

**APPRAISAL REPORT  
REAL ESTATE APPRAISAL**

**Of**  
North Franklin Parking Lot



310 and 324 Second St, Juneau  
AK, 99801

**As of**  
April 30, 2014

**Prepared For**  
Ms. Jessica Beck  
CBJ  
155 S. Franklin St  
Juneau, AK, 99801

CBJ Purchase Order # **105025**

**Prepared by**  
RAMSEY APPRAISAL RESOURCE  
Roger Ramsey, Alaska-AA 570

**File Name:**  
RAR File# 14-022

## RAMSEY APPRAISAL RESOURCE

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May 15, 2014

Ms. Jessica Beck  
CBJ  
155 S. Franklin St  
Juneau, AK  
99801

Re: Appraisal Report, Real Estate Appraisal  
North Franklin Parking Lot  
310 and 324 Second St, Juneau,  
AK, 99801

File Name: RAR File# 14-022

Dear Ms. Beck:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject property is currently known as the North Franklin parking lot.

Please reference page 9 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 7). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.



Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

**Current As Is Market Value:**

The “As Is” market value of the Fee Simple estate of the property, as of April 30, 2014, is

**Five Hundred Thirty Thousand Dollars (\$530,000)**

The market exposure time preceding April 30, 2014 would have been 2 months and the estimated marketing period as of April 30, 2014 is 6 months.

Respectfully submitted,  
Ramsey Appraisal Resource

Roger Ramsey,  
Alaska-AA 570

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## Summary of Important Facts and Conclusions

### GENERAL

<b>Subject:</b>	North Franklin Parking Lot 310 and 324 Second St, Juneau, AK, 99801  The subject property is currently known as the North Franklin parking lot.
<b>Owner:</b>	CBJ
<b>Legal Description:</b>	Lot 1 and the southeast 20 feet, measured on the lot line, of Lot 8, Block 11. Also Lot 2 and the southwest half of Lot 3, Block 11. Townsite of Juneau, Juneau Recording District
<b>Date of Report:</b>	May 15, 2014
<b>Intended Use:</b>	The intended use is for portfolio management and setting a sales price for potential sale..
<b>Intended User(s):</b>	The CBJ and potential buyers.
<b>Sale History:</b>	The subject sold for \$1,056,000 on March 3, 2003. The subject property was purchased through a trade agreement. The assessed value of the subject was \$1,071,700, as improved with a commercial building and an apartment building. The assessed value of the parcel traded for was \$1,056,000. After acquisition the buildings were razed and the parking lot built.

**Land:**

<b>Land Summary</b>						
<b>Parcel ID</b>	<b>Gross Land Area (Acres)</b>	<b>Gross Land Area (Sq Ft)</b>	<b>Usable Land Area (Acres)</b>	<b>Usable Land Area (Sq Ft)</b>	<b>Topography</b>	<b>Shape</b>
1C070A110010,	0.11	4,913	0.11	4,913	Level	Site shape
1C070A110020	0.17	7,369	0.17	7,369	0	0
1C070A110140	0.02	979	0.02	979	0	0
Totals	0.30	13,261	0.30	13,261		

Notes:

**Zoning:** MU

**Highest and Best Use of the Site:** Mixed use

**Type of Value:** Market Value

<b>VALUE INDICATIONS</b>	
<b>Sales Comparison Approach:</b>	\$530,000

<b>Reconciled Value(s):</b>	<b>As Is</b>
Value Conclusion(s)	\$530,000
Effective Date(s)	April 30, 2014
Property Rights	Fee Simple

## Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser(s) may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Ramsey Appraisal Resource. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.

No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, was not called to the attention of the appraiser nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances. The presence of such hazardous substances may affect the value of the property. The value opinion developed herein is predicated on the assumption that no such hazardous substances exist on or in the property or in such proximity thereto, which would cause a loss in value. No responsibility is assumed for any such hazardous substances, nor for any expertise or knowledge required to discover them.

Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.

It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) Ramsey Appraisal Resource's regular per diem rate plus expenses.

Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.

**Americans with Disabilities Act (ADA) of 1990**

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. Ramsey Appraisal Resource has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**



## Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Ms. Jessica Beck, -- CBJ. The problem to be solved is to estimate the 'as is' market value of the subject property. The intended use is for portfolio management and setting a sales price for potential sale.. This appraisal is intended for the use of CBJ and potential buyers..

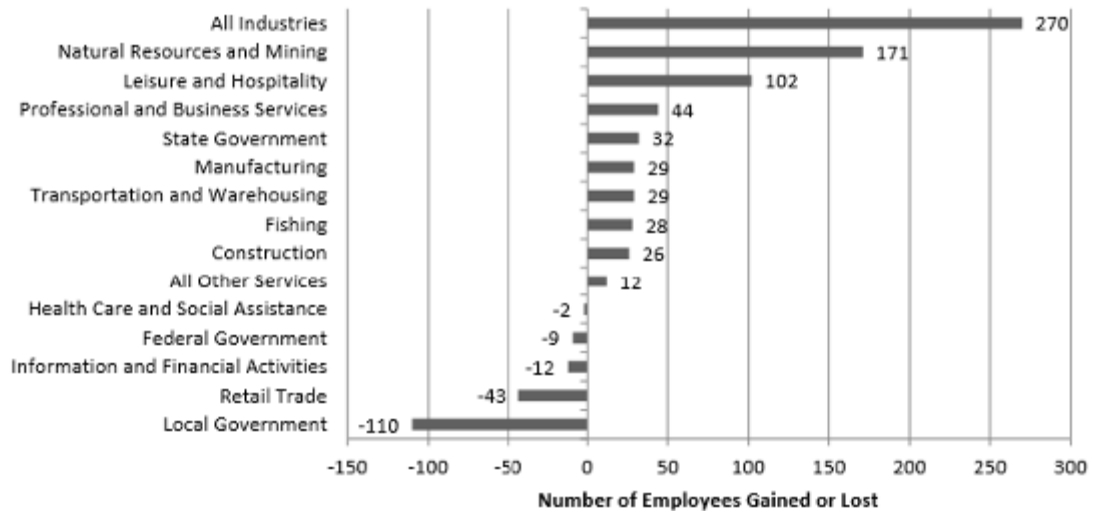
SCOPE OF WORK	
Report Type:	This is a Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	An inspection of the subject property has been made on April 30th, and photographs taken.
Market Area and Analysis of Market Conditions:	A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.
Highest and Best Use Analysis:	A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value: <u>Valuation Analyses</u>	Market Value

Cost Approach:	A cost approach was not applied as The subject property is vacant land and the cost approach is not relevant
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.
Income Approach:	An income approach was not applied as the subject is an income producing property and there is adequate data to develop a value estimate with this approach.
Hypothetical Conditions:	<ul style="list-style-type: none"><li>• There are no hypothetical conditions for this appraisal.</li></ul>
Extraordinary Assumptions:	<ul style="list-style-type: none"><li>• There are no Extraordinary Assumptions for this appraisal.</li></ul>

## Market Area Analysis

The following market analysis is developed from the 2013 Report published by Juneau Economic Development Council. This report is relied on by most all investors in the Juneau market. I have taken screen shots of the most telling graphs from that report and commented on what these graphs mean to the general Juneau economy.

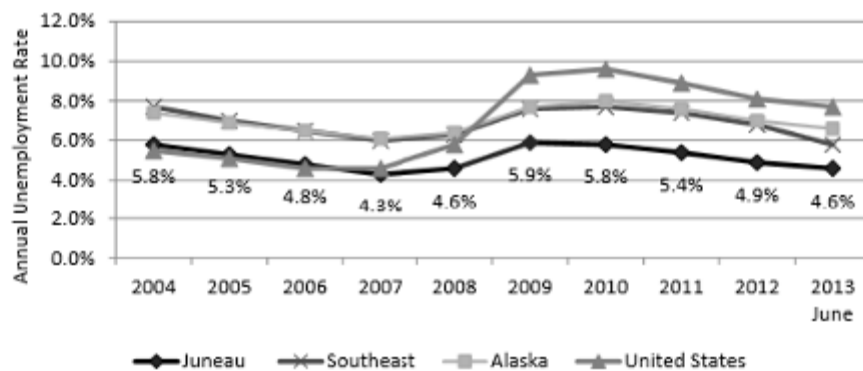
**Figure 6: Jobs Gained or Lost by Industry, 2011-2012**



Source: Alaska Department of Labor and Workforce Development, 2012 Quarterly Census of Employment and Wages; McDowell Group "Economic Value of the Alaska Seafood Industry" Report, 2013

As can be seen in the graph above the private sector has been at the forefront of Job growth. This is very healthy for the Juneau economy.

**Figure 18: Annual Unemployment Rate Trend 2003-2013 (Not Seasonally Adjusted)**

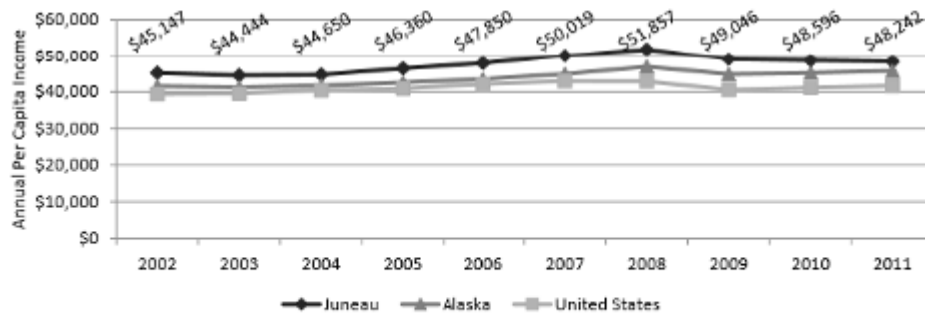


Source: Alaska Department of Labor and Workforce Development, Research and Analysis Section, Employment and Employer Data

Juneau has a low unemployment rate and has been on a lowering trend for the last 4 years. With mining, fishing and tourism doing well, this trend should continue.

during this period, which effectively lowers the per capita income. Since 2009 the per capita personal income has been growing slower than inflation, which means that Juneau is losing spending power, as shown in Figure 19. Juneau currently has a higher per capita income than the State and the U.S. (\$45,665 and \$41,560 respectively), but both Alaska and the U.S. are on a slow but steady increase. If the current trends continue, Alaska will have a higher per capita income than Juneau by 2015, and the U.S. will overtake Juneau by the end of the decade.

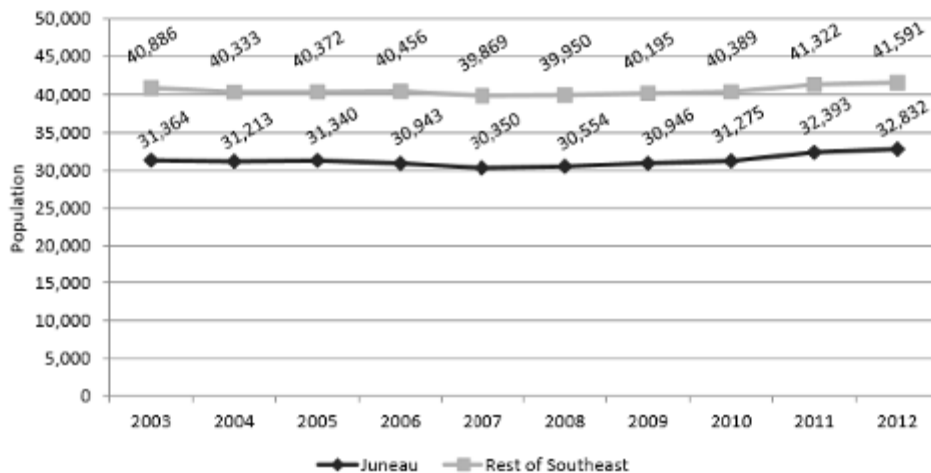
**Figure 19: Per Capita Annual Personal Income, 2001-2011 (In 2011 Inflation-Adjusted Dollars)**



Source: U.S. Bureau of Economic Analysis, Regional Data, Local Area Personal Income

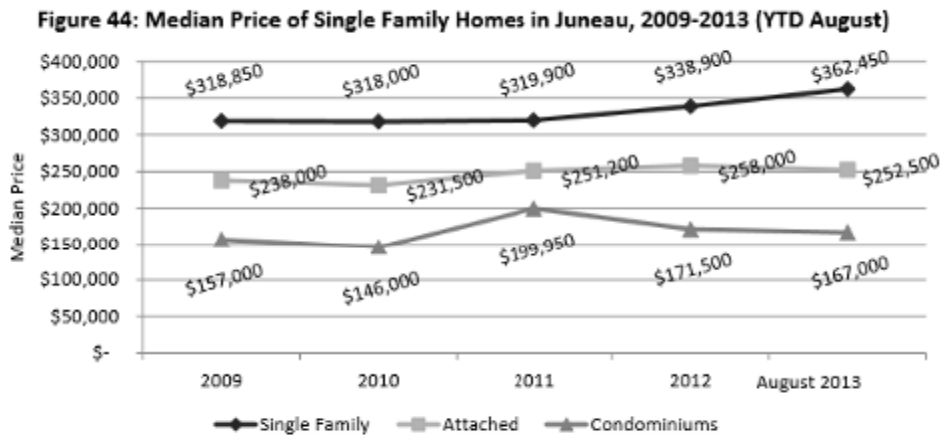
The interesting info in the screen shot above is that inflation is growing faster than income. Over time this will erode spending power and have an overall negative effect on the populations disposable income.

**Figure 28: Juneau and Southeast Alaska Population, 2003 – 2012**

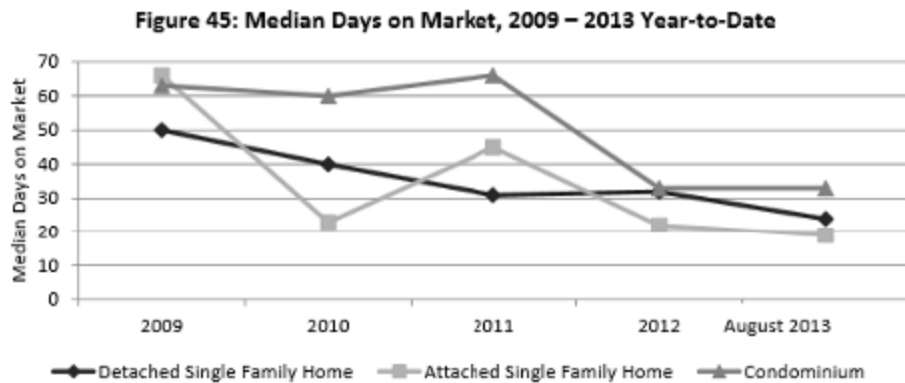


Source: Alaska Department of Labor and Workforce Development, Research & Analysis, Population Estimates, Economic and Regions and Boroughs/Census Areas, "Components of Change" Dataset

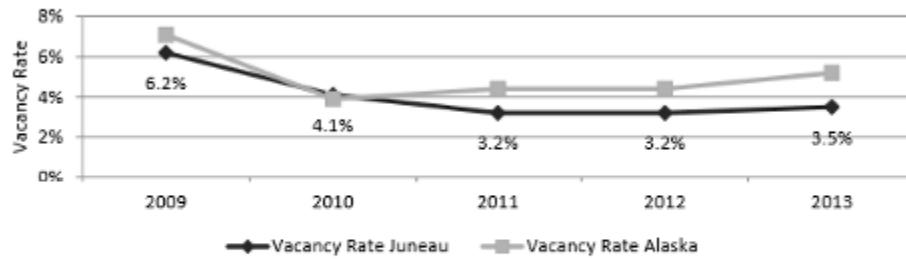
Juneau's population is at an all time high and appears to be growing more yet. The natural resources that Juneau has at hand for extraction and recreation along with its overall livability should help to continue this trend.



As can be seen in the graph above median trends on prices of single family residences is up. But on condominiums and attached homes it appears more flat. This information needs to be regarded with some caution as the figures depend on what was available for sale in that time period. For instance there could have been a \$2,000,000 dollar home sold that screws the average.



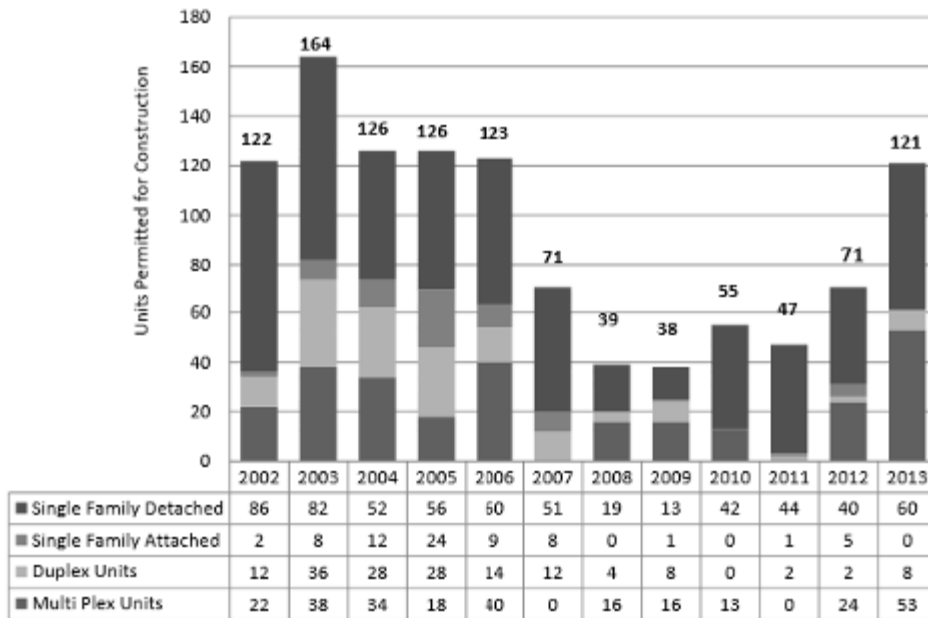
The above graph of the days a property is on the market before it sells is a better indicator of demand. As can be seen above the time period has decreased indicating an uptick in demand.

**Figure 48: All Units Vacancy Rate for Juneau and Alaska, 2009-2013**

Source: Alaska Housing Finance Corporation, Annual Rental Market Survey

<sup>3</sup> Prices are adjusted to include the estimated cost of utilities.

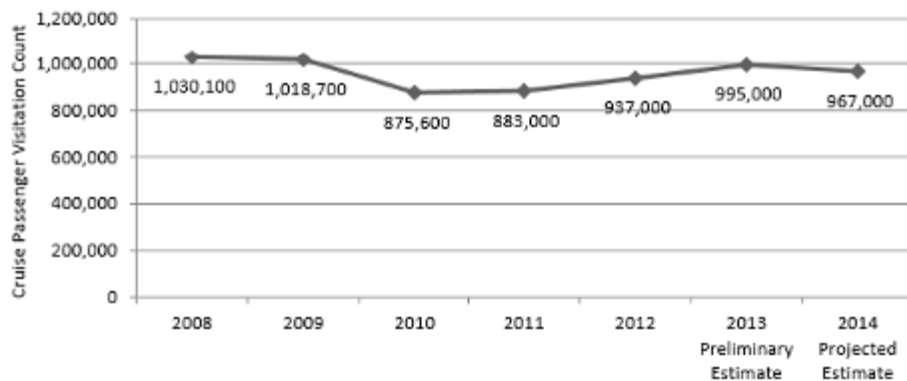
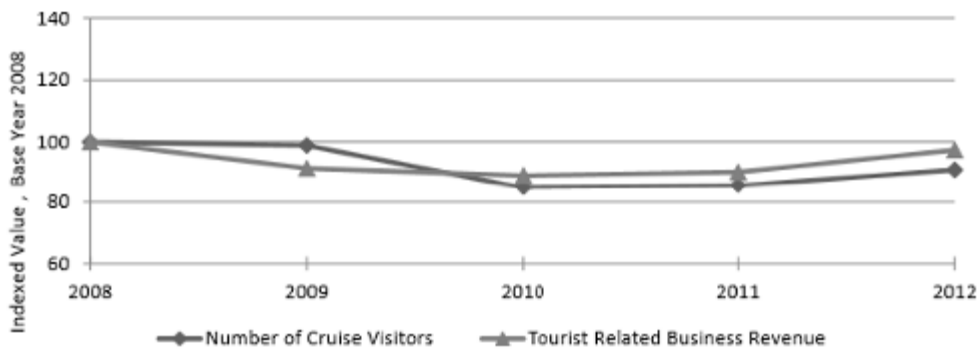
As can be seen in the graph above, vacancy rates for all types of residential units is low. This indicates high demand and is good news for landlords.

**Figure 49: New Units Permitted<sup>6</sup> to be Built in Juneau 2002 to First Half<sup>7</sup> of 2013**

As can be seen in the graph above there are more potential rental units being developed and while 2012 saw an increase from 0 multifamily units in 2011 to 24 in 2012, this only increased vacancy by .03%. Therefore, while 53 units are permitted and planned to come online by next year this time, vacancy rates could reasonably be estimated to increase around .06% and will still be low at around 4% overall.

**Cruise Ship Visitation**

Cruise passenger visits to Juneau and Southeast have continued to rebound from their low of 2010, increasing over 6 percent for the second year in a row. The preliminary estimate for the summer of 2013 is 995,000 passengers, just short of the 1 million passenger visitation last seen in 2009. The projected estimate of 967,000 for the 2014 season reflects a decrease in capacity due to changes Princess Cruise Lines is making to their Alaska Fleet, replacing larger ships with smaller ones.

**Figure 56: Cruise Passengers Visiting Juneau, 2000-2014 (Projected Estimate)****Figure 57: Change in Cruise Passenger Visitation and Change in Tourist Related Business Revenue, Indexed to 2008 Values, 2008-2012**

Source: City & Borough of Juneau Sales Tax Office and Financial Reports, 2012 Comprehensive Annual Financial Report and Cruise Line Agencies of Alaska and McDowell Group

Generally the Cruise industry is down a bit from its highs in 2008 when the economy was not as destabilized in the nation and the world. Now as the economy is beginning to generally improve we should see at least stability from this point in the economic sector.

**Appraisers Conclusion:**

At this point the economic outlook for Juneau is positive and appears to be trending towards growth. While there are natural inherent restraints to economic growth in Juneau, the recent growth, economic development and further diversity, leads me to believe at the least that the economy of Juneau will remain stable into the foreseeable future and at the best have moderate growth.

## ***Location Map***



The subject property location is indicated by the S balloon above



## Property Description

The subject property is currently known as the North Franklin parking lot.

Land Summary						
Parcel ID	Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
1C070A110010,	0.11	4,913	0.11	4,913	Level	Site shape
1C070A110020	0.17	7,369	0.17	7,369	0	0
1C070A110140	0.02	979	0.02	979	0	0
Totals	0.30	13,261	0.30	13,261		

Notes:

SITE	
Location:	The subject is located on the NE corner of N Franklin St and 2nd St.
Current Use of the Property:	Improved as a parking lot
Site Size:	Total: .3 acres; 13,261 square feet  Usable: .3 acres; 13,261 square feet
Shape:	Roughly rectangular with the portion of lot 8 creating an small L shape.
Frontage/Access:	The subject property has good access with frontage as follows: <ul style="list-style-type: none"> <li>• North Franklin St: 120 feet</li> <li>• Second St: 125 feet</li> </ul> The site has an average depth of 125 feet. It is a corner lot.
Visibility:	Average
Topography:	The subject slopes up from the corner of 2nd and Franklin. It has a level pad the is at grade with a point on Franklin and another point on 2nd. Excavation would be required to develop the basement commercial space.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development. The subject site was developed with a commercial space and apartments, prior to the city acquiring it. The commercial space was at grade of Franklin and Second and good fill was brought in to make the parking which currently exists.

Utilities: Electricity: The site is served by public electricity.  
Sewer: City sewer  
Water: City water  
Adequacy: The subject's utilities are typical and adequate for the market area.

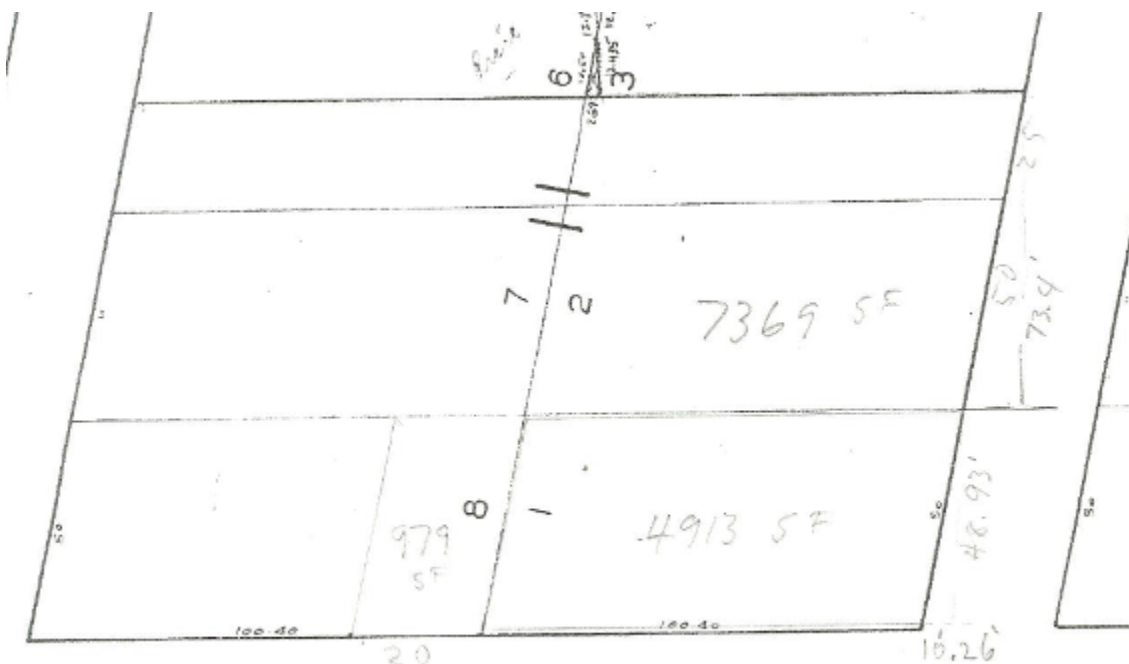
Flood Zone: The subject is not in a flood zone.

Wetlands/Watershed: No wetlands were observed during our site inspection.

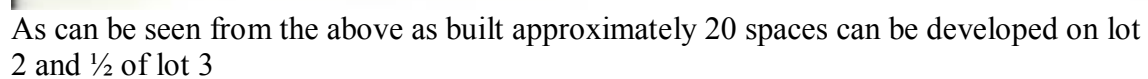
Environmental Issues: There are no known adverse environmental conditions on the subject site. Please reference Limiting Conditions and Assumptions.

Encumbrance /  
Easements: Sewer easement affects the NE 5 feet of the SW 1/2 of Lot 3.  
This is an area where parking would go and does not affect the utility of the subject site for its highest and best use.

## Site Plan



Above is a plat that I got from the assessors office. I added the SF estimates and The length of the right angle depths indicated lightly.





Above aerial provided to the appraiser by CBJ



***Subject Photographs***



The subject west side as viewed from 2<sup>nd</sup> St



Subject east side as viewed from 2<sup>nd</sup> St



West side of the subject parking lot as viewed from N Franklin



Portion of Lot 8 currently leased by the neighbor for parking

## **Assessment and Taxes**

**Taxing Authority**      CBJ

**Assessment Year**      2014

### **Comments**

The subject property is owned by CBJ and Tax exempt. For this reason it has not been assessed.



## Zoning

LAND USE CONTROLS	
Zoning Code	MU
Zoning Description	The MU, mixed use district, reflects the existing downtown development pattern and is intended
Set Back Distance	5 feet
Side Yard Distance	0
Zoning Comments	The subject zoning allows as many residences and retail space as the parking will allow.

## Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

## Highest and Best Use of the Site

The highest and best use of the site, as vacant, is for Mixed use.

The subject property has good retail or commercial potential for its first level accessed from the corner. The floors above this should be residential. Following is an analysis of a development that the appraiser found brought the highest return to the land.

The following Marshall and Swift report is for a building which has a 50' X 50' commercial space at grade of the intersection. In the report this portion is known as the basement area as it will essentially be a daylight basement. There will be four floors of residential above this that could have a varying mix of units, but for this analysis I have 6 units per floor. These floors would be stick built. My idea would be to have an entrance that would be accessed from the parking lot and Franklin St on the portion of Lot 8. This is a basic

## Marshall & Swift - SwiftEstimator Commercial Estimator - Summary Report

### General Information

<b>Estimate ID:</b>	n franklin	<b>Date Created:</b>	05-12-2014
<b>Property Owner:</b>	CBJ	<b>Date Updated:</b>	05-12-2014
<b>Property Address:</b>	99801	<b>Date Calculated:</b>	05-14-2014
<b>Local Multiplier:</b>		<b>Cost Data As Of:</b>	05-2014
<b>Architects Fee:</b>		<b>Report Date:</b>	using default

### Section 1

<b>Area</b>	23000	<b>Overall Depreciation %</b>
<b>Stories in Section</b>	4	<b>Physical Depreciation %</b>
<b>Stories in Building</b>	4	<b>Functional Depreciation %</b>
<b>Shape</b>	rectangular	<b>External Depreciation %</b>
<b>Perimeter</b>	(auto-calc)	
<b>Effective Age</b>	0	

### Occupancy Detail

Occupancy	%	Class	Height	Quality
352 Multiple Res (Low Rise)	100	C	9	2.0
<b>Occupancy Total Percentage</b>	<b>100</b>			

### System : Elevators

	%/Units	Quality	Depr %	Other
651 Elevators : Passenger #	1	Occ.		3

### System : Exterior Walls

	%/Units	Quality	Depr %	Other
884 Exterior Walls : Stud -Cement Fiber Siding	100	Occ.		
<b>Total Percent for Exterior Walls:</b>	<b>100</b>			

### System : HVAC (Heating)

	%/Units	Quality	Depr %	Other
601 HVAC (Heating) : Electric	100	Occ.		2
<b>Total Percent for HVAC (Heating):</b>	<b>100</b>			

### System : Sprinklers

	%/Units	Quality	Depr %	Other
681 Sprinklers : Sprinklers	100	Occ.		
<b>Total Percent for Sprinklers:</b>	<b>100</b>			

### Addition Details

Addition	Units	Cost	Depr %	LM	Base Date
Basement Commercial retail	2500	\$100		N	
Basement Commercial retail space	2500	\$100		N	

### Calculation Information (All Sections)

	Units	Unit Cost	Total Cost New	Less Depreciation	Total Cost Depreciated
<b>Basic Structure</b>					
Base Cost	23,000	\$75.11	\$1,727,530		\$1,727,530
Exterior Walls	23,000	\$16.51	\$379,730		\$379,730

	00				
Heating & Cooling	23,000	\$4.84	\$111,320		\$111,320
Elevators	1	\$143,751.00	\$143,751		\$143,751
Sprinklers	23,000	\$3.94	\$90,620		\$90,620
<b>Basic Structure Cost</b>	<b>23,000</b>	<b>\$106.65</b>	<b>\$2,452,951</b>	<b>\$0</b>	<b>\$2,452,951</b>
<b>Basement</b>					
Commercial retail	2,500	\$100.00	\$250,000		\$250,000
Commercial retail space	2,500	\$100.00	\$250,000		\$250,000
<b>Building Cost</b>	<b>23,000</b>	<b>\$128.39</b>	<b>\$2,952,951</b>	<b>\$0</b>	<b>\$2,952,951</b>

Below is a summary of parking requirements for this improvement based on a 60% reduction of what is required in the P1 zone. Note that this improvement with 2 bedroom units require 18 parking spots. This allows for some variation of types of residences which could be developed. Following that is a rough estimate of income and expenses for the hypothetical improvement. This leads to an estimate of net operating income (NOI) and then a cap rate is used to estimate the value of the hypothetical improved property. The cost plus entrepreneurial incentive of the hypothetical improvement is deducted from this determined value derive the portion of value attributed to the land.

	parking	Reduced by 60%	units	parking required
Mixed use 24 - 2 bed	1.5	0.6	24	14.4
Retail	1 per 300 SF	0.4	8.33	3.332
				17.732
Income	Per month	Per year	units	PGI
2 bed	1350	16200	24	388800
Retail	6,250	75,000	1	75000
				463800
			Vacancy 5%	23190
			EGI	440610
<b>Expenses</b>				
Taxes			37310	
Management	8%	440610	35248.8	
Reserves	1%	440610	4406.1	
Insurance			12000	

Utilities	15000	
Misc	5000	
Total Expenses	108964.9	108964.9
	NOI	331645.1
	Cap 8.5%	0.085
Indicated value		\$ 3,901,707
Cost to construct	\$2,953,000	
Developers profit	20% 15%	
	\$442,950	
Total Cost	\$3,395,950	\$3,395,950
Land value		\$ 505,757
Land SF		13261
Land value per SF		\$ 38.14

As can be seen from the above analysis the attributed value to the land with this hypothetical improvement is approximately \$38.14. This is a rough estimate as the PGI and expenses could be slightly more or less.

### Highest and Best Use as Improved

The highest and best use of the subject as improved: The site is vacant and used for parking which does not bring maximum value to the site..

## Valuation Methodology

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

### Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{l} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ \hline = \text{Value} \end{array}$$

### Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

### Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

### Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

### *Analyses Applied*

A **cost analysis** was considered and was not developed because The subject property is vacant land and the cost approach is not relevant

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because the subject is an income producing property and there is adequate data to develop a value estimate with this approach. Though as can be seen in the preceding Highest and Best Use analysis, it was used as a rough measure of developing the highest and best use of the site as vacant.

## Sales Comparison Approach – Land Valuation

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

### ***Land Comparables***

I have researched four comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources, inspected and verified by a party to the transaction.

Comp	Address	Date	Date	Price Per Land	Land Units	
Subject	City	Price	Price per Land	Price per Acre	Acres	Notes
	310 and 324 Second St Juneau	4/30/2014 \$530,000	4/30/14 \$265,000	\$265,000 \$1,740,953	2.00 0.304431	
<b>1</b>	315 3rd St Juneau	10/2/2012 \$440,000	10/2/12		1.00 0	
<b>2</b>	112 Seocnd Street Juneau	8/30/2006 \$580,000	8/30/06		1.00 0	
<b>3</b>	213 Front Street Juneau	8/1/2010 \$800,000	8/1/10		1.00 0.2174	
<b>4</b>	360 Egan Drive Juneau	3/15/2011 \$1,175,000	3/15/11		1.00 0.67	

**Land Comparable 1****Transaction**

<b>ID</b>	539	<b>Date</b>	10/2/2012
<b>Address</b>	315 3rd St	<b>Price</b>	\$440,000
<b>City</b>	Juneau	<b>Price per Acre</b>	
<b>State</b>	AK	<b>Financing</b>	--
<b>Tax ID</b>	1C070A110100	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	HANES JAMES E &	<b>Days on Market</b>	--
<b>Grantee</b>	WALLER JOAN M	<b>Verification Source</b>	Joan Waller
<b>Legal Description</b>	Lot: 7 Block: 11 Plat: JT		

**Site**

<b>Acres</b>	--	<b>Topography</b>	Level
<b>Land SF</b>	4,913	<b>Zoning</b>	Mix Use
<b>Road Frontage</b>	--	<b>Flood Zone</b>	--
<b>Shape</b>	--	<b>Encumbrance or</b>	--
<b>Utilities</b>	City water & sewer	<b>Environmental Issues</b>	--

**Improvements**

<b>GBA</b>	1,879	<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	
<b>No. of Stories</b>	1	<b>Parking</b>	on site
<b>Year Built</b>	--		

**Comments**

According to Joan the building, originally built in 1940, was in excellent shape. It had been redone and was solid square and well insulated. Interior finishes were craftsman in nature. The upper portion is residential while the ground floor was set up for commercial. Even with the age it is reasonable to estimate its SF value at \$150 per SF at around \$281,850. This then would indicate a value to the land at \$158,150 or \$32 per SF



**Land Comparable 2****Transaction**

<b>ID</b>	538	<b>Date</b>	8/30/2006
<b>Address</b>	112 Seocnd Street	<b>Price</b>	\$580,000
<b>City</b>	Juneau	<b>Price per Acre</b>	
<b>State</b>	AK	<b>Financing</b>	70% Conventional
<b>Tax ID</b>	1C070A050021	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	ROGER K. EICHMAN and	<b>Days on Market</b>	Word of mouth
<b>Grantee</b>	NEA ALASKA, INC.,_	<b>Verification Source</b>	Kay Sullivan 907-586-3090
<b>Legal Description</b>	Lot: 2 Block: 5 Plat:		

**Site**

<b>Acres</b>	--	<b>Topography</b>	Level
<b>Land SF</b>	2,432	<b>Zoning</b>	Mix Use
<b>Road Frontage</b>	--	<b>Flood Zone</b>	--
<b>Shape</b>	rectangular	<b>Encumbrance or</b>	--
<b>Utilities</b>	City water & sewer	<b>Environmental Issues</b>	--

**Improvements**

<b>GBA</b>	3,044	<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	
<b>No. of Stories</b>	2	<b>Parking</b>	--
<b>Year Built</b>	--		

**Comments**

Buyers and Sellers/Comment: The buyer said the were tenants in the building since the early 1990's. They had a lease option to purchase and exercised it the purchase price was based on appraisal. The appraised value of the land was \$60 per SF. After Purchase it did not take the buyer long to decide to raze and rebuild

Appraiser's analysis: The purchase was for a 2432 SF lot with a 2 story building on it for \$580,000. The buyers bought this based on \$60 per SF along with an adjoining piece for \$60 per SF. Since acquisition in

### Land Comparable 3



Transaction			
<b>ID</b>	172	<b>Date</b>	8/1/2010
<b>Address</b>	213 Front Street	<b>Price</b>	\$800,000
<b>City</b>	Juneau	<b>Price per Acre</b>	
<b>State</b>	AK	<b>Financing</b>	Cash
<b>Tax ID</b>	1C070K780011	<b>Property Rights</b>	Fee Simple
<b>Grantor</b>	Grant	<b>Days on Market</b>	--
<b>Grantee</b>	Sealaska Corporation	<b>Verification Source</b>	Assessor, Carlton Smith
<b>Legal Description</b>	Lot 1A, Block 78,		
<b>#REF!</b>			
Site			
<b>Acres</b>	0.2	<b>Topography</b>	hole
<b>Land SF</b>	9,471	<b>Zoning</b>	MU
<b>Road Frontage</b>	400	<b>Flood Zone</b>	non known
<b>Shape</b>	Rectangular	<b>Encumbrance or</b>	none known
<b>Utilities</b>	All	<b>Environmental Issues</b>	non known
Improvements			
<b>GBA</b>	--	<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	
<b>No. of Stories</b>	--	<b>Parking</b>	--
<b>Year Built</b>	--		

### Comments

This property was improved with an old building that burned down. At the time of sale it was a blank lot ready for development. Prior to this transaction McDonalds Corporation was very interested in this site. But it ended up not working out as a drive through was not allowed. The indicated price per SF is \$84.46 per SF.

**Land Comparable 4****Transaction**

<b>ID</b>	313	<b>Date</b>	3/15/2011
<b>Address</b>	360 Egan Drive	<b>Price</b>	\$1,175,000
<b>City</b>	Juneau	<b>Price per Acre</b>	
<b>State</b>	Alaska	<b>Financing</b>	--
<b>Tax ID</b>	1C060K010020	<b>Property Rights</b>	Lease hold
<b>Grantor</b>	Alaska Mental Health	<b>Days on Market</b>	NA, Appraisal Record
<b>Grantee</b>	CAPITAL COMMUNITY	<b>Verification Source</b>	Trust Land Office
<b>Legal Description</b>	Lot B of the Subport		
<b>#REF!</b>			

**Site**

<b>Acres</b>	0.7	<b>Topography</b>	Level
<b>Land SF</b>	29,338	<b>Zoning</b>	Mu2
<b>Road Frontage</b>	200	<b>Flood Zone</b>	No
<b>Shape</b>	Electricity, Water, Sewer,	<b>Encumbrance or</b>	None known
<b>Utilities</b>	All	<b>Environmental Issues</b>	None known

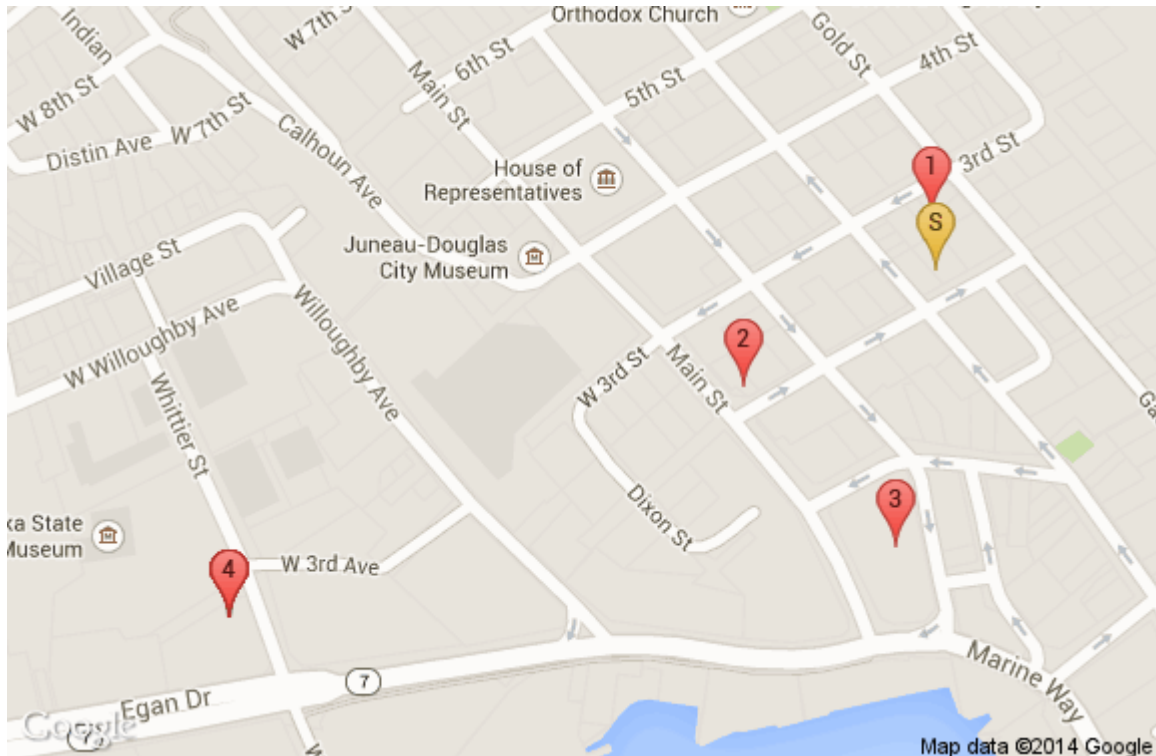
**Improvements**

<b>GBA</b>		<b>Condition</b>	--
<b>GLA</b>	--	<b>Ancillary Buildings</b>	
<b>No. of Stories</b>	--	<b>Parking</b>	--
<b>Year Built</b>	--		

**Comments**

This is a long term 10 year lease which was recently renegotiated in 2011, based on appraisal.

### Comparables Map



## Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Analysis Grid			Comp 1		Comp 2		Comp 3		Comp 4	
Address	310 and 324		315 3rd St		112 Seocnd Street		213 Front Street		360 Egan Drive	
City	Juneau		Juneau		Juneau		Juneau		Juneau	
State	AK		AK		AK		AK		Alaska	
Date	1/21/2012		10/2/2012		8/30/2006		8/1/2010		3/15/2011	
Price	\$530,000		\$440,000		\$580,000		\$800,000		\$1,175,000	
Land SF	13,261		4,913		2,432		9,471		29,338	
Land SF Unit Price	\$40		\$90		\$238		\$84		\$40	
<b>Transaction Adjustments</b>										
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%	Lease hold	0.0%	
Financing	Conventional	0	0.0%	70% Conventional	0.0%	Cash	0.0%	0	0.0%	
Conditions of Sale	Cash	Normal	0.0%	See Narrative	0.0%	Normal	0.0%	See Narrative	0.0%	
			0.0%		0.0%		0.0%		0.0%	
Improvement value			-\$281,850		-\$434,080		\$0		\$0	
			-64.1%		-74.8%		0.0%		0.0%	
<b>Adjusted Land SF Unit Price</b>			<b>\$32</b>		<b>\$60</b>		<b>\$84</b>		<b>\$40</b>	
Market Trends Through	1/21/2012	0.0%	0.0%		0.0%		0.0%		0.0%	
<b>Adjusted Land SF Unit Price</b>			<b>\$32</b>		<b>\$60</b>		<b>\$84</b>		<b>\$40</b>	
Location	Good		Inferior		Superior		Superior		Superior	
% Adjustment			10%		-20%		-40%		-10%	
\$ Adjustment			\$3		-\$12		-\$34		-\$4	
Land SF	13261.01		4913.00		2432.00		9471.00		29338.00	
% Adjustment			0%		-5%		0%		0%	
\$ Adjustment			\$0		-\$3		\$0		\$0	
Topography	Level		Level		Level		hole		Level	
% Adjustment			0%		0%		-5%		0%	
\$ Adjustment			\$0		\$0		-\$4		\$0	
Shape	Site shape		similar		similar		similar		similar	
% Adjustment			0%		0%		0%		0%	
\$ Adjustment			\$0		\$0		\$0		\$0	
Utilities	The site is served		City water &		City water &		All		All	
% Adjustment			0%		0%		0%		0%	
\$ Adjustment			\$0		\$0		\$0		\$0	
Zoning	MU		Mix Use		Mix Use		MU		Mu2	
% Adjustment			0%		0%		0%		5%	
\$ Adjustment			\$0		\$0		\$0		\$2	
<b>Adjusted Land SF Unit Price</b>			<b>\$35</b>		<b>\$45</b>		<b>\$46</b>		<b>\$38</b>	
<b>Net Adjustments</b>			10.0%		-25.0%		-45.0%		-5.0%	
<b>Gross Adjustments</b>			10.0%		25.0%		45.0%		15.0%	

### ***Comparable Land Sale Adjustments***

## Property Rights

All the comparable transactions were for their fee simple rights except Comp 4 which is a transaction for the lease fee rights.

## Financing

All transactions were for cash.

## Improvement value

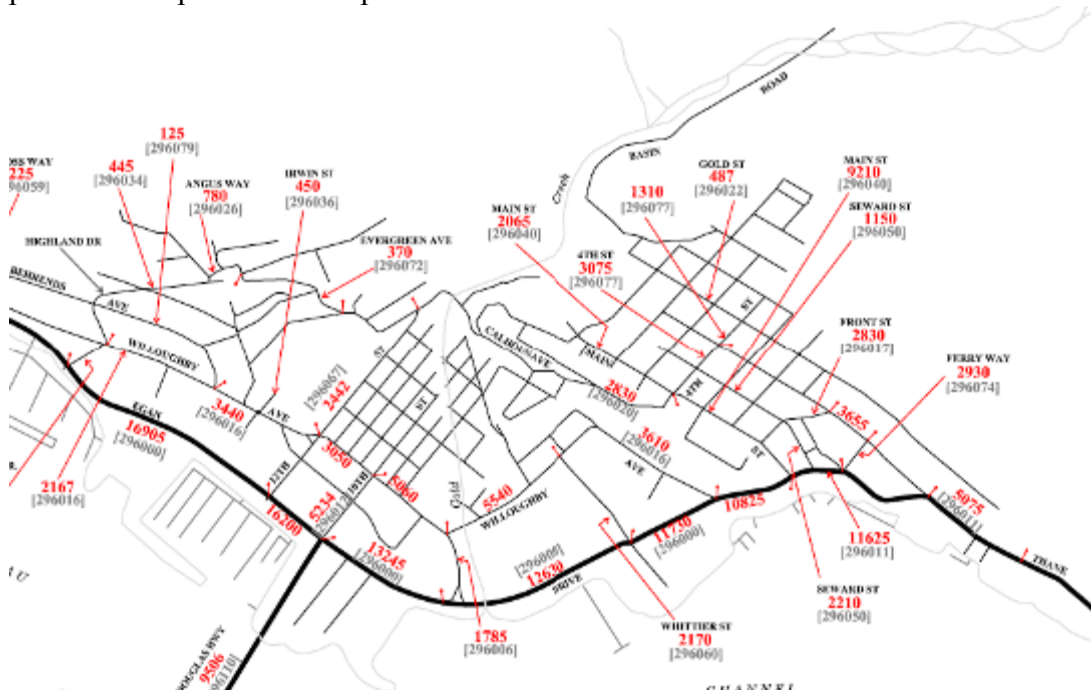
Comps 1 and 2 had improvements included and a estimate of the improvements value has been deducted.

## Economic Trends

No adjustment could be derived from the market on economic trends. It is the opinion of the appraiser, based on the available market data from that time period, that the commercial market has remained fairly flat over the time period of the comps to present.

## Location

Comp 1 has an inferior location as it is mid block and does not have high visibility to the market. Comps 2 and 3 have significantly superior locations as they have very good exposure to the market and in the downtown sector. Comp 4 has a better location as it is on a busy intersection though it is not in the down town sector and does not enjoy the pedestrian exposure of comps 2 and 3.



DOT traffic map showing the down town area



**Land SF**

No adjustment was apparent in the market for size of the comparable sites.

**Topography**

All comparables are reasonably similar except comp 3 which had a hole. This did not appear to be a negative but a positive as the improvement could be built without further excavation.

**Shape**

All comparables were considered reasonably similar; to the point no adjustments were required

**Zoning**

All the comps were similar except comparable 4 which has MU2 zoning and has inferior density and parking restrictions.

***Sales Comparison Approach Conclusion – Land Valuation***

The adjusted values of the comparable properties range from \$35 to \$46; the average is \$41. All of the value indications have been considered, and in the final analysis, comparables 1 and 2, have been given most weight in arriving at my final reconciled per square foot value of \$40.

As Is Market Value	
<b>Indicated Value per Square Foot:</b>	\$40
<b>Subject Size:</b>	13,261
<b>Indicated Value:</b>	\$530,441
<b>Rounded:</b>	\$530,000
<b>Five Hundred Thirty Thousand Dollars</b>	

**Final Reconciliation**

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

***Value Indication***

**Sales Comparison Approach – Land Value:** \$530,000

### **Sales Comparison Approach**

There is limited sales data for developing a land value for the subject. I used the best data available and the results of my findings appear reasonable based on the rough development of the hypothetical improvement in the Highest and Best use analysis.

### ***Value Conclusion***

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion, as of April 30, 2014, subject to the Limiting Conditions and Assumptions of this appraisal.

**Reconciled Value(s):**   Premise: As Is  
                                  Interest: Fee Simple  
                                  Value Conclusion: \$530,000  
                                  Five Hundred Thirty Thousand Dollars

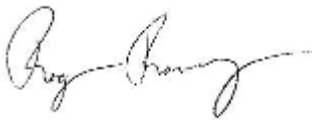


## Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
- I have no present or prospective future interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- My engagement in 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 a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- I certify sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.
- The appraiser has not performed any prior services regarding the subject within the previous three years of the appraisal date.
- Roger Ramsey has made an inspection of the subject property.
- 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 and Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives



Roger Ramsey,  
Alaska-AA 570

## **Addenda**

### Qualifications of Roger Ramsey

Since starting Ramsey Appraisal Resource in 2006, I have had the pleasure of providing high quality appraisal services to a diverse client base, on many complex appraisal assignments throughout S.E. Alaska.

A partial client list includes; AKDOT&PF, for which I have performed numerous valuations of partial and whole acquisitions, for eminent domain actions. Other State agencies which have used my services are AKDNR and Alaska Mental Health Trust Land Office. I have performed appraisals for the Cities and or Boroughs of Haines, Juneau, Petersburg, Ketchikan and Klawock. I am on the approved appraiser list of numerous lenders operating in SE Alaska and enjoy good working relationships with their review appraisers. I have been hired by attorneys and private parties for estate valuations and divorce proceedings. I have valued properties for conservation groups who are negotiating with property owners.

I am proud of my appraisal accomplishments and credit my success to good education, good mentors, helpful reviewers, persistence and hard work.

Professional Experience	Dates	Contact
Ramsey Appraisal Resource	2006-Present	
Horan and Company	4 months 2006	Charles Horan, 907-747-6666
AKDOT&PF	24 months 2004-2005	Ray Preston, 907-465-4519
Henricksen Appraisal	24 months 2002-2003	Bob Henricksen 907-723-3590
AKDOT&PF	8 months 2000-2001	Rob Murphy 907-465-4541

**Education** University of Alaska, BBA, 2001

**Appraisal Education** - Associate member of the Appraisal Institute # 401410

<b>2013</b>	USPAP update, -/- Uniform Appraisal Standards for Federal Land Acquisitions, -/- Business Practices and Ethics, Anchorage, AK
<b>2011</b>	USPAP update, Tigard OR, -/- Real Estate Industry Perspectives on Lease Accounting, online, -/- Basic building science, Air Sealing, ventilation & Ice Dam, Juneau, AK
<b>2010</b>	Advance Sales Comparison and Cost Approach, Seattle WA
<b>2009</b>	Advanced income Approach, Tigard OR, -/- Commercial Appraisal Engagement and Review, Tigard OR, -/- 15-Hour USPAP, Tigard OR
<b>2008</b>	Sustainable Mixed use, Seattle, WA
<b>2007</b>	General Demonstration Appraisal Report Writing, Tigard, OR, -/- USPAP update Tualatin, -/- Appraisal & Appraisal Review for Federal-Aid Highway Programs, Anchorage, AK --
<b>2006</b>	General Applications, Online, -/- Apartment Appraisal, Concepts and Applications, Long Beach, CA
<b>2005</b>	Basic Income Capitalization, Tualatin, OR, -/- USPAP update Juneau, AK, -/- Best practices for Residential Report Writing, Juneau, AK
<b>2004</b>	Appraising Special Purpose properties, -/- Appraisal of Nonconforming Uses, -/- Partial Interest Valuation/Divided, -/- Subdivision Analysis, Anchorage, AK
<b>2003</b>	(USPAP) Standards of Professional Practice, Lake Oswego, OR, -/- Residential Case Study, Dublin, CA,
<b>2002</b>	Appraisal Procedures, Appraisal Institute, Diamond Bar, CA
<b>1998</b>	Appraisal Principles, Appraisal Institute, Chicago, IL

### Types of Property Appraised

**Commercial**— I have appraised office buildings, apartments, marine facilities, restaurants, mixed use, convenience stores with gas, industrial and commercial shops. I have valued partial interest of remote recreational, industrial, commercial and residential properties for eminent domain. I have valued industrial, commercial, and residential tidelands. I have appraised large tracts of land with timber value, “special use properties (churches, armory, and funeral homes)”, and remote commercial properties (lodges).

**Residential** – I have appraised single family residences, duplexes, triplexes, four-plexes, remote improved and vacant residential properties throughout SE AK.

### Markets Appraised:

I have appraised both Town and remote locations in all of the following areas: Haines, Skagway, Gustavus, Hoonah, Tenakee springs, Juneau, Sitka, Petersburg, Wrangell, Ketchikan, Prince of Whales and Hyder.

## Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

### Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13<sup>th</sup> ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5<sup>th</sup> ed. 2010. Print.

### Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

### Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

### Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

### 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. (Dictionary, 5th Edition)

### Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

### Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be

made vacant by demolishing any improvements. (Dictionary, 5th Edition)

**Highest and Best Use of Property as Improved**

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

**Hypothetical Condition**

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

**Leased Fee Interest**

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

**Market Area**

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

**Market Value**

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.

2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:

- Identification of the specific property rights to be appraised.
- Statement of the effective date of the value opinion.
- Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are

assumed as the basis of the appraisal.

- If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.

3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised,

and acting in what they consider their best interests;

- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)

5. 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 of time on the open competitive market, from a willing and reasonably 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. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

**Marketing Time**

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

**Scope of Work**

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)