SECTION 2

Scope of Work

Identification of Assumptions and Limiting Conditions:

The following Assumptions and Limiting Conditions apply only to the sale data utilized to complete the sales analysis, and/or establish the basis for the statistical benchmarks incorporated into the analysis. Any exceptions to the following Assumptions and Limiting Conditions will be documented on the individual property record cards, when applicable.

1) We have not been provided deeds to the assessed properties. Therefore, no responsibility is assumed for the legal description provided or for matters pertaining to legal issues and/or title.
2) We have not been provided deeds to the assessed properties. Therefore, the properties were assumed to be free of any and all liens and encumbrances. Each property has also been appraised as though under responsible ownership and competent management.
3) We have not been provided surveys of the assessed properties. Therefore, we have relied upon tax maps, the City of Concord's Geographic Information System (GIS) and other materials provided by the City of Concord in the course of estimating physical dimensions and the acreage associated with assessed properties.
4) We have not been provided surveys of the assessed properties. Therefore, we have assumed that the utilization of the land and any improvements is located within the boundaries of the property described, and there is no encroachment on adjoining properties.
5) We assume that there are no hidden or unapparent conditions associated with the properties, subsoil, or structures, which would render the properties (land and/or improvements) more or less valuable.
6) We assume that the properties and/or the landowners are in full compliance with all applicable federal, state, and local environmental regulations and laws.
7) We assume that all applicable zoning and use regulations have been complied with.

8) We assume that all required licenses, certificates of occupancy, consents, or other instruments of legislative or administrative authority from any private, local, state, or national government entity have been obtained for any use on which the value opinions contained within this report are based.

9) We have not been provided a hazardous condition's report, nor are we qualified to detect hazardous materials. Therefore, evidence of hazardous materials, which may or may not be present on a property, was not observed. As a result, the final opinion of value is predicated upon the assumption that there is no such material on any of the properties that might result in a loss, or change in value.

10) Information, estimates and opinions furnished to the appraisers and incorporated into the analysis and final report, were obtained from sources assumed to be reliable and a reasonable effort has been made to verify such information. However, no warranty is given for the reliability of this information.

11) The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made compliance surveys nor conducted a specific analysis of any property to determine if it conforms to the various detailed requirements identified in the ADA. It is possible that such a survey might identify non-conformity with one or more ADA requirements, which could lead to a negative impact on the value of the property(s). Because such a survey has not been requested and is beyond the scope of this appraisal assignment, we did not take into consideration adherence or non-adherence to ADA in the valuation of the properties addressed in this report.

12) The market forecasts, projections and operating estimates contained within the report are predicated upon current market conditions, and forecasts of short-term supply and demand factors. This information was obtained in the course of interviews with knowledgeable parties, and in published public and private resources. While this information was assumed to be credible, these forecasts are subject to change due to unexpected circumstances, including local, regional and/or national.

13) Any opinions of value in this report apply to an entire property, and any allocation or division of the value into separate fractional interests will invalidate the opinion of value reflected in this report.

14) Information pertaining to the sales of properties utilized in the analysis and subsequent report has been confirmed with either the buyer, seller, or a third party, whenever possible, and is assumed to be reliable.

15) Possession of this report does not carry with it the right of reproduction and disclosure of this report is governed by the rules and regulations of the New Hampshire ASB, and is subject to jurisdictional exception and the laws of New Hampshire.

Scope of Work as Identified in the In-House Work Plan: The valuation report that follows is predicated upon the In-House Work Plan. A copy of the In-House Work Plan is located in Appendix "A" of this report. The scope of work identified in the In-House Work Plan, and incorporated into the following report comprised the following steps:

1) The In-House Work Plan stipulated that reasonable attempts be made to achieve interior and exterior inspections across the Municipality's parcels that were subject to neighborhood inspections, building permits, sale verifications, owner's requests for inspections, and abatement applications. Where interior inspections were not permitted or achieved, exterior inspections or drive-by viewings were done. See Appendix "A".

2) We used the Vision Appraisal's Computer Assisted Mass Appraisal (CAMA) software, which the City of Concord has a license to use and updated the existing data with the information obtained in the field by our staff appraisers. Data entry was performed by City personnel.

3) All improved sales and those of vacant land were collected, verified, and inspected in accordance with the DRA's "600 Rules"). Verification of sales, to determine if the transfers were arms-length transactions, included interviews with buyers, sellers, sale agents, other representatives, appraisers, recorded instruments, and published data. The sale verification process also identified the sales price, and any terms or conditions surrounding the sale that might have influenced the negotiated price.

4) Market-related information was extracted from private and public sources.

5) Cost and depreciation factors were extracted from market data and various publications, and the tables utilized by the CAMA software were updated.

6) Neighborhood boundaries were established, and property use strata were derived from an analysis of the market data.

7) This property information was analyzed, the highest and best use of each property identified (as described within this section), and opinions of value were developed utilizing at least one of the three possible approaches to value – the Sales Approach, Cost Approach and/or Income Approach. The sale data was also stratified by neighborhood, in order to isolate more discrete "locational" differences and/or influences. The verified sales data was then utilized to extract meaningful adjustments and/or benchmarks that became the basis for various tables, (such as time market conditions), cost, depreciation, view influence, water influence, etc. All pertinent factors, including physical, legal, and economic considerations were considered and recognized, subject to the assumptions and limiting conditions referenced above.

8) Once the preliminary benchmarks were established, "data calibration" was required in order to bring the computerized mass appraisal formulas and tables into conformity with the market. To do so, field reviews and further analysis utilizing "ratios" (a comparison of the assessed value to its sale price) and the CAMA software was conducted in order to refine the base tables, and verify the alignment and consistency of the base tables.

9) Finally, these benchmarks became the basis for the statistical analysis of these properties, and new property values were developed utilizing at least one of the three possible approaches to value (Sales Approach, Cost Approach, and/or Income Approach to value). Overall, every effort was made to ensure that the values were uniform and equitable by a final review. A comparison of increases from the old to new values was performed and increases or decreases outside the typical changes were researched to determine if something such as a building permit, demolition permit, zoning change, etc. resulted in changes that fell outside the typical ranges. Reviews were done by property type and neighborhood.

10) Upon completion of the final review notices of final value were then mailed to each taxpayer for tax year 2018 via their tax bills for January 2 and March 31, 2019.

11) This report was then prepared in conformity with "Standard 6" of the Uniform Standards of Professional Appraisal Practice (USPAP,2018-2019), as well as the In-House Work Plan.

Brief Description of the Assessed Properties: In accordance with the In-House Work Plan all the real property in its respective municipal boundaries is to be valued. A breakdown of the Municipality's real property by "use type" follows:

Commercial/Industrial/Apartments	1,329
Vacant (or minimally improved)	179
Utilities	54
TIF Districts	57
Total	**1,619**
Residential Improved	8,282
Vacant (or minimally improved)	449
Manufactured Housing	1,022
Residential Condominiums	2,194
Total	**11,947**
Parcels with Current Use	468
Loudon Properties	13
Exempt Properties	903
Total All Properties	**14,950**

Determination of Highest and Best Use: Highest and Best Use is defined as:
"The reasonably probable and legal use of vacant land or an improved property that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value." (The Appraisal of Real Estate, Thirteenth Edition, 2008, Page 278).

In most cases the "existing" use is already at its highest and best use, and will be evaluated and assessed accordingly.

Importantly, however, in the case of "transitional" uses (a "transitional" use is a property with a highest and best use that is no longer "maximally profitable"...and the existing use is likely to change due to market and economic forces) the assessor may evaluate the property on the basis of its projected highest and best use. In these circumstances, the projected highest and best use is determined by a market analysis that references the four criteria referenced above (legal permissibility, physical possibility, financial feasibility, and maximum profitability). A common example of this would be a vacant tract of residential land (not in current use), that is surrounded by significant numbers of residential homes and/or lots, and the market conditions indicate a favorable housing market. In this case, the assessor may justifiably assess the raw land on the basis of its legitimate development potential.

Permissible departures from market value were also used to value property outlined in RSA75:1 pursuant to open space land (current use) to RSA 79-A:5, open space land with conservation restrictions pursuant to RSA 79-B:3, residences on commercial or industrial zoned land pursuant to RSA 75:11, earth and excavations pursuant to RSA 72-B, land classified as land under qualifying farm structures pursuant to RSA 79-F, residential rental property subject to a housing covenant under the low-income housing tax credit program pursuant to RSA 75:1-a, to encourage the preservation of historic agricultural structures pursuant to RSA 79 D:1, short-term property assessment tax relief to enhance downtowns and town centers pursuant to RSA 79 E:1, to value land under farm associated structures compatible with their use pursuant to RSA 79 F:1, to value telecommunication poles and conduit pursuant to RSA 72:8-c.

Hypothetical Conditions/Assumptions: While performing the sales analysis properties that sold as vacant lots and a home added after the lot purchase, the vacant lot sales were used in the analysis. Additionally, when a new home was not completed as of 4/1/18 and sold as completed

after 4/1/2018 the assumption was made that the home was complete and the completed home value was used for analysis purposes. For analysis purposes if a parcel sold as a vacant lot and an improved lot both sales would be used.

Approaches to Value Considered and/or Utilized: The commercial, industrial, apartment, and TIF properties were valued by the Cost and Income Approaches to value. The Sales Comparison Approach was used on property types with an adequate sales base.

The residential properties were valued by the Cost and Sales Comparison Approaches to value. Typically, the Income Approach is not a reliable approach in the valuation of residential properties, and was not utilized in this report.