

**MARKET VALUE APPRAISAL
Of
ADL 221255 – Lot 3, Block 2**

within

Summit Lake Heights Subdivision – ASLS 84-101



Summit Lake Heights

APPRAISAL REPORT No. 4661-0

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

**A. SUMMARY OF APPRAISAL NO. 4661-0**

1. ADL NO(S): See table below
2. SIZE: See table below
3. APPLICANT: N/A
4. LOCATION: Just east of Summit Lake, near Mile Post 195.5 of the Richardson Highway
5. LEGAL DESCRIPTION(S): See table below
6. INTEREST APPRAISED: Fee Simple Title less Mineral Rights
7. PURPOSE OF THE APPRAISAL: Estimate Market Value
8. APPRAISED BY: Johnthomas Williamson
9. DATE of REPORT: December 17, 2024
10. DATE of VALUE(S): June 17, 2024
11. APPRAISED VALUE(S):

ADL	Subdivision	Lot	Blk	ASLS	Acres	Date of Value	Value (Rnd)
221255	Summit Lake Heights	3	2	84-101	2.661	6/17/24	\$82,000

B. SUMMARY OF REVIEW

1. DATE of REVIEW: February 18, 2025
2. REVIEWER'S CLIENT: ☒ DNR ☐ Other: _____
3. INTENDED USERS of the REVIEW: ☒ DNR ☒ General Public ☐ Other: _____
4. INTENDED USE of the REVIEW: Establish minimum bid price for sealed bid auction
5. PURPOSE of REVIEW: ☒ Evaluate for Technical Compliance with DNR Instructions & USPAP
☐ Evaluate for Technical Compliance with UASFLA ☐ Develop Independent Estimate of Value
 Other: _____
6. 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
7. 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:

G. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS

1. 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.
2. The reviewer assumes that the data and information in the appraisal are factual and accurate.
3. 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.
4. All assumptions and limiting conditions contained in the appraisal report are part of this review unless otherwise stated.
5. 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.
6. The value of commercial timber, if any, is specifically excluded from the final conclusion of value.

REVIEW APPRAISER'S CERTIFICATION APPRAISAL NO. 4661-0

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 reviewed and approved an appraisal of the subject in the past three years.

Reviewed by Kevin Hindmarch
Kevin Hindmarch, Review Appraiser

Date 2/18/25

cc: Justin Wholey

MEMORANDUM

State of Alaska

Department of Natural Resources
Tel (907) 269-8539
Fax (907) 269-8914

Division of Mining, Land & Water
550 West 7th Avenue, Suite 650
Anchorage AK 99501-3576

DATE: December 17, 2024

TO: Kevin Hindmarch
Review Appraiser

FROM Johnthomas Williamson
Appraiser



SUBJECT: One parcel within Summit Lake Heights Subdivision, ADL 221255.

As requested, I have completed an appraisal of the above referenced parcel and understand that this appraisal will be used to determine a minimum purchase price for a sealed bid auction. 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. This appraisal report is based on the General Assumptions and Limiting Conditions stated in the report, as well as the facts, analyses, and reasoning leading to the opinion of value.

I have inspected the subject and the comparable sales used in this report. The physical description of the subject parcel was based on a site inspection, aerial photography, topographic maps, peer appraisal reports, interviews with realtors and various individuals familiar with the area. Based on these observations and analyses of all available data, I have formed an opinion of the market value as of the effective date of value.

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APPRAISAL SUMMARY

Legal Description and Location

The parcel is located just east of Summit Lake, near Mile Post 195.5 of the Richardson Highway.

SUMMARY OF VALUES

ADL	Subdivision	MTRS	Lot	Blk.	ASLS	Acres	Date of Value	Value (rnd)
221255	Summit Lake Heights	F020S012E30	3	2	84-101	2.661	6/17/24	\$82,000

PREMISES OF THE APPRAISAL

Type of Appraisal and Report

This appraisal report is prepared in accordance with Standards Rule 1 and 2 of the current edition of Uniform Standards of Professional Appraisal Practice (USPAP) and DNR's Special Appraisal Instructions.

Purpose of Appraisal

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

Intended Use of Appraisal

The appraisal will be used by DNR to determine the minimum bid for ADL 221255 to be acquired through the auction sale program under **AS 38.05.055**.

User and Client Identity

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

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:

"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."¹

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: "[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."²

Definition of Market Value

"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."³

Effective Date of Value Estimate

The effective date of value is June 17, 2024.

Date of Report

The date of report is December 17, 2024.

¹ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.90.

² Alaska Statutes Title 38, Public Land Article 5, State of Alaska, 2020, www.legis.state.ak.us/basis/folio.asp

³ The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, p.141

Exposure Time

Exposure time is defined as the "...estimated length of time that 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."⁴

Exposure time can vary depending on the type of property being appraised and constantly changing market conditions. Supply and demand of similar properties to the subject is an important factor for determining exposure time. Currently, there are multiple parcels available throughout the area that are offered through various government and private programs. Considering the availability of parcels on the market, an exposure time of up to six months is reasonable.

Property History

ADL 221255 was previously sold through the DNR OTC offering in 1991. The applicant entered into a land sale contract, which was subsequently terminated in 2012 due to non-payment. The parcel returned to the State and DNR is the owner of record.

Scope of the Appraisal**Property and Comparable Sales Inspection**

I inspected the subject property and select comparable sales on June 17, 2024. Physical features and access were identified by use of site inspections, topographic maps, status plats, aerial photographs, DNR appraisal records, and interviews with people who are familiar with the area.

Research and Analysis conducted

Interviews were conducted with real estate agents, appraisers, local residents, and other individuals familiar with the area who provided information about trends in value, supply, demand, access, and physical characteristics of the subject properties. DNR records and the Records Office databases were searched for recent comparable sales. Private real estate agent websites were searched for recent listings. Sellers, buyers, and agents were contacted to verify recent sale prices and other transaction details.

After analysis of all available data, appropriate comparable sales were selected. The market value estimate was derived from this process and is based on the following assumptions and limiting conditions.

⁴ Uniform Standards of Professional Appraisal Practice 2024-2025, Appraisal Foundation, p.U-2

Assumptions and Limiting Conditions

1. The property is appraised as vacant land without structural or site improvements.
2. All engineering studies are assumed to be accurate. Plats and illustrative material included in the report are intended to help the reader visualize the properties.
3. Information furnished by others and included in the report is believed to be reliable, but the appraiser does not warrant the accuracy of such information.
4. Unless otherwise noted in the report, the appraiser did not find any evidence that hazardous materials exist on these properties. The estimate of value is based on the assumption that there are no such materials on the property. The appraiser is not qualified to detect these substances. No responsibility is assumed for any such conditions or for any expertise or engineering knowledge that is required to discover these substances.
5. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony, or be in attendance in court with reference to the property in question unless arrangements have been made in advance.
6. The data and conclusions in this report are a part of the whole valuation. Each part of this report is only part of the evidence upon which the final judgment is based. Therefore, no part should be used out of context and by itself alone.
7. 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 any such conditions, or for arranging engineering studies to discover them.
8. The estimate of value in this report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
9. Some parcels may contain saw timber, but not necessarily in commercial quantities. The estimated market value does not include the value of commercial timber, if any.
10. Regarding personal property, there is a trailer on ADL 221255. The trailer was not removed from the site after the termination of the previous land sale contract. Per the terms of the contract, disposition of personal property, buildings, and fixtures left on the parcel after termination of the contract will be governed by AS 38.05.090. The contributory value of the trailer will be considered in the final reconciliation.
11. In this valuation, various mathematical calculations were used to formulate the opinion of value. These calculations are only aids for the formulation of the opinion of value by the appraiser. Therefore, in the application of these calculations, certain arithmetical figures are rounded to the nearest significant amount.
12. The appraiser assumes no responsibility for legal matters. The subject lots are assumed to be free and clear of encumbrances, except as otherwise noted, and title is assumed to be marketable.

PRESENTATION OF DATA

Market Area – Paxson⁵

Paxson is located at the intersection of the Richardson and Denali Highways. Historically, there has been a gas station and gift shop located at the intersection. However, this establishment has been closed for several years. As of the 2020 Census, the population of Paxson was 26 people, down from 40 in 2010. There is limited lodging and no services.

Summit Lake is located along the Richardson Highway, approximately 15 miles north of Paxson. The nearest food and fuel services are located either 75 miles to the north in Delta Junction, or 80 miles to the south in Glennallen. The area is a well-known recreational area with opportunities for hunting, snowmachining, and hiking in the area. The Arctic Man ski and snowmachine race is staged just north of the subdivision near the base of Gulkana Glacier.

⁵ All information regarding Market Area information derived from <https://www.commerce.alaska.gov/dcra/DCRAExternal>, and <https://en.wikipedia.org/>

Property Description

ADL	Subdivision	MTRS	Lot	Blk.	ASLS	Acres	Plat	Recording Dist
221255	Summit Lake Heights	F020S012E30	3	2	84-101	2.661	85-4	Chitna

Location

The parcel is located just east of Summit Lake, near Mile Post 195.5 of the Richardson Highway.

Topography, Soils, Size & Shape

The site is 2.661-acres and rectangular. Soils are gravelly with adequate drainage. Vegetation is limited to grasses and alders. The parcel is approximately 3,400' above sea level with a topography that moderately climbs in elevation to the east.

Easements & Zoning Regulations

There are typical access easements throughout the subdivision. Subjects are within the Unorganized Borough and are not zoned.

Environmental Hazards, Hazardous Waste & Toxic Materials

No toxic materials, waste, or hazards were observed during the field inspection.

Personal Property

There is an abandoned trailer and generator shack on site. The former occupant failed to remove the trailer within time period defined in the land sale contract. The trailer is abandoned and not considered personal property. Both the trailer and generator shack will be considered in the final reconciliation.

Site improvements

There is a driveway on site which has been overgrown with alders. There are no other site improvements.

Tax Assessments

ADL 211255 is located within the Unorganized Borough and not subject to property tax.

Water & Sewer

Water supply or sewage disposal systems must be located, constructed, and equipped in accordance with the requirements, standards, and recommendations of the Alaska Department of Environmental Conservation.

Ownership History

The parcel was purchased in 1991 through the DNR Land Lottery. A land sale contract was issued, and the administration of the contract was transferred to FNBA as part of the Mental Health Portfolio Sale. In 2012, the contract was terminated due to non-payment, and the parcel was returned to the State.

Access and Utilities

Access to the general area is via the Richardson Highway, then along interior subdivision roads. The subject is accessible from Solstice Way, a constructed dirt road. There are no utilities.



Solstice Way, access to subject.



Subject from Solstice Way.



Cleared parking area on subject.



Looking south from subject.



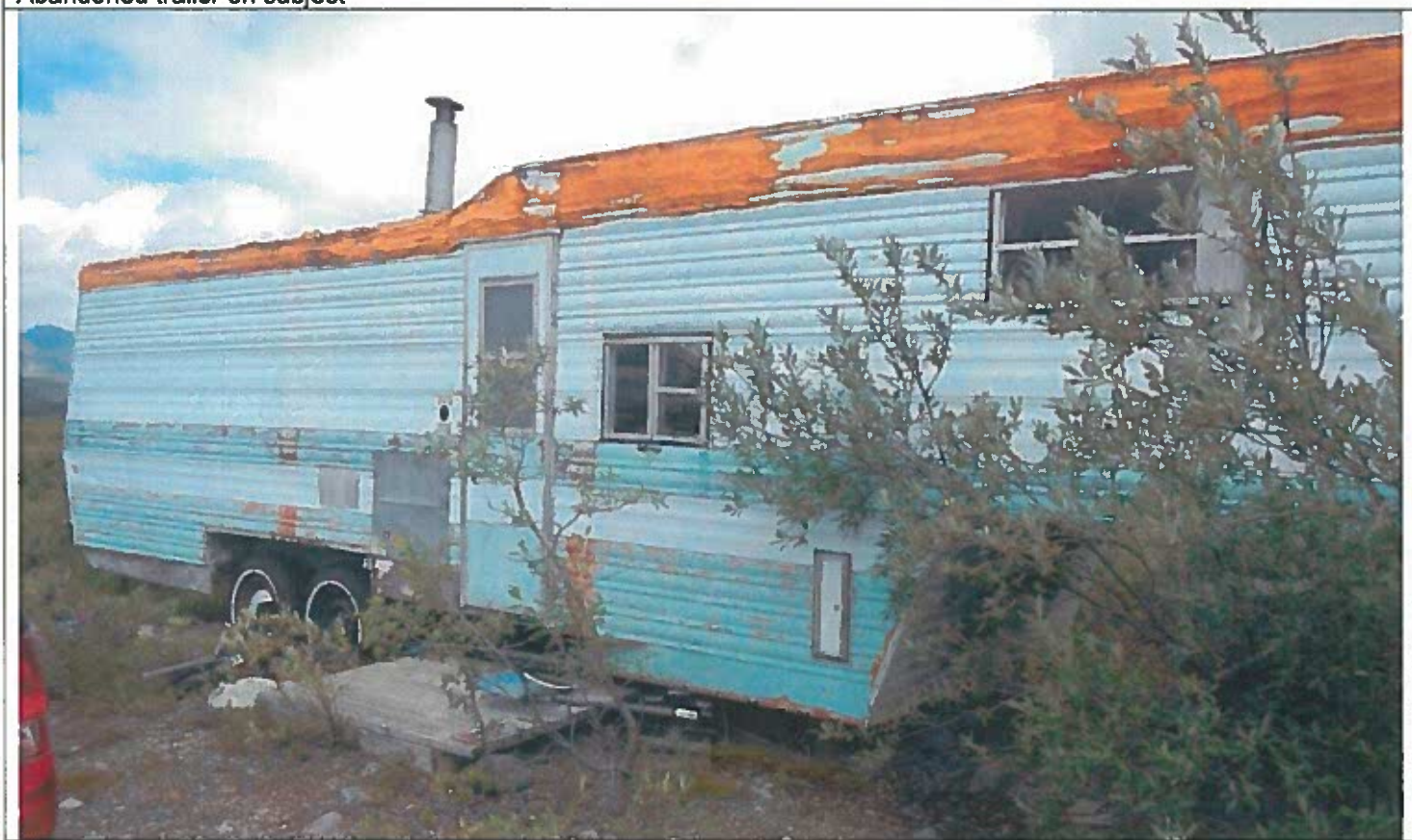
Looking northwest from subject



Looking west from subject.



Abandoned trailer on subject



Abandoned trailer on subject.



Generator shed on subject.



Typical monumentation.

DATA ANALYSIS AND CONCLUSION

Valuation Analysis

Three approaches to value are considered to determine the market value estimate.

Income Approach

The income approach for valuation is used primarily for income producing properties. It utilizes the capitalization process to discount future anticipated net income to a present value. It is not common to lease vacant land for a residential use; therefore, data that supports this approach is not available.

Cost Approach

The cost approach is based on the assumption that an informed buyer would pay no more than the cost of producing a substitute property with the same utility as the subject property. This approach will separate the value of the land from the value of the improvements to determine the cost of reproducing the improvements. The cost approach is most effective for appraising properties that have newer improvements. Since all the parcels are vacant, the cost approach will not be used.

Sales Comparison Approach

The sales comparison approach considers actual sales or prices asked for properties that have similar characteristics of the subject properties. Adjustments are made to the comparison properties so as to determine a price at which they would have sold if they had identical characteristics as the subject properties. This derived price then indicates a value for the subject properties. Some of the characteristics considered include general market conditions, sales terms, location, highest and best use and physical features. Of the three approaches to value, only the sales comparison approach is applicable.

Explanation of Adjustments

DNR appraisal instructions state that the appraiser may develop and use quantitative or qualitative adjustments. Ideally, the value differences for any price adjustment are measured by comparing prices of paired sales that are very similar except for the feature of comparison to be measured. When market sales do not support quantifiable adjustments for differences and the comparable sales, the appraiser must use personal knowledge of overall trends, opinion surveys, and/or judgment in making adjustments. The conventional sequence of adjustments is property rights conveyed, financing terms, conditions of sale, time, location, and physical features.

An adjustment of less than 1.00 (or <) means the sale feature is superior to that appraised property and requires a downward adjustment to indicate the value of the key parcel. An adjustment greater than 1.00 (or >) means that the sale feature is inferior to the subject's feature which requires an upward adjustment to indicate the value of the key parcel. An adjustment of 1.00 (or =) means the sale feature is similar to the key parcel, no adjustment is necessary. The adjustments are multiplied to obtain a total adjustment, which is then multiplied by the sale price to indicate the value of a key parcel. Qualitative adjustments are noted as superior (-), inferior (+), or equal/similar (=). The overall comparability of each sale is analyzed to bracket a probable value for the subject. In many cases, combinations of both quantitative and qualitative adjustments are used.

Due to the confidentiality of sales information, the valuation section of the report is not available online. The entire report can be obtained by submitting a request to the Land Conveyance Section at (907)269-8594, or by e-mail: landsales@alaska.gov.