Appraisal 4200-1

Half Cabin Lake RRCS Staked Parcels

Department of Natural Resources

August 15, 2018

MEMORANDUM State of Alaska

Department of Natural Resources
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Division of Mining, Land and Water
550 West 7th Avenue, Suite 650
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DATE: August 15, 2018

TO: Kevin Hindmarch
Review Appraiser

FROM: Michael Dooley

SUBJECT: Appraisal of staked and administrative parcels in the Half Cabin Lake Remote Recreational Cabin Sites Area – Base Appraisal Report No. 4200-0.

As requested, I have completed an appraisal of six parcels in the Half Cabin Lake Remote Recreational Staking Area. I understand that this appraisal will be used to determine the purchase price for staked parcels acquired under the Remote Recreational Cabin Site Staking Program, and the minimum bid amount for administrative parcels sold through the Subdivision Auction Program. I am submitting this report for your review and approval.

The appraisal was completed in accordance with the "Uniform Standards of Professional Appraisal Practice" of the Appraisal Foundation and in accordance with the Special Appraisal Instructions, DNR Remote Recreational Cabin Site Disposal. This is an appraisal report based on the appraisal #4200-0, as well as the facts, analyses, and reasoning leading to the opinions of value.

I have conducted on-site inspections of all of the subject parcels. The physical descriptions are based on site inspections, topographic maps, previously completed appraisal reports, and interviews of various individuals familiar with the area. Based on my observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.

Appraisal 4200-1
Half Cabin Lake Remote Recreational Cabin Staking Parcels

Purpose of the Appraisal
The purpose of this appraisal is to estimate market value of the properties described in this report.

Client and Intended Users
This appraisal is prepared for the State of Alaska, Department of Natural Resources and the general public.

Intended Use of Appraisal
The appraisal will be used by DNR to determine the purchase price for parcels that have been staked under the Remote Recreation Cabin Site Program (**AS 38.05.600**)

Property Rights Appraised
Rights appraised are fee simple estate less mineral rights reserved to the State of Alaska under

AS 38.05.125(a).
Fee simple estate is defined as[1]:
"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."

AS 38.05.125(a) states[2]:
Reservation. (a) Each contract for the sale, lease or grant of state land...is subject to the following reservations: "[sic] 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 every name, kind or description, and with 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 the complete enjoyment of the property and rights hereby expressly reserved."

Definition of Market Value[3]
"The most probable price, as of a specified date, in cash, or terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after 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."

Physical and Economic Property Characteristics
Referenced original appraisal and incorporated herein; Appraisal Report No. 4200-0 Half Cabin Lake Base Appraisal Report.

Extraordinary Assumptions
DNR appraisers assume the following:

- Section line easements exist along protracted section lines.
- The data used to locate protracted and surveyed section lines is reliable, and each section line exists as shown on drawings available to the appraiser.

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[1] The Dictionary of Real Estate Appraisal, 6th Edition, Appraisal Institute, 2015, p.90
[2] Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2016, pp. 671
[3] The Appraisal of Real Estate, 14th Edition, Appraisal Institute, 2013, p.58

It is possible that after a survey has been completed, the actual easement area could have a different impact (positive or negative) than originally thought. The appraiser reserves the right to amend the appraisal should a clear and concise clarification of legal issues be rendered by the Department of Law or if the location of the easement differs from the location as depicted in the appraisal.

Hypothetical Conditions
The survey of each parcel was not complete as of the date of value. It is a hypothetical condition of the report that the survey is representative of the parcel on that date. This condition is conducive to credible value estimates since the lot lines should encompass the area staked by the purchaser.

The values developed in this report are based on a previous appraisal approved by the department on June 19, 2014; see Appraisal Report #4200-0. The facts and conclusions established in Report #4200-0 have not been replicated by the appraiser and will be relied upon to be true and correct. This reliance constitutes an extraordinary assumption. The final results are deemed credible given the fact that the original appraisal was reviewed and approved by the department.

The appraiser assumes that all parcels will be sold as vacant land, free of any improvements.

Legal Descriptions
All parcels are located within T09N, R32W, Seward Meridian.

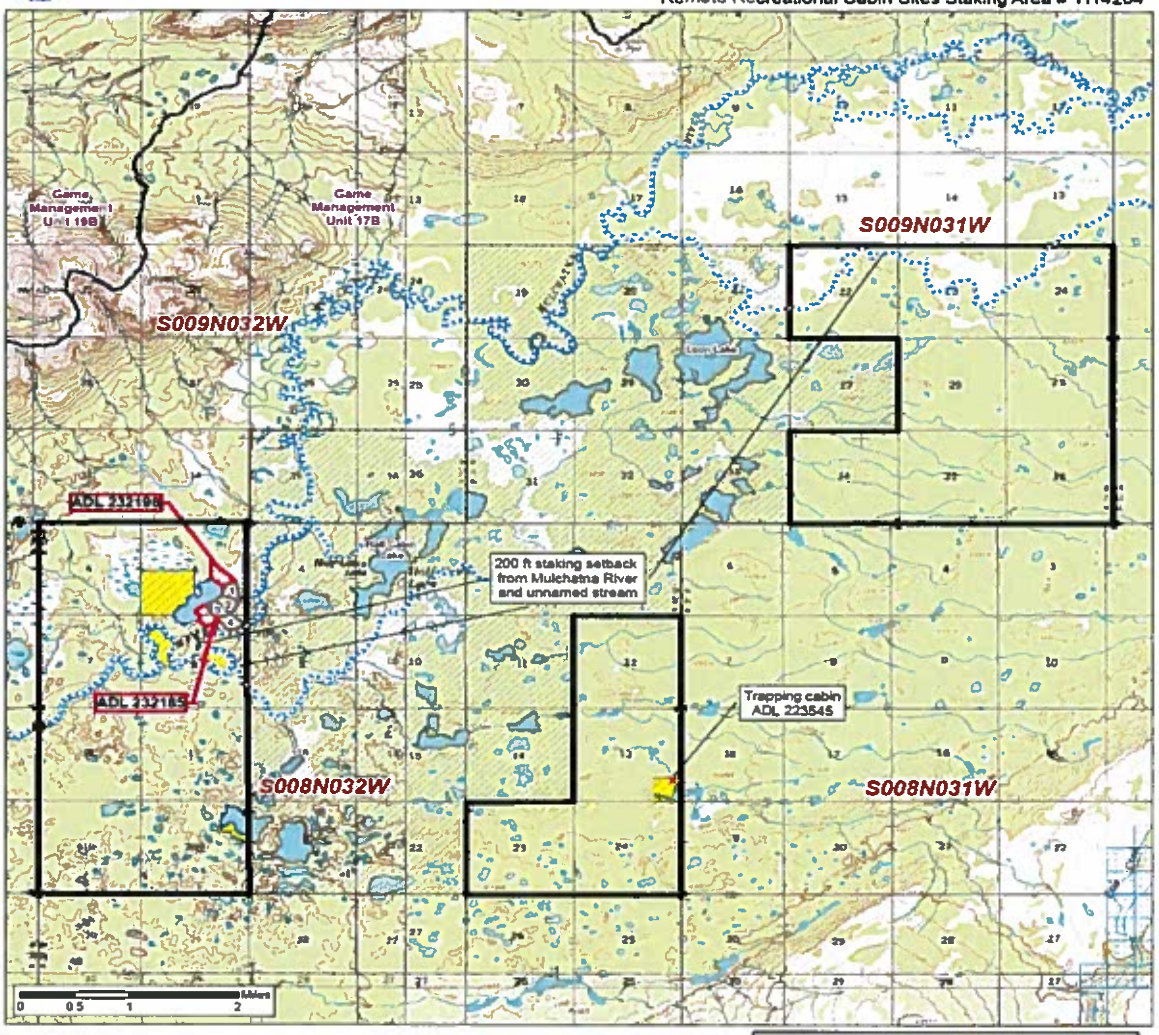
ADL	Acres	Tract	ASLS	Plat
232198	18.20	A	2016-11	2018-2
233149	15.30	B	2016-11	2018-2
233150	16.40	C	2016-11	2018-2
233151	12.92	D	2016-11	2018-2
232185	17.46	E	2016-11	2018-2
233152 ~~232152~~	15.77	F	2016-11	2018-2

Staking Map

Southcentral Region **Remote Recreational Cabin Sites Offering #12**

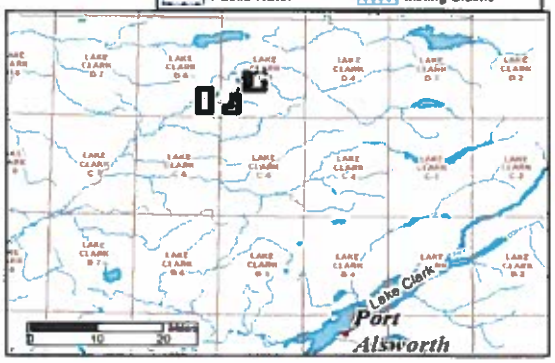
Staking Map: Half Cabin Lake RRCS

Remote Recreational Cabin Sites Staking Area # 1114204



N Declination 15 75°E June 2014

BLM Monument
Admin Parcel
Staked Parcel
Anadromous Streams
Public Water
Reserved Areas
Project Area
Borough Entitlement
Game Mgmt Unit
Mining Claims



USGS QUAD 1:63,360
Lake Clark C-4, D-5, D-6
Township 9 North, Range 31 West,
Township 8 North, Range 32 West,
Seward Meridian

This map is for graphic representation only. It is intended to be used as a guide only and may not show the exact location of existing surveyed parcels or show all easements and reservations. Source documents remain the official record.

Minimum parcel size: 5 acres — Maximum parcel size: 20 acres
Staking authorizations: 40 — Staking period: 2015

1. All parcels staked on land owned by the State of Alaska that contain land within 50 feet of a surveyed or protracted (unsurveyed) section line, are subject to a 50-foot wide easement on each side of the section line, which is reserved to the State of Alaska for public highways under AS 19.10.010. Parcels may not be staked over a surveyed section line.
2. Parcels may not be staked across any public or navigable water body. Parcels are subject to a 50-foot public access easement along the ordinary high water mark.
3. Parcels are subject to a 100-foot building setback from the ordinary high water mark of all streams and all other water bodies determined to be public or navigable. Some water bodies may also have staking setbacks or water frontage limitations.
4. A staking setback is required from unauthorized improvements.
5. A staking setback is required from airstrips used by the public.
6. Most surveys (i.e. ASLS, USS) have survey monuments at each corner, which can be used as reference points and common corners when staking. See the survey plats for information on monument corner numbers, bearings, and distances. Monuments found in the field take precedence over the graphic record.
7. There are public access easements along most ASLS boundaries. Check the survey plats for additional information.
8. Trail easements have not been verified and their actual location may differ on the ground. Labeling of a trail easement does not guarantee the existence of a trail.
9. Unauthorized airstrips are not maintained by the Department of Natural Resources. Use of airstrips on state land that are not authorized is at your own risk.
10. See the general staking instructions and area-specific supplemental instructions for additional information.

Date of Inspection
The staking area was inspected by the DNR appraiser on June 26, 2018.

Effective Date of Appraisal
The effective date of the value estimate is December 1, 2015.

Date of Report
August 15, 2018

Scope of Work
Values for this assignment are based on value conclusions from Appraisal No. 4200-0, which establishes hypothetical key parcels for the Half Cabin Lake Remote Recreational Cabin Staking Area. The subject parcels valued in this report are compared to the hypothetical parcels and adjusted based on the adjustments outlined in Appraisal No. 4200-0. This report cannot be fully understood without the original appraisal and is made a part of this appraisal by reference. The depth of discussion in this report is sufficient to meet specific needs of the client and stated intended use. The physical description of the parcels is based on the aforementioned inspections, review of topographic maps and aerial photographs, as well as parcel descriptions provided by the surveyor. Easement adjustments are based on the attached study. Special instructions for the Remote Recreational Cabin Site program are attached.

Market Condition Adjustment
The base appraisal report was approved by the department June 19, 2014. The date of value for this report is December 1, 2015. There was no evidence of market appreciation or deprecation during this time period. No market adjustment is necessary.

Current Property Use
Vacant

Zoning
None

Highest and Best Use
Recreational

Sales History
The subject parcels are owned by the State of Alaska and have not sold within the past 3 years.

Summary of Parcels

ADL	Acres	Tract	ASLS	Name	Value
232198	17.74	A	2016-11	Larson, Jared	$31,900
233149	15.30	B	2016-11	Admin	$29,800
233150	16.40	C	2016-11	Admin	$31,000
233151	12.92	D	2016-11	Admin	$26,700
232185	17.46	E	2016-11	Powers, David	$31,000
233152 → ~~232152~~	15.77	F	2016-11	Admin	$22,100

CERTIFICATION OF VALUE

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

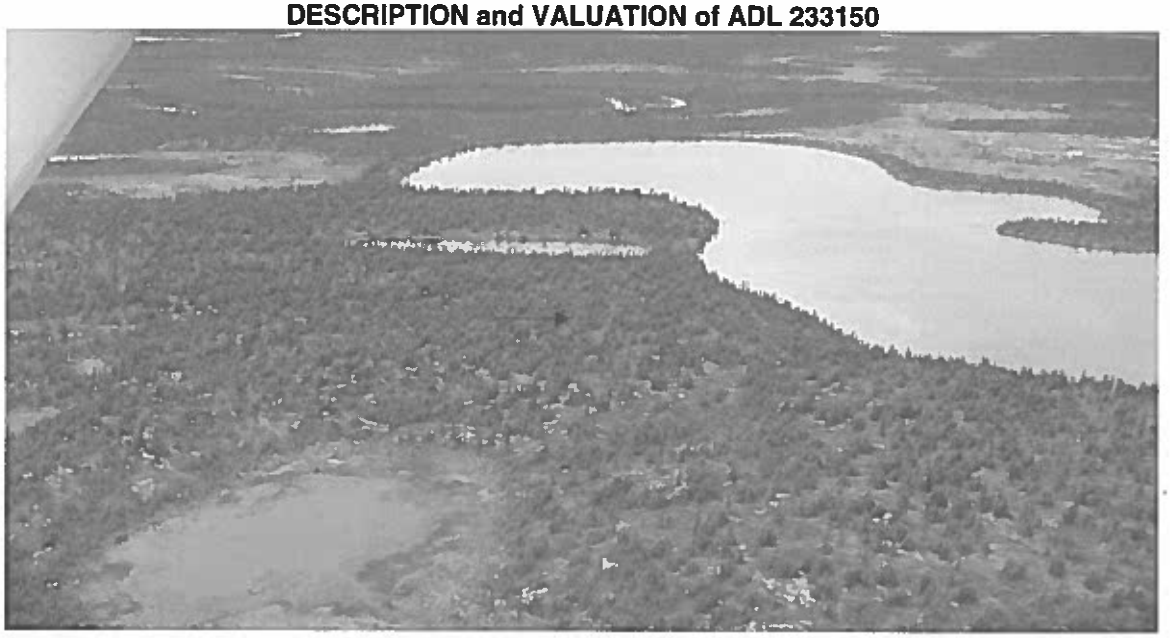
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have not previously appraised the subject parcels.
- The appraiser did not inspect the subject parcels. The appraiser has relied on available satellite imagery, topographic maps and photographs and parcel descriptions provided by the surveyor.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is subject of this report within the three-year period immediately preceding acceptance of this assignment.

Signature

8/15/18

Date

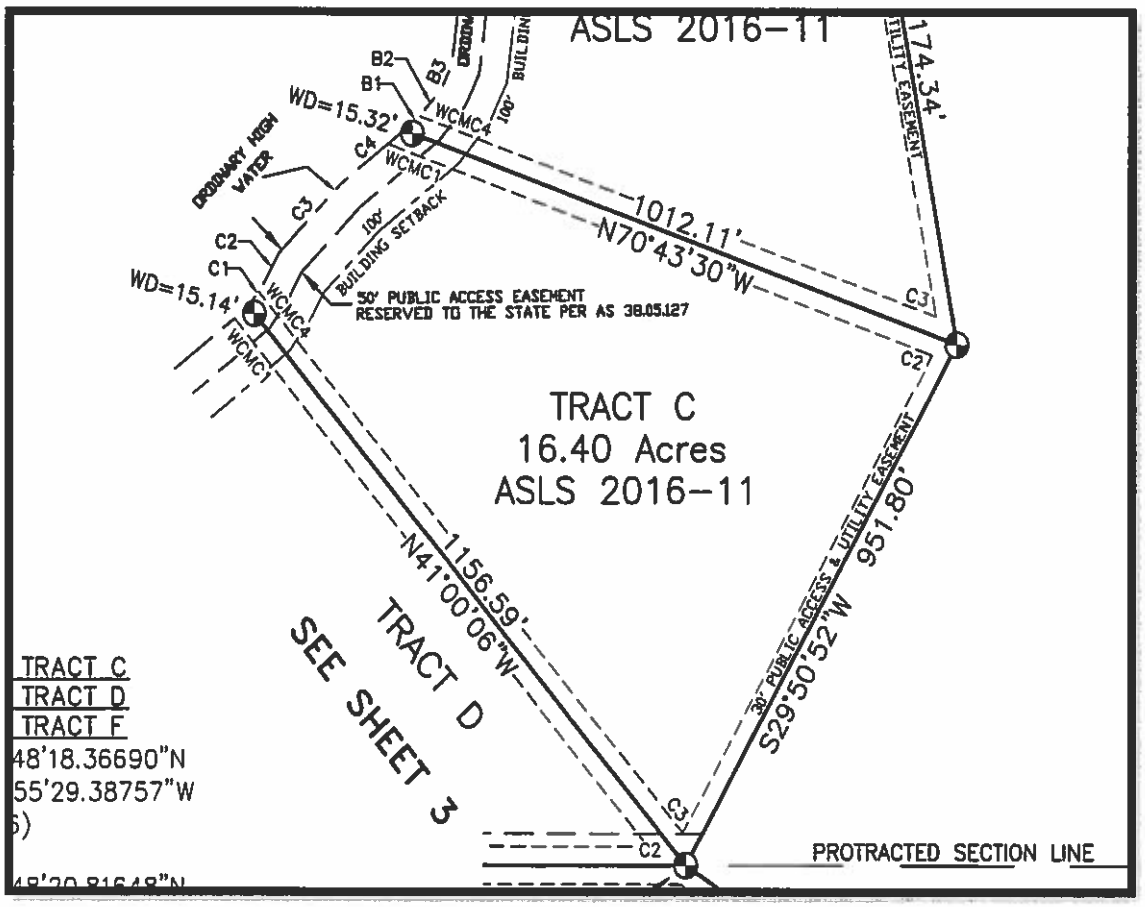
DESCRIPTION and VALUATION of ADL 233150



Inspected	Date: 06/26/2018	By Michael Dooley	
Legal Description	Tract C, ASLS 2016-11		
Location	Approximately 40 miles northwest of Lake Clark and 120 miles west of Kenai, Alaska.		
Comparisons	KEY PARCEL 'A'	ADL 233150	Adjustment
Date of Value	April 28, 2014	December 1, 2015	1.00
Location	Half Cabin Lake RRCS	Similar	1.00
Size, acres	5.00-acres	16.40-acres	0.63
Access	Float Plane or snow machine	Similar	1.00
Building site	At least 50% level to gently sloping, adequately drained & wooded	Similar	1.00
Setbacks and Easements	100' building setback from OHW of navigable waterways. 50' public access easement along the OHW line. 30' access and utility easement along interior parcel boundary lines	Similar	1.00
Amenities	None	Similar	1.00
		Total Adjustment	0.63
		Key Parcel Value	$3,000/acre
		$/Acre	$1,890
		Size – Acres	16.40
		INDICATED VALUE (Rounded)	$31,000

Remarks: Administrative Parcel 2

ADL 233150, Tract C ASLS 2016-11

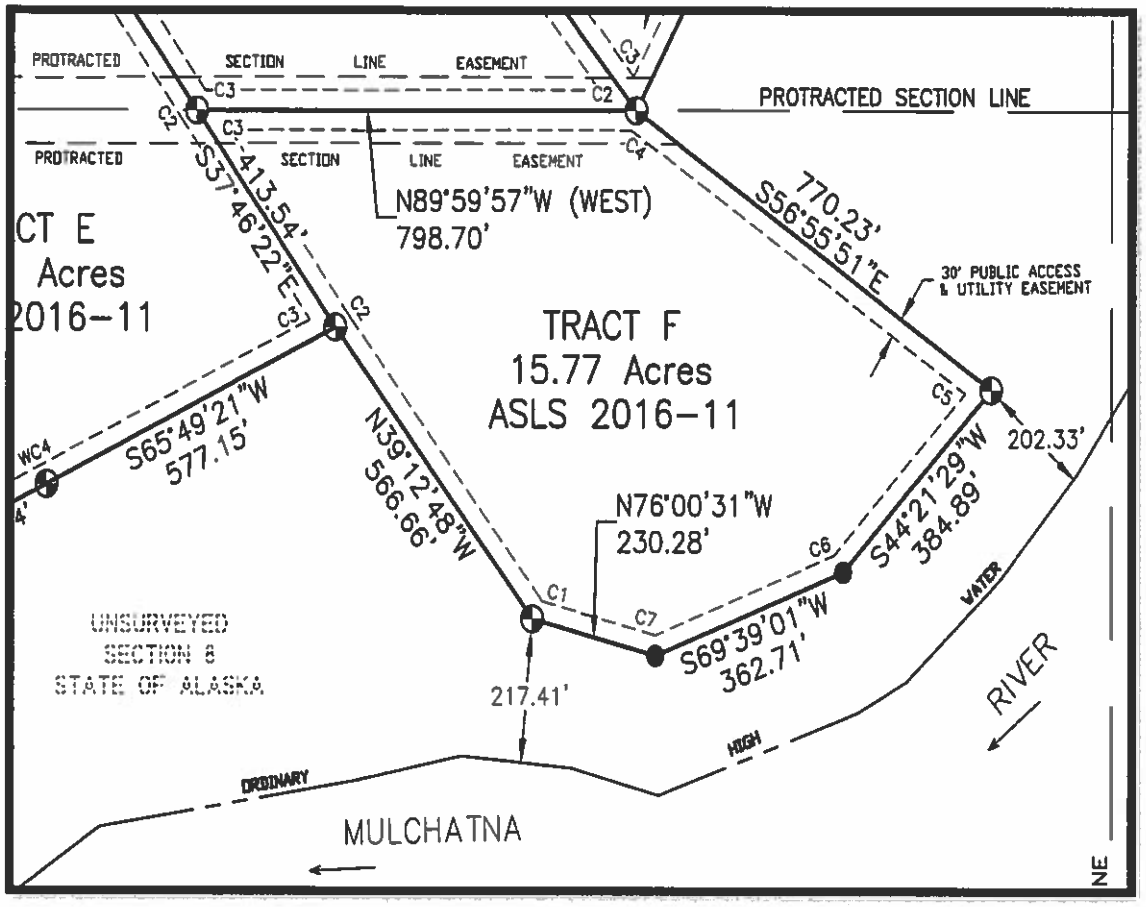


DESCRIPTION and VALUATION of ADL 233152

Inspected	Date: 06/26/2018	By Michael Dooley	
Legal Description	Tract F, ASLS 2016-11		
Location	Approximately 40 miles northwest of Lake Clark and 120 miles west of Kenai, Alaska.		
Comparisons	KEY PARCEL 'B'	ADL 233152	Adjustment
Date of Value	April 28, 2014	December 1, 2015	1.00
Location	Half Cabin Lake RRCS	Similar	1.00
Size, acres	15.00-acres	15.77-acres	1.00
Access	Float Plane, Boat, or snow machine	Similar	1.00
Building site	At least 50% level to gently sloping, adequately drained & wooded	Similar	1.00
Setbacks and Easements	100' building setback from OHW of navigable waterways. 50' public access easement along the OHW line. 30' access and utility easement along interior parcel boundary lines.	Parcel has Tier 1 frontage and is approximately greater than 202' from Mulchatna River. Similar	1.00
Amenities	None	Similar	1.00
		Total Adjustment	1.00
		Key Parcel Value	$1,400/acre
		$/Acre	$1,400
		Size – Acres	15.77
		INDICATED VALUE (Rounded)	$22,100

Remarks: Administrative Parcel 4

ADL 232152, Tract F, ASLS 2016-11



SECTION LINE EASEMENT ADJUSTMENT

Introduction

A protracted section line is a section line that is not surveyed. Therefore, its location is somewhat inexact. In addition to inexact location, there is some uncertainty among DNR legal advisors and policy makers regarding the legal nature of easements, if any, along protracted section lines. In the face of these uncertainties, appraisers require some type of framework at this time to measure the impact on value associated with protracted section lines.

In addition, appraisers need to address the impact of surveyed section lines. From a technical standpoint, surveyed section lines are not subject to the uncertainties associated with protracted section lines. However, from a practical standpoint, only a qualified surveyor has the ability to accurately locate section lines in the field (surveyed or protracted).

Extraordinary Assumption

An "Extraordinary Assumption" is defined as: "an assumption, directly related to a specific assignment, which if found to be false, could alter the appraiser's opinions or conclusions."[4]

DNR appraisers assume the following:

- Section line easements exist along protracted section lines.
- The data used to located protracted and surveyed section lines is reliable, and each section line exists as shown on drawings available to the appraiser.

It is possible that after a survey has been completed, the actual easement area could have a different impact (positive or negative) than originally thought. The appraiser reserves the right to amend the appraisal should a clear and concise clarification of legal issues be rendered by the Department of Law or if the location of the easement differs from the location as depicted in the appraisal.

The Existence of Protracted Section Line Easements

Appraisers assume that an easement along a **protracted** section line exists by virtue of the following State laws and regulations. This assumption is for appraisal purposes only. DNR has yet to develop any official legal statement or policy determination concerning protracted section lines.

11 AAC 51.025(a) states:

> In accordance with AS 19.10.010, before selling, leasing, or otherwise disposing of the surveyed or **unsurveyed** (emphasis added) land estate, the department will reserve along each section line public easements in the following widths:
>
> (1) if the section line forms a boundary of the parcel being disposed, 50 feet measured from the section line;
> (2) if the section line runs through the parcel being disposed, 50 feet measured on each side of the section line, for a total width of 100 feet.

AS 19.10.010, states:

[4] Uniform Standards of Professional Appraisal Practice (USPAP) page 3. The Appraisal Foundation 2004

> A tract 100 feet wide between each section of land owned by the State...is dedicated for use as public highways...

AS 19.10.015(a) states:

> It is declared that all officially proposed and existing highways on public land not reserved for public uses are 100 feet wide...

11 AAC 51.015 (d)(4) states:

> (d) Before selling, leasing, or otherwise disposing of the land estate, the department will reserve
>
> > (4) public easements along section lines set out in 11 AAC 51.025.

Appraisal Considerations
In the early days of statehood, the population did not exert great pressures on the remote areas of the state. Protracted section lines were noted, but had no impact on parcel usability or transfer of ownership. With the increase in the affordability of recreational vehicles and a dramatic increase in population, the remote areas have become less remote and access (in some cases) more contentious.

The preservation and impact of protracted section line easements has become a much discussed issue as the development of Alaska increases. One topic of debate is the nature of a protracted section line easement where a survey has not been completed to determine its exact location. While DNR encourages stakers to avoid staking across **all** section lines, the fact of the matter is that the State of Alaska and the public do not know the exact location of the protracted easement. In cases where a protracted section line easement appears to bisect a parcel, its exact location could be up to 1,320 feet away. This leads to the possible scenario where an easement originally thought to bisect a parcel may later be located up to one-quarter mile away and have no impact.

All things being equal, a parcel without a section line easement would sell before a parcel that is bisected by a section line easement. The impact of a section line easement is not quantifiable given the limited market data available concerning this specific issue.

In summary, the appraisers assume that protracted section line easements legally exist but may not have the expertise to locate them with total precision. DNR advises applicants to avoid staking across section lines, but topography, other issues related to access, and the limited ability of a staker to locate a section line in the field inevitably results in parcels staked across surveyed or protracted section lines. Considering the nature of the staking areas, appraisers believe that the impact of these section line easements is minimal.

Impact on Usability & Number of Building Sites
An adjustment is warranted only if the section line easement bisects a parcel and has a negative impact on the usability of the parcel by limiting the choice of likely building sites. (Easements along the perimeter of a parcel are not considered to be adverse.) Two types of parcels need to be examined:

1. Parcels where a bisecting section line easement can probably be vacated.
2. Parcels where vacation of the bisecting section line easement is not probable.

11 AAC 51.065 (f) states:

> Before any vacation, modification, or relocation of a public easement described in (a)(2) – (a)(5) of this section, the petitioner must demonstrate to the satisfaction of the department that equal or better access is available. Equal or better access must be access that is
>
> 1) protected by an easement of record that is adequately wide for the purpose; if the easement of record is new, the petitioner must arrange for a note in the vacation document to be recorded under (j) of this section that identifies the new easement as a replacement for the vacated easement; and
>
> 2) at least equally usable, considering length, type of terrain, and level of improvement, as the easement to be vacated; if development or improvement is needed to make the replacement easement at least equally usable, the petitioner must arrange for the development or improvement to be completed before the vacation takes effect.

Easement vacation is probable if alternative access is physically possible via the access easements that border all parcel boundaries staked under the Remote Recreational Cabin Sites program. Easement vacation is not probable where there are topographic constraints and where a lack of feasible, alternative access exists. The following section deals with the estimated cost to vacate a section line easement.

Section Line Easement Vacation
The cost to legally vacate a section line easement would involve a full survey of the parcel and all the associated costs. The cost to complete the vacation process in an unorganized borough is outlined below:

State Application Fee	$ 100
Plat Preparation	$2,500 (Private Contractor)
State Plat Review	$ 200
Recording Fee	$ 20
Title Report	$ 250
Updated Title Report	$ 75
Advertising Costs	$ 300
Total	$3,445

This represents the **typical** cost to vacate a section line easement in a staking area outside of an organized borough. In more remote areas, advertising costs may be somewhat higher. In organized boroughs, application and review fees would apply, and the costs would be approximately $2,300 higher. The above costs are for the preparation of a paper plat and are exclusive of fieldwork, which could add an additional $2,000 to the total.

While vacation costs could equate to 6% to 100% of the estimated appraised value for a typical parcel, DNR appraisers believe that the market would not recognize an adjustment of this magnitude. The typical cost per parcel could be less if a number of stakers joined in a single application to vacate one or more section line easements within a staking area. Given the rural location of most of the staking areas, a vacated section line easement may not be important to buyers who see no need to vacate an easement they deem as inconsequential. The cost to vacate the section line easement is most likely to be between $3,000 and $6,000. Considering that the expected price of a staked parcel could be between $5,000 and $56,000, the cost to vacate a section line easement is not financially feasible.

Hypothetical Adjustments
The following table demonstrates hypothetical situations where the maximum and minimum areas that could be impacted by a section line easement are considered[5]. For the purpose of this analysis only, the **maximum** adjustment per parcel would be "zero-ing" out the easement area, or giving it no value. The following examples compare the overall value of typical parcels with and without the impact of a bisecting section line easement.

[5] It should be noted that public access easements are platted along all perimeters of a parcel. Therefore, feasible alternate access could obviate the need to use section line easements in a majority of cases.

5 ACRES		Total Property Value	% of Base Value	Indicated Adjust.
Max. Value $5,000/Ac.	5 total acres	$25,000 Base	n/a	n/a
With Max. Easement (100' x 660')	3.48 usable acres	$19,864	79%	-21%
With Min. Easement (100' x 330')	4.24 usable acres	$22,485	90%	-10%
Min. Value $1,000/Ac.	5 total acres	$5,000 Base	n/a	n/a
With Max. Easement	3.48 usable acres	$3,973	79%	-21%
With Min. Easement	4.24 usable acres	$4,497	90%	-10%
10 ACRES		Total Property Value	% of Base Value	Indicated Adjust.
Max. Value $3,750/Ac.	10 total acres	$37,500 Base	n/a	n/a
With Max. Easement (100 x 933')	7.86 usable acres	$33,299	89%	-11%
With Min. Easement (100' x 467')	8.93 usable acres	$35,823	96%	-4%
Min. Value $750/Ac.	10 total acres	$7,500 Base	n/a	n/a
With Max. Easement	7.86 usable acres	$6,660	89%	-11%
With Min. Easement	8.93 usable acres	$7,165	96%	-4%
15 ACRES		Total Property Value	% of Base Value	Indicated Adjust.
Max. Value $3,263/Ac.	15 total acres	$48,938 Base	n/a	n/a
With Max. Easement (100' x 1,037')	12.62 usable acres	$44,053	90%	-10%
With Min. Easement (100 x 630')	13.55 usable acres	$46,588	95%	-5%
Min. Value $653/Ac.	15 total acres	$9,788 Base	n/a	n/a
With Max. Easement	12.62 usable acres	$8,811	90%	-10%
With Min. Easement	13.55 usable acres	$9,318	95%	-5%
20 ACRES		Total Property Value	% of Base Value	Indicated Adjust.
Max. Value $2,806/Ac.	20 total acres	$56,115 Base	n/a	n/a
With Max. Easement (100' x 1,320')	16.97 usable acres	$52,714	94%	-6%
With Min. Easement (100' x 660')	18.48 usable acres	$54,642	97%	-3%
Min. Value $561/Ac.	20 total acres	$11,223 Base	n/a	n/a
With Max. Easement	16.97 usable acres	$10,543	94%	-6%
With Min. Easement	18.48 usable acres	$10,928	97%	-3%

The above table illustrates the maximum amount that would be considered to adjust a parcel impacted by a section line easement (surveyed or protracted). Considering the many uncertainties associated with section line easements, the appraisers have attempted to present a logical and supportable adjustment. An adjustment is warranted only if the section line easement bisects a parcel and has a negative impact on the usability of the parcel by limiting the choice of likely building sites. The exact location of the protracted section line easement is not known until a survey is competed. It is possible that a protracted line might later be located upwards of 1,320 feet away from the surveyed section line. Even a surveyed section line would require the services of a qualified surveyor to properly locate it in the field.

While a prudent owner would not risk putting a structure within the easement area, it could be safely utilized for any other use not involving the construction of a permanent

structure, or until it becomes clear that access within the easement area will never be developed due to other access alternatives. Therefore, the following adjustments that are indicated from the above information are deemed reasonable. The market would be very unlikely to make a large adjustment with regard to a protracted section line easement when the location of the easement is not known, and when uncertainty exists as to its legal status.

Reconciliation and Summary of Adjustments

Size	Indicated Range of Adjustment as % of Total Property Value Without the Easement (Assumes -0- Value to Easement Area)	Midpoint	Reconciled Adjustment Protracted Section Lines	Reconciled Adjustment Surveyed Section Lines
5 – 9.99 acres	4% - 21%	12.5%	5%	5%
10 – 14.99 acres	4% - 11%	7.5%	4%	4%
15 - 20 acres	3% - 10%	6.5%	3%	3%

The upper end of the adjustment range applies to the smallest parcels because the easement area makes up a larger percentage of the overall parcel size. Zero-ing out the easement area is an upper end adjustment with a supportable range from 10% to 21%.

In the past, DNR appraisers adjusted parcels with similar type easements in the amount of zero to 5% depending upon the location of the easement and its impact on the usability of the parcel. Because the State or the public is unlikely to exercise rights to use a protracted or surveyed section line easement in a remote area (especially where alternate access is available along all parcel boundaries), the above schedule of adjustments is reasonable and logical.

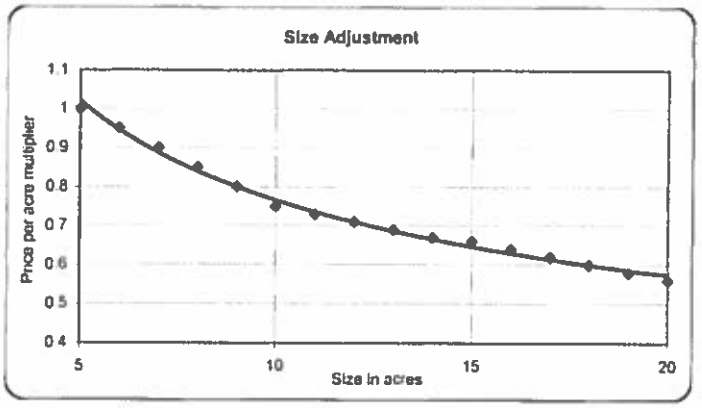
It is assumed that the restrictions within the easement area are similarly applicable to both a surveyed and protracted section line. As such, both will be equally adjusted.

The appraisal staff reserves the right to amend this analysis should data become available that would significantly alter the results as stated above.

DNR SIZE ADJUSTMENT METHOD

DEVELOPED BY STEVE STARRETT

ACRES	VALUE RATIO
2.50	1.33
3.00	1.22
3.50	1.14
4.00	1.08
4.50	1.04
5.00	1.00
6.00	0.95
7.00	0.90
8.00	0.85
9.00	0.80
10.00	0.75
11.00	0.73
12.00	0.71
13.00	0.69
14.00	0.67
15.00	0.65
16.00	0.64
17.00	0.62
18.00	0.60
19.00	0.58
20.00	0.56
21.00	0.55
22.00	0.55
23.00	0.54
24.00	0.53
25.00	0.53
26.00	0.52
27.00	0.51
28.00	0.50
29.00	0.50
30.00	0.49
31.00	0.48
32.00	0.48
33.00	0.47
34.00	0.46
35.00	0.46
36.00	0.45
37.00	0.44
38.00	0.43
39.00	0.43
40.00	0.42



The graph and chart depicts a general market trend in the size-price behavior for remote parcels. For parcels over 5 acres in size, the price per acre decreases by 25 percent or a multiplier of .75 when parcel size doubles. In order to adjust for parcel sizes in size increments smaller than a doubling of size (e.g. a 16-acre parcel fits between the 10 to 20 acres size category) the value ratios are interpolated

To utilize the adjustment, follow this example. If the key parcel contains 10 acres and the appraised parcel contains 15 acres, the adjustment multiplier is derived as follows:

The multiplier of 0.65 (15 ac.) divided by 0.75 (10 ac.) equals .87, meaning that the per acre value of the appraised parcel is only 87 percent of the key parcel's value per acre. *The size adjustment is applied only when the size difference is more than one acre.*

For parcels over 5 acres in size, the interpolation is made on a straight line basis, because larger parcels tend to sell on a price per acre basis. For parcels under 5 acres in size, the interpolation between the size categories is exponential, because the concept of building site value is more important than the number of acres.

dnrsize2.xls 1/6/2005

SPECIAL APPRAISAL INSTRUCTIONS
DNR REMOTE RECREATIONAL CABIN SITE DISPOSAL

1. **Appraisal Standards:** A **summary** appraisal is required and must be prepared in accordance with these instructions and with Standards Rules 1 and 2 of the *Uniform Standards of Professional Appraisal Practice* (USPAP).

2. **Purpose of the Appraisal:** The purpose of the appraisal is to estimate market value.

3. **Intended Use:** The appraisal will be used by DNR to determine the purchase price for parcels to be acquired under the Remote Recreational Cabin Site staking program (AS 38.05.600).

4. **Definition of Market Value:** Appraisals must use the following definition of market value and must be based on terms of sale as described in section 5 below. Appraisals using other definitions will be returned for correction.

   The most probable price, as of a 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 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.[6]

5. **Terms of Sale:** Market value must be estimated in terms of seller financing typical for the market. DNR will not accept appraisals that apply a downward adjustment to comparable prices with typical seller financing in order to indicate a cash value. Per AS 38.05.065 DNR is required to offer seller financing and does not discount for cash.

6. **Property Rights Appraised:** Appraise the fee simple estate less mineral rights reserved under AS 38.05.125(a). Appraisals that do not cite this definition will be returned for correction.

7. **Appraisal Methodology:** Potential applicants are to be given value estimates for each staking area before they actually stake any parcels. For that reason, appraisals will be completed in a two-step process. In the first step (called the base report), an appraisal report will value hypothetical key parcels that are likely to be staked in each staking area, e. g. a lakefront parcel and an interior parcel. The base report will also quantify any value differences that are likely to exist between actual parcels and key parcels, e.g. size, access, building site, amenities, easements. In the second step (called the parcel report) the attributes of each actual, surveyed parcel will be compared to the appropriate key parcel as a means for determining the actual appraised value and purchase price. Parcel reports may be physically separate from the base reports. If that is the case, each parcel report will reference the base report as the basis for value. There will be lag time between completion of the base report and the actual date of entry/valuation date. Should values change between those dates, the parcel report will have to quantify the adjustment, if any, for time or market conditions.

8. **Date of Valuation:** Use a current date of valuation for the base report and the date the lease application was approved as the date of entry/value for the parcel report.

9. **Minimum Value:** Minimum parcel purchase price is $1,000 per 11 AAC 67.840 (d)(2).

10. **Inspection and Determination of Site Quality:** Onsite inspection of the staking area and comparable sales is optional during preparation of the base report. In lieu of physical inspection for the base report, the appraiser may rely on as many sources of information as are available: recent aerial photos from commercial sources, previous DNR appraisals, topographic maps, field inspection reports in DNR case files, aerial mosaics in DNR design files, and previous field experience in the area. Actual surveyed parcels must be field inspected to determine site characteristics and quality compared with the hypothetical key parcel. Fly-over inspections are acceptable.

11. **Improvements:** Onsite improvements made by the applicant will be excluded from the estimate of value.

12. **Photographs:** The parcel valuation report must contain photographs of the actual, surveyed parcels. Photographs must clearly approximate property corners and boundaries with marks on the photographs or explanatory captions.

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[6] The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, 2013, page 58

13. **Plat or Survey Maps:** Staking maps are required in the base report. Staking maps, survey maps, and land status maps are required in the parcel valuation report. The appraiser is expected to review staking maps, surveys, plats, plat notes, and land status maps for easements and other restrictions that could affect value and to summarize such easements and restrictions in the appraisal reports.

14. **Data Analysis and Key Parcel:** A base report may include more than one staking area if the market characteristics of the staking areas are similar. A base report may also include more than one hypothetical key parcel. When appraising similar parcels within the same or similar staking areas, a typical or *Key Parcel* valuation method must be used. For each key parcel appraised, the base report must include a valuation grid. When appraising key parcels, it is also acceptable to compare one key parcel to another as the method for estimating value, e.g. an interior key parcel is half the value of an otherwise similar lakefront parcel. Grids must describe the pertinent features of each of the key parcels and each of the comparable sales. Grids must also show quantitative adjustments made in relating the pertinent features of the comparable transactions to the pertinent features of the key parcels or pertinent features of actual parcels to key parcels.

    In order to ensure consistency in the valuation process, adjustments must be quantified and briefly discussed in narrative, in addition to being presented in the grid. Whenever possible, the adjustments will be expressed in terms of multipliers, e.g. 1.20 for plus 20% or .80 for minus 20%. As the amount of the adjustment increases, the need for factual evidence (e.g. paired sales, data arrays, opinion surveys) increases. The final reconciliation must clearly state which indicators of value are the most reliable, and explain how each indicator affects the appraiser's final conclusion of value. Estimates based solely on the appraiser's opinion without explanation will be rejected. Estimates based solely on regression analysis or other statistical methods may also be rejected.

15. **Comparable Sale Data and Map:** The base report must contain Comparable Sale Forms or data sheets. Each data sheet must be similar in content to the attached sample. A comparable sale location map is required, showing the location of each comparable in relation to the appraised properties and other comparables.

16. **Report Format:** DNR has prepared standard base and parcel report formats that must be used. Contact the DNR review appraiser to obtain electronic copies of the format.

17. **Required Number of Copies:** One bound copy of the draft base report and five bound copies of the final base report should be delivered to the DNR Review Appraiser. One copy of the parcel report should be delivered to the DNR Review Appraiser.

18. **Disclosure:** By law, appraisal reports are public documents that must be made available to the public upon request. Appraisals shall not contain any language that restricts public use. If the report contains use-restricting language, the language will not apply.

19. **Review and Approval:** The DNR review appraiser will review all appraisals for compliance with USPAP and DNR instructions.

20. **How to Contact the DNR Review Appraiser:**

    DNR Review Appraiser Phone: 907-269-8512
    Division of Mining, Land & Water FAX: 907-269-8914
    550 W 7th Ave, Suite 650 E-mail: appraisals@alaska.gov
    Anchorage, AK 99501-3576 Hours: 8AM to 4PM

Attachments: Comparable Sale Form
Base Report Form
Parcel Report Form

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:

In Anchorage

(in the Atwood Building)
550 W. 7th Ave. Suite 1200, Anchorage AK, 99501
Phone (907) 269-8400
Fax (907) 269-8901
TDD for hearing impaired (907) 269-8411
e-mail: dnr.pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Fairbanks

(Corner of University & Airport Way)
3700 Airport Way, Fairbanks, AK 99709
Phone (907) 451-2705
Fax (907) 451-2706
TDD for hearing impaired (907) 451-2770
e-mail: fbx-pic@alaska.gov
Business hours 10:00 am to 5:00 pm M-F.

In Juneau

(Southeast Div. of Land)
400 Willoughby Ave., 4th Floor, Juneau AK 99801
Phone (907) 465-3400
Fax (907) 586-2954
e-mail: southeast_land@dnr.state.ak.us
Business hours 10:00 am to 5:00 pm M-F.