

Appendix D

Appraisal Reviews

APPRAISAL REVIEW

The appraisal report for the Federal land in the Michael K. Braun exchange was prepared for the U.S. Forest Service by David J. Hanson, Qualified Review Appraiser, of 811 Constitution Ave., Bedford, IN 47421, with telephone number (812) 277-3572.

The purpose of this complete appraisal was to estimate the market value of the subject property for a proposed exchange in which the Federal land would become private land.

A summary of the appraisal and my review comments follow.

A. APPRAISAL SUMMARY

<u>Case Name and Location:</u>	Michael Braun Exchange (T-0210) Federal Land, Tracts 1 and 2 Crawford and Orange Counties, Indiana
<u>Type of Property:</u>	Unimproved, rural land
<u>Size:</u>	202.24 acres
<u>Estate Appraised:</u>	All the rights, title, and interest in and to two tracts of land totaling 202.24 acres, belonging to the United States of America with no reservations but subject to the rights of the public to existing and established roads and utilities
<u>Improvements:</u>	None
<u>Highest and Best Use:</u>	Timber harvest and resale for recreation
<u>Extraordinary Assumptions:</u>	None
<u>Hypothetical Conditions:</u>	None
<u>Indications from the Approaches:</u>	Sales Comparison Approach - \$404,000 Cost Approach - N/A Income Approach - N/A
<u>Approved Appraised Value:</u>	\$404,000 (Valid through March 27, 2004)
<u>Date of Value:</u>	March 28, 2003
<u>Date of Review:</u>	May 6, 2003



B. PURPOSE AND SCOPE OF THE REVIEW

The client in this review process is the U.S. Forest Service. The review report is intended for the sole use of the U.S. Forest Service and the exchange proponent.

The purpose of this review is to examine the information, analysis, and conclusions set forth in the appraisal report and to form an opinion as to the adequacy and relevance of the data, the propriety of any adjustments to the data, the appropriateness of the appraisal methods and techniques used, and the reasonableness of the opinions and conclusions in the work under review.

The appraisal report has been examined to insure that the appraisal methods and techniques used by the appraiser comply with the Uniform Standards of Professional Appraisal Practice, the Uniform Appraisal Standards for Federal Land Acquisition, and applicable agency specifications.

It is within the scope of my assignment to act on behalf of the client to interact with the appraiser to ensure that any deficiency is appropriately corrected by the appraiser, and if necessary, to make corrections to cure a deficiency, expressing the result as my own opinion of value, developed within the same scope of work as was applicable in the original assignment.

My review of this appraisal is based on the material submitted in the report, discussions with the appraiser, discussions with knowledgeable real estate market participants, and real estate appraising in general. As the review appraiser, I have visited the subject, but I have not made a field review of this property or the comparable properties used in this appraisal.

C. ESTATE APPRAISED

The estate to be appraised is all the rights, title, and interest in and to two tracts of land totaling 202.24 acres, belonging to the United States of America with no reservations but subject to the rights of the public to existing and established roads and utilities.

D. PROPERTY DATA SUMMARY

Area and Local Data: The subject is two tracts of land, five miles apart, located in Crawford and Orange Counties of Southern Indiana. There are several small towns nearby such as English, Paoli, and Sulphur, but the nearest full-service community, Louisville, is about 37 miles southeast of Tract 1 and 32 miles southeast of Tract 2. The market area is Perry, Crawford, Orange, and Martin Counties. The area is less populated than other parts of Indiana, and the local economy relies upon logging, farming, services, and government for employment. The only local source of manufacturing jobs is Jasper



Engines, but many people commute to Louisville for higher-paying jobs. The land ownership is a mixture of National Forest land and private tracts used for residences, farming, timber production, and recreation.

Legal Description: The property is two tracts of land totaling 202.24 acres described as follows:

Tract 1: located in Sterling Township, Crawford County, Indiana, Township 1 South, Range 1 West, Second Principal Meridian, Section 34: part of the S $\frac{1}{2}$ SE $\frac{1}{4}$; and Township 2 South, Range 1 West, Second Principal Meridian, Section 3: part of the N $\frac{1}{2}$ NE $\frac{1}{4}$, containing, in all, 105.91 acres as described in the deed dated September 12, 1972 and recorded October 3, 1972 in Deed Volume 95, page 329, of the official records of Crawford County, Indiana.

Tract 2: located in Southeast Township, Orange County, Indiana, Township 1 South, Range 1 East, Second Principal Meridian, Section 28: N $\frac{1}{2}$ SE $\frac{1}{4}$ SW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$, and part of the NW $\frac{1}{4}$ SE $\frac{1}{4}$, containing 96.33 acres as described in the deed dated June 19, 1967 and recorded July 6, 1967 in Deed Volume 112, page 23, of the official records of Orange County, Indiana.

Size and Shape: The property contains 202.24 acres in two tracts five miles apart. The tracts are mostly rectangular with no loss of utility.

Access: Tract 1 has blacktop roads along its northern and western boundaries. Tract 2 has a blacktop road along its northeastern boundary. Both tracts have interior logging roads.

Improvements and Utilities: There are no improvements. Both tracts have electricity and telephone services. Tract 1 has public water. Tract 2 has an electric transmission line.

Topography: The terrain on Tract 1 is level to steep with slopes of 0% to 50% between elevations of 630 and 810 feet above sea level. Intermittent streams parallel the road on the north and east which would limit development along the road frontage. Tract 2 is moderately steep with elevations ranging from 630 to 790 feet. It, too, has an intermittent stream along the road frontage.

Cover Types: Tract 1 has an estimated 87 acres of hardwood sawtimber and 19 acres in white pine brush and roads. Tract 2 is all wooded. The appraiser cruised the timber using random point sampling and the Doyle log rule. Tract 1 has 558.192 thousand board feet (MBF) of hardwood timber or 6.4 MBF per acre on 87 acres. Tract 2 has 344.610 MBF or 6.3 MBF per acre over 55 acres. Overall, the two tracts have 902.802 MBF or 4.5 MBF per acre over 202.24 acres. The



appraiser described the quality of the timber as average, meaning that it has less than 50% of its volume in the higher-grade, more-desirable species. According to published data which relies on input from consultants on actual transaction evidence, an average stand has a stumpage value of \$370 per MBF. After a 10% reduction for consultant fees, the subject would have stumpage worth \$300,633 or \$1,487 per acre in timber value.

Soils: Tract 1 has Haymond, Berks, Gilpin, and Zanesville silt loams. Tract 2 is mostly Wellston-Gilpin-Ebal soils with some Burnside and Zanesville silt loams. There are no serious limitations to development except on the steeper slopes.

Zoning and Taxes: There are no zoning restrictions in the rural parts of the county. The property is tax exempt. If taxed, the tax load would not be so great as to diminish the value of the property.

Reservations and Outstanding Rights: There are no reservations. The only outstanding rights are public roads and utilities. Minerals are with the surface, but there is little interest in developing minerals in this area. The outstanding rights are typical to most properties in the area, and they have no adverse effect on value.

History and Last Sale of the Subject: During the last ten years the subject has been used for National Forest purposes. It was purchased in two transactions in 1967 and 1974. The last sale of the subject was not considered an indication of value. The property is not currently listed for sale.

Current and Highest and Best Use: The subject is currently used for National Forest purposes: recreation, watershed protection, wildlife habitat, and forest commodity production. The physically possible uses include timber harvesting, subdivision for residential development or recreation, and farming. All of the physically possible uses are also legally permissible. Commercial and industrial uses are highly unlikely because of the remote location and lack of services. Farming is unlikely because of the subject's wooded character. Although both tracts have utilities, neither has terrain along the road frontage that is conducive to development. The subject properties do have good timber, and there are many examples of tracts that are bought for the timber and resold as recreation. Recreation is becoming a common use of rural properties. Based on the comparable sales, the appraiser concluded that the highest and best use is timber harvest and resale as recreation land.

Larger Parcel: In preparing the appraisal assignment, I mistakenly asked the appraiser to make a larger parcel determination taking into consideration unity of ownership, unity of highest and best use, and contiguity or proximity as it bears on highest and best use. Afterwards, I learned that, in land exchanges, tracts to be



appraised are defined in the property description contained in the *Agreement To Initiate an Exchange* (ATI). The Federal or non-Federal land may contain more than one larger parcel, but it is inappropriate to consider lands outside those defined in the ATI. Although this should have been handled as an extraordinary assumption, the appraiser reached the same conclusion. The larger parcel is the two tracts totaling 202.24 acres as described in the ATI.

E. APPROACHES TO VALUE

Scope and Approaches: The appraiser used the sales comparison approach as the only approach to value in this appraisal.

Elements of Value: The appraiser considered the elements of value for similar properties to be the rights conveyed, financing, conditions of sale, market conditions, location, and physical characteristics. The elements listed in the comparison grid were: date, location, access and utilities, topography and water, development potential and adjacent public land, and cover types.

F. SALES COMPARISON APPROACH

Six sales were selected to give the indication of value for the subject. The unit of comparison was dollars per acre. The unadjusted sales ranged in date from January of 2001 to September of 2002; in size from 64 to 167 acres; and in price from \$1,200 to \$1,938 per acre. There were no adjustments for rights conveyed, financing, or conditions of sale. The sales were not adjusted for market conditions. The appraiser stated that the local market has been static or slightly increasing.

The appraiser then considered adjustments for size, multiple parcels, location, access, utilities, topography, water, development potential, and timber value, open land, and adjoining National Forest. There were no quantitative adjustments, except for improvement value to Sales 1, 3, and 4. Qualitative comparisons, represented by a plus and minus technique, were used for timber value and development potential.

The most similar sales were Sales 5 and 6 because of their higher timber values. Sale 5 was 120 acres with narrow, gravel road access and \$1,250 per acre in timber stumpage value. At \$1,875 per acre, Sale 5 had slightly less timber value and more development potential. Sale 6 was 80 acres with dead-end, gravel road access and \$1,000 per acre in timber stumpage value. Sale 6 sold for \$1,938 per acre, and it had less timber and development potential than the subject. The sales ranged from \$1,052 to \$1,938 per acre, but because of timber values, all were



inferior to the subject. With the most weight on Sales 5 and 6, the appraiser concluded a value of \$2,000 per acre for 202.24 acres. The indicated value from the sales comparison approach was \$404,480, rounded to \$404,000.

G. COST APPROACH

The cost approach is not applicable because the subject has no improvements.

H. INCOME APPROACH

The income approach is not applicable because the subject has no steady or predictable source of income.

I. RECONCILIATION

The indications of value from the various approaches were as follows:

Sales Comparison Approach	\$404,000
Cost Approach	N/A
Income Approach	N/A

Based on the sales comparison approach, the appraiser concluded a value for the subject of \$404,000 for 202.24 acres as of March 28, 2003.

J. COMMENTS

I reviewed information about this appraisal, prepared a written appraisal assignment, and discussed the assignment with the appraiser in advance. After the appraisal, I contacted the appraiser to discuss the report. No changes were required.

The appraisal was well-written, and the level of analysis was appropriate for the appraisal assignment. Overall, the appraiser did a good job of identifying the elements of value and choosing comparable sales. There were no significant mathematical errors or omissions.

The appraiser made the adjustment for improvements on the sales' data sheets rather than showing it in the grid. He also chose to not make a timber adjustment to the sales. In my opinion, both adjustments should have been used and shown in the grid.



Having the improvement adjustment in the addenda makes it, in effect, a hidden adjustment with little or no discussion or support. The improvements and timber should be handled the same way, using paired-sales analysis to first remove the land and let what is left represent contributory value of the components.

In the non-Federal appraisal, the appraiser made a timber adjustment to Sale 3. He could have easily used the same technique to adjust the sales in this Federal appraisal. Using the same timber discount rate, I concluded timber adjustments of \$190 to \$876 per acre which narrowed the range of values significantly. After using a quantitative timber adjustment, the only element of value remaining was development potential, and the subject was bracketed by inferior and superior sales. Without the timber adjustment, the subject was superior to all the sales. The timber adjustment narrowed the range of values, and I easily reached the same conclusion as the appraiser.

K. ACTION

The appraiser estimated the market value at \$404,000 for 202.24 acres as of March 28, 2003. The value opinions stated in the appraisal report are adequately supported, and the conclusions are appropriate and reasonable given the data and analyses presented. The value opinion stated in the report was developed in compliance with the Uniform Appraisal Standards for Federal Land Acquisitions and the Uniform Standards of Professional Appraisal Practice.

I hereby accept and approve the appraisal report for use by the U.S. Forest Service. The valid life of the report is one year from the date of value. If surveys, negotiations, or title evidence produce terms or conditions different from those described in the report, or if market conditions change substantially, the appraisal will have to be revisited and adjustments made to reflect the changes.

L. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS

1. This review is based on the information contained in the appraisal report which is the subject of this review, discussions with the appraiser, and discussions with knowledgeable real estate market participants. The information from these and other sources is assumed to be factual.

2. As the reviewer, I reserve the right to consider any new data or information which may subsequently become available.



3. As the reviewer, I reserve the right to ask the appraiser to reconsider the value estimate in the event that the estate appraised does not match the estate subsequently described in options, exchange agreements, or proposed deeds of conveyance.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the Appraisal Report, which is the subject of this review, are also conditions of this review.
5. The value estimate is based on the assumption that there are no hazardous materials on or in the property that would cause a loss in value. A full inspection for hazardous materials has not been made, and no responsibility is assumed for the existence of any hazardous materials.

M. REVIEWER'S CERTIFICATION

I certify to the best of my knowledge and belief:

1. that, as of the date of value, the estate appraised is consistent with the physical property and in conformance with the legal description and current highest and best use of the subject property.
2. that the statements of fact contained in this review report are true and correct;
3. that the reported analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in the report, and are my personal, unbiased professional analyses, opinions and conclusions;
4. that I have no present or prospective interest in the property that is the subject of this review report, and I have no personal interest or bias with respect to the parties involved;
5. that my compensation for the review is not contingent on the analyses, opinions, conclusions in, or the use of, this review report;
6. that this appraisal review was made and this review report was prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions* and with the code of professional ethics and standards of the American Society of Farm Managers and Rural Appraisers to which I belong;



7. that this appraisal review was made and this review report was prepared in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of the USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the *Uniform Appraisal Standards for Federal Land Acquisitions*

8. that I have not made a personal inspection of the property that was the subject of the appraisal report reviewed, that I have not made a personal inspection of the market comparables cited in the appraisal report reviewed, that I have not verified the factual data presented in the appraisal report reviewed; and

9. that no one provided significant professional assistance in the preparation of this review.

/s/ Dale R. Newell

DALE R. NEWELL, RPRA
Senior Review Appraiser
Certified General Appraiser
Ohio 383049

July 14, 2003

Date



APPRAISAL REVIEW

The appraisal report for the non-Federal land in the Michael K. Braun exchange and the supplement to the appraisal dated July 11, 2003 was prepared for the U.S. Forest Service by David J. Hanson, Qualified Review Appraiser, of 811 Constitution Ave., Bedford, IN 47421, with telephone number (812) 277-3572.

The purpose of this complete appraisal was to estimate the market value of the subject property for a proposed exchange in which the non-Federal land would become part of the Hoosier National Forest. The purpose of the supplement was to add language to the estate appraised regarding a previously unknown, flowage easement on the non-Federal land.

A summary of the appraisal and my review comments follow.

A. APPRAISAL SUMMARY

<u>Case Name and Location:</u>	Michael Braun Exchange (T-0210) Non-Federal Land Crawford and Orange Counties, Indiana
<u>Type of Property:</u>	Unimproved, rural land
<u>Size:</u>	277.05 acres
<u>Estate Appraised:</u>	All the rights, title, and interest in and to two tracts of land totaling 277.05 acres, belonging to the United States of America with no reservations but subject to a flowage easement to the USA dated November 17, 1965, to a private road easement on Tract 1, and to the rights of the public to existing and established roads and utilities
<u>Improvements:</u>	None of value
<u>Highest and Best Use:</u>	Timber harvest and resale for recreation
<u>Extraordinary Assumptions:</u>	None
<u>Hypothetical Conditions:</u>	None
<u>Indications from the Approaches:</u>	Sales Comparison Approach - \$416,000 Cost Approach - N/A Income Approach - N/A
<u>Approved Appraised Value:</u>	\$416,000 (Valid through March 27, 2004)
<u>Date of Value:</u>	March 28, 2003
<u>Date of Review of Appraisal:</u>	May 6, 2003
<u>Date of Review of Supplement:</u>	July 14, 2003



B. PURPOSE AND SCOPE OF THE REVIEW

The client in this review process is the U.S. Forest Service. The review report is intended for the sole use of the U.S. Forest Service and the exchange proponent.

The purpose of this review is to examine the information, analysis, and conclusions set forth in the appraisal report and to form an opinion as to the adequacy and relevance of the data, the propriety of any adjustments to the data, the appropriateness of the appraisal methods and techniques used, and the reasonableness of the opinions and conclusions in the work under review.

The appraisal report has been examined to insure that the appraisal methods and techniques used by the appraiser comply with the Uniform Standards of Professional Appraisal Practice, the Uniform Appraisal Standards for Federal Land Acquisition, and applicable agency specifications.

It is within the scope of my assignment to act on behalf of the client to interact with the appraiser to ensure that any deficiency is appropriately corrected by the appraiser, and if necessary, to make corrections to cure a deficiency, expressing the result as my own opinion of value, developed within the same scope of work as was applicable in the original assignment.

My review of this appraisal is based on the material submitted in the report, discussions with the appraiser, discussions with knowledgeable real estate market participants, and real estate appraising in general. As the review appraiser, I have visited the subject tracts, but I have not made a field review of this property or the comparable properties used in this appraisal.

C. ESTATE APPRAISED

The estate to be appraised is all the rights, title, and interest in and to two tracts of land totaling 277.05 acres, belonging to the United States of America with no reservations but subject to a flowage easement to the USA dated November 17, 1965, to a private road easement on Tract 1, and to the rights of the public to existing and established roads and utilities.

D. PROPERTY DATA SUMMARY

Area and Local Data: The subject is two tracts of land, twenty miles apart, located in Crawford and Orange Counties of Southern Indiana. There are several small towns nearby such as English, Paoli, and Sulphur, but the nearest full-service community, Louisville, is about 38 miles east of Tract 1 and 42 miles

southeast of Tract 2. The market area is Perry, Crawford, Orange, and Martin Counties. The area is less populated than other parts of Indiana, and the local economy relies upon logging, farming, services, and government for employment. The only source of manufacturing jobs is Jasper Engines, but many people commute to Louisville for higher-paying jobs. The land ownership is a mixture of National Forest land and private tracts used for residences, farming, timber production, and recreation.

Legal Description: The property is two tracts of land totaling 277.90 acres described as follows:

Tract 1: located in Boone Township, Crawford County, Indiana, Township 4 South, Range 1 East, Second Principal Meridian, Section 29: SE $\frac{1}{4}$; and Section 32: part of the NE $\frac{1}{4}$ north of the public road, containing, in all, 220.35 acres as described in the deed dated February 11, 2002 and recorded March 1, 2002 in Deed Volume 144, page 383, of the official records of Crawford County, Indiana.

Tract 2: located in Orange County, Indiana, Township 1 South, Range 1 West, Second Principal Meridian, Section 22: NW $\frac{1}{4}$ SE $\frac{1}{4}$ and part of the NE $\frac{1}{4}$ SW $\frac{1}{4}$, containing 56.7 acres as described in the deed dated July 9, 1988 and recorded in Deed Volume 169, page 195, of the official records of Orange County, Indiana.

Size and Shape: The property contains 277.05 acres in two tracts of land about 20 miles apart. The two tracts are solid blocks with fairly rectangular shapes and no loss of utility due to shape.

Access: Tract 1 has access and about one-half mile of frontage on a paved, county road which travels east and west along the subject's southern border. Tract 2 has a one-lane, gravel road which ends at its southwest corner and a woods road on the west which is not always passable. It also has interior woods roads.

Improvements and Utilities: On Tract 1, the only improvement is an old barn of no value. Electric, telephone, and water services follow the south side of the road along the Tract 1's southern border. Tract 2 has no improvements other than foundation stones of little value. Electric and telephone services stop at Tract 2's southwest corner. Tract 2 has two springs, one of which could supply a residence.

Topography: The terrain on Tract 1 is level to steep with slopes of 0% to 50% between elevations of 630 and 810 feet above sea level. Mill Creek crosses Tract 1's northeast corner before emptying into the Ohio River at an embayment less



than two miles below the tract. Tract 2 is rolling to steep with elevations ranging from 590 to 750 feet. It has an intermittent stream crossing east to west which empties into Patoka Lake about a mile west of the tract.

Cover Types: Tract 1 has 89.4 acres of tillable ground, most of which is level and open. It has 131.5 acres of merchantable timber. Tract 2 is entirely forested, except an electric transmission line, and it has 42 acres of merchantable timber. The appraiser cruised the timber using random point sampling and the Doyle log rule. Tract 1 has 480.522 thousand board feet (MBF) of hardwood timber or 2.18 MBF per acre. Tract 2 has 159.432 MBF or 2.81 MBF per acre. The appraiser described the quality of the timber as average, meaning that it has less than 50% of its volume in the higher-grade, more-desirable species. According to published data which relies on input from consultants on actual transaction evidence, an average stand has a stumpage value of \$370 per MBF. After a 10% reduction for consultant fees, the subject would have stumpage worth \$213,105 or \$769 per acre in timber value.

Soils: Tract 1 has Tilsit, Zanesville, and Wellston silt loams on the ridgetop and Berks-Gilpin-Weikert complex soils on the slopes. Tract 2 is mostly Wellston-Gilpin-Ebal soils with some Burnside and Zanesville silt loams. There are no serious limitations to development except on the steeper slopes.

Zoning and Taxes: There is no rural zoning in this area. The taxes are estimations only. Tract 1 will have annual taxes of \$1,000 or less. Tract 2 is classified forest land, and it will have annual taxes of about \$5.00.

Reservations and Outstanding Rights: There are no reservations. The only outstanding rights are a flowage easement, a private road on Tract 1, and public roads and utilities. Minerals are conveyed, but there is little interest in developing the minerals in this area. The outstanding rights are typical to most properties in the area, and they have no adverse effect on value.

History and Last Sale of the Subject: During the last ten years the subject has been used for timber production and recreation. Tract 1 was purchased in 2002 as a 254-acre property for \$307,500. The last sale of Tract 1 was analyzed in the appraisal, even though only 220 acres of it are being conveyed. Tract 2 was purchased in 1992, and because of the age of the sale, it was not considered an indication of value. Tract 2 has a hunting lease which will be terminated before the conveyance. After analyzing the last sale, the appraiser concluded that it was not well marketed and sold for less than market value. The property is not currently listed for sale.

Current and Highest and Best Use: The subject is currently used for recreation and timber production. The physically possible uses include timber harvesting, subdivision for residential development or recreation, and farming. All of the physically possible uses are also legally permissible. Commercial and industrial uses are highly unlikely because of the remote location and lack of services. Farming is unlikely because of the relatively small size of the subject's tillable ground. The appraiser concluded that the highest and best use is timber harvest and resale as recreation land.

Larger Parcel: In preparing the appraisal assignment, I mistakenly asked the appraiser to make a larger parcel determination taking into consideration unity of ownership, unity of highest and best use, and contiguity or proximity as it bears on highest and best use. Afterwards, I learned that, in land exchanges, tracts to be appraised are defined in the property description contained in the *agreement to initiate an exchange* (ATI). The Federal or non-Federal land may contain more than one larger parcel, but it is inappropriate to consider lands outside those defined in the ATI. Although this should have been handled as an extraordinary assumption, the appraiser reached the same conclusion. The larger parcel is the two tracts totaling 277.05 acres as described in the ATI.

E. APPROACHES TO VALUE

Scope and Approaches: The appraiser used the sales comparison approach as the only approach to value in this appraisal.

Elements of Value: The appraiser considered the elements of value for similar properties to be the rights conveyed, financing, conditions of sale, market conditions, location, and physical characteristics. The elements listed in the comparison grid were: date, location, access and utilities, topography and water, development potential and adjacent public land, and cover types.

F. SALES COMPARISON APPROACH

Six sales were selected to give the indication of value for the subject. The unit of comparison was dollars per acre. The unadjusted sales ranged in date from January of 2001 to September of 2002; in size from 64 to 167 acres; and in price from \$1,200 to \$1,938 per acre. There were no adjustments for rights conveyed, financing, or conditions of sale. The sales were not adjusted for market conditions. The appraiser stated that the local market has been static or slightly increasing.

The appraiser then considered adjustments for size, multiple parcels, location, access, utilities, topography, water, development potential, and timber value, open land, and adjoining National Forest. There were no quantitative adjustments, except for improvement value to Sales 1, 3, and 4 and timber value to Sale 3. Qualitative comparisons, represented by a plus and minus technique, were used for timber value and development potential.

The most similar sale was Sale 3 because of its level, open frontage, access, and utilities. To refine the indication of Sale 3, the appraiser first deducted \$40,000 as the contributory value of the house and barns, a figure which came from the buyer. He then adjusted for timber contributory value using 81% of the difference between the subject's and sale's stumpage value. The 81% figure came from Sales 5 and 6. After these two adjustments, Sale 3 indicated less than \$1,540 per acre. The other sales indicated more than \$1,257 and less than \$1,875 per acre. With the most weight on Sale 3, the appraiser concluded a value of \$1,500 per acre for 277.05 acres.

In the supplement, the appraiser reflected the previously unknown, flowage easement and its possible effect on value. He noted that the easement causes no loss of utility in the property. On the rare occasions when the water rises, it effects only a small area. He concluded that the flowage easement has no effect on value.

The indicated value from the sales comparison approach was \$415,575, rounded to \$416,000.

G. COST APPROACH

The cost approach is not applicable because the subject has no improvements.

H. INCOME APPROACH

The income approach is not applicable because the subject has no steady or predictable source of income.

I. RECONCILIATION

The indications of value from the various approaches were as follows:

Sales Comparison Approach	\$416,000
Cost Approach	N/A
Income Approach	N/A



Based on the sales comparison approach, the appraiser concluded a value for the subject of \$416,000 for 277.05 acres as of March 28, 2003.

J. COMMENTS

I reviewed information about this appraisal, prepared a written appraisal assignment, and discussed the assignment with the appraiser in advance. After the appraisal, I contacted the appraiser to discuss the report. He made minor corrections to several pages which I posted to his report.

The appraisal was well-written, and the level of analysis was appropriate for the appraisal assignment. Overall, the appraiser did a good job of identifying the elements of value and choosing comparable sales. There were no significant mathematical errors.

The appraiser chose to not make a timber adjustment to the sales in the comparison grid. Instead, he made the adjustment to only the most similar sale in the reconciliation. He also made the adjustment for improvements on the sales data sheets rather than showing it in the grid. In my opinion, both adjustments should have been in the grid.

Having the improvement adjustment in the addenda makes it, in effect, a hidden adjustment with little or no discussion or support. The improvements and timber should be handled the same way, with paired-sales analysis by first removing the land and letting what is left represent contributory value of the components.

The technique used to adjust Sale 3 for timber should also have been used for the other sales in the comparison. It would have narrowed the range of values and helped support the final conclusion. It would have also tested the reasonableness of Sale 3's \$40,000 improvement value adjustment.

When I calculated the adjustments for timber and made the comparison, the range was narrower, and I reached the same conclusion as the appraiser.

K. ACTION

The appraiser estimated the market value at \$416,000 for 277.05 acres as of March 28, 2003. The value opinions stated in the appraisal report are adequately supported, and the conclusions are appropriate and reasonable given the data and analyses presented. The value opinion stated in the report was developed in compliance with the Uniform Appraisal Standards for Federal Land Acquisitions and the Uniform Standards of Professional Appraisal Practice.

I hereby accept and approve the appraisal report for use by the U.S. Forest Service. The valid life of the report is one year from the date of value. If surveys, negotiations, or title evidence produce terms or conditions different from those described in the report, or if market conditions change substantially, the appraisal will have to be revisited and adjustments made to reflect the changes.

L. REVIEWER'S ASSUMPTIONS AND LIMITING CONDITIONS

1. This review is based on the information contained in the appraisal report which is the subject of this review, discussions with the appraiser, and discussions with knowledgeable real estate market participants. The information from these and other sources is assumed to be factual.
2. As the reviewer, I reserve the right to consider any new data or information which may subsequently become available.
3. As the reviewer, I reserve the right to ask the appraiser to reconsider the value estimate in the event that the estate appraised does not match the estate subsequently described in options, exchange agreements, or proposed deeds of conveyance.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the Appraisal Report, which is the subject of this review, are also conditions of this review.
5. The value estimate is based on the assumption that there are no hazardous materials on or in the property that would cause a loss in value. A full inspection for hazardous materials has not been made, and no responsibility is assumed for the existence of any hazardous materials.

M. REVIEWER'S CERTIFICATION

I certify to the best of my knowledge and belief:

1. that, as of the date of value, the estate appraised is consistent with the physical property and in conformance with the legal description and current highest and best use of the subject property.
2. that the statements of fact contained in this review report are true and correct;



3. that the reported analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in the report, and are my personal, unbiased professional analyses, opinions and conclusions;
4. that I have no present or prospective interest in the property that is the subject of this review report, and I have no personal interest or bias with respect to the parties involved;
5. that my compensation for the review is not contingent on the analyses, opinions, conclusions in, or the use of, this review report;
6. that this appraisal review was made and this review report was prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions* and with the code of professional ethics and standards of the American Society of Farm Managers and Rural Appraisers to which I belong;
7. that this appraisal review was made and this review report was prepared in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of the USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the *Uniform Appraisal Standards for Federal Land Acquisitions*
8. that I have not made a personal inspection of the property that was the subject of the appraisal report reviewed, that I have not made a personal inspection of the market comparables cited in the appraisal report reviewed, that I have not verified the factual data presented in the appraisal report reviewed; and
9. that no one provided significant professional assistance in the preparation of this review.

/s/ Dale R. Newell

DALE R. NEWELL, RPRA
Senior Review Appraiser
Certified General Appraiser
Ohio 383049

July 14, 2003

Date

