

**A SUMMARY APPRAISAL
OF THE MARKET VALUE**

Of

**30 PARCELS OF LAND
WITHIN RIVERVIEW & WHITE MOUNTAIN RRCS
SUBDIVISIONS**

**LOCATED ALONG THE STEESE HIGHWAY CORRIDOR,
NORTH OF THE CHATANIKA RIVER BRIDGE
AND NORTH OF FAIRBANKS, ALASKA**

**OUR FILE: C10-0805A
DNR CONTRACT: 2011-01**

for

**STATE of ALASKA
Division of Mining Land and Water
Department of Natural Resources
550 West Seventh Avenue suite 650
Anchorage, Alaska 99501-3576**

**By
Chris Guinn, MAI, SRA
Street, Guinn Appraisers
600 University Ave. Suite 100
Fairbanks, Ak. 99709
Ph: 907 479-7603/e-mail: chrisguinn@alaska.com**

A. SUMMARY OF APPRAISAL NO. 3599-0

1. ADL NO(S): See table below
2. SIZE: Various, as noted in table
3. APPLICANT: N/A
4. LOCATION: Approximately 47 miles northeasterly of Fairbanks along the Steese Highway
5. LEGAL DESCRIPTION(S): As noted in table below
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Chris Guinn
9. DATE of REPORT: November 13, 2010
10. DATE(S) of VALUE(S): October 15, 2010
11. APPRAISED VALUE(S):

ADL	Subdivision	ASLS	Lot or Tract	Block	Size (acres)	Market Value
411135	Riverview	83-128	10	2	10.07	\$13,100
411168	Riverview	83-128	11	4	12.48	\$16,200
411169	Riverview	83-128	12	4	13.816	\$18,000
411176	Riverview	83-128	2	7	11.199	\$9,500
411177	Riverview	83-128	3	7	11.547	\$9,800
411180	Riverview	83-128	6	7	12.493	\$10,600
411181	Riverview	83-128	7	7	12.038	\$10,200
411182	Riverview	83-128	8	7	12.249	\$10,400
411183	Riverview	83-128	9	7	11.955	\$10,200
411184	Riverview	83-128	10	7	11.275	\$9,600
411186	Riverview	83-128	12	7	12.331	\$10,500
411187	Riverview	83-128	13	7	11.682	\$9,900
411188	Riverview	83-128	1	8	13.391	\$11,400
411190	Riverview	83-128	3	8	10.309	\$8,800
411191	Riverview	83-128	4	8	10.45	\$8,900
411192	Riverview	83-128	5	8	10.453	\$8,900
411197	Riverview	83-128	2	9	10.05	\$8,500
411198	Riverview	83-128	3	9	10.054	\$8,500
411199	Riverview	83-128	4	9	10.002	\$8,500
411200	Riverview	83-128	5	9	10.233	\$8,700
411201	Riverview	83-128	6	9	10.953	\$9,300
411202	Riverview	83-128	7	9	11.035	\$9,400
411203	Riverview	83-128	8	9	10.07	\$8,600
411213	Riverview	83-128	6	10	6.568	\$9,200



416652	White Mt.	2002-11	G		10.74	\$8,600
416660	White Mt.	2002-11	C		10.6	\$10,600
416718	White Mt.	2002-11	I		13.19	\$10,600
416738	White Mt.	2002-11	B		10.27	\$10,300
417048	White Mt.	2002-11	M		6.94	\$6,600
417049	White Mt.	2002-11	N		4.78	\$4,500

B. SUMMARY OF REVIEW

- DATE of REVIEW: February 9, 2011
- REVIEWER'S CLIENT: DNR Other: _____
- INTENDED USERS of the REVIEW: DNR General Public Other: _____
- INTENDED USE of the REVIEW: Establish minimum bid price for sealed bid auction
- PURPOSE of REVIEW: Evaluate for Technical Compliance with DNR Instructions & USPAP
 Evaluate for Technical Compliance with UASFLA Develop Independent Estimate of Value
- SCOPE OF REVIEW: I Inspected the Subject on _____ I Did Not Inspect the Subject
I Inspected the Comparable Sales on _____ I Did Not Inspect the Comparable Sales
I Independently Verified the Comparable Sales in the Report Yes No
Data and Information Considered in Addition to that Contained in the Report: None See Sections C thru F
Extraordinary Assumptions, Hypothetical Conditions, & Other Limiting Conditions for this review:
 None See Section G Related appraisals reviewed: _____
Proofread DNR data entry: Yes No
- RESULTS OF REVIEW: Not Approved Approved Approved Value: As noted in previous table

C. COMPLETENESS OF APPRAISAL MATERIAL WITHIN SCOPE OF WORK APPLICABLE TO THE ASSIGNMENT/CONFORMANCE with APPRAISAL INSTRUCTIONS: Adequate.**D. ADEQUACY and RELEVANCE of APPRAISAL DATA and PROPRIETY OF ADJUSTMENTS: Adequate****E. APPROPRIATENESS OF APPRAISAL METHODS and TECHNIQUES: Adequate.****F. ANALYSES, OPINIONS, and CONCLUSIONS ARE APPROPRIATE and REASONABLE, except: Appropriate****G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS**

- This review is based on data and information contained in the appraisal report as well as any additional data from other sources that is identified in this review.
- The reviewer assumes that the data and information in the appraisal are factual and accurate.
- The reviewer reserves the right to consider any additional data or information that may subsequently become available, and to revise an opinion or conclusion, if such data and information warrant a revision.
- All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated.
- A title report has not been provided to the appraiser and the reviewer. Unless specifically noted in the report or this review, it is assumed that the only easements and restrictions that affect the property are those shown on the plat.
- The value of commercial timber, if any, is specifically excluded from the final conclusion of value.



REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 3599-0

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

- The facts and data reported by the reviewer and used in the review process are true and correct.
- The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this review report, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or use of, this review.
- My analyses, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- I did did not personally inspect the subject property of the report under review.
- No one provided significant professional assistance to the person signing this review report.
- I previously reviewed an appraisal of parcels in Riverview Subdivision on February 9, 2009.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 2/9/11

cc: Tony Wagner
Tim Shilling



Street, Guinn & Associates

November 13, 2010

Kevin Hindmarch
Dept. of Natural Resources
Div. of Technical Data Mgt.
550 W. 7th Ave., Suite 650
Anchorage, Ak. 99501-3576

Re: DNR Contract #: 2011-01
30 Parcels within Riverview and White Mountain RRCS Subdivisions. Our File: C10-0805A

Dear Mr. Hindmarch:

Per the above referenced contract, we have completed the evaluation necessary to estimate the markets value of 30 parcels located within Riverview and White Mountain RRCS Subdivisions.

The accompanying report sets forth the most pertinent data gathered, the techniques used and the reasoning leading to our opinion. The Certification is an integral part of both this letter and the appraisal which follows.

As of October 15, 2010, The estimated market values can be found on pages 25, 26, 27, & 36. The effective date of my appraisal is October 15, 2010.

If you have any questions regarding this appraisal, we are available at your convenience.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris Guinn".

Chris Guinn, MAI, SRA
Appraiser, Cert. # Ak-40

Estimated Value By The Sales Comparison Approach

Estimated Value of Riverview S/D Parcels (No Road, No Power)

ADL	Subdivision	ASLS	Lot	Block	Size	Key			Market
					(Acres)	(Acre)	Adj. Size	Adj. Access	Value (rounded)
411176	Riverview	83-128	2	7	11.199	\$850	1.00	1.00	\$9,500
411177	Riverview	83-128	3	7	11.547	\$850	1.00	1.00	\$9,800
411180	Riverview	83-128	6	7	12.493	\$850	1.00	1.00	\$10,600
411181	Riverview	83-128	7	7	12.038	\$850	1.00	1.00	\$10,200
411182	Riverview	83-128	8	7	12.249	\$850	1.00	1.00	\$10,400
411183	Riverview	83-128	9	7	11.955	\$850	1.00	1.00	\$10,200
411184	Riverview	83-128	10	7	11.275	\$850	1.00	1.00	\$9,600
411186	Riverview	83-128	12	7	12.331	\$850	1.00	1.00	\$10,500
411187	Riverview	83-128	13	7	11.682	\$850	1.00	1.00	\$9,900
411188	Riverview	83-128	1	8	13.391	\$850	1.00	1.00	\$11,400
411190	Riverview	83-128	3	8	10.309	\$850	1.00	1.00	\$8,800
411191	Riverview	83-128	4	8	10.45	\$850	1.00	1.00	\$8,900
411192	Riverview	83-128	5	8	10.453	\$850	1.00	1.00	\$8,900
411197	Riverview	83-128	2	9	10.05	\$850	1.00	1.00	\$8,500
411198	Riverview	83-128	3	9	10.054	\$850	1.00	1.00	\$8,500
411199	Riverview	83-128	4	9	10.002	\$850	1.00	1.00	\$8,500
411200	Riverview	83-128	5	9	10.233	\$850	1.00	1.00	\$8,700
411201	Riverview	83-128	6	9	10.953	\$850	1.00	1.00	\$9,300
411202	Riverview	83-128	7	9	11.035	\$850	1.00	1.00	\$9,400
411203	Riverview	83-128	8	9	10.07	\$850	1.00	1.00	\$8,600

Estimated Value of Riverview S/D Parcel (Road, No Power)

ADL	Subdivision	ASLS	Lot	Block	Size	Key	Market
					(Acres)	(Acre)	Value (rounded)
411213	Riverview	83-128	6	10	6.568	\$1,400	\$ 9,200

**Estimated Value of Riverview S/D Parcels
(Road & Power)**

ADL	Subdivisi on	ASLS	Lot	Block	Size	Key	Market
						Value	Value
					(Acres)	(Acre)	(rounded)
411135	Riverview	83-128	10	2	10.07	\$1,300	\$ 13,100
411168	Riverview	83-128	11	4	12.48	\$1,300	\$ 16,200
411169	Riverview	83-128	12	4	13.816	\$1,300	\$ 18,000

**Estimated Value of White Mountain Parcels
(No Road & Power)**

ADL	Subdivision	Tract	Size	Key			Market	Market
				Value	Adj.	Adj.	Value	Value
			(Acres)	(Acre)	Size	Access		(Rnd.)
416738	White Mt.	B	10.27	\$1,000	1.00	1.00	\$10,270	\$ 10,300
416718	White Mt.	I	13.19	\$1,000	1.00	-20%	\$10,552	\$ 10,600
416652	White Mt.	G	10.74	\$1,000	1.00	-20%	\$8,592	\$ 8,600
417048	White Mt.	M	6.94	\$1,000	15%	-20%	\$6,593	\$ 6,600
417049	White Mt.	N	4.78	\$1,000	15%	-20%	\$4,541	\$ 4,500
416660	White Mt.	C	10.6	\$1,000	1.00	1.00	\$10,600	\$ 10,600

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinion and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation of the approval of a loan.
6. My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. Chris Guinn has made a personal inspection of the property that is the subject of this report.
8. No one provided significant professional assistance to the person(s) signing this report.
9. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

11. As of the date of this report, Chris Guinn has completed the requirements of the continuing education program of the Appraisal Institute.



Chris Guinn, MAI, SRA
State of Alaska Certification #40
Street, Guinn Appraisers

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APPRAISAL SUMMARY

Purpose	To estimate current market value
Function	Establish minimum bid for sale
Authority	AS 38.05.055
Location	North of Fairbanks
Total Parcels	30 Parcels
Size	4.78 to 13.816 Acres
Legal Descriptions	Please See Next Page
Current Use	Vacant
Highest & Best Use	Residential & Recreational
Estimated Market Value	
Riverview Subdivision - No Road, No Power.	See Page 25
Riverview Subdivision - Road, No Power	See Page 26
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Legal Descriptions

ADL	Subdivision	ASLS	Subdivision	Lot	Block	Size (Acres)
411135	Riverview	83-128	Riverview	10	2	10.07
411168	Riverview	83-128	Riverview	11	4	12.48
411169	Riverview	83-128	Riverview	12	4	13.816
411176	Riverview	83-128	Riverview	2	7	11.199
411177	Riverview	83-128	Riverview	3	7	11.547
411180	Riverview	83-128	Riverview	6	7	12.493
411181	Riverview	83-128	Riverview	7	7	12.038
411182	Riverview	83-128	Riverview	8	7	12.249
411183	Riverview	83-128	Riverview	9	7	11.955
411184	Riverview	83-128	Riverview	10	7	11.275
411186	Riverview	83-128	Riverview	12	7	12.331
411187	Riverview	83-128	Riverview	13	7	11.862
411188	Riverview	83-128	Riverview	1	8	13.391
411190	Riverview	83-128	Riverview	3	8	10.309
411191	Riverview	83-128	Riverview	4	8	10.45
411192	Riverview	83-128	Riverview	5	8	10.453
411197	Riverview	83-128	Riverview	2	9	10.05
411198	Riverview	83-128	Riverview	3	9	10.054
411199	Riverview	83-128	Riverview	4	9	10.002
411200	Riverview	83-128	Riverview	5	9	10.233
411201	Riverview	83-128	Riverview	6	9	10.953
411202	Riverview	83-128	Riverview	7	9	11.035
411203	Riverview	83-128	Riverview	8	9	10.07
411213	Riverview	83-128	Riverview	6	10	6.568
416738	White Mt.	2002-11	White Mt.	B		10.27
416718	White Mt.	2002-11	White Mt.	I		13.19
416652	White Mt.	2002-11	White Mt.	G		10.74
417048	White Mt.	2002-11	White Mt.	M		6.94
417049	White Mt.	2002-11	White Mt.	N		4.78
416660	White Mt.	2002-11	White Mt.	C		10.6

PART ONE - PREMISE OF THE APPRAISAL

TYPE OF APPRAISAL AND REORT

This is a Summary appraisal prepared in accordance with Rules 1 and 2 of the Uniform standards of Professional Appraisal Practice, Appraisal Foundation, and Special Appraisal Instructions, DNR Land Disposal, Calendar year 2010.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate current market values of the properties described in this report.

INTENDED USE OF THE APPRAISAL

This appraisal will be used to establish the minimum price for a sealed bid auction and will be used by the general public for guidance in determination of actual bid prices.

CLIENT AND USER IDENTITY

This appraisal is prepared for the State of Alaska, Department of Natural Resources-Division of Mining, Land and Water. The State of Alaska employees and the public will use this report.

PROPERTY RIGHTS APPRAISED

The rights appraised consist of fee simple estate less the mineral rights reserved to the State of Alaska under AS 38.05.125(a). Fee simple estate is defined as:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power and escheat”

AS 38.05.125(a) states:

Reservation (a) Each contract for the sale, lease or grant of state land... is subject to the following Reservations: "The party of the first part, Alaska, hereby expressly saves, excepts and reserves...unto itself, its lessees, successors, and assigns forever, all oils, gases, coal, ores, minerals, fissionable materials, geothermal resources, and fossils of ever name, kind or description, and which may be in or upon said land...and the right to occupy as much of said land as may be necessary or convenient to render beneficial and efficient to the complete enjoyment of the property and rights hereby expressly reserved"

DEFINITION OF MARKET VALUE (source: The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute)

The most probable price, as of specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms for which the specified property rights should sell after a reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

In accordance with instructions from the State of Alaska, market value for the appraised property is estimated in terms of typical financing for the property type as of the date of appraisal.

EFFECTIVE DATE OF APPRAISAL

The effective date of this appraisal is October 15, 2010

SCOPE OF THE APPRAISAL

All of the subject properties were inspected by air on October 15, 2010. Lot 10, Block 2, Lots 11 & 12, Block 4, and Lot 6, Block 10 of the Riverview Subdivision were inspected from the ground on October 17, 2010. Physical features, accessibility, and utilities available to the lots were viewed and identified in the field. Topographic maps were examined for further details.

The records of the State of Alaska, Department of Natural Resources were searched for recent sales of similar lots. Interviews of realtors, appraisers, and other individuals provided data about trends in values, supply and demand. When obtainable buyers and sellers were also contacted to verify sales prices and other transaction details.

After analysis of all available data, appropriate sales were selected for comparison with a "key" parcel from the subject properties being appraised. Then the remaining subject parcels were compared and adjusted to the "key" parcel to arrive at a final market value for each. The Market value estimate is based on the following assumptions and conditions.

ASSUMPTIONS AND LIMITING CONDITIONS

1. The property is appraised "as is", vacant land with or without structural or site improvements.
2. Some parcels may contain saw timber but not necessarily in commercial quantities.
3. The estimated market value does not include the value of commercial timber if any.
4. The data and conclusions embodied in this report are a part of the whole valuation. Any part of this appraisal used out of its context, and by itself alone may not be accurate of basing a value estimate.
5. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question, unless prior arrangement has been made and adequate time is provided to review the appraisal.
6. The estimate of value in this report is not based on whole or part upon the race, color or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
7. In the process of this valuation various mathematical calculations were used in formulating the final opinion of the value estimate. Therefore, in the application of these calculations, certain arithmetical figures were rounded only to the nearest significant amount.
8. The information furnished by others is believed to be reliable but is not warranted for its accuracy. The plot plans depicting the properties area in this report are included for illustrative purposes for the reader to visualize the property.
9. It is assumed that there are no hidden or apparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions, or for arranging engineering studies to discover them.
10. Unless otherwise stated in this report, the appraiser does not know the existence of hazardous material or toxic substances, which may or may not be present on the property. The appraiser, however, is not qualified to detect such

substances. No responsibility is assumed for any such condition or for any expertise or engineering knowledge required in discovering them.

PART TWO - PRESENTATION OF DATA

PROPERTY IDENTIFICATION

The following table identifies the number of vacant land parcels located within the Fairbanks North Star Borough that are the subjects of this appraisal. These lots are located within platted subdivisions or are Alaska State Land surveys, which have been recorded at the Fairbanks District Recorders Offices.

Subdivision	ASLS No.	# Lots	Date Inspected
Riverview Sub.	83-128	24	10/15/2010 & 10/17/10
White Mt. Remote	2002-11	6	10/15/2010
	Total	30	

INSPECTION

The subject properties were inspected by Chris Guinn on October 15 & 17, 2010.

PERSONAL PROPERTY

There is no personal property involved with the appraisal of these properties.

SITE IMPROVEMENTS

Based on inspection no site improvements were apparent on any of the subject parcels.

NEIGHBORHOOD DESCRIPTIONS

Riverview Subdivision

The Riverview subdivision is located approximately 47 miles north of Fairbanks, along the Steese Highway. This is a rural residential subdivision on a hillside overlooking the Chatanika River. The Topography of the subdivision is mostly steep to moderate sloped with a southerly aspect, and as so, most of the lots would be expected to have good views of the Chatanika River Valley. The lots are predominantly wooded with Birch, Spruce and Aspen trees. A forest fire went through the area in 2004, and many of the lots in the subdivision were burned. The fire, while initially destructive, has improved the view potential of many of the lots, as well as eliminated much of the Black Spruce trees, which are primary "fuels" for forest fires. Lots in this subdivision range in size between 5 and 25 acres in size, with the predominant lot size being 10-12 acres. Inner subdivision roads, though platted are nearly non-existent, and those road that have been "cut in" are rough, rock & dirt surfaced, and are narrow. Alternative access is by various trails, section lines and the historic Davidson Ditch that runs through the subdivision. Power was expanding into the area west of the Camp Creek Drainage in 2004, but currently serves only a small number of parcels along Kateel, Mackenzie, and Tatlanika Drives. According to officials from GVEA, future power extension to the remainder of the lots in the Riverview Subdivision, including those east of the Camp Creek Drainage will depend strictly on demand from the consumer.

Riverview Subdivision was developed in 1983 as a State subdivision, but was never improved with roads, or community power which was over 20 miles away at the time. Due to its unimproved (though platted) access and lack of power, the subdivision had not proven to be successful. Of the 114 original lots platted in 1983, less than a quarter of them have been sold prior to 2004. As of the date of appraisal 54 are still in State ownership. Few services are available in the immediate area, and are generally only those offered by a few "road houses" along the highway. Community water and sewer are not available in this area, requiring private onsite systems. This subdivision is located within the Fairbanks North Star Borough and is zoned RE-4 (Rural Estate, 4 acre minimum.). Subdivision easements appear typical and no apparent adverse conditions noted on site inspection. All of the subject parcels are located within Zone X identified on the FEMA Flood maps.

White Mountain Tracts

The White Mountain Remote Recreational Cabin Sites are located north of Fairbanks between Miles 45 & 53 of the Steese Highway, and are in the same general vicinity as Riverview Subdivision. These tracts are predominately non-contiguous remote tracts that vary in size between 4.79 and 19.06 acres, and are from ¼ mile to nearly 3 miles off the highway. The topography in this disposal area ranges from valley floors to moderately sloped hillsides and domes, and the ground cover is a mixture of Black Spruce, Birch and Aspen tree. A forest fire went through the area a few years ago, and much of the platted land is burned. As the most of the White Mountain RRCS tracts are located on hillsides many of the lots would be expected to have good views of the Chatanika River Valley, and the fire, while devastating to the parcels it impacted has improved the view potential of many of the lots, as well as eliminated much of the Black Spruce trees which are primary "fuels" for forest fires. Access to the tracts in this disposal is predominately by various trails across state land, section lines and along the historic Davidson Ditch that runs through the area. Easements in the area appear typical and no apparent adverse conditions were noted on site inspection. Power has been extended to approximately Mile 47 of the Steese, and is technically available to all the tracts but would appear to be cost prohibitive at this time.

The White Mountain Remote Recreational Cabin Sites were staked in the 1980's but not officially platted until 2006, and are in a rural residential/recreational area with very few amenities. Due to its distance from economic centers, lack of readily available power and limited access, these parcels would most desirable as remote residential or recreation tracts. These tracts are located within the Fairbanks North Star Borough, and are zoned GU-1 (General Use).

Subject Tracts C & M are the only tracts in this disposal connected to the platted, but undeveloped roads in the Riverview Subdivision. Access to the other four subject tracts would be via trail across state land. At the time of inspection, developed trail access was extended Tracts B & C only. The topography range from mostly level in the case of Tract G, to steep to moderately steep slopes for the other five. Vegetation is a mixture of Paper Birch, Aspen and Spruce trees. Though power is within a few miles, community power has not been extended to any of the 6 subject tracts.

DETAILED SITE DESCRIPTIONS

Descriptions of individual parcels are summarized in the valuation section of this report by subdivision.

PART THREE- DATA ANALYSIS AND CONCLUSION

Analysis of market behavior is essential to the concept of highest and best use. Market forces create market value, so the interaction between market forces and highest and best use is very important. When the purpose of an appraisal is to estimate market value, the highest and best use analysis identifies the most profitable and competitive use to which the property can be developed. Therefore, the highest and best use is a market driven concept that is fundamental to the valuation of a property.

EXPOSURE AND MARKETING TIME

All of the subject parcels are either considered rural residential or remote recreational. It has been the appraiser's experience that the marketing times for these types of properties, if properly priced and with adequate exposure, can be expected to run as long as two years. This is evident, based on the large number of State, University of Alaska, and Mental Health Land Trust parcels that have been on the market for a great deal of time, in many cases over five years. Development of roads within the Riverview Subdivision and the extension of power to these lots would greatly enhance their marketability.

HIGHEST AND BEST USE

The highest and best use is defined as:

The reasonable, probable and legal use of a vacant or an improved property, which is physically possible, appropriately supported financially feasible, and results in the highest value.

The highest and best use of a site must meet a test of four criteria. The highest and best use of a property must be:

- Legally permissible
- Physically possible
- Financially feasible, and
- Maximally productive

The value of land is generally estimated as though vacant and available for development to its highest and best use, and that the appraisal of improvements is based on their actual contribution to the land.

HIGHEST AND BEST USE OF THE SITE AS VACANT

Legally Permissible The Riverview Subdivision is zoned (RE-4) Rural Estate limiting use to residential development with a 4-acre minimum lot size. The White Mountain Remote Recreational Cabin Site Tracts are zoned GU-1, which places very few restrictions on development. Given their distance from Fairbanks and because none of the subject parcels front along the highway, there would be few, if any alternative uses for the subject parcels other than residential or recreational. Therefore, zoning is not felt to adversely effect the parcels when considering highest and best use. Development of any of the subject sites requiring well and septic systems must comply with requirements to the Department of Environmental Conservation.

Physically Possible The subject tracts have adequate size and physical characteristics to support all reasonable and probable uses. Surrounding land uses in the area are primarily rural residential or recreational in nature, with only one commercial operation (Long Creek Trading Post) within a ten-mile radius. Road access is platted for the entire Riverview Subdivision, however only a few lots presently have developed access, and only three of the subject parcels can be accessed by gravel road. These include Lot 10, Block 2, and Lots 11 & 12 of Block 4. Lot 6, Block 10, has very rough access but is still considered better than a trail. Two of the White Mountain tracts are located along platted roads, however these roads have not been developed. The other four White Mountain tracts lack platted access, and would require access by trail across state land, which is not uncommon for remote parcels. The only community utility in this area is power supplied by Golden Valley Electric Association. At present time, power has been extended to only a small portion of Riverview Subdivision, and is only readily available to three of the subject parcels; Lot 10, Block 2, and Lots 11 & 12 of Block 4. The potential for power extension to the other subject lots in Riverview, and three of the White Mountain tracts is remotely possible, but does not appear to be practical until more parcels are developed, due to the high cost of line extension.

Financially Feasible Under current market conditions, the sites would be most likely attractive for rural residential or recreational development. Given the number of parcels still available for sale (50+), their distance from economic centers, the limited improved access and power constraints, the demand for multiple small residential lots is considered low at this time, so there would appear to be no financially feasible reason for further subdivision of the subject lots.

Maximally Productive Maximum return to the owner would be realized from the proceed of a sale. Based on the foregoing analysis, the highest and best use of the

land appraised as vacant, would be for development to rural residential or recreational use.

HIGHEST AND BEST USE OF LAND AS IMPROVED None of the subject parcels appear to have any improvements.

PART FOUR - VALUATION ANALYSIS

The three most common approaches to value are normally used for the estimate of market value of a property.

SALES COMPARISON APPROACH

The sales comparison approach analyzes actual prices paid or asked for similar properties. Price adjustments are made to the sales to indicate what they would have sold for if they were identical to the appraised property. Thus, a value for the appraised property is indicated. The primary features compared include time (general market conditions), sales terms and conditions, location, highest and best use, and physical features such as size, access and utilities.

The direct sales comparison approach is the preferred method for valuing land. This approach is very reliable when there is an active real estate market that provides sufficient quantities of similar sales data verified with authoritative sources. Real estate values for subject properties vary greatly from area to area, due to access, availability of power and phone and distance from economic centers.

INCOME APPROACH

The income approach is another method of valuation applied to income producing properties. This approach discounts anticipated annual net income to a present worth by the capitalization process. Land or single family residential development is seldom leased and there are no known site leases that could provide a reliable basis for this valuation. For this reason the income approach was not used.

COST APPROACH

The cost approach is based on the proposition that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the appraised property. The cost approach is most applicable when the appraised property has relatively new improvements that represent the highest and best use of the land or when the appraised property had unique or specialized improvements for which no market sales comparisons are available. In those cases, where improvements were found to be more than of nominal utility, their contributory values were derived by the replacement cost new less depreciation. As the subject sites are not improved, the cost approach was also viewed inapplicable.

VALUATION - SALES COMPARISON APPROACH

KEY PARCEL METHOD

In appraising a number of subdivision lots, it is accepted appraisal practice to appraise a "key parcel" which is most representative of all parcels being appraised. The values of the remaining subject lots are then based on a comparison to the "key parcel". This methodology replicates typical developer thinking. In this appraisal, the "key parcel" method was used for both the Riverview Subdivision and White Mountain Tracts.

EXPLANATION OF ADJUSTMENTS

Ideally, the value difference for any price adjustment is measured by comparing prices of paired sales, which are very similar except for the feature of comparison to be measured. When market sales do not reveal quantifiable adjustments for differences between the property appraised and comparable sales, the appraiser must use his knowledge of overall trends through opinion surveys, or his judgment in making appropriate adjustment. The conventional sequence of adjustments is terms and conditions of sale, time, location, and physical features.

Property Rights Conveyed consists of fee simple estate subject less mineral estate as per Alaska Statute 38.05.125(a). Neither retention nor exclusion of the mineral estate tends to affect property values, since most buyers are interested in the surface estate. Furthermore, nearly all of the land sold within the State to private citizens is sold fee simple, surface rights only.

Financing Terms In accordance with DNR instructions, market value is estimated in terms of seller financing typical for the market. Cash paid may command a discount compared with typical seller financing. The amount of the discount is directly proportional to the total price. The available sales do not offer reliable comparison for measuring price differences due to terms. However, the cash sales tend to be at the lower end of the price range and will be considered in this analysis. Listed prices tend to set the upper limit of value.

Conditions of Sale As far as the appraisers are aware, the market transactions used in this appraisal do not reflect unusual seller-buyer actions that would affect market value

Market Conditions (Time) Analysis of real estate sales in the subject areas do not indicate that prices for rural and remote vacant land have increased or

decreases in the past few years. The use of more recent comparable sales for the subject properties have not required the use of time adjustments.

Market Unit of Comparison Generally, the buyers and sellers in the market place determine the unit of comparison, e.g. price per acre, square foot, front foot, etc. The price per acre is the most commonly recognized unit of comparison in the subject area.

Location The appraiser has attempted to use only comparable sales with similar geographic locations. In some cases, however, due to lack of better sales data, it was necessary to use comparable sales that while having similar utility, may be greater distances from the subject parcels than typically desired. Any adjustments for location are based on the appraiser's experience.

Size It is general appraisal theory that prices per acre decrease as the size of the parcel increases, all other things remaining the same. This school of thought is also well supported in the Alaska market place for residential properties. In most instances, comparable sales of fairly similar sizes were chosen to compare with the subject parcels. In the case where similar sized comparable sales were not available, the appraiser has relied on his prior experience to appropriately apply adjustments for differences in size when adjustments can not be extracted from the market.

Access In most cases comparable sales with similar access amenity were used. In the event that a comparable sale was used, that had superior or inferior access compared to the subject an appropriate adjustment was applied. There are many ATV trails in the area; most of which utilize the original survey clearings when the subdivision was originally surveyed. These ATV trails are not improved access in my opinion and are not given any value in my adjustment process.

Utilities Golden Valley Electric Association is the only supplier of power in the greater Fairbanks area including parts of the Steese Highway including the Riverview Subdivision. According to GVEA, power was extended to a small portion of the Riverview Subdivision in 2004-2005, and at current time services less than 10 lots. The current cost for power hookup including one free span (330 feet), a transformer and service drop is \$2,400 regardless of the number of customers served by a new line. The cost of additional power pole spans is \$5,000 per, and this cost can be spread out among the other users of the transmission line. As mentioned earlier, only three of the subject parcels have power readily available, requiring no additional span expense to reach the lots. In this case, only sales with power readily available were used. Power is not readily available to the other 27 lots of this appraisal, therefore only sales that also lacked this amenity were used. There is no community water or sewer in the subject area.

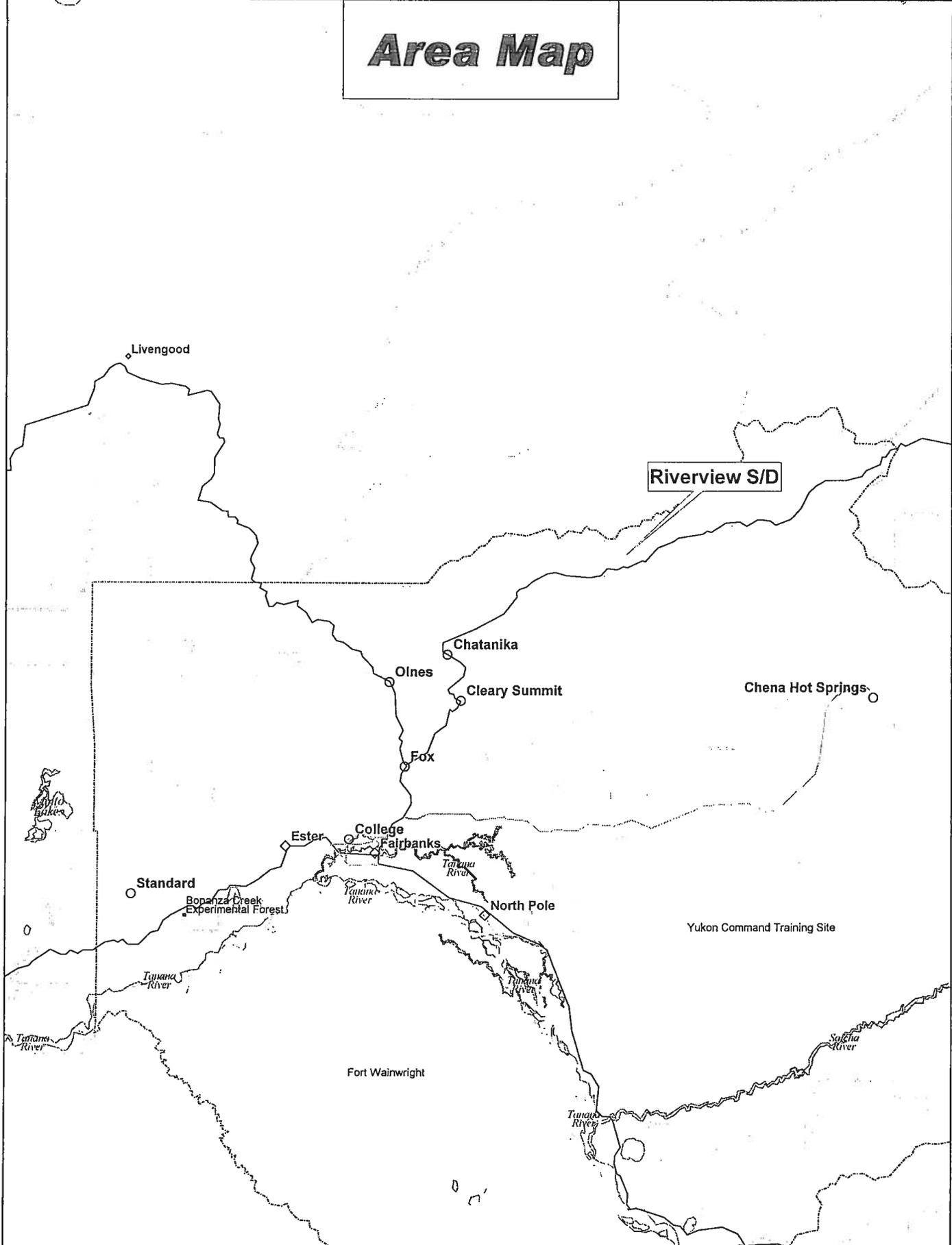
Easements and Restrictions Development of a site could be affected considerably by various easements taking up more than 5 percent of the total site area. Most easements are within the limits of normal setback distances along property lines. Public access and utility easements were the most common easements noted, and are not considered to have a significant impact on the overall value of the subject parcels.

Topography and Physical Features One of the biggest perceived differences between the subject parcels and the comparables would be parcels that were burned during the forest fire in 2004. There are two schools of thought on this, and one would expect that the un-burned parcels would be more desirable, however the once burned parcels tend to offer the better views as well as offer better protection against fires in the future. In either case, the appraiser was unable to support an adjustment for prior burned parcels compared to those that had not based on the comparable sales data.

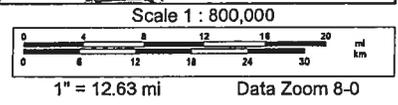
Improvements Base on both aerial and on site inspection where feasible, no structural improvements were found.

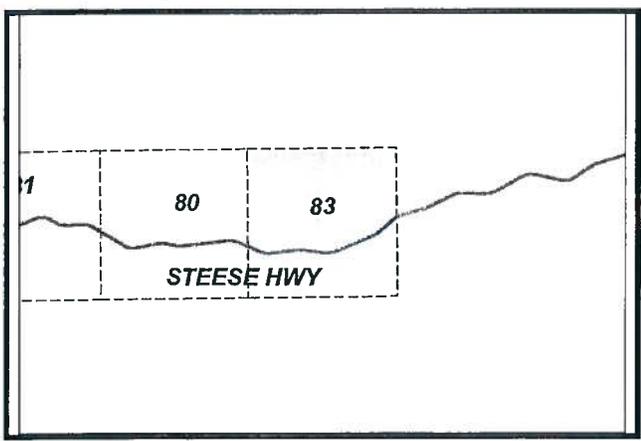
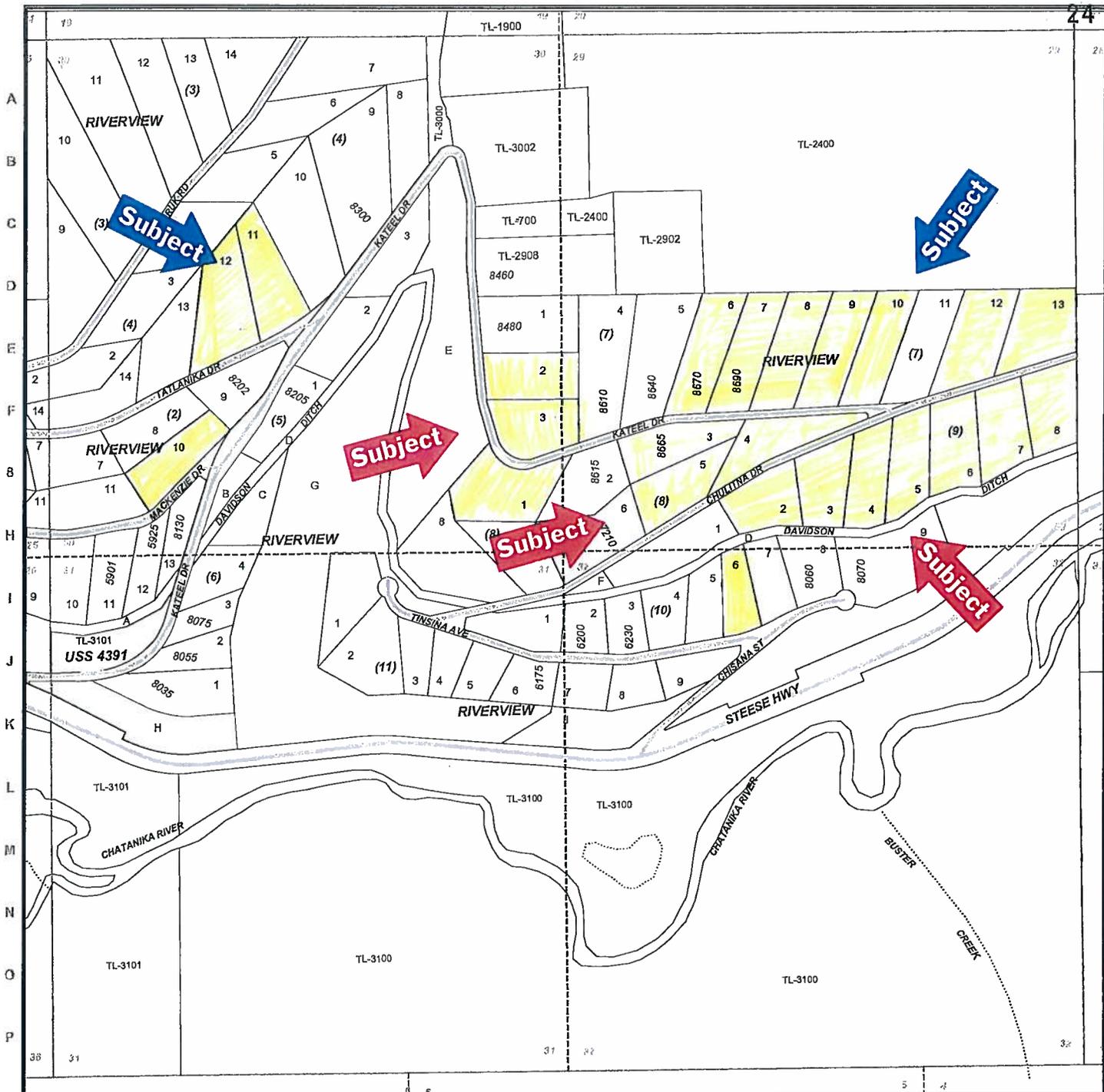
Adjustments With the sales data available, the use of quantitative adjustment for comparison has proven unreliable. Gravel improved roads and dirt road (pioneer roads) are considered superior to the many ATV trails that abound in the subject project. These ATV trails are not improved access in my opinion and are not given any value in my adjustment process, and compare similarly to unimproved access. Further, qualitative adjustments are made for size (large vs. small lots), lots with power readily available compared to lots with power more than four or five spans away, or parcels that have burned compared to those that haven't. Qualitative adjustments are an acceptable approach that applies plus or minus adjustments to the comparable sales for differences with respect to the subject parcels. A minus adjustment indicates that the feature of comparison for the comparable sale is superior to the subject, while a plus adjustment means that the feature is considered inferior. This process identifies substantial differences between the subject and comparable sales, better bracketing the probable value for the subject property. It should be pointed out in this process that individual adjustments do not necessary carry equal weight. A comparable sales grid demonstrating this process follows:

Area Map

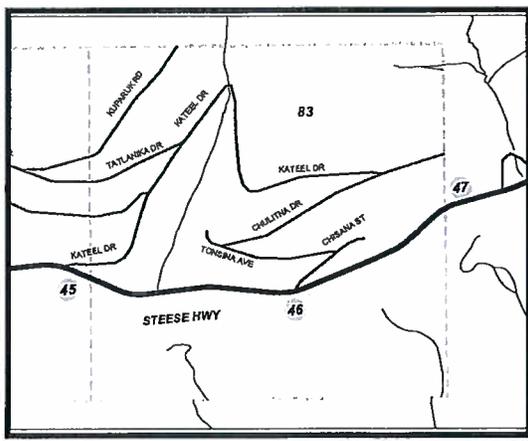


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Area Map / Overview Map



TWN - RNG
5N - 4E
 Community
 Steese Highway North
 FNS# Panel
 154I
83
 1" = 1433'
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 Alaska Street Master
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 Anchorage, AK 99514
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Due to the confidentiality of sales information in the State of Alaska, the valuation section of the report is unavailable online. The entire report can be reviewed at the DNR Public Information Center:

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