



**APPRAISAL
CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT -
PLUM CREEK CANYON ANALYSIS
DAWSON AND GOSPER COUNTIES, NEBRASKA**

Prepared by

Tracy Hock, Certified General Appraiser

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**APPRAISAL
CENTRAL NEBRASKA PUBLIC POWER
AND IRRIGATION DISTRICT -
PLUM CREEK CANYON ANALYSIS
DAWSON AND GOSPER COUNTIES, NEBRASKA**

Prepared for

**Mr. Jim Brown, Land Administrator
Central Nebraska Public Power and Irrigation District
415 Lincoln Street
P.O. Box 740
Holdrege, Nebraska 68949-0133**

Prepared by

**Tracy L. Hock, Certified General Appraiser
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3811 Central Avenue, Suite G
P.O. Box 2046
Kearney, Nebraska 68848-2046**

**Date of Value
March 1, 2017**



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May 2, 2017

Mr. Jim Brown, *Land Administrator*
Central Nebraska Public Power and Irrigation District
415 Lincoln Street
P.O. Box 740
Holdrege, Nebraska 68949-0133

RE: RE: Plum Creek Canyon Analysis, Dawson County and Gosper County, Nebraska

At your request, I have completed an analysis of the value of an “average” lot leases located in Dawson county, Nebraska owned by Central Nebraska Public Power and Irrigation District and known as Plum Creek Canyon. The property appraised is a hypothetical “typical lot” in the Plum Creek Canyon cabins area.

This report is intended for the use of the Central Nebraska Public Power and Irrigation District, its heirs and successors. Use of this report by others is not intended by the appraiser. The purpose of this report is to estimate the value of a “typical” residential lot at Plum Creek Canyon. The use of this report is for assistance in monitoring and deriving market value trends at Plum Creek Canyon. The accompanying appraisal report documents the appraiser’s information and conclusions. Only Tracy L. Hock, Certified General Appraiser, participated in the preparation of this report.

The effective date of the market value estimate is March 1, 2017. The value presented in this report is:

Calculation of Value Typical PK Lot				
	<u>Factor</u>	<u>Typical Lot</u>	<u>Value</u>	<u>Called Value</u>
Tier 1 Lot /SF Value	\$7.00	38,500	\$269,500	\$250,000
Tier 1 Lot /FF Value	\$600	375	\$225,000	\$250,000

The validity of this appraisal is dependent upon the entire appraisal report. It must be used in its complete form. The use of portions of the same is prohibited with such usage rendering the report invalid. There are 44 consecutively numbered pages in this appraisal report.

Respectfully submitted,



Tracy Hock
Certified General Appraiser
License #CG211080
IPEX Appraisal

lw

Plum Creek Canyon Appraisal

EXECUTIVE SUMMARY

AUTHORIZATION:	Mr. Jim Brown for the Central Nebraska Public Power and Irrigation District
PURPOSE/FUNCTION OF APPRAISAL:	Opinion of Market Value to Assist in Determining the Lease Amount for Residential Lots at Plum Creek Canyon
CLIENT/INTENDED USERS:	Central Nebraska Public Power and Irrigation District
VALUE PREMISE:	As Is of a Hypothetical "Typical" Lot
DATE OF VALUE:	March 1, 2017
LOCATION:	Plum Creek Canyon, Dawson and Gosper County, Nebraska
ZONING:	Recreational
PROPERTY RIGHTS APPRAISED:	Fee Simple
HIGHEST AND BEST USE AS VACANT:	Recreational/Residential
HIGHEST AND BEST USE AS IMPROVED:	Recreational/Residential
LAND AREA:	See Analysis
IMPROVEMENTS:	Site Improvements only
COST APPROACH ESTIMATE:	Not Applicable
INCOME APPROACH ESTIMATE:	Not Applicable
SALES COMPARISON APPROACH ESTIMATE:	See Report

Plum Creek Canyon Appraisal

FINAL ESTIMATE OF MARKET VALUE:

Calculation of Value Typical PK Lot			
	Mean	Mean	
	Units	Values	Value
Area Mean 100%	38,315.07	\$ 5.24	\$ 200,693
Frontage Mean 100%	430.41	\$1,248.33	\$ 537,297
Average			\$ 368,995
Calculation of Value Typical PK Lot			
	Mean	Mean	
	Units	Values	Value
Average Within 1 Dev	38,563.21	\$ 5.24	\$ 201,993
Frontage Avg. Within 1 Dev.	375.56	\$ 1,248.33	\$ 468,827
Average			\$ 335,410
Calculation of Value Typical PK Lot			
	Mean	Selected	
	Units	Values	Value
Selected Dev. Sales Avg./ SF	38,563.21	\$ 7.00	\$ 269,942
Selected Dev. Sales Avg./ FF	375.56	\$ 600.00	\$ 225,338
Average			\$ 247,640
Calculation of Value Typical PK Lot			
	<u>Factor</u>	<u>Typical Lot</u>	<u>Value</u> <u>Called Value</u>
Tier 1 Lot /SF Value	\$7.00	38,500	\$269,500 \$250,000
Tier 1 Lot /FF Value	\$600	375	\$225,000 \$250,000

Note: The executive summary is provided as a convenience to the reader of this report and may not be used without the entire appraisal.

CERTIFICATION

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

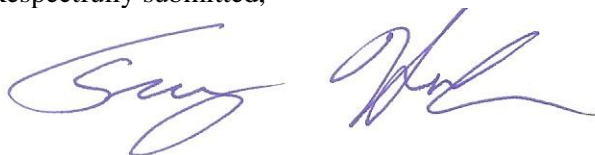
- a. The statements of fact contained in this report are true and correct.
- b. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- c. I have 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.
- d. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- e. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- f. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- g. My analyses, opinions, and conclusions were developed and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- h. I have made a personal inspection of the property that is the subject of this report.
- i. No one provided significant real property appraisal assistance to the person(s) signing this certification. A copy of my resume showing experience and training is included with this appraisal report.
- j. The reported analyses, opinions, and conclusions were developed, and this appraisal report has been prepared, in conformity with the requirements of the Code of Professional Ethics of the Appraisal Institute.
- k. The use of this appraisal report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- l. The validity of this appraisal is dependent upon the entire appraisal report. It must be used in its complete form. The use of portions of the same is prohibited with such usage rendering the report invalid. There are 44 consecutively numbered pages in this appraisal report.
- m. The major factors that determine value have been investigated to arrive at the market value for this appraisal report. No attempt has been made to provide and confirm all minor details of the subject property or the comparable sale properties and their sale agreements. In my opinion, further detail is not necessary to render the opinions expressed in this report and any change in values of the subject properties would not be significant.
- n. There are no pending lawsuits or regulatory actions.
- o. The appraiser has not provided a previous service for the property that is the subject of this assignment in the three years prior to acceptance of this assignment.
- p. Based on training and experience, the appraiser certifies his competency to complete the appraisal assignment.

Plum Creek Canyon Appraisal

q. After weighing the factors herein reported to the best of my knowledge and experience, it is my opinion that this property on March 1, 2017, had a value of:

Calculation of Value Typical PK Lot				
	Mean	Mean		
	Units	Values	Value	
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Respectfully submitted,



Tracy Hock
 Certified General Appraiser
 License #CG211080
 IPEX Appraisal

ASSUMPTIONS AND LIMITING CONDITIONS

I. LIMIT OF LIABILITY: The liability of the Appraiser and employees is limited to the client and to the fee collected. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The Appraiser assumes no responsibility for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and legally.

II. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT: Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report remains the property of the Appraiser for the use of the client—the fee being for the analytical services only.

Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the Appraiser.

III. CONFIDENTIALITY: This appraisal is to be used only in its entirety and no part is to be used without the entire report. All conclusions and opinions concerning the analysis set forth in the report was prepared by the Appraiser whose signature appears on the appraisal report, unless indicated as "Review Appraiser". No change of any item in the report shall be made by anyone other than the Appraiser. The Appraiser shall have no responsibility if any such unauthorized change is made.

The Appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as it may request in confidence of ethics enforcement, or by court of law or body with the power of subpoena.

IV. TRADE SECRETS: This appraisal was obtained from Tracy L. Hock, Certified General Appraiser, or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4). Notify the Appraiser signing the report of any request to reproduce this appraisal in whole or part.

V. INFORMATION USED: No responsibility is assumed for accuracy of the information furnished by work of others, the client, his designee, or public records. The Appraiser is not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with the Appraiser and possibly signing the report are independent contractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds for the Subject property.

VI. TESTIMONY AND COMPLETION OF CONTRACT FOR APPRAISAL SERVICES: The contract for appraisal, consultation or analytical services are fulfilled and the total fee payable upon completion of the report. The Appraiser or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal, in full or in part, nor engage in post appraisal consultation with client or third parties except under separate and special arrangement and at additional fee. If testimony or deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

VII. EXHIBITS: The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photos, if included, are included for the same purpose as of the date of the photos. Site plans are not surveys unless shown from a separate surveyor.

VIII. LEGAL, ENGINEERING, FINANCIAL, STRUCTURAL, OR MECHANICAL, HIDDEN COMPONENTS, SOIL: No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and merchantable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by the appraiser.

Please note that no advice is given regarding mechanical equipment or structural integrity or adequacy, nor soils and potential for settlement, drainage (seek assistance from qualified architect and/or engineer); nor matters concerning liens, title status, and legal marketability (seek legal assistance). The lender and owner should inspect the property before any disbursement of funds; further, it is likely that the lender or owner may wish to require mechanical or structural inspections by qualified and licensed contractor, civil or structural engineer, architect, or other expert.

The Appraiser has inspected as far as possible by observation the land and improvements; however, it was not possible to personally observe conditions beneath the soil or hidden structural components. I have not critically inspected mechanical components in the improvements and no representations are made herein as to these matters unless specifically stated and considered in the report. The value estimate considers there being no such conditions that would cause a loss in value. The land or the soil of the area being appraised appears firm; however, subsidence in the area is unknown. The Appraiser does not warrant against this condition or occurrence of problems arising from soil conditions. The appraisal is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil, structures or toxic materials which would render it more or less valuable. No responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standard for properties of the Subject type. Conditions of heating, cooling, ventilating, electrical, and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment may be made by us as to adequacy of insulation, type of insulation, or energy efficiency of the improvements or equipment which is assumed standard for Subject age and type.

The Appraiser assumes no responsibility for any costs or consequences arising due to the need, or lack of need for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Plum Creek Canyon Appraisal

IX. LEGALITY OF USE: The appraisal is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits or other legislative or administrative authority by local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

X. COMPONENT VALUES: The distribution of the total valuation in this report between land and improvements apply only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and is invalid if so used.

XI. INCLUSIONS: Furnishing and equipment or personal property or business operations except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value estimate unless otherwise stated. In some property types, business and real estate interests and values are combined.

XII. PROPOSED IMPROVEMENTS, CONDITIONED VALUE: Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in good and workmanlike manner according to information submitted and/or considered by the Appraiser. In cases of proposed construction, the appraisal is subject to change upon inspection of property after construction is completed. This estimate of market value is as of the date shown, as proposed, as if completed and operating at levels shown and projected.

XIII. VALUE CHANGE AND ALTERATION OF ESTIMATE BY APPRAISER: The estimated market value, which is defined in the report, is subject to change with market movement over time; value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace as it contributes to an economic or social need.

In cases of appraisals involving capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and the Appraiser's interpretation of income, yields, and other factors derived from general and specific client and market information. Such estimates are reported as of a specific date; they are thus subject to change since the market and value are naturally dynamic.

The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

XIV. CHANGE: Appraisal report and value estimates are subject to change if physical, legal entity, or financing different than envisioned at the time of writing this report becomes apparent at a later date.

XV. MANAGEMENT OF THE PROPERTY: It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management; neither inefficient nor super-efficient.

XVI. CONTINUING EDUCATION: The Appraisal Institute conducts a voluntary program of continuing education for its members. The Appraiser signing the report is a member of the Appraisal Institute and has participated in numerous courses and seminars conducted by the Institute. The appraiser has completed continuing education required by the Nebraska Real Property Appraiser Board.

XVII. FEE: The compensation (fee) for the preparation of this appraisal report has no relation to the final values reported.

XVIII. CHANGES AND MODIFICATIONS: The Appraiser reserves the right to alter statements, analysis, conclusion or any value estimate in the appraisal if there becomes known to the undersigned facts pertinent to the appraisal process which were unknown to me at the time of report preparation.

XIX. MINERAL RIGHTS, NOISE, AND ENVIRONMENTAL CONCERNS: Mineral rights, noise, and environmental factors have not been given segregated consideration except as noted; they have been treated with the whole.

XX. OTHER: Subject to any subsequently stated Hypothetical Conditions or Extraordinary Assumptions.

XXI. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.

TITLE XI FIRREA ACT

The Appraisal Report has been completed according to the standards as required by FIRREA and the Federal Register 12CFR Part 34 (Docket #90-16). This report includes but is not limited to, the five minimum standards of the regulations, as revised by FIRREA, effective June 7, 1994, that are summarized below:

- A. Compliance with USPAP - Appraisals must conform to the Uniform Standards of Professional Appraisal Practices (USPAP) adopted by the Appraisal Foundation, unless principles of sale and sound banking require compliance with stricter standards.
- B. Disclose any steps taken that were necessary or appropriate to comply with the competency provision of the Uniform Standards of the Professional Appraisal Practice (USPAP).
- C. Market Value - Appraisals must be based on market value, defined in the regulation to be the most probable price which property should bring in a competitive and open market under all conditions requisite to a fair sale when both buyer and seller act prudently and knowledgeably, assuming that price is not affected by other than the customary market factors.
- D. Written Appraisals - Appraisals must be written and contain sufficient information and analysis to support the value estimate.
- E. Analyze and report in reasonable detail any prior sales of the property being appraised that occurred within the following time periods:
 - 1. For 1-4 family residential property, one (1) year preceding the date when the appraisal was prepared and;
 - 2. For all other property, three (3) years preceding the date when the appraisal was prepared.
- F. Analyze and report data on current revenues, expenses, and vacancies for the property if it is and will continue to be income producing.
- G. Analyze and report a reasonable marketing period for the subject property.
- H. Analyze and report current market conditions and trends that will affect projected income or the absorption period to the extent they affect the value of the subject property.
- I. Deduction and Discounts - Appraisals must analyze and report appropriate deductions and discounts for proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.
- J. Include in the certification required by the USPAP an additional statement that the appraisal assignment was not based upon a requested minimum valuation, a specific valuation or the approval of loans.
- K. Contain sufficient supporting documentation on all pertinent information reported so that the appraiser's logic, reasoning, judgment, and analysis in arriving at a conclusion indicates to the reader the reasonableness of the market value reported.
- L. Include the legal description of the real estate being appraised in addition to the description required by the USPAP.
- M. Identify and separately value any personal property, fixtures, or intangible items that are not real property but are included in the appraisal and discuss the impact of their inclusion or exclusion of the estimate of market value.
- N. Follow a reasonable valuation method that addresses the direct Sales Comparison, Income, and Cost Approaches to Market Value, Reconciles those approaches and explains the elimination of each approach not used.

Plum Creek Canyon Appraisal

COMPLIANCE WITH FIRREA

- | | | | |
|----|---|------------------|------------------|
| 1. | Conform to USPAP? | Yes <u> X </u> | No <u> </u> |
| 2. | Be written and contain sufficient information? | Yes <u> X </u> | No <u> </u> |
| 3. | Deductions/discounts to value "as is"? | Yes <u> X </u> | No <u> </u> |
| 4. | Correct value definition? | Yes <u> X </u> | No <u> </u> |
| 5. | Be performed by State-licensed or certified appraisers? | Yes <u> X </u> | No <u> </u> |

COMPLIANCE WITH USPAP

No.	Requirement	Page #
1.	Conformance to the Uniform Standards of Professional Appraisal Practice (USPAP).	<u> ii </u>
2.	Disclosure of the manner in which the appraiser satisfies the "Competency Provision" of USPAP.	<u> 11 </u>
3.	The type and definition of value is stated and the source is cited.	<u> 9 </u>
4.	The report must be written and in narrative format descriptive enough to lead the client to a determination of estimated "Market Value" and an understanding of the basis upon which such an estimate is made, and detailed enough to reflect the complexity of the appraisal.	<u> 7-13 </u>
5.	Analyze and report any prior sales of the property one (1) year prior for 1-4 family residential properties, or three (3) prior years for all other properties.	<u> 9 </u>
6.	(For income producing properties) an analysis of current or expected revenues, vacancies, and expenses (even though the property may be unencumbered under a triple net lease).	<u> 10 </u>
7.	The appraisal must include a reasonable marketing period for the property.	<u> 12 </u>
8.	The report must include mention of current conditions and trends that may affect projected absorption and income as they, in turn, affect the market value of the subject property.	<u> 12 </u>
9.	The report must discuss any appropriate deductions or discounts for any proposed construction, partial leases, below economic leases, or tract development with unsold units.	<u> N/A </u>
10.	There must be a statement in the certification that the appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or approval of any proposed financing	<u> ii </u>
11.	There must be sufficient documentation to support the appraiser's logic, reasoning, judgment, and analysis to enable the client to determine the reasonableness of the final market value estimate.	<u> 13 </u>
12.	The report must include a legal description of the property in addition to the description required by USPAP.	<u> 10 </u>
13.	Identify and separately value any personal property, fixtures, or intangible items that are not real property but are included in the appraisal, and discuss the impact of their inclusion or exclusion on the estimate of market value.	<u> 16 </u>
14.	Follow a reasonable valuation method that addresses the sales comparison, income, and cost approaches to market value, reconciles those approaches, and explains elimination of each approach not used.	<u> 17-25 </u>

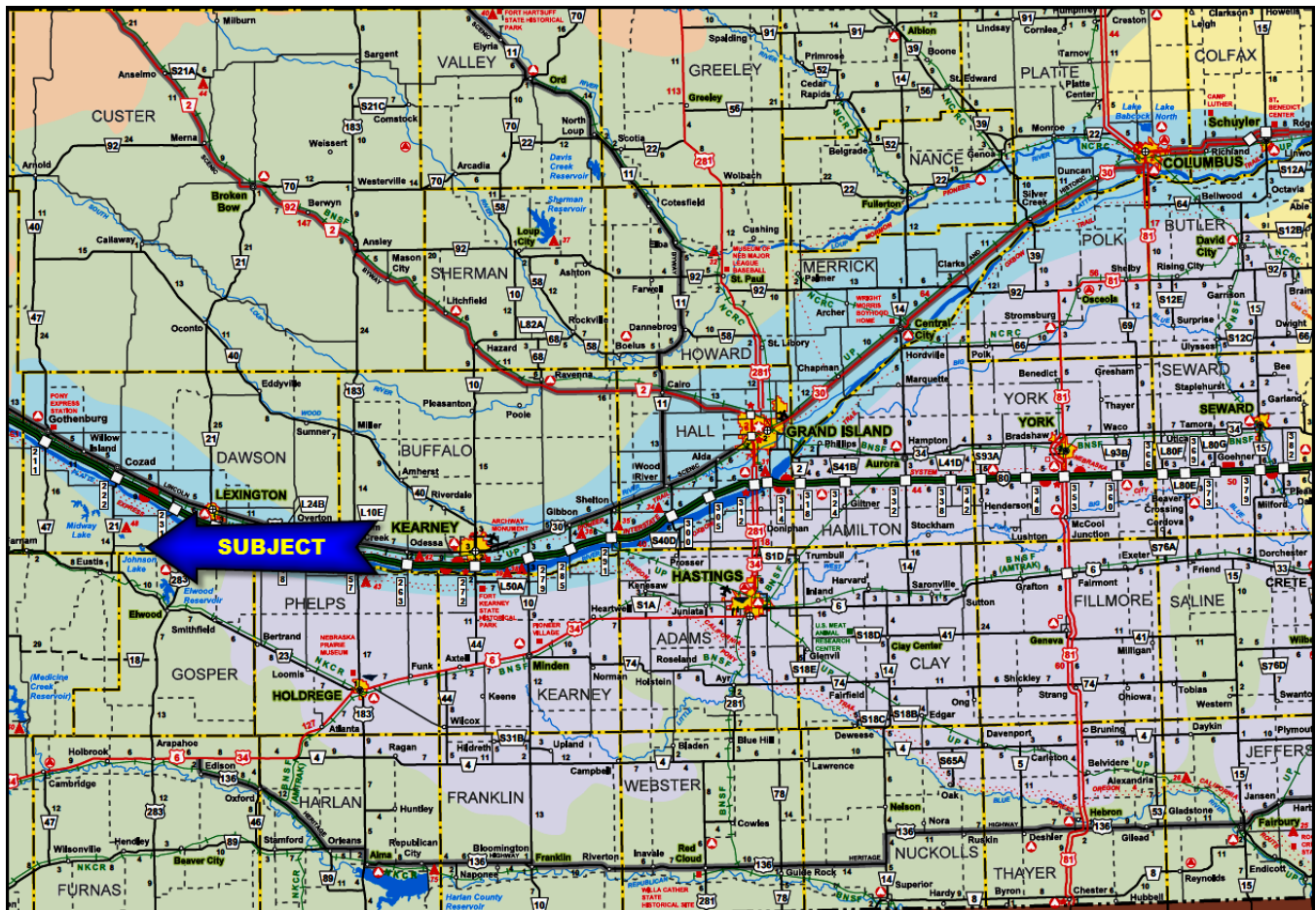
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MAPS

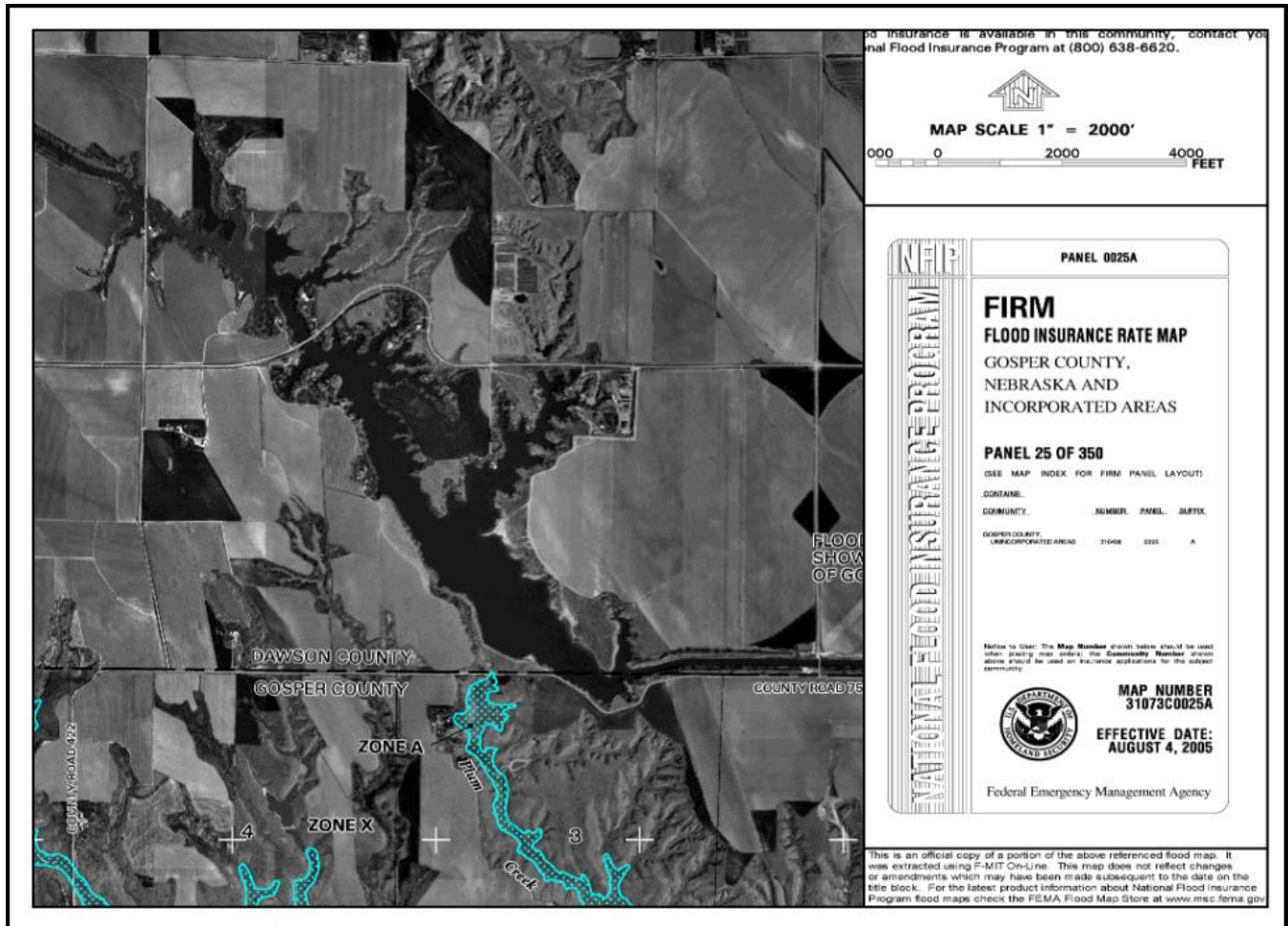
The property outlines on the maps that follow are included to assist the reader in visualizing the property. The lines do not reflect the exact boundaries of the property.

STATE HIGHWAY MAP



PLUM CREEK CANYON OWNERSHIP MAP

FLOOD MAP



PHOTOGRAPHS

Plum Creek Canyon Appraisal

PHOTOGRAPHS



#3 Plum Creek Canyon Dr. 121



#4 Plum Creek Canyon Drive 121



#5 Plum Creek Canyon Drive 121

Not all properties were available to be photographed and labeled by the appraiser.

FACTUAL DATA

Plum Creek Canyon Appraisal

ASSIGNMENT: The discussion, documentation, and analysis that is included in this report is used to arrive at a conclusion of the market value for a “typical” lot as stated in the lease agreement.

AUTHORIZATION: This appraisal was requested by telephone call from Mr. Jim Brown, Land Administrator, on behalf of the Central Nebraska Public Power and Irrigation District. Further meetings were held with representatives of CNPPID to discuss the project.

PREVIOUS SERVICES PROVIDED: The appraiser has/has not performed the following services related to the subject property in the three years prior to the preparation of this appraisal assignment:

- None

CLIENT/INTENDED USER: The client and intended user for this appraisal is Central Nebraska Public Power and Irrigation District.

PURPOSE/FUNCTION OF APPRAISAL: The purpose of this appraisal report is to arrive at an estimate of the market value of the “average” residential lot at Plum Creek Canyon. The function of this report is to assist CNPPID in monitoring values for future lease negotiations for residential lots located at Plum Creek Canyon.

TYPE OF APPRAISAL FORMAT: The format of this appraisal report is based on the scope of work requested by the client and current USPAP guidelines.

ZONING: The subject properties are located in Dawson County, Nebraska. County wide zoning is present. The properties are zoned recreational. The subject properties comply with the requisite recreational zoning ordinance.

FLOOD PLAIN ZONE: For purposes of this appraisal, it is assumed that all properties are outside of any known flood plain area. It is assumed that there is no flood plain hazard present.

The FEMA Flood Rate Insurance Map information provided to assist the reader. The appraiser is not an expert in matters related to flood insurance mapping; the reader should not rely on this information. A flood determination should be requested from a certified member of the National Flood Determination Association or other similar provider.

EARTHQUAKE ZONES: The subject property is not located in a seismic hazard zone.

PROPERTY RIGHTS: This appraisal was done on the assumption that fee simple title rests in the named owner of record. No appraisal has been done on mineral rights. Fee simple title is absolute ownership unencumbered by any other interest or estate; subject only to limitations of eminent domain, escheat, police power or taxation. This appraisal project is focusing on the Fee Simple value of a “typical” lot around the lake.

EASEMENTS/ENCUMBRANCES: There are no adverse easements or encumbrances known or noted by the appraiser.

ENVIRONMENTAL CONCERNS: No engineering study of existing or potential environmental concerns is included with this report. The appraiser has no knowledge of previous uses of the subject property that may have involved depositing, storing, using, manufacturing, or generating hazardous material on the site. Therefore, no opinions rendered in this report take into account potential environmental problems that might be discovered at this time or in the future. If further environmental information is required, a Level I Environmental Audit is recommended by a qualified environmental consultant.

Plum Creek Canyon Appraisal

OWNERSHIP/SALES HISTORY: The hypothetical “average” lot that is described in this report is owned by Central Nebraska Public Power and Irrigation District. Ownership has continuously been in this name for many years. There have been no changes in ownership.

LISTING/PURCHASE AGREEMENTS: The appraiser is not aware of any listings of the subject property or purchase agreements related to the subject property. The subject properties being the land that is leased. Improvements may be offered for sale, but the improvements are not the subject of this appraisal.

CURRENT USE OF THE PROPERTY: The property is being used for lake development Cabins or homes are present on nearly all of the lots around the lake.

ANTICIPATED USE OF THE PROPERTY: The appraiser anticipates ongoing use in the present manner.

ASSESSMENTS AND TAXES: Both counties assess the individual lots at Plum Creek Canyon. Leasehold cabin owners pay taxes to their respective counties based on local tax rates. Individual assessment and taxation information is not included within the scope of this appraisal assignment and is not included in this report.

SCOPE OF WORK: For each appraisal and appraisal review assignment, an appraiser must: (1) identify the problem to be solved; (2) determine and perform the scope of work necessary to develop credible assignment results; and (3) disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. (*Uniform Standards of Professional Appraisal Practice and Advisory Opinions, 2016-2017 Edition*) The following topics have been considered as the appraiser determines the necessary scope of work.

Type/Definition of Value:

1. *Type of Value:* **Market Value.**

2. *Definition of Value:* **Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and 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 own 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.

3. *Source of Definition:* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated October 27, 1994.¹

¹*Uniform Standards of Professional Appraisal Practice and Advisory Opinions, January 01, 2014 Edition, page A-75.*

Plum Creek Canyon Appraisal

Property Identification: A “Typical” lot along the shore of Plum Creek Canyon, NE.

1. *Location:* The subject property is located in the Plum Creek Canyon area. Plum Creek Canyon is located on the county line in southern Dawson County. A paved connecting county road runs between US Highway 283 to the east, and State Highway 21 to the west. This road connects Johnson Lake to these main roads as well.
2. *Legal Description:* No specific legal description is used in this appraisal report. The assignment directs the appraiser to arrive at an opinion of the value of the “typical” lot located at Plum Creek Canyon.

Inspection: Appraiser Tracy Hock inspected the property on 4/11/2017.

Type and Extent of Data Research:

1. *Record Review:* Records pertaining to the subject property were collected from the property owners/representatives, and public records.
2. *Market Data:* Market data was gathered from local MLS if applicable, public courthouse records, the appraiser’s work files, and local market participants.
3. *Data Confirmation:* Data was confirmed to the extent necessary to be considered reliable and credible.

Type and Extent of Analysis:

1. *Techniques/Approaches:* Only sales data was used in the preparation of this appraisal report. This data was used in the preparation of a Sales Comparison Approach. The Cost Approach and the Income Approach are not considered necessary or useful in the completion of this appraisal assignment.
2. *Current Incomes and Expenses:* Leasehold owners currently pay a lease amount to CNPPID based on a written lease agreement. This lease amount is not considered an indication of value. The appraiser was not provided with any records related to the owner’s income or expenses related to ownership of Plum Creek Canyon. This lack of income/expense data does not compromise the accuracy of the appraisal report.
3. *Conclusion of Value:* The appraiser has analyzed the inventory of lots at Plum Creek Canyon. Sales of vacant and developed residential/recreational lots at Plum Creek Canyon were identified and analyzed. This material resulted in the appraiser’s conclusion of values for an “average” lot based on the Sales Comparison Approach.

Supplemental Instructions: No supplemental standards were provided for the preparation of this appraisal report except the information included in the lease agreement.

Value Premise: As Is.

Hypothetical Condition: “A Condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.” (USPAP, January 01, 2016). The “typical” lot, as appraised in this report, is hypothetical in nature.

- This assignment assumes that there are no building improvements on the “average” lot. In fact, nearly every lot at Plum Creek Canyon has been improved with some type of home or cabin. The comparable sale properties also have building improvements that were constructed after the sale cited in this report.
- The assignment assumes that the lot size calculated in this appraisal report represents the “average” lot. This lot does not actually exist but is used for discussion purposes according to the terms of the lease.

Plum Creek Canyon Appraisal

Extraordinary Assumption: “An assumption directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions” (USPAP, January 01, 2016). There are no extraordinary assumptions considered in this appraisal assignment.

Competency: In recent years appraisals have been completed by this appraiser of several different types of commercial properties including residential, office, retail, commercial, agricultural and industrial. The appraiser is frequently called on to perform appraisal assignments throughout central Nebraska and other areas of the state.

The appraiser is a full time real estate appraiser. Continuing education courses are maintained through the Nebraska Real Property Appraiser Board. The appraiser has taken continuing education courses from numerous organizations and societies. Please review the attached appraiser résumé for more complete detail. No additional steps were deemed necessary to become competent for this appraisal assignment.

THE HIGHEST AND BEST USE: The common practice in the preparation of an appraisal report is to consider the subject property both as if it were “vacant and ready for development” and as “improved with the existing improvements”. The Highest and Best Use of the subject property could be some alternative use for the land that is different from the present improved use of the property. It is important for the appraiser to determine if the land use is more valuable than the improved use.

In developing an opinion of Highest and Best Use, the appraiser must consider factors such as:

- What are the physically possible uses of the site or existing improvements?
- What uses are legally permissible?
- What potential uses of the site or existing improvements are financially feasible?
- Of all potential uses of the site or existing improvements, which will be maximally productive or generate the greatest economic return to the property?

Physically Possible: Land surrounding lakes is limited in Central Nebraska. This type of land is desirable for residential and/or recreational uses.

Legally Permissible: Dawson County zoning ordinances allow several uses for land in a recreational area. The primary use is for housing.

Financially Feasible: The market has been escalating for housing around Plum Creek Canyon. This is demonstrated in the increased values paid for either vacant lake front lots or for lots with small, older cabins that are razed and new homes constructed.

Maximally Productive: There is no use other than residential apparent around Plum Creek Canyon. It appears that a residential application is the most productive use of this land.

there are several ad fields adjacent

AS IMPROVED: For this assignment it is assumed that the lots are vacant. There are some site improvements present including roads and/or streets and a community sanitary sewer system. The highest and best use as improved is not applicable to this assignment.

CONCLUSION: Because of the location of the subject properties adjacent to Plum Creek Canyon and other developed Plum Creek Canyon areas, the appraiser believes that the Highest and Best Use of each of these properties is for the development of recreational/residential properties, specifically the construction of cabins and/or homes for recreational purposes.

Plum Creek Canyon Appraisal

MARKETING CONDITIONS:

- **Property Value Trends:** There appears to have been significant value increases in this market area in the past few years. There are sales of lots that demonstrate value increases.
- **Demand and Supply Factors:** In the process of gathering information for this assignment the appraiser has interviewed market participants such as realtors and property owners. First of all, it appears that there is good demand for a lake property. Plum Creek Canyon has a long history and is conveniently located. The appraiser feels that the current low lease rates based on lower lot values are also helping to drive the market. With a re-evaluation of lot values, this may trigger a slowdown in the market if the rates are increased.
- **Sales and Financing Concessions:** Concessions are not common in this market.
- **List-to-Sale Price Ratio:** Many of the improved properties that sell at Plum Creek Canyon are listed and marketed through local real estate companies. There is such a wide variety of properties and property types at Plum Creek Canyon that it is difficult to develop a useful analysis of the price ratio.
- **Availability of Financing:** Financing is available at historically favorable rates.

Exposure and Marketing Time: An analysis of the exposure time (length of time prior to the date of appraisal required to sell the property) and marketing time (the amount of time after the date of the appraisal to sell the property) is important because it reflects market conditions that were present in the time period immediately prior to the date of the appraisal and market conditions that are anticipated for the time period immediately following the date of the appraisal. This discussion would reflect an improving market, a declining market, or a stable market. Factors such as interest rates, new competition in the marketplace and other economic factors would be reflected in the analysis of exposure time and marketing time.

- **EXPOSURE TIME:** Only the leasehold interest in improvements can be sold. CNPPID owns the land surrounding the lake. Individual property owners own such things as residences, fences, other outbuildings and the like. The appraiser believes an exposure time of one to six months should be expected for lots that have been sold in recent years.
- **MARKETING TIME:** The appraiser believes that the marketing time required for this property in the future would be one to six months. There are no new or undisclosed lease requirements anticipated in the future.

COMMUNITY DESCRIPTION: Dawson County is located in the south-central portion of the State of Nebraska. Dawson County has seven communities: Lexington, Gothenburg, Cozad, Eddyville, Farnam, Overton, and Sumner. Lexington is the county seat of Dawson County. Gothenburg is known as the Pony Express Capital of Nebraska and also known for the Wildhorse Golf Course which has been the subject of several national golf publications.

As of the 2015 U.S. Census Bureau report, Dawson County has an estimated population of 23,286. The Lexington estimated population in 2015 was 10,075.

Dawson County has three hospitals located in Lexington, Gotheburg and Cozad. In addition, this area features nine nursing and residential care facilities, 10 family practices, 14 dentist practices, six pharmacies. More than 1,00 people in Dawson County are employed in the health care industry.

The City of Lexington is located approximately 221 miles west of the City of Omaha, Nebraska, and 326 miles east of the City of Denver, Colorado. The city is served by Interstate #80 that passes the southern boundary of the city. U.S. Highway #30 passes through east to west in Lexington. The city has a general aviation airport; however, the nearest commercial air transportation is in Kearney, approximately 38 minutes to the east. The Union Pacific Railroad mainline passes from east to west through Lexington.

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Lexington has a Mayor/City Council form of government. There are city and county zoning ordinances in effect. The city has a volunteer fire department and a municipal water and sanitary sewer system. The city has five full-time police officers.

The climate of Dawson County is considered moderate. The average daily temperatures are as follows:

<i>Month</i>	<i>Minimum</i>	<i>Mean</i>	<i>Maximum</i>
January	12.1°	25.4°	38.5°
April	35.5°	50.1°	64.6°
July	61.0°	75.2°	89.6°
October	37.5°	53.0°	68.3°

The average annual precipitation is 21.96". There is an average growing season of 155 days.

Agriculture is one of the primary sources of economic strength within Dawson County. In 2012, there were 806 farms in the county. There are approximately 630,466 acres of farmland within the county. In 2012, nearly \$826 million dollars' worth of farm products were sold.

In addition to agriculture, manufacturing provides a major source of income to the county. Tyson Fresh Meat (IBP) is the largest employer in the county. Orthman Manufacturing Company produces farm implements. Other major employers in the county are Nebraska Plastic and Paulsen, Inc., WS Canteen, Inc, Tri-County Hospital, Baldwin Filters, Parker Tech Seals Division Cornhusker and Cornhusker Energy.

NEIGHBORHOOD DESCRIPTION: The Plum Creek Canyon area is located in central Nebraska on the Dawson-Gosper County line. Plum Creek Canyon was created as a part of a power/irrigation/recreation development of the Central Nebraska Public Power and Irrigation District. Water to fill the lake has been diverted from the Platte River. Plum Creek Canyon is surrounded by land that is fully developed for agricultural uses. Plum Creek Canyon and the homes and businesses surrounding the lake is a community separate from any other town in the area.

SUMMARY OF CONCLUSIONS: The subject property, as defined, has been compared to sales of properties located at Plum Creek Canyon to develop a Sales Comparison Appraisal. The appraiser does not believe that a Cost Approach or Income Approach is useful for the appraisal assignment. Only the Sales Comparison Approach has been prepared.

FINAL ESTIMATE OF MARKET VALUE:

Calculation of Value Typical PK Lot				
	<u>Factor</u>	<u>Typical Lot</u>	<u>Value</u>	<u>Called Value</u>
Tier 1 Lot /SF Value	\$7.00	38,500	\$269,500	\$250,000
Tier 1 Lot /FF Value	\$600	375	\$225,000	\$250,000

NARRATIVE DESCRIPTION OF PROPERTY

Plum Creek Canyon Appraisal

PLUM CREEK CANYON LOTS:

Parcel #	911_No	AREA_NAME	AREA_SF	FRONTAGE	RATE
240175468	1 Plum Creek Canyon Dr 12A	East of Bridge	75996	300	TIER 1
240175484	1 Plum Creek Canyon Dr 12I	West of Bridge	19831	234	TIER 1
240175379	1 Plum Creek Canyon Dr 12B	East Egerdloh	46609	642	TIER 1
240175476	2 Plum Creek Canyon Dr 12A	East of Bridge	30862	270	TIER 1
240175387	2 Plum Creek Canyon Dr 12B	East Egerdloh	60469	1308	TIER 1
240175492	2 Plum Creek Canyon Dr 12I	West of Bridge	43779	239	Special Rate
240175425	3 Plum Creek Canyon Dr 12A	East of Bridge	52289	295	TIER 1
240175506	3 Plum Creek Canyon Dr 12I	West of Bridge	23970	281	TIER 1
240175433	4 Plum Creek Canyon Dr 12A	East of Bridge	44741	658	TIER 1
240175514	4 Plum Creek Canyon Dr 12I	West of Bridge	26436	350	TIER 1
240175441	5 Plum Creek Canyon Dr 12A	East of Bridge	39788	350	TIER 1
240175522	5 Plum Creek Canyon Dr 12I	West of Bridge	17779	153	TIER 1
	6 Plum Creek Canyon Dr 12A	East of Bridge	49344	353	TIER 1
240175530	6 Plum Creek Canyon Dr 12I	West of Bridge	14522	200	TIER 1
240175395	7 Plum Creek Canyon Dr 12A	East of Bridge	22318	372	TIER 1
240175549	7 Plum Creek Canyon Dr 12I	West of Bridge	34009	661	TIER 1
240207017	75150 Rd 423	West of Bridge	48613	651	TIER 1

GENERAL DESCRIPTION: The assignment calls for the value of the “typical” lot at Plum Creek Canyon. The lots at Plum Creek Canyon are not delineated into multiple tiers. All are considered a Tier 1 lot with similar features and lake access.

SITE DESCRIPTION: As instructed by the client, the appraiser is asked to derive what would be considered a “typical” lot around the lake. The appraiser has considered two factors of these lots, Square Footage and Lake Frontage Footage. The average square footage of the lots is 38,315 SF. When looking at a large sampling of data, working with a standard deviation is helpful to eliminate outliers. The standard deviation for the square footage amount is 16,737 SF. This means that approximately 68% of the numbers computed in the average are within a range of +/- 16,737 SF from the average. Naturally, the smaller the deviation number, the more consistent and reliable the sampling of data. The appraiser has also looked at the median of the SF amounts which is 39,788. The closer the median and the average (mean), again, the more consistent the sampling pool is. The average of the values within 1 standard deviation is 38,563. This leads the appraiser to believe that the mean figure is a more accurate representation of what a “typical” lot would be in terms of Square Footage.

The appraiser has also considered linear Lake Frontage Feet. Again, working on the same premises as with square footage, the average has been computed at 430 linear feet of lake frontage for the lots. The standard deviation is 283. This is a high deviation number for these amounts, indicating that there is a wide range of lake frontages present. The Median frontage number is 350. The average of the values within 1 standard deviation is 376, The median linear footage and Deviation Average numbers appear to be more reliable in determining a “typical” lot.

For the sake of this appraisal then, the appraiser has determined that a typical lot, has approximately 38,500 SF of area, and 375 linear feet of lake frontage.

DESCRIPTION OF IMPROVEMENTS: This assignment assumes there are no building improvements on the average lot. In the appraiser’s opinion, the average lot located at Plum Creek Canyon has the following site characteristics:

- access from a public and private roadway system
- access to the lake from the lot
- most lots, but not all, have some type of boat dock or shore station

SPECIAL ASSESSMENTS: There are typically no current assessments due on these lots.

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PERSONAL PROPERTY: There is no personal property included in this appraisal report.

AMERICANS WITH DISABILITY ACT (ADA): The appraiser is not an authority on items of the Act and forms no opinion related to the compliance of the terms of the act.

VALUE CALCULATIONS AND CONCLUSIONS

An appraisal is an estimate of value. Its accuracy depends on the basic competence and integrity of the appraiser and on the soundness and skill by which the data is processed. Its worth is influenced by the availability of pertinent data. The professional appraiser seeks current facts, and seeks to be practical. The appraiser's opinion must be without bias. As with other types of "markets", the real property appraiser does not make the market but rather interprets the market.

The appraisal process typically involves three approaches to value. These approaches are the Cost Approach, the Sales Comparison Approach, and the Income Approach. The following is a discussion of the three common approaches to value and their use in this appraisal report.

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COST APPROACH TO VALUE

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.¹

The consideration of depreciation involves three separate types of depreciation which are deducted from the cost new of the subject property. Physical deterioration is a loss in value caused by weather, wear and tear, disintegration, or structural defects. Physical deterioration may be divided into several separate categories. Functional obsolescence is the impairment of the functional efficiency or capacity caused by such things as inadequacies, obsolescence or changes in practices affecting the use of the building. Economic obsolescence is the loss in value or desirability caused by economic factors that are external to the property.

No Cost Approach to Value has been prepared in this appraisal report. The Cost Approach to Value considers the Replacement Cost New (RCN) of building improvements on a parcel of land, less applicable types of depreciation. The value of the land is added to the depreciated cost of the improvements to complete the estimate of value. Because there are no significant building improvements on the subject property, this approach is not necessary or appropriate. No Cost Approach to Value has been prepared.

¹ "Cost Approach." *The Dictionary of Real Estate Appraisal*. 4th ed. 2002. Print.

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INCOME APPROACH TO VALUE

The Income Approach is a set of procedures through which an appraiser derives a value indication for an income-producing property by converting its anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market-derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate.²

The appraiser projects the net operating income of each of the comparable sales and then divides by the sale price to determine the capitalization rate. By analyzing capitalization rates from comparable sales, the appraiser can then estimate an appropriate current market capitalization rate to the subject property.

In order to determine the income stream of comparable sales and the subject properties, several factors must be considered. They include determining what the typical lease terms in the area are and what would be the normal expenses to the lessor. The appraiser considers all these items regarding the sales and the subject property in conducting an analysis for the conclusions.

No Income Approach to value has been prepared for this appraisal report. The Income Approach to Value considers the current incomes generated by the operations of the property. The value of a Plum Creek Canyon lot derived from amenities related to recreational and residential improvements, but not from current income producing potential. Any current income that is generated from this property is not indicative of the market value for a recreational property. The Income Approach does not provide useful information for arriving at an opinion of market value for this property.

²"Income Capitalization Approach." *The Dictionary of Real Estate Appraisal*. 4th ed. 2002. Print.

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SALES COMPARISON APPROACH TO VALUE

The Sales Comparison Approach is a set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.³

In this approach, the appraiser attempts to apply the principle of substitution. This principle states that a prudent buyer will not pay more for a given property than it would cost him to buy another equally desirable similar property. On the other hand, a well-informed seller will sell a property for no less than what similar properties are selling for.

The Sales Comparison Approach involves analyzing sales of properties similar to the subject property being appraised. Details of the comparable sales must be studied at length for proper analysis. As no two properties are identical, the appraiser must make the judgments regarding each sale property when compared to the subject property for such major factors as time, size, location, quality, improvements and terms. It is those properties which are most comparable to the subject, and thus, require the least number of adjustments that give the appraiser the best indications of value. This approach gives strength as more data becomes available to the appraiser for analysis and comparison.

The appraiser believes that the only reliable method of arriving at an opinion of value for this assignment is to identify sales of properties at Plum Creek Canyon and compare them to the subject property. All sales were either vacant at the time of their sale or had building improvements that were removed after the sale to facilitate the construction of new homes. These are considered “teardown lots”. I'm not aware of tear down sales at PC

In order to complete this assignment, the appraiser had to more precisely define the word “average” as stated in the lease agreement. The first step was to conclude what was to be included in the average.

It is essential to determine what number will be used as the “average” for the value calculations. The appraiser researched definitions of average and related mathematical concepts. The most prevalent number used for this type of calculation is the “median” of a set of values rather than the average (or mean).

The following information is from Wikipedia, the free encyclopedia. This discussion is provided to assist the reader in understanding the appraiser’s process of calculating the value.

Average: In mathematics, an *average*, *mean*, or *central tendency* of a data set refers to a measure of the “middle” or “expected” value of the data set. There are many different descriptive statistics that can be chosen as a measurement of the central tendency. The most common method, and the one generally referred to simply as *the average*, is the arithmetic mean.

Arithmetic Mean: In mathematics and statistics, the **arithmetic mean** (or simply the **mean**) of a list of numbers is the sum of all the members of the list divided by the number of items in the list. If one particular number occurs more times than others in the list, it is called a mode. The arithmetic mean is what students are taught very early to call the “average”. If the list is a statistical population, then the mean of that population is called a **population mean**. If the list is a statistical sample, we call the resulting statistic a **sample mean**.

³“Sales Comparison Approach.” *The Dictionary of Real Estate Appraisal*. 4th ed. 2002. Print.

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When the mean is not an accurate estimate of the median, the list of numbers, or frequency distribution, is said to be skewed.

- *Problems with some uses of the mean:* While the mean is often used to report central tendency, it may not be appropriate for describing skewed distributions, because it is easily misinterpreted. The arithmetic mean is greatly influenced by outliers. These distortions can occur when the mean is different from the median. When this happens, the median may be a better description of central tendency.

Median: In probability theory and statistics, a **median** is a number dividing the higher half of a sample, a population, or a probability distribution from the lower half. The *median* of a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle one. If there is an even number of observations, the median is not unique, so one often takes the mean of the two middle values.

At most half, the population has values less than the *median* and at most half have values greater than the median. If both groups contain less than half the population, then some of the population is exactly equal to the median.

- *Popular Explanation:* The big difference between the median and mean is illustrated in a simple example.

Suppose 19 paupers and 1 billionaire are in a room. Everyone removes all money from their pockets and puts it on a table. Each pauper puts \$5 on the table; the billionaire puts \$1 billion (that is, \$10⁹) there. The total is then \$1,000,000,095. If that money is divided equally among the 20 persons, each gets \$50,000,004.75. That amount is the *mean* (or “average”) amount of money that the 20 persons brought into the room. But the *median* amount is \$5, since one may divide the group into two groups of 10 persons each, and say that everyone in the first group brought in no more than \$5, and each person in the second group brought in no less than \$5. In a sense, the median is the amount that the *typical* person brought in. By contrast, the mean (or “average”) is not at all typical, since no one present—pauper or billionaire—brought in an amount approximating \$50,000,004.75.

Medians in Descriptive Statistics: The median is primarily used for skewed distributions, which it represents differently than the arithmetic mean. Consider the multiset {1, 2, 2, 2, 3, 9}. The median is 2 in this case, as is the mode, and it might be seen as a better indication of central tendency than the arithmetic mean of 3.166....

Calculation of medians is a popular technique in summary statistics and summarizing statistical data, since it is simple to understand and easy to calculate, while also giving a measure that is more robust in the presence of outlier values than is the mean.

Standard Deviation: In statistics, the **standard deviation (SD)** is a measure that is used to quantify the amount of variation or dispersion of a set of data values. A standard deviation close to 0 indicates that the data points tend to be very close to the mean (also called the expected value) of the set, while a high standard deviation indicates that the data points are spread out over a wider range of values.

The complete data set includes the 17 lots leased around Plum Creek Lake group were used to develop the following values.

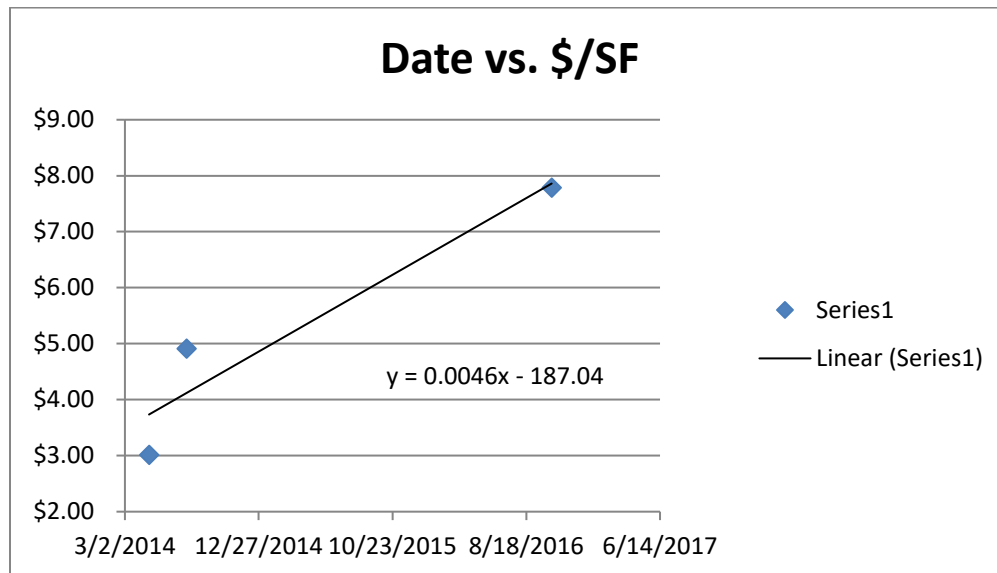
Graphing the data points for 100% of the 17 lots shows several “outliers” that tend to skew the data. Reducing the size of the sample to the data points within 1 standard deviation (+/- 16,737 for SF) produces a stronger representation of the typical lot

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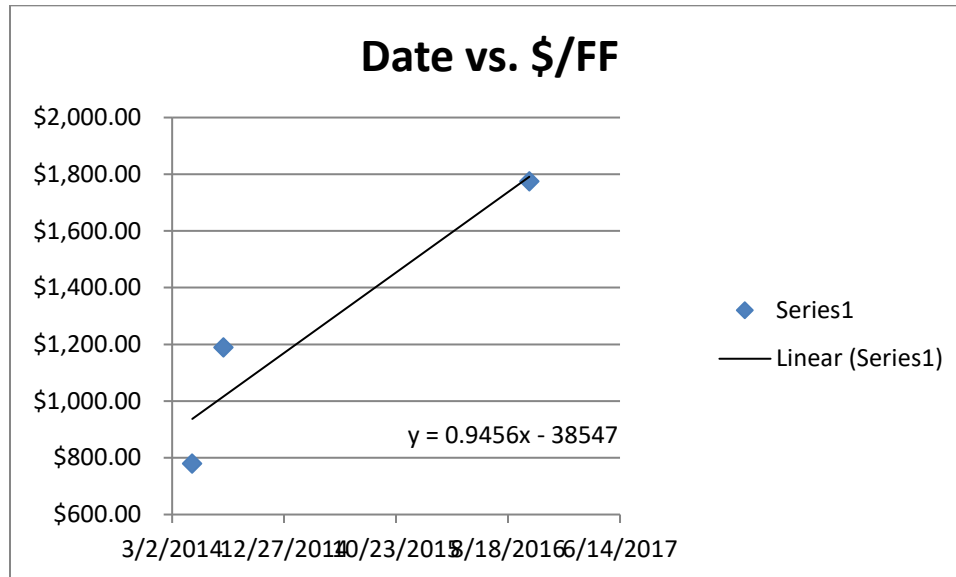
Three sales were identified of the most similar fee simple ownership lots that were either vacant at the time of the sale or had a house (cabin) present that was removed for the construction of new residences in the past 2 years. The appraiser searched market data for the past two years. Data further back shows a dramatic increase in values, and was therefore eliminated. The chart that follows summarizes these sales.

Date	911 Enhanced Address	Sale Price	Lot Size	\$/SF	FF	\$/FF	Legal Description
10/14/2016	42355 Rd 750	\$ 177,500	22795	\$ 7.79	100	\$ 1,775.00	Lot 5 Plum Paradise Estates Sub
7/18/2014	42357 Rd. 750	\$ 119,000	24228	\$ 4.91	100	\$ 1,190.00	Lot 6 Plum Paradise Estates Sub
4/25/2014	42359 Rd 750	\$ 78,000	25867	\$ 3.02	100	\$ 780.00	Lot 7 Plum Paradise Estates Sub
	Averages			\$ 5.24		\$ 1,248.33	

The appraiser recognizes that these three lot sales are all on the other side of the lake from where the subject lot is located. However, these are the only sales available to demonstrate a market value for the subject lot. There does appear to be a significant value increase happening. The following graphs show these value increases.



Plum Creek Canyon Appraisal



Both of these graphs show dramatic increases in the values over the past two years. The trend line is close to the data points, which indicates a stronger correlation of steady value increases. However, there are only three data points, so the reliability of this is diminished. The trend line would support a higher value per front foot and square foot.

The appraiser has also looked at some active listings of improvements on leasehold lots around Plum Creek Canyon.

There is 1 fee simple listing. This is a very large lot, with significant improvements.

Fee Simple Listings									
911 Enhanced Address	Listing Price	Imp. Size	Improvement Value	Land Listing Price	Lot Size	\$/SF	FF	\$/FF	Legal Description
95 Plum Creek Canyon Trail	\$ 550,000.00	2148	\$ 282,025.00	\$ 267,975.00	469141	\$ 0.57	1095	\$ 244.73	Tract E in W 1/2 35-0-23.

There are currently 3 listings of leasehold properties at the lake.

Plum Creek Canyon Listings									
911 Enhanced Address	Listing Price	Imp. Size	Improvement Value	Land Listing Price	Lot Size	\$/SF	FF	\$/FF	Legal Description
3 Plum Creek Canyon	\$ 230,000.00	736	\$ 50,000.00	\$ 180,000.00	23970	\$ 7.51	281	\$ 640.57	Lot 2, Plum Creek Canyon West
6 Plum Creek Canyon	\$ 590,000.00	2476	\$ 350,000.00	\$ 240,000.00	49344	\$ 4.86	353	\$ 679.89	Lot 2, Plum Creek Canyon East
95 Plum Creek Canyon Trail	\$ 550,000.00	2148	\$ 282,000.00	\$ 268,000.00	469141	\$ 0.57	1095	\$ 244.75	Tract E in W 1/2 35-0-23.

These listings also have significant improvements. The first listing has the smallest improvement amount, and is closest to the "typical" lot being appraised.

The average figures do not help much due to the small data pool. The best the appraiser can do is look at the most recent data, and determine if it is reasonable. The appraiser has also visited with realtors who frequently market in the area to get their feel on market values of land.

The most recent sale indicates a value per square foot of \$7.51. The trend line regression formula would indicate a value of \$9.82/SF. The appraiser has selected a value of \$7/SF due to the lack of more comparable data points.

this is not a leasehold. it's the same one listed in the table above

Plum Creek Canyon Appraisal

The charts below show the values indicated based on the various figures derived.

The first is using the full average FF and SF values with the average sizes.

Calculation of Value Typical PK Lot			
	Mean	Mean	
	Units	Values	Value
Area Mean 100%	38,315.07	\$ 5.24	\$ 200,693
Frontage Mean 100%	430.41	\$1,248.33	\$ 537,297
Average			\$ 368,995

The next uses the standard deviation averages for sizes with the average values indicated.

Calculation of Value Typical PK Lot			
	Mean	Mean	
	Units	Values	Value
Average Within 1 Dev	38,563.21	\$ 5.24	\$ 201,993
Frontage Avg. Within 1 Dev.	375.56	\$ 1,248.33	\$ 468,827
Average			\$ 335,410

The final chart is with the average sizes, and the selected values.

Calculation of Value Typical PK Lot			
	Mean	Selected	
	Units	Values	Value
Selected Dev. Sales Avg./ SF	38,563.21	\$ 7.00	\$ 269,942
Selected Dev. Sales Avg./ FF	375.56	\$ 600.00	\$ 225,338
Average			\$ 247,640

These values show a closer correlation to the final value that is derived for the typical lot.

Calculation of Value Typical PK Lot				
	<u>Factor</u>	<u>Typical Lot</u>	<u>Value</u>	<u>Called Value</u>
Tier 1 Lot /SF Value	\$7.00	38,500	\$269,500	\$250,000
Tier 1 Lot /FF Value	\$600	375	\$225,000	\$250,000

The final determination of the Fee Simple value of a "typical" Plum Creek Canyon lot is \$250,000.

Plum Creek Canyon Appraisal

CONCLUSION

Only the Sales Comparison Approach has been prepared.

- The appraiser is unable to calculate a meaningful Cost Approach and has determined that the reliability of this report is not affected by eliminating this approach.
- Lots at Plum Creek Canyon are not considered income producing properties for the tenants. The value of the lots is the amenity that the lot produces when a home is constructed on or near Plum Creek Canyon. The Income Approach cannot be calculated nor would it produce a credible result.

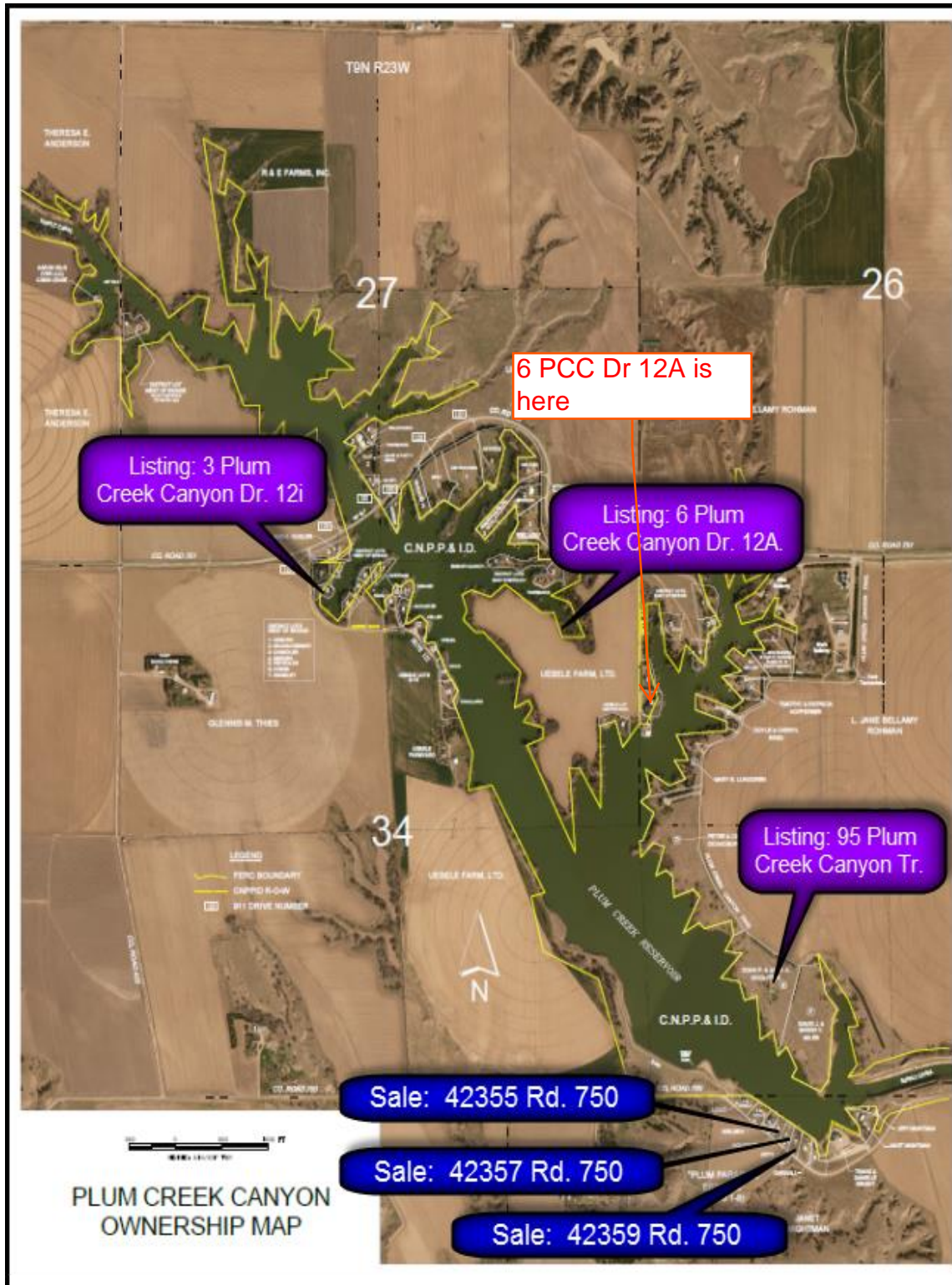
The data presented in the previous pages and the accompanying discussion lays out the appraiser's reasoning for the value conclusions for the appraisal assignment. The following is the appraiser's conclusion for the value of an "average" lot.

Calculation of Value Typical PK Lot				
	Mean	Mean		
	Units	Values	Value	
Area Mean 100%	38,315.07	\$ 5.24	\$ 200,693	
Frontage Mean 100%	430.41	\$1,248.33	\$ 537,297	
Average			\$ 368,995	
Calculation of Value Typical PK Lot				
	Mean	Mean		
	Units	Values	Value	
Average Within 1 Dev	38,563.21	\$ 5.24	\$ 201,993	
Frontage Avg. Within 1 Dev.	375.56	\$ 1,248.33	\$ 468,827	
Average			\$ 335,410	
Calculation of Value Typical PK Lot				
	Mean	Selected		
	Units	Values	Value	
Selected Dev. Sales Avg./ SF	38,563.21	\$ 7.00	\$ 269,942	
Selected Dev. Sales Avg./ FF	375.56	\$ 600.00	\$ 225,338	
Average			\$ 247,640	
Calculation of Value Typical PK Lot				
	<u>Factor</u>	<u>Typical Lot</u>	<u>Value</u>	<u>Called Value</u>
Tier 1 Lot /SF Value	\$7.00	38,500	\$269,500	\$250,000
Tier 1 Lot /FF Value	\$600	375	\$225,000	\$250,000

The value of an average lot is \$250,000.

COMPARABLE SALES

COMPARABLE SALES MAP



Plum Creek Canyon Appraisal

SALE 42355 ROAD 750

GRANTOR: Scott & Shari Fagot

GRANTEE: Holcomb

DATE OF SALE: 10/14/2016

CONSIDERATION: \$177,500

LEGAL DESCRIPTION: Lot 5 Plum Paradise Estates Subdivision, PT N1/2 3-8-23, Gosper County, Nebraska

CONFIRMATION/BROKER: Public Record

TYPE OF LOT: PKC

FRONTAGE: 100 ft.

PRICE/FRONT FOOT: \$1,775.00

LOT AREA: 22,795 sq. ft.

PRICE/SQUARE FOOT: \$7.79

TEAR DOWN (YES/NO) Vacant Lot Sale

PROPERTY DESCRIPTION: Vacant land on the south side of the lake.



Plum Creek Canyon Appraisal

SALE 42357 ROAD 750

GRANTOR: Ephriam Hixson

GRANTEE: Michael & Tricia Arps

DATE OF SALE: 7/8/2014

CONSIDERATION: \$119,000

LEGAL DESCRIPTION: Lot 6 Plum Paradise Estates Subdivision; PT N1/2 3-8-23, Gosper County, Nebraska

CONFIRMATION/BROKER: Public Record

TYPE OF LOT: PKC

FRONTAGE: 100 ft.

PRICE/FRONT FOOT: \$1,190.00

LOT AREA: 24,228

PRICE/SQUARE FOOT: \$4.91

TEAR DOWN (YES/NO) Vacant Lot

PROPERTY DESCRIPTION: Vacant lot on the South side of the lake.



Plum Creek Canyon Appraisal

SALE 42359 ROAD 750

GRANTOR: Michael D and Tricia M Arps

GRANTEE: Peggy and James King

DATE OF SALE: 4/25/2014

CONSIDERATION: \$78,000

LEGAL DESCRIPTION: Lot 7 Plum Paradise Estates Subdivision; PT N1/2 3-8-23, Gosper Estates Subdivision; Gosper County, Nebraska

CONFIRMATION/BROKER: Public Record

TYPE OF LOT: PKC

FRONTAGE: 100 ft.

PRICE/FRONT FOOT: \$3.02

LOT AREA: 25,867 sq. ft.

PRICE/SQUARE FOOT: \$3.02

TEAR DOWN (YES/NO) Vacant lot

PROPERTY DESCRIPTION: Vacant lot on the south side of the lake.



Plum Creek Canyon Appraisal

LISTING - #3 PLUM CREEK CANYON TRAIL 12i

LISTING:	BHA Real Estate
OWNERSHIP:	John Herhahn
LEGAL DESCRIPTION:	Plum Creek Canyon West Lot 2 34-09-23, Dawson County, Nebraska
LISTING PRICE:	\$230,000
IMPROVEMENT SIZE:	736 sq. ft.
IMPROVEMENT VALUE:	\$50,000
LAND LISTING PRICE:	\$180,000
LOT SIZE:	23,970 sq. ft.
PRICE/SQUARE FOOT:	\$7.51
FRONTAGE:	281 ft.
PRICE/FRONT FOOT:	\$640.57
TYPE OF LOT:	PKC-Leasehold
TEAR DOWN (YES/NO)	No, but with minimal improvements
PROPERTY DESCRIPTION:	Small cabin on a lot that is leased. Realtor indicated that reconstruction would be difficult with lot restrictions and size.

john chandler



Plum Creek Canyon Appraisal

LISTING - #6 PLUM CREEK CANYON TRAIL 12A

LISTING:	BHA Real Estate
OWNERSHIP:	N/A
LEGAL DESCRIPTION:	Lot 2 East Plum Creek Canyon 34-09-23, Dawson County, Nebraska
LISTING PRICE:	\$590,000
IMPROVEMENT SIZE:	2,476 sq. ft.
IMPROVEMENT VALUE:	\$350,000
LAND LISTING PRICE:	\$240,000
LOT SIZE:	49,344 sq. ft.
PRICE/SQUARE FOOT:	\$4.86
FRONTAGE:	353 ft.
PRICE/FRONT FOOT:	\$679.89
TYPE OF LOT:	PKC-Leasehold
TEAR DOWN (YES/NO)	No-significant improvements.
PROPERTY DESCRIPTION:	Nice cabin on leased land. Estimated value of improvements is \$350,000.



Plum Creek Canyon Appraisal

LISTING 95 PLUM CREEK CANYON TRAIL

LISTING:	BHA Real Estate
OWNERSHIP:	Doak Doolittle
LEGAL DESCRIPTION:	Tract in W1/2 35-9-23, Dawson County, Nebraska
LISTING PRICE:	\$550,000
IMPROVEMENT SIZE:	2,148 sq. ft.
IMPROVEMENT VALUE:	\$282,025
LAND LISTING PRICE:	\$267,975
LOT SIZE:	469,141 sq. ft.
PRICE/SQUARE FOOT:	\$0.57
FRONTAGE:	1,095 ft.
PRICE/FRONT FOOT:	\$244.73
TYPE OF LOT:	PKC-Fee Simple
TEAR DOWN (YES/NO)	No
PROPERTY DESCRIPTION:	Large fee simple lot. Estimated improvement value of \$282,000.



GLOSSARY OF DEFINITIONS

GENERAL DEFINITIONS

(THE) APPRAISAL PROCESSES: An appraisal is an estimate of value. Its accuracy depends on the basic competence and integrity of the appraiser and on the soundness and skill by which the data is processed. Its worth is influenced by the availability of pertinent data. The professional appraiser seeks current facts, and seeks to be practical. The appraiser's opinion must be without bias. As with other types of "markets", the real property appraiser does not make the market but rather interprets the market.

BAND OF INVESTMENT: A technique in which the weighted-average rates attributable to the components of a capital investment are combined to derive a weighted-average rate attributable to the total investment. (*The Dictionary of Real Estate Appraisal, American Institute of Real Estate Appraisers, 1987, page 25*)

DISCOUNTED CASH FLOW (DCF): A set of procedures in which an appraiser specifies the quantity, variability, timing, and duration of periodic income, as well as the quantity and timing of reversions, and discounts each to its present value at a specified yield rate. (*The Dictionary of Real Estate Appraisal, American Institute of Real Estate Appraisers, 1987, page 94*)

EXPOSURE TIME: The exposure time is the amount of time prior to the date of the appraisal that would have been required to market and consummate a sale of the subject property.

GOING CONCERN: An opening business enterprise that is expected to continue. (Based on or substantially from American Society of Appraisers Standards of Business, page 20.)

GOING CONCERN VALUE: The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going concern value.

HIGHEST AND BEST USE: "The reasonably, probable, and legal use of vacant land or an improved property which is physically possible, appropriately supported, financially feasible, and that results in the highest value." (*The Appraisal of Real Estate, American Institute of Real Estate Appraiser's, 10th Edition.*)

"The analysis (of highest and best use) should begin by studying the subject property for the four criteria inherent in highest and best use;

1. What uses are physically possible?
2. What uses are legally permissible?
3. Of those legally permissible and physically possible uses, which uses would produce a positive return and are financially feasible?
4. And finally, of the uses shown to be physically possible, legally permissible and financially feasible; which use will generate the greatest net amount income approved to be maximally productive?

MARKETING TIME: Marketing time is an opinion of the amount of time it might take to sell a property interest in real estate at the concluded market value level during the period immediately following the effective date of an appraisal.

SPECIAL-PURPOSE PROPERTY: A property that is appropriate for one use or a limited number of uses; e.g., a clubhouse, a church property, a public museum, a public school; also, a building that cannot be converted to another use without a large capital investment; e.g., a hospital, a theater, a brewery. In some jurisdictions, courts have specifically defined this term.

SPECIAL USE: The architecture of special-purpose buildings tends to limit them to a single use. Although most buildings can be converted to other uses, the conversion of special-purpose buildings generally involves extra expense and design expertise. Special-purpose structures include churches, synagogues, theaters, sports arenas, and other types of auditoriums. Many automobile dealerships and gasoline service stations have been successfully converted to other uses. (*The Appraisal of Real Estate, 9th Edition, American Institute of Real Estate Appraisers, 1987*)

STABILIZED EXPENSE: A projected expense that is subject to change but has been adjusted to reflect an equivalent, stable annual expense. (*The Dictionary of Real Estate Appraisal*)

STABILIZED INCOME: Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income. (*The Dictionary of Real Estate Appraisal*)

VALUE IN USE: The value of a property for a specific use or to a specific user, reflecting the extent to which the property contributes to the utility or profitability of the enterprise of which it is a part.⁵

Analysis is appropriate only when no rental or sale market can be identified, or when a rental value cannot be estimated by allocation from the earnings of the enterprise of which the real estate is a part. Value in Use computation is generally appropriate when:

1. The property is fulfilling an economic demand for the service it provides or which it houses;
2. The property improvements have a significant remaining economic life expectancy;
3. There is responsible ownership and competent management;

⁵*The Appraisal of Real Estate 9th Edition American Institute of Real Estate Appraisers, 1987*

Plum Creek Canyon Appraisal

4. Diversion of the property to an alternate use would not be economically feasible;
5. Continuation of existing use by present or similar users is practical and assumed; and
6. Due consideration is given the property, functional utility and support of the purpose for which it is being used.

Under these circumstances, the appraiser may consider the property by giving an opinion of a Value in Use. The Cost Approach, duly reflecting existing functional lack of utility and reflecting economic depreciation, as well as physical depreciation, may be applied in such situations. All measures of the economic contribution of the real estate to the total going concern situation are relevant. Since cost is not synonymous with value, the measure of which, under the principle of contribution, depends on the context of that use.

VALUE PREMISE(S):

"AS IS" APPRAISAL PREMISE: The "as is" value premise considers the property in its condition on the date of inspection or on another specific date. This premise does not allow for any changes in the property.

(THE) "AS PROPOSED" APPRAISAL PREMISE: Whereas, the "AS IS" premise allows no consideration of changes in the subject property condition, the "AS PROPOSED" appraisal premise does assume specified changes as being factual.

Valuation of an "AS PROPOSED" condition assumes that all identified and described proposed changes to the subject real estate have in fact occurred and are in place and/or operative on the effective date of value. Proposed changes assumed to be in place could include:

- (1) Proposed physical changes (e.g., proposed land development or construction of improvements has been completed, tenant improvements have been installed in a presently shell-complete building, etc.): and/or,
- (2) Proposed legal changes (e.g., contractual or ownership matters, etc.): and/or,
- (3) Proposed economic changes (e.g., leasing, anticipated changes in operating expenses, changes in market conditions, etc.): and/or,
- (4) Proposed political changes (e.g., changes in the general plan, current zoning, etc.)

Occasionally the appraiser is requested by the client to consider, assume, and reflect various anticipated changes or proposals which are neither reasonable nor supportable in the marketplace. In such cases, it would be a violation of USPAP for the appraiser to perform such a request without clearly explaining why the assumption is unreasonable and/or insupportable.

(THE) "STABILIZED" APPRAISAL PREMISE: Under this premise, all subject improvements are constructed or assumed to have been constructed and leased to their estimated level of long term stabilized occupancy. All initial lease-up costs (i.e., tenant improvements, commissions, etc.) are assumed to have already been paid out. Rollover lease-up costs are deducted as they occur. Free rent and/or any other rental concessions which impact net operating income are to be considered.

This appraisal premise assumes that all improvements to the subject property have been physically constructed and the property has been leased to its stabilized level of long term occupancy.

1. Proposed Properties: Stabilized Value will be estimated as of the date of the appraisal. This is NOT a prospective value estimate.
2. Existing Properties: Stabilized value is a PROSPECTIVE VALUE estimated at the anticipated date of stabilization based on information available as of the date of the appraisal.

Plum Creek Canyon Appraisal

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICES (USPAP) DEFINITIONS (USPAP, 2014-2015)

For the purpose of the *Uniform Standards of Professional Appraisal Practice* (USPAP), the following definitions apply:

APPRAISAL: (Noun) The act or process of developing an opinion of value; an opinion of value. (Adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Comment: An appraisal must be numerically expressed as a specific amount, as a range of numbers, or as a relationship (e.g., not more than, not less than) to a previous value opinion or numerical benchmark (e.g., assessed value, collateral value).

APPRAISAL PRACTICE: Valuation services performed by an individual acting as an appraiser, including but not limited to appraisal and appraisal review.

Comment: *Appraisal practice* is provided only by appraisers, while *valuation services* are provided by a variety of professionals and others. The terms *appraisal* and *appraisal review* are intentionally generic and are not mutually exclusive. For example, an opinion of value may be required as part of an appraisal review assignment. The use of other nomenclature for an appraisal or appraisal review assignment (e.g., analysis, counseling, evaluation, study, submission, or valuation) does not exempt an appraiser from adherence to the *Uniform Standards of Professional Appraisal Practice*.

APPRAISAL REVIEW: The act or process of developing and communicating an opinion about the quality of another appraiser's work that was performed as part of an appraisal or appraisal review assignment.

Comment: The subject of an appraisal review assignment may be all or part of a report, work file, or a combination of these.

APPRAISER: One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.

Comment: Such expectation occurs when individuals, either by choice or by requirement placed upon them or upon the service they provide by law, regulation, or agreement with the client or intended users, represent that they comply.

APPRAISER'S PEERS: Other appraisers who have expertise and competency in a similar type of assignment.

ASSIGNMENT: 1) An agreement between an appraiser and a client to provide a valuation service; 2) the valuation service that is provided as a consequence of such an agreement.

ASSIGNMENT RESULTS: An appraiser's opinions and conclusions developed specific to an assignment.

Comment: Assignment results include an appraiser's:

- opinions or conclusions developed in an appraisal assignment, not limited to value;
- opinions or conclusions developed in an appraisal review assignment, not limited to an opinion about the quality of another appraiser's work; or
- opinions or conclusions developed when performing a valuation service other than an appraisal or appraisal review assignment.

ASSUMPTION: That which is taken to be true.

BIAS: A preference or inclination that precludes an appraiser's impartiality, independence, or objectivity in an assignment.

BUSINESS ENTERPRISE: An entity pursuing an economic activity.

BUSINESS EQUITY: The interests, benefits, and rights inherent in the ownership of a business enterprise or a part thereof in any form (including, but not necessarily limited to, capital stock, partnership interests, cooperatives, sole proprietorships, options, and warrants.)

CLIENT: The party or parties who engage, by employment or contract, an appraiser in a specific assignment.

Comment: The client may be an individual, group, or entity, and may engage and communicate with the appraiser directly or through an agent.

CONFIDENTIAL INFORMATION: Information that is either:

- identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or
- classified as confidential or private by applicable law or regulation*.

*NOTICE: For example, pursuant to the passage of the Gramm-Leach-Bliley Act in November 1999, some public agencies have adopted privacy regulations that affect appraisers. As a result, the Federal Trade Commission issued a rule focused on the protection of "non-public personal information" provided by consumers to those involved in financial activities "found to be closely related to banking or usual in connection with the transaction of banking." These activities have been deemed to include "appraising real or personal property." (Quotations are from the Federal Trade Commission, Privacy of Consumer Financial Information; Final Rule, 16 CFR Part 313)

Plum Creek Canyon Appraisal

COST: The amount required to create, produce, or obtain a property.

Comment: *Cost* is either a fact or an estimate of fact.

CREDIBLE: Worthy of belief.

Comment: Credible assignment results require support, by relevant evidence and logic, to the degree necessary for the intended use.

EXPOSURE TIME: Estimated length of time that 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.

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.

EXTRAORDINARY ASSUMPTION: An assumption, directly related to a specific assignment as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: 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.

FEASIBILITY ANALYSIS: A study of the cost-benefit relationship of an economic endeavor.

HYPOTHETICAL CONDITION: A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are 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.

INTANGIBLE PROPERTY (INTANGIBLE ASSETS): Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.

INTENDED USE: The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

INTENDED USER: The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment.

JURISDICTIONAL EXCEPTION: An assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP.

MARKET VALUE: 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.

Comment: Forming an opinion of market value is the purpose of many real property appraisal assignments, particularly when the client's intended use includes more than one intended user. The conditions included in market value definitions establish market perspectives for development of the opinion. These conditions may vary from definition to definition but generally fall into three categories:

1. The relationship, knowledge, and motivation of the parties (i.e., seller and buyer);
2. The terms of sale (e.g., cash, cash equivalent, or other terms); and
3. The conditions of sale (e.g., exposure in a competitive market for a reasonable time prior to sale).

Appraisers are cautioned to identify the exact definition of market value, and its authority, applicable in each appraisal completed for the purpose of market value.

MASS APPRAISAL: The process of valuing a universe of properties as of a given date using standard methodology, employing common data, and allowing for statistical testing.

MASS APPRAISAL MODEL: A mathematical expression of how supply and demand factors interact in a market.

PERSONAL PROPERTY: Identifiable tangible objects that are considered by the general public as being "personal" - for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.

PRICE: The amount asked, offered, or paid for a property.

Comment: Once stated, *price* is a fact, whether it is publicly disclosed or retained in private. Because of the financial capabilities, motivations, or special interests of a given buyer or seller, the price paid for a property may or may not have any relation to the *value* that might be ascribed to that property by others.

Plum Creek Canyon Appraisal

REAL ESTATE: An identified parcel or tract of land, including improvements, if any.

REAL PROPERTY: The interests, benefits, and rights inherent in the ownership of real estate.

Comment: In some jurisdictions, the terms *real estate* and *real property* have the same legal meaning. The separate definitions recognize the traditional distinction between the two concepts in appraisal theory.

REPORT: Any communication, written or oral, of an appraisal or appraisal review that is transmitted to the client upon completion of an assignment.

Comment: Most reports are written and most clients mandate written reports. Oral report requirements (see the RECORD KEEPING RULE) are included to cover court testimony and other oral communications of an appraisal, appraisal review, or appraisal consulting service.

SCOPE OF WORK: The type and extent of research and analyses in an appraisal or appraisal review assignment.

SIGNATURE: Personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and the conclusions in the report.

VALUATION SERVICES: Services pertaining to aspects of property value.

Comment: Valuation services pertain to all aspects of property value and include services performed both by appraisers and by others.

VALUE: The monetary relationship between properties and those who buy, sell, or use those properties.

Comment: *Value* expresses an economic concept. As such, it is never a fact but always an opinion of the worth of a property at a given time in accordance with a specific definition of value. In appraisal practice, value must always be qualified - for example, market value, liquidation value, or investment value.

WORK FILE: Documentation necessary to support an appraiser's analyses, opinions, and conclusions.

APPRAISER QUALIFICATIONS

Plum Creek Canyon Appraisal

TRACY L. HOCK **Certified General Real Property Appraiser**

EDUCATION

Bachelor of Arts in Psychology Degree from Hastings College - 2000

EMPLOYMENT

Owner, Raptor Enterprises, Inc. d.b.a. IPEX Appraisal. October 2014. Purchased appraisal side of business from Investment Property Exchange Inc., Kearney, Nebraska.

Certified General Appraiser October 2014 to Present. Raptor Enterprises, Inc. d.b.a. IPEX Appraisal, Kearney, Nebraska. Certified in the State of Nebraska to perform Real Estate Appraisal services.

Real Estate Salesperson April 2012 to Present. Investment Property Exchange Inc., Kearney, Nebraska.

Certified General Appraiser May 2011 to October 2014. Investment Property Exchange Inc., Kearney, Nebraska. Certified in the State of Nebraska to perform Real Estate Appraisal services.

Certified Residential Real Estate Appraiser. October 2009 to May 2011. Investment Property Exchange Inc., Kearney, Nebraska. Certified in the State of Nebraska to perform Real Estate Appraisal services.

Certified Residential Real Estate Appraiser. October 2006 to October 2009. Neff-Radcliff-Hayes Appraisal Associates, LLC, Kearney, Nebraska. Certified in the State of Nebraska to perform Real Estate Appraisal services.

Registered Appraiser November 2003 to October 2006.

District Executive with Mid-America Council, B.S.A. 2001 to 2003 in Omaha, Nebraska. Managed a district by overseeing 500+ volunteer leaders, 1600+ youth. Included responsibilities in recruiting, fund-raising, and community involvement.

PROFESSIONAL EDUCATION AND QUALIFICATIONS

General Associate Member, Appraisal Institute
Candidate for Designation, Appraisal Institute

The Appraisal Foundation
National USPAP Course – 2003, 2007

National Association of Realtors
Quadrennial Code of Ethics Orientation – 2008

Trans-American Institute of Professional Studies
National USPAP Course A9001 – 2005

Mid-West Appraisers Association
Fundamentals of Real Estate Appraisal – 2003
National USPAP Course – 2003
Practical Application of Residential Real Estate Appraisal – 2003
Residential Report Writing Skills Update – 2003, 2009

Larabee School of Real Estate
Sales & Brokerage – 2012
Real Estate Trust Account – 2012
Understanding Buyer's Agency – 2014

The American Society of Farm Managers & Rural Appraisers, Inc.
Sales Comparison Approach – 2012
National USPAP Course Update – 2014

Hayes Appraisal Association LLC
Application for Cost Approach – 2006

Iowa Real Estate Appraisal Examining Board
National USPAP Course – 2009

Randall School of Real Estate
Principles & Practices – 2011

The Moore Group, Inc
Income Approach to Valuation – 2005
National USPAP Course – 2007
National USPAP Course – 2009
National USPAP Course Update – 2011
National USPAP Course Update – 2013
Appraising Complex Residential Properties – 2013
Nebraska Report Writing Update – 2013

McKissock, Inc.
Appraising the Oddball – 2004
Construction Details and Trends – 2004

Central Community College
Property Evaluation for the Buyer – 2014

Plum Creek Canyon Appraisal

The Appraisal Institute

- General Market Analysis and Highest & Best Use – 2007
- General Appraiser Site Valuation & Cost Approach – 2008
- General Appraiser Sales Comparison Approach – 2008
- National USPAP Course – 2009
- Business Practices and Ethics – 2010
- General Appraiser Report Writing and Case Studies – 2010
- General Appraiser Income Approach – 2010
- Real Estate Finance Statistics and Valuation Modeling – 2010
- General Appraiser Income Approach II – 2010
- Advanced Concepts & Case Studies – 2014
- Advanced Income Capitalization – 2015

COMMUNITY ACTIVITIES

President, Nebraska Board of Realtors, Kearney, Nebraska
Director, Royal Family Kids Camp, Kearney, Nebraska
Praise and Worship Band at New Life Assembly Church, Kearney, Nebraska

REFERENCES available upon request.

State of Nebraska

Real Property Appraiser Board



Hereby certifies that: TRACY L HOCK
IPEX APPRAISAL
3811 CENTRAL AVE SUITE G
KEARNEY, NE 68847-8173

Is credentialed in the State of Nebraska as a:

Certified General Real Property Appraiser

Holding credential number: CG211080

Issued on: Jan 01, 2017

Set to expire on: Dec 31, 2017

Nebraska Real Property Appraiser Board Director:

All address changes, business or residence must be reported to the Real Property Appraiser Board immediately.

This Pocket Card is proof that such person is credentialed under the Real Property Appraiser Act unless credential has been canceled, surrendered, suspended, or revoked.

Nebraska Real Property Appraiser Board
301 Centennial Mall South, LL PO Box 94963
Lincoln, Nebraska 68509-4963
Phone: 402-471-9015 Fax: 402-471-9017 www.appraiser.ne.gov

Administrative Identification Number: 5986-2017

Registration Fee Paid: \$275.00

Random Fingerprint Audit Program Fee Paid: \$5.00

Federal Registry Fee Paid: \$40.00

ADDENDUM