

**APPRAISAL REPORT  
OF THE  
FREDA KLEIN FARM**

**WELD COUNTY  
COLORADO**

*Bud Clemons, ARA  
Real Estate Appraiser*

**APPRAISAL REPORT  
OF THE  
FREDA KLEIN FARM**

Weld County, Colorado

**Date of Value:**  
December 14, 2009

**Prepared for:**  
  
Dennis Hoshiko, President  
Lower Latham Reservoir Company  
P.O. Box 398  
Kersey, CO 80644

**Prepared By:**  
  
Bud Clemons, ARA  
800 8<sup>th</sup> Avenue, Suite 219  
Greeley, Colorado 80634

**BUD CLEMONS, ARA**  
*Accredited Rural Appraiser*

December 15, 2009

Dennis Hoshiko, President  
Lower Latham Reservoir Company  
P.O. Box 398  
Kersey, CO 80644

RE:                   Appraisal of the Freda Klein Farm

Dear Mr. Hoshiko:

As you requested, I have inspected the above referenced property located in Section 18, Township 5 North, Range 64 West of the 6th P.M., being north of the Town of Kersey in Weld County, Colorado for the purpose of estimating the Market Value of said real properties excluding minerals, improvements and water rights, on an "As Is", or cash equivalent basis as of the date of inspection, December 14, 2009.

This is a summary appraisal performed on the subject properties and is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP). As such, this report presents only summary discussions of the data, reasoning and analysis used in the appraisal process to develop an opinion of value. Documentation of the data, reasoning and analysis is retained in my files.

After careful consideration of all the data reviewed, and its relationship to the value of the real property being appraised, it is our considered judgment that the Fee Simple Estate of the subject property, on an As Is basis, as of December 14, 2009 is:

**SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**(\$ 775,000)**

I have not examined, and do not pass upon title to, nor make any representations concerning liabilities against the property appraised.

I am not responsible for any unauthorized use of this report. Your attention is specifically directed to the Limiting Conditions and Assumptions contained in this report. The supporting data and conclusions upon which this value is based are contained in the following report. I trust you will find the report complete and comprehensive. Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Bud Clemons". The signature is written in dark ink and is positioned below the word "Sincerely,".

Bud Clemons, ARA  
Colorado Certified General Appraiser, #CG01313862

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## **SUMMARY AND SALIENT FACTS**

<b>Owner of Record:</b>	Freda F. Klein
<b>Interest Appraised:</b>	Fee Simple unencumbered value of the land only, excluding minerals, improvements and water rights, on a cash or cash equivalent basis.
<b>Location:</b>	Weld County, Colorado
<b>Property Description:</b>	±255.98 Acres of irrigable crop land
<b>Legal Description:</b>	Part of the South 1/2 of Section 16, T5N, R64W except the NW1/4 SE1/4.
<b>Zoning:</b>	Agricultural
<b>Improvements:</b>	none
<b>Water:</b>	none
<b>Date of Value:</b>	December 14, 2009
<b>Total Conclusion of Value</b>	\$775,000

## LIMITING CONDITIONS AND ASSUMPTIONS

By this notice, all persons and firms reviewing, utilizing or relying on this report in any manner bind themselves to accept these assumptions and limiting conditions. Do not use this report if you do not so accept. These conditions are a part of the appraisal report, they are a preface to any certification, definition, fact or analysis, and are intended to establish as a matter of record that the appraiser's function is to provide a present market value indication for the subject property based upon the appraiser's observations as to the subject property and real estate market. This appraisal report is an economic study to estimate value as defined in it. It is not an engineering, construction, legal or architectural study nor survey and expertise in these areas, among others, are not implied.

1. Limit of Liability: The liability of the Clemons Appraisal Service and employees and affiliated independent contractors is limited to the client and fee actually received by appraiser (total per appraisal). 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 is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the property; physically, financially, and/or legally. In the case of limited partnerships or syndication offerings or stock offerings in real estate, client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant, or any other party), any and all awards, settlements of any type in such suit regardless of outcome, client will hold Appraiser completely harmless in any such action.
2. Copies, Publication, Distribution, Use of Report: Possession of this report or any copy does not carry with it the right of publication, nor may it be used for any other purpose other than its intended use; the physical report(s) remain the property of the appraiser for the use of the client, the fee being for the analytical services only.

The Bylaws and Regulations of the American Society of Farm Managers and Rural Appraisers require each Member or Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as hereinafter provided, the client may distribute copies of this report only in its entirety to other parties; however, selected portions of this report shall not be given to third parties without the prior written consent of the signatories of this appraisal. However, as a member of ASFMRA, the appraiser may be required to submit a copy of this report to certain committees of those organizations for peer review purposes. Further this report may be required for other legal uses such as a court or other legal proceeding. Copies of this report shall not 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. (See last item following this list for client agreement/consent.)

3. 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 were prepared by the Appraiser(s) whose signature(s) appear on the appraisal report, unless indicated as "Review Appraiser". No change of any part or 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 shall 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 American Society of Farm Managers and Rural Appraisers as they may request in confidence of ethics enforcement, or by court of law or body with the power of subpoena.

4. Trade Secrets: This appraisal was obtained from Clemons Appraisal Service and/or its individuals or related independent contractors and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under Section 5, U.S.C., 552 (b) (4). Notify the Appraiser(s) signing the report of any request to reproduce this appraisal in whole or part.
5. Information Used: No responsibility is assumed for accuracy of the information furnished by the work of others, the client, his designee, or public records. I am not liable for such information or the work of possible subcontractors. Be advised that some of the people associated with Clemons Appraisal Service 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 the market-related information. It is suggested the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds for the subject property.

6. Testimony, Consultation, Completion of Contract for Appraisal Service: The contract for the appraisal, consultation or analytical service 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 required to give testimony in court or any other hearing because of having made the appraisal, in full or in part, nor shall engage in post appraisal consultation with the client or third parties, except under a separate and special arrangement and at an additional fee. If testimony, deposition is required because of subpoena, the client shall be responsible for any additional time, fees, and expenses; regardless of issuing party.
7. 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.
8. Legal, Engineering, Financial, Structural, or Mechanical Nature Hidden Components, Soil: The appraiser and/or firm has no responsibility for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering in 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 this 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 advise 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 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. We 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(s) do not warrant against this condition or occurrence of problems arising from soil conditions. Varying types and amounts of agricultural chemicals may have been applied to the soil of the subject property. The Appraiser(s) have no knowledge as to the amounts or types of agricultural chemicals that may have been applied to the soils of the subject property and therefore accept no responsibility for the same.

The appraisal is based on there being no hidden or apparent conditions of the property site, subsoil, or structures or toxic materials, which would render it more or less valuable. The appraiser and firm have no responsibility 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 is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. No judgment may be made by me as the adequacy of insulation, type of insulation, or assumed standard for subject age and type.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

The Appraiser has 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.

9. 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.
10. Component Values: The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuation for land and building must not be used in conjunction with any other appraisal and are invalid if so used.



11. Auxiliary and Related Studies: No environmental or impact studies, special market study or analysis, highest and best used analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or in the report.
12. Dollar Values, Purchasing Power: The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.
13. Inclusions: Furnishings and equipment or personal property or business operations, except as specifically indicated, are 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.
14. Proposed Improvements, Conditioned Value: Improvements proposed, if any, on or off site, as well as any repairs required are considered, for the purposes of this appraisal to be completed in good and workmanlike manner according to information submitted and/or considered by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of property after the 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.

It is assumed the utilization of land and improvements are within the boundaries or property lines of the property described and there is no encroachment or trespass unless otherwise stated in this report.

15. Value Change, Dynamic Market, Influences, Alteration of Estimate by Appraiser: The estimated market value, which is defined in the report, is subject to change with market changes over time; value is highly related to exposure, time, promotional effort, terms, motivation and conditions surrounding the offering.

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 appraiser's general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change, as 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 property in the vicinity of the property appraised.

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

16. Management of the Property: It is assumed the property, which is the subject of this report, will be under prudent and competent ownership and management, neither inefficient nor super-efficient.
17. Continuing Education: The American Society of Farm Managers and Rural Appraisers conducts a mandatory program of continuing education for its designated members. ARA Designated who meet the minimum standards of this program are awarded periodic educational certification. As of the date of this report, I, Bud Clemons, ARA have completed the requirements under the continuing education program of the American Society of Farm Manager and Rural Appraisers.
18. Fee: The fee for this appraisal or study is for the service rendered and not just for the time spent on the physical report itself. Amount or payment of fee for services is not contingent on any result, approval amount or other estimated or statements.
19. Insulation and Toxic Materials: Unless otherwise stated in this report, the Appraiser(s) signing this report have no knowledge concerning the presence or absence of toxic materials and/or urea-formaldehyde foam insulation in existing improvements; if such is present, the value of the property may be adversely affected and re-appraisal at additional cost necessary to estimate the effects of such.

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation, asbestos, polychlorinated biphenyl's, petroleum leakage, agricultural chemicals, or other environmental conditions, which may or may not be present on the property, were not called to the attention of, nor did the Appraiser become aware of such during the Appraiser's inspection of the subject property. The appraiser has no knowledge of the existence of such materials or environmental conditions on or in the property unless otherwise stated. The Appraiser is not qualified to test for such substances or conditions, nor for any expertise or engineering knowledge required to discover them. The presence of hazardous waste and/or toxic materials or environmental conditions may affect the value of the subject property. The value estimated is predicated on the assumption there is no such condition or contamination on or in the property or in proximity thereto that would cause a loss in value.

20. Unless otherwise noted herein, named review Appraiser of/from Clemons Appraisal Service has reviewed the report only as to general appropriateness of technique and subject or market comparable properties.
21. CHANGES, MODIFICATIONS: The Appraisers of Clemons Appraisal Service reserve the right to alter statement, analysis, conclusion or any value estimate in the appraisal if there becomes known to us facts pertinent to the appraisal process which were unknown to us when the report was finished
22. Acceptance of, and/or use of, this appraisal report by client or any third party constitutes acceptance of the above conditions. Appraiser liability extends only to stated client, not subsequent parties or users of any type, and the total liability of appraiser and firm is limited to the amount of fee received by Appraiser.

## INTRODUCTION

This is a complete "hypothetical" appraisal of the Freida Klein property located near the town of Kersey in Weld County, Colorado and authorized by Mr. Dennis Hoshiko, President of the Lower Latham Reservoir Company. This appraisal is considered to be "hypothetical" as it is subject to the land owner completing a Recorded Exemption with the Weld County authorities. Factual data regarding information basic to an appraisal is presented in this first section, including a brief description of the area and the market area of the subjects, as well as a description of the subject property itself.

In the Valuation section of this appraisal, there will be an explanation of the appraisal process and a presentation of comparable properties that have recently sold in the area. These sales will be used in the determination of value. Included in the Valuation section is the development of one approach to value. The last section, Reconciliation and Final Estimate of Value, will summarize the findings and a final estimate of value will be concluded.

## SCOPE OF INVESTIGATION

This is a summary appraisal report of a complete "hypothetical" appraisal performed on the subject property and the process of estimating value was performed according to the Uniform Standards of Professional Appraisal Practice (USPAP).

The appraisal process is an orderly procedure wherein the data utilized in estimating the value of the subject is acquired, classified, analyzed, and presented. The first step in this process involves defining the appraisal problem concerning the identification of the real estate, the effective date of valuation, the identification of the property rights being appraised, and the type of value being sought. Once this has been accomplished, the appraisers embarks upon data collection and analysis program of factors which affect the market value of the subject property, including area and market area analysis, land and improvement analysis, highest and best use analysis, and the application of the available approaches to value generally utilized; that being the Cost Approach, the Income Approach and the Direct Sales Comparison Approach.

The scope of the investigation reported herein has included all of the procedures normally undertaken in the preparation of a narrative appraisal report relating to a parcel of agricultural real estate. The scope was not limited in any way by either instructions received from the client, or by the nature of the property. The available data permitted a complete analysis of the Highest and Best Use of the property.

Investigation into several areas was required to give a full report of the conditions contributing to, or detracting from, the value of the subject property. The extent of the investigation involved:

- Site Inspection and Analysis: I inspected the subject property on December 14, 2009. No interior inspection of the residence was made.

- Area and Market Analysis: Pertinent economic trends and current business events, as reported in local newspapers and periodicals, were searched. Economic forecasts and statistics compiled by banks and governmental agencies were analyzed. Real estate market reports published by various major real estate firms operating in the general area were studied, and various lenders were interviewed.
- Market Data Description and Analysis: Sales data of comparable sales originated from county records, market participants active in the market, other appraisers, and in-house files. In each comparable transaction, the deed was examined and terms of the sale have been confirmed through public records and further confirmed where possible with either the buyer, seller or a third party knowledgeable of the transaction. Various brokers operating in the area were interviewed regarding sales and pricing trends of property in the market area.

### **OBJECTIVE OF THE APPRAISAL**

The objective of this appraisal is to lead the reader to a fair market value of the subject property, located in Weld County, Colorado.

### **PURPOSE OF THE APPRAISAL**

The purpose of this appraisal is to arrive at a supportable estimate of the "Market Value" of the unencumbered fee simple surface estate of real property, which is identified in this report, excluding minerals, on a cash or cash equivalent basis, on the effective date of December 14, 2009.

This analysis considers the property to include all the rights that may be lawfully held under fee simple estate and exclude any encumbrances, liens or any additional restrictions upon the ownership of the property, and as noted in the definition of value, assume typical financing.

The appraiser has not considered or included value consideration for any items not considered affixed to the real estate or that would otherwise be considered personal property.

### **DATE OF VALUE**

The effective date of the appraisal is December 14, 2009.

### **INTENDED USE OF THE APPRAISAL**

It is intended that the Lower Latham Reservoir Company use this appraisal in possible acquisition of the subject property. This report is not intended for any other use and is considered to be invalid if used for any use other than the intended use as stated above.

## PROPERTY RIGHTS APPRAISED

The subject is being appraised is for surface and water rights only, not as a "fee simple" estate:

*A fee simple estate is normally appraised, and implies absolute ownership unencumbered by any other interest or estate.*

This analysis considers the property to include all the rights that may be lawfully held under fee simple estate and excludes any encumbrances, liens or any additional restrictions upon the ownership of the property, and, as noted in the definition of value, assumes typical financing.

## MINERAL RIGHTS

Mineral rights are normally included as a part of the "fee simple" estate; however, in regard to this appraisal assignment, the client has not provided the appraiser with information regarding mineral rights. It should be noted that the client has not provided the appraiser with information regarding mineral rights on the subject property and it is not known if any exist, or to what degree. Therefore, the appraiser has not considered any valuation regarding mineral rights, except to the degree that this value may be reflected in the comparable sales. It has not been determined to what degree, if any, the comparable sales may have in regard to mineral rights. This would require an expensive, in-depth search by a title company. Therefore, the appraiser has not considered any mineral rights that may or may not exist on the subject property.

## DEFINITION OF "MARKET VALUE"

Market Value as defined by the Office of the Comptroller of the Currency, is defined as "The **most probable price** which a property should be 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 passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed, are well advised and acting in what they consider their own best interest;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in term of cash in U.S. dollars or in terms of financial arrangements comparable thereto;
- e. 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."

## **STATEMENT OF DISCLOSURE**

In accordance with USPAP guidelines, the appraiser does disclose to the readers that I previously appraised this property in April 1997 for the Klein family. I have had no contact with the owners or the property since that date. Also, I have performed several appraisals for the Lower Latham Reservoir Company over the years.

- The statements of fact contained in this report are true and correct.
- The appraisers have no present or perspective interest in the subject property.
- The appraisers have no personal interest or bias with respect to the parties involved.
- The compensation is not contingent upon reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value, the attainment of a stipulated result, or the occurrence of a subsequent event.

## **COMPETENCY OF THE APPRAISER**

Bud Clemons has earned the Accredited Rural Appraiser (ARA) designation which is awarded by the American Society of Farm Managers and Rural Appraisers (ASFMRA) to those members who have had years of experience, are technically trained, have passed a rigid examination, and subscribe to a high code of ethics. This designation acknowledges that he is a competent residential and rural appraiser. Bud Clemons has acquired licensing by the State of Colorado as a General Certified Appraiser, which indicates that he has the experience and education to competently appraise agricultural, residential and commercial property. Bud Clemons has been appraising residential, commercial and agricultural properties in Colorado, Wyoming, Kansas, and Nebraska for over 30 years.

## **GENERAL AND ECONOMIC BACKGROUND**

### **STATE OF COLORADO**

The State of Colorado encompasses approximately 66.3 million acres and varies in elevation from 14,433 feet above sea level to 3,350 feet above sea level near the southeast corner of the State. Colorado is the 8th largest State in the nation with 103,247 square miles. It is estimated the State has a total of 10.5 million acres of cropland, of which 3.4 million acres are irrigated. State officials report that there are 30,000 farms and ranches in Colorado, accounting for half of the State's acres. Agriculture provides for over 86,000 jobs, 6.3% of the State's total, bringing in over \$12 billion to Colorado's economy. Agricultural cash receipts alone total \$6.3 billion, with 71.4% accredited to livestock. Gross farm income for Colorado's 30,900 farms in operation during 2007 totaled \$6.5 billion, up 4.6% from \$5.26 billion in 2000. Net farm income for 2006 was \$142.9 million.

According to the 2008 Colorado Agricultural Statistics, Colorado's rank among the states, in 2008, was 10th in all cattle and calves. The State also ranks as the fourth largest cattle feeder with marketings of more than two million head of fed cattle annually in each of the past 16 years.

The number of cattle and calves in inventory as of January 1, 2009, was 2.60 million head, slightly less than the 2005 inventories of 2.65 million head. The number of milk cows was 98,000 head on hand at the beginning of 2003, compared to 113,000 head in 2009. Colorado dairy herd produced 2.935 billion pounds of milk in 2008. The average production per cow at 22,930 pounds, the fourth highest in the nation. Colorado has become a major exporter of milk. In 2008, Colorado had cash receipts of \$533,968,000 from milk production.

Colorado is home to 10 National Parks and Monuments, and has 55 mountain peaks over 14,000 feet in elevation, which makes Colorado's tourism industry, particularly skiing, a major economic factor in the State. Denver, as well as the Front Range, has also benefited from significant growth in population and industry in the past seven years. Between the years 1990 to 2000, the population grew approximately 30.6%, and has continued to grow since then with an increase of an additional 14.8% through July 2008. It is important to note that the job growth in Colorado has been able to support such a population growth, however with the downturn in the economy, we have seen Colorado's unemployment rate slowly rise over the last two years to 6.9% in October 2009 as reported by the Colorado Department of Labor and Employment. The industries most impacted have been in construction and manufacturing. While there have been reports of some improvement in these areas, it may be 2-3 years before we see those jobs return and the unemployment rate drop back to previous levels. While the unemployment rate is currently considered high for Colorado, we are actually doing comparatively well when we look at the national unemployment rate of 10.2%.

The Denver International Airport, located northeast of Denver, has had an effect on the agricultural communities in the area of the airport as well as southern Weld County, and, as development related to the airport continues, the impact will increase. These effects will include residential, commercial and industrial development.

Water plays a critical role in the development and industry for the State of Colorado. One water project with significant impact for the Front Range is the Colorado Big Thompson project that actually delivers water from the Western Slope to the Weld County area, and the Front Range area from Fort Collins to Denver.

## **WELD COUNTY**

Weld County is one of the largest counties in Colorado and stretched from north of Denver to the Wyoming border. Greeley, the county seat, is located 50 miles north of Denver, the State Capital, via Highway 85. Other major cities in the area are: Fort Collins (29 miles northwest), Loveland (19 miles west), and Cheyenne Wyoming (50 miles north.) A map showing the location of Greeley relative to Denver and Colorado is included in this report.

The county contains approximately 2,600,000 acres; 4,077 square miles, of which 81.7% is privately owned. The State and Federal Governments own the balance of 18.3%. It is estimated there are 3,121 farms in the county, of which 420,000 acres are irrigated. Over 96% (2.5 million acres) of the county is devoted to farming and livestock production. It is estimated (2007) agricultural gross income in the county totaled about 1.086 billion dollars. Gross Income from all agricultural, including agri-business, gross sales and employment was 3.9 billion dollars. Weld County ranks number 1 in the state for all cattle and calves and ranks number two in beef cows.

Con-Agra or now JBS Swift, a nationally known diversified agricultural company, is located in Greeley (Monfort of Colorado) with two 100,000 head feedlots; one located in Gilcrest and the other near Kersey at Kuner. There are several large livestock feeding operations located in Weld County as well as numerous dairy operations. Weld, Morgan and Yuma counties have become major locations for large dairies in recent years. Dairy production has increased to the point that the Dairyman's Cooperative will not accept any "new" milk, as the "co-op" will not accept any milk from new dairies at this point in Colorado. There is a large amount of livestock feed produced locally, making the area ideal for various livestock operations, such as dairies and/or feedlots. Weld County also has a sizeable poultry production, mainly turkeys.

According to 2008 Colorado Agricultural Statistics, Weld County produced 117,000 CWT or 16% of the state's total dry bean production in 2008. Weld County is the state's second largest producer of dry beans, following Yuma County. In 2008 Weld County produced 117,000 CWT compared to 242,000 CWT in Yuma County.

Weld County population in 2007 is estimated to have been 243,750, reflecting a 34.8% increase since 2000, when the population was 180,936.

Personal services, retail shopping and medical services are available at Greeley and may of the smaller communities within the county. Higher education is available at the University of Northern Colorado and Aims Community College in Greeley, or, Colorado State University in Fort Collins.

In conclusion, Weld County is a strong agricultural community with increasing influence both from the metropolitan Denver area, and from industry being developed in the county. However, as we have all been aware of in the previous two years, the housing market in Weld County has been burdened by an abundance of foreclosure properties on the market. Also, the credit crunch seen on Wall-Street has affected jobs and businesses in the area and further slowed the economic outlook for Weld County. While the immediate impact has been to slow the economy, the long term forecast for Weld County is favorable.



## **AREA DESCRIPTION**

### **LOCATION**

The property that is subject to this appraisal assignment is located at the Town of Kersey, being located at the northeast intersection of HWY 34 and WCR 53, being north of HWY 34 and east of WCR 53. The subject is located outside the city limits of Kersey since US HWY 34 forms the northern boundary of said city limits.

### **TRANSPORTATION**

U.S. Highway 85 from Denver to Cheyenne, Wyoming, runs north and south through the county. The Union Pacific Railroad runs generally parallel to this highway.

### **LAND USE/CROPS AND LIVESTOCK**

The economy of Weld County is predominately agricultural and includes irrigated cropland as well as dry cropland and rangeland grazing operations. In addition, there are several large feedlot operations in the county. Crops raised under irrigation include corn, alfalfa beans, potatoes, onions, and small grains. Dryland crops include sorghum, wheat and other small grains.

### **LAND AND TOPOGRAPHY**

The South Platte River and its tributaries, the Cache La Poudre, Big Thompson, Little Thompson, Boulder, St. Vrain, and other streams, flow into Weld County from the south and west and leave the county on the east. Land in the eastern portion of the county is fairly level and gradually increases westward to vary from level to rolling with some low hills. Elevations range from 4,400 to 5,000 feet.

### **CLIMATE**

The climate is temperate and comfortable characterized by abundant sunshine, low humidity, cool summer nights, and mild winters. The growing season is 142 days and the annual precipitation is 11.12 inches.

## **COMMODITY MARKETS**

Commodity markets and receiving stations for grains, sugar beets and vegetative crops are found along U.S. Highway 85 from Brighton on the south, to Greeley on the north. Several large livestock feed yards and large dairies consume most of the hay, as well as a large portion of the grain grown in the area. All of these industries are conducive to the type of farming found on and around this property.

## **MARKET AREA TRENDS**

The Greeley market area has suffered significantly in the past two years. The residential and retail space had been expanding aggressively westward from Greeley towards Loveland and Fort Collins. Such expansion was hit by the subprime mortgage market and with stagnant wages Greeley has topped the national average of foreclosures for several consecutive quarters. Construction has been significantly slowed with housing starts down 65% since September 2007. Home prices in Weld County continue to fall and are expected to do so through at least 2009 with another year of record foreclosures. Single Family home prices have fallen 5% since 2007 and 10 % since 2006. Although the commercial market wasn't hit quite as hard as the residential, commercial investment loans are even more difficult to acquire than housing loans. Commercial vacancy rates in the Greeley area are steady to higher and are expected to increase in 2009.

According to the Group Inc. the second quarter supply and demand of homes in the Greeley area varies in each price category. Homes in the lower and mid price ranges did reach a level of a 6-month market supply with 473 sold and a supply of 761 with average marketing times of 4.83 months. Mid range home demand is less at only 20-27% of supply and marketing times of 11 to 14 months. Higher end home sales are sluggish with demand at 10% of supply and 30 month marketing periods.

Job growth in Colorado has been slow at approximately 1.8% up to May of 2008. From a more local standpoint, the educational providers of the area such as CSU, CU and UNC have enhanced employment by drawing more tech related companies to the area, but not enough to significantly affect job growth. The unemployment rate in Weld County rose from 5% in September 2008 to 8.8% in June 2009. On a positive note, the unemployment rate has fallen to 7.5% as of September 2009, though it should be noted that many people are considered "underemployed" as compared to their previous incomes. As a result, it is likely that sales will remain slow as many area residents will focus on cutting spending, rebuilding savings, and paying down debt. Increasing mortgage rates and tightening of credit will also contribute to slow sales in the Greeley area as well as surrounding areas.

In particular, rural residential properties may have been the hardest hit. They have been extremely difficult to sell due to the state of the economy in Weld County. For instance we can look at Sale #4 which sold from Latham Land Company to Ram Land Company in March 2008. The property contained 26.69 acres and has been listed for \$179,000 since March 2008. There have been no offers on the property and this seems fairly indicative of the current market for rural residential home sites. One will notice that of the 10 sales to be disclosed later in this

appraisal, only one sale occurred in 2009, and that sale was Sale B which sold to Weld County. I was unable to disclose any rural residential home sales that sold to an individual in Township 5, Ranges 64 and 65, that exceeded 2 acres in size during all of 2009.

## **CROP YIELDS**

Corn harvest averages 150-200 bushels per acre and sugar beets are 22-32 tons per acre. Onions average 25 cwt per acre, potatoes average 250-300 cwt per acre and alfalfa 4-6 tons per acre, wheat yields range from 20-45 bushel per acre.

## **AREA SUMMARY**

The neighborhood of the subject property is exclusively agricultural, and sparsely populated with the exception of the Town of Kersey, being located south of HWY 34. The South Platte River runs in a easterly direction just north of the northeast corner of the subject property. Kersey is a small rural community that has limited resources, but does offer the convenience of a Post Office, bank, a small pizza parlor, a cafe, small grocery store, liquor store and cafe/tavern combination. There are also several other small businesses, and the local fire department is also located in Kersey. The area surrounding Kersey is mostly all agriculture.

Approximately 3 miles east of Kersey along HWY 34 is a large 100,000 head cattle feeding operation. This facility consumes a large percentage of the locally grown corn, both for silage and grain, as well as hay. There are several large dairies in the area that also consume a large percentage of the locally grown crops.



## **SUBJECT PROPERTY**

### **OVERALL DESCRIPTION**

This property is a ±255.98 acre improved parcel located just north of the Town of Kersey in Weld County, Colorado. The farm is good level farm ground that is flood irrigated by flood irrigation methods. There are various ditch rights as well as an irrigation well that are for irrigation purposes.

The improvements are located in the extreme southwest corner of the property and consist of a single family residence containing 920 square feet and was built in 1870 according to the Weld County Assessor's records. There is another 2-story single family residence on the property, however at the request of the client, the building improvements with approximately 5.98 acres are to be excluded in this appraisal, as are all of the irrigation facilities. The City of Kersey's waste treatment facility is located in the extreme southeast corner of the property.

### **OWNERSHIP TENURE**

According to Weld County Assessor records, there have been no recorded transfers within the last three years. The property was listed with Nick Berryman of Realtec in Greeley and is under contract with Lower Latham Reservoir Company for \$2,350,000. The property is scheduled to close on December 15, 2009.

### **LEGAL DESCRIPTION**

As previously mentioned in the scope of this assignment, this is a hypothetical assignment of a parcel of land described by the Weld County Assessor's Office as part of the South 1/2 (S1/2) of Section 16, Township 5 North, Range 64 West of the 6th P.M., Weld County Colorado except the NW1/4 of the SE1/4.

### **LOCATION AND ACCESS**

As previously mentioned, the subject property is located immediately north of the small rural community of Kersey, with US HWY 34 serving as the south boundary of the property, and WCR 53 serving as the west boundary.

### **LAND USE**

According to the Weld County Assessor's Office, there are 255.98 acres of 4.38 acres is considered pasture or waste., however, at the request of the client, only 250 acres will be valued as the building improvements are to be divided off/excluded.



[illegible]

## **TOPOGRAPHY**

The topography of the subject property is fairly level and does allow for adequate farming practices.

## **IRRIGATION WATER**

There is no irrigation water currently attached to the subject property.

## **SOILS**

The USDA Soil Conservation Service, in cooperation with the Colorado Agricultural Experiment Station, has performed and published a soil survey of Southern Weld County, Colorado. The soils on the subject property have been mapped and are listed by classification on the following page. The number of the soil classification corresponds to the soils map presented here. The descriptions of each classification are lengthy and are available in our working files.

# SOILS MAPS



## Map unit legend

1	Altvan loam, 0 to 1 percent slopes
2	Altvan loam, 1 to 3 percent slopes
3	Aquolis and Aquents, gravelly substream
8	Ascalon loam, 0 to 1 percent slopes
10	Bankard sandy loam, 0 to 3 percent slopes
47	Olney fine sandy loam, 1 to 3 percent slopes
68	Ustic Torriorthents, moderately steep
69	Valent sand, 0 to 3 percent slopes
85	Water



## ASSESSED VALUATION AND TAXES

According to the Weld County Assessor's Office, the taxes and assessments are as follows:

### Parcel Valuation

**Account#:** R4786907

**Parcel#:** 096318200008

**Owners Name & Address:**

KLEI FREIDA F  
PO BOX 525  
KERSEY, CO 80644

**Property Address:**

**Street:** 27128 53 CR  
**City:** WELD

**Business/Complex:**

**Legal Description**

9087B PTS2 16-5-64 BEG SE COR S89DW 535' N00DW 560' N89DE 535' S00DE 560' TPOB (.16R)

Land Value           \$125,213  
Impr. Value        \$ 93,151  
Total Value         \$218,364

Land Assessed Value           \$ 36,310  
Impr. Assessed Value        \$ 7,550  
Total Assessed Value         \$43,860

**Total Taxes:** \$ 1,999.99 (2008)

**Amount Due:** \$0 (PAID)

**Township Range Section Quart. Sec.**  
05 - 64 - 18 - 0

**Subdivision Name Block# Lot#**  
- -

**Land Subtotal:**

**Acres:** 255.98

The taxes reflected above include all the building improvements and an exact valuation of taxes for the farm itself will be determined by the county after said improvements have been severed.

## **ZONING AND PLANNING**

The subject property is presently zoned Agricultural and, in my opinion, will stay that way for some time to come. It is unlikely that the Weld County Commissioners would approve any use that was not agricultural in nature.

## **HAZARDS**

The only known hazards are occasional hailstorms and flooding caused by spring runoff and excessive rain. There were no underground fuel storage tanks noted from a visual inspection. The appraisers have no expertise or knowledge to determine any potential underground pollution; however, from a cursory inspection, there are no potential sources of pollution other than the standard farm usage of the property. The appraisers accept no responsibility of any type regarding sources of unnoticed, unobserved or any other type of possible pollution.

Many agricultural properties use varying amounts and types of agricultural chemicals including fertilizers, herbicides, insecticides, and livestock chemicals. The appraisers have no knowledge regarding the amounts, types or the application of these chemicals, and therefore, accept no responsibility for the same.

Environmental considerations are becoming more prominent in the analysis of land. An environmental audit has not been performed on the property; an audit would be necessary to verify the presence and/or impact of any hazardous materials.

Any residences built before 1978 may contain lead based paint, which may be hazardous. It should be noted that there has been a recent concern regarding mold in residential properties. The appraisers are not qualified to make any determination regarding lead based paint or mold.

## **EASEMENTS**

There are no known easements that would adversely affect the property. Normal public utility easements may exist that do not appear to have an adverse affect on the use of the land.

## **MINERALS**

The mineral estate has not been included or considered in the total valuation of the subject property. Valuation of mineral interests requires the input of a competent petroleum landsman and/or a qualified geologist. The visual inspection of the property did disclose current mineral production or exploration.

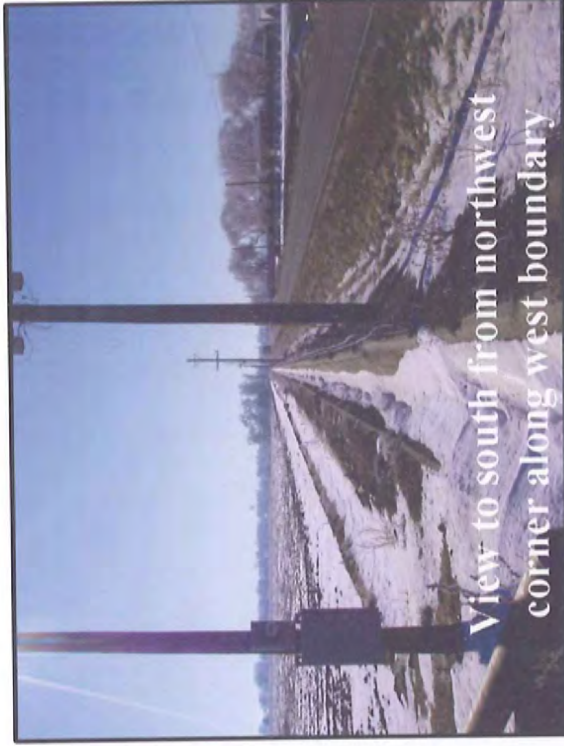
## **IMPROVEMENTS**

As previously mentioned, the building improvements are to be excluded from this assignment.

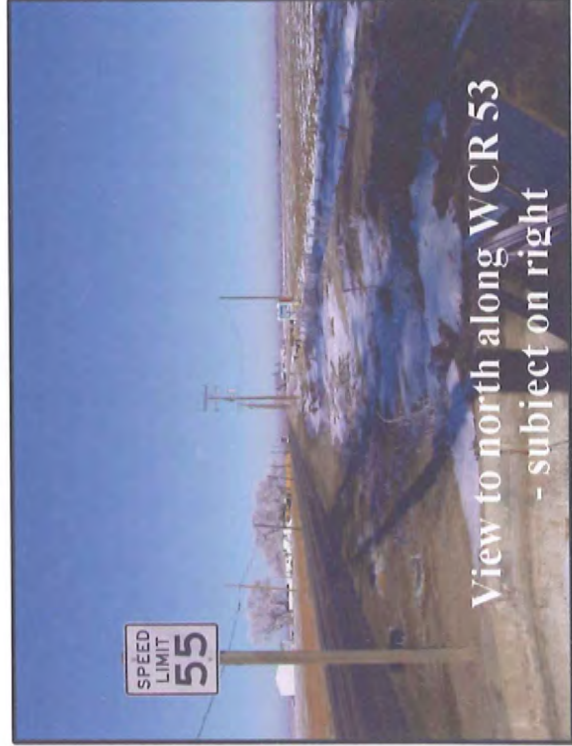
## PHOTOGRAPHS OF SUBJECT



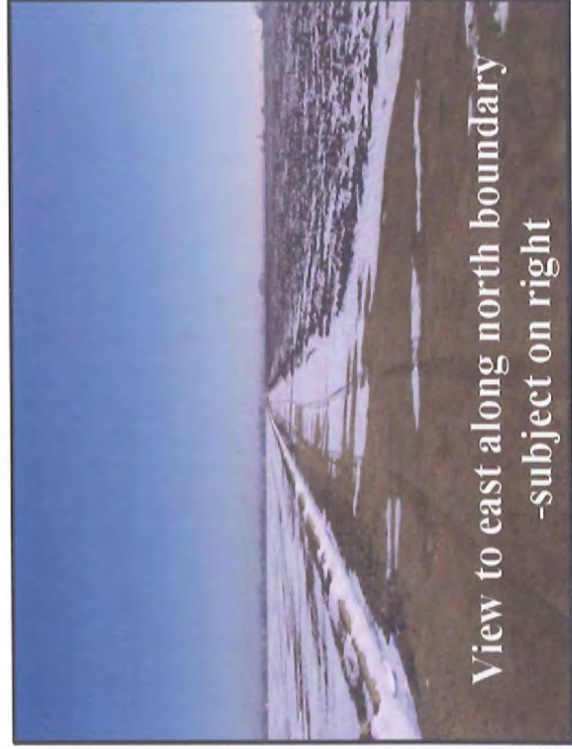
View to west along southern  
boundary / US HWY 34



View to south from northwest  
corner along west boundary

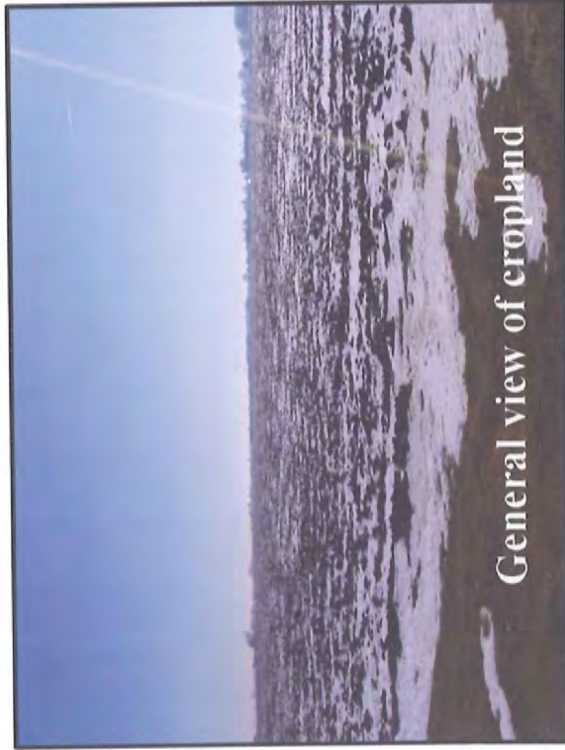


View to north along WCR 53  
- subject on right



View to east along north boundary  
-subject on right

## PHOTOGRAPHS OF SUBJECT



## HIGHEST AND BEST USE

Highest and Best Use is defined as "that use which will yield the greatest net return to the land in the foreseeable future, or that legal use which will yield to the land the highest present value." The 9th Edition of Real Estate Appraisal more specifically defines Highest and Best Use as"

"that reasonably probable and legal use of vacant land or an improved property, which is physically, appropriately supported, financially feasible, resulting in the highest value."

Determination of the highest and best use is based upon present use of the subject property, present use of properties within the area, alternative uses of the subject, and market demand for the alternative uses of the property in the foreseeable future. Both present use and alternative use is based upon government regulation such as zoning regulations, subdivision regulations and deed restrictions. The analysis of the highest and best use of the land is a requirement in the appraisal process, both "as if vacant" and "as improved." The highest and best use of land as though vacant or improved is generally consistent with and similar to surrounding land usage.

Land usage typically falls under certain development patterns and can be generally classified as residential, commercial, industrial, recreational, or agricultural. Often a property may have multiple uses, special purpose use or speculative use. In some instances, the present use might be termed "interim use", indicating present use may change within a short period of time to a different use. Due to the location, being located adjacent to a major intersection, and being located just north of Kersey, there is the distinct possibility that the property may be annexed into Kersey and the southwest corner would be an ideal location for a commercial enterprise, i.e. a truck stop, convenience store, etc.... Once the economy has rebounded, this parcel would also be conducive to development for single family residences. However, due to the economy, the current Highest and Best Use is for its present use as a good irrigated farm. Due to the fact that no irrigation facilities will be included with this property, the Highest and Best Use would be to plant the property to native or improved grasses, then it would be utilize for livestock grazing.

### Conclusion:

"As if Vacant": The Highest and Best Use is for native or improved pasture that is non-irrigated.

"As Improved": N/A.

## APPRAISAL PROCESS

Customary appraisal practice requires the analysis of any property being appraised from three points of view and the subsequent development of three separate estimates of value.

The first method is known as the **Cost Approach** and involves estimates of the current replacement cost of the improvements at the property, together with further estimates of the physical, functional and economic depreciation attributable to the improvements. The value of the land, as determined by comparison with known sales of similar vacant properties, is added to the improvements value to yield an indication of the value of the property. This method of valuation is generally conceded to establish the upper limit of the value of the property.

A second method of analysis is known as the **Income Approach**. This involves an estimate and analysis of the annual income that the property may reasonably be expected to generate. Further estimates of operating expenses, when deducted from the projected annual operating income, yield an estimate of the annual net income attributable to the property. This annual net income may then be capitalized at a rate indicated by activity in the market place to yield a second indication of the value of the property.

The third method of valuation, known as the **Direct Sales Comparison Approach**, is based on the principle of substitution. This principle states that when a property is replaceable, its value tends to be set at the cost of acquisition of an equally desirable and valuable substitute property, assuming that no costly delay is encountered in making the substitution. The method involves an analysis of all recent sales of similar properties in the area and a comparison of these properties with the subject property to yield the third indication of value.

Consideration of these three preliminary estimates of value and their relative validity, leads to a final conclusion as to the value of the property.



## **LAND VALUATION**

The estimated value of agricultural land is normally developed by means of an analysis of sales of generally similar parcels in the same general area of the property being appraised.

In the search for market data that would be meaningful to estimate the value of the subject property, 19 different sales have been reviewed, the sales are all in the general area of the subject property, and those sales which offer the highest degree of comparability will be utilized.

## **SALES DATA INFORMATION**

Following are comparable sales tabulation sheets on 19 properties that sold between April 2004 and October 2009, as well as a description of each sale that was disclosed with a summary of those sales.

## Comparable Sale # 1

### GENERAL INFORMATION

<b>Grantor:</b>	CORR Investments	<b>Grantee:</b>	Kruse, E
<b>County:</b>	Weld	<b>Document:</b>	WD 3597350
<b>Date of Sale:</b>	12/2008		
<b>Total Sale Price:</b>	\$550,000		
<b>Description:</b>	Part of SW ¼ Section 16-T6N-R64W		
<b>Total Acres:</b>	<b>120.07</b>		

### SALES ANALYSIS

<b>Location:</b>	1 mile East of Gill
<b>Water</b>	8 ½ shares New Cache la Poudre Irrigation Co. @ \$20,000/share=\$170,000 2 shares Windsor Reservoir Co. @ \$85,000/share=\$170,000
<b>Improvements:</b>	none
<b>Comments:</b>	sprinkler irrigated farm

### INDICATED VALUE

Sprinkler Irrigated	109.05 acres	@	\$1,858 /A	=	\$202,690
Cultivated Dry Land	acres	@	/A	=	
Pasture	7.31 acres	@	\$1,000 /A	=	\$7,310
Waste/Roads	3.71 acres	@	\$0 /A	=	\$0
Water Rights				=	\$340,000
<b>Total Sale Price</b>	<b>120.07 acres</b>	<b>@</b>	<b>\$4,580 /A</b>	<b>=</b>	<b>\$550,000</b>





## Comparable Sale # 2

### GENERAL INFORMATION

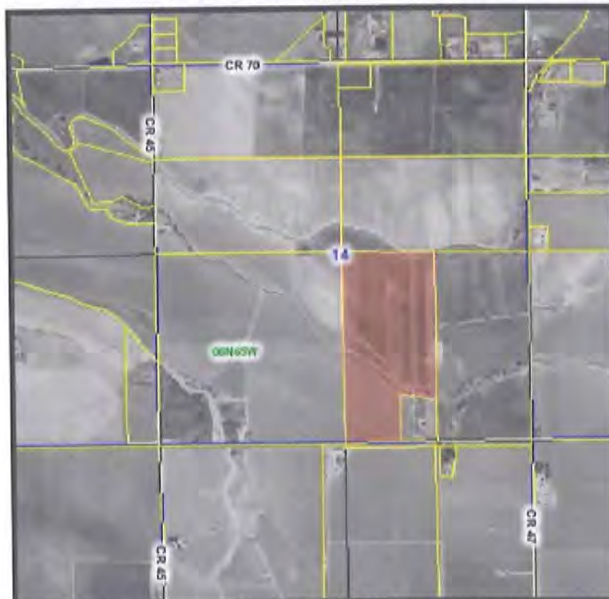
Grantor: Palser  
 Grantee: Ponderosa Land Company, LLC  
 County: Weld  
 Document: WD  
 Date of Sale: 8/29/2007  
 Total Sale Price: \$270,000  
 Description: Pt W1/2SE1/4 Section 14-T6N-R65W ; Lot B of Amended RE  
**Total Acres: 70**

### SALES ANALYSIS

Location: 4 miles East of Lucerne  
 Water Rights: 4 shares New Cache la Poudre Irrigating Co. @ \$20,000/share=\$80,000  
 8 shares Cache la Poudre Irrigation Co. @ \$12,000/share=\$96,000  
 Improvements: none  
 Comments: none

### INDICATED VALUE

Flood Irrigated	70 acres	@	\$1,342 /A	=	\$94,000
Cultivated Dry Land	acres	@	/A	=	
Pasture	acres	@	/A	=	
Waste/Roads	acres	@	/A	=	
Water Rights				=	\$176,000
<b>Total Sale Price</b>	<b>70 acres</b>	<b>@</b>	<b>\$3,857 /A</b>	<b>=</b>	<b>\$270,000</b>



## Comparable Sale # 3

### GENERAL INFORMATION

Grantor: Silva  
Grantee: K&B LLC  
County: Weld  
Document: WD  
Date of Sale: 12/2006  
Total Sale Price: \$500,000  
Description: Part SW ¼ Section 6-T5N-R64W,  
**Total Acres: 63**

### SALES ANALYSIS

Location: 2.5 miles north and 1.5 miles west of Kersey  
Water Rights: 5 shares of Ogilvy @ \$44,800 = \$224,000  
Improvements: 1955 single family residence w/ attached garage, small cattle shed  
Comments: none

### INDICATED VALUE

Irrigated Cropland	42 acres	@	\$2,587 /A	=	\$108,660
River Bottom Pasture	21 acres	@	\$2,000 /A	=	\$42,000
Cultivated Dry Land	0 acres	@	/A	=	\$0
Improvements				=	\$ 125,340
Water				=	\$224,000
<b>Total Sale Price</b>	<b>63 acres</b>	<b>@</b>	<b>\$7,937 /A</b>	<b>=</b>	<b>\$500,000</b>



## Comparable Sale # 4

### GENERAL INFORMATION

Grantor: Clark, Byars and Kristy  
 Grantee: KCB LLC  
 County: Weld  
 Document: WD 3489470  
 Date of Sale: 7/2007  
 Total Sale Price: \$765,000  
 Description: N1/2NE1/4 of Section 14-T5N-R64W,  
**Total Acres: 75.66**

### SALES ANALYSIS

Location: 2 miles north of Kersey, 3 miles east and 1.5 miles south on WCR 59  
 Water Rights: 14 shares of Ogilvy @ \$30,000 = \$420,000  
 Improvements: 1900 single family residence , 2,480 sq ft, remodeled 1982 and 2000. Misc. outbuildings contribute little value.  
 Comments: Water shares sold to East Cherry Creek-Seller indicated that this was a low sale and the water was valued too low.

### INDICATED VALUE

Irrigated Cropland	75.66 acres	@	\$2,757 /A	=	\$208,595
River Bottom Pasture	0 acres	@	/A	=	\$0
Cultivated Dry Land	0 acres	@	/A	=	\$0
Improvements				=	\$ 136,405
Water				=	\$420,000
<b>Total Sale Price</b>	<b>75.66 acres</b>	<b>@</b>	<b>\$10,111 /A</b>	<b>=</b>	<b>\$765,000</b>





## Comparable Sale # 5

### GENERAL INFORMATION

Grantor: Achzinger  
 Grantee: Zehnder  
 County: Weld  
 Document: WD 3494106  
 Date of Sale: 8/2007  
 Total Sale Price: \$775,000  
 Description: Lot B of RE-3600 being pt of SE1/4 Section 5-T5N-R64W  
**Total Acres: 108.80**

### SALES ANALYSIS

Location: 2 miles north of Kersey on WCR 53  
 Water: 8 shares of capital stock of New Cache la Poudre Irrigating Co. @\$25,000/share=\$200,000  
 16 shares of capital stock of Cache la Poudre Irrigation Co. @ \$15,000/share=\$240,000  
 20 shares of capital stock of the Cooke Irrigation Co.  
 Improvements: none  
 Comments: none

### INDICATED VALUE

Irrigated Cropland	108.80 acres	@	\$3,079 /A	=	\$335,000
Cultivated Dry Land	acres	@	/A	=	
Pasture	acres	@	/A	=	
Water				=	\$440,000
<b>Total Sale Price</b>	<b>108.80 acres</b>	<b>@</b>	<b>\$3,079 /A</b>	<b>=</b>	<b>\$775,000</b>



## Comparable Sale # 6

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### GENERAL INFORMATION

Grantor: Achzinger, Charles  
Grantee: Morgan, Philip  
County: Weld  
Document: WD 3506660  
Date of Sale: 9/2007  
Total Sale Price: \$240,000  
Description: Lot B RE-2520 being pt of E1/2SE1/4 of Section 33-T6N-R64W  
**Total Acres: 77.19**

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### SALES ANALYSIS

Location: 7 miles east of Greeley on WCR 62  
Water: 2 shares of capital stock of Cache la Poudre Irrigation Co. @ \$25,000/share=\$50,000  
1 well augmented through Cache la Poudre  
Improvements: none  
Comments: none

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### INDICATED VALUE

Irrigated Cropland	77.19 acres	@	\$2,461 /A	=	\$190,000
Cultivated Dry Land	acres	@	/A	=	
Pasture	acres	@	/A	=	
Water				=	\$50,000
<b>Total Sale Price</b>	<b>77.19 acres</b>	<b>@</b>	<b>\$3,109 /A</b>	<b>=</b>	<b>\$240,000</b>

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## Comparable Sale # 7

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### GENERAL INFORMATION

Grantor: Coulson  
Grantee: Coulson Investments LLC  
County: Weld  
Document: WD 3512590  
Date of Sale: 10/2007  
Total Sale Price: \$520,000  
Description: S1/2SE1/4 of Section 35, T6N, R65W  
**Total Acres: 56.86**

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### SALES ANALYSIS

Location: 2.75 miles east of Greeley  
Water: 5 shares of capital stock of Cache la Poudre Irrigation Co. @ \$27,000/share=\$135,000  
6 shares of capital stock of Cache la Poudre Reservoir @ \$20,000/share=\$120,000  
Improvements: older single-family residence, second smaller single family residence  
Comments: none

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### INDICATED VALUE

Irrigated Cropland	56.86 acres	@	\$2,900 /A	=	\$164,894
Cultivated Dry Land	acres	@	/A	=	
Improvements				=	\$100,106
Water				=	\$255,000
<b>Total Sale Price</b>	<b>56.86 acres</b>	<b>@</b>	<b>\$9,145 /A</b>	<b>=</b>	<b>\$520,000</b>

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**No Photo Available**

## Comparable Sale # 8

### GENERAL INFORMATION

Grantor: Axelson, Howard  
Grantee: Latham Land Co. c/o Todd Bean  
County: Weld  
Document: WD 3512828  
Date of Sale: 10/2007  
Total Sale Price: \$450,000  
Description: part of the SE1/4NW1/4 of Section 18, T5N, R64W  
**Total Acres: 37**

### SALES ANALYSIS

Location: 1 mile west and 1/4 mile north of Kersey on WCR 49.5  
Water: 1 share Lower Latham Ditch, 1 share Lower Latham Reservoir, 1 irrigation well, 1 CWCWD tap  
Improvements: none  
Comments: none

### INDICATED VALUE

Irrigated Cropland	37 acres	@	\$3,000 /A	=	\$111,000
Cultivated Dry Land	0 acres	@	0 /A	=	\$0
Pasture	0 acres	@	\$0 /A	=	\$0
Water				=	\$339,000
<b>Total Sale Price</b>	<b>37 acres</b>	<b>@</b>	<b>\$12,162 /A</b>	<b>=</b>	<b>\$450,000</b>





## Comparable Sale # 9

### GENERAL INFORMATION

Grantor: Roth  
Grantee: Cogburn  
County: Weld  
Document: WD 3549092  
Date of Sale: 4/2008  
Total Sale Price: \$510,000  
Description: Lot B RE-2060 and Lot B RE-2581, both being pt of the SE1/4 of Section 24,  
T6N, R65W

**Total Acres: 141.709**

### SALES ANALYSIS

Location: 5 miles east and 2 miles north of Greeley on WCR 49  
Water: 1 share Cache la Poudre Irrigation Co.  
1 ½ shares Union Lateral  
2 wells augmented in Lower Poudre Augmentation Plan  
Improvements: none  
Comments: WCR 49 on East, WCR 66 on South, nice sprinkler irrigated farm

### INDICATED VALUE

Sprinkler Irrigated	128 acres	@	\$3,187 /A	=	\$408,000
Cultivated Dry Land	12 acres	@	\$1,000 /A	=	\$12,000
Pasture	0 acres	@	\$0 /A	=	\$0
Waste/Roads	5 acres	@	\$0 /A	=	\$0
Water				=	\$90,000
<b>Total Sale Price</b>	<b>128 acres</b>	<b>@</b>	<b>\$3,599 /A</b>	<b>=</b>	<b>\$510,000</b>





## Comparable Sale # 10

### GENERAL INFORMATION

Grantor: Baranway, John, Phyllis and John D.  
 Grantee: DCP Midstream  
 County: Weld  
 Document: WD 3583285  
 Date of Sale: 10/2008  
 Total Sale Price: \$1,574,475  
 Description: W1/2SW1/4 of Section 27, T6N, R65W AND the E1/2SE1/4 of Section 28, T6N, R65W

**Total Acres: 154**

### SALES ANALYSIS

Location: 1 mile east of Greeley on CR 66.5  
 Water: 16 shares New Cache la Poudre Reservoir Co.  
 16 shares Cache la Poudre Irrigation Co.  
 3 shares Windsor Reservoir Co.  
 Improvements: 1931 single family residence, 2,140 sq ft. Shed built 1972.  
 Comments: none

### INDICATED VALUE

Irrigated Cropland	154 acres	@	\$2,750 /A	=	\$423,500
Cultivated Dry Land	0 acres	@	0 /A	=	\$0
Pasture	0 acres	@	\$0 /A	=	\$0
Water				=	\$1,024,925
<b>Total Sale Price</b>	<b>154 acres</b>	<b>@</b>	<b>\$10,224 /A</b>	<b>=</b>	<b>\$1,574,475</b>



## Comparable Sale # 11

### GENERAL INFORMATION

Grantor: Murata  
 Grantee: Johnson  
 County: Weld  
 Document: WD 3516210  
 Date of Sale: 10/2007  
 Total Sale Price: \$1,200,000  
 Description: part of the S1/2 of Section 2, T5N, R64W and Part of Section 16, T5N, R64W  
**Total Acres: 165.05**

### SALES ANALYSIS

Location: 2 ½ miles north and 2 ½ miles east of Kersey  
 Water: 10 shares New Cache la Poudre Irrigation Co.  
 10 shares Cache la Poudre Reservoir Co.  
 3 shares Windsor Reservoir  
 2 shares of Fossil Creek Reservoir  
 Improvements: none  
 Comments: 139 acres sprinkler irrigated, 9.6 acres flood irrigated, 14 acres waste

### INDICATED VALUE

Sprinkler Irrigated	139 acres	@	\$1,682 /A	=	\$233,798
Flood Irrigated	9.6 acres	@	\$1,682 /A	=	\$16,202
Pasture	0 acres	@	\$0 /A	=	\$0
Waste/Roads	14 acres	@	\$0 /A	=	\$0
Water				=	\$950,000
<b>Total Sale Price</b>	<b>165.05 acres</b>	<b>@</b>	<b>\$7,271 /A</b>	<b>=</b>	<b>\$1,200,000</b>



## Comparable Sale # 12

### GENERAL INFORMATION

Grantor: Paxton  
Grantee: Pappenheim  
County: Weld  
Document: WD 3561255  
Date of Sale: 6/2008  
Total Sale Price: \$330,000  
Description: part of Section 33, T7N, R65W  
**Total Acres: 85.35**

### SALES ANALYSIS

Location: 1 mile north and 2 miles east of Eaton  
Water: 1 shares of Larimer and Weld Irrigation Co.  
2 shares of Windsor Reservoir  
Improvements: none  
Comments: none

### INDICATED VALUE

Irrigated Cropland	85.35 acres	@	\$1,523 /A	=	\$130,000
Cultivated Dry Land	0 acres	@	0 /A	=	\$0
Pasture	0 acres	@	\$0 /A	=	\$0
Water				=	\$200,000
<b>Total Sale Price</b>	<b>85.35 acres</b>	<b>@</b>	<b>\$3,866 /A</b>	<b>=</b>	<b>\$330,000</b>





## Comparable Sale # 13

### GENERAL INFORMATION

Grantor: L.J. Ministries  
 Grantee: Shelf of Greeley  
 County: Weld  
 Document: SWD 3178677  
 Date of Sale: 4/04  
 Total Sale Price: \$230,000  
 Description: part of Section 31, T5N, R63W  
**Total Acres: 102.32**

### SALES ANALYSIS

Location: 3.5 miles east and 1.5 miles south of Kersey

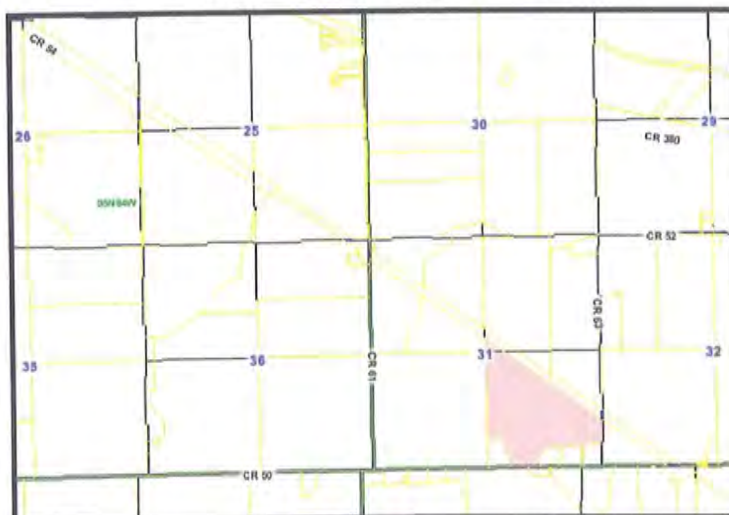
Water: 1 share of Lower Latham Ditch Co.  
 1 share of Lower Latham Reservoir Co.  
 1 share of Lower Latham Extension Ditch Co.  
 1 share Box Elder Lateral Ditch Co.  
 1 irrigation well

Improvements: none

Comments: The irrigation water was sold to Lower Latham in June 2006 for \$600,000,  
 then the land was sold in July 2006 for \$115,000 (SEE SALE 13A).

### INDICATED VALUE

Flood Irrigated Cropland	96.4 acres	@	\$2,370 /A	=	\$228,520
Pasture	5.92 acres	@	\$250 /A	=	\$1,480
Improvements				=	\$0
<b>Total Sale Price</b>	<b>102.32 acres</b>	<b>@</b>	<b>\$2,248 /A</b>	<b>=</b>	<b>\$230,000</b>



## Comparable Sale # 13A

### GENERAL INFORMATION

Grantor: Shelf of Greeley  
 Grantee: Carlson  
 County: Weld  
 Document: WD 3403909  
 Date of Sale: 6/06  
 Total Sale Price: \$115,000  
 Description: part of Section 31, T5N, R63W  
**Total Acres: 102.32**

### SALES ANALYSIS

Location: 3.5 miles east and 1.5 miles south of Kersey

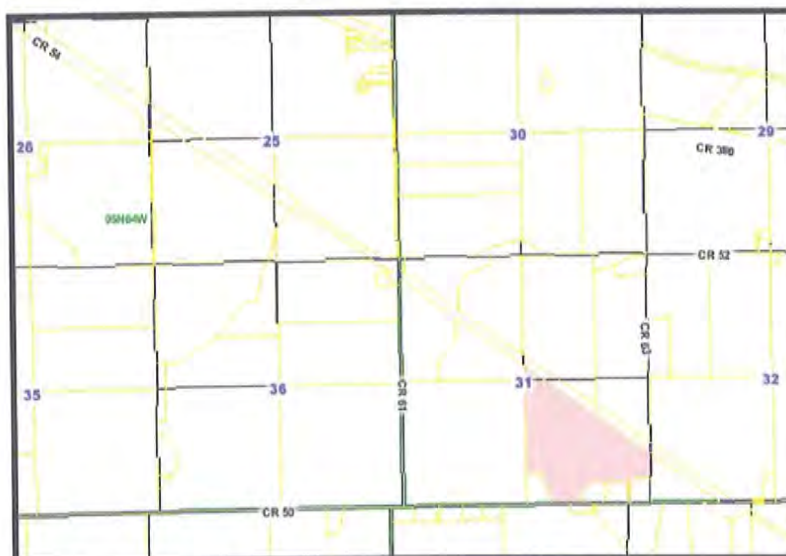
Water: 1 share of Lower Latham Dich Co.  
 1 share of Lower Latham Reservoir Co.  
 1 share of Lower Latham Extension Ditch Co.  
 1 share Box Elder Lateral Ditch Co.  
 1 irrigation well

Improvements: none

Comments: Shelf sold the irrigation water (SEE Sale 13) to Lower Latham in June 2006 for \$600,000, then the land was sold to Carlson for \$115,000

### INDICATED VALUE

Cropland	96.4 acres	@	\$1,124 /A	=	\$115,000
Improvements				=	\$0
<b>Total Sale Price</b>	<b>96.4 acres</b>	<b>@</b>	<b>\$1,124 /A</b>	<b>=</b>	<b>\$115,000</b>



## Comparable Sale # 14

### GENERAL INFORMATION

Grantor: Steinmetz  
 Grantee: M&M Excavation Co.  
 County: Weld  
 Document: WD 3584763  
 Date of Sale: 9/07  
 Total Sale Price: \$400,000  
 Description: E1/2 NW1/4 of Section 17, T5N, R64W  
**Total Acres: 79.25**

### SALES ANALYSIS

Location: 1 mile north and 1/2 mile west of Kersey  
 Water: no irrigation rights  
 Improvements: Residence built 1905, 1036 sq ft and misc. outbuildings  
 Comments: Purchaser sold improvements with 2.92 acres in 5/08 for \$150,000

### INDICATED VALUE

Cropland	79.25 acres	@	\$3,154 /A	=	\$250,000
<b>Total Land Price</b>	<b>79.25 acres</b>	<b>@</b>	<b>\$3,154 /A</b>	<b>=</b>	<b>\$250,000</b>
Improvements				=	\$150,000
<b>Total Sale Price</b>	<b>79.25 acres</b>	<b>@</b>	<b>\$5,057 /A</b>	<b>=</b>	<b>\$400,000</b>





## Comparable Sale # 15

### GENERAL INFORMATION

Grantor: Pankow, S  
 Grantee: Shelf of Greeley Seven, LLC.  
 County: Weld  
 Document: WD 3296663  
 Date of Sale: 6/05  
 Total Sale Price: \$700,000  
 Description: Portion of S1/2NW1/4 & part of SW1/4 of Section 1, T4N, R64W  
**Total Acres: 72.71**

### SALES ANALYSIS

Location: 4 miles south and 3 miles east of Kersey  
 Water: 3 shares of Lower Latham Dich Co.  
           3 shares of Lower Latham Extension Ditch Co.  
 Improvements: none  
 Comments: Seller retained 1.5 shares of Lower Latham Reservoir Co.

### INDICATED VALUE

Cropland	72.71 acres	@	\$1,375 /A	=	\$100,000
<b>Total Land Price</b>	<b>72.71 acres</b>	<b>@</b>	<b>\$1,375 /A</b>	<b>=</b>	<b>\$100,000</b>
Water				=	\$600,000
<b>Total Sale Price</b>	<b>72.71 acres</b>	<b>@</b>	<b>\$9,627 /A</b>	<b>=</b>	<b>\$700,000</b>



## Comparable Sale # 16

### GENERAL INFORMATION

Grantor: Kutcher, D  
 Grantee: Spaur Bros.  
 County: Weld  
 Document: WD 3549061  
 Date of Sale: 4/08  
 Total Sale Price: \$200,000  
 Description: part of SE1/4 of Section 33, T7N, R64W  
**Total Acres: 125.19**

### SALES ANALYSIS

Location: 8.5 miles east of Eaton  
 Water: no water rights transferred.  
 Improvements: none  
 Comments: older sprinkler on property.

### INDICATED VALUE

Cropland	125.19 acres	@	\$1,597 /A	=	\$200,000
<b>Total Land Price</b>	<b>125.19 acres</b>	<b>@</b>	<b>\$1,597 /A</b>	<b>=</b>	<b>\$200,000</b>
Water				=	\$0
<b>Total Sale Price</b>	<b>125.19 acres</b>	<b>@</b>	<b>\$1,597 /A</b>	<b>=</b>	<b>\$200,000</b>





## Comparable Sale # 17

### GENERAL INFORMATION

Grantor: Sharkey  
 Grantee: Larson  
 County: Weld  
 Document: WD 3550688  
 Date of Sale: 4/08  
 Total Sale Price: \$310,000  
 Description: part of Section 35, T6N, R64W  
**Total Acres: 146.01**

### SALES ANALYSIS

Location: 81.5 miles east of Gill  
 Water: see comments  
 Improvements: Residence built 1910, 936 sq ft and misc. outbuildings in fair to poor condition  
 Comments: irrigation wells NOT augmented, older sprinkler

### INDICATED VALUE

Cropland	146.01 acres	@	\$2,123 /A	=	\$310,000
<b>Total Land Price</b>	<b>146.01 acres</b>	<b>@</b>	<b>\$2,123 /A</b>	<b>=</b>	<b>\$310,000</b>
					=
Water					\$0
<b>Total Sale Price</b>	<b>146.01 acres</b>	<b>@</b>	<b>\$2,123 /A</b>	<b>=</b>	<b>\$310,000</b>



## Comparable Sale # 18

### GENERAL INFORMATION

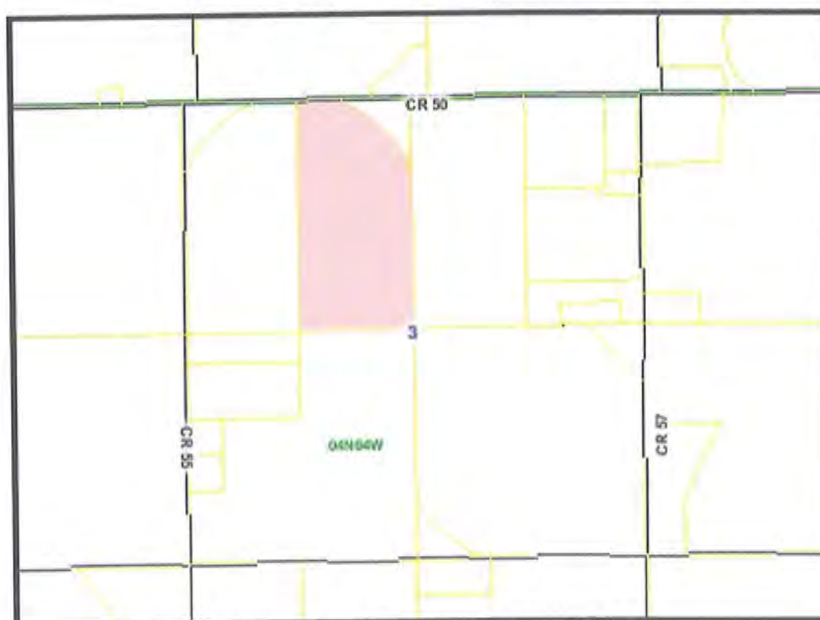
Grantor: Loeffler  
 Grantee: Grenemeyer  
 County: Weld  
 Document: WD 3583911  
 Date of Sale: 10/10/08  
 Total Sale Price: \$883,000  
 Description: part of W1/2 Section 3, T4N, R64W  
**Total Acres: 265**

### SALES ANALYSIS

Location: 2 miles south of Kersey, 3 miles east on CR 50  
 Water: 50 shares FRICO (Milton)  
 Improvements: 50' x 220' hay shed  
 Comments:

### INDICATED VALUE

Flood Irrigated	0 acres	@	\$0 /A	=	\$0
Sprinkler Irrigated	134 acres	@	\$1,915 /A	=	\$ 256,610
Dry Land	0 acres	@	\$0 /A	=	\$0
Pasture Improved	126 acres	@	\$1,915 /A	=	\$241,390
Waste/Roads	5 acres	@	\$0 /A	=	\$0
Water Rights	15 shares	@	\$23,000 /share	=	\$176,000
Improvements					\$40,000
<b>Total Sale Price</b>	<b>265 acres</b>	<b>@</b>	<b>\$3,332 /A</b>	<b>=</b>	<b>\$883,000</b>



## Comparable Sale # 19

### GENERAL INFORMATION

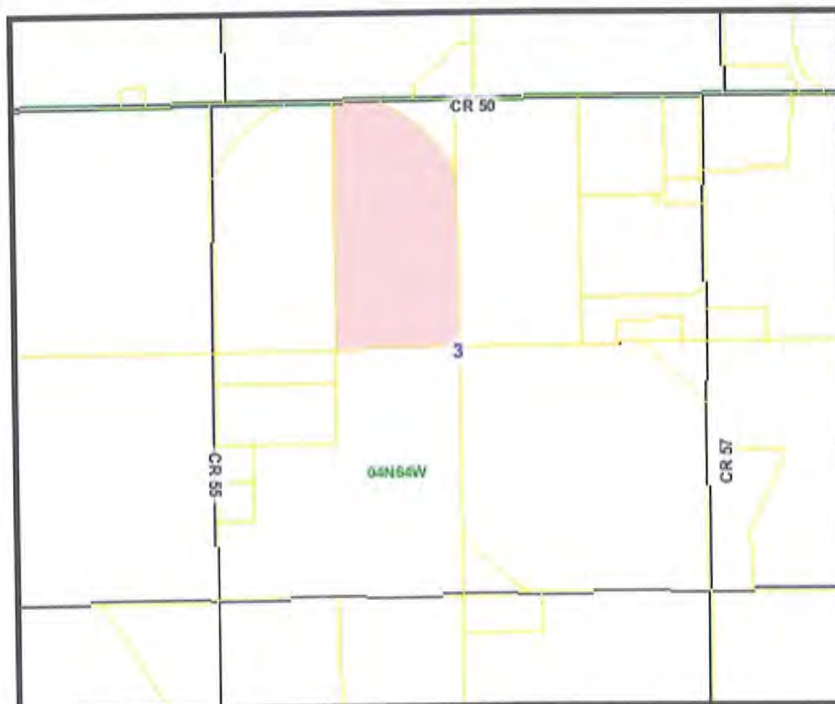
Grantor: Bickling  
 Grantee: Brown Farms, LLC  
 County: Weld  
 Document: Contract  
 Date of Sale: 10/14/09  
 Total Sale Price: \$320,000  
 Description: E1/2 NE1/4 of Section 21, T6N, R65W  
**Total Acres: 78.33**

### SALES ANALYSIS

Location: 2 miles east and 2.25 miles north of Greeley on WCR 43  
 Water: see comments.  
 Improvements: Older 2-story brick single family residence, 2,596 sq ft built in 1899  
 Comments: property was sold without any irrigation water.

### INDICATED VALUE

Flood Irrigated	78.33 acres	@	\$3,638 /A	=	\$285,000
Water Rights	none shares	@	\$0 /share	=	\$0
Improvements				=	\$35,000
<b>Total Sale Price</b>	<b>78.33 acres</b>	<b>@</b>	<b>\$4,085 /A</b>	<b>=</b>	<b>\$320,000</b>



# COMPARABLE SALES SUMMARY

SALE	GRANTOR/GRANTEE	DATE	SIZE (ACRES)	SALE PRICE	SP/A OVERALL	IMPROVE MENTS	LAND ONLY	LAND MIX ACRES		\$/ACRE	
								IRR	DRY PAST R/W	IRRIGATED	PASTURE
1	CORR/Kruse	12/08	120.07	\$550,000	\$4,583	\$0	\$210,000	109.05	0	\$1,925	\$1,000
2	Palser/Ponderosa Co.	8/07	70	\$270,000	\$3,857	\$0	\$94,000	70.0	0	\$1,342	\$0
3	Silva/KCB	12/06	63	\$500,000	\$7,937	\$125,340	\$150,660	42.0	21.0	\$2,587	\$2,000
4	Clark/KCB	7/07	75.66	\$765,000	\$10,111	\$136,405	\$208,595	75.66	0	\$2,757	\$0
5	Achzinger/Zehnder	8/07	108.8	\$775,000	\$7,123	\$0	\$335,000	108.8	0	\$3,079	\$0
6	Achzinger/Morgan	9/07	77.19	\$240,000	\$3,109	\$0	\$190,000	77.19	0	\$2,461	\$0
7	Coulson/ Coulson Investments	10/07	56.86	\$520,000	\$9,145	\$100,106	\$164,894	56.66	0	\$2,900	\$0
8	Axelson/Latham	10/07	37	\$450,000	\$12,162	\$0	\$111,000	37.00	0	\$3,000	\$0
9	Roth/Cogburn	4/08	141.709	\$510,000	\$3,599	\$0	\$420,000	128.0	12.0	\$3,187	\$1,000
10	Baranway/DCP Midstream	10/08	154	\$1,574,475	\$10,224	\$123,050	\$426,500	154.0	0	\$2,750	\$0
11	Murata/Beebe	10/07	165.05	\$1,200,000	\$7,271	\$0	\$1,200,000	165.05	0	\$1,682	\$0
11A	Beebe/Johnson	10/7	150.392	\$220,000	\$1,463	\$0	\$220,000	150.392	0	\$1,463	\$0
12	Paxton/Pappenheim	6/08	85.35	\$330,000	\$3,866	\$0	\$130,000	85.35	0	\$1,523	\$0
13	LJ Ministries/Self	4/04	102.32	\$230,000	\$2,248	\$0	-	102.32	0	-	-
13A	Self/Carlson	7/06	102.32	\$115,000	\$1,124	\$0	\$115,000	102.32	0	\$1,124	\$0
14	Steinmetz/ M&M Excavating	9/07	79.25	\$400,000	\$5,047	\$150,000	\$250,000	33.5	42.83	\$3,154	\$3,154
15	Pankow/ Shelf	6/05	72.71	\$700,000	\$9,627	\$0	\$100,000	72.71	0	\$1,375	\$0
16	Kutcher/ Spaur	4/08	125.19	\$200,000	\$1,597	\$0	\$200,000	125.19	0	\$1,597	\$0
17	Sharkey/Larson	4/08	146.01	\$310,000	\$2,123	\$0	\$310,000	73.00	73.01	\$2,123	\$0
18	Loeffler/Greenmeyer	10/08	265.00	\$883,000	\$3,325	\$40,000	\$498,000	134.00	126.00	\$1,915	\$1,915
19	Bickling Land/ Brown Farms LLC	10/09	78.33	\$320,000	\$4,085	\$35,000	\$285,000	78.33	0	\$3,638	\$0



# COMPARABLE SALES MAP



## **ANALYSIS AND ADJUSTMENTS OF COMPARABLE SALES**

Each of these sales has been analyzed, together with its relationship to the value of the subject site, in order to reach a conclusion regarding the value of the subject property. In order to facilitate the analysis, key attributes of each property have been compared to those of the subject property. Appropriate adjustments have been applied to explain differences that affect value. The first five of these factors are common to any typical sales analysis. They are:

- Real Property Rights Conveyed
- Financing Terms
- Land Mix
- Conditions of Sale
- Date of Sale

The remaining factors concern the physical characteristics of each property. These include:

- Location
- Size of Parcel
- Access

In the sales analysis, adjustments have been applied to the unit price of each property sold in order to reflect my estimate of the probable effect that factor would have on the price paid for the property if the subject property had been substituted in the transaction. The mechanics of this analysis are shown on the following page, and a brief explanation of the reasoning for the various adjustments follows:

### **PROPERTY RIGHTS CONVEYED**

Each transaction conveyed the fee simple rights to the property described, with the exception of some mineral rights. The subject property is being valued net of any mineral rights; accordingly, no adjustments are required for any of the sales analyzed.

### **FINANCING TERMS**

All sales were considered to have sold for cash or cash equivalency and no adjustments have been made.

### **LAND MIX**

The sales were considered to have enough similarity in the land mix no adjustments will be applied concerning land mix.

## **CONDITION OF SALE**

Review of the deeds filed with each sale, and information obtained from the buyers, sellers and/or realtors, indicates that all sales were all arms'-length transactions and no adjustments are warranted.

## **DATE OF SALE**

Since all of the sales occurred within the last 3 years, no adjustments are necessary.

## **LOCATION**

All of the sales are in similar farming communities except for Sale #13/13A. A comparison was made between Sale #13 which sold in July 2006 and Sale #3 which sold in December 2006. This comparison indicates a sizeable adjustment for sale #13/13A and this adjustment has been made accordingly.

## **SIZE**

The sales that were disclosed range from 37 acres to 265 acres which falls within the range of the subject property and there is no evidence from these sales that size is a factor when the acreages fall within these amounts.

## **TOPOGRAPHY**

In terms of topography all of the sales the area range from level to slightly sloping, being similar to that of the subject. No adjustments were required for topography.

## **WATER**

The subject property has no irrigation rights attached to it at this time, so in order to arrive at a land only value, several of the comparable sales will have the value of the individual water rights allocated from the sale price to arrive at a land only value.

## **SOILS**

Soil classification is a consideration in agricultural values when evaluating the productivity of a particular farm. In the case of the subject and the comparables sales, we have not evaluated the productivity of the soil.



# COMPARABLE SALES SUMMARY

SALE	GRANTOR/GRANTEE	DATE	SIZE (ACRES)	SALE PRICE	SP/A OVERALL	IMPROVE MENTS	LAND ONLY	LAND MIX ACRES		\$/ACRE		ADJUSTMENTS			INDICATED CROPLAND VALUE
								IRR	DRY PAST R/W	IRR	Pasture	DATE	Location	SIZE	
1	CORR/Kruse	12/08	120.07	\$550,000	\$4,583	\$0	\$210,000	109.05	0	\$1,925	\$1,000	0%	0%	0%	\$1,925
2	Palser/Ponderosa Co.	8/07	70	\$270,000	\$3,857	\$0	\$94,000	70.0	0	\$1,342	\$0	0%	0%	0%	\$1,342
3	Silva/KCB	12/06	63	\$500,000	\$7,937	\$125,340	\$150,660	42.0	21.0	\$2,587	\$2,000	0%	0%	0%	\$2,587
4	Clark/KCB	7/07	75.66	\$765,000	\$10,111	\$136,405	\$208,595	75.66	0	\$2,757	\$0	0%	0%	0%	\$2,757
5	Achziger/Zehnder	8/07	108.8	\$775,000	\$7,123	\$0	\$335,000	108.8	0	\$3,079	\$0	0%	0%	0%	\$3,079
6	Achziger/Morgan	9/07	77.19	\$240,000	\$3,109	\$0	\$190,000	77.19	0	\$2,461	\$0	0%	0%	0%	\$1,342
7	Coulson/ Coulson Investments	10/07	56.86	\$520,000	\$9,145	\$100,106	\$164,894	56.66	0	\$2,900	\$0	0%	0%	0%	\$2,900
8	Axelsson/Latham	10/07	37	\$450,000	\$12,162	\$0	\$111,000	37.00	0	\$3,000	\$0	0%	0%	0%	\$3,000
9	Roth/Cogburn	4/08	141.709	\$510,000	\$3,599	\$0	\$420,000	128.0	12.0	\$3,187	\$1,000	0%	0%	0%	\$1,925
10	Baranway/DCP Midstream	10/08	154	\$1,574,475	\$10,224	\$123,050	\$426,500	154.0	0	\$2,750	\$0	0%	0%	0%	\$1,238
11 11A	Murata/Beebe Beebe/Johnson	10/07 10/07	165.05 150.392	\$1,200,000 \$220,000	\$7,270 \$1,463	\$0 \$0	\$1,200,000 \$220,000	165.05 150.392	0	\$1,682 \$1,463	\$0 \$0	0%	0%	0%	\$1,682
12	Paxton/Pappenheim	6/08	85.35	\$330,000	\$3,866	\$0	\$130,000	85.35	0	\$1,523	\$0	0%	0%	0%	\$1,523
13 13A	LJ Ministries/Self Self/Carlson	4/04 7/06	102.32 102.32	\$230,000 \$115,000	\$2,248 \$1,124	\$0 \$0	- \$115,000	102.32 102.32	0	- \$1,124	- \$0	0% 203%	- 0%	0%	\$2,585
14	Steinmetz/ M&M Excavating	9/07	79.25	\$400,000	\$5,047	\$150,000	\$250,000	33.5	42.83	\$3,154	\$3,154	0%	0%	0%	\$3,154
15	Pankow/Shelf	6/05	72.71	\$700,000	\$9,627	\$0	\$100,000	72.71	0	\$1,375	\$0	0%	0%	0%	\$1,375
16	Kutcher/Spaur	4/08	125.19	\$200,000	\$1,597	\$0	\$200,000	125.19	0	\$1,597	\$0	0%	0%	0%	\$1,597
17	Sharkey/Larson	4/08	146.01	\$310,000	\$2,123	\$0	\$310,000	73.00	73.01	\$2,123	\$0	0%	0%	0%	\$2,123
18	Loeffler/Greenmeyer	10/08	265.00	\$883,000	\$3,325	\$40,000	\$498,000	134.00	126.00	\$1,915	\$1,915	0%	0%	0%	\$1,915
19	Bickling Land/ Brown Farms LLC	10/09	78.33	\$320,000	\$4,085	\$35,000	\$285,000	78.33	0	\$3,638	\$0	0%	0%	0%	\$3,638

## INTRODUCTION TO THE APPROACHES TO VALUE

As explained in the Appraisal Process, the process of appraising a property is based upon the sales of comparable properties from the area, or neighborhood of the subject. These sales have been presented and will now be used in the development of a value for the subject property.

In this assignment, only one of the approaches to value will be developed, the Direct Sales Comparison Approach.

In the Cost Approach, the value is obtained by valuing each component part of the subject, i.e., improvements, irrigated cropland, pasture, and dry land. The value of the improvements is determined using the appropriate depreciation, then the depreciated value of the improvements is added to the land value for a combined total property value estimate. In this appraisal assignment, only the land is being valued, without the building improvements or irrigation facilities. In this scenario, the land only value developed in the Cost Approach would be the same as that of the Direct Sales Comparison Approach.

The Direct Sales Comparison Approach is often considered the best indicator of the actual market place, as it is compared with the subject property in a direct approach, comparing the building improvements, the land use, etc. However, in regard to this assignment, of the sales that were analyzed, Sale 3, 4, 7, and 10 were the only improved sales. Sales 3, 4 and 7 were sold strictly for the water rights and went to a Water Broker and the residual land and buildings have been retained. Sale 10 sold from Barnaway to DCP Midstream, which is a large natural gas company and was acquired strictly for the expansion of an existing natural gas facility, therefore it is not considered to be reflective of the general market place. Due to the fact that the building improvements have been allocated on those sales that were improved, the appraiser is then left with a land only value to deal with. The Direct Sales Comparison Approach is considered to be the best indicator of value in regard to this appraisal assignment.

The Income Approach will not be developed in this report, as the subject parcel is 250 acres and will have no irrigation facilities. As discussed in the Highest-and Best-Use portion of this appraisal, it is likely this property will be planted to native or improved grasses in the interim. 250 acres of non-irrigated pasture land is not considered to be a stand-alone economic unit.

Every sale is not used in every approach, rather those sales which are most relevant to the approach at hand.

## **COST APPROACH**

The value developed in this approach is obtained by valuing each component part of the subject, i.e., improvements, irrigated cropland, pasture, and dry land. Estimating the Replacement Cost New (RCN) for the subject and applying the appropriate depreciation determine the value of the improvements. The land values obtained using comparable sales. Then, the depreciated value of the improvements is added to the land value for a combined total property value estimate. This method of valuation is most reliable when building improvements that are fairly new and there is little depreciation that exists.

As the subject property is being appraised for its land only value, without improvements or irrigation facilities, the Cost Approach is not applicable to this assignment.

## **DIRECT SALES COMPARISON APPROACH**

The Direct Sales Comparison Approach is often considered the best indicator of the actual market place, as comparable sales are compared with the subject property in a direct approach, comparing the building improvements, the land use, water, location, etc. As this property is an unimproved parcel, and since we have been asked not to include any water rights in the valuation, only the land value will be developed.

### **LAND VALUE ESTIMATES**

In regard to this appraisal assignment, because there is no irrigation water that is attached to the subject property, some of the comparable sales with water attached to them have had their water value allocated in order to arrive at a land only value. Some of these sales were also improved, and in that case the improvements were also allocated in order to arrive at a land only value only with no improvements or irrigation facilities. Also, there were 5 comparable sales which had no irrigation water attached to them. Those five sales were Sale #11A which had a value \$1,463/acre, Sale #13A which had a value of \$1,124/acre, Sale # 14 a value of \$3,154/acre, Sale #16 a value of \$1,597/acre and Sale # 17 a value of \$2,123/acre. However, with regard to this assignment, Sales 5, 8,9,10 and 14 are considered to be the best indicators of value for the subject property, primarily due to their location.

Sale # 5 sold from Achziger to Zehnder in August 2007 for \$775,000 and contained 108.8 acres. This property sold for \$7,123/acre. There were no building improvements, and after allocating the value of the water rights resulted in a value of \$3,079/acre. This property is located 2 1/2 miles north of Kersey at the intersection of WCR 53 and WCR 60.5. It, like the subject, is located at a major intersection.

Sale # 8 sold from Axelson to Latham Land, LLC in October 2007 for \$450,000 and contained only 37 acres. This resulted in a sale price of \$12,162/acre, and after allocating the water rights, the sale had a land only value of \$3,000/acre. This sale is approximately 1/2 mile north of US HWY 34, and while much smaller than the subject, it does give some support to the market value of the subject as it is in a similar location.

Sale # 9 sold from Roth to Cogburn in April 2008 for \$510,000 and contained 141.709 acres. The property sold for \$10,224/acre, and after allocating the water rights, the resulting value is \$3,187/acre. The property is located 5 miles east and 2 miles north of Kersey on WCR 49. The parcel is of similar size and is considered to be a nice parcel of land.

Sale # 10, although the buyer was a special use buyer, is considered to add value to the subject property as this was a nice farm and similar in productivity to the subject property. This property sold from Barnaway to DCP Midstream in October 2008 for \$1,574,475 and contained 154 acres. It did have water and improvements that were included in the sale, and after allocating values for both, the sale indicates a value of \$2,750/acre for the subject.

Sale # 14 was a smaller parcel that sold from Steinmetz to M&M Excavation in September 2007 for \$400,000. The property was 79.25 acres and was improved with a small rural residence that was subsequently sold with 2.92 acres for \$150,000. After subtracting the sale price of the improvements, the residual land only sale price was \$250,000, or \$3,154/acre. This property is located approximately 1 mile north and 1/2 mile west of Kersey, being in a similar locale as the subject property.

After taking these five sale into account, they have a mathematical medium of \$3,154/acre, and a mathematical mean of \$3,160/acre. Sales # 5 and 14 are considered to be the two best indicators of value, indicating \$3,079 and \$3,154/acre respectively. Having considered all the sales that were investigated with regard to this appraisal, and more specifically those five sales listed above, I have determined that an appropriate value for the subject property to be \$3,100/acre, slightly less than the mean and the medium derived from those five sales. As previously indicated, Sales #5 and 14 were considered to be the best indicators of value, and therefore weighed more heavily than the other 3 sales.

#### **TOTAL ESTIMATED LAND VALUE**

**250 Total Acres      @      \$3,100/acre      =      \$ 775,000**

Therefore:

**The Indicated Value of the  
Freda Klein Farm  
According to the Direct Sales Comparison Approach  
As of December 14, 2009 is:**

**SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS  
(\$775,000)**

## **INCOME APPROACH**

Normally the Income Approach to value is developed for income producing properties to give an estimate of value based upon the property's income producing capability. As mentioned previously, the subject parcel is 250 acres and is being valued for the land only with no irrigation facilities or improvements. As discussed in the Highest-and Best-Use portion of this appraisal, it is likely this property will be planted to native or improved grasses in the interim. 250 acres of non-irrigated pasture land is not considered to be a stand-alone economic unit.

## **RECONCILIATION AND FINAL ESTIMATE OF VALUE**

Only one approach to value of the property that is subject to this appraisal assignment have been developed. These indications are as follows:

Cost Approach	N/A
Direct Sales Comparison Approach	\$775,000
Income Approach	N/A

The Direct Sales Comparison Approach is the only approach which has been utilized and has been reasonably well documented by the 19 sales disclosed. This data has led the Appraiser to a reasonable market value estimate.

Also, with regard to the Income Approach as previously mentioned, due to the fact that the property could only be used for dry cropland, or better utilized as a grazing operation, 250 acres in not a sufficient size to be a standalone economically viable agricultural enterprise, therefore the Income Approach is not applicable.

The Cost Approach has not been utilized with regard to this appraisal assignment as the improvements and irrigation facilities are not being valued as a part of this appraisal assignment.

Therefore, the final conclusion of value is as follows:

**The Indicated Value of the  
Freda Klein Farm  
As of December 14, 2009 is:**

**SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS  
(\$775,000)**



## **EXPOSURE**

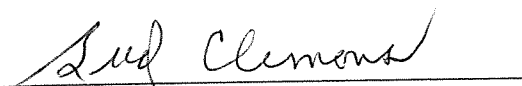
If the subject property was exposed to the market, being well advertised and well marketed at the estimated value of \$775,000, it is the opinion of the Appraiser that it would sell within a twelve-month period.

## CERTIFICATE OF APPRAISER

I, Donald "Bud" Clemons do hereby certify:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only to the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions and conclusions.
3. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
4. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report and I have no personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
5. The compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. The engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. I have personally inspected the property.
8. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analyses, opinions and conclusions expressed herein are based, are true and correct.
9. The use of this report is subject to the requirements of The American Society of Farm Managers & Rural Appraisers (ASFMRA) relating to review by its duly authorized representatives.
10. The analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) as well as the Code of Professional Ethics of the ASFMRA
11. I hereby certify that I have the appropriate education and experience to complete the assignment in a competent manner. The reader is referred to the appraisers Statement of Qualifications following this certification.
12. The American Society of Farm Managers & Rural Appraisers conducts a compulsory program of continuing education; I, Bud Clemons, am current with those requirements through December 31, 2009.
13. As of December 14, 2009, I hereby certify that the indicated value of the Freda Klein Farm, Weld County, Colorado is:

**SEVEN HUNDRED SEVENTY FIVE THOUSAND DOLLARS**  
**(\$775,000)**



Donald "Bud" Clemons, ARA  
Certified General Appraiser  
Colorado License #CGO1313862

## QUALIFICATIONS OF BUD CLEMONS

### EDUCATION

B.S. Degree, General Agriculture, Colorado State University, 1960

#### Appraisal Institute

Course I	Real Estate Appraisals
Course 11	Urban Properties
Course V	Grazing Lands and Cattle Ranches
Course VIII	Residential Properties
Course A-28	Income Capitalization

#### ASFMRA

Course I	Basic Appraisals
Course II	Rural Appraisals

#### American Society of Farm Managers and Rural Appraisers

Course 201	Principles of Income Property Appraising
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#### Various Agricultural and Appraisal Seminars

2008	Cost Estimating
2007	Market Data Analysis
2006	Ranch Appraisal Seminar
2005	Conservation Easement Seminar
	2004
	Current Environmental Issues Affecting Real Property Appraisals
	2003
	USPAP (15 hours)
	2002
	ASFMRA—Code of Ethics
	2001-2008
	Uniform Appraisal Standards for Federal land Acquisitions
2000	Fractional Interest
2000	Highest and Best Use
1999	Road and Access Law in Colorado
1998	Conservation Easement
1997	USPAP - Update
1998-2006	USPAP - Update
2007-2008	USPAP - Update
1995	Fair Lending and the Appraiser
1994	Income Capitalization Leveraged
1994	USPAP - Limited Appraisals
1993	Highest and Best Use Seminar
1992	Sales Analysis & Grain Elevator Seminar
1992	USPAP
1991	HP-12-C Calculator Workshop
1990	UAAR Seminar
1990	Sales Comparison Approach Seminar
1990	Reviewing Appraisals Seminar
1987	Mathematics of Finance Seminar
1987	Cost Approach Seminar
1987	Sales Analysis Seminar

Bud Clemons, ARA- Appraisal of the Freda Klein Farm, Weld County, CO

## **QUALIFICATIONS OF BUD CLEMONS (cont)**

### **LICENSES**

Licensed/Certified General Real Estate Appraiser - State of Colorado, CGO1313862  
Certified "General" Real Estate Appraiser - State of Wyoming, Permit #72

### **MEMBERSHIPS**

American Society of Farm Managers and Rural Appraisers, ARA Designation  
Colorado Chapter of the American Society of Farm Managers and Rural Appraisers

### **PROFESSIONAL EXPERIENCE**

1960-1964 Agricultural Supervisor of the Great Western Sugar Company  
1964-1970 Real Estate Appraiser for Prudential Life Insurance Company  
1970-Present General Real Estate Appraisals