

HOUSING STOCK

With an expanding population Carson City's housing stock increased by 165% between 1970 and 1980, and +24% between 1980 and 1990. The 2000 Census offered a total of 21,221 housing units equating to a +28% gain over 1990. The three most recent Censuses classified the local housing stock as follows:

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Single Family Homes	6,917	8,927	12,872
Multi-Family Homes			
2-4 Units	803	1,132	1,522
5-9 Units	487	837	830
10 or More	<u>2,810</u>	<u>2,681</u>	<u>3,012</u>
Total Multi-Family	4,100	4,650	5,364
Mobile Homes	<u>2,351</u>	<u>3,051</u>	<u>2,985</u>
Total Housing Units:	13,368	16,628	21,221

Favorable mortgage rates in the latter half of the 1990's and early 2000's stimulated an expansion in home ownership and generally slowed multi-family construction. Presently the housing market is offering a reasonable balance, although the pace of sales slowed in 2006 and price declines have been noted in some neighborhoods. Prior thereto the demand for housing was strong between 2000 and 2005, a period over which local housing prices approximately doubled. Carson was not alone in this regard, as similar increases occurred in most other western Nevada markets.

The fact that the local housing stock grew slowly over the 1980's can be attributed to resource issues (specifically water service), an issue that plagued Carson for nearly a decade. Even though job opportunities in governmental, manufacturing, and professional service sectors were expanding at healthy rates, housing starts paled in comparison. During this era the demand for additional housing units was being met by adjacent valleys (different water basins) that are within a short commuting distance of Carson. These other areas include:

Washoe Valley	(Washoe County)
Dayton Valley	(Lyon County)
Carson Valley	(Douglas County)

All these areas are located less than fifteen miles from downtown Carson City, and even though Carson maintains prominence relative to being a trade and employment center, housing growth shifts between these regions is fairly common. Carson City encompasses a relatively small area geographically, and the supply of land available to accommodate future development is limited. In turn some of Carson's major builders/developers have shifted their focus to the Dayton/Mark Twain area, a region found across the Lyon County line about 10 miles to the east of Carson. Residential growth has also been fairly robust in nearby Douglas County, and is likely to intensify in the future unless growth caps are adopted in this jurisdiction. With only a couple of exceptions future residential growth in Carson will relate principally to in-fill projects, as only a few large tracts of developable terrain remain.

LABOR FORCE

The employment situation in Carson City is defined primarily by state government positions, although the community supports manufacturing and tourism industries as well. State statistics disclose the following number of jobs within the city, based on an annual average:

<u>Year</u>	<u>County Employment (i.e., jobs)</u>
1990	20,987
1991	21,573
1992	21,483
1993	22,403
1994	24,170
1995	25,649
1996	27,017
1997	27,700
1998	28,900
1999	30,300
2000	31,100
2001	31,400
2002	31,000
2003	31,000
2004	31,900
2005	32,600
2006	32,800

The above figures reference jobs in Carson City, not the resident workforce. In actuality there are more jobs in Carson City than there are workers. As such, many of the positions referenced above are held by Lyon, Douglas, or Washoe County residents.

The size of the resident workforce is identified on the following chart:

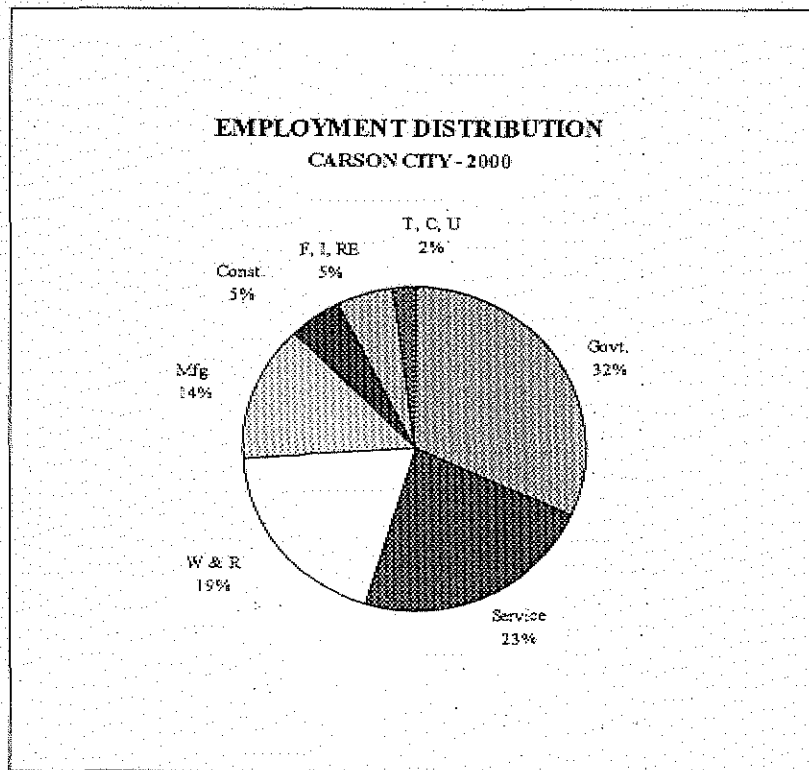
<u>Year</u>	<u>Carson Labor Force</u>	<u>Local Unemployment Rate</u>
1992	23,010	8.0%
1993	21,590	10.2%
1994	21,340	7.6%
1995	21,320	7.9%
1996	21,680	8.2%
1997	21,950	6.0%
1998	22,680	5.7%
1999	21,970	4.1%
2000	22,740	3.4%
2001	24,350	6.1%
2002	24,170	5.0%
2003	24,600	6.0%
2004	24,800	5.1%
2005	27,301	4.6%

It is somewhat interesting to compare these charts, in that the first (county employment) indicates that about 12,000 jobs have been added since 1990, with the latter disclosing only a $\pm 4,500$ increase in the size of the local labor force. This is likely a truism, in turn suggesting that more and more of Carson's jobs are being taken by residents of neighboring counties. The relationship also suggests that the demand for more housing created by job growth in Carson is being met by projects in neighboring jurisdictions.

The current unemployment rate is reasonably favorable. Historically, Carson City has suffered from somewhat higher unemployment rates than that of its nearby neighborhoods (i.e., Washoe and Douglas County).

The major employer in this area is governmental services. By industry (excluding the agricultural sector), Carson City jobs were distributed as follows in the 2000 Census:

	<u>Positions</u>
Government	9,756
Service	7,046
Wholesale & Retail Trade	5,933
Manufacturing	4,184
Construction	1,561
Financing, Insurance, & Real Estate	1,610
Transportation, Communications & Utilities	639
Mining	<u>18</u>
Total	30,746



Further growth in governmental service is reasonably assured since Carson is Nevada's capital. Growth in the hospitality and tourism sectors is also anticipated, noting that Carson is located at the junction of two major highways (U.S. #395 and U.S. #50).

TRANSPORTATION

Two major highways intersect in Carson City. U.S. Highway 50 runs from San Francisco via Lake Tahoe through Carson City to points east. U.S. Highway 395 is an inland route from the Canadian border to Mexico following along the east side of the Sierra in western Nevada.

Interstate 80, which is found 30 miles to the north, extends from San Francisco to points east through Reno. Reno also has rail service and an international airport with about fifteen major carriers. Carson City residents rely on Reno for commercial air and rail transportation.

Carson is served by bus lines and hosts a general aviation airport with a 5,900' runway equipped for nighttime landings.

Major truck lines serve the area with overnight delivery available to San Francisco, Los Angeles, Portland, Las Vegas, Salt Lake City, etc.

CITY CHARACTERISTICS

The government of Carson City administers all the affairs of the city with a city/county manager set-up. The city/county offices were consolidated in 1969 for more efficient administration. Prior to that point in time Carson City was located in Ormsby County. Zoning ordinances cover municipal, suburban, and rural locations. Development plans must be approved by the Planning Commission, City Council, Chief Engineer, Fire Marshall, Building Department, etc.

The consolidated municipality of Carson City has one school district which is separate from the city/ county government. The school district is governed by a separate board of elected trustees. The Carson City Public School District includes a high school, two middle schools, and seven elementary schools. Three private parochial schools also serve the city and there is one school for the mentally retarded. The Western Nevada Community College is located on the west side of town, with the University of Nevada-Reno campus ±30 miles to the north.

ECONOMY

The economic base for this area includes Carson City, Reno, and Douglas County, as local citizens commonly commute between the areas. The major employers in Carson City, in approximate order of magnitude, are government employment, tourist and general services, wholesale/ retail trade, and manufacturing. Governmental employment opportunities on state, federal and county levels provide a stable economic base. Tourist commercial enterprises, although viable and stable, have always been overshadowed by the larger hotel/casinos of Reno and Lake Tahoe. Carson's lesser reliance on tourism as compared to the other counties in Western Nevada is quite evident in service industry employment figures. As gleaned from the 2000 Census the differences are:

<u>Community</u>	<u>Service Industry as % of Employment (2000)</u>
Carson City	23%
Washoe County	39%
Douglas County	57%

Each of the major private sectors addressed separately:

INDUSTRY (MANUFACTURING)

Adequate land for industry is available in Carson City, but it is forced to compete with the Reno/Sparks industrial districts. This places Carson City at a disadvantage due to the lack of rail and air transportation. The Reno/Sparks industrial areas have access to rail service, major air carriers, and are located close to Interstate 80, a route that is used extensively by truck carriers when delivering goods to California or those of California origins.

With some vacant industrial land remaining in Reno/Sparks, and with new industrial parks being developed further to the east of Reno along I-80 (TRIC and Fernley), the transportation disadvantage of Carson will continue to impact industrial absorption for years to come, at least in the storage and distribution sector. To offset Reno's advantage Carson has been focusing its promotion programs more towards R & D firms, light manufacturing and fabricating, etc. (i.e., enterprises that are somewhat less reliant on shipping). The community actively recruits smaller non-polluting industries. The city-owned Industrial Air Park encompasses 176 acres that was divided into seventy-five 1-acre to 4-acre lots decades ago. All of these lots have now been transferred into the private sector. Paved streets and full utilities are available in this park. Numerous smaller parks have been developed by private concerns, both surrounding the Air Park, and also in South Carson (along Fairview Drive), and in the Moundhouse/New Empire and Deer Run Road areas. Industrial growth has been slow in Carson for the last 5 to 6 years suggesting that there

may now be some pent-up demand. Major industrial employers in the area include AMF Reinforced Plastics, Astromec, American Steel Buildings, Mallory Electric, Impact International, Thomas-Barben Instruments, Industrial Micro Systems, Inc., Redco, Durabond, California Gear, Duro Manufacturing, New Life Bakery, Chromalloy Nevada, LPS Industries, etc.

The last 10 to 15 years has seen a shift in the type of company occupying many of the buildings in the industrial neighborhoods. Historically, most of the tenants (or owners) involved small firms with local origins and clients. These firms usually occupied buildings of 20,000 sq. ft. or less. The relocating manufacturers of the 1990's (mostly from California) involved larger firms with more employees, and a moderate level of new construction in the 40,000 sq. ft. plus size range became commonplace. The new companies also disclosed a preference for build-to-suit/owner-occupied facilities. Industrial leases are less common in Carson than they are in Reno, and whereas Reno's industrial neighborhoods are largely occupied by storage and distribution firms, Carson tends to cater to the manufacturer. Carson/Dayton/Carson Valley will never be able to compete with Reno in the storage and distribution arena due to transportation issues, but the satellite districts have been fairly successful in attracting relocating manufacturing firms.

The economic balance of this sector of the market is reasonably good at present. New construction has been soft, but exposure periods on buildings offered for sale are reasonable, and industrial vacancy levels are acceptable.

TOURISM/GAMING

Carson City hosts a small but stable tourism industry, centered around the city's gambling halls (casinos). The area benefits from the city's capital status and its proximity to Lake Tahoe. Carson casinos have always been overshadowed by the larger name recognition clubs of Reno and Lake Tahoe, but they do offer visitors gambling opportunities in addition to inexpensive food and lodging. The five larger clubs are the Carson Nugget, Carson Station, Ormsby House, Piñon Plaza, and Casino Fandango. Another club that caters principally to the local trade also opened a few years ago (Slot World), and at least one new casino is in the planning stages (at the previous location of Bodine's). Due to financial difficulties the Ormsby House was closed in 1993, which was followed thereafter by a sale out of bankruptcy. The hotel/casino reopened in early 1995, experienced financial problems once again, and was managed by a trustee for a couple of years before it was sold once again. The hotel has now been closed for renovation for quite some time, but as of late substantial progress has been made on the exterior of the building.

The economic health of the gaming industry is most easily measured by monitoring changes in gross gaming revenues. The trend in this measure over the last ±30 years:

<u>Year</u>	<u>Total Gaming Revenues (Calendar Year)</u>	<u>% Change</u>
1970	\$ 3,710,000	NA
1975	\$ 13,685,000	NA
1980	\$ 32,194,000	NA
1981	\$ 32,449,000	+ 7.92%
1982	\$ 33,011,000	+ 1.73%
1983	\$ 34,736,000	+ 5.23%
1984	\$ 39,301,000	+15.70%
1985	\$ 39,206,000	- 0.24%
1986	\$ 38,534,000	- 1.71%
1987	\$ 35,664,000	- 7.54%
1988	\$ 37,004,534	+ 3.76%
1989	\$ 38,585,000	+ 4.27%
1990	\$ 39,995,000	+ 3.65%
1991	\$ 41,728,000	+ 4.43%
1992	\$ 43,399,000	+ 4.01%
1993	\$ 60,624,000*	N/A
1994	\$ 61,565,000	+ 1.55%
1995	\$ 66,280,000	+ 7.66%
1996	\$ 71,313,000	+ 7.59%
1997	\$ 73,759,000	+ 3.42%
1998	\$ 81,011,000	+ 9.83%
1999	\$ 88,029,000	+ 8.66%
2000	\$ 89,961,437	+ 2.19%
2001	\$ 93,249,454	+ 3.65%
2002	\$ 97,186,332	+ 4.22%
2003	\$102,961,022	+ 5.94%
2004	\$112,587,881	+ 9.35%
2005	\$124,600,000	+10.67%

Source: Nevada Gaming Control Board

* Large increase attributable to change in the manner of computation; includes Carson Valley casinos (Douglas County) from 1993 forward.

Gaming revenues in Carson were stagnant in the mid 80's, but have shown steady increases from 1988 forward. Much of the recent growth would be attributable to the success of Casino Fandango. There would appear to be little impetus for new construction in this sector; yet the casino industry tends to parallel cycles common to most forms of real estate, in that properly conceived and capitalized newer clubs will often prosper at the expense of older facilities (which falter and fail).

Another indication of the economic health of the tourism industry is available from room tax collections, which have been:

<u>Year</u>	<u>Collections</u>	<u>% Change</u>
89/90	\$ 676,367	-
90/91	\$ 680,676	+ .6%
91/92	\$ 656,345	- 3.6%
92/93	\$ 669,121	+ 2.0%
93/94	\$ 629,768	- 5.9%
94/95	\$ 661,728	+ 5.1%
95/96	\$ 721,044	+ 9.0%
96/97	\$ 698,936	- 3.1%
97/98	\$ 674,562	- 3.5%
98/99	\$ 772,239	+14.4%
99/00	\$ 807,345	+ 4.5%
00/01	\$ 891,305	+10.4%
01/02	\$ 910,054	+ 2.1%
02/03	\$1,011,098	+11.1%
03/04	\$1,231,004	+21.7%
04/05	\$1,369,446	+11.2%

In viewing this data it appears that visitor nights continue to increase. These figures are impacted by the biennial nature of Nevada legislature however, which convenes every other year (accounting for the up/down pattern in collections).

WHOLESALE/RETAIL TRADE

One of the more positive indicators of local economic health relates to taxable retail sales which experienced fairly consistent upward movements since the early 1980's. This indicator measures not only tourism growth, but local growth and disposable income as well. The growth in the retail trade sector is pertinent to Carson, as the city has become an established trade center for growing bedroom communities in Dayton and Carson Valley.

The trend:

Year	Taxable Sales (Thousands)	% Change
1977	\$122,257	N/A
1978	\$175,643	+ 43.7%
1979	\$220,645	+ 25.6%
1980	\$203,840	- 7.6%
1981	\$206,661	+ 1.4%
1982	\$199,072	- 3.7%
1983	\$192,277	- 3.4%
1984	\$241,426	+ 25.6%
1985	\$267,846	+ 10.9%
1986	\$286,119	+ 6.8%
1987	\$323,848	+ 13.2%
1988	\$346,092	+ 6.9%
1989	\$380,440	+ 9.9%
1990	\$411,952	+ 8.3%
1991	\$416,732	+ 1.2%
1992	\$440,396	+ 5.7%
1993	\$462,391	+ 5.0%
1994	\$495,937	+ 7.3%
1995	\$547,906	+ 10.4%
1996	\$610,819	+ 11.5%
1997	\$638,138	+ 4.4%
1998	\$670,182	+ 5.0%
1999	\$740,960	+ 10.5%
2000	\$754,678	+ 1.2%
2001	\$822,598	+ 9.0%
2002	\$888,249	+ 7.9%
2003	\$861,278	- 3.1%
2004	\$925,500	+ 7.4%
2005	\$979,049	+ 5.7%

Source: Nevada State Department of Taxation

In 1999 Target and Home Depot purchased sites on the Douglas side of the Carson/Douglas border. Thereafter, Carson successfully attracted mega-retailer "Costco", only to lose WalMart who moved out of Carson City to a Douglas County location. A new WalMart opened in north Carson in 2006. The competition between Douglas and Carson for sales tax dollars has reached unusual proportions, and no spirit of cooperation appears to be on the horizon. Carson protested a proposed federal land sale in Douglas County a few years back since much of the acreage was slated for commercial development. The federal tract was located close to the city/county border, and the sale was eventually allowed to move forward. The ±140-acre tract was purchased by two of Carson City's automobile dealers which has intensified Carson's concerns relative to the potential loss of even more sales tax dollars. The loss of the two auto dealers to a different jurisdiction would render a severe financial blow to Carson, but to date no such plans have been announced.

SUMMARY

Overall, Carson's tourism industry appears to be stable, and as of late some growth in this sector has been occurring. The appraiser cannot help but express his concern over the future of Nevada's gaming industry. Starting with Atlantic City in about 1980, one state after another has legalized some form of gambling or another, and full-fledged casinos are now found in dozens of states. Even states that are relatively gambling free in the private sector have seen a proliferation of enterprises on Indian lands. This trend (towards nationwide gambling) is not likely to slow, as nearly every state seems to be starved for additional tax revenues, and the public does not generally view gaming losses in the context of a tax. In this regard Carson is likely to weather the storm in better fashion than its more metropolitan counterparts (such as Reno), as it is not extremely gaming dependent to begin with. Further, Carson's proximity to Lake Tahoe will remain a benefit due to the destination aspects of Tahoe. Indirect impacts are possible however. As a state capital this

community is highly dependent on tax revenues, and taxes imposed on casinos provide a significant portion of state revenues.

TAXES

Historically western Nevada, and Nevada as a whole, has offered a unique tax structure which favors businesses as well as individuals. Nevada's Freeport Law exempts personal property of interstate origin and destination from taxes while located within the state. This tax policy was expanded to include all types of business inventories, and in 1982 the state expanded the exemption to include all inventories in the state regardless of origin. In addition, Nevada presently has no personal income tax, corporate income tax, inheritance tax, or franchise tax.

The state sales tax was raised from 3.5% to 5.75% in 1981 in a "tax shift" designed to reduce real and personal property taxes. Counties and municipalities have the option of raising the levy another $\pm 2\%$. The property tax limitation was dropped from \$5.00 per \$100 of assessed valuation to a constitutional limit of \$3.64 per \$100 of assessed value, statewide back in the early 80's as well. Subsequent to this tax shift property tax levies remained stable around \$2.00 to \$2.50/\$100 throughout the early to mid-eighties. Starting in 1987 most Western Nevada counties found it necessary to raise the rates, and in-city levies of about \$3.00 to \$3.50/\$100 are now the norm in most jurisdictions (equivalent to $\pm 1\%$ of full cash value).

CONSTRUCTION ACTIVITY

Building permits and utility connections are the primary indications of new construction. Carson's relatively lackluster performance from 1980 through 1984 was not totally attributable to the national economy, as resources were an issue during this time frame. Water for additional service was an issue throughout most of the 80's, and the city did not solve its sewer capacity problem until late in 1984. From about 1987 forward residential

construction was fairly stable in the vicinity of 300 new homes per year. As such the increases and decreases noted on the forthcoming chart are more coincidental than economy motivated. Over the last couple of years single-family construction has slowed due to the lack of unimproved lots and/or approved subdivision projects in Carson. A chart disclosing local building permit activity for the last ±25 years:

<u>Year</u>	<u>SFR Permits</u>	<u>MF Units</u>
1980	100	39
1981	106	32
1982	60	34
1983	215	29
1984	189	16
1985	248	71
1986	424	72
1987	343	68
1988	321	34
1989	378	86
Decade Averages	238 Homes	48 Units
1990	423	68
1991	331	57
1992	374	106
1993	401	94
1994	379	115
1995	334	82
1996	324	119
1997	329	377
1998	264	2
1999	293	50
Decade Averages	345 Homes	107 Units

<u>Year</u>	<u>SFR Permits</u>	<u>MF Units</u>
2001	243	0
2002	306	31
2003	195	6
2004	130	117
2005	110	80
Averages	215 Homes	52 Units

Until just recently growth in the single-family sector was fairly stable from one year to the next, with multi-family construction disclosing a more volatile pattern. Single-family construction was stimulated over the latter half of 1990's and early 2000's by historically low mortgage interest rates, and the drop-off in housing starts from 2003 forward is simply disclosing that Carson is running out of land to develop. This trend is likely to continue, although it should also be noted that at least two major housing projects are on the drawing boards (i.e., Silver Hawk and the Schulz Ranch).

In the past the issuance of building permits was influenced to some degree by the City's Growth Management Ordinance. In effect, Carson limits the number of building entitlements that are issued each year. Past subdivision moratoriums (due to water and sewer problems) limited construction in certain years, and were the primary reason the Growth Management Ordinance was put into effect in the first place.

The purpose of the ordinance was to plan and coordinate future growth in Carson, taking into account historical uses and trends, available water and sewer resources, and future needs. The effect of the ordinance resulted in a planned growth rate of $\pm 3\%$ per year. Given the fact that there was most often a carryover in entitlements, the 3% cap was virtually never achieved. The allowable entitlements are distributed between large developers, owner/builders, and small contractors. The ordinance was put into effect in December of 1984 when the city/county once again began reviewing subdivision requests.

It should be noted that the State's Division of Water Resources did not approve a subdivision map in Carson City between 1978 and 1989 due to inadequate water resources. It appears that the city is now developing at a fairly stable pace, in accordance with its resources. It is also evident however that unimproved land suitable to residential development is soon to be all but exhausted. The Lompa Ranch in the center of town is the only large tract of land left in the city that is suitable to development. In-fill development and a few somewhat smaller tracts at the south and west ends of town will continue to support some residential growth over the next decade, but single-family construction in Carson has now most likely passed its peak.

WATER ISSUES

Water to serve new development were of critical concern to Carson City over most of the 80's. The city imposed a moratorium on building permits (under pressure from the Division of Water Resources) in 1987. This moratorium was later lifted after the city (and state) commissioned a study to again define and quantify available resources. The Nevada Division of Water Resources is delegated the responsibility of administering waters everywhere within the state, an agency that did not approve a single subdivision in the Eagle Valley Basin (Carson) between 1978 and 1989. Subdivisions created during this period used parcel map procedures (where only four new parcels are created with a single map, a procedure exempt from Division of Water Resources review). Naturally, the intent of state water laws was being circumvented over this era. Carson City resolved most of its water resource problems in the early 1990's via a number of large volume acquisitions, and water for new services should not be an issue for quite some time to come. The day will eventually come when there is no water available to support construction given the finite nature of the resource. The amount of remaining unimproved land in this city/county is also very limited however, and hopefully the utilization of the two resources (land and water) can be coordinated through build-out. Citywide build-out is forecasted to occur in less than 20 years.

FUTURE TRENDS

In the appraiser's opinion the economic outlook for Carson is fairly good in nearly all sectors. Gaming, the economic mainstay of most metropolitan areas in Nevada, could experience problems in the future as more states continue to legalize casino gambling. Carson's dependency on gaming is limited in comparison with other Nevada communities, suggesting that it could weather a downturn better than most (disregarding the potential for indirect impacts, i.e., tax revenues).

The immigration of relocating manufacturers has declined somewhat, which is likely attributable to the recent increases in housing prices. To date, the city/county, in conjunction with the Northern Nevada Development Authority have been reasonably effective in attracting new firms, and thus Carson has diversified its economic base to some degree. In the appraiser's opinion the substantial run-up in housing prices between 2000 and 2005 may be responsible for slowing industrial growth, as affordable housing is basically disappearing in western Nevada.

A potential problem for the private sector also exists in the professional office market. The state has announced intentions to centralize most all of their operations on state-owned property over time, and the state owns large undeveloped sites to accommodate this purpose. At present, Nevada (through various agencies) is the largest single tenant in the Carson office market, occupying tens of thousands of square feet. If tax revenues are sufficient to fund the centralization projects, and the state proceeds as planned, excessive vacancies in the office market could occur. It would take years, if not decades, for private industry to absorb all the office space occupied by state tenants. Although a concern to the appraiser given a mid- to long-term forecast this issue has not impacted the local office market to any significant degree. Investors continue to buy Carson office buildings at rates of return consistent with other Western Nevada communities, and developers and builders continue to construct new offices (often for state tenants). There is apparently a perception

in the marketplace that the state will not be able to fund all of the projects it has proposed, although construction was recently finished on a \pm 125,000 sq.ft. state office building in the southerly portion of the city.

Following decades of reasonably stable and economically sound increases in local housing values (say 3% to 5%/year), the era between 2001 and 2005 saw a dramatic rise in the average selling price of a Carson City home. As reported by the local assessor residential values increased by \pm 11% between 2001/2002, +14% between 2002/2003, +24% between 2003/2004, and +20% between 2004/2005. The stark increases in residential appreciation during this era can be attributed to four forces, specifically:

- 1) Low mortgage interest rates;
- 2) A market perception of impending scarcity;
- 3) Slow growth initiatives and movements (primarily in Douglas County); and
- 4) Something of a nationwide fever for real estate investments given a lack of attractive alternatives.

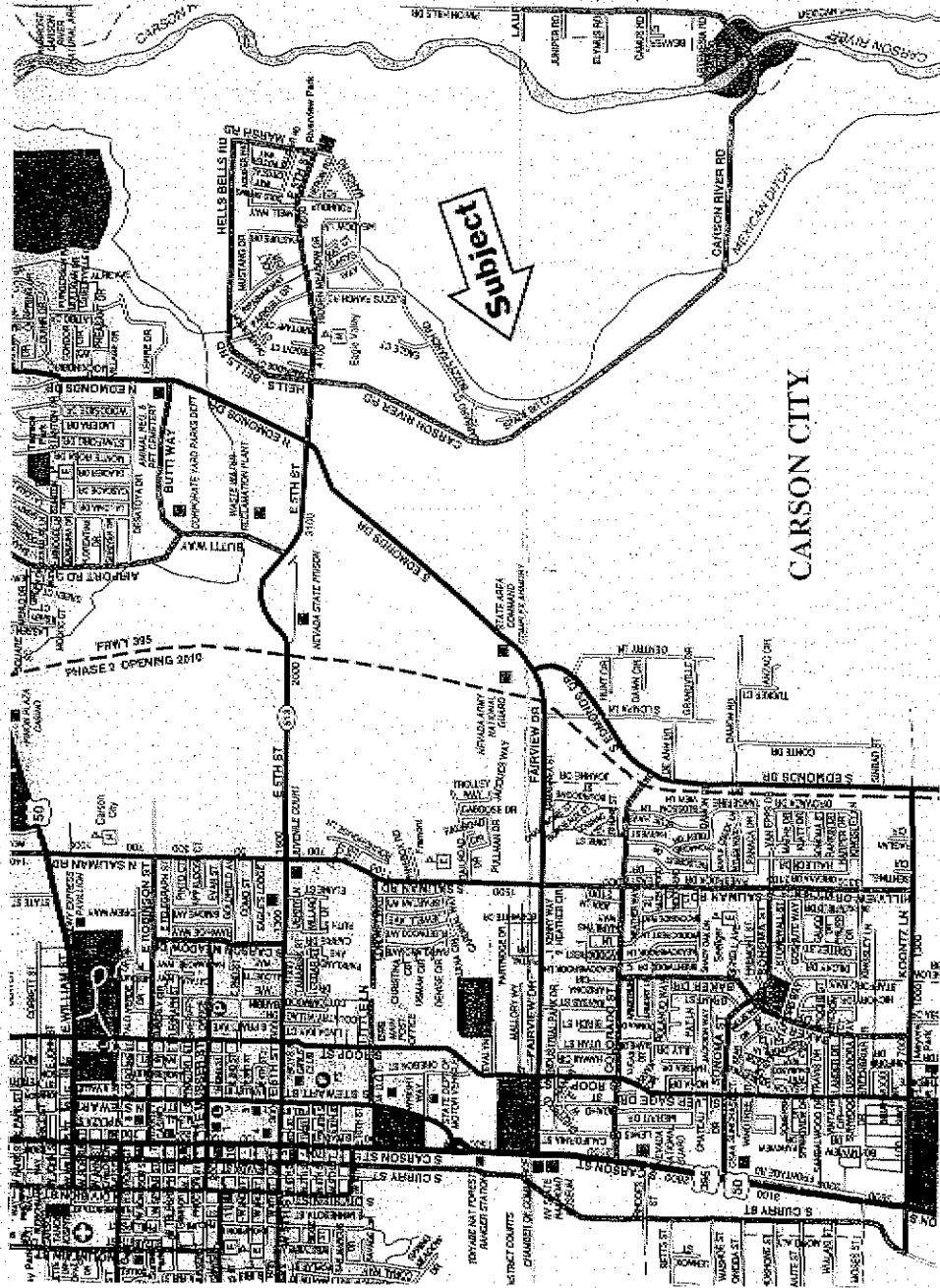
Starting at some point in 2005 investor-oriented buyers began to abandon the housing market, the pace of sales slowed, and price corrections are now occurring (or are on the horizon). Average housing prices in Carson according to the local assessor have been:

<u>Year</u>	<u># of Sales</u>	<u>Average Price</u>
1988	806	\$101,612
1989	787	\$107,052
1990	901	\$114,035
1992	798	\$118,070
1993	951	\$127,528
1994	911	\$130,291
1995	751	\$145,814
1996	786	\$150,596
1997	742	\$152,585
1998	830	\$159,462
1999	952	\$161,901
2000	945	\$167,553
2001	1,058	\$178,541
2002	1,185	\$198,703
2003	1,153	\$227,410
2004	1,083	\$282,995
2005	933	\$339,866

With only moderate changes in home construction costs, much of the increase in residential prices accrued to the value contribution of the residential lot and/or the land. Residential lots basically tripled in price over the last 5 to 6 years, with subdivision land disclosing an even greater rate of appreciation. Locally, regionally, and nationally the housing market overheated as fundamental economic principles were abandoned by various mortgage lenders. As of the date of this report, a painful correction is in full swing nationally. Locally housing prices were flat to slightly declining in 2006, and the outlook for 2007 is flat at best. The scarcity of land in Carson is likely to buoy the local housing market to some degree however.

PROPERTY DESCRIPTION

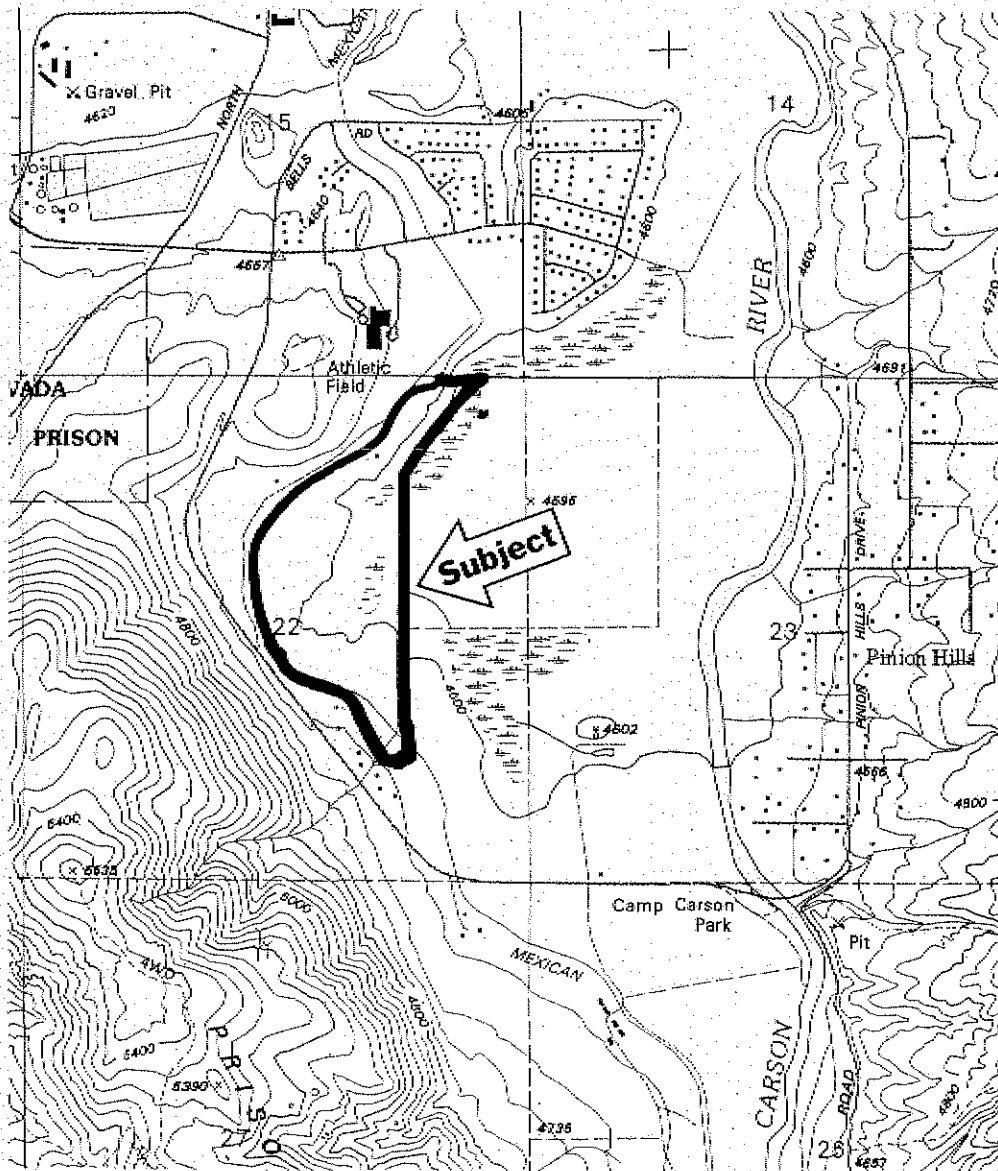
LOCATION MAP



CARSON CITY

LYN C. NORBERG, MAI

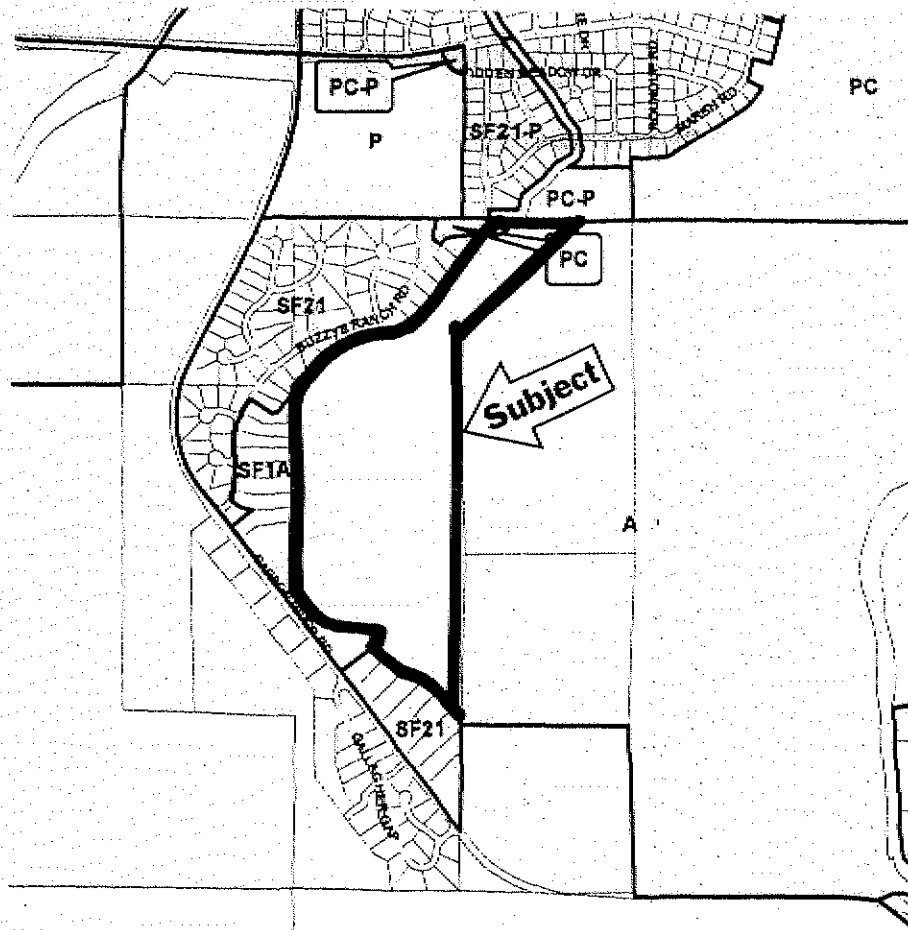
TOPOGRAPHIC MAP



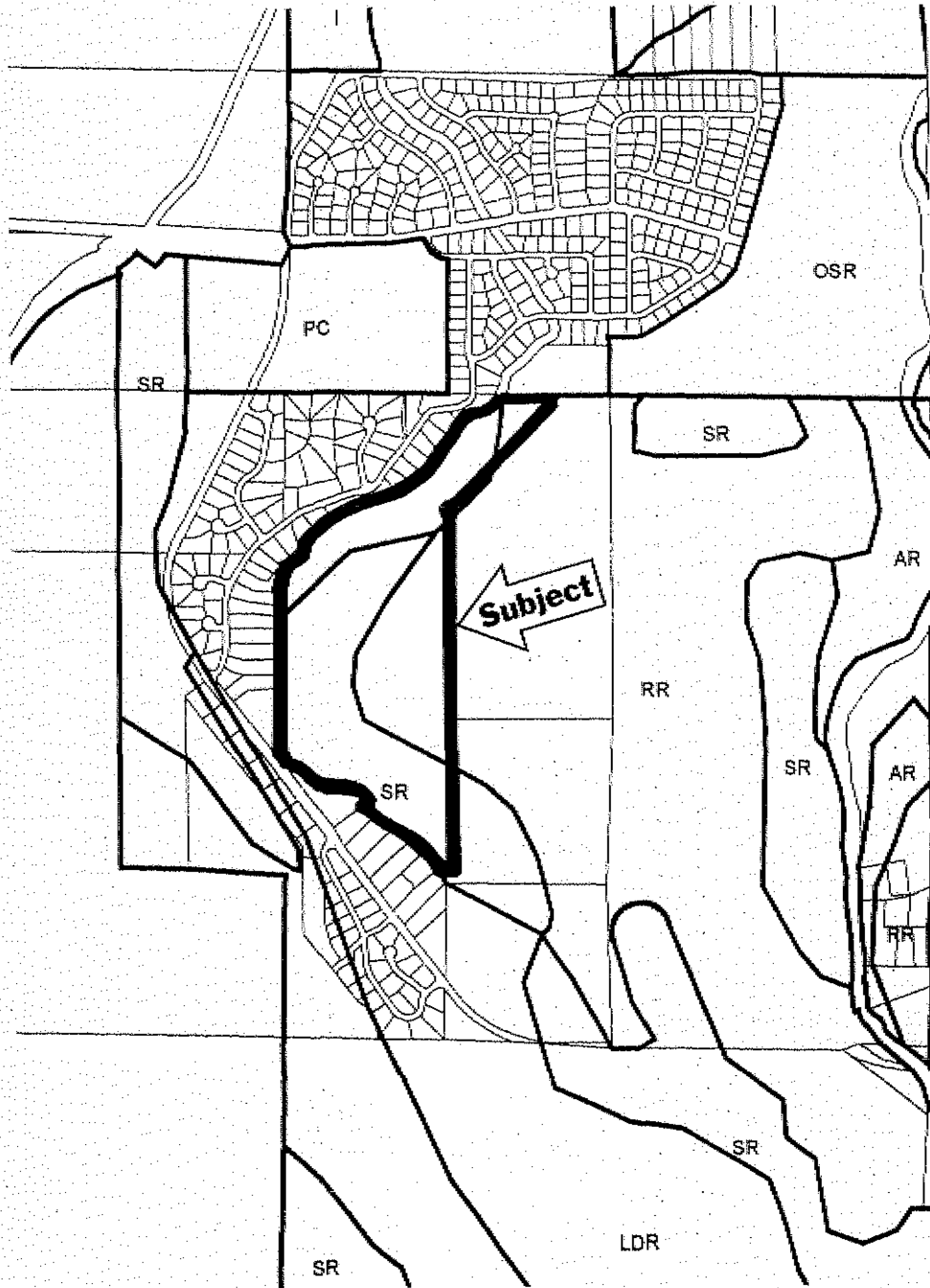
Carson City



ZONING MAP



MASTER PLAN MAP



PROPERTY DESCRIPTION

LEGAL DESCRIPTION

The readers are referred to the title report furnished in Addenda Exhibit "A" for a legal description of the appraised property. In brief, the subject encompasses an ±86-acre portion of Section 22, Township 15 North, Range 20 East, MDB&M.

LOCATION

This property is located directly to the east of the Hidden Meadows residential development in east-central Carson City. An irrigation canal known as the Mexican Ditch forms the west boundary of the property. Maps provided at the beginning of this section are useful in identifying the location of the tract. This property is a portion of an agricultural holding that has historically been known as the Andersen Ranch.

STREET ADDRESS

Not assigned.

DIMENSIONS, AREA, AND SHAPE

The subject has an unusual shape due to the curvical nature of the Mexican Ditch which serves as a boundary. The shape of the parcel is best represented by the maps that are provided at the beginning of this section. Relative to the ownership's dimensions the readers are referred to the maps that are furnished in the title report. According to these maps, and the records of the Carson City Assessor, the subject encompasses a gross land area of 86 acres. Given the ownerships size, coupled with its zoning and Master Plan designations, the property's irregular shape would have little to no impact on the utility, developability, or lot yield of the subject. This report will therefore proceed on the basis of a gross land area of 86 acres. The easement for the Mexican Ditch encumbers a few acres of the subject, resulting in a net usable land area in the vicinity of ±80 acres.

ACCESS

Although the subject is currently accessible via an easement, it does suffer from access deficiencies relative to any further land divisions. Since this property is both physically and legally adaptable to residential subdivision, the cost to cure these access deficiencies will be given their due consideration in valuation, and are explored in greater detail below.

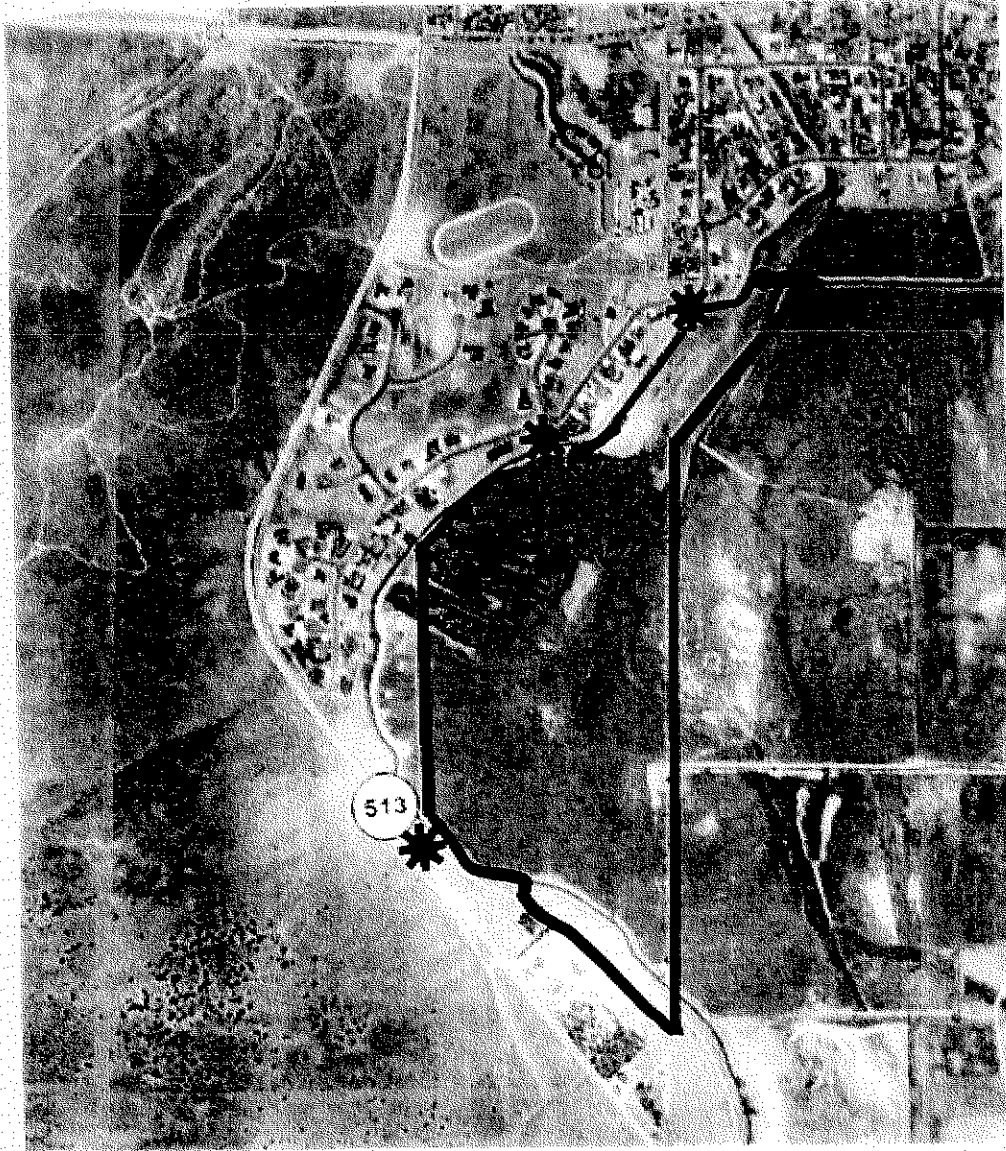
East 5th Street and Carson River Road are the principal manners in which to reach the subject's neighborhood. Both of these streets intersect Buzzy's Ranch Road, a residential street in the Hidden Meadows development. At a point on Buzzy's Ranch Road directly to the east of Spade Bit Court, a narrow ($\pm 30'$) easement begins that hosts a dirt road and bridge over the Mexican Ditch. This is the principal means of access to the subject at present. This access is of sufficient quality to accommodate current agricultural operations, but would be insufficient for anything other than emergency access in conjunction with a subdivision development. Legally the subject benefits from another access route via an easement across the Jarrard Ranch to the east, and physically a portion of the property is also accessible via the maintenance road that extends along the west side of the Mexican Ditch.

The access easement from the east involves an 80' corridor that extends across the adjacent holdings of Jarrard. This easement connects to Carson River Road about 1/4 mile to the south of the subject. The location of the road is referenced on some of the maps that are presented at the beginning of this section, but road improvements are modest. An additional negative associated with this access route is its offsite length. More directly, to develop this route to city standards the subject will be burdened with the costs associated with installing about $\pm 3,000'$ of offsite roadway. At $\pm \$200/\text{foot}$ (without utilities) the offsite burden would be \$600,000, and at \$300/foot nearly \$1,000,000. Additionally, given the high water tables in the area construction costs could easily be much higher, and

the potential for cost participation is basically limited to the adjacent holding of Jarrard (who has ±20 acres outside of the flood plain at this location that would also benefit from the road). It remains evident however, that the subject would have to anticipate shouldering the majority of the road cost burden.

A Development Constraint Analysis prepared by the Palmer Engineering Group discloses another access point near the subject's far northeast corner. This easement and/or r.o.w. was offered in dedication to Carson City in conjunction with Hidden Meadows and is now used as a trailhead parking area. The engineers who prepared the constraint analysis believe that an access can be developed at this location, yet the appraiser is inclined to conclude that resistance from the city is likely to surface. This is a legal issue well beyond the scope of the appraiser's assignment and/or expertise, yet it is not as germane to value as one might initially expect. Once again, an access road from this point would also involve a lengthy stretch of road to reach the heart of the subject's developable land, which can therefore be viewed in the context of another offsite and/or extraordinary cost burden. As an alternative it would be more economical to purchase an easement from one of the existing homeowners along the subject's west boundary. One vacant lot along Buzzy's Ranch Road recently sold for \$235,000, and the acquisition of this lot would have gone a long way towards curing the subject's access deficiencies. Other options exist in this regard, with a few depicted on the map that follows:

POTENTIAL ACCESS POINTS



Naturally the appraiser can only speculate as to what buying an easement would cost, yet \$100,000 or \$200,000 would seem to be a sufficient amount of money to motivate a homeowner to sell. If not, a developer could always purchase a home along the Mexican Ditch when one comes up for sale, install an access, and then resell the home. With these thoughts in mind the subject's access deficiencies are economically curable.

CURRENT USE/HISTORICAL USE

Historically the subject has been used for seasonal cattle grazing, although some grass hay may have been harvested in the past as well. For the most part the subject is an irrigated pasture ranch however, relying on surface water diversions out of the Mexican Ditch to irrigate its fields. The Mexican Ditch starts about 1-1/2 miles to the south of the subject at a concrete dam that extends across the Carson River (i.e., the Mexican Dam). Water right documentation suggests that the subject was one of the last parcels to be developed to irrigated agriculture as the property's water right priorities only date back to the early 1900's. Although located in an urban-interface setting, the subject is still used for grazing.

CURRENT OWNER

This property is currently vested in the Robert Lorin Andersen Trust.

ZONING

The subject is one of the last parcels in all of Carson City that continues to host an "A" (agricultural) zoning designation. This zoning imposes a minimum lot size of 20 acres for the construction of a residence, but the zoning must be viewed with at least a grain of nostalgia given the current character of the city. More directly the subject, a handful of Andersen Ranch parcels on the west side of the city, and the Lompa Ranch in the center of town are the only tracts of agricultural land left in Eagle Valley. Given existing urbanization pressures it is likely that there will be no agricultural operations left at all in less than a decade. On the surface these observations suggest that the subject's zoning is

actually something of a remnant of a bygone era, and this observation is also supported to some degree by the local Master Plan.

MASTER PLAN

Carson City recently (2006) completed an update of its citywide Master Plan. The subject and the adjacent Jarrard Ranch were purposely held out of the update since they are targeted for potential acquisition by Carson City's Open Space Committee. As such the subject has been allowed to keep the more liberal land use designations of the earlier Master Plan, as denoted on the map provided at the beginning of this section. In this Master Plan the subject hosts three land use designations specifically SR, RR, and LDR. The acceptable residential densities associated with each are:

LDR	.3 to 1 acre/dwelling unit
SR	1 to 3 acres/dwelling unit
RR	3 to 10 acres/dwelling unit

The owners retained a local land use planning firm (Palmer Engineering Group) to conduct a development constraint analysis on the property. This firm calculated that via the Master Plan the subject was adaptable to the creation of anywhere from 29 to 89 residential lots. After incorporating a +10% density bonus for PUD developments, the maximum number of allowable units was estimated at 98 residential lots. This would equate to an overall project density of about 1.1 dwelling units per acre, which tends to conform with the character of the neighborhood.

The planning firm also developed two conceptual subdivision designs, as furnished in Addenda Exhibit "C". Concept "A" involves lots that are about 1/2 acre in size. These lots would utilize about 50% of the property, with the balance left in open space. Concept "B" involves lots that are somewhat smaller, being about $\pm 1/4$ -acre in size. This design would utilize about 1/3 of the property, with the balance left in open space. In both designs lands within the limits of the 100-year flood plain will simply be left in open space. As to which design would be more economically judicious the appraiser offers no formal comments, as both remain conceptual in nature. Carson authorities indicated that they have no preferred alternative either, and would defer this aspect of a development to the preferences of neighboring homeowners. Via one means or another however, it appears that somewhere in the vicinity of ± 98 lots may be possible on the subject. Furthermore, a project such as this would conform with the neighborhood, and the actual densities achieved by various phases of neighboring Hidden Meadows. In turn, the appraiser has placed a substantial amount of weight on Palmer Engineering's conceptual designs in valuation.

UTILITIES

Full city services are available in the neighborhood and are located less than a few hundred feet from the subject's west boundary. Water, sewer, natural gas, electricity, telephone, and cable TV have been installed within the r.o.w. of Buzzy's Ranch Road, and also a portion of Carson River Road. The subject is situated at a lower elevation in relation to these adjacent lands (and streets), and would therefore have to install sewer pump stations in conjunction with any development. City services are readily available to this tract, and any need for offsite utility extensions would involve only modest distances.

FLOOD HAZARDS

The subject is impacted by two potential flood hazards, one which is specifically identified (the Carson River), the other being more informal. The informal hazard relates to the Mexican Ditch which is located upslope from the property. If the ditch was to breach waters would flow easterly across the subject towards the river. This hazard could be taken into account in design by diverting any overflows into the street and/or drainage network of the subdivision.

The Carson River exerts a greater influence on the developability of the property. As can be seen in the conceptual designs furnished in Addenda Exhibit "C", no residential lots whatsoever are proposed for the lands within the boundaries of the 100-year flood plain. About half of the subject falls within this zone (Zone "A"), with the other half involving a "B" flood zone (i.e., the limits of a 500-year flood event). Local authorities do not impose any development limitations on lands located within a "B" zone, but Carson does have policies relative to developments within the primary flood plain (refer to Addenda Exhibit "D").

The subject can mitigate the flood zone constraint by clustering its development entitlements outside of harm's way, and both of the conceptual development designs utilize this option. The flood hazard associated with the subject would therefore influence the size and placement of residential lots, but not overall lot yield.

SEISMIC HAZARDS

The subject is located within Seismic Risk Zones I and II. This identifies areas categorized by local faults where there is a strong risk of seismic activity. The subject would experience moderate to severe shaking during an earthquake, together with the possibility of liquefaction given the shallow depth to the water table. The appraiser will not be viewing the seismic hazard in the context of a development constraint however, in

deference to all of the existing homes in the neighborhood (within the same seismic risk zones).

THREATENED AND ENDANGERED SPECIES

To the appraiser's knowledge the subject has never been formally surveyed relative to threatened and endangered species. Two federally listed species of birds may exist in the subject's area, specifically the Yellow Billed Cuckoo and the Bald Eagle. The subject does not provide any special or critical habitat for either of these species to the appraiser's knowledge. Lacking documentation to the contrary, it is assumed that there are no development constraints associated with protected species.

SOIL CONDITIONS

The subject was identified on the *Soil Survey for Carson City*, a USDA publication that dates back to 1975, and also on the Natural Resource and Conservation Service website. The two principal soils associated with the subject are the Cradlebaugh loam, strongly saline/alkaline, and Juva coarse sandy loam on 0% to 2% slopes. Both soils involve sandy loams that originated as flood plain deposits, and both are burdened by a shallow depth to water on a seasonal basis.

Two other soils found on the subject in lesser amounts involve the Greenbrae gravelly sandy loam, and the Histic-Haplaquolls soil. The Histic soil is found near the northeast corner of the tract, evidently involving an old river channel that the appraiser suspects would classify as jurisdictional wetlands. All of the subject's soils host hydric characteristics (an indicator of potential wetlands), but it is likely that these features are irrigation induced and/or attributable to seepage from the Mexican Ditch. The constraint analysis prepared by the Palmer Engineering Group suggests that there are some other undesirable aspects associated with the subject's soils from a developmental perspective as

well, but nothing that would classify as an economically incurable issue. The readers are referred to Addenda Exhibit "E" for more specifics on the soils.

ENVIRONMENTAL ISSUES/HAZARDOUS CONTAMINATION

The appraiser was not furnished a Phase I or Phase II environmental assessment on this property, although the likelihood of any environmental problems is deemed slight. More directly, it appears that this ownership has never been used for anything other than irrigated pasture (livestock grazing) and wildlife habitat. As with all agricultural properties it is likely that various chemicals have been used on the property in the past (herbicides), but this circumstance seldom results in any contamination. The appraiser professes no specific expertise in this field however, and the clients are urged to research these matters to their own satisfaction. The subject will be valued under the assumption that there are no environmental issues that are pertinent to value.

ASSESSMENTS AND TAXES

The subject is identified on the records of the Carson City Assessor's Office via APN 10-071-25. The assessed value applied to the land in the coming 2007/2008 tax year is \$9,277. Property taxes imposed on the ownership in 2006/2007 totaled \$182.34. Assessed values and taxes are favorable in this instance due to the benefits of an ag-use assessment.

In Nevada lands are assessed on the basis of 35% of their market value, as estimated by the local assessor. Improvements are assessed on the basis of 35% of replacement cost less depreciation. Depreciation is calculated on the basis of 1-1/2%/year, based on the actual age of a building up to a maximum of 75%. In Carson City properties are reappraised on a 5-year cycle and indexed for changing market conditions over the intervening years.

The assessed values applied to the subject's agricultural lands are quite favorable in relation to their actual market value due to the benefits of ag-use assessment. Ag-use assessment is described in NRS 361A.325. This aspect of the Tax Code grants Nevada's farmers and ranchers, at their election, the option of entering into agreements whereby they are granted favorable assessment procedures as long as their lands remain in agricultural production. Agricultural land under a conservation contract is assessed in accordance with its agricultural use as opposed to its highest and best use. It takes seven years to remove a property from the constraints of the ag-use contract without triggering deferred agricultural taxes. If land under a contract is developed or subdivided into non-qualifying parcels prior to the 7-year removal period deferred taxes become due and payable. The deferred tax is calculated on the basis of the tax that would have been levied under a highest and best use valuation, for the seven years immediately preceding the conversion, less taxes actually paid. This can, in certain instances, result in a significant tax lien against the property. It is important to note that the deferred tax does not impact the market value of a property, more so only the equity position of an owner. On occasion sellers will credit the purchase price for the amount of the deferred lien if a conversion to another use is imminent. Conversely, if the buyer has no imminent development intentions, the amount of the deferred lien is generally disregarded. Since the lien is not calculated until the change in use occurs, the appraiser is not in a position to furnish the amount.

WATER RIGHTS

The following references to water rights are provided for informative purposes only as the subject's water rights are not being appraised in this report (i.e., the property is being appraised exclusive of its appurtenant water rights).

The subject hosts water rights in the Carson River as established by the Carson River Decree, and/or more specifically in an action entitled "The United States of America vs. Alpine Land and Reservoir Company, Civil No. D-183BRT". A copy of the pages from the decree that address the subject property specifically (and the adjacent lands of Jarrard) are furnished in Addenda Exhibit "F". The subject was originally a portion of a larger property that was split into more than two ownerships since the decree was rendered. The water rights initially allotted to the parent tract (Andersen Ranch) totaled 478.28 acres. Subsequent thereto portions of the ranch were sold, with the balance divided amongst heirs and/or family members. Thus, lacking the assistance of a water right surveyor, the comments that follow may offer a few minor discrepancies. What is known is summarized as follows.

- The U.S. Water Master's Office currently bills ±85 acres of irrigation water rights to the current owners. Documentation relative to this observation is provided in Addenda Exhibit "F".
- Documentation furnished to the appraiser by Mr. Chris McKenzie (legal counsel for the Jarrard Ranch) indicated that there are 78.3 acres of water rights attached to the subject (see Addenda Exhibit "F").

The slight discrepancy (78 acres vs. 85 acres) is of no concern to this appraisal since the subject is being appraised "as though dry". For what it is worth however, it should be noted that the location of these rights is pertinent relative to their utility and value. More directly, the subject's water rights are located within the Dayton segment of the Carson River system (where water values are somewhat higher than that common to Carson City). Thus it is conceivable that the subject's water rights may one day be used to support additional urban growth downstream in the Dayton area. This circumstance also provides the reason why the appraiser has been requested to value the subject exclusive of its

appurtenant water rights (aka "as though dry"). Given these instructions, the appraiser will dispense with any additional comments on water right matters.

TOPOGRAPHY

A topographic map of the subject was provided at the beginning of this section. This property has a mild slope losing elevation from west to east. The property drains towards the Carson River. Extending north/south through the property in a curvical fashion is the dividing line between the limits of the 100-year and the 500-year floods. The portion of the ownership upslope from this dividing line has residential subdivision potential, with that situated to the east having low-density potential only (and/or value from an open space perspective). The subject's mild terrain is slightly deceiving, in that there are other development constraints associated with this land (i.e., wetness, flood zones, and possibly jurisdictional wetlands).

CURRENT LAND USE

Virtually all of the subject is devoted to irrigated pasture. There are no farmyards, buildings, corrals, or other improvements on these lands. Additionally, there is little in the way of interior roads or cross fencing.

TITLE MATTERS

A copy of a title report on the subject is furnished in Addenda Exhibit "A". This report lists 11 separate exceptions, yet none are deemed very detrimental relative to the utility or value of the property. These exceptions and/or matters of title are grouped as follows:

<u>Exception(s)</u>	<u>Comment</u>
1-4, & 10	These exceptions relate to property taxes, deferred ag-taxes, etc. These items impact all properties, and are properly classified as matters of equity as opposed to value.

<u>Exception(s)</u>	<u>Comment</u>
5 & 8	These two exceptions identify public utility easement corridors for an underground telephone line and an overhead electrical line. Public utility easements are common to most all properties, and are simply taken into account in subdivision design. The power line is somewhat intrusive since it tends to extend through the center of the property.
6 & 7	These two exceptions reference access and public utility easements that were incorporated into prior parcel maps and division of land maps. Given the location of these easements they are not detrimental to the utility or value of the property either.
9	This exception is referencing an easement that was granted to Carson City to accommodate a trail and maintenance of the Mexican Ditch. The easement is 80' wide and extends along a portion of the subject's west boundary. This easement reduces the subject's net usable area by a few acres, but does not exert a material influence on lot yield.
11	Relates to documenting title, of no concern to an appraisal.

In summary, the subject is encumbered by relatively typical easements and encumbrances, none of which exert a material impact on the developability of the property.

DEVELOPMENT APPROVALS

There are no development approvals associated with the subject, nor have any formal applications been submitted to city authorities. The conceptual designs furnished in Addenda Exhibit "C" are preliminary and have no legal standing (although it is the appraiser's understanding that planning authorities have had the opportunity to review and offer comments on these plans).

ADJACENT DEVELOPMENTS

The subject is a medium size agricultural holding on the east side of Carson City. To the west and northwest of the subject one encounters Hidden Meadows, residential subdivisions that were developed by Al Bernhard in the mid to late 1990's. Most of the single-family lots in these subdivisions are 1/3- to 1/2-acre in size, and most (but not all) are located above the Mexican Ditch. In the mid 1990's the developer began marketing these lots for prices in the vicinity of \$45,000/lot. By the late 90's prices were more so in the \$60,000 to \$70,000 range, and by the early 2000's about \$80,000/lot. Shortly thereafter prices jumped substantially over a very short era to the ±\$150,000 to \$200,000 range. Only a few vacant lots remain in the project. Hidden Meadows Estates has been improved with good quality custom homes that sell for prices in the vicinity of \$500,000 to \$800,000.

To the north of Hidden Meadows one encounters the Eagle Valley Middle School (on a ±40-acre parcel) and a somewhat more senior residential subdivision known as Riverview Terrace. Riverview was platted back in the mid 1970's, and hosts homes that are generally smaller and less expensive than Hidden Meadows (on average).

On the far side of the Carson River about 3/4 mile to the east of the subject lies Piñon Hills. Lots in this neighborhood range from about 1 to 2 acres in size, being somewhat larger since city services are limited. More directly, homes in Piñon Hills rely on individual wells and septic systems for household water and wastewater treatment. Directly to the east is the Jarrard Ranch, a ±400-acre land holding that is used for livestock grazing. Flood zone constraints offer a formidable obstacle relative to the development of these lands.

A short distance to the south of the subject is the Silver Saddle Ranch, a reasonably similar agricultural holding that was proposed for development in the mid to late 1990's. These lands were acquired by the Bureau of Land Management in 1997 before any development was commenced in earnest. To the northeast of the subject is a city park (Riverview Park). Further to the north one encounters the Empire Ranch subdivision and golf course on the old Darling Ranch. Thereafter the Carson River veers easterly through a canyon where steep and mountainous terrain becomes the norm.

With the exception of the adjacent Jarrard Ranch, there are no longer any properties in close proximity to the subject that are truly similar in nature. From the Mexican Dam north on through to the Brunswick Canyon region there were never more than 5 to 6 major ranches. From south to north these were the Silver Saddle Ranch, Andersen Ranch, a handful of fairly small ranches in and around Hells Bells Road, and the Darling Ranch. The Darling Ranch was developed to the Empire Ranch and golf course in 1994, with the Silver Saddle Ranch acquired by the BLM in 1997. One of the larger ranches along Hells Bells Road (Terry) was developed to Riverview Terrace in the late 1970's. The most developable portions of the prior Andersen Ranch were subdivided into Hidden Meadows in the 1990's. As such the subject and the adjacent ±400-acre holding of Jarrard now find themselves in limited company (i.e., undeveloped private lands along the river). Both ownerships are currently targeted for open space acquisitions, and/or the expansion of the local park system. These potential public uses would appear to be a logical use for the subject, but cannot be considered the property's highest and best use for valuation purposes (as highest and best use is based on economic considerations).

HIGHEST AND BEST USE

Highest and best use may be defined as the reasonably probable and legal use of vacant land, or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The highest and best use of both land, as though vacant, and property, as improved, must meet the following criteria:

1. Legally permissible
2. Physically possible
3. Financially feasible
4. Maximally productive

Commercial and industrial developments would be incompatible with the subject's neighborhood, and agriculture (grazing) is an interim land use at best. As such the primary questions to be addressed in this highest and best use analysis is the number of residential lots the subject is capable of supporting, in addition to exploring the extraordinary development challenges and cost burdens that will be encountered in developing this property. Much of the information that follows was gleaned from the Development Constraint Analysis prepared by the Palmer Engineering Group. A copy of this report will be maintained in the appraiser's files, and is available for review by the clients and/or nominees.

LEGALLY PERMISSIBLE

The three principal authorities that would influence the development of the subject from a legal perspective are the ownership's Master Plan designations, Carson City's flood zone policies, and development restrictions that are associated with jurisdictional wetlands (if wetlands exist). Lacking a formal study and/or onsite survey relative to wetlands all of the appraiser's comments in this regard are informal, but it appears that the ownership hosts at least some wetland areas.

The subject's existing zoning imposes a minimum site size of 20 acres for the construction of a residence. Therefore under zoning, the subject's entire 86 acres could support only four residential sites. Pursuing development in this manner would not maximize the potential of the land, as the portion of the subject outside of the primary flood plain is both legally and physically capable of supporting higher residential densities. Under the Master Plan the subject hosts three land use designations, specifically RR, SR, and LDR. Each has a different level of allowable residential density. For example, acceptable density in the RR district ranges from ±3 acres per lot to 10 acres per lot. The conceptual development designs developed by the Palmer Engineering Group were based on the following calculations:

	<u>Acreage</u>	<u>Dwelling Units (Low/High)</u>
RR	32.51 acres	3 to 10 units
SR	31.34 acres	10 to 31 units
LDR	<u>16.50 acres</u>	<u>16 to 48 units</u>
Total	80.00 acres	29 to 89 units
	PUD bonus:	<u>9 units</u>
	Maximum Allowable:	98 units

These calculations are based on 80 acres as opposed to 86 acres, most likely reflecting an allowance for land lost to the Mexican Ditch easement. The slight difference in acreage is of little concern to project size regardless.

The study by Palmer Engineering indicates that the subject is legally capable of supporting anywhere from 29 to 98 lots (with a PUD bonus). Two conceptual designs based on the maximum allowable density of 98 lots are furnished in Addenda Exhibit "D". Both of the designs incorporated an abundance of open space along the east side of the property (with the 100-year flood plain), generally ranging anywhere from $\pm 40\%$ to 60% of total area. The two designs appear to offer logical manners in which to subdivide the subject, but the appraiser remains reluctant to take a firm position on the number of lots that can actually be platted on this property. Given the high water table hidden obstacles could easily surface once actual construction was commenced. Stated in another fashion, physical constraints would most certainly factor into final subdivision design and overall project size.

PHYSICALLY POSSIBLE

The constraint analysis prepared by the Palmer Engineering Group specifies most of the subject's development constraints, although the appraiser must add undesirable access to the list. The primary flood plain is one of the subject's constraints, but this land would be used for open space in conjunction with a PUD-style project. Soil conditions (wetness) represent another constraint, and the appraiser also suspects the existence of some jurisdictional wetlands. Existing access is another problem. Overall, however, all of the subject's constraints fall into economically curable and/or mitigatable categories.

Virtually all of the subject's soils are known to host hydric characteristics, an indicator of potential wetlands. The subject is not Carson River bottomlands in the purest sense however, as this tract begins at the upslope ascent onto the alluvial fan of Prison Hill. Thus, it appears that some (if not most) of the subject's hydric soils are irrigation induced. An exception to this statement relates to the Histic-Haplaquolls soil near the northeast corner of the tract. This soil is an old river channel, has a surface layer of peat, and was saturated during both of the appraiser's inspections. In a similar vein another relatively wet area was noted in the south-central portion of the subject (denoted as a slough on the topographic map). As to whether these are truly wetlands, and/or simply seepage from the Mexican Ditch, the appraiser can only speculate. There is no need to extend this discussion further lacking a formal study. Quite simply, any development of the subject would have to take wetland areas into account. At the same time, however, it also remains evident that substantial portions of the subject are comprised of developable lands.

Improving access is another problem the subject will be forced to confront in conjunction with a development. At present there are three ways to reach the subject by vehicle, one involving dirt roads that cross the adjacent Jarrard Ranch, another from the south via the maintenance road (trail) along the Mexican Ditch, with the final road involving the single-lane easement off of Buzzy's Ranch Road (in Hidden Meadows). The last road offers a suitable emergency access route but an insufficient width for subdivision. The negative associated with the easement across the Jarrard property is the offsite distance (i.e., $\pm 3,000'$ of offsite road).

A northerly access referenced in the Palmer Engineering study is being used by Carson City for trailhead parking, and it is doubtful that local authorities would grant a road r.o.w. at this location in the appraiser's opinion. From a practical perspective this is not a desirable access point regardless, as it is located over 1/4 mile from the core of the subject's most developable lands. Given this distance it is the appraiser's opinion that a

developer would most likely attempt to purchase at least one easement across one of the lots along the Mexican Ditch (or along Carson River Road) to establish a more logical street plan. A map (aerial photo) was presented earlier in this regard, identifying three logical connections. At a few points along Carson River Road and Buzzy's Ranch Road the subject's boundaries are located less than 100' from the street r.o.w.'s, and it seems self-evident that the cost of an easement would not exceed the value of a lot. Thus, a cost allowance of \$200,000 to \$300,000 for an easement would go a long way towards curing the subject's current access deficiencies. The exact amount of extraordinary charges that will be incurred in curing the subject's access deficiencies is not readily available, but most certainly this constraint can be viewed in the context of an economically curable item.

FINANCIALLY FEASIBLE/MAXIMALLY PRODUCTIVE

There is no doubt that subdividing the subject into residential sites would be financially feasible, as custom homesites in Carson command prices in the vicinity of \pm \$150,000 to \$300,000/lot. The hard costs associated with installing streets and underground utilities would equate to no more than \pm \$30,000 to \pm \$50,000/lot, the range principally dependent upon size. The margin or spread between these figures accommodates selling costs, holding costs, developer profit, all extraordinary and/or offsite costs, and the value of the land. With the margin between retail prices easily equating to \pm \$100,000/lot (or more), it is apparent that subdividing the subject is financially feasible. Furthermore, the margin is easily sufficient to accommodate a substantial number of offsite and/or extraordinary costs as well.

The Palmer Engineering Group estimated a maximum project size of 98 units, and/or a density of about 1.1 du/acre. This appears to be reasonable in light of what has occurred in the neighborhood. For example, the residential densities achieved by phases of the adjacent Hidden Meadows project were:

<u>Name</u>	<u>Final Map Recorded</u>	<u># of Lots</u>	<u>Approximate Density</u>
Hidden Meadows PUD	10/14/94	62	1.5 du/ac. m/l
Hidden Meadows Estates #1	09/06/96	31	1.5 du/ac. m/l
Hidden Meadows Estates #2	10/29/97	25	1.0 du/ac. m/l
Hidden Meadows Estates #3	02/16/01	35	.6 du/ac. m/l*
Hidden Meadows Estates #4	02/08/02	30	1.7 du/ac. m/l

* This phase was purchased by Carson City prior to its development.

The phases of Hidden Meadows that were forced to confront physical obstacles reflect relatively low densities (at .6 du/acre and 1 du/acre), and tend to provide the best match to the subject given its constraints. It took the developer of Hidden Meadows about 2.5 years to sell out the first 62-lot phase, the absorption rate equating to two lots per month. Prices for the lots in the first phase ranged from about \$45,000 to \$55,000/site. Combined Hidden Meadows Estates #1 and #2 created a reasonably similar number of lots (at 56) and the marketing period of these phases paralleled the absorption rate set by the first phase (say ± 2 lots/month). Prices were higher over this era, the developer capturing prices more so in the vicinity of $\pm \$60,000$ to $\pm \$70,000$ /lot. By the time Hidden Meadows #4 came on line in 2002 the absorption rate had accelerated substantially and prices were much higher. All 30 lots were sold out over the course of 10 months for prices that averaged \$79,000/lot. Since 2002 the handful of resales that have occurred in Hidden Meadows disclose prices from $\pm \$150,000$ to \$235,000/lot.

If the subject was subdivided the appraiser would envision similar retail prices (say $\pm \$150,000$ to $\pm \$235,000$ /site) and a pace of sales in the vicinity of 1 to 2 lots/month. Admittedly the price range is substantially higher than the $\pm \$79,000$ /lot average that was achieved in Hidden Meadows #4 only a few years ago, but dramatic and virtually unprecedented value appreciation occurred between 2002 and 2005. For example, the selling prices of single-family homes in the subject's neighborhood has more than doubled

over the last five years, the price trend documented via the courtesy of the Northern Nevada MLS as follows:

East Central Carson City:

<u>Year</u>	<u>Average Home Price</u>	<u>Median Home Price</u>	<u># of Sales</u>	<u>Avg. Days On Market</u>
2001	\$195,617	\$180,000	62	111
2002	\$218,287	\$213,750	62	97
2003	\$252,281	\$240,000	64	90
2004	\$316,664	\$325,000	56	71
2005	\$379,550	\$359,500	68	106
2006	\$391,358	\$370,000	53	135

The above statistics include Riverview Terrace. Hidden Meadows itself offers home prices more so in the vicinity of \$450,000 to \$600,000 and demand remains reasonably good even in light of a softening market. Thus, based principally upon a review of Hidden Meadows, the appraiser is comfortable in concluding the subject could support a residential density in the vicinity of ±1 du/acre. Furthermore, it is also evident that residential subdivision is both financially feasible and the maximally productive use of this land.

Highest and Best Use:

**Residential Subdivision and Development
(At a Density in the Vicinity of ±1 du/acre)**

VALUATION

VALUATION

APPRAISAL PROCESS

Normally an appraiser has three methods that can be used to develop an opinion of value. These are referred to as the Cost Approach, Sales Comparison Approach, and Income Capitalization Approach. In this instance the Cost Approach offers no applicability since the subject is unimproved land. Residential subdivision land (such as the subject) can be valued via either the Sales Comparison Approach or the Income Capitalization Approach. In the Income Capitalization process appraisers typically utilize subdivision models and/or discounted cash flow models. To appraise land via this process one needs a firmly established project size however, in addition to reliable cost estimates. As these items are not available the only practical manner in which to address the subject is the Sales Comparison Approach. The Sales Comparison Approach is a process described as follows:

SALES COMPARISON APPROACH

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

The comparative analysis in the Sales Comparison Approach focuses on differences in the legal, physical, locational, and economic characteristics of similar properties and the subject property. The analysis also addresses the differences in the real property rights conveyed, the dates of sale, the motivations of buyers and sellers, and the financing arrangements for each sales transaction, which can account for variations in prices.

In the Sales Comparison Approach, an appraiser follows a systematic procedure:

1. Research the market to obtain information on sales transactions, listings, and offerings to purchase properties similar to the subject.
2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's-length market considerations.
3. Select relevant units of comparison (e.g., dollars per acre, per square foot, or income multiplier) and develop a comparative analysis for each unit.
4. Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable, when appropriate, or eliminate the property as a comparable.
5. Reconcile the various value indications produced from the analysis of comparables into a single value indication or a range of value. An imprecise market may indicate a range of value.

COMPARABLE DATA ACQUISITION

The records of Carson City offices were researched by the appraiser at various times over the winter of 2006/2007. In initiating this research the appraiser attempted to find sales of unimproved subdivision land that were reasonably similar in character to that of the subject. In this regard subdivision lands with a density in the vicinity of 1 du/acre forced to confront some form of a physical constraint were targeted. Since developable lands of any sort are scarce in Carson City, the appraiser had to expand the sales search geographically. In this regard the nearby jurisdictions of Douglas County and the Washoe Valley portion of Washoe County were also researched. Eighteen sales were eventually gathered as disclosed on the chart that follows:

Development Land Sales

Sale No.	Location/ APN	Sale Date	Sale Price	Size (Acres)	Unit Price/Ac.
1	Carson River Rd. 10-622-12	4/03	\$ 350,000	5.62	\$ 62,331
2	N of Genoa 1419-00-002-027	2/04	\$ 5,425,000	1,018.00	\$ 5,329
3	N of Genoa 1419-00-003-027	2/04	\$ 7,512,500	1,018.00	\$ 7,380
4	Combs Canyon 7-091-71+	1/05	\$ 1,100,000	82.12	\$ 13,395
5	Tilman Lane 1220-28-006-005	3/05	\$ 5,000,000	80.00	\$ 62,500
6	Mexican Dam 10-121-44	6/05	\$ 1,223,750	64.31	\$ 19,029
7	W. Washoe 55-081-88	7/05	\$ 412,000	20.01	\$ 20,590
8	W Carson 7-091-74	7/05	\$ 625,000	60.11	\$ 10,398
9	CC Speedway 9-311-03	9/05	\$ 2,400,000	26.15	\$ 91,778
10	Topsy Lane 1420-05-201-006	10/05	\$16,100,000	100.00	\$161,000
11	N Sunridge 1420-08-101-004	10/05	\$ 8,400,000	106.25	\$ 79,059
12	Race Track Rd. 9-311-14	1/06	\$ 2,305,175	20.045	\$115,000
13	Center Dr. 9-311-08	1/06	\$ 3,961,750	34.45	\$115,000
14	Center Dr. 9-311-10	1/06	\$ 1,980,875	17.23	\$115,000
15	Center Dr. #4 9-311-61	2/06	\$ 2,008,000	16.73	\$120,023
16	Fish Springs 1321-32-001-011	2/06	\$ 750,000	37.72	\$ 19,883
17	Carson River Rd. 10-631-08	3/06	\$ 2,500,000	34.97	\$ 71,496
18	Rhodes St. 9-031-02	7/06	\$ 4,000,000	78.15	\$ 51,184

This specific sample of market data offers a very wide range in unit price, but for reasons that will become evident shortly (i.e., much of the price range can be attributed to differences in probably project density).

LAND SALES ANALYSIS

The eighteen sales occurred over a time frame that extends from April of 2003 through July of 2006. Only a few of the sales involved dated data, in that it appears that the market under study was stabilizing by the middle of 2005. Prior thereto value appreciation was very significant, as most western Nevada residential markets were in something of a feverish state. The more dated sales (Sales 1-3) have therefore been referenced for specific reasons. For example, Sale 1 has been included simply because it is located adjacent to the subject. Sales 2 and 3 are useful in disclosing the value enhancement that accrues to subdivision lands once approvals are obtained. For other intents and purposes, Sales 2 and 3 are not highly comparable to the subject.

Returning to the sample the 18 sales range in unit price from \$5,329/acre to \$161,000/acre. Admittedly this is a very wide price range, yet the sales tend to concentrate in the vicinity of \pm \$100,000/acre for high-density subdivision lands (say 3 to 4 du/acre), and about \$20,000/acre for relatively low density subdivision lands (say \pm 5 acres/du). Only a few sales were found that are comparable to the subject relative to density.

From a broad perspective there are three major factors that impact the selling price of subdivision land. These are the gross retail sales potential of the tract, the extent of the costs that will be incurred in building and selling out the subdivision, with the third component taking into account the amount of time it will take to liquidate the project (i.e., holding costs). As all of these components are not necessarily evident at the time the land is acquired, appraisers typically analyze subdivision land in the context of neighborhood differences, density differences, etc.

Prior to venturing into these matters the appraiser has elected to offer a few comments on property rights conveyed, conditions of sale, financing terms, and/or market conditions.

PROPERTY RIGHTS CONVEYED

An analysis of property rights conveyed tends to be germane to the appraisal of a leased fee estate. This aspect of property rights conveyed is not pertinent to the appraisal at hand, since it is the value of a fee estate in the subject that is being sought. All of the comparables involved the transfer of fee estates.

Property rights conveyed is a broad term that can be viewed in a number of contexts however. Relative to residential subdivision land entitlements could also be viewed in the context of a property right, as can water rights, etc. Historically, lands with tentative or final subdivision map approvals have sold for unit prices somewhat higher than raw land. This can be attributed to a number of issues, specifically the amount of time it takes to achieve project approvals, the expenses that are associated with engineering and design, and also the elimination of some of the project risk. Given the character of the subject, the appraiser attempted to avoid sales with development approvals, although there are two exceptions (i.e., Sale 3 and Sale 17). Sale 3 hosted tentative map approvals, and Sale 17 had final map approvals. No adjustments will be applied at this point, but the benefits of approvals is recognized and will be revisited when the need arises.

CONDITIONS OF SALE

The definition of market value refers to a transaction that takes place in an open and competitive forum where neither party is under duress. All of the sales involved arm's-length transactions between knowledgeable parties. There were no indications of any unusual marketing circumstances or financial duress. No adjustments are needed for conditions of sale.

FINANCING TERMS

The definition of market value refers to a transaction that takes place on the basis of cash, and/or one which is at the very least cash equivalent. Occasionally seller-assisted financing can impact the contract price of a specific transaction to such an extent that it does not offer an indication of a market price. The most common scenario is a seller-carry note at a less-than-market rate of interest. Financing arrangements associated with the sales are summarized as follows:

<u>Sale No.</u>	<u>Down Payment</u>	<u>Rate on Seller Note</u>
1	None	10%
2	100%	
3	100%	
4	32%	Unknown
5	100%	
6	49%	Price + 1.5%
7	24%	Unknown
8	100%	
9	100%	
10	100%	
11	100%	
12	100%	
13	100%	
14	100%	
15	100%	
16	Unknown	Unknown
17	100%	
18	100%	

As can be seen the majority of these sales were categorized by all-cash purchases. On the seller-financed sales the down payments and interest rates charged were reasonable (when known), and in general conformance with market terms. The appraiser was not able to ascertain complete details on a few of the transactions, but no unusual unit prices were noted. Thus, all of the sales were deemed to offer cash equivalent prices.

MARKET CONDITIONS

An adjustment for market conditions is also known as a time adjustment. This is where an appraiser investigates the market under study for any appreciation or regression in value over the era of the sales. As has been referenced virtually all of western Nevada's residential markets were categorized by extremely high value appreciation between 2001 and 2005. The market began to stabilize in mid 2005, and price reductions were noted in some neighborhoods in 2006. Of the 18 comparables 13 occurred from July of 2005 forward. These sales require no adjustments for time. Sales 4 and 5 occurred only a few months prior to mid 2005, and would thus warrant little (if any) adjustment. Sales 1 through 3 warrant upward adjustments to price to account for subsequent appreciation, but since these properties will not be given much weight in the analysis that follows quantified adjustments have not been calculated.

UNIT OF COMPARISON

Subdivision land is often analyzed and valued on the basis of a raw lot price (aka unfinished and/or unbuilt lot price). When land is facing formidable constraints however, and project size is not firmly established, the price paid per acre is just as reliable, and actually more objective. Such is the case relative to the subject, and in turn the comparables will be analyzed on the basis of the price paid per acre.

DIRECT COMPARISON PROCESS

The direct comparison process is designed to take into account differences in price that one can attribute to physical, legal, or economic differences between properties. In the subdivision land market the predominant selling price of finished residential lots in the neighborhood where the property is located tends to exert the greatest influence on price (i.e., retail price levels). Most of the sales are on relatively equal footing in this regard however. When using the price paid per acre differences in probable density will exert a major influence on unit price as well, and this matter will become more clear shortly. Finally, development costs factor highly into the value equation. In analyzing development costs an appraiser is not necessarily concerned with the typical costs that accrue to virtually all projects (such as the cost of asphaltic streets, underground utilities, etc.), more so the extraordinary charges and/or offsite costs that accrue to specific projects. The subject will be forced to confront substantial offsite and extraordinary costs in the course of its development (to cure access deficiencies, install pump stations, construct offsite roads, and deal with a high water table in general), and these issues are quite germane relative to the ownership's value. All of these matters (and a number of other issues) are referenced on the "Elements of Comparison" chart that follows. On this and all following charts and arrays the sales will be listed in descending order relative to unit price to aid in the evaluation of the market. As comments have already been tendered relative to the influence of developmental approvals, the first comparison factor explored relates to differences in parcel size.

Elements of Comparison

Sale No.	Unit Price/Acre	Included Approvals	Parcel Size	Minimum Lot Size (Via Zoning)	Probable Density	Anticipated Develop. Costs
10	\$161,000	No	100.00	<1/2 ac.	4 du/ac. m/l	>Avg.
15	\$120,023	No	16.73	1 ac.	4 du/ac. m/l	>Avg.
12	\$115,000	No	20.04	1 ac.	4 du/ac. m/l	>Avg.
13	\$115,000	No	34.45	1 ac.	4 du/ac. m/l	>Avg.
14	\$115,000	No	17.22	1 ac.	4 du/ac. m/l	>Avg.
9	\$ 91,778	No	26.15	1 ac.	4 du/ac. m/l	>Avg.
11	\$ 79,059	No	106.25	<1/2 ac.	3 du/ac. m/l	>Avg.
17	\$ 71,496	Yes	34.97	1 ac.	.5 du/ac. m/l	Avg.
5	\$ 62,500	No	80.00	20 ac.	4 du/ac. m/l	>Avg.
1	\$ 62,331	No	5.62	1 ac.	1 du/ac. m/l	< Avg.
18	\$ 51,184	No	78.15	1 ac.	1 du/ac. m/l	>Avg.
7	\$ 20,590	No	20.01	2.5 ac.	.2 du/ac. m/l	Avg.
16	\$ 19,883	No	37.72	5 ac.	.2 du/ac. m/l	Avg.
6	\$ 19,029	No	64.31	5 ac.	.2 du/ac. m/l	Avg.
4	\$ 13,395	No	82.12	1 ac.	.5 du/ac. m/l	>Avg.
8	\$ 10,398	No	60.11	1 ac.	.5 du/ac. m/l	Avg.
3	\$ 7,380	Yes	1,018.00	18 ac.	.06 du/ac. m/l	Avg.
2	\$ 5,329	No	1,018.00	18 ac.	.06 du/ac. m/l	Avg.

Parcel Size

The size of a tract will usually influence its achievable unit price. The generally accepted theory is that as the size of a property gets larger unit prices decline, if all other factors remain equal. Relative to subdivision lands the economic principal behind this relationship relates to holding costs and/or opportunity costs. Quite simply, large tracts support larger projects and are thus burdened with a longer time frame relative to the recapture of capital. Competition also factors into the size/price equation, in that small parcels are generally more affordable and thus attract a broader market. The enhanced competition tends to have an inflating effect on price. Below the 18 sales have been segregated into three size categories:

<u>Sale No.</u>	<u>±5 Ac.</u>	<u>16.7 to 106.25 Ac.</u>	<u>1,018 Ac.</u>
10		\$161,000	
15		\$120,023	
12		\$115,000	
13		\$115,000	
14		\$115,000	
9		\$ 91,778	
11		\$ 79,059	
17		\$ 71,496	
5		\$ 62,500	
1	\$ 62,331		
18		\$ 51,184	
7		\$ 20,590	
16		\$ 19,883	
6		\$ 19,029	
4		\$ 13,395	
8		\$ 10,398	
3			\$ 7,380
2			\$ 5,329
Average	\$ 62,331/ac.	\$ 71,022/ac.	\$ 6,355/ac.
Subject		X (86 ac.)	

No logical trend in average prices is noted between the sales in the first two categories, but the sales in the last category commanded unit prices well below the norm. It would be reasonable to attribute this circumstance to the large size of these two sales. At 1,018 acres Sales 2 and 3 cannot be considered comparable to the subject, and will be eliminated from further consideration at this point. These sales have actually been included by the appraiser for other purposes, specifically to disclose value enhancement attributable to approvals (an exercise that is performed later in this report). Since Sale 1 offers a unit price that is reasonably similar to the sales in the second category no other size adjustments or eliminations are necessary.

Zoning (Minimum Lot Size)

The appraiser is comfortable in assuming that zoning is not as important as master plan designations to most properties, yet zoning does offer something of a safety net, in that subdividing lands in accordance with zoning can usually be accomplished with the least amount of difficulty and conditions. Zoning is not, however, the only consideration relative to probable density (as will be shown shortly). With this observation in place an array based on the minimum lot sizes required in each zoning district is:

<u>Sale No.</u>	<u><1/2 Ac. Minimum</u>	<u>±1 Ac. Minimum</u>	<u>About 2.5 to 5 Ac. Minimum</u>	<u>±20 Ac. Minimum</u>
10	\$161,000			
15		\$120,023		
12		\$115,000		
13		\$115,000		
14		\$115,000		
9		\$ 91,778		
11	\$ 79,059			
17		\$ 71,496		
5				\$ 62,500
1		\$ 62,331		
18		\$ 51,184		
7			\$ 20,590	
16			\$ 19,883	
6			\$ 19,029	
4		\$ 13,395		
8		\$ 10,398		
Average	\$120,030/ac.	\$76,561/ac.	\$ 19,834/ac.	\$ 62,500/ac.
Subject				X (20 ac.)

With only a couple of exceptions this array offers a relatively clear trend in price. Sale 5 breaks the trend, a property with an FR-19 zoning (19 acre minimum). This property is also a designated receiving area in Douglas County however, and it was the intention of the buyers to pursue a project with a density more so in the vicinity of 3 to 4 dwelling units per acre.

In the first category Sale 11 discloses a lower price in relation to Sale 10, but this can be attributed to physical constraints (slopes and gullies) on Sale 10 that are to be left as open space. In summary, a price trend is noted via zoning, yet the appraiser is inclined to place more emphasis on the next factor explored.

Probable Density

The appraiser is of the opinion that this factor warrants more weight than does zoning. An analysis of probable density takes into account master plan designations, the buyer's intentions at the time of purchase, or subsequent events (such as the submittal of a development application). Given observations presented in highest and best use it is the appraiser's opinion that the subject can support a residential project with a density somewhere in the vicinity of ±1 du/acre. Based on a review of zonings, master plans, and development applications, the comparables have been segregated into the four categories that follow:

Probable Density:

<u>Sale No.</u>	<u>About 3 to 4 du/ac.</u>	<u>About ±1 du/ac.</u>	<u>About 5 du/ac.</u>	<u>About 2 du/ac.</u>
10	\$161,000			
15	\$120,023			
12	\$115,000			
13	\$115,000			
14	\$115,000			
9	\$ 91,778			
11	\$ 79,059			
17		\$ 71,496		
5	\$ 62,500			
1		\$ 62,331		
18		\$ 51,184		
7				\$ 20,590
16				\$ 19,883
6				\$ 19,029
4			\$ 13,395	
8			\$ 10,398	
Average	\$107,420/ac.	\$ 61,670/ac.	\$ 11,896/ac.	\$ 19,834/ac.
Subject		X (1 du/ac.)		

A very evident price trend is produced by this array, and the readers are urged to note the good degree of uniformity within each category as well (with the exception of the third column). In the third column the relatively low unit prices on Sales 4 and 8 can be attributed to the unknown extent of physical constraints. In turn, the actual number of lots that these lands can support is not very evident, and in turn these two sales will be eliminated from further consideration. Additionally, since it is evident the subject will not be able to achieve a density anywhere near that of the sales in the first column, they too will be eliminated at this point. Sales in the first column continue to offer a benefit to this appraisal in that they set unquestionable upper limits to value due to their much greater densities. After these eliminations only six sales remain.

Anticipated Development Costs

The cost to develop a residential subdivision is defined primarily by the amount of street frontage that is associated with each lot. Correspondingly, small lots are less costly to develop than are large lots. It is not standard development costs that are of interest however, more so the extraordinary and/or offsite cost burdens that are associated with certain projects or certain tracts of land. As has been referenced a number of times, the subject, if and when developed, will be forced to confront a substantial number of extraordinary costs. Only one of the remaining sales is similar to the subject in this regard, specifically Sale 18. This ±78-acre tract encompasses an abundance of steep terrain and undulating topography, and will also have to improve (and/or install) segments of offsite roads. The other remaining sales have a development cost advantage over the subject, and thus warrant downward adjustments to their respective unit prices.

It should be noted at this point that differences in development costs are not necessarily universal. Stated in another fashion, even though the subject and Sale 18 are confronting above-average costs, they are not necessarily similar in this regard. For practical purposes the development obstacles associated with the subject tend to be more formidable than those associated with Sale 18. In turn, Sale 18 also hosts an advantage over the subject relative to costs.

The comparable data has been reduced to a point where a logical value range for the subject is beginning to emerge, and in turn this analysis will proceed to a summary section.

LAND VALUE SUMMARY

The adjustment grid presented below summarizes all of the adjustments that were developed in the preceding study. On the grid a positive sign is being used to denote the need for an upward adjustment to price, with a negative sign used to denote the need for a downward adjustment. An adjustment grid on the six remaining comparables follows:

Adjustment Grid

Sale No	Unit Price/Ac	Approvals	Density	Costs	Net	Summary Adjustment
17	\$71,496	-	0	-	-2	-
1	\$62,331	0	0	-	-1	-
18	\$51,184	0	0	0 to -	-1	-
7	\$20,590	0	+	-	0	+(1)
16	\$19,883	0	+	-	0	+(1)
6	\$19,029	0	+	-	0	+(1)

- (1) The cost advantage of these sales is easily outweighed by their inferiority relative to density (in all instances .2 du/acre vs. the subject's ±1 du/acre).

Relative to the three sales at the bottom of the chart the appraiser is of the opinion that the subject's density advantage warranted more weight than the differences in development costs. These three sales (6, 7, and 16) are adaptable to the creation of lots ±5 acres in size, in contrast to the subject's anticipated density in the vicinity of 1 du/acre.

Correspondingly, these three sales tend to set a firm value floor for the subject at ±\$20,000/acre. The other three sales are slightly more difficult to analyze.

Sales 1, 17, and 18 are somewhat more similar to the subject in regard to probable density. For example, Sale 17 hosts a density of ±1 du/acre, as established by final map approvals. Given the map approvals and lesser development costs, Sale 17 is useful in setting a firm upper limit to value at \$71,496/acre, although it should be reiterated that this was a sale between two governmental entities at an appraised value. Sale 1 (at \$62,331/acre) therefore offers a more objective upper limit, although it is a dated comparable having occurred back in 2003. This leaves Sale 18 as not only the most comparable property, but the comparable of most recent vintage as well.

The valuation technique being employed at this point is commonly referred to as the bracketing approach, and/or sandwich technique. Properties that are clearly superior to the ownership being appraised are useful in setting upper limits to value, with those weighted with inferior features useful in setting lower limits. The value range is established by taking the highest selling price of an inferior property and the lowest selling price of a superior property. The value range suggested for the subject is:

<u>Sale No.</u>	<u>Inferior Sale Lower Value Limit</u>	<u>Most Comparable</u>	<u>Superior Sale Upper Value Limit</u>
17			\$ 71,496
1			\$ 62,331
18		\$ 51,184	
7	\$ 20,590		
16	\$ 19,883		
6	\$ 19,029		

Range: \$20,590/acre to \$62,331/acre

As the extremes (say \$21,000/acre to \$62,000/acre) are well established, the balance of this analysis will concentrate on Sale 18.

Sale 18 is now a portion of the Summer Hawk residential project in south Carson City. This 201-lot development recently received tentative map approvals from the local planning commission. About ±100 lots are planned for the ±78-acre property that sold (Sale 18), with the balance of the lots slated for development on adjacent lands that are held under a different ownership. On the surface Sale 18 suggests that the subject is worth about \$50,000/acre, but upon closer inspection it should be noted that of all the lots associated with Summer Hawk, about 160 were attributable to the zoning on Sale 18's seventy-eight acres. Thus the development rights associated with the sale were also useful in expanding the development options available to adjacent lands, or when viewed in another fashion Sale 18 offers a legal density of about 2 du/acre. When one grants this advantage of the sale its due consideration it is evident that Sale 18 warrants a downward adjustment to price. To what extent is somewhat elusive, although a unit price well above the ±\$20,000/acre floor provided by Sales 6, 7, and 16 remains warranted. In this regard a unit value somewhere in the vicinity of \$35,000 to \$40,000/acre appears to provide the best fit with all of the sales data. With this thought in mind, and noting that development land is becoming scarce in Carson City, the appraiser is inclined to value the subject towards the upper end of this range, and/or at \$40,000/acre.

86 Acres x \$40,000/Acre:	\$3,440,000
Say:	\$3,500,000

With only one approach to value provided no reconciliation is needed. As of the effective date of value, the market value of the 86-acre subject property will be estimated at:

Final Market Value Opinion:

\$3,500,000

FINAL COMMENT/OBSERVATION

Furnished in Addenda Exhibit "G" is a chart that references a number of subdivision land sales with development approvals in place. These sales commanded unit prices from \$62,500 to \$82,500/raw lot, and as such provide support to a \$71,429/raw lot price achieved by Sale 17 (which is located adjacent to the subject). To some degree this relationship is important, as Sale 17 involved a conveyance from one government entity to another (i.e., in that the private party sales support the price). Sale 17 is located virtually adjacent to the subject, upslope from the Mexican Ditch, and on the west side of the Carson River Road. At one time the property had final map approvals for 33 single-family lots, and also included a remainder tract that is adaptable to the creation of at least two lots. As such, this sale is deemed to host 35 raw lots and reflect a price of \$71,429/raw lot.

One of the major advantages this sale has over the subject relates to its approvals, which by their very nature eliminate a substantial amount of the risk associated with a subdivision project. In developing an adjustment for this aspect of the property the appraiser has conducted a pairing between the prices on Sales 2 and 3. These two transactions are referencing a sale/resale that occurred on the same day. The first sale discloses the price paid for land without approvals, the second the price for the same property with map approvals virtually assured (i.e., they were formally approved only a few days after close of escrow). The value enhancement attributable to approvals as calculated via this pairing is:

$$\$7,512,500 \div \$5,425,000 = 138.5\%$$

Using this factor to place Sale 17 on equal footing with the subject (i.e., subdivision land without approvals) is accomplished as follows:

$$\$71,428/\text{lot} \div 138.5\% = \$51,573/\text{raw lot}$$

To this figure the appraiser also needs to account for the extraordinary development costs the subject is confronting. Acknowledging that this aspect of the analysis is fraught with subjectivity, a $\pm\$1,000,000$ allowance for extraordinary items would equate to a $-\$11,628/\text{lot}$ adjustment. Applied to the $\$51,573$ adjusted price on Sale 17 the $-\$11,628/\text{lot}$ adjustment results in a final adjusted price of $\$39,845$, say $\$40,000/\text{lot}$. With the subject's density forecast at 1 du/acre, this unit price could be applied to either hypothetical raw lots or directly to acreage (which was valued earlier at $\$40,000/\text{acre}$). With this final observation in place the appraiser is more confident in the market value opinion as developed.

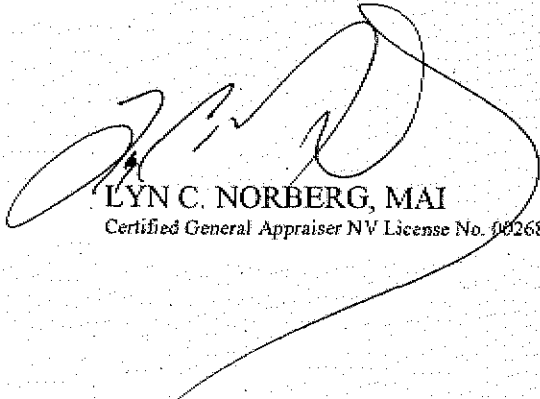
CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Practice.
8. I have made a personal inspection of the property that is the subject of this report.
9. No one provided significant real estate appraisal assistance to the person signing this report.

10. The analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. This report is subject to the requirements of the State of Nevada, relating to review by their duly authorized representatives.
13. As of the date of this report, Lyn C. Norberg has completed the continuing education program of the Appraisal Institute.
14. The opinion of market value for the 86-acre Andersen Ranch as of March 6, 2007, is:

\$3,500,000



LYN C. NORBERG, MAI
Certified General Appraiser NV License No. 00268

Report Dated: March 25, 2007

QUALIFICATIONS OF LYN C. NORBERG, MAI
1761 East College Parkway, Suite 111
Carson City, NV 89706
(775) 883-6655

Appraisal Experience

Lyn C. Norberg, MAI, Real Estate Appraiser, 1990 to Present

Lee B. Smith & Associates, Real Estate Appraisers & Consultants
Associate, 1983 to 1990

Federal Land Bank Associations of Reno and Ventura
Mortgage Banker/Appraiser, 1978 to 1983

Formal Education

Bachelor of Science Degree, Banking & Finance
University of North Dakota, 1976

Appraisal Education

Appraisal Principles, Course IA-1
AIREA, 1981; Portland, Oregon

Basic Valuation, Course IA-2
AIREA, 1981; Portland, Oregon

Capitalization I, II, and III, Courses 1B-1, 1B-2, 1B-3
AIREA, 1981; Boulder, Colorado
AIREA, 1983; Minneapolis, Minnesota

Case Studies in Valuation, Course II-1
AIREA, 1983; Minneapolis, Minnesota

Standards of Professional Practice, Course II-3
AIREA, 1983; Palo Alto, California

Report Writing, Course II-2
AIREA, 1984; Portland, Oregon

Comprehensive Examination
AIREA, 1989; Irvine, California

Various courses, seminars, etc., 1989 - Present

AIREA - American Institute of Real Estate Appraisers; now known as the Appraisal Institute

Professional Designations

MAI, Member of the Appraisal Institute

Certified General Appraiser, State of Nevada

Licensed Real Estate Salesman, SOX Realty, Carson City, Nevada

Court Experience

Provided Expert Witness Testimony In:

Federal District Court
Reno, Nevada

Washoe County District Court
Reno, Nevada

U.S. Bankruptcy Court
Reno, Nevada

Elko County District Court
Elko, Nevada

Nevada State Board of Equalization
Reno, Nevada

Superior Court, Eldorado County
South Lake Tahoe, California

Douglas County District Court
Gardnerville, Nevada

Properties Appraised (Partial List)

Dangberg Ranch
Carson Commercial Center
Q & D Construction
Carsonite
R-Max
Winans/Yoder
Douglas Water Study
Heritage Ranch
Falline, Inc.
Sario Ranch
Apartments
Mountain Lakes

Reno Vista Ridge
Mack Ranch
Jensen Precast
Big Springs Ranch
Hi Desert RV Park
Stodieck Ranch
Parks Ranch
Bruce Industries
Hi Ho Mobile Home Park
Water Rights
Farms
Right-of-Way Acquisitions

ADDENDA

EXHIBIT "A"
TITLE REPORT

**NORTHERN
NEVADA
TITLE
COMPANY**

Carson City Parks & Recreation
Attn: Juan Guzman

(hand delivered)

DATE: February 9, 2007
ORDER NO. CC-1070060-LS
TITLE NO. 1070060

YOUR NO.

REFERENCE None Available

The recent transaction opened with this office is greatly appreciated and is being given our prompt attention.

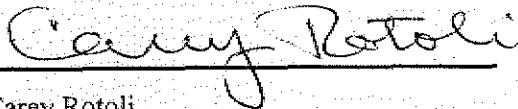
The number shown above has been assigned and should be referred to when contacting us.

Enclosed please find:

Corrected Exhibit "A" to replace the Exhibit "A" attached to your Preliminary Title Report. I needed to correct the grantee's name in the third paragraph of Parcel B of the legal description.

Very Truly Yours,

NORTHERN NEVADA TITLE COMPANY



Carey Rotoli

CC-1070060-LS
1070060

EXHIBIT "A" ATTACHED TO PRELIMINARY TITLE REPORT DATED FEBRUARY 1, 2007

EXHIBIT "A"

All that certain real property situate in the County of Carson City, State of Nevada, described as follows:

PARCEL A:

Parcel 1, as set forth on that certain Map of Division of Land into large parcels for the DONALD ANDERSEN TRUST and JIMMY P. JARRARDS CHILDREN'S TRUST located within the East ½ of Section 22, Township 15 North, Range 20 East, M.D.B. & M., filed for record in the Office of the Carson City Recorder, State of Nevada, on December 21, 1999 in Book 8 of Maps at Page 2342 as Document No. 243503, and that certain Certificate of Amendment recorded on January 4, 2000 as Document No. 243949, Official Records.

PARCEL B:

Together with a perpetual easement granted to Bob Andersen, Kae Jarrard and James A. Jarrard for access, and for the purposes of ingress and egress over that portion of said land as described in Grant of Easement Deed recorded on December 21, 1999 as Document No. 243502, Official Records.

Also, together with an easement for Private Access over the Southerly 60 feet of Parcel 3 of Division of Land into Large Parcels Map No. 2342, reserved as an appurtenance to the Grantor's remaining lands by Kae Jarrard, Robert "Bobbie" Andersen, and James Allen Jarrard, Trustee of the Jimmy Pete Jarrard Children's Trust dated June 10, 1993, in Grant, Bargain and Sale Deed recorded January 28, 2000 as Document No. 244722, Official Records.

Also, together with a perpetual easement granted to Robert L. Andersen, as Trustee of the Robert Lorin Andersen Trust dated March 15, 1992 for access, and for purposes of ingress and egress over that portion of said land as described in Grant of Easement Deed recorded on January 28, 2000 as Document No. 244724, Official Records.

PRELIMINARY REPORT

Northern Nevada Title Company
512 N. Division Street
Carson City, NV 89703-4103
(775)-883-7513 FAX (775)-887-5065

To: **Carson City Parks & Recreation**
Juan Guzman

Escrow No. **CC-1070060-LS**
Title No. **1070060**

Your No.

Property Address
None Available
Carson City, NV 89701

Assessor's Parcel Number
010-071-25

In response to the above referenced application for a policy of title insurance, Northern Nevada Title Company hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception below or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulation of said Policy forms.

The printed Exceptions and Exclusions from the coverage of said Policy or Policies are available from the office which issued this report. Copies of the Policy forms should be read.

This report (and any supplements or amendments hereto) is issued solely for the purpose of facilitating the issuance of a policy of title insurance and no liability is assumed hereby. If it is desired that liability be assumed prior to the issuance of a policy of title insurance, a Binder or Commitment should be requested.

Dated: **February 1, 2007** at 7:30 A.M.


Carey Rotoli, Title Officer

The form of policy of title insurance contemplated by this report is: **CLTA Owners**

The estate or interest in the land hereinafter described or referred to covered by this report is: **A fee as to Parcel A and an easement as to Parcel B**

Title to said estate or interest at the date hereof is vested in:

Robert L. Andersen, Trustee of the Robert Lorin Andersen Trust dated March 15, 1992

The land referred to in the report is situate in the State of Nevada, County of **Carson City** and is described as follows:

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

CC-1070060-LS
1070060

EXHIBIT "A" ATTACHED TO PRELIMINARY TITLE REPORT DATED FEBRUARY 1, 2007

EXHIBIT "A"

All that certain real property situate in the County of Carson City, State of Nevada, described as follows:

PARCEL A:

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PARCEL B:

Together with a perpetual easement granted to Bob Andersen, Kae Jarrard and James A. Jarrard for access, and for the purposes of ingress and egress over that portion of said land as described in Grant of Easement Deed recorded on December 21, 1999 as Document No. 243502, Official Records.

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Escrow No. CC-1070060-LS

NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

EXCEPTIONS FROM COVERAGE

The policy, with the exception of any ALTA Lenders policy, contemplated to be issued hereunder will not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

PART I

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b), or (c) are shown by public records.

PART II

- 1) Taxes for the year 2006-2007, including any secured personal property taxes and any special taxes, a lien, now due and payable.

TOTAL AMOUNT:	\$182.34
FIRST INSTALLMENT:	\$47.34 - Paid
SECOND INSTALLMENT:	\$45.00 - Paid
THIRD INSTALLMENT:	\$45.00 - Paid
FOURTH INSTALLMENT:	\$45.00 - Open
ASSESSORS PARCEL NO.:	010-071-25

- 2) The lien, if any, for taxes for improvements completed or in progress, but which were not shown on the tax bill for the current year.
- 3) Liens levied by the Carson City Water and Sewer District for water, sewer and storm water utilities, by reason that subject property is located within said district. To verify payments, delinquencies or liens, contact Carson City Utilities at (775) 887-2355 extension 1020.
- 4) Any deferred taxes, interest and penalties, which may become due upon the conversion of said land from Agricultural or Open Space to any higher use.

Continued...

NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT

Escrow No. CC-1070060-LS

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

5) Easement, together with the rights incidental thereto,

GRANTED TO: Bell Telephone Company of Nevada, a corporation and Sierra Pacific Power Company, a corporation
PURPOSE: A right of way with the right to construct, operate and maintain electrical and communication facilities with appurtenances thereto
RECORDED: March 12, 1971
BOOK: 107, Official Records
PAGE: 25
DOCUMENT NO.: 86935
AFFECTS: Northerly 40 feet of said land

6) Notes, easements and recitals as set forth on Parcel Map No's. 1019 and 1304 and Division of Land Map No. 2342 herein referred. Said notes, easements and recitals will affect the use of the herein described property and a review of said map is advised.

7) Easement, shown or dedicated on Division of Land Map No. 2342, together with the rights incidental thereto.

PURPOSE: Existing power line easement
AFFECTS: Portion of said land

PURPOSE: Private access easement
AFFECTS: Portion of said land

PURPOSE: 80 foot wide ditch and access easement for Mexican Ditch Trail
AFFECTS: Portion of said land

8) Easement, together with the rights incidental thereto,

GRANTED TO: Sierra Pacific Power Co.
PURPOSE: A perpetual easement for construction, access, maintenance and operation of an overhead power line with appurtenances thereto
RECORDED: December 31, 1996
DOCUMENT NO.: 197691, Official Records
AFFECTS: A portion of said land

Continued...

Escrow No. CC-1070060-LS

**NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT**

At the date hereof exceptions to coverage, in addition to the exclusions contained in said policy form, would be as follows:

9) Easement, together with the rights incidental thereto,

GRANTED TO:	Carson City, a political subdivision of the State of Nevada
PURPOSE:	An 80 foot wide easement for non-exclusive access, and for operation and maintenance of the Mexican Ditch
RECORDED:	December 21, 1999
DOCUMENT NO.:	243501, Official Records
AFFECTS:	A portion of said land

10) Deferred tax liens for Agricultural or Open Space, the last of which was

RECORDED:	July 3, 2006
DOCUMENT NO.:	355858, Official Records

11) The requirement that an executed Certification of Trust pursuant to NRS 164.400 et.seq. be submitted prior to the issuance of a Title Insurance Policy.

oOo

Northern Nevada Title Company
512 N. Division Street
Carson City, NV 89703

Privacy Policy Notice
as of September 20, 2005

PURPOSE OF THIS NOTICE

Northern Nevada Title Company (NNTC) and its Underwriters share your concerns about privacy. Each Company is committed to respecting the privacy of our policyholders. Therefore, in accordance with Federal and State laws and regulations, we are providing you with this notice of how we might use the information about you which we gather in the process of issuing a policy of title insurance.

Title V of the Gramm-Leach-Bliley Act (GLBA) and the laws of the State in which you reside generally prohibit us from sharing non public personal information about you with a third party unless we provide you with this notice of our privacy policies and practices, such as the type of information that we collect about you and the categories of persons or entities to whom that information may be disclosed. In compliance with the GLBA and the laws of this State, we are providing you with this document, which notifies you of the privacy policies and practices of NNTC and its Underwriters.

OUR PRIVACY POLICIES AND PRACTICES

I. Information we collect and sources from which we collect it:

We do not collect any nonpublic personal information about you other than the following:

Information we receive from you or from your attorney or other representatives on applications or other forms;

Information about your transactions with us, our affiliates or our Underwriters.

In addition, we may collect other non public personal information about you from individuals and companies other than those proposed for coverage.

Unless it is specifically stated otherwise in an amended Privacy Policy Notice, no additional information will be collected about you.

II. Information we disclose to third parties:

In the course of our general business practices, we may disclose the information that we collect (as described above) about you or others without your permission to the following types of institutions for the reasons described:

To a third party such as a surveying, real estate tax research or municipal data firm if the disclosure will enable that party to perform a business, professional or insurance function for us;

To an insurance institution, agent, or credit reporting agency in order to detect or prevent criminal activity, fraud or misrepresentation in connection with an insurance transaction;

To an insurance institution, agent, or credit reporting agency for either this Company or the entity to whom we disclose the information to perform a function in connection with an insurance transaction involving you;

To an insurance regulatory authority, law enforcement, or other governmental authority in order to protect our interests in preventing or prosecuting fraud, or if we believe that you have conducted illegal activities;

To an actuarial or research organization for the purpose of conducting actuarial or research studies.

The disclosures described above are permitted by law.

WE DO NOT DISCLOSE ANY NONPUBLIC PERSONAL INFORMATION ABOUT YOU WITH AFFILIATES OR NON-AFFILIATED THIRD PARTIES FOR ANY PURPOSE THAT IS NOT SPECIFICALLY PERMITTED BY LAW.

III. **Your right to access and amend your personal information:**

You have the right to request access to the personal information that we record about you. Your right includes the right to know the source of the information and the identity of the persons, institutions or types of institutions to whom we have disclosed such information within 2 years prior to your request. Your right includes the right to view such information and copy it in person, or request that a copy of it be sent to you by mail (for which we may charge you a reasonable fee to cover our costs). Your right also includes the right to request corrections, amendments or deletions of any information in our possession. The procedures that you must follow to request access to or an amendment of your information are as follows:

To obtain access to your information from Northern Nevada Title Company: You should submit a request in writing Northern Nevada Title Company, 512 N. Division Street, Carson City, Nevada 89703. The request should include your name, address, policy number, telephone number, and the information to which you would like access. The request should state whether you would like access in person or a copy of the information sent to you by mail. Upon receipt of your request, we will contact you within 30 business days to arrange providing you with access in person or the copies that you have requested.

To obtain access to your information from the Underwriter: You should submit your written request including the specified information to the address stated above. The request should include the same information mentioned above for requests to NNTC. The request will be forwarded to the Underwriter which insured your transaction

To correct, amend, or delete any of your information: You should submit a request in writing to the address referenced directly above. The request should include your name, address, policy number, telephone number, the specific information in dispute, and the identity of the document or record that contains the disputed information. Upon receipt of your request, we will contact you within 30 business days to notify you either that we have made the correction, amendment or deletion, or that we refuse to do so and the reasons for the refusal which you will have an opportunity to challenge.

IV. **Our practices regarding information confidentiality and security:**

We restrict access to nonpublic personal information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic, and procedural safeguards that comply with federal regulations to guard your nonpublic personal information.

v. **Our policy regarding dispute resolution:**

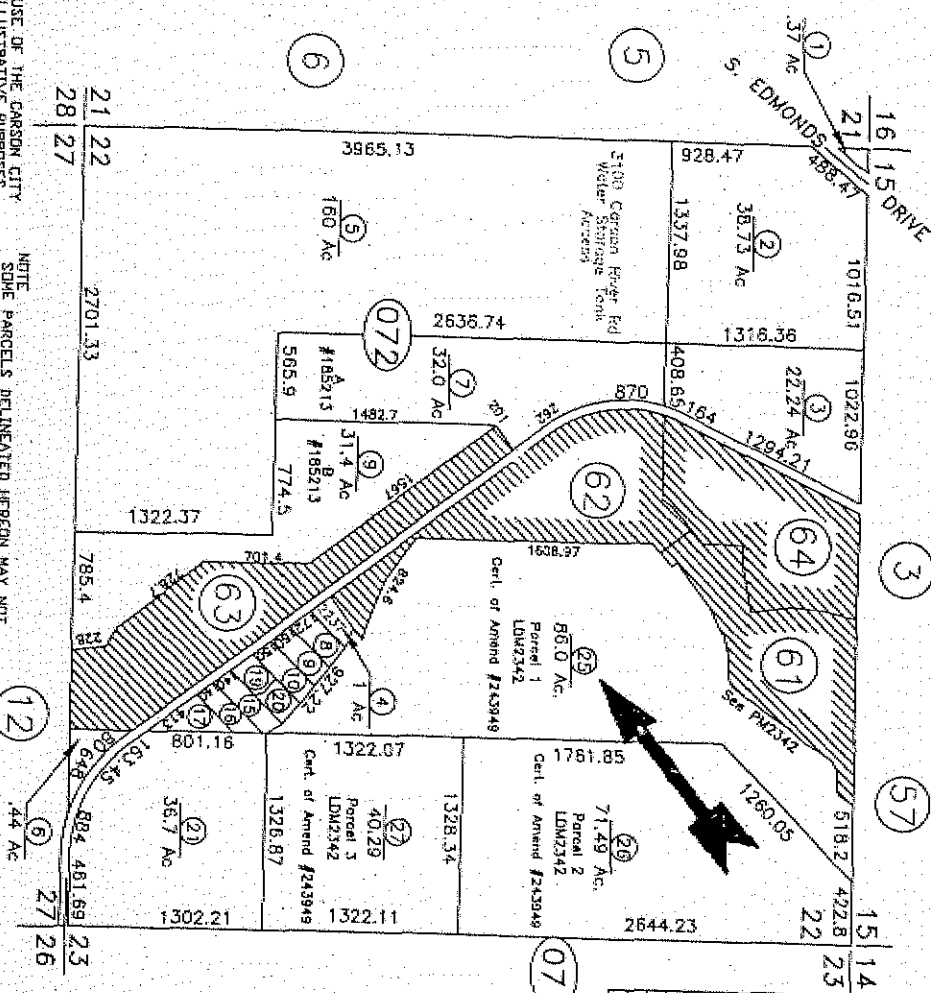
Any controversy or claim arising out of or relating to our privacy policy, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof.

VI. **Reservation of the right to disclose information in unforeseen circumstances:**

In connection with the potential sale or transfer of its interests, Northern Nevada Title Company, its Underwriters and their respective affiliates reserve the right to sell or transfer your information (including but not limited to your address, name, age, sex, zip code, state and country of residency and other information that you provide through other communications) to a third party entity that (1) concentrates its business in a similar practice or service; (2) agrees to be a successor in interest of Northern Nevada Title Company or the Underwriter with regard to the maintenance and protection of the information collected; and (3) agrees to the obligations of this privacy statement.

Northern Nevada Title Company does not represent this map as a survey of the land indicated hereon, although believed correct, no liability is assumed as to the accuracy thereof.

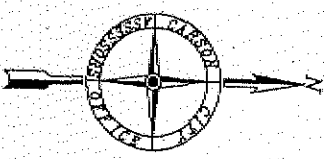
SECTION 22, T. 15 N., R. 20 E., M.D.B. & M.



APN	MAP	ACREAGE	ADDRESS
10-071-08	A	PM1019	1,382 AC
10-071-09	B	PM1019	1,458 AC
10-071-10	C	PM1019	1,511 AC
10-071-15	E	PM1304	1,575 AC
10-071-16	F	PM1304	1,317 AC
10-071-17	G	PM1304	1,865 AC
10-071-19	A	PM1905	1,00 AC
10-071-20	B	PM1905	1,00 AC

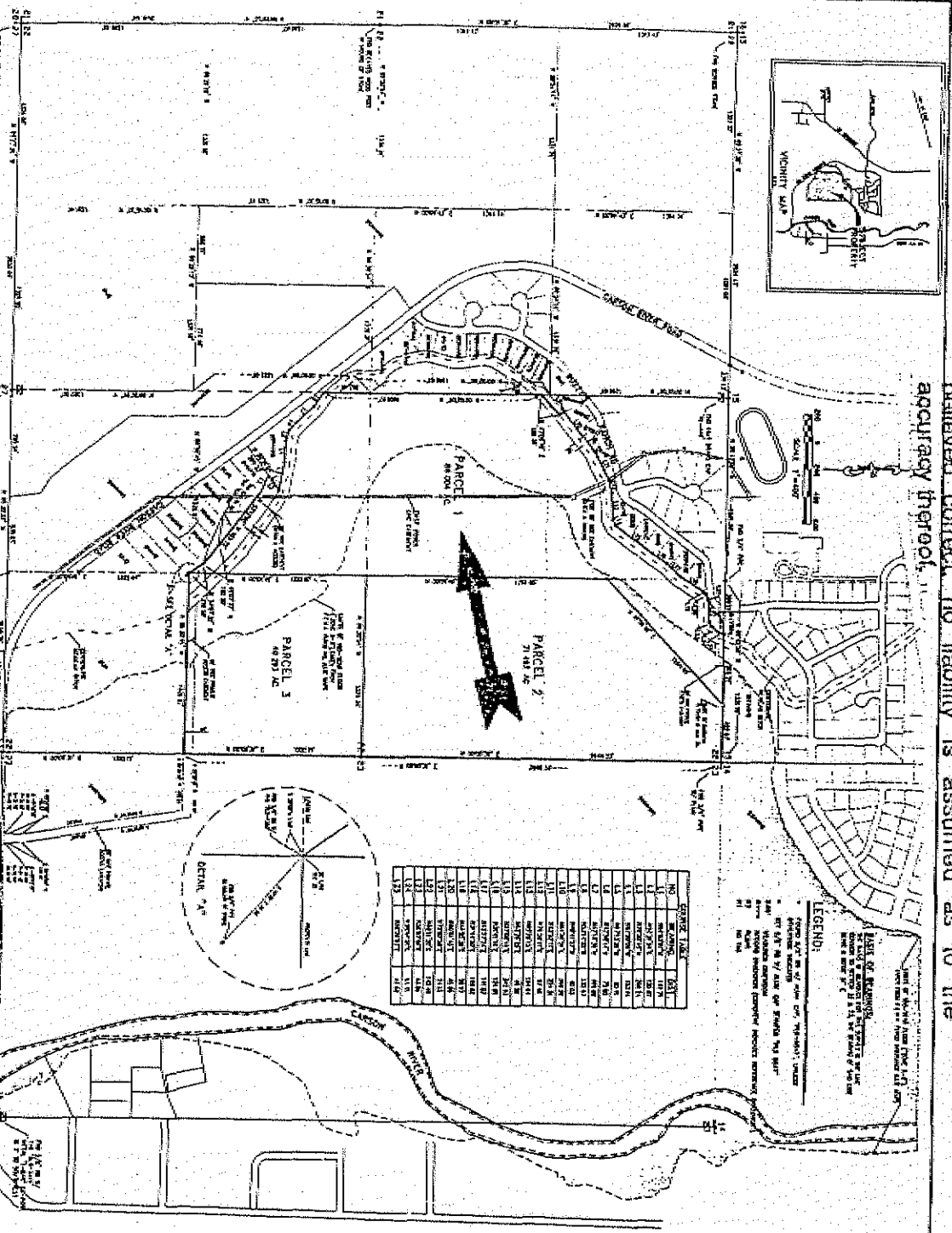
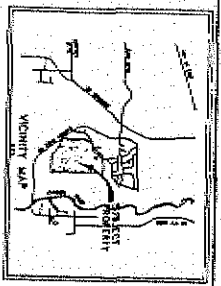
CARSON CITY, NEVADA
 THIS MAP IS PREPARED FOR THE USE OF THE CARSON CITY ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES ONLY. IT DOES NOT REPRESENT A SURVEY, NO LIABILITY IS ASSUMED AS TO THE SUFFICIENCY OR ACCURACY OF THE DATA DELINEATED HEREON.

NOTE
 SOME PARCELS DELINEATED HEREON MAY NOT BE PRESENTED IN TRUE SIZE, SHAPE, OR LOCATION DUE TO DISCREPANCIES BETWEEN LOT LINES.



Scale: 1" = 800'
 Revised 02.25.2002

NOTWITHSTANDING THE COMPANY DOES NOT REPRESENT THIS PLAT AS A SURVEY OF THE LAND INDICATED HEREON, ALTHOUGH BELIEVED CORRECT, NO LIABILITY IS ASSUMED AS TO THE ACCURACY THEREOF.



NO.	DESCRIPTION	AREA
1	PARCEL 1	48,000
2	PARCEL 2	71,000
3	PARCEL 3	48,200
4	TOTAL	167,200

NOTE:
 1. THE COMPANY DOES NOT REPRESENT THIS PLAT AS A SURVEY OF THE LAND INDICATED HEREON, ALTHOUGH BELIEVED CORRECT, NO LIABILITY IS ASSUMED AS TO THE ACCURACY THEREOF.
 2. THE COMPANY DOES NOT REPRESENT THIS PLAT AS A SURVEY OF THE LAND INDICATED HEREON, ALTHOUGH BELIEVED CORRECT, NO LIABILITY IS ASSUMED AS TO THE ACCURACY THEREOF.
 3. THE COMPANY DOES NOT REPRESENT THIS PLAT AS A SURVEY OF THE LAND INDICATED HEREON, ALTHOUGH BELIEVED CORRECT, NO LIABILITY IS ASSUMED AS TO THE ACCURACY THEREOF.
 4. THE COMPANY DOES NOT REPRESENT THIS PLAT AS A SURVEY OF THE LAND INDICATED HEREON, ALTHOUGH BELIEVED CORRECT, NO LIABILITY IS ASSUMED AS TO THE ACCURACY THEREOF.
 5. THE COMPANY DOES NOT REPRESENT THIS PLAT AS A SURVEY OF THE LAND INDICATED HEREON, ALTHOUGH BELIEVED CORRECT, NO LIABILITY IS ASSUMED AS TO THE ACCURACY THEREOF.

CITY ENGINEER'S CERTIFICATE:
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

COMMUNITY DEVELOPMENT & PLANNING COMMISSION CERTIFICATE:
 The Commission on Community Development and Planning has reviewed the above described parcels and has found that they conform with the City Ordinance relating to the subdivision of land.

BOARD OF SUPERVISOR'S APPROVAL:
 The Board of Supervisors of Carson City, Nevada, has reviewed the above described parcels and has found that they conform with the City Ordinance relating to the subdivision of land.

OWNER'S CERTIFICATE:
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

STATE OF NEVADA
 COUNTY OF CARSON
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

SURVEYOR'S CERTIFICATE:
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

CLERK/RECORDER'S CERTIFICATE:
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

THE DONALD ANDERSEN TRUST AND THE JIMMIE P. JARRARD'S CHILDREN'S TRUST
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

R. P. Strybing & Engineering
 I, the undersigned, being duly qualified and sworn, do hereby certify that the above described parcels are situated within the city limits of Carson City, Nevada, and that the same are subject to the provisions of the City Ordinance relating to the subdivision of land.

NORTHERN
NEVADA
TITLE
COMPANY

February 2, 2007

CARSON CITY PARKS AND RECREATION
ATTN: JUAN GUZMAN

DELIVERED

ESCROW NO. CC-1070037-LS
ESCROW OFFICER Liz Svenningsen
PROPERTY 3662 Emerson Drive
Carson City, NV 89706

Enclosed herewith please find the following documents:

PRELIMINARY TITLE REPORT AND COPIES OF THE EXCEPTIONS

If you have any questions regarding these documents please do not hesitate to contact us.

Sincerely,

Northern Nevada Title Company



LIZ SVENNINGSEN
SR. ESCROW OFFICER

EXHIBIT "B"
ZONING INFORMATION

18.04.160 Agriculture (A).

The purpose of the A district is to identify those lands that are used for cattle raising or agricultural purposes.

1. The primary permitted uses in the A district are:

Accessory farm structure;
Agricultural use;
Barn or stable;
Animals and fowl;
Crop production (commercial);
Flood control facility;
Livestock raising;
Park;
Residential (limited to 1 dwelling per 20 acres or larger);
Winery.

2. The accessory permitted uses incidental to primary permitted and conditional uses in the A district are:

Accessory structure;
Domestic and agricultural well;
Guest building;
Watchman's quarters.

3. The conditional uses in the A district which require approval of a special use permit are:

Agricultural services;
Animal boarding facility;
Child care facility;
Church;
Municipal well facility;
Oil, gas or geothermal drilling operation;
Outdoor recreational facility (public or private);
Ranch and farm hand living quarters/bunkhouses including seasonal housing;
Recreational vehicle park
Utility substation.

(Ord. 2006-4 § 10 (part), 2006; Ord. 2001-23 § 2 (part), 2001).

EXHIBIT "C"
CONCEPTUAL DEVELOPMENT DESIGNS

DEVELOPMENT CONSTRAINTS ANALYSIS

for the

ANDERSEN TRUST

APN 10-071-25

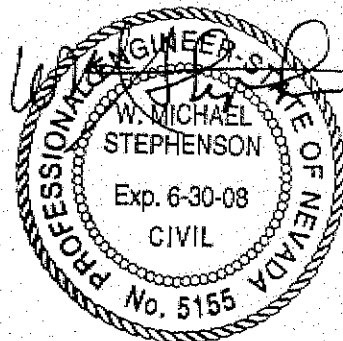
Prepared for:

Robert Lorin Andersen Trust
Michael & Elaine Andersen Trustees
c/o Wayne Chimarusti, Attorney-at-Law
300 West Second Street
Carson City, Nevada 89703

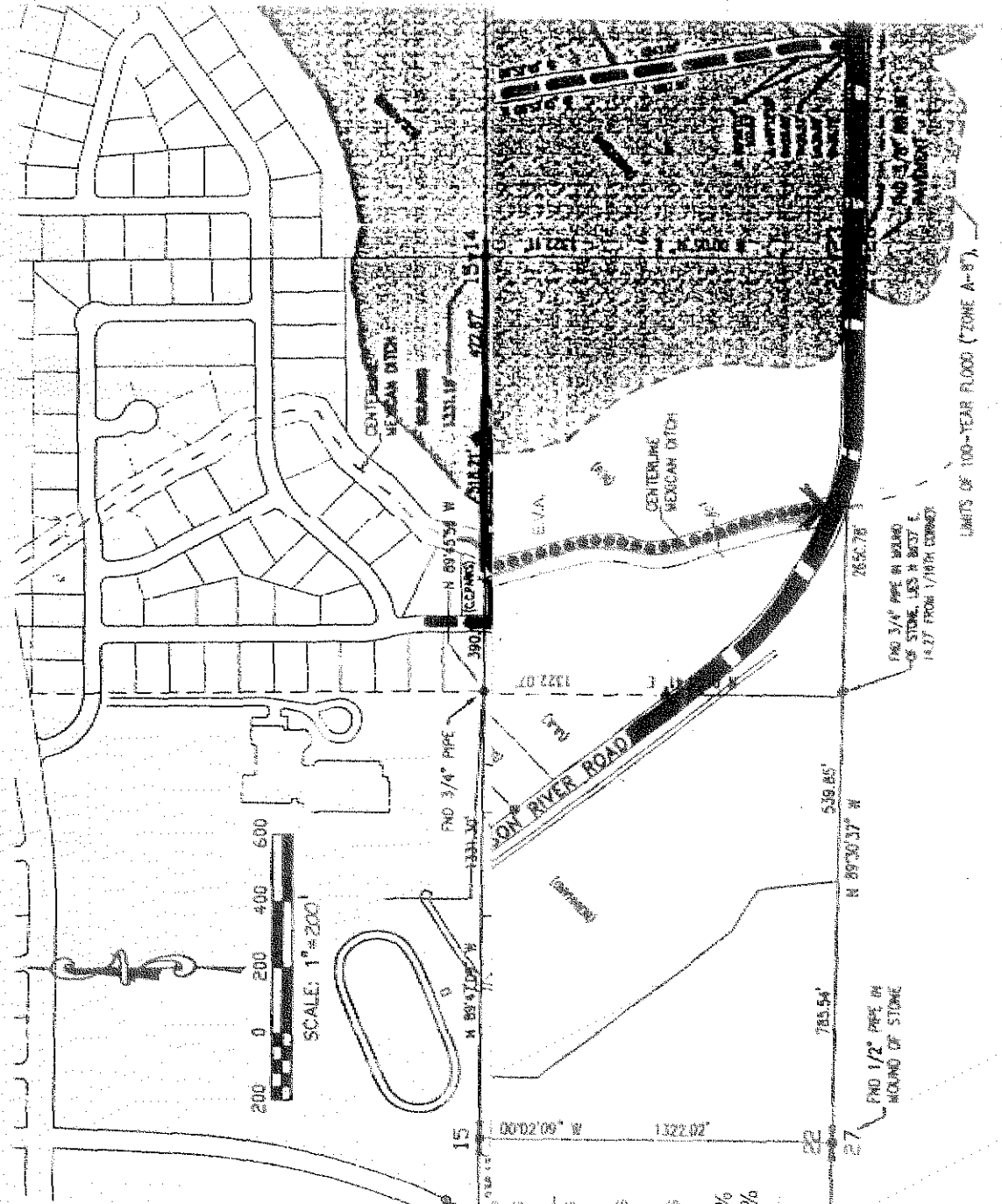
Prepared by:

Palmer Engineering Group, Ltd.
611 North Nevada Street
Carson City, Nevada 89703
(775) 884-0479

May 2006
Job No. 060206



1-2-07

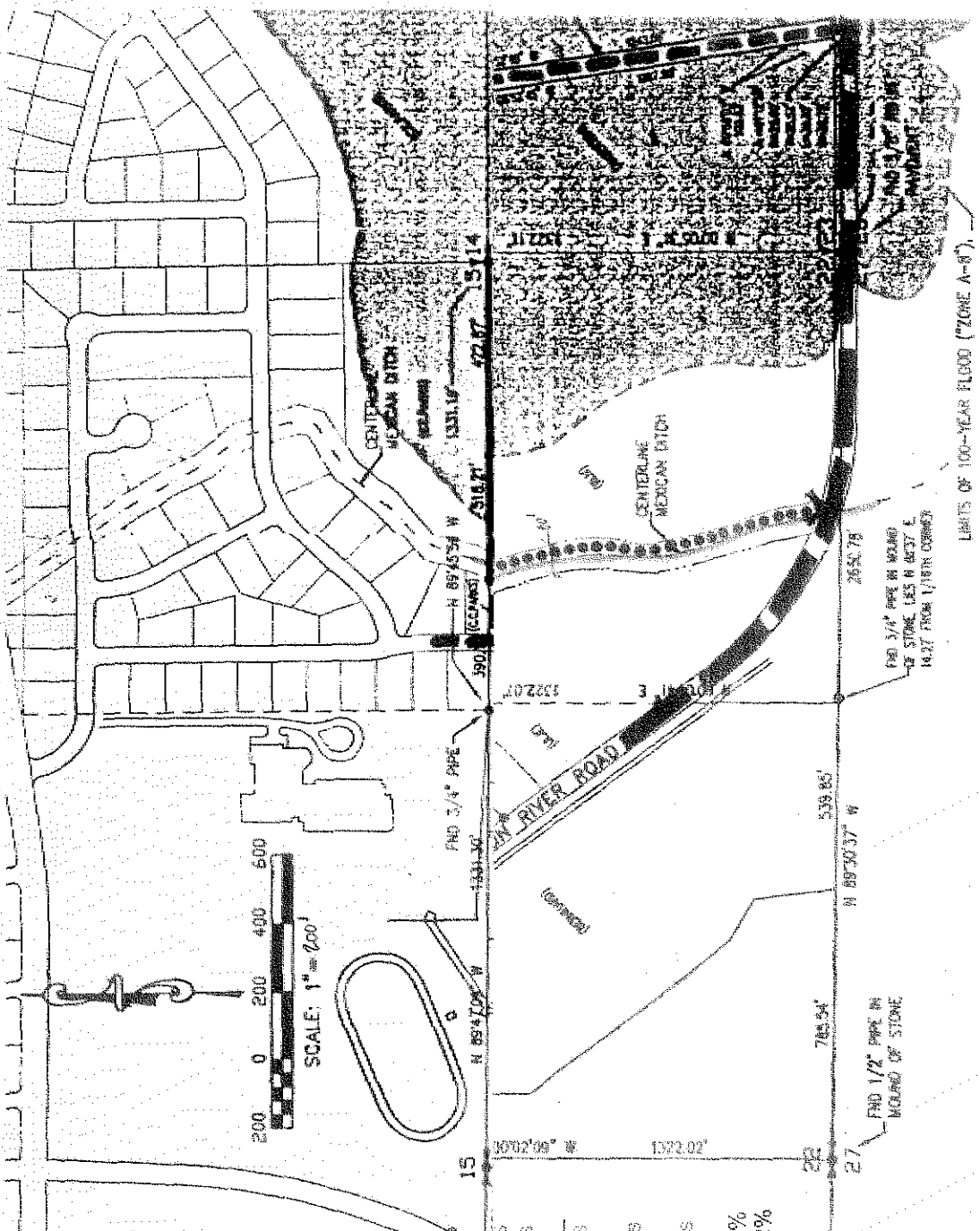


LDR - 16.50 acres 16 to 48 units
 80.00 acres 29 to 89 units
 PUD bonus - 0 units
 Maximum Allowable - 98 units
 Developable Area - 47.5 ac./59.4%
 Open Space - 32.5 ac./40.6%

PNO 3/4" PIPE IN BURIED
 OF STONE. LIES N WEST E,
 18.27 FROM 1/4TH CORNER

PNO 1/2" PIPE IN
 MOUND OF STONE

LIMITS OF 100-YEAR FLOOD (ZONE A-8)



3654.83'
 31.57 acres 10 to 31 units
 LDR - 16.50 acres 16 to 48 units
 80.00 acres 29 to 89 units
 PUD bonus - 9 units
 Maximum Allowable - 98 units
 Developable Area - 27.0 ac./33.8%
 Open Space - 53.0 ac./66.2%
 1326.05'
 7652.06'



EXHIBIT "D"
FLOOD DATA, CHAPTER 12

Title 12 WATER, SEWERAGE AND DRAINAGE

Chapter 12.09 FLOOD DAMAGE PREVENTION

12.09.010 Short title.

12.09.020 Definitions.

12.09.025 Statutory authorization.

12.09.030 Findings of fact.

12.09.040 Declaration of purpose.

12.09.050 Methods of reducing flood losses.

12.09.060 General provisions.

12.09.070 Administration.

12.09.080 Provisions for flood hazard reduction.

12.09.090 Variance procedures.

12.09.100 Letter of map amendment.

12.09.010 Short title.

This chapter of the Carson City Municipal Code shall be shown and cited as the Carson City Flood Damage Prevention Ordinance. (Ord. 1986-7 § 2, 1986).

12.09.020 Definitions.

As used in this chapter:

1. "Alluvial fan" means an area subject to flooding when the floodplain is comprised of low flow channels where sediment accompanies the shallow flooding and the unstable soils scour and erode during a flooding event.
2. "Appeal" means a request for a review of the local floodplain administrator's interpretation of any provision of this chapter or a request for a variance.
3. "Area of shallow flooding" means a designated AO Zone on the Flood Insurance Rate Map. The base flood depths range from one foot (1') to three feet (3'); a clearly defined map channel indeterminate; and, velocity flow may be evident. AO is characterized as sheet flow and AH indicates ponding.
4. "Base flood" means the flood having a one percent (1%) chance of being equalled or exceeded in any given year, also referred to as the "100-year flood."
5. "Breakaway walls" means any type of walls, whether wood, metal, plastic or any other suitable building material which is not part of the structural support of the building and which is so designed as to break away under abnormally high tides or wave action without damage to the structural buildings to which they might be carried by floodwaters.

A breakaway wall shall have a design safe loading resistance of not less than ten (10) and not more than twenty (20) pounds per square foot. Use of breakaway walls must be certified by a registered engineer or architect and shall meet the following conditions:

- a. Breakaway wall collapse shall result from a water load less than that which would occur during the base flood;
- b. The elevated portion of the building shall not incur any structural damage due to the effects of wind an water

loads acting simultaneously during a one hundred (100) year event.

6. "Development" means any man-made change to improved or unimproved real estate, filling, grading, paving, excavation or drilling operations located within the areas of special flood hazard.

7. "Existing manufactured home park or manufactured home subdivision" means a parcel (or contiguous parcels) of land divided into two (2) or more manufactured home lots for rent or sale for which the construction of facilities for servicing the lots on which the manufactured home is to be affixed (including, at a minimum, the installation of utilities, either final site grading or the pouring of concrete pads, and the construction of streets) is completed before the effective date of the ordinance codified in this chapter.

8. "Expansion to an existing manufactured home park or manufactured home subdivision" means the preparation of additional sites by the construction of facilities for serving the lots on which the manufactured homes are to be affixed (including the installation of utilities, either final site grading or pouring of concrete pads, or the construction of streets).

9. "Flood" or "flooding" means a general and temporary condition of partial or complete covering of normally dry land areas from:

a. The overflow of inland or tidal waters; and/or

b. The unusual and rapid accumulation of runoff of surface waters from any source.

10. "Flood Boundary Floodway Map" means the official map on which the Federal Insurance Administration has delineated both the areas of flood hazard and the floodway.

11. "Flood Insurance Rate Map (FIRM)" means the official map on which the Federal Insurance Administration has delineated both the areas of special flood hazards and the risk premium zones applicable to the community.

12. "Flood Insurance Study" means the official report provided by the Federal Emergency Management Agency that includes flood profiles, the Flood Insurance Rate Map (FIRM), the Flood Boundary Floodway Map, and the water surface elevation of the base flood.

13. "Floodproofing" means any combination of structural and nonstructural additions, changes or adjustments to nonresidential structures which reduce or eliminate flood damage to real estate or improved property.

14. "Flood-related erosion" means a condition that exists in conjunction with a flooding event that alters the composition of the shoreline or bank of a watercourse. It is a condition that increases the possibility of loss due to the erosion of the land area adjacent to the shoreline or watercourse.

15. "Floodway" means the channel or a river or other watercourse and the adjacent land area that must be reserved in order to discharge the base flood without cumulatively increasing the water surface elevation more than one foot (1'). The floodway is delineated on the Flood Boundary Floodway Map.

16. "Local floodplain administrator" means the city engineer or his designee.

17. "Lowest floor" means the lowest floor of the lowest enclosed area (including basement). An unfinished or flood-resistant enclosure, usable solely for parking of vehicles, building access or storage, in an area other than a basement area, is not considered a building's lowest floor, provided that such enclosure is not built so as to render the structure in violation of the applicable nonelevation design requirements of this chapter.

18. "Hazard mitigation plan" means a plan that incorporates a process whereby the potential of future loss due to flooding can be minimized by planning and implementing alternatives to floodplain management community-wide.

19. "Highest grade" means the highest natural elevation of the ground surface prior to construction next to the proposed walls of a structure.

20. "Manufactured home" means a structure, transportable in one (1) or more sections, which is built on a permanent chassis and is designed for use with or without a permanent foundation when connected to the required utilities. For floodplain management purposes the term "manufactured home" also includes park trailers, travel trailers, and other similar vehicles placed on a site for greater than one hundred eighty (180) consecutive days. For insurance purposes the term "manufactured home" does not include park trailers, travel trailers, and other similar vehicles placed on a site for less than one hundred eighty (180) days.

21. "Area of special flood hazard" means the land in the floodplain within Carson City subject to a one percent (1%) or greater chance of flooding in any given year. Designation on maps always includes the letters AO or AH.

22. "New construction" means structures for which the "start of construction" commenced on or after the effective date of the ordinance codified in this chapter.

23. "New manufactured home park or manufactured home subdivision" means a parcel (or contiguous parcels) of land divided into two (2) or more manufactured home lots for rent or sale for which the construction of facilities or servicing the lot (including, at the minimum, the installation of utilities, either final site grading or the pouring of concrete pads, and the construction of streets) is completed on or after the effective date of the ordinance codified in this chapter.

24. "Start of construction" means the first placement of permanent construction of a structure (other than a manufactured home) on a site, such as the pouring of slabs or footings or any work beyond the state of excavation. Permanent construction does not include land preparation, such as clearing, grading, and filling,

nor does it include the installation of streets and/or walkways; nor does it include excavation for a basement, footings, piers, or foundation or the erection of temporary forms; nor does it include the installation on the property of accessory buildings, such as garages or sheds not occupied as dwelling units or not as part of the main structure. For a structure (other than a manufactured home) without a basement or poured footings, the "start of construction" includes the first permanent framing or assembly of the structure or any part thereof on its piling or foundation. For manufactured homes not within a manufactured home park or manufactured home subdivision, "start of construction" means the affixing of the manufactured home to its permanent site. For manufactured homes within manufactured home parks or manufactured home subdivisions "start of construction" means the date on which the construction of facilities for servicing the site on which the manufactured home is affixed (including, at a minimum the construction of streets, either final site grading, or the pouring of concrete pads, and installation of utilities) is completed.

25. "Structure" means a walled and roofed building or manufactured home that is principally above ground.

26. "Substantial improvement" means any repair, reconstruction, or improvement to a structure, the cost of which equals or exceeds fifty percent (50%) of the market value of the structure either:

a. Before the improvement or repair is started; or

b. If the structure has been damaged and is being restored, before the damage occurred. For the purposes of this definition, "substantial improvement" is considered to occur when the first alteration of any wall, ceiling, floor, or other structural part of the building commences, whether or not that alteration affects the external dimensions of the structure. This term does not, however, include either:

(1) Any project for improvement of a structure to comply with existing state or local health, sanitary, or safety code specifications which are solely necessary to assure safe living conditions; or

(2) Any alteration of a structure listed on the National Register of Historic Places or State Inventory of Historic Places.

27. "Variances" means a grant of relief from the requirements of this chapter which permits construction in a manner that would otherwise be prohibited by this chapter. (Ord. 2005-26 § 2, 2005; Ord. 1995-46 § 1, 1995; Ord. 1988-4 § 1, 1988; Ord. 1986-7 § 3, 1986).

12.09.025 Statutory authorization.

The legislature of the State of Nevada in Nevada Revised Statutes 278.020, 244A.057, and 543.020 confers upon local government units authority to adopt regulations designed to promote the public health, safety, and general welfare of its citizenry. Therefore, the board of supervisors of Carson City does hereby adopt the following floodplain management regulations. (Ord. 2005-26 § 3, 2005).

12.09.030 Findings of fact.

1. That the flood hazard areas of Carson City are subject to periodic inundation which results in loss of life and property, health and safety hazards, disruption of commerce and governmental services, extraordinary public expenditures for flood protection and relief, and impairment of the tax base, all of which adversely affect the public health, safety and general welfare.

2. That these flood losses are caused by the cumulative effect of obstructions in areas of special flood hazards which increase flood heights and velocities, and when inadequately anchored, damage uses in other areas. Uses that are inadequately flood proofed, elevated or otherwise protected from flood damage also contribute to the flood loss. (Ord. 1986-7 § 4, 1986).

12.09.040 Declaration of purpose.

It is the purpose of this chapter to promote the public health, safety, and general welfare, and to minimize public and private losses due to flood conditions in specific areas by provisions designed:

1. To protect human life and health;

2. To minimize expenditure of public money for costly flood-control projects;

3. To minimize the need for rescue and relief efforts associated with flooding and generally undertaken at the expense of the general public;

4. To minimize prolonged business interruptions;

5. To minimize damage to public facilities and utilities such as water and gas mains, electric, telephone and sewer lines, streets and bridges located in areas of special flood hazard;

6. To help maintain a stable tax base by providing for the second use and development of areas of special flood hazard so as to minimize future blight areas;

7. To insure that potential buyers are notified that property is in an area of special flood hazard; and
8. To insure that those who occupy the areas of special flood hazard assume responsibility for their actions. (Ord. 1986-7 § 5, 1986).

12.09.050 Methods of reducing flood losses.

In order to accomplish its purposes, this chapter includes methods and provisions for:

1. Restricting or prohibiting uses which are dangerous to health, safety, and property due to water or erosion hazards, or which result in damaging increases in erosion or in flood heights or velocities;
2. Requiring that uses vulnerable to floods, including facilities which serve such uses, be protected against flood damage at the time of initial construction;
3. Controlling the alteration of natural floodplains, stream channels and natural protective barriers, which help accommodate or channel floodwaters;
4. Controlling, filling, grading, dredging, and other development which may increase flood damage; and
5. Preventing or regulating the construction of flood barriers which will unnaturally divert floodwaters or which may increase flood hazards in other areas. (Ord. 1986-7 § 6, 1986).

12.09.060 General provisions.

The general provisions of this chapter are as follows:

1. **Lands to Which this Chapter Applies.** This chapter shall apply to all areas of special flood hazards within the jurisdiction of Carson City.
2. **Basis for Establishing the Areas of Special Flood Hazard.** The areas of special flood hazard identified by the Federal Insurance Administration, through the Federal Emergency Management Agency in the Flood Insurance Study (FIS), with the accompanying Flood Insurance Rate Maps (FIRM), dated October 16, 1996 and all subsequent amendments and/or revisions, are hereby adopted by reference and declared to be a part of this chapter. The Flood Insurance Study is on file at the development services - engineering division for Carson City in its offices of record for public reference and review.
3. **Compliance.** No structure or land shall hereafter be constructed, located, extended, converted or altered without full compliance with the terms of this chapter and other applicable regulations. Violations of the provisions of this chapter by failure to comply with any of its requirements (including violations of conditions and safeguards established in connection with conditions) shall constitute a misdemeanor. Any person who violates this chapter or fails to comply with any of its requirements shall upon conviction be guilty of a misdemeanor of each violation, and in addition shall pay all costs and expenses involved in the case. Nothing herein contained shall prevent Carson City from taking such other lawful actions as is necessary to prevent or remedy any violation.
4. **Abrogation and Greater Restrictions.** This chapter is not intended to repeal, abrogate or impair any existing easements, covenants or deed restrictions. However, where the ordinance codified in this chapter and another chapter, easement, covenant or deed restriction conflict or overlap, whichever imposes the more stringent restrictions shall prevail.
5. **Interpretation.** In the interpretation and application of this chapter, all provisions shall be:
 - a. Considered as minimum requirements;
 - b. Liberally construed in favor of the governing body; and
 - c. Deemed neither to limit nor repeal any other powers granted under state statutes.
6. **Warning and Disclaimer of Liability.** The degree of flood protection required by this chapter is considered reasonable for regulatory purposes and is based on scientific and engineering considerations. Larger floods can and will occur on rare occasions. Flood heights may be increased by man-made or natural causes. This chapter does not imply that land outside the areas of special flood hazards or uses permitted within such area will be free from flooding or flood damages. This chapter shall not create liability on the part of Carson City, any officer or employee thereof, or the Federal Insurance Administration, for any flood damages that result reliant on this chapter or any administrative decision lawfully made thereunder. (Ord. 2005-26 § 4, 2005; Ord. 1995-46 § 2, 1995; Ord. 1992-20 § 1, 1992; Ord. 1988-4 § 2, 1988; Ord. 1986-7 § 7, 1986).

12.09.070 Administration.

This chapter shall be administered as follows:

1. **Establishment of Development Approval.** A development approval shall be obtained before construction or development begins within any area of special flood hazard established pursuant to this chapter. The approval

shall be for all structures including manufactured homes, and for all development including fill and other activities. Application for a development approval shall be made on forms furnished by the local floodplain administrator and may include, but not be limited to: plans in duplicate scale showing the nature, location, dimensions, and elevation of the area in question; existing or proposed structures, fill, storage of materials, drainage facilities; and the location of the foregoing. Specifically, the following information is required:

- a. Proposed elevation in relation to mean sea level of the lowest floor (including basement) of all structures; in Zone AO elevation of existing grade and proposed elevation of lowest floor of all structures;
- b. Proposed elevation in relation to mean sea level to which any structure will be floodproofed;
- c. Certification by a registered professional engineer or architect that the floodproofing methods for any nonresidential structure meet the floodproofing criteria; and
- d. Description of the extent to which any watercourse will be altered or relocated as a result of proposed development.

2. Designation of the Local Floodplain Administrator. The city engineer or his designee is hereby appointed to administer and implement this chapter by granting or denying development applications in accordance with its provisions.

3. Duties and Responsibilities of the Administrator. The duties and responsibilities of the administrator shall include, but not be limited to:

a. Permit Review.

- (1) Review of development applications to determine that the requirements of this chapter have been satisfied.
- (2) Review of all applications to determine that the site is reasonably safe from flooding.
- (3) Review of all development applications to determine if the proposed development adversely affects the flood-carrying capacity of the area of special flood hazard. For purposes of this chapter, "adversely affected" means that the cumulative effect of the proposed development, when combined with all other existing and anticipated development, will not increase the water surface elevation of the base flood more than one foot (1') at any point.
- (4) Review of all proposals for the development of five (5) parcels or more to assure that the flood discharge exiting the development after construction is equal to or less than the flood discharge at the location prior to development.
- (5) Review all development applications to determine that all necessary permits have been obtained from those federal, state, or local governmental agencies from which prior approval is required.

b. Use of Other Base Flood Data.

- (1) When base flood elevation data has not been provided, the local floodplain administrator shall obtain, review, and reasonably utilize the best base flood data available from any source: federal, state, or other; such as high water marks(s), floods of record, or private engineering reports, in order to administer this chapter and provide the developer with an estimated base flood elevation.
- (2) Multiple parcels (five (5) or more) will be required to have all proposals establish the one hundred (100)-year base flood elevation before consideration of the tentative plan for development. The local floodplain administrator may, at his/her discretion, require standards exceeding those identified in this chapter.

c. Information to be Obtained and Maintained. The local floodplain administrator shall obtain and maintain for public inspection and make available as needed for flood insurance policies:

- (1) The certification required in this chapter; and
- (2) Certification of the elevation of the lowest floor, floodproofed elevation, or the elevation of the structure's lowest horizontal member is required at that point where the footings are set and slab poured. Failure to submit elevation certification shall be cause to issue a stop-work order for the project. As-built plans certifying the elevation of the lowest adjacent grade are also required.
- (3) If fill is used to elevate a structure above the base flood elevation, the permit holder may wish to apply for a letter of map amendment (LOMA), as set forth in this chapter.

d. Alteration of Watercourse. It is the responsibility of the local floodplain administrator to:

- (1) Notify adjacent communities, when applicable, and the state of Nevada Water Resources Division prior to any alteration or relocation of a watercourse, and submit evidence of such notification to the Federal Emergency Management Agency.
- (2) It is required that the flood-carrying capacity of the altered or relocated portion of said watercourse be maintained by the community.

e. Interpretation of Flood Insurance Rate Map (FIRM) Boundaries. The local floodplain administrator or his designee will provide interpretations, where needed, as to the exact location of the boundaries of the areas of special flood hazards (for example, where there appears to be a conflict between a mapped boundary and actual field conditions). The person contesting the location of the boundary shall be given a reasonable opportunity to appeal the interpretation as provided in this chapter.

f. Maintenance of Flood Protection Measures. The maintenance of any and all flood protection measures (levees, dikes, dams, or reservoirs) will be required of the jurisdiction where such measures provide protection. If these measures are privately owned, an operation or maintenance plan will be required of the owner to be on

file with development services - engineering division. Carson City is required to acknowledge all maintenance plans by the adoption of such plans by ordinance.

g. Hazard Mitigation Plan. The planning commission and board of supervisors shall be responsible for reviewing all proposals for new development and shall weigh all requests for future floodplain development against the city's master plan. Consideration of the following elements are required before approval:

- (1) Determination of whether or not a proposed development is in or affects a known floodplain.
- (2) Inform the public of the proposed activity.
- (3) Determine if there is a practicable alternative or site for the proposed activity.
- (4) Identify impact of the activity on the floodplain.
- (5) Provide a plan to mitigate the impact of the activity. (Ord. 2005-26 § 5, 2005: Ord. 1995-46 § 3, 1995: Ord. 1988-4 § 3, 1988: Ord. 1986-7 § 8, 1986).

12.09.080 Provisions for flood hazard reduction.

1. Standards for Construction. In all areas of special flood hazard, the following standards are required:

a. Anchoring.

- (1) All new construction and substantial improvements shall be anchored to prevent flotation, collapse or lateral movement of the structure; and
- (2) All manufactured home units shall be anchored to prevent flotation, collapse or lateral movement, and shall be installed using methods and practices that minimize flood damage.

b. Construction Materials and Methods.

- (1) All new construction and substantial improvements shall be constructed with materials and utility equipment resistant to flood damage.
- (2) All new construction and substantial improvements shall use methods and practices that minimize flood damage.
- (3) All elements that function as a part of the structure, such as furnace, hot water heater, air conditioner, etc., shall be elevated to or above the base flood elevation or depth number specified on the Flood Insurance Rate Map (FIRM).

c. Elevation and Floodproofing.

- (1) New construction and substantial improvement of any structure shall have the bottom of the lowest floor beam or basement floor elevated to or above the base flood elevation. Nonresidential structures will meet the standards in this chapter. New construction or substantial improvements for residential and nonresidential construction shall be approved by the local floodplain administrator. Upon completion of the structure, the elevation of the lowest floor, including the basement, shall be certified by a registered professional surveyor that the elevation requirements have been met. Notification of compliance shall be required as set forth in this chapter.
- (2) New construction and substantial improvement to any residential structure in an area of shallow flooding including a Zone AO shall have the bottom of the lowest floor beam or basement floor elevated to or above the depth number specified on the Flood Insurance Rate Map (FIRM). If there is no depth number on the Flood Insurance Rate Map (FIRM), the bottom of the lowest floor beam or basement floor shall be elevated to a depth of one foot (1') above the highest adjacent grade. Nonresidential structures will meet standards in this chapter. Upon completion of the structure, compliance to the elevation requirement shall be certified by a registered surveyor. Notification of compliance shall be recorded as set forth in this chapter.

(3) Nonresidential construction shall either be elevated in conformance with this chapter or together with attendant utility and sanitary facilities, be floodproofed to the base flood elevation.

(a) Where a structure is floodproofed:

- (1) Either a registered professional engineer or architect shall certify that the design and methods of construction are in accordance with accepted standards of practice for floodproofing;
- (2) A record of such certificates which includes the specific elevation in relation to mean sea level to which such structures are floodproofed shall be maintained as set forth in Section 12.09.070(3)(c).

(b) Where a structure is elevated, compliance to the elevation requirement shall be certified as set forth in subsection (1)(c)(2) of this section.

Examples of floodproofing include, but are not limited to:

- (a) Installation of watertight doors, bulkheads, and shutters;
- (b) Reinforcement of walls to resist water pressure;
- (c) Use of paints, membranes, or mortars to reduce seepage through walls;
- (d) Addition of mass or weight to structure to resist flotation;
- (e) Armour protection of all fill materials from scour and/or erosion;
- (f) Certification by a registered professional engineer or architect that the standards of this subsection are satisfied. Such certification shall be provided to the official set forth in this chapter.

(4) Manufactured homes shall meet the above standards and also the standards in this section.

2. Standards for Alluvial Fans. Areas subject to alluvial-fan flooding have irregular flow paths that result in erosion of existing channels and the undermining of fill material. Those areas are identified on the Flood Insurance Rate Map (FIRM) as AO Zones with velocities.

- a. All structures must be securely anchored to minimize the impact of the flood and sediment damage.
- b. All new construction and substantial improvements must be elevated on pilings, columns, or armoured fill so that the bottom lowest floor beam is elevated at or above the depth number.
- c. Use of all fill materials must be armoured to protect the material from the velocity of the flood flow.
- d. All proposals for subdivision development must provide a mitigation plan that identifies the engineering methods used to:

(1) Protect structures from erosion and scour caused by the velocity of the flood flow;

(2) Capture or transport flood and sediment flow through the subdivision to a safe point of disposition.

e. All manufactured homes shall be prohibited within the identified hazard area except within existing manufactured home parks or subdivisions.

f. Approval by the local floodplain administrator is required.

3. Standards for Utilities.

a. All new and replacement water supply and sanitary sewage systems shall be designed to minimize or eliminate infiltration of floodwaters into the system and discharge from systems into floodwaters.

b. On-site waste disposal system shall be located to avoid impairment to them or contamination from them during flooding.

4. Standards for Subdivisions.

a. All preliminary subdivision proposals shall identify the flood hazard area and the elevation of the base flood.

b. All final subdivision plans will provide the elevation of proposed structure(s), pads, and adjacent grade. If the site is filled above the base flood, the final pad elevation shall be certified by a registered professional or surveyor and provided to the official as set forth in this chapter.

c. All subdivision proposals shall be consistent with the need to minimize flood damage.

d. All subdivision proposals shall have public utilities and facilities such as sewer, gas, electrical and water systems located and constructed to minimize flood damage.

e. All subdivision proposals shall have adequate drainage provided to reduce exposure to flood damage as set forth in this chapter. Certification of compliance shall be required of the developer and the project's engineer.

5. Standards for Manufactured Homes and Manufactured Home Parks and Subdivisions.

a. All new manufactured homes and additions to manufactured homes shall be set on permanent foundation by anchoring the unit to resist flotation, collapse, or lateral movement by one of the following methods:

(1) By providing an anchoring system designed to Carson City standards, which may include the use of over-the-top or frame ties to ground anchors; or

(2) By the anchoring of the unit's system, designed to be in compliance to the Department of Housing and Urban Development Manufactured Home Construction and Safety Standards; or

(3) By bolting the frame or undercarriage to a reinforced, permanent foundation such as a retaining wall or storm wall used to set the unit.

(4) This requirement is in addition to applicable state and local anchoring requirements for resisting wind forces.

As set forth in this chapter, certification meeting the standards above is required of the installer or state agency responsible for regulating the placement, installation, and anchoring of individual manufactured home units.

b. Manufactured homes not placed in manufactured home parks or subdivisions, new manufactured home parks or subdivisions, expansions to existing manufactured home parks or subdivisions, and repair, reconstruction or improvements to existing manufactured home parks or subdivisions that equals or exceeds fifty percent (50%) of the value of the streets, utilities and pads before the repair, reconstruction or improvement commenced, must have the lowest floor elevated to or above the base flood elevation. The following standards are required for (a) manufactured homes not placed in manufactured home parks or subdivisions, (b) new manufactured home parks or subdivisions, (c) expansions to existing manufactured home parks or subdivisions, and (d) repair, reconstruction, or improvements to existing manufactured home parks or subdivisions that equals or exceeds fifty percent (50%) of the value of the streets, utilities, and pads before the repair, reconstruction, or improvement commenced.

(1) Adequate surface drainage and access for a hauler shall be provided.

(2) All manufactured homes shall be placed on pads or lots elevated on compacted fill or on pilings so that the lowest floor of the manufactured home is at or above the base flood level. If elevated on pilings:

(a) The lots shall be large enough to permit the structure and pillars;

(b) The pilings shall be placed in stable soil no more than ten feet (10') apart; and

(c) Reinforcement shall be provided for pilings more than six feet (6') above ground level;

(d) All zoning requirements shall be complied with.

c. No manufactured home shall be placed in a floodway, except in an existing manufactured home park or

existing manufactured home subdivision.

d. Certification of compliance is required of the developer and engineer responsible for the plan and/or manufactured home placement.

6. Floodways. Located within areas of special flood hazard established in this chapter are areas designated as floodways. Since the floodway is an extremely hazardous area due to the velocity of floodwaters which carry debris, potential projectiles and erosion potential, the following provisions apply:

a. Prohibit encroachments, including fill, new construction, substantial improvements and other development, unless certification by a registered professional engineer or architect is provided demonstrating that encroachments shall not result in any increase in flood levels during the occurrence of the base flood discharge;

b. If no floodway is identified, the permit holder shall provide an engineering study for the project area that establishes a setback where no encroachment of any new development will be allowed that would increase the water surface elevation of the base flood plus one foot (1'); or establish a setback from the stream bank equal to five (5) times the width of the stream at the top of the bank or twenty feet (20') on each side from the top of the bank, whichever is greater;

c. No manufactured homes shall be placed in a floodway except in existing manufactured home parks or existing manufactured home subdivisions. (Ord. 2005-26 § 6, 2005: Ord. 1995-46 § 4, 1995: Ord. 1988-4 § 4, 1988: Ord. 1986-7 § 9, 1986).

12.09.090 Variance procedures.

The variance procedures are as follows:

1. Appeal Board.

a. The board of supervisors, as established by Title 18 of this code, shall hear and decide appeals and requests for variances from the requirements of this chapter.

b. The board of supervisors shall hear and decide appeals, if filed within thirty (30) days from any decision or determination, when it is alleged there is an error in any requirement, decision or determination made by the administrator of this chapter.

c. Those aggrieved by the decision of the board of supervisors may appeal such decision to the appropriate court as provided in the Nevada Revised Statutes.

d. In passing upon such applications, the board of supervisors shall consider all technical evaluations, all relevant factors, standards, and other pertinent data, specified in other sections of this chapter, and:

(1) The danger that materials may be swept onto other lands to the injury of others;

(2) The danger to life and property due to flooding or erosion damage;

(3) The susceptibility of the proposed facility and its contents to flood damage and the effect of such damage on the individual owner;

(4) The importance of the services provided by the proposed facility to the community;

(5) The necessity to the facility of a riverfront location, where applicable;

(6) The availability of alternative locations for the proposed uses that are not subject to flooding or erosion damage;

(7) The compatibility of the proposed use with existing and anticipated development;

(8) The relationship of the proposed use to the city's master plan and floodplain management program for that area;

(9) The safety of access to the property in times of flood for ordinary and emergency vehicles;

(10) The expected heights, velocity, duration, rate of rise and sediment transport of the floodwaters and the effects of wave action, if applicable, expected at the site;

(11) The costs of providing governmental services during and after flood conditions, including maintenance and repair of public utilities and facilities such as sewer, gas, electrical and water system, and streets and bridges.

e. Generally, variances may be issued for new construction and substantial improvements to be erected on a lot of one-half (1/2) acre or less in size contiguous to and surrounded by lots with existing structures constructed below the base flood level, providing items (1-11) in subsection (1)(d) of this section have been fully considered. As the lot size increases beyond the one-half (1/2) acre, the technical justification required for issuing the variance increases.

f. Upon consideration of the factors of subsection (1)(d) of this section and the purpose of this chapter, the board of supervisors may attach such conditions to the granting of variances as it deems necessary to further the purpose of this chapter.

g. The local floodplain administrator shall maintain the records of all appeal actions and report any variances to the Federal Emergency Management Agency upon a request.

2. Conditions for Variances.

a. Variances may be issued for the reconstruction, rehabilitation or restoration of structures listed on the

National Register of Historic Places or the State Inventory of Historic Places, without regard to the procedures set forth in the remainder of this section.

b. Variances shall not be issued within any designated floodway if any increase in flood levels during the base flood discharge would result. Documentation in support of the variance shall be submitted to the local floodplain administrator to substantiate the above request.

c. Variances shall only be issued upon a determination that the variance is the minimum necessary, considering the flood hazard, to afford relief.

d. Variances shall only be issued upon:

(1) A showing of good and sufficient cause such as renovation, rehabilitation or reconstruction. Variances issued for economic considerations, aesthetics, or because variances have been used in the past, are not good and sufficient causes;

(2) A determination that failure to grant the variance would result in exceptional hardship to the applicant;

(3) A determination that the granting of a variance will not result in increased flood heights, additional threats to public safety, extraordinary public expense, create nuisances, cause fraud on or victimization to the public, or conflict with existing local laws or ordinances.

e. Any applicant to whom a variance is granted shall be given written notice that the structure will be permitted to be built with the lowest flood elevation below the base flood elevation and that the cost of flood insurance will be commensurate with the increased risk resulting from the lowered floor elevation. (Ord. 2005-26 § 7, 2005: Ord. 1995-46 § 5, 1995: Ord. 1986-7 § 10, 1986).

12.09.100 Letter of map amendment.

1. Letter of Map Amendment. There are two (2) methods of appeal that exempt a structure from the purchase of flood insurance, both must be supported by the items listed below:

a. Appeal of Elevation Requirements.

(1) An actual stamped copy of the recorded plat map of the property showing official recordation and proper citation, or a photocopy of property's legal description (e.g., lot, block and plot number, etc.);

(2) A copy of the Flood Hazard Boundary Map (FHBM) and/or Flood Insurance Rate Map (FIRM). Both must identify the location of the property;

(3) A certification of a registered professional land surveyor stating:

(a) The type of structure,

(b) The elevation of the lowest finished grade adjacent to the structure, and

(c) The elevation of the bottom of the lowest floor beam.

b. Appeal of Location.

(1) An actual stamped copy of the recorded plat map of the property showing official recordation and proper citation, or a photocopy of property's legal description (e.g., lot, block, and plot number, etc.);

(2) A copy of the Flood Hazard Boundary Map (FHBM) and/or Flood Insurance Rate Map (FIRM). Both must identify the location of the property as not within Zone A;

(3) Verification by local floodplain administrator as to the property's location. (Ord. 2005-26 § 8, 2005: Ord. 1995-46 § 6, 1995: Ord. 1986-7 § 11, 1986).