p>Individual pit privies are permitted where such facilities are customary and are the only feasible means of waste disposal, provided they are installed in accordance with the recommendations of the local health authority.</p> <p>If the local health authority has no requirements, U.S. Public Health Service requirements apply.</p>

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## 12.09 Community Water Supply/Sewage Disposal Requirements

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**Basic Requirement**

If the property will be served by a community water and/or sewage disposal system, VA must be satisfied that the type of system and organization will provide adequate, continuous service at reasonable rates.

The **water supply** must be sufficient in size for the project. The quality of the water must be approved by the local or State health officials.

The **sewage system** must also be adequate in size and properly operated and maintained so as to prevent it from becoming obnoxious or a menace to public health.

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**Documentation Required**

For properties appraised as existing or new construction, the only requirement is evidence of approval of the facilities by the appropriate State or local public utility and health authorities.

For properties appraised as proposed or under construction, the VA field station will review the following documentation:

- evidence of the financial stability and technical experience of the corporation, firm or organization operating the facilities
  - evidence of approval of the facilities by the appropriate State or local public utility and health authorities, and
  - rates for the water supply and/or sewage disposal systems (to ensure that they are not greater than the charges for like services to properties similarly situated).
- 

**When a Trust Deed is Required**

A trust deed is required if the State Board of Health, Public Utility Commission, or similar State authority **does not**

- enforce compliance with its requirements
- fix rates, or
- provide for prompt relief in case of deficient operations or service or exorbitant rates.

The trust deed will be designed and established to assure satisfactory control and adequate protective measures.



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## 12.09 Community Water Supply/Sewage Disposal Requirements, Continued

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**Trust Deed Forms**

The forms of trust deed for privately owned community systems (illustrated in HUD Handbook 4075.12) must generally be used without modification. Those HUD forms do not apply to systems owned and operated by an acceptable home owners' association.

Trust deeds will not be supplied as VA forms.

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**Acceptability of Trust Deed**

The VA field station will accept the trust deed if

- the trustee is a responsible firm
- the description of the property in the trust deed is accurate and complete, and
- the charges set forth and the trustee's fee (normally about 5 percent and in no event in excess of 10 percent of gross receipts) are reasonable.

The trustee will preferably be a VA or HUD-approved lender, but may be any responsible, established firm (such as a title company) in the community. In the latter case, there must be no identity-of-interest between the sponsoring group and the trustee.

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**Builder Costs Included in Valuation**

If the builder recoups system installation costs via sale of lots and the VA value estimate is predicated on the inclusion of such cost in the value of the lots, the service rate must not permit the builder to realize the installation costs a second time.

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*Continued on next page*

## 12.09 Community Water Supply/Sewage Disposal Requirements, Continued

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<b>System Transfer</b>	<p>When the VA value estimate considers the system installation costs to be paid in full by the builder, then additional controls are needed to protect against possible future excessive rates or assessment charges which may result if the system is transferred to a public utility company.</p> <p>The trust deed must provide that transfers</p> <ul style="list-style-type: none"> <li>• may be made only to a governmental authority or public utility company controlled by a State utility commission or similar body, and</li> <li>• any funds gained from such transfer shall be distributed among property owners served by the system.</li> </ul> <p>This protection will be obtained by insertion of an alternate paragraph 1 in the trust deed.</p> <p><i>Reference:</i> See <u>HUD Handbook 4075.12</u>, Appendix A, page 11, or Appendix B, page 11, as applicable.</p>
<b>Lower Valuation</b>	<p>Any lack of assurance of satisfactory service, at reasonable rates, without the possibility of a future charge to pay for the utility systems would be reflected in a lower reasonable value.</p>
<b>Field Station Review for Problems or Changes</b>	<p>If trust deed amendments are proposed or the above conditions are not satisfied, the situation must be reviewed by the VA field station legal staff prior to acceptance. In this situation, the field station may also need to coordinate with the local HUD office.</p>

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*Continued on next page*

## 12.09 Community Water Supply/Sewage Disposal Requirements, Continued

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**HUD  
Handbook  
References**

HUD Handbook references for community water and sewerage systems requirements include

- 4940.02, *Minimum Design Standards for Community Water Supply Systems*
  - 4940.03, *Minimum Design Standards for Community Sewerage Systems*,  
and
  - 4075.12, *Central Water and Sewerage Systems-Ownership and Organization*.
-

## 12.10 Manufactured Homes Classified as Real Estate

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**Existing  
Construction**

When the foundation for a manufactured home has been fully completed and the manufactured home unit has been installed, the home is considered to be “existing construction.”

There are two MPR-related requirements for these existing construction cases:

- The site, manufactured home unit, and other on-site improvements must meet VA MPRs for existing construction described in this Chapter.
- The manufactured home unit must be properly attached to a permanent foundation system which is constructed to withstand both supporting loads and wind-overturning loads, and is acceptable to the building authority having jurisdiction.

**Note:** If the fee appraiser has reasonable doubts as to the acceptability of the foundation system where there are no local requirements, a statement from a registered professional engineer is acceptable. Considering their cost, such statements should be required only when necessary and not just as a measure of liability protection for fee appraisers.

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*Continued on next page*

## 12.10 Manufactured Homes Classified as Real Estate, Continued

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**Proposed or  
Under  
Construction**

When the foundation for a manufactured home has **not** been fully completed and the unit has not been installed, the home is considered to be “proposed or under construction.”

There are two MPR-related requirements for these proposed or under construction cases :

- The site and on-site improvements (but not the manufactured unit itself) must meet the requirements outlined in Section 12.02.
- The manufactured home unit must be properly attached to a permanent foundation system which is constructed to withstand both supporting loads and wind-overturning loads, and is acceptable to the building authority having jurisdiction.

*References:* In addition to *Proposed Construction MPRs* in this chapter, additional information regarding manufactured home installations can be found in

- the manufacturer's installation instructions (used to determine the permissible points of support for vertical loads and points of attachment for the anchorage system used to resist horizontal and uplift forces), and
- the *Appendix* section of the *CABO One and Two Family Dwelling Code*.

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*Continued on next page*

**12.10 Manufactured Homes Classified as Real Estate**, Continued

**Foundation Requirements** The following table lists each foundation component and any related requirements for “proposed or under construction” cases.

<b>Foundation Component</b>	<b>Requirement</b>
<b>Piers and Footings</b>	The load-bearing piers and footings must <ul style="list-style-type: none"> <li>• be of sufficient size and number to distribute the weight of the manufactured home evenly</li> <li>• be of materials acceptable to the building authority having jurisdiction, and</li> <li>• (where applicable) have footings which extend below the frost line.</li> </ul>
<b>Concrete Slabs or Continuous Footings</b>	Concrete slabs or continuous footings are acceptable in areas where their use is permitted by local building authorities. Steel anchorage devices must be cast into the concrete slab or footing and be capable of providing holding strength to resist horizontal and uplift forces.
<b>Anchoring Devices</b>	Anchoring devices, adequate to resist all loads, must <ul style="list-style-type: none"> <li>• be attached to the main frame of the unit by a bolted, welded, or mechanical connector</li> <li>• be placed at every supporting pier or as specified by the manufacturer, and</li> <li>• extend into the pier footing.</li> </ul> Anchoring straps or cables affixed to ground anchors, other than pier footings, will <b>not</b> meet this requirement.
<b>Hurricane Ties</b>	Properties located in Wind Zone II or III (wind speeds in excess of 80 mph) must be provided with diagonal hurricane ties which have been properly engineered for the location, and comply with the requirements of the building authority having jurisdiction.  <i><b>Important:</b></i> The installation procedures included in both the manufacturer's foundation instructions and <i>NCSBCS Handbook A225.1</i> are <b>not</b> generally adequate for manufactured homes in these areas.

*Continued on next page*

**12.10 Manufactured Homes Classified as Real Estate**, Continued

## Hurricane Ties (continued)


<b>Foundation Component</b>	<b>Requirement</b>
<b>Flexible Connections for Seismic Activity</b>	<p>Properties located in areas of high seismic activity require special foundation designs to compensate for the effects of ground movement and to provide flexible connections between the foundation system and the manufactured home and all utility connections.</p> <p>Building authorities in these areas should be consulted for acceptable design features and special code requirements.</p>
<b>Permanent Perimeter Enclosure</b>	<p>A permanent perimeter enclosure (not “skirting”) with a continuous foundation-type footing will be required only when specifically required by the local building authority. When required, it must be</p> <ul style="list-style-type: none"> <li>• designed to resist all forces which cause frost heave, soil settlement, or the shrinking or swelling of expansive soils without transmitting the movement or effects to the manufactured home, and</li> <li>• properly secured to the perimeter of the manufactured home to exclude entry of vermin and water, and provide ventilation and a means of access to the crawl space.</li> </ul>
<b>Moisture and Humidity Reduction</b>	<p>The reduction of moisture and humidity in an enclosed under floor space is required. Except in arid regions with dry soil conditions, a continuous moisture barrier that covers the natural or excavated ground surface within the perimeter enclosure of the home must be installed.</p> <p>Provisions should also be made to prevent water from entering the crawl space and for the control and diversion of surface water away from the manufactured home.</p>

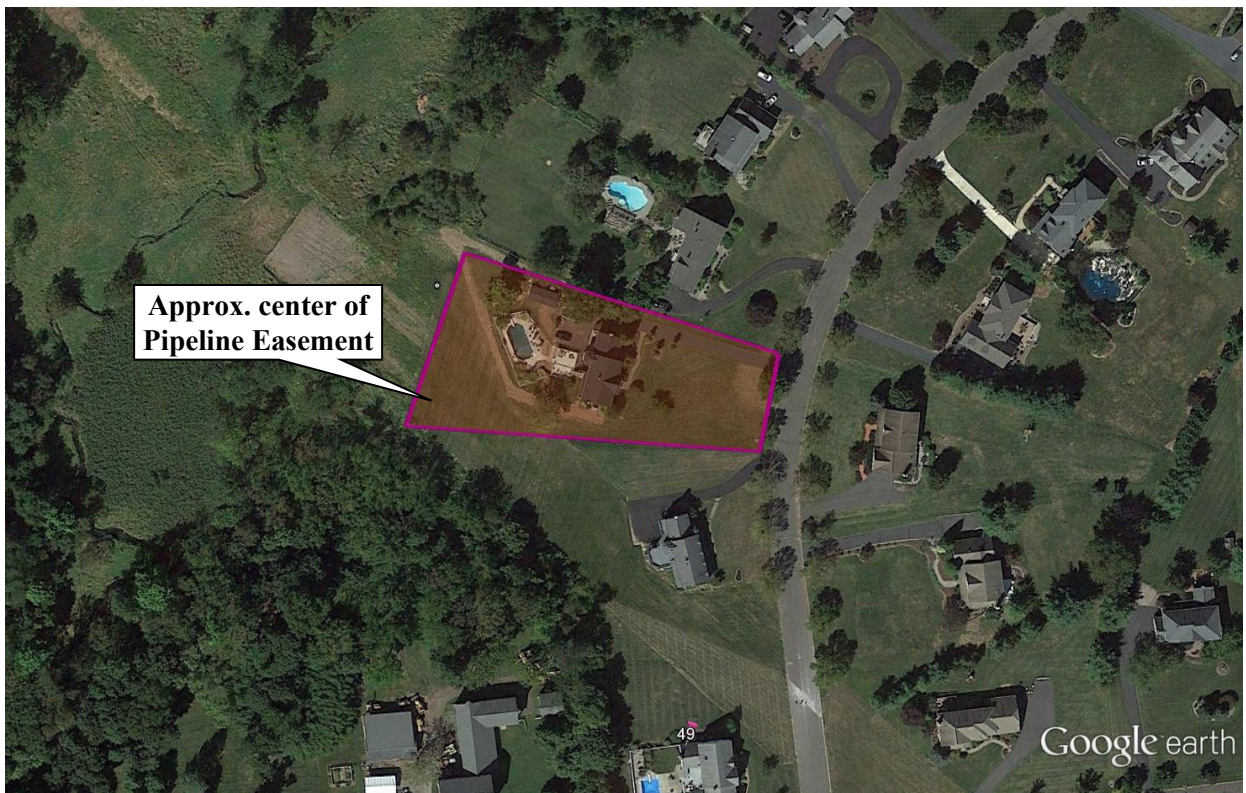


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## VA Financed Sales

According to the Garden State MLS, sales in New Jersey from 2010 to 2014 in the Wellington Knolls neighborhood, there is record of one sale from 2012 that was encumbered by the pipeline easement that used VA financing. The MLS reported lending terms are shown below.


Hunterdon* Clinton Twp.* (1906)	22 WEDGEWOOD DR*		List Price: \$525,000
Residential Agent Complete Report	MLS#: 2896329	Section: Wellington Manor	LP: \$525,000
	Status: SD	ZN: Residential	OLP: \$549,900
	Rms: 9	GRS: SPRUCERUN	SP: \$502,500
	Bdrm: 4	MSJR: CLINTON MS	LD: 10/27/2011
	FB: 2	HS: N.HUNTERDN	XD: 04/27/2012
	HB: 1	Acres: 1.05*	UCD: 12/14/2011
	ZIP: 08801-3352*	LtSz: 1.052*	AntCd:02/20/2012
	RZIP: 08801	SqFt:	CD: 02/09/2012
	Block: 82.13*	CLR: Blue	ADM: 48
	Lot: 61.25*	CL: No	DOM: 48
	Unit #:	GSMLS.com:Yes	Terms:VA
	Floor #:	Pets: Yes	SDA: No
	Bldg #:	YB/Desc/Ren: 1990 / Approximate / 2004	
	FHA55+:No	PSubType: Single Family	



According to the MLS of Greater Cincinnati, there are four sales of properties that abut a natural gas pipeline easement that utilized FHA financing. An example of the MLS reported lending terms is shown below.

Listings as of 07/23/2015 at 4:58PM

Page 1

<b>Sold</b>	04/18/13	Contingency Pending	CD 04/30/15	<b>DOM</b>	15/15	<b>SO</b>	HAGA01	FHA	<b>S/L%</b>	100.00	<b>SP\$</b>	200,000
<b>S1350709p+</b>	E16LT	4377 Todds Trl		<b>Unit#</b>		<b>Subu</b>	Liberty Twp.				<b>LP\$</b>	200,000
<b>City/Municipi</b>	Liberty Twp	<b>Cnty</b>	Butler	<b>State</b>	OH	<b>Zip</b>	45044				<b>OP\$</b>	200,000
<b>Subd</b>	Kyles Station Meadows	<b>Twp</b>	Liberty	<b>Family Rm</b>	Yes	<b>BedRm Lev1</b>	No					
<b>Single Family</b>	<b>Rooms</b>	9	<b>Bedrms</b>	4	<b>Baths</b>	2-2						
				<b>Formal Din</b>	Yes	<b>BthRm Lev1</b>	Yes Partial					
				<b>Type</b>	Single Family	<b>Bsmt</b>	Partial					
				<b>Levels</b>	2 Story	<b>Garage</b>	2 Attached					
				<b>Arch</b>	Traditional	<b>Parking</b>	Driveway					
				<b>Const</b>	Vinyl	<b>Firepl</b>	None					
				<b>Found</b>	Poured	<b>Gas</b>	Natural					
				<b>Roof</b>	Shingle	<b>Water</b>	Public					
				<b>Windows</b>	Insulated, Vinyl	<b>Sewer</b>	Public					
				<b>Heating</b>	Gas, Forced Air	<b>Zoning</b>	Residential					
				<b>Cooling</b>	Central Air	<b>Sa-Tax</b>	1549					
				<b>Age</b>	7	<b>Realist2 Census Tract</b>						
				<b>New</b>	N Existing Structure	<b>Asmnt</b>	of record					
				<b>Lot</b>	118 x 248	<b>Occupy</b>	At Closing					
				<b>Acreage</b>	0.6720	<b>Transp</b>						
				<b>Bldg Level</b>		<b>HOA Fee</b>	Yes	<b>School</b>	Lakota Local SD			
				<b>HOA Amt\$</b>	150	<b>Annual</b>		<b>District</b>	Call SD 513-874-5505			
				<b>Mgt Comp</b>	Towne Properties	<b>Landscaping</b>	Professional Mgt	<b>Available for Lease</b>	No			
				<b>Mgt Phn</b>	(513) 489-4059	<b>Access/Disability Features</b>	No					
				<b>Auction</b>	N							
				<b>Spec Fin</b>	Yes	<b>Lease Option, Othe</b>						
				<b>Realist2 SqFt</b>	Bldg 2,172	<b>2nd Flr</b>		<b>Bsmt</b>	356	<b>Lot</b>	29,264	

North on Cin-Dayton to R on Kyle Station, L on Kyle Station Meadows, R on Celestial, L on Todds Trail.

**Cross Street** Celestial Circle

**Open House**

<b>Date</b>		<b>Time</b>
<b>TaxID</b>	D2020-199-000-081	<b>Other</b>



According to the Central Mississippi MLS, sales that were either abutting the natural gas easement or encumbered by the natural gas easement that utilized FHA financing eight times, and utilized VA financing one time. An example of the MLS reported lending terms is shown below and an aerial is shown on the following page.

	MLS #	<b>263495</b>	Original Price	<b>\$179,900</b>
	Status	<b>Closed</b>	List Date	<b>4/23/2014</b>
	Type	<b>Detached</b>	Contract Date	<b>1/5/2015</b>
	Address	<b>114 SHERWOOD DR</b>	Expiration Date	<b>2/28/2015</b>
	Unit Number		List Agent - Agent Name and Phone	<b>L A I N E</b>
	City	<b>Brandon</b>		<b>FLYNN - Cell: 601-927-2257</b>
	State	<b>MS</b>	Co-List Agent - Agent Name and Phone	
	Zip	<b>39047</b>	Selling Agent - Agent Name and Phone	<b>J U</b>
	County	<b>Rankin</b>		<b>LIE MIDDLETON - Cell: 601-906-6598</b>
	Class	<b>RESIDENTIAL</b>		
List Price	<b>\$175,000</b>			

#### GENERAL

Sold Price	<b>\$172,500</b>	Subdivision	<b>AVALON</b>	Directions	From Lakeland take Hugh Ward Road. Take a Left on Huntington Vw, Take a Right on Sherwood Dr, House will be on the Right.
Closing Date	<b>1/30/2015</b>	Legal Description	<b>Lot 260 Avalon Sub Part 4C AM ENDED</b>	SHOWING INSTRUCTIONS	Appointment Required, MLS Lockbox
Days On Market	<b>257</b>	Taxes	<b>1,206</b>	Lockbox Location	Front Door
Square Feet Source	<b>Public Record</b>	Parcel ID	<b>H11M000002 02600</b>	APPOINTMENT CONTACT	Call List Agent
SQFTLIV	<b>1723</b>	HOA Fee	<b>220</b>		
LOT DESCRIPTION	<b>0 to .5 Acres</b>	16th Section			
Acreage	<b>0.00</b>	Sold Prev. 12 mos			
Year Built	<b>2003</b>	Occupied	<b>Owner</b>		
Number Bedrooms	<b>3</b>				
Number Full Baths	<b>2</b>				
Number Half Baths	<b>0</b>				
Appraised SqFt	<b>1,668</b>				
Appraiser	<b>Shannon Busby</b>				

#### FEATURES

FIREPLACES	<b>1</b>	ARCHITECTURAL STYLE	<b>Traditional</b>	<b>REALTOR Remarks:</b>
WATERFRONT	<b>None - Waterfront</b>	FOUNDATION	<b>Concrete</b>	
Garage Capacity	<b>2</b>	COOLING	<b>Ceiling Fan(s), Central Air</b>	
GARAGE	<b>2 Car</b>	HEATING	<b>Central Heating, Fireplace</b>	
PATIO	<b>Slab</b>	HEAT SOURCE	<b>Natural Gas</b>	
FENCE	<b>Full (Entire), Wood</b>	Pool-Backyard Y/N	<b>No</b>	
STRUCTURES	<b>None</b>	SEWER	<b>Public Sewer</b>	

#### FINANCIAL

How Sold	<b>FHA</b>
Loan Costs to Seller	<b>4,500.00</b>
Loan Costs to Buyer	<b>2,576.00</b>



Approx. center of Pipeline Easement

Google earth

## **Addendum C**

### **Definitions**

# DEFINITIONS

In most cases, the following definitions have been extracted, solely or in combination, from definitions and descriptions printed in:

*The Dictionary of Real Estate Appraisal, Fifth Edition, Appraisal Institute, Chicago, Illinois, 2010 (Dictionary).*  
*The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, Chicago, Illinois, 2008 (Thirteenth Edition).*

## **Easement**

The right to use another's land for a stated purpose. *(Dictionary)*

## **Effective Date**

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. *(Dictionary)*

## **Fee Simple Estate**

Absolute ownership unencumbered by any other interest or estate, Subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. *(Dictionary)*

## **Gross Living Area (GLA)**

Total area of finished, above-grade residential space; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. *(Dictionary)*

## **Highest and Best Use**

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. *(Dictionary)*

## **Market Value**

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:

- buyer and seller are typically motivated;
- both parties are well informed or well advised, and acting in what they consider their best interests;
- a reasonable time is allowed for exposure in the open market;
- payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 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.

*Source: Office of the Comptroller of the Currency under 12CFR, Part 34, Subpart C-Appraisals, 34.42 Definition (f).*