



*MAY 12 BOARD MEETING
DELIVER ON ETK OF MAY*

SUNRIVER OWNERS ASSOCIATION

MAINTAINING SUNRIVER AS A PREMIER RESIDENTIAL AND RESORT COMMUNITY PROTECTING AND ENHANCING ITS QUALITY OF LIFE, NATURAL ENVIRONMENT AND PROPERTY VALUES.

April 9, 2007

Dana Bratton
Bratton Appraisal Group
25 NW Hawthorne Ave.
Bend, OR 97701

Dear Mr. Bratton

I delivered a copy of the Summary Appraisal Report for Sunriver HOA Commercial Zoned Land by PGP Valuation, Inc., dated March 27, 2007 to your offices. Our Negotiating Team met last week and would like you to proceed with your review of this appraisal. In particular, they had a number of questions about the appraisal that they would like you to address while conducting your review that I have listed below. While answers to many of these questions may be obvious to persons in the appraisal or real estate business, the Team desires a better understanding of the appraisal to properly explain the results to the SROA Board of Directors.

1. Is the assumption that the best and highest use is plottage to an adjacent property owner, except for a portion of tax lot 108, appropriate?
- ~~2.~~ What is the basis of the split of parcel 108 into commercial and plottage portions?
- ~~3.~~ If such a split is appropriate, how were the portion sizes determined?
4. In the selection of comparable sales,
 - Why were no recent Sunriver or Business Park sales used as comparables?
 - Can sales of land plus improvements be used to determine the value of vacant land by discounting the improvements?
 - Is Redmond property located in the subject property's market area and competing markets?
 - Were comparable sales selected primarily because they were vacant or because of parcel size and shape?
5. Is it appropriate to use examples of plottage sales from outside the subject property's market area and competing markets?
6. What is the basis for the conclusion that the subject parcels provide limited utility and support a discount near the upper end of the range, when they will add substantial value to the adjacent property owner and the Beaver Drive parcel is critical to the aggregation of property necessary for the project to proceed as proposed?

The Board must make a decision to accept the appraisal values before we can enter into an property exchange agreement with SilverStar Destinations. Any information you can provide to assist the Board in this decision is appreciated.

Sincerely


William D. Chapman
General Manager

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SROA 0192

April 20th

PGP Appraisal Issues

1. Selection of comparable sales
 - Developer has purchased three parcels (0.61 acre, 0.58 acre, 1.03 acre) in same locale as the subject property within the last six months
 - Can these sales, which included improvements, be used to determine the value of adjacent vacant land by discounting the value of the improvements?
 - Are comparable sales in Redmond within the competing market area of the subject property?
 - Were comparable sales selected primarily because of parcel size and shape? If so, how are these individual comparable sales comparable to the aggregate value of the entire 6.39 acres of SROA property that will be developed in a unitary fashion?
2. Is the assumption that the best and highest use is plottage to an adjacent property owner, except for a portion of tax lot 108, appropriate given the value issues raised above?
3. Parcel 300 plus the Ponderosa Road parcel equal 0.88 acre. This size and the relatively compact shape of the combined parcel compares favorably with two parcels of 0.61 acre and 0.58 acre recently purchased by the developer. What is the basis of the consideration of this land as plottage when these other parcels are fully developed?
4. Three of the four sales used to determine the plottage discount are outside Central Oregon. Is it appropriate to use examples of plottage sales from outside the subject property's competing market area?
5. What is the bases for the conclusion that the subject parcels provide limited utility and this supports a plottage discount near the upper end of the discount range when most of the SROA property will add substantial value to the adjacent property owner and the Beaver Drive parcel is critical to the aggregation of property necessary for the project to proceed as proposed?