



Forest
Service

Rocky Mountain Region
Recreation, Lands, Minerals, and Volunteers
Valuation Services

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File Code: 5430

Date: October 26, 2020

Route To: 5410

Subject: Proposed Valle Seco 2019 Land Exchange –Federal Parcels (Federal Parcels 1 through 9, and 11)
Real Estate Appraisal Review

To: Forest Supervisor, San Juan National Forests

In response to your request for valuation services dated November 5, 2019, please find enclosed the Technical Appraisal Review Report of the Maggie Love, MAI appraisal dated October 26, 2020, of the Federal property involved in the proposed Valle Seco 2019 Land Exchange. It is presented in four sections: 1) Appraisal Report Summary, 2) Appraisal Review Process, 3) Review Appraiser's Analysis, Comments, and Conclusions, and 4) Review Appraiser Certification.

One extraordinary assumption was instructed in the statement of work I authored specific for the assignment and was employed in the appraisal. The extraordinary assumption involved the property being unaffected by hazardous material. One hypothetical condition was also instructed and employed in the appraisal. The hypothetical condition involved the assumption that the property is in private ownership and zoned consistent with similar non-Federal properties in the area.

The appraisal complied with the statement of work relative to larger parcel determination. The analysis concluded ten larger parcels as summarized in the chart below. The larger parcel determination did not include additional non-Federal lands, therefore, the before-and-after appraisal methodology was not applicable nor employed. The appraisal was limited to the areas encumbered by the interest proposed for the voluntary exchange. Since the appraiser concluded there are multiple larger parcels, a value analyses for each larger parcel was presented, then the appraiser further analyzed and concluded the value to a single entity rather than the sum of the individual larger parcel values.

| Property Name | Size (acres) | County | Forest | District | Ownership |
|---|--------------|-----------|----------|----------|-----------|
| Federal Parcel 1 – Bootjack Ranch Johnny Creek | 175.48 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 2 – Bootjack Ranch Road | 0.66 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 3 – Bootjack Ranch River Bench | 16.40 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 4 – Rancho del Sol Middle | 80.00 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 5 – Rancho del Sol Bench Pasture | 33.00 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 6 – Rancho del Sol Inholding | 20.00 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 7 – El Rancho Pinoso J. T. Tiernan | 55.00 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 8 – El Rancho Pinoso Bench | 3.486 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 9 – El Rancho Pinoso Corner | 0.02 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Parcel 11 – Corral Mountain | 68.00 | Archuleta | San Juan | Pagosa | U.S.A. |
| Federal Property: maximum of 452.06 acres | | | | | |

* Some of the Federal parcels will include power line, access easements, conservation easements, and unauthorized improvements as identified in the ATI as modified and are to be conveyed "as-is".



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Drawing upon the data available in the marketplace, the appraiser employed the Sales Comparison Approach which the Federal courts recognize as the approach to value being normally the best evidence of market value. Analysis based upon a "per acre" unit of measure was employed. Consistent with my delegation of authority granted November 21, 2018, I approve the appraisal for agency use. Market value of the Federal property on August 14, 2020, was concluded to be:

THREE MILLION THREE HUNDRED FIFTY-EIGHT THOUSAND DOLLARS
\$3,358,000

Furthermore, a unit price of \$7,500 per acre for the 33-acre Federal Parcel 5 is valid for a range in size of 20 to 40 acres. A unit price of \$4,000 per acre for 68-acre Federal Parcel 11, is appropriate for a range in size from 35 to 80 acres.

The approved appraisal is valid for the intended use – to provide a value basis for the potential, voluntary land exchange between the collective Federal party, as represented by Western Land Group, Inc., and the USA, as represented by the USDA Forest Service

In accordance with FSM 5410, the appraisal report will be made available when requested; however, copies are not to be retained in Regional, Forest, or District landownership adjustment files. The Valuation Services staff, in accordance with the Appraisal and Records Management handbooks, will maintain them.

I am pleased to have been of service to you. Should you have questions, I can be reached by phone at 303-275-5375, at (b) (6) by email at charles.brown@usda.gov, or by mail in care of the USDA Forest Service, Rocky Mountain Region, RLMV, at 1617 Cole Boulevard, Building 17, Lakewood, Colorado, 80401.



Charles Brown, MAI
Senior Review Appraiser

Enc.
cc (electronic only):

Kara L. Chadwick, Forest Supervisor
Maggie Love, MAI, William B. Love Appraisals, Inc.
Tate W. Curtis, RPRA, Regional Appraiser
Rebecca A. Smith, Lands and Minerals Specialist
Adam Poe, Western Land Group, Inc.
Doug Young, Western Land Group, Inc.
Francina Martinez, RO Realty Specialist
Patricia Hesch, Regional Landownership Adjustment Program Manager
Jason Robertson, Recreation, Lands, Minerals, & Volunteers Acting Director

TECHNICAL APPRAISAL REVIEW REPORT

OF

The Maggie Love, MAI Appraisal of the 452.06 Acre, Federal Property (Ten Parcels) Involved in the Proposed Valle Seco 2019 Land Exchange, Located in Archuleta County, Colorado

Reviewed By: Charles Brown, MAI, Senior Review Appraiser

Date of Appraisal Report Under Review: October 26, 2020

Effective Date of Appraisal Under Review: August 14, 2020

Date of Review: October 26, 2020

Review Conclusion: Approved for Agency Use

Opinion of Market Value Concluded in Appraisal Report: \$3,358,000

Presented in four sections:

- **Section One – Appraisal Report Summary**
- **Section Two – Appraisal Review Process**
- **Section Three – Review Appraiser's Analysis, Comments, and Conclusions**
- **Section Four – Review Appraiser's Certification**



**USDA FOREST SERVICE – ROCKY MOUNTAIN REGION
VALUATION SERVICES**

Appraiser: Maggie Love, MAI of William B. Love Appraisals, Inc., 216 West Montezuma Avenue, PO Drawer C, Cortez, Colorado 81321.

Client and Intended Users of the Appraisal: As documented on page 25 of the report, the appraiser's client is the "Forest Supervisor for the San Juan National Forest" and, in addition to the client, the intended users of the appraisal are "Senior Review Appraiser Charles Brown, Regional Appraiser Tate Curtis, Land/Realty personnel attached to the Rocky Mountain Regional Office, Office of General Counsel personnel, duly designated officials of the Western Land Group, Inc., David K. Skidmore, Cynthia A. Sites, and duly designated representatives of Bootjack Ranch, LLC, the David C. Lindner Trust, the David C. Lindner Dynasty Trust, and the Double Springs Partnership Ltd." This is consistent with written instruction provided by a USDA Forest Service review appraiser.

Intended Use of the Appraisal: Also documented on page 25 of the report, the intended use of the appraisal is to "provide a value basis for the potential, voluntary land exchange." This language is consistent with written instruction provided by a USDA Forest Service review appraiser.

Type and Definition of Value: As instructed, the type of opinion of value provided was Market Value as defined at 36 CFR 254, Subpart A, 254.2. That definition appears on page 25 of the report:

"Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence." (36 CFR 254.2)"

Effective Date of the Appraisal: The effective date of appraisal was August 14, 2020. The last date the appraiser inspected the subject property was October 22 and 23, 2019, and the appraiser confirmed with knowledgeable parties that the physical condition had not materially changed since the site inspection.

Date of the Appraisal Report: The appraisal was presented in a report dated October 26, 2020.

Estate Appraised: The estate appraised was all rights, title, and interests subject to reservations and outstanding rights indicated in the Agreement to Initiate and Statement of Work. The reservations and outstanding rights are listed in the Agreement to Initiate and on page 28 of the appraisal report.

For the Federal property, the USA will reserve a right-of-way for ditches or canals constructed by the authority of the United States Act of August 30, 1890 (26 Stat. 391; 43 USC 945).

The appraisal will consider the La Plata Electric Association, Inc. (LPEA) existing power line on Federal Parcel 5 which will remain on the parcel. The appraisal will also consider the Archuleta County public road easement on Federal Parcel 9 which will remain on the parcel.

The appraisal will consider any value impact of the conservation easements to be placed on a portion of Federal Parcel 1 as part of the exchange. Draft easements will be provided to the appraiser.

The following unauthorized improvements exist on the Federal parcels. Federal Parcel 1 has an unknown structure on the edge of the meadow perhaps related to water distribution, an abandoned ditch,

four unauthorized roads, and several fences. Federal Parcel 2 has a fence. Federal Parcel 5 has an abandoned ditch, an unauthorized road, and a fence. Federal Parcel 9 has an unauthorized ditch and fence. Federal Parcel 11 has a stock pond. All of these parcels will be conveyed "as-is".

The report indicates on page 29:

“The exceptions for ditches, canals, electric lines, roads and fences are typical of the market. The impact of the conservation easement on a portion of Federal Parcel 1 will be considered in “Land Value”. The appraisal includes the mineral interests except that Federal Parcels 3 and 5 have outstanding mineral rights. The Federal government does not own the oil and gas minerals on Federal Parcel 3 or any of the minerals on a small portion of Parcel 5.”

Legal Description: Preliminary Land Description Verification (LDV) forms prepared by a BLM surveyor and a Preliminary Federal Land Status Report were provided to the appraiser as Additional Information to the Statement of Work, and are included in the Addendum of the appraisal report.

Owner of Record: The Federal parcels are owned by the United States of America.

Scope of Work Summary: On October 23, 2019, Maggie Love, MAI inspected the subject property with Mike Anderegg of Love Appraisals, and me and Becca Smith of the Forest Service. Other intended users of the appraisal declined to attend the inspection.

Information on the subject parcel and the marketing area was provided by representatives of the property owner, representatives of the Federal government, and myself. Between October 22, 2019 and October 26, 2020, the appraiser completed independent research for additional due diligence materials, conducted verification interviews, and completed various analyses. The appraisal results were presented in a report transmitted to me electronically on October 26, 2020.

The appraiser considered all three traditional approaches to value but concluded that only the Sales Comparison Approach was applicable in the valuation of the subject property. Numerous land sales, listings, etc. from the subjects' market areas were investigated and those deemed most similar with respect to location, use, and time – among other factors – were analyzed.

Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions: One extraordinary assumption was instructed and employed. It was cited on page 24 as follows:

The appraisal is subject to the extraordinary assumption that the subject property is unaffected by hazardous materials, and if found to be so affected, the property shall be cleaned or the effect of the hazardous substance or petroleum products shall be remediated prior to the conveyance.

One hypothetical condition was instructed and employed in the appraisal. It was cited on page 24 as follows:

In analyzing the value of the Federal property, the appraiser has assumed that the lands and interests are in private ownership, zoned consistent with similar non-Federal properties in the area, and are available for sale on the open market in accordance with 36 CFR 254, Subpart A, 254.9(b)(1)(ii). As this is contrary to what existed as of the effective date of appraisal, it is noted as a hypothetical condition.

One jurisdictional exception was instructed and employed. It is cited on page 25 of the report.

The Uniform Appraisal Standards for Federal Land Acquisitions provide that the appraiser shall not link an opinion of market value to a specific exposure time. This is contrary to Standards Rule 1-2(c) of the 2020-2021 edition of the Uniform Standards of Professional Appraisal Practice, and is considered a Jurisdictional Exception.

Property Characteristics Summary: The 452.06-acre subject property consists of ten parcels of land all located in Archuleta County. The parcels are located in the southwestern part of Colorado, in the San Juan Mountains. The appraisal reports that the parcels have no vertical improvements, utilities, mineral deposits, water rights or hazardous substances. The parcels are about 10 to 15 air miles northwest, northeast, and southeast of Pagosa Springs.

The site descriptions are summarized starting on page 44 of the report as follows:

Parcel 1

Parcel 1 is an irregularly shaped tract containing 175.48 acres. It extends three-quarter miles from east to west and approximately three-quarter miles from north to south at the widest and longest points. The north approximately six acres, located in suitable wild and scenic river corridor, is to be encumbered by a conservation easement, a requirement for the exchange. The draft easement dated April 23, 2020 outlines an easement to Colorado Open Lands allowing existing improvements, which are only roads, irrigation ditches and fencing, and prohibits any other improvements. A copy of the draft is included in my files. The proposed easement will only encumber a small portion of the property in a sloping location and has very little impact on value.

A portion of the southwest part of Parcel 1 is an irrigated meadow and the remainder is sloping hillside ranging in elevation from 7,640 feet at the northwest corner to 8,640 feet in the southeast corner. It is mostly timbered with spruce, fir and aspen. Johnny Creek, Deer Creek and a tributary to Deer Creek cross the parcel.

Parcel 1 has developed, private access from the adjoining Bootjack Ranch interior roads, but this is not legal access. Legal, public access through National Forest lands is by non-motorized travel approximately .3 mile cross country from the East Fork Road, 667, or three miles cross country from the Fawn Gulch Road, 666. The lack of legal access restricts the highest and best use.



Looking west at the south portion



Looking northwest at the south portion



Looking east at the north portion

Parcel 2

Parcel 2 is a tiny triangle containing .66 acres. It encompasses a small, private road that is authorized through a private road easement. There is no legal, public or administrative access to this road. This road is used by a non-Federal party for ranch access. Any legal public access is non-motorized travel from about one mile away on the Allen's Park Road, Road 112.

This is a sloping parcel at an elevation of 7,680 feet to 7,720 feet. The property consists of a northeast slope of open meadow.



Looking west at Parcel 2



Looking west at Parcel 2

Parcel 3

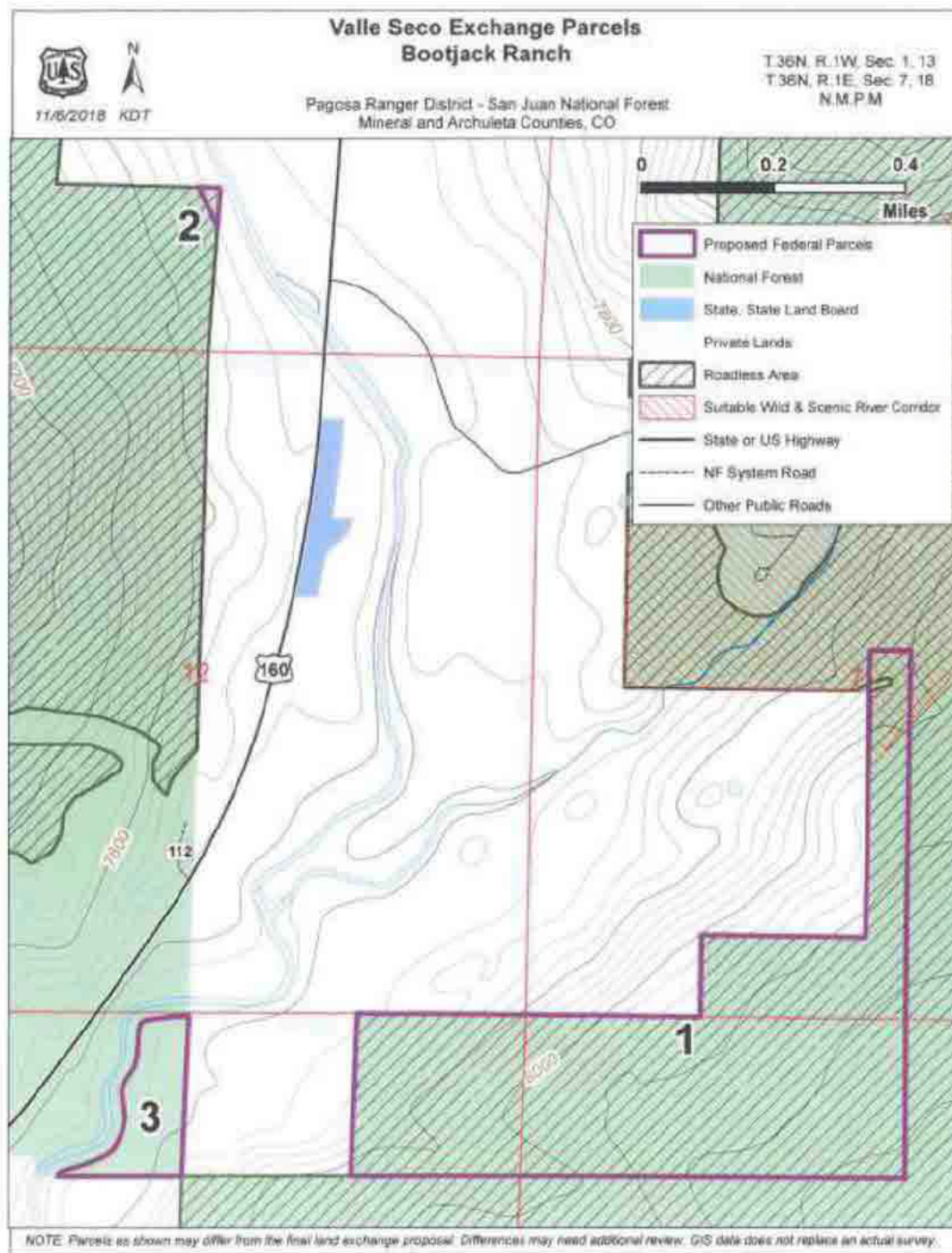
Parcel 3 is a 16.4 acre bench, 100 feet east and south of the San Juan River. The elevations range between 7,520 feet to 7,680 feet. The parcel is predominantly spruce and fir forest with some ponderosa pine. Johnny Creek crosses the parcel. The property does not have legal access from the adjoining private land owner. Public access would be non-motorized travel for .2 mile and crossing the San Juan River.



Looking west at Parcel 3



Looking southwest at Parcel 3



Parcel 4

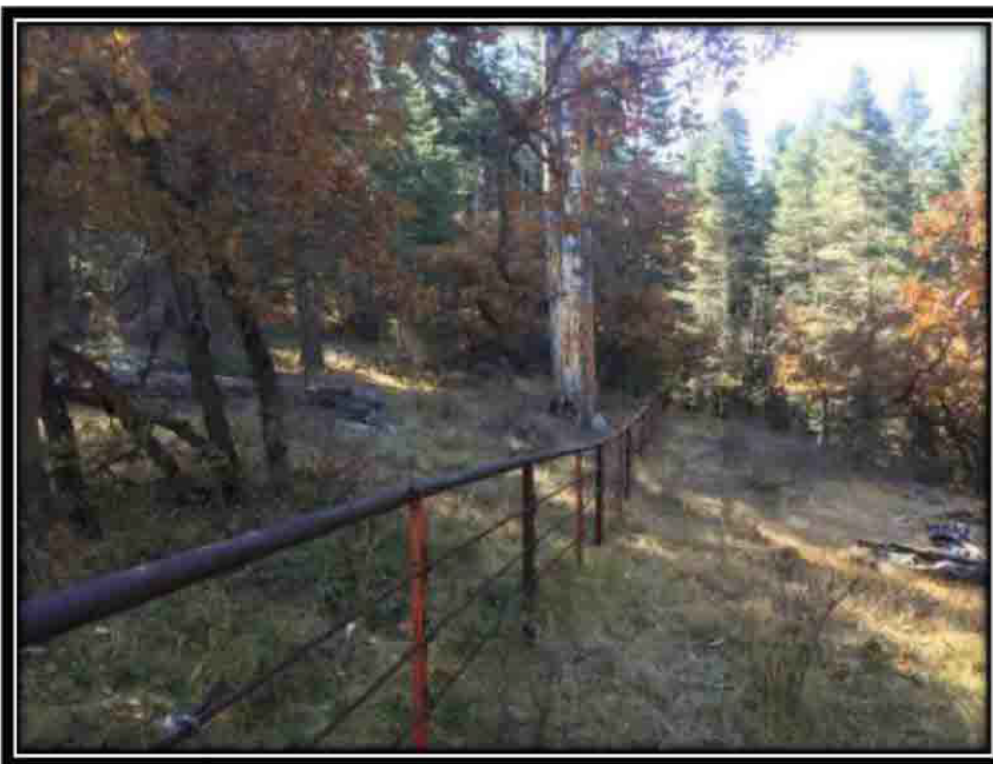
Parcel 4 is an 80 acre parcel surrounded by private property on three and one-half sides. Public access is non-motorized travel for over a mile from the closest roads. It is sloping hillside ranging in elevation from 8,080 feet to 8,440 feet. Vegetation includes spruce, firs, ponderosa pine, aspen and a few small meadows. It does not have legal or developed access.



Looking southeast from the pond one-quarter mile away



Looking south from the northwest corner



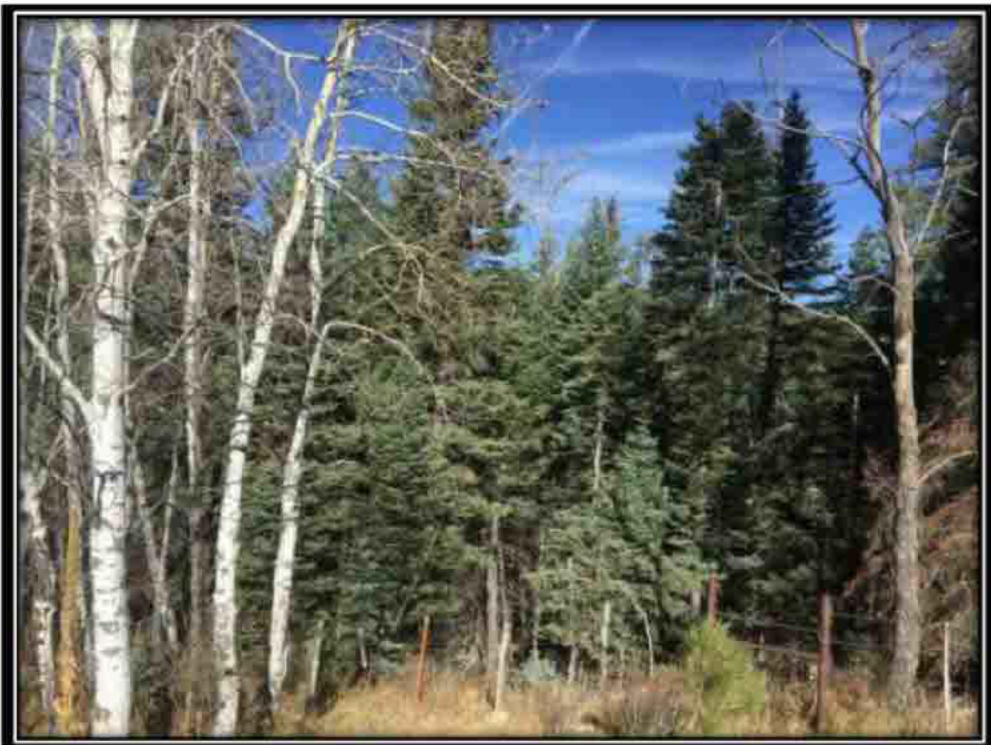
Looking south along the west boundary

Parcel 5

Parcel 5 is an irregularly shaped bench on the south side of the Blanco River. It contains 33 acres and has developed access from a private road, but not legal access. This property does have electricity and will be subject to an electric line easement. Elevations range from 7,760 feet to 8,000 feet. It is heavily timbered with spruce, firs and pines. It overlooks the Blanco River, but has a steep bank between the property and the river.



Looking east at Parcel 5



Looking north at Parcel 5

Parcel 6

Parcel 6 is a 20 acre surrounded by private land. There is no legal or public access. It is a sloping hillside ranging in elevation from 7,980 feet to 8,080 feet. The vegetation is spruce, firs and pines, with very few openings.



Looking south at Parcel 6



Looking east at Parcel 6

Parcel 7

Parcel 7 is a long, thin parcel containing 55 acres. The entirety of Forest Service Road 660.A, approximately .6 mile, is located within the property. It is mostly level at elevations between 8,000 feet and 8,120 feet. The property is vegetated with spruce, firs and some ponderosa pine with limited views.



Looking south at Parcel 7



Looking northwest at Parcel 7



Looking east from the northwest corner

Parcel 8

Parcel 8 is a square parcel containing 3.486 acres. It consists of sloping hillside ranging in elevation from 8,100 feet to 8,200 feet. The vegetation is open meadows and aspen. It does not have developed access which would be cross country for one-quarter mile. This property does have excellent views of the Continental Divide to the north.



Looking south at Parcel 8



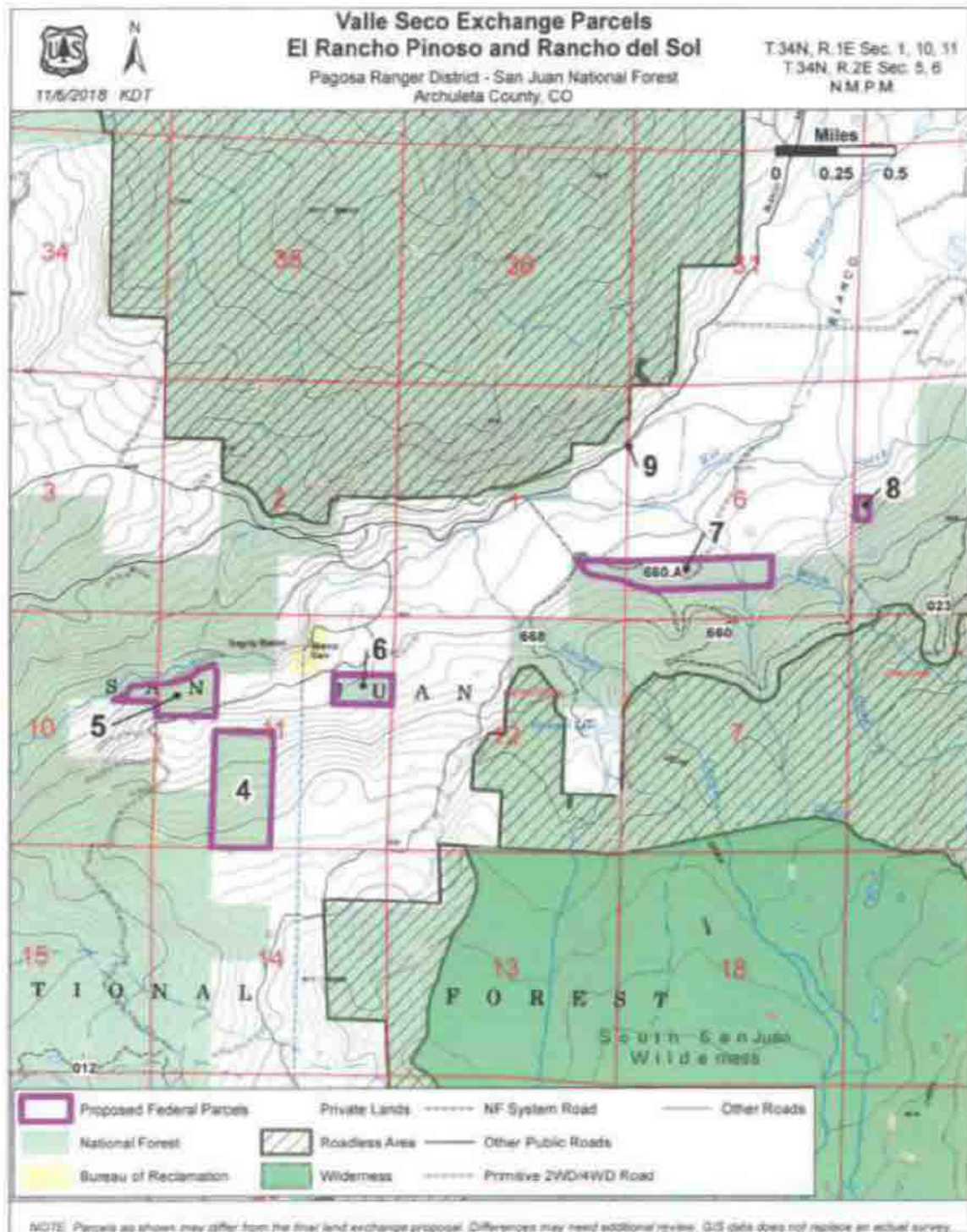
View from Parcel 8

Parcel 9

Parcel 9 is a tiny triangle containing .02 acres. It consists of a level irrigated meadow on the southeast side of the Blanco Basin Road, County Road 326. It has legal public access, but is too small for any development.



Looking northeast at Parcel 9



Parcel 11

The Corral Mountain Parcel contains 68 acres. The property has developed, but not legal access from an authorized road. Non-legal, non-motorized access requires approximately three miles of travel. Elevations range from 8,520 feet to 8,850 feet on the north. The vegetation includes meadows, ponderosa pines, spruce, fir and some aspen.



Looking north from the south boundary



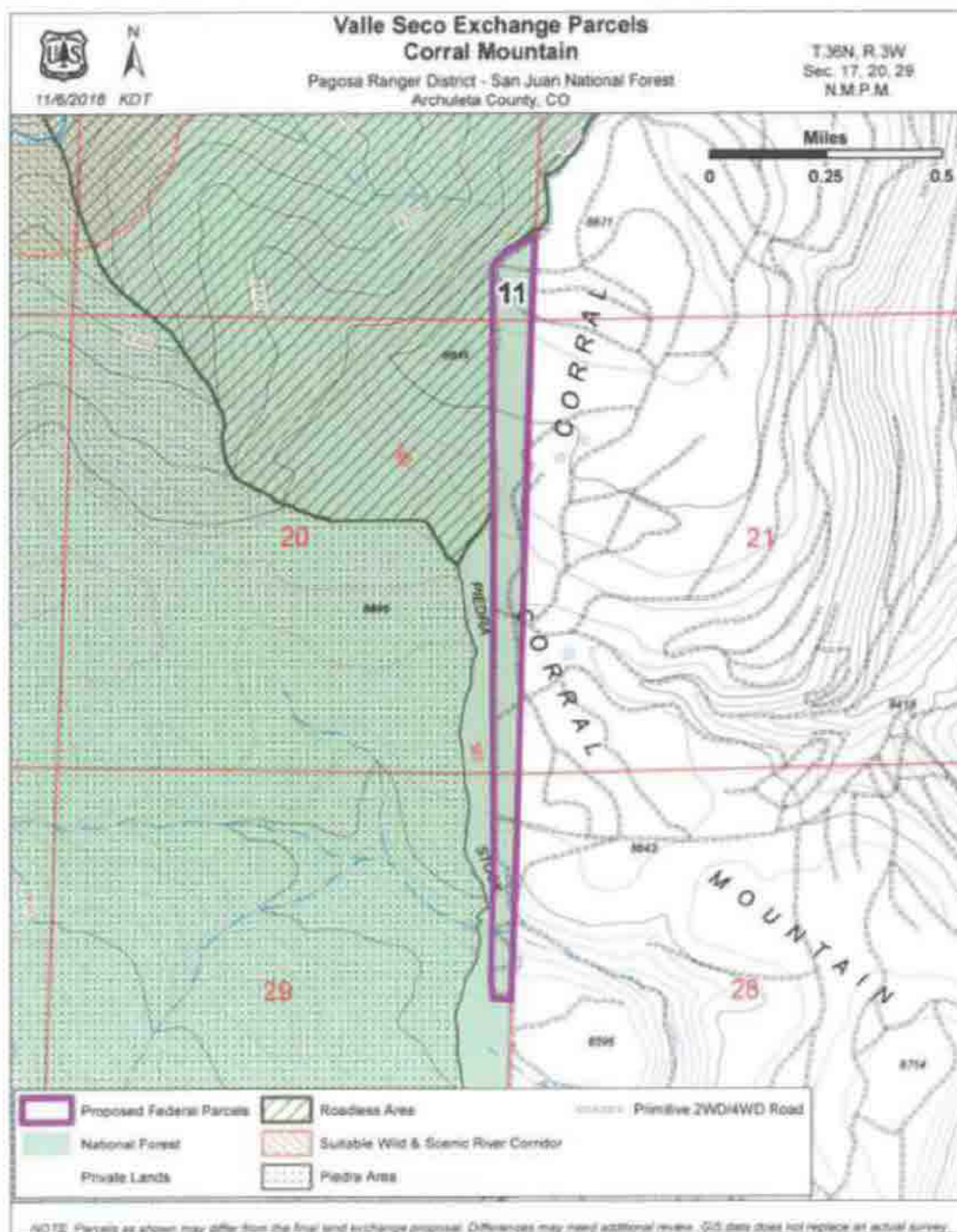
Looking north from the south portion



Looking south from the south portion



Looking north



Larger Parcel and Highest and Best Use Summary: After considering ownership, contiguity, and use, the appraiser concluded that the parcels consist of ten separate larger parcels.

After analyzing the following:

- Archuleta County zoning and land development requirements;
- physical attributes of the property including size, access, and topography; and
- analyses of past, present and future surrounding land uses and demand trends;

the appraisal concluded the Highest and Best Use of the subject parcels are as follows: “The highest and best use of each parcel is for assemblage into an adjoining agricultural use in conjunction with a residential/recreation homesite except for Parcel 7 which has sufficient access and a large enough size to be an individual homesite.”

Valuation Summary:

The subject parcels were valued using the Sales Comparison Approach. The analyses relied on the direct comparison of ten sales that were deemed to be reliable indicators of value based upon the rights conveyed, conditions of the sales, time they were sold, location, and their respective physical attributes. The first group of sales (San Juan River Area Sales) were compared to the subject parcels 1, 2, and 3. The second group (Blanco Basin Area Sales) were compared to the subject parcels 4, 5, 6, 7, 8, and 9. The final group of sales (Corral Mountain Area Sales) are compared to subject parcel 11. The groups of sales are briefly summarized below:

| San Juan River Area Comparable Sales | | | | | | |
|---|---------------------|-----------------------|---------------------|--------------------|---------------------------|-----------------------|
| Sale | Date of Sale | Seller | Buyer | Total Acres | Sales Price (land) | Price Per Acre |
| 1 | Dec-12 | Zeiler | Harrington | 35.15 | \$550,000 | \$ 15,647 |
| 2 | Sep-14 | Schaffer | Slack | 35.00 | \$650,000 | \$ 18,571 |
| 3 | Jul-14 | Saddleback Ranch, LLC | Bootjack Ranch, LLC | 408.00 | \$ 8,800,000 | \$ 21,569 |

| Blanco Basin Area Comparable Sales | | | | | | |
|---|---------------------|-------------------------|----------------------------|--------------------|---------------------------|-----------------------|
| Sale | Date of Sale | Seller | Buyer | Total Acres | Sales Price (land) | Price Per Acre |
| 1 | Aug-20 | The Aquarius Foundation | Southern Baptists of Texas | 35.13 | \$205,000 | \$ 5,835 |
| 2 | Jan-14 | CJ Brimhall | Clayton | 33.93 | \$235,000 | \$ 6,926 |
| 3 | Dec-16 | Blanco Basin | RTN-LGN II, LLC | 400.00 | \$ 8,000,000 | \$ 20,000 |

| Corral Mountain Area Comparable Sales | | | | | | |
|--|---------------------|---------------|--------------|--------------------|---------------------------|-----------------------|
| Sale | Date of Sale | Seller | Buyer | Total Acres | Sales Price (land) | Price Per Acre |
| 1 | Nov-15 | Huft | GC Colorado | 50 | \$370,000 | \$ 7,400 |
| 2 | Sep-16 | Herzog | Wullschleger | 35.25 | \$290,000 | \$ 8,227 |
| 3 | Jan-20 | Perry | Stanberry | 55.00 | \$ 485,000 | \$ 8,818 |
| 4 | Feb-17 | Huft | Goeckner | 50 | \$440,000 | \$8,800 |

The unit of comparison used by the market was determined to be sales price per acre. In addition to considering financing terms of the sales, property rights conveyed, and conditions of sale, the primary elements of comparison in the analysis included market conditions (i.e., time), location, access, appeal, and improvements.

It was concluded that there was a lack of data to derive quantified adjustments for the elements of comparison and, therefore, a “bracketing technique” was applied, using qualified (+, -, or =) comparisons of each sale overall, in relation to the subject.

After analyzing the characteristics of the sales, the following unit rates were indicated prior to adjustments for lack of access:

Subject Parcels 1, 2, and

| | |
|-----------------------------|----------------------------------|
| San Juan River Area Sale 1: | less than \$15,647 per acre |
| San Juan River Area Sale 2: | less than \$18,571 per acre |
| San Juan River Area Sale 3: | much less than \$21,569 per acre |

Subject Parcels 4, 5, 6, 7, 8, and 9

| | |
|---------------------------|----------------------------------|
| Blanco Basin Area Sale 1: | less than \$5,835 per acre |
| Blanco Basin Area Sale 2: | similar to \$6,926 per acre |
| Blanco Basin Area Sale 3: | much less than \$17,875 per acre |

Subject Parcel 11

| | |
|------------------------------|---------------------------------|
| Corral Mountain Area Sale 1: | less than \$7,400 per acre |
| Corral Mountain Area Sale 2: | less than \$8,227 per acre |
| Corral Mountain Area Sale 3: | much less than \$8,818 per acre |
| Corral Mountain Area Sale 4: | much less than \$8,800 per acre |

On balance, the appraisal gave equal weight to all sales in the analyses and concluded final unit rates for the subject parcels ranging from \$7,000 to \$17,000 per acre prior to discounting for lack of access. Nine of the subject parcels lack legal vehicular access. The appraisal developed a detailed analysis of the value impact due to a lack of access and concluded a 50% discount is appropriate for those parcels. The following chart summarizes the indicated unit rates for each subject parcel before and after discounting for lack of access as well as the final indicated value conclusions for each of the parcels:

| Parcel No. | Size-acres | \$/Acre | Less discount | Adj. \$/Acre | Total |
|----------------|------------|----------|---------------|--------------|-------------|
| 1 | 175.48 | \$17,000 | 50% | \$8,500 | \$1,491,580 |
| 2 | 0.66 | \$17,000 | 50% | \$8,500 | \$5,610 |
| 3 | 16.40 | \$17,000 | 50% | \$8,500 | \$139,400 |
| 4 | 80.00 | \$7,000 | 50% | \$3,500 | \$280,000 |
| 5 | 33.00 | \$15,000 | 50% | \$7,500 | \$247,500 |
| 6 | 20.00 | \$7,000 | 50% | \$3,500 | \$70,000 |
| 7 | 55.00 | \$15,000 | 0% | \$15,000 | \$825,000 |
| 8 | 3.486 | \$15,000 | 50% | \$7,500 | \$26,145 |
| 9 | 0.02 | \$15,000 | 0% | \$15,000 | \$300 |
| 11 | 68.00 | \$8,000 | 50% | \$4,000 | \$272,000 |
| Total | 452.05 | | | | \$3,357,535 |
| Rounded | | | | | \$3,358,000 |

In accordance with the statement of work, the appraisal estimated the value of all ten parcels to a single hypothetical buyer. The appraisal analyzed the limited market area data available of multiple-

parcel sales and concluded neither a premium nor a discount was indicated for the valuation of the parcels as a package. Therefore, the final opinion of value for the entire property was concluded as \$3,358,000, as of August 14, 2020.

Finally, as requested in the statement of work, the appraisal provided unit pricing for parcels 5 and 11 and acreage ranges in which those unit values remain valid for use. “The unit price for the 33 acre Federal Parcel 5, \$7,500 per acre, is valid for a range in size of 20 to 40 acres. The unit price for 68 acre Federal Parcel 11, \$4,000 per acre, is appropriate for a range in size from 35 to 80 acres. The unit price for the Federal property as a whole is mathematically calculated as \$7,428 per acre (\$3,358,000 ÷ 452.05 acres).”

Client: The review appraiser's client is the Forest Supervisor for the San Juan National Forests.

Intended Users: Intended users of this technical review report are, in addition to the client, Regional Appraiser Tate W. Curtis, Lands/Realty personnel attached to the San Juan National Forests, Lands/Realty personnel attached to the Rocky Mountain Regional Office, Office of General Council personnel, duly designated officials of the Western Land Group, Inc., David K. Skidmore, Cynthia A. Sites, and duly designated representatives of Bootjack Ranch, LLC, the David C. Lindner Trust, the David C. Lindner Dynasty Trust, and the Double Springs Partnership Ltd.

Intended Use: The intended use of this review is qualification of the appraisal as a basis for the proposed Valle Seco 2019 land exchange.

This review report documents:

1. a summary of the appraisal report and the corresponding value conclusion, and
2. the results of the technical appraisal review of the Maggie Love, MAI appraisal dated October 26, 2020, with an effective date of value of August 14, 2020 of the ten Federal Parcels totaling the 452.06-acre subject property

This report does not set forth independent opinions of value by the review appraiser, nor is it intended to.

Type of Opinion: The purpose of this review report is to develop an opinion of the appraiser's compliance with the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice* in effect as of the date of value, as well as the statement of work developed specifically for the assignment. It was also prepared to develop an opinion as to the completeness of the appraisal report under review within the scope of work applicable to the appraisal assignment, to develop an opinion of the adequacy and relevance of the data compiled by the appraiser and the adequacy of market support for any adjustments to the data, to develop an opinion as to the appropriateness of the appraisal methods and techniques used, to develop an opinion as to whether the analyses, opinions, and conclusions in the appraisal report under review are appropriate, reasonable, and adequately supported by market data, and, finally, to describe the reasons for any disagreement.

Appraisal Review Report Date: The date of this appraisal review report October 26, 2020.

Subject of the Assignment: An appraisal of 452.06 acres located in Archuleta County, Colorado, prepared by Maggie Love, MAI, with an effective date of value of August 14, 2020 and a report date of October 26, 2020.

Assignment Conditions:

1. This Technical Appraisal Review Report is based on information and data contained in the appraisal report that is the subject of the review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. I assume that such data and information are factual and accurate.
3. I reserve the right to consider any new or additional data or information that may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report that is the subject of this appraisal review are also assumptions and conditions of this review. This includes one hypothetical condition involving the assumption that the property is in private ownership and zoned consistent with similar non-Federal properties in the area, one extraordinary assumption regarding the property being unaffected by hazardous materials, and one jurisdictional exception regarding development of a specific exposure time.

Scope of Work: The original Agreement to Initiate (ATI) for the proposed exchange was finalized on May 17, 2019. Although a formal Request for Valuation Services (RFVS) was not finalized until November 5, 2019, the proponent's representative requested that the appraisal site inspection proceed prior to the winter snowfall. Therefore, upon authorization to proceed from the Regional Appraiser, I participated in the site inspection of the subject property on October 23, 2019 with Becca Smith of the Forest Service and Maggie Love, MAI, the appraiser awarded the appraisal assignment by Western Land Group, Inc. I developed a draft statement of work specifically for an appraisal with an intended use of providing a value basis for the proposed Valle Seco 2019 land exchange in accordance with the ATI, regulations, and appraisal standards. On May 21, 2020 I conducted a pre-work meeting that included Doug Young and Adam Poe, representing Western Land Group, Inc., David Skidmore, Maggie Love, and Agency personnel including Tate Curtis, Becca Smith, and myself. The draft statement of work was utilized to guide the pre-work discussion and was finalized on June 5, 2020 once the parties involved had a chance to provide input. A revised statement of work was finalized on August 14, 2020, reflecting modifications to the ATI.

An appraisal report was provided to me electronically on August 13, 2020, however, that appraisal was not accepted or reviewed since the revised final statement of work had not yet been provided to the appraiser. On August 14, 2020 an appraisal report was provided to me electronically with the revised final statement of work included. On August 31, September 3 and 11, 2020 I provided review comments and questions to the appraiser. My comments and questions pointed out typographical errors, property tax and flood zone clarification, issues regarding larger parcel determinations, and questioned the acreage range for which the indicated unit rate would be valid. On October 13, 2020 an appraisal report was provided to me electronically with my comments and questions addressed. On October 23, 2020 I provided a review question relating to clarification of one of the revisions. On October 26, 2020 the appraiser provided this revised appraisal report, again electronically. My comments and questions were adequately addressed, and this revised report, with an effective date of value of August 14, 2020, and a report date of October 26, 2020, is the subject of this review.

My review of the appraisal is based upon the material submitted, discussions with the appraiser, discussions with knowledgeable Forest Service personnel and other parties, and my personal knowledge of the real estate market. I checked the report for completeness and mathematical accuracy. I also considered consistency between the appraisal and the legal description and title work prepared specifically for this case.

I performed a partial field review, having only inspected the subject property but not the comparable sales utilized in the Sales Comparison Approach to value. Furthermore, I did not independently verify the accuracy of all of the data presented.

No information pertinent to the appraisal of the subject properties was available to me as the review appraiser that was not available to the appraiser. Furthermore, it was not necessary to expand the scope of work in order to make corrections or to cure a deficiency that would have resulted in the development of my own opinion of value. However, I did interact on behalf of my client with the appraiser that prepared the original work to point out potential weaknesses and deficiencies.

The development and reporting of this review complies with the editions of the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice* in effect as of the date of review.

Review Appraiser Competence: Implementing regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 require an appraisal review process that begins with a qualified review appraiser. Furthermore, Standard 3-1(a) of the 2018-2019 edition of the *Uniform Standards of Professional Appraisal Practice* provides that the review appraiser must be aware of, understand, and correctly employ those methods and techniques that are necessary to produce a credible appraisal review. I, Charles Brown, have been employed as a Senior Review Appraiser for the USDA Forest Service since September of 2018, and was directly involved with appraisals and review appraisals as an employee of the US Army Corp of Engineers from April, 2015 through September, 2018. Furthermore, I have been involved with both appraisals and reviewing appraisals of various property types beginning in 1989. In addition, I spent October 21 through 24, 2019 in and around the area of the subject property and the larger region in order to become more familiar with the local real estate market and its drivers. Therefore, I believe I am qualified and possess the appraisal and review related knowledge and experience – including familiarity with the specific type of property, market, and geographic area, analytic methods, and applicable laws, regulations, and guidelines – to competently perform this review assignment. (See attached qualifications)

FSM 5410.6 cites the Office of Management and Budget Bulletin No. 92.06 regarding guidance to Federal agencies on standards and practices for real estate appraisals and real estate appraisal training. “The Bulletin provides that Federal staff appraisers need only be licensed or certified in one State or territory to perform real estate appraisal duties as Federal employees in all States and territories. Therefore, Forest Service staff appraisers only need to be certified in one State or territory to perform their duties as staff appraisers in all States or territories.” Because I am recognized by the State of Maryland as a Certified General Appraiser, I meet certification guidance to perform this review as a Federal employee.

Review Appraiser's Analysis and Comments:

- 1) The appraiser complied with instructions regarding the definition of market value to be used, the appropriate level of verification of market information including comparable sales, the correct use and analysis of the estate to appraise and legal description, and the statement of work prepared specifically for this assignment.
- 2) Consistent with the *Uniform Standards of Federal Land Acquisitions*, larger parcel analysis considered unity of ownership, contiguity, and use. The conclusion that there ten larger parcels is supported and reasonable.
- 3) The highest and best use analysis covered the four standard tests – physically possible, legally permissible, financially feasible, and maximally productive. As they are economic uses and are based on the market evidence presented in the report, the final highest and best use conclusions are adequate and reasonable: “The highest and best use of each parcel is for assemblage into an adjoining agricultural use in conjunction with a residential/recreation homesite except for Parcel 7 which has sufficient access and a large enough size to be an individual homesite.”
- 4) The sale, use, and rental history of the subject parcels was reported. No recent transfer (within the past ten years) was reported. The property is currently vacant and unimproved. Furthermore, land in the area was reportedly not typically considered income producing, and the Income Approach was not applied.
- 5) All three approaches to value – cost, income, and sales comparison – were considered in the appraisal. As the property is not significantly improved with buildings nor likely to be rented, the appraiser appropriately chose only to employ the relevant sales comparison approach when concluding an overall final opinion of value.

It is apparent by reading the appraisal report that the appraiser did a thorough job of researching the marketplace for comparable sales. Consideration was made for possible adjustments for financing of the sales, property rights conveyed, conditions of sale, market conditions (i.e., time), location, size, access, adjacent land uses, utility availability, natural features, and zoning/land use. I analyzed sale data stratification, the accurateness of the sale analyses, the bracketing of the subject with the sales, and the value indications obtained from the sales, and find that the sales comparison approach as reported was completed accurately and adequately.

- 6) The mineral estate was appropriately considered in the analysis. No separate contributory value could be isolated in the marketplace specifically allocable to the presence or absence of minerals, particularly given the property's highest and best use.
- 7) The presentation of the Introduction, Factual Data, and Analysis and Conclusions was, overall, adequately done. The Sales Comparison Approach was technically correct and as well supported as the available data made possible. Overall, the valuation analysis is reasonable and convincing. Finally, the information contained in the Addenda was pertinent and supported the report.
- 8) The *Uniform Standards for Federal Land Acquisitions* direct that value opinions must not be linked to a specific exposure time contrary to direction in the *Uniform Appraisal Standards of*

Professional Appraisal Practice (USPAP). The appraiser appropriately invoked the Jurisdictional Exception Rule of USPAP for Standards Rule 1-2(c).

- 9) Maggie Love, MAI is a State Certified General Appraiser in the State of Colorado, License Number CG00001753. A copy of her qualifications is included in the Addendum of the appraisal report. She is competent to complete an appraisal of this complexity and has had the seminar on the *Uniform Appraisal Standards for Federal Land Acquisitions*.

Review Conclusions:

In my opinion, the appraisal analyses are appropriate given the requirements applicable to the appraisal assignment. Furthermore, the appraisal presents relevant evidence in a logical manner to support its opinions, and conclusions.

The appraisal was prepared in compliance with 1) the 2020-2021 edition of the *Uniform Standards of Professional Appraisal Practice*, 2) the 2016 edition of the *Uniform Appraisal Standards for Federal Land Acquisitions*, and 3) a statement of work written specifically for the assignment. Furthermore, the appraisal report documents credible support for the value conclusion. In my opinion, the appraisal report is appropriate and is not misleading.

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

- the facts and data reported by the review appraiser 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 report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the properties that are 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 this review or from its use.
- the appraisal review was made and the review report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*. Furthermore, it conforms to the requirements of the U.S. Forest Service's Appraisal Handbook, specifically Chapter 7 - Appraisal Review. It also conforms to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- my analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice* (USPAP), except to the extent that the *Uniform Standards for Federal Land Acquisitions* (UASFLA) required invocation of the Jurisdictional Exception Rule of the USPAP as described in Sections 1.2.4 and 4.2.1.2 of the UASFLA.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- I personally inspected the subject property of the appraisal under review.
- I have not personally inspected, verified, or analyzed all of the market data presented in the Cost, Sales Comparison, and Income approaches contained in the appraisal report under review unless stated otherwise.
- no one provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.

- the appraisal is adequately documented with market evidence supporting the conclusion of value, as defined and as presented.

A handwritten signature in dark ink, consisting of a large, loopy 'C' followed by a smaller 'B' and a stylized 'MAI'.

Charles Brown, MAI

October 26, 2020

Regional Appraiser, Rocky Mountain Region

State of Maryland, Certified General Real Property Appraiser
Certificate No. 10158 – Expires May, 2022

Professional Qualifications

Charles Brown, MAI

Senior Review Appraiser, USDA Forest Service

charles.brown@usda.gov

Professional Experience

(b) (6)

Senior Review Appraiser
USDA – Forest Service
Rocky Mountain Region
Recreation, Lands, Minerals, and Volunteers

Appraiser
U.S. Army Corps of Engineers
North Atlantic Division, Baltimore District
Real Estate Division, Technical Services Branch

President - Appraiser
Brown Appraisal Company
Wilmington, Delaware

Appraiser/Vice President
Advisory and Appraisal Company
Wilmington, Delaware

Sales Agent/Broker
B. Gary Scott Realtors
Wilmington, Delaware

Professional Designation, Certification

MAI, Appraisal Institute

Certified General Real Property Appraiser, Maryland

Education

(b) (6)

Property Type Appraisal Experience

Commercial

Industrial

Office

Institutional

Undeveloped land

Subdivision development

Multi-unit residential

Single-unit residential

Agricultural

Recreational

Special purpose

Going concern (Business valuation)

Partial interest



Forest
Service

Rocky Mountain Region
Recreation, Lands, Minerals, and Volunteers
Valuation Services

1617 Cole Boulevard, Building 17
Lakewood, CO 80401
Voice (303) 275-5375
Mobile (720) 614-4037

File Code: 5430

Date: October 26, 2020

Route To: 5410

Subject: Proposed Valle Seco 2019 Land Exchange – Non-Federal Parcel (Parcel A)
Real Estate Appraisal Review

To: Forest Supervisor, San Juan National Forests

In response to your request for valuation services dated November 5, 2019, please find enclosed the Technical Appraisal Review Report of the Maggie Love, MAI appraisal dated September 23, 2020, of the non-Federal property involved in the proposed Valle Seco 2019 Land Exchange. It is presented in four sections: 1) Appraisal Report Summary, 2) Appraisal Review Process, 3) Review Appraiser's Analysis, Comments, and Conclusions, and 4) Review Appraiser Certification.

One extraordinary assumption was instructed in the statement of work I authored specific for the assignment and was employed in the appraisal. The extraordinary assumption involved the property being unaffected by hazardous material. No hypothetical conditions were instructed or employed in the appraisal.

The appraisal complied with the statement of work relative to larger parcel determination. The analysis concluded one larger parcel which entailed the entire 880 acre non-Federal property. Since the larger parcel determination did not include additional non-Federal lands, the before-and-after appraisal methodology was not applicable nor employed. The appraisal was limited to the area encumbered by the interest proposed for the exchange.

| Property Name | Size (acres) | County | Forest | District | Ownership |
|--|--------------|-----------|----------|----------|---------------------|
| Non-Federal Parcel A – Valle Seco * | 880.00 | Archuleta | San Juan | Pagosa | Bootjack Ranch, LLC |
| Non-Federal Property: maximum of 880.00 acres | | | | | |

* The non-Federal parcel A includes two water rights as identified in the RFVS to be conveyed in the exchange.

Drawing upon the data available in the marketplace, the appraiser employed the Sales Comparison Approach which the Federal courts recognize as the approach to value being normally the best evidence of market value. Analysis based upon a "per acre" unit of measure was employed. Consistent with my delegation of authority granted November 21, 2018, I approve the appraisal for agency use. Market value of the non-Federal property on August 14, 2020, was concluded to be:

THREE MILLION EIGHTY THOUSAND DOLLARS
\$3,080,000



The approved appraisal is valid for the intended use – to provide a value basis for the potential, voluntary land exchange between the collective non-Federal party, as represented by Western Land Group, Inc., and the USA, as represented by the USDA Forest Service.

In accordance with FSM 5410, the appraisal report will be made available when requested; however, copies are not to be retained in Regional, Forest, or District landownership adjustment files. The Valuation Services staff, in accordance with the Appraisal and Records Management handbooks, will maintain them.

I am pleased to have been of service to you. Should you have questions, I can be reached by phone at 303-275-5375, at (b) (6) by email at charles.brown@usda.gov, or by mail in care of the USDA Forest Service, Rocky Mountain Region, RLMV, at 1617 Cole Boulevard, Building 17, Lakewood, Colorado, 80401.



Charles Brown, MAI
Senior Review Appraiser

Enc.

cc (electronic only):

Kara L. Chadwick, Forest Supervisor
Maggie Love, MAI, William B. Love Appraisals, Inc.
Tate W. Curtis, RPRA, Regional Appraiser
Rebecca A. Smith, Lands and Minerals Specialist
Adam Poe, Western Land Group, Inc.
Doug Young, Western Land Group, Inc.
Francina Martinez, RO Realty Specialist
Patricia Hesch, Regional Landownership Adjustment Program Manager
Jason Robertson, Recreation, Lands, Minerals, & Volunteers Acting Director

TECHNICAL APPRAISAL REVIEW REPORT OF

**The Maggie Love, MAI Appraisal of the 880 Acre, Non-Federal
Property Involved in the Proposed Valle Seco 2019 Land
Exchange, Located in Archuleta County, Colorado**

Reviewed By: Charles Brown, MAI, Senior Review Appraiser

Date of Appraisal Report Under Review: September 23, 2020

Effective Date of Appraisal Under Review: August 14, 2020

Date of Review: October 26, 2020

Review Conclusion: Approved for Agency Use

Opinion of Market Value Concluded in Appraisal Report: \$3,080,000

Presented in four sections:

- **Section One – Appraisal Report Summary**
- **Section Two – Appraisal Review Process**
- **Section Three – Review Appraiser's Analysis, Comments, and Conclusions**
- **Section Four – Review Appraiser's Certification**



**USDA FOREST SERVICE – ROCKY MOUNTAIN REGION
VALUATION SERVICES**

Appraiser: Maggie Love, MAI of William B. Love Appraisals, Inc., 216 West Montezuma Avenue, PO Drawer C, Cortez, Colorado 81321.

Client and Intended Users of the Appraisal: As documented on page 16 of the report, the appraiser's client is the “Forest Supervisor for the San Juan National Forests” and, in addition to the client, the intended users of the appraisal are “Senior Review Appraiser Charles Brown, Regional Appraiser Tate Curtis, Land/Realty personnel attached to the Rocky Mountain Regional Office, Office of General Counsel personnel, duly designated officials of the Western Land Group, Inc., David K. Skidmore, Cynthia A. Sites, and duly designated representatives of Bootjack Ranch, LLC, the David C. Lindner Trust, the David C. Lindner Dynasty Trust, and the Double Springs Partnership Ltd.” This is consistent with written instruction provided by a USDA Forest Service review appraiser.

Intended Use of the Appraisal: Also documented on page 16 of the report, the intended use of the appraisal is to “provide a value basis for the potential, voluntary land exchange.” This language is consistent with written instruction provided by a USDA Forest Service review appraiser.

Type and Definition of Value: As instructed, the type of opinion of value provided was Market Value as defined at 36 CFR 254, Subpart A, 254.2. That definition appears on page 16 of the report:

“Market Value means the most probable price in cash, or terms equivalent to cash, which lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence.” (36 CFR 254.2)”

Effective Date of the Appraisal: The effective date of appraisal was August 14, 2020. The last date the appraiser inspected the subject property was October 23, 2019, and the appraiser confirmed with knowledgeable parties that the physical condition had not materially changed since the site inspection.

Date of the Appraisal Report: The appraisal was presented in a report dated September 23, 2020.

Estate Appraised: The estate appraised was all rights, title, and interests subject to any outstanding Requirements listed in Schedule B – Section 1 of the May 6, 2019, Commitment for Title Insurance Order No. AR21901410. The outstanding rights are listed on the Title Policy included in the Addenda of the appraisal report. The report indicates on page 19:

“The Exceptions 1 through 8 are typical reservations. Exceptions 9 through 16 are mineral reservations. Exception 17 notes a lack of legal access which could be easily cured with a Special-Use Permit. Exception 18 notes the existing access from Forest Service Road 653 which does not have a right-of-way to cross the property and is restricted by locked gates. Basically, all of these exceptions are typical of the market and do not impact the estimated value.”

Legal Description: A land description verification (LDV) form prepared by a BLM surveyor and dated 10/7/16 was provided to the appraiser as Additional Information to the Statement of Work, referenced on page 20 along with the Title Policy and Warranty Deed.

Owner of Record: As noted on page 32 of the report, the subject property is owned by the Bootjack Ranch, LLC.

Scope of Work Summary: On October 23, 2019, Maggie Love, MAI inspected the subject property with Mike Anderegg of Love Appraisals, and me and Becca Smith of the Forest Service. Other intended users of the appraisal declined to attend the inspection.

Information on the subject parcel and the marketing area was provided by representatives of the property owner, representatives of the Federal government, and myself. Between October 23, 2019 and September 23, 2020, the appraiser completed independent research for additional due diligence materials, conducted verification interviews, and completed various analyses. The appraisal results were presented in a report transmitted to me electronically on September 23, 2020.

The appraiser considered all three traditional approaches to value but concluded that only the Sales Comparison Approach was applicable in the valuation of the subject property. Numerous land sales, listings, etc. from the subjects' market areas were investigated and those deemed most similar with respect to location, use, and time – among other factors – were analyzed.

Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions: One extraordinary assumption was instructed and employed. It was cited on page 15 as follows:

The appraisal is subject to the extraordinary assumption that the subject property is unaffected by hazardous materials, and if found to be so affected, the property shall be cleaned or the effect of the hazardous substance or petroleum products shall be remediated prior to the conveyance.

No hypothetical conditions were instructed or employed in the appraisal.

One jurisdictional exception was instructed and employed. It is cited on page 16 of the report.

The Uniform Appraisal Standards for Federal Land Acquisitions provide that the appraiser shall not link an opinion of market value to a specific exposure time. This is contrary to Standards Rule 1-2(c) of the 2020-2021 edition of the Uniform Standards of Professional Appraisal Practice, and is considered a Jurisdictional Exception.

Property Characteristics Summary: The 880.00-acre subject property consists of a single parcel of land located in Archuleta County. The property is an inholding, surrounded by the San Juan National Forest. The property is in the southwestern part of Colorado, in the San Juan Mountains. The property is about 11 air miles southeast of Pagosa Springs. The subject consists of contiguous acreage located in the San Juan National Forest. The tract is currently vacant with no building improvements. The property totals 880.00 acres, in one tax parcel. Access to the property is four miles from US Highway 84, along seasonal, unimproved Forest Service Road 653 to a locked gate.

The site description is summarized on page 30 of the report as follows:

Valle Seco is an irregularly shaped parcel containing 880 acres. As the Spanish name implies, it is a dry valley surrounded by ridges to the north and south. The property has access from unimproved, seasonal Forest Service Road 653, approximately four miles west of U.S. Highway 84. Forest Service Road 653 bisects the property, but the Forest Service does not have an easement and access is controlled by locked gates on the north and south boundaries. Historic perimeter fencing, ridgelines on the north and south and the locked gates limit trespassing.

The elevations range between 7,080 feet along the drainage at the western boundary to 7,760 feet in the northeastern portion. The vegetation is mostly shrubs and grass with some ponderosa pine

on the south side and pinon and juniper in the southwest corner. There are several older ponds and three storage water rights, of which two are included in the appraisal:

- 1) Valle Seco Reservoir, as adjudicated by the Division 7 Water Court in Case No. D-308, with an adjudication of October 1, 1965, Priority No. 68-228, for 0.496 acre feet of storage for domestic and stock water purposes
- 2) Bramwell Reservoir No. 3 as adjudicated by the Division 7 Water Court in Case No. D-308, with an adjudication date of October 1, 1965, Priority No. 68-107, for 1.555 acre feet of storage for domestic and stock water purposes.

The property has no utilities, known mineral deposits or hazardous substances. Access is not improved, but because of very little change in topography, the property would be accessible in winter months via snow machines or ATV.



Looking northwest from the south boundary



Looking northeast from the south boundary



Looking west from the south boundary



Looking north from a knoll on the south



Looking west from a knoll on the south



Looking southwest from a knoll on the south



Looking west from the middle of the property



Looking northeast from the middle of the property



Looking northeast from the north portion



Looking north from the north portion



Larger Parcel and Highest and Best Use Summary: After considering ownership, contiguity, and use, the appraiser concluded that the property consists of a single larger parcel.

After analyzing the following:

- Archuleta County zoning and land development requirements;
- physical attributes of the property including size, access, topography, and utilities availability; and
- analyses of past, present and future surrounding land uses and demand trends;

the appraisal concluded the Highest and Best Use of the subject property, appraised as one larger parcel, "is for from one or more seasonal residential homesites."

Valuation Summary:

The subject, consisting of 880.00 acres, was valued using a Sales Comparison Approach. The analysis relied on the direct comparison of five sales (including the prior sale of the subject) that were deemed to be reliable indicators of value based upon the rights conveyed, conditions of the sales, time they were sold, location, and their respective physical attributes. They are briefly summarized below:

| Comparable Sales | | | | | | |
|------------------|--------------|-----------------------------|----------------|-------------|--------------------|----------------|
| Sale | Date of Sale | Seller | Buyer | Total Acres | Sales Price (land) | Price Per Acre |
| 1 | Nov-15 | Candelaria | SCLR, LLC | 1565.00 | \$2,500,000 | \$ 1,597 |
| 2 | Mar-17 | Garcia | Hatrel | 639.00 | \$1,100,000 | \$ 1,721 |
| 3 | Sep-14 | Russell | Bootjack | 880.00 | \$ 4,000,000 | \$ 4,545 |
| 4 | Mar-04 | Merrion | Smith | 160.00 | \$750,000 | \$4,688 |
| 5 | Mar-13 | Square Top Ltd. Partnership | Square Top LLC | 1800.00 | \$ 9,000,000 | \$ 5,000 |

The unit of comparison used by the market was determined to be sales price per acre. In addition to considering financing terms of the sales, property rights conveyed, and conditions of sale, the primary elements of comparison in the analysis included market conditions (i.e., time), location, access, size, and inholding/amenities.

It was concluded that there was a lack of data to derive quantified adjustments for the elements of comparison and, therefore, a "bracketing technique" was applied, using qualified (+, -, or =) comparisons of each sale overall, in relation to the subject.

After analyzing the characteristics of the sales, the following values were indicated:

- Sale 1: much greater than \$1,597 per acre
- Sale 2: much greater than \$1,721 per acre
- Sale 3: similar to \$4,545 per acre
- Sale 4: less than \$4,688 per acre
- Sale 5: much less than \$5,000 per acre

The appraisal noted that the prior sale of the subject should provide the best value indication, but the buyer's motivations were unusual in that it was purchased with the sole intent of exchange to the Forest Service. The report indicated that while the seller's motivation was reportedly normal, the buyer's motivation "could have been affected by the value of the property desired in trade, rather than the actual value of Subject". On balance, the appraisal gave equal weight to all five sales, and concluded a final unit rate for the subject of \$3,500 per acre for 880 acres, or an overall market value of \$3,080,000, effective August 14, 2020.

Client: The review appraiser's client is the Forest Supervisor for the San Juan National Forests.

Intended Users: Intended users of this technical review report are, in addition to the client, Regional Appraiser Tate W. Curtis, Lands/Realty personnel attached to the San Juan National Forests, Lands/Realty personnel attached to the Rocky Mountain Regional Office, Office of General Council personnel, duly designated officials of the Western Land Group, Inc., David K. Skidmore, Cynthia A. Sites, and duly designated representatives of Bootjack Ranch, LLC, the David C. Lindner Trust, the David C. Lindner Dynasty Trust, and the Double Springs Partnership Ltd.

Intended Use: The intended use of this review is qualification of the appraisal as a basis for the proposed Valle Seco 2019 land exchange.

This review report documents:

1. a summary of the appraisal report and the corresponding value conclusion,
2. the results of the technical appraisal review of the Maggie Love, MAI appraisal dated September 23, 2020, with an effective date of value of August 14, 2020 of the 880-acre subject property, and

This report does not set forth independent opinions of value by the review appraiser, nor is it intended to.

Type of Opinion: The purpose of this review report is to develop an opinion of the appraiser's compliance with the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice* in effect as of the date of value, as well as the statement of work developed specifically for the assignment. It was also prepared to develop an opinion as to the completeness of the appraisal report under review within the scope of work applicable to the appraisal assignment, to develop an opinion of the adequacy and relevance of the data compiled by the appraiser and the adequacy of market support for any adjustments to the data, to develop an opinion as to the appropriateness of the appraisal methods and techniques used, to develop an opinion as to whether the analyses, opinions, and conclusions in the appraisal report under review are appropriate, reasonable, and adequately supported by market data, and, finally, to describe the reasons for any disagreement.

Appraisal Review Report Date: The date of this appraisal review report October 26, 2020.

Subject of the Assignment: An appraisal of 880.00 acres located in Archuleta County, Colorado, prepared by Maggie Love, MAI, with an effective date of value of August 14, 2020 and a report date of September 23, 2020.

Assignment Conditions:

1. This Technical Appraisal Review Report is based on information and data contained in the appraisal report that is the subject of the review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. I assume that such data and information are factual and accurate.
3. I reserve the right to consider any new or additional data or information that may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report that is the subject of this appraisal review are also assumptions and conditions of this review. This includes one extraordinary assumption regarding the property being unaffected by hazardous materials and one jurisdictional exception regarding development of a specific exposure time.

Scope of Work: The original Agreement to Initiate (ATI) for the proposed exchange was finalized on May 17, 2019. Although a formal Request for Valuation Services (RFVS) was not finalized until November 5, 2019, the proponent's representative requested that the appraisal site inspection proceed prior to the winter snowfall. Therefore, upon authorization to proceed from the Regional Appraiser, I participated in the site inspection of the subject property on October 23, 2019 with Becca Smith of the Forest Service and Maggie Love, MAI, the appraiser awarded the appraisal assignment by Western Land Group, Inc. I developed a draft statement of work specifically for an appraisal with an intended use of providing a value basis for the proposed Valle Seco 2019 land exchange in accordance with the ATI, regulations, and appraisal standards. On May 21, 2020 I conducted a pre-work meeting that included Doug Young and Adam Poe, representing Western Land Group, Inc., David Skidmore, Maggie Love, and Agency personnel including Tate Curtis, Becca Smith, and myself. The draft statement of work was utilized to guide the pre-work discussion and was finalized on June 5, 2020 once the parties involved had a chance to provide input. A revised statement of work was finalized on August 14, 2020, reflecting modifications to the ATI.

An appraisal report was provided to me electronically on August 13, 2020, however, that appraisal was not accepted or reviewed since the revised final statement of work had not yet been provided to the appraiser. On August 14, 2020 an appraisal report was provided to me electronically with the revised final statement of work included. On September 3 and 11, 2020 I provided review comments and questions to the appraiser. My comments and questions pointed out typographical errors, questioned an absence of support regarding the impact of water rights, and questioned the acreage range for which the indicated unit rate would be valid. On September 23, 2020 the appraiser provided this revised appraisal report, again electronically. My comments and questions were adequately addressed, and this revised report, with an effective date of value of August 14, 2020, and a report date of September 23, 2020, is the subject of this review.

My review of the appraisal is based upon the material submitted, discussions with the appraiser, discussions with knowledgeable Forest Service personnel and other parties, and my personal knowledge of the real estate market. I checked the report for completeness and mathematical accuracy. I also considered consistency between the appraisal and the legal description and title work prepared specifically for this case.

I performed a partial field review, having only inspected the subject property but not the comparable sales utilized in the Sales Comparison Approach to value. Furthermore, I did not independently verify the accuracy of all the data presented.

No information pertinent to the appraisal of the subject properties was available to me as the review appraiser that was not available to the appraiser. Furthermore, it was not necessary to expand the scope of work in order to make corrections or to cure a deficiency that would have resulted in the development of my own opinion of value. However, I did interact on behalf of my client with the appraiser that prepared the original work to point out potential weaknesses and deficiencies.

The development and reporting of this review complies with the editions of the *Uniform Appraisal Standards for Federal Land Acquisitions* and the *Uniform Standards of Professional Appraisal Practice* in effect as of the date of review.

Review Appraiser Competence: Implementing regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 require an appraisal review process that begins with a qualified review appraiser. Furthermore, Standard 3-1(a) of the 2018-2019 edition of the *Uniform Standards of Professional Appraisal Practice* provides that the review appraiser must be aware of, understand, and correctly employ those methods and techniques that are necessary to produce a credible appraisal review. I, Charles Brown, have been employed as a Senior Review Appraiser for the USDA Forest Service since September of 2018, and was directly involved with appraisals and review appraisals as an employee of the US Army Corp of Engineers from April, 2015 through September, 2018. Furthermore, I have been involved with both appraisals and reviewing appraisals of various property types beginning in 1989. In addition, I spent October 21 through 24, 2019 in and around the area of the subject property and the larger region in order to become more familiar with the local real estate market and its drivers. Therefore, I believe I am qualified and possess the appraisal and review related knowledge and experience – including familiarity with the specific type of property, market, and geographic area, analytic methods, and applicable laws, regulations, and guidelines – to competently perform this review assignment. (See attached qualifications)

FSM 5410.6 cites the Office of Management and Budget Bulletin No. 92.06 regarding guidance to Federal agencies on standards and practices for real estate appraisals and real estate appraisal training. “The Bulletin provides that Federal staff appraisers need only be licensed or certified in one State or territory to perform real estate appraisal duties as Federal employees in all States and territories. Therefore, Forest Service staff appraisers only need to be certified in one State or territory to perform their duties as staff appraisers in all States or territories.” Because I am recognized by the State of Maryland as a Certified General Appraiser, I meet certification guidance to perform this review as a Federal employee.

Review Appraiser's Analysis and Comments:

- 1) The appraiser complied with instructions regarding the definition of market value to be used, the appropriate level of verification of market information including comparable sales, the correct use and analysis of the estate to appraise and legal description, and the statement of work prepared specifically for this assignment.
- 2) Consistent with the *Uniform Standards of Federal Land Acquisitions*, larger parcel analysis considered unity of ownership, contiguity, and use. The conclusion that there is one larger parcel is supported and reasonable.
- 3) The highest and best use analysis covered the four standard tests – physically possible, legally permissible, financially feasible, and maximally productive. As it is an economic use and is based on the market evidence presented in the report, the final highest and best use conclusion is adequate and reasonable: “is for from one or more seasonal residential homesites.”
- 4) The sale, use, and rental history of the subject parcels was reported. The last transfer involving the subject in September 2014 and was included as a comparable sale in the Sales Comparison Approach. The property is currently vacant and unimproved. Furthermore, land in the area was reportedly not typically considered income producing, and the Income Approach was not applied.
- 5) All three approaches to value – cost, income, and sales comparison – were considered in the appraisal. As the property is not significantly improved with buildings nor likely to be rented, the appraiser appropriately chose only to employ the relevant sales comparison approach when concluding an overall final opinion of value.

It is apparent by reading the appraisal report that the appraiser did a thorough job of researching the marketplace for comparable sales. Consideration was made for possible adjustments for financing of the sales, property rights conveyed, conditions of sale, market conditions (i.e., time), location, size, access, adjacent land uses, utility availability, natural features, and zoning/land use. I analyzed sale data stratification, the accurateness of the sale analyses, the bracketing of the subject with the sales, and the value indications obtained from the sales, and find that the sales comparison approach as reported was completed accurately and adequately.

- 6) The mineral estate was appropriately considered in the analysis. No separate contributory value could be isolated in the marketplace specifically allocable to the presence or absence of minerals, particularly given the property's highest and best use.
- 7) The presentation of the Introduction, Factual Data, and Analysis and Conclusions was, overall, adequately done. The Sales Comparison Approach was technically correct and as well supported as the available data made possible. Overall, the valuation analysis is reasonable and convincing. Finally, the information contained in the Addenda was pertinent and supported the report.
- 8) The *Uniform Standards for Federal Land Acquisitions* direct that value opinions must not be linked to a specific exposure time contrary to direction in the *Uniform Appraisal Standards of Professional Appraisal Practice* (USPAP). The appraiser appropriately invoked the Jurisdictional Exception Rule of USPAP for Standards Rule 1-2(c).

- 9) Maggie Love, MAI is a State Certified General Appraiser in the State of Colorado, License Number CG00001753. A copy of her qualifications is included in the Addendum of the appraisal report. She is competent to complete an appraisal of this complexity and has had the seminar on the *Uniform Appraisal Standards for Federal Land Acquisitions*.

Review Conclusions:

In my opinion, the appraisal analyses are appropriate given the requirements applicable to the appraisal assignment. Furthermore, the appraisal presents relevant evidence in a logical manner to support its opinions, and conclusions.

The appraisal was prepared in compliance with 1) the 2020-2021 edition of the *Uniform Standards of Professional Appraisal Practice*, 2) the 2016 edition of the *Uniform Appraisal Standards for Federal Land Acquisitions*, and 3) a statement of work written specifically for the assignment. Furthermore, the appraisal report documents credible support for the value conclusion. In my opinion, the appraisal report is appropriate and is not misleading.

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

- the facts and data reported by the review appraiser 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 report, and are my personal, unbiased professional analyses, opinions and conclusions.
- I have no present or prospective interest in the properties that are the subject of this report and I have no personal interest or bias with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the properties that are 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 this review or from its use.
- the appraisal review was made and the review report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*. Furthermore, it conforms to the requirements of the U.S. Forest Service's Appraisal Handbook, specifically Chapter 7 - Appraisal Review. It also conforms to the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- my analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice* (USPAP), except to the extent that the *Uniform Standards for Federal Land Acquisitions* (UASFLA) required invocation of the Jurisdictional Exception Rule of the USPAP as described in Sections 1.2.4 and 4.2.1.2 of the UASFLA.
- the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- as of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.
- I personally inspected the subject property of the appraisal under review.
- I have not personally inspected, verified, or analyzed all of the market data presented in the Cost, Sales Comparison, and Income approaches contained in the appraisal report under review unless stated otherwise.

- no one provided significant real or personal property appraisal or appraisal review assistance to the person signing this certification.
- the appraisal is adequately documented with market evidence supporting the conclusion of value, as defined and as presented.

A handwritten signature in black ink, appearing to be 'Charles Brown', enclosed within a hand-drawn oval.

Charles Brown, MAI

Regional Appraiser, Rocky Mountain Region

October 26, 2020

State of Maryland, Certified General Real Property Appraiser
Certificate No. 10158 – Expires May, 2022

Professional Qualifications

Charles Brown, MAI

Senior Review Appraiser, USDA Forest Service

charles.brown@usda.gov

Professional Experience

(b) (6)

Senior Review Appraiser
USDA – Forest Service
Rocky Mountain Region
Recreation, Lands, Minerals, and Volunteers

Appraiser
U.S. Army Corps of Engineers
North Atlantic Division, Baltimore District
Real Estate Division, Technical Services Branch

President - Appraiser
Brown Appraisal Company
Wilmington, Delaware

Appraiser/Vice President
Advisory and Appraisal Company
Wilmington, Delaware

Sales Agent/Broker
B. Gary Scott Realtors
Wilmington, Delaware

Professional Designation, Certification

MAI, Appraisal Institute

Certified General Real Property Appraiser, Maryland

Education

(b) (6)

Property Type Appraisal Experience

Commercial
Industrial
Office
Institutional
Undeveloped land
Subdivision development
Multi-unit residential
Single-unit residential
Agricultural
Recreational
Special purpose
Going concern (Business valuation)
Partial interest