

**OPINION OF FAIR MARKET VALUE OF
MERCHANTABLE TIMBER
FOR**

MR. DAVID HAFLIGER/LAWRENCE WRIGHT PROPERTY

LOCATED IN POLK COUNTY, OREGON

Valuation Date: June 29, 2021

Report Date: July 21, 2021

By

Duke's Timber Services

Dennis A Duke

490 Snead Dr N

Keizer, OR 97303

503-474-7927

July 21, 2021

Mr. Dave Hafliger

935 SW Hill DR

Willamina, OR 97396

Dear Mr. Hafliger,

At your request I have cruised and appraised the merchantable timber on the subject tract located 5 miles Southeast of Willamina, Oregon. The date of this valuation is June 29, 2021. This opinion of fair market value includes the merchantable timber located on the subject property. The subject tract is located on Tax Lot 814, in Section 19, Township 6 South, Range 6 West, in Polk County, Oregon. Herein, the above described, property will be referred to throughout this report as the subject property. The merchantable timber is appraised as an unencumbered fee simple interest. My opinion of the fair market value of the merchantable timber as of June 29, 2021 is:

Two Hundred Thirty Four Thousand Dollars

\$234,000

(Rounded)

Net Stumpage \$498

I have obtained information regarding Log markets, logging costs, and reforestation costs from individuals and firms familiar with operations in this general area. I have relied on my 29 years of experience relating to timber cruising, timber appraising, log buying, and logging.

This letter serves to introduce the appraisal report that follows.

Sincerely,



Dennis A. Duke

Forester

Timber Cruise Method and Results:

The subject property was cruised using a variable plot method and a 100% cruise. The variable plot cruise method used a 46.94 BAF @ 4' and measured every plot. A total of 17 plots averaging a plot per 6 tenths of an acre was used in the 45 year old Douglas-fir plantation almost eleven acres in size. The 100% cruise was used in a small stand of 75 year old Douglas-fir that has an average DBH of 33" and merchantable bole height of 99 feet. Below are the results of the cruise. MBF is thousand board feet.

Species	Sort	Percentage	MBF Volume
Douglas-fir	Domestic 2 Saw	15	71
Douglas-fir	Domestic 3 Saw	79	371
Douglas-fir	Domestic 4 Saw	6	28
		Total MBF	470

Timber Cruise Description:

Cruise tree diameters were measured at 4 feet using a Spencer diameter tape or relaskop. Tree heights were measured to a fixed top using an impulse laser. Most visible deductions were taken in the field and the total volume was reduced by a percentage for hidden defect and breakage. All conifer sawlogs were cruised in lengths suitable for any sawmills. West side scaling rules in conformance with the northwest Log Rules Advisory group were used. Volumes were calculated using Atterbury Consultants, Inc Super Ace 2008 cruise program.

Timber Description:

The timber on the subject property is considered fair to good quality domestic valley fir by industry standards. The average tree in the Douglas-fir plantation has a DBH of 13.5" and a merchantable bole height of 71'.

Current log Markets:

Lumber markets started the month at unprecedented highs but due to salvage efforts from the 2020 Labor Day fires and the 2021 ice storm logs are readily available and the sawmills are not paying the usual log, lumber conversion rates. Currently lumber markets are softening and log markets in most instances trend with the lumber markets. As of this date (July 28,2021) 8"+ log prices are going up. In this appraisal I only considered one sawmill that fit the parameters of the merchantable timber on the subject property. I received log prices from Hampton Tree Farms located in Willamina, OR. I used Hampton Tree Farms July, 2021 log price matrix to determine the gross timber value of the subject property. Hampton tree Farms maximum butt diameter is 34". When merchandising the larger trees I long butted (cruise software) the oversize trees until they fell under Hampton's 34" maximum butt size. The most active oversize log purchasers are located near Eugene which would add considerable amount of trucking cost verses utilization.

Gross Timber and Stumpage Value

The estimated **gross timber and gross stumpage** value using Hampton Tree Farm log values is **\$764** per MBF:

Three Hundred fifty Nine Thousand Dollars

\$359,000 (Rounded)

Logging and Trucking Costs:

The optimal logger for the subject property is equipped with a mechanical feller buncher, processor, dozer, and log loader. Typically, these contractors will sub out the trucking. The dozer is used to build and maintain roads, log short steep pitches, and assist in piling slash.

Logging Cost: OBT (On board Truck) \$180 per mbf x 470 mbf = \$84,600

Trucking Cost: \$46 Per mbf x 470 mbf = \$21,620

Total \$106,200

Reforestation and Harvest Tax: (rounded)

Slash Piling: \$300 per acre x 12 acres = \$3,600

Seedlings and Planting \$500 per acre x 12 acres = \$6,000

Site Prep and Weed control herbicide spray \$138 per acre x 12 acres = \$1,700

Harvest Tax \$4.13 X 445 mbf = \$1,800

Total \$13,100

Total Costs plus 5% Profit and Risk:

\$125,000 or \$266 per MBF

Net Stumpage Value: \$498