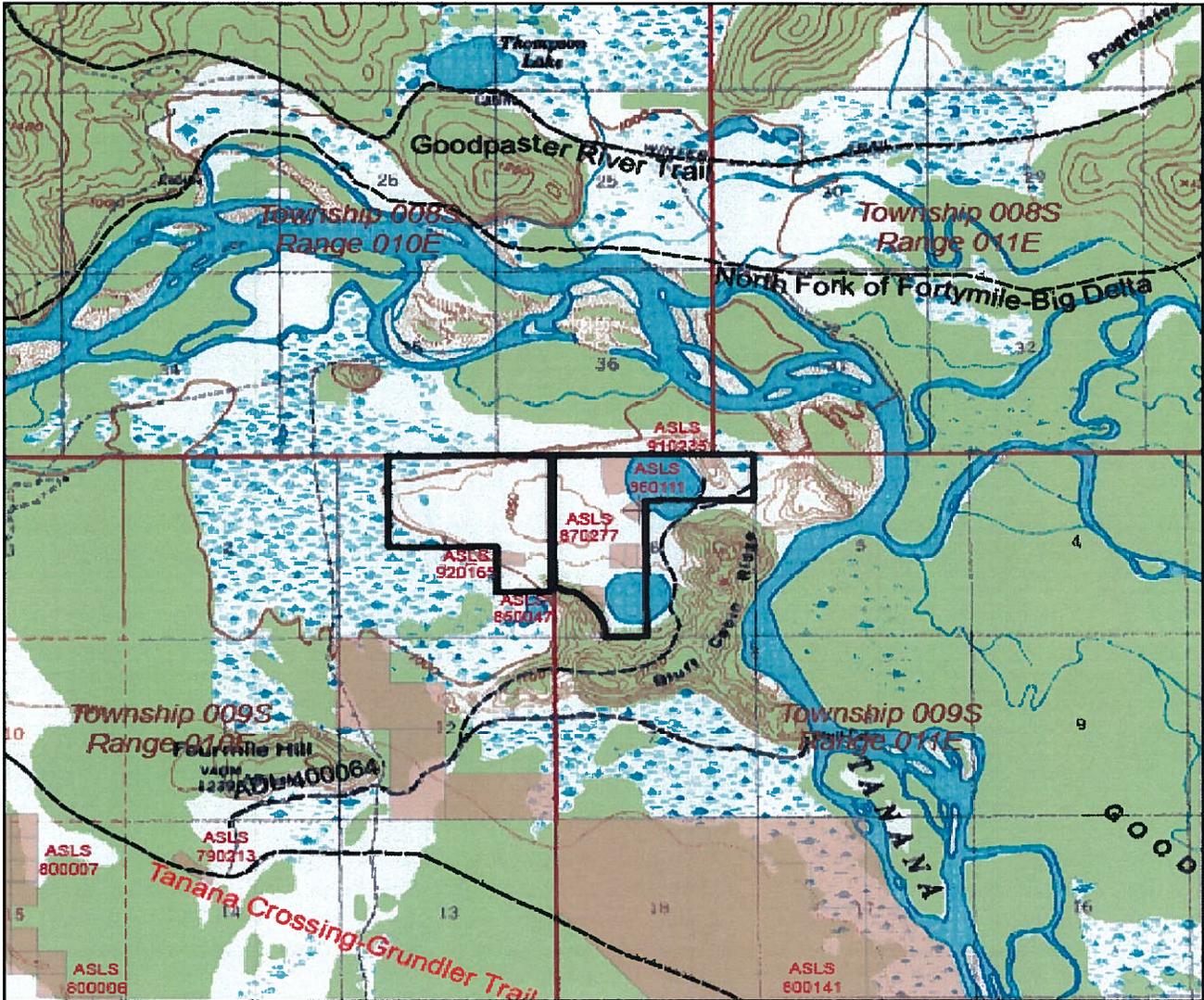


# MARKET VALUE APPRAISAL

of PARCELS within The BLUFF CABIN RIDGE

REMOTE RECREATIONAL CABIN STAKING AREA



YEAR 2005

BASE APPRAISAL REPORT No. 3151-01

STATE of ALASKA

Department of Natural Resources  
Division of Mining Land & Water  
550 West Seventh Avenue Suite 650  
Anchorage AK 99501-3576

**BLUFF CABIN RIDGE REMOTE RECREATIONAL CABIN STAKING AREA**  
**See Attached Report 3151**

**Summary of Key Parcels**

Hypothetical Key Parcel Key Parcel "A"	Size: 5 acres Lot Type: 1st Tier parcel Waterfront. Access: Marginal, fly-in lake, ATV, snowmobile, walk in. Building Site: at least 50% level, wooded and well drained. Building Setback: 100' from HWM. Easements: Typical section-line & pedestrian around lot. Waterfront: Lake or pond Amenities: Typical view of surrounding area.
Hypothetical Key Parcel Key Parcel "B"	Size: 5 acres. Lot Type: More than ¼ mile from fly-in access Access: ATV, snowmobile, walk in. Building Site: at least 50% level, wooded and well drained. Building Setback: None Easements: Typical section-line & pedestrian around lot. Waterfront: None Amenities: None
Improvements	None
Highest and Best Use	Recreational cabin sites
Interest Appraised	Fee simple title, excluding mineral rights
Date of Inspection	Not Inspected
Effective Date of Value	April 1, 2005
Date of Report	April 1, 2005

**A 1<sup>st</sup> Tier parcel** is defined as "a parcel with direct frontage on a lake or river, or is separated from the water by public land."

**A 2<sup>nd</sup> Tier parcel** is defined as a "location where a parcel(s) could be staked between the subject and the nearest water-body access."

Conclusion of Values for Hypothetical Key Parcels		
	1 <sup>st</sup> Tier Parcel "A"	2 <sup>nd</sup> Tier Parcel "B"
	Waterfront	Non-Waterfront
Key Lot Size	5 acres	5 acres
Site Value	\$11,000	\$4,000
Unit Value	\$2,200	\$800

The report is based on the **extraordinary assumption** that all staked parcels have legal access across any staking area setbacks identified within the staking area. It is assumed that these setbacks will remain in state ownership. It is assumed that the appropriate platting authority will approve plats for all parcels staked under this program. We reserve the right to amend this report should unanticipated platting problems require changes that would significantly impact value.

### Adjustments

Date of Value	Date of filing	To Be Determined
Size, acres	Adjustment for variations in size.	See Addenda
Access	0' to 300' from waterfront 300'+ to 900' from waterfront 900'+ to 1,320' from waterfront Within ½ mile of established trail. If further than ½ mile of established trail.	1.00 of Key "A" 0.75 of Key "A" 0.65 of Key "A" 1.00 0.90
Building site	Poor: Mostly steep, or wet ground, or unstable soils. Average: At least 50% level to gently sloping, adequately drained & wooded. Good; Mostly level to gently sloping, well drained and wooded.	0.90 1.00 1.10
Easements	Typical easements are considered in the base value. Adjustments for other easements or trails across staked parcels to be handled on a case by case basis.	To be determined
Waterfront	Key Parcel "B"	None
Amenities	Typical view of surrounding area Outstanding views, small pond, or creek	1.00 1.10 of Key "A" or "B"

**Adjustment Process:** An adjustment of less than 1.00 means the feature of the staked parcel is inferior to the hypothetical key parcel and requires a downward price adjustment. An adjustment of greater than 1.00 means the feature is superior to the hypothetical key parcel, requiring an upward adjustment. An adjustment of 1.00 means the property feature is similar to the key parcel, and no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the estimated value of the key parcel to yield a value for the staked parcel.

## PREMISES OF THE APPRAISAL

### TYPE OF APPRAISAL AND REPORT

This is a complete, summary appraisal prepared in accordance with Standard Rules 1 and 2 of the Uniform Standards of Professional Appraisal Practice, Appraisal Foundation, and in accordance with Special Appraisal Instructions, DNR Remote Cabin Sites.

### PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the current market value of the key parcels as described in this report.

### INTENDED USE OF THE APPRAISAL

This appraisal will be used as a basis of value for parcels staked under the Remote Recreational Cabin Site program (AS 38.05.600).

### CLIENT AND USER IDENTITY

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

### PROPERTY RIGHTS APPRAISED

The rights appraised are the fee simple estate less the mineral rights reserved to the State of Alaska under AS 38.05.125(a). Fee simple estate is defined<sup>1</sup> as:

"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<sup>2</sup>:

*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 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 the complete enjoyment of the property and rights hereby expressly reserved.*

### DEFINITION OF MARKET VALUE<sup>3</sup>

*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.*

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

### DEFINITION OF EXTRAORDINARY ASSUMPTION<sup>4</sup>

*"an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.*

The report is based on the extraordinary assumption that all staked parcels have legal access across any staking area setbacks identified within the staking area. It is assumed that these setbacks will remain in state ownership. It is assumed that the appropriate platting authority will approve plats for all parcels staked under this program. We reserve the right to amend this report should unanticipated platting problems require changes that would significantly impact value.

<sup>1</sup> The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.69

<sup>2</sup> Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2002, pp. 590-591

<sup>3</sup> The Appraisal of Real Estate, 12th Edition, Appraisal Institute, 2001, p.22

<sup>4</sup> The Uniform Standards of Professional Appraisal Practice (USPAP), Appraisal Foundation, 2004, p.3

**EFFECTIVE DATE OF VALUE ESTIMATE**

The effective date of the value estimate is April 1, 2005.

**EXPOSURE TIME**

Exposure time is "...the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal..."<sup>5</sup>

Exposure time varies with the type of property and changes with market conditions. The market for remote recreational properties has been sluggish for years. Supply has grown faster than demand. The market is somewhat saturated. Primary sellers are DNR, the University of Alaska, the Mental Health Lands Trust, Native allottees, and some boroughs. Remote parcels such as the subject typically require 12 or more months of marketing time.

Compared with competing parcels in the overall market for remote parcels, the market appeal for the subject parcels is average to poor. Considering exposure times for similar properties, appraised values for the subject parcels are based on an exposure time of one to three years.

**MARKETING TIME**

"Marketing time is an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal."<sup>6</sup>

Considering current market conditions and foreseeable supply and demand as of the date of appraisal, appraised values for the subject parcels are based on an estimated marketing time of one to three years.

**SCOPE OF THE APPRAISAL**

I did not inspect the staking area in the field. Physical features, access and utilities were identified by the use of topographic maps, status plats, aerial photographs, DNR appraisal records and interviews with people who are familiar with the area.

Also, DNR appraisal records were searched for recent sales of similar parcels. Interviews were conducted with real estate agents, appraisers, and other individuals who provided data about trends in values, supply and demand. Sellers and buyers were contacted to verify sale prices and other transaction details.

My assignment was to identify market indicators that may have changed the appraised values of the key parcels under the Remote Recreation Cabin Site program and summarized in Report 3151. I contacted various real estate agents that are currently engaged in real estate activities professionally in the Delta Junction area.

After analysis of all available data, appropriate sales were selected for comparison with a key parcel of the subject properties being appraised. The market value estimate is based on the following assumptions and conditions.

**Purpose and Use of the Appraisal**

The purpose of this appraisal is to estimate market value for the key parcels identified herein and referenced in the attached report #3151. The base value establishes an approximate unit price for parcels staked under the Remote Recreation Cabin Site staking program.

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<sup>5</sup> op. cit. p. 83.

<sup>6</sup> *Uniform Standards of Professional Appraisal Practice 2001, Appraisal Foundation, p. 128.*

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. 7<sup>th</sup> 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](mailto:dnr.pic@alaska.gov)  
Business hours 10:00 am to 5:00 pm M-F.

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3700 Airport Way, Fairbanks, AK 99709  
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e-mail: [fbx-pic@alaska.gov](mailto:fbx-pic@alaska.gov)  
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Business hours 10:00 am to 5:00 pm M-F.