

**AN APPRAISAL REPORT OF THE VACANT RESIDENTIAL LAND LOCATED
NORTHEAST OF MCKELLIPS ROAD AND 76TH STREET IN MESA,
MARICOPA COUNTY, ARIZONA.**

PREPARED FOR

**ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY OPERATIONS SECTION
205 SOUTH 17TH AVENUE, ROOM 331, MAIL DROP 612E
PHOENIX, ARIZONA 85007**

ATTENTION

MR. JIM WALCUTT

**PROJECT: H088801R
HIGHWAY: Red Mountain Freeway
SECTION: Higley Road - US 60
ADOT PARCEL: L-M-395B
PARCEL NUMBER: 219-26-096D
DISPOSAL NUMBER: N/A**

DATE OF REPORT

NOVEMBER 20, 2017

EFFECTIVE DATE OF APPRAISAL

OCTOBER 4, 2017

[REDACTED]

November 20, 2017

[REDACTED]

TO: Arizona Department of Transportation
205 South 17th Avenue, Room 331 Mail Drop 612E
Phoenix, Arizona 85007

RE: PROJECT: H088801R
HIGHWAY: Red Mountain Freeway
SECTION: Higley Road - US 60
ADOT PARCEL: L-M-395B
PARCEL NUMBER: 219-26-096D
[REDACTED] [REDACTED]

ATTN: Mr. Jim Walcutt
R/W Project Management Section

RE: An appraisal report of the 5 acres of vacant residential land located northeast of the northeast corner of 76th Street and McKellips Road in unincorporated Maricopa County, Arizona.

Dear Mr. Walcutt:

As requested, I have appraised the aforementioned property, as of October 4, 2017, for the purpose of determining the market value.

Due to the fact that the subject is vacant land with no lease encumbrances, the final opinion of value is based upon the fee simple estate.

The intended users of this appraisal report are the Arizona Department of Transportation (ADOT) and the Federal Highway Administration (FHWA) to utilize value estimates to assist in decisions regarding the sale or disposal of the property. The Arizona Department of Transportation (ADOT) is our client and one of the intended users along with the Federal Highway Administration (FHWA). This appraisal is not intended for any other use by any other users.

The appraisal and report were both prepared in conformity with the appraisal requirements of the Arizona Department of Transportation, Uniform Standards of Professional Appraisal Practice, 2016-2017 (USPAP), and Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as Amended (URA), as described in part 49 CFR 24.2(a)(3).

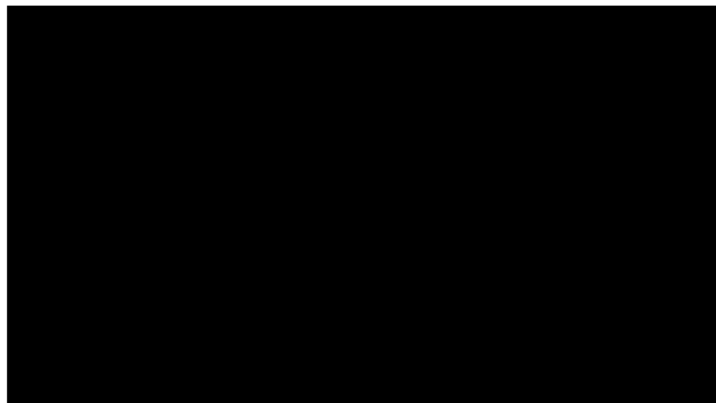
This report was prepared under the Appraisal Report option of Standards Rule 2-2(a) of the 2016-2017 edition of USPAP. As USPAP gives appraiser the flexibility to vary the level of information in an appraisal report depending on the intended use and intended users of the appraisal, I adhere to [REDACTED] internal standards for an Appraisal Report- Standard Format.

I have performed no services, as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment. It is noted that this is a revised appraisal of a previous report dated October 12, 2017.

An environmental study has been provided. It indicated no environmental issues on the subject property. The appraiser has not identified any toxic waste and/or possible hazardous contaminant on the site; however, it does not mean that such materials do not exist. The indicated market value for the subject property represents a property free of any contaminants. If a toxic waste and/or contaminant is detected, the value estimate appearing in this report is null and void.

It is the appraiser's opinion, based upon the following data and discussions that the market value of the subject property, as of October 4, 2017, is:

FOUR HUNDRED THOUSAND DOLLARS
(\$400,000.00)



FACTS AND CONCLUSIONS

TYPE OF PROPERTY

Vacant Residential Land

LOCATION

The subject is located northeast of McKellips Road and 76th Street in unincorporated Maricopa County, Arizona. It is noted that the subject site is under the jurisdiction of Maricopa County (county island) however it is located within the city limits of Mesa.

REPORT PURPOSE

The purpose of this report is to provide an estimate of the market value of the subject property as of the date of inspection, or October 4, 2017.

INTENDED USE/USER OF REPORT:

The intended users of this appraisal report are the Arizona Department of Transportation (ADOT) and the Federal Highway Administration (FHWA). The intended use is to assist in decisions regarding the sale or disposal of the property.

TAX PARCEL NUMBER:

219-26-096D

ADOT PARCEL:

L-M-395B

SITE AREA:

Based on information obtained from the Maricopa County Assessor, the subject site is 5.00 acres or approximately 217,800 square feet in size.

ZONING

R1-35, Low density single family residential by Maricopa County.

It is noted that the subject site is under the jurisdiction of Maricopa County (county island) however is located within the city limits of Mesa.

According to the City of Mesa General Plan, the subject is located within an area designated for low-density single family residential development (1-2 du/acre).

FLOOD ZONE

The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C2285L dated October 16, 2013.

IMPROVEMENTS

None

HIGHEST & BEST USE

Low Density Residential development

DATE OF APPRAISAL

October 4, 2017

MARKET VALUE

\$400,000

TABLE OF CONTENTS

SCOPE OF WORK..... 7

REGIONAL AND CITY DATA..... 15

NEIGHBORHOOD DATA ANALYSIS..... 31

SUBJECT PHOTOGRAPHS 41

SITE DATA ANALYSIS..... 48

FLOOD ZONE MAP 51

HIGHEST AND BEST USE 53

VALUATION PROCESS..... 58

SALES COMPARISON APPROACH 60

RECONCILIATION 77

CERTIFICATION..... 79

ADDENDA..... 84

ADDENDA

Engagement LetterEXHIBIT 1

Title ReportEXHIBIT 2

Environmental Clearance LetterEXHIBIT 3

ADOT LOOP 202 Right of Way Plans.....EXHIBIT 4

Zoning Designation.....EXHIBIT 5

USPAP Reporting OptionsEXHIBIT 6

Contingent and Limiting ConditionsEXHIBIT 7

SCOPE OF WORK

The practice of appraisal can be considered to be less of a science dictated by strict rules and more of an art, in which rules guide the appraiser towards a trustworthy, responsible and credible valuation. The Uniform Standards of Professional Appraisal Practice (USPAP) provides guidelines for this process to be undertaken through the Scope of Work Rule, to which all appraisal professionals must adhere.

The appraisal and report were prepared in conformity with the appraisal requirements of the Arizona Department of Transportation, Uniform Standards of Professional Appraisal Practice, 2016-2017 (USPAP), and Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as Amended (URA), as described in part 49 CFR 24.2(a)(3).

The USPAP 2016-2017 **SCOPE OF WORK RULE** states:

For each appraisal and appraisal review assignment, an appraiser must:

- 1. identify the problem to be solved;*
- 2. determine and perform the scope of work necessary to develop credible assignment results; and*
- 3. disclose the scope of work in the report.*

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. (The Appraisal Foundation, USPAP 2016-2017 edition, Pg. U-13)

Comment: Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched; and
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraiser has broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal, appraisal review, and appraisal consulting assignment.

Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.

For this individual assignment, the appraiser shall address the three aspects of the Scope of Work Rule; Problem Identification, Scope of Work Acceptability and Disclosure Obligations.

PROBLEM IDENTIFICATION (PURPOSE):

An appraiser must gather and analyze information about those assignment elements that are necessary to properly identify the appraisal or appraisal review problem to be solved.
(The Appraisal Foundation, USPAP 2016-2017 edition, Pg. U-13)

The purpose of the appraisal is to estimate the market value of the subject property as of October 4, 2017 (Date of Inspection).

INTENDED USE/USERS:

The use of this appraisal report is for acquisition decisions regarding the subject site. The intended users of this appraisal report are the Arizona Department of Transportation (ADOT), the Federal Highway Administration (FHWA) and their affiliates, successors, assigns, and/or its clients. This report is not intended for any other use or any other users.

EFFECTIVE DATE OF APPRAISAL:

October 4, 2017

DATE OF INSPECTION:

October 4, 2017

INTEREST VALUED:

As indicated, the subject is vacant land with no known lease encumbrances and thus, the Fee Simple Estate is considered. The Fee Simple Estate is defined as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (The Dictionary of Real Estate, 6th ed., 2015)

In the estimate of value, typically four interdependent factors must be considered as follows:

- Utility - the ability of a product to satisfy a human want, need or desire.
- Scarcity - the present or anticipated supply of an item relative to the demand for it.
- Desire - a purchaser's wish for an item to satisfy human needs (e.g., shelter, clothing, food, companionship) or individual wants beyond the essentials to support life.
- Effective Purchasing Power - the ability of an individual or group to participate in a market, i.e., to acquire goods and services with cash or its equivalent.

MARKET VALUE DEFINITION:

Following is the definition of *market value* as provided by the client.

Market value as utilized in this report is defined as "the most probable price estimated in terms of cash in United States dollars or comparable market financial arrangements which the property would bring if exposed for sale in the open market, with reasonable time allowed in which to find a purchaser, buying with knowledge of all the uses and purposes to which it was adapted and for which it was capable. (Arizona Revised Statute 28-7091).

VALUE "AS IS" DEFINITION:

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. Appraisal Institute. The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

EXTRAORDINARY ASSUMPTION:

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

Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (The Appraisal Foundation, USPAP 2016-2017 edition. U-3)

A title search has been furnished. It is an Extraordinary Assumption that there are no adverse restrictions or easements which would affect the utility or marketability of the property.

HYPOTHETICAL CONDITION:

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

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (The Appraisal Foundation, USPAP 2016-2017 edition. U-3)

No Hypothetical Conditions were used in this report.

SCOPE OF WORK ACCEPTABILITY:

The scope of work must include the research and analyses that are necessary to develop credible assignment results.

An appraiser must not allow assignment conditions to limit the scope of work to such a degree that the assignment results are not credible in the context of the intended use.

An appraiser must not allow the intended use of an assignment or a client's objectives to cause the assignment results to be biased". (The Appraisal Foundation, USPAP 2016-2017 edition. U-14)

The client has requested that the appraiser estimate the market value of the subject property. In order to credibly perform this task, the appraiser has followed these general guidelines:

- determination of problem and applicable Hypothetical Conditions or Extraordinary Assumptions
- research on the subject property, including but not limited to: ownership history, applicable liens and easements, physical characteristics (i.e. size, topography), relevant subject data (i.e. leases and financial statements for income producing properties)
- selection of, research on and collection of market data for the subject neighborhood
- site inspection
- analysis and synthesis of Highest and Best Use of the subject property
- selection of valuation methodology, subsequent research as is applicable, including market participant and market expert research (i.e. Sales Comparison Approach, Cost Approach, Income Approach, sales or rent comparable properties)
- analysis and conclusion of valuation methodology(ies)
- reconciliation of valuation methodology results
- conclusion of probable estimated market value

DISCLOSURE OBLIGATIONS:

The report must contain sufficient information to allow intended users to understand the scope of work performed. (The Appraisal Foundation, USPAP 2016-2017 edition. U-14)

AREA ANALYSIS DATA SOURCES:

As part of this appraisal assignment, the appraiser made a number of independent investigations and analyses. Data retained in office files, which are updated regularly, were also relied upon. Affidavits of Property Value were checked to verify information. Maps, aerials and zoning obtained from the affiliated municipalities were checked and also information provided by the client.

All market data was confirmed from one or more of the following sources as indicated on the individual sales: Maricopa County Assessor's Office (www.maricopacountyaz.gov), Affidavit of Property Value, Real Quest (www.realquest.com), CoStar Realty Information (www.costar.com), FLEXMLS Data Systems (www.flexmls.com), owners or their representatives, and/or Real Estate Brokers and/or Agents.

The neighborhood was researched and the contents of this report express my opinion of what was found and observed.

The site description and analysis was based on my personal physical inspection, information obtained from the client and from information obtained from the Maricopa County and City of Mesa Engineering, Planning and Zoning Departments.

The subject property is legally defined within the Title Report in the addenda of this report.

The owner of record as provided by Maricopa County is:

OWNER CONTACT:

HISTORY:

The appraiser is unaware of any other transactions over the previous five years.

SCOPE OF VALUATION METHODOLOGY:

The valuation process is an orderly program in which data used to estimate value of the subject property is acquired, classified, analyzed, and presented. The first step in the process is to define the appraisal problem, i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and the type of value sought. Once this has been accomplished, the appraiser collects and analyzes the factors that affect the fair market value of the subject property. These factors are addressed in the area and neighborhood analysis, the site analysis, and the highest and best use analysis. They are then applied to the subject property in the discussion of the three approaches to value.

The Sales Comparison, Cost, and Income Capitalization Approaches are widely accepted methods of estimating property value. Each approach is described briefly here and discussed in detail in the analysis of each.

To apply the Cost Approach, the depreciated replacement cost of the improvements is added to the value of the land as though vacant, derived through sales comparison, to arrive at a value estimate for the subject property. This approach is most reliable when the improvements are new or nearly new and represent the highest and best use of the site. The subject is vacant land with no improvements, thus the Cost Approach will not be utilized.

The Sales Comparison Approach is an approach through which an appraiser derives a value indication by comparing the property being appraised to similar properties that have been sold recently, applying appropriate units of comparison and making adjustments, based on the elements of comparison, to the sale prices of the comparable sales. The Sales Comparison Approach will be utilized in valuation of the subject property.

The Income Capitalization Approach can be analyzed by one of two methods: 1) Direct Capitalization or 2) Discounted Cash Flow.

The subject property is not encumbered by a lease, has no vertical improvements and does not produce any income. Therefore, the only approach deemed reliable is the Sales Comparison Approach, which will be utilized.

MARKETING TIME:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

Based on market evidence, if the subject is placed on the market for sale at the appraised market value, with an intensive marketing program, the property should be sold and closed within six to twelve months. If a property is priced considerably above market it will stay on the market for a considerably

longer period of time than if it is priced at market levels. This can be shown within the market by examining the comparable sales' time on the market given their respective sale prices.

EXPOSURE TIME:

Estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

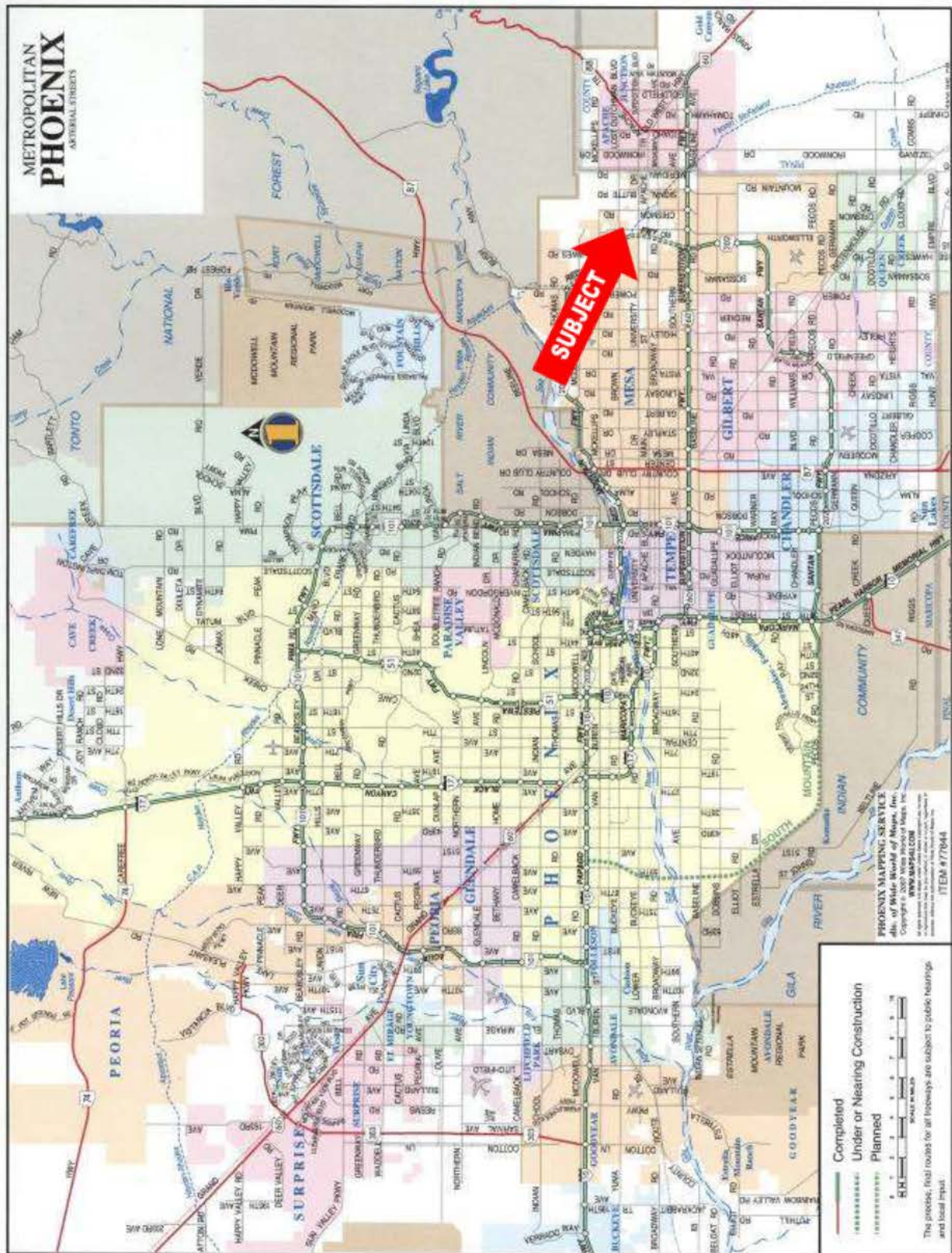
Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. Source: USPAP 2016-2017 Edition, Page U-3

The appraiser researched the subject's market area for similar type properties that were exposed with an intense marketing program and considered to be marketed within a reasonable exposure time. Based on market evidence, properties similar to that of the subject, and within the subject's neighborhood, sold and closed within six to twelve months.

HAZARDOUS WASTES:

The appraiser was not provided with a copy of any environmental studies, however we were provided with an Environmental Clearance Letter stating that there are no environmental concerns on the subject site. If toxic waste and/or contaminants are detected on the subject property, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminate is and the cost of removal) by the appraiser. No other nuisances or hazards were recognized during my on-site inspection of the subject property.

AREA MAP



REGIONAL AND CITY DATA

LOCATION:

The State of Arizona is located within the southwestern region of the United States. The July 2016 population estimate puts the population of Arizona at 6,835,518. Maricopa County is located in the south central part of the State of Arizona. Maricopa County consists of numerous cities, towns and communities that are inter-connected through transportation corridors, economic affiliations, and physical/location characteristics.

The cities, towns, and communities that make up the Phoenix Metropolitan area include: Apache Junction, Avondale, Buckeye, Carefree, Chandler, El Mirage, Fountain Hills, Gila Bend, Gilbert, Glendale, Goodyear, Guadalupe, Litchfield Park, Mesa, New River, Paradise Valley, Peoria, Phoenix, Scottsdale, Sun City/Sun City West, Surprise, Tempe, Tolleson, Wickenburg, and Youngtown.

The subject property is located in the eastern portion of the Metropolitan Phoenix area, Maricopa County, Arizona. The subject property is considered part of the greater Metropolitan Phoenix area and will be examined within the following regional data analysis.

The appraiser has identified basic regional factors that may have an impact on the value of the subject property which includes: location, population, employment, income characteristics, cost of living, education, quality of life, and real estate trends. This section will focus and analyze these recognized basic regional factors as they influence or affect real estate value.

SOCIAL FORCES:

Social forces primarily have to do with population and demographic trends. The demographics of the population indicate the potential basic demand for real estate services. Arizona has experienced rapid population growth continuously for the last seven years, largely due to the extended period of strong economic growth. The state added 100,000 residents last year which translated into a rate of growth of 1.5%. Continued job and population growth have contributed to personal income gains of 5.7 % in 2017.

Arizona	2015	2016	2017	2018	2019	2020
Personal Income (\$ mil)	267,361	278,925	294,779	312,814	331,066	351,275
% Chg from Year Ago	4.5%	4.3%	5.7%	6.1%	5.8%	6.1%
Retail Sales (\$mil)	92,635	94,848	99,204	103,629	109,513	115,547
% Chg from Year Ago	4.7%	2.4%	4.6%	4.5%	5.7%	5.5%
Total Nonfarm Employment (000s)	2,635.7	2,704.0	2,770.2	2,846.4	2,913.2	2,982.5
% Chg from Year Ago	2.5%	2.6%	2.4%	2.7%	2.3%	2.4%
Population (000s), July 1st estimates	6,758.3	6,835.5	6,935.7	7,052.7	7,173.0	7,292.7
% Chg from Year Ago	1.4%	1.1%	1.5%	1.7%	1.7%	1.7%
Residential Building Permits (units)	28,910	36,561	41,090	45,443	46,314	46,121
% Chg from Year Ago	7.1%	26.5%	12.4%	10.6%	1.9%	-0.4%

POPULATION COUNTS OF THE CITIES WITHIN METROPOLITAN PHOENIX					
	1-Jul-16	1-Jul-15	1-Jul-2010	Number	Percent
	Population Est.	Population Est.	Censue	Change	Change
Apache Junction	39,118	38,437	35,840	3,278	9.15%
Avondale	80,073	78,885	76,238	3,835	5.03%
Buckeye	65,509	61,173	50,876	14,633	28.76%
Carefree	3,595	3,525	3,363	232	6.90%
Cave Creek	5,498	5,429	5,015	483	9.63%
Chandler	250,547	255,073	236,123	14,424	6.11%
El Mirage	33,814	33,339	31,797	2,017	6.34%
Fountain Hills	23,638	23,346	22,489	1,149	5.11%
Gila Bend	1,998	1,977	1,922	76	3.95%
Gilbert	239,931	242,857	208,453	31,478	15.10%
Glendale	237,723	234,766	226,721	11,002	4.85%
Goodyear	78,189	77,776	65,275	12,914	19.78%
Guadalupe	6,218	6,135	5,523	695	12.58%
Litchfield Park	6,188	6,019	5,476	712	13.00%
Mesa	467,532	460,950	439,041	28,491	6.49%
Paradise Valley	13,930	13,673	12,820	1,110	8.66%
Peoria	166,333	167,540	154,058	12,275	7.97%
Phoenix	1,560,020	1,527,509	1,449,242	110,778	7.64%
Queen Creek	36,096	33,967	25,998	10,098	38.84%
Scottsdale	237,969	231,204	217,365	20,604	9.48%
Surprise	128,182	125,621	117,688	10,494	8.92%
Tempe	176,584	172,021	161,974	14,610	9.02%
Tolleson	6,920	6,837	6,573	347	5.28%
Wickenburg	6,832	6,643	6,353	479	7.54%
Youngtown	6,535	6,467	6,154	381	6.19%
Unincorporated	297,383	293,878	28,404	268,979	946.98%
METRO PHOENIX	4,176,355	4,115,047	3,600,781	575,574	15.98%

ECONOMIC FORCES:

The Metropolitan Phoenix Area (Maricopa County) represents 69% of the Arizona Labor Market. The Phoenix-Mesa-Glendale MSA had a civilian labor force of 2,294.1 at the end of April 2017. The current unemployment rate in Arizona is 5.0% (April 2017).

Phoenix-Mesa-Glendale MSA - Monthly Data	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017
<i>Persons (000s), Local Area Unemployment Statistics, BLS</i>					
Civilian Labor Force (000s), BLS	2,267.3	2,280.0	2,304.3	2,307.1	2,294.1
Unemployment Rate	4.1	4.5	4.4	4.1	3.9
<i>Employees on Nonagricultural Payrolls (000s), Current Employment Statistics, BLS*</i>					
Arizona - Labor Force and Employment, SA	Dec 2016	Jan 2017	Feb 2017	Mar 2017	Apr 2017
<i>Persons (000s, seasonally adjusted), Local Area Unemployment Statistics, BLS</i>					
Civilian Labor Force	3,260.5	3,277.8	3,302.1	3,324.0	3,330.9
% Chg from Year Ago	1.9%	2.2%	2.7%	3.3%	3.4%
Employment	3,098.5	3,114.2	3,134.1	3,157.1	3,165.6
Unemployment	162.0	163.6	168.0	166.9	165.3
Unemployment Rate	5.0	5.0	5.1	5.0	5.0
<i>Employees on Nonagricultural Payrolls (000s, seasonally adjusted), Current Employment Statistics, BLS</i>					

Source: Prepared by the Arizona Office of Economic Opportunity, in cooperation with the U.S. Dept. of Labor, Bureau of Labor Statistics

The economic base of Phoenix is diversified and includes manufacturing as well as professional and industrial employment. Phoenix also has professional employment opportunities as well as a great many industrial parks which house heavy, medium and light industrial activities. Tourism is also an important income producing industry. Transportation to and from other portions within the state and the nation is good. Transportation plays an important role in the Metropolitan area.

Shown next is a chart of the top 10 Phoenix Metropolitan major employers.

Top Ten Employers of Arizona	
State of Arizona	42,687
Banner Health	40,226
Wal-Mart Stores, Inc.	34,350
Fry's Food Stores	18,870
Wells Fargo	14,860
University of Arizona	14,521
City of Phoenix	14,421
U.S. Postal Service	13,509
Arizona State University	12,488
Intel Corp.	11,000

Phoenix Business Journal Book of Lists 2016-17

GOVERNMENTAL FORCES:

The State of Arizona has placed emphasis on economic development within the State through the Commerce Department. The regional government, through joint efforts of the communities within Maricopa County, has also taken a strong favorable stance toward continued economic development.

City governments are progressive in its thinking, showing a commitment to strong neighborhood design concepts by improving the educational system, creating more parks and recreational facilities, building new freeway systems and developing major shopping areas for the individual neighborhoods that make up the Metro area. The entire government structure is described as well-run and dynamic.

TRANSPORTATION:

The State, as well as Phoenix, has an excellent transportation system because of Metropolitan Phoenix's primary ideal central location, the area is a natural regional transportation axis for the rest of the southwest. Linkages within the Metropolitan area are also considered good. Accessibility to other locations in this area is very important as people have the option of living in one city and working in another. The Arizona Department of Transportation has several major freeways in place and/or planned for the Metropolitan Phoenix area. (The following information is provided by information from the Arizona Department of Transportation).

The *Pima Freeway* system traverses east and west along the Beardsley Road alignment from I-17 (Black Canyon Freeway) to the Pima Road in North Scottsdale.

The *Agua Fria Freeway* (extension) runs east and west from the Black Canyon Freeway (I-17) westward to 83rd Avenue and north and south from Beardsley Road to the Papago Freeway (I-10).

The *Piestewa Parkway* (extension) runs southward from the Pima Freeway at 32nd Street and feeds traffic from the northern portion of the Valley to Central Phoenix.

The *Superstition Freeway* is a major freeway that serves the East Valley, especially the cities of Mesa, Tempe, Chandler, Gilbert and Apache Junction. This freeway system runs east and west from the Hohokam Expressway through the entire length of the eastern portion of Metro Phoenix area.

The *Red Mountain Freeway* is currently complete and opened in 2008, but is undergoing a widening project that is scheduled for completion by spring 2016. This project will add lanes of nearly 20 miles.

The *San-Tan Freeway (Loop 202)* is currently complete with the final leg opening in June 2006. This freeway traverses from the Superstition Freeway (near Ellsworth Road) and heads in a southwesterly direction through Mesa, Gilbert and Chandler to the Maricopa Freeway (I-10). The opening of 12 miles of the San-Tan in June 2006 was the longest single stretch of freeway ever opened in the Valley's history.

The *Price Freeway* (Loop 101) is currently completed from the Superstition Freeway north to Pima Freeway (Loop 101). In addition, recently completed is the portion which transverses from the Superstition Freeway southward to the San-tan Freeway (Loop 202).

The proposed Loop 202 Freeway, also known as the *South Mountain Freeway*, would run east and west along Pecos Road and then turn north between 55th and 63rd avenues, connection with Interstate 10 on each end. The south Mountain Freeway is the last piece to complete the Loop 202 and Loop 10 freeway system.

July 2015 Certification

Phase V Total: \$5.1 billion

ADOT

Regional Transportation Plan Freeway Program Phase V, 2026 - 2035

- New Freeway
- New HOV Lanes
- New General Purpose Lanes
- Interim Corridor Development
- Grand Avenue Corridor Improvements
- Right of Way Protection
- New Traffic Interchange
- New HOV Ramp Connection

Legend:

- New Freeway
- New HOV Lanes
- New General Purpose Lanes
- Interim Corridor Development
- Grand Avenue Corridor Improvements
- Right of Way Protection
- New Traffic Interchange
- New HOV Ramp Connection

Key Locations and Freeways:

- Phoenix Valley Blvd
- Grand Ave
- Black Canyon
- Papago
- Maricopa
- Superstition
- South Mountain
- Red Mountain
- Santan
- Gateway

Notes:

- I-10: SR101L - I-17, Phase 2
- SR24: SR203L - Blawie Rd, Phase 2
- US60/SR203L: I: Final Phase Construction
- US60/Grand Ave: SR101L - Van Buren St., Phase 3

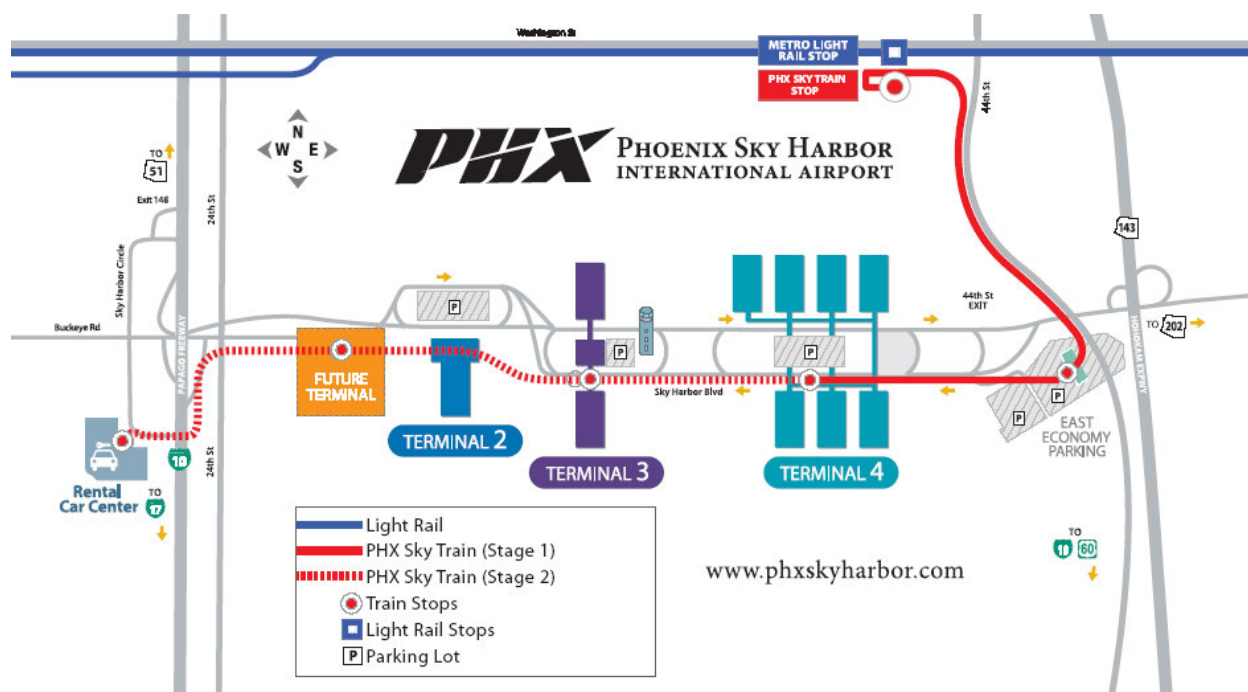
Costs under Environmental Study / Design Contract Report

OTHER FORMS OF TRANSPORTATION:

Phoenix Sky Harbor International airport serves more than 100,000 passengers with more than 1,200 flights per day. Sky Harbor is one of the most convenient airports in the United States. It ranked No. 11 among U.S. airports in passenger boarding in 2016. It's served by 17 competitively priced carriers. The airport is located in the middle of Greater Phoenix, less than 10 minutes from downtown, and within 20 miles of almost all of our towns and cities.

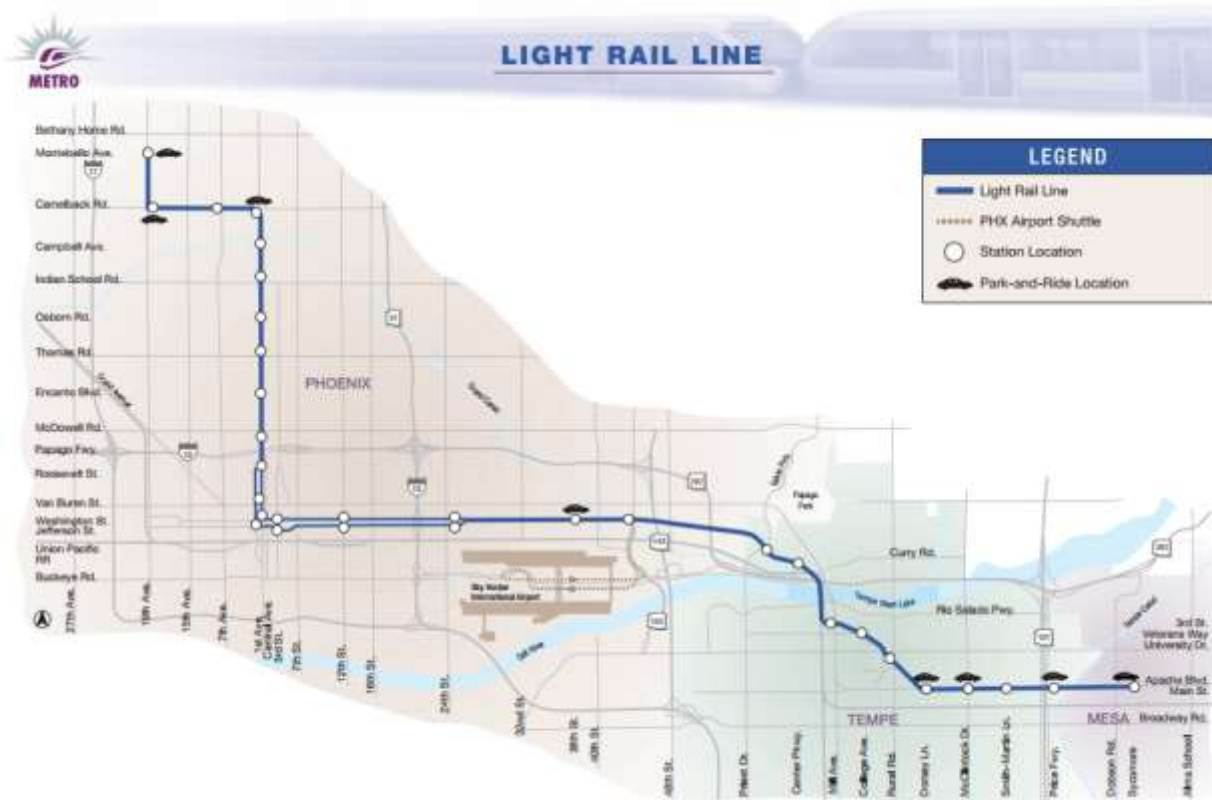
Phoenix-Mesa Gateway Airport is located about 30 miles Southeast of Phoenix Sky Harbor. Gateway airport offers commercial flights to more than 35 destinations.

Convenient transportation to Sky Harbor airport comes by way of the PHX Sky Train. This driverless train transports Valley Metro Light Rail passengers to the airport from the 44th Street/Washington Street Station. The PHX Sky Train will travel between Terminal 4, east economy parking and 44th Street/Washington St., where it connects passengers to the Metro Light Rail System.



Light Rail

The Valley's light rail system offers riders a speedy 26-mile ride linking Phoenix to the neighboring communities of Tempe and Mesa, and includes stops at attractions such as Phoenix Art Museum, the Heard Museum, Chase Fields, Talking Stick Resort Arena and Tempe's Mill Avenue District. There are 28 stations along the line and they are adorned with 6.2 million worth of public art. The art work at each station reflects the character of the community where it is located. Station platforms can accommodate the boarding of 600 passengers onto a three-car train within 30 seconds between the cities of Phoenix, Tempe, Mesa and Glendale and is an integral part of a comprehensive Valley-wide transit system.



METRO opened for passenger operation in December 2008.

Freight rail transportation from transcontinental origins from and to the Metro area is provided by the Union Pacific Railway (Southern Arizona), Arizona Eastern (Claypool-Globe), Arizona & California (Parker, Arizona –westward), and the BNSF AT & SF (Atchison, Topeka and Santa Fe Railway – Northern Arizona). Greyhound and seven other charter bus services serve the city as well. Public transportation is provided by the Phoenix Transit System, and Dial-A-Ride. Other transportation is provided by interstate and intrastate truck lines, household good carriers, United Parcel Service, Purolator Courier Service and Air Couriers International.

In recent years the communities within the Metropolitan area have become more aware of the environment as has the nation as a whole. Enactment of environmental legislation with respect to new development is seriously being taken into consideration by creating new environmental zoning codes to protect the outlying mountainous areas of the Valley.

RESIDENTIAL MARKET:

The following housing statistics are provided by ARMLS as of June 2017.

Active Listings						
	This Month			Year to Date		
	2017	2016	% Chg	2017	2016	% Chg
0-29,999	21	38	-44.7	119	158	-24.7
30,000-39,999	31	85	-63.5	127	233	-45.5
40,000-49,999	51	97	-47.4	205	395	-48.1
50,000-59,999	83	161	-48.4	359	523	-31.4
60,000-69,999	92	172	-46.5	437	626	-30.2
70,000-79,999	113	181	-37.6	499	690	-27.7
80,000-89,999	131	218	-39.9	591	816	-27.6
90,000-99,999	138	204	-32.4	692	1009	-31.4
100,000-119,999	235	422	-44.3	1593	2233	-28.7
120,000-139,999	428	686	-37.6	2783	3852	-27.8
140,000-159,999	547	887	-38.3	3806	5304	-28.2
160,000-179,999	877	1276	-31.3	6081	6852	-11.3
180,000-199,999	1135	1309	-13.3	6846	6454	6.1
200,000-249,999	2871	3000	-4.3	14930	13798	8.2
250,000-299,999	2601	2687	-3.2	11576	10863	6.6
300,000-399,999	3579	3779	-5.3	13745	12912	6.5
400,000-499,999	2262	2301	-1.7	7215	6819	5.8
500,000-549,999	684	706	-3.1	2016	1907	5.7
550,000-749,999	1826	1878	-2.8	4903	4594	6.7
750,000-999,999	1199	1182	1.4	2904	2725	6.6
1,000,000-1,249,999	407	400	1.8	898	855	5.0
1,250,000-1,499,999	391	395	-1.0	826	791	4.4
1,500,000-1,999,999	488	427	14.3	905	857	5.6
2,000,000-2,999,999	384	351	9.4	717	666	7.7
3,000,000+	308	301	2.3	511	475	7.6
Totals	20882	23143	-9.8	85284	86407	-1.3

Local Multiple Listing Service (ARMLS) had 20,882 active listings as of June 30, 2017 across the Greater Phoenix area including listings under contract and seeking backup offers. This total had a decrease of 9.8% since the previous year.

Active single family home listings under \$160,000 was down 28.2% compared to the previous year due to the poor supply demand. The mid-range home sales between \$200,000 to \$500,000 increased from 5.8% to 8.2% benefitting from plenty of both supply and demand.

Local Multiple Listing Service (ARMLS) had 9,626, sold listings as of June 30, 2017 across the Greater Phoenix area. This total had an increase of 7.4% since the previous year.

Sold Listings						
	This Month			Year to Date		
	2017	2016	% Chg	2017	2016	% Chg
0-29,999	11	11	0.0	66	84	-21.4
30,000-39,999	12	16	-25.0	85	128	-33.6
40,000-49,999	13	33	-60.6	131	256	-48.8
50,000-59,999	37	41	-9.8	228	291	-21.6
60,000-69,999	39	48	-18.7	273	338	-19.2
70,000-79,999	51	72	-29.2	304	386	-21.2
80,000-89,999	68	65	4.6	404	526	-23.2
90,000-99,999	73	110	-33.6	441	633	-30.3
100,000-119,999	223	245	-9.0	1277	1501	-14.9
120,000-139,999	324	466	-30.5	2061	2650	-22.2
140,000-159,999	499	654	-23.7	3005	3717	-19.2
160,000-179,999	773	795	-2.8	4566	4528	0.8
180,000-199,999	867	779	11.3	4687	3899	20.2
200,000-249,999	1975	1756	12.5	10146	8362	21.3
250,000-299,999	1474	1244	18.5	7172	6013	19.3
300,000-399,999	1539	1279	20.3	7517	6134	22.5
400,000-499,999	719	582	23.5	3452	2702	27.8
500,000-549,999	181	181	0.0	902	760	18.7
550,000-749,999	383	305	25.6	1839	1418	29.7
750,000-999,999	195	149	30.9	872	676	29.0
1,000,000-1,249,999	59	50	18.0	276	236	16.9
1,250,000-1,499,999	36	30	20.0	171	130	31.5
1,500,000-1,999,999	44	27	63.0	180	159	13.2
2,000,000-2,999,999	19	16	18.8	116	108	7.4
3,000,000+	12	5	140.0	70	50	40.0
Totals	9626	8959	7.4	50241	45685	10.0

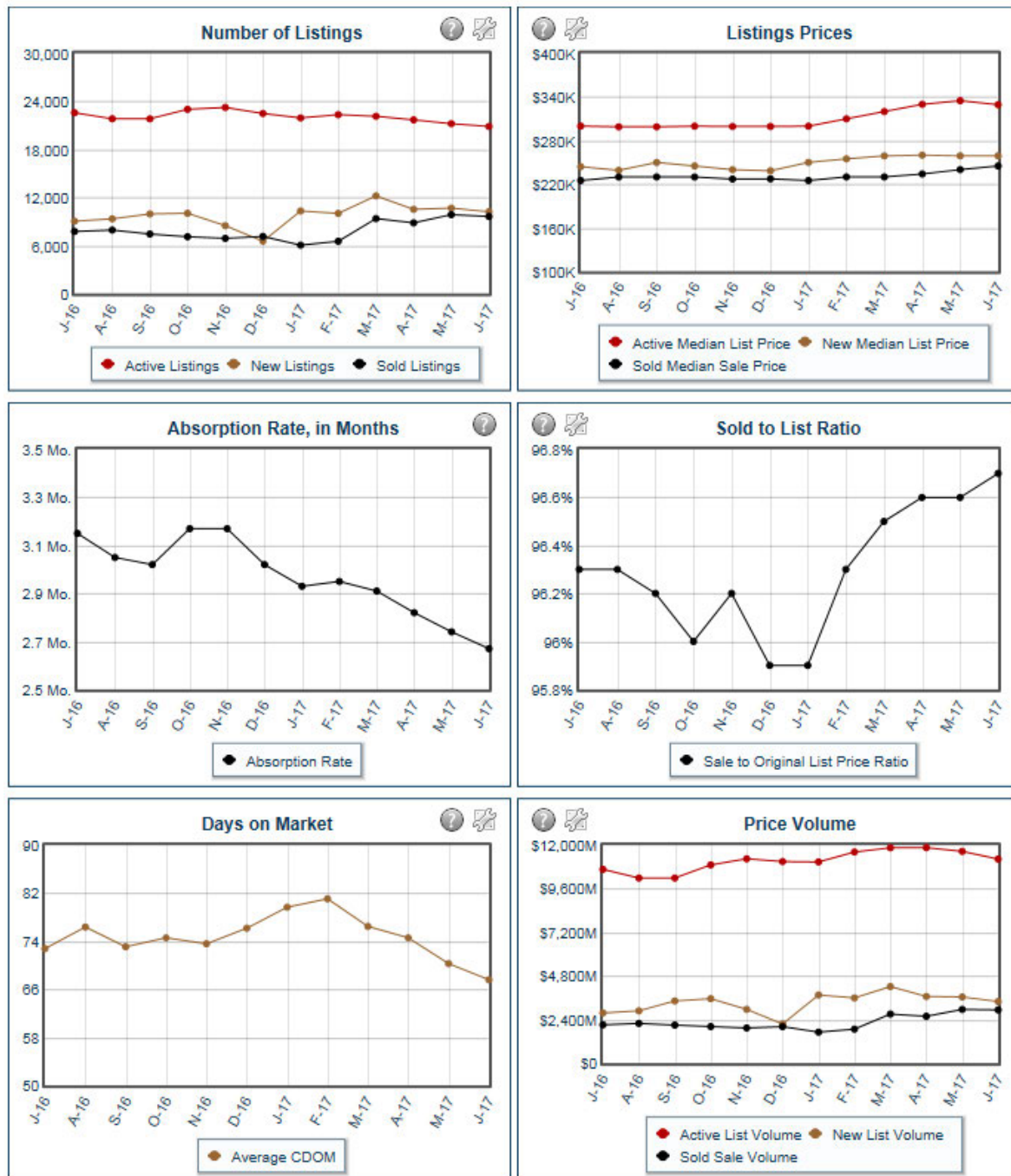
Sold single family home listings under \$160,000 was down 19.2% compared to the previous year due to the poor supply demand. The mid-range home sales between \$200,000 to \$500,000 increased from 21.3% to 27.8% benefitting from plenty of both supply and demand.

The average single family home list price for the Phoenix Metropolitan Area was \$538,568 as of June 2017, up 9.60% compared this this time last year. The average sale price was \$304,897 an increase of 7.64% compared to the previous year. The average days on market decreased slightly to 67 days compared to the previous year at 74 days.

Following are the summary statistics for single family residential sales activity within Maricopa County.

Summary Statistics			
	Jun-17	Jun-16	% Chg
Absorption Rate	2.67	3.24	-17.59
Average List Price	\$538,568	\$491,399	9.60
Median List Price	\$329,500	\$305,000	8.03
Average Sale Price	\$304,897	\$283,248	7.64
Median Sale Price	\$245,000	\$230,000	6.52
Average CDOM	67	74	-9.46
Median CDOM	42	48	-8.70

Following are multiple charts relating to single family residential activity in the Phoenix Metropolitan Area.



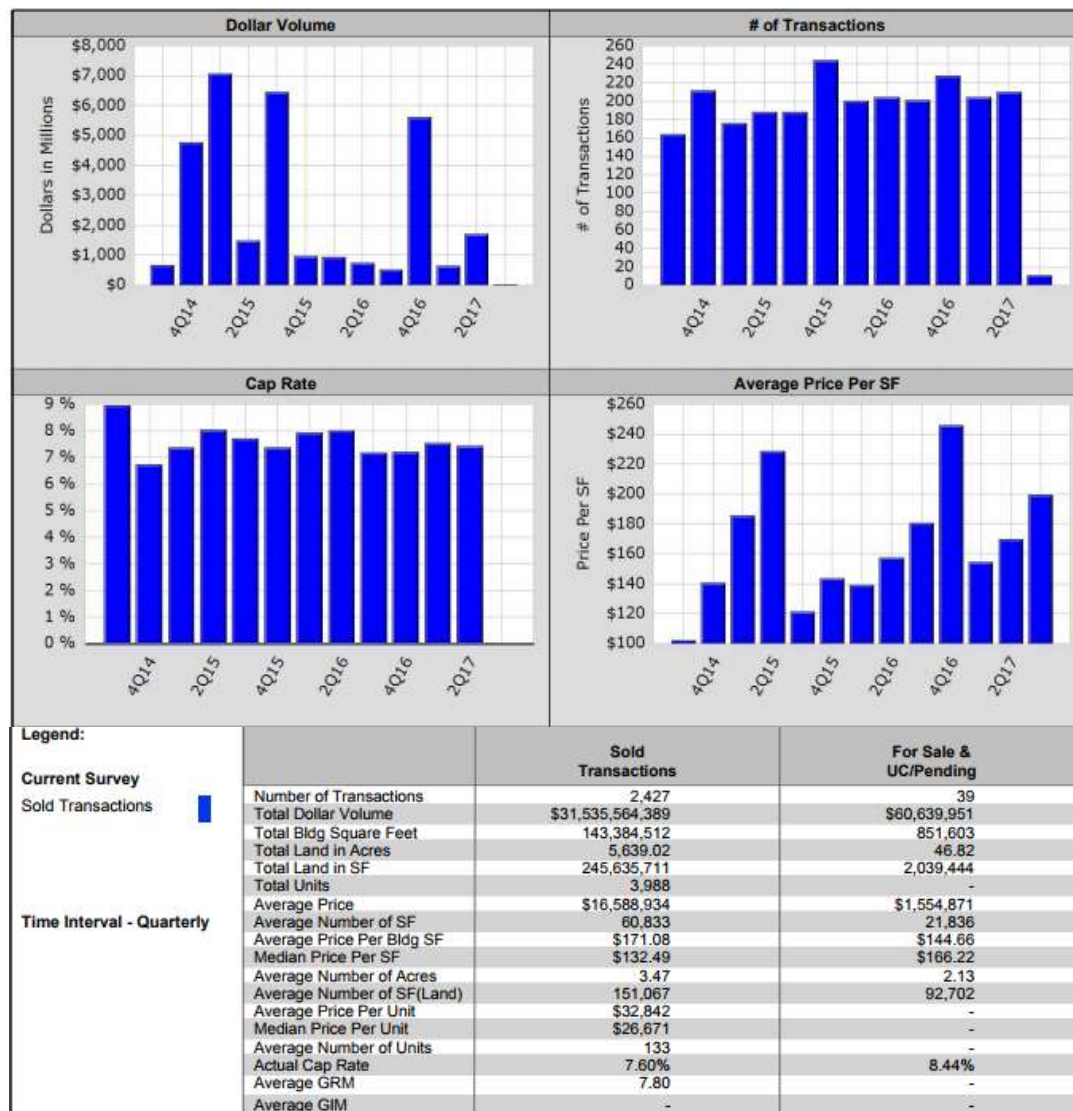
OFFICE MARKET:

The existing inventory for Metropolitan Phoenix consists of over 172 million square feet. The East Valley market area encompasses the largest submarket, consisting of just over 35 million square feet. The Metropolitan Phoenix Office Market showed a vacancy rate in the 2nd Quarter 2017 of 14.3%. The Metropolitan Phoenix Office Market had a year to date (YTD) absorption of 1,368,410 square feet. The average rental rate ranged from \$21.32 per square foot (East Valley) to \$25.40 per square foot (Central Corridor). The overall average rental rate was \$23.20 per square foot on a full service basis.

Shown next is a chart of the Office Market as of the 2nd Quarter 2017 as compiled by CoStar Realty Information, Inc.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# of Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area	225	11,163,611	1,933,329	2,296,169	20.6%	255,656	89,889	235,000	\$23.86
South Tempe/Ahwatukee	295	7,391,294	818,405	854,091	11.6%	110,447	0	0	\$23.12
Airport Area	520	18,554,905	2,751,734	3,150,260	14.8%	366,103	89,889	235,000	\$23.49
Midtown	385	12,997,208	2,772,182	2,832,581	21.8%	(91,228)	0	25,312	\$21.88
Downtown	173	10,425,852	1,330,753	1,385,649	13.3%	(4,525)	0	26,174	\$28.91
Central Corridor	558	23,423,060	4,102,935	4,218,230	17.5%	(95,753)	0	51,486	\$25.40
44th Street Corridor	142	3,941,602	564,998	570,968	14.5%	(9,256)	0	0	\$24.69
Camelback Corridor	222	9,062,926	1,495,788	1,603,520	17.7%	(6,116)	0	118,090	\$30.08
Midtown/Central Phoenix	492	5,129,671	552,581	569,306	11.1%	(4,599)	0	0	\$18.44
East Phoenix	856	18,134,199	2,613,367	2,743,794	14.4%	(19,971)	0	118,090	\$24.40
Chandler	483	10,116,757	1,567,543	1,627,305	16.1%	430,737	376,305	165,248	\$24.62
Mesa Downtown	208	1,491,555	118,360	118,760	8.0%	16,798	0	0	\$14.72
Mesa East	424	3,491,795	352,785	359,089	10.3%	1,729	0	0	\$16.80
Superstition Corridor	413	6,200,616	818,788	849,289	13.7%	111,021	0	0	\$19.65
Tempe	397	12,112,637	1,258,947	1,326,592	11.0%	517,429	908,697	0	\$27.19
Gateway Airport/Loop 202	276	2,579,570	335,292	340,371	13.2%	9,433	9,798	43,231	\$24.96
East Valley	2,201	35,992,930	4,451,715	4,621,406	12.4%	1,087,147	1,294,800	208,479	\$21.32
Arrowhead	371	4,228,490	558,582	567,552	13.4%	(44,707)	16,000	7,750	\$23.60
North I-17	57	740,654	132,583	132,583	17.9%	2,731	0	0	\$24.70
Deer Valley/Airport	281	11,890,282	1,686,342	1,695,354	14.3%	175,591	150,000	0	\$23.19
Northwest Phoenix	831	10,648,656	2,398,472	2,405,433	22.6%	(121,726)	2,400	0	\$17.74
Northwest Phoenix	1540	27,508,082	4,775,979	4,800,922	17.4%	11,889	168,400	7,750	\$22.31
N Phoenix/Cave Creek	17	123,458	12,861	12,861	10.4%	762	0	4,400	\$19.51
Paradise Valley	260	4,790,379	672,433	709,886	14.8%	(103,789)	9,230	15,000	\$23.43
Piestewa Peak Corridor	200	3,447,634	529,327	560,361	16.3%	(3,884)	0	0	\$21.20
Paradise Valley	477	8,361,471	1,214,621	1,283,108	14.5%	(106,911)	9,230	19,400	\$21.38
Central Scottsdale	387	8,692,139	929,074	987,767	11.4%	86,133	0	0	\$24.84
N Scottsdale/Carefree	191	1,863,114	366,014	366,014	19.6%	28,690	0	2,500	\$20.83
Scottsdale Airpark	382	12,820,176	1,359,711	1,442,496	11.3%	90,411	0	0	\$26.81
Scottsdale South	504	6,790,393	826,126	904,984	13.3%	1,431	0	371,000	\$28.57
Scottsdale	1,464	30,165,822	3,480,925	3,701,261	11.5%	206,665	0	373,500	\$25.26
Glendale	187	3,120,715	555,501	574,941	18.4%	(18,160)	16,000	0	\$23.31
Loop 303/ Surprise	149	2,346,670	298,746	306,180	13.0%	(6,461)	0	0	\$23.63
Southwest Phoenix	178	3,152,926	285,471	285,471	9.1%	(4,491)	0	0	\$20.72
West I-10	147	1,946,875	222,031	234,287	12.0%	(51,647)	0	0	\$20.63
West Phoenix	661	10,567,186	1,361,749	1,400,879	12.9%	(80,759)	16,000	0	\$22.07
Totals	8,277	172,707,655	24,753,025	25,919,860	14.3%	1,368,410	1,578,319	1,013,705	\$23.20

Shown next is a historical sales activity of office buildings from 4Q 2014 through 2Q 2017 in the Metro Phoenix area.



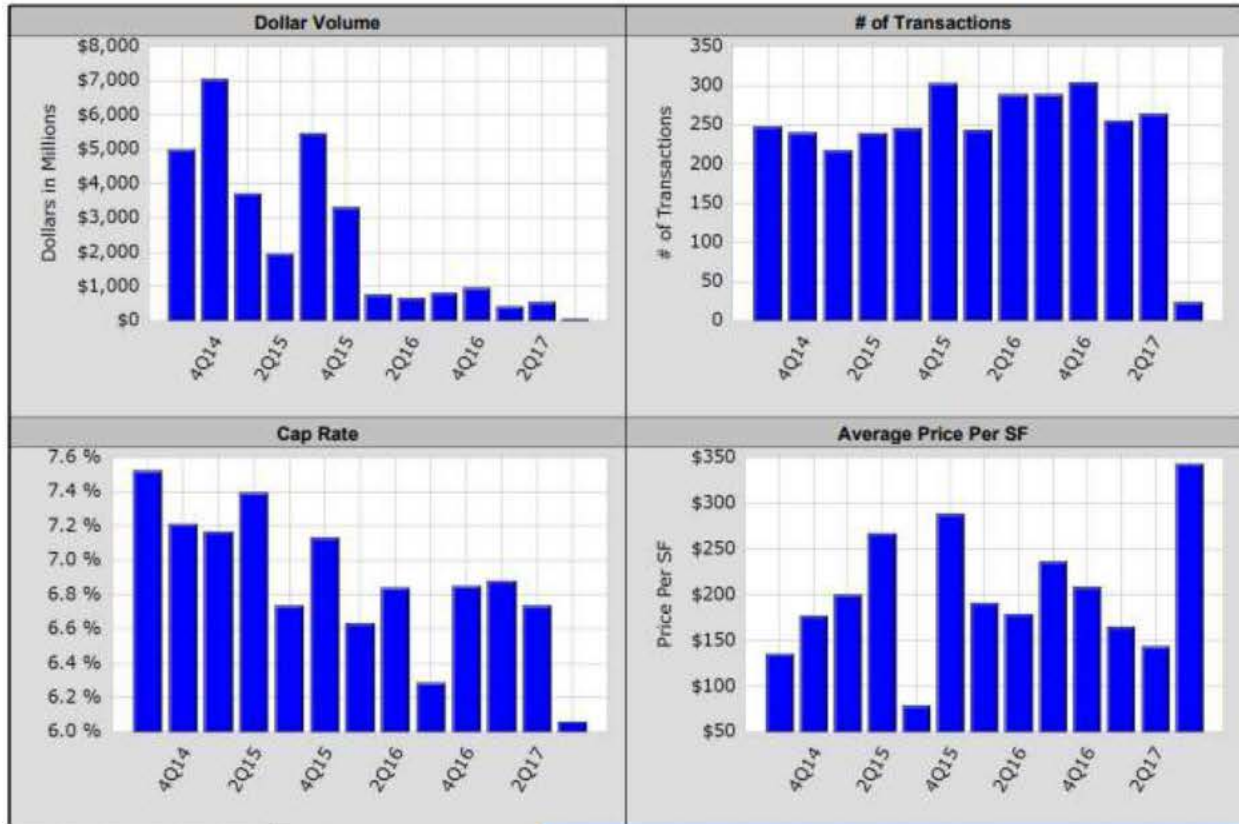
RETAIL MARKET:

The existing inventory for Metropolitan Phoenix consists of over 224 million square feet. The East Valley market area encompasses the largest submarket, consisting of just over 74 million square feet. The Metropolitan Phoenix Retail Market showed a vacancy rate in the 2nd Quarter 2017 of 8.5%. In the 2nd quarter 2017, the Metropolitan Phoenix Retail Market had a year to date (YTD) absorption of 923,732 square feet. The average rental rate ranged from \$10.44 per square foot (Maricopa) to \$21.33 per square foot (Scottsdale). The overall average rental rate was \$15.57 per square foot. All rents are based on a triple net lease basis.

Shown next is a chart of the Retail Market as of the 2nd Quarter 2017 as compiled by CoStar Realty Information, Inc.

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# of Bldgs	Total RBA	Direct SF	Total SF	Vac %				
Airport Area Retail	419	3,861,844	244,102	244,652	6.3%	(53,618)	0	0	\$15.35
South Phoenix Retail	269	1,597,783	85,300	85,300	5.3%	(35,805)	0	0	\$13.95
Airport Area Ret	688	5,459,627	329,402	329,952	6.0%	(89,423)	0	0	\$14.65
Downtown Phoenix Retail	816	7,142,238	824,814	830,464	11.6%	(85,361)	11,372	82,598	\$15.46
Downtown Phoenix Retail	816	7,142,238	824,814	830,464	11.5%	(85,361)	11,372	82,598	\$15.46
Chandler Retail	793	16,998,711	1,233,345	1,313,476	7.7%	123,946	25,130	18,832	\$15.64
Gilbert Retail	801	14,900,681	931,730	971,719	6.5%	193,261	180,514	84,617	\$17.65
Queen Creek Retail	85	1,640,919	32,357	32,357	2.0%	48,442	25,000	11,445	\$18.64
Red Mountain/Mesa Retail	1,814	29,432,347	3,793,459	3,901,640	13.3%	260,503	64,308	37,972	\$13.57
Tempe Retail	519	8,457,632	539,795	547,601	6.5%	(44,584)	23,921	25,132	\$17.90
Gateway Airport Retail	129	2,860,698	199,365	215,667	7.5%	(49,273)	16,565	0	\$18.07
East Valley Retail	4,141	74,290,988	6,730,051	6,982,460	9.1%	532,295	335,438	177,998	\$16.91
W Outhlying Maricopa Retail	122	768,814	30,241	30,241	3.9%	22,587	0	9,100	\$10.44
Maricopa County Retail	122	768,814	30,241	30,241	3.9%	22,587	0	9,100	\$10.44
East Phoenix Retail	741	8,669,646	852,912	858,912	9.9%	51,756	34,578	6,915	\$18.08
Glendale Retail	815	11,395,358	1,024,430	1,039,550	9.1%	17,689	13,945	0	\$13.69
N Phoenix/I-17 Corridor Retail	856	15,972,986	2,266,961	2,349,916	14.7%	39,833	29,655	162,912	\$12.19
Sun City Retail	235	3,594,747	287,113	287,113	8.0%	(882)	0	0	\$12.60
North Phoenix Retail	2647	39,632,737	4,431,416	4,535,491	11.2%	108,396	78,178	169,827	\$14.14
Carefree Retail	145	1,791,637	236,051	236,051	13.2%	29,909	0	0	\$16.84
Fountain Hills Retail	86	737,978	71,506	71,506	9.7%	(8,578)	0	44,124	\$14.06
N Scottsdale Retail	578	14,737,286	1,132,650	1,150,240	7.8%	104,092	138,547	8,000	\$19.68
North Scottsdale Retail	809	17,266,901	1,440,207	1,457,797	8.3%	125,423	138,547	52,124	\$16.86
Anthem Retail	125	2,641,468	115,156	125,054	4.7%	150,645	140,056	4,024	\$17.93
Central Peoria/Arrowhead Retail	441	10,102,928	573,467	606,064	6.0%	81,834	25,300	0	\$16.10
Deer Valley Retail	138	2,060,759	134,183	135,301	6.6%	58,587	15,848	9,902	\$20.20
Surprise/N Peoria Retail	291	5,226,949	303,176	333,380	6.4%	95,686	134,928	20,214	\$13.42
Northwest Phoenix Retail	995	20,032,104	1,125,982	1,199,799	5.6%	386,752	316,132	34,140	\$16.91
Central Scottsdale Retail	898	15,889,856	1,088,147	1,122,581	7.1%	(3,492)	42,778	212,708	\$25.45
S Scottsdale Retail	369	3,906,124	278,370	285,147	7.3%	19,774	12,000	0	\$17.20
Scottsdale Retail	1267	19,795,980	1,366,517	1,407,728	6.9%	16,282	54,778	212,708	\$21.33
Ahwatukee Foothills Retail	175	3,278,129	349,755	356,800	10.9%	(59,802)	0	0	\$17.07
Laveen Retail	77	1,384,662	52,853	73,243	5.3%	3,596	4,774	10,000	\$13.90
S Mountain Retail	95	1,750,433	179,886	179,886	10.3%	19,517	5,155	0	\$13.52
South Mountain Retail	347	6,413,224	582,494	609,929	9.1%	(36,689)	9,929	10,000	\$14.83
Goodyear Retail	222	3,434,541	425,000	442,976	12.9%	(12,720)	0	4,000	\$14.16
Loop 101/I-10 Retail	153	2,935,614	208,624	208,624	7.1%	13,433	51,255	40,120	\$21.87
N Goodyear/Litchfield Retail	222	5,103,896	273,317	273,317	5.4%	16,349	71,940	0	\$15.87
N Buckeye Retail	6	58,563	2,341	2,341	4.0%	0	0	0	\$25.00
S Buckeye Retail	138	1,480,934	35,671	35,671	2.4%	4,693	0	0	\$17.89
Tolleson Retail	250	2,564,054	154,757	154,757	6.0%	(5,976)	0	25,000	\$15.82
West Phoenix/Maryvale Retail	485	8,160,245	386,611	386,611	4.7%	39,547	10,947	3,500	\$11.82
West Phoenix Retail	1476	23,737,847	1,486,321	1,504,297	6.3%	55,326	134,142	72,620	\$17.49
Apache Junction Retail	141	1,773,428	101,838	117,089	6.6%	(6,279)	0	14,000	\$12.41
Outlying Pinal County Retail	802	8,205,715	702,165	724,634	8.8%	(105,577)	21,231	20,000	\$12.03
Pinal County Retail	943	9,979,143	804,003	841,723	8.1%	(111,856)	21,231	34,000	\$12.22
Totals	14,251	224,519,603	19,151,448	19,729,881	8.5%	923,732	1,099,747	855,115	\$15.57

Shown next is a historical sales activity of retail buildings from 4Q 2014 through 2Q 2017 in the Metro Phoenix area.



Current Survey		Sold Transactions	For Sale & UC/Pending
Sold Transactions		Number of Transactions	3,159
		Total Dollar Volume	\$30,605,766,703
Time Interval - Quarterly		Total Bldg Square Feet	142,649,429
		Total Land in Acres	8,816.28
		Total Land in SF	384,037,157
		Total Units	1,136
		Total Rooms	-
		Average Price	\$2,160,162
		Average Number of SF	29,481
		Average Price Per Bldg SF	\$157.93
		Median Price Per SF	\$167.17
		Average Number of Acres	4.63
		Average Number of SF(Land)	201,555
		Average Price Per Unit	-
		Median Price Per Unit	-
		Average Number of Units	-
		Average Price Per Room	-
		Median Price Per Room	-
		Average Number of Rooms	-
		Actual Cap Rate	6.81%
		Average GRM	-
		Average GIM	-

INDUSTRIAL MARKET:

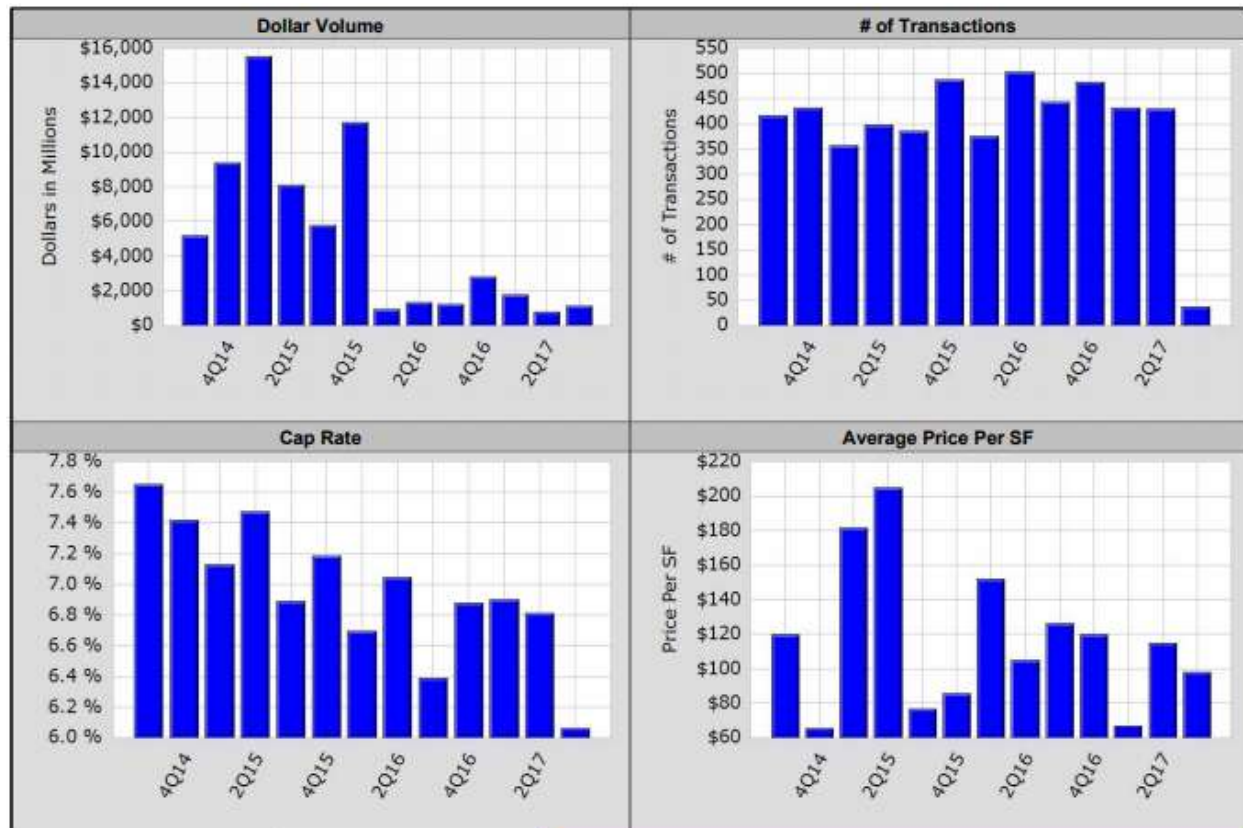
The existing inventory for Metropolitan Phoenix consists of 10,096 projects totaling over 329 million square feet. The Southeast Market encompasses the largest Market, with 3,251 buildings and a total of over 95 million square feet. The overall vacancy rate for Metro Phoenix is 8.7%. The Metropolitan Phoenix Industrial Market, as of the 2nd Quarter 2017 had a year to date (YTD) absorption of 4,215,229 square feet. The average rental rate ranged from \$4.60 per square foot (Southwest) to \$10.89 per square foot (Northeast Industrial). The overall average market rental rate was \$6.45 per square foot. All rents are typically Modified Gross.

Shown next is a chart of the Industrial Market as of the 2nd Quarter 2017 as compiled by CoStar Realty Information, Inc.

2nd Quarter 2017

Market	Existing Inventory		Vacancy			YTD Net Absorption	YTD Deliveries	Under Const SF	Quoted Rates
	# of Bldgs	Total RBA	Direct SF	Total SF	Vac %				
North Airport	619	13,361,471	1,381,336	1,414,757	10.6%	329,008	0	0	\$8.38
S Airport N of Roeser	515	15,727,275	2,567,983	2,572,983	16.4%	485,200	627,025	107,580	\$8.76
S Airport S of Roeser	164	4,522,634	170,189	270,390	6.0%	(81,666)	0	0	\$7.44
SC N of Salt River	663	25,655,937	1,314,143	1,338,577	8.5%	85,501	0	0	\$6.66
SC S of Salt River	120	2,343,829	407,806	407,806	17.4%	4,390	0	0	\$6.96
Airport Area	2,081	61,611,146	5,841,457	6,004,513	9.5%	822,433	627,025	107,580	\$7.64
Central Phoenix	299	4,154,963	203,462	209,765	5.0%	21,623	54,372	0	\$10.09
Scottsdale Airpark	366	6,843,483	711,718	711,718	10.4%	(76,075)	0	0	\$12.69
Scottsdale/Salt River	165	5,471,304	360,199	360,199	6.6%	(44,611)	0	140,592	\$9.88
Northeast Industrial	830	16,469,750	1,275,379	1,281,682	7.7%	(99,063)	54,372	140,592	\$10.89
Deer Valley/Pinnacle Peak	670	16,341,964	1,244,398	1,285,740	7.9%	(44,522)	224,403	220,155	\$9.24
Glendale	122	7,959,133	1,350,781	1,350,781	17.0%	21,900	618,350	1,176,833	\$6.69
Grand Avenue	597	13,238,241	532,185	532,185	4.0%	219,679	0	0	\$5.86
N. Glendale/Sun City	147	3,522,543	194,059	200,259	5.7%	(16,045)	0	0	\$7.31
North Black Canyon	251	4,576,320	451,043	451,043	96.9%	(5,065)	0	0	\$8.71
W Phx N of Thomas Rd	462	8,214,927	298,888	298,888	3.6%	(52,230)	0	0	\$5.05
W Phx S of Thomas Rd	311	6,940,393	239,147	243,247	3.5%	(73,733)	0	0	\$4.97
Northwest Phoenix	2,560	60,793,521	4,310,501	4,362,143	7.1%	49,984	842,753	1,396,988	\$6.83
Chandler/Airport	92	3,464,835	830,717	830,717	24.0%	229,971	375,585	0	\$9.78
Chandler Ind	357	20,557,745	3,495,322	3,515,322	17.1%	111,074	0	203,510	\$9.35
Chandler/N Gilbert	774	19,558,083	1,581,743	1,665,877	8.5%	189,408	15,429	0	\$8.32
Falcon Fld/Apache Jct	244	4,816,797	171,341	174,901	3.6%	51,737	33,147	0	\$8.76
Mesa	463	7,548,789	354,488	380,787	5.0%	13,671	0	0	\$7.47
Tempe East	364	6,607,020	301,948	342,344	5.2%	45,726	0	0	\$8.78
Tempe Northwest	347	11,089,479	689,813	689,813	6.2%	106,311	0	0	\$9.44
Tempe Southwest	610	21,850,943	1,551,831	1,586,534	7.3%	(65,723)	0	194,312	\$8.00
Southeast Industrial	3,251	95,493,691	8,977,203	9,186,295	9.4%	682,175	424,161	397,822	\$8.74
Goodyear	167	10,781,034	849,462	849,462	7.9%	872,377	428,285	790,349	\$4.68
SW N of Buckeye Rd	674	32,717,365	2,656,563	2,662,756	8.1%	(24,937)	0	32,986	\$4.58
SW S of Buckeye Rd	298	16,755,079	1,630,574	1,638,374	9.8%	350,789	50,000	955,026	\$4.56
Tolleson	235	35,119,114	3,268,495	3,379,539	9.6%	1,561,471	625,233	437,105	\$4.57
Southwest Industrial	1,374	95,372,592	8,405,094	8,530,131	8.8%	2,759,700	1,103,518	2,215,466	\$4.60
Totals	10,096	329,740,700	28,809,634	29,364,764	8.7%	4,215,229	3,051,829	4,258,448	\$6.45

Shown next is a historical sales activity of industrial buildings from 4Q 2014 through 2Q 2017 in the Metro Phoenix area.



Current Survey		Sold Transactions	For Sale & UC/Pending
Sold Transactions		Number of Transactions	5,178
		Total Dollar Volume	\$65,611,810,016
		Total Bldg Square Feet	356,312,253
		Total Land in Acres	16,072.14
		Total Land in SF	700,102,418
		Total Units	1,315
		Total Rooms	-
		Average Price	\$17,519,842
		Average Number of SF	71,678
		Average Price Per Bldg SF	\$103.54
		Median Price Per SF	\$107.88
		Average Number of Acres	3.42
		Average Number of SF(Land)	149,148
		Average Price Per Unit	\$44,497
		Median Price Per Unit	\$40,000
		Average Number of Units	188
		Average Price Per Room	-
		Median Price Per Room	-
		Average Number of Rooms	-
		Actual Cap Rate	7.01%
		Average GRM	-
		Average GRM	-

SUMMARY AND CONCLUSION:

The Arizona economy is generating solid economic growth, with job gains above the national rate but well below the long-run state average. The housing market is improving, with total housing sales in the Phoenix area totaling 94,498 (MLS) for the past four quarters. Overall, the state is on pace to generate job, income, population and retail sales gains in 2017, with faster growth expected during the next two years. The long-run outlook calls for the state to outpace national growth for many indicators. However, it also calls for slower growth during the next 30 years as compared to the robust growth of the past 30 years. That reflects in large part the aging of the baby boom generation, which slows labor force growth and ultimately gains in potential output. Nonetheless, the economy is expected to expand during the next 30 year period due to continued innovation and capital investment. (Arizona Economic and Business Research Center)

The Phoenix Market is starting to show signs of growth. As shown, single family detached and attached homes have started to increase. Building permits and sales activity have increased and values are starting to stabilize with some areas seeing increases. It is expected that the remaining portion of 2017 will continue in a similar fashion.

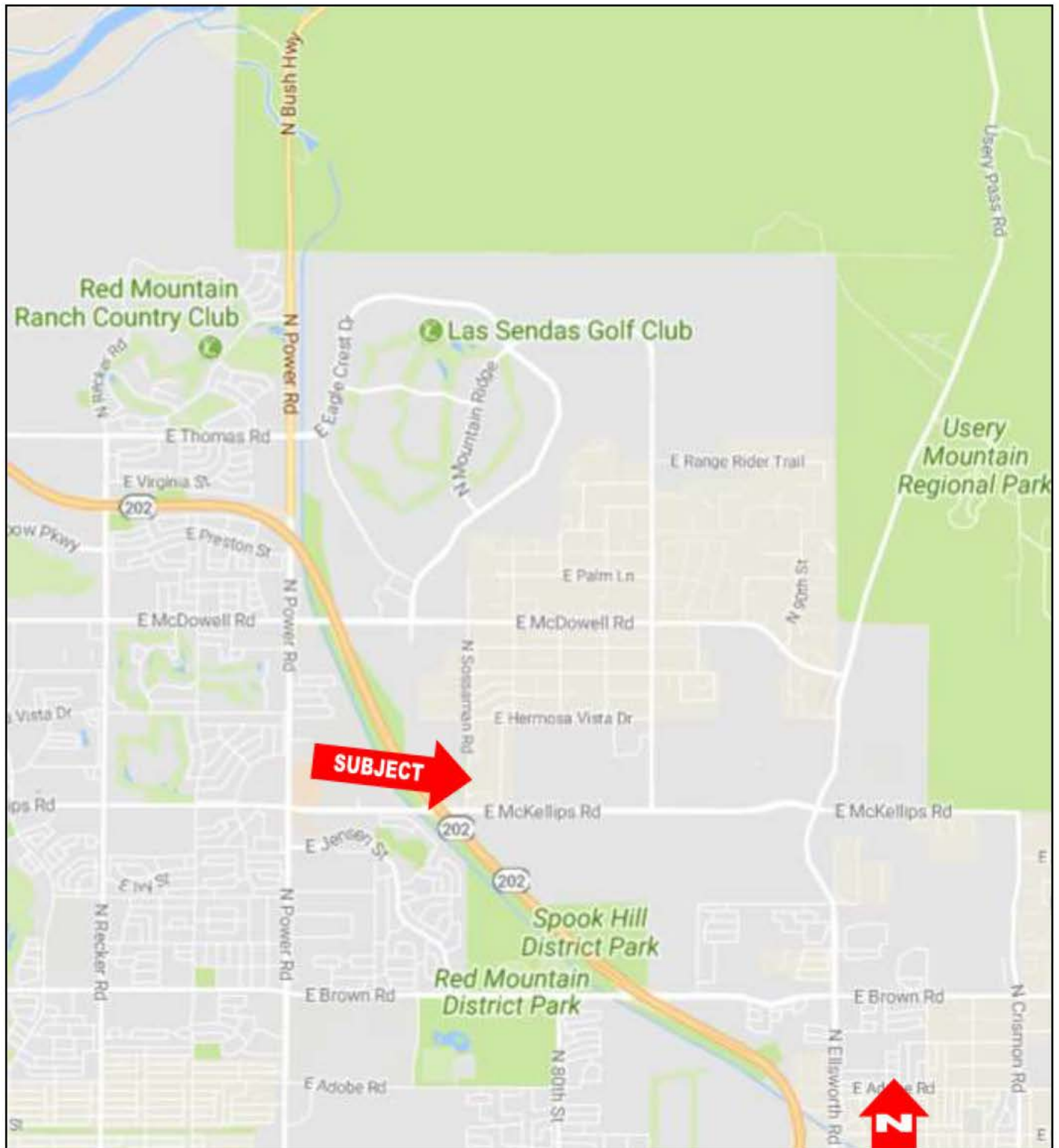
The office market for the 2nd Quarter 2017 has remained steady with a vacancy rate at 14.3% for the past two quarters. Quoted rental rates increased slightly to \$23.20 per square foot in the 2Q 2017 from compared in the previous quarter at \$23.11 per square foot.

The retail market vacancy for the 2nd Quarter 2017 decreased to 8.5% compared to the 1st Quarter 2017 of 9.0%. Rental rates have slightly increased to \$15.57 per square foot in the 2nd Quarter 2017 from \$15.05 per square foot in the 1st Quarter 2017.

In the 2nd Quarter 2017, the industrial market vacancy has seen a slight decrease in vacancy to 8.7% compared to 9.4% in the 1st Quarter 2017. Quoted rental rates increased to \$6.45 per square foot in the 2nd Quarter 2017 from \$6.33 per square foot from the previous quarter.

The State of Arizona and regional governmental agencies have a forward looking, progressive attitude toward more mutual and joint efforts at economic development in the Metropolitan area. However, even in the midst of such economic turnaround the cost of living in Phoenix can still be viewed as a bright spot. Though Phoenix residents have seen an increase in the price of day-to-day expenses, the area remains one of the more affordable places to live and work in comparison to the rest of the United States. It is in part because of our cost of living that we continue to see individuals and businesses choose Phoenix as a relocation destination.

NEIGHBORHOOD MAP



NEIGHBORHOOD DATA ANALYSIS

This section involves an analysis of the environmental, economic, social and governmental forces within the subject neighborhood.

An area of influence is commonly called a "neighborhood", is defined as a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises or can be A developed residential super pad within a master planned community usually having a distinguishing name and entrance. (Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

The neighborhood analysis is the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015).

Neighborhood boundaries identify the physical limits of a neighborhood, which may be delineated by natural, man-made, or geopolitical features.

The neighborhood which is described as that area beyond which a change in land use would not affect the subject property, is an area bounded on the North by the Utery Mountain Regional Park, on the South by the Red Mountain Freeway, on the East by Ellsworth Road and on the West by Power Road/Bush Highway in Maricopa County, Arizona. The major arterials for the subject include Power Road to the west, Ellsworth Road to the east, McKellips Road to the south and McDowell Road to the north.

Refer to the Neighborhood Map on the preceding page illustrating the subject in relation to the boundaries of the neighborhood.

LAND USE:

Overall, the subject is located in an area that consists mainly of residential uses along the secondary streets and commercial uses along the major roadways.

Single Family Residential

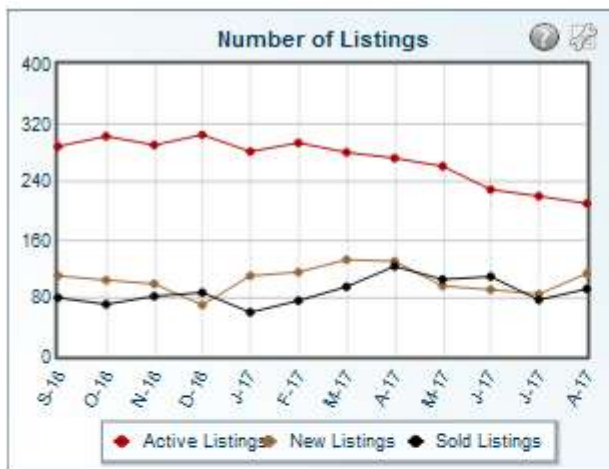
The appraiser researched the subject zip code (85207) to determine single family residential supply and demand factors. According to Arizona Multi List Service, the current single family median sales price is up 16.38% compared to the same time period last year. The median list price for homes in the subject's zip code was also up 12.44% from the previous year's median list price. Absorption rates for single family homes were down significantly by 37.37%.

Following are the summary statistics for single family residential sales activity within the subject's zip code.

Summary Statistics			
	Aug-17	Aug-16	% Chg
Absorption Rate	2.38	3.8	-37.37
Average List Price	\$581,132	\$527,781	10.11
Median List Price	\$475,000	\$422,450	12.44
Average Sale Price	\$360,286	\$337,179	6.85
Median Sale Price	\$305,500	\$262,500	16.38
Average CDOM	75	86	-12.79
Median CDOM	51	48	6.25

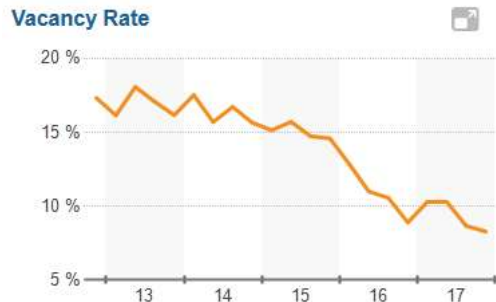
Following are multiple charts relating to single family residential activity in the subject's zip code including:

- Number of listings
- Listing Prices
- Absorption Rate, in Months
- Sold to List Ratio
- Days on Market
- Price Volume



Office

The following historical data from CoStar represents the office market for the subject site, including rental rates and vacancy rates.



The three-mile radius surrounding the subject property had an office inventory of almost 615,000 square feet. Of this area there was a total of 50,835 square feet vacant, equating to a vacancy rate of 8.3%. Overall, vacancy rates have declined from five years ago with a high of 18% and a low of the current rate of 8.3%. Vacancy has continued to decline this year.



Asking rental rates for office properties within the three-mile radius have declined from five years ago and are currently reported to be \$16.54 per square foot. The highest rate reported was \$19.00 per square foot and the lowest was \$16.25 per square foot. Asking rental rates were relatively stable at the beginning of this year but have been declining since the middle of the third quarter.

The following chart shows a more detailed description of the historical vacancy and asking rental rates.

Availability	Survey	5-Year Avg
Gross Rent Per SF	\$16.54	\$17.91
Vacancy Rate	8.3%	14.2%
Vacant SF	50,835	86,961
Availability Rate	8.3%	15.1%
Available SF	50,835	92,490
Sublet SF	0	0
Months on Market	14.7	16.5

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	14,007	12,798
12 Mo. Leasing SF	28,831	26,410

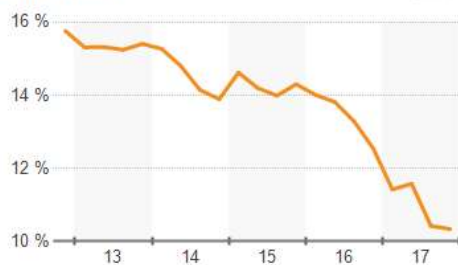
Inventory	Survey	5-Year Avg
Existing Buildings	103	103
Existing SF	614,724	614,724
12 Mo. Const. Starts	0	0
Under Construction	0	0
12 Mo. Deliveries	0	0

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$130	\$93
Asking Price Per SF	\$233	\$189
Sales Volume (Mil.)	\$3.7	\$2.1
Cap Rate	7.0%	7.4%

Retail

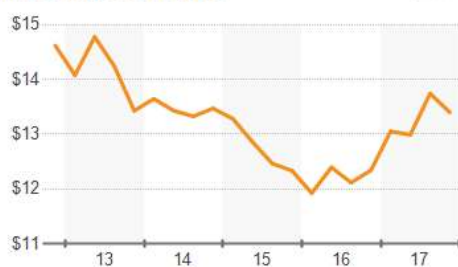
The following historical data from CoStar represents the retail market for the subject site, including rental rates and vacancy rates.

Vacancy Rate



The three-mile radius surrounding the subject property had a retail inventory of over 2.6 million square feet. Of this area, a total of 269,707 square feet was vacant equating to a vacancy rate of 10.3%. Over the past five years, vacancy rates ranged from a high of 15.8% to a low of the current rate, 10.3%. Overall, rates have decreased in the last five years and appear to continue to do so.

NNN Asking Rent Per SF



The average asking rental rates are slightly lower than they were five years ago at \$13.40 per square foot. Rental rates have ranged from \$14.75 per square foot to just under \$12.00 per square foot with an overall five-year average close to the current rate, or \$13.05 per square foot. Asking rental rates have been increasing this year.

The following chart shows a more detailed description of the historical vacancy and asking rental rates.

Availability	Survey	5-Year Avg
NNN Rent Per SF	\$13.40	\$13.05
Vacancy Rate	10.3%	14.0%
Vacant SF	269,707	360,662
Availability Rate	12.0%	14.9%
Available SF	312,684	385,626
Sublet SF	20,010	11,783
Months on Market	36.2	30.1

Demand	Survey	5-Year Avg
12 Mo. Absorption SF	97,002	36,188
12 Mo. Leasing SF	85,904	91,715

Inventory	Survey	5-Year Avg
Existing Buildings	212	210
Existing SF	2,610,536	2,584,024
12 Mo. Const. Starts	0	13,425
Under Construction	0	8,123
12 Mo. Deliveries	22,800	15,967

Sales	Past Year	5-Year Avg
Sale Price Per SF	\$162	\$154
Asking Price Per SF	\$255	\$236
Sales Volume (Mil.)	\$10	\$18
Cap Rate	5.8%	7.0%

DEMOGRAPHICS:

Population	1 Mile	3 Mile	5 Mile
2017 Total Population:	6,100	72,985	166,893
2022 Population:	6,568	78,627	180,440
Pop Growth 2017-2022:	7.67%	7.73%	8.12%
Average Age:	38.60	43.10	45.50
Households			
2017 Total Households:	2,091	29,199	70,487
HH Growth 2017-2022:	7.32%	7.57%	8.03%
Median Household Inc:	\$85,699	\$61,424	\$51,225
Avg Household Size:	2.90	2.40	2.30
2017 Avg HH Vehicles:	2.00	2.00	2.00
Housing			
Median Home Value:	\$291,714	\$228,840	\$182,284
Median Year Built:	1994	1991	1988

Source: Costar

DIRECTION AND DISTANCE TO EMPLOYMENT CENTERS:

Employment centers and other community support services, such as medical facilities, churches, schools and parks are available within the neighborhood or in the neighboring cities which surround the subject neighborhood.

COMMUNITY SERVICES AND FACILITIES:

Within the community there are adequate grade schools, middle schools and high schools, colleges/universities and trade schools that can provide public school education for the neighborhood. Additionally, there are adequate medical facilities nearby.

GOVERNMENTAL FORCES:

Currently, the governmental forces maintaining accord in the neighborhood and influencing development in the area is the Maricopa County zoning regulations. Police and fire protection is provided by the City of Mesa.

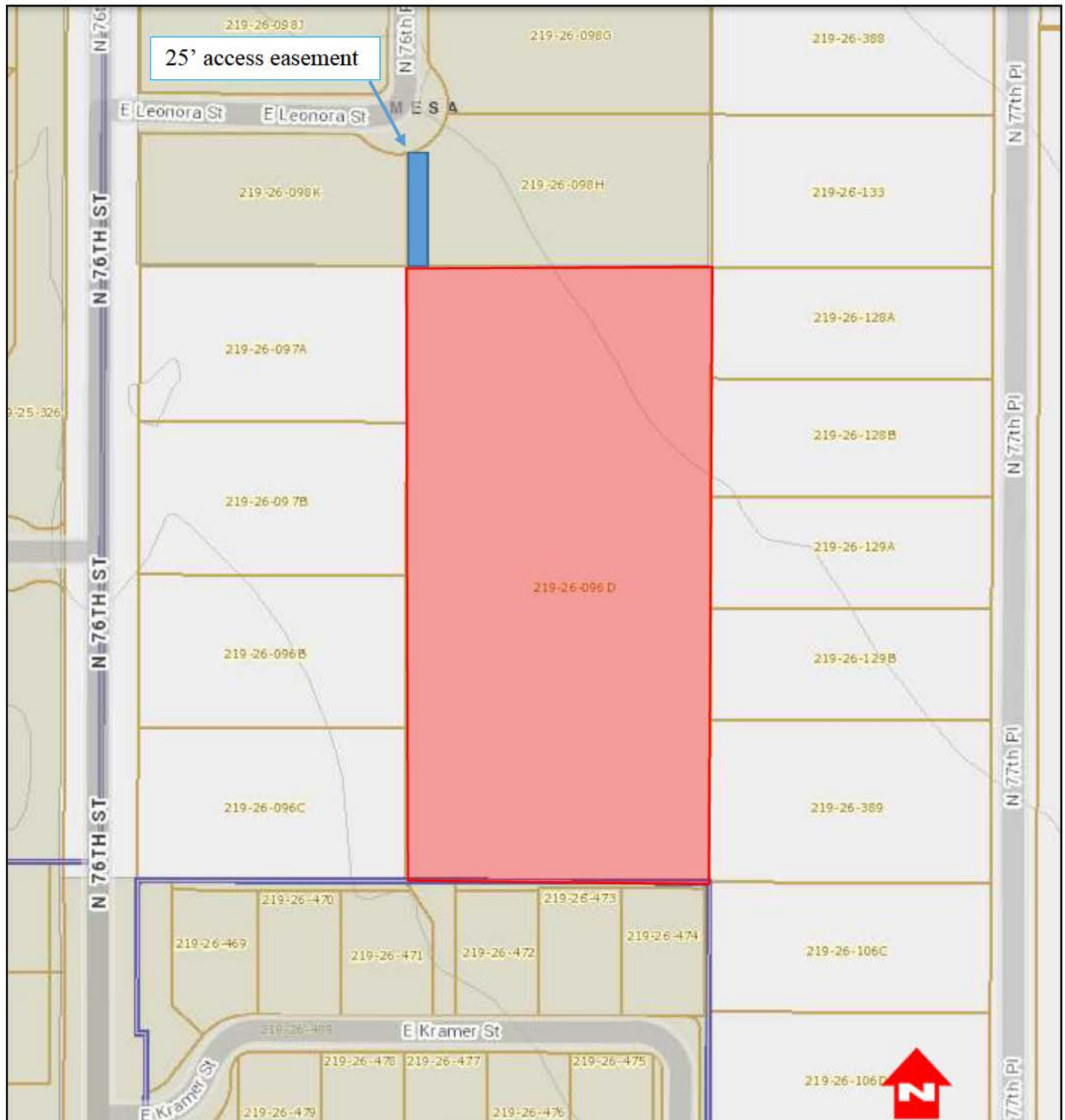
UTILITIES:

Based on information provided by the client, and public records, the City of Mesa has a water line located along the western portion of the site; Electricity is provided by Salt River Project (SRP); although sewer is available to the area serviced by the City of Mesa there is not sewer available directly to the site and this service would only be available to the subject if it were annexed into the City of Mesa; Natural gas is provided by Southwest Gas; Telephone service is provided by CenturyLink. These services are adequate and are available at reasonable rates. The cost of obtaining these services is similar to competing neighborhoods in the Phoenix metropolitan area.

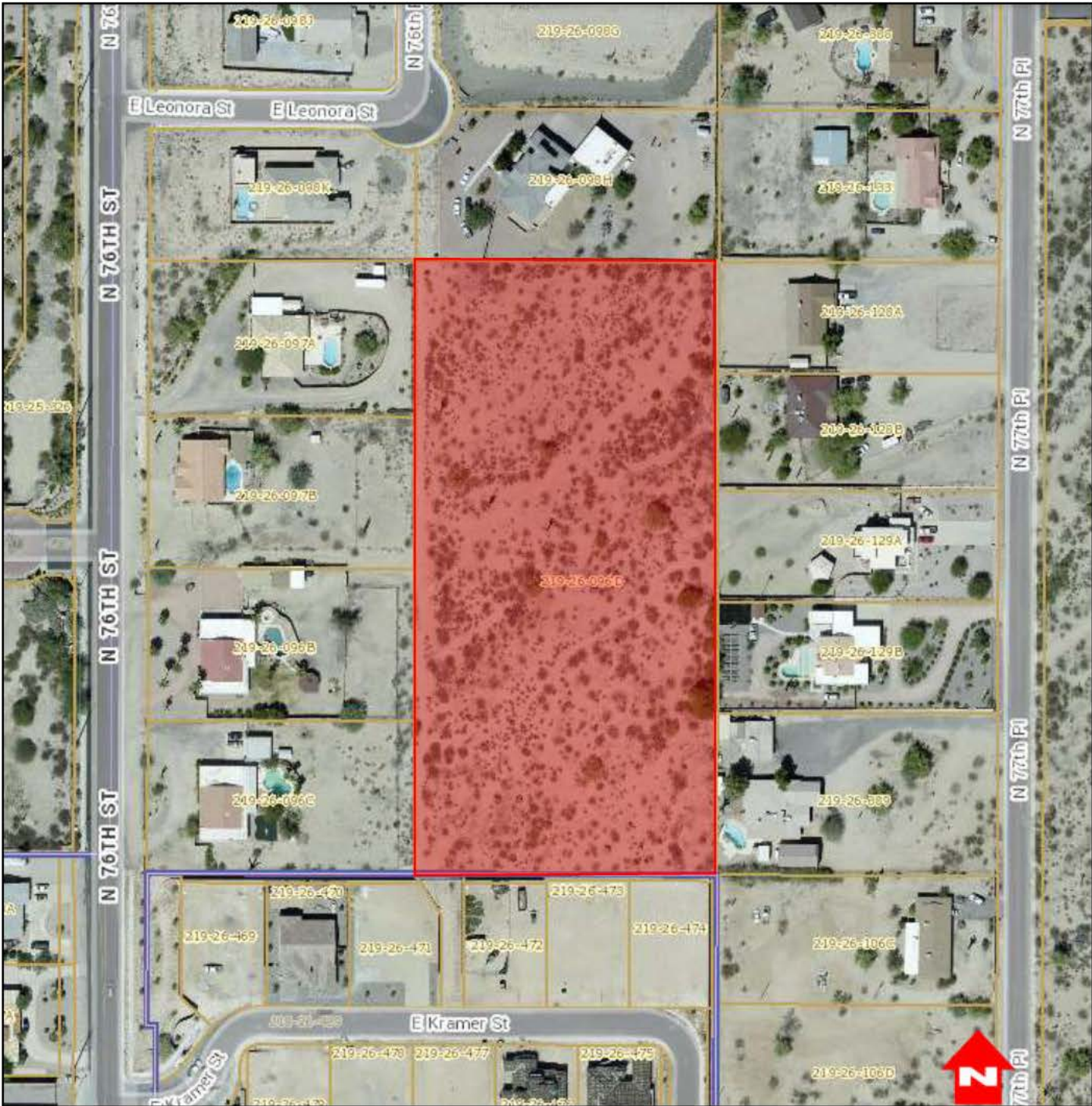
CONCLUSION:

The subject neighborhood is in a stable stage of development and located within an area of Mesa that is comprised of an adequate amount of retail centers, schools, medical facilities, and other goods and services that will promote the marketability of the subject neighborhood.

PLAT MAP



AERIAL VIEW



SUBJECT PHOTOGRAPHS



Looking east across the southern portion of subject site



Looking northeast across subject site



Looking north across the western portion of subject site



Looking northwest across central portion of subject site



Looking north along water line easement and western border of site



Looking north from subject site toward Leonora Road across access easement



Looking west along Leonora Road toward 76th Street from access easement



Looking south across access easement from Leonora Road



Looking south across easement area



Looking southeast across subject site



Looking south across subject site



Looking southwest across subject site



Looking northwest across subject site



Looking north across subject site

SITE DATA ANALYSIS

LOCATION:

The subject property is located northeast of McKellips Road and 76th Street in Maricopa County, Arizona.

SITE DIMENSIONS AND SHAPE:

The subject site is rectangular in shape considered to be functionally adequate for most types of development. As per the Maricopa County Assessor, the site is of 5.00 acres or 217,800 square feet in size. The subject site is approximately 330' in width and 660' in length.

IMPROVEMENTS:

The subject is vacant land with no vertical improvements. However, it is noted that one of the adjacent property owners constructed a block wall restricting access to the site across the 25' access easement. This portion of the wall would need to be cut and demolished allowing for access for future development. The cost to take down the block wall is considered minimal and although recognized, is not considered to have an impact on the overall value of the site.

NUISANCES OR HAZARDS:

The appraiser was not provided with a copy of any environmental studies, however we were provided with an Environmental Clearance Letter stating that there are no environmental concerns on the subject site. If toxic waste and/or contaminants are detected on the subject property, the value estimate appearing in this report is null and void. If a re-appraisal is required, it will be made at an additional charge and upon receipt of any additional information requested (i.e., what the toxic waste and/or contaminate is and the cost of removal) by the appraiser. No other nuisances or hazards were recognized during my on-site inspection of the subject property.

VISIBILITY AND ACCESS:

The subject is an interior site with no direct roadway frontage, however the property does have access available from Leonora Street to the north via a 25 foot ingress and egress easement. It is noted that although legal access is available to Lenora Street, this access easement is currently obstructed as the adjacent property owner constructed a block wall restricting access to the site along the 25' access easement. This portion of the wall would need to be cut and demolished allowing for access for future development.

Street: Leonora Street
Road Surface: Paved
Lanes: Two lanes with a center turn lane
Curbs/Gutters: Yes
Sidewalks: Yes
Street Lights: Yes
Speed Limit: 25 mph
Traffic Count (vpd): N/Av

TOPOGRAPHY, DRAINAGE AND SOIL CONDITIONS:

Elevations are level and at grade with adjoining property. A soils study has not been provided. The load bearing capacity of the top soil and sub-soils is unknown, but is assumed to be sufficient to support existing improvements.

FLOOD ZONE:

The location is within an area denoted as being in an "X" Flood Hazard Area, as found on Federal Emergency Management Agency Flood Insurance Rate Map number 04013C2285L dated October 16, 2013. The "X" designation indicates:

Areas of 500-year flood; areas of 100-year flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas projected by levees from 100-year flood.

UTILITIES:

The subject has electricity, water and telephone services. Sewer and gas services are available but not to the site.

EASEMENTS:

A title search has been furnished to the appraiser. According to public records, the City of Mesa has a public utilities easement along the western border of the subject site. Additionally, in July of 2002 an easement for ingress and egress was granted which provides access to the site through the property adjacent to the north. The appraiser is not aware of any adverse restrictions or easements which would affect the utility or marketability of the property.

ZONING:

The purpose of zoning is to provide for orderly growth and harmonious development. Zoning is intended to provide a common ground of understanding and a sound and equitable working relationship between public and private interests to the end that both independent and mutual objectives can be achieved.

The subject site is zoned R1-35; Low density single family residential according the Maricopa County Planning and Zoning Department.

The purpose of this zoning district is to conserve, protect and encourage sustainable single-family residential development where minimum lots of not less than 35,000 square feet in area are suitable and appropriate taking into consideration existing conditions, including present use of land, present lot sizes, future land use needs, and the availability of public utilities

Additionally, the subject is located within the City of Mesa General Plan designated for Low Density Residential (1-2 DU/AC).

Based on the current zoning, the subject's immediate surroundings and the existing General Plan designation, rezoning would be unlikely.

The subject 5 acre site dimensions are 330' in width by 660' in length. The R1-35 zoning requires a minimum of 145 foot wide lots. Although the subject zoning would technically allow for 5 homes to be constructed on the subject lot based on minimum lot size of 35,000 square feet, due to minimum lot width requirements only four homes would in actuality be allowed to be constructed on the subject site.

TAX AND ASSESSMENT DATA:

Presently, the subject property is identified as assessor's tax parcel number: 219-26-096D. The subject property is located in Maricopa County and valued by the county assessor for taxing purposes. Due to the fact that the subject is owned by a government entity, it is exempt from property taxes.

CONCLUSION:

The site is located in an area predominantly made up of low density residential development with some commercial development located along the major roadways. The subject site has adequate access to the goods and services of Metropolitan Phoenix. The site is at grade with the adjoining properties with no evidence of drainage problems or soil contamination. All city utilities/services (excluding sanitary sewer services) and electricity are available to the site.

FLOOD ZONE MAP



ZONING MAP



HIGHEST AND BEST USE

Highest and best use is a market driven concept that focuses on market forces as each relates to the subject site identifying the most profitable and competitive use to which the property can be put.

Following is the definition of highest and best use as used in this report:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Highest and Best Use as a Vacant Site

Highest and best use of a site as vacant is defined as:

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Highest and best use of a site as vacant assumes that a parcel of land is vacant or can be vacated by demolishing existing improvements, as of the date valuation.

The purpose of determining the use of the site as vacant is to identify its potential. The goal of the analysis is to ascertain the optimum use of the land as vacant, and what variety or type of improvement, if any, is warranted given present market conditions.

In growth areas and neighborhoods in transition or where a change in the near term is expected, an interim use could be utilized. An interim use may be the existing use, a proposed development, an assemblage or to hold as a speculative investment.

Highest and best use implies contribution of that specific use (ideal improvements) to the community environment or to community development goals in addition to wealth maximization of individual property owners. Also implied, is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., the use determined from analysis represents an opinion, not fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

The highest and best use conclusion may be identical to the one permitted by either zoning ordinances or private restrictions. In some instances land has a more valuable use than that permitted by law. When there is a strong possibility that a change in the legal use would be permitted, then it could properly be considered as a factor affecting value.

Conversely, zoning could legally permit a use more intense than the site could reasonably be expected to perform. In such cases, if zoning will not permit a less intense use, then it is necessary to determine whether or not the zoning could be changed and the effect of this factor upon the ultimate utilization of the property.

Although homogenetic use and compatibility are general considerations for developers, city and county planners and the basis of more intense land use studies, they do not usually indicate the Highest and Best Use of a property.

The Highest and Best Use is considered after analyzing current market conditions relating to the positive and negative attributes of the subject site, significant limitations to the future use and current relationship to other uses in the immediate neighborhood. Specifically, the use must be reasonable within the following areas:

- **Legally Permissible:** The use must be a legal use of the land, meeting all regulatory approvals from national to local levels.
- **Physically Possible:** The use must be physically feasible and appropriate for the site.
- **Financially Feasible:** This area incorporates tests for both financial feasibility and maximum profitability. There must be a proven market demand for any use. Further, the present worth of the economic benefits provided by the demand must be in excess of development costs. The use which returns the greatest profit to the land is considered the highest and best use.
- **Maximally Productive:** The most reasonable use which returns the greatest profit to the land is considered the highest and best use.

Each of these areas will be discussed in more detail in the following section of my analysis of Highest and Best Use.

To test highest and best use for the land as vacant, an appraiser analyzes all logical, feasible alternatives with legal permissibility and physical possibilities considered first.

LEGALLY PERMISSIBLE

Legal permissibility is indicated by land use regulations and current zoning code of the controlling governmental agency.

The subject site is zoned R1-35; Low density single family residential according the Maricopa County Zoning Map.

The purpose of this zoning district is to conserve, protect and encourage sustainable single-family residential development where minimum lots of not less than 35,000 square feet in area are suitable and appropriate taking into consideration existing conditions, including present use of land, present lot sizes, future land use needs, and the availability of public utilities

In conclusion, the subject site has a legally permissible use for low density residential development.

Additionally, the subject is located in an area designated for Low Density Residential (1-2 DU/AC) within the City of Mesa General Plan.

In consideration of the existing zoning and the existing General Plan designation rezoning to a more intense use would be unlikely. In conclusion, the subject site has a legally permissible use for residential development.

PHYSICALLY POSSIBLE:

Physical possibility is shown by indicating the capabilities and adaptability of the site for the proposed improvement (project) together with the availability of utilities and community services, modifications that may be required and limitations caused by physical characteristics of the site.

The subject site is rectangular in shape considered to be functionally adequate for most types of development. As per the Maricopa County Assessor, the site is of 5.00 acres or 217,800 square feet in size. The subject site is approximately 330' in width and 660' in length. Physical access is made through the property adjacent to the north and although there is only one point of legal ingress and egress it is assumed that this is adequate for future development of the site. All utilities (aside from sanitary sewer services) are available and deemed to be adequate for development. Additionally, the appraiser recognizes that the subject site is not located in a designated mandatory insurance flood hazard zone.

Additionally it is noted that although the subject zoning would technically allow for 5 homes to be constructed on the subject lot based on minimum lot size of 35,000 square feet. However due to minimum lot width requirements only four homes would in actuality be allowed to be constructed on the subject site.

In conclusion, physically speaking, the highest and best use for the subject site would be for low density residential development.

FINANCIAL FEASIBILITY:

At this point of the Highest and Best Use analysis, the appraiser can conclude that the subject, from legal, physical and appropriate considerations, could be developed with a residential use. This conclusion statement considers the type of uses that are deemed to be the most reasonable and prudent uses for the subject, as of the date of valuation. Now at this point, one must divert the analysis with regards to the economic feasibility that may affect the subject site.

As indicated, the subject is currently zoned for residential development. Therefore, the appraiser has searched the market to determine if residential type development is currently feasible in the marketplace.

Single Family Residential

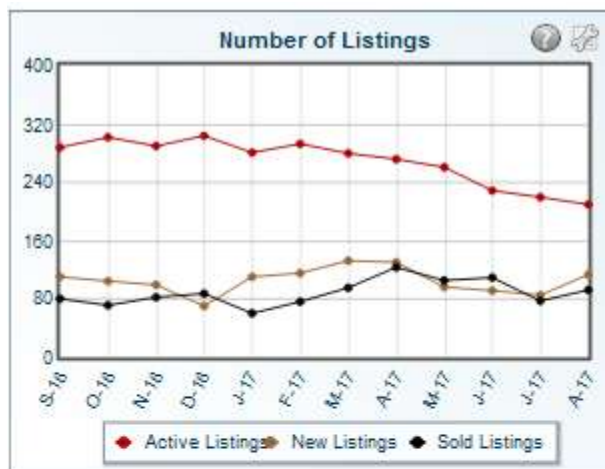
The appraiser researched the subject zip code (85207) to determine single family residential supply and demand factors. According to Arizona Multi List Service, the current single family median

sales price is up 16.38% compared to the same time period last year. The median list price for homes in the subject's zip code was also up 12.44% from the previous year's median list price. Absorption rates for single family homes were down significantly by 37.37%. Following are the summary statistics for single family residential sales activity within the subject's zip code.

Summary Statistics			
	Aug-17	Aug-16	% Chg
Absorption Rate	2.38	3.8	-37.37
Average List Price	\$581,132	\$527,781	10.11
Median List Price	\$475,000	\$422,450	12.44
Average Sale Price	\$360,286	\$337,179	6.85
Median Sale Price	\$305,500	\$262,500	16.38
Average CDOM	75	86	-12.79
Median CDOM	51	48	6.25

Following are multiple charts relating to single family residential activity in the subject's zip code including:

- Number of listings
- Listing Prices
- Absorption Rate, in Months
- Sold to List Ratio
- Days on Market
- Price Volume





Based on the appraiser's research and the previously mentioned statistics, the appraiser believes that residential development is considered financially feasible as sales prices for residential properties has been steadily increasing along with the demand for single family residential homes. These rates would support new construction.

From the preceding analysis, it is evident that residential use that is physically possible and legally permissible is currently also financially feasible.

MAXIMALLY PRODUCTIVE:

From the preceding analysis, it is evident the residential use that is physically possible and legally permissible is currently financially feasible and/or maximally productive at this time.

CONCLUSION:

Based on an evaluation of the four criteria in determining a property's Highest and Best Use, it has been concluded that the Highest and Best Use of the subject would be for residential development.

VALUATION PROCESS

The principles and concepts of real estate appraisal are basic to the valuation process. The principles of real estate are based on anticipation, change, supply and demand, competition, substitution, opportunity cost, balance, contribution, conformity and externalities.

The valuation process is:

A systematic set of procedures an appraiser follows to provide answers to a client's questions about real property value. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

The first step in the procedure is to define the appraisal problem: i.e., identify the real estate, the effective date of the value estimate, the property rights being appraised, and definition of value sought. The next step is an overview of the character and scope of the assignment. Once accomplished, factors that affect market value are collected and analyzed. These factors are addressed in the regional, city and neighborhood analysis, the site and improvement analysis, the highest and best use analysis and in the application of the three approaches to value (the Sales Comparison, the Cost, and Income Capitalization Approaches) which follows.

SALES COMPARISON APPROACH - *The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriated) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

A Comparative analysis is the process by which a value indication is derived in the sales comparison approach. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. The process by which a rental value indication is derived in a rental comparison analysis. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination. *Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

COST APPROACH - *A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciations from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

The Cost Approach is one of the approaches to value commonly applied in Market Value estimates and many other valuation situations. A comparative approach to the value of property or another asset that considers as a substitute for the purchase of a given property, the possibility of constructing another property that is an equivalent to the original or one that could furnish equal utility with no undue cost resulting from delay. The appraiser's estimate is based on the reproduction or replacement cost of the subject property or asset, less total (accrued) depreciation.

The Cost Approach establishes the value of a real property by estimating the cost of acquiring land and building a new property with equal utility or adapting an old property to the same use with no undue cost due to delay. An estimate of entrepreneurial incentive or developer's profit/loss is commonly added to land and construction costs. For older properties, the cost approach develops an estimate of depreciation including items of physical deterioration and functional obsolescence. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

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

A comparative approach to value that considers income and expense data relating to the property being valued and estimates value through a capitalization process. Capitalization relates income (usually net income) and a defined value type by converting an income amount into a value estimate. This process may consider direct relationships (whereby an overall capitalization rate or all risks yield is applied to a single year's income), yield or discount rates (reflecting measures of return on investment) applied to a series of incomes over a projected period, or both. The Income Approach reflects the principles of substitution and anticipation.

As the subject is vacant land that does not produce income and does not have any improvements and therefore only the Sales Comparison Approach is considered in this report in order to determine a fair market value.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the sales comparison approach is that the market value of a property is directly related to the prices of comparable, competitive properties.

There are five basic steps in the Sales Comparison Approach:

1. Research the market to locate sales of properties similar to the subject.
2. Confirm and verify the sales price, terms of sale, physical characteristics, income characteristics and that the sale represents an arms-length transaction.
3. Identify relevant elements of comparison and analyze each sale for each unit.
4. Compare the subject property to the comparable sales and adjust each for relevant differences to establish comparability.
5. Reconcile the various indications of value into a market value estimate for the subject property.

Public records of Maricopa County, Arizona have been searched for recent sales of comparable properties in the market. Additionally, market participants have been consulted regarding market sales and how participants analyze property for purchase. Sales have been confirmed with the seller, buyer, real estate broker or other persons knowledgeable about each transaction and verified by Affidavit of Property Value which is a sworn statement as to the validity of the transaction.

The appraiser has searched the marketplace for similar sized sites with similar utility and zoning as the subject. The sales utilized are considered the best comparable data available.

LAND SALE NO. 1

LOCATION	Southwest of Brown Road and Crismon Road in Maricopa County
GRANTOR	Diane Anderson and Jerry Ng
GRANTEE	David E. and Janeed S. Lawhead
RECORDING DATE	September 16, 2016
DAYS ON MARKET	257
PARCEL NO.	220-20-009A
DOCUMENT NO.	16-0674520
SALE PRICE	\$265,000
SALE PRICE/SF	\$1.44
SALE PRICE/ACRE	\$62,647.75
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction
	Normal
CONFIRMED BY	Listing Agent, Kim Lewellen (480) 776-0001
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years
SITE DATA	
Land Size/SF	184,172
Land Size/Acre	4.23
Location/Frontage	Major
Location/Access	Interior/Avg
Surroundings	Average
Topography	Level
Utilities	Partial
Off-sites	No
Flood Plain	No
Zoning	R-43
Present Use	Vacant Land
Highest and Best Use	Single family residential development
COMMENTS	This buyer split the site into four lots to sell individually. It is noted that the subject is adjacent to Brown Road to the north and high voltage power lines along the south.

AERIAL VIEW



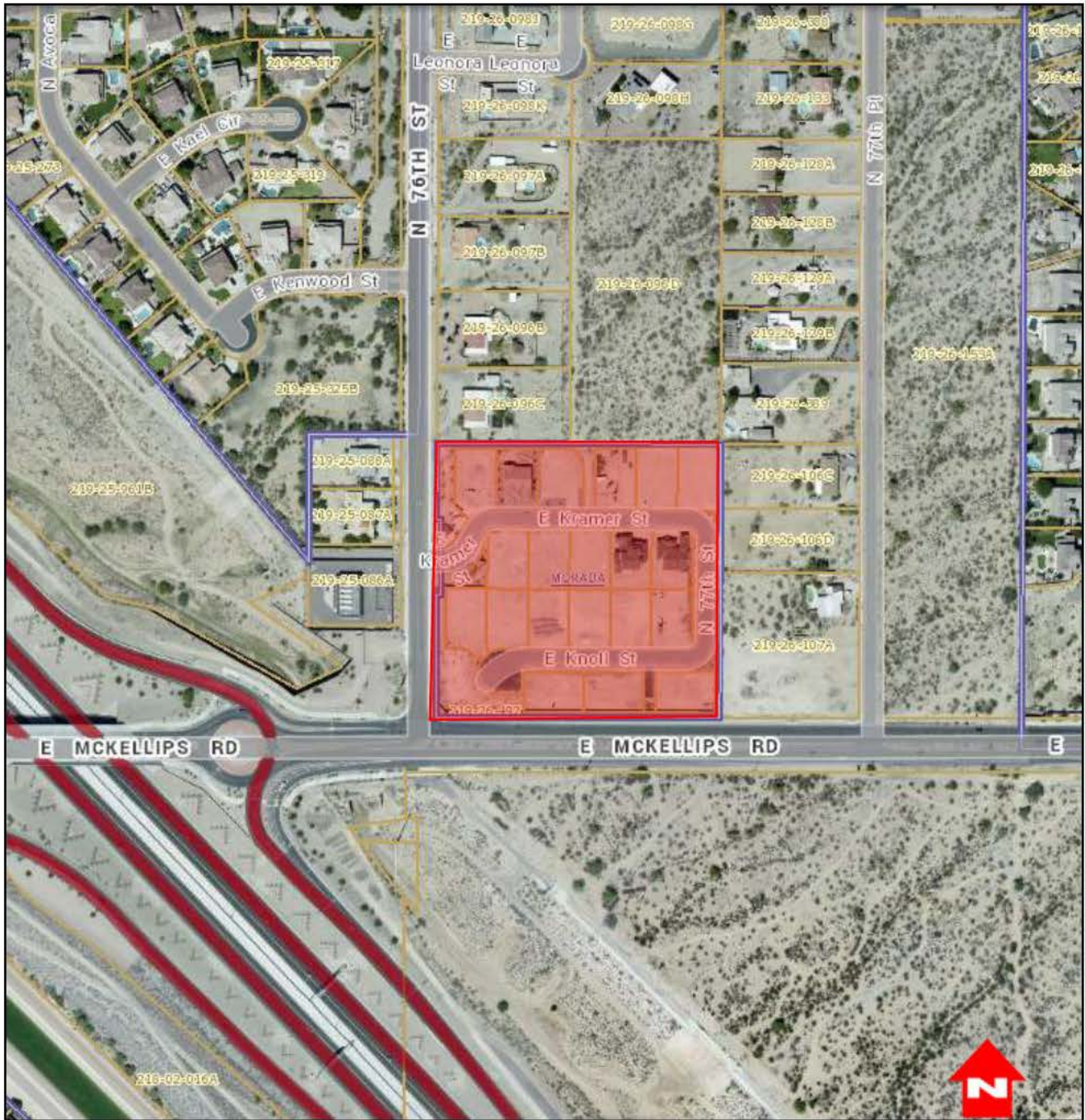
LAND SALE NO. 2

LOCATION	Northeast of Brown Road and Crismon Road in Mesa
GRANTOR	Laurin & Evelyn Hendrix
GRANTEE	Maracay 91, LLC/Maracay Homes
RECORDING DATE	September 2, 2016
DAYS ON MARKET	N/Av
PARCEL NO.	220-05-003E
DOCUMENT NO.	16-0639043
SALE PRICE	\$2,100,000
SALE PRICE/SF	\$2.54
SALE PRICE/ACRE	\$110,526
TERMS	All Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Normal
CONFIRMED BY	Broker, Daniel Krantz (480) 729-6809
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years
SITE DATA	
Land Size/SF	827,640
Land Size/Acre	19.00
Location/Frontage	Major
Location/Access	Interior/Avg
Surroundings	Average
Topography	Rolling
Utilities	Yes
Off-sites	No
Flood Plain	No
Zoning	R-15
Present Use	Vacant Land
Highest and Best Use	Single family residential development
COMMENTS	At the time of sale this site was platted & engineered for 37 residential lots that will be known as Vista Montana Estates.

LAND SALE NO. 3

LOCATION	Northeast corner of 76th Street and McKellips Road in Mesa
GRANTOR	Camelot Homes
GRANTEE	Porchlight Homes
RECORDING DATE	January 8, 2016
DAYS ON MARKET	N/Av
PARCEL NO.	219-26-096P
DOCUMENT NO.	16-0014599
SALE PRICE	\$1,400,000
SALE PRICE/SF	\$3.81
SALE PRICE/ACRE	\$165,877
TERMS	Cash Equivalent
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Normal
CONFIRMED BY	Representative of Seller, (480) 367-4300
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years
SITE DATA	
Land Size/SF	367,468
Land Size/Acre	8.44
Location/Frontage	Major
Location/Access	Corner/Avg
Surroundings	Average
Topography	Level
Utilities	Yes
Off-sites	Partial
Flood Plain	No
Zoning	R-35
Present Use	Vacant Land
Highest and Best Use	Single family residential development
COMMENTS	At the time of sale this site was platted & engineered for 20 residential lots that will be known as Morado.

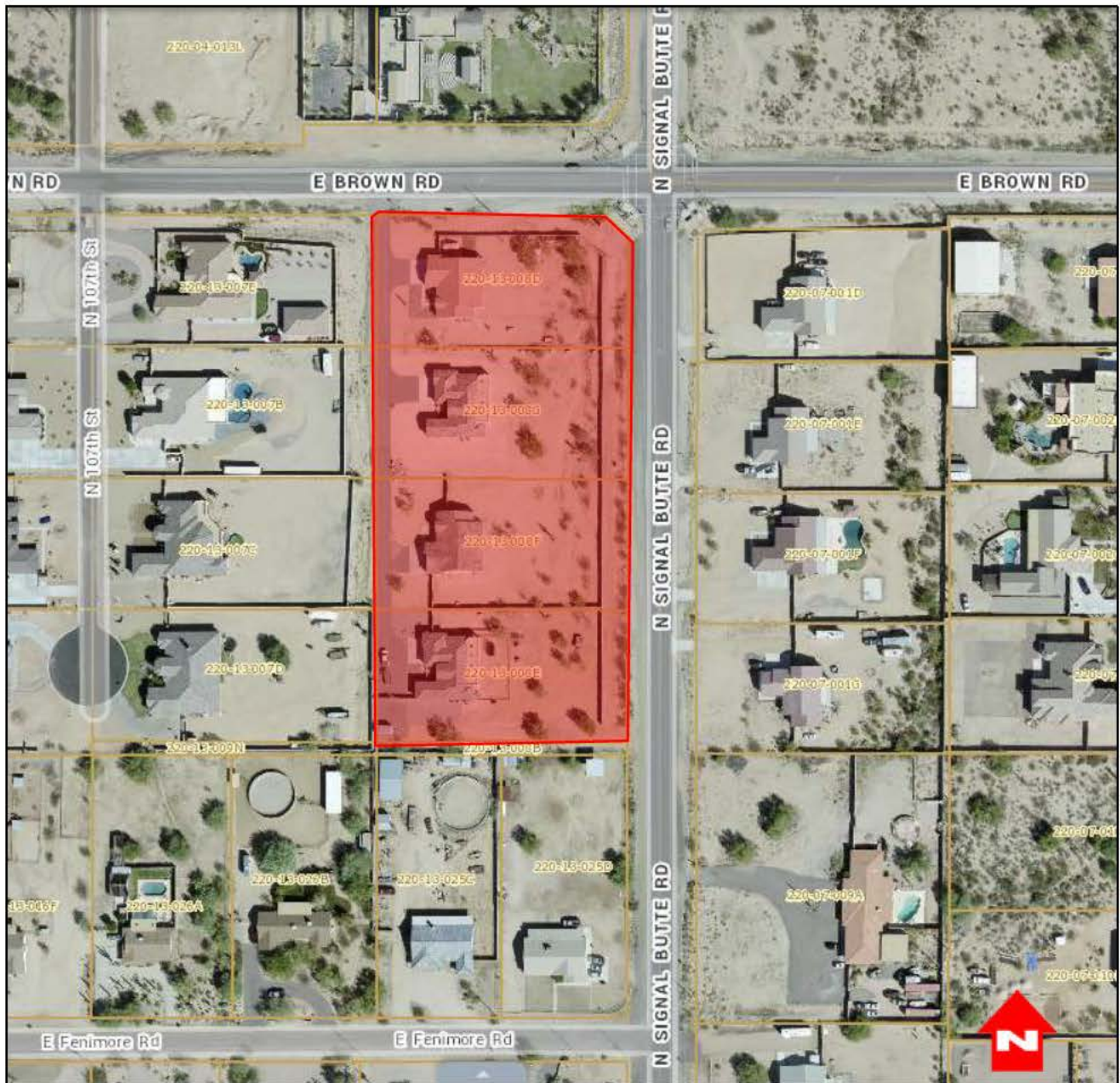
AERIAL VIEW



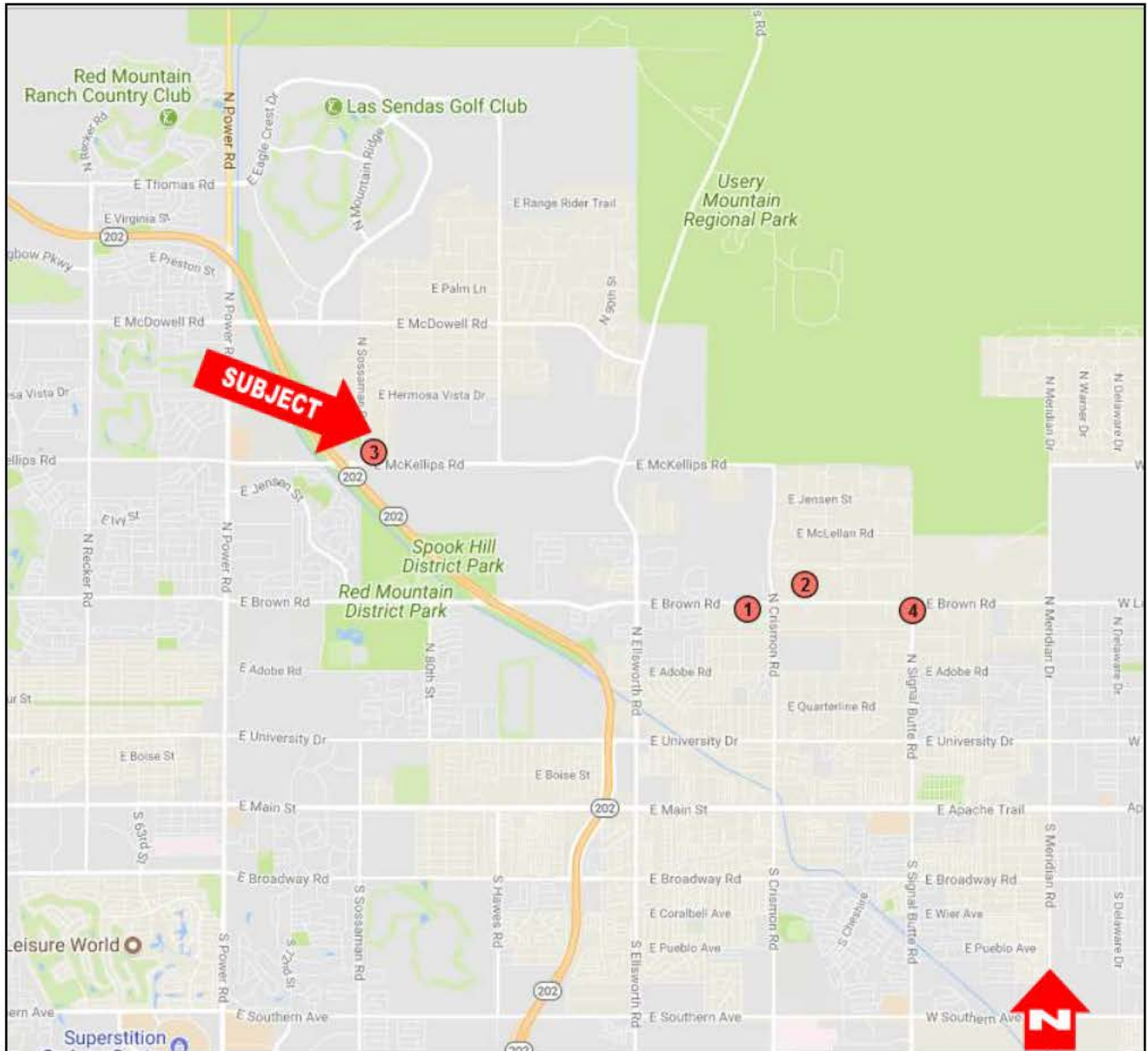
LAND SALE NO. 4

LOCATION	Southwest corner of Signal Butte Road and Brown Road in Maricopa County
GRANTOR GRANTEE	Eaton Bros Land Company Getsen Acquisitions
RECORDING DATE	October 19, 2015
DAYS ON MARKET	N/Av
PARCEL NO.	220-13-008C
DOCUMENT NO.	15-0748521
SALE PRICE	\$306,000
SALE PRICE/SF	\$1.74
SALE PRICE/ACRE	\$75,931
TERMS	All Cash
PROPERTY RIGHTS	Fee Simple
CONDITION OF SALE	Arm's Length Transaction Normal
CONFIRMED BY	Allen Willis, Listing Agent (480) 566-5755
DATA SOURCES	Sworn Affidavit of Property Value signed by grantor and grantee, and CoStar.
SALES HISTORY	None in previous three years
SITE DATA	
Land Size/SF	175,437
Land Size/Acre	4.03
Location/Frontage	Major
Location/Access	Corner/Avg
Surroundings	Average
Topography	Rolling
Utilities	Partial
Off-sites	No
Flood Plain	No
Zoning	R-43
Present Use	Vacant Land
Highest and Best Use	Single family residential development
COMMENTS	This buyer split the site into four lots and sold them individually.

AERIAL VIEW



Land Sales Map



LAND SALES SUMMARY CHART

Sale Data	Subject Property	Sale No. 1	Sale No. 2	Sale No. 3	Sale No. 4
Sales Price		\$265,000	\$2,100,000	\$1,400,000	\$306,000
Price/SF		\$1.44	\$2.54	\$3.81	\$1.74
Price/Acre		\$62,648	\$110,526	\$165,877	\$75,931
Price/Lot		\$66,250	\$56,757	\$70,000	\$76,500
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing	Cash	Cash Equivalent	All Cash	Cash Equivalent	All Cash
Sale Condition	Normal	Normal	Normal	Normal	Normal
Market Conditions	Current	9/16	9/16	1/16	10/15
Land/SF	217,800	184,172	827,640	367,468	175,437
Land/Acre	5.00	4.23	19.00	8.44	4.03
# Lots Allowed	4	4	37	20	4
Arterial Frontage	Minor	Major	Major	Major	Major
Location/Access	Interior/Fair	Interior/Avg	Interior/Avg	Corner/Avg	Corner/Avg
Surroundings	Average	Average	Average	Average	Average
Topography	Level	Level	Rolling	Level	Rolling
Utilities	Partial	Partial	Yes	Yes	Partial
Improvements	None	None	Pre-Plat	Platted and Engineered	None
Off-Sites	No	No	No	Partial	No
Flood Zone	No	No	No	No	No
Dwelling Units/Acre	1.25	1.06	0.51	0.42	1.01
Zoning	R1-35	R-43	R-15	R-35	R-43

SALES DATA:

A search was made to obtain comparable market data. Because no two properties are ever exactly the same, adjustments are considered to reflect the differences so that a valid estimate of value can be made. The unit of measure considered in this report is price per acre. This unit of measure is commonly used in the market for vacant land property and is accepted as a method of assisting in the determination value.

The appraiser is of the opinion that the accumulated sales data accurately reflects the present market and its interrelated economic forces. Unfortunately, there is disparity within the data in relation to the most likely common denominator, (price per square foot). This disparity can be attributed to:

- (1) Varying locations of the respective sale properties.
- (2) Inconsistencies relative to the overall plot size of the sale properties in relation to the subject.
- (3) Physical characteristics and fill requirements.
- (4) Real Estate reflects an imperfect market.

The comparative sales analysis focuses on the legal, physical, location and economic characteristics of similar properties as compared to the subject property. Other considerations are real property rights conveyed, financing terms, conditions of sale, date of sale, physical and income characteristics, all of which can account for variations in price.

Adjustments to a property may be made either in terms of a percentage or dollars per acre. There is no “proper” method of adjustment to strictly adhere to since adjustments depend on how the relationship between the two properties is perceived by the market. A market value estimate is not determined by a set of precise calculations. Appraisal has an art aspect in that an appraiser uses their judgment to analyze and interpret quantitative data.

Adjustments to the sales are made as follows:

PROPERTY RIGHTS CONVEYED:

All of the comparable sales are believed to be unencumbered and the ownership rights transferred were Fee Simple Estate.

FINANCING:

All of the comparable sales were all cash to the seller or equivalent and no adjustment is necessary for financing.

CONDITIONS OF SALE:

All of the comparable sales were reported to be arms-length transactions and no adjustments were made.

MARKET CONDITIONS:

The comparable sales were transacted between October 2015 and September 2016 and are generally considered to reflect current market conditions. As noted within the Highest and Best Use, residential housing prices have increased over the past few years and land values have increased as well. It is concluded that sale comparable four occurred in a slightly inferior market and will be adjusted upward slightly.

LOCATION:

An adjustment for location is necessary when the location characteristics of a comparable property are different from those of the subject property. Factors analyzed include overall frontage/visibility, surrounding development and access.

The subject is located within unincorporated Maricopa County within the City of Mesa. The subject site has access to public roadways via a 25' ingress/egress easement and is located within average surroundings near the Metropolitan Phoenix transportation network.

Frontage:

The subject is located at an interior location off of a minor roadway. All of the sale comparables have major roadway frontage, an undesirable attribute for residential buyers adjacent to that roadway. Although this frontage does help marketing, ultimately the majority of home owners would rather live on an interior location than next to a major roadway and its traffic noise. All of the comparable sales are adjusted upward for inferior frontage.

Access:

The subject has access through a 25' wide access easement, which is considered adequate for development, however this may not be considered ideal for potential home buyers. All of the comparable sales had existing public access and were considered slightly superior to the subject and each was adjusted downward. Sale one also had two of its four lots with future driveway access to a major roadway which is considered a slightly undesirable attribute for a residential user and these two access adjustments off-set and no adjustment will be made.

Surroundings:

The subject is located just off of the Loop 202 just south of the Las Sendas master planned community in East Mesa. Comparable sale three was located adjacent to the south of the subject and no adjustment was made. Comparable sales one, two, and four were located east of the subject further from the freeway within an area considered to have inferior surrounding development and these comparables were adjusted upward.

For the readers's convenience, a chart displaying location characteristic adjustments is displayed next:

Location Factors	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4
Frontage	Minor	Inferior	Inferior	Inferior	Inferior
Adjustment		+5%	+5%	+5%	+5%
Access	Interior/Easement	Similar	Superior	Superior	Superior
Adjustment		0%	-5%	-5%	-5%
Surroundings	Average	Inferior	Inferior	Similar	Inferior
Adjustment		+10%	+10%	0%	+10%
Qualitative Adjustment		+15%	+10%	0%	+10%

PHYSICAL CHARACTERISTICS:

Physical characteristics include the following; size of parcel, flood zone, topography, utility availability, improvements, and off-sites.

As previously reported in the Site Data section of this report, the subject site consists of a five acre vacant land parcel that has the potential to be developed into four residential lots. The subject site is generally level and located outside of a flood area. All utilities, with the exception of municipal sewer, are available and no off-sites are in place.

Size:

The subject site totals 5.00 acres. Comparable sales one, three, and four were generally similar in size and no adjustment was made. Comparable sale two was larger in size and will be adjusted upward for the fact that the number of buyers decreases as sale prices increase.

Flood Zone:

None of the comparable sales were located within flood areas and are similar to the subject.

Topography:

All of the comparable sales were generally level and no topography adjustment was made.

Utilities:

The subject has all utilities available, with the exception of sewer, and septic tanks would need to be installed for residential development. Comparable sales one and four were similar to the subject while

comparable sales two and three were slightly superior and will be adjusted downward as sewer availability is considered more desirable than septic installation.

Improvements:

The subject had no improvements and was considered vacant land. Comparable sales one and four were also purchased as vacant land and no adjustment was made. Comparable sales two and three however were purchased with pre-platted and/or as platted and engineered lots. Each comparable will be adjusted downward slightly, with comparable sale three having a slightly heavier downward adjustment for having a final plat in place.

For the readers's convenience, a chart displaying physical characteristic adjustments is displayed next:

Physical Attributes	Subject Property	Sale 1	Sale 2	Sale 3	Sale 4
Size (Acres)	5.00	Similar	Larger	Similar	Similar
Adjustment		0%	+5%	0%	0%
Flood Zone	No	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Topography	Level	Similar	Similar	Similar	Similar
Adjustment		0%	0%	0%	0%
Utilities	Partial	Similar	Superior	Superior	Similar
Adjustment		0%	-5%	-5%	0%
Improvements	None	Similar	Superior	Superior	Similar
Adjustment		0%	-5%	-10%	0%
Off-Sites	No	Similar	Similar	Superior	Similar
Adjustment		0%	0%	-5%	0%
Qualitative Adjustment		0%	-5%	-20%	0%

ZONING:

The subject is zoned R1-35 and based on its dimensions would have an allowable density of 1.25 units per acre. Comparable sales one and four were considered to be generally similar to the subject and no adjustment was made. Comparable sale two has a superior zoning of R1-15 and would allow for nearly twice the number of homes constructed within its site. This is a superior attribute and this comparable will be adjusted downward considerably. Comparable sale three shows an RS-35 zoning within the City of Mesa, however it has an allowed density of 0.41 units per acre which equates to a zoning more similar to R-10. This comparable will also be adjusted downward for its superior zoning.

In conclusion, the values indicated in the Summary of Sales show a range from \$62,648 per acre to \$110,526 per acre before adjustments. It is believed the indicated value range is reflective of the utility, wants, and needs of buyers in the current marketplace.

Elements of Comparison	Sale 1	Sale 2	Sale 3	Sale 4
Price/Acre	\$62,648	\$110,526	\$165,877	\$75,931
Property Rights	\$0.00	\$0.00	\$0.00	\$0.00
Adj. Price	\$62,648	\$110,526	\$165,877	\$75,931
Condition of Sale	0.00%	0.00%	0.00%	0.00%
Adj. Price	\$62,648	\$110,526	\$165,877	\$75,931
Financing	\$0.00	\$0.00	\$0.00	\$0.00
Adj. Price	\$62,648	\$110,526	\$165,877	\$75,931
Market Conditions	0.00%	0.00%	0.00%	5.00%
Adj. Price	\$62,648	\$110,526	\$165,877	\$79,728
Locational Factors	+15%	+10%	0%	+10%
Physical Attributes	0%	-5%	-20%	0%
Zoning	0%	-30%	-30%	0%
Overall Adjustment	+15%	-25%	-50%	+10%
Final Indicated Value	\$72,045	\$82,895	\$82,939	\$87,701

CONCLUSION OF SITE VALUE:

After adjustments have been made to the cumulative adjustment factors a value range results from \$72,045 per acre to \$87,701 per acre with an indicated mean of \$81,395 per acre. All of the comparable sales are located within the same general market.

Although all four of the comparables represented value for vacant residential land, comparables one and four were considered most similar to the subject based on density and size. These two adjusted comparables were given most weight within the value conclusion with secondary consideration given to comparables two and three.

After due consideration is given to the subject's size, potential lot density, and location the appraiser will conclude to a market value of the subject site near the middle of the range or \$80,000 per acre.

This would equate to a Market Value of the subject site (not including the improvements) of:

5.00 acres x \$80,000 per acre = \$400,000

Rounded to: \$400,000*

*As indicated in the improvements section of this report, the adjacent property owner constructed a block wall restricting access to the site across the 25' access easement. This portion of the wall would need to be cut and demolished allowing for access for future development. The cost to take down the block wall is considered minimal and although recognized is not considered to have an impact on the overall value of the site.

RECONCILIATION

The Final Reconciliation is the process of coordinating and integrating related facts to form a unified conclusion. Final Reconciliation is defined as: *The last phase in the development of a value opinion in which two or more value indications derived from market data are resolved into a final value opinion, which may be either a range of value, in relation to a benchmark, or a single point estimate. Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)*

The orderly connection of interdependent elements is a prerequisite of proper reconciliation. This requires a re-examination of specific data, procedures, and techniques within the framework of approaches used to derive preliminary estimates. The approach utilized to conclude to a value estimate considered appraisal techniques which encompassed: (1) reviewed to make sure that the data is authentic and reflects pertinent market activity and (2) the analytical techniques used and the logic followed are valid, realistic, and consistent. In addition, all mathematical calculations have been checked by someone other than the appraiser in an attempt to eliminate errors.

One approach to value has been employed in the analysis. The data together with the line of reasoning followed for each approach is clearly set forth.

Sales Comparison Approach

\$400,000

The reconciliation considers and evaluates alternate value indication to arrive at a final value estimate. Each value indication is weighted according to relative significance, applicability, and defensibility and relies most heavily on the approach that is most appropriate to the purpose of the appraisal.

In an appraisal report, the final value estimate may be stated as a single figure or as a range of values. Or an appraiser may choose to show the range and then cite the final value as a single figure within the range. Traditionally, a **point estimate** is *typically regarded as the most probable number, not the only possible number, and is often required for revenue and compensation purposes and for lending purposes*. Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015). A **point estimate** concept is utilized in this reconciliation.

The Sales Comparison Approach was based upon sales of similar properties considered comparable to the subject. These sales, after adjustments for the various elements of comparison, were analyzed from which an indication of value was derived. Sales were selected that were considered the most representative properties that could be located in the market. This approach is considered a good indication of value and a reflection of the motivations of market participants and was utilized.

Based on the information found in my investigation, I am of the opinion that the market value of the subject, as of October 4, 2017, is:

FOUR HUNDRED THOUSAND DOLLARS
(\$400,000.00)

**RIGHT OF WAY SECTION
APPRAISAL SERVICES
CERTIFICATE OF APPRAISER**

Project No.: H088801R

Parcel No.: L-M-395B

I hereby certify:

That I personally inspected the property herein appraised, and that I have afforded the property owner the opportunity to accompany me at the time of inspection. I also made a personal field inspection of each comparable sale relied upon in making said appraisal. The subject and the comparable sales relied upon in making the appraisal were as represented by the photographs contained in the appraisal.

That I have given consideration to the value of the property the damages and benefits to the remainder, if any; and accept no liability for matters of title or survey. That, to the best of my knowledge and belief, the statements contained in said appraisal are true and the opinions, as expressed therein, are based upon correct information; subject to the limiting conditions therein set forth.

That no hidden or unapparent conditions of the property, subsoil, or structures were found or assumed to exist which would render the subject property more or less valuable; and I assume no responsibility for such conditions, or for engineering which might be required to discover such factors. That, unless otherwise stated in this report, the existence of hazardous material, which may or may not be present in the property, was not observed by myself or acknowledged by the owner. The appraiser, however, is not qualified to detect such substances, the presence of which may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

That my analysis, opinions, and conclusions were developed, and this report has been prepared in conformity with the ADOT ROW Procedures Manual, Chapter 4, Appraisal Standards and Specifications (2016); the Federal Highway Administration (FHWA) Uniform Act, 49 CFR Part 24; and the Uniform Standards of Professional Appraisal Practice (USPAP 2016-2017) guidelines.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes; and that, to the best of my knowledge, no portion of the value assigned to such property consists of items which are non-compensable under the established laws of said State.

That I understand this appraisal may be used in connection with the acquisition of right-of-way for a highway to be constructed by the State of Arizona with the assistance of Federal aid highway funds or other Federal funds.

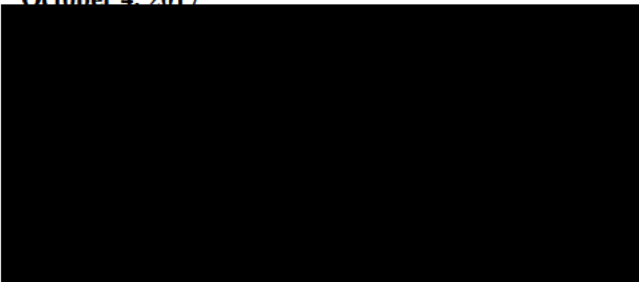
That neither my employment nor my compensation for making the appraisal and report are in any way contingent upon the values reported herein.

That I have no direct or indirect present or contemplated future personal interest in the property that is the subject of this report, or any benefit from the acquisition of the property appraised herein.

That I have not revealed the findings and results of such appraisal to anyone other than the proper officials of the Arizona Department of Transportation or officials of the Federal Highway Administration, and I will not do so unless so authorized by proper State officials, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings.

That my opinion of the Market Value of the property to be acquired and its effects, as of October 4, 2017 is \$400,000, based on my independent appraisal and the exercise of my professional judgment.

October 4, 2017



CERTIFICATION

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

The statements of fact contained in this report are true and correct. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial and unbiased professional analyses, opinions, and conclusions.

I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

It should be noted that the appraiser has not performed appraisal services regarding the subject property in the last three years.

My engagement in this assignment was not contingent upon developing or reporting predetermined results. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. As of the date of this report, I, [REDACTED] [REDACTED] [REDACTED] has completed the continuing education program for Designed Members of the Appraisal Institute.

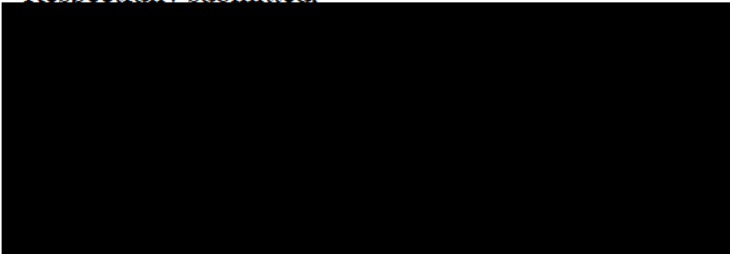
[REDACTED] [REDACTED] has made a personal inspection of the property that is the subject of this report. It should be noted that no one provided significant real property appraisal assistance to the person signing this certification.

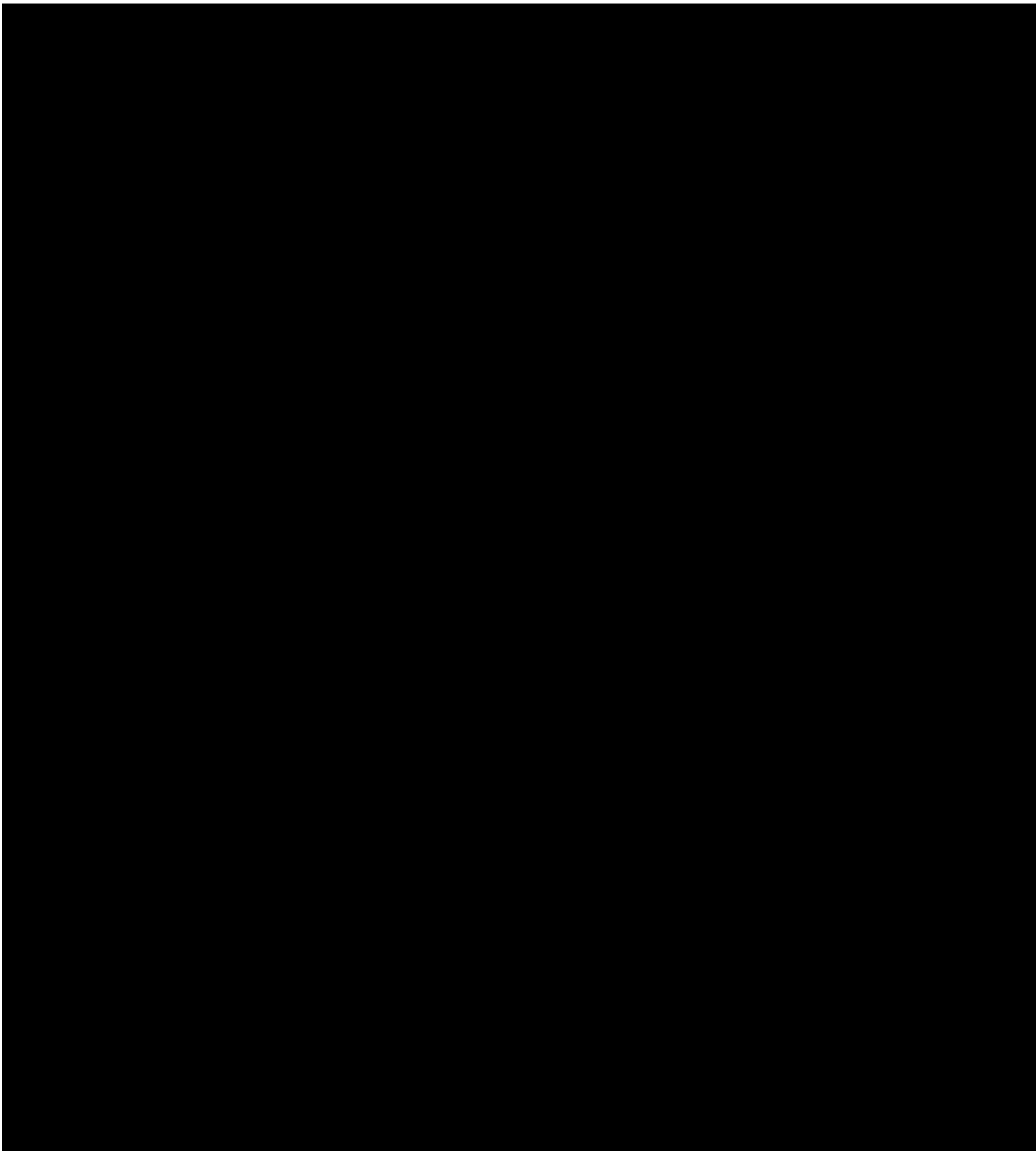
[REDACTED] [REDACTED] [REDACTED] possess the knowledge and experience to thoroughly complete this appraisal assignment. Please refer to the Qualifications of the Appraiser(s) included in the following pages for additional information regarding professional education and pertinent experience of the aforementioned appraiser.

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 15, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, the Code of Professional Ethics, Bylaws, Regulations and Standards of Professional Appraisal Practice of the Appraisal Institute, and in accordance with appraisal standards required by Title XI of Federal Financial Institutions Reform, Recovery, the Enforcement Act of 1989 (FIRREA).

Respectfully submitted,





[REDACTED]

[REDACTED] [REDACTED] [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

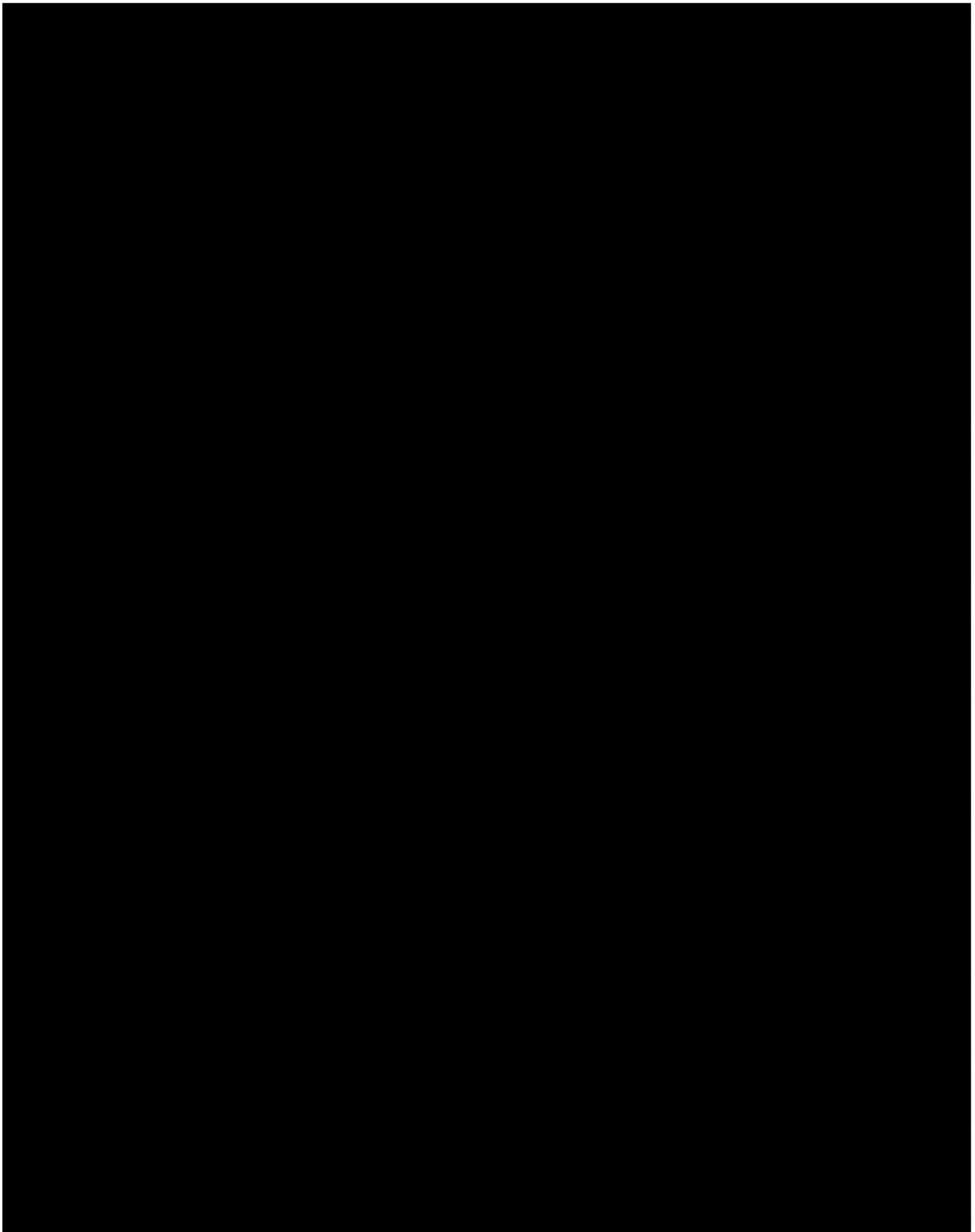
[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



ADDENDA

EXHIBIT 1

Engagement Contract

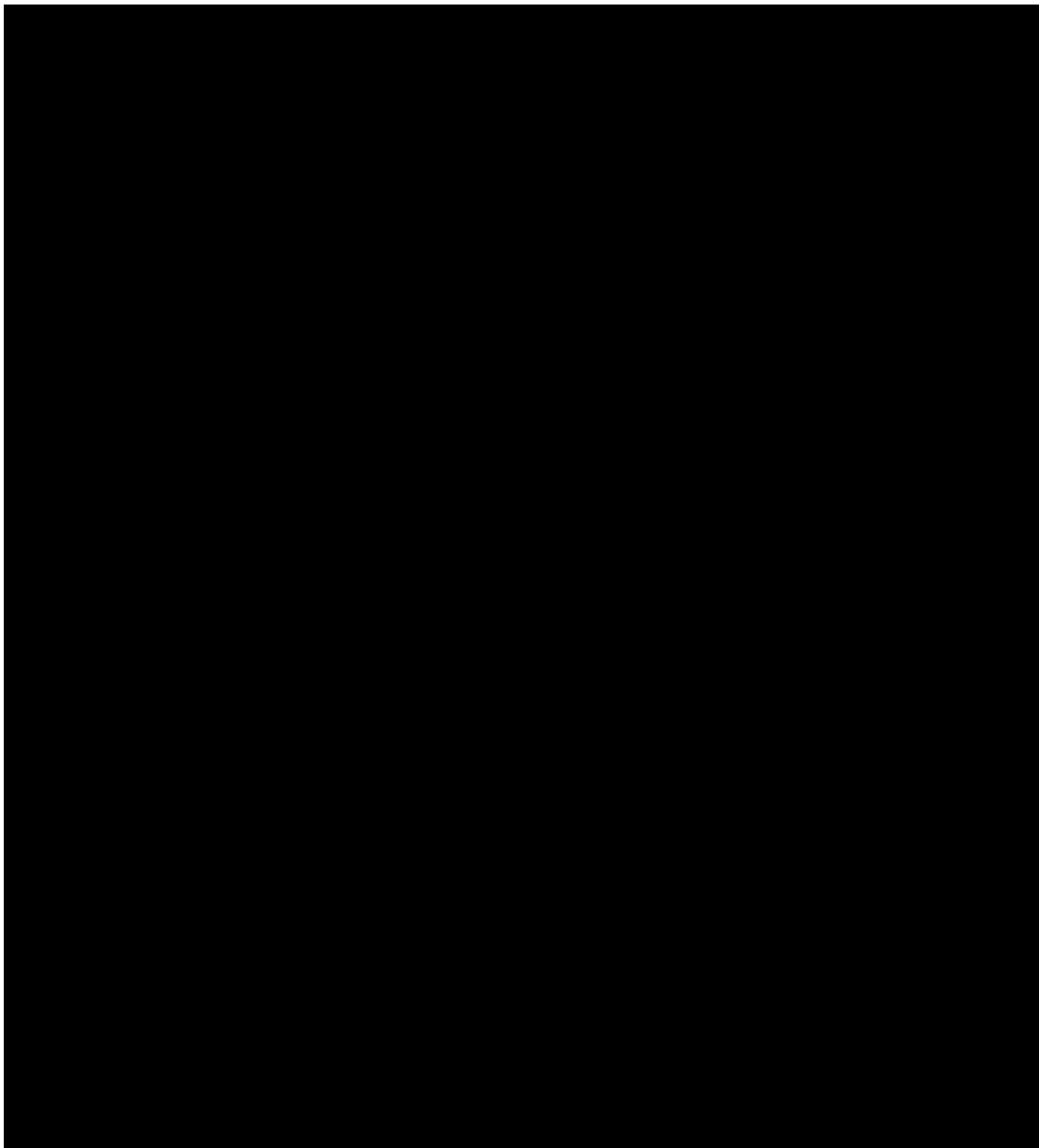
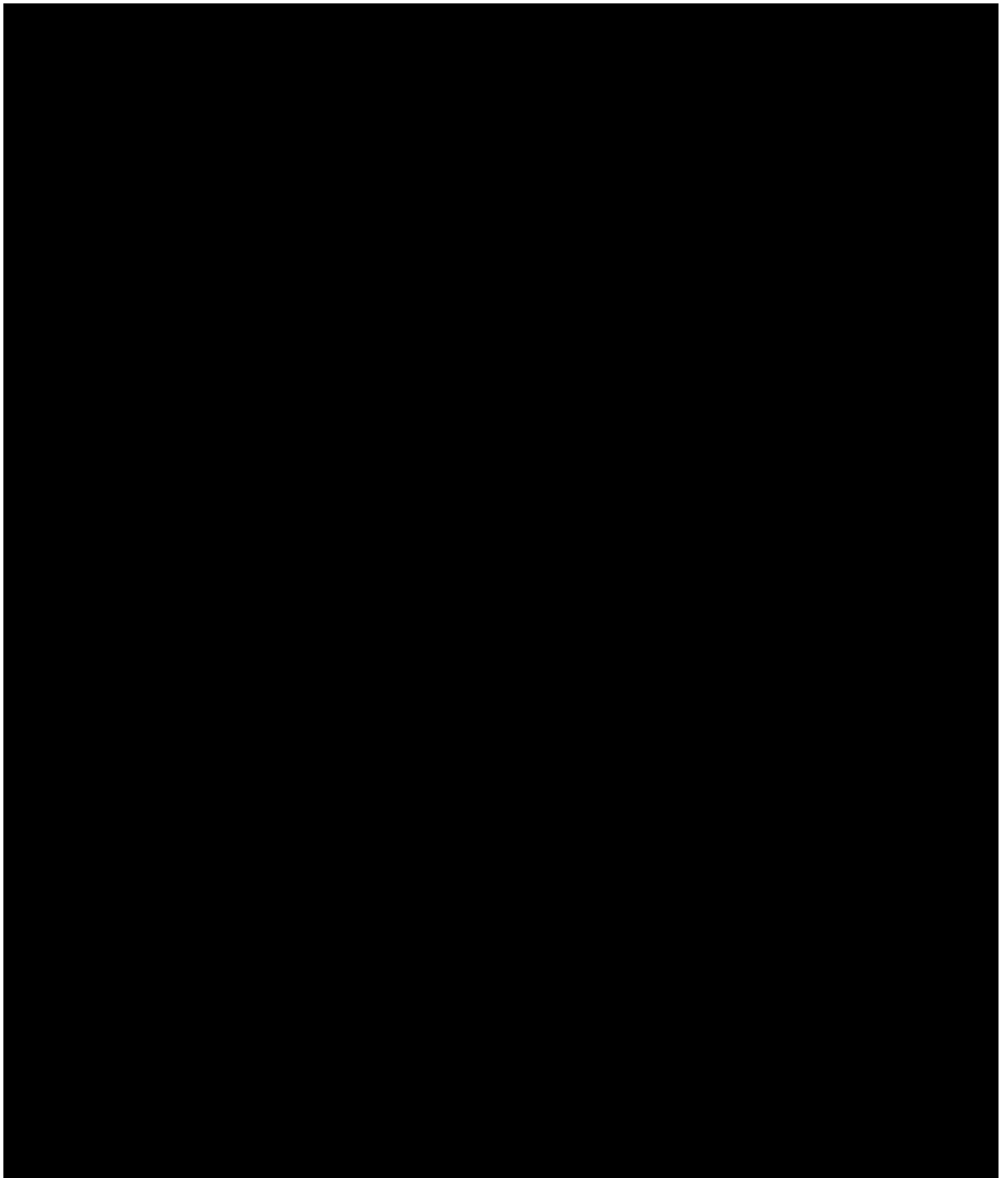


EXHIBIT 2

Title Report



**SCHEDULE A-1
LEGAL DESCRIPTION**

That portion of the Southwest quarter of the Southwest quarter of Section 5, Township 1 North, Range 7 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets P-23 and P-24 of the Right of Way Plans of the RED MOUNTAIN FREEWAY, Higley Road – US 60 Section, Project 202L MA 000 H5401 01R / RAM 600-8-804.

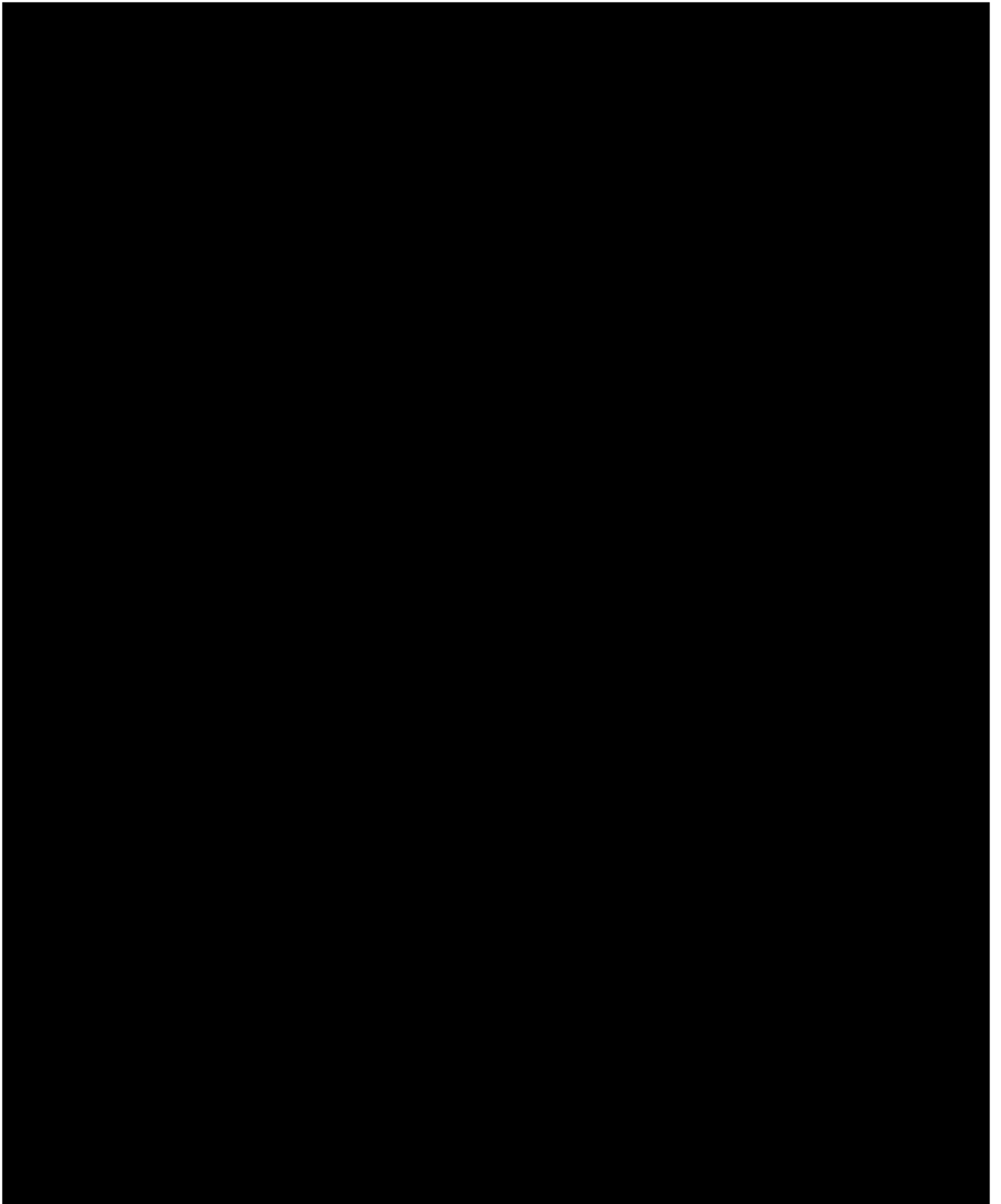
NOTE: The legal description of the area to be disposed will produced by the ADOT Right of Way Delineation Unit.

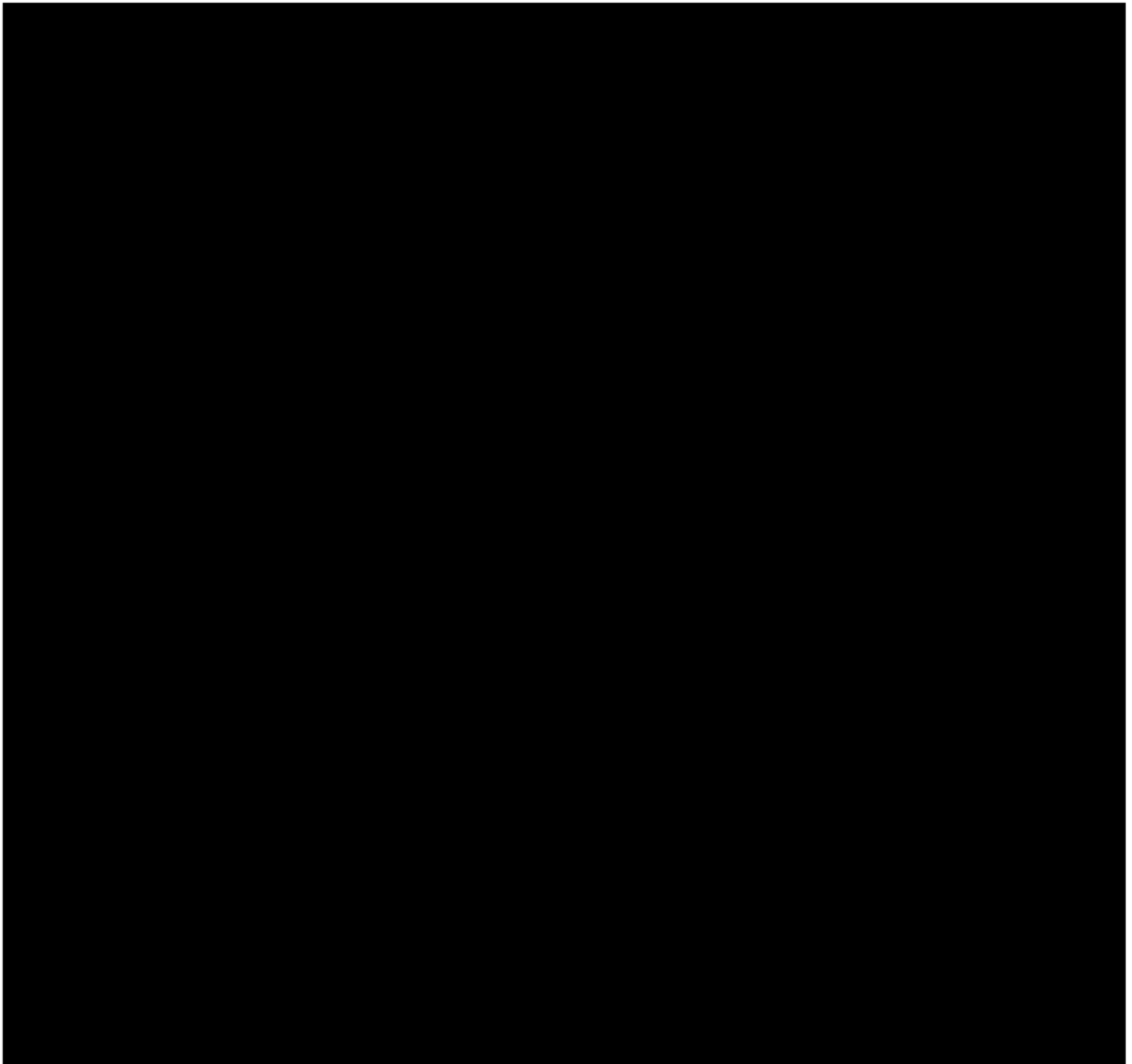
END OF SCHEDULE A-1

RIGHT OF WAY VESTING

- 1.) Sheriff's Deed from Joseph M. Arpaio, Sheriff of Maricopa County, to the State of Arizona, by and through its Department of Transportation, dated March 17, 2004, recorded April 1, 2004, in Document No. 2004-0343671, described as: the North half of the East half of the West half of the Southwest quarter of the Southwest quarter of Section 5, Township 1 North, Range 7 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona.
[Parcel 7-4162, Project 202L MA 000 H5401 01R / RAM 600-8-804]

END OF RIGHT OF WAY VESTING





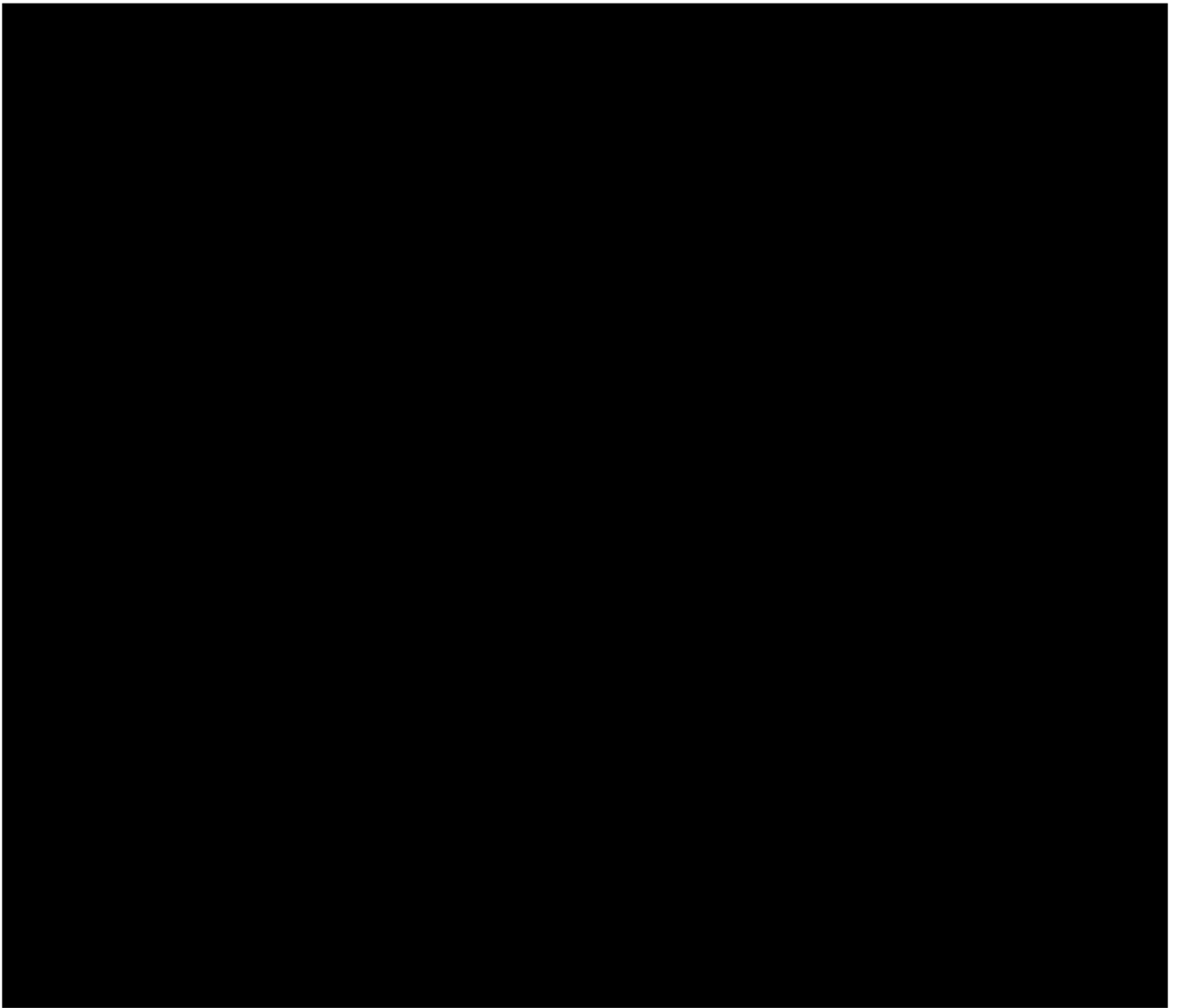


EXHIBIT 3

Environmental Clearance Letter

TRANSMITTAL

Date: 23 MAR 16

Environmental Planning Group

Arizona Department of Transportation
Mail Drop EM02
1611 W. Jackson
Phoenix AZ 85007

Phone: (602)712-7767

Fax: (602)712-3066

Disposal Number: L-M-395B

Disposal Name: Portion of ADOT Parcel # 7-4162

Deliver To

Raul Torres

Property Management

612E

Sent From

Paul O'Brien, P.E.

Environmental Planning Group

☒ Attached

☐ Under Separate Cover

Action:

☐ For your approval
☐ For your information
☐ As you requested

☒ For your use
☐ For your response
☐ For review and comment

Description:


Attached is the environmental clearance package for this disposal.

Remarks:

Distribution:

☐ Reading File

☒ Project File

Signed: Paul O'Brien, P.E. 
Title: Environmental Planning Group Manager

**Arizona Department of Transportation
Environmental Planning Group
Disposal Checklist**

Disposal Number: L-M-395B

Disposal Name: Portion of ADOT Parcel # 7-4162

Disposal Address: Parcel is located northeast of North 76th
Street and East McKellips Road, Mesa, Maricopa County,
Arizona.

Clearance

Prepared By: Ed Green Date: 23 Mar 16
Ed Green
Hazardous Materials Coordinator

Approved By: Paul O'Brien Date: 3/23/16
Paul O'Brien, P.E.
Manager

PO:eg

I. PROJECT DESCRIPTION

- A. The Arizona Department of Transportation (ADOT) proposes to dispose of property L-M-395B. The property is also referred to as a portion of ADOT Parcel # 7-4162.
- B. Location: Parcel is landlocked and is located northeast of the intersection of North 76th Street and East McKellips Road, Mesa, Maricopa County, Arizona.
- C. Purpose: The property will be sold in accordance with State law.

II. IMPACT EVALUATION

A. Natural Environment

This disposal property consists of approximately 5 acres of vacant, natural land. The parcel is landlocked. The property was acquired for the construction of State Route 202L.

Land Use Characteristics

	Current Condition	Former Use	Surrounding Area
Vacant	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Residential	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Commercial	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Industrial	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Agricultural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Natural	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Landscaped	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Endangered Species Act Listed Species

	Yes	No	If Yes, List Species.	Comments.
Critical Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		
Suitable Habitat	<input type="checkbox"/>	<input checked="" type="checkbox"/>		

The disposal property is located in an area designated Zone X (area determined to be outside the 0.2% annual chance floodplain) according to the Federal Emergency Management Agency Flood Insurance Rate Map Number 04013C 2285L.

B. Physical/Construction

This type of action does not require any construction-related activities. No construction-related impacts will result from this disposal activity.

A Preliminary-Initial Site Assessment was performed by the ADOT Environmental Planning Group. No hazardous materials concerns were identified. No further hazardous materials assessment is recommended.

Due to the lack of construction-related activities and impacts, this project is exempt from air quality conformity regulations.

The Arizona Department of Transportation's Noise Abatement Policy was written to conform to the federal policy and guidelines as stated in Title 23 of the Code of Federal Regulations Part 772. No analysis of traffic noise impacts is required for this project as it does not significantly alter the horizontal or vertical alignment of the existing highway nor does it increase capacity of transportation facilities.

C. Socioeconomic

Title VI of the Civil Rights Act of 1964 and related statutes assure that individuals are not excluded from participation in, denied the benefit of, or subject to discrimination on the basis of race, color, national origin, age, sex, and disability. Executive Order 12898 on Environmental Justice directs that programs, policies and activities not have a disproportionately high and adverse human health and environmental effect on minority and low-income populations. This disposal project will not result in new impacts on the surrounding area. Sale of this property will not result in any residential or business relocation. This disposal will not have a disproportionately high or adverse impact on minority or low-income communities.

D. Cultural Resources

This disposal project will have no effect on historic properties. No significant historic properties were identified for the site in a cultural resources survey. ADOT initiated consultation with the State Historic Preservation Office (SHPO), the Hopi Tribe, Ak-Chin Indian Community, Gila River Indian Community (GRIC), Pascua Yaqui Tribe, Yavapai-Apache Nation, Salt River Pima-Maricopa Indian Community, Tohono O'odham Nation, Tonto Apache Tribe, and White Mountain Apache Tribe (WMAT) on a finding of "no historic properties affected" on June 9, 2015. Concurrences were received from SHPO (June 22, 2015), Hopi Tribe (June 19, 2015), GRIC (June 15, 2015), Tohono O'odham Nation (June 16, 2015), and WMAT (June 17, 2015). At this time, ADOT has determined that this project proceed with a finding of "no historic properties affected." If the remaining parties opt to participate in cultural resource consultation for this project at a later date, ADOT will make a good faith effort to address any concerns they may have. However, such consultation will not necessitate a reconsideration of the finding of project effect.

III. PUBLIC INVOLVEMENT

This disposal action does not require a public involvement plan.

IV. ACTION REQUIRED

Federal-Aid Projects	
Categorical Exclusion Group 2	<input type="checkbox"/>
Programmatic	<input type="checkbox"/>
Non-Programmatic	<input type="checkbox"/>
State-Funded Projects	
Environmental Clearance	<input checked="" type="checkbox"/>

Preliminary Initial Site Assessment

Project No. RAM 600-8-804 TRACS No 202L MA 000 H5401 01R

Section I: Site Location Information

Assessor Parcel No. 219-26-096D ADOT Parcel No. 7-4162

Address/Route & Milepost SR 202L MP 25

Township 1N Range 7E Section 5 10ac 40ac 160ac

Latitude 33.4545N Longitude -111.6656W

Site Characteristics: Historic Land Use

Agriculture ☐ Residential ☐ Commercial ☐ Industrial ☐ Natural ☒

Vehicle Maintenance: ☐ Chemical Storage: ☐ UST System: ☐

Septic System: ☐ Water/Dry Well: ☐ Pesticide/Herbicide ☐

Other: Historical Aerial Photography review shows the parcel has never been developed (1937 - Current)

Section II: Site Surface Conditions

Dimensions: Length 660' Width 330'

Area: ☐ Sq. feet or ☐ Sq. meters or 5 Acres

Topography: Flat

Geology: Q Quaternary Surficial Deposits

Vegetation: Lower Colorado River Sonoran Desertscrub

Structures: None

Utilities: None

Section III: Results of Database Review

No concerns on project ☒ Concerns on project
(Complete Section IV)

Section IV: Environmental Concerns

Observed: None

Suspected: None

Unusual Conditions: Small number of debris piles (de-minimus)

Section V: Recommendations

High Priority Phase I: Medium Priority Phase I: Low Priority Phase I:

No additional survey required: X Aerial Photograph Review: X

Section VI: Comments

If suspected Hazardous Material is encountered, stop work, notify the Hazardous Material Coordinator (602.920.3882) to arrange for the proper assessment, treatment, or disposal of the material.

No Recognized Environmental Conditions (REC's) were noted on the property

ADOT Name	Ed Green HAZ-MAT ASSESSOR	Signature	<i>Ed Green</i>	Date	23 Mar 16
--------------	---------------------------------	-----------	-----------------	------	-----------

EXHIBIT 4

ADOT LOOP 202 RIGHT OF WAY PLANS

RWV PLANS

ARIZONA DEPARTMENT
OF
TRANSPORTATION
INTERMODAL
TRANSPORTATION
DIVISION



RIGHT OF WAY PLANS OF THE

RED MOUNTAIN FREEWAY

HIGH FLY ROAD-US 60

2021 MA 000 H5401 01R

RAM-600-8-804-



PROJECT LOCATION

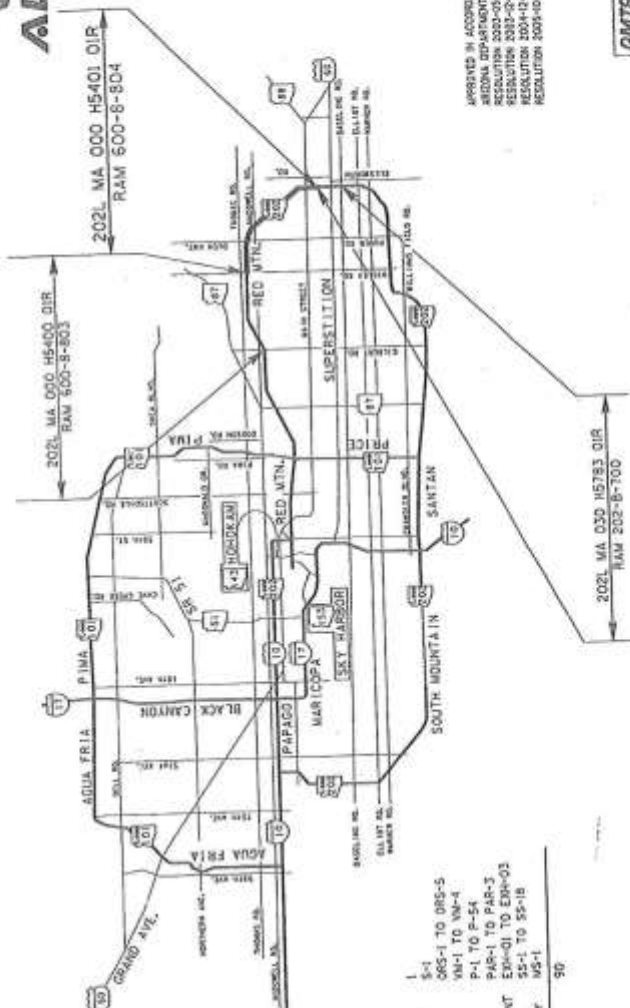
COUNTY NAME: MARICOPA
LENGTH OF PROJECT: 7.8 MILES
ADOT DISTRICT: PHOENIX (E)
DRAWING NUMBER: D-7-T-921

RW/PLANS
FILE SET

SHEET INDEX

COVER SHEET	1
STANDARD ABBREVIATIONS & SYMBOLS	S-1
OWNERSHIP RECORD SHEET	06S-1 TO 06S-5
VICINITY MAP SHEET	VM-1 TO VM-4
PLAN SHEET	P-1 TO P-54
PARCEL INSERT SHEET	PAR-1 TO PAR-3
WFOCD 5 YEAR MAINTENANCE AGREEMENT	EXP-1 TO EXP-03
SUPPLEMENTAL RESULTS OF SURVEY	SS-1 TO SS-18
WATER CONCENTRATION SURVEY	MS-1

TOTAL SHEETS



APPROVED IN ACCORDANCE WITH:
ARIZONA DEPARTMENT OF TRANSPORTATION BOARD
RESOLUTION 2003-03-A-025 DATED 5-23-03
RESOLUTION 2003-12-A-078 DATED 12-19-03
RESOLUTION 2004-12-A-075 DATED 12-17-04
RESOLUTION 2005-10-A-054 DATED 10-31-05



QMTS

OWNERSHIP			RECORD			ACQUISITION RECORD				
PARCEL NUMBER	OWNER	DESCRIPTION OF AREA REQUIRED	TOTAL AREA (ACRES)	ACCESS EASEMENT (ACRES)	REMAINDER (ACRES)	ACRES	INSTRUMENT TYPE	DATE	INSTRUMENT	RECORDED
1-405	AMERICAN ENTERPRISES, INC.	PT SEC 21 1/2N. 3/4E.	1,219,496	432,558	179,700	11,206	NO	2/21/06	374/95	16-123703
1-406	AMERICAN ENTERPRISES, INC. 3	PT SEC 21 1/2N. 3/4E.	144,710	24,731	5,312	1,200	NO	1/28/04	2/22/04	94-018432
1-407	CACTUS WEST PARTNERS	PT SEC 28 1/2N. 3/4E.	31,904	6,204	16,704	1,200	NO	10/14/97	1/07/98	88-000281
1-408	RTSCORP, INC.	PT SEC 28 1/2N. 3/4E.	22,240	13,240	8,640	1,200	NO	11/10/81	6/30/88	88-200195
1-409	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-410	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-411	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-412	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-413	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-414	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-415	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-416	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-417	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-418	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-419	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-420	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-421	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-422	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-423	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-424	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-425	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-426	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-427	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-428	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-429	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-430	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-431	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-432	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-433	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-434	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-435	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-436	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-437	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-438	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-439	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-440	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-441	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-442	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-443	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-444	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-445	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-446	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-447	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-448	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-449	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-450	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-451	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-452	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-453	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-454	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-455	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-456	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-457	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-458	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-459	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-460	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-461	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-462	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-463	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-464	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-465	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-466	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-467	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-468	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-469	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-470	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-471	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-472	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-473	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-474	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-475	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-476	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-477	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-478	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-479	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-480	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-481	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-482	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-483	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-484	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-485	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-486	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-487	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-488	ELLIS FAMILY TRUST	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-489	MARSHAN DEVELOPMENT CORP.	PT SEC 35 1/2N. 3/4E.	1,333,000	34,400	1,479,000	1,200	NO	6/14/97	10/1/97	87-000106
1-490	SECURITY NATIONAL TITLE SOCIETY OF	PT SEC 28 1/2N. 3/4E.	58,754	3,144	13,144	1,200	NO	11/30/87	6/30/88	88-200204
1-491	DAVID NEAVER, ET U	PT SEC 16 1/2N. 3/4E.	2,224	2,224	1,479,000	1,200	NO	3/3/88	5/12/88	88-229611
1-492	ATKINSON LAND HOLDINGS, LLC	PT SEC 21 1/2N. 3/4E.	1,161,421	4,100	1,161,421	1,200	NO	10/21/01	10/21/01	2001-000448
1-										

ALL ADAMS ARE IN COMPLY WITH THE NEW DISCOUNT NOTICE

© 1998, ADVANCED LIGHT PROJECT INC. ALP-00-1-701

PROJECT #COUNDED UNDER PROJECT NO. 650-8-701

③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ ⑩ ⑪ ⑫ ⑬ ⑭ ⑮ ⑯ ⑰ ⑱ ⑲ ⑳ ㉑ ㉒ ㉓ ㉔ ㉕ ㉖ ㉗ ㉘ ㉙ ㉚ ㉛ ㉜ ㉝ ㉞ ㉟ ㊱ ㊲ ㊳ ㊴ ㊵ ㊶ ㊷ ㊸ ㊹ ㊺ ㊻ ㊼ ㊽ ㊾ ㊿

⑦ AREA INCLUDES 29.65% OF EXIST R/W, BOTH STREET & ADJACENT TRAIL. SEE UTIL. DIST-CONFORM FOR TOTAL AREA.

ACCESS RIGHTS TO BE ACQUIRED

⑦ INCLUDES THIS SITE OF AREA NOT TO BE INCLUDED IN THE 5 YEAR MAINTENANCE AGREEMENT.

⑦ INCLUDES 12,000S OF AREA NOT TO BE INCLUDED IN

INFORM WAS AN ASSIGNED INTERVIEW: ONLY IN SECTION 50

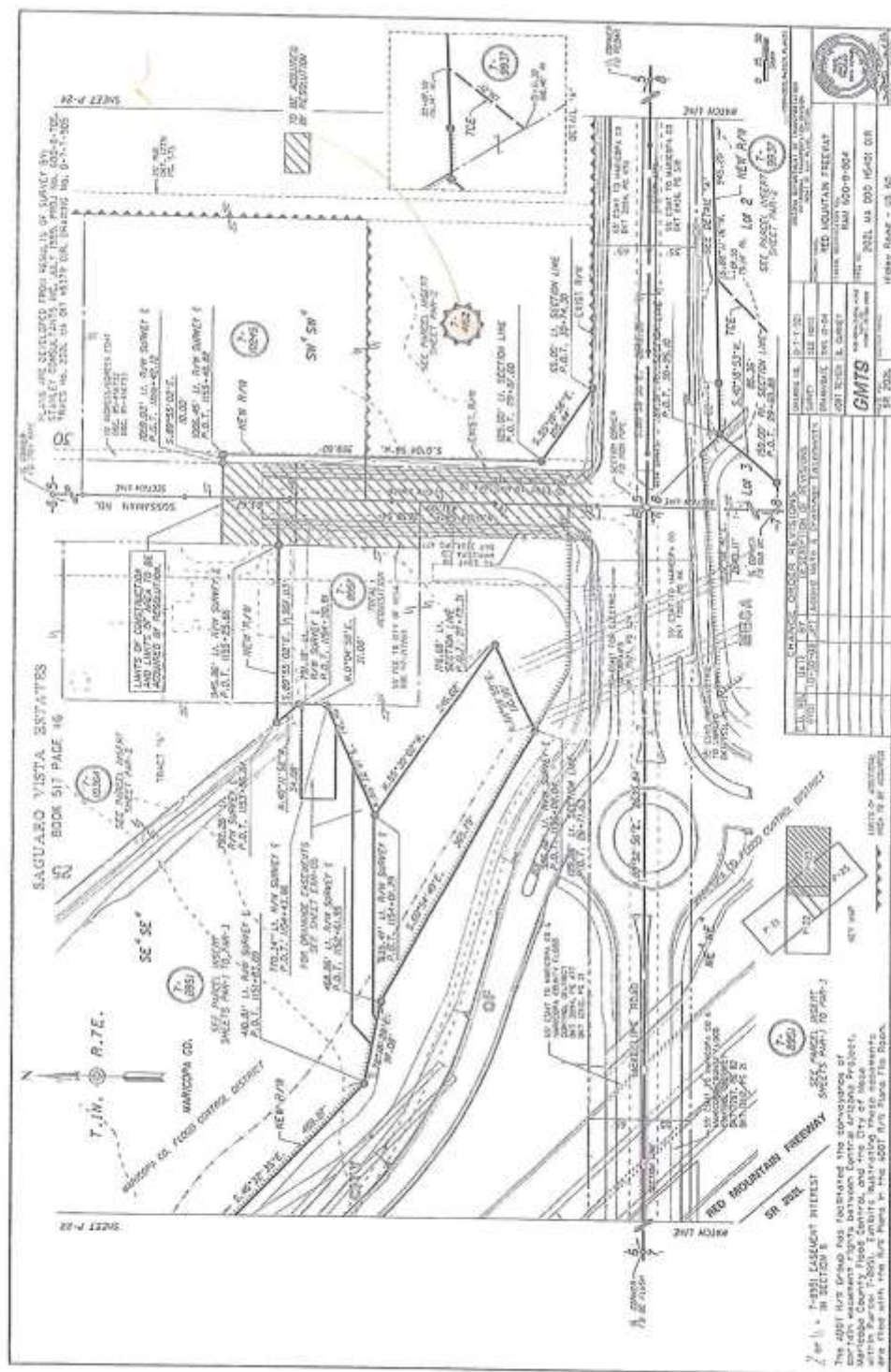
TOTAL 470 SECTION

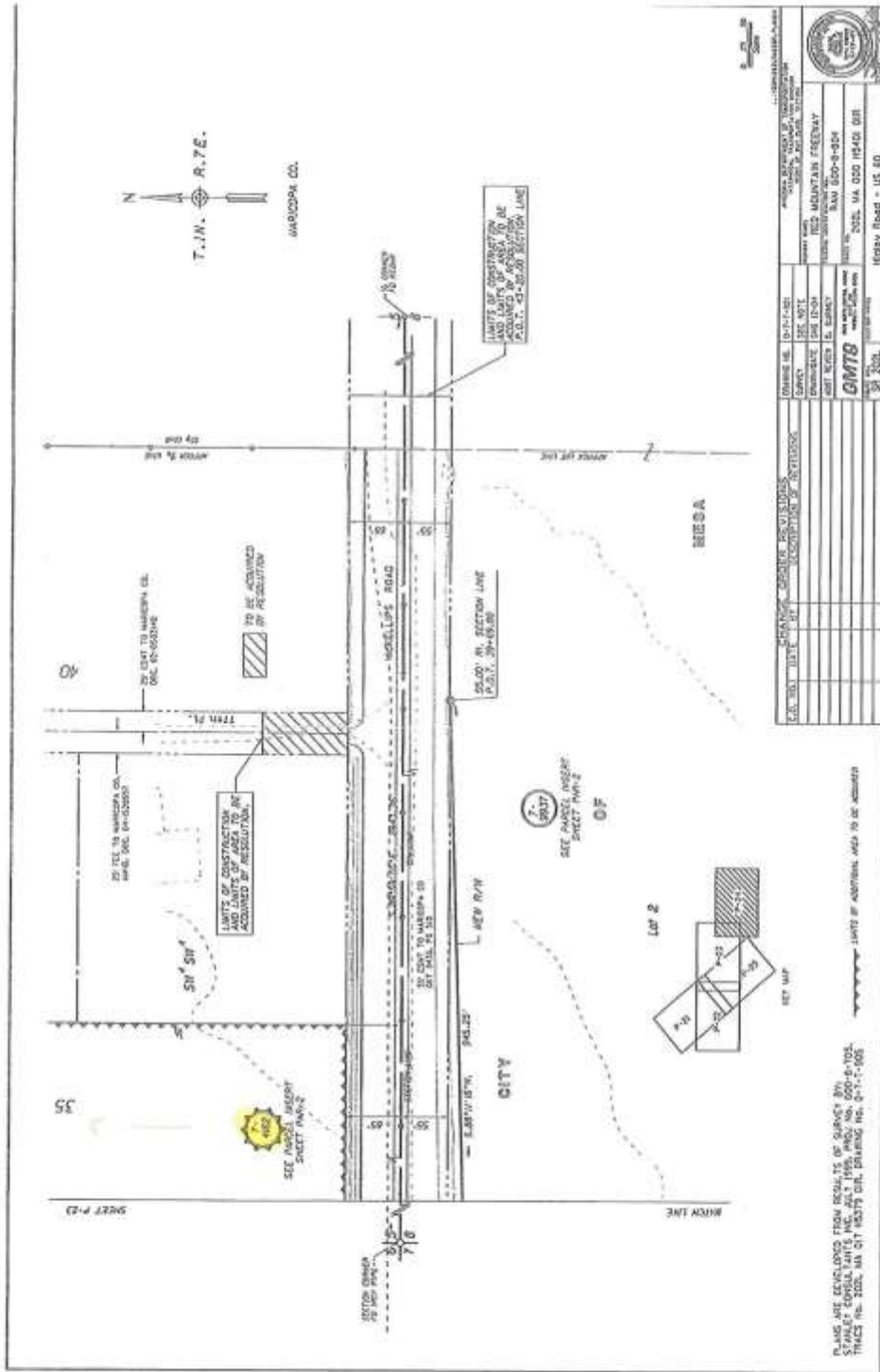
TOTAL ACQUISITION
 PARCEL ACQUIRED UNDER PROJECT NO. 600-9-604

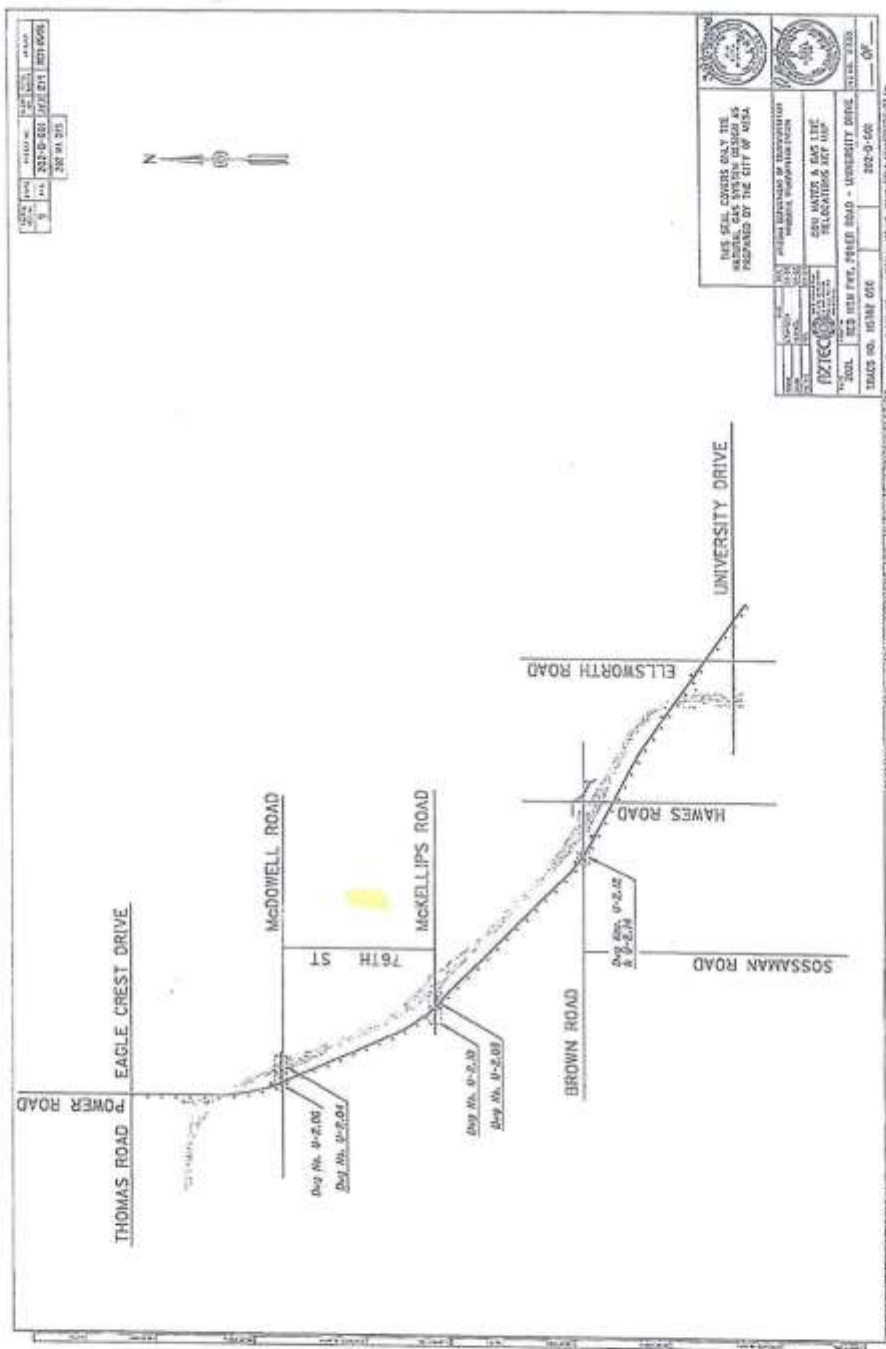
© 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 2679, 2680, 2681, 2682,

[illegible][illegible]

19. NET AREA INCLUDES 25,110 ACQUIRED ONE TO SEVENHOUR OF ACCESS. SEE SPILL: 33-117







DATE	10/10/10
BY	10/10/10
CHECKED BY	10/10/10
APPROVED BY	10/10/10

NOTES:

- THIS SHEET COVERS ONLY THE PORTION OF THE PROJECT AS SHOWN ON THE PLAN AND NOT THE ENTIRE PROJECT.
- ALL DIMENSIONS ARE IN FEET AND INCHES.
- ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.
- ALL DIMENSIONS ARE TO THE CENTERLINE OF THE ROAD.

PROJECT INFORMATION:

PROJECT NO. 101010

PROJECT NAME: UNIVERSITY DRIVE

PROJECT LOCATION: UNIVERSITY DRIVE

PROJECT DATE: 10/10/10

PROJECT STATUS: 10/10/10

EXHIBIT 5

Zoning

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

SECTION 601. R1-35 (Single-Family Residential Zoning District - 35,000 Square Feet Per Dwelling Unit)

ARTICLE 601.1. PURPOSE: The principal purpose of this zoning district is to conserve, protect, and encourage sustainable single-family residential development where minimum lots of not less than **35,000 square feet** in area are suitable and appropriate taking into consideration existing conditions, including present use of land, present lot sizes, future land use needs, and the availability of public utilities. Principal uses permitted in this zoning district include single-family dwellings, churches, schools, parks, playgrounds and other community facilities. ^{*25}

ARTICLE 601.2. USE REGULATIONS: A building or premises shall be used only for the following purposes:

1. **One single-family dwelling** per lot of record.^{*6}
2. Churches and houses of worship, including accessory columbaria provided that the building area of the columbarium shall not exceed **10%** of the total building area of the church building(s). ^{*9, *25}
3. Group homes for not more than **ten** persons, subject to the following performance criteria: ^{*13, *18,}
 - a. Dispersal: No such home shall be located on a lot with a property line within **1,320 feet**, measured in a straight line in any direction, of the lot line of another such group home.
 - b. If licensing is required by the State of Arizona for the use, proof of such licensure shall be available to the Department of Planning and Development prior to the use being established.
 - c. Residents shall not be adjudicated. ^{*42}
4. Schools, elementary and high. ^{*21, *26, *42}
5. Service to the public of water, gas, electricity, telephone and cable television. The foregoing shall be deemed to include without limitation, distribution, collector and feeder lines, pumping or booster stations along pipelines, and substations along electric transmission lines. (This does not include public utility treatment and generation plants.)^{*6, *26, *42}

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

6. Golf courses including clubhouses located thereon, but not including miniature courses or practice driving tees operated for commercial purposes.
7. Libraries, museums, parks, playgrounds, and community buildings, provided such uses are conducted on a nonprofit basis. *2
8. Home occupations, subject to the following: *11, *42, *44
 - a. The entrepreneur of a home occupation shall reside on the property in the dwelling in which the business operates.
 - b. The number of persons who are employed in connection with the occupants, but who are non-residents of the dwelling on the property in which the business operates, shall not exceed **three**.
 - c. The business shall be conducted entirely within a completely enclosed building, other than allowance for limited outdoor storage per item 'n' below. Physical business activity other than storage may occur within the area described per item 'n' below except that no mechanical equipment or power tools shall be operated out of doors, and in no instance shall any outdoor activity exceed the height of screening and not to exceed **eight (8) feet**.
 - d. The home occupation shall not interfere with the delivery of utilities or other services to the area.
 - e. The business shall not generate any noise (if the noise would be considered to have an adverse impact on the surrounding residential neighborhood per the Maricopa County Noise Ordinance), vibration, smoke, dust, odors, heat, glare, or electrical interference with radio or television transmission in the area that would exceed that normally produced by a dwelling unit in a zoning district used solely for residential purposes.
 - f. No mechanical equipment or power tools shall be used except that used for normal household purposes if the noise would be considered to have an adverse impact on the surrounding residential neighborhood per the Maricopa County Noise Ordinance.

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

- g. No toxic, explosive, flammable, radioactive, or other similar material shall be used, sold, or stored on the site.
- h. There shall be no change to the residential appearance of the premises, except that a separate business entrance shall be permitted. A maximum four (4) square foot sign shall be permitted, and the sign shall otherwise meet the requirements of Article 1402.2 of this Ordinance.
- i. Unless a passenger vehicle accessory to the residence or an employee, not more than **one vehicle** used in commerce shall be permitted in connection with the home occupation. Said vehicle shall be stored in an enclosed garage.
- j. The number of customers, clients, or students on the premises shall not exceed **five** at any time.
- k. No non-resident employees, customers, clients, or students shall be permitted on the premises for business purposes between the hours of **10:00 p.m. and 7:00 a.m.**
- l. Deliveries from commercial suppliers (vehicle weight greater than 10,000 lbs.), shall not restrict traffic circulation and shall occur between **8:00 a.m. and 5:00 p.m.**, Monday through Friday.
- m. If the home occupation requires that any non-resident employees, customers, clients, or students visit the property, a minimum of **one (1) parking space** shall be provided per Chapter 11, Section 1102 of this Ordinance. The maximum number of additional off-street parking spaces permitted shall be **six**.
- n. The outdoor storage of materials shall be limited to a maximum of **25%** of the total lot area and shall not be located within any required front or street side yard. Any outdoor storage shall be completely fenced with a solid masonry wall or wood fence to obstruct the view to a height equal to the elevation of the tallest materials to be stored with a maximum height of stored materials of **eight feet**.
- o. All outdoor lighting shall be shielded so as not to direct or reflect light upon adjoining land, shall not be constructed

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

within **20 feet** of any adjoining property under other ownership, and shall not exceed **20 feet** in height.

- p. A Home Occupation Conditional Use Permit issued to **one** person shall not be transferable to any other person, is not attached to the land; and is not transferable from one place of residence to another.
 - q. The home occupation shall not begin operation without an approved Conditional Use Permit per Section 1303 of this Ordinance. However, if these conditions cannot be met, a Special Use Permit per Section 1301 of this Ordinance shall be required.
9. Fences or freestanding walls per Article 1111.5 of this Ordinance. ^{*5, *6, *8, *35, *37}
10. Accessory dwelling unit (ADU)/guest house. ^{*24, *32, *36}
- a. Only one ADU/guest house shall be permitted where at least one, but no more than one, single-family residence exists on the property. ^{*24}
 - b. An ADU/guest house may not be rented or leased separate from the primary structure. ^{*24}
 - c. An ADU/guest house shall not have a separate address or mailbox from the principal dwelling. ^{*24}
11. Accessory buildings and uses customarily incidental to the above uses, including: ^{*30}
- a. The keeping of a farm animals limited to the following: ^{*39}
 - 1. Up to **five (5)** chicken hens.
 - 2. Corrals for the keeping of horses, provided such corrals are located in the rear yard, set back from all lot lines a distance of not less than **40 feet** and contain at least **1,200 square feet** of area for each horse kept therein. The keeping of horses on properties located in residential zoning districts in other than permitted corral areas is prohibited.

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

- b. Private swimming pool along with incidental installations, such as pumps and filters, provided the following standards, and those in the current County Building Code, are met and maintained.^{*23}
 - 1. Such pool and incidental installations are located in other than the required front yard.
 - 2. Such pools are set back from all lot lines a distance of not less than **three feet**.
 - 3. All fish ponds and other contained bodies of water, either above or below ground level, with the container being **18 inches** or more in depth and wider than **eight feet** at any point measured on the long axis shall conform to the location and enclosure requirements for swimming pools as provided in the current County Building Code.^{*23, *42}
 - 4. Irrigation and storm water retention facilities and the water features in public parks and golf courses are exempt from the fencing requirements for swimming pools as provided in the current County Building Code.^{*23}
 - 5. It is the responsibility of the property owner to ensure that any pool enclosure fence and its appurtenances (e.g., gates, latching devices, locks, etc.) are maintained in safe and good working order. No person shall alter or remove any portion of a swimming pool enclosure except to repair, reconstruct or replace the enclosure in compliance with provisions of swimming pool barriers as provided in the current County Building Code.^{*6, *7, *9, *11, *12, *19 *23}
- c. Private tennis court or private outdoor recreational structures, provided that such court or structure is not constructed within **20 feet** of any adjoining property under separate ownership, and provided that tennis court fences or walls or recreational structures shall not exceed **14 feet** in height.^{*3, *13, *43}
- d. Servant's quarters with kitchen facilities provided that the servant's quarters are integral to the primary dwelling unit and does not exceed **35%** of its area.^{**13}

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

- e. Accessory use lights provided that a permitted accessory use exists. The lights must be located on the property and shielded so as not to direct or reflect light upon adjoining land, shall not be constructed within **20 feet** of any adjoining property under other ownership, and shall not exceed **20 feet** in height.^{**13, *43}
 - f. Renewable energy systems as set forth in Section 1206 of this Ordinance. Where renewable energy systems involve the generation or storage of electricity, only grid-connected or off-grid systems are permitted.^{*25}
 - g. Amateur radio antennas and antenna structures.^{*42}
12. Emergency housing: Temporary shelter required due to a natural disaster or fire or other circumstances determined to constitute an emergency by the zoning inspector.^{**13, *17}
13. Model home sales complex, temporary real estate offices and temporary construction administrative offices/yard complex - as part of an approved, recorded subdivision provided that the following conditions are met: ^{*23, *40, *42}
- a. The uses are only associated with the developer/owner and subdivision or project in which they are located.^{*42}
 - b. Upon sale of the development, cessation of the need for the use (**95% buildout**), or cessation of the use, all structures, modifications to structures and uses related to the temporary facility shall be removed. Cessation of use shall be deemed to have occurred if there have been no active building permits for a one (1) year period of time.^{*40, *42}
 - c. Those uses of structures allowed shall meet all building code requirements.
 - d. All necessary permits must be issued prior to placement on the site.
 - e. Temporary flagpoles of up to 60 feet in height are allowed for model home sales complexes. These temporary flagpoles must be removed at the cessation of use as outlined above.^{*42}

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

- f. Signage shall follow the General Sign Regulations, Residential Identification, and development standards for Commercial On-Site Wall signs and Commercial On-Site Freestanding signs. No Electronic Message Displays are allowed.^{*40}
 - g. All items stored on site shall only be those required for the construction on site.
 - h. The allowed uses may encroach into setback areas.
14. Home Daycare for up to **four (4)** children with the following stipulations:^{*28}
- a. A land use permit from Maricopa County is required establishing the use of the residence as day-care.
 - b. The permit holder of the daycare shall reside in the dwelling unit in which the daycare operates.
 - c. The rear and/or side yard is enclosed and provides a minimum of 75 sq. ft. per each child occupying the outdoor activity area.
 - d. There shall be no signs, advertising or other indications of the daycare on the premises.
 - e. The total number of children under compensated care shall not exceed four (4) at any one time.
 - f. The residential address of the business shall not be listed in any business directory or in any advertising.
 - g. There shall be no change to the residential appearance of the premises, including the creation of separate or exclusive business entrance(s).
 - h. No pick-up or drop off of children shall be permitted on the premises between the hours of 10:00 p.m. and 6:00 a.m.
15. Gardens and community gardens as defined in Chapter 2.^{*38}
16. Offices for homeowners associations (HOA) and other HOA related uses such recreation centers and ancillary uses, maintenance facilities, storage facilities, horse stables and other facilities for the benefit of subdivision / master-planned community residents.^{*42}

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

ARTICLE 601.3. HEIGHT REGULATIONS: The height of buildings shall not exceed **30 feet.**^{*29}

ARTICLE 601.4. YARD REGULATIONS: The required yards are as follows:

1. **Front Yard:**
 - a. There shall be a front yard having a depth of not less than **40 feet.**
 - b. For through lots, a front yard shall be provided along both front lot lines.
 - c. Yards along each street side of corner lots shall have a width equal to not less than **half** the depth of the required front yard. Yards along each street side of corner lots shall otherwise conform with regulations applicable to front yards.
2. **Side Yard:** There shall be a side yard on each side of a building having a width of not less than **20 feet.**
3. **Rear Yard:** There shall be a rear yard having a depth of not less than **40 feet.**

ARTICLE 601.5. INTENSITY OF USE REGULATIONS: The intensity of use regulations are as follows:^{*31}

1. **Lot Area:** Each lot shall have a minimum lot area of **35,000 square feet.**
2. **Lot Width:** Each lot shall have a minimum width of **145 feet.**^{*1}
3. **Lot Area Per Dwelling Unit:** The minimum lot area per dwelling unit shall be **35,000 square feet.**
4. **Lot Coverage:** The maximum lot coverage shall be **30%** of the lot area.^{*41}

ARTICLE 601.6. PARKING REGULATIONS: The parking regulations are as provided in Chapter 11, Section 1102.^{*25}

ARTICLE 601.7. SIGN REGULATIONS: The sign regulations are as provided in Chapter 14, Section 1402.^{*25}

MARICOPA COUNTY ZONING ORDINANCE

Chapter 6 – Single Family Residential Zoning Districts

Date of Revisions					
* 1	Revised 10-13-70	*18	Effective 5-16-98	*33	Effective 1-11-12 – TA2010012
* 2	Revised 1-24-72	*19	Effective 8-6-99	*34	Effective 1-11-12 – TA2007018
* 3	Added 4-7-75	*20	Effective 11-19-99	*35	Effective 8-22-12 – TA2012009
* 4	Revised 1-3-77	*21	Effective 11-19-99	*36	Effective 01-19-07 – TA2003002
*5	Revised 6-6-77	*22	Deleted 11-19-99	*37	Effective 9-18-10 – TA2010001
*6	Revised 11-8-82	*23	Effective 07-7-06 – TA2003005	*38	Effective 7-17-13 – TA2012011
*7	Revised 8-15-83	*24	Effective 11-14-08 – TA2008005	*39	Effective 7-17-13 – TA2012012
*8	Revised 4-1-85	*25	Effective 11-19-10 – TA20090014	*40	Effective 12-12-12– TA2012024
*9	Revised 4-10-89	*26	Effective 11-3-10 – TA2010013	*41	Effective 10-8-14– TA2014002
*11	Revised 9-12-90	*27	Effective 12-28-10 – TA2010017	*40	Effective 12-12-12– TA2012024
*12	Revised 7-5-91	*28	Effective 2-11-11 – TA2010014	*41	Approved 10-8-14 TA2014002
*13	Revised 2-20-94	*29	Effective 3-16-11 – TA2010022	*42	Approved 10-8-14 TA2014006
**13	Added 2-20-94	*30	Effective 9-30-11 – TA2011001	*43	Approved 5-4-16 TA2015004
*14	Added 7-23-94	*31	Effective 10-19-11 – TA2011013	*44	Effective 5-26-17 TA2016007
*17	Revised 6-5-96	*32	Effective 10-19-11 – TA2011014		

EXHIBIT 6

USPAP Reporting Options

USPAP Reporting Options

The 2016-2017 edition of USPAP requires that all written appraisal reports be prepared under one of the following options: Appraisal Report or Restricted Appraisal Report.

An Appraisal Report summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. The requirements for an Appraisal Report are set forth in Standards Rule 2-2 (a) of US PAP.

A Restricted Appraisal Report states the appraisal methods employed and the conclusions reached but is not required to include the data and reasoning that supports the analyses, opinions, and conclusions. Because the supporting information may not be included, the use of the report is restricted to the client, and further, the appraiser must maintain a work file that contains sufficient information for the appraiser to produce an Appraisal Report if required. The requirements for a Restricted Appraisal Report are set forth in Standards Rule 2-2 (b).

■ Reporting Formats under the Appraisal Report Option

USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal. Accordingly, ■■■■■ has established internal standards for three alternative reporting formats that differ in depth and detail yet comply with the USPAP requirements for an Appraisal Report. The three ■■■■■ formats are:

- Appraisal Report - Comprehensive Format
- Appraisal Report- Standard Format
- Appraisal Report - Concise Summary Format

An Appraisal Report - Comprehensive Format has the greatest depth and detail of the three report types. It describes and explains the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. This format meets or exceeds the former Self-Contained Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

An Appraisal Report - Standard Format has a moderate level of detail. It summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions. This format meets or exceeds the former Summary Appraisal Report requirements that were contained in the 2012-2013 edition of USPAP.

An Appraisal Report - Concise Summary Format has less depth and detail than the Appraisal Report - Standard Format. It briefly summarizes the data, reasoning, and analyses used in the appraisal process while additional supporting documentation is retained in the work file. This format meets the minimum requirements of the former Summary Appraisal Report that were contained in the 2012-2013 edition of USPAP.

On occasion, clients will request, and ■■■■■ will agree to provide, a report that is labeled a Self-Contained Appraisal Report. Other than the label, there is no difference between a Self-Contained Appraisal Report and an Appraisal Report - Comprehensive Format. Both types of reports meet or

exceed the former Self-Contained Appraisal Report requirements set forth in the 2012-2013 edition of USPAP.

■ Reporting Format under Restricted Appraisal Report Option

■ provides a Restricted Appraisal Report format under the USPAP Restricted Appraisal Report option. This format meets the requirements of the former Restricted Use Appraisal Report that were contained in the 2012-2013 edition of USPAP.

EXHIBIT 7

Contingent and Limiting Conditions

CONTINGENT AND LIMITING CONDITIONS

1. LIMITS OF LIABILITY: The liability of [REDACTED] and/or Independent Contractor(s) is limited to the client only and to the fee actually received by them. 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 to be 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 offering or stock offerings in real estate, the 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, the client will hold the appraiser completely harmless in any such action.

2. COPIES, PUBLICATION, DISTRIBUTION, USE OF REPORT: Possession of this report or any copy thereof does not carry with it the right of publication. It is a privileged communication. It may not be used for 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.

All valuations in the report are applicable only under the stated program of Highest and Best Use and are not necessarily applicable under other programs of use. The valuation of a component part of the property is applicable only as a part of the whole property. The distribution of the total valuation in this report between land and improvements applies only under the existing or proposed program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

The Bylaws and Regulations of the Appraisal Institute requires each Member and Candidate to control the use and distribution of each appraisal report signed by such Member or Candidate; except as here-in-after provided, the client may distribute copies of this appraisal report in its entirety to such third parties as he may select; however, selected portions of this appraisal report shall not be given to third parties without the prior written consent of the signatories of the report. Neither all nor any part of this appraisal report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of the appraiser(s), particularly as to valuation conclusions, the identity of the appraiser(s), the firm, or any reference to the Appraisal Institute, the M.A.I., or SRA designations. (See last item in following list for client agreement/consent).

3. CONFIDENTIALITY AND TRADE SECRETS: This appraisal is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as 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 item in the report shall be made by anyone other than the appraiser. The appraiser and firm shall have no responsibility if any such unauthorized change is made. The appraiser may not divulge the material (evaluation) contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

This appraisal was prepared by [REDACTED] and/or related independent contractor(s) and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4). Notify the appraiser(s) signing this report, [REDACTED] of any request to reproduce this appraisal in whole or in part.

4. INDEPENDENT CONTRACTORS: Be advised that the people associated with [REDACTED] are independent contractors.

5. INFORMATION AND DATA: 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 source thought reliable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds or property.

6. TESTIMONY, CONSULTATION, COMPLETION OF INVOICE FOR APPRAISAL SERVICES: When the invoice for appraisal, consultation or analytical service is fulfilled, the total fee is payable upon completion. The appraiser(s) or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the appraisal (unless arrangements have previously been made). Any post appraisal consultation with the client or third parties will be at an additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges regardless of issuing party.

7. STATEMENT OF POLICY: The following statement represents official policy of Appraisal Institute with respect to neighborhood analysis and the appraisal of residential real estate:

- a. It is improper to base a conclusion or opinion of value upon the premise that the racial, ethnic or religious homogeneity of the inhabitants of an area or of a property is necessary for maximum value.
- b. Racial, religious and ethnic factors are deemed unreliable predictors of value trends or price variance.
- c. It is improper to base a conclusion or opinion of value, or a conclusion with respect to neighborhood trends, upon stereotyped or biased presumptions relating to race, color, religion, sex or national origin or upon unsupported presumptions relating to the effective age or remaining life of the property or the life expectancy of the neighborhood in which it is located.

8. MANAGEMENT OF THE PROPERTY: The appraiser has no control over management; however, the appraiser considers the management of this investment of prime importance. Reasonable and prudent (not exceptional) management practices and expertise is assumed (anticipated) in the appraisal.

Should the present/prospective owner be unable and/or unwilling to take those actions required by reasonable and prudent management practices (see appraiser's observations at time of inspection following the purpose of appraisal) to meet financial goals and/or reasonable expectations, we recommend a careful reconsideration of the investment risk.

9. APPRAISAL IS NOT A LEGAL OPINION: No responsibility is assumed for matters of legal nature affecting title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimated is given without regard to any questions of title, boundaries, encumbrances, or encroachments.

It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report. It is assumed that all applicable zoning and use of regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report.

It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

If the Appraiser has not been supplied with a termite inspection, survey or occupancy permit(s), 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.

It is assumed that adequate municipal services including disposal are available and will continue to be.

Virtually all land in Arizona is affected by pending or potential litigation by Indian Tribes claiming superior water rights for their reservations. The amounts claimed and the effects on other water users are largely undetermined; but the claims could result in some curtailment of water usage or ground water pumping on private land. The State's New Ground Water 99Management Act may also restrict future ground water pumping in various parts of Arizona. Given this uncertainty, neither the appraiser(s) nor any of his representatives can make warranties concerning rights to or adequacy of the water supply with respect to the property being appraised, although, the sale of premises include such water rights as are appurtenant thereto.

10. FEDERAL AND STATE REGULATIONS: Further, the value reported is based upon cash, or its equivalent, and was drafted to adhere to the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation and in accordance with appraisal standard required by Title XI of Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA) and the Office of the Comptroller of the Currency (OCC).

Under federal mandate, state licensing and/or certification of appraiser is required on or before August 1, 1991. Permission is hereby granted by the client for the appraiser to furnish the appropriate governmental authority or their authorized designated representative(s) any and all materials requested for oversight review.

11. CHANGES, MODIFICATIONS, FEE: The appraiser(s) reserves the right to alter statements, analysis, conclusion or value estimate contained in the appraisal if a fact(s) pertinent to the appraisal process unknown prior to the completion of the appraisal is/are discovered.

The fee for this appraisal or study is for the service rendered and not for the time spent on the physical report or the physical report itself.

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.

The writing of this report to meet the requirements of the Competitive Equality Banking Act of 1987 ("CEBA") and in adherence with the standards and practices of the Appraisal Institute, plus the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) by the Appraisal Foundation involves an interpretation of the phrase "totally self-contained".

Because no report regardless of length or the extent of documentation is "totally self-contained", the appraiser has tried to furnish sufficient documentation, analysis and detail to meet a "reasonableness criteria". Should the client reviewing this report require additional information, analysis, documentation, etc., it will be supplied in an expeditious manner at no charge to the client, following receipt of a written critique (within 2 months of the date of this letter), in the form of a new report.

12. APPRAISAL IS NOT A SURVEY: It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.

The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or when not supplied, as derived by the appraiser. The appraiser(s) assume no responsibility for such a survey, or for encroachments or overlapping that might be revealed thereby.

The sketches and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Photos, if any, are included for the same purpose. Site plans are not surveys unless shown from a separate surveyor.

13. APPRAISAL IS NOT AN ENGINEERING REPORT: This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraiser is not construction, engineering, or legal experts, and any opinion given on these matters in this report should be considered preliminary in nature.

The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating and/or cooling system, plumbing, insulation, electrical service, and all mechanical and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating and/or cooling systems and no attempt was made to inspect the interior of the heating and/or cooling equipment. The structures were not checked for building code violations and it is assumed that all buildings meet the building codes unless so stated in the report.

Items such as conditions behind walls, above ceiling, behind locked doors, or under the ground are not exposed to casual view and, therefore, were not inspected. The existence of insulation (if any is mentioned) was found by conversation with others and/or circumstantial evidence.

Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or the engineering which may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and/or energy related) were not considered in making this appraisal.

Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air-conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we strongly suggest that a construction expert be hired for a detailed investigation. Although a walk-through inspection has been performed, an appraiser is not an expert in the field of building inspection and/or engineering. An expert in the field of engineering/seismic hazards detection should be consulted if an analysis of seismic safety and seismic structural integrity is desired.

The appraiser is not a seismologist. The appraisal should not be relied upon as to whether a seismic problem exists, or does not actually exist on the property. The appraisers assume no responsibility for the possible effect on the subject property of seismic activity and/or earthquakes.

14. PROPOSED IMPROVEMENT, CONDITIONED VALUE: Improvements proposed, if any, on or off-site, as well as any repairs required are considered, for purposes of this appraisal, to be completed in a 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 the property after construction is completed. This estimate of value is as of the date shown, as proposed, as if completed and operating at levels shown and projected unless otherwise set forth.

15. INSULATION AND TOXIC MATERIALS: The existence of potentially hazardous materials used in the construction or maintenance of the structure, such as urea formaldehyde foam insulation, and/or the existence of toxic waste on or in the ground, which may or may not be present has not been considered (unless otherwise set forth). The appraiser(s) is not qualified to detect such substances. The client should retain an expert in this field. If such is present, the value of the property may be adversely affected; therefore, if a toxic waste and/or contaminant is detected, the value indicated in this report is Null and Void. A re-appraisal at an additional cost may be necessary to estimate the effects of hazardous materials.

16. AUXILIARY AND RELATED STUDIES: No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an invoice for services or in the report.

17. APPRAISAL IS MADE UNDER CONDITIONS OF UNCERTAINTY: Information (including projections of income and expenses) provided by informed local sources, such as government agencies, financial institutions, Realtors, buyers, sellers, property owners, bookkeepers, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparable sales were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Engineering analyses of the subject property were neither provided or used nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. Since the projected mathematical models are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light and/or becomes known, the value given in this report is subject to change without notice.

18. AMERICANS WITH DISABILITIES ACT: The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraiser(s) have not made an analysis of this property to determine whether or not it is in conformity with the ADA requirements. It is possible that a compliance survey of the property, together with a detailed analysis of the ADA requirements could reveal that the property is not in compliance for one or all requirements. If so, this fact could have a negative effect upon the value of the property. The appraiser(s) have no direct evidence relating to this issue and did not consider possible non-compliance with the requirement of the ADA in estimating the value of the property.

19. ACCEPTANCE OF, AND/OR USE OF, THIS APPRAISAL REPORT BY CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE FOREGOING CONDITIONS. APPRAISER(S) LIABILITY EXTENDS ONLY TO STATED CLIENT, NOT SUBSEQUENT PARTIES OR USERS AND IS LIMITED TO THE AMOUNT OF THE FEE RECEIVED BY THE APPRAISER(S).