



Review of

Review for

Date of Prospective Value

Date of Review

Reviewer(s)

Appraisal Review Report

Swanson Reservoir Cabin/Mobile Home Sites
 Cabin Site No. 15 and Mobile Home Spaces 114 and 28
 Hitchcock County, Nebraska
 Case No. 00010336, IVIS No. R180016

U.S. Bureau of Reclamation Great Plains Region
 Attn: Alex Morgan, Realty Officer
 GP-4300, P.O. Box 36900
 Billings, MT 59107

May 1, 2020

August 13, 2019

Bruce D. Buchan, MAI
 Colorado Certified General Appraiser No. 1313128
Appraisal and Valuation Services Office



United States Department of the Interior

Appraisal and Valuation Services Office

One Denver Federal Center

Building 46, Suite 102

Denver, CO 80225

Transmittal

IVIS Number: R180015

Date: August 13, 2019

Agency Case ID: 00010336 Cabin Site 151 and Mobile Home Spaces 114 & 28

To:

U.S. Bureau of Reclamation Great Plains Region
Attn: Alex Morgan, Realty Officer
GP-4300, P.O. Box 36900
Billings, MT 59107

Subject:

Appraisal Review
Swanson Reservoir Cabin/Mobile Home Sites
Cabin Site No. 15 and Mobile Home Spaces 114 and 28
Hitchcock County, Nebraska
Case No. 00010336, IVIS No. R180016

My review report concerning the appraisal of the above captioned property follows this letter, comprised in these sections:

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The subject of this appraisal consists of a prospective opinion of annual market rent for Cabin Site No. 15 and Mobile Home Spaces 114 and 28. The concluded rent by type are representative benchmarks of the 11 cabin sites and 115 mobile home spaces that are under permit. The appraiser, Elliot Clark, MAI with Clark Real Estate Appraisal, concluded the following annual market rents as of May 1, 2020:

Cabin Site No. 15	\$2,700
Mobile Home Space 114	\$ 900
Mobile Home Space 28	\$ 900

The report includes a hypothetical condition that considers the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.

Based on my review dated August 13, 2019, I **APPROVE** the appraisal for your use.

BRUCE
BUCHAN

Digitally signed by
BRUCE BUCHAN
Date: 2019.08.15
07:00:01 -06'00'

Bruce D. Buchan, MAI
Colorado Certified General Appraiser No. 1313128

Executive Summary

Appraisal		
Appraiser(s)	Elliot Clark, MAI with Clark Real Estate Appraisal	
Property Owner	United States of America	
Property Appraised	Cabin Site No. 15 and Mobile Home Spaces 114 and 28 within Swanson Reservoir State Park, Hitchcock County, Nebraska.	
Real Property Interest	The interest appraised is the annual market rents subject to the cabin lot permit for Cabin Site No. 15 and lot permit agreements for Mobile Home Spaces 114 and 28.	
Extraordinary Assumptions	None	
Hypothetical Conditions	The report includes a hypothetical condition that <i>considers the sites/spaces "as vacant" excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.</i>	
Jurisdictional Exceptions	None	
Highest & Best Use	Construction of a small cabin (Cabin Site No. 15) & placement of single wide mobile homes (Mobile Home Spaces 114 & 28)	
Date of Report	August 13, 2019	
Date of Prospective Value	May 1, 2020	
Market Rental Value	\$2,700	Cabin Site No. 15
	\$ 900	Mobile Home Space 114
	\$ 900	Mobile Home Space 28

Review of the Appraisal	
Client	U.S. Bureau of Reclamation Great Plains Region Attn: Alex Morgan, Realty Officer GP-4300, P.O. Box 36900 Billings, MT 59107
Intended User(s)	U.S. Bureau of Reclamation Great Plains Region
Intended Use	The intended use of the review is to determine whether the client should use the appraisal in their rent negotiations. The appraisal review is not intended for any other use.
Date of Review	August 13, 2019
Review Conclusion	APPROVE

Review Scope of Work

Regulatory Compliance My review development and this review report comply with:

1. USPAP, Standard 3
2. AVSO Valuation Policy Manual (602 DM 1)

Purpose of the Assignment This review concludes the appraisal report's credibility by analyzing the:

1. Completeness of the material presented within the applicable scope of work
2. Accuracy, adequacy, and relevance of the data and propriety of adjustments to the data
3. Appropriate appraisal methods and techniques
4. Appropriateness and reasonableness of the analysis, opinions, and conclusions
5. Current usefulness to the intended users of my review report

Extent of Review *Appraisal Report:* This review consisted of reading the appraisal report, which included verification that the appraisal problem was properly identified and appropriate for the intended use and intended users; a determination if the highest and best use was properly analyzed and supported; spot-checking calculations; and noting items that may have been omitted or confusing to the reader. The appraiser's work file was not examined.

Subject Property: I inspected the subject property with the appraiser and Nikolaus Johanson (representative of the Bureau of Reclamation) on March 13, 2019.

Market Research: Subject Property: I did not verify or confirm the comparable sales data or any other information presented in the work under review. This review does not include information that was not available to the appraiser in his analysis. I examined the documents included in IVIS and conducted general market area research via the internet gaining a basic understanding of the subject region. I did not conduct any independent research of sale or listing data. I did not conduct any independent research of sale, or listing data.

Limiting Conditions

- I do not authorize the out-of-context quoting from, or partial reproducing of this review report.
- I base this review report on information and data contained in the appraisal report.
- I assume that the data contained in the appraisal report are factual and accurate.

- I reserve reconsidering my review conclusions should information become available that contradicts the data relied on in the appraisal report.

Extraordinary Assumptions None.

Hypothetical Conditions None.

Consult with Appraiser *Instructions:* The appraiser was provided a statement of work (SOW), location maps, aerials, photographs, lot surveys, legal descriptions, contacts, rent rolls, and background information. Sample cabin, mobile home and dock/mooring permits were also supplied.

Pre-Work Meeting: A pre work meeting was conducted on March 12, 2019.

Requests for Revision: The initial appraisal was submitted on July 15, 2019. Review comments were forwarded to the appraiser on August 6, 7 and 13, 2019. The suggested comments were considered/ final report received on August 13, 2019. The review is based upon the final report.

Review Analysis

Assignment Instructions Adequate

The appraisal report complied with the assignment instructions as outlined in the statement of work dated July 10, 2018.

Certification Adequate

All USPAP required content is included in appraiser's certification.

Limiting Conditions Adequate

The assumptions and limiting conditions are germane to the appraisal assignment.

Extraordinary Assumptions Not applicable

None

Hypothetical Conditions Adequate

The report includes a hypothetical condition that considers the sites/spaces "as vacant" excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market. This is consistent with instruction in the statement of work.

Jurisdictional Exception Not applicable

None

Scope of Work Adequate

The appraisal report identified the appraiser's scope of work and met USPAP scope of work rule requirements for the appraisal assignment (pages 11-15 of report). The scope of work section is adequate and includes the necessary components for a creditable assignment.

Client Adequate

The appraisal report correctly identifies the United States Department of Interior, Appraisal and Valuation Services Office as the client.

Intended Users Adequate

The report identifies the Great Plains Region USBR on behalf of the United States of America and the Nebraska Game and Parks Commission as intended users.

Intended Use Adequate

The intended use identified in the appraisal report is consistent with the statement of work – to assist the Great Plains USBR and Nebraska Game & Parks Commission with setting annual rental rates for the subject properties. The appraisal report is not intended for any other use.

Date of Value Adequate

The prospective date of value is May 1, 2020, which is consistent the SOW.

Date of Report Adequate

The date of the report is August 13, 2019, which appears to represent the end of the analysis and opinions conveyed. Due to the 2018/2019 government shutdown, the submission of the report was delayed beyond the 30-day requirement from the date of the last inspection.

Definition of Market Value Adequate

Market Rent applied in the appraisals must complies with 43 C.F.R. Part 2920.8(a), which requires that:

“The rental shall be based either upon the fair market value of the rights authorized in the land use authorization or as determined by competitive bidding. In no case shall the rental be less than fair market value.”

The appraisal report correctly uses the market rent definition from The Dictionary of Real Estate, 6th Edition (Appraisal Institute, 2015).

**Property Rights
Appraised** Adequate

The document identifies the property rights appraised as *the prospective annual market rents subject to the Cabin Lot Permit for Cabin Site No. 15 and Lot Permit Agreements for Mobile Homes Spaces 114 and 28*. This section of the report is complete/accurate and consistent with the statement of work.

Legal Description Adequate

The report correctly identified the legal descriptions of the subject as provided to the appraiser in the statement of work.

Contact with Owner Adequate

The appraiser interviewed Nikolaus Johanson, the representative of the Bureau of Reclamation.

Property Inspection Adequate

The appraisal report identifies the date of inspections as March 13, and April 16, 2019. It also indicates that Bruce D. Buchan, MAI (Review Appraiser) and Nikolaus Johanson (representative of the Bureau of Reclamation) accompanied the appraiser in the inspection. The inspection was adequate for the scope of work leading to a credible appraisal.

**Location and
Neighborhood** Adequate

The regional and neighborhood data is informative and relevant to the current valuation. The appraiser's conclusions as to trends in the local market are brief, but adequate given the complexity of the assignment.

**Property
Description** Adequate

The appraisal provides an adequate description of Cabin Site No. 15 and Mobile Homes Spaces 114 and 28. The report incorporates a discussion of each property and provides photos, aerials, maps, surveys, and visual aids to identify the important physical features.

Legal and Physical Access

Adequate

The properties have legal and physical access that are addressed on page 28 of the report.

Use, Rent, and Sale History and Analysis

Adequate

The appraisal report provided a use, sale, and rental history of the subject that meets USPAP requirements. The properties are under the ownership of the United States. No arm's length sale transactions have occurred in the past three years and the properties are not listed for sale nor under contract. Cabin Site No. 15 is occupied by a private party via long-term permit (5 years) with the Nebraska Game and Parks Commission that expires on April 30, 2020. The original lease commenced in 1995 and the current lease is the final 5-year renewal option of the original lease. The annual lease rate is \$544 (report considers below market) with the permittee responsible for the utility costs to the improvements, costs for construction and maintenance of any improvements, costs for sanitation and waste disposal, and costs (shared with other permittees) for road maintenance. Mobile Home Spaces 114 and 28 are renting for \$950 (No. 114) and \$900 (No. 28) monthly (1-year term) with the permittee responsible for the utility costs to the improvements and costs for sanitation and waste disposal. The concessionaire supplies water (a community system) from March 15th through October 15th each year. Trash dumpsters and free parking for a single watercraft are provided.

The subject properties have been used as cabin sites or mobile home spaces for many years. No evidence was found the subject sites/spaces were marketed for sale during the three years prior to this report date.

Tax Assessment Analysis

Adequate

This section of the report indicates the cabin sites/mobile home spaces are tax exempt in Hitchcock County since the land is under the ownership of the United States. Leasehold improvements are taxed, however not relevant to the assignment (estimation of market rental rates of the sites/spaces).

Zoning and Land Use Restrictions

Adequate

The appraisal provides a thorough review of land use restrictions by the governing agencies. The cabin site/mobile spaces are zoned AG-G (General Agriculture) by Hitchcock County. The classification allows

detached homes, mobile homes and agricultural uses. -conforming use by the county and the cabin site as platted is consistent with governing zoning. The report further addresses the land use restrictions imposed by the Nebraska Game and Parks Commission and mobile home concessionaire (pages 29-32).

Valuation

Highest and Best Use Estimate

Adequate

The highest and best use discussion within the appraisal report provides a relevant analysis of the legal, physical, financially feasible, and maximally productive criteria of the properties given the complexity of the assignment. The properties are zoned AG-G (General Agriculture). The cabin site and mobile home spaces are in conformance with governing zoning. The analysis correctly addresses the land use restrictions imposed by the permittors and the report concludes the highest and best use “as if vacant” for Cabin Site No. 15 is for the for the construction of a single family residence for seasonal use and the placement of a single wide mobile home on Mobile Home Spaces 114 and 28.

Larger Parcel Determination

Not applicable

Mobile Home Spaces 114 and 28 Valuation

Selection of Approaches to Value

Adequate

The appraisal appropriately applies elements of the income capitalization approach to estimate the market rent of the two mobile home spaces. Sufficient “arm’s length” mobile home space lease comparables were located enabling the report to apply a head-to-head analysis and adjust for similarities and differences. The report identifies this technique as the comparable lease analysis.

Comparable Rentals Selection

Adequate

The report provides a reasonable discussion of the extent and results of the appraiser’s rental search. The report indicates a paucity of comparable leases in the subject marketplace making it necessary to expand the search geographically outward to other lakes/reservoirs in western Nebraska. The search yielded six mobile home leases comparables to the subject spaces. The singlewide spaces enjoy

varying views/amenities and are situated at Lake McConaughy, Medicine Creek Reservoir or Lake Minatare. The comparables are within short walking distance to their respective shoreline.

**Comparable Rentals
Description**

Adequate

The comparable descriptions (pages 77-82) provide adequate factual data of the rentals including the location, maps, aerial, space description, lake/area features, dock availability, amenities, access, occupancy, lease terms, rents, expense responsibility, concessionaire, confirmation information, use restrictions, and utility/water availability as well as a photographs.

**Adjustment
Characteristics**

Adequate

The appraisal sufficiently considers and addresses the factors that influence the rents of the comparable properties.

**Adjustment
Methodology**

Adequate

Due to the limitations of the available market data, there is no matched paired analyses to obtain adjustments. As a result, the appraisal methodology primarily relies on qualitative adjustments that employs a bracketing technique. The technique is a reasonable methodology when the availability comparable rental data is limited.

**Unit of
Measurement
(GBA/NRA/UA)
Selection**

Adequate

The estimated market rents are based on the annual rental per space for a singlewide mobile home.

Market Conditions

Adequate

The report considers a quantitative adjustment for market conditions (escalations) for the lapse of time between the August 13, 2019 date of report and the May 1, 2020 prospective date of value. The appraisal found no definitive support to credibly develop an adjustment in this category.

Lease Term

Adequate

The six comparables are leased for one-year terms. No adjustment is required for this category.

Escalations Adequate

Since the leases for the subject and six comparables are for one-year terms, the concessionaire may increase the rent annually at their discretion. No adjustments are required.

Property Use Restrictions Adequate

The subject space and the six comparables are for seasonal use with the community water turned off at the end of the season. No adjustment is needed for this category.

Location Adequate

The comparables are in rural areas within parks and are located in Nebraska. The rentals have similar travel time distances to population centers and no locational adjustments are correctly applied.

Lake Water Surface Adequate

The report indicates the subject reservoir has less surface area than the comparables. No market evidence was located suggesting that lake surface area affected lease rates. As a result, no adjustment are applied to this category.

Location on Lake Adequate

Nos. 1, 2, 3, 4 and 6 have similar lake orientation as the subject, whereas No 5, Otter Bay, has limited access to deep water and is inferior. This resulted in an upward qualitative adjustment applied to No.5.

Physical Characteristics Adequate

Pad Size, Spacing and Infrastructure:

This category accounts for pad spacing, site layout, design, and overall park attributes. The report recognizes the similarities and differences between the subject and comparable lot types by the use of qualitative adjustments. The reviewer considers the adjustment a reasonable reflection of market behavior.

Views:

The appraisal reports none of the competing mobile home parks charged different rates for spaces with differing lake views (page 84). No adjustment is applied for this category.

Access:

The subject mobile home park has access from paved Recreation Road 44B. The comparables have similar access attributes and no adjustments are to this category

Utilities:

The rental comparables have access to electricity and telephone (tenant's responsibility). No adjustment are required for this category.

Sewer/Water:

The subject (No. 1) is connected to community water (included in rent) and is serviced by individual septic systems that is the responsibility of the permittee. The report deems Nos. 1, 2, and 5 as equivalent, whereas Nos. 3, 4 and 6 include community water and sewer systems that service each space. Those comparables are superior and downward qualitative adjustments are correctly applied.

Non Realty Components:

There are no non-realty components associated with the subject or comparables.

Boat Dock/Ramp Availability:

This category is omitted in the analysis, however Nos. 1, 3 and 4 have dock spaces available from the concessionaire for an additional charge and the remaining comparables are in close proximity to launching ramps/storage. The lack of this omission has little impact on the assignment results.

The report provided a reasonable discussion of the differing amenities when compared to the subject.

**Rental Value
Reconciliation**

Adequate

The six comparables reflect a range of annual rents for Spaces 114 and 28 prior to adjustments from \$875 to \$2,400 for 2019. After accounting for quantitative and qualitative adjustments a bracket from equal to \$875 to \$900 annually (Nos. 2 and 5) and more than \$1,200 to \$2,400 (Nos. 1, 3 and 4) is indicated as of May 1, 2020. No. 6 at \$924 per season is not considered "arm's length" resulting in no weight applied in the analysis. Nos 3 and 4 (\$2,200 and \$2,400 per season) set the upper limit of rent and are correctly considered substantially superior due to being connected to community sewer (versus the permittee being responsible for and onsite septic system) and spacing/infrastructure associated with the park. Excluding those rentals, a bracket from less than \$1,200 (No. 1) and equivalent to \$875 to \$900 (Nos. 2 and 5) per season is suggested. The report places most

weight on No. 2 (subject) at \$900. The appraisal concludes the annual market rent at \$900 for Space 114 and 28 as of May 1, 2020.

The market rent is based on the terms and conditions of the sample permits provided with the assignment as well as the hypothetical condition that considers the sites/spaces “as vacant” excluding the improvements specified in the sample permits, coupled with the properties being available for rent on the open market.

The reconciliation between the approaches is not necessary since only elements of the income capitalization approach is applied, which is typical of a market rental analysis assignment.

Cabin Site No. 15 Valuation

Selection of Approaches to Value

Adequate

The appraisal appropriately applies elements of the income capitalization and sales comparison approaches to estimate the market rent of the cabin site. Unlike the mobile home spaces, there was insufficient “arm’s length” cabin site leases in the market area needed to prepare a creditable result. As a result, the report incorporated a ground lease rate of return analysis that applies elements from the sales comparison and income capitalization approaches. This methodology estimates the market value of the cabin site as if vacant (sales comparison approach) and applies a market derived ground lease rate of return (income capitalization approach) resulting in an indication of market rent.

Analysis of Subject Previous Sales

Adequate

The appraisal reported no previous sale.

Comparable Sales Selection

Adequate

The appraisal provides a comprehensive discussion of the extent and results of the sales search for vacant sites similar to the subject. The report indicates a paucity of comparable transactions in the subject marketplace making it necessary to expand the search geographically outward to other lakes/reservoirs in western Nebraska. The survey yielded five sales considered similar to the subject property. The lots enjoy

varying views/amenities and situated at Lake McConaughy, Medicine Creek Reservoir or Lake Minatare. The sites range from 0.17 to 0.95 acres and sold within 36 months of the date of the report.

Comparable Sales Adequate
Description

The comparable sale descriptions (data sheets) provide adequate factual data of the sales, including the document identification number, location, legal, access, tax ID, sale date, sale price, financing, grantor/grantee, marketing time and intended use. Furthermore, the report includes the property rights conveyed, buyer/seller, confirmation information, remarks, land area, topography, view, lake access, flood plain, improvement contribution, zoning, and utility availability as well as photographs, aerials, maps and site depictions.

Adjustment Characteristics Adequate

The report includes a thorough discussion of the comparative elements with both transactional and physical adjustments addressed. The elements are adequately covered in the adjustment grid (page 103).

Adjustment Methodology Adequate

Qualitative adjustments are primarily relied upon in the analysis given the sparse data environment. The adjustments are reasonable and relevant. The report provides a reasoned and relevant discussion of the various adjustment categories, which is helpful to the reader especially in the definition of the magnitude of the adjustment. The report did incorporate a quantitative adjustment to account for the improvement contribution on Comparable No. 4. Furthermore, the report attempted to apply a qualitative adjustment for the access/view category by pairing five lot sales ranging in price from \$40,000 to \$105,000 located in the Bayside community at Lake McConaughy (page 64). The unsuccessful analysis (lakefront versus interior setting) is adequately addressed (page 105) and correctly concludes the available market data is insufficient within the community to apply a creditable quantitative adjustment.

Unit of Comparison Selection Adequate

The sale price per site is employed in the analysis, which is an accepted unit of comparison in detached site valuations in the subject marketplace. The report further indicates buyers and sellers in the marketplace evaluate vacant residential properties based upon the sale price rather than the price per acre. The appraisal includes a thorough analysis of which of these units is most consistently expressed by the market.

Transactional Adjustments

Property Rights Adequate

The property rights conveyed represented fee simple estate with no adjustments required. This is accurately conveyed.

Financing Terms Adequate

All of the comparables are cash to seller transactions and no adjustments are warranted for this category.

Conditions of Sale Adequate

Nos. 1, 2, 3 and 4 are typical of the market (arm's length) with no adjustments required. Comparable No. 5 includes an assemblage of two contiguous lots acquired from separate sellers at different sale dates. The purchaser indicated a premium paid for this condition (unable to quantify amount). Due to this condition, the report correctly applies an upward qualitative adjustment to No. 5 for this category. The reviewer considers the adjustment a reasonable reflection of the market behavior.

Expenditures After Purchase Adequate

No expenditures after the purchase are identified in the analysis.

Market Conditions Adequate

The five comparables utilized in the analysis sold within the past 36 months from the August 13, 2019 date of report. The

date of sale reported on the analysis grid (No. 4) does not match the sale date on the sales data sheet. The report suggests the available market data (MLS and County Records) did not support a downward or upward adjustment for the lapse of time (May 1, 2020 prospective date of value) resulting in no adjustment applied to this category. Though meagerly supported, this assertion is reasonable.

Property Adjustments

Location Adequate

The comparables used in the analysis are deemed to have similar rural locational attributes and the report appropriately did not apply adjustments for this category.

Physical Characteristics Adequate

Boat Dock Permit:

The subject has shoreline docking availability, whereas all of the comparables lack this amenity and rely on renting slips in nearby marinas. Qualitative inferior adjustments are applied to the comparables.

Lake Water Surface Area:

No market evidence suggesting the lake surface area affected sale prices. As a result, no adjustment is applied to this category.

Access to Lake and View:

The subject cabin site is close in proximity to the reservoir with favorable lake views. Comparable Nos. 4 and 5 share the same attributes as Cabin Site No. 7, while No. 1 includes a superior Lake McConaughy view/setting. Nos. 2 and 3 have less desirable access and inferior views. Upward and downward qualitative adjustments are correctly applied for these characteristics.

Lake/Neighborhood Amenities:

Comparable Nos. 4 and 5 share similar amenities as the subject, whereas Nos. 1, 2 and 3 benefit from a golf course in

the community. Upward qualitative adjustments are applied for this characteristic.

Vehicular Access:

The property and comparables have similar unpaved access and considered equivalent.

Shape:

All of the comparables have functional shapes. No adjustment is applied for this category.

Topography:

The property varies in topography and includes a level portion suitable for improvements. The comparables are all predominantly level and are generally considered equivalent.

Size:

The subject contains approximately 0.50 acres, while Land Sale Nos. 1, 2 and 3 at 0.92, 0.951 and 0.92 acres are similar in area. Nos. 4 and 5 at 0.17 and 0.22 are smaller and the report correctly applies downward qualitative adjustments.

Easements/Encumbrances Affecting Value:

There are no known easements/encumbrances affecting the subject or comparables

Utilities and Water/Sewer

Like the subject, all of the comparables have similar access to electricity and telephone. The cabin site (if vacant) and all of the comparables require construction of an individual well and septic systems prior to residential construction. No adjustments are required for this category.

Economic Characteristics Not applicable

The sales in the analysis are not leased (acquired for income potential).

Use and Zoning Adequate

The comparables and the subject are zoned to accommodate detached residences. The governing cabin site permit has restrictions on use (permanent residency restriction) and home

size (700 square feet limitation). The comparables include yearlong use of the home sites and there are minimal restrictions on building size. Due to this condition, the report correctly applies downward qualitative adjustments to all five transactions.

**Contribution of
Improvements and Non-
Realty**

Adequate

No. 4 represents an improved sale with the contribution of the improvements estimated at \$110,182 of the \$151,000 sale price. The report applies the Marshall Valuation Service to arrive at the contribution of the home (page 100) and accounted for profit incentives/accrued depreciation. The downward quantitative adjustment is appropriately applied in the analysis grid (page 103).

**Cabin Site “As Vacant”
Reconciliation**

Adequate

The unadjusted land sales range from \$40,000 to \$151,000 per site. The comparables are situated on reservoirs within Nebraska and enjoy varying views. The sales are in rural locations and range in size from 0.17 to 0.95 acres in size.

The appraisal discusses the reliability of the data used along with the rationale for the final value conclusion. After accounting for quantitative adjustments, including the improvement contribution of No. 4, an adjusted range of value from \$40,000 to \$75,000 is reflected for the subject “as vacant”. The report suggests that Nos. 5 and 1 at \$57,500 and \$75,000 per site are superior, while No. 4 at \$40,818 is inferior. Most weight is applied to Nos. 2 and 3 (require the fewest adjustments) with the appraisal indicating a tight bracket between \$40,000 and \$50,000. The report reasonably concludes the market value of the cabin site “as vacant” at \$45,000.

The value is supported by the sales utilized in the appraiser’s analysis and the report reflects the appraiser’s best judgement and logic.

**Ground Rent Rate of
Return**

Adequate

In order to arrive at the annual market rent of Cabin Site No. 31, the report applies a ground rent rate of return of 6.00% to

the previously estimated value of the cabin land “as vacant “. The rate is based upon the 2nd Quarter 2019 RealtyRates.Com Investor Survey of Land Leases that presents capitalization rates of variety of property types. This is supplemented by ground lease rates of return utilized by governmental agencies to derive cabin site rents. The Realty Rates survey presents rates of return of variety of property types derived from actual ground leases. The report suggests the lodging category from the Realty Rates survey is most applicable to the subject cabin site (rates ranging from 2.95 % up to 16.26% with an average of 7.76%). The rates provided by the governmental entities, which are not abstracted from actual sales, range from 3.50 to 6.50%. The appraisal suggest a rate of return bracket from 5.00% (reported by the majority of governmental agencies) and 7.76% (average of survey respondents for Lodging) and adopts 6.00% ground rent rate of return. The support for the rate is meager/weak and additional market support from rates of return abstracted from ground lease sales in the Nebraska marketplace would be ideal. Furthermore, given the residential nature of the subject, the apartment category is better suited (rates ranging from 2.79 % up to 10.86% with an average of 6.80%) and further supports the 6.00% rate conclusion.

Cabin Site Rental Value Reconciliation

Adequate

There was insufficient “arm’s length “cabin site leases in the market area needed to prepare a creditable result. As a result, the report incorporated a ground lease rate of return analysis that applies elements from the sales comparison and income capitalization approaches. This methodology estimates the market value of the cabin site as if vacant (sales comparison approach) and applies a market derived ground lease rate of return (income capitalization approach) resulting in an indication of market rent. The report concludes the annual market rent for Cabin Site No. 15 at \$2,700 as of May 1, 2020 (Site Value As Vacant \$45,000 X 6.00% Rate of Return).

The market rent is based on the terms and conditions of the sample permits provided with the assignment as well as the hypothetical condition that considers the sites/spaces “as vacant” excluding the improvements specified in the sample

permits, coupled with the properties being available for rent on the open market.

Review Conclusion

Completeness and Accuracy of the Material Presented

The document is complete and includes the necessary components needed for compliance. The market rent appraisal identified and explains all major elements of consideration necessary in the appraisal process for the appraisal assignment and correctly apply industry valuation standards. There are no omissions or errors that would impact the completeness and accuracy of the value conclusions.

Adequacy and Relevance of the Data and Propriety of Adjustments

The appraisal problem is identified and the regional and neighborhood data is adequate and relevant. Furthermore, the physical characteristics of the subject property are reasonably described with sufficient exhibits to illustrate the facts at hand and those relevant to value were appropriately examined. It is the reviewer's opinion that the data contained in the appraisal report is adequate and relevant, and that the adjustments are adequately presented and applied. The appraisal relies on five mobile home lease comparables for direct comparison to the subject mobile home spaces that were at "arm's length" and recently negotiated. There was insufficient "arm's length" cabin site leases in the market area needed to prepare a creditable result and the report relied upon the ground lease rate of return analysis. The cabin site analysis relies on five lot sales for direct comparison to the subject site and applied a rate of return derived from actual ground leases (national survey) supported by rates commonly relied upon by governmental agencies for cabin site market rent determinations. The lot sales are situated on Nebraska reservoirs with similar locational and physical characteristics, offering good relevancy. The comparables are timely and occurred within 36 months of the date of report. The report supports the evidence that the appraiser conducted an adequate market search and present and relevant data.

Appropriateness of Appraisal Methods and Techniques

The appraisal appropriately applies elements of the income capitalization and sales comparison approaches to estimate the market rent of the two mobile home spaces and cabin site. Sufficient "arm's length" mobile home space lease comparables were located enabling the report to apply a head-to-head analysis and adjust for similarities and differences. Unlike the mobile home spaces, there was insufficient "arm's length" cabin site lease comparables in the market area needed to prepare a creditable result. As a result, the report incorporated a ground lease rate of return analysis that applies elements from the sales comparison and income capitalization approaches. This methodology estimates the market value of the cabin site as if vacant (sales comparison approach) and applies a market derived ground lease rate of return (income capitalization approach) resulting in an indication of market rent.

Qualitative adjustments are primarily used in the analysis of the mobile home spaces and cabin site. The report applied adjustments that are appropriate and discussed in detail. Quantitative adjustments are employed to account market conditions as well as estimating the improvement

contribution of a land sale in the cabin site valuation. Given the nature of the market rent appraisal assignment, the appraisal correctly used elements of the Sales Comparison and Income Capitalization Approaches. The Cost Approach was not applied; however, elements are adopted in deriving quantitative adjustments.

Appropriateness and Reasonableness of the Analysis, Opinions, and Conclusions

The conclusions and analyses within the appraisal appear to be reasonable and appropriate. The quality and quantity of data presented is sufficient to form a creditable opinion. The highest and best use has appropriate support from the foundational analysis and description of the neighborhood, site, and land use restrictions. In turn, it leads a reasonable conclusion by the appropriate use of only the sales comparison approach. It is my opinion is that the analyses, opinions, and conclusions are appropriate and reasonable.

Date of Review Report

August 13, 2019

Reliability of Value Conclusion as of the Date of Review Report

The August 13, 2019 date of report (May 1, 2020 prospective date of value) and August 13, 2019 date of review is current. As a result, I accept and approve the appraisal report for the stated intended use.

Conclusion

APPROVE

Reviewer Certification

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

- The facts and data I reported and used in the review process are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions, limiting conditions, and legal instructions, and are the personal, impartial, and unbiased professional analyses, opinions, and conclusions of the appraiser.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. Although the United States Department of the Interior is my employer, I am acting without prejudice towards that party.
- I have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
- My engagement on this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- My analysis, opinions, and conclusions were developed and this review report was prepared in conformity with the Uniform Appraisal Standards for Federal Land Acquisitions.
- My appraisal review and review report preparation conform with the Appraisal Foundation's Uniform Standards of Professional Appraisal Practice except to the extent that the Uniform Appraisal Standards for Federal Land Acquisitions require invocation of USPAP's Jurisdictional Exception Rule, as described in Section D-1 of the Uniform Appraisal Standards for Federal Land Acquisitions.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within a three-year period immediately preceding acceptance of this assignment.
- No one provided me significant appraisal review assistance.
- I have not made a personal inspection of the subject property under review.
- I have not made a personal inspection of the comparables cited in the appraisal report under review.
- I have not verified the factual data presented in the appraisal report reviewed.

BRUCE
BUCHAN
Digitally signed by
BRUCE BUCHAN
Date: 2019.08.15
07:01:36 -06'00'

August 13, 2019

Bruce D. Buchan, MAI
Colorado Certified General Appraiser No. 1313128

Reviewer Qualifications

BRUCE D. BUCHAN, MAI

License: Colorado Certified General Appraiser No. 1313128

Education: University of Washington, B.A. in Urban Planning/Development, 1978
AIREA Courses 1A, 1B, II-1, II-2, II-3, & VII
CCIM Course 101
Appraisal of Nursing Homes
Appraiser Regulations Seminar
Appraising from Blueprints & Specifications
Business Practices and Ethics
Depreciation Analysis
Discounted Cash Flow Analysis
Fair Lending & The Appraiser
Fundamentals of Separating Real Property, Personal Property, & Intangible Business Assets
Hotel/Motel Valuation
Industrial Properties
Rates, Ratios, and Reasonableness
Residential Review
Review Theory General
Stigmatized Properties/Preparing for Litigation
Subdivision Analysis
Transit Oriented Development
Uniform Appraisal Standards for Federal Land Acquisitions
USPAP Update
Valuation of Partial Acquisitions
Water Law I and II

Employment: **U.S. Department of Interior, Office of Valuation Services**
Review Appraiser
May 2016 to Present

Intermountain Commercial Appraisal Group, Denver/Littleton, CO
(Formerly Intermountain Consultants)
President of the full-service valuation and consulting firm
1983-1985; 1987-2004; 2006-2015

Asset Valuation Advisors, LLP, Denver, CO
Partner in the full-service firm
2004-2006

Laventhol & Horwath, Denver and San Francisco offices
Senior Manager, Appraisal and Leisure Time Industry Consulting Division
1985-1986

Independent Fee Appraiser, Denver, CO and Seattle, WA
1978-1983

Court Testimony: Qualified as an expert witness with the United States Bankruptcy Court; the Denver, Arapahoe, Adams, and Eagle District Courts; and the Colorado State Board of Assessments

Organizations: Member, Appraisal Institute - MAI Designation