

December 1, 1999

Ms. Julie Van Reenen
Senior Review Appraiser
Wenatchee National Forest
215 Melody Lane
Wenatchee, WA 98801-5933

RE: Appraisal of 111 Recreational Residence Lots, Located on the Wenatchee National Forest, in the State of Washington.

Dear Ms. Van Reenen:

Pursuant to your request, I have completed a **Self-Contained Complete** appraisal report for the purpose of estimating the Market Value of 111 recreational residence lots, located on the Wenatchee National Forest, and located in the State of Washington. The subject lots were inspected by the appraiser and permittee's during the period May 29, 1999- August 7, 1999 with the last date of inspection by the appraiser being September 15, 1999. The date of this appraisal report is December 1, 1999 and the date of value for each lot is September 15, 1999.

The 111 lots are situated in various summer home recreational residence tracts that are owned- by the United States of Americas and administered by the Forest Service-USDA. The lots are dispersed among six Ranger Districts on the Wenatchee National Forest and are located southerly from Highway 12 (White Pass) to Lake Chelan (to the north). There are a wide variety of influences affecting the lots with the corresponding values reflecting these influences. A summary of the values for each lot is included at the end of this introductory letter as well as in various other portions of this appraisal report:

The Highest and Best Use of each lot appraised is for its permitted use, being a recreation residence lot which cannot be used as a permanent and sole place of residence. Sales of recreational lots in the region were used as the basis for valuing the subject lots, at their highest and best use, with various adjustments applied to account for the differences among the sales and the typical lots.

During the course of this investigation, Martin Healy inspected the subject lots and the comparable sales and considered the economic environment as it currently affects real property values. Consideration was also given to future economic conditions that may influence the overall value of the subject lots. Opinions expressed in this report are based upon an analysis of the sales and other market data as described herein.

The value of each lot was derived by comparing it to other similar sales within its sphere of influence. Typical wooded lots were compared to other wooded lot sales, riverfront lots were compared to other river-influenced sales, and lake-influenced lots were compared to other lake-influenced lot sales in the sphere of influence of each appraised typical lot. This method of evaluation ensures that each typical lot is valued in a correct manner with similar sales in the surrounding region.

Each typical lot was valued using the Sales Comparison Approach to value. This valuation method utilizes real property sales that have similar attributes as the subject property. Since no two properties are identical, adjustments are applied to the sales to account for the inherent differences. Some of the adjustments applied (and for which market data was extracted from numerous sales) were for the age of the sale, size of the sale, access, utilities, and others.

Several of the typical lots have frontage to a river or lake. However, the U.S. Forest Service reserves a 25 foot buffer between the permittee's lot and the lake or river to allow for public access, in' addition to the permittee's access. The practicality of the lot condition is that it is essentially a riverfront or lakefront lot, but, the permittee does not have full and exclusive use of the "buffer strip" between the lot and the water. Due to this situation, the appraiser has applied a downward adjustment varying from 10%-17% of the lot value to account for this condition. The lot permittee has the use of this "buffer strip" area, but so does the public. While this use by the permittee effectively results in a waterfront lot, an adjustment has been applied to account for the fact that others can also use this "buffer strip" area.

Within this report, some of the lots fronting a river or lake have been referenced as being "river front" or "lakefront" lots. If the typical lot has any shoreline improvements (such as a dock, jetty, or improved beach), this will result in the lot being classified as a riverfront or lakefront lot with no "buffer strip" adjustment applied (per directives from the client). If the lot does not have any improvements, then it has been referenced as being "river view/front" or "lake view/front" with the intent being that it is effectively a waterfront lot, and will be appraised using similar sale comparables, although a downward adjustment will be applied to account for the fact that the permitted lot area does not extend all of the way to the high-water line (of the lake or river).

All holder-provided improvements on and to the land (lot) have been identified in the body of this appraisal report, but have been fully excluded from the value conclusions cited herein. Any comparable sales that had some limited improvements were adjusted for this factor in order to provide a truly comparable basis for comparative valuation purposes.

The legal description cited herein for each lot was furnished by the Forest Service and is assumed to be correct.

Julie Van Reenen

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The typical lots, as appraised in this appraisal report, were jointly selected by the Forest Service and the holders, and provided to the appraiser. The lots are assumed typical, unless noted and documented elsewhere in this appraisal report that, in the appraiser's opinion, the selected lots were not representative of the recreation residence tract grouping.

The purpose of the appraisal is to derive a cash market value estimate, of the fee simple interest of the National Forest System land, underlying an area authorized by a permit, but without consideration as to how the permit would, or could, affect the fee title of the lots within a recreation residence tract, or the designated typical lots within a recreation residence tract grouping.

The estate appraised is the unencumbered fee simple title of the typical lots as if held in private ownership, restricted to a recreation residence use, and subject to all applicable local governmental police powers.

The appraiser has no current or prospective interest in the lots being valued. It is estimated the lots would sell within one year at their stated market value assuming aggressive marketing by a competent and experienced sales agent, they were made available for sale, financing being available in the marketplace, and barring any unusual or unforeseen future events in the region.

This **Self-Contained Complete** appraisal report is in compliance with all Uniform Standards of Professional Appraisal Practice CUSP AP) as established by The Appraisal Foundation and The Appraisal Institute and meets all criteria for appraisal reports as established by the Uniform Appraisal Standards for Federal Land Acquisitions.

This **Self-Contained Complete** appraisal report is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice CUSP AP) for a **Self-Contained** appraisal report. As such, it presents complete discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. More detailed information is contained in the files of the appraiser.

Please contact my office if there are any questions or comments concerning the enclosed report. Thank you for the opportunity to be of service to the U.S. Forest Service.

Julie Van Reenen
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Respectfully Submitted,

Martin J. Healy, Jr.
Certified General Real Estate Appraiser
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