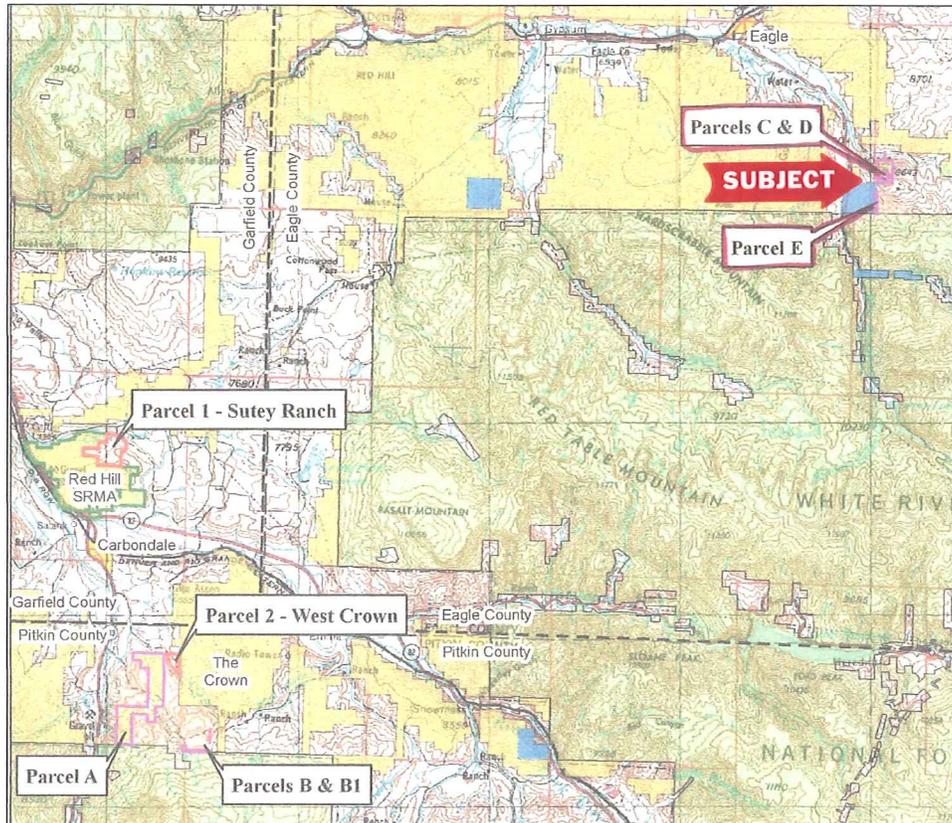


Appraisal of Real Property Conveyed in Self-Contained Narrative Report Format

SUTEY RANCH BLM LAND EXCHANGE - EAGLE BLM PARCELS
200.64 Acres of Vacant Agricultural Land (Federal Parcels C, D, and E)
Owned by United States of America and Situated East of Brush Creek Road
Three Unplatted Tracts in Township 5 South of Ranges 83 West and 84 West
Southeast of Town of Eagle, Unincorporated Eagle County, Colorado
OVS - Agency Case #COC-74812FD and IVIS #L12213 / 0031885



As of
November 15, 2012

Prepared For
Kent Stevens, MAI - Senior Appraiser
Office of Valuation Services (DOI)
12136 West Bayaud Avenue
Lakewood, Colorado 80228

Prepared By
Kevin A. Chandler, MAI
Chandler Consulting
P.O. Box 774685
Steamboat Springs, Colorado 80477

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January 7, 2013

Kent Stevens, MAI - Senior Appraiser, Office of Valuation Services (DOI)
12136 West Bayaud Avenue, Lakewood, Colorado 80228

Re: Appraisal of the Eagle BLM Parcels for Sutey Ranch BLM Land Exchange
200.64 Acres of Vacant Agricultural Land (Federal Parcels C, D, and E)
Owned by United States of America and Situated East of Brush Creek Road
Three Unplatted Tracts in Township 5 South of Ranges 83 West and 84 West
Southeast of Town of Eagle, Unincorporated Eagle County, Colorado

Dear Mr. Stevens:

The subject of this appraisal is the Eagle BLM Parcels, which are identified as Federal Parcels C, D, and E for the proposed Sutey Ranch BLM Land Exchange. The case includes three other Federal parcels plus two Non-Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado. The subject comprises 200.64 total acres of vacant land in Eagle County, which are federally owned by the United States of America and managed by BLM. Parcels C and E were appraised as one larger parcel of 183.23 acres since each lacks legal vehicular access from a public road (i.e., pedestrian ingress/egress only). Parcel D has year-round access from Bruce Creek Road, and was valued as a separate larger parcel of 17.41 acres (i.e., one homesite).

The purpose of this appraisal is to form an opinion of the market value of the fee simple interest in the subject property. The client is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only intended users are the client, the Bureau of Land Management (BLM) Colorado State Office and associated Field Office, Western Land Group, Inc., as well as owners of the Non-Federal parcels (Leslie and Abigail Wexner, as represented by Gideon Kaufman). The intended use is to assist the BLM Colorado State Office (on behalf of the United States of America) in connection with a proposed exchange of identified Federal and Non-Federal Lands. The value opinion is effective as of November 15, 2012, or the date of my recent inspection. Since the subject property is vacant land, the Sales Comparison Approach was the only valuation technique utilized. Based on the following analysis, it is my opinion that the market value of the fee simple interest in the subject property, effective as of November 15, 2012, is \$825,000. The valuation analysis is also subject to instructed hypothetical conditions that are noted in the report.

This appraisal conforms to the Uniform Standards of Professional Appraisal Practice (USPAP), the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or "Yellow Book"), as well as requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) as amended. No other supplemental standards are applicable. The valuation analysis and report also complies with a Statement of Work that was provided by the client, which describes the request for appraisal services (copy found in the addenda).

Respectfully submitted,

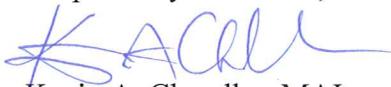

Kevin A. Chandler, MAI

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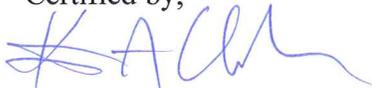
APPRAISER'S CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, unbiased professional analysis, opinions, and conclusions of the appraiser.
- the appraiser has no present or prospective interest in the property appraised, and no personal interest or bias with respect to the parties involved.
- the compensation received by the appraiser for the appraisal is not contingent on the analyses, opinions, and conclusions reached or reported.
- the appraisal was made, and the appraisal report was prepared, in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA).
- the appraisal was made, and the appraisal report was prepared, in conformity with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice (USPAP), except to the extent that the UASFLA required invocation of USPAP's Jurisdictional Exception Rule, as described in section D-1 of the UASFLA.
- the appraiser has made a personal inspection of the appraised property which is the subject of this report, and all comparable sales used in developing the opinion of value. The appraiser inspected the subject parcels by foot and vehicle on August 22, 2012, at which time I was accompanied by Kent Stevens, MAI (review appraiser for OVS), as well as duly authorized representatives of the intended users (including the owner). The subject property was briefly inspected again on November 15, 2012 to confirm the physical condition had not changed.
- no one provided significant professional assistance to the appraiser signing this report.
- 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 of the Appraisal Institute, and have never been charged with any ethics violations.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

In my opinion, the market value of the subject property as of November 15, 2012 is **\$825,000**

Certified by,



Kevin A. Chandler, MAI
Certified General Appraiser
State of Colorado, #CG40022860

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Property Ownership:	Federally owned by the United States of America (managed by the BLM)
Location and Access:	The subject is located about six air miles southeast of the Town of Eagle, in the Brush Creek Valley neighborhood of unincorporated Eagle County, Colorado. Parcel D enjoys direct year-round vehicular access from Bruce Creek Road. Parcels C and E only have pedestrian ingress/egress since they lack physical access from a public road, and have no legal rights to use private roadways that traverse each site.
Property Description:	The subject property comprises 200.64 total acres in three non-contiguous tracts. Parcels C and E were determined to comprise one larger parcel for the valuation analysis, while Parcel D comprises a separate larger parcel. These vacant tracts have moderate to steep terrain at elevations of 7,300 to 8,600 feet, and each is dry grazing land with no irrigated acreage or live water amenity. Parcels C and E have good views of the area, while Parcel D only has average views.
Improvements/Utilities:	The subject is vacant (bare) land with no existing building improvements. There is no municipal water/sewer service in the neighborhood, but rural homesites often use private wells and septic systems. Electric/telephone service is in close proximity to Parcel C, and is available to Parcel D.
Legal Description:	Lots 5 thru 8, 10, 13, SE4NW4 of Section 30 in Township 5 South and Range 83 West, as well as Lot 10 in Section 25 of Township 5 South and Range 84 West (Parcel C); Lot 9 in Section 30 of Township 5 South and Range 83 West (Parcel D); Lots 2, 3, and 4 in Section 36 of Township 5 South and Range 84 West (Parcel E), Eagle County, CO
Estate Appraised:	Fee simple title subject to reservations to the United States as listed in the Statement of Work (copy in addenda)
Zoning/Land Use:	Resource, by Eagle County (assumed if privately owned)
Highest and Best Use:	Agriculture/recreation only due to a lack of adequate access and/or assemblage with adjacent private land (Parcels C/E); rural residential development as one homesite (Parcel D)
Larger Parcels:	Parcels C and E comprise one larger parcel of 183.23 acres, while Parcel D is a separate larger parcel of 17.41 acres
Effective Date of Value:	November 15, 2012 (date of my recent physical inspection)
Opinion of Market Value:	\$825,000 (Parcels C/E = \$550,000, Parcel D = \$275,000)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 22, 2012



Subject Parcel C (top of Horse Mountain) Looking East from Bruce Creek Road



Subject Parcel C (above the power lines) Looking South from Salt Creek Road

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 22, 2012



Subject Parcel D Looking Northwest from Bruce Creek Road



Parcel D Looking Southeast (towards Bruce Creek Road and Lady Belle Ranch)

PHOTOGRAPHS OF SUBJECT PROPERTY

Taken by Kevin A. Chandler, MAI on August 22, 2012



Parcel E (along fence line on right) Looking South from Bruce Creek Road



Lady Belle Ranch Looking Southeast from Parcel D (Parcel E at upper right)

ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report is made pursuant to the following assumptions and limiting conditions:

1. This appraisal analysis is pursuant to one instructed hypothetical condition. In analyzing the value of the subject Federal parcels, the appraiser has assumed that the property is in private ownership, zoned consistent with similar non-Federal property in the area (i.e., assumed to be Resource by Eagle County), and available for sale on the open market.
2. The appraiser assumes no responsibility for legal matters affecting title to the subject, which is assumed to be good and marketable and held by the United States of America. The property is appraised as if free and clear of all liens and encumbrances, except those reservations listed in the Statement of Work provided by the client (copy in the addenda).
3. The legal descriptions and land areas provided to the appraiser by the client are assumed to be correct, with the subject property comprising 200.64 total acres in three parcels. While the Statement of Work indicates a land area of 171.34 acres for Parcel C, a slightly lower size of 171.26 acres was utilized for the analysis based on current information (per more recent cadastral surveys by BLM that resulted in a supplemental master title plat). The appraiser made no boundary survey of the subject property, and is not responsible for discrepancies in regards to title, survey, easements, encroachments, and/or boundaries.
4. The maps and sketches included in this report are meant to assist the reader in visualizing the property, with no responsibility assumed for their accuracy. This information was provided by the intended users, various governmental entities, and my visual inspection.
5. Opinions, estimates and other data furnished by third parties are assumed to be correct, and the appraiser professes no legal expertise in regards to access to the subject parcels.
6. Possession of this report or any copy does not carry with it the right of publication, nor may it be used for any other purpose than the stated intended use. I acknowledge that all appraisal reports submitted to the client (OVS/DOI) for review become the property of the United States of America, and may be used for any legal and proper purpose.
7. During the inspection of the appraised property, the appraiser noted no indications of hazardous material or wastes, pollutants, leaking underground storage tanks, or other toxic/hazardous conditions. The detection of hazardous material is not part of the scope of this appraisal, and the appraiser is not qualified to detect such substances or conditions. The presence of hazardous substances, or other potentially hazardous materials, may adversely affect the market value of the property. The value opinion reported herein is predicated on the assumption that there are no such materials, substances, or conditions on the subject parcel, or in proximity thereto, that would cause a loss in market value.
8. The appraiser reserves the right to alter statements, analysis, conclusions, or any value opinion in the appraisal if facts become known to the undersigned that are pertinent to the appraisal process, and were unknown at the time of report preparation.
9. Upon the request of the United States Attorney or the Department of Justice, the contract appraiser agrees to testify regarding the appraisal. However, a supplemental contract will be negotiated as necessary, with no liability assumed by the appraiser for legal matters.

SCOPE OF THE APPRAISAL

The **scope of work** identifies the appraisal problem to be solved, determines the necessary work to develop a credible assignment result, and discloses this process adequately in a written report. Effective July 1, 2006, changes to the Uniform Standards of Professional Appraisal Practice (USPAP) have been finalized in regards to scope of work. They give the appraiser flexibility to tailor each assignment so the work product is customized to meet specific needs of the client.

The **purpose** of this appraisal is to form an opinion of the market value of the fee simple interest in the **subject property**, which is identified as the Eagle BLM Parcels (Federal Parcels C, D, and E) for the proposed Sutey Ranch BLM Land Exchange. The case includes three other Federal parcels as well as two Non-Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado.

The **client** is the U.S. Department of the Interior, Office of Valuation Services (OVS). The only **intended users** are the client, the Bureau of Land Management (BLM) Colorado State Office and associated Field Office, Western Land Group, Inc., as well as the current owners of the Non-Federal parcels (Leslie and Abigail Wexner, as represented by Gideon Kaufman, Esquire).

The **intended use** is to assist the BLM Colorado State Office (on behalf of the United States of America) in connection with a proposed exchange of identified Federal and Non-Federal Lands.

The **date of value** is November 15, 2012, which is the date of my most recent inspection of the appraised property. The parcels were initially inspected by foot and vehicle on August 22, 2012, at which time the appraiser was accompanied by the review appraiser (Kent Stevens, MAI) and representatives of the intended users (including the BLM, Western Land Group, and proponent). A brief re-inspection of the subject on November 15, 2012 (with the review appraiser) confirmed that the physical condition of the property had not changed materially since August 22, 2012.

The **appraisal process** reflects the existing zoning and physical characteristics at the property, with a highest and best use of agriculture/recreation or assemblage with surrounding private land for Parcels C and E, as well as rural residential development as a single homesite for Parcel D. The subject property was determined by the appraiser to comprise two **larger parcels**, namely Parcels C and E as one holding of 183.23 acres, as well as Parcel D as a 17.41-acre homesite. The Cost Approach is not necessary for this analysis since the subject parcels are vacant land. The Income Capitalization (Development) Approach is also not applicable since the property does not generate major income, and subdivision is neither imminent nor maximally productive. Only the Sales Comparison Approach was employed, with comparable property sales in the local market researched through local offices for the County Assessor as well as the Clerk/Recorder. The most similar sales in proximity to the subject were selected, which were inspected by the appraiser as indicated on the Market Data Record sheets. The data was compared to the subject property, and adjusted for various factors to establish the market value of each larger parcel. Sales of other parcels in the area that I conducted varying amount of research on before deciding that they were not comparable enough to include as primary comparables are also discussed.

This narrative appraisal is written in **self-contained format**, and the **date of report** preparation and transmittal to the client is January 7, 2013. It conforms to the Uniform Appraisal Standards for Federal Land Acquisitions (UASFLA or a/k/a the "Yellow Book"), as well as the Uniform Standards of Professional Appraisal Practice (USPAP). The report was also prepared in compliance with a Statement of Work that was provided by the client (copy in the addenda).

DEFINITION OF MARKET VALUE

The Statement of Work provided by the client directs the appraiser to utilize this definition of market value for BLM Land Exchanges:

"The most probable price in cash, or terms equivalent to cash, that lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale, where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence." [43 CFR 2200 0-5(n)]

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 Uniform Standards of Professional Appraisal Practice, and is considered a Jurisdictional Exception (which has been invoked regarding exposure time and marketing time).

LEGAL DESCRIPTION

The Statement of Work provided to the appraiser by the client, as amended by supplemental plat, includes the following legal descriptions for the subject property (Federal Parcels C, D, and E):

Federal Parcel C (comprising 171.26 acres)

Lots 5 to 8 inclusive, Lot 10, Lot 13, and Southeast Quarter of Northwest Quarter in Section 30, Township 5 South, Range 83 West, 6th P.M., Eagle County, Colorado
Lot 10 in Section 25, Township 5 South, Range 84 West, 6th P.M., Eagle County, Colorado

Federal Parcel D (comprising 17.41 acres)

Lot 9 in Section 30
Township 5 South, Range 83 West, 6th Principal Meridian, Eagle County, Colorado

Federal Parcel E (comprising 11.97 acres)

Lots 2, 3, and 4 in Section 36
Township 5 South, Range 84 West, 6th Principal Meridian, Eagle County, Colorado

PROPERTY RIGHTS APPRAISED

The property rights appraised is the fee simple interest in the subject parcels, which is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat." [*The Dictionary of Real Estate Appraisal*, Fifth Edition (Chicago: Appraisal Institute, 2010), Page 140]

The Statement of Work states that the property interest to be appraised is the fee simple interest, subject to the following reservations, with their impact on market value also discussed below:

- Reservation to the United States of America for a right-of-way thereon for ditches and canals constructed by the authority of the United States Act of August 30, 1890 (43 USC 945). This reservation is typical for this type of property, and has no adverse effect on value.
- Grazing permit number 507726 for the Horse Creek Allotment (#8719) that is held by a third party. While considered in the analysis, the grazing permit has no adverse impact on value.
- Parcel C is subject to an application for road right-of-way (COC-73302), but the case was closed in Fall 2011. Parcel D is subject to Bruce Creek Road, which provides direct access.

SUMMARY OF APPRAISAL PROBLEMS

The subject is three of eight properties for the proposed Sutey Ranch BLM Land Exchange, which comprises six Federal parcels totaling 1,470.01 acres in size, as well as six Non-Federal parcels totaling 668.41 acres in size. Each parcel is located within Garfield, Eagle, or Pitkin Counties. Identified as the Eagle BLM Parcels (a/k/a Federal Parcels C, D, and E), the subject is federally owned by the United States of America. However, the property adjoins the Lady Belle Ranch, a private holding that is controlled by Rosenquist. The proponent of the land exchange (Leslie and Abigail Wexner) is only seeking to acquire Federal Parcels A, B, and B-1 since they border their Two Shoes Ranch at Carbondale (4,300 deeded acres with extensive improvements). Thus, Wexner has agreed to sell the subject parcels to Rosenquist at the appraised market value. The proposed land exchange has been generally well received by the local public, although the proponents had been unable to gain the full support of Pitkin County for a variety of reasons that are beyond the scope of this assignment. While some controversy exists, the project is being processed as an administrative exchange (not legislated), and facilitated by Western Land Group. However, Pitkin County announced their support of the land exchange on December 14, 2012 after continued negotiations with the proponent, which includes other consideration besides land. The subject property is situated southeast of the Town of Eagle, in the Brush Creek Valley area, with an assumed zoning of Resource by Eagle County (minimum buildable lot size of 35 acres). However, there is no vehicular access to Parcels C and E since neither adjoins a public road and both lack legal rights to use private roadways that traverse the land. Thus, the concluded highest and best use of Parcels C and E (which is one larger parcel) is limited to agriculture/recreation, as well as possible assemblage with adjacent private lands (Rosenquist is the most logical buyer). Since Parcel D enjoys year-round access from Bruce Creek Road, the concluded highest and best use (which is a separate larger parcel) is rural residential development as a 17.41-acre homesite. The appraisal problem to be solved requires locating the best comparable sales which occurred during the past few years for my valuation analysis. Larger tracts of rural land in the area with a similar highest and best use of no development were compared to Parcels C and E (as a single holding of 183.23 acres), with recent sales of local rural homesites utilized to value Parcel D. While adequate sales are available, only a few of these transactions are truly comparable and some required downward adjustments for declining market conditions and/or superior access.

AREA AND MARKET DATA

The subject property is located in unincorporated Eagle County, along the Interstate-70 corridor on the Western Slope of Colorado. Eagle County is bordered by Garfield County to the west, Pitkin and Lake Counties to the south, Summit County to the east, and Routt County to the north. About 80% of the 1,649 square miles of land area is in public ownership, and the picturesque Eagle-Vail Valley is home to the world-class ski resorts of Vail, Beaver Creek, and Arrowhead. Eagle County was carved from Summit County in 1883, and the first county seat was located in Red Cliff. The county seat was relocated in 1921 to its current home in the Town of Eagle.

Demographic Profile

According to the U.S. Census, Eagle County reports a 2010 population of 52,197 residents. This is a 25% increase from the 2000 population of 41,659 people, which is higher than the statewide growth rate for the same time period of 17%. The largest incorporated municipalities are Eagle (6,508 people), Gypsum (6,477), Avon (6,447), Vail (5,305), and Minturn (1,027). However, the Edwards community reports a 2010 population of 10,226 people, with 705 residents in Dotsero. Eagle County had 19,236 total households in 2010, with a median age of 34.0 years and average household size of 2.71 people. However, only 61% of the housing units were occupied full-time. The 2009 per capita personal income for Eagle County of \$45,807 is slightly higher than the statewide average of \$41,895. While down-valley communities cater to working class families, much more affluent and mostly part-time residents are concentrated at up-valley ski resort towns.

Economic Conditions

The local economy was traditionally based on cattle ranching and mining. However, tourism and real estate have emerged as the primary industries, with over two-thirds of the labor force (about 27,600 people) employed in services and construction. Eagle County reports an unemployment rate of 8.8% as of November 2012 (versus only 3.5% for 2008), which is slightly higher than the statewide average of 7.5%. The hardest hit sectors during the recession are construction and real estate, with an estimated 6,000 lost jobs since 2007. Vail Resorts is the largest employer, with about 1,500 full-time and 3,000 seasonal employees. Eagle County ski resorts boast more than two million annual visits, or about 20% of the total for the state. The area has also emerged as a popular summertime destination for golf, fishing, boating, camping, hunting, hiking, and cycling. The local economy is heavily dependent on sales tax revenues, which typically range from \$45 to \$50 million for the overall county but have declined by 20% to 30% from the peak of 2007/2008.

Transportation and Services

Eagle County is bisected by Interstate-70, which provides an important link to the Denver MSA, and most municipalities benefit from at least one interchange. U.S. Highway 6 is the other major east/west arterial for the area, which generally runs parallel to the interstate and the Eagle River. State Highway 131 connects the Wolcott interchange with the resort town of Steamboat Springs to the north, while U.S. Highway 24 travels south from its interchange at Dowd Junction and provides access to the southeast portion of the county. A network of paved and gravel county roads provide secondary access to outlying areas. Located between Eagle and Gypsum, the Eagle County Regional Airport accommodates commercial jets, offers direct flights from a few national cities during the winter and summer seasons, and has been a catalyst for development. However, annual enplanements have declined by 16%, from 243,350 in 2007 to 204,889 in 2010. The area offers a variety of regional and neighborhood services, and most communities are self-sufficient in terms of civic, cultural, medical, educational, shopping, and entertainment facilities.

AREA AND MARKET ANALYSIS

Land Use and Recreation

Eagle County has adopted rather stringent zoning and land use regulations, has a limited amount of undeveloped land that is privately owned, and features a very desirable real estate market due to the presence of major ski resorts (which cater to wealthy individuals and international buyers). Private property is generally concentrated along the interstate corridor (from Vail to Dotsero), or along north/south trending river and creek drainages. The southern and northeastern areas of the county is mostly public land in the White River National Forest (managed by the Forest Service), while the northwest portion features large working ranches and public land (managed by BLM). Most residential housing and commercial facilities are located within incorporated areas, and the highest density is found at ski area base villages (such as condominium and timeshare projects). A portion of the 2.3 million White River National Forest lies within Eagle County, including the Holy Cross and Eagles Nest Wilderness Areas that now cover 255,000 acres. The Hidden Gems bill would designate 166,000 acres of new wilderness area in Summit and Eagle Counties alone. The U.S. Forest Service issued a Travel Management Plan for the White River National Forest in March 2011, and plans to decommission more than 1,000 miles of roads (some under appeal). Eagle County features the Colorado and Eagle Rivers, numerous high country lakes and streams, hundreds of miles of trails, as well as dozens of peaks with elevations of at least 12,000 feet.

Real Estate Prices and Trends

Changing trends in the Eagle County real estate market are illustrated in the table below, with data provided by the Economic Council of Eagle County, Land Title, and county departments. While the local market experienced substantial growth between 2002 and 2008, Eagle County has been adversely impacted by the Great Recession during the past four plus years. Total dollar volume for all types of real estate (residential commercial, and vacant land) declined by 60% from 2008 to 2009, the first time it failed to eclipse more than one billion dollars for many years. Eagle County reported about 23% less volume from 2010 to 2011 despite 9% more transactions, which caused the median sale price to fall by 29% (from almost \$1,200,000 to about \$850,000). The market is stabilizing, as Eagle County reports \$923 million of volume on 1,146 transactions through the first nine months of 2012, with an average single-family home price of \$1,090,474. While the average single-family home price for 2011 of \$1,003,971 is about 21% less than the 2010 average of \$1,264,591, it was about 31% lower than the 2008 average price of \$1,455,774. Median single-family home prices (midpoint of all transactions) fluctuated between \$631,500 and \$676,000 between 2008 and 2010, but the median for 2011 is only \$449,000. One negative trend is increased foreclosure filings, from only 140 in 2007 to 618 during 2010 and 615 in 2011. The number of filings is slowing down, with 412 through October 2012. While new construction in unincorporated Eagle County reached a peak during 2004 with 710 residential permits issued, activity is lower but stable with 414 in 2010, 368 during 2011, and 382 through November 2012.

Year of Comparison	2008	2009	Change	2010	Change	2011	Change
Total Dollar Volume Sold	\$2.235 billion	\$898 million	-59.8%	\$1.497 billion	+66.7%	\$1.158 billion	-22.6%
Number of Transactions	1,606	938	-41.6%	1,250	+33.3%	1,357	+8.6%
Average Price of All Sales	\$1,391,606	\$957,830	-31.2%	\$1,197,738	+25.0%	\$853,389	-28.7%
Median Single-Family Price	\$676,000	\$554,500	-18.0%	\$631,500	+13.9%	\$449,000	-28.9%
Total Foreclosure Filings	179	452	+152.5%	618	+36.7%	615	-0.5%
County Building Permits	551	369	-33.0%	414	+12.2%	368	-11.1%

AREA AND MARKET ANALYSIS

Development Projects

Although most construction has ground to a halt, a few large projects are proposed in the county. Eagle River Meadows in Edwards would have 380 residential units plus 261,000 square feet of commercial space on 27 useable acres of the 95-acre riverfront site, but the project is on hold. Preliminary plans for a master-planned community on 373 acres at the Wolcott interchange were approved in Spring 2012. The land is owned by the Joufflas Family, and under contract to Rick Hermes, who envisions 679 dwelling units as well as commercial/amenity uses (135,000 SF). Eagle River Station is a proposed mixed-use project on 88 acres of land located along I-70 and adjacent to the east of Eagle, and has been in the planning process for years. While local voters narrowly rejected a rezoning request in January 2010, a revised plan was approved in May 2012 for 732,000 square feet of commercial space (anchored by Target) and 550 rental dwelling units. The Haymeadow Property comprises 688 acres of vacant land at the southeastern limits of the Town of Eagle that was acquired in August 2005 for \$15,000,000. The owner submitted plans in April 2011 to annex the holding for development with 979 residential units over three phases. This twenty-year project features 60% open space, as well as public trails, parks, and school site. The Eagle Valley Land Trust (EVLТ) is pursuing conservation easements on several properties, and is particularly focused on land along river and creek drainages. The pending Eagle Valley Land Exchange could trade several parcels of federal land (managed by the U.S. Forest Service) in the upper valley for a section of land north of Edwards that is owned by the State Land Board.

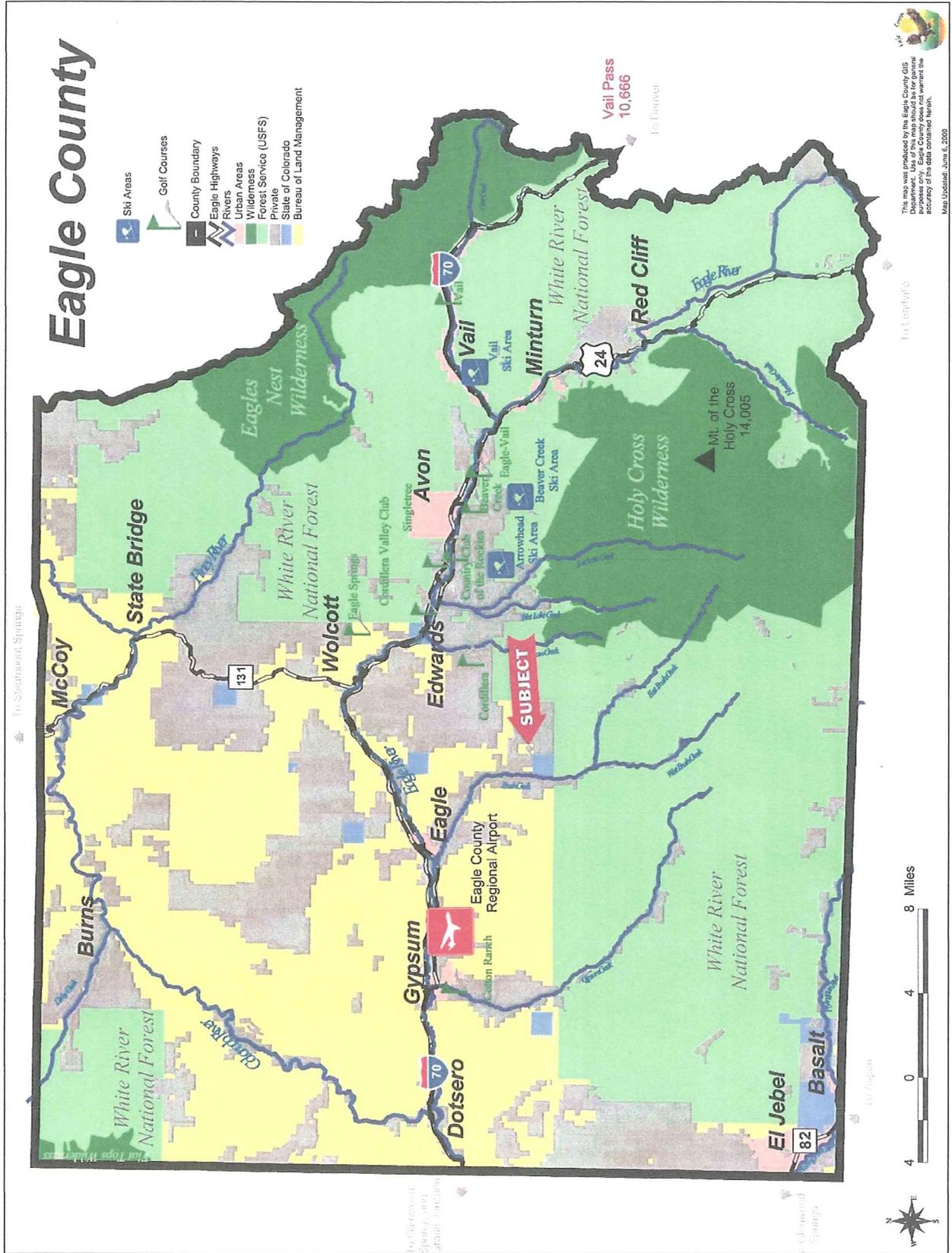
Town of Eagle and Brush Creek Valley

The subject neighborhood is considered to be the Brush Creek Valley, which is situated south of the town limits of Eagle (and I-70 corridor), and north of the White River National Forest. Eagle has about 6,500 residents, and is a bedroom community for the wealthy up-valley communities of Vail and Avon. The Eagle County Regional Airport is located between Eagle and Gypsum, offers direct flights to several major cities, and has been an important catalyst for development. The most significant project to date is Eagle Ranch, a master-planned community on about 1,200 acres that was annexed into the Town of Eagle in 1999. Adjacent to the south of the town limits, the development is approved for 1,300 total dwelling units, and also features commercial space, a golf course, as well as ample open space and parks. The project is about two-thirds built-out, but volumes/prices for both lots and homes have been significantly impacted by the downturn. Four seasons of recreational opportunities are available on public lands located south of town, most of which is managed by the U.S. Forest Service. However, the State of Colorado owns several thousand acres along West Brush Creek, including Sylvan Lake State Recreation Area. The scenic Brush Creek Valley is situated in a transition zone between the town and public land, and generally features rural residential housing on larger homesites of five to forty acres. Many working ranches have been placed under conservation easement (with funding by Eagle County) to preserve the agricultural nature of the valley. Most future development has carefully planned to occur adjacent to the town limits, primarily at Eagle River Station and the Haymeadow PUD.

Regional Summary

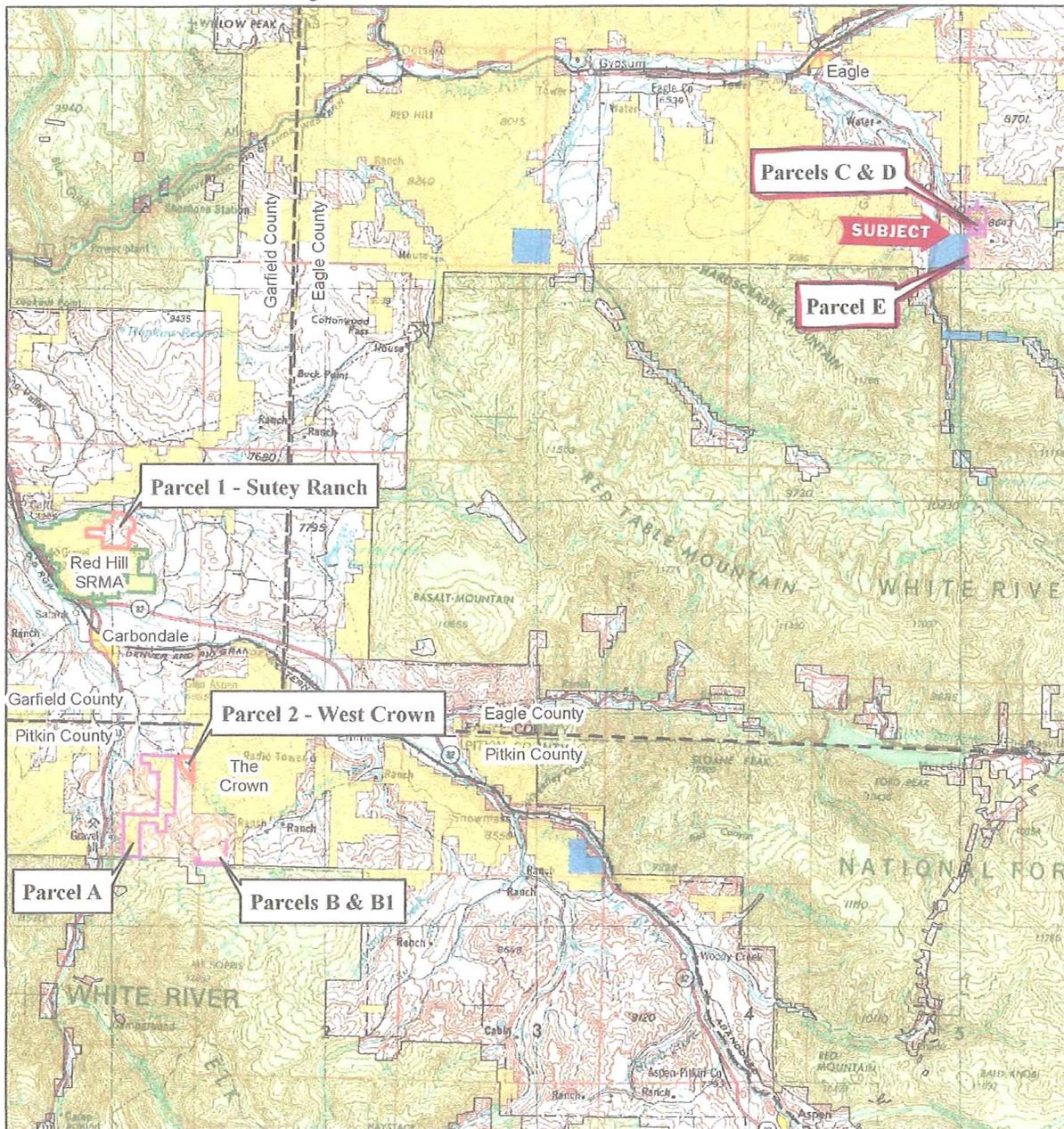
In conclusion, the subject is located in the Brush Creek Valley of unincorporated Eagle County. The Upper Eagle Valley features three major ski resorts and upscale housing, while down-valley communities are typically oriented towards the working class and full-time residents. The region offers abundant recreational opportunities at major rivers and in the White River National Forest. Market conditions are currently soft, but a few large development projects are in the pipeline.

AREA MAP

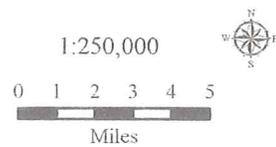


LOCATION MAP

Sutey Ranch Land Exchange Vicinity Map Eagle, Garfield, and Pitkin Counties, Colorado



- | | | | |
|---|--------------------------------|---|---------------------------|
|  | Non-Federal Parcels |  | BLM |
|  | Federal Parcels |  | National Forest |
|  | Two Shoes & Lady Belle Ranches |  | Colorado State Land Board |
|  | Red Hill Special Rec Mgt Area |  | County Boundaries |



PROPERTY DATA

The subject Eagle BLM Parcels comprises 200.64 total acres of federally owned land in three non-contiguous tracts, which are located about six air miles southeast of the town limits of Eagle, in the southwest portion of unincorporated Eagle County, Colorado. The subject property is situated east of Brush Creek Road, and is vacant land with no existing building improvements.

Size and Description

Parcel C contains 171.26 acres in an irregular ("C"-shaped) tract that is legally described as part of Section 30 in Township 5 North and Range 83 West, as well as of part of Section 25 in Township 5 North and Range 84 West. Parcel D is a 17.41-acre tract with a generally square shape, and is legally described as Lot 9 in Section 30 of Township 5 North and Range 83 West. Parcel E is an 11.97-acre strip of land with dimensions of about 130 to 150 feet by 3,868 feet, and legally described as Lots 2, 3, and 4 in Section 36 of Township 5 North and Range 84 West. Parcels C and D are situated on the western flank of Horse Mountain, while Parcel E is located on a ridge one-quarter mile to the south. Parcel C encompasses the summit of the mountain, with mostly steep and rugged terrain at elevations of about 7,300 to 8,600 feet above sea level. Parcel D is located at the base of the mountain, with more moderate topography at elevations of about 7,400 to 7,800 feet above sea level. Waste piles from historic mining activity are evident at both of these parcels, but most of the known openings (adits and shafts) were capped by 2002. Parcel E is situated on a steep ridge above Bruce Creek, at an elevation of 7,700 to 8,400 feet above sea level. None of the subject parcels feature a live water amenity or irrigated acreage, and each has some steep slopes (greater than 30%) that are not buildable under local regulations. Vegetation at Parcels C and D is native grasses with sagebrush, oakbrush, pinyon, and juniper, while Parcel E has dense tree cover (aspen and evergreen). Each provides adequate forage for seasonal cattle grazing (via BLM allotment). The subject property features good wildlife habitat, including winter concentration area for elk and mule deer as well as overall range for black bear and mountain lion (with good big-game hunting). Parcels C and D have high risk for wildfire. Parcels C and D are surrounded by private property (mostly rural homesites), with the Lady Bell Mine (52 acres in eight mining claims owned by Calhoun) physically separating these two tracts. The Lady Belle Ranch (350 acres with improvements owned by Rosenquist) adjoins Parcels C and D to the south, as well as Parcel E to the north and east. A section of land owned by the State Land Board borders Parcel E to the west, with the White River National Forest to the south. Parcels C and E have good views from upper elevations, but Parcel D has average (valley) views.

Soil Conditions

I was not provided with a soil report or geotechnical study for the subject property, but my analysis assumes underlying soils are typical for the area. However, historic mining activity was observed at Parcels C and D during my inspection, and unstable underground tunnels may exist. All three subject parcels have steep slopes that may be prone to erosion. Since I cannot warranty the soil or geotechnical conditions, further certification by an expert in this field is advised.

Environmental Hazards

I was not provided with an environmental study (Phase I or II) for the subject property. Adjacent land uses do not appear to have the potential to cause soil or groundwater contamination, and my physical inspection did not reveal any unusual signs of environmentally hazardous materials or conditions. My analysis assumes the subject parcels are free and clear of environmental issues that would have an adverse impact on value, but further certification by an expert is advised.

PROPERTY DATA

Access and Roadways

The subject is located one mile east of Brush Creek Road, the main arterial for the neighborhood. Bruce Creek Road and Salt Creek Road originate at Brush Creek Road about five miles southeast of Eagle Ranch, and travel east along the south and north sides, respectively, of Horse Mountain. Both public roads are gravel surface and maintained year-round by Eagle County. Bruce Creek Road traverses the southwest corner of Parcel D, which provides both legal and physical access. While the southwest corner of Parcel C is a short distance from Bruce Creek Road, it does not have direct ingress/egress from this public road since the neighbor to the west (Bob McKenzie) owns the intervening narrow strip of land. A private jeep trail originates at the county road on the adjacent Calhoun Property, and traverses Parcel C as it winds its way up Horse Mountain. Although this rugged two-track road provides seasonal physical access to Parcel C, there are no legal rights to use the segment that connects with Bruce Creek Road. Even if an easement was obtained from Calhoun, major upgrades would be required to the jeep trail. A strip of deeded land (30 feet wide) that connects the north boundary of Parcel C with Salt Creek Road provides a legal right-of-way. However, it travels straight up a steep cliff, and vehicular ingress/egress from this route is not practical due to terrain that does not meet maximum slope requirements. Based on the foregoing, Parcel C essentially lacks legal and physical access from any public road in the existing condition, and is appraised with pedestrian (i.e., foot or horse) ingress/egress only. Parcel E is located about one-quarter mile south of Bruce Creek Road, and has no legal vehicular access from any public road. It is traversed by a private jeep trail that originates on the adjacent section of State land, and then traverses the Lady Belle Ranch before entering the national forest. However, the road is only open to seasonal travel by the lessee of the State land (not the public). Since there is no legal right to use this private road (which does not meet county standards for rural development), Parcel E also has pedestrian ingress/egress only from adjacent public lands.

Utilities and Drainage

The subject is located outside of municipal water and sewer service boundaries for the Town of Eagle. However, rural homesites in the neighborhood often utilize individual septic disposal systems for sanitary sewer and domestic wells for potable water. Although private wet utilities have not been installed at the subject parcels, this is a viable option (especially for Parcel D). Electric service in the neighborhood is provided by Holy Cross Electrical Association, telephone by Century Link, and natural gas by Source Gas. Electric/telephone service along Bruce Creek Road is available for development of Parcel D, and is in close proximity to the southwest corner of Parcel C. Dry utilities would have to be extended a considerable distance to service Parcel E, but another option is to construct rustic dwellings (such as a cabin or yurt) that are "of-the-grid". This type of facility often has no plumbing or electric service, and usually relies on a well or springs, a pit toilet, portable generators or solar panels, and perhaps propane gas storage tanks. Police protection is provided by the Eagle County Sheriff, and the neighborhood is within the Greater Eagle Fire Protection District. The subject property receives moderate snowfall, with some runoff during spring snowmelt. However, each parcel appears to have adequate surface drainage and enough buildable land to accommodate at least one rural residential homesite.

PROPERTY DATA

Reservations and Encumbrances

The property is appraised subject to reservations that were discussed in a preceding section of this report, and were listed in the Statement of Work. They include right-of-way for ditches and canals constructed by the authority of the United States of America, as well as a Federal grazing permit (held by Foot Creek Ranch) that will be relinquished if the land exchange is completed. An application for road right-of-way at Parcel C was closed in 2011, while Parcel D is subject to Bruce Creek Road as it crosses the property. Based on the foregoing, my analysis assumes there are no reservations or encumbrances at the subject property that adversely impact market value.

Water and Mineral Rights

The subject reportedly has no adjudicated water rights that would be included in the conveyance. I reviewed a mineral report for the Federal parcels only in the Sutey Ranch BLM Land Exchange that was prepared on December 20, 2012 by the United States Department of the Interior (BLM). According to this document, most (if not all) of the economically viable ore has been mined from the area, and no retention of locatable minerals at the subject property is recommended. All of the Federal parcels in the exchange have low potential for occurrence of leasable minerals (i.e., coal, oil, and gas), and low development potential for saleable minerals (i.e., sand, gravel, etc.). The geologist recommends that the land exchange be completed for both the surface and mineral estates, as there are no known mineral resources at the subject property with commercial value.

Assessment and Taxes

My analysis assumes the subject is exempt from county assessment for taxation purposes, as it is federally owned by the United States of America, and thus not burdened by local property taxes. Only Parcel C is currently identified by the Eagle County Assessor, as they do not typically assign parcel or account numbers for public land that is owned by the United States of America. Parcel C is identified as Account #R039640 and Parcel #2107-302-00-001, with a 2012 actual value of \$920 (for 166.20 acres) and corresponding assessed value of \$270 (29% of actual). However, the actual value is based on a statewide formula for agricultural use, as opposed to comparable sales in the local market. According to the Eagle County Assessor, Parcel E would be valued as agricultural land if it was in private ownership, based on the lack of access and history of seasonal grazing. However, Parcel D could be assessed as a rural residential homesite, with a much higher actual value based on comparable land sales (i.e., \$200,000 to \$400,000).

Sales, Rental, and Use History

The subject parcels have been federally owned by the United States of America for many years, and are managed by the BLM. There have been no transfers of ownership of the subject parcels during the past ten years, and they are not currently listed for sale. However, a purchase and sale agreement has reportedly been executed between the proponent (Wexner) and Lady Belle Ranch (Rosenquist) that will convey ownership of these subject parcels at their appraised market value. The buyer plans to encumber the subject parcels with a conservation easement (held by EVLT). The land has historically been used for seasonal cattle grazing (in conjunction with BLM permit) and public recreation during the past ten years. It is interesting to note that Horse Mountain (including Parcels C and D) was mined for silver and copper in the early 1900's, and produced about \$450,000 of revenue between 1912 and 1918 before the limited ore resource was depleted. While it was prospected for uranium during the 1950's, and then vanadium in the 1960's, no recoverable deposits were found with no major mining activity for the past fifty plus years.

PROPERTY DATA

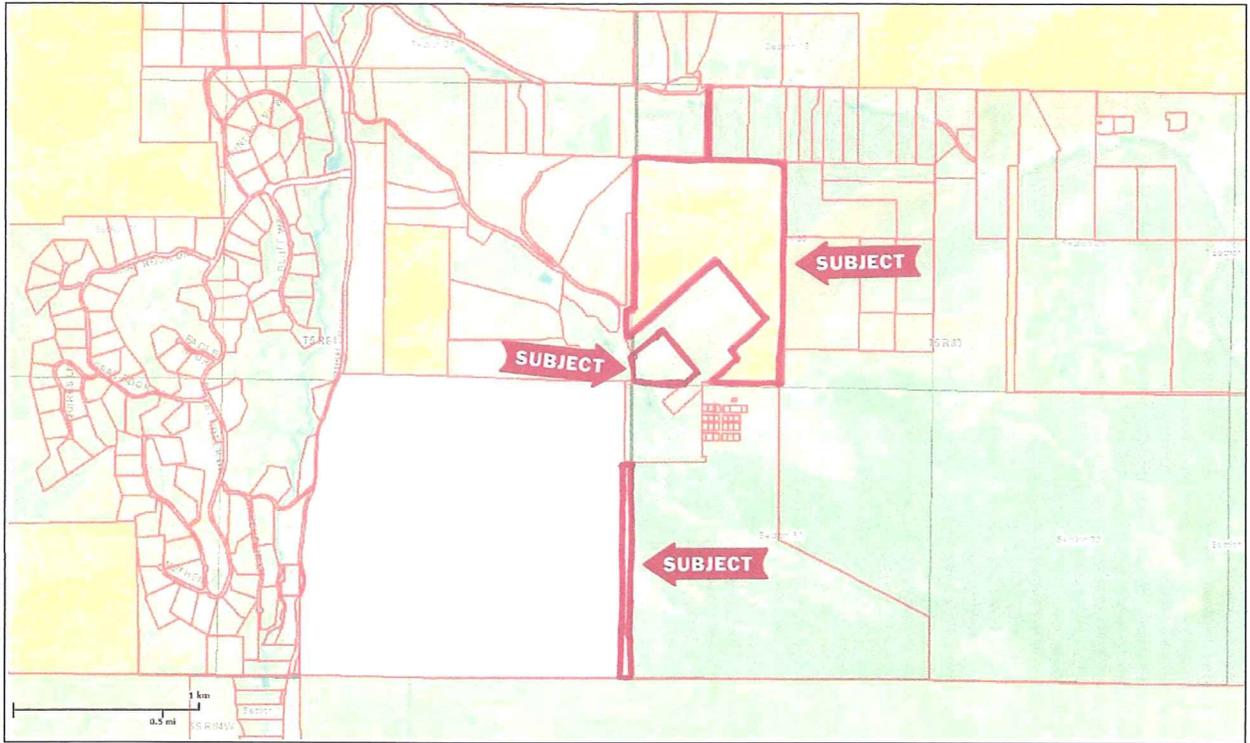
Zoning and Land Use

Based on similar non-Federal properties in the area, I assume that all three subject parcels would be zoned Resource (R) by Eagle County if in private ownership. The purpose of this district is to maintain the open rural character of the county and to protect and enhance the appropriate use of natural resources and agricultural uses (including water, minerals, fiber, and open land). Permitted uses by right include single-family dwelling units, accessory dwellings and residential uses, home day care and occupation, libraries, parks or open space, utility distribution facilities, water impoundments, water diversion structures/ditches/pipelines, agriculture and accessory agricultural buildings, boarding and riding stables, forestry, as well as outfitters and guides. Many types of commercial, industrial, and multi-family uses are prohibited in the Resource zone district, and certain applications require limited or special review. Eagle County has currently adopted a minimum lot area for subdivision purposes in the Resource zone district of 35 acres. In order to obtain a building permit, the owner must prove adequate vehicular access and potable water. There are no floor area or lot coverage limits in the Resource zone district, but minimum setbacks are 25 to fifty feet for the front yard, 12.5 feet for the side and rear yards, and 75 feet from a waterbody. Depending on use, the maximum building height permitted is 35 or forty feet. Most property in Eagle County that is in Federal ownership is zoned Resource Preservation (RP), with the purpose of preserving the open character and public benefits of land owned by the USA. Eagle County established this "overlay" district in July 2007 with the intent to control uses on public land that is conveyed to private ownership by limiting residential density to one dwelling unit per eighty acres. Thus, the Resource Preservation district is more restrictive than Resource, which allows a minimum buildable lot size of 35 acres (and was the prior zoning for such lands). Any decision by Eagle County to unilaterally reduce residential density on Federal land would likely be challenged by the United States of America, but there is no local precedent or case law. However, a minimum residential density of one unit per 35 acres is reasonable for the subject.

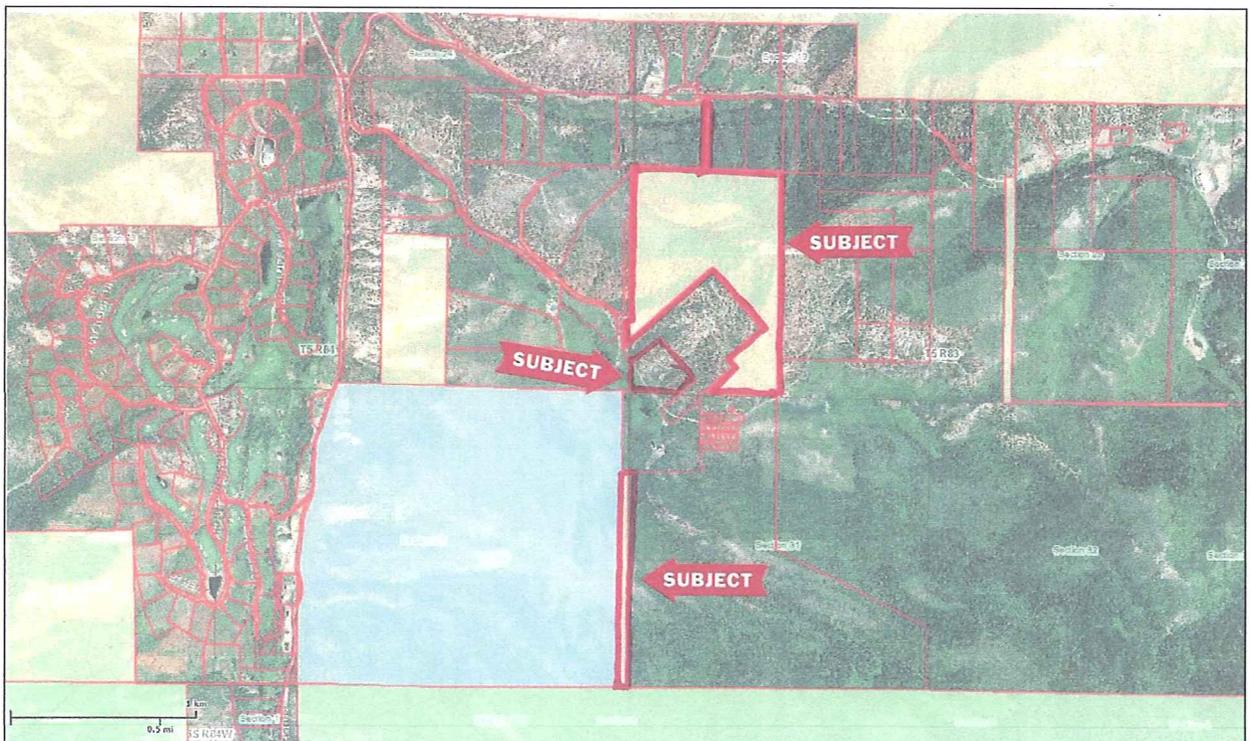
Property Data Summary

The subject of this appraisal is the Eagle BLM Parcels, which are identified as Federal Parcels C, D, and E for the proposed Sutey Ranch BLM Land Exchange. They comprise 200.64 acres of vacant land that is federally owned by the United States of America (and managed by BLM). The property is located six miles southeast of the town limits of Eagle, within the jurisdiction of Eagle County, Colorado. Parcels C and E lack vehicular access from any public road, and thus have pedestrian (foot/horse) ingress/egress only, but are in reasonable proximity to dry utilities. However, Parcel D has year-round access from Bruce Creek Road with dry utilities to the site. Each subject parcel is assumed to be zoned Resource by Eagle County if it was in private ownership, which permits rural residential development at a minimum lot size of 35 acres. Please refer to the Assessor Parcel and Aerial Maps, Topographic Map, Master Title Plat, and Zoning Map on the following pages for visual edification.

ASSESSOR PARCEL MAP



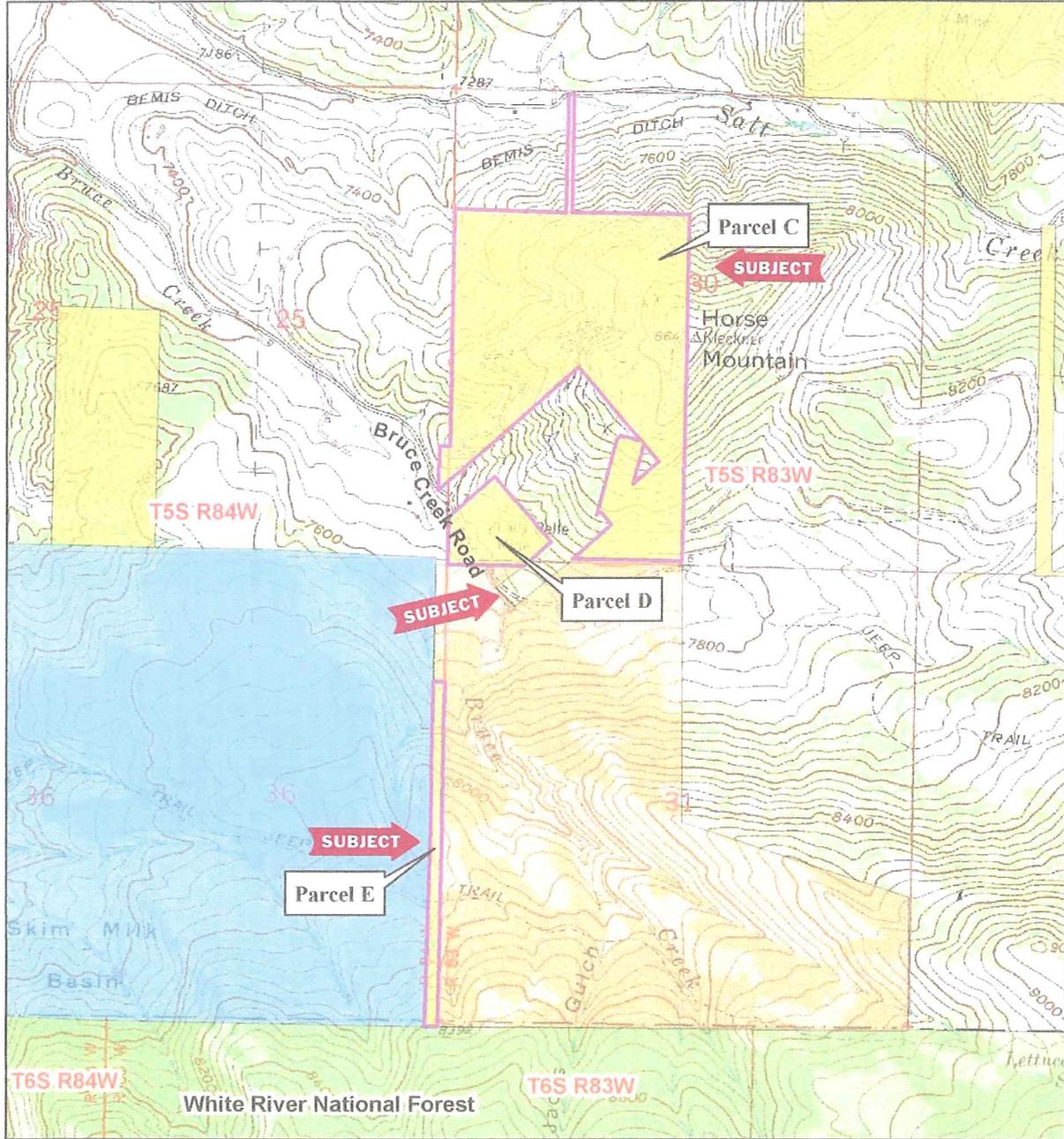
ASSESSOR AERIAL MAP



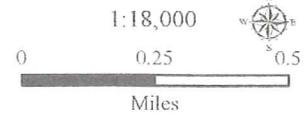
TOPOGRAPHIC MAP

Sutey Ranch Land Exchange

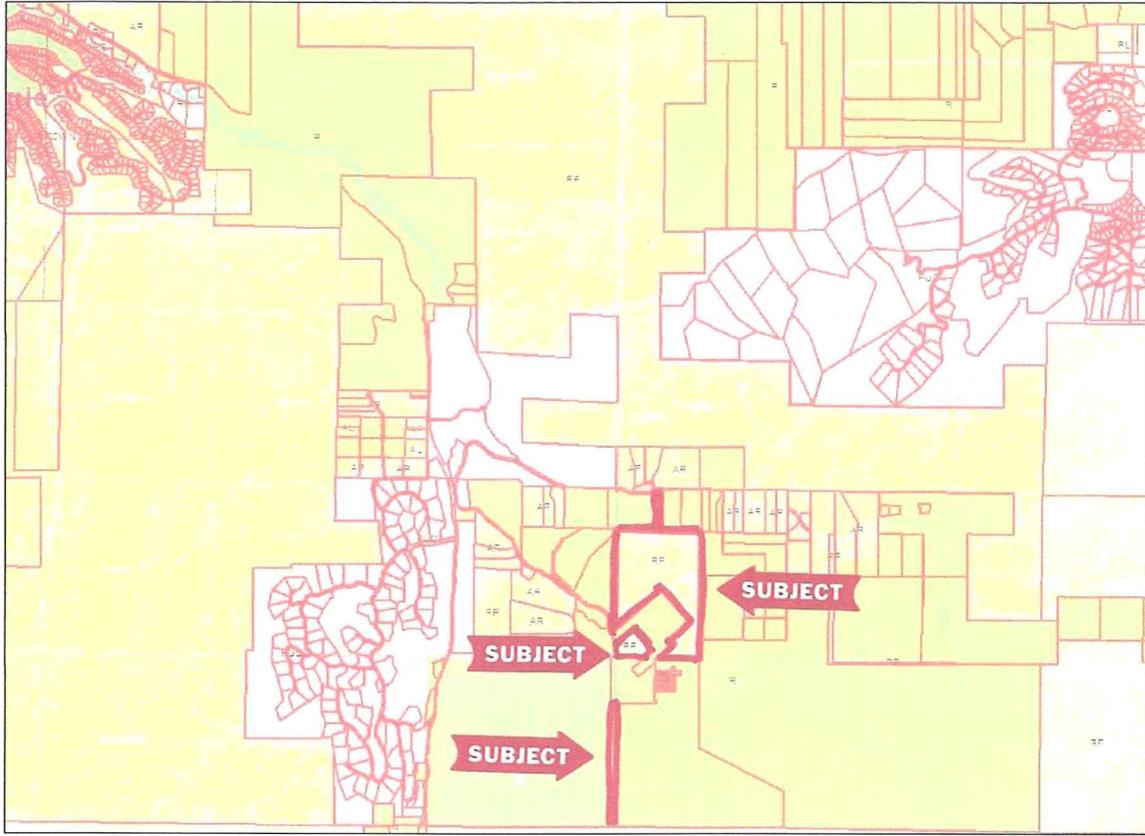
Parcels C, D, and E
 T. 5 S., R. 83 & 84 W., Sixth Principal Meridian, Eagle County, Colorado



- | | |
|--|---|
|  Federal Parcels |  BLM |
|  Lady Belle Ranch |  National Forest |
|  Private |  Colorado State Land Board |



ZONING MAP



HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined for this assignment by The Dictionary of Real Estate Appraisal as “The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity”. The highest and best use conclusion must be clearly supported by market evidence, with the burden of proof on the appraiser if this differs from the existing use of the subject property. Sale or exchange to the United States of America or a public entity is not acceptable, and a “non-economic” highest and best use (such as conservation, natural lands, or preservation) is not valid. Current market conditions and existing zoning are analyzed, and the reasonable probability of a change in zoning must have a factual foundation (market value cannot be predicated upon potential uses that are speculative or conjectural). Since the subject property is vacant land with no existing building improvements, only the highest and best use as if vacant is relevant (i.e., not as improved).

Legally Permissible uses depend on zoning requirements, encumbrances, and other restrictions. As discussed in the Property Data section of this report, Eagle County maintains that the subject parcels would be zoned RP if in private ownership, with a minimum lot size of eighty acres for residential homesites. However, the United States of America would likely not recognize the RP zoning classification as being valid for Federal lands in Eagle County, and default to a minimum buildable lot size of 35 acres (which is consistent with the Resource district and state statute). Under the assumption that the subject parcels were in private ownership prior to adoption of local zoning laws, each would likely be zoned Resource by Eagle County. Thus, the 171.26-acre Parcel C could be parceled by survey only into four homesites (minimum size of 35 acres each), while Parcels D and E would each qualify as one buildable lot that is non-conforming in size. Based on the foregoing, legally permissible uses of the subject property include rural residential development with up to six single-family homesites, as well as agriculture and/or recreation.

Physically Possible uses are determined by location and physical characteristics. As detailed in the Property Data section of this report, Parcels C and E have the appropriate location, size, and topography for agriculture and/or recreation. The Eagle BLM Parcels enjoy a good location near Eagle, in the desirable Brush Creek Valley neighborhood. Private wells and septic systems are allowed for rural homesites, and nearby electric/telephone service could be extended to the site. However, the lack of legal access to a private or public roadway generally precludes any type of residential development at Parcels C and E, as adequate vehicular ingress/egress must exist prior to issuance of a building permit. While the owner could litigate or negotiate with the neighbors to obtain an access easement, this would almost certainly be met with very strong opposition, entail considerable risk, and most likely result in a rather expensive and time-consuming process. Conversely, Parcel D is well-suited for rural residential development as one homesite, since it enjoys year-round access from Bruce Creek Road and has dry utilities available to the boundary. However, the subject property features prime wildlife habitat, which makes each parcel suitable for agriculture (such as seasonal livestock grazing) and/or mountain recreation (i.e., camping, hiking, biking, riding, hunting, winter activities, etc.). Forestry (logging) and mining at the subject are not viable uses due to the lack of these natural resources with commercial value. While the lack of access limits physically possible uses of Parcels C and E to agriculture and/or recreation only, Parcel D could also accommodate rural residential development as one homesite.

HIGHEST AND BEST USE ANALYSIS

Financially Feasible uses are based on supply and demand conditions, and generate a positive return on the required investment. Although rural residential development is neither legally permissible nor physically possible at Parcels C and E, one homesite is an option at Parcel D. According to the Area and Market Data section of this report, the local residential market is not currently in equilibrium, and the supply of available product exceeds demand at the present time. In fact, most proposed or even approved projects have been placed on hold due to insufficient pre-sales and/or financing for vertical construction. Local market participants indicate the Great Recession adversely impacted the area in Fall 2008, and the consensus is that demand for a significant addition to the inventory of residential lots/homes may not be warranted for years. The Town of Eagle submarket primarily caters to the entry-level buyer or working class, with much more affordable housing prices than up-valley resort towns of Avon and Vail. There are several existing rural subdivisions in the neighborhood, including 35-acre tracts and smaller lots with common infrastructure. However, recent sale prices for finished homesites are much lower than achieved prior to the Great Recession, and may not justify acquisition/development costs. While larger holdings near Gypsum that were acquired at the peak of the market are distressed, new development is planned for the Town of Eagle (Eagle River Station and Haymeadow PUD). Since the local market is not currently in equilibrium, large-scale residential development would not be financially feasible (even if allowed) until warranted by improving market conditions.

Maximally Productive uses generate the highest return to the land at the least risk to the owner. Although rural residential development would generate a higher profit, this is not an option at Parcels C and E. Thus, agriculture and/or recreation would be maximally productive, although the nominal income generated from these uses may not justify the required cost of acquisition. However, rural residential development of Parcel D as one homesite is maximally productive since adequate demand currently exists in the subject neighborhood for just one single-family lot. Assemblage of the subject parcels with surrounding private property is a viable option, and the Lady Belle Ranch is the most logical buyer (at appraised market value). The subject parcels could also be encumbered by a perpetual deed of conservation easement to prohibit any future development (which is proposed by Rosenquist after the land exchange), but there would be very little (if any) loss in value from these restrictions at Parcels C and E due to the lack of access.

The highest and best use of the subject property is limited to agriculture and/or recreation for Parcels C and E due to the lack of vehicular access, with rural residential development also an option for Parcel D. The property is also a candidate for assemblage with adjacent private land.

DETERMINATION OF THE LARGER PARCEL

Essential in the conclusion of highest and best use is the determination of the larger parcel for valuation purposes. By applying the rules from UASLFA, it is possible that two physically separate tracts may constitute a single larger parcel, or conversely, a single physical tract may constitute multiple larger parcels. The three tests that must be considered are unity of ownership, unity of use, and physical contiguity, with the subject property not meeting all of these criteria. While all three parcels have common ownership (United States of America), they are separate tracts that do not meet the test of physical contiguity. Moreover, Parcels C and D have the same use of agriculture/recreation due to a lack of access, but Parcel D is suitable for a rural homesite. However, it is my opinion that the same price per acre is applicable to Parcels C and E based on the foregoing highest and best use conclusion of agriculture and recreation, as premiums for smaller parcel size are typically attributed to year-round residential homesites (not an option). Moreover, there does not appear to be an active market for Parcels C and E as separate tracts, and they would almost certainly be sold together so the most logical buyer (Lady Belle Ranch). However, Parcel D is a rural homesite that could easily be marketed as a stand-alone property. Based on the foregoing, I conclude that the subject property comprise two separate larger parcels for valuation purposes, which is consistent with market sales data and the appraisal instructions. Thus, the valuation analysis is based on the conclusion that Parcels C and E comprise one combined larger parcel of 183.23 acres, while Parcel D is a separate larger parcel of 17.41 acres.

APPRAISAL METHODOLOGY

The valuation of real estate typically entails three fundamental techniques: the Cost Approach, the Sales Comparison Approach, and the Income Capitalization Approach. All three approaches are market oriented and based on the principle of substitution. The applicability of each technique is impacted by the type/age of the property, or the quality/quantity of available data.

The Cost Approach is based on the assumption that a prudent purchaser will not pay more for real property than the cost of acquiring a comparable site and constructing improvements of similar quality, condition, and utility. The application of this process involves estimating the market value of the subject site as if vacant, construction and soft costs, an allowance for developer's profit, and deductions for physical depreciation or functional/external obsolescence.

The Sales Comparison Approach involves a detailed analysis and comparison of like properties that were recently purchased, contracted, or listed in the competitive market. When reduced to an appropriate unit of comparison, these transactions can be compared to the subject property and adjusted for pertinent differences, such as financing, market conditions, location, access, size, zoning/land use, and various physical characteristics. The resulting indications from the comparable sales can then be reconciled to a final value estimate for the subject property.

The Income Capitalization Approach is based on the premise that the value of a property that generates income is equal to the present worth of its future benefits. It is typically the most reliable technique for the appraisal of income-producing property. Market rent and operating expenses are estimated, and consideration is given to the rate of return required by an investor in the prevailing market (i.e., capitalization or discount rate). Net income is established, and then converted to value via the Direct Capitalization process. If the cash flows are expected to vary over time, a discount rate may also be applied to a projected income stream over a reasonable holding period via the Yield Capitalization technique. The Development Approach is a variation of the Income Approach, and utilizes a Discounted Cash Flow (DCF) analysis to estimate the bulks value of subdivided projects with five or more units (i.e., lots, condominiums, or homes).

Reconciliation is the remaining step in the valuation process. The results of each approach are weighted by reliability, and a final value estimate is correlated. Although each technique produces an independent indication of value, they are interrelated and depend on market forces.

Valuation of the Subject Property only employed the Sales Comparison Approach via analysis of comparable sales of rural residential properties in the local market on a price per acre basis. The Cost Approach is not applicable since the subject property is currently vacant (bare) land. The Income Capitalization Approach is not necessary for this analysis since the subject parcels do not generate major income from agricultural and/or recreational uses. Moreover, parceling the subject into rural homesites is not consistent with the highest and best use conclusion based on size and/or access. Thus, the Subdivision Development Approach was not employed for this analysis since this technique is also rather speculative due to the many variables associated with subdivision, and is typically only employed when adequate comparables sales are not available. Because the Sales Comparison Approach was the only technique utilized, it provides the best indication of market value for the subject. Since Parcels C and E comprise one larger parcel of 183.23 acres, these two tracts were appraised as a single economic unit in the "as is" condition via an analysis of comparable sales of larger properties (as adjusted for access). Parcel D was valued as a separate larger parcel of 17.41 acres, based on comparables sales of rural homesites.

SALES COMPARISON APPROACH

The Sales Comparison Approach involves a detailed comparison of the subject property to similar properties that have recently sold in the same or competitive market. This approach is based primarily on the Principle of Substitution, meaning when several commodities or services with substantially the same utility are available, the lower price attracts the greatest demand and widest distribution. In other words, a prudent investor/purchaser would not pay more to acquire a given property in the market, considering that an alternative property may be purchased for less. The steps employed in the Sales Comparison Approach are as follows:

1. Research the market to obtain information relative to transactions (listings, sales, etc.) of properties similar to the subject.
2. Qualify the data as to financing terms, motivating forces, and bona fide nature.
3. Determine the relevant unit of comparison, such as price per acre or per square foot.
4. Compare the transactions to the subject and make adjustments to the price per unit to account for differences in location, economic, or physical characteristics.
5. Reconcile the value indications from the comparable sales and analytical techniques to conclude to a final value estimate for the subject property.

Selection of Comparable Sales

Based on the foregoing highest and best use conclusions, two different types of comparable sales from the local market were analyzed to value the subject property as two separate larger parcels. Adequate data is available for the valuation analysis (despite limited closings since 2007/2008), with relevant details for the thirteen most similar transactions summarized on the following page. The first ten sales are relevant for valuation of Parcels C and E as one holding of 183.23 acres, which report a very wide price range of \$1,879 to \$148,287 per acre. However, only three of these sales are similar enough to warrant direct comparison to this component of the subject property. The last three comparables are rural homesites that were utilized to value Parcel D.

Detailed data sheets for the three sales that were compared to Parcels C and E are found on the second following pages, including a parcel map, topographic map, and appraiser photograph. They are accompanied by a location map, summary and adjustment grid, as well as my narrative analysis and resulting value indication for Parcels C and E (as one larger parcel of 183.23 acres). The seven sales that were not utilized as primary comparables for Parcels C and E are discussed for secondary support, with some explanation given as to why they are not the best transactions. Detailed data sheets for the three homesite sales that were compared to Parcel D are presented after the analysis of Parcels C and E. They are accompanied by a location map, summary and adjustment grid, as well as my narrative analysis and resulting value indication for Parcel D.

Confirmation sources include brokers, sellers, buyers, attorneys, lenders, county assessors, as well as MLS. The transactions were confirmed with knowledgeable parties and public records, and each was inspected by the appraiser to the extent possible (sometimes from nearby roads). My review of comparable sales with ancillary improvements indicates that the purchase price is almost always attributed to the underlying land only. If it was confirmed that the sale included improvements with contributory value, this indicated amount was deducted from the total sale price to provide an estimate of land value only. The appropriate unit of comparison reflects the actions of typical market participants. Since rural properties in the local market are often priced on the basis of deeded acreage, this unit of comparison was employed for Parcels C and E. However, Parcel D was analyzed on a price per lot basis, which is typical for rural homesites.

SUMMARY OF COMPARABLE SALES CONSIDERED FOR THE ANALYSIS

Grantor (Seller) Grantee (Buyer) Location (County)	Sale Date Sale Price Reception	Improvements Land Area Price Per Acre	Description and Comments
THESE SALES WERE SELECTED AS PRIMARY COMPARABLES FOR THE ANALYSIS OF PARCELS C & E			
CRP Holdings, LLC Beecher Creek Ranch, LLC South of Eagle (Eagle)	Nov-2012 \$1,620,000 #201224352	None with value 228.12 acres \$7,102 per acre	Polhad Ranch, adjoins USFS and rural homesites Year-round access from Brush Creek Road, trees Small creeks, some meadows, six rural homesites
Dennis Omar Hansen Hansen Ranch, LLC North of Eagle (Eagle)	Nov-2007 \$3,825,000 #031919	None (vacant) 1,120.00 acres \$3,415 per acre	Hansen Ranch, assembled with Castle Peak Ranch Legal access via rugged jeep trail for one homesite Views, mostly dry land, adjoin State/BLM one side
Dover Place Ltd. CR Nevada Associates, LLC North of Edwards (Eagle)	Jun-2005 \$5,865,000 #921065	None (vacant) 680.63 acres \$8,617 per acre	Edwards Overlook, USFS inholding, trees, views Seasonal access via rugged forest service roads Re-sold in Mar-2008 for \$9,500,000 (62% more)
THESE SALES ARE SUPERIOR TO PARCELS C & E AND WERE NOT SELECTED AS PRIMARY COMPARABLES			
East Lake Creek Ranch, LLP Eagle County, Colorado Adjacent to south of Edwards (Eagle)	Sep-2011 \$3,250,000 #201116164	None (vacant) 160.00 acres \$20,313 per acre	Elk Overlook Parcel, acquired for public open space Year-round access, wet & dry utilities to site, views Future land use allows up to 163 residential lots
Red Mtn. Ranch Partnership, LLLP Eagle Development, Inc. Adjacent to east of Eagle (Eagle)	Aug-2008 \$18,426,500 #200817691	None with value 124.26 acres \$148,287 per acre	Eagle River Station, acquired by national developer Between I-70 and Hwy. 6, wet & dry utilities to site Buyer annexed for large-scale mixed-use project
Kummer Development Corporation Newman Realty Holdings, LLC Adjacent to south of Eagle (Eagle)	Aug-2005 \$15,000,000 #927202	None with value 688.36 acres \$21,791 per acre	Haymeadow PUD, acquired by national developer Fronts Brush Creek Road, wet & dry utilities to site Buyer annexed for large-scale residential project
The Conservation Fund The Vail Corporation Southeast of Eagle (Eagle)	Aug-2004 \$4,768,005 #887826	None (vacant) 357.50 acres \$13,431 per acre	Vassar Meadows, mostly adjoins USFS, trees, views Seasonal access from Brush Creek Road, on creek Acquired for multi-party land exchange with USFS
THESE SALES ARE INFERIOR TO PARCELS C & E AND WERE NOT SELECTED AS PRIMARY COMPARABLES			
Randall & Jean Smith Jackson Ridge, LLC South of Glenwood (Garfield)	Sep-2006 \$212,000 #706546	None (vacant) 112.83 acres \$1,879 per acre	Acquired by neighbor, three lots, adjoins private Above road, steep slopes, no live water, good views No legal or physical access to nearby county roads
Hundred Acre Wood Prop., LLLP JG Real Property, LLC Northeast of Carbondale (Garfield)	Mar-2006 \$3,000,000 #694254	None (vacant) 1,406.31 acres \$2,133 per acre	Portion of Bar Lazy Y Ranch (a/k/a Upper Parcel) Seasonal access, grazing land, adjoins forest/BLM Lower Parcel (524.56 acres) valued at \$6,000,000
Estate of Rufus Merrill Laurence Crystal River Ranch Company, LLP Northeast of Carbondale (Garfield)	Aug-2005 \$3,100,000 #681905	None (vacant) 1,330.00 acres \$2,331 per acre	Acquired by Crystal River Ranch, adjoins BLM No legal access from rough and private jeep trail Trees, springs, views, access easement after sale
THESE HOMESITE SALES WERE SELECTED AS PRIMARY COMPARABLES FOR THE ANALYSIS OF PARCEL D			
Jack Lilienthal Fitzsimmons Trust South of Gypsum (Eagle)	Mar-2011 \$200,000 #201004696	None (vacant) 6.46 acres \$80,960 per acre	Lilienthal Parcel at Hardscrabble Creek Subdivision Year-round access, public wet & dry utilities to site One homesite, no live water, pasture, average views
Udesky Family Trust Ronald & Madeline Moos South of Eagle (Eagle)	Jan-2006 \$500,000 #200602665	None (vacant) 40.50 acres \$12,346 per acre	Parcel Five of Bruce Creek Ranch Subdivision Year-round access, dry utilities only to site One homesite, no live water, good views/exposure
Steve Osterfoss Clemins & Von Tempske South of Eagle (Eagle)	Apr-2005 \$350,000 #913409	None (vacant) 5.10 acres \$63,627 per acre	Lot One of Abrams Subdivision Year-round access, dry utilities only to site One homesite, no live water, pasture, good views

COMPARABLE SALE ONE

Property Identification

General Location: Six miles south of the Town of Eagle, in Brush Creek Valley
Vehicular Access: Year-round from Brush Creek Road (County Road 307)
City/County/State: Unincorporated Eagle/Colorado
Tax Identification: Parcel #2195-012-00-002 and Account #R018600
Legal Description: Part of Sections 1 and 12, Township 6 South, Range 84 West

Property Description

Land Area: 228.12 acres (per survey, versus 225.26 acres per assessor)
Topography: Rolling, some steep slopes, elevation of 7,500 to 8,200 feet
Natural Features: Some hay meadows and trees, minor creeks, average views
Adjacent Land Uses: Adjoins public (USFS) to west/south, private to north/east
Water Rights: Nominal (0.40 cfs of irrigation rights from Beecher Creek)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None with value (hunting cabin), dry utilities at county road
Zoning District: Resource, by Eagle County (minimum lot size of 35 acres)

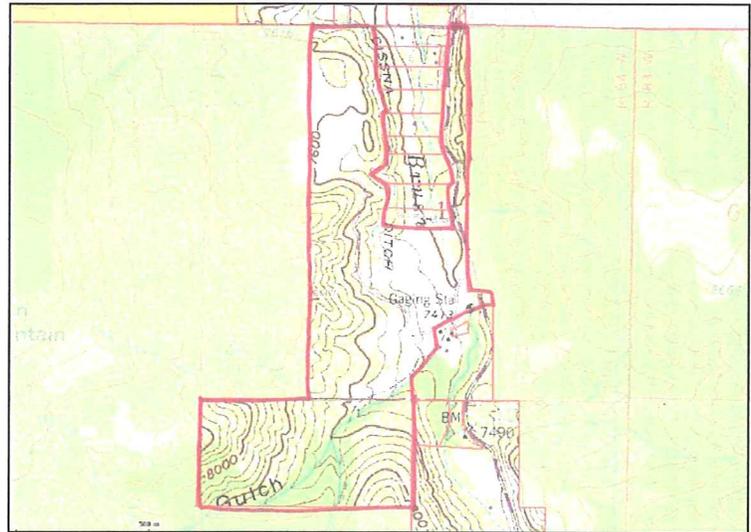
Transaction Data

Grantor (seller): CRP Holdings, LLC
Grantee (buyer): Beecher Creek Ranch, LLC
Date of Sale: November 28, 2012
Recording: Reception #201224353 (warranty deed)
Sale Price: \$1,620,000 (\$7,102 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker and Public Records
Inspected By: Kevin A. Chandler, MAI on 11/15/2012

Comments

Formerly part of the Pohlrad Ranch, this rural holding is situated along Brush Creek Road and the drainage of Brush Creek, and is located five road miles south of the town limits of Eagle. The northern portion of the property surrounds nine platted rural homesites, which encroach into the holding and diminish its privacy and views. A narrow strip of land is situated on the east side of Brush Creek Road, and two-track roadways provide seasonal access to the interior. Brush Creek traverses the east central portion of the holding for a short distance, and Beecher Creek is a seasonal drainage that flows through a rugged gulch in the southern portion. About forty acres is irrigated by a small water right, but the property lacks a major live water amenity. The property adjoins the White River National Forest, with difficult access due to steep slopes. It was owned by a group of attorneys for many years, but most of the partners were ready to sell and the holding was listed for sale in 2008 at an asking price of \$4,000,000. The price was subsequently reduced to \$2,200,000, and seller received two "lowball" offers during Fall 2012. The price of \$1,620,000 was confirmed to be less than market value due to a motivated seller. One of the principals in the buying entity had a long term relationship with the absentee sellers, and had actually managed the property for several years. While the property can be subdivided into six rural homesites as a use by right, the buyers have no immediate plans for development since it was purchased for continued use as a base camp for hunting on adjacent public lands.

COMPARABLE SALE ONE (maps and photograph)



COMPARABLE SALE TWO

Property Identification

General Location: Four miles north of the Town of Eagle and I-70
Vehicular Access: Seasonal use from private two-track road (see comments)
City/County/State: Unincorporated Eagle/Colorado
Tax Identification: Parcel #1939-044-00-006 and Account #R018081
Legal Description: Part of Sections 3/4/8/9/10, Town 4 South, Range 84 West

Property Description

Land Area: 1,120.00 acres (per county assessor not confirmed by survey)
Topography: Rugged, mostly steep slopes, elevation of 8,300 to 9,800 feet
Natural Features: Mostly open grazing land, no live water amenity, good views
Adjacent Land Uses: Adjoin State Land Board section and public (BLM) to south
Water Rights: All owned by seller were conveyed (none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None with value (rustic cabin), dry utilities one mile south
Zoning District: Resource, by Eagle County (minimum lot size of 35 acres)

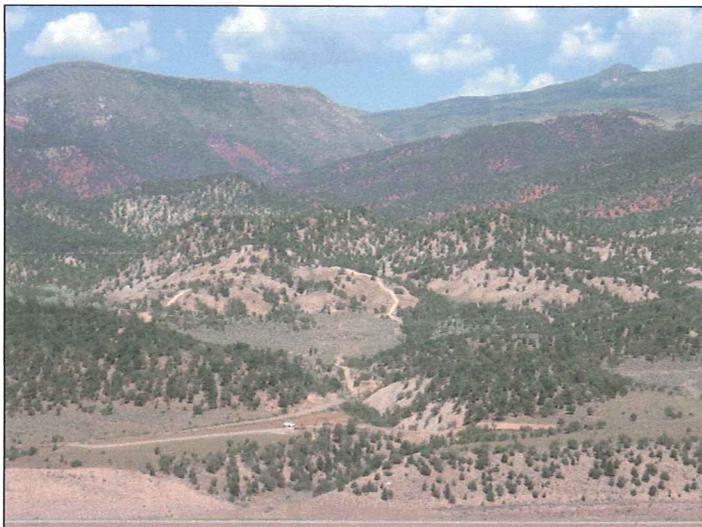
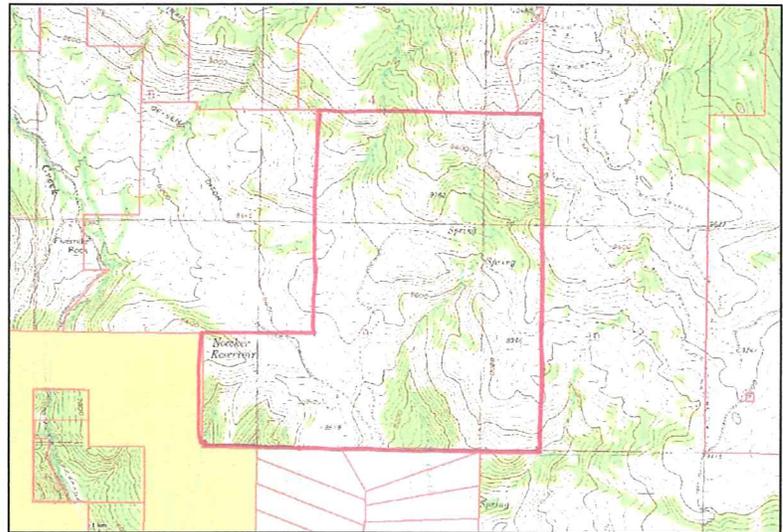
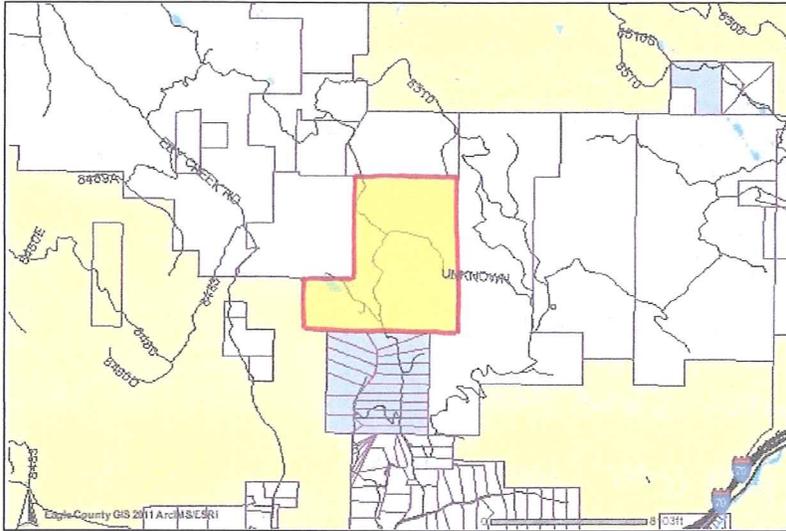
Transaction Data

Grantor (seller): Dennis Omer Hansen
Grantee (buyer): Hansen Ranch, LLC (c/o Castle Peak Ranch)
Date of Sale: November 29, 2007
Recording: Reception #2000731319 (warranty deed)
Sale Price: \$3,825,000 (\$3,415 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker, State Land Board, and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/10/2011

Comments

Formerly part of the Hansen Ranch, this rugged parcel of dry grazing land is situated east of the drainage of Eby Creek, and about four road miles north of the I-70 interchange at Eagle. The property is traversed by Castle Creek (seasonal flows) with several natural springs, but the terrain is mostly sagebrush covered hillsides with a few trees. Noecker Reservoir is the source of irrigation water for the Highlands Meadow rural subdivision (about one mile south), which is partially located on the southwest portion of the site. The property has physical access from a two-track road that traverses the adjacent section to the south (owned by State Land Board). It connects with County Road 33A (a/k/a Rule Road) about 1.5 miles further south to provide year-round access to the subdivision. However, the parcel lacked legal access to a public road, as there was no formal agreement with the SLB and the private road also crosses the "tails" of several platted lots. The seller sued the SLB and owners for legal access to allow subdivision, but was awarded a 30-year road access permit from the SLB to allow limited ingress/egress for one homesite (as well as recreation/agriculture). However, the existing jeep trail does not meet county road standards for a year-round dwelling, and also cannot be modified (per the permit). The property was listed for sale in 2001 at an asking price of \$6,850,000, with the access issue resolved before closing. The buyer is the owner of the 10,500-acre Castle Peak Ranch, which is adjacent to the northwest and provides seasonal access to this property from private roads.

COMPARABLE SALE TWO (maps and photograph)



COMPARABLE SALE THREE

Property Identification

General Location: Two miles north of the Edwards community and I-70
Vehicular Access: Direct but seasonal use only from Forest Service Road 780
City/County/State: Unincorporated Eagle/Colorado
Tax Identification: Parcel #1943-201-00-001 and Account #R016100
Legal Description: Part of Sections 20 & 29, Township 4 South, Range 82 West

Property Description

Land Area: 680.63 acres (per survey, versus 640.00 acres per assessor)
Topography: Rugged, mostly steep slopes, elevation of 8,200 to 8,800 feet
Natural Features: Meadows, trees, no live water amenity, very good views
Adjacent Land Use: Surrounded by the White River National Forest (inholding)
Water Rights: All owned by seller were conveyed (none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), public utilities about two miles away
Zoning District: Resource, by Eagle County (minimum lot size of 35 acres)

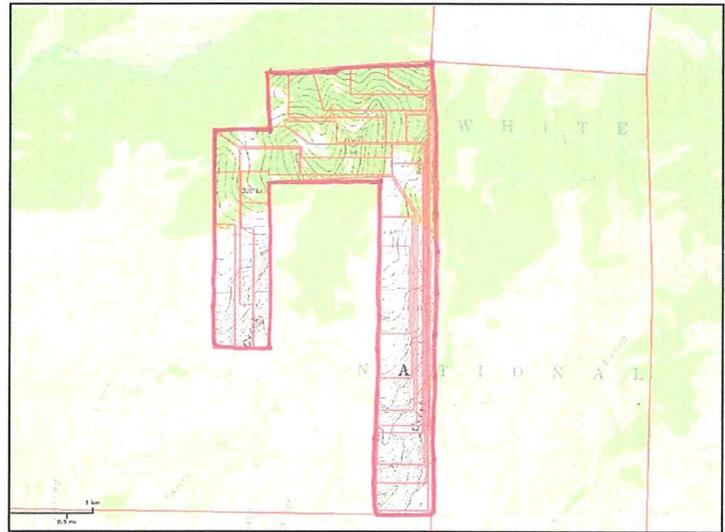
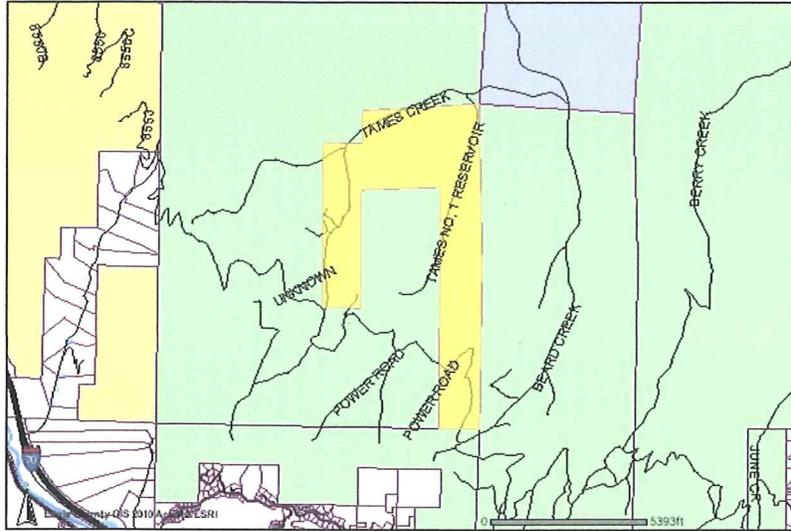
Transaction Data

Grantor (seller): Dover Place, Ltd.
Grantee (buyer): CR Nevada Associates, LLC
Date of Sale: June 17, 2005
Recording: Reception #921065 (warranty deed)
Sale Price: \$5,865,000 (\$8,617 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash Equivalent (\$1,150,000 down, seller carry, market rate)
Verification: Buyer and Public Records
Inspected By: Kevin A. Chandler, MAI on 6/14/2011

Comments

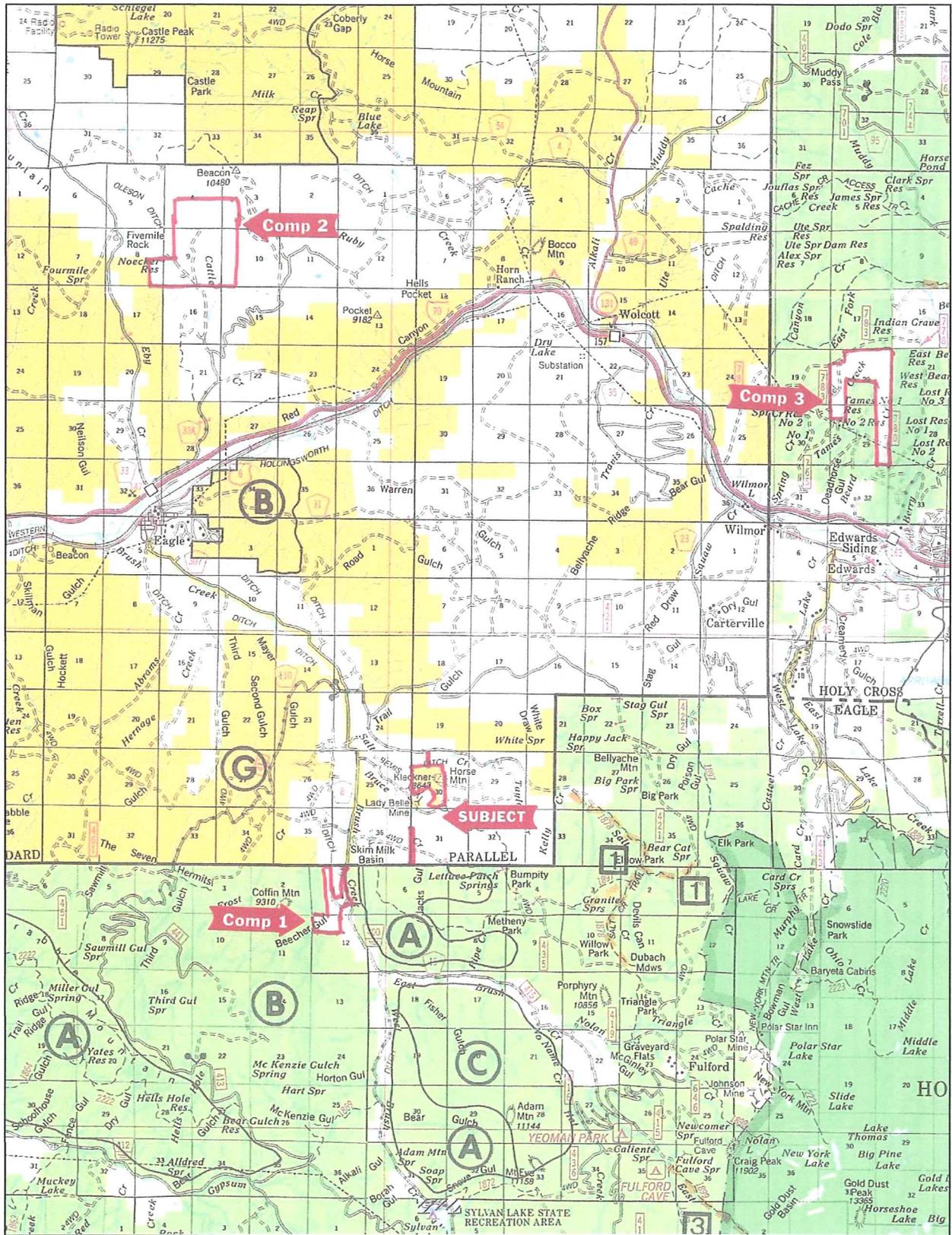
Known as the Edwards Overlook parcel, this prominent inholding is located directly north of the Interstate-70 corridor at Edwards. It has an irregular shape, with slopes of at least 30% on half of the parcel. The property has seasonal access from Forest Service Roads 774 and 780, which are rugged jeep trails that are 2.6 road miles from the closest county winter maintenance. While the legal description indicates the holding comprises sixteen 40-acre quarter-quarter sections, the surveyed land area is larger due to section lines that do not run on a square grid. The buyer planned to subdivide the parcel into nineteen 35-acre homesites, upgrade existing roads to allow year-round access, and extend dry utilities at a cost of \$4,000,000 to \$6,000,000. However, no approvals were obtained due to difficulties with the county planning process, and the land was re-sold to another developer (Berlaimont Estates, LLC) in March 2008 for \$9,500,000. Since the physical and legal condition of the property was the same, the indicated appreciation from market conditions only equates to 22% per annum (62% over 34 months). The current owner applied for an access easement from the U.S. Forest Service in Winter 2009 to reconstruct and pave existing forest service roads to provide year-round access. However, they abandoned the project, as requested variances from Eagle County to allow development of more than three rural homesites with only one exit were rejected in Fall 2010. The current owner (Berlaimont Estates, LLC) re-platted the holding as nineteen 35-acre homesites in 2011.

COMPARABLE SALE THREE (maps and photograph)



COMPARABLE SALES LOCATION MAP

SUTEY RANCH BLM LAND EXCHANGE - FEDERAL PARCELS C AND E



**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID
SUTEY RANCH BLM LAND EXCHANGE - FEDERAL PARCELS C AND E**

Description	Subject Property	Sale One	Sale Two	Sale Three
Identification	Eagle BLM Parcels C & E	Former Polhad Ranch	Hansen Ranch	Edwards Overlook
Access (type)	Pedestrian (foot/horse)	CR 307 (year-round)	Pedestrian (foot/horse)	FSR 780 (seasonal)
Deeded Acres	183.23	228.12	1,120.00	680.63
Jurisdiction	Eagle County	Eagle County	Eagle County	Eagle County
Zoning (min. lot size)	Resource (35 acres)	Resource (35 acres)	Resource (35 acres)	Resource (35 acres)
Date of Sale	N/A	11/28/2012	11/29/2007	6/17/2005
Total Purchase Price	N/A	\$1,620,000	\$3,825,000	\$5,865,000
Value of Improvements	None	<u>\$0</u>	<u>\$060</u>	<u>\$0</u>
Price for Land Only	N/A	\$1,620,000	\$3,825,000	\$5,865,000
Price Per Acre	N/A	\$7,102	\$3,415	\$8,617
Adjustments				
Market Conditions	Current	0%	-25%	0%
Time Adjusted Price		\$7,102	\$2,561	\$8,617
Access	Pedestrian Only	-75%	0%	-50%
Access Adjusted Price		\$1,775	\$2,561	\$4,309
Property Rights	Fee Simple	=	=	=
Financing Terms	Cash	=	=	=
Conditions of Sale	Normal	+	=	=
Location	Good	=	+	+
Adjacent Land Uses	Average	-	-	--
Utility Availability	Good	=	+	+
Natural Features	Average	=	=	=
Views/Exposure	Good	+	=	-
Property Size	Average	=	=	=
Zoning/Land Use	Rural Residential	=	=	=
Net Adjustments		+	+	-
Indicated Value		> \$1,775 per acre	> \$2,561 per acre	< \$4,309 per acre

SALES COMPARISON APPROACH

Analysis of Comparables for Parcels C and E

Prior to adjustments, the comparables indicate a wide price range of \$3,415 to \$8,617 per acre. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (i.e., time), location, access, adjacent land uses, utility availability, natural features, views/exposure, existing improvements, property size, as well as zoning/land use regulations. An explanation of the adjustments made to the comparable sales is summarized in this section.

Quantitative Adjustments for Parcels C and E

In my opinion, insufficient data exists in the local market to make a matched-pair analysis of the sales and derive well-supported quantitative adjustments (i.e., percentage or dollar amounts) for most units of comparison. The exception is dollar adjustments for any existing improvements as well as percentage adjustments for market conditions and access, which are discussed as follows:

Existing Improvements may have contributory value if the structures will be used by the buyer. However, both of the subject parcels are vacant land, and all of the comparables were either vacant land at closing, or had older building improvements with zero contributory value. Thus quantitative adjustments are not warranted to any of the comparables for existing improvements.

Market Conditions are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. The most appropriate technique to measure appreciation and/or depreciation in value during the time period surveyed is via re-sales of the same property. The only recent example is Sale Three, which was acquired by another developer in March 2008 for \$9,500,000 and indicates appreciation of 22% per annum since the prior closing in June 2005. However, it is most appropriate to analyze the 2005 purchase of this property to reflect current market conditions, as the 2008 acquisition reflects peak pricing for a proposed rural subdivision. As illustrated in the Area Description section of this report, the Eagle County real estate market is currently soft with a trend of lower sale volumes and prices for most property types from peak levels that were achieved between 2006 and 2008 (especially for speculative development land). This is supported by an analysis of residential assessed values in Eagle County (as summarized below), with median and average values as of June 2010 generally consistent with closed sales from January 2005 through June 2006. Current values are believed to be similar to June 2010.

Year of Value	Sales Period Used For Re-Appraisal	Median Assessed Value for All Residential Units	Annual Change	Average Assessed Value for All Residential Units	Annual Change
2005	1/1/2003 thru 6/30/2004	\$405,780	+11.73%	\$715,610	+10.79%
2007	1/1/2005 thru 6/30/2006	\$620,730	+52.97%	\$1,054,842	+47.40%
2009	1/1/2007 thru 6/30/2008	\$760,640	+22.54%	\$1,298,715	+23.12%
2011	1/1/2009 thru 6/30/2010	\$546,640	-28.13%	\$996,262	-23.29%

The consensus among local market participants that I surveyed is that rural property values in the Eagle County market have regressed to levels experienced circa 2005 (before the recent boom). This is especially true of properties (and lots) that were acquired at the peak of the market for speculative development, which local brokers suggest have declined in value by as much as 75%. Although subjective, it is reasonable to assume that current values for development land are 25% less than recent peak levels (2006 through 2008), but are similar to prices achieved circa 2005. Based on the foregoing, Sale One occurred in November 2012, while Sale Three closed in June 2005 but reflects current market conditions. Thus, time adjustments were not made to these two comparables. However, Sale Two was purchased at the peak of the market in November 2007, with a downward adjustment of 25% warranted for declining market conditions since closing.

SALES COMPARISON APPROACH

Access takes into account ingress/egress from surrounding roads, and has a primary influence on value for mountain properties. Although most buyers are seeking solitude, the degree of access dictates the type of uses and residential development allowed (i.e., seasonal versus year-round). The consensus from knowledgeable local market participants is that a lack of vehicular access significantly impacts value, with very few buyers resulting in discounted prices of 50% to 75%. In order to extract percentage adjustments, several sales of rural properties with pedestrian only (or very limited vehicular) access were compared to similar sites that had ingress/egress from some type of public road. However, the three land sales from Garfield County are instructive for analysis since they lacked adequate vehicular access for rural residential development at closing. Some "matched-pair" data of this type is also available in the local market, with this information supplemented by other transactions in similar mountain resort areas of Colorado. My analysis of this data is summarized on the next page, including some pairing with no legal easement only. Mining claims and inholdings comprise the bulk of the data, as they often have difficult access. The indicated percentage adjustment for properties that lack vehicular access (pedestrian only) ranges from negative 70% to negative 81% from the pairings of Sale A to B, Sale C to D, Sale E to F, Sale G to H, as well as Sale I to J. The average adjustment for vehicular versus pedestrian access from these five pairings is negative 75%, which is reasonable for the valuation analysis. The last two pairings compare properties with legal access only (via easements) to those without. The indicated adjustment for properties with physical access from a seasonal use road, but no legal right to use it, is negative 31% from Sales K and L, and negative 23% from Sales M and N. Including the acquisition of legal access for the Perry Ranch at 20% of the access impaired land price, the average adjustment for lack of legal access is negative 25%. The extracted difference between physical but not legal access, versus neither legal nor physical access, is negative 50%.

Percentage Access Adjustments are based on market-extracted data per the foregoing analysis. Parcels C and E are appraised with pedestrian ingress/egress only from adjacent land, as existing private jeep trails that traverse each property are not available for use by the general public, and the probability of obtaining legal rights to use these roadways (via litigation) is extremely low. While a long and narrow strip of deeded land at the northern edge of Parcel C touches Salt Creek Road, there is no existing road and the terrain is too steep to reasonably allow vehicular access. Sale One enjoys direct access from a year-round county road, while Sale Three only has seasonal ingress/egress from rugged forest service roads (jeep trails) that traverse adjacent public lands. While both comparables are significantly superior to Parcels C and E in regards to access, each required varying downward adjustments. A negative adjustment of 75% was applied to Sale One since it has legal and physical access from a year-round road. Sale Three warranted a lower downward adjustment of 50% since it is accessible from seasonal forest service (public) roads, but major upgrades would be required to meet county road standards for single-family homesites. Moreover, this holding lacked any legal easement for access from the Forest Service at closing. While Sale Two had a legal easement to traverse private lands for development of one homesite, the agreement prohibits any upgrades or realignment of the existing roadway. Since this rugged jeep trail does not meet county standards, there is essentially no ability to develop the homesite. Although the buyer could physically and legally access the property from his adjacent holding, the sale price reflected the existing lack of ingress/egress for typical buyers on the open market. Thus, Sale Three lacked adequate vehicular access for rural residential development at closing, which is deemed to be similar to the subject parcels with no adjustment warranted for this factor.

SUMMARY OF QUANTITATIVE ADJUSTMENTS FOR ACCESS

#	Identification Location (County)	Seller Buyer	Sale Date Sale Price	Land Area Price Per Acre	Vehicular Access Type of Access
A	Bar Lazy Y Lower Ranch (adjoins BLM) Cattle Ranch Near Carbondale (Garfield)	Hundred Acre Wood JG Real Property, LLC	Mar-2006 \$6,000,000	524.56 acres \$11,438 per acre	County Road 121 Year-round vehicular
B	Bar Y Upper Ranch (adjoins BLM/USFS) Cattle Ranch Near Carbondale (Garfield)	Hundred Acre Wood JG Real Property, LLC	Mar-2006 \$3,000,000	1,406.31 acres \$2,133 per acre	Private two-track road Legal for one homesite
OTHERWISE SUPERIOR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 81%					
C	Rural Residential Property (BLM one side) Vacant Land Near Carbondale (Garfield)	Aspen Blue Sky, LLC 100 Acre Wood, LLC	Apr-2005 \$650,000	102.46 acres \$6,344 per acre	County Road 121 Year-round vehicular
D	Rural Residential Property (adjoins private) Vacant Land Near Carbondale (Garfield)	Smith Jackson Ridge, LLC	Sep-2006 \$212,000	112.83 acres \$1,879 per acre	None (very steep slopes) Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 70%					
E	Accessible Land at Wildcat Ranch Sub. Upscale Project Near Snowmass (Pitkin)	United States of America Wildcat Ranch, Ltd.	May-1993 \$464,000	54.59 acres \$8,500 per acre	Wildcat Ranch Road Year-round vehicular
F	Inaccessible Land at Wildcat Ranch Sub. Upscale Project Near Snowmass (Pitkin)	United States of America Wildcat Ranch, Ltd.	May-1993 \$267,700	123.57 acres \$2,166 per acre	None (no legal easement) Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 75%					
G	Calvaras, Prince Alice Lode, et al Mining Claims Near Aspen (Pitkin)	Cooper Living Trust Tom Barrons (LLCs)	May-2008 \$2,000,000	40.50 acres \$49,383 per acre	Little Annie Road Seasonal vehicular
H	Etcetera Lode, et al Mining Claims Near Aspen (Pitkin)	Cooper Living Trust Pitkin County	Apr-2009 \$750,000	51.20 acres \$14,648 per acre	None (hiking trail) Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 70%					
I	Dives and Triangle Lode Mining Claims Near Fulford (Eagle)	Oyler, Echter, et al Dunco, Inc.	Mar-2005 \$191,000	20.66 acres \$9,245 per acre	Forest Road 418 Seasonal vehicular
J	Polar Star, North Star Lode, et al Mining Claims Near Fulford (Eagle)	James H. Brewster, III Wilderness Land Trust	Aug-2005 \$155,324	75.14 acres \$2,067 per acre	None (hiking trail) Pedestrian (foot/horse)
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR LACK OF VEHICULAR ACCESS EQUIVALENT TO NEGATIVE 78%					
K	Grazing Land at Phippsburg (adjoins private) Vacant Land South of Steamboat (Routt)	RDS, Inc. High Country Lamb, Inc.	Sep-2007 \$1,765,700	679.98 acres \$2,597 per acre	Private road w/ easement Seasonal and legal
L	Grazing Land at Toponas (BLM two sides) Vacant Land South of Steamboat (Routt)	CO State Land Board Eberl Ranch, LLC	Sep-2008 \$1,152,000	640.00 acres \$1,800 per acre	Private road no easement Seasonal but not legal
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR PHYSICAL BUT NOT LEGAL ACCESS EQUIVALENT TO NEGATIVE 31%					
M	Parcel Adjoining Roosevelt N.F. (two sides) Vacant Land Near Jamestown (Boulder)	Hall Cardella	Jul-2006 \$960,000	125.43 acres \$7,654 per acre	Private road from CR 52 Seasonal via easement
N	Parcel Adjoining Roosevelt N.F. (three sides) Vacant Land Near Jamestown (Boulder)	Cline Family Boulder County	Jan-2006 \$1,050,000	179.24 acres \$5,858 per acre	FSR 331 but no easement Seasonal but not legal
OTHERWISE SIMILAR, INDICATED ADJUSTMENT FOR PHYSICAL BUT NOT LEGAL ACCESS EQUIVALENT TO NEGATIVE 23%					
<p>The 471-acre Perry Ranch is located just north of the City of Steamboat Springs, and was acquired by an investor in July 2009 at an arms-length price of \$11,000,000. However, the parcel only had seasonal access from a year-round county road, as it was physically separated by a 70-acre parcel for the Perry-Mansfield Performing Arts School and Camp. The buyer was able to negotiate a legal access easement across adjacent land at closing that allowed year-round access for seventeen rural homesites for a cash payment of \$2,200,000. The market-based cost to acquire legal (but not physical) year-round access equates to 20% of the sale price for the benefiting property. The developer will have to upgrade and construct a new access road at his expense.</p>					
INDICATED ADJUSTMENT FOR LACK OF LEGAL ACCESS FROM EXISTING ROAD EQUIVALENT TO NEGATIVE 20%					

SALES COMPARISON APPROACH

Qualitative Adjustments for Parcels C and E

After the foregoing qualitative adjustments for existing improvements and market conditions, the comparable sales report a time adjusted price range (for land only) of \$2,561 to \$8,617 per acre. Moreover, percentage adjustments for access were then applied to Sales One and Three, which results in a narrower price range after this quantitative adjustment of \$1,775 to \$4,309 per acre. Since insufficient data exists for a matched-pair analysis to derive market-supported quantitative adjustments for the remaining factors of comparison, only qualitative adjustments were applied. In this instance, upward adjustments (“+”) were made to each comparable for inferior conditions, with downward adjustments warranted for superior conditions (“-“), but no adjustment required if the condition is deemed similar (“=”). The magnitude of the adjustment may also be expressed by multiple qualitative indications (such as “+ +” or “- - -“). The value of subject Parcels C and E should approximate the price of the most similar sale(s), and would be higher than the inferior sale(s) and lower than the superior sale(s). The qualitative adjustments made are as follows:

Property Rights can influence sale price if more or less than the fee simple estate is conveyed. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. All of the sales represent the transfer of the fee simple interest in the property, with no valuable water rights or mineral rights included for the subject or comparables. Thus, no adjustments are required to any of the comparables for property rights conveyed.

Financing Terms can cause prices to be inflated if the debt obtained is favorable, compared to typical interest rates or loan-to-value ratios available from third party lenders (and vice-versa). The subject property is appraised as cash equivalent, with Sales One and Two being all cash to seller transactions. Sale Three included seller financing at a market interest rate, which was confirmed to have had no influence on the purchase price paid. Since the subject and all of the comparables were cash equivalent transactions, no adjustments are required for financing terms.

Conditions of Sale may influence prices when transactions are not considered to be arms-length. For example, the buyer may also be the adjacent owner and pay a premium, or the seller may be motivated to dispose of the property quickly and accept a liquidation price (below market value). Since Sales Two and Three were confirmed to be arms-length transactions with no unusual conditions of sale noted, adjustments were not warranted to these two transactions for this factor. However, the purchase price for Sale One was confirmed to be less than market value, as the seller was motivated and the amount was influenced by a favorable relationship with the buyer. Thus, an upward adjustment was made to this comparable for below market conditions of sale.

Location takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. The subject has a good location near the Town of Eagle in the desirable Brush Creek Valley, and is in close proximity to local services, I-70, and public lands. Since Sale One is located in the same neighborhood, it is similar and did not warrant adjustment. However, Sales Two and Three are situated some distance north of I-70 interchanges at Eagle and Edwards, respectively, which is more remote from each town without any local services. These comparables are deemed to be inferior to the subject, and warranted upward adjustments.

Adjacent Land Uses reflect whether the subject and comparable sales adjoin public or private property, with public more desirable than private. The subject has average adjacent land uses, as it is mostly surrounded by private property (Parcel E borders the national forest to the south). All of the comparables are superior in this regard, as they adjoin public land on at least one side. Slight downward adjustments were made to Sales One and Two since they border public on one or two boundaries, with a greater magnitude warranted to Sale Three since it is a true inholding.

SALES COMPARISON APPROACH

Utility Availability is considered to be a positive factor for rural properties, as the presence of these services provides a benefit for most types of development, and thus commands a premium. Since neither the subject property nor any of the comparables have public water or sewer service available, this factor primarily considers dry utilities. Electric/telephone service exists in close proximity to the southwest corner of Parcel C, and utility availability is considered to be good. Since these dry utilities are also available to the eastern boundary of Sale One, no adjustment is required for this factor. However, Sales Two and Three are rather remote holdings that are some distance (about one to two miles) from the nearest electric/telephone service. They are inferior to the subject property in regards to utility availability, with slight upward adjustments made.

Natural Features reflects the positive influence on value from desirable physical characteristics, such as a water amenity (creek, river, or lake), irrigated land, topography, vegetation (trees), etc. The subject parcels have average natural features, with typical vegetation and some trees, but the terrain is steep in some areas, and each lacks a live water amenity as well as irrigated acreage. All of the comparable sales have steep terrain, and none features a major live water amenity. Since each comparable also has average natural features that are considered to be similar to the subject parcels, no adjustments are warranted for this factor.

Views/Exposure accounts for the fact that properties with southern (sunny) exposure and long range views of the area (mountains) are generally more desirable, and thus command a premium. Parcels C and E have good views of the surrounding area and mountains from upper elevations. Sale One has average views of the valley that are somewhat obstructed by adjacent residences, which is slightly inferior to the subject and thus warranted an upward adjustment. Sale Two enjoy good views of the area, which is similar to the subject and did not warrant adjustment. However, Sale Three features very good (panoramic) views of the area, including the Beaver Creek ski area looking south, with a downward adjustment made for this slightly superior factor.

Property Size adjustments are based on the general rule that the smaller the parcel, the higher the unit price (and vice-versa). Since fewer users have the resources to purchase a larger parcel, less demand should result in a lower unit value. The local market indicates a price discount for large ranches (more than 2,000 acres), and a premium for smaller parcels (less than 40 acres). Since there is no conclusive data to indicate a difference in per acre price exists for rural parcels that range in size from about 100 acres to somewhat more than 1,000 acres, none was assumed. Parcels C and E comprise 183.23 acres in one holding, which is an average size for the market. Since the comparable sales comprise between 228.12 and 1,120.00 acres, each is an average size property that is similar in regards to Parcels C and E, and thus did not warrant adjustment.

Zoning/Land Use is another consideration, since land use regulations dictate the permitted use and density of the property. Parcels C and E are appraised under a hypothetical condition that each would be zoned Resource by Eagle County if in private ownership, which permits one single-family dwelling unit per 35 acres as a use by right (i.e., rural residential density). All of the comparables are also zoned Resource by Eagle County, with no vested density or approvals, and the future land use designations for each property does not allow more intense development. Thus, each is considered to be similar to the subject in this regard and did not require adjustment.

SALES COMPARISON APPROACH

Summary of Comparables for Parcels C and E

A summary of the adjustments made to each comparable sale, and the resulting value indication for the Eagle BLM Parcels C and E on the basis of price per acre, is summarized as follows:

Sale One is the former Polhad Ranch, which is located two miles southwest of the subject and six miles south of Eagle, along Brush Creek Road as it enters the White River National Forest. This holding comprises 228.12 acres of land with no valuable building improvements, and was recently purchased in November 2012 for \$1,620,000, or \$7,102 per acre. The purchase price was confirmed to be less than market value due to a relationship between the sellers and buyers. By direct comparison to the subject, no quantitative adjustment is required for market conditions since the sale is very current. However, a negative adjustment of 75% for significantly superior access results in an adjusted price of \$1,775 per acre. Qualitative upward adjustments for below market conditions of sale as well as slightly inferior views/exposure are partially offset by a downward adjustment for slightly superior adjacent land uses. It is otherwise similar, and the indicated market value of subject Parcels C and E would be slightly more than \$1,775 per acre.

Sale Two is located about nine air miles northwest of the subject, and is four road miles north of the Town of Eagle. This 1,120.00-acre property has very limited access from private roads, and was acquired by the neighbor in November 2007 for a price of \$3,825,000, or \$3,415 per acre. By direct comparison to the subject, a quantitative adjustment of negative 25% for declining market conditions since closing (at the peak of the market) results in a time adjusted sale price of \$2,561 per acre. Since the access is deemed similar, no adjustment is warranted for this factor. Upward qualitative adjustments for slightly inferior location and utility availability are partially offset by a downward adjustment for slightly superior adjacent land uses. It is otherwise similar, and the indicated market value of subject Parcels C and E is slightly more than \$2,561 per acre.

Sale Three is known as the Edwards Overlook parcel, a private inholding in the White River National Forest that is located north of Edwards, about seven air miles northeast of the subject. While this 680.63-acre parcel was most recently purchased for rural subdivision in March 2008 for \$9,500,000, or \$13,958 per acre, this sale was consummated during the peak of the market. My analysis utilizes the prior sale in June 2005 at a price of \$5,865,000, or \$8,617 per acre, as it more accurately reflects current market conditions. The vacant land was unimproved at closing. By direct comparison to the subject, a quantitative adjustment of negative 50% for superior access indicates an adjusted sale price of \$4,309 per acre. Downward adjustments for somewhat superior adjacent land uses and slightly superior natural features are mostly offset by upward adjustments for slightly inferior location as well as utility availability. No other adjustments were made, and the indicated value of Parcels C and E is slightly less than \$4,309 per acre.

SALES COMPARISON APPROACH

Other Sales Considered for Parcels C and E

Seven other sales were considered but not analyzed as primary comparables for Parcels C and E due to various reasons, which report a very wide price range of \$1,879 to \$148,287 per acre. Eagle County purchased a 160.00-acre parcel at Edwards in September 2011 for \$20,313 per acre, which was based on third party appraisal. However, the property is far superior in regards to location, access, utility availability, and zoning/land use. The main outlier is the August 2008 purchase of the proposed Eagle River Station site at \$148,287, which is not truly comparable and included for informational purposes only. More instructive is the August 2005 sale of 688.36 acres for the Haymeadow PUD, which borders the southern town limits of Eagle. Similar to the aforementioned open space purchase at Edwards, this property is far superior to Parcels C and E. The Vassar Meadows is a national forest inholding located south of Eagle in Yeoman Park that was acquired for a federal land exchange with the U.S. Forest Service at \$13,431 per acre, but is somewhat superior to the subject in terms of access, adjacent land uses, and natural features. The other three sales are access-impaired ranch sales from neighboring Garfield County, and the purchase prices of \$1,879 to \$2,331 per acre essentially reflect pedestrian ingress/egress only. Each is slightly inferior to subject Parcels C and E in regards to location or natural features.

Value by Sales Approach for Parcels C and E

After adjustments, the comparable sales indicate a market value for subject Parcels C and E that would be slightly more than \$1,775 as well as \$2,561 per acre, respectively, and slightly less than \$4,309 per acre. The average land only sale price for all three transactions, after percentage adjustments for time and access, equates to \$2,882 per acre. This value range is significantly less than the foregoing secondary sales that are deemed to be superior, but slightly more than the three sales from Garfield County with limited access. The most comparable transactions indicate a value for the subject property of about \$2,000 to \$3,000 per acre, which is consistent with other properties in the State of Colorado that only have pedestrian ingress/egress. For example, Sales F, J, and L from the foregoing access study report prices of \$2,166, \$2,067, and \$1,800 per acre, respectively, but the subject enjoys a superior location near Eagle. Based on the foregoing, it is my opinion that the current market value of the Eagle BLM Parcels C and E is \$3,000 per acre, with a total value for the 183.23-acre holding (as a single larger parcel) calculated as follows:

$$\text{Market Value} = 183.23 \text{ Acres} \times \$3,000/\text{Acre} = \$549,690$$

Rounded to \$550,000 (nearest \$5,000 per local custom)

VALUE OF SUBJECT PARCELS C AND E VIA SALES APPROACH **\$550,000**

COMPARABLE SALE FOUR

Property Identification

General Location: Southeast Quadrant of Gypsum Creek and Amherst Roads
Physical Address: TBD Wesleyan Road, Gypsum, Colorado 81637
Vehicular Access: Direct and year-round from Amherst Road (paved)
City/County/State: Unincorporated Eagle/Colorado (south of Town of Gypsum)
Tax Identification: Parcel #2111-204-01-021 and Account #R024397
Legal Description: Lilienthal Parcel, Hardscrabble Creek Subdivision

Property Description

Land Area: 6.46 acres (per subdivision plat map and county assessor)
Topography: Rolling, no steep slopes, average elevation of 6,800 feet
Natural Features: Open grazing pasture, no trees or live water, good views
Adjacent Land Uses: Surrounded by private, public (BLM) one-third mile east
Water Rights: All owned by seller were conveyed (none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), public wet and dry utilities to boundary
Zoning District: Rural Residential (RR), by Eagle County

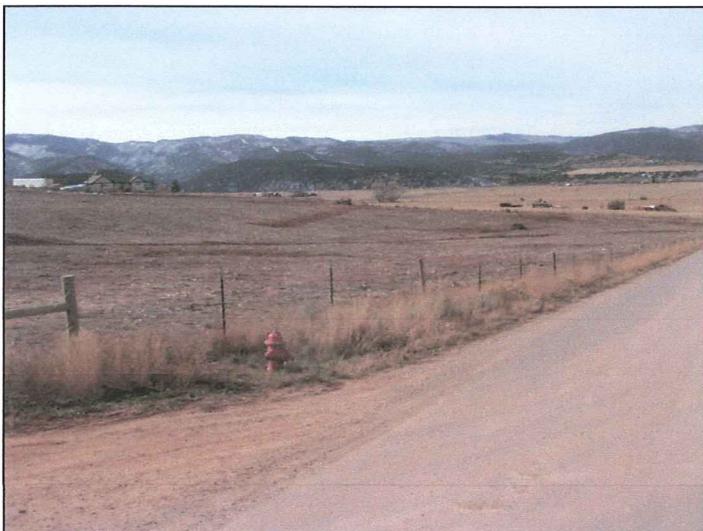
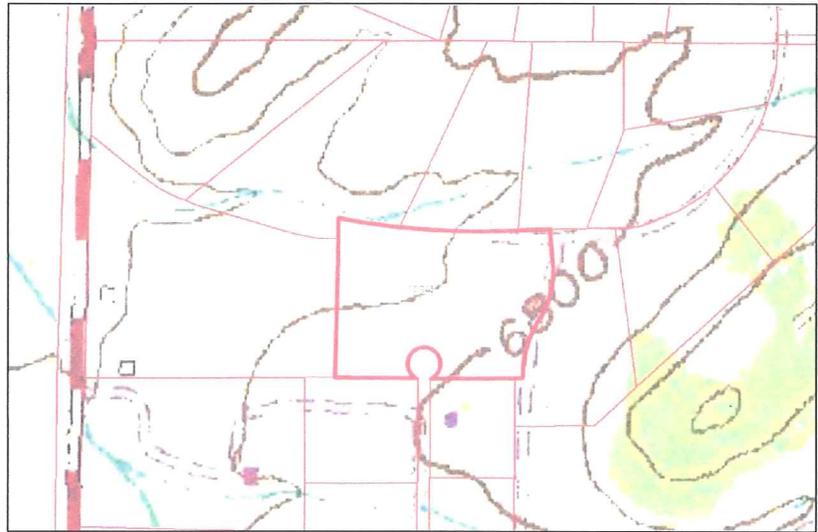
Transaction Data

Grantor (seller): Jack Lilienthal
Grantee (buyer): Josh Fitzsimmons and Sara Brook Fitzsimmons (JT), and the James A. Fitzsimmons Trust (dated November 12, 1993)
Date of Sale: March 18, 2011
Recording: Reception #201004696 (special warranty deed)
Sale Price: \$200,000 (for one homesite, equates to \$30,960 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Seller financed \$100,000 at 5% annual interest for four years
Verification: Buyer and Public Records
Inspected By: Kevin A. Chandler, MAI on 11/11/2011

Comments

This rural residential lot is situated about one-half mile south of the town limits of Gypsum, but is about one-quarter mile northeast of the Brightwater PUD (which is annexed into the town). It is located east of Gypsum Creek Road (a major arterial) and west of a block of BLM land, with year-round access from Amherst Road as it forms the northern boundary. The parcel has secondary ingress/egress from Wesleyan Road, which is gravel surface and terminates in a cul-de-sac near the southern boundary. Wet and dry utilities are available to this vacant lot, and it meets the minimum lot size of two acres per the Rural Residential zoning district. Originally approved as private open space, the seller amended the plat in 2005 to allow one dwelling unit. Although not formally listed for sale, the lot was acquired by a neighbor in an arms-length transaction at market value. They have no immediate plans to build, and are using the fenced parcel for horse pasture with hay production. The seller financed half of the price over four years at a market interest rate, which was confirmed to have no impact on the amount paid.

COMPARABLE SALE FOUR (maps and photograph)



COMPARABLE SALE FIVE

Property Identification

General Location: Northeast Quadrant of Brush Creek and Bruce Creek Roads
Physical Address: 1064 Bruce Creek Road, Eagle, Colorado 81631
Vehicular Access: Direct and year-round from Bruce Creek Road (gravel)
City/County/State: Unincorporated Eagle/Colorado (south of Town of Eagle)
Tax Identification: Parcel #2109-251-00-005 and Account #R027018
Legal Description: Parcel 5, Bruce Creek Ranch Subdivision

Property Description

Land Area: 40.50 acres (per subdivision plat map and county assessor)
Topography: Rolling, no steep slopes, elevation of 7,400 to 7,600 feet
Natural Features: Mountain pasture, some trees, no live water, good views
Adjacent Land Uses: Surrounded by private, public (BLM) at northeast corner
Water Rights: All owned by seller were conveyed (none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), public dry utilities only to boundary
Zoning District: Resource (R), by Eagle County

Transaction Data

Grantor (seller): The Richard H. and Kandice S. Udesky Family Trust
(dated November 7, 1990)
Grantee (buyer): Ronald J. Moos and Madeline Moos (JT)
Date of Sale: January 11, 2006
Recording: Reception #200602665 (warranty deed)
Sale Price: \$500,000 (for one homesite, equates to \$12,346 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker and Public Records
Inspected By: Kevin A. Chandler, MAI on 11/15/2012

Comments

This rural residential homesite is situated about six miles southeast of the town limits of Eagle, and is one-half mile east of Brush Creek Road and one-quarter mile south of Salt Creek Road. It enjoys year-round access from Bruce Creek Road, which forms the southern boundary, and the northeast corner touches a tract of BLM land on Horse Mountain (a/k/a Federal Parcel C). Electric and telephone service is available at the road, but a private well and septic disposal system was installed by the buyer since there are no public wet utilities in the neighborhood. The property is situated north of Bruce Creek, and enjoys good views of the nearby mountains. This vacant homesite at a platted rural subdivision meets the minimum lot size of 35 acres per the Resource zoning district. It was acquired by a local couple who subsequently constructed a single-family residence, which was listed for sale during 2011 at an asking price of \$1,459,000. The vacant land was listed for sale on MLS prior to closing at an asking price of \$550,000.

COMPARABLE SALE FIVE (maps and photograph)



COMPARABLE SALE SIX

Property Identification

General Location: Northwest Quadrant of Brush Creek and Salt Creek Roads
Physical Address: 6425 Brush Creek Road, Eagle, Colorado 81631
Vehicular Access: Direct and year-round from Brush Creek Road (paved)
City/County/State: Unincorporated Eagle/Colorado (south of Town of Eagle)
Tax Identification: Parcel #2109-243-04-001 and Account #R051964
Legal Description: Lot 1, Abrams Subdivision

Property Description

Land Area: 5.10 acres (per subdivision plat map and county assessor)
Topography: Level, no steep slopes, elevation of 6,800 feet
Natural Features: Sub-irrigated pasture, no trees or live water, good views
Adjacent Land Uses: Surrounded by private, public (BLM) one-quarter mile west
Water Rights: All owned by seller were conveyed (none were adjudicated)
Mineral Rights: All owned by seller were conveyed (no valuable resources)
Improvements: None (vacant land), public dry utilities only to boundary
Zoning District: Resource (R), by Eagle County

Transaction Data

Grantor (seller): Steve J. Osterfoss
Grantee (buyer): Stephen M. Clemins and Nicole Von Tempske (JTWROS)
Date of Sale: April 19, 2005
Recording: Reception #913409 (personal representative's deed)
Sale Price: \$350,000 (for one homesite, equates to \$63,627 per acre)
Rights Conveyed: Fee simple estate
Financing Terms: Cash to seller
Verification: Broker and Public Records
Inspected By: Kevin A. Chandler, MAI on 8/22/2012

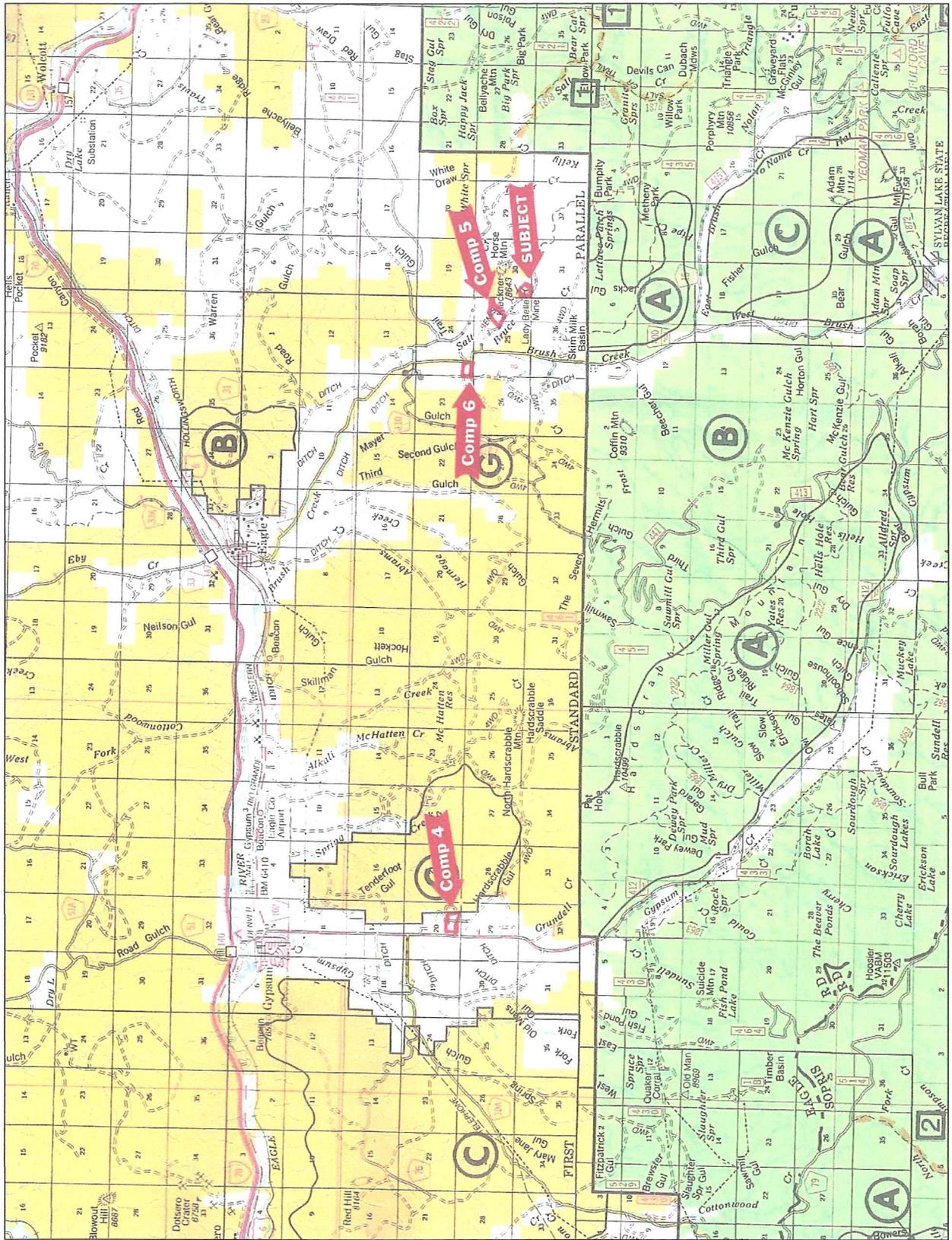
Comments

This rural residential homesite is located about four miles south of the town limits of Eagle, on the west side of Brush Creek Road and just north of the intersection with Salt Creek Road. The parcel enjoys year-round access from Brush Creek Road, which forms the eastern boundary, and is surrounded by other rural homesites but is situated east of a large block of BLM land. Electric and telephone service is available at the road, but a private well and septic disposal system was installed by the buyer since there are no public wet utilities in the neighborhood. It is situated west of Brush Creek, with good views of the surrounding area, and features some sub-irrigated pasture due to return flows from irrigated hay meadows at adjacent properties. This vacant parcel at a platted rural subdivision is smaller than the minimum lot size of 35 acres per the Resource zoning district, but is one legal homesite that is non-conforming in size. It was acquired by a local couple who subsequently constructed a single-family residence.

COMPARABLE SALE SIX (maps and photograph)



COMPARABLE SALES LOCATION MAP SUTEY RANCH BLM LAND EXCHANGE - FEDERAL PARCEL D



**COMPARABLE SALES SUMMARY AND ADJUSTMENT GRID
SUTEY RANCH BLM LAND EXCHANGE - FEDERAL PARCEL D**

Description	Subject Property	Sale Four	Sale Five	Sale Six
Identification	Eagle BLM Parcel D	Lilienthal Homesite	Moos Homesite	Clemins Homesite
General Location	South of Eagle	South of Gypsum	South of Eagle	South of Eagle
Vehicular Access	N/A	Amherst Road	Bruce Creek Road	Brush Creek Road
Deeded Acres	17.41	6.46	40.50	5.10
Jurisdiction	Eagle County	Eagle County	Eagle County	Eagle County
Date of Sale	N/A	3/18/2011	1/11/2006	4/19/2005
Total Sale Price	N/A	\$200,000	\$500,000	\$350,000
Improvements Value	None	\$0	\$0	\$0
Price for Land (lot) Only	N/A	\$200,000	\$500,000	\$350,000
Adjustments				
Market Conditions	Current	0%	0%	0%
Adjusted Price for Access		\$200,000	\$500,000	\$350,000
Property Rights	Fee Simple	=	=	=
Financing Terms	Cash	=	=	=
Conditions of Sale	Normal	=	=	=
Location	Good	+	=	=
Access	Good	=	=	=
Adjacent Land Uses	Average	=	=	=
Utility Availability	Good	-	=	=
Natural Features	Average	=	=	=
Views/Exposure	Average	=	-	-
Property Size	Average (for homesite)	+	-	+
Zoning/Land Use	Rural Residential	=	=	=
Net Adjustments		+	--	-
Indicated Value		> \$200,000 per lot	<< \$500,000 per lot	< \$350,000 per lot

SALES COMPARISON APPROACH

Analysis of Comparables for Parcel D

Prior to adjustment, the comparables indicate a wide price range of \$200,000 to \$550,000 per lot. Consideration was given to property rights conveyed, financing terms, conditions of sale, market conditions (i.e., time), location, access, adjacent land uses, utility availability, natural features, views/exposure, existing improvements, property size, as well as zoning/land use regulations. An explanation of the adjustments made to the comparable sales is summarized in this section.

Quantitative Adjustments for Parcel D

In my opinion, insufficient data exists in the local market to make a matched-pair analysis of the sales and derive well-supported quantitative adjustments (i.e., percentage or dollar amounts) for most units of comparison. The exception is dollar adjustments for any existing improvements as well as percentage adjustments for market conditions, which are discussed as follows:

Existing Improvements may have contributory value if the structures will be used by the buyer. However, the subject Parcel D is vacant land, and all of the comparables were also unimproved homesites at closing with no site or building improvements that had contributory value. Thus quantitative adjustments are not warranted to any of the comparables for existing improvements.

Market Conditions are constantly changing, and real estate values tend to fluctuate over time with economic cycles and local trends. Based on the foregoing analysis of Parcels C and E, current market conditions have declined since 2007/2008, but are deemed similar to 2005/2006. Thus, adjustments are not warranted to any of the comparables for time, as Sale Four closed in March 2011, while Sale Five occurred in January 2006 and Sale Six closed during April 2005.

Qualitative Adjustments for Parcels C and E

Since no qualitative adjustments were made for existing improvements and market conditions, the comparables report a time adjusted price range (land only) of \$200,000 to \$500,000 per lot. Since insufficient data exists for a matched-pair analysis to derive market-supported quantitative adjustments for the remaining factors of comparison, only qualitative adjustments were applied. In this instance, upward adjustments (“+”) were made to each comparable for inferior conditions, with downward adjustments warranted for superior conditions (“-“), but no adjustment required if the condition is deemed similar (“=”). The magnitude of the adjustment may also be expressed by multiple qualitative indications (such as “+ +” or “- - -“). The value of Parcel D at the subject should approximate the price of the most similar sale(s), and would be higher than the inferior sale(s) and lower than the superior sale(s). The qualitative adjustments made are as follows:

Property Rights can influence sale price if more or less than the fee simple estate is conveyed. For example, there may be a leasehold interest, or the surface rights may be sold separately from the subsurface rights. All of the sales represent the transfer of the fee simple interest in the property, with no valuable water rights or mineral rights included for the subject or comparables. Thus, no adjustments are required to any of the comparables for property rights conveyed.

Financing Terms can cause prices to be inflated if the debt obtained is favorable, compared to typical interest rates or loan-to-value ratios available from third party lenders (and vice-versa). The subject property is appraised as cash equivalent, and each comparable sale was an all cash to seller transaction. Thus, no adjustments are required for financing terms.

SALES COMPARISON APPROACH

Conditions of Sale may influence prices when transactions are not considered to be arms-length. For example, the buyer may also be the adjacent owner and pay a premium, or the seller may be motivated to dispose of the property quickly and accept a liquidation price (below market value). Since all of the comparables were confirmed to be arms-length transactions with no unusual conditions of sale noted, adjustments were not warranted to these transactions for this factor.

Location takes into account desirability of the neighborhood, as well as proximity to services, amenities, and support facilities. The subject has a good location near the Town of Eagle in the desirable Brush Creek Valley, and is in close proximity to local services, I-70, and public lands. Since Sales Five and Six are located in the same neighborhood, they are similar in this regard and did not warrant adjustment. However, Sale Four is south of the town limits of Gypsum, and this down-valley location is less desirable than the subject neighborhood due to further distance from a ski area and lower housing prices. Thus, a slight upward adjustment was warranted.

Access takes into account ingress/egress from surrounding roads, and has a primary influence on value for mountain properties. Although most buyers are seeking solitude, the degree of access dictates the type of uses and residential development allowed (i.e., seasonal versus year-round). Parcel D has direct and year-round access from Bruce Creek Road, a public roadway that is adequate for a rural residential homesite. This degree of ingress/egress for the subject property is rated as good. Since all of the comparables have year-round ingress/egress from a public road, they are similar to the subject in this regard and thus did not warrant adjustments for access.

Adjacent Land Uses reflect whether the subject and comparable sales adjoin public or private property, with public more desirable than private. Parcel D has average adjacent land uses, as it is surrounded by private property. Since none of the comparables border public land, each is similar to the subject property in this regard, and did not warrant adjustments for this factor.

Utility Availability is considered to be a positive factor for rural properties, as the presence of these services provides a benefit for most types of development, and thus commands a premium. Since electric/telephone service currently exists along Bruce Creek Road, but there is no public water or sewer service in the neighborhood, utility availability to Parcel D is rated as good. Sales Five and Six have the same dry utilities available, and also require private well and septic, which is similar to the subject with no adjustments required for this factor. However, Sale Four benefits from the availability of public water and sewer service for rural residential development, which is slightly superior to Parcel D and thus warranted a downward adjustment..

Natural Features reflects the positive influence on value from desirable physical characteristics, such as a water amenity (creek, river, or lake), irrigated land, topography, vegetation (trees), etc. Parcel D has average natural features, with typical vegetation and generally favorable terrain, but the property lacks a live water amenity or irrigated acreage. Sales Four and Five have similar topography, and none features a live water amenity. Since these comparables also have average natural features, they are similar to the subject and did not warrant adjustment for this factor. However, Sale Six features level terrain and sub-irrigated pasture due to return flows across adjacent land, which is slightly superior to Parcel D with a downward adjustment made.

Views/Exposure accounts for the fact that properties with southern (sunny) exposure and long range views of the area (mountains) are generally more desirable, and thus command a premium. Parcel D has average of the surrounding valley, as mountain ranges are obstructed by the terrain. Sale Four also has average views of the area which is similar to the subject and did not warrant adjustment. However, Sales Five and Six feature good (mountain) views due to open terrain or higher elevation, with downward adjustments made to each for this slightly superior factor.

SALES COMPARISON APPROACH

Property Size adjustments are based on the general rule that the smaller the parcel, the higher the unit price (and vice-versa). Since fewer users have the resources to purchase a larger parcel, less demand should result in a lower unit value. However, this adjustment has less impact for rural homesites that will only be developed with one single-family home, versus large properties. Market participants indicate that similar prices are often paid for small rural homesites (generally between two and ten acres), with a premium attributed to a larger property (closer to forty acres), and a discount sometimes applied to a very small lot (typically less than one acre). Parcel D comprises 17.41 acres of land area, which is an average size rural homesite for the local market. Since Sales Four and Six comprise 6.46 and 5.10 acres of land area, respectively, each is smaller than the subject with upward adjustments made for this slightly inferior factor. Sale Five is a larger rural homesite at 40.50 acres, with a slight downward adjustment made for superior size.

Zoning/Land Use is another consideration, since land use regulations dictate the permitted use and density of the property. The subject is appraised under the hypothetical condition that it would be zoned Resource by Eagle County if in private ownership, which permits a maximum density of one dwelling unit per 35 acres as a use by right (i.e., rural residential density). However, my analysis assumes Parcel D comprises one legal lot that is non-conforming in size. All of the comparables are also zoned Resource by Eagle County, with no vested density or approvals, and the future land use designations for each property does not allow more intense development. Moreover, each comprises one single-family homesite as a use by right, with Sales Four and Six being non-conforming in size. Thus, each comparable sale is considered to be similar to the subject in regards to zoning/land use, and did not require adjustment.

SALES COMPARISON APPROACH

Summary of Comparables for Parcel D

A summary of the adjustments made to each comparable sale, and the resulting value indication for the Eagle BLM Parcel D on a price per lot basis, is summarized as follows:

Sale Four is the Lilienthal Parcel at the Hardscrabble Creek Subdivision, which is located about ten air miles west of the subject, and one-half mile south of the town limits of Gypsum. This rural homesite is situated east of Gypsum Creek Road, between Amherst and Wesleyan Roads, with year-round access, rolling terrain, and both public wet/dry utilities available. Originally approved for private open space and recreation (it was the proposed site of an equestrian center), the seller amended the plat during 2005 to allow for development with a single-family residence. This 6.464-acre property was acquired by a neighbor in March 2011 at an arms-length price of \$200,000. By direct comparison to the subject, upward adjustments for slightly inferior location and smaller lot size are partially offset by a downward adjustment for slightly superior utility availability. This comparable is generally similar in other regards, and the indicated market value of subject Parcel D after adjustments would be slightly more than \$200,000 per lot.

Sale Five is Parcel Five at the Bruce Creek Ranch Subdivision, and is situated a short distance west of the subject property, on the north side of Bruce Creek Road. This 40.50-acre rural homesite was acquired in January 2006 for development with an owner-occupied single-family residence at an arms-length price of \$500,000. It features favorable topography, year-round access, good views, and dry utilities to the boundary. By direct comparison to the subject, only downward adjustments are warranted for slightly superior views/exposure as well as parcel size. This comparable is similar in other regards, with no inferior factors, and the indicated market value of subject Parcel D after adjustments would be somewhat less than \$500,000 per lot.

Sale Six is Lot One at the Abrams Subdivision, which is located about one air mile northwest of the subject, along the west side of Brush Creek Road. This platted rural homesite comprises 5.10 acres, and was purchased in April 2005 at an arms-length price of \$350,000 for construction of a single-family residence. This level parcel features some sub-irrigated pasture, year-round access, good views, and dry utility services. By direct comparison to the subject, downward adjustments for slightly superior natural features as well as views/exposure are partially offset by an upward adjustment for smaller parcel size. This comparable is similar in other regards, and the indicated market value of subject Parcel D after adjustments would be slightly less than \$350,000 per lot.

SALES COMPARISON APPROACH

Other Sales Considered for Parcel D

Besides numerous sales of rural homesites in Eagle County that were acquired prior to 2010, several other sales were considered but not utilized as primary comparables for various reasons. A 4.97-acre homesite located at 9025 Brush Creek Road sold in September 2006 for \$800,000, but is far superior to the subject since it is traversed by Brush Creek with some irrigated land. Two homesites along Salt Creek Road are listed at the same asking price of \$349,000, namely Lot Two at Salt Creek Ranch (15.51 acres) and Lot One at the VIUF Subdivision (20.08 acres). While lower sale prices are reasonable to allow for a cushion in negotiations, each is slightly superior to the subject in regards to creek amenity as well as good views. I am also aware of the sale of a 34.65-acre parcel that adjoins the ice rink at the southern edge of the Town of Eagle. The property was acquired by the town for public open space in November 2006 for \$56,000, but all development rights (one rural homesite) had been extinguished by a conservation easement. While the highest and best use was basically limited to recreation, the purchase price was confirmed to be substantially less (about one-third) of the appraised fair market value from 2004. Finally, the purchase of a 37.50-acre unplatted tract of land on Basalt Mountain in December 2010 for \$250,000 was considered since it has similar natural features as the subject, but is located outside of the local market area (east of the Town of Basalt in the Roaring Fork Valley).

Value by Sales Approach for Parcel D

After adjustments, the comparables indicate a market value for the subject property that would be slightly more than \$200,000 per lot, slightly less than \$350,000 per lot, and somewhat less than \$500,000 per lot. The average price for all three comparables equates to \$350,000 per lot, which is skewed upwards by Sale Five. Primary emphasis was given to Sales Four and Six, which report an average sale price of \$275,000 per lot. Other sales in Eagle County that were not selected as primary comparables report a wide price range of \$56,000 to \$800,000 per lot. The subject would be expected to fall at the lower end of the spectrum due to its average natural features and views, which adversely impacts its desirability to current buyers as a rural homesite. Based on the foregoing, it is my opinion that the current market value of Eagle BLM Parcel D is \$275,000, which is reported on a price per lot basis (i.e. one total value for the entire property). This equates to \$15,796 per acre for the 17.41-acre parcel, which is bracketed by the primary comparables at \$12,346 to \$63,627 per acre. Parcel D would be expected to command a per acre value towards the bottom of the range due to its average lot size and physical characteristics.

VALUE OF SUBJECT PARCEL D VIA SALES APPROACH

\$275,000

RECONCILIATION AND FINAL VALUE OPINION

The subject of this appraisal is the Eagle BLM Parcels, which are identified as Federal Parcels C, D, and E for the proposed Sutey Ranch BLM Land Exchange. The case includes three other Federal parcels plus two Non-Federal parcels that are located in Eagle, Garfield, and Pitkin Counties, Colorado. The subject comprises 200.64 total acres of vacant land in Eagle County, which are federally owned by the United States of America and managed by BLM. Parcels C and E were appraised as one larger parcel of 183.23 acres since each lacks legal vehicular access from a public road (i.e., pedestrian ingress/egress only). Parcel D has year-round access from Bruce Creek Road, and was valued as a separate larger parcel of 17.41 acres (i.e., one homesite).

Only the Sales Comparison Approach was utilized to value the subject as vacant land, as the Cost and Income Capitalization Approaches are not appropriate techniques for this assignment. The valuation analysis and conclusions are contingent upon certain definitions, assumptions, limiting conditions, certification, and Statement of Work, as are set forth in the foregoing report. Since the subject parcels are in Federal ownership, the appraiser has assumed that the property is in private ownership, zoned consistent with similar non-Federal property in the area (i.e., Resource by Eagle County), and available for sale on the open market.

The Sales Comparison Approach indicates the price investors will pay for a similar property if sufficient transactions are available for analysis. Adequate data regarding comparable land sales exists in the local market, with two different types of transactions utilized for each larger parcel. The Sales Comparison Approach indicates a market value of \$550,000 for Parcels C and E as one holding of 183.23 acres, as well as \$275,000 for Parcel D as one homesite of 17.41 acres. Adding these two components results in a total market value for the combined subject property of \$825,000 (i.e., \$4,111 per acre for 200.64 acres), which is effective as of November 15, 2012.

EIGHT HUNDRED TWENTY-FIVE THOUSAND DOLLARS

\$825,000

ADDENDA

QUALIFICATIONS OF KEVIN A. CHANDLER, MAI

Education

Master of Arts, Real Estate and Urban Analysis, University of Florida
Bachelor of Science, Business Administration (Finance), University of Florida

Affiliations

Member, Appraisal Institute (MAI)
Certified General Appraiser, State of Colorado
Licensed Real Estate Broker, State of Colorado

Experience

Kovacs Real Estate Valuation Services, Inc., Denver, Colorado
Commercial Real Estate Appraisal and Consulting
Concorde Investments, Inc., Tampa, Florida
Commercial Real Estate Development and Investment
Wellington Realty Advisors, Inc., Tampa, Florida
Site Selection for Boston Market and Einstein Bagels throughout Florida
Arthur Andersen, LLP, Atlanta, Georgia
Commercial Real Estate Appraisal and Business Valuation
Real Estate Marketing Consultants, Inc., Tampa, Florida
Commercial Real Estate Appraisal and Consulting

Seminars

Appraising Agricultural Land in Transition
Appraisal Standards for Federal Land Exchanges
Emerging Issues in Water Rights and Energy Development
Condemnation and Litigation Appraising, Advanced Topics

Assignment Types

Federal Land Exchanges
Special Use Authorizations
Commercial Properties
Going Concern and Special-Use
Conservation Easements
Mountain Ranches and Resorts
Subdivision Analysis
Market and Feasibility Studies

Representative Clients

Office of Valuation Services (DOI)
U.S. Forest Service (USDA)
Various Commercial Lenders
Various Individuals and Entities
Yampa Valley Land Trust
National Resources Conservation Service
Colorado Division of Wildlife
Routt County, Colorado (expert witness)

STATE CERTIFIED GENERAL APPRAISER LICENSE

STATE OF COLORADO

Department of Regulatory Agencies
Division of Real Estate

PRINTED ON SECURE PAPER

Active
Cert Gen Appraiser

40022860

Number

Jan 1 2011

Issue Date

Dec 31 2013

Expires

KEVIN ANDREW CHANDLER
STEAMBOAT SPRINGS, CO 80477

Marcia Waters

Program Administrator

K. A. Chandler

Licenses Signature

Statement of Work - SOW
Office of Valuation Services - OVS
Agency Case Number: COC-74812FD
Project Number: L12213 / 00031885

This Statement of Work describes the Department of the Interior Office of Valuation Services (OVS) request for an appraisal of the real estate herein described. All questions, concerns or discussions regarding the proposed Sutey Ranch / BLM Land Exchange shall be addressed directly to the OVS Representative assigned to this project:

Kent Stevens, MAI - Senior Appraiser
Office of Valuation Services
OVS / DOI, 12136 W Bayaud Avenue
Lakewood, CO 80228.00
Telephone: 303-969-5366
Fax: 303-969-5503
kent_stevens@ios.doi.gov

SECTION 1 - SUBJECT IDENTIFICATION AND GENERAL INFORMATION

<p><u>Identification:</u></p>	<p>The project name is Sutey Ranch Land Exchange and it involves six (6) Federal parcels with a total of 1,470.07 acres and two (2) Non-Federal parcels with a total of 668.41 acres. The various parcels associated with the proposed exchange are located in Garfield, Eagle and Pitkin Counties. The property types are Land and Minerals (Fee Simple with some restrictions). The proposed client agency action is a proposed Exchange of Federal Land and Non-Federal land.</p> <p>The appraiser is responsible to determine the number of reports but the Federal parcels are to be presented in at least one report and the Non-Federal parcels are also to be presented in at least one report.</p>
<p><u>Client:</u></p>	<p>U.S. Department of the Interior, Office of Valuation Services (OVS)</p>
<p><u>Intended Users:</u></p>	<p>Office of Valuation Services, BLM Colorado State Office and associated Field Office, Western Land Group and the owner of the Non-Federal land with Gideon Kaufman as representative.</p>
<p><u>Intended Use:</u></p>	<p>For use by BLM Colorado State Office, Denver, CO on behalf of the United States of America in connection with the proposed Exchange of identified Federal and Non-Federal Lands. The appraisal reports of the Federal parcels (one report) and the Non-Federal parcels (one report) are not intended for any other use.</p>
<p><u>Property Description</u></p>	<p>The Federal parcels total 1,470.09 acres and include the</p>

	<p><u>following listed parcels:</u></p> <p>Parcel A - 1,240 acres and located in Pitkin County, CO</p> <p>Parcel B – 28.37 acres and located in Pitkin County, CO</p> <p>Parcel B-1 – 1.0 acre and located in Pitkin County, CO</p> <p>Parcel C – 171.34 acres and located in Eagle County, CO</p> <p>Parcel D – 17.41 acres and located in Eagle County, CO</p> <p>Parcel E – 11.97 acres and located in Eagle County, CO</p> <p><u>The Non-Federal parcels total 668.41 acres and include the following listed parcels:</u></p> <p>Parcel 1 (Sutey Ranch) – 556.63 acres with water rights and located in Garfield County, CO</p> <p>Parcel 2 (West Crown) – 111.78 acres and located in Pitkin County, CO</p>
<p><u>Legal Description:</u></p>	<p>A legal description of Federal Parcels A-E and Non-Federal parcels 1 and 2 are attached with the Statement of Work. The Title Commitment for Non-Federal Parcels 1 and 2 will also be made available to the contract appraiser.</p>
<p><u>Property Interest:</u></p>	<p>The property interest of all the Federal and Non-Federal parcels to be appraised is: Fee Simple - subject to exceptions indicated in the Title Commitments and legal description provided.</p> <p>Any information or observations that are found to be contrary to the above described property rights must immediately be brought to the assigned OVS Review Appraiser's attention as a request for possible amended instructions.</p>
<p><u>Outstanding Rights:</u></p>	<p>A preliminary title commitment or equivalent for federal lands will be provided. Any identified/observed recorded or unrecorded documents, conditions, agreements, easements and/or encumbrances discovered must be identified and discussed in the appraisal report in relation to their impact on value. This list is not comprehensive and it is the appraiser's responsibility to investigate encumbrances on the property.</p>
<p><u>Personal Property:</u></p>	<p>The Sutey Ranch has some older structures. The IVIS Worksheet reports that an old ranch house will probably be removed prior to closing but a cabin will remain.</p>

<u>Property Access:</u>	The IVIS Worksheets report that the two Non-Federal parcels have both legal and physical access while the six Federal parcels have physical access but do NOT have legal access.
<u>Larger Parcel:</u>	Every appraisal that conforms to UASFLA must address the larger parcel issue. The larger parcel(s) must be identified and the reasons for that decision must be provided within each appraisal report with consideration to ownership, best use, and contiguity.
	The appraiser should keep in mind that in situations where there are multiple larger parcels present, the appraisal assignment is to estimate the market value of the property in its entirety. This may require estimating the value of each larger parcel, but simply adding those values together to estimate the value of the whole would violate the Unit Rule. (See UASFLA, Sections A-14 and B-13 for more information.)
<u>Ownership/Occupant:</u>	According to the IVIS Worksheets the legal owner of the Federal parcels is the U.S. Government administered by the Bureau of Land Management while the ownership of the Non-Federal parcels is Leslie and Abigail Wexner.
<u>Tenancies:</u>	There are no tenants.
<u>Owner Contact Information:</u>	Property Owner/Applicant: Leslie and Abigail Wexner Contact: Gideon Kaufman, Kaufman & Peterson, P.C. Address: 315 East Hyman Ave., # 305, Aspen, CO 81611 ' Phone: (970) 925 – 8166 E-Mail: gk@kplaw.com X

Provided Subject Property Information:

The following documents and reports will be provided to the appraiser:

- General Location Maps**
- Legal Descriptions (Federal & Non-Federal)**
- Topo Maps**
- Preliminary Title Commitment**
- Other (IVIS Worksheet)**

SECTION 2 - APPRAISAL REQUIREMENTS AND INSTRUCTIONS

Appraisal Standards:

The appraisal reports must conform to standards established by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practice (USPAP) and the Uniform Appraisal Standards for Federal Land

Acquisitions (UASFLA). No other supplemental standards are applicable.

Market Value

For BLM Land Exchanges use the following Market Value definition:

“The most probable price in cash, or terms equivalent to cash, that lands or interests in lands should bring in a competitive and open market under all conditions requisite to a fair sale. Where the buyer and seller each acts prudently and knowledgeably, and the price is not affected by undue influence.” [43 CFR 2200.0-5(n)]”

Date of Value:

The date of value is the date of the last property inspection, which should be no later than approximately 30 calendar days prior to the submission of the completed appraisal report, unless other arrangements are approved in writing in advance by the OVS Review Appraiser.

Extraordinary Assumptions(EA's):

No extraordinary assumptions have been identified. If the appraiser determines that extraordinary assumptions are necessary for the completion of the assignment, the appraiser must contact the OVS Review Appraiser for prior written approval.

Hypothetical Conditions(HC's):

Hypothetical conditions have been identified for some or all of the Federal parcels in regard to the most probable zoning if they were already in private ownership. No other hypothetical conditions have been identified. If the appraiser determines that additional hypothetical conditions are necessary, the OVS Review Appraiser must be contacted to obtain written approval to employ any such conditions.

Jurisdictional Exceptions(JE's):

If the Appraiser perceives that USPAP Jurisdictional Exception Rule should be invoked to meet certain standards in UASFLA, the Appraiser must contact the OVS Review Appraiser to obtain prior written approval.

Location of EA's HC's and JE's in Report:

All Extraordinary Assumptions, Hypothetical Conditions, and Jurisdictional Exceptions, when authorized by OVS, must be clearly identified, labeled, and communicated wherever the final value conclusion is stated. At a minimum, this will include the letter of transmittal and the summary of salient facts. In addition, these same items must be communicated in conjunction with any General Assumptions and Limiting Conditions within the body of the report.

Property Inspection:

The appraiser must make a personal inspection of the subject property and all of the comparable market properties used in the direct comparison to the subject property unless specific arrangements to the contrary have been approved in writing by the assigned OVS Review Appraiser prior to the commencement of the assignment.

For appraisals with an intended use of acquisition or exchange, the

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (PL 91-646) as amended and the Uniform Appraisal Standards for Federal Land Acquisitions (Section A-4, pages 9 and 10), require the appraiser to offer the property owner and/or the owner representative an opportunity to accompany the appraiser during the property inspection. The appraiser must certify in the report that such an offer was extended.

Permission to enter upon and appraise the property has not been granted. You are to make arrangements for the property inspection with the noted property owner or owner's representative and notify both the BLM Colorado State Office, Denver, CO Realty Specialist and the OVS Review Appraiser as to when the property inspection will take place.

Pre-Work Meeting

The appraiser may be required to attend a pre-appraisal meeting with the assigned OVS Review Appraiser, the client agency Realty Specialist and/or other agency representative, and other interested parties. The date, time and place of the meeting (if required) will be coordinated by the OVS Review Appraiser.

Controversies/Issue:

Should controversies (new) or issues (new) be identified by the appraiser during the course of the assignment, the OVS Review Appraiser identified in Section 3 of this document must be immediately notified.

Legal Instructions:

None.

Special Appraisal Instructions:

1. OVS is the appraiser's client. Even though communication is encouraged with the property owner and the client agency, no appraisal instructions or modifications thereof may be received from any party except OVS. Also, no assignment results or appraisal reports may be communicated to any party except OVS until authorized to do so in writing by OVS. In addition, any contact or correspondence with the Client Agency Realty Contact shall include the assigned OVS Review Appraiser.

General Appraisal Requirements and Instructions:

1. Any Contract or Private Appraiser must hold a valid State Certification as a Certified General Appraiser for the jurisdiction in which the subject property is located. (Valid credentials include those obtained directly from the jurisdiction, those issued under a reciprocity agreement, and/or those characterized as "temporary" under the jurisdiction licensing and certification statutes). OVS Staff Appraisers must hold a valid State Certification as a Certified General Appraiser in compliance with OVS Policy.

2. The OVS Statement of Work (SOW) and employment contract (purchase or task order) must be included within the Addenda to the appraisal reports.

3. The appraiser's scope of work must result in credible assignment results for the intended use.

4. If the appraisal standards above call for compliance with UASFLA, then the presentation format of the reports must conform to the sequence and content in UASFLA.

5. The appraisals are to be documented in a Self-Contained report format. See UASFLA Introduction, (p.9) which states that a report prepared in accordance with UASFLA will be considered as meeting the USPAP requirements for a Self-Contained report.

6. The appraiser must appraise the subject sites in their "As Is" condition by all valuation approaches that are appropriate.

7. **The appraiser's conclusion of highest and best use for each subject site must be an economic use.** A non-economic highest and best use, such as conservation, natural lands, preservation or any use that requires the property to be withheld from economic production in perpetuity, is not a valid use upon which to estimate market value. Nor may a highest and best use be speculative or conjectural.

8. Essential in the appraiser's conclusion of highest and best use is the determination of "Larger Parcel". The appraiser must make a larger parcel determination in every appraisal conducted under UASFLA Standards. (See UASFLA Section A-14 and B-13 for additional information).

9. Documentation of the comparable sales used in direct comparison must comply with reporting requirements of UASFLA and the Uniform Relocation Assistance and Real Property Acquisition Policies Act 1970. For instance, the latter requires "A description of the comparable sales, including a description of all relevant physical, legal and economic factors such as parties to the transaction, source and method of financing, and **verification by a party involved in the transaction.**"

10. Color photographs and maps of comparable properties shall be included in the appraisal report. Aerial photographs for comparable properties will be accepted unless the aerial photographs are so dated that they do not accurately represent the property as it physically existed on the date of inspection. Any unusual property features must be photographed from ground level.

11. If sales to governmental entities, including sales to non-profit entities with the intention of transferring the sale property to a governmental entity, are included in the appraisal report, they are subject to extraordinary verification and treatment. They must be documented in accordance with the guidelines found in UASFLA Section D-9. **Each of the items of Section D-9 must be specifically addressed when communicating the confirmation of any government sales.**

12. The selection of the Unit of Comparison must be supported by analysis.

13. The preferred method of adjusting comparable sales is through supported Quantitative Adjustments (percentage, \$/acre, etc.); Qualitative Adjustments (similar, inferior, or superior) are

to be used only when the market variables cannot be quantified. Quantitative adjustments without support are unacceptable. When the Appraiser must resort to qualitative analyses, support that is more extensive and discussion of the Appraiser's reasoning why a comparable sale is similar, inferior or superior to the subject property is required. All adjustments must be supported by clear, appropriate, and credible analysis based on documented market research. Mere references to undisclosed "trends," or reliance on the Appraiser's "opinion" or "judgment" without market support is an unacceptable practice. Market support includes discussions with buyers/sellers, potential investors, brokers, etc. The Appraiser must also recognize that variances in sale prices may be caused by multiple factors and should not over adjust a comparable by double-counting overlapping items.

14. The appraisal reports will be reviewed for compliance with the terms of this Statement of Work, UASFLA (as applicable), and USPAP. Findings of inadequacy, if any, will require clarification and/or revisions of the report.

15. The appraisal reports and all information furnished to the appraiser are DOI internal documents and are to be considered confidential by the appraiser. All requests for information concerning the appraisal must be referred to the assigned OVS Review Appraiser. The general public is not an intended user of the appraisal report; however the appraiser must also be aware that the Freedom of Information Act (FOIA) and Agency policy may result in the release of all or part of the appraisal report to others.

16. OVS will not normally accept custody of confidential information. Should the appraiser find it necessary to rely on confidential information, he or she will contact the assigned OVS Review Appraiser for instructions. The Review Appraiser will view the information and provide further instruction to the appraiser regarding handling and storage of the confidential information.

17. When the appraiser has performed any services regarding the subject property within the three prior years, he or she must appropriately disclose this information following the direction of the USPAP Ethics Rule, Conduct Section. This disclosure must be made within the proposal and also in the completed report.

SECTION 3 - CONTRACTING, PERFORMANCE and PAYMENT

Contracting Officer's Technical Representative/OVS Review Appraiser

Questions regarding appraisal instructions and/or technical requirements for this solicitation should be addressed to the OVS Review Appraiser named below who is acting as the Contracting Officer Technical Representative (COTR) for this project. Contact information for the Contracting Officer and Client Agency Realty Specialist is also provided below.

OVS Review Appraiser

Kent Stevens, MAI

Senior Appraiser

Office of Valuation Services

OVS / DOI, 12136 W Bayaud Avenue
Lakewood, CO 80228
Phone: 303-969-5366
FAX: 303-969-5503
kent_stevens@ios.doi.gov

Contracting:

Contracting for this assignment is between the contract appraiser and Western Land Group, Inc.

Client Agency Realty Specialist (BLM)

The Realty Contact for this appraisal assignment is:

Alexa Watson, Realty Specialist
BLM Colorado State Office, Denver, CO
2850 Youngfield St
Lakewood, CO 80215-7093
Phone: (303) 239 – 3796

Contracting: This contracting assignment is between the contract appraiser and Western Land Group, Inc.

Payment – the fee amount is to be negotiated between the contract appraiser and the Western Land Group, Inc.

The Contract Appraiser must have extensive working knowledge of all applicable appraisal standards. The Contract Appraiser must have previous experience in appraising similar properties as described in this Statement of Work. He/she must be a Certified General Appraiser or must obtain a temporary general certification in the State of assignment.

Performance: Unless otherwise agreed upon, 120 calendar days (or less) delivery, from the date of awarding of the contract and authorization to proceed is the required date for submission of one signed original copy (PDF format may be required by the reviewer) of the appraisal report for review by OVS.

The appraisal reports will be reviewed for compliance with the terms of this Statement of Work, UASFLA (as applicable), and USPAP. Findings of inadequacy, if any, will require clarification and/or correction to the report. **The Appraiser will be notified of any need for revisions or clarification within 14 calendar days (or less) of the report delivery. The appraiser must respond to this request within 14 (or less) calendar days.** OVS will notify the appraiser of the acceptance or non-acceptance of the report within **14** (or less) calendar days following delivery of the amended work product.

Once the report is accepted by OVS, the appraiser will submit **5 additional** signed copies of the report and two locked PDF copies of the appraisals on a CD. The copies shall be received by the review appraiser within **5** calendar days after approval of the appraisal reports.

Sutey Ranch Land Exchange
Federal Lands

Parcel A

T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 23, N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$;
sec. 24, W $\frac{1}{2}$;
sec. 25, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$;
sec. 26, S $\frac{1}{2}$ S $\frac{1}{2}$;
sec. 35, W $\frac{1}{2}$; and
sec. 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$,
containing 1,240 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

1. Grazing permit No. 507711, Thomas Allotment (8346) on the following lands:
T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 23, N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$;
sec. 24, W $\frac{1}{2}$;
sec. 25, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$;
sec. 26, S $\frac{1}{2}$ S $\frac{1}{2}$, and
sec. 35, N $\frac{1}{2}$ NW $\frac{1}{4}$ and S $\frac{1}{2}$ NW $\frac{1}{4}$ (northerly part).
2. Grazing permit No. 507655, Potato Bill Allotment (8347) on the following lands:
T. 8 S., R 88 W., Sixth Principal Meridian,
sec. 35, S $\frac{1}{2}$ NW $\frac{1}{4}$ (southerly part) and SW $\frac{1}{4}$,
sec. 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$.

Parcel B

T. 8 S., R 87 W., Sixth Principal Meridian,
sec. 31, Tract 86, lots 10, 11, and 12;
sec. 31, lots 9 and 13,
containing 28.37 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Parcel B-1

T. 8 S., R 87 W., Sixth Principal Meridian,
sec. 31, lots 5 and 8,
containing 1.00 acre.

Reservations to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

Road right-of-way COC-66832 (Ranch I, LLC).

Parcel C

T. 5 S., R 83 W., Sixth Principal Meridian,
sec. 30, Montana Lode;
sec. 30, lots 5 to 8, inclusive, lot 10, and SE $\frac{1}{4}$ NW $\frac{1}{4}$.
T. 5 S., R. 84 W.,
sec. 25, lot 10,
containing 171.34 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

1. Grazing permit No. 507726, Horse Creek Allotment (8719).
2. Application – Road right-of-way COC-73302.

Parcel D

T. 5 S., R 83 W., Sixth Principal Meridian,
sec. 30, lot 9.
containing 17.41 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Subject to

1. Bruce Creek Road.
2. Grazing permit No. 507726, Horse Creek Allotment (8719).

Parcel E

T. 5 S., R 84 W., Sixth Principal Meridian,
sec. 36, lots 2, 3, and 4,
containing 11.97 acres.

Reservation to the United States

A right-of-way thereon for ditches and canals constructed by the authority of the United States.
Act of August 30, 1890 (43 U.S.C. 945).

Third Party Rights

Grazing permit No. 507726 for Horse Creek Allotment (8719).

Sutey Ranch Land Exchange
Non-Federal (Offered) Lands Legal Description

Parcel 1 (Sutey Ranch)

A parcel of land comprising all of Lots 1, 2, 6, 7, 8, 9, 10, 11, 12, 14, 15 & 16, Section 15; and Lot 8, Section 16; all in Township 7 South, Range 88 West of the 6th P.M.

TOGETHER WITH a parcel of land situate in the W1/2 of Lot 1, Section 14, Township 7 South, Range 88 West of the 6th Principal Meridian, County of Garfield, State of Colorado being more particularly described as follows:

Beginning at a point on the West line of Lot 1 also being on the Southerly Right-of-Way line of County Road 112 from which the Northwest corner of Lot 1 also being the Northwest corner of said Section 14 bears N00°02'06"E a distance of 388.93 feet;

thence along the Westerly & Southerly Right-of-Way line of said County Road No. 112 the following five (5) courses:

- 1) S48°18'46"E a distance of 114.75 feet;
- 2) thence 247.98 feet along the arc of a 530.00 feet radius curve to the left, having a central angle of 26°48'28" and subtending a chord bearing S61°43'00"E a distance of 245.72 feet;
- 3) thence S75°07'14"E a distance of 181.17 feet;
- 4) thence 127.24 feet along the arc of a 212.00 feet radius curve to the right, having a central angle of 34°23'20" and subtending a chord bearing S57°55'34"E a distance of 125.34 feet;
- 5) thence S40°43'54"E a distance of 17.31 feet to a point approximately 30 feet south of the centerline of an existing ranch road, to the west from said county road;

thence leaving the Right-of-Way, of County Road No. 112, and being 30 feet southerly of the centerline of said ranch road to the west along the following six (6) courses:

- 1) 74.19 feet along a non-tangent arc of a 291.29 feet radius curve to the right, having a central angle of 14°35'35" and subtending a chord bearing S77°20'22"W a distance of 73.99 feet;
- 2) thence S84°38'09"W a distance of 77.64 feet;
- 3) thence 105.40 feet along the arc of a 554.28 feet radius curve to the right, having a central angle of 10°53'44" and subtending a chord bearing N89°54'59"W a distance of 105.24 feet;
- 4) thence N84°28'07"W a distance of 32.05 feet;
- 5) thence 217.37 feet along the arc of a 288.70 feet radius curve to the left, having a central angle of 43°08'26" and subtending a chord bearing S73°57'39"W a distance of 212.27 feet;
- 6) thence S52°23'26"W a distance of 131.70 feet to a point on the West line of said Lot 1 from which the West ¼ Corner of said Section 14 bears S00°02'06"W a distance of 1,764.54 feet;

thence N00°02'06"E along the West line of said Lot 1 a distance of 478.21 feet to the point of beginning.

TOGETHER WITH a parcel of land situate in the W1/2 of Lot 1 and Lot 2 in Section 14, Township 7 South, Range 88 West of the 6th Principal Meridian, County of Garfield, State of Colorado being more particularly described as follows:

Beginning at the West 1/4 Corner of said Section 14; thence N00°02'06"E a distance of 1764.54 feet along the West line of said Section 14 to a point 30.89 feet South of the centerline of a ranch road as built and in place;

thence along a line 30 feet South of the centerline, of said ranch road the following six (6) courses:

- 1) N52°23'26"E a distance of 131.70 feet;
- 2) thence 217.37 feet along the arc of a 288.70 feet radius curve to the right, having a central angle of 43°08'26" and subtending a chord bearing N73°57'39"E a distance of 212.27 feet;
- 3) thence S84°28'07"E a distance of 32.05 feet;
- 4) thence 105.40 feet along the arc of a 554.28 feet radius curve to the left, having a central angle of 10°53'44" and subtending a chord bearing N89°54'59"W a distance of 105.24 feet;
- 5) thence N84°38'09"E a distance of 77.64 feet;
- 6) thence 74.19 feet along the arc of a 291.29 feet radius curve to the left, having a central angle of 14°35'35" and subtending a chord bearing N77°20'22"E a distance of 73.99 feet to a point on the West right-of-way line of County Road No. 112;

thence along the West right-of-way line of County Road No. 112 the following three (3) courses:

- 1) S40°43'54"E a distance of 118.89 feet;
- 2) thence 145.47 feet along the arc of a 530.00 feet radius curve to the left, having a central angle of 15°43'32" and subtending a chord bearing S48°35'40"E a distance of 145.01 feet;
- 3) thence S56°27'26"E a distance of 94.76 feet;

thence S00°01'00"W a distance of 1690.53 feet along the West lines of tracts of land described in Book 818 at Page 260, in Book 742 at Page 389 and in Book 1692 at Page 344, all of the records of the Clerk and Recorder of Garfield County, Colorado;

thence N89°39'40"W a distance of 860.89 feet along the North lines of tracts of land described in Book 1200 at Page 357 and in Book 1200 at Page 349 to the point of beginning.

All in the County of Garfield, State of Colorado.

Together with the appurtenant water rights described as twelve (12) shares of the capital stock of The Park Ditch and Reservoir Company, Certificate No. 051, and one and one-third (1-1/3) shares of the capital stock of The Park Ditch and Reservoir Company, Certificate No. 055.

Subject to:

1. Easement for power line granted to Public Service Company of Colorado recorded September 28, 1961 in Book 337 Page 7.
2. Easement for power line granted to Public Service Company of Colorado recorded May 14, 1982 in Book 559 Page 448.
3. Easement for power line granted to Public Service Company of Colorado recorded December 18, 1984 in Book 661 at Page 459.
4. Easement and right of way for power line granted to Holy Cross Electric Association, Inc. as recorded November 14, 1979 in Book 539 at Page 520.
5. County Road No. 112 in the N½ of Lot 1, Sec. 15, T. 7 S., R. 88 W.

Parcel 2 (West Crown)

A parcel of land situated in the East one-half of the Northeast one-quarter, the East one-half of the West one-half of the Northeast one-quarter and the Northeast one-quarter of the Southeast one-quarter of Section 24, Township 8 South, Range 88 West of the Sixth Principal Meridian, County of Pitkin, State of Colorado being described as follows:

Beginning at the Northeast corner of Section 24; thence $S00^{\circ}25'48''$ E along the East line of the Northeast one-quarter, a distance of 2612.11 feet to the East one-quarter corner;

Thence $S00^{\circ}24'35''$ E along the East line of the Northeast one-quarter of the Southeast one-quarter, a distance of 852.93 feet to the West one-quarter of Section 19;

Thence $S00^{\circ}26'10''$ E continuing along the East line of the Northeast one-quarter of the Southeast one-quarter, a distance of 453.16 feet to the Southeast corner of the Northeast one-quarter of the Southeast one-quarter;

Thence $N89^{\circ}58'32''$ W along the South line of the Northeast one-quarter of the Southeast one-quarter, a distance of 83.84 feet to the centerline of Prince Creek Road as constructed;

Thence Northwesterly along said centerline the following thirty (30) courses:

- 1) $N45^{\circ}19'04''$ W, a distance of 5.95 feet to a point of curve;
- 2) Along the arc of a curve to the right having a delta of $46^{\circ}34'40''$, a radius of 125.00 feet and a length of 101.62 feet to a point of tangent;
- 3) $N01^{\circ}15'36''$ E, a distance of 100.54 feet to a point of curve;
- 4) Along the arc of a curve to the left having a delta of $28^{\circ}01'47''$, a radius of 225.00 feet and a length of 110.07 feet to a point of tangent;
- 5) $N26^{\circ}46'11''$ W, a distance of 228.31 feet to a point of curve;
- 6) Along the arc of a curve to the left having a delta of $15^{\circ}41'26''$, a radius of 325.00 feet and a length of 89.00 feet to a point of tangent;
- 7) $N42^{\circ}27'38''$ W, a distance of 241.41 feet;
- 8) $N46^{\circ}42'43''$ W, a distance of 167.75 feet;
- 9) $N49^{\circ}10'43''$ W, a distance of 147.98 feet to a point of curve;
- 10) Along the arc of a curve to the right having a delta of $20^{\circ}22'48''$, a radius of 150.00 feet and a length of 53.36 feet to a point of tangent;
- 11) $N28^{\circ}47'55''$ W, a distance of 436.81 feet to a point of curve;
- 12) Along the arc of a curve to the left having a delta of $11^{\circ}01'51''$, a radius of 525.00 feet and a length of 101.07 feet to a point of tangent;
- 13) $N39^{\circ}49'45''$ W, a distance of 491.63 feet to a point of curve;
- 14) Along the arc of a curve to the right having an delta of $06^{\circ}54'57''$, a radius of 2750.00 feet and a length of 331.94 feet to a point of tangent;
- 15) $N32^{\circ}54'48''$ W, a distance of 10.34 feet to a point of curve;
- 16) Along the arc of a curve to the right having a delta of $11^{\circ}06'21''$, a radius of 550.00 feet and a length of 106.61 feet to a point of tangent;
- 17) $N21^{\circ}48'27''$ W, a distance of 85.50 feet to a point of curve;
- 18) Along the arc of a curve to the left having a delta of $22^{\circ}13'20''$, a radius of 200.00 feet and a length of 77.57 feet to a point of tangent;
- 19) $N44^{\circ}01'47''$ W, a distance of 41.86 feet to a point of curve;
- 20) Along the arc of a curve to the right having a delta of $23^{\circ}16'41''$, a radius of 400.00 feet and a length of 162.51 feet to a point of curve;
- 21) $N20^{\circ}45'06''$ W, a distance of 54.91 feet to a point of curve;
- 22) Along the arc of a curve to the right having a delta of $06^{\circ}58'38''$, a radius of 800.00 feet

and a length of 97.42 feet to a point of tangent;

23) N13°46'28"W, a distance of 25.00 feet to a point of curve;

24) Along the arc of a curve to the left having a delta of 29°04'52", a radius of 200.00 feet and a length of 101.51 feet to a point of tangent;

25) N42°51'20"W, a distance of 59.64 feet to a point of curve;

26) Along the arc of a curve to the right having a delta of 09°53'30", a radius of 500.00 feet and a length of 86.32 feet to a point of tangent;

27) N32°57'50"W, a distance of 3.75 feet to a point of curve;

28) Along the arc of a curve to the right having a delta of 20°33'10", a radius of 300.00 feet and a length of 107.61 feet to a point of tangent;

29) N12°24'41"W, a distance of 77.00 feet to a point of curve;

30) Along the arc of a curve to the left having a delta of 04°30'29", a radius of 400.00 feet and a length of 31.47 feet to a point on the West line of the East one-half of the West one-half of the Northeast one-quarter;

Thence N00°11'22"W along the West line of the East one-half of the West one-half of the Northeast one-quarter, a distance of 812.37 feet to the Northwest corner of the East one-half of the West one-half of the Northeast one-quarter;

Thence S89°50'02"E along the north line of the Northeast one-quarter, a distance of 663.39 feet to the Northeast corner of the East one-half of the West one-half of the Northeast one-quarter;

Thence S89°50'02"E continuing along the North line of the Northeast one-quarter, a distance of 1326.84 feet to the Point of Beginning,

containing 111.78 acres.

Subject to:

1. Terms, conditions and provisions of an agreement recorded April 14, 1961, in Book 193 at Page 468.
2. Terms, conditions and provisions of Resolution No. 84-21 recorded October 16, 1984, in Book 475 at Page 175.
3. Terms, conditions, provisions, obligations, easements and rights of way as contained in easement and road maintenance agreement recorded October 29, 1987, in Book 549 at Page 470.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

MINERAL REPORT

Proposed Disposal of Selected Public Lands
Through Land Exchange – Sutey Ranch

LANDS INVOLVED

1,470 acres within T 5 S-T 8 S
and R 83 W-R 88 W
6th Principal Meridian
Eagle & Pitkin Counties, Colorado

Prepared By:

Anthony T. Sieber
(Signature)

Fluids Geologist
(Title)

12/20/2012
(Date)

Technical Approval:

(Signature)

(Title)

(Date)

Management Acknowledgement:

(Signature)

(Title)

(Date)

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checked by Todd Sieber and Vanessa Bull on 10-23-2012 and 11-7-2012.

LANDS INVOLVED

The parcels are described as follows:

CONCLUSIONS AND RECOMMENDATION
 It should be noted that the proposal includes conveyance of the surface and mineral estates of the Federal and non-Federal lands, subject to valid existing rights, except for the non-Federal Parcel 2 in which only the surface estate would be conveyed because the Federal government currently owns the mineral estate on this parcel.

LEASABLE MINERALS

The parcels have no development potential for coal, and negligible development potential (speculative only) for oil and gas. No retention of minimal value coal, oil and gas is recommended.

LOCATABLE MINERALS

Parcels A, B and B1

Overall, the parcels have a low resource occurrence potential and a low development potential (mostly speculative development) for locatable minerals. No retention of minimal value locatable minerals is recommended.

Parcels C, D and E

It has been surmised that most, if not all, of the economically viable ore has been mined from the area. There are currently no active claims in the area. No retention of minimal value locatable minerals is recommended.

SALABLE MATERIALS

Current demand for this material is low, and in all parcels only small amounts of mineral materials are present. Therefore, the parcels have a low development potential for landscape or construction aggregate materials. Based on the low development potential, no retention of minimal value mineral materials is recommended.

INTRODUCTION

The purpose of this report is to address the mineral potential of certain public lands, which are proposed for disposal through a land exchange, as authorized under Section 206 of the Federal Land Policy and Management Act (FLPMA). The Sutey Land Exchange proposes to exchange Federal lands in Eagle and Pitkin Counties for certain fee lands in Garfield and Pitkin Counties.

The conclusions of the report are limited to the action prompting the report. The parcels were field

Table 1: Federal and Non-Federal Parcels Involved in the Exchange

Parcel	County	Legal Description	Acres
Federal Parcels			
A	Pitkin	T. 8 S., R. 88 W., Sixth Principal Meridian, sec. 23, N $\frac{1}{2}$ NE $\frac{1}{4}$ and SE $\frac{1}{4}$ NE $\frac{1}{4}$; sec. 24, W $\frac{1}{2}$; sec. 25, NW $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, and SW $\frac{1}{4}$ SW $\frac{1}{4}$; sec. 26, S $\frac{1}{2}$ S $\frac{1}{2}$; sec. 35, W $\frac{1}{2}$, and sec. 36, NW $\frac{1}{4}$ NW $\frac{1}{4}$	1,240
B	Pitkin	T. 8 S., R. 87 W., Sixth Principal Meridian, sec. 31, Tract 86, lots 10, 11, and 12, and sec. 31, lots 9 and 13	28.37
B1	Pitkin	T. 8 S., R. 87 W., Sixth Principal Meridian, sec. 31, lots 5 and 8	1.0
C	Eagle	T. 5 S., R. 83 W., Sixth Principal Meridian, sec. 30, Montana Lodge; sec. 30, lots 5 to 8, inclusive, lot 10, and SE $\frac{1}{4}$ NW $\frac{1}{4}$; T. 5 S., R. 84 W., sec. 25, lot 10	171.34
D	Eagle	T. 5 S., R. 83 W., Sixth Principal Meridian, sec. 30, lot 9	17.41
E	Eagle	T. 5 S., R. 84 W., Sixth Principal Meridian, sec. 36, lots 2, 3, and 4	11.97
<i>Total Average of Federal Parcels A through E.</i>			<i>1,470</i>

The Two-Shoes Ranch and adjacent parcels (Parcels A, B and B1; Figures 1 and 3-6) are located approximately 6 miles south-southeast of Carbondale and east of Highway 133. The parcels consist primarily of steep slopes, rolling hills, and east-west trending ridge tops between the White River National Forest to the south and The Crown to the east. Elevations range from 6800 feet on Parcel A, to 8400 feet on Parcels B and B1. Vegetation is scrub oak, pinion-juniper forests and sagebrush meadows with a few stands of cottonwood along creeks and drainages. The slopes are mostly vegetated with some rock ledges and cliffs.

The Horse Mountain parcels (Parcels C, D and E; Figures 2 and 7-10) are located approximately 6 miles southeast of Eagle. The parcels consist of steeply sloping terrain, with elevations ranging from 7500 to 8700 feet. The area is mostly thick oak brush interspersed with sagebrush and pinion-juniper stands.

STATUS RECORD DATA FOR PUBLIC LANDS

The Federal government owns all the surface and mineral estate within the public land parcels. The

parcels are not identified by the United States Geological Survey (USGS) as prospectively valuable (PV) for any leasable minerals (USGS Online Resource Data System). A check of LR200 database on November 19, 2012 showed that no oil and gas leases were present, and that no mining claims were present. No mineral material sites overlap with the parcels. All of the parcels are currently open to mineral material sales.

REGIONAL GEOLOGY

The parcels are situated geographically on the Western Slope of Colorado, between the western edge of the Rocky Mountains and the Colorado Plateau. Structural features that contribute to the unique geology in the area of Parcels A and B include the Grand Hogback Monocline to the North, the Piceance Basin to the west, and the Eagle Valley to the east. Structures contributing to the geology in the area of Parcels C, D, and E include the Rocky Mountains to the East, the Piceance Basin to the west, and the Eagle Valley Evaporite in the surrounding area. The parcels are underlain by rocks ranging in age from Precambrian to Upper Tertiary. The Laramide Orogeny uplifted the Rocky Mountains approximately 80 million years ago during the Jurassic period, resulting in a series of faults along the range, many of which have proven to be successful locations for mineral ores. Once the range deformation and uplift ceased, magmatism began during the upper Tertiary period, accounting for volcanic basalt flows and pyroclastic deposits throughout the region.

LOCAL GEOLOGY

Two-Shoes Ranch

Parcels A and B are situated near the base of Mt. Sopris, an igneous plutonic stock of quartz monzonite and granodiorite, located south of the Two-Shoes Ranch. Geology at the ranch consists of alluvial deposits of Devonian to Quaternary-aged rocks, mainly Leadville limestones, Maroon Formation sandstones and conglomerates, Dakota sandstones, and younger Pleistocene gravel deposits.

Table 2. Geologic Formations within the Two-Shoes Area

Map Symbol	Lithologic Pattern	Formation Name	Age	Characteristics	Outcrop
Qgo		Old Gravels and alluvium	Pleistocene	Unconsolidated. Varying in size and shape. Sand, gravels cobbles and boulders.	Terrace, outwash and pediment gravels.
QTa		High-Level alluvium	Pliocene	Fine-grained to boulder alluvial deposits and gravels.	Preserved mainly on ridge tops, may not all be of the same age.
Km		Mancos Shale	Cretaceous	Grey to dark-grey marine shale.	Thickness ranges from 5,000 to 6,000 feet.
Kd		Dakota Sandstone	Lower Cretaceous	Light grey and tan sandstone or quartzite; some inter-bedded dark shale and shaly sandstone.	Resistant, widely exposed unit but too thin to show separately at map scale in some areas. Thickness ~125-225 ft.

Source: Ellis et al. 1984

Horse Mountain

The surface and bedrock geology of Parcels C, D and E are concealed in most of the area by thick oak brush, vegetation and soils. The bedrock formations consist of, in ascending order, the Eagle Valley Evaporite, the Eagle Valley Formation, the Chinle Formation, the Entrada Sandstone, the Morrison Formation, and the Dakota Sandstone. This area falls within the Brush Creek Mining District and is notable due to mineral extraction in the early 1900s. The silver-copper ores of the Brush Creek District are found only in the vicinity of Horse Mountain where Jurassic Entrada Sandstone is folded up against the Lady Bell thrust fault. The fault served as a barrier to the ore solutions which then spread out and impregnated the lower part of the Entrada just above its contact with the underlying Triassic red beds. This is the only favorable horizon for ore deposition in the district (MLA 20-93, p.91)

Table 3. Geologic Formations within the Horse Mountain Area

Map Symbol	Lithologic Pattern	Formation Name	Age	Characteristics	Outcrop
Kd		Dakota Sandstone	Lower Cretaceous	Light grey and tan sandstone or quartzite; some inter-bedded dark shale and shaly sandstone.	Resistant, widely exposed unit but too thin to show separately at map scale in some areas. Thickness ~125-225 ft.
Jm		Morrison Formation	Upper Jurassic	Variogated shale and mudstone, light-gray sandstone, and local beds of green-gray limestone.	Locally conglomeratic near base. Thickness ~500 ft. along Grand Hogback and Colorado river.
Jme		Entrada Sandstone	Upper Jurassic	Light-gray to orange cross-bedded sandstone.	Thickness ~ 75-150 ft. in northwest and central quadrangle
Ta c		Chinle Formation	Upper Triassic	Brownish to purplish-red calcareous siltstone, mudstone and sandstone.	Thickness south of eagle ~ 1,200 ft. Thins in all directions.
Pe		Eagle Valley Formation	Pennsylvanian	Gray and reddish-gray siltstone, shale, sandstone and carbonate rocks	Unit is transitional between clastic and evaporitic. Thickness varies.
Pee		Eagle Valley Evaporite	Pennsylvanian	Gypsum, anhydrite, and inter-bedded siltstone and minor dolomite - some salt at depth.	Diapiric in structural configuration in many places. Thickness is indeterminate.

Source: Tweto et al. 1978

development potential (speculative only) for oil and gas. No retention of minimal value coal, oil and gas is recommended.

LOCATABLE MINERALS

Two-Shoes Ranch

The parcels do not contain any known locatable minerals in the form of lode or placer deposits, and there are no geologic features indicative of such mineralization. Additionally, the area is not identified as a mining district by the 1993 Bureau of Mines Regional Mineral Appraisal. Furthermore, there are no known historic or current locatable prospecting or mining activities in the vicinity, and none were observed during the field check. Overall, the parcels have a low resource occurrence potential and a low development potential (mostly speculative development) for locatable minerals. No retention of minimal value locatable minerals is recommended.

Horse Mountain

Mineralization in the Brush Creek district may be associated with a northwest extension of a belt of extensive Laramide-age intrusions that extend from New York Mountain southeast to the Homestake Mine area. Tweto and others (1978) show a major fault that trends northwest from the Fulford Stock, quartz monzonite porphyry, through the Horse Mountain area and intersects the northeast-trending Lady Bell thrust fault. This northwest-trending fault may have served as a conduit for the ore-bearing solutions originating from the Fulford Stock.

Copper and silver ores in the Brush Creek district occur mainly as small bodies of disseminated ore in the Entrada Sandstone and also along fracture zones and faults. The silver ore is a black, friable, fine-grained material that coats the sand grains and forms the matrix of the sandstone. Ceragyrite is the only silver mineral identified. Azurite and malachite impregnate the sandstone; however, the malachite occurs mainly as veinlets in fracture zones. Analyses of the mineralized sandstone showed about 0.2% to 0.3% vanadium and a trace of uranium.

The Brush Creek mining district is a relatively small district that produced mostly silver and some copper. Because very little of the mineralized parts of the workings were accessible, it is difficult to determine if additional, similar resources remain. However, it is possible that additional silver-copper deposits, similar to those mined in the past, could be discovered within the Entrada Sandstone down dip from the mined deposits.

SALABLE MATERIALS

Two-Shoes Ranch

The surface and bedrock geology of the parcels is concealed in most of the area by sage brush, pinion, juniper and unconsolidated alluvium. The steep slopes do not appear to contain significant amounts of rock suitable for rip rap or other uses. However, on the ridge tops and low hills, there are vast quantities of sand, gravel cobbles and some boulders. Lithics span from sub-angular to rounded, are igneous based and range from less than 1 mm to 24 cm in size, with some anomalous larger boulders. Some of the rock may have potential for decorative and landscape uses. There is no physical and legal access to most of this area, however. There are large, more accessible exposures of similar material on other public lands in the area. Current demand for this material is low.

PRODUCTION HISTORY

Horse Mountain

Silver-copper ore was discovered on Horse Mountain in the Brush Creek district in 1913. Bureau records give a total silver production of about 300,000 oz. and a copper production of 1,800 lb from 1913 until 1925 for the district. Average silver grade was about 70 opt. Principal workings in the district include the Lady Bell, Dakota and North Dakota Mines (MLA 20-93, p. 92.)

Texasco carried out a core drilling program in the district in the 1950's, possibly as a vanadium and/or uranium prospect; however, the results of this exploration work were not available (Personal communication, Edwin Belding, claim owner, June 1991).

According to LR2000 there are no oil and gas leases on the parcels and there has been no historical leasing. Additionally, there are no current locatable prospecting or mining activities or mineral material sites in the vicinity. However, there have been 51 historic claims, the most recent of which closed in the mid-1990s.

Two-Shoes Ranch

According to LR2000 there are no oil and gas leases on the parcels and there has been no historical leasing. Additionally, there are no current locatable prospecting or mining activities or mineral material sites in the vicinity.

MINERAL DEPOSITS & POTENTIAL

LEASABLE MINERALS

Two-Shoes Ranch

According to the USGS, and the Colorado River Valley Field Office reasonable foreseeable development scenario, the Parcels are classified as PV for oil and gas development, but not for coal or any other leasable minerals. However, development potential of oil and gas resources is severely limited due to the highly stressed and fractured nature of the geologic environment, the shallow depth of recoverable resources, and the nearly inaccessible terrain. Furthermore, no coal beds exist in the sedimentary formations underlying the bedrock exposures at surface. The parcels have no development potential for coal, and negligible development potential (speculative only) for oil and gas.

Horse Mountain

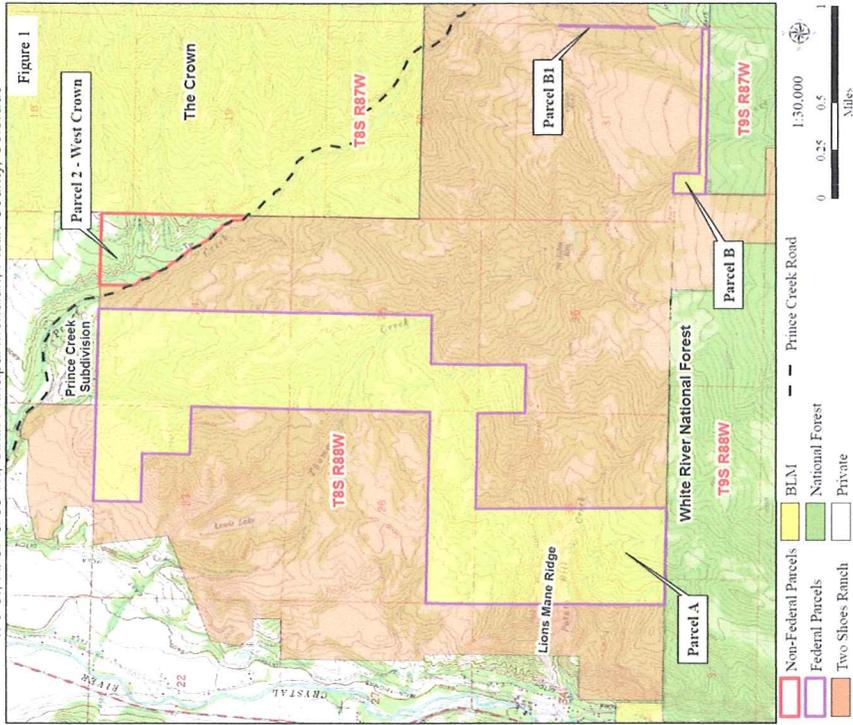
The parcels identified in the Horse Mountain area are classified as low potential for oil and gas development and no development potential for coal. The area is characterized by a few exposures of Mesozoic and Paleozoic rock formations identified as predominantly clastic, although anhydritic rocks are also exposed in a few locations. The parcels have no development potential for coal, and negligible

Horse Mountain

Most of the surface geology in these parcels is covered in dense vegetation comprised of scrub oak, sage, and pinon-juniper stands. The few areas clear of vegetation are covered by soils and regolith; remnants of the surrounding bedrock exposures. There are a few localities, such as drainages, in which small amounts of regolith and scree have accumulated. These locations are characterized by highly angular lithics ranging from 2cm to 36cm in size, and from light pink to grey in color. The majority of the material has potential to be used as construction aggregate or landscaping fill.

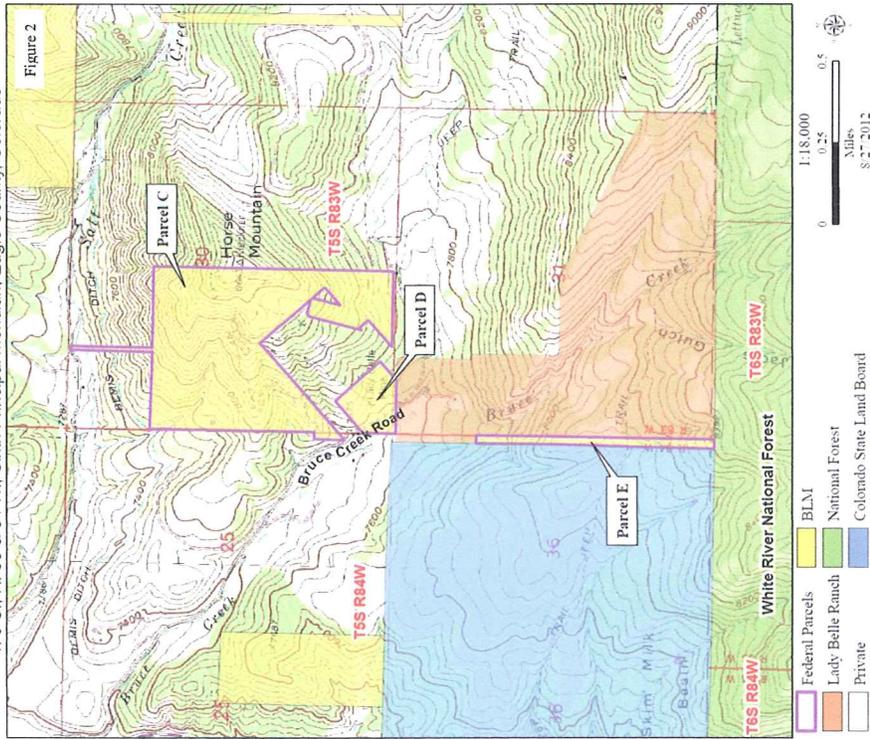
Sutey Ranch Land Exchange

Parcel 2 - West Crown
Parcels A, B, and B1
T. 8 S., R. 87 & 88 W., Sixth Principal Meridian, Pitkin County, Colorado



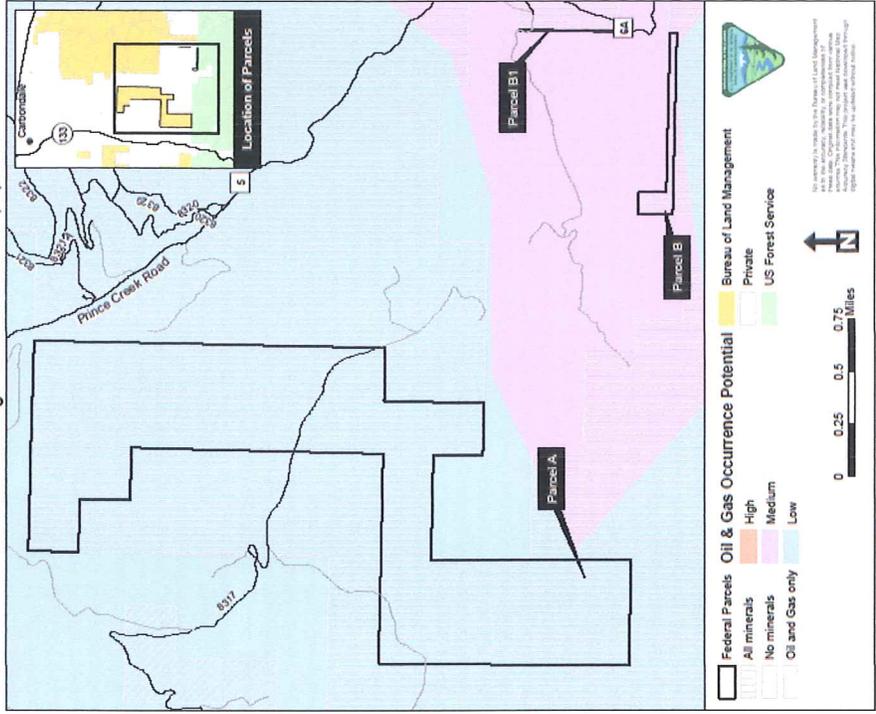
Sutey Ranch Land Exchange

Parcels C, D, and E
T. 5 S., R. 83 & 84 W., Sixth Principal Meridian, Eagle County, Colorado



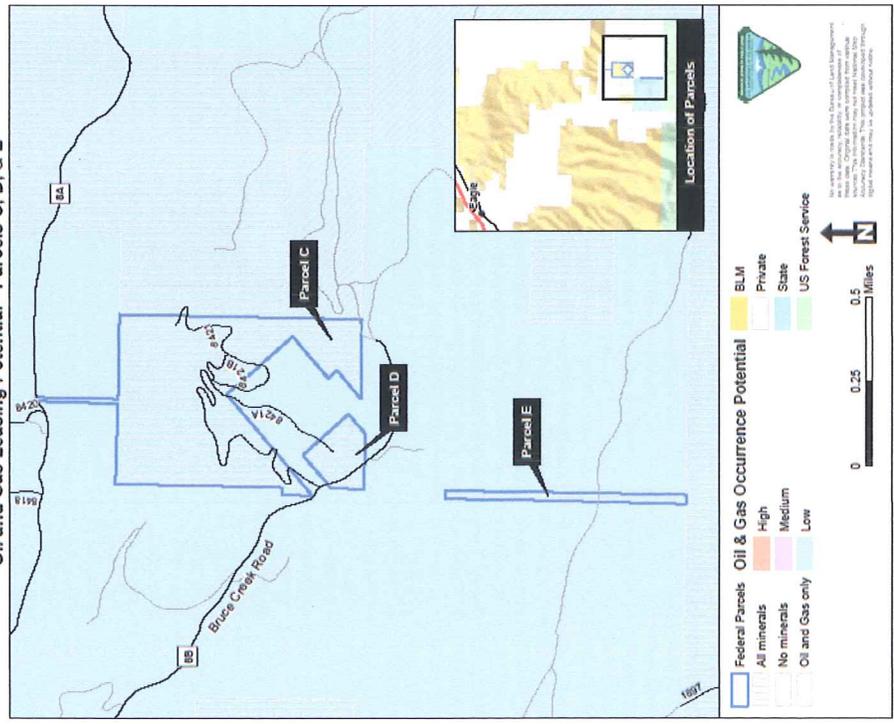
Sutey Ranch Land Exchange

Oil & Gas Leasing Potential - Parcels A, B, & B1

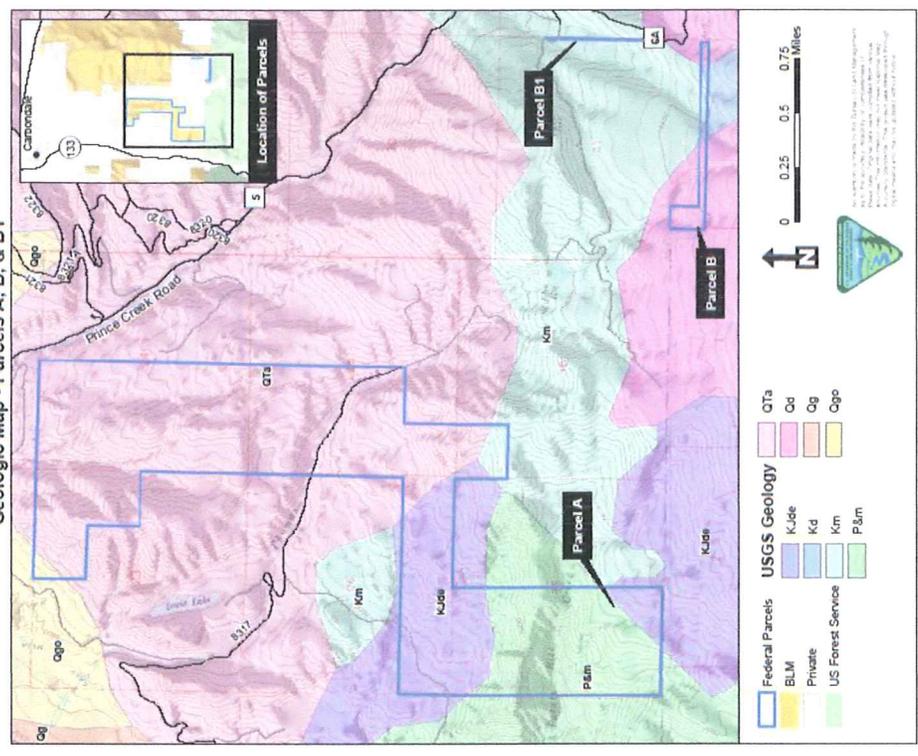


Map produced by the BLM Colorado River Valley Field Office- December 2012

Sutey Ranch Land Exchange Oil and Gas Leasing Potential - Parcels C, D, & E



Sutey Ranch Land Exchange Geologic Map - Parcels A, B, & B1



Sutey Ranch Land Exchange

Geologic Map - Parcels C, D, & E

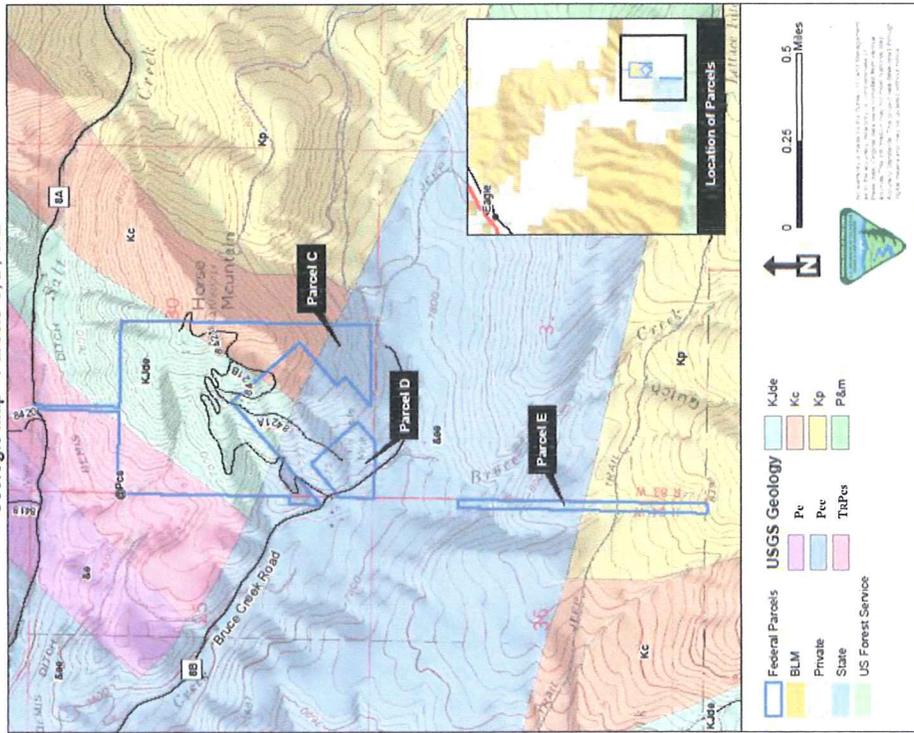


Figure 3



Figure 4



Figure 5



Figure 6

Figure 3: Two-Shoes Parcel Mancos Shale exposure looking southwest towards Mt. Sopris.

Figure 4: Two-Shoes Parcel looking northeast.

Figure 5: Two-Shoes Parcel regolith and unconsolidated alluvium.

Figure 6: Two-Shoes Parcel Dakota Sandstone outcrop.



Figure 7



Figure 8



Figure 9



Figure 10

Figure 7: Horse Mountain looking west at sandstone outcrop.

Figure 8: Horse Mountain Entrada Sandstone exposure.

Figure 9: Horse Mountain regolith and unconsolidated lithic fragments.

Figure 10: Horse Mountain looking east.

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