

City of Carson City
Agenda Report

Item # 9

Date Submitted: June 24, 2008

Agenda Date Requested: July 3, 2008

Time Requested: 15 Minutes

To: Mayor and Supervisors

From: Parks and Recreation Department

Subject Title: Action to approve the recommendation of the Open Space Advisory Committee to authorize Mayor Teixeira to sign an offer and purchase contract for the fee title purchase of the Wilson Trust properties, APN's 7-091-26 and 7-031-04, containing approximately 111 acres located on Ash Canyon Road at the ridge of the Carson Range, and to accept a reimbursable Legacy Grant for approximately \$450,000.00 towards this acquisition.

Staff Summary: Pending the approval of the Board of Supervisors, the Wilson Trust has accepted an offer to sell to Carson City for open space purposes approximately 111.21 acres located at the top of Ash Canyon Road. The purchase price of \$585,000 will be paid out of the Open Space acquisition account. Through the U.S. Forest Service Forest Legacy Program, Carson City will be reimbursed 75% of those expenses up to \$500,000. The property possesses attributes which are important to Carson City including providing motorized access to the Lake Tahoe State Park Hobart Reservoir trailhead, scenic protection, preservation of forested habitat lands, preservation of watershed, and it is located within the Carson Range Open Space Priority Area as designated by the Open Space Master Plan.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does This Action Require A Business Impact Statement: Yes No

Recommended Board Action: Action to approve the recommendation of the Open Space Advisory Committee to authorize Mayor Teixeira to sign an offer and purchase contract for the fee title purchase of the Wilson Trust properties, APN's 7-091-26 and 7-031-04, containing approximately 111 acres located on Ash Canyon Trail at the ridge of the Carson Range, and to accept a reimbursable Legacy Grant for approximately \$450,000.00 towards this acquisition.

Explanation for Recommended Board Action: The Board of Supervisors is asked to purchase this property as recommended by the Open Space Advisory Committee with 25% funding from the Open Space Program and 75% from the U.S. Forest Service Forest Legacy Program administered by the Nevada Department of Forestry. This is the first acquisition under the Forest Legacy Program in the State of Nevada. This project was ranked 17 out of 98 nationwide nominations. The owners have agreed to sell to Carson City for the appraised value. Mark Warren MIA appraised the value of the property at \$585,000.00 on July 10, 2007. The appraisal was certified into conformance with Federal standards by Jeffrey W. Surber, Senior Review Appraiser, US Forest Service. Carson City Municipal Code, Section 21.07.040, grants the Board of Supervisors authority to use funding from the Quality of Life special revenue fund to acquire open space. As required by Section 13.06.060 of the Carson City Municipal Code, on June 16, 2008, the Open Space Advisory Committee took action to recommend to the Board of Supervisors approval of this transaction.

Applicable Statute, Code, Policy, Rule or Regulation:

C.C.M.C., Chapter 21.07, Quality of Life (sale and use tax)

C.C.M.C., Chapter 13.06, Open Space

N.R.S. 244.275, Purchase for use of county appraisal

Fiscal Impact: The present taxes on the properties total \$681.46. Once the property is purchased this revenue will cease. The Open Space acquisition account, with a current balance of \$2.3 million, will pay for the purchase. The total estimated cost of \$599,210 includes the purchase price, appraisal, preliminary title report, estimated escrow and title insurance, the environmental Phase I, and surveyor. Approximately \$449,407.50 will be reimbursed to Carson City from the Forest Legacy Program.

Explanation of Impact:


Funding Source: Question 18 Open Space Land acquisition account (254-5047-452-74-01) has a current balance of \$2.3 million. Upon reimbursement request, 75% of the total acquisition cost, approximately \$449,707.50, will be received from the Forest Legacy Program.

Alternatives: Not to approve the transaction and inform the State of Nevada that we will not be accepting the Forest Legacy Program funding.

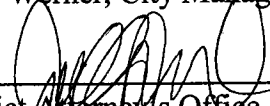
Supporting Material:

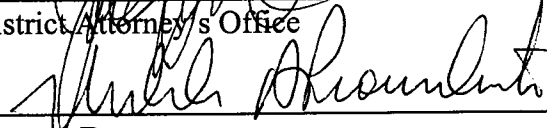
- 1) Purchase and Sales Agreement
- 2) Appraisal and appraisal review
- 3) State of Nevada notification of Forest Legacy Program funding
- 4) Memorandum on acquisition cost details
- 5) Forest Legacy Program, Carson City project narrative and map

Prepared By:  _____ **Date:** 6/23/08
Juan F. Guzman, Open Space Manager

Reviewed By:  _____ **Date:** 6/23/08
Roger Moellendorf, Parks & Recreation Director

_____ **Date:** 6/24/08
Larry Werner, City Manager

 _____ **Date:** 6/24/08
District Attorney's Office

 _____ **Date:** 6/24/08
Finance Department

Board Action Taken:

Motion: _____ 1: _____ Aye/Nay
2: _____

1

DRAFT
PURCHASE AND SALE AGREEMENT

THIS AGREEMENT ("Agreement") is made and entered into this _____ day of _____, 2008, by and between Marilyn Rusk, Executor of the Emerson J. Wilson and Louise L. Wilson as Co-Trustees of the Emerson J. Wilson Family Trust ("SELLER"), and Carson City, a consolidated municipality of the State of Nevada by and through its Board of Supervisors, of 201 North Carson Street, Suite 2, Carson City, Nevada 89701 ("BUYER"). SELLER and BUYER are sometimes hereinafter referred to individually as a "Party" and collectively as the "Parties."

RECITALS

A. SELLER is the fee simple owner of all that land and real property lying and situated in Carson City, Nevada, more particularly described in Exhibit "A" attached hereto and incorporated herein by this reference (herein sometimes referred to as "Property") and SELLER desires to sell and BUYER desires to acquire the Property. It is understood that this purchase agreement includes one (1) specific parcel of real property comprising approximately 111.28 acres and specifically designated as APNs 7-031-04 and 7-091-26 and more specifically set forth in the Preliminary Title Report attached hereto as "Exhibit A" and incorporated herein by this reference. Any water rights appurtenant to this property are included in this transaction.

B. BUYER desires to acquire the Property to preserve open space and for other purposes as set forth in Carson City Municipal Code Chapter 13.06.

C. The property is uniquely located in the Carson Range adjacent to a primitive gravel road that accesses the Lake Tahoe State Park at the western terminus of Ash Canyon Trail, with riparian areas, viewscapes, timber forest, and other qualities which make it very desirable to preserve as open space.

D. The Property possesses estimated development potential of 5.5 residential units which, if permitted, would frustrate BUYER's desire to preserve the open space qualities of the Property.

E. SELLER is not retaining any ownership of the surface water rights from the Hobart Creek which may be appurtenant to the Property.

F. The Parties desire and intend by this Agreement to memorialize their agreements by this writing.

NOW THEREFORE, in consideration of the mutual covenants, terms and conditions herein contained, the Parties hereby agree as follows:

1. REPRESENTATIONS AND WARRANTIES: NO PERSON IS AUTHORIZED TO MAKE, AND BY EXECUTION HEREOF BUYER ACKNOWLEDGES THAT NO PERSON HAS MADE, ANY REPRESENTATION, WARRANTY, GUARANTY OR PROMISE EXCEPT AS SET FORTH HEREIN; AND NO AGREEMENT, STATEMENT, REPRESENTATION OR PROMISE MADE BY ANY SUCH PERSON WHICH IS NOT CONTAINED HEREIN SHALL BE VALID OR BINDING ON SELLER. THE ONLY REPRESENTATIONS OR WARRANTIES OUTSTANDING WITH RESPECT TO THE SUBJECT MATTER OF THIS TRANSACTION, EITHER EXPRESS OR IMPLIED BY LAW, ARE SET FORTH HEREIN, AND BUYER EXPRESSLY WAIVES THE RIGHT TO ANY WARRANTY IMPLIED BY LAW. THE PARTIES ACKNOWLEDGE THAT BUYER AND SELLER HAVE MADE THE SUBJECT PROPERTY AVAILABLE FOR THE OTHER'S INDEPENDENT INSPECTION.

2. PURCHASE AND SALE OF PROPERTY: SELLER agrees to convey the Property, together with all rights (including any water rights), title, and interest in accordance with the terms of this Agreement the following which shall comprise the sale contemplated in this Agreement:

a. All of the real property lying and situate in Carson City, Nevada, consisting of 111.28 acres, more or less, and described in "Exhibit A."

b. Any and all licenses, encroachment permits, ways, easements of whatever type or kind, together with all mineral rights, oil rights, gas rights, geothermal rights, sands and gravels which are appurtenant to or associated in anyway with the Property which are owned by SELLER.

The foregoing listed elements of the Property in this Paragraph 2 are hereinafter collectively referred to as the "Property".

3. PURCHASE PRICE: The purchase price for the above described Property shall be Five Hundred and Eight-Five Thousand and 00/100 (\$585,000) which shall be paid by BUYER to SELLER in accordance with the terms of this Agreement.

4. ESCROW, CONVEYANCE, AND TITLE INSURANCE: Escrow shall be with NORTHERN NEVADA TITLE COMPANY ("Escrow Holder"), which is located at 307 W. Winnie Lane, Suite 5, Carson City, Nevada, 89701.

a. Escrow shall open as of the date upon which Escrow Holder has received a fully signed original, or counterpart originals, of this Agreement, accompanied by the sums and documents required herein. The date all such items have been delivered to Escrow Holder shall be referred to herein as the "Opening of Escrow" and reported by letter to the Parties by Escrow Holder, and the date escrow actually closes and the deed is recorded shall be referred to as "Close of Escrow." Escrow Holder is hereby authorized and instructed to act in accordance with the provisions of this Agreement, which Agreement, together with Escrow Holder's standard escrow instructions, shall constitute Escrow Holder's escrow instructions. As between the Parties, if there is a conflict between Escrow Holder's standard instructions and this Agreement, this Agreement will control.

b. Ad valorem property taxes for the current fiscal year shall be prorated as of the Close of Escrow.

c. All assessments, and/or special taxes, including the full principal amount of all bonded indebtedness encumbering the Property, if any, shall be prorated to the close of

escrow. To the extent such amounts can be identified or reasonably estimated by Escrow Holder they shall be accordingly paid (or reserved for payment) at Close of Escrow.

d. SELLER, at SELLER'S expense, shall furnish BUYER with a C.L.T.A. owner's policy of title insurance in the full amount of the purchase price issued by NORTHERN NEVADA TITLE COMPANY of Carson City, subject only to those exceptions disclosed herein or otherwise not objected to by BUYER or the preliminary title report.

e. BUYER and SELLER shall each pay one-half (½) of the escrow fee and any and all other fees, including recording fees, document preparation fees, real property transfer taxes and similar costs not specifically allocated in this Agreement.

f. In accordance with Nevada Revised Statutes (NRS) 361.060 and NRS 361A.265, SELLER shall have no liability for deferred taxes, interest, or penalties, arising out of any conversion of the Property from agricultural uses to open space or any higher use.

g. Title to the Property shall be conveyed by Grant, Bargain and Sale Deed AND MUST CONTAIN THE FOLLOWING LANGUAGE: "This land was purchased with Quality of Life Sales and Use Tax Funds and is subject to the provisions of the Carson City Municipal Code Section 13.06."

5. PAYMENT OF PURCHASE PRICE: The Purchase Price for the Property described in Paragraph 3 above and detailed on the Exhibits hereto shall upon satisfaction of the conditions set forth in Paragraph 6 be paid by BUYER to Escrow Holder for SELLER as follows: The sum of Five Hundred Eight-Five Thousand and 00/100 (\$585,000) shall be paid into Escrow on or before the date set for the Close of Escrow, which is thirty-five (35) days from the Opening of Escrow, fed funds, or other readily available funds.

6. BUYER'S CONDITIONS ON CLOSE OF ESCROW: Close of Escrow shall be subject to the following conditions: SELLER and BUYER shall diligently attempt to achieve the satisfaction of these conditions without undue delay. If any of these conditions cannot be met, then, unless waived by BUYER, Escrow Holder, upon receipt of notification from BUYER or from SELLER that it cannot or will not be able to satisfy a condition, shall

immediately cancel the escrow and return the respective documents to SELLER and BUYER, and each party shall be responsible for one-half (½) of the escrow costs incurred, and thereafter neither Party shall have any further obligation, rights, or liability under this Agreement.

a. Except as otherwise approved by BUYER, title to the Property shall be conveyed to BUYER free of liens and encumbrances. SELLER shall, at its expense, furnish BUYER with a preliminary title report and, upon request, copies of all recorded exceptions to title referred to therein within fifteen (15) days after Opening of Escrow. Within twenty (20) days of receipt of: (i) the preliminary title report and all documents referred to in it; or (ii) any supplemental or amendatory report and the documents referred to as exceptions thereto, BUYER shall give SELLER notice specifying those matters which are unacceptable conditions of title. Said preliminary title report as supplemented and/or amended is hereinafter referred to as the "Title Report." All exceptions in the Title Report not specifically disapproved by BUYER within twenty (20) days after receipt of the initial submittal and/or, as applicable, supplementary or amendatory materials by BUYER, shall be deemed to have been approved. SELLER shall remove such objectionable items within fifteen (15) days thereafter, but in any event prior to the Close of Escrow and if SELLER fails to remove such objectionable items within said period, and/or if the Title Policy will not be issued in the exact form approved by BUYER, SELLER shall notify BUYER in writing of such fact, and BUYER shall have the election to be exercised in writing within five (5) days after delivery to BUYER of such notice of SELLER of either:

1) terminating this Agreement, in which event Escrow Holder shall return the documents deposited herein to the Party depositing same; or

2) accepting the Property subject to the objectionable items.

b. To the extent that the same exists, SELLER shall furnish BUYER with any and all land surveys, engineering information, environmental assessments, planning or zoning information of the Property in SELLER's possession, within fifteen (15) days after

Opening of Escrow, if any exist. Should BUYER fail to close escrow for whatever reason, BUYER shall promptly return all such land surveys, engineering information, environmental assessments, planning or zoning information or other evaluations of the Property to SELLER and treat as confidential all information contained therein.

c. BUYER shall perform and approve, at its sole cost and expense, a Phase I Site Assessment.

d. This Agreement shall be approved by the Carson City Board of Supervisors.

In the event that any of the conditions to close are not met within the time frames set forth herein the SELLER or the BUYER may cancel and terminate this Agreement. In such event, this Agreement shall become null and void and the parties shall be returned to their original pre-Agreement condition. The parties will be released from any further obligation to each other and neither will be liable to the other for costs of partial performance or failure to perform. BUYER will be entitled to the return of all monies paid by it to the Escrow less one-half of the reasonable charges incurred by the Escrow Agent.

7. SELLER'S REPRESENTATIONS, COVENANTS, WARRANTIES AND OBLIGATIONS:

a. SELLER represents to BUYER that to the best knowledge of SELLER, the title to be conveyed to BUYER will not be encumbered by any easements, persons in possession, government patents or other rights, other than those items disclosed on the Title Report or which would be disclosed by a physical inspection of the Property. To the best knowledge of SELLER, there is no hazardous, toxic or radioactive material on the Property. SELLER agrees BUYER and/or its agents may make all disclosures and file all reports which, may be required by law with respect to discovery of any hazardous, toxic or radioactive materials on the Property as a result of such investigations and hereby releases and holds BUYER harmless with respect to liability arising out of such disclosure.

b. SELLER warrants there are no threatened or pending condemnation proceedings against or affecting any part of the Property.

c. SELLER shall not commit knowingly or suffer to be committed any waste in or upon the Property. Waste shall include, but not be limited to, any injury to the Property which renders it in a condition materially different from its condition at the date of this Agreement.

d. To the best knowledge of SELLER, SELLER has complied, and the Property is in compliance, with all laws relating to the storage, use and disposal of hazardous, toxic or radioactive materials (collectively, "Toxic Materials").

e. To the best knowledge of SELLER, the execution and consummation of this Agreement pursuant to its terms will not result in a material breach of, contravene any provisions of, violate, or constitute a default under any articles of incorporation, charter, bylaw, mortgage, contract agreement to which SELLER is subject.

f. From the date of this Agreement to the Close of escrow, the SELLER will continue to provide BUYER full access to all of the Property and information relating to the historical use and operation of the Property.

8. POSSESSION: Possession of the Property shall be given to the BUYER at Close of Escrow, but during the term of this Agreement BUYER and its agents may enter upon the Property for the purpose of performing environmental or engineering, surveying or soil testing. BUYER agrees to pay, defend, indemnify and hold SELLER harmless from all liability, claims, costs and expense, except such as might accrue from the mere discovery of hazardous or toxic material, resulting from BUYER's activities on the Property during the escrow period. Should the BUYER fail to acquire the Property, then it is agreed that SELLER shall receive copies of all studies, test results and engineering generated by BUYER.

9. GOOD FAITH AND FAIR DEALING: During the term of this transaction the parties hereto agree and covenant, one unto the other, to act in good faith and to fairly and openly deal with each other to accomplish the goals and objectives of the respective parties in closing the escrow envisioned herein.

10. BINDING EFFECT: This Agreement shall bind and inure to the benefit of the respective heirs, representatives, successors and assigns of BUYER and SELLER.

11. NOTICES: No notice, request, demand, instruction or other document to be given hereunder to any Party shall be effective for any purpose unless personally delivered to the person at the appropriate address set forth below (in which event such notice shall be deemed effective only upon such delivery) delivered by air courier next-day delivery (e.g., Federal Express), or delivered by U.S. mail, sent by registered or certified mail, return receipt requested as follows:

If to SELLER, to: Wilson Trust
 Robert Rusk

If to BUYER, to: Carson City, a Consolidated Municipality
 Juan F. Guzman, Open Space Manager
 3303 Butti Way, Building #9
 Carson City, Nevada 89701

Notices delivered by air courier shall be deemed to have been given the next business day after deposit with the courier and notices mailed shall be deemed to have been given on the second day following deposit of same in any United States Post Office mailbox in the state to which the notice is addressed or on the third day following deposit in any such post office box other than in the state to which the notice is addressed, postage prepaid, addressed as set forth above. The addresses and addressees, for the purpose of this Paragraph, may be changed by giving written notice of such change in the manner herein provided for giving notice. Unless and until such written notice of change is received, the last address and addressee stated by written notice, or provided herein if no such written notice of change has been received, shall be deemed to continue in effect for all purposes hereunder.

12. TIME: Time is of the essence for each provision of this Agreement of which time is a factor, and if this transaction is not completed prior to September 1, 2008, it shall

terminate and SELLER shall be relieved of any further obligation to convey the Property to BUYER. BUYER has requested that this transaction be completed prior to September 1, 2008.

13. ATTORNEYS' FEES: In the event of any action or proceeding, including an arbitration brought by either Party against the other under this Agreement, the prevailing Party shall be entitled to recover all costs and expenses including the actual fees of its attorneys incurred for prosecution, defense, consultation or advice in such action or proceeding.

14. COMPUTATION OF PERIODS: All periods of time referred to in this Agreement shall include all Saturdays, Sundays and state or national holiday, unless the period of time specifies business days, provided that if the date to perform any act or give any notice with respect to this Agreement, shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

15. INTERPRETATION: The Parties hereto acknowledge and agree that each has been given the opportunity to review this Agreement with legal counsel independently, and/or has the requisite experience and sophistication to understand, interpret and agree to the particular language of the provisions hereof. The Parties have equal bargaining power, and intend the plain meaning of the provisions herein. In the event of an ambiguity in or dispute regarding the interpretation of same, the interpretation of this Agreement shall not be resolved by any rule of interpretation providing for interpretation against the Party who causes the uncertainty to exist or against the draftsman. This Agreement contains the entire agreement between the parties relating to the transactions contemplated hereby and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged and integrated into this Agreement.

16. SURVIVABILITY: All covenants of BUYER or SELLER which are intended hereunder to be performed in whole or in part after Close of Escrow and all representations, warranties and indemnities by either Party to the other, shall survive Close of Escrow and

delivery of the Grant, Bargain and Sale Deed, and be binding upon and inure to the benefit of the respective Parties.

17. MUTUAL INDEMNITY: SELLER and BUYER hereby agree to indemnify, defend and hold the other Party harmless against any and all liability, claims, costs or expenses arising directly or indirectly out of the covenants, representations and warranties given by the indemnifying Party to the other in this Agreement.

18. AUTHORITY OF PARTIES: Any corporation signing this Agreement, and each agent, officer, director, or employee signing on behalf of such corporation, but in his individual capacity, represents and warrants that said Agreement is duly authorized by and binding upon said corporation. Any individual signing this Agreement on behalf of a partnership or business entity other than a corporation represents that such other entity has power and authority to enter into this Agreement, and by such person's act is bound hereby.

19. COUNTERPART: This Agreement and any other agreement (or document) delivered pursuant hereto may be executed in one or more counterparts and by different Parties in separate counterparts. All of such counterparts shall constitute one and the same agreement and shall become effective when one or more counterparts of this Agreement have been signed by each Party and delivered to the other Parties.

IN WITNESS WHEREOF, SELLER and BUYER have fully executed this Agreement as of the date first above written.

“SELLER”

“BUYER”

EMERSON J. WILSON AND
LOUISE L. WILSON AS
CO-TRUSTEES OF THE
EMERSON J. WILSON FAMILY TRUST
By its Co-Trustees:

CARSON CITY

By:

Marv Teixeira, Mayor

ROBERT RUSK

Juan F. Guzman, Open Space Manger

MARYLIN RUSK

DATE: _____, 2008

DATE: _____, 2008.

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**
Attn: Juan Guzman

Escrow No. **CC-1070257-TO**
Title No. **1070257**

Your No.

Property Address
None Available
Carson City, NV 89703

Assessor's Parcel Number
007-031-04 and 007-091-26

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: **June 6, 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**

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

Emerson J. Wilson and Louise L. Wilson as Co-Trustees of the Emerson J. Wilson Family Trust

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

NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT

Escrow No. CC-1070257-TO

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 2007-2008, including any secured personal property taxes and any special taxes, a lien, not yet due or payable.
- 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) Lack of ingress and/or egress to said land.
- 5) Any easement for water course over that portion which lies within the Creek as it formerly existed or now exists.

CREEK: Hobart Creek

- 6) Any easement or claims of easement or rights of access based on prescription or by implied dedication to the public over said land or any part thereof, for access (or recreational purposes) to or upon Hobart Creek.
- 7) Any easement or claims of easement or rights of access based on prescription or by implied dedication to the public over said land or any part thereof, for access (or recreational purposes) to or upon the Hobart Creek.

Continued...

NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT

Escrow No. CC-1070257-TO

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

- 8) Such rights and easements for navigation and fishery which may exist over that portion of said land lying beneath the waters of Hobart Creek.
- 9) Notes, easements and recitals as set forth on Record of Survey Map No. 858 herein referred. Said notes, easements and recitals will affect the use of the herein described property and a review of said map is advised.
- 10) Easement, shown or dedicated on Record of Survey Map No. 858 , together with the rights incidental thereto.

PURPOSE: Jeep Trial
AFFECTS: A Portion of said land

- 11) Rights of the public, county and/or city in that portion lying within the street as it now exists.

STREET NAME: Snow Valley Peak Road

- 12) Reservation(s) contained in Deed,

RESERVED BY: Central Pacific Railway Company, a Utah corporation
RECORDED: February 2, 1904
BOOK: 29, Deed Records of Carson City
PAGE: 489

AND RECORDED: July 25, 1903
BOOK: 24, Deed Records of Washoe County
PAGE: 91

SAID MATTER AFFECTS: That portion of said land lying within Section 9

- 13) 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.
- 14) This Company reserves the right to amend this report, prior to the issuance of a Title Policy.
- 15) "Preliminary Reports" are furnished in connection with an application for title insurance and are offers to issue a title policy subject to the stated exceptions set forth in the report. The information contained herein, while deemed reliable, does not reflect the information that would be shown in an abstract of title, and no liability is assumed nor is any assurance given as to the accuracy of the vesting, legal description or items contained in or deleted from this report.

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.

Continued...

**NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT**

Escrow No. CC-1070257-TO

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

NOTE: As a matter of information, we report that taxes for the year 2006-2007, have been paid in full.

TOTAL AMOUNT: \$95.18
ASSESSORS PARCEL NO.: 007-031-04
SAID MATTER AFFECTS: That portion of said land lying within Section
17

TOTAL AMOUNT: \$493.42
ASSESSORS PARCEL NO.: 007-091-26
SAID MATTER AFFECTS: That portion of said land lying within Section 9

oOo

**NORTHERN NEVADA TITLE COMPANY
PRELIMINARY REPORT**

Escrow No. CC-1070257-TO

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

CC-1070257-TO
1070257

EXHIBIT "A" ATTACHED TO PRELIMINARY TITLE REPORT DATED JUNE 6, 2007

EXHIBIT "A"

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

All that portion of the North $\frac{1}{2}$ of Section 9, and the Northwest $\frac{1}{4}$ of the Northeast $\frac{1}{4}$ of Section 17, Township 15 North, Range 19 East, M.D.B. & M., which was formerly lying within Washoe County, State of Nevada.

Reference is hereby made to that certain Record of Survey Map No. 858 for NEVADA DIVISION OF STATE PARKS, recorded in the office of the Carson City Recorder, State of Nevada, on December 29, 1980 in Book 4 of Maps, at Page 858, as File No. 1200, Official Records.

APPRAISAL REVIEW REPORT OF:

TWO VACANT PARCELS
LOCATED IN THE CARSON
RANGE ADJACENT TO LAKE
TAHOE NEVADA STATE PARK
(WILSON FAMILY TRUST)



**USDA FOREST SERVICE - INTERMOUNTAIN REGION
VALUATION SERVICES**

APPRAISAL SUMMARY

Appraisal Report Prepared by:	Mark Warren, MAI Warren & Schiffmacher, LLC
Effective Date of the Appraisal:	May 29, 2007
Acreage of the Subject Property Appraised:	111.28 Acres
Market Value Concluded in the Appraisal Report is:	\$585,000

REVIEW SUMMARY

Appraisal Review Report Prepared by:	Jeffrey W. Surber, RPRA Senior Review Appraiser
Date of Completion of the Review Report:	September 20, 2007
Conclusion of the Review Report:	Appraisal Report is in compliance with UASFLA
Market Value:	\$585,000

\$ 5,257.01
per ac.

INTRODUCTION

This technical review report is presented in a format that contains three sections. The first section is introductory information pertaining to this appraisal review report. The second section includes summary information pertaining to the property that was appraised and the appraiser's valuation process and conclusions. The third section contains the reviewer's comments, conclusions, limiting conditions, and certification statement.

REVIEW REPORT INFORMATION

Appraisal Reviewer:

Jeffrey W. Surber, RPRA, Senior Review Appraiser
Intermountain Region, USDA Forest Service

Timeline:

- Letter of proposal from Mark Warren to Juan Guzman dated April 5, 2007.
- Contract signed April 25, 2007.
- The appraiser inspected the property on December 6, 2006 and May 29, 2007 with Juan Guzman, Carson City Open Space Manager.
- I met with Mark Warren and Juan Guzman on April 2, 2007 at Mark Warren's office to discuss the procedure for appraisal review by the Forest Service.
- I initially received the appraisal in July and began the appraisal review on August 3, 2007.
- I requested supplemental data from the appraiser on August 9, 2007.
- I received the supplemental data during the week of August 27th, 2007.
- I requested additional supplemental data on September 19, 2007.
- I received the supplemental data along with three copies of the final report on September 20, 2007.
- I finalized my review report on September 20, 2007.

Client and Intended User(s):

The reviewer's client is the USDA Forest Service, State & Private Forestry. The intended users are the State of Nevada, Division of Forestry, Carson City Parks and Recreation Department, and the USDA Forest Service.

Intended Use of this Appraisal Review:

To assist the State of Nevada/Carson City Parks and Recreation Department with their proposed acquisition of the identified subject property.

Purpose of this Appraisal Review:

The purpose of this appraisal review is to determine if the work product under review is compliant with the Uniform Appraisal Standards for Federal Land Acquisitions.

The review process is outlined under the following "scope" section.

Scope of this Review:

Appraisal Review-- the act or process of developing and communicating an opinion about the quality of another appraiser's work.¹

I personally inspected the subject property on August 10, 2007. I have inspected most of the comparable sale properties used in the report. I have not independently verified all of the data provided in the appraisal report but I did conduct additional research on the comparable properties as well as current real estate listings in the area. This was done in order to test the reasonableness of data relied upon by the appraiser.

This review is based upon the material submitted in the appraisal report, discussions with the appraiser, owner, and knowledgeable Forest Service personnel. It also relies on my personal knowledge of the real estate market. Additional data outside that provided in the appraisal report was relied upon in my review. This additional data was in the form of market information I collected and researched independently.

As the reviewer, I developed an opinion regarding the appraisal report, considering the scope of work applicable in the assignment, as to a) the completeness of the material; b) the apparent adequacy and relevance of the data and the propriety of any adjustments to the data; c) the appropriateness of the appraisal methods and techniques used, and, if applicable, developed the reasons for any disagreement; d) the analyses, opinions, and conclusions are appropriate and reasonable, and, if applicable, developed the reasons for any disagreement. These steps were followed to comply with *USPAP* Standard 3.

I also reviewed the appraisal report for compliance with the following: a) Forest Service issued instructions and appraisal specifications; b) the *Uniform Appraisal Standards for Federal Land Acquisitions* (2000 Ed.) and c) *the Uniform Standards of Professional Appraisal Practice* (July 1, 2006 Ed.). Conformance with the above noted requirements are necessary for the review and approval process by the USDA Forest Service.

To meet the scope of the review, I checked the appraisal report for completeness and mathematical accuracy. I also checked whether the legal description (APN's) was consistent with the estate to be

¹ Uniform Appraisal Standards for Federal Land Acquisitions, 2000 edition, page 30.

acquired by the agency as described in Exhibit A of the contract included in the addenda of the report. This review is not intended to set forth an independent opinion of value.

APPRAISAL REPORT INFORMATION

APPRAISER & DATES

Appraiser: Mark Warren, MAI
State Certified General Appraiser
Nevada License # A.000093-CG

Date of Appraisal Report: July 10, 2007

Effective Date of Value: May 29, 2007

PROPERTY APPRAISED

Property Ownership: Emerson J. Wilson and Louise L. Wilson as Co-trustees of the Emerson J. Wilson Family Trust.

Property Location: About 4 miles directly west of Carson City, Nevada near the crest of the Carson Range. The two tracts are about 1 mile apart. Both parcels lie in Carson City, a consolidated municipality.

Property Rights: The appraiser indicates fee simple. Title report from Northern Nevada Title Company 1070257-TO dated June 6, 2007 lists several exceptions. Appraiser lists the exceptions and value implications on page 21.

**Exceptions/
Outstanding Rights:** The appraiser has listed all of the exceptions in the preliminary title report and commented on their respective value impacts. **All have either minor or no impact on value with the exception of lack of ingress/egress.** The issue of legal/physical access is prominently included in the report and addressed in depth in the highest and best use section of the report.

Appurtenant Rights: None

Property Improvements: None

Property Land Area: 111.28 acres identified as Carson City APN's 007-031-04 and 007-091-26.

- Water Rights:** No water rights are being acquired and no water rights have been included in the appraisal.
- Minerals:** The legal description in the preliminary title report makes no mention of mineral right reservations. Earlier deeds in the chain of title may have reserved all or a portion of the mineral rights to third parties. Ownership status of mineral rights typically does not have an impact on value in this market.
- Timber:** Both parcels have a light cover of second growth pine and fir. Given the small quantity involved it is felt to be uneconomical to harvest and the aesthetic amenity provided by the timber is part of the recreational appeal of the parcel.
- Wetlands/Floodplains:** None
- Hazmat:** No hazardous materials or environmental conditions of concern were discovered during site inspections of the property. The appraiser assumes the property is free of environmental contamination.

IDENTIFICATION OF THE SUBJECT PROPERTY

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

All that portion of the North ½ of Section 9, and the Northwest ¼ of the Northeast ¼ of Section 17, Township 15 North, Range 19 East, MDB&M, which was formerly lying within Washoe County, State of Nevada.

Reference is hereby made to that certain Record of Survey Map No. 858 for NEVADA DIVISION OF STATE PARKS, recorded in the office of the Carson City Recorder, State of Nevada, on December 29, 1980 in Book 4 of Maps, at Page 858, as File No. 1200, Official Records.

APN's: 007-031-04 and 007-091-26

CHARACTERISTICS OF THE SUBJECT PROPERTY

Legal Access: The subject property has no insurable legal access. The adequacy of the present access for the concluded highest and best use is discussed in the valuation section of the report and commented on later in this review.

- Physical Access:** Physical access is provided by Ash Canyon Road and Snow Valley Peak Road.
- Utilities:** There are no public utilities available to either parcel. The closest electric and phone grids are in Carson City, 4 to 5 miles east.
- Topography:** Both parcels are in somewhat steep terrain but both have moderate to gentle terrain over portions of the acreage.
- Elevation:** Elevation of the property ranges from about 7800 to 8500 feet over both parcels.
- Water Features:** Headwaters of Hobart Creek in the northernmost parcel. None in the southern parcel.
- Soil Conditions:** Gravelly Sandy Loams
- Vegetation** Pine, fir & other sub-alpine species.

ECONOMIC CONSIDERATIONS

- Land Area:** 111.28 Acres
- Zoning:** CR-19 Conservation Reserve (Residential 1 Dwelling per 20 Acres)
- Larger Parcel:** The entire site, consisting of two non-contiguous assessor's parcels currently one legal parcel.
- Highest and Best Use:** The appraiser's analysis of Highest and Best Use includes the addressing of legality, physical suitability, financial feasibility, and maximal productivity. Ultimately, after analyzing the four criteria and noting that the property currently is one legal parcel, two assessor's parcels, and has the potential for division, the appraiser concludes the highest and best use of the subject property is for recreational sites for permanent camps or cabins.
- Ownership History:** Title is currently vested in Emerson J. Wilson and Louise L. Wilson as Co-trustees of the Emerson J. Wilson Family Trust. The property has been vested in this manner in excess of 10 years.

VALUATION

All three recognized approaches to value, the Cost, Sales Comparison, and Income Approaches, were considered by the appraiser. He ultimately uses only the Sales Comparison Approach to develop market value. The Income and Cost Approaches are not applicable.

Sales Comparison Approach:

The appraiser considers 10 undeveloped property sales displayed in tabular form on page 30. The sales are located in along the east slope of the Carson Range from the California state line in the north almost to the California state line to the south. This includes portions of Douglas, Carson City, and Washoe Counties.

The sale properties range in size from 2.5 to about 100 acres and are used to develop value indications for both of the subject parcels. The sales therefore exhibit a wide value range. The sales occurred between 6/2005 and 3/2007 with the exception sale 1 which transacted in 2004. This sale requires a qualitative positive adjustment for time. The other sales are recent enough not to require adjustment.

The property does not have legal access but does have physical access and has had long standing public access. This long standing public access on Ash Canyon and Snow Valley Peak Roads may have established access by prescription, at least with respect to the private land the road traverses previous to its entering the subject tracts. One cannot acquire prescriptive rights across the sovereign but there are processes in place to secure access across Carson City, State, and Federal lands. The appraiser uses access as an adjustment factor when comparing the subject tracts to the sales.

Land Value Correlation and Final Estimate

The Sales Comparison Approach results in separate values for the two subject parcels under their highest and best use. He analyzes each of the non-contiguous parcels individually but reconciles to the fact that they are still one legal parcel and are valued as a single property.

The indications from the most similar sales are deemed most pertinent and the Sales Comparison Approach provides a reconciled opinion of value of \$585,000.

The appraiser's opinion of market value is: \$585,000

REVIEWER COMMENTS, CONCLUSIONS, LIMITING CONDITIONS, AND CERTIFICATION

Reviewer Comments

Specific Items Noted and Addressed:

1) The appraiser provides a through discussion of property characteristics in the Site Description section of the report. Maps, photos, and other exhibits exceed adequacy standards. Outstanding rights and reservations as provided in the Preliminary Title Report have been analyzed as to their effect on value. Development potential is touched upon in the Property Data section and expanded upon later in the report, especially in the Highest and Best Use analysis.

Highest and Best Use is analyzed on the basis of one legal parcel consisting of 2 individual non-contiguous assessor's parcels. Although one of the tracts is 15 acres and the current zoning requires 20 acre minimum size building lot, the likelihood is high that the parcel would be considered a legally non-conforming lot in the event that a property owner were to establish separate legal descriptions for the properties.

The other tract is 96 acres and the appraiser analyzes its ability to be divided by referring to the Nevada Revised Statutes requirements for Division of Land Maps. The NRS allows division of land (creating large parcels without going through a parcel map process) down to 40 acre minimums. This statute also allows local jurisdictions to allow parcels down to 10 acres. Since the current zoning allows for parcels to 20 acres, the appraiser considers this type of land division to be the most reasonable use of the property. The appraiser provides adequate justification for his findings and ultimate conclusion.

2) The UASFLA requires several facts about the subject property sales history. These can be found in section 13-e and include sellers name, buyers name, date of sale, purchase price, and other factors, including the appraiser's opinion as to whether the sales price represented market value at the time. The property has been in the same ownership for over 10 years. The property history section and support for the findings meets the requirements of UASFLA and USPAP.

3) The appraiser was presented with a valuation problem that could be adequately addressed with the use of only the traditional Sales Comparison Approach. This approach is based on the proposition that an informed purchaser will pay no more for property than the cost of acquiring an existing property with equal utility. The other traditional valuations approaches are not applicable. Page 30 lists 10 sales used in the Sales Comparison Approach. Page 39 lists 3 additional sales used to augment the sales valuation of the 96 acre parcel. Twelve of the 13 total sales occurred in the last 2 years, providing a relatively good sample of recent sales. These sales are appropriately used in an effort to identify differences to formulate an opinion of value for the subject property.

Each of the sales is discussed and their merits regarding the market value conditions defined in the report such as lack of duress, adequate exposure to the market, and marketable title. Property rights conveyed and cash equivalency/financing did not require adjustment. "Conditions of Sale" is discussed as it applies

to sale 5 where the buyer was abnormally highly motivated. All other sales are considered similar and require no adjustment.

“Market Conditions” is the next variable considered. This is a market measure used to determine changes to property value over time. Prices for most classes of land in the area increased markedly in the early 2000’s but since 2005 have stabilized or declined. The appraiser considers mid 2005 to be the point at which prices stabilized or began to decline. Three of the sales in the same area (Logan Meadow) indicate very little change from early 2006 to March, 2007. Most of the sales are recent enough that no adjustment is required. The appraiser determines that sale 1 may require a modest adjustment as it occurred in May, 2004. Since it is necessary to adjust only one sale he has chosen to consider it a qualitative adjustment rather than attempting to match sales of very diverse properties in order to develop an adjustment for only one sale. This is a reasonable position and will have little impact on the overall value since sale 1 is used in only a minor way in the concluded market value.

In valuing the 15 acre parcel, the appraiser considers sales 6, 8 and 10 to be most similar and requiring the least adjustment. Even though these sales are smaller than the subject their utility is similar as the additional acreage of the subject provides a small benefit. After consideration of the subject’s inferior access as compared to its modest superiority in size, a value conclusion of \$187,500 is reached. This is in comparison to the three sales whose purchase prices were 135,000 to 240,000. Although this conclusion is not supported by quantitative adjustment or extensive analysis, it is a reasonable conclusion based on the scarcity of data and the diversity of the comparable properties.

In valuing the 96 acre parcel, sales 1, 2, 7, and 9 are considered most representative. Sales 3 and 4 are examples of sales that could set the potential upper limits of value. Although their location looks similar to the subject they are representative of much superior properties in that they are in a gated tract, have paved roads, and utility availability. Sales 1, 2, 7, and 9 can be divided further based on their respective zonings. Using these sales, a range of value from \$3,333 to \$5,280 per acre is suggested for this portion of the subject. Sale 2 is the sale that indicates the low end of the range. I am familiar with that sale and due to Transferable Development Rights and other non-similar issues I requested the appraiser to provide some additional sales evidence to support the value range. If sale 2 was a sale that fell within an established range I would likely not have been as resolute about having additional information. Since this sale set one end of the range spectrum, I felt it necessary to have additional supporting data.

The appraiser has provided additional sales information in the form of sales located north of the Reno/Sparks area. These sales are much like the subject in many respects other than location. These are all 2007 sales and support the lower end (\$3,000 to \$3,500) of the established range. Settling near the middle of the established range the value conclusion for this parcel is \$400,000.

4) In the reconciliation the appraiser indicates that the property is in fact one single legal parcel. Valuing the separate components is legitimate in that it is very likely that the two components can be separated. The value sought is not the value of separate parcels to a single buyer but rather the value of a single property with different land classes that merit separate evaluations. As is stated, there is one legal parcel and the unit rule as described in UASFLA is maintained and the valuation does not sum the individual values of separate legal parcels.

Technical Compliance with Agency Issued Instructions and Specifications:

a) In the first report submitted, some items were noted that needed further clarification. This included the additional support I requested for the some adjustments to value as well as UASFLA technical requirements. I also requested the highest and best use section be augmented with additional information specific to the parcels. I also requested additional analysis of the Larger Parcel. I brought this to the attention of the appraiser and he provided corrections and/or clarification to each of the noted issues.

Inconsequential Items:

Some typographical and inconsequential errors were noted in the appraisal report. Most of these were noted by the reviewer and corrected by the appraiser. As these items are inconsequential to value and integrity of the appraisal report, they are not specifically identified in my review report.

Overall Synopsis:

The presentation of the report is considered good-quality. It is presented in an appropriate and thorough manner. The information contained in the Exhibits & Addenda is pertinent and support the report and its final market value opinion. Overall, the appraiser has provided adequate and appropriate market data to support his conclusion of value.

Reviewer Conclusion

Given the data and analysis presented, the report follows through to a logical conclusion. The appraisal report is adequately documented with market evidence to support the conclusion of value, as defined and as presented. I have considered the following:

- the completeness of the material under review within the scope of work applicable in the assignment;
- the adequacy and relevance of the data and propriety of any adjustments to the data;
- the appropriateness of the appraisal methods and techniques used and have explained reasons for disagreement, if any; and
- the appropriateness and reasonableness of the analyses, opinions, and conclusions in the work under review and have explained reasons for disagreement, if any.

The appraisal report has been prepared in compliance with 1) the July 1, 2006 edition of the *Uniform Standards of Professional Appraisal Practice*, 2) the 2000 edition of the *Uniform Appraisal Standards for Federal Land Acquisitions*.

The appraisal report is considered compliant with UASFLA.

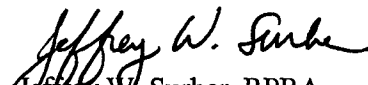
Reviewer Assumptions and Limiting Conditions

1. This Appraisal Review Report is based on information and data contained in the appraisal report that is the subject of the review. Data and information from other sources may be considered. If so, they are identified and noted as such.
2. I assume that such data and information are factual and accurate.
3. I reserve the right to consider any new or additional data or information that may subsequently become available.
4. Unless otherwise stated, all assumptions and limiting conditions contained in the appraisal report that is the subject of this appraisal review are also assumptions and conditions of this review.
5. This review has been conducted in the context of the market conditions as of the effective date of the appraisal report. No information was available to me during preparation of the review that was not available to the appraiser during the performance of his appraisal.
6. As the review appraiser, I am required to comply with the *Uniform Standards of Professional Appraisal Practice* (July 1, 2006 edition) Competency Provision. I have been involved in appraising properties and reviewing appraisals of properties similar to the subject type, for several years. I have the appraisal and appraisal review related knowledge and experience to competently perform this review assignment.

Reviewer Certification

The undersigned certify that, to the best of our knowledge and belief:

1. The facts and data reported by the review appraiser and used in the review process are true and correct.
2. The analyses, opinions, and conclusions in this review report are limited only by the assumptions and limiting conditions stated in this report, and are my personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and have no personal interest or bias with respect to the parties involved. Although the USDA Forest Service is my employer, I am acting without prejudice towards that party.
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 is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
7. My analyses, opinions, and conclusions were developed, and this review report was prepared, in conformity with the Appraisal Foundation's *Uniform Standards of Professional Appraisal Practice* (USPAP), except to the extent that the *Uniform Standards for Federal Land Acquisitions* (UASFLA) require invocation of the Jurisdictional Exception Rule of the USPAP as described in Section D-1 of the UASFLA. The review was also developed and prepared in conformance with the requirements of the U.S. Forest Service's Appraisal Handbook, specifically Chapter 7 - Appraisal Review.
8. I, Jeff Surber, am a member of and hold the RPRRA designation from the American Society of Farm Managers and Rural Appraisers (ASFMRA). I am current on all continuing education requirements through 2008. The use of this report is subject to the requirements of the American Society of Farm Managers and Rural Appraisers relating to review by its duly authorized representatives.
9. I certify that this review report was prepared to be in compliance with the State Certification requirements where the appraised property is located, or as a result of reciprocity with the State in which I am certified. OMB Bulletin No. 92-06, dated March 16, 1992, directs that Federal employees need only be licensed or certified in one State or territory to perform real estate duties as Federal employees in all States or territories.
10. I, Jeff Surber, personally inspected the subject property on August 10, 2007. I have also inspected most of the sales used as direct comparables in the appraisal report. No one provided significant real property appraisal review assistance to me.


Jeffrey W. Surber, RPRRA

Senior Review Appraiser, Intermountain Region

Nevada State-Certified General Appraiser
Certificate No. A.0000209-CG -- Expires 06/30/09

September 20, 2007

Appraisal Report

**Two Vacant Parcels
Located in the Carson Range adjacent to
Lake Tahoe Nevada State Park
Carson City, Nevada**

**Prepared for
Mr. Juan Guzman
Carson City Parks & Recreation Department
3303 Butti Way, Building 9
Carson City, NV 89701**

July 10, 2007

**Providing an Opinion of Market Value
As of May 29, 2007**

WARREN & SCHIFFMACHER, LLC
REAL PROPERTY CONSULTANTS
85 KEYSTONE AVENUE, SUITE C • RENO, NV 89503
(775) 686-2622

Appraisal Report

**Two Vacant Parcels
Located in the Carson Range adjacent to
Lake Tahoe Nevada State Park
Carson City, Nevada**

**Prepared for
Mr. Juan Guzman
Carson City Parks & Recreation Department
3303 Butti Way, Building 9
Carson City, NV 89701**

July 10, 2007

**Providing an Opinion of Market Value
As of May 29, 2007**

**Prepared by
Mark Warren, MAI**

Warren & Schiffmacher, LLC
85 Keystone Avenue, Suite C
Reno, Nevada 89503
775 686-2622

Mark Warren, MAI
markwws@sbcglobal.net

Robert E. Schiffmacher, MAI
bobwws@sbcglobal.net

July 10, 2007

Mr. Juan Guzman, Open Space Manager
Carson City Parks and Recreation Department
3303 Butti Way, Bldg. 9
Carson City, NV 89701

RE: Contract 0708-025 (Wilson Trust) Appraisal
APNs 007-031-04 and 007-091-26

Dear Mr. Guzman:

At your request, I have prepared an appraisal report for the property referenced above. The purpose of my appraisal was to form an opinion of market value of a single legal parcel that has two non-contiguous components. The report will be used by the Carson City Parks and Recreation Department as the basis for the acquisition of the property. Carson City Parks and Recreation Department is the client for this appraisal assignment. The intended users of this appraisal report are the Carson City Parks and Recreation Department and the United States Forest Service, Intermountain Region.

The proposed acquisition property is detailed below.

Appraisal Parcel	Assessor's Parcel	Acres
Parcel 1	007-031-04	15.00
Parcel 2	007-091-26	96.28
Total		111.28

The two units are located one mile from one another about four miles directly west of Carson City near the crest of the Carson Range. The Assessor's records indicate that fee simple title is vested in Emerson J. Wilson and Louise L. Wilson as Co-trustees of the Emerson J. Wilson Family Trust.

The two tracts are vacant parcels accessed off dirt roads. Access into the upland zone where they are located is via Ash Canyon Road, which originates in the northwest part of Carson City.

The two parcels are physically separate, but are legally described as a single parcel. Based on my discussions with Carson City planning officials, I believe that the property could be segregated as two separate legal parcels. However, as of the date of value, the two assessor's parcel are separate components of one legal parcel, and I have addressed the value of the single legal parcel. I have addressed the value of the two components in separate analyses, but have combined the two results into a single value estimate.

Based on my research and analysis, I have formed the following opinion of value, effective May 29, 2007. This opinion of value is subject to important limiting conditions and assumptions, which are detailed in the body of the report, as well as to the extraordinary assumptions and hypothetical conditions detailed directly below.

The results of the work detailed above is reported in a self-contained appraisal report, as described in the 2006 edition of the *Uniform Standards of Professional Appraisal Practice*, Standards Rule 2-2.

Market Value Opinion, Effective May 29, 2007:

\$585,000 ÷ 111.28 =

Special Limiting Conditions

None

5,257.01
Per ac.

Extraordinary Assumption

It is assumed that the parcel is free of environmental contamination.

Hypothetical Conditions

None

My conclusions, and the data and analyses upon which they are based, are presented in the attached appraisal report.

Sincerely,



Mark Warren, MAI

APPRAISER'S CERTIFICATION

I certify that, unless otherwise noted in this appraisal report:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are my personal, unbiased professional analysis, opinions, and conclusions.
- I have no present or prospective interest in the property appraised and no personal interest or bias with respect to the parties involved.
- My compensation for the appraisal is not contingent on the analyses, opinions, or conclusions reached or reported.
- The appraisal was made and the appraisal report prepared in conformity with the *Uniform Appraisal Standards for Federal Land Acquisitions*.
- The appraisal was made and the appraisal report prepared in conformity with the Appraisal Foundation's *Uniform Standards for Professional Appraisal Practice*, except to the extent that the *Uniform Appraisal Standards for Federal Land Acquisitions* required invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-14 of the *Uniform Appraisal Standards for Federal Land Acquisitions*.
- I have made a personal inspection of the property that is the subject of this report and that the property owner, or his/her designated representative, was given the opportunity to accompany the appraiser on the property inspection.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The appraisal was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional appraisal Practice.
- The use of this report is subject to the requirements of The Appraisal Institute relating to review by its duly authorized representatives.

- As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.

Market Value Opinion, Effective May 29, 2007:

\$585,000

Special Limiting Conditions

None

Extraordinary Assumption

It is assumed that the parcel is free of environmental contamination.

Hypothetical Conditions

None

Respectfully submitted,



Mark Warren, MAI
Nevada Certified General Appraiser #A.0000093-CG
California Certified General Appraiser #AG026185

July 10, 2007

TABLE OF CONTENTS

APPRAISER'S CERTIFICATION	1
EXECUTIVE SUMMARY	1
INTRODUCTION	1
REGIONAL MAP	4
THE CARSON CITY REGION.....	5
SITE DESCRIPTION	20
HIGHEST AND BEST USE	26
VALUATION OVERVIEW.....	29
CONCLUSION OF VALUE.....	32
RECONCILIATION	41
ASSUMPTIONS AND LIMITING CONDITIONS	1

EXECUTIVE SUMMARY

Location Approximately four miles west of urban Carson City at 8,000± feet elevation in the Carson Range, adjacent to the east boundary of Lake Tahoe Nevada State Park, Carson City, Nevada

Appraisal Parcel	Assessor's Parcel	Acres
Parcel 1	007-031-04	15.00
Parcel 2	007-091-26	96.28
Total		111.28

Owner of Record Emerson J. Wilson and Louise L. Wilson, Co-Trustees of the Emerson J. Wilson Family Trust

Improvements None

Current Use Vacant

Highest and Best Use Recreational building sites

Zoning CR (Conservation Reserve)

Flood Zone Status The subject parcel is mapped on FEMA Flood Insurance Rate Map 320001 0075C and 0030C, dated 9/30/93. These panels are not in print. The Carson City FEMA index map bears the notation "panels not in print, area in Zone C." Zone C identifies areas of minimal flooding.

Purpose of Appraisal To form an opinion of market value

Client Carson City Parks & Recreation Department

Intended Use of Appraisal Acquisition of property by Carson City Parks & Recreation Department

Intended Users of Appraisal Carson City Parks & Recreation Department, USDA Forest Service Intermountain Region

Date of Report July 10, 2007

Date of Value May 29, 2007

Property Interest Appraised Fee simple estate

Market Value Opinion, Effective May 29, 2007: **\$585,000**

Special Limiting Conditions

None

Extraordinary Assumption

It is assumed that the parcel is free of environmental contamination.

Hypothetical Conditions

None

INTRODUCTION

Client	Mr. Juan Guzman, Open Space Manager Carson City Parks & Recreation Department 3303 Butti Way, Bldg. 9 Carson City, NV 89701
Appraiser	Mark Warren, MAI Warren & Schiffmacher, LLC 85 Keystone Avenue, Suite C Reno, Nevada 89503
Purpose of the Appraisal	To form an opinion of market value
Intended Use of the Appraisal	Acquisition of property by the Carson City Parks and Recreation Department.
Intended Users	Carson City Parks & Recreation Department, USDA Forest Service Intermountain Region
Property Interest Appraised	Fee simple estate
Date of Value	May 29, 2007
Date of Report	July 10, 2007

Property Identification

The subject of this appraisal is a tract of vacant land in two parcels located in the Carson Range west of Carson City. The parcels are located about one mile apart in steep terrain near the crest of the Carson Range. Access to the sites is via Ash Canyon Road, a dirt road that originates in northwest Carson City.

Definitions**Market Value**

Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure time on the open competitive market, from a willing and reasonable knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal.¹

¹ Interagency Land Conference, *Uniform Appraisal Standards for Federal Land Acquisitions*, Chicago: The Appraisal Institute, 2000, p. 30

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.²

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions.³

Hypothetical Conditions

That which is contrary to what exists but is supposed for the purpose of analysis.⁴

Scope of Work

The *Uniform Standards of Appraisal Practice*, 2006 edition, state that the scope of work includes, but is not limited to,

- The extent to which the property is identified;
- The extent to which tangible property is inspected;
- The type and extent of data researched, and;
- The type and extent of analyses applied to arrive at opinions or conclusions.

In connection with this assignment, it was my conclusion that the nature of the appraisal problem, which involves valuing a remote recreational property in a very limited market, required a full scope of research and analysis to produce a credible report. Full scope in this context means a personal inspection of the subject property, and extensive analysis of the site and appropriate market data. To discharge these obligations, I undertook the following:

- performed an inspection of the subject properties on December 6, 2006 and May 29, 2007 with Juan Guzman, Carson City Open Space Manager;
- researched the subjects' current physical and legal condition, as well as their background and history, including contacting Carson City planning personnel and other City officials with respect to the properties' zoning and taxation;
- examined the market area to determine existing and proposed inventory, demand, and marketability of properties similar to the subject;
- researched records of Carson City and Washoe County to identify, verify and analyze appropriate sales data, and inspected the comparable sale properties.

² The Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 4th ed., Chicago: The Appraisal Institute, 2002, p. 113

³ Appraisal Standards Board, *Uniform Standards of Professional Appraisal Practice*, 2005 ed., Washington D. C.: The Appraisal Foundation, p. 3

⁴ *Ibid.*, p. 3

The results of the work detailed above is reported in a self-contained appraisal report, as described in the 2006 edition of the *Uniform Standards of Professional Appraisal Practice*, Standards Rule 2-2.

Special Limiting Conditions

None

Extraordinary Assumption

It is assumed that the parcel is free of environmental contamination.

Hypothetical Conditions

None

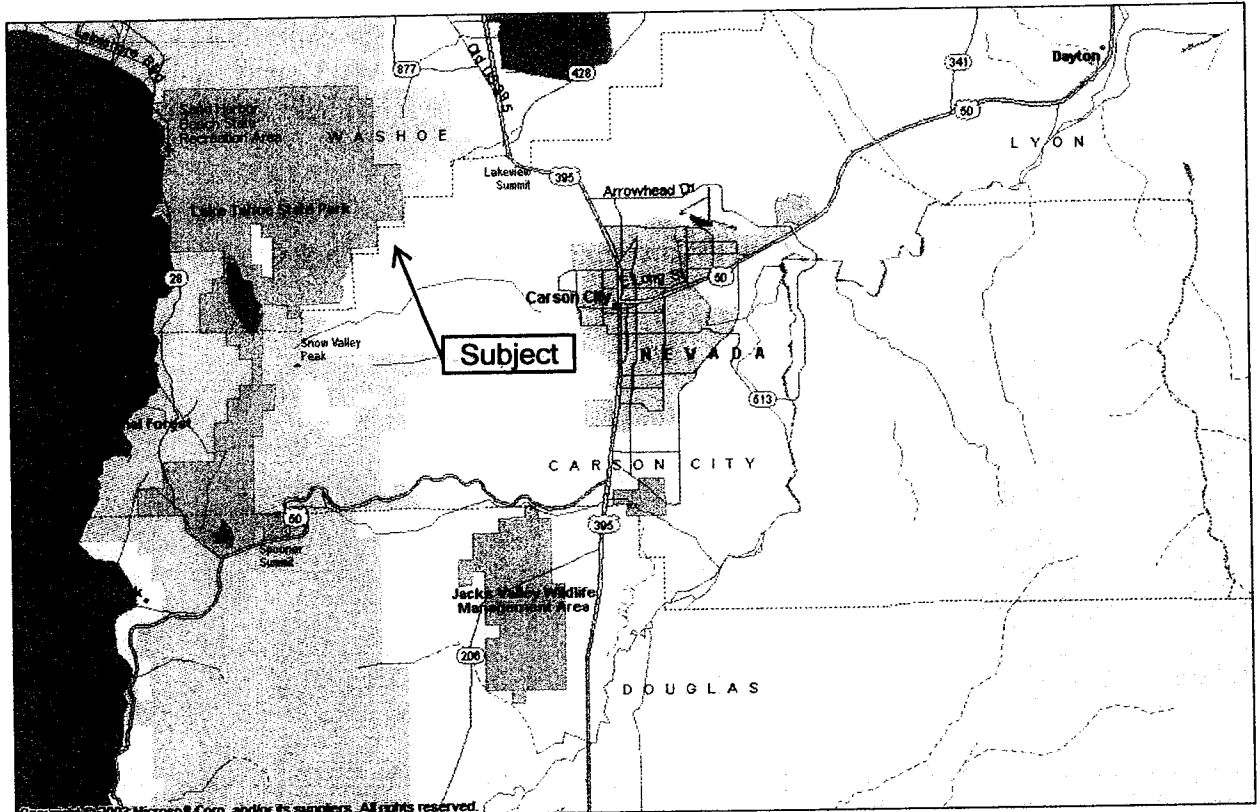
Exposure Time

The Comment to Standard Rule 1, 2(c) of the *Uniform Standards of Professional Appraisal Practice* states:

When the purpose of an assignment is to develop an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.

However, Section A-9 of the *Uniform Appraisal Standards for Federally Related Transactions* states that value opinions provided under UASFLA shall not be linked to a specific exposure period. Therefore, the appraised values reported above are not linked to exposure time.

REGIONAL MAP



THE CARSON CITY REGION

Carson City is a consolidated city-county entity with a total area of approximately 153 square miles. It is bounded on the north by Washoe County, on the east by Lyon County, south by Douglas, and by California on the west. Most of the county's area is in Eagle Valley, an intermountain basin traversed by the Carson River.

Population

Rapid population growth has been a given in northern Nevada, which includes Carson City, since at least 1970. The table below is illustrative:

Carson City Population Estimates

Year	Population Estimate as of July 1	% Increase
1970	15,468	-----
1980	32,022	130%
1990	40,950	34%
2000	53,208	37%
2005	57,104	7.3%
2006	57,701	1.0%

Source: State of Nevada Demographer

Annualized growth from 1970 to 1980 was 10.4%; from 1980 to 1990, 2.4%, and from 1990 to 2000, 5.2%. The current decade's average of 1.4% reflects a much larger base, as well as price increases in Carson City's housing market that have pushed prospective residents to newly developing alternative areas in Lyon County, east of Carson City.

Carson City is a consolidated municipal/county entity, so that all residents of the area are city residents. The town is spread across a wide area, with tracts of open space interspersed through the urban zone.

Transportation

US Highway 395 is the main transportation corridor through Carson City. Highway 395 runs north-south through the West Coast interior, linking Southern California to Eastern Washington. It traverses all three of Northern Nevada's major population centers, including Reno, Carson City and Minden/Gardnerville.

US Highway 50 links Carson City directly with Sacramento via South Lake Tahoe. Highway 50 connects with Highway 395 at the south end of Carson City. Highway 50 and Highway 395 are co-located for about two miles to the center of Carson City, at which point Highway 395 continues north, and Highway 50 departs to the east. It links Carson City with the small communities in Nevada's remote interior.

Carson City is not served by rail. The airport is capable of handling multi-engine craft but has no scheduled service. Local residents rely on the Reno-Tahoe International Airport in Reno for commercial air service.

Employment/Economy

Carson City's employment base is more diverse than that of the state as whole. As the state capital, it houses many relatively well-paid state and federal employees, making government the largest employment sector. Manufacturing and service employment round out the employment numbers.

2006 Nevada Covered Employment, Carson City (average 2006)

Sector	No. employed
Total, All Industries	31,810
Construction	2,160
Manufacturing	3,150
Trade, Transportation & Utilities	4,670
Financial Activities	1,580
Professional and Business Services	2,450
Educational and Health Services	2,450
Leisure and Hospitality	4,000
Other Services	890
Government	10,330

In 2004, Carson City ranked third in per capita income of Nevada's 17 counties (US Department of Commerce Bureau of Economic Analysis). This reflects the large number of mid-to-upper level wage earners employed by the state and federal governments in the capital city.

Trade

Retail trade is an increasingly important part of the Carson City area's economic picture. In the mid-1990's, Carson City's population reached a threshold where it attracted attention from national retailers. Carson City hosted Northern Nevada's first Wal-Mart in 1993 (now closed and moved to north Douglas County), and a Super K-Mart in 1995 (now closed). Two Albertson's-anchored neighborhood centers opened in 1996, one at the south end of town on U.S. Highway 395, and one on the east side of town on U.S. Highway 50. During that same period, there was considerable infill along the south Highway 395 retail strip as well, with national restaurant chains (Applebee's), fast food restaurants, and similar users.

About the same time that Carson City began to attract national retailers, big-box retailers arrived in Reno. The first of these was Costco, which opened its first store in Reno in the 1980's. Home Depot was the next to arrive; shortly thereafter Firecreek Crossing in South Reno opened a local version of a power center. As these big-box retailers became familiar with the Northern Nevada market, some began to look for sites in Carson City as well.

Carson City traditionally had been considered part of the Reno retail market, but the growth of Carson City and its surrounding communities, particularly Douglas County, began to attract the interest of these retailers in Carson City as a market unto itself. With the exception of Super K-mart, which built at the north end of Carson, most of the big-box retailers located in south Carson, because this enabled them conveniently to serve not only Carson City, but also Carson Valley and Lake Tahoe.

Development of the south Carson highway strip as the most favorite retail site in the area sparked competition between Carson City and Douglas County for retail users. The Douglas County line is very near the Carson City urban area, and suitable large sites in Carson City itself, with highway frontage, are difficult to find. Costco built a 100,000 square-foot store in south Carson City in the Carson City limits in 2000, but the site does not have highway frontage. Costco was preceded in 1999 by Home Depot and Target, both located on large highway-frontage sites at the intersection of Jacks Valley Road and Highway 395 in Douglas County.

Carson City's Wal-Mart closed and relocated as a super center to a north Douglas County site in 2002. In 2004, Birmingham, Alabama-based AIG Baker developed another major retail project just south of the WalMart Super Center in Douglas County. This project, Carson Valley Plaza, is a 308,000± retail center featuring Borders, Bed Bath & Beyond, Cost Plus, World Market, PetCo and others.

In 2003, AIG Baker optioned a nearly 100-acre site on Highway 395 in north Douglas directly opposite Carson Valley Plaza. However, in 2005 they announced that they were not moving forward with the proposed regional mall on this site, and they let their option lapse. This development signaled a major slow-down in what had been very robust retail growth in this market.

In 2005, Wal-Mart returned to Carson City proper with a new Super Center in north Carson near the new College Parkway/US 395 interchange. Retail and commercial construction continues at a moderate pace.

Industry

Northern Nevada has a strong industrial market, centered primarily on the warehouse distribution sector in Reno/Sparks. Carson City is an important part of the total industrial picture in northern Nevada, but development has focused on light manufacturing rather than distribution centers. The Reno/Sparks market is well served by major road and rail transportation corridors, and by Reno-Tahoe International Airport. These services are not as convenient to the Carson City market, and thus the emphasis on light manufacturing over distribution.

Carson City's industrial district is in the northeast part of town, centered around the municipal airport. Small to mid-sized assembly plants and similar facilities dominate. Typical industrial occupants in Carson City include a manufacturer of ski lifts, electronics component assembly, metallurgical works, and so forth.

Another important part of Carson City's industrial inventory is industrial flex, otherwise known as incubator office-warehouses. Many blocks of industrial flex have been constructed on the east side of Carson City south of the airport industrial area. New developments are clustered around the to-be-constructed interchange of College Parkway and the U.S. Highway 395 freeway. Often these kinds of projects are constructed at near 100% office finish and are occupied by State agency tenants.

Housing Market

Like many communities throughout the West, Carson City's residential real estate market is now entering a cooling-off phase after a period of unprecedented inflation in the early years of the current decade. The table below is illustrative. This data is taken directly from the Multiple Listing Service, and includes all of the Carson City market. It hasn't been vetted for errors and anomalies. Thus it may not have much statistical validity, but it is at least illustrative of trends.

Single Family Units Sold in June*

Year	No. Sold	Median Price	Total Listings
2003	36	\$176,250	440
2004	74	\$275,750	479
2005	59	\$298,900	479
2006	54	\$332,500	499
2007	31	\$294,000	480

*Sales reported through the MLS only, does not include "for sale by owner" and non-MLS. Site-built detached homes only.

This data demonstrates the current cooling in the market, both with respect to number of sales, and to price. The number of sales has declined since 2003, but the number of residential listings has remained relatively constant. However, much longer marketing periods are typical now. Where builders once maintained waiting lists and held lotteries to allocate available homes, most projects now have standing inventories of new homes. Builder incentives are common, such as free upgrades, no closing costs, extraordinary commissions to outside brokers, and so forth.

Future Developments

Carson City will probably continue steady population increase. Job growth will come from the industrial sector, and from continued growth in government. As the community grows, government officials will continue to be occupied mostly with planning for, financing and constructing the necessary infrastructure to accommodate population growth.

One of the major public works projects in the city is the extension south of the US Highway 395 freeway. The freeway will bypass existing Highway 395, which as Carson Street is the town's main thoroughfare. The first leg of the extension opened in 2005, extending the existing freeway south from Washoe Valley through northeast Carson City to Highway 50. Carson City's long-range planning had anticipated the freeway for some time, and over the last 15± years, there has been considerable development of office and retail properties along the future freeway alignment. The actual construction of the freeway has accelerated the movement of retail and other commercial projects to this northeast corridor, especially around the College Parkway freeway interchange.

The second phase of the 395 extension will connect the existing northeast segment to Highway 50's westward extension at the south end of Carson City. This project is funded by the State of Nevada and the Federal Highway Administration, but the local jurisdiction is engaged in improving connecting streets and redesigning circulation to accommodate new interchanges. If the project moves ahead as planned, the freeway will be complete through Carson City in about

five years. A direct freeway link to Interstate 80 in Reno may add to Carson City's appeal for industry.

Summary and Conclusion

The subject parcel is located in Carson City's municipal boundaries approximately four miles west of the urban zone. Carson City is a growing urban area with a reasonably healthy economy. Unlike much of Nevada, Carson City's employment is not heavily dependent on gaming. Carson City has seen considerable population growth in recent years, accompanied by an expanding retail base and ongoing industrial development.

The Subject's Local Area

The subject parcels are located at 8,000± feet in elevation in the Carson Range west of Carson City. The area has three dominant ownerships, the State of Nevada in Lake Tahoe Nevada State Park, the City of Carson City, which owns lands for watershed purposes, and the United States through Toiyabe National Forest. There are scattered private lands in this mix as well, generally relatively small, isolated parcels.

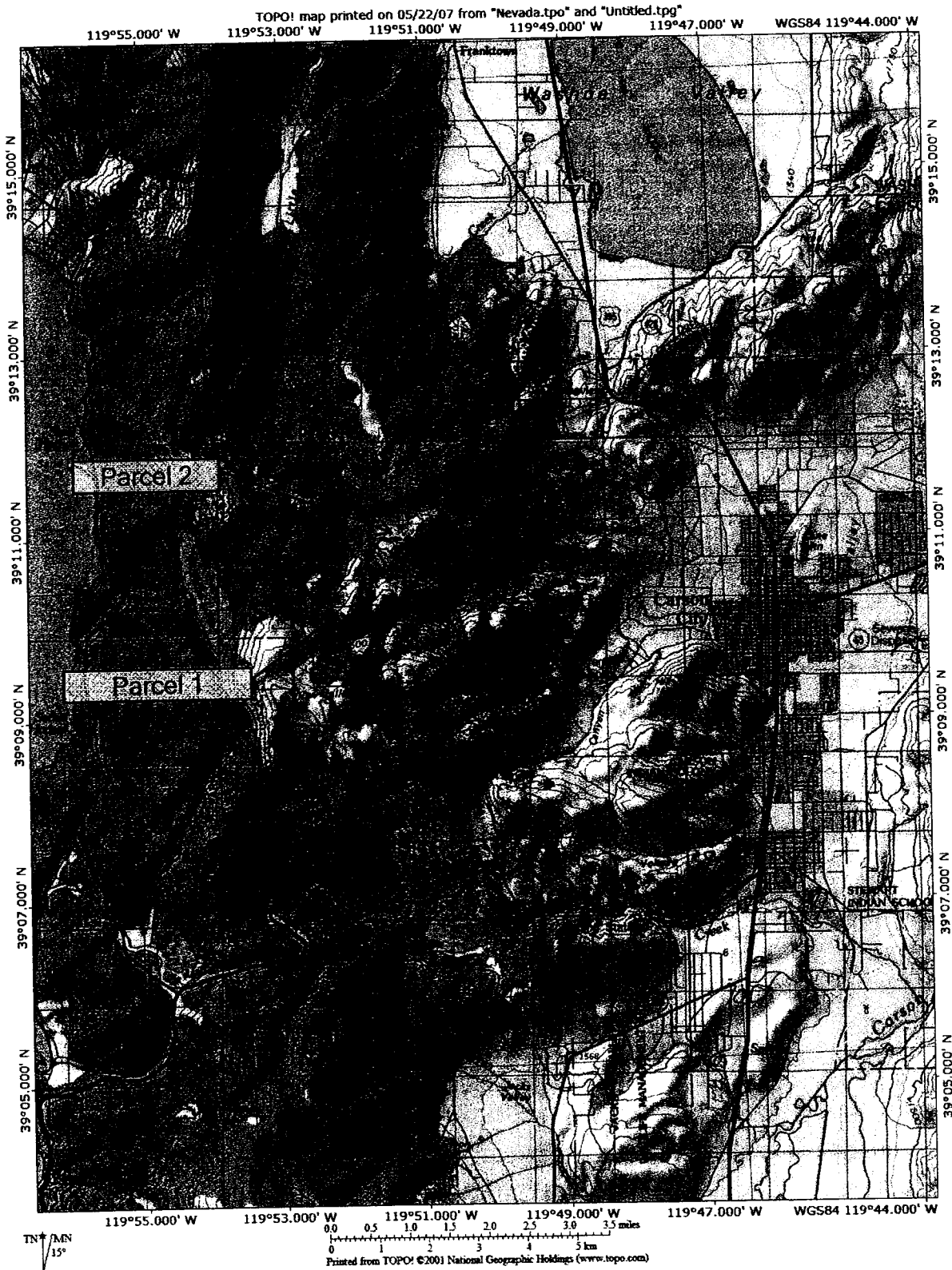
The Carson Range is a chain of 8,000 to 10,000 foot peaks east of the main Sierra crest, forming a parallel summit some 10 miles east of the main ridge. The range extends roughly 50 miles south from Reno, fronting most of northern Nevada's main populated valleys with their steep eastern face.

The subject parcels are located high in the range at or above 8,000 feet. Both sites have as their southern boundaries the crest of the divide between Ash Canyon to the south and east, and Hobart Creek to the north and west. These are both east-side streams; the actual crest of the range and the divide between Lake Tahoe and Eagle Valley, the basin that houses Carson City, is located about a mile west of the subject sites.

The area where the subject properties are located is typical east-side high elevation mixed pine-fir forest. Dominant species include Jeffrey pine, western white pine, and red fir. This area has been cut, burned, and in other ways extensively altered, so the forest is a mix of successional types from newly seeded burns, standing dead timber, second growth with brushy understory, to small tracts of even-aged Jeffrey pine. The major drainage in the subject's area is Ash Canyon, which was extensively burned in the Waterfall Fire of July 2004. Land ownership in Ash Canyon is generally either Carson City or the Forest Service. Since the Waterfall Fire, Carson City has salvage logged much of their lands in the fire site, which resulted in some improvements to Ash Canyon Road, a major access point from Carson City to the upland region. Travel on Ash Canyon is possible only with high clearance four-wheel drive vehicles. Travel in the area is generally restricted to recreational use. Area residents use Ash Canyon Road to access Hobart Creek Reservoir, a fishing venue high in the Carson Range, and to access the east side of Lake Tahoe State Park. Hobart Creek Reservoir access is walk-in only from a parking area located about a mile north of the reservoir. Public vehicular access to the Lake Tahoe State Park is not permitted from the east-side road network. Locked gates permit vehicular access by park, Carson City, Forest Service and other government personnel. Hikers and equestrians are permitted to pass.

There is no electric power grid in the area, and no year-round access. The network of roads is primitive. There are only a handful of privately-owned parcels; most of the land is owned by the federal, state, or municipal government. Thus there has been no development of any kind. The area is best suited to passive recreational pursuits, watershed, and wildlife habitat.

LOCATION MAP

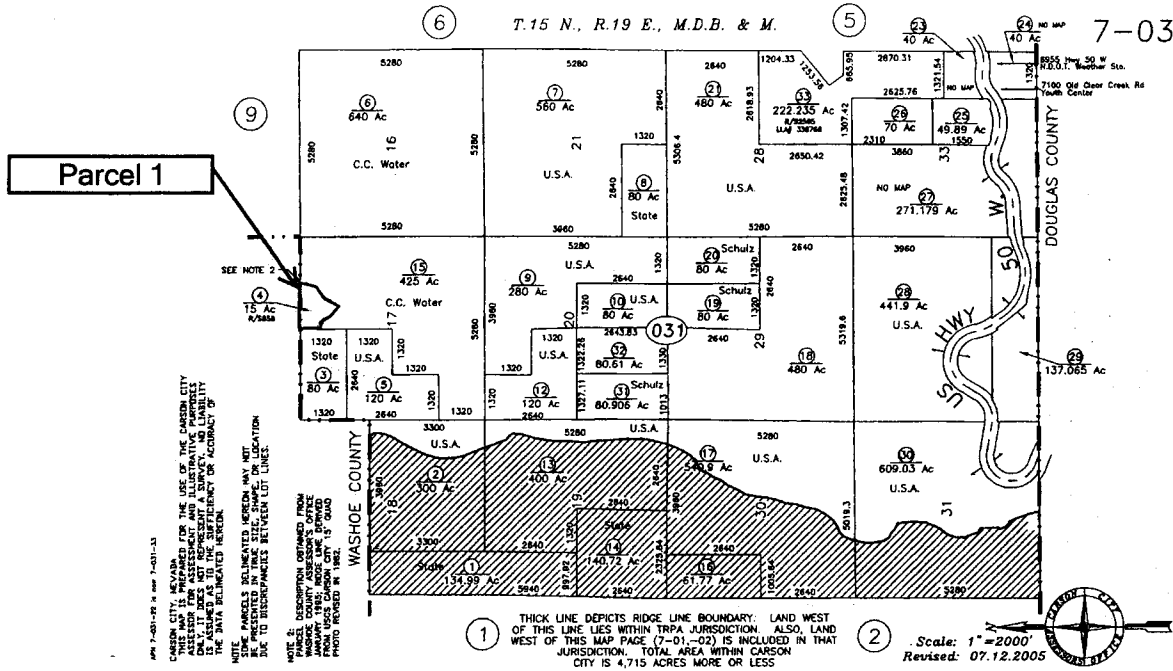


USGS 7 1/2 MINUTE QUAD SHEET
Carson City, NV 1990
For Illustration Only - Boundaries Approximate

TOPO! map printed on 12/05/06 from "Nevada.tpo" and "Untitled.tpg"



ASSESSOR'S PARCEL MAP
APN 007-031-04



APN 7-031-04 is shown 7-031-03

CARSON CITY, NEVADA
THIS MAP IS PREPARED FOR THE USE BY THE CARSON CITY ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES. THE ASSESSOR'S LIABILITY FOR THE ACCURACY OF THE DATA DELINEATED HEREON IS LIMITED TO THE BEST INFORMATION AVAILABLE TO HIM AT THE TIME OF THE PREPARATION OF THIS MAP. THE DATA DELINEATED HEREON IS NOT TO BE USED FOR ANY OTHER PURPOSES WITHOUT THE WRITTEN CONSENT OF THE ASSESSOR.

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

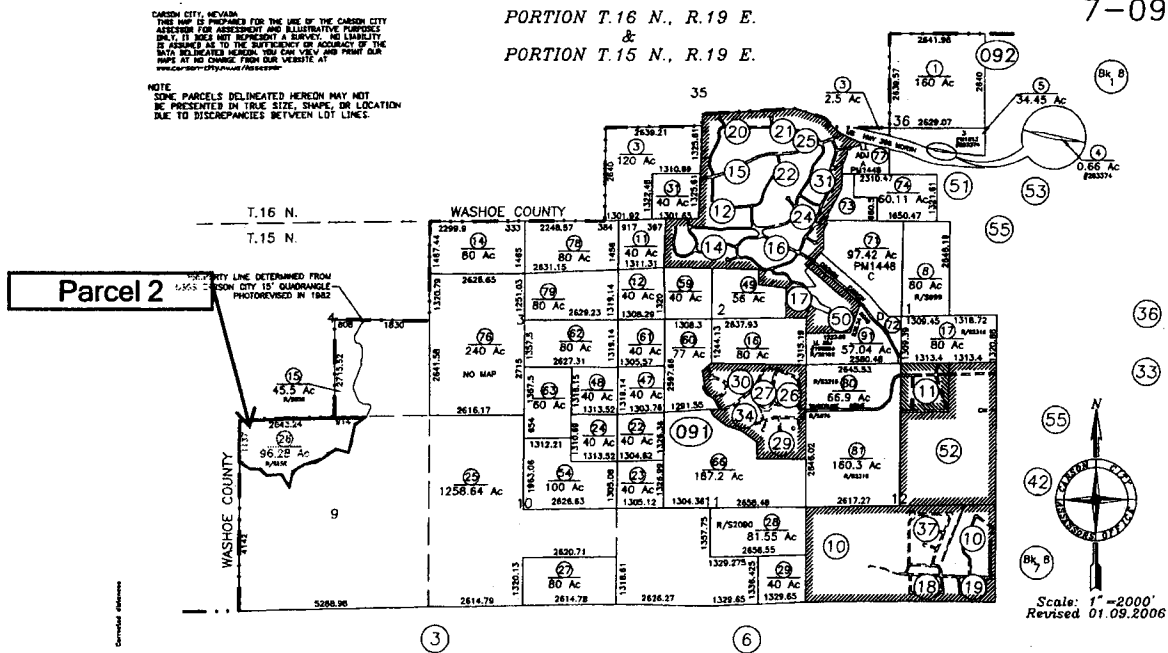
NOTE 2:
PARCEL DESCRIPTION OBTAINED FROM THE CARSON CITY PLANNING DEPARTMENT. THE PARCEL DESCRIPTION IS SUBJECT TO CHANGE FROM TIME TO TIME. THE ASSESSOR'S LIABILITY FOR THE ACCURACY OF THE DATA DELINEATED HEREON IS LIMITED TO THE BEST INFORMATION AVAILABLE TO HIM AT THE TIME OF THE PREPARATION OF THIS MAP. THE DATA DELINEATED HEREON IS NOT TO BE USED FOR ANY OTHER PURPOSES WITHOUT THE WRITTEN CONSENT OF THE ASSESSOR.

For additional documents, maps, and information visit www.ParcelRecords.com or call Toll Free 1-888-381-2125

APN 007-091-26

PORTION T.16 N., R.19 E.
&
PORTION T.15 N., R.19 E.

7-09



CARSON CITY, NEVADA
THIS MAP IS PREPARED FOR THE USE BY THE CARSON CITY ASSESSOR FOR ASSESSMENT AND ILLUSTRATIVE PURPOSES. THE ASSESSOR'S LIABILITY FOR THE ACCURACY OF THE DATA DELINEATED HEREON IS LIMITED TO THE BEST INFORMATION AVAILABLE TO HIM AT THE TIME OF THE PREPARATION OF THIS MAP. THE DATA DELINEATED HEREON IS NOT TO BE USED FOR ANY OTHER PURPOSES WITHOUT THE WRITTEN CONSENT OF THE ASSESSOR.

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

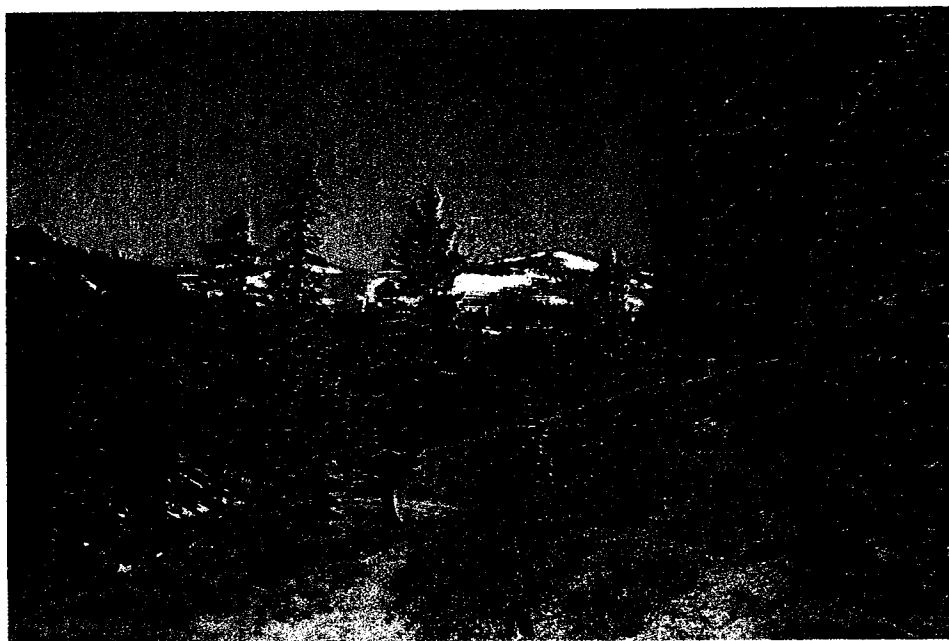
PROPERTY LINE DETERMINED FROM CARSON CITY 15' QUADRANGLE PHOTO-REVIEWED IN 1982

For additional documents, maps, and information visit www.ParcelRecords.com or call Toll Free 1-

SUBJECT PHOTOGRAPHS

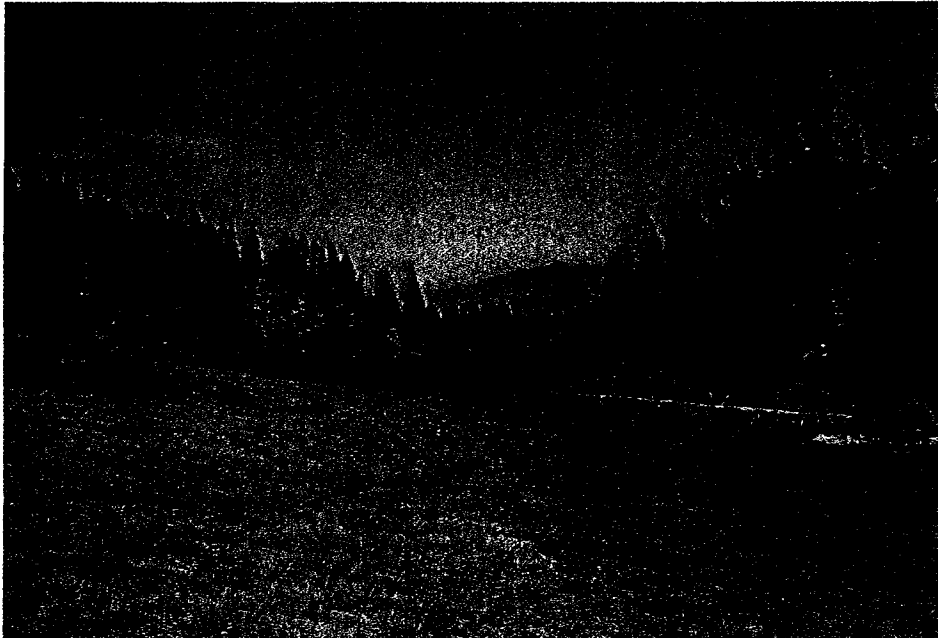


Northwest Corner Parcel 1



View South from Northeast Corner Parcel 1

SUBJECT PHOTOGRAPHS

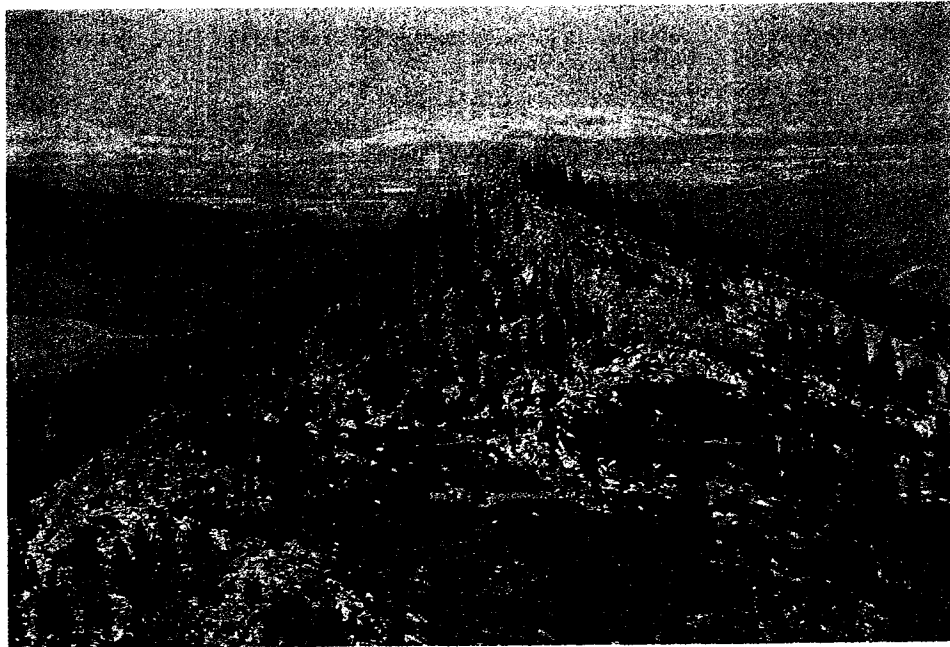


View to Parcel 1 from South

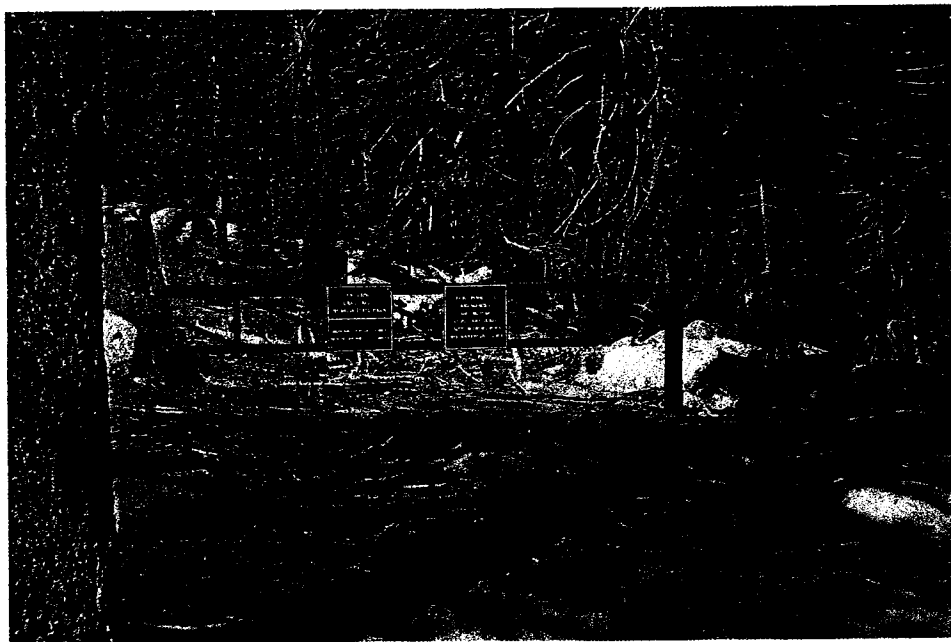


View from Parcel 1 at Snow Valley Peak (Southwest)

SUBJECT PHOTOGRAPHS



View from Parcel 1 to the Northeast

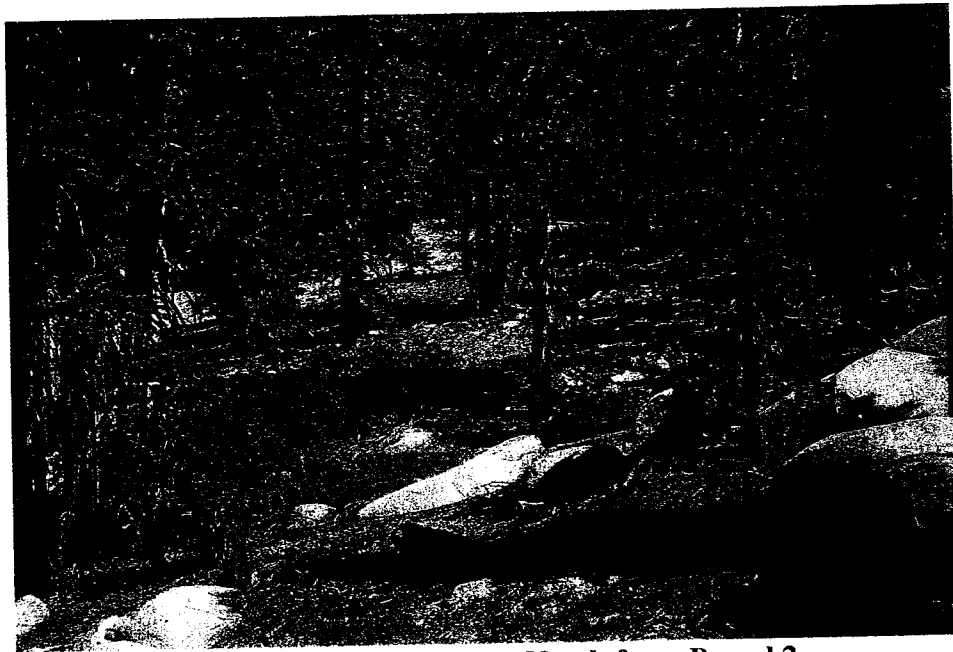


**Locked Gate at Boundary of Lake Tahoe Nevada State Park,
located approximately 1 Mile North of Parcel 1**

SUBJECT PHOTOGRAPHS

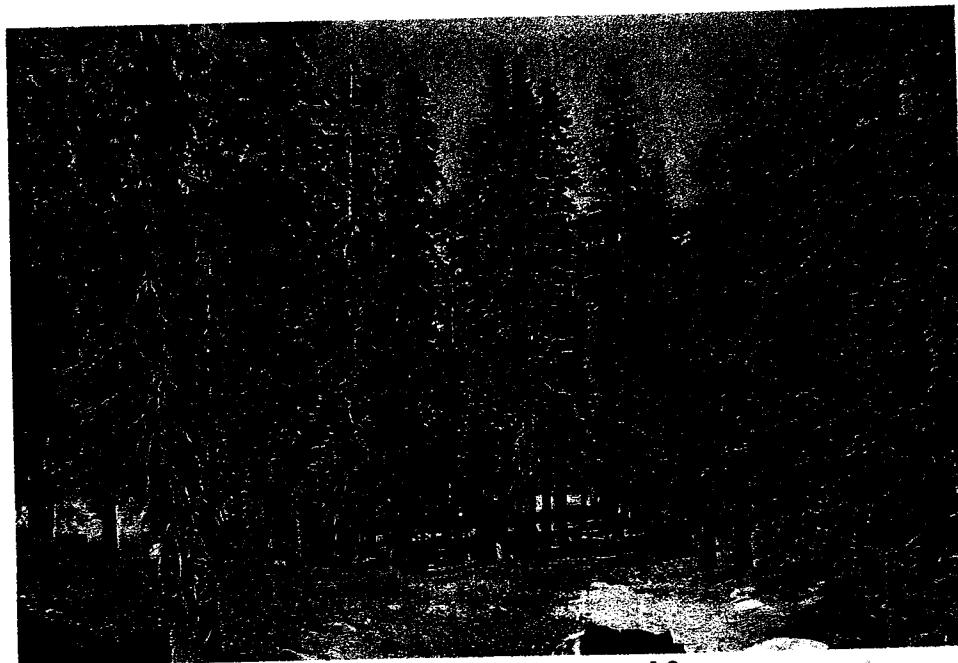


View East from Parcel 2



View along Ridge Line to North from Parcel 2

SUBJECT PHOTOGRAPHS

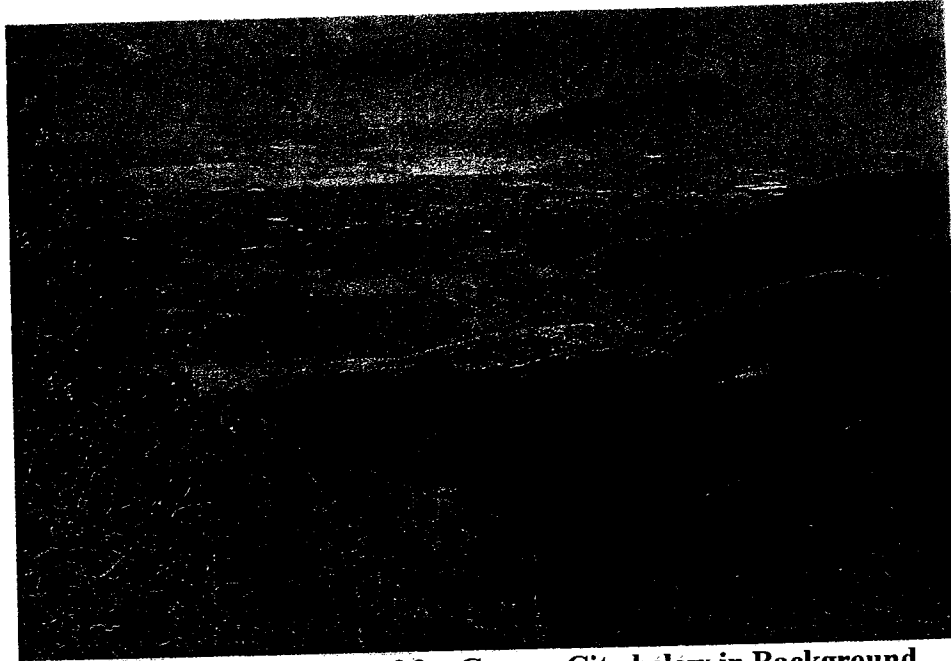


View to West from Parcel 2



Effects of Waterfall Fire on Southeast Margin of Parcel 2

SUBJECT PHOTOGRAPHS



Winter View from Parcel 2 – Carson City below in Background



Winter View – Northwest Corner of Parcel 2

SITE DESCRIPTION

Location

Four miles west of central Carson City, Nevada in the Carson Range.

Parcel Inventory

Appraisal Parcel	Assessor's Parcel	Acres
Parcel 1	007-031-04	15.00
Parcel 2	007-091-26	96.28
Total		111.28

Tax Data

APN	007-031-04	007-091-26
Land Assessed	\$5,250	\$25,274
Total Assessed	\$5,250	\$25,274
2006-07 Taxes	\$95.10	\$493.42

Current Ownership and 10-Year Sale History

Fee simple title is vested in Emerson J. Wilson and Louise L. Wilson as Co-trustees of the Emerson J. Wilson Family Trust. The property has been vested in this manner in excess of 10 years.

Legal Description

The client provided a title report prepared by Northern Nevada Title Company under Order 1070257-TO, dated June 6, 2007. A copy of this title report is in the addendum to this appraisal report. Please refer to the title report for a concise legal description.

Although the legal description addresses a single parcel, the property does in fact consist of two separate units, each with its own Assessor parcel number. I queried the Carson City Development Services office to determine if the two separate parcels, now a single legal parcel, could be established as two separate legal parcels. This is particularly relevant because one unit (APN 007-031-04) contains 15± acres, while the legal minimum parcel size in the CR zone is 20 acres.

Planning staff expressed the opinion that because the property is in fact two separate parcels, each with its own Assessor's parcel number, they would probably process an application for a parcel map without many requirements. They might even determine that no map would be necessary. This seems to be the underlying theme – since these are actually separate parcels, evolving a legal description that described and identified them as such might not be a particularly complex task, perhaps one that would not require county approval.

Title Conditions

The title report noted above cites several exceptions from title coverage. I have summarized these below, and have expressed my opinion as to their likely impact on the value of the subject property. This is my opinion only from a valuation perspective and IS NOT AN OPINION AS TO THE LEGAL IMPACT OF THE TITLE EXCEPTIONS. The client should consult an attorney for information about their legal impact.

Exceptions to Title Insurance Coverage

Exception	Synopsis	Comments
Part I		
1	Taxes or assessments not shown as existing liens of record	No impact
2	Any facts rights, interests or claims not of record but which could be disclosed by an inspection	No impact
3	Easements, liens or encumbrances not of record	No impact
4	Discrepancies, conflicts in boundary lines, shortage in area, encroachments or other facts that could be disclosed by survey	Shortages in area may have some impact, none anticipated
5	Unpatented mining claims, reservations in Patents, water rights	No impact
Part II		
1, 2, 3	<i>Ad valorem</i> taxes and assessments levied by public bodies	Typical of all real estate, minor impact
4	Lack of ingress/egress	Major impact addressed in highest and best use and valuation sections
5	An easement for a watercourse (Hobart Creek)	Minor impact
6, 7	An easement or claim of easement based on prescription or implied dedication to the public for access to Hobart Creek.	Probably minor
8	Rights of navigation or fishery which may exist to that portion lying beneath Hobart Creek	Probably minor
9	Notes, easements and recitals as set forth on Survey Map No. 858	May reflect existing unimproved roads, impact minor
10	Easements shown or dedicated on RS 858	May reflect existing unimproved roads, impact minor
11	Rights of the public for a jeep trail (Snow Valley Peak Road)	Impact minor
12	Reservations in deed from Central Pacific Railway Co.	Unknown
13	Title company signature requirements regarding the Wilson Trusts	No impact on property value
14	Right reserved by title company to amend report	No impact on property value
15	Title company disclaimer as to accuracy of report	No impact on property value

Access/Frontage

The parcels can be accessed via unimproved dirt roads that connect with Ash Canyon Road. The nature of the local road network has been addressed above. There is no road access in the winter.

The legal status of the access roads is unknown. The preliminary title report, as noted above, indicates that there may be a prescriptive easement as a result of long-standing public use of the Ash Creek and Snow Valley Peak roads. I have assumed that there is no insurable access with respect to a standard America Land Title Association (ALTA) title policy, but that there is *de facto* public access via implied dedication or prescription.

Zoning

CR, Conservation Reserve. The purpose of the CR District is to identify outlying lands that may be developed in the future, when water supply, roads, schools, sewer and other public facilities and services are provided, and lands with environmental constraints. Among the permitted uses include agricultural use, flood control or fire protection facilities, water storage, parks, and residential (1 dwelling unit per 20 acres or larger). Accessory permitted uses incidental to the primary permitted and conditional uses include accessory structures, domestic and agricultural wells, guest buildings, and watchman's quarters. With a special use permit, conditional uses include agricultural services, animal boarding facilities, cemeteries, child care facilities, churches, oil, gas or geothermal drilling operations, outdoor recreational facilities (public or private), recreational vehicle parks, and utility substations.

Few of the permissible uses would be appropriate on the subject sites due to lack of access and isolation. More on this issue in the highest and best use analysis.

Environmental Status

The client did not provide an environmental site assessment addressing the subject parcels. I did not detect any Recognized Environmental Concerns (RECs) during my inspection of the property, but I am not an expert in the detection of RECs. The client should retain a qualified environmental consultant for more detailed information about the property's environmental status. For the purposes of this valuation, I have assumed that the property has no RECs.

Flood Zone

The subject parcels are mapped on FEMA Flood Insurance Rate Map 320001 0075C and 0030C, dated 9/30/93. These panels are not in print. The Carson City FEMA index map bears the notation "panels not in print, area in Zone C". Zone C identifies areas of minimal flooding.

Aesthetic Amenities

Given their high elevation, the parcels encompass sweeping views of surrounding terrain. The parcels themselves have modest aesthetic and recreational amenities. They are timbered, and have diverse terrain that affords a mix of vegetation types. They have been impacted by fire and logging (Parcel 2), and they are by no means undisturbed, pristine environments. They make good access points to the upland terrain around Snow Valley Peak, at 9,270 one of the high points along this stretch of the Carson Range. Their aesthetic qualities are good.

Timber

Both parcels have a light cover of second growth fir and pine. Given the small quantities involved, and the environmental and regulatory hurdles that would have to be dealt with to log these stands, it is my opinion that the timber is not economically practical to harvest. The aesthetic amenity provided by the timber is part of the recreational appeal of the parcel.

Mineral Rights

The legal description as contained in the title report cited above makes no mention of mineral right reservations. Earlier deeds in the chain of title may have reserved all or a portion of the mineral rights to third parties. Ownership status of mineral rights typically does not have an impact on value in this market.

Topography/Surface Features

Both parcels are in steep terrain. Each encompasses both steep slopes and more moderate terrain. Parcel 1 ranges from approximately 8,350 to 8,500 feet in elevation. Parcel 2 ranges from roughly 7,800 to 8,200 feet.

Both parcels have a mix of second-growth conifer forest and open stands of pine. The Waterfall Fire affected a small portion of Parcel 2.

Soils

No site-specific soil survey was provided. Soils for the area are mapped by the USDA Natural Resources Conservation Service (formerly Soil Conservation Service) in their published soil survey entitled *Soil Survey of Carson City Area, Nevada*, printed August 1979. According to the survey, the soils on the subject parcels consist of the following:

Map Unit	Soil Series	Comments
6	Cagwin gravelly sand, 15 to 30 percent slopes	Shallow, rapidly permeable soils. Limited utility for development due to shallow soils, slopes.
7	Cagwin-Toem complex, 30 to 75 percent slopes	70% Cagwin gravelly sand, and 30% Toem gravelly coarse sand. Similar limitations as stated above.

Both soils are about equally distributed on both parcels, with the Cagwin soil on the moderate slopes, and the Cagwin-Toem complex on steeper slopes.

Utilities

There are no public utilities available to either parcel. The closest electric and phone grids are in Carson City, some four to five air miles east.

Water Rights

None included.

Land Use

Vacant

Adjacent Land Use

Open lands abut all sides. Adjacent lands are owned by Nevada Lake Tahoe State Park, Carson City, and the United States Forest Service. The east side of Parcel 2 abuts a 45.5-acre privately owned parcel

Improvements

None

Comments

The subject property is located at high elevation in the Carson Range directly west of Carson City. Access to the two separate units is seasonal, and is limited to capable vehicles only (four wheel drive trucks, snowmobiles, all-terrain vehicles). The parcels encompass mixed terrain. They are off-grid with respect to utilities or other services.

LARGER PARCEL ANALYSIS

The larger parcel is a concept drawn from appraisals of partial interests. The UASFLA requires that the issue be addressed for all federal land acquisitions.

The larger parcel is the parent tract from which an acquisition is made. In the case of a partial acquisition, the larger parcel includes all lands under the same or integrated ownership whose use will be impacted by the acquisition. The larger parcel concepts requires the appraiser to address not only the value of the part acquired, but also to consider any diminution in value to the owner's larger real estate enterprise as a result of the taking. Normally, the larger parcel analysis considers three factors: unity of ownership, contiguity, and unity of use. However, it is not necessary that all three factors be in play for a larger parcel finding to be made. The oft-cited example that breeches the contiguity rule is when timberlands may be acquired, reducing the quantity of forest products available to a lumber mill, and thus reducing the value of the entire integrated enterprise, even though the timberlands may not be located near the mill itself.

In the current case, there is no partial acquisition. The subject property consists of one legal parcel that is in fact two separate parcels physically. The entire parcel will be acquired. There are no contiguous or nearby lands under the same ownership that will be affected by this acquisition.

Although the subject property consists of a single legal parcel, as demonstrated in the section above, it is my view that the parcel can be segregated into two separate legal parcels. In my conversations with appropriate Carson City officials, it appears that this may simply be an administrative action, not requiring any approvals or public comment. As a result, I have addressed the values of the two parcels separately, but I do not consider that this violates the larger parcel rule. In other words, I do not believe that there are two separate larger parcels. The larger parcel is the single legal parcel; I have addressed the values of the different components separately as a means to an end, a value opinion for the entire property. The two separate components are analogous to a single site with different zones of value. It may be necessary to address the separate value classes separately, but doing so does not mean that each value class is a separate parcel.

HIGHEST AND BEST USE

The highest and best use of a property is the use that provides the greatest financial reward to the property owner. The Appraisal Institute, in *The Appraisal of Real Estate*, defines highest and best use as "the reasonably probable and legal use of vacant land which is physically possible, appropriately supported, and that results in the highest value". *Probability* is key to highest and best use. It's not enough to envision a use that, if it were to occur, would result in a high land value. It has to be *likely* to occur, given existing zoning, physical attributes, and financial considerations.

Legal uses of land are established by zoning. Both parcels are zoned Conservation Reserve a low-intensity zoning applied to lands mostly in the Carson Range. A variety of municipal and or utility-type uses are permitted as primary, accessory, or conditional use under the CR zone. Residential and agricultural use are permitted as primary uses.

The property's physical constraints present the greatest limitations on use. Lack of legal access is one issue. However, long-standing public access on Ash Canyon and Snow Valley Peak roads may have established access by prescription, at least with respect to what little private land Ash Canyon Road traverses. It is typically observed that one cannot acquire rights by prescription against the sovereign, so I have presumed that no prescriptive access claim can be asserted where the road traverses Carson City, State of Nevada, and Forest Service lands (this is most of the road). However, at the same time, one must assume that provided there are no public health or safety issues involved, governmental bodies would not unreasonably withhold permission to pass. The Forest Service, for example, typically will grant a renewable license to allow access across its lands. The State of Nevada has a similar policy, permitting access across their lands if there is no reasonable alternative (which there does not seem to be in this case).

The road that accesses both parcels also traverses a 45.5-acre parcel of private land. It is my understanding that the owners of this parcel have attempted to block access to their property by installing a gate, but that they have been required to remove the gate by local officials.

The fact remains that whether or not there is legal access, the parcels have physical access, that access has been used for many years by the public, and there may well be an implied right of access as a result.

The issue of access must be considered in light of the properties' physical attributes. Both parcels are at high elevation with seasonal access. The main road that serves them, whatever its legal status, is steep and primitive, and is passable only to capable vehicles, mainly high-clearance four wheel drive. It's unlikely that anyone would buy these parcels with the expectation of building a year round residence on them; more likely, they would be purchased only for passive recreation, camping, or as primitive cabin sites. The existing access has served for many years, and it is likely that for the kinds of uses described above, the existing access would be adequate.

Under current zoning, Parcel 1 with 15 acres would be non-conforming (20 acres is the minimum under zoning). As a single legal parcel, this is not an issue. My sense of the planning department's policy is that Parcel 1 is a *de facto* separate legal parcel, and would therefore be

approved as a legally non-conforming parcel if the property owner were to establish separate legal descriptions for these properties.

Parcel 2 has 96 acres. This parcel is too remote and lacking in infrastructure to be sub-divided through the typical parcel map process, however, one could subdivide it down to the minimum parcel allowed by zoning, 20 acres, by filing a Division of Land Map as permitted in Nevada Revised Statutes 278.471. The Division of Land Map permits a property owner to create large parcels without going through the typical parcel map process, and therefore, the subdivider is typically exempt from meeting requirements for access, utilities, and so forth. The division of land map creates an "as-is, where is" subdivision, where the applicant files a map without the need to make any real improvements to the property. Under NRS, the minimum size parcel that can be created through the Division of Land Map is $1/16^{\text{th}}$ of a section, or 40 acres, however, the statute also permits the local jurisdiction to permit subdivisions down to 10 acres. In the current case, zoning would prevail (20 acre minimum), and one could obtain no more than four parcels. With 96 acres, it might be possible to obtain a variance to create four-20 acre parcels on the subject, and one roughly 16-acre parcel, however, whether this would be permitted is up to the discretion of the local jurisdiction, and it would be imprudent for appraisal purposes to assume that this could be done. Thus, the most reasonable use of Parcel 2 would be to divide it into four parcels, each about 24 acres.

Once parcels were created, each would be a reasonable building site. The Carson City building department reports that there would be no fundamental objection to issuing building permits for single family residences on sites of this nature. They would, of course, require domestic wells and septic systems, and suitable and approved off-grid power sources would have to be established. Due to the limited review authority that the city can exercise over the Division of Land Map process, the existing unperfected access would be suitable for each parcel. If one wanted to construct a primitive cabin without electric power and running water, it would be necessary to seek approval from the building department. County codes typically require that a dwelling have access to electric power and other utilities, even if provided by private on-site system such as windmills and generators.

The sites have commanding views of Eagle Valley. They provide easy access to the east side of Lake Tahoe Nevada State park. They would make good bases for recreation, and could be permanent camp sites. Despite the shortcomings of the access roads, in fact travel time from the pavement in Carson City to Parcel 2 by four-wheel drive vehicle is only about 20 minutes in season, and to Parcel 1, about a half hour. The road is steep but not excessively rough. Access may be inconvenient, but once accessed, the parcels provide entry to the high Carson range, and a zone of diverse landscapes, high peaks, meadows, and recreational trails. This makes the property reasonably attractive, despite limited access.

The highest and best use of the subject sites is as recreational sites for permanent camps or cabins. Parcel 1 may be approved as a single site. Parcel 2 could be divided to create up to four sites. In the "best case" scenario, the site could be up to six separate units: one 15 acre non-conforming parcel from Parcel 1, and five (with a variance) from Parcel 2. In the alternative, it could be viewed as a single 111-acre parcel, with the possibility of creating four or five sites, depending on whether Parcel 1 would be approved as a separate unit. As a practical matter, the

would-be subdivider would want first to sever the two components into legal 15- and 96-acre parcels, then file the Division of Land Map to split the larger unit.

VALUATION OVERVIEW

An appraisal is an opinion of value. The appraiser develops his or her opinion from a study of the market. Real estate markets contain much value-related data, including sales, rents, construction contracts, building costs, assessments, and so forth. There are three different but interrelated methods that can be used to process this market information. These pathways are known as the cost, sales comparison, and income approaches to value.

Cost Approach

The cost approach is based on the premise that there is a relationship between the value of a parcel of real estate and the cost of reproducing it. The cost approach is mainly applicable to improved properties. The formula for this approach is simple:

	Site Value
+	Cost to construct the improvements
-	Accrued depreciation
=	Value

Income Approach

Commercial real estate generates operating income. Periodic rental income directly relates to value. The income approach provides a variety of techniques for processing income to value.

Sales Comparison Approach

The sales comparison approach is keyed to market competition. It relies on analysis of sales of competing properties in the general neighborhood of the property being appraised. The sales comparison approach usually is the most accessible of the three approaches to value, since it depends on a general "whole property" approach to valuation, based on direct comparisons between competing properties.

The Subject

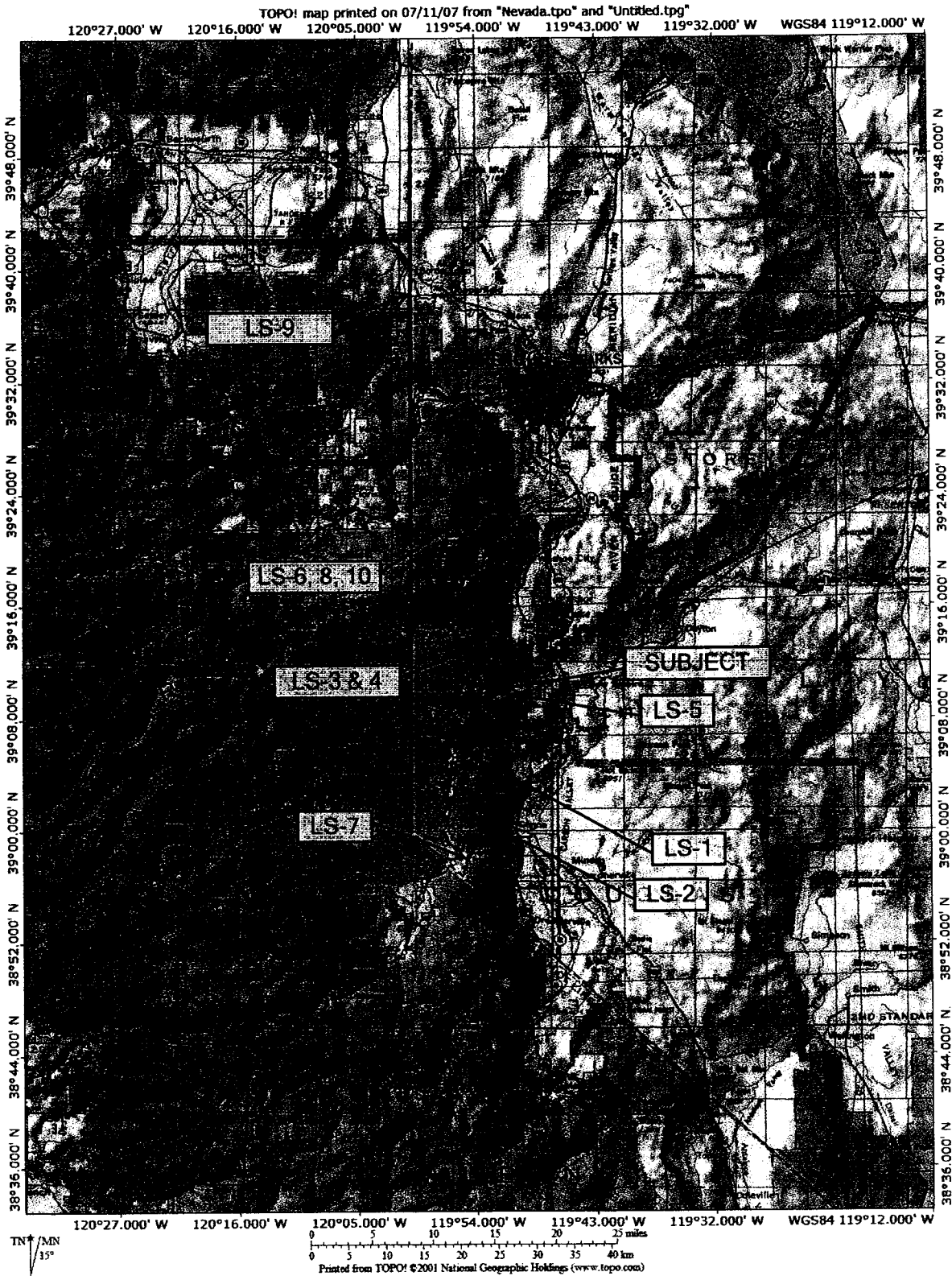
The subject properties are remote sites without infrastructure and with limited access. There are relatively few properties in the area that emulate the subject parcels' physical attributes. The challenge from a valuation perspective is in finding sales of properties that bear a reasonable resemblance to the subject parcels. Because location is an essential element of the subject sites, I have looked to nearby urban fringe, high elevation properties as the best pool of potential sales. The sales charted below are representative.

The subject has two separate components that very likely could be segregated into two legal sites. Because of this, it is my opinion that they can be evaluated as separate units, with the resulting sub-unit values combined into a single value indication for the entire parcel. The chart below contains sales appropriate to each of these valuations.

COMPARABLE LAND SALES SUMMARY CHART

Sale No.	APN Location	Sale Date Sale Price	Acres	Zoning Utilities	Price/Acre
1	1419-00-002-016 1 ½ miles W of Jacks Valley Road at a point approximately 1 mile N of Hobo Hot Springs	5/13/04 \$575,000	100	FR-19 1 ½ mile E	\$5,750
2	1319-00-001-012 ½ mile S of Genoa	6/29/05 \$1,200,000	360	FR-19 ½ mile	\$3,333
3	055-430-07 Musgrove Creek Drive, Washoe Valley	11/17/05 \$1,000,000	100.68	GR Electricity/phone to site	\$9,932
4	055-430-05 Musgrove Creek Drive, Washoe Valley	12/5/05 \$750,000	46.84	GR Electricity/phone to site	\$16,012
5	07-031-31 Snow Valley Peak, 1 ½ mi. N of US Highway 50, Carson City	3/24/06 \$1,200,000	80.906	CR None	\$14,832
6	49-030-12 & 13 Logan Meadow, Washoe Co.	4/19/06 \$240,000	5	GR None	\$48,000
7	1319-00-002-028 & 029 Kingsbury Grade, Douglas Co.	8/21/06 \$330,000	62.5	F-19 None	\$5,280
8	49-030-14 Logan Meadow, Washoe Co.	8/30/06 \$135,000	2.5	CR None	\$54,000
9	558-010-02 Sto Lat Lane, Peavine Peak near Cold Springs	1/9/07 \$450,000	40	UT 10 On Site	\$11,250
10	49-030-24 Logan Meadow, Washoe Co.	3/8/07 \$187,500	5.008	GR None	\$37,440
Subject Parcel 1	07-030-04 1 mile N, ½ mile E of Snow Valley Peak Carson City	Appraisal 5/29/07	15	CR None	---
Subject Parcel 2	07-090-26 ½ mile S of Hobart Creek Reservoir, Ash Canyon Road	Appraisal 5/29/07	96.28	CR None	---

COMPARABLE LAND SALES LOCATION MAP



CONCLUSION OF VALUE

Sale 1 is the May 2004 sale of a 100 acre parcel east of Jacks Valley road. The parcel is about two miles from the rural Jacks Valley community, but it has no improved access and no utilities. It was purchased by a southern California couple as a site for a private home site. The site was owned and sold by a local real estate broker. The \$575,000 purchase price equates to \$5,750 per acre.

Sale 2 is the June 2005 sale of a 360 acre site in the steep flanks of the Carson Range just outside the Douglas County community of Genoa. The site is very steep, with limited utility. Although it is zoned FR-19 (19 acre minimum), its terrain supports only one home site. Douglas County's Transferable Development Right (TDR) ordinance permits FR zoned properties to have one TDR per 19 acres. Therefore, this parcel had up to 18 TDRs at the time of sale. The current market value of the TDRs is approximately \$5,000 per unit, thus the potential value of the TDRs on this site was \$90,000. It was sold by a local ranching family to another local group. The purchase price was \$1,200,000, or \$3,333 per acre.

Sales 3 and 4 are the November and December sales respectively of two home sites in the Musgrove Creek tract in the Carson Range above Washoe Valley. The sites are part of a 7-parcel tract created by division of land map. The parcels have paved access, and all utilities are installed to the individual sites. Sale 3 sold for \$1,000,000, or just under \$10,000 per acre for its 100± acres, and Sale 4 sold for \$750,000, or \$16,012 per acre.

Sale 5 is an 80 acre parcel located in the Carson Range near Snow Valley Peak. The site is approximately two miles south of the subject at an elevation of approximately 8,500 feet. Access is fair via a gated road of US Highway 50, which is about two miles south. The parcel sold to an adjacent land owner for \$1,200,000, or \$14,832 per acre.

Sales 6, 8, and 10 are sales of home sites in Logan Meadow off Thomas Creek Road in Washoe County. Logan Meadow is a remote tract of home sites lying at about 7,000 feet elevation in the Carson Range. Parcels are generally two-and-a-half or five acres, with some larger sites. Access to the area is via Thomas Creek Road, a dirt-surface Forest Service Road. Winter access requires four wheel drive or snowmobile or ATV. There is no electric power or telephone. Despite the lack of infrastructure, there are several permanently occupied homes in the tract. Aesthetic amenities are good. Paved Timberline Road is about 3 miles east of Logan Meadow.

Sale 7 is the August 2006 sale of two separate parcels together comprising 62.5 acres. The parcels were sold under a court settlement to resolve a partnership dispute. The property was exposed to the market for 18 months. The two parcels sold in a single transaction at \$330,000, or \$5,280 per acre. Access is via Old Kingsbury Grade. There are no utilities on site.

Sale 9 is the sale of a 40 acre parcel located on the north flank of Peavine Mountain north of Reno. The parcel is one of six 40-acre sites created by division of land map filed in the mid 1990s. Access is off Long Valley Road in Sierra County California, and is via a dirt lane to the site. Electric power and phone are on site. Elevation is approximately 5,500 feet in lightly timbered moderate to steep terrain. The site is zoned for 10-acre parcels, and was purchased expressly to create four sites. The property was not listed for sale, but buyer and seller were

acquainted. The buyer reports that the purchase price was at market value. This site sold in January 2007 for \$450,000, or \$11,250 per acre.

Adjustments to Sales

The premise of this valuation analysis is that the sales charted above are the appropriate markers for the subject's value. This premise in turn is based on the assumption that these transactions occurred under market value conditions as defined in this report. Market value occurs in a free-will transaction, where knowledgeable parties transact business without duress and in good faith. The property is adequately exposed to the market, good and marketable title passes, and the consideration is cash or its equivalent. If any of the sales occurred under conditions that were not market conditions, then it is possible that the sale price may not be an accurate representation of market value. It may still be possible to rely upon this transaction, however, if there is enough information available to determine how the non-market elements of the transaction affected the sale price.

By convention, there are several elements of a sale transaction that are examined as a test of market value. These are addressed below:

Property Rights Conveyed

All the sales involved the transfer of the fee. No adjustments are necessary.

Financing

The table below summarizes terms of payment.

Summarized Payment Terms

Sale No.	Sale Date Sale Price	Acres	Price/Acre	Cash at Close	Terms on Balance
1	5/13/04 \$575,000	100	\$5,750	Unk	Unknown
2	6/29/05 \$1,200,000	360	\$3,333	100%	
3	11/17/05 \$1,000,000	100.68	\$9,932	100%	---
4	12/5/05 \$750,000	46.84	\$16,012	100%	---
5	3/24/06 \$1,200,000	80.906	\$14,832	100%	---
6	4/19/06 \$240,000	5.00	\$48,000	100%	---
7	8/21/06 \$330,000	62.5	\$5,280	100%	---
8	8/30/06 \$135,000	2.50	\$54,000	100%	---
9	1/9/07 \$450,000	40.00	\$11,250	100%	
10	3/8/07 \$187,500	5.008	\$37,440	\$100,000 cash and \$87,500 carried by seller	Unknown

It is apparent that this is largely a cash market. Sale 1 involved a seller-carried deed of trust with unknown terms. Sale 8 also involved seller financing with a substantial cash down payment. The terms of the purchase had no impact on purchase price. None of the sales require an adjustment for financing.

Conditions of Sale

All of the parcels were sold in the normal course of business by normally motivated sellers and were purchased by normally motivated buyers, with the exception of Sales 5 and 7. Sale 5 involved a highly motivated buyer. Before this sale closed, the buyer had earlier (2003) purchased 240 acres from the same seller, but was unable to include this parcel in the transaction. After the initial purchase, the buyers again approached the seller with a very attractive offer to purchase the sale parcel. The sellers decided that the offer was too attractive to forego, and the sale was effected.

Sale 7 was a court-ordered sale to settle a partnership dispute. The property was placed on the market and sold after an 18 month marketing period. Even though the sellers may not have been normally motivated, the sale occurred under market conditions and requires no adjustment.

Sales 2, 5, and 9 were not exposed to the market in the typical manner, that is, via a listing with a real estate broker. Sale 2 was owned by a Carson Valley ranching family, and had been nominated for purchase by the Forest Service under the Southern Nevada Public Land

Management Act (SNPLMA) land acquisition program. The SNPLMA sale did not materialize, but the sellers were then approached by a local conservation-property broker with an offer from another local group. The price was reached through direct negotiation and was considered by the seller to be a fair price.

Sale 5 was discussed above.

Sale 9 involves a sale between acquaintances, but was represented by the buyer to be an arm's length, market-value transaction.

Conditions of sale will be addressed where relevant for Sale 5. Other sales require no adjustment.

Market Conditions

Although prices for most classes of land increased markedly in the early years of the current decade, since about mid-2005, prices have been relatively flat, and in some areas have receded slightly. Looking at Sales 6, 8, and 10, which are all located in Logan Meadow, suggests that there has been relatively little change in value over a period of about a year, from early 2006 to March 2007. It is also instructive to look at the MLS records reported earlier, which show a strong increase in median home prices from 2003 to 2006, and a fairly significant decline from June 2006 to June 2007. This also supports the notion that values have been basically flat. Any declines in local markets have occurred largely in single family residences, where there is competition from builder homes and sales of existing homes. In vacant land, particularly for atypical properties like the subject, it is less clear that there has been an actual decline, but it is certainly safe to believe that values have remained flat.

Most of the sales are recent enough that they require no adjustment. Sale 1, from May 2004, may require a modest upward adjustment, since it occurred at the time when land values were increasing.

This market is too diverse to be able to effectively pair sales to estimate rates of change. Since it's necessary to adjust only one sale (Sale 1), I have elected to consider the impact of value change over time for this sale only as a non-quantified, "soft" adjustment.

Other Adjustments

The section above addresses transaction-related adjustments to the sales, such as financing, conditions of sale, and so forth. None of the sales required adjustments in these categories. It is next appropriate to look at physical differences between the properties. It is apparent that the subject sites have some compelling physical features which make them different from most other parcels offered in this market. First and foremost is their lack of reliable access, followed closely by their location and high elevation in the Carson Range. Location really establishes the highest and best use of these properties. Although ostensibly they are suitable as home sites, the lack of access, heavy winter snow pack, short season of accessibility and other features make them suitable more as camps or primitive cabin sites.

The comparable sales are all reasonably desirable building sites where a single family home can be constructed. They have been selected as comparable sales because they are located in the

subject's general proximity, or in the case of Sale 9, they are in an analogous location, near town, but still in a remote rural setting.

The sales range widely in their physical attributes. Three of the sales are small parcels in the Logan Meadow Subdivision in Washoe County, which is on upper Thomas Creek in the Carson Range, at an elevation of roughly 7,500 feet in the Carson Range. Logan Meadow requires high clearance vehicles for access. Winter access requires a four wheel drive, and in periods of storm or unusually heavy snow years, it may be necessary to park at a lower elevation and commute to one's property via snowmobile or ATV. All three of these sales are considerably smaller than either of the subject sites, particularly Parcel 2, but they illustrate a value for remote, poorly accessed home site in the area.

Sales 1 and 2 represent negotiated, market-value sales of steep and poorly accessed parcels in the steep foothills west of Carson Valley.

Sales 3 and 4 are in Musgrove Creek at the south end of Washoe Valley, at an elevation of approximately 6,000 to 6,400 feet. They are quite similar to the subject in their general location, but they have good quality access, had utilities available, and are in a high-value location with good quality custom homes throughout the neighborhood.

Sale 5 is the most similar of the sales to the subject properties in location. I have included it because of its location, but the circumstances of its sale make it a poor indicator of value for the subject parcels. When comparing its price to other remote, steep and/or poorly accessed parcels (esp. Sales 1, 2, and 7), it is an apparent anomaly. For these reasons, I have dropped it from consideration.

Sales 6, 8 and 10 are the Logan Meadow sales addressed above. They illustrate typical home site values in this remote, off-grid, limited access tract.

Sale 7 is a remote parcel on Kingsbury Grade in Douglas County, in the Carson Range south of the subject's area. The parcel has fair access off of Old Kingsbury Grade Road, but had no utilities available at the time of sale. It is zoned Forest 19, which would permit it to be split into three separate parcels.

Sale 9 is a 40 acre tract off the north side of Peavine Mountain north of Reno. Its aesthetic qualities are inferior to those of the high Carson Range parcels, since it is at relatively low elevation in the below the tree zone. The parcel has the ability to be split into four 10-acre sites.

Value Conclusion

Parcel 1

Subject Parcel 1 at 15 acres is a single home site. It can't be divided any further. The Logan Meadow sales, Sales 4, 6 and 8, illustrate the value of a home site in a location that is similar to the subject's. These home sites range from 2.5 acres to 5 acres, and range in price from \$135,000 to \$240,000. It should be noted that the latter sale, Sale 4, at \$240,000 actually involves two separate 2.5 acre parcels that were purchased in a single transaction and which were purchased as a single home site. It is my opinion that these sales are a good proxy for the

subject's value. They have better access and similar aesthetic qualities, but they are only about one-third the size of Subject Parcel 1. However, the subject's size is a relatively modest advantage. The extra acreage doesn't provide much benefit. Locals have had long-standing access to this area, and have freely trespassed this and other private lands with impunity. Any fence that impeded traditional access would probably not last long. In a practical sense, Subject Parcel 1's 15 acres yield no more utility than the 2.5 or 5 acre sale parcels.

Sales 6, 8, and 10 sold at unit prices ranging from \$37,440 per acre to \$54,000 per acre, but this is a meaningless parameter; it is the price for the entire unit that is relevant. That value is between \$135,000 and \$240,000, weighted to the high end. Parcel size notwithstanding, as a single site, it is reasonable to think that the subject could yield a similar price upon sale, say in the range of \$175,000 to \$200,000. This value recognizes that the subject's inferior access is somewhat offset by its larger size. A reasonable conclusion of value is \$187,500.

Value Conclusion by Sales Comparison Approach, Parcel 1

\$187,500

Parcel 2

Sales 1, 2, 7 and 9 are most representative of the subject's value. The table below contrasts basic elements of the properties.

Comparison of Subject Parcel 2 to Sales 1, 2, 7 and 9

Sale	Price/Acre	Acres	Zoning	Utilities	Access	Compared to this sale, subject's value should be:
1	\$5,750	100	FR-19	1 ½ mile East	1 ½ mile dirt road off Jacks Valley Road	Less
Compared to subject		Similar	Similar	Superior	Superior	
2	\$3,333	360	FR-19	½ mile	Dirt road off Kingsbury Grade, 4WD	Similar to higher
Compared to subject		Requires economy of scale adjustment	Similar	Superior	Similar	
7	\$5,280	62.5	FR-19	½ mile	Old Kingsbury Grade	Less
Compared to subject		Similar	Similar	Superior	Superior	
9	\$11,250	40	UT-10	On Site	Gravel road off county road	Less
Compared to subject		Requires economy of scale adjustment	Superior	Superior	Superior	
Subject Parcel 2		96.28	CR (20 acre min.)	None	Dirt road, locked gate, 4WD, seasonal	

The "requires economy of scale adjustment" means that the unit price paid for the sale property needs to be adjusted up or down to reflect an economy of scale discount with respect to the subject parcel, owing to the size differences between the two. In the case of Sale 2, the sale property is three-and-a-half times as large as the subject. Typically, all other factors being similar, there is an economy of scale discount in real estate, reflected as a decline in unit price as parcel size increases. Thus, if all other conditions were equal, the subject parcel's unit value should be higher than the sale's unit price simply because of the economy of scale discount.

The discount operates the other way for Sale 9. The subject parcel is about two-and-a-half times larger than the sale parcel. If all other factors were equal, the subject's unit value would thus be lower than Sale 9's \$11,250 unit price.

Sales 3 and 4 are examples of sales that establish the potential upper limits of value for the subject. These parcels are quite close to the subject on a map, but they are accessed out of Washoe Valley, and by road they aren't that close. They are in a high-end gated tract, and have utilities and paved roads. They represent the highest potential value for large home sites in this part of the Carson Range. If one could have acquired 100 acre Sale 3, with utilities and a paved road, at \$9,932 per acre, it doesn't seem plausible that the subject, with poor access, no utilities, and limited appeal as a building site, would sell for a similar price.

The subject can be split to 20-acre parcels. Sale 3 could be split into two parcels with a division of land map; Sale 4 at 46.86 acres is near the permitted minimum of 40 acres. Of the "best match" sales charted immediately above (Sales 1, 2, 7, and 9), all can be further divided, at least as established by zoning. In fact, one of the sales, Sale 2, reportedly has had a division of land map filed on it to create 40 acre parcels (see earlier discussion).

The weight of evidence suggests that the subject's value appropriately is defined by the sales discussed directly above, that is, from Sale 2's \$3,333 per acre to Sale 7's \$5,280 per acre. It's clear that the subject's value should be near the low end of this range. The low end, however, is defined by Sale 2 at \$3,333 per acre. However, Sale 2 has other factors that make it a less than reliable indicator, particularly the existence of the transferable development rights.

Because of Sale 2's shortcomings, I have looked to other sales data, which, while not necessarily directly comparable to the subject, helps to define the lower limit of value for remote, hard to access residential parcels in the broader regional market. In that research, I have examined several sales in the Monte Cristo Ranch east of Palomino Valley, in turn about 25 miles north of Sparks. There are many 40 acre and larger parcels platted across the Virginia Range in this area, some with fair access off gravel roads, and some with primitive access off of jeep trails. Although these parcels are not directly comparable to the subject, they are remote urban fringe parcels that are purchased mainly for their long-term speculative value, or as home sites. In many cases, however, the buyers will need to either bring in power and roads, or will need to wait for those improvements to reach them. In any event, many parcels are not immediately buildable.

PALOMINO VALLEY 40+ ACRE LAND SALES						
Sale No.	APN Location	Sale Date Sale Price Doc. No.	Zoning Topography	Grantor Grantee	Access	Acres Price Per Acre
P-1	077-110-04 North side of Whiskey Springs Road Palomino Valley	01/02/07 \$300,000 3482127	GRR Moderate	Wood McFall	Paved	157.33 ac. \$1,907
P-2	077-260-18 South side of Rossow Lane, South of Quaking Aspen Road Palomino Valley	03/28/07 \$212,000 3514117	GRR Steep	Waltz Gerlinger	Unpaved	80.02 ac. \$2,649
P-3	076-650-06 East of Basque Oven Road (Wilcox Ranch Road area) Washoe County	04/04/07 \$140,000 3517333	GRR Steep	Aldridge GH Ranches, LLC	Unpaved	40.54 ac. \$3,453

Sale Comments

Sale P-1 is located on the north side of Whiskey Springs Road in low foothills on the foothills of fringes of Palomino Valley. The parcel has fair access off a gravel road. The property is some 157 acres, and is zoned 40 acre minimum, so it could theoretically be split into three separate parcels. The property was listed with a local real estate office at \$325,000. Electric power was located within 100 feet of the property line, according to the selling agent's listing. This parcel sold for \$300,000, or just slightly more than \$1,900 per acre.

Sale P-2 is an 80-acre parcel located off Rossow Lane, a dirt road which connects with Quaking Aspen Road, a gravel road that is one of the main roads into the Virginia Range. This area is fairly scenic, with a permanent stream at the bottom of the canyon, and with some irrigated properties in the area. However, terrain is steep and access is only fair, and at the time of sale electric power was just under a mile from the property. This property was also listed with a local broker, with an asking price of \$249,000. It sold in March of 2007 for \$212,000, or \$2,649 per acre.

Sale P-3 is the April 2007 sale of a 40-acre parcel off of Basque Oven Road in the Wilcox Ranch Road area. The parcel is remote, with primitive road access only. It is bisected by a seasonal stream, which provides some aesthetic amenity. It sold in April for \$140,000, or \$3,463 per acre.

While not directly comparable to the subject, these sales, in my view, bolster the utility of Sale 2, previously discussed, as a reliable indicator of the lower limit of value. These three parcels sold in a fairly tight range from roughly \$2,000 per acre to \$3,400 per acre. These essentially are among the lowest-priced large residential sites in the urban fringe market.

Based on the additional support from Monte Cristo/Palomino Valley sales, I think it is reasonable to conclude that the lower limit of value for the subject is roughly \$3,000 to \$3,500 per acre, with the upper limit at roughly \$5,280. A reasonable range is \$4,000 to \$4,500 per acre, which results in a total value of \$385,120 to \$433,260. My conclusion of value is \$400,000.

Value Conclusion by Sales Comparison Approach, Parcel 2

\$400,000

RECONCILIATION

The sales comparison approach is the basis of the value opinions reported below:

Parcel 1	\$187,500
Parcel 2	\$400,000
Sum of the two components	\$587,500

The property is in fact a single legal parcel. It has separate components with different values, but this is analogous to a single site with two separate zoning classifications, such as a mixed-use site. Mixed use sites are usually sold in a single transaction, but the buyer and seller both are aware of the separate zones of value within the single site.

The value for the whole parcel is \$587,500, or \$5,279 per acre. The valuation section of this report charts 100-acre and larger sales with prices ranging from \$3,333 to \$9,932 per acre. The subject's unit value is thus within the range of other large single-component parcels. It is appropriate in this instance to simply sum the values of the two components without applying a discount. The unit rule is preserved. The valuation does not sum the individual values of separate legal parcels in an assemblage. Instead, it addresses at the value of a single legal parcel by looking at its separate zones of value.

Although I have not applied a discount to the sum of the two sub-unit values, it is appropriate to round.

Market Value Opinion, Effective May 29, 2007:

\$585,000

Special Limiting Conditions

None

Extraordinary Assumption

It is assumed that the parcel is free of environmental contamination.

Hypothetical Conditions

None

ASSUMPTIONS AND LIMITING CONDITIONS

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent upon the following assumptions and limiting conditions:

LIMITS OF LIABILITY:

The liability of Mark Warren, MAI and Warren & Schiffmacher LLC is limited to the client only and to the fee actually received by the appraisal firm. There is no accountability, obligation, or liability to any third party. If the appraisal report is disseminated to anyone other than the client, the client shall make such party or parties aware of all limiting conditions and assumptions affecting the appraisal assignment. The appraiser is not in any way to be responsible for any costs incurred to discover or correct any physical, financial and/or legal deficiencies of any type present in the subject property.

COPIES, PUBLICATION, DISTRIBUTION AND USE OF REPORT:

Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for any purpose or any function other than its intended use, as stated in the body of the report. The appraisal fee represents compensation only for the analytical services provided by the appraiser. The appraisal report remains the property of the appraiser, though it may be used by the client in accordance with these assumptions and limiting conditions.

The By-Laws and Regulations of the Appraisal Institute require each Member to control the use and distribution of each appraisal report signed by such Member. Except as hereinafter provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select. This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by the appraiser(s) whose signature(s) appears on the appraisal report, unless it is indicated that one or more of the appraisers was acting as "Review Appraiser." No change of any item in the report shall be made by anyone other than the appraiser. The appraiser shall bear no responsibility for any unauthorized changes.

CONFIDENTIALITY:

Except as provided for subsequently, the appraiser may not divulge the analyses, opinions or conclusions developed in the appraisal report, nor may he give a copy of the report to anyone other than the client or his designee as specified in writing. However, this condition does not apply to any requests made by the Appraisal Institute or the State of Nevada for purposes of confidential ethics enforcement. Also, this condition does not apply to any order or request issued by a court of law or any other body with the power of subpoena.

The appraiser may be requested to submit copies of work to bona fide financial institutions in order to be approved to complete appraisal work for their institution. When requested, the appraiser will contact the client to obtain release to disseminate copies of the report to requesting institutions. Requests for dissemination will be controlled by the client; however, approval to disseminate the report will not be unreasonably withheld. Any reports disseminated to requesting financial institutions would be edited to remove specific references to the subject property's name, location and owner. Additionally, any specific reference to the client will also be deleted.

INFORMATION SUPPLIED BY OTHERS:

Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct and reliable. No responsibility for the accuracy of such information is assumed by the appraiser. The appraiser is not liable for any information or the work product provided by subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable. In some instances, an impractical and uneconomic expenditure of time would be required in attempting to furnish absolutely unimpeachable verification. The value conclusions set forth in the appraisal report are subject to the accuracy of said data. It is suggested that the client consider independent verification as a prerequisite to any transaction involving a sale, a lease or any other commitment of funds with respect to the subject property.

TESTIMONY, CONSULTATION, COMPLETION OF CONTRACT FOR APPRAISAL SERVICE:

The contract for each appraisal, consultation or analytical service is fulfilled and the total fee is payable upon completion of the report. The appraiser or anyone assisting in the preparation of the report will not be asked or required to give testimony in court or in any other hearing as a result of having prepared the appraisal, either in full or in part, except under separate and special arrangements at an additional fee. If testimony or a deposition is required because of any subpoena, the client shall be responsible for any additional time, fees and charges, regardless of the issuing party. Neither the appraiser nor anyone assisting in the preparation of the report is required to engage in post appraisal consultation with the client or other third parties, except under a separate and special arrangement and at an additional fee.

EXHIBITS AND PHYSICAL DESCRIPTIONS:

It is assumed that the improvements and the utilization of the land are within the boundaries of the property lines of the property described in the report and that there is no encroachment or trespass unless noted otherwise within the report. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in the report are there to assist the reader in visualizing the property and are not necessarily drawn to scale. The reliability of the information contained on any such map or drawing is assumed accurate by the appraiser and is not guaranteed to be correct.

TITLE, LEGAL DESCRIPTIONS, AND OTHER LEGAL MATTERS:

No responsibility is assumed by the appraiser for matters legal in character or nature. No opinion is rendered as to the status of title to any property. The title is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in the appraisal report. The legal description, as furnished by the client, his designee or as derived by the appraiser, is assumed to be correct as reported. The appraisal is not to be construed as giving advice concerning liens, title status, or legal marketability of the subject property.

ENGINEERING, STRUCTURAL, MECHANICAL, ARCHITECTURAL CONDITIONS:

This appraisal should not be construed as a report on the physical items that are a part of any property described in the appraisal report. Although the appraisal may contain information about these physical items (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed report on these physical items. The appraiser is not a construction, engineering, or architectural expert, and any opinion given on these matters in this report should be considered tentative in nature and is subject to modification upon receipt of additional information from appropriate experts. The client is advised to seek appropriate expert opinion before committing any funds to the property described in the appraisal report.

Any statement in the appraisal regarding the observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, all mechanicals, and all matters relating to construction is based on a casual inspection only. Unless otherwise noted in the appraisal report, no detailed inspection was made. For instance, the appraiser is not an expert on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not investigated for building code violations and it is assumed that all buildings meet the applicable building code requirements unless stated otherwise in the report.

Such items as conditions behind walls, above ceilings, behind locked doors, under the floor, or under the ground are not exposed to casual view and, therefore, were not inspected, unless specifically so stated in the appraisal. The existence of insulation, if any is mentioned, was discovered through conversations with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements regarding insulation cannot be guaranteed.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any comments on observed conditions given in this appraisal report should not be taken as a guarantee that a problem does or does not exist. Specifically, no guarantee is given as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating systems, air conditioning systems, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, it is strongly suggested that a mechanical and/or structural inspection be made by a qualified and licensed contractor, a civil or structural engineer, an architect or other experts.

This appraisal report is based on the assumption that there are no apparent or unapparent conditions on the property site or improvements, other than those stated in the report, which would materially alter the value of the subject. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and standard for the properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment is made in the appraisal as to the adequacy of insulation, the type of

insulation, or the energy efficiency of the improvements or equipment which is assumed to be standard for the subject's age, type and condition.

AMERICANS WITH DISABILITIES ACT:

The Americans with Disabilities Act became effective on January 26, 1992. Unless otherwise noted in this report, I have not made a specific compliance survey or analysis of this property to determine whether or not it is conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, would reveal that the property is not in compliance with one or more requirements of the Act. If so, this fact could have a negative effect on the value of the property as derived in the attached report. Since I have no direct evidence relating to this issue, and since I am not an expert at identifying whether a property complies or does not comply with the ADA, unless otherwise stated in the report, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property. Before committing funds to any property, it is strongly advised that appropriate experts be employed to ascertain whether the existing improvements, if any, comply with the ADA. Should the improvements be found to not comply with the ADA, a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

TOXIC MATERIALS AND HAZARDS:

Unless otherwise stated in the appraisal report, no attempt has been made to identify or report any toxic materials and/or conditions such as asbestos, urea-formaldehyde foam insulation, or soils or ground water contamination on any land or improvements described in the appraisal report. Before committing funds to any property, it is strongly advised that appropriate experts be employed to inspect both land and improvements for the existence of such toxic materials and/or conditions. If any toxic materials and/or conditions are present on the property, the value of the property may be adversely affected and a reappraisal at an additional cost may be necessary to estimate the effects of such circumstances.

SOILS, SUB-SOILS, AND POTENTIAL HAZARDS

It is assumed that there are no hidden or unapparent conditions of the soils or sub-soils which would render the subject property more or less valuable than reported in the appraisal. No engineering or percolation tests were made and no liability is assumed for soil conditions. Unless otherwise noted, sub-surface rights (minerals and oil) were not considered in making this appraisal. Unless otherwise noted, the land and the soil in the area being appraised appeared to be firm, but no investigation has been made to determine whether or not any detrimental sub-soil conditions exist. The appraiser is not liable for any problems arising from soil conditions. Therefore, it is strongly advised that, before any funds are committed to a property, the advice of appropriate experts be sought.

If the appraiser has not been supplied with a termite inspection report, survey or occupancy permit, no responsibility is assumed and no representation is made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained.

The appraiser assumes no responsibility for any costs or for any consequences arising from the need or lack of need for flood hazard insurance. An Agent for the Federal Flood

Insurance Program should be contacted to determine the actual need for flood hazard insurance.

LEGALITY OF USE

This appraisal report assumes that there is full compliance with all applicable federal, state and local environmental regulations and laws, unless non-compliance is stated, defined and considered in the appraisal report. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined and considered in the appraisal report. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state or national government, private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

COMPONENT VALUES

If the total property value set forth in this report is distributed between land and improvements, this distribution applied only under the existing program of utilization as set forth in the appraisal. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.