

TESTIMONY OF RUSSELL BOUNDS

**Please state your name and business address.**

My name is Russell Bounds, Railey Realty, 2 Vacation Way, McHenry, Maryland 21541.

**What is your education?**

I received a Bachelor of Science degree in communication from Radford University in 1992.

**Other than through college what education have you had?**

I worked in consumer finance for Household Bank. While I was there, I took continuing education provided by Household Bank in such topics as underwriting, appraisals, market identification and consumer finance.

**What were your duties at Household Bank?**

I handled consolidation loans secured by home equity deeds of trust. My role was to estimate the property value to make sure there was substantial equity. I determined whether the owner had sufficient equity in the property to justify requesting a formal appraisal. I also investigated the entire financial history to make sure the customer qualified for the loan.

**In the course of your duties did you appraise property?**

My job was to make sure, based on the sales of comparable properties that the borrower had sufficient value in the property to support the loan. If I was confident the value in the was there, we sent out an appraiser.

**How long were you at Household Bank?**

About two years. I started in Chesapeake, Virginia, where I got most of my training. Then I went to Florida where I worked for the remainder of that time.

**Do you hold a real estate license?**

Yes. I am licensed in Maryland.

**Was there course work involved with taking the exam for your real estate license?**

Yes. There was 90 hours of education to prepare to take the test for a license in Maryland. The topics included real estate law, appraisals and market evaluation.

**When did you take the exam for your real estate license?**

That would have been fall of 1993.

**Have you continued your license in good standing since 1993?**

Yes.

**Where did you start your career in real estate?**

I started in and stayed in Garrett County, Maryland.

**Is that the only place?**

The only place.

**With what brokers have you been associated?**

In late 1993 or early 1994 I started with Four Seasons Real Estate. After about a year I moved to Railey Realty. I have been there since 1995.

**Over your career in real estate, have you taken continuing education courses?**

Yes. I have taken continuing education courses over the years to stay current with changes in the law, contract documents and changes in the business.

**In the time you have been an active agent in Garrett County, how frequently would you come into contact with potential buyers or potential sellers?**

I am in contact with several buyers or sellers virtually every day. With the volume I do, it is not uncommon to be on the phone most of the time with either a buyer or a seller.

**On average, how many sales do you handle in the course of a year?**

Anywhere from high 40 to 60 transactions a year. Approximately one-half the time I assist the seller and one-half the time I assist the buyer. I have a strong seller representation as well as a very strong buyer representation.

**In the real estate business, how is business normally measured?**

By dollar volume of sales.

**Since you have been working in Garrett County do you know the total dollar volume of properties that you have sold?**

Approximately \$85,000,000.

**On average, what would your sales be per year in recent years?**

In 2004 my sales totaled more than \$15,000,000. Over the last several years volume has averaged at about \$12,000,000 per year

**Of those dollars about what percentage would be mountain acreage properties versus properties related to Deep Creek Lake?**

I would have to say a quarter to a third of the volume is mountain or acreage. Typically the lake properties are substantially more expensive, so fewer sales result in a greater portion of the total dollar volume.

**In the course of representing a buyer or seller are you ever asked what your opinion of the beneficial characteristics of the property might be?**

Every single time.

**When it comes time for listing a property, how is the price that is put on the property determined?**

First we look at comparable sales; what have similar properties sold for recently. Second we factor in unique features, good and bad, to adjust the price up or down. Is there something that makes the property special? A market evaluation is completed in a format similar to what an appraiser follows to justify a value to a lender.

**Who does the market evaluation?**

I do.

**Who comes up with the suggested price or list price of the property?**

I do.

**What types of property do you sell?**

The majority of Garrett County sales are in the vicinity of Deep Creek Lake or are mountain or acreage properties. I am known generally to handle both. I am probably one of the top three agents in Garrett County in large acreage or mountain sales.

**When a Garrett County seller comes to you, what type of characteristics does the seller normally tell you about when describing their property and why someone should buy their property?**

Garrett County is identified as a mountain landscape. A place of natural beauty. Typically the first things that are identified are the stronger features with respect to the esthetics associated with that property. If it is a lake front property, owners emphasize an unobstructed view of the water. If it is a large acreage parcel, owners emphasize views of the mountains, or of pristine woods or natural fields. Ultimately when dealing with larger acreage property, the primary consideration is the private, quiet nature of that type of property.

**When a Garrett County buyer comes to you looking for acreage or mountain property, what features are usually sought by buyers?**

Buyers emphasize the same features: pristine and natural views of the mountains, the woods or the fields. Many frequently do not even want to see houses or other buildings. Many buyers are from the Washington, Baltimore or Pittsburgh areas looking for a peaceful, quiet and natural mountain retreat.

**What percentage of your sales of acreage or mountain properties is the primary residence of the buyer?**

Very few. Most of these properties I deal with are second homes or what people will hope to be improved by a second home some day. Very few are primary residences.

**Why do those particular buyers come to Garrett County for a second home?**

To find a dream; to acquire a property they have thought about for years and years that typically must include natural beauty. Whether a wooded tract, small farm or recreational tract, buyers seek a private, quiet country setting.

**When you assess the chances of selling an acreage or mountain property, what characteristics do you look for in a property?**

Something that looks natural. Something that is picturesque, mountainous, quiet and private. Natural, not something that's been developed in any capacity. Railroad tracks, power lines, busy roads, or any type of industrial development detracts from saleability.

**When you refer to mountain or acreage properties, what other kind of special characteristics would make the property more valuable?**

Is it easily accessible? What is the balance between woods and pasture? Have the woods been timbered? Has the property been mined? Do power lines run through it? Is there a busy road near it? What are the surrounding properties and how do they impact this property? What is the topography? What are the views? Some people prefer fantastic views perched up on top of a mountain. Others look for something that is gently sloped and can see the mountains. What is the possibility of what may or may not be near it in the future? Does it border the State?

**What would be the advantage or disadvantage of it bordering the property of the State of Maryland?**

If property adjoins the State, you know that it is tucked up against a piece of property that will probably never have any development of any kind. No structures, no timbering, no mining, no human residents.

**Have you had the opportunity to visit areas where there are wind turbines in place?**

Yes. I have been to sites in nearby Pennsylvania, experienced the visual impact near the turbines and heard the noise impact from various distances. I have not had as much personal experience in nearby West Virginia.

**Have you looked at any of the properties that may be considered mountain properties in those areas to determine what, if any, impact the wind turbines have had on their value?**

I do not know the markets in West Virginia or Pennsylvania very well. If we were to move those turbines to Garrett County, however, value would be impacted. Any time you take a thing of natural beauty and you insert industrial development there is an adverse impact on what the property offers. It not only devalues but quite frankly, from my experience in Garrett County anyway, it may render the property unsaleable.

**How close to the wind turbines were these properties if you recall?**

Anywhere from three miles away up to very close by.

**What effect, if any, has the wind turbines had on the special characteristics of properties that are nearby the wind turbines?**

Within the view shed it ruins the horizon. The closer you get to the turbines the greater the visual impact. Those people who are looking for the natural views of the mountains find they are diminished or no longer exist. The turbines not only have a visual impact but, also impact the quality of life. The ones that I visited were very noisy. They impact a country setting with a rather large industrial wind plant that takes away from anything I would call heritage views, peace and quiet.

**Have you heard from people in the vicinity of the wind turbines as to what problems they have as a result of the wind turbines?**

Yes.

**What is their primary complaint?**

The primary complaint is noise. Second is the visual impact of the turbines. Going into the house and closing the door eliminates the view. It does not eliminate the sound. The constant drone cannot be escaped. The quiet of mountain living is gone. Their greatest concern is the substantial loss of value of their property. They do not believe they can sell without substantial loss and cannot afford to sustain the loss and move.

**When you say the primary complaint is noise, is this noise that has any substantial impact on their use of the property?**

Yes. It takes away the enjoyment of their property. It doesn't allow them to sleep at night. The attraction of a weekend or summer home in the mountains is the quiet. Buyers want some place to get away from the noise and sounds of industry and the city.

**What impact does that type of change in the characteristics of the property have on its value?**

It destroys it. It takes a property of substantial value and takes away all of the characteristics that are the strengths of that property. The visual impact takes away value.

The noise takes away value. The property owners complain that the wind turbines take away value and there is no way for them to escape.

**You have included correspondence as Exhibit 1?**

Yes. Exhibit 1 includes a letter to the County Commissioners for Meyersdale, Pennsylvania from Dr. Robert Larivee, a chemistry professor at Frostburg State University. He includes preliminary noise tests and locates his property and others in relation to the wind turbines. Exhibit 1 also includes letters from other property owners near Dr. Larivee's and shown on his diagram. Both the Hutzells and the Ervins own properties within a mile of the turbines.

**Are you aware of any circumstances or transactions in nearby Pennsylvania involving properties that have been sold for substantially less than their prior sale price because of the impact of the wind turbines?**

Yes.

**Where are those properties?**

Somerset, Pennsylvania.

**Do you know what the circumstances are surrounding those transactions?**

Two properties specifically that sold for substantially less than their original purchase price because of the nuisance issues that were created by wind turbines. The parcels adjoin property with wind turbines. The deeds documenting those transactions are attached as Exhibits 2 and 3. Somerset Windpower, LLC purchased the property of David Ray Sass for \$104,447.50 and sold it to Jeffrey A. Ream for \$65,000.00. See Exhibit 2. Keith and Billie Sarver sold their property to Somerset Windpower LLC for \$101,049.00. Shortly thereafter it sold for only \$20,000.00. See Exhibit 3. The tax map included as Exhibit 4 shows the parcels in relation to the parcels with the wind turbines. The Sarver property in Exhibit 3 is parcel 190-03; the Sass property in Exhibit 3 is parcel 190-02, the Will property with the turbines is parcels 190 and 189. Exhibit 5 is the agreement with Will with a drawing that shows the exact location of the wind turbines. Note particularly the agreement page recorded in Deed Vol. 1676, page 349.

**Are there other recorded documents which show the impact of wind turbines on nearby property?**

Don W. Paul and spouse acquired an acre of unimproved ground in 1997 for \$12,600.00 by deed recorded in Deed Vol. 1371, page 405. See Exhibit 6. A memorandum dated April 2, 2003 recorded in Deed Vol. 1676, page 355 discloses that Somerset Windpower LLC had agreed to a “property value protection plan” because of the close proximity to wind power turbines. Unfortunately the terms of the “property value protection plan” are not disclosed. See Exhibit 7. Both the property owner and the wind power operator recognized that the wind turbines on the adjoining property would devalue the Paul property. The transaction clearly supports our contention that wind power development adversely impacts the value of nearby properties. The Paul property is parcel 188 on the tax map attached as Exhibit 4.

**Did the Pauls sell their property?**

By deed dated November 21, 2003 and recorded in Deed Vol. 1725, page 25, the Pauls sold the property for \$67,000.00. See Exhibit 7. Since the house was five years old or less and in light of the sales prices of the Sass (\$104,000.00) and Sarver (\$101,000.00) properties to Somerset Windpower LLC, the property appears to have been sold for less than market value of the same home not located in proximity to the wind turbines. The wind turbines clearly had an adverse impact on the value of nearby properties.

**You indicated that you went to the vicinity of wind turbines in West Virginia.**

Right. I visited the wind turbines in West Virginia but we have not had the opportunity to investigate the records as well.

**What effect, if any, does the visual impact of the wind turbines in West Virginia have on the value of the properties that are near them?**

I would expect the impact to be the same as in Pennsylvania. Any time you take an industrial structure of that size and checker them across mountaintops that are often valued because of the views and the beauty they offer, that value is damaged. I am not as familiar with the West Virginia market but I am certain wind turbines will have an adverse impact on nearby properties in Garrett County, Maryland.

**Have you heard the noise from the wind turbines yourself?**

Yes, I have heard it. It was not what I expected. When you are right underneath, it doesn't seem to make much noise, just a swish. Further away from the structure the noise is more noticeable. It seems that it can echo through a hollow or a valley. Sometimes homes that are closer might not have the same noise impact as homes that are further out. I understand the noise changes day to day depending upon which way the wind is blowing and how the blades are positioned. Some days it may be noisier than others and some days it might not be as noisy.

**Are you aware of any information that explains that phenomenon?**

A study performed in the Netherlands is attached as Exhibit 9. It explains much better than I can why the noise varies and may be louder than predicted.

**Are you aware of people near the West Virginia wind turbines who have concerns about the noise?**

See Exhibit 10. Don Woods became aware that Jim Balow of the West Virginia Gazette was preparing an article on the impact of the wind turbines recently erected in West Virginia. He sent this message to indicate the impact on humans, but after Mr. Balow's deadline. It is my understanding there are others who have experienced the noise impact. Mr. Woods advised us others have been impacted by noise who will not come forward. They think since the turbines are in place with the blessing of the State of West Virginia that there is nothing they can do.

**Considering your training and experience in real estate in Garrett County, Maryland, your personal observations of the operation of wind turbines in nearby Pennsylvania and West Virginia and the information you have obtained from the public record and from persons with properties near the existing wind turbines, do you have an opinion as to what will more likely than not happen with property values in Garrett County, Maryland, if the proposed wind turbines are installed?**

Yes.

**What is that opinion?**

That property values of the natural and scenic properties within one-half mile and probably within a mile of the wind turbines will be negatively impacted. I cannot judge for certain how far the serious negative impact will extend. The visual impact and the noise impact will substantially diminish special attributes of a mountain view, scenic view, natural setting and peace and quiet. Undeveloped properties will be rendered undevelopable. Some parcels may be rendered unsaleable. The visual impact beyond a mile will likely adversely impact value. The sound impact will apparently vary outside one mile but, if the results of the study attached as Exhibit 9 are correct, the value of some properties outside one mile will be adversely impacted by the noise.