

APPRAISAL COVER SHEET

TYPE OF REPORT: Appraisal for Market Value

ADOT PARCEL NOS.: L-C-038A, -038B, -038C, -038D, -038E & -038F

ASSESSOR PARCEL NOS 300-05-662, 663, 664, 697, 704, 705

OWNER NAME: State of Arizona, by and through its Department of Transportation

NAME & LOCATION OF PROPERTIES: Lots 18, 19, 20, 53, 60 and 61, Foothills 80, (aka Calabrea), a Planned Residential Development. The physical property addresses are 3045, 3049, 3053, 3205 and 3209 West Redwood Lane, and 16913 South 32nd Lane, Phoenix, Arizona 85045.

PROJECT #: Current - M6972 01X
Original - 202L MA 056 H8827 01R

HIGHWAY: South Mountain Freeway - 202

SECTION: 17th Avenue – 51st Avenue Segment

DATE OF APPRAISAL REPORT: October 30, 2023

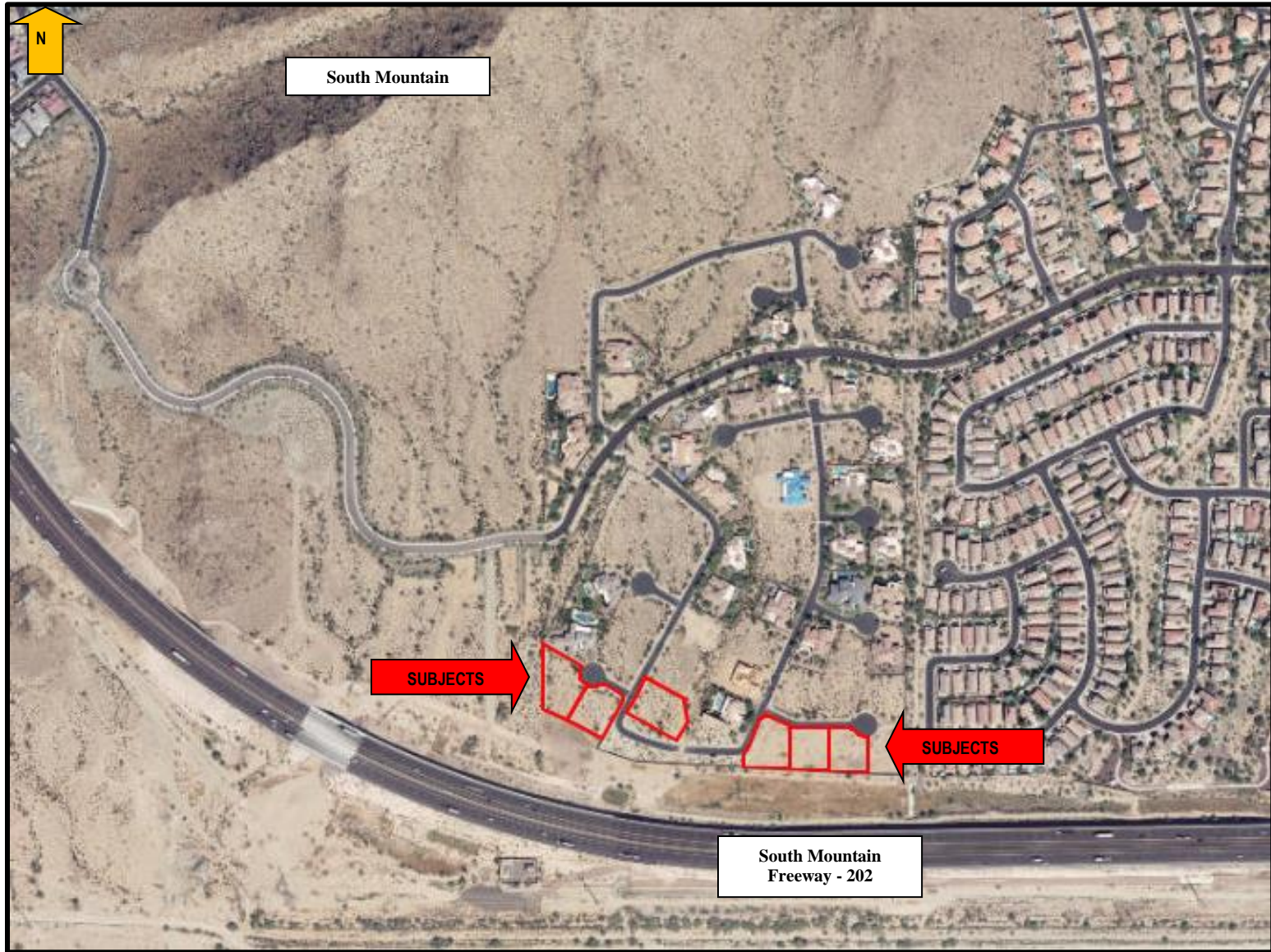
EFFECTIVE DATE OF VALUE: October 24, 2023

APPRAISER: Steven R. Cole, MAI, SRA
Certified General Real Estate Appraiser #30130

AERIAL MAP – PROPERTIES APPRAISED



AERIAL OF SUBJECT LOTS RELATIVE TO SR-202 AND SOUTH MOUNTAIN





P.O. Box 16156
TUCSON, ARIZONA 85732
(520) 327-0000
FAX (520) 327-3974

October 30, 2023

Mr. Timothy F. O'Connell, Jr.
R/W Project Management Section
Arizona Department of Transportation
205 South 17th Avenue, Mail Drop #612E
Phoenix, Arizona 85007

RE: Appraisal of ADOT Parcels L-C-038A, -038B, -038C, -038D, -038E and -038F. The six subject parcels represent vacant custom home lots within the Calabrea residential subdivision located in the Ahwatukee Foothills of south Phoenix.

Dear Mr. O'Connell:

At your request, I have provided my market value opinions for the six subject parcels referenced above. The subject properties are shovel-ready custom home lots in a gated community.

The lots are situated within the Calabrea residential subdivision at 3045, 3049, 3053, 3205 and 3209 West Redwood Lane, and 16913 South 32nd Lane, Phoenix, Arizona 85045. To the best of my knowledge, the subject lots are legally conforming uses although, the lots have less than the minimum lot size of 35,000 square feet. The following image shows the subject addresses and their corresponding parcel numbers, lot numbers, and lot sizes.

ADOT Parcel No.	Address	Assessor Parcel No.	Lot #	Lot Area (Sq. Ft.)
L-C-038F	3045 W. Redwood Lane	300-05-662	18	19,848
L-C-038E	3049 W. Redwood Lane	300-05-663	19	20,830
L-C-038D	3053 W. Redwood Lane	300-05-664	20	23,113
L-C-038C	16913 S. 32nd Lane	300-05-697	53	26,971
L-C-038B	3205 W. Redwood Lane	300-05-704	60	23,227
L-C-038A	3209 W. Redwood Lane	300-05-705	61	28,259

The Uniform Standards of Professional Appraisal Practice requires that I report prior involvement with regards to the subject properties. I previously appraised all six subject properties. The Date of Value for the previous report is August 26, 2022. The previous file number is: 22-212-L. My current opinion of value is substantially less than it was in that report. The three main factors which influenced this reduced value opinion are described as follow:

1 – Higher interest rates

The 30-year fixed rate mortgage average in the United States has increased from 5.55% on August 25, 2022, to 7.63% on October 19, 2023. This is a 37.5% increase in the interest rate in only 13 months. This equals a 24% increase in the monthly payment. This increase has caused a slowdown in real estate activity. I will explain this in more detail in the Market Analysis section of this appraisal report.

2 – Reductions in single-family home permits and reduced finished-lot purchases.

According to the Land Advisor's Quarter 2 Market Report for 2023, the number of single-family permits issued in Phoenix has decreased by approximately 42% since 2021. Additionally, the amount of finished lot purchases by homebuilders in Phoenix has decreased dramatically by approximately 75% over the same period. Those two reductions are a result of higher interest rates and construction costs. I direct your attention to the Market Analysis section for a continued discussion on this topic.

3 – Inadequate exposure to the open market.

The subject properties have been marketed in the following ways over the past seven months;

- Physical signage which cannot be seen by the general public due to restricted entry to the subdivision by a gate code.
- Listing on the ADOT website where these lots are the only luxury custom-home lots available.
- Listings on predominantly commercial websites like CoStar and Loopnet.

RECOMMENDATION:

The subject lots suffer from a lack of exposure because they are located in a gated community. The only method by which a potential buyer will learn of the availability of subject lots under the current marketing program is to search the ADOT website or the previously mentioned commercial real estate sales platforms. **I recommend that for selling residential lots in gated subdivisions, ADOT use the Multiple Listing Service, MLS, and offer a commission to a buyer's broker.**

According to Bright MLS, properties sold on the MLS sell for approximately 17% higher on average compared to off-market sales.¹ Even if a 3% commission to a buyer's broker is paid, ADOT would benefit. Using MLS would likely increase exposure, decrease marketing times, and increase net sale prices for ADOT. As later explained in the appraisal, we believe the net increase in market value for the subject lots if marketed through MLS is 10%. This is because we don't fully believe the 17% price premium, and because the subject properties enjoy some limited marketing.

The Arizona Regional Multiple Listing Service (ARMLS) is the most prominent platform used for single-lot residential land marketing in the Phoenix area. However, the subject properties are not marketed on this MLS. As of October 19, 2023, there were over 1,350 active listings of residential lots in the Greater Phoenix area on ARMLS.

¹ On-Off MLS Study – Bright MLS – Dr. Elliot Eisenberg PhD. - https://assets.ctfassets.net/1g8q1frp41ix/69PEVCSSUVfYRCqrSpKKEd/35da1493a4976e721947ccbbe4c44d8/Bright_MLS_On-Off_MLS_Study.pdf

The subject properties have not been listed on the most typical platforms for residential land marketing. **For this appraisal, I assume that the current marketing plan will continue. It will be the basis for my estimate of market value. I direct your attention to the Sales Analysis section for more discussion of the impact this marketing plan has on my opinion of value.**

The purpose of this appraisal is to provide the market value opinions for the six subject parcels as of October 24, 2023. Pursuant to Arizona Revised Statute 28-7091, market value is defined as follows:

"... 'Market Value' means 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 of the uses and purposes to which it was adapted and for which it was capable."

The intended users of the appraisal include the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading. The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the disposition of the properties identified herein.

The subject properties will be valued on an individual basis and not a bulk value. The estimated market values in this appraisal cannot be added together into a bulk value. If all of the parcels were to sell to one buyer, an additional discount is believed appropriate. The current edition of USPAP states

"When analyzing the assemblage of the various estates or component parts of a property, an appraiser must analyze the effect on value, if any, of the assemblage. An appraiser must refrain from valuing the whole solely by adding together the individual values of the various estates or component parts." Page 19, USPAP 2020-2021 ext. 2023.

Excluding the subject properties, there are ten vacant lots listed for sale in Calabrea. These lots range in listing price from \$295,000 to \$564,500 dollars. The lots which are the subject of this appraisal are all located at the south end of the subdivision. Their views are impacted by the sound wall built for SR 202. Additionally, the subject lots have inferior views of South Mountain compared to most of the other lots in this subdivision.

There was recently a recorded sale of Calabrea Lot 17, adjacent to the east of the subject properties. It initially appeared to be the only recent sale in Calabrea which would have a backyard facing the SR-202 sound wall. However, this was a non-arms-length release of the property to the prior owner. I direct your attention to Page 69 for a more in depth explanation of this transaction.

During my research, I consulted the advice of three real estate professionals who have sold properties within Calabrea, two of which are also residents of the neighborhood. Sharon Cochranhs, Nicholas Kibby, and Jill DeBord all provided opinions that direct views of, and closer proximity to, the SR-202 sound wall negatively impact the value of lots within the

neighborhood. Ms. Cochranh additionally stated that she believes the wall built by ADOT needs to be extended another ~1,000 feet to properly deter the vehicle noise and the view of traffic. Without this extension, Mrs. Cochranh believes that the lots on the southwest side of Calabrea will be difficult to sell. She indicated that the problem was so substantial that the homeowner's association has considered contributing reserve funds to the project.

This appraisal report is intended to comply with the requirements set forth in: (1) the Arizona Department of Transportation Appraisal Standards and Specifications; and (2) the *Uniform Standards of Professional Appraisal Practice 2020-2021* (USPAP), promulgated by the Appraisal Standards Board of the Appraisal Foundation. These standards have been extended through 2023. The Sales Comparison Approach is utilized to support my market value opinions.

This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given, or relied on by any other person other than the client without the prior, expressed written permission of the authors, as set forth within the Assumptions and Limiting Conditions contained in this report.

Based upon the data, analyses, opinions, and conclusions contained in this report, my market value opinions for the six subject residential lots, as of October 24, 2023, are as follows:

ADOT Parcel L-C-038F: Market Value Opinion	\$205,000
ADOT Parcel L-C-038E: Market Value Opinion	\$205,000
ADOT Parcel L-C-038D: Market Value Opinion	\$215,000
ADOT Parcel L-C-038C: Market Value Opinion	\$220,000
ADOT Parcel L-C-038B: Market Value Opinion	\$210,000
ADOT Parcel L-C-038A: Market Value Opinion	\$210,000

LOT IDENTIFICATION, AREAS & ESTIMATED MARKET VALUE							
ADOT Parcel No.	Address	Assessor Parcel No.	Lot #	Lot Area (Sq. Ft.)	Lot Area (Acres)	Estimated Lot Market Value	Market Value Per SF Lot Area
L-C-038F	3045 W. Redwood Lane	300-05-662	18	19,848	0.46	\$205,000	\$10.33
L-C-038E	3049 W. Redwood Lane	300-05-663	19	20,830	0.48	\$205,000	\$9.84
L-C-038D	3053 W. Redwood Lane	300-05-664	20	23,113	0.53	\$215,000	\$9.30
L-C-038C	16913 S. 32nd Lane	300-05-697	53	26,971	0.62	\$220,000	\$8.16
L-C-038B	3205 W. Redwood Lane	300-05-704	60	23,227	0.53	\$210,000	\$9.04
L-C-038A	3209 W. Redwood Lane	300-05-705	61	28,259	0.65	\$210,000	\$7.43

An exposure time of 12 months or less is estimated for the sale of the subject lots. These reflect a lower than typical price for these custom homesites because of the impact of the sound wall and noise from the Loop 202.

Extraordinary Assumption:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

“An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. 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”.

This appraisal report is based on the following extraordinary assumptions:

- 1) *No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject lots.*
- 2) *No geological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known geological significance on the subject lots.*
- 3) *The lots were inspected by the appraisers. No evidence of environmental risks or hazardous conditions was observed. It is an extraordinary assumption of this appraisal that there are no known environmental risks or hazardous conditions on the subject lots.*
- 4) *This appraisal relies on the lot areas provided by the Maricopa County Assessor. It is an extraordinary assumption that the lot areas provided by the Assessor are accurate.*

Hypothetical Condition:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), hypothetical condition is defined as follows:

“A hypothetical condition is 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. 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.”²

There are no hypothetical conditions that apply to this appraisal.

The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.

I hereby certify that to the best of my knowledge and belief, all statements and opinions contained in this appraisal report are correct. This transmittal letter is not valid for any purpose unless accompanied by the appraisal referred to herein.

Respectfully submitted,

Southwest Appraisal Associates, Inc.

² *Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed., Appraisal Foundation*

By 
Steven R. Cole, MAI, SRA
Certified General Real
Estate Appraiser # 30130

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ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the Appraiser appearing in the report is subject to the following conditions, and to such other specific and limiting conditions as are set forth by the Appraiser in the report.

This report is being prepared for my client. This report or any portion thereof is for the exclusive use of the client and is not intended to be used, sold, transferred, given or relied on by any other person than the client without the prior, expressed written permission of the author, as set forth within the Limiting Conditions contained in this report.

The Appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the Appraiser render any opinion as to the title, which is assumed to be good and marketable. No Owner's Title Policy has been furnished to the Appraiser. The property is appraised as though under responsible ownership, competent management and adequate marketing typical for that type of property. The legal description, if provided to me, is assumed to be correct. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.

The Appraiser has made no survey of the property. Any sketch or map in the report may show approximate dimensions and is included for illustrative purposes only. It is the responsibility of a certified engineer, architect or registered surveyor to show by a site plan the exact location of the subject property or any improvements or any proposed improvements thereon, or the exact measurements or calculations of estimated area of the site. In the absence of such a survey, the Appraiser may have utilized Tax Assessor's maps or other maps which may not represent the exact measurements of the subject property or other comparable information utilized to determine the value of the subject property. Any variation in dimensions or calculations based thereon may alter the estimates of value contained within the report.

When possible, the appraiser has relied upon building measurements provided by the client, owner, or agents of these parties. In their absence, the appraiser has relied upon his own measurements of the subject improvements. However, there are some factors that may limit my ability to obtain accurate measurements. Professional building area measurements are beyond the scope of this appraisal assignment.

In estimating the opinion of value of the subject property and in analyzing comparable information, the Appraiser has relied upon information from public and private planning agencies as to the potential use of land or improved properties. This information may include, but is not limited to, Area Plans, Neighborhood Plans, Zoning Plans and Ordinances, Transportation Plans and the like. To the extent that these plans may change, the value opinions of this report may also change.

The dates of value to which the opinions expressed in this report apply are set forth in this report. The appraiser assumes no responsibility for the economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors. These forecasts are,

therefore, subject to changes with future conditions.

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraiser assumes no responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

The Appraiser is not required to give testimony or appear in court because of having made the appraisal with reference to the property in question unless prior arrangements have been made and confirmed in writing.

Any allocation of the valuation in the appraisal report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any appraisal and are invalid if so used.

The Appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, potential flooding hazards, hydrology or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or for engineering which might be required to discover such factors.

Unless otherwise stated within this report, the existence of hazardous materials, which may or may not be present within or on the property, will not be considered by the appraiser. The Appraiser assumes, and the client warrants, that no such materials adversely affect the utility, usability or development potential of the property to the best of their knowledge. The Appraiser is not qualified to detect such substances. The value opinion has been predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility will be assumed for any such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

The presence of barriers to the disabled, which may or may not be present within or on the subject property, will not be considered by me. I have not performed a compliance survey to determine if it is in conformance with the A.D.A (Americans with Disabilities Act). The Appraiser assumes, and the client warrants, that no such barriers adversely affect the utility, usability, or development potential of the property to the best of their knowledge. The Appraiser is not qualified to analyze such barriers. The value opinion has been predicated on the assumption that there are no such barriers on or in the property that would cause a loss in value. The client is urged to retain an expert in this field, if desired.

Information, estimates and opinions furnished to the Appraiser and contained in the report were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished to the Appraiser can be attributed to the Appraiser.

Disclosures of the contents of the report by the Appraiser are governed by the Bylaws and Regulations of the professional appraisal organizations with which the Appraiser is affiliated.

On all reports which are undertaken subject to satisfactory completion of, alterations of or repairs to improvements, the report and value conclusions contained in it are contingent upon completion of the improvements or of the repairs thereto or alterations thereof in a workmanlike manner and consistent with the specifications presented to the Appraiser.

Prospective value opinions are intended to reflect the current expectations and perceptions of market participants. They should not be judged on whether specific items in the forecasts are realized. The appraiser cannot be held responsible for unforeseeable events that alter market conditions after the effective date of the report. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is likely that some assumptions will not materialize and that unanticipated events may occur that will affect actual performance.

The appraiser has not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which is identified as an endangered or threatened species by the U.S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such plants and wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired.

Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraiser, professional designations, reference to any professional appraisal organization or the firm with which the appraiser are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval from Southwest Appraisal Associates' President.

This appraisal was prepared for the sole and exclusive use of the client. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Southwest Appraisal Associates. I claim no expertise in areas such as, legal description survey, structural, or environmental, engineering mechanical or electrical systems and the like. I assume such data is accurate and such systems functional unless otherwise noted in the appraisal.

This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.

This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.

This appraisal is not intended to be used in connection with a real estate syndicate or syndicates. A real estate syndicate is a general or limited partnership, joint venture, unincorporated association or other organization formed for the purpose of an investment from an interest in real property. It includes, but is not limited to a sale, exchange, trade or development of such real property. It may or may not be registered with the United States Securities and Exchange Commission or a state regulatory agency which regulates public offerings.

This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights, (mineral, gas, and oil), were not considered in this appraisal unless specifically stated to the contrary.

If any claim is filed against Southwest Appraisal Associates, its officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, only for direct compensatory damages, (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by Southwest Appraisal Associates to provide this report.

All disputes shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

The use of this report or its analysis and conclusions by the client or any other party constitutes acceptance of all the above limiting conditions.

EXTRAORDINARY ASSUMPTIONS/HYPOTHETICAL CONDITIONS

Extraordinary Assumption:

Pursuant to the Uniform Standards of Professional Appraisal Practice (USPAP), the definition of Extraordinary Assumption is as follows:

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This appraisal report is based on the following extraordinary assumptions:

- 1) *No archaeological survey was provided to the appraisers. It is an extraordinary assumption of this appraisal that there is no known archaeological significance on the subject lots.*
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-
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Hypothetical Condition:

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There are no hypothetical conditions that apply to this appraisal.

The use of these extraordinary assumptions and hypothetical conditions might have affected the assignment results.

³ *Uniform Standards of Professional Appraisal Practice, 2020-2021 Ed., Appraisal Foundation*

EXECUTIVE SUMMARY

General Location:	The six subject lots are situated within the Calabrea single-family residential subdivision located south of West Chandler Boulevard, west of South 17 th Avenue, and just north of the Loop 202 South Mountain Freeway in the Ahwatukee Foothills of south Phoenix, Maricopa County, Arizona.
Section, Township & Range:	Section 35, Township 1 South, Range 2 East, Gila and Salt River Base and Meridian, Maricopa County, Arizona
Assessor's Parcel Numbers:	300-05-662, -663, -664, -697, -704 and -705
Subdivision Lot Numbers:	18, 19, 20, 53, 60 and 61
Subject Sizes:	Lot 18, 19,848 square feet, (0.46 acres) Lot 19, 20,830 square feet, (0.48 acres) Lot 20, 23,113 square feet, (0.53 acres) Lot 53, 26,971 square feet, (0.62 acres) Lot 60, 23,227 square feet, (0.53 acres) Lot 61, 28,259 square feet, (0.65 acres)
Effective Date of Value:	October 24, 2023
Interest Appraised:	Fee Simple Estate
Intended Use of the Appraisal:	The intended user of the appraisal includes the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading.
Intended Use of the Appraisal:	The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the disposition of the properties identified herein.
Flood Insurance Zone:	The six subject lots are identified as being located in the Flood Zone X (shaded) per FIRM Map Panel No. 04013C2670L, dated October 16, 2013. Zone X (shaded), which is an area defined by FEMA as 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile.
Zoning:	RE-35, Single-Family Residence District per the City of Phoenix. The basic purpose of these regulations is to foster the creation of living areas which can assist the establishment of stable, functional neighborhoods. An established pattern of living in this metropolitan area reflects a tradition of single-family occupied dwellings which also emphasize outdoor living. Many of these dwellings are thereby located on relatively large urban or suburban lots. The regulations

provide standards for dwellings built at low and moderate densities. While the predominant housing type is expected to be single-family dwelling, provisions are made for alternative housing types within the same density limits.

Highest and Best Use: Custom single-family residences.

Market Value Opinions:
ADOT Parcel No. L-C-038F (Lot 18) - \$205,000
ADOT Parcel No. L-C-038E (Lot 19) - \$205,000
ADOT Parcel No. L-C-038D (Lot 20) - \$215,000
ADOT Parcel No. L-C-038C (Lot 53) - \$220,000
ADOT Parcel No. L-C-038B (Lot 60) - \$210,000
ADOT Parcel No. L-C-038A (Lot 61) - \$210,000

THE APPRAISAL PROCESS

An appraisal is an opinion based upon research, judgment, and an analysis of factors influencing real estate value. These factors consider the four major forces at work in the economy: physical, legal/political, social, and economic forces.

The sections comprising the first portion of the report include: Date, Function and Purpose of the Appraisal, Property Identification, Scope of Work, Regional and Neighborhood Analysis, Site Analysis, and Highest and Best Use. The highest and best use of the subjects is the basis upon which market value is determined.

The second portion of the report contains the approaches used to determine opinions of market value of the fee simple interest in the six subject parcels. The fee simple interest is the unencumbered interest in the property. The three traditional approaches to value are considered. However, since the six subject lots represent vacant land, the only applicable approach to value is the Sales Comparison Approach.

In the Sales Comparison Approach, recent sales of similar residential lots, known as "comparables," are analyzed and adjusted to the subjects. This approach best represents the actions of buyers and sellers in the market for this type of property. The degree of similarity between the comparables and the subjects determines the reliability of this approach.

PROPERTY IDENTIFICATION

The six subject lots are situated within the Calabrea residential subdivision at 3045, 3049, 3053, 3205 and 3209 West Redwood Lane, and 16913 South 32nd Lane, Phoenix, Arizona 85045. The subject parcels are further identified as Maricopa County Assessor Parcel No's.: 300-05-662 (ADOT Parcel L-C-038F, 3045 West Redwood Lane, Lot 18), 300-05-663 (ADOT Parcel L-C-038E, 3049 West Redwood Lane, Lot 19), 300-05-664 (ADOT Parcel L-C-038D, 3053 West Redwood Lane, Lot 20), 300-05-697 (ADOT Parcel L-C-038C, 16913 South 32nd Lane, Lot 53), 300-05-704 (ADOT Parcel L-C-038B, 3205 West Redwood Lane, Lot 60), and 300-05-705 (ADOT Parcel L-C-038A, 3209 West Redwood Lane, Lot 61). The following legal descriptions for the six subject lots were provided by ADOT in the Right of Way Disposal Reports as follows:

That portion of Lot 18, FOOTHILLS 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona. Located in Southwest quarter (SW ¼) of Section 35, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 4 of ADOT Drawing D-7-T-1016, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 17th Avenue – 51st Avenue Section, Project 202L MA 000 H5439 01R.

That portion of Lot 19, FOOTHILLS 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona. Located in Southwest quarter (SW ¼) of Section 35, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 4 of ADOT Drawing D-7-T-1016, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 17th Avenue – 51st Avenue Section, Project 202L MA 000 H5439 01R.

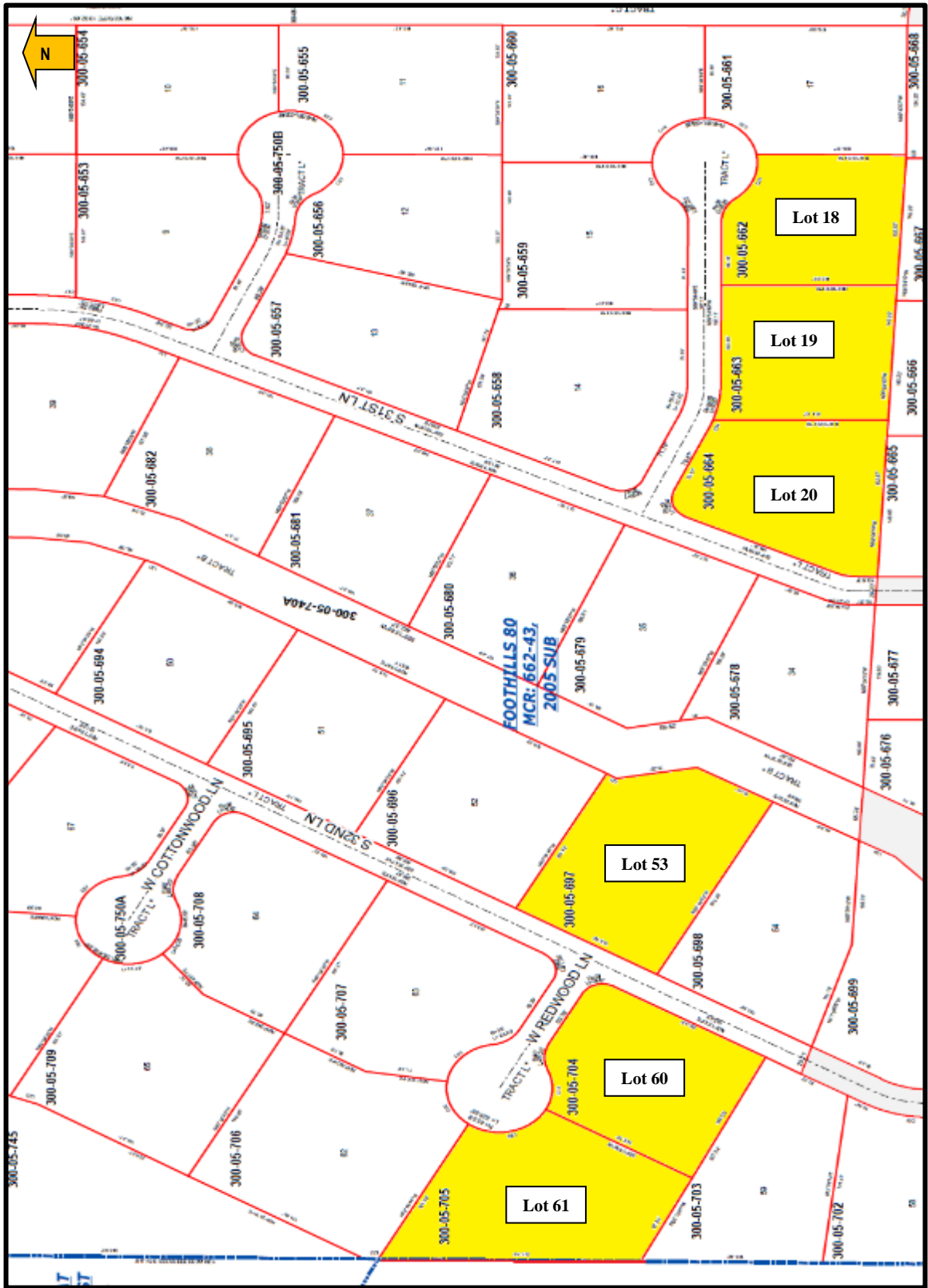
That portion of Lot 20, FOOTHILLS 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona. Located in Southwest quarter (SW ¼) of Section 35, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 4 of ADOT Drawing D-7-T-1016, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 17th Avenue – 51st Avenue Section, Project 202L MA 000 H5439 01R.

That portion of Lot 53, FOOTHILLS 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona. Located in Southwest quarter (SW ¼) of Section 35, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 4 of ADOT Drawing D-7-T-1016, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 17th Avenue – 51st Avenue Section, Project 202L MA 000 H5439 01R.

That portion of Lot 60, FOOTHILLS 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona. Located in Southwest quarter (SW ¼) of Section 35, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 4 of ADOT Drawing D-7-T-1016, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 17th Avenue – 51st Avenue Section, Project 202L MA 000 H5439 01R.

That portion of Lot 61, FOOTHILLS 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona. Located in Southwest quarter (SW ¼) of Section 35, Township 1 South, Range 2 East, Gila and Salt River Meridian, Maricopa County, Arizona, as depicted on Exhibit "A" attached, Sheets 4 of ADOT Drawing D-7-T-1016, the Right of Way Plans of SOUTH MOUNTAIN FREEWAY, 17th Avenue – 51st Avenue Section, Project 202L MA 000 H5439 01R.

ASSESSOR PLAT MAP



PURPOSE OF THE APPRAISAL

- Purpose of the Appraisal:*** The purpose of this appraisal is to estimate the market values of the fee simple estates.
- Intended User of the Appraisal:*** The intended user of the appraisal includes the officials and agents of the Arizona Department of Transportation. No other use or users are intended, and any unintended use may be misleading.
- Intended Use of the Appraisal:*** The intended use of the appraisal is to utilize the market value estimates to assist in decisions regarding the disposition of the properties identified herein.
- Date of Value Opinion:*** The effective date of the value opinion is October 24, 2023.
- Date of the Appraisal Report:*** The date of the appraisal report is October 30, 2023.

DEFINITIONS

Definition of Market Value:

Pursuant to Arizona Revised Statute 28-7091:

"... 'Market Value' means 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 of the uses and purposes to which it was adapted and for which it was capable."

Interest To Be Appraised:

The interest to be appraised for the subject is the fee simple estate interest, 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.⁴

⁴ *The Dictionary of Real Estate, 6th Ed.*, Appraisal Institute, 2015, p. 90.

OWNERSHIP HISTORY AND FIVE-YEAR CHAIN OF TITLE

Ownership and Marketing History:

The first ADOT listing for the subject properties was placed on April 4, 2023 for the following amounts:

- **Lot 18** \$300,000
- **Lot 19** \$300,000
- **Lot 20** \$305,000
- **Lot 53** \$310,000
- **Lot 60** \$305,000
- **Lot 61** \$315,000

Four months later, on August 2, 2023, the ADOT sales team reduced the price of each lot by 20%. The new prices as of August 2023 are below:

- **Lot 18** \$240,000
- **Lot 19** \$240,000
- **Lot 20** \$244,000
- **Lot 53** \$248,000
- **Lot 60** \$244,000
- **Lot 61** \$252,000

As mentioned in the Letter of Transmittal, these properties are listed on the ADOT website, Loopnet, and CoStar. Additionally, there are 3' x 4' signs on the subject lots which show an ADOT logo and a phone number to contact the sales and leasing team.

ADOT Parcel L-C-038F:

Title to subject Lot 18 is vested in the State of Arizona, by and through its Department of Transportation, by virtue of that certain Warranty Deed from Paul D. Wiest and Shelley B. Wiest, recorded April 16, 2015 in Document No.: 20150263532.

Based on my review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject lot for the five years prior to this appraisal. To the best of my knowledge, the subject is not currently listed for sale.

Warranty Deed from Paul D. Wiest and Shelley B. Wiest, husband and wife, to the State of Arizona, by and through its Department of Transportation, dated March 25, 2015, recorded April 16, 2015, in Document No. 20150263532.
[Parcel 7-11732, Project 202L MA 000 H5439]

ADOT Parcel L-C-038E:

Title to subject Lot 19 is vested in the State of Arizona, by and through its Department of Transportation, by virtue of that certain Warranty Deed from David G. Hernandez and Carmen Hernandez, recorded October 9, 2015 in Document No.: 20150730903.

Based on my review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject lot for the five years prior to this appraisal. To the best of my knowledge, the subject is not currently listed for sale.

Warranty Deed from David G. Hernandez and Carmen Hernandez, husband and wife, to the State of Arizona, by and through its Department of Transportation, dated September 3, 2015, recorded October 9, 2015, in Document No. 20150730903.
[Parcel 7-11528, Project 202L MA 000 H5439]

ADOT Parcel L-C-038D:

Title to subject Lot 20 is vested in the State of Arizona, by and through its Department of Transportation, by virtue of that certain Warranty Deed from John Cochran, recorded August 14, 2015 in Document No.: 20150590398.

Based on my review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject lot for the five years prior to this appraisal. To the best of my knowledge, the subject is not currently listed for sale.

Warranty Deed from John Cochran, a married man as his sole and separate property, to the State of Arizona, by and through its Department of Transportation, dated July 14, 2015, recorded August 14, 2015, in Document No. 20150590398.
[Parcel 7-11453, Project 202L MA 000 H5439]

ADOT Parcel L-C-038C:

Title to subject Lot 53 is vested in the State of Arizona, by and through its Department of Transportation, by virtue of that certain Warranty Deed from John Cochran and Sharon Cochran, recorded August 14, 2015 in Document No.: 20150590349.

Based on my review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject lot for the five years prior to this appraisal. To the best of my knowledge, the subject is not currently listed for sale.

Warranty Deed from John Cochran and Sharon Cochran, husband and wife, to the State of Arizona, by and through its Department of Transportation, dated July 14, 2015, recorded August 14, 2015, in Document No. 20150590349.
[Parcel 7-11912, Project 202L MA 000 H5439]

ADOT Parcel L-C-038B:

Title to subject Lot 60 is vested in the State of Arizona, by and through its Department of Transportation, by virtue of that certain Warranty Deed from Peter M. Holland and Petra V. Holland, recorded June 20, 2007 in Document No.: 20070709832.

Based on my review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject lot for the five years prior to this appraisal. To the best of my knowledge, the subject is not currently listed for sale.

Warranty Deed from Peter M. Holland and Petra V. Holland, husband and wife, to the State of Arizona, by and through its Department of Transportation, dated May 29, 2007, recorded June 20, 2007, in Document No. 20070709832.
[Parcel 7-10539, Project 202L MA 000 H5439]

ADOT Parcel L-C-038A:

Title to subject Lot 61 is vested in the State of Arizona, by and through its Department of Transportation, by virtue of that certain Warranty Deed from Dale Douglas, recorded June 5, 2007 in Document No.: 20070652190.

Based on my review of the report, public records, and other sources, there have been no other sales, title transfers, or offers to purchase the subject lot for the five years prior to this appraisal. To the best of my knowledge, the subject is not currently listed for sale.

Warranty Deed from Dale Douglas, a married man, as his sole and separate property, to the State of Arizona, by and through its Department of Transportation, dated May 11, 2007, recorded June 5, 2007, in Document No. 20070652190.
[Parcel 7-10537, Project 202L MA 000 H5439]

SCOPE OF WORK

The Scope of Work for an appraisal is the extent of the process of collecting, confirming, and reporting data, as well as the methods used in supporting the value opinions. The Sales Comparison Approach is employed to estimate the market value of the six subject parcels. The Cost and Income Approaches are excluded since the market does not rely on these approaches when valuing vacant land.

In accordance with *Uniform Standards of Professional Appraisal Practice* (USPAP) 2020-2021 (extended through 2023), the scope of work for the appraisal includes, but is not limited to, the following:

- Inspection and analysis of the six subject lots, market conditions, and other restrictions that affect value; and
- Research, analysis, and confirmation of comparable market data.

Research included the examination of sales and listing data published by CoStar Database, Arizona Regional Multiple Listing Service (ARMLS), Maricopa County records, and interviews with real estate participants and brokers. Based on my conclusions of Highest and Best Use, similar lot comparables within the Calabrea community development were selected.

The lot sales and other market data that is included in the analysis are considered to be the best available. The data selected is adequate to provide reliable indications of market value for the six subject lots. Overall, the market value opinions provided in this report are adequately supported.

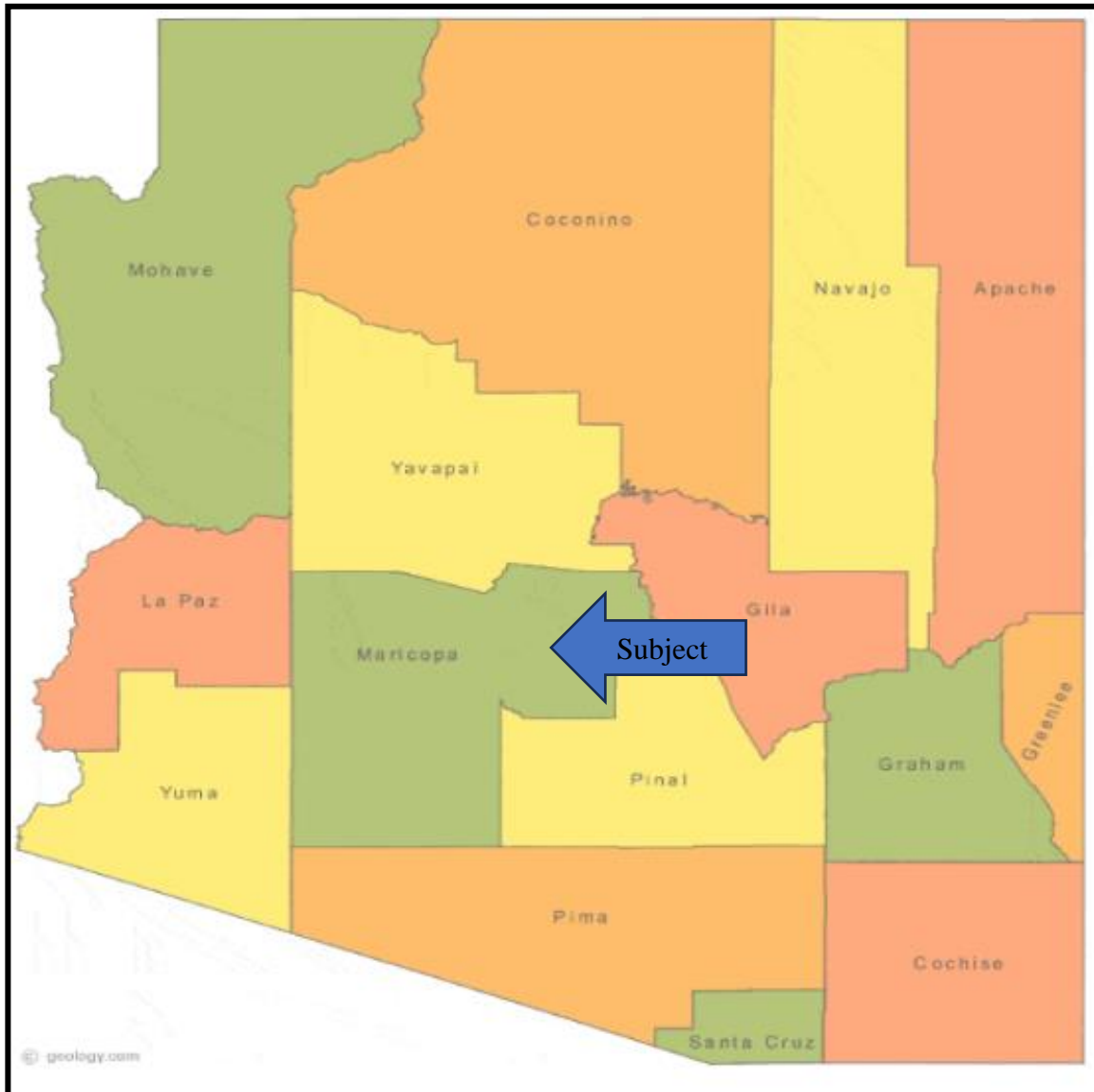
Limitation in Scope:

This report is a narrative appraisal report. There are no other limitations in the scope of the assignment, other than those discussed in the Assumptions and Limiting Conditions, Extraordinary Assumptions, and Hypothetical Conditions.

REGIONAL ANALYSIS

The subject property is located within Maricopa County in the State of Arizona. This section presents an analysis of Maricopa County's growth and economic trends. The city of Phoenix is also reviewed here as it is the largest metro in the county. Then, we provide a conclusion relating these area trends to the valuation of the subject.

ARIZONA COUNTY MAP



OVERVIEW – MARICOPA COUNTY

It is well known that the Maricopa real estate market has been volatile over the past three years. Real estate market volatility resulted from the COVID-19 pandemic, as well as other events such as energy price changes and record price inflation. Every day, there is greater clarity about their effects and expectations as evidenced by transaction activity, various data sources, and market participants.

Maricopa County, named after the Maricopa Tribe, was created from portions of Pima and Yavapai counties in 1871. It was the fifth county formed in Arizona, and eventually portions were used to create Gila and Pinal counties. In the late 19th century, citizens living far south of Prescott, the territorial capital and site of the Territorial Legislature, petitioned for a more local seat of government. Residents of the Salt River Valley and the Gila River area wanted a new county in their respective locations. After weighing both proposals, the legislature agreed with the Salt River Valley group and created Maricopa County. In 1889, Phoenix became the final site of the territorial capital and retains its status as Arizona's capital city.

More than half of the state's population resides in Maricopa County, which includes the cities of Phoenix, Buckeye, Mesa, Glendale, Scottsdale, Tempe, Chandler, Peoria and the town of Gilbert. This metropolitan area is the state's major center of political and economic activity. In addition to housing the state capital, the county is home to a growing high-tech industry; manufacturing and agricultural industries; 15 institutions of higher learning, including Arizona State University and the Thunderbird Garvin School of International Management; various cultural attractions; major league professional basketball (Phoenix Suns and Phoenix Mercury), football (Arizona Cardinals), hockey (Phoenix Coyotes) and baseball's 2001 World Champion Arizona Diamondbacks; and Phoenix Sky Harbor International Airport, fifth busiest in the world with over 1,300 daily flights.

Today Maricopa County measures 9,222 square miles, 98 square miles of which is water. Twenty-nine percent of this area is owned individually or by corporation, and 28 percent is owned by the U.S. Bureau of Land Management. The U.S. Forest Service and the State of Arizona each control 11 percent of the county; an additional 16 percent is owned by other public entities. Almost 5 percent is Indian reservation land.

Population – Maricopa County

The most recently published population for Maricopa County is detailed in the following table. The County has had positive population growth for the past ten years, albeit growth slowed during the Covid-19 pandemic. The most recently published population is 4,586,431. The five-year population growth was 8.4%.

Population Maricopa County			
Year	Total Population	Numerical Increase	Percent Increase
2013	3,945,153	Not. Applc.	Not. Applc.
2014	4,004,060	58,907	1.49%
2015	4,076,400	72,340	1.81%
2016	4,154,976	78,576	1.93%
2017	4,221,203	66,227	1.59%
2018	4,293,823	72,620	1.72%
2019	4,366,987	73,164	1.70%
2020	4,436,704	69,717	1.60%
2021	4,507,419	70,715	1.59%
2022	4,586,431	79,012	1.75%

Note: All estimates are as of July 2022.
Source: State of Arizona, Office of Employment & Population Statistics
<https://population.az.gov/population-estimates>

Gross Domestic Product – Phoenix MSA

The primary measure of an area’s economic activity is Gross Domestic Product (GDP). GDP figures for the Phoenix Metropolitan Statistical Area, (MSA), are provided in the following table for the most recently published seven-year timeframe. The figures are in current dollars. Positive GDP growth was reported from 2015 to 2019, prior to pandemic. During 2020, the height of the pandemic, GDP declined well below annual averages. As of 2021, the GDP figure recovered. Overall, 2021 GDP growth in the Phoenix MSA was 6.93%, a trend that likely continued through 2023.

Gross Domestic Product Phoenix MSA			
Year	Total	Numerical Increase	Percent Increase
2015	\$207,170,720	---	---
2016	\$214,024,595	\$6,853,875	3.31%
2017	\$222,960,470	\$8,935,875	4.18%
2018	\$232,915,200	\$9,954,730	4.46%
2019	\$242,939,171	\$10,023,971	4.30%
2020	\$244,882,735	\$1,943,564	0.83%
2021	\$261,707,170	\$16,824,435	6.93%

Note: Dollars are in millions.
Source: U.S. Bureau of Economic Analysis
https://www.bea.gov/iTable/index_regional.cfm

Employment and Unemployment – Maricopa County

Total employment and unemployment rates for Maricopa County are provided in the following tables for the period from 2019 through 2023. Please note that all statistics are as of January. Employment in the Phoenix MSA has experienced steady growth over the last 5-year period, with the exception of 2021. The decline in 2021 is attributed to the Covid-19 Pandemic. As represented in the following chart, total employment has fully recovered and grown to record numbers since the pandemic.

Employment Maricopa County			
Year	Total Employment	Numerical Increase	Percent Increase
2019	2,270,103	N/A	N/A
2020	2,356,155	86,052	3.79%
2021	2,342,777	(13,378)	-0.57%
2022	2,454,617	111,840	4.77%
2023	2,545,556	90,939	3.70%

Note: All figures are as of January.
Source: U.S. Bureau of Labor Statistics.
<https://data.bls.gov/timeseries>

Unemployment as of January 2023 was 2.9%, which is below the pre-Covid pandemic years. Unemployment has been steadily trending downward after a rise during the height of the pandemic in 2020 and 2021. The following chart represents unemployment rates over the last 5-year period.

Unemployment Rates Maricopaa County	
Year	Unemployment Rate
2019	4.7%
2020	4.2%
2021	6.2%
2022	3.4%
2023	2.9%

Note: All figures are as of January
Source: U.S. Bureau of Labor Statistics.
<https://www.bls.gov/regions/west/arizona.htm>

Recent Performance

Phoenix MSA is enhancing its advantage over the region. Job growth has gained momentum, lifting payrolls further above their pre-pandemic peak. This stands in contrast to

the region, which only recouped its COVID-19-induced job losses in July. Although job gains are broad-based, explosive growth in manufacturing has been the main driver as of late. Industry payrolls are a whopping 7% above February 2020 levels, boosted by a sharp rise in the past year. The unemployment rate is more than a full percentage point below its previous cyclical low, though it has ticked up as the labor force grows rapidly. The housing market is cooling as rising mortgage rates and declining affordability dampen demand.

Market Comparison

The following table illustrates key economic indicators and a comparison of the Phoenix MSA to the regional grouping as a whole. As indicated, Phoenix MSA is projected to outperform the West Region Metros in six of the eight performance categories shown over the next five years.

Comparison of Key Economic Indicators - Phoenix MSA Metro to West Region										
Indicator	Phoenix MSA			Annual Growth		West Region Metros			Annual Growth	
	2016	2021	2026	2016 - 2021	2021 - 2026	2016	2021	2026	2016 - 2021	2021 - 2026
Gross metro product (C12\$ bil)	205.4	238.8	306.8	3.1%	5.1%	4,450	5,178	6,109	3.1%	3.4%
Total employment (ths)	1,914.8	2,119.6	2,418.8	2.1%	2.7%	32,854	33,515	36,698	0.4%	1.8%
Unemployment rate (%)	5.2%	7.4%	3.5%			5.1%	6.4%	4.3%		
Personal income growth (%)	5.9%	10.1%	5.6%			4.3%	6.9%	4.9%		
Population (ths)	4,578.5	5,035.4	5,420.7	1.9%	1.5%	76,560	79,179	81,824	0.7%	0.7%
Single-family permits (#)	16,621	31,658	35,362	13.8%	2.2%	178,090	274,750	308,196	9.1%	2.3%
Multifamily permits (#)	5,781	16,561	10,479	23.4%	-8.7%	131,497	153,354	117,945	3.1%	-5.1%
FHFA house price (1995Q1=100)	221	321	412	7.8%	5.1%	487	661	734	6.3%	2.1%
Phoenix MSA outperforming West Region Metros										
Phoenix MSA underperforming West Region Metros										

Source: Moody's Analytics Precis® US Metro. Compiled by Newmark

Largest Employers – Phoenix MSA

The 20 largest employers for The Phoenix MSA, as reported by the Maricopa Association of Governments are noted in the table on the following page. While not all-encompassing, this list provides further indication of the types of economic sectors that are drivers for the area. Job sector composition also gives an indication of the predominant drivers of current and future demand for supporting commercial real estate sectors. The top five largest private sector employers are Banner Health, Walmart Inc., Fry’s Food Stores, Wells Fargo, and Amazon.

Top 20 Employers - Phoenix MSA		
Employer Name	Locations	Jobs
Banner Health	104	29,500
State of Arizona	279	27,700
Walmart	67	22,090
Amazon	29	18,780
Frys Food Stores	101	16,300
Wells Fargo	136	14,090
Maricopa County	154	12,740
Intel Corporation	3	11,810
Arizona State University	7	11,360
City of Phoenix	113	10,430
Home Depot	40	9,200
Bank of America	101	8,840
JPMorgan Chase Bank National Association	138	8,800
Dignity Health	28	8,740
HonorHealth	20	8,690
Mesa Unified School District 4	85	8,230
American Express	7	7,790
Honeywell	17	7,780
Maricopa County Community College District	27	7,760
State Farm Insurance	15	7,720
Source: 2021 Arizona COG/MPO Employer Database, business locations with 5+ employees		
Note: Jobs 10+ rounded to nearest 10.		

Phoenix MSA's core white-collar drivers are primed for solid growth in the near and medium term. Finance employment reversed course in the second quarter, regaining some momentum following a decline for the majority of last year. Credit intermediation accounts for the bulk of Phoenix MSA's finance employment, and its share of total jobs is nearly three times the national average. This sector will benefit from a rising interest rate environment as well as historically solid credit quality and credit growth, which will enable banks and credit card issuers to expand. Additionally, moderate business and living costs, a high quality of life, a strong labor pool, and a business-friendly climate will make Phoenix MSA a hub for expansions and relocations of back-office banking and insurance roles. Tech will offer additional support as many firms are opting to expand in the metro area given its cost advantage over other tech hubs through California.

Strong global demand for semiconductors will keep manufacturing on a growth trend. The industry is becoming increasingly important in the metro area, with job growth outpacing the overall labor market since 2016. The local semiconductor industry, Phoenix MSA's specialization, will benefit from solid demand and rising prices for chips used in automobiles and electronic devices. Phoenix MSA's reasonable costs, large labor pool, and abundance of available land are already enabling it to attract a vast amount of factory investment. Semiconductor producers Intel and Taiwan Semiconductor as well as battery cell maker

KORE Power are the latest firms to choose Phoenix MSA. KORE Power and Intel are in the process of expansion, which will result in the addition of a few thousand workers over the next few years. This will provide a generous tailwind to the rapidly growing industry.

Strong demographic tailwinds and robust income growth driven by expansion of high-paying industries will allow consumer industries to press ahead. Phoenix MSA's population will expand at three times the national pace in the coming years, while the addition of good-paying finance, tech and manufacturing jobs will allow incomes to grow faster than regionally and nationally. More residents will increase foot traffic at restaurants, stores and bars and boost demand for medical services, driving strong job growth in leisure/hospitality, retail and healthcare.

Transportation – Phoenix MSA

Phoenix is well served by all major modes of transportation. Phoenix Sky Harbor International Airport is Arizona's largest and busiest airport, and among the largest commercial airports in the United States. The airport serves as a hub for American Airlines and a base for Southwest Airlines. In 2021, American Airlines carried approximately 43% of all Phoenix Sky Harbor passengers followed by Southwest Airlines with approximately 35%. Thus, American and Southwest are the airport's largest passenger carriers which provide domestic and international air services.

Interstate-10 connects Phoenix with California to the north and west and with Tucson and New Mexico to the south and east. Interstate-17 connects Phoenix with Flagstaff to the north. The Phoenix area is further served by a highly functional light rail system, transit system, and arterial freeways, highways and state routes.

OVERVIEW – PHOENIX

With an outstanding quality of life, affordability and steady growth in job opportunities, more than 1.63 million people call Phoenix home. Phoenix is the vibrant center of one of the fastest growing job markets and economies in the United States. As the fifth largest city in the country, Phoenix is emerging in a new economy with strengths in high technology, manufacturing, bioscience research and advanced business services. As a top market for skilled and available workforce, companies are growing in Phoenix because it is not only a thriving business environment, but a great place to live.

Principal Economic Activities

Phoenix remains one of the nation's better-performing markets for employment growth

recording more than 56,000 job additions in the trailing 12-month period ending April 2023. The labor market now has 151,700 more jobs than before the pandemic, the fourth-highest gain in the nation. The local economy was highly resilient during the pandemic, thanks to a diversified employment base across a broad range of industries. Metro Phoenix lost about a quarter million positions in March and April 2020 but by July 2021, Phoenix fully regained those losses, which was nearly a full year ahead of the U.S. This marks a stark contrast to its protracted recovery from the global financial crisis, when Phoenix didn't recoup its job losses until well after the broader nation did.

The competitive advantage and growth drivers that have historically stimulated growth in the Valley of the Sun remain strong. Affordability and job prospects are attracting people living in dense and expensive cities to Phoenix. The adoption of remote work has given more people mobility and has enticed residents in California or East Coast markets to relocate. Population growth, a diversifying economy, relative affordability, and business friendly regulation have strengthened the Phoenix value proposition. These characteristics attracted an average of 175 people to the Phoenix metro each day in 2022 and made Maricopa County the fastest-growing county in the country.

An influx of residents and the market's large educational institutions and colleges are significant contributors to the local talent pool. Metro Phoenix is home to the country's largest public and private universities: Arizona State University (ASU) and Grand Canyon University (GCU). ASU enrollment surpassed 140,000 students in fall 2022, spread across five campuses and including online students. ASU's primary location in Tempe is the largest, with more than 57,000 students on campus. Beyond producing new graduates, the universities collaborate with local employers on research and classroom curricula.

Businesses are selecting Phoenix to expand because of the extensive labor pool and favorable regulatory treatment. Numerous employers have announced expansions and relocations since the pandemic. Taiwan Semiconductor Manufacturing Company (TSMC) made national headlines when it confirmed plans to build a second fabrication plant in north Phoenix. The move increases the firm's investment from \$12 billion to \$40 billion, creating 10,000 high-tech jobs. Preliminary estimates from city economic development officials indicate the investment by TSMC could bring up to 45 additional businesses to the Valley that support and supply the plant. Additionally, Intel is underway on a \$20 billion expansion at its Chandler campus where the semiconductor giant is building two new fabs alongside its four

existing ones. Amazon recently opened several last-mile and fulfillment sites throughout the metro and leased a 95,000-SF office in Tempe, which will generate thousands of new jobs. Other companies that have added hundreds of new jobs over the past few years include Allstate, Deloitte, Choice Hotels, Mayo Clinic, Wells Fargo, Farmers Insurance, and USAA. Microsoft, Google, and Apple have invested in data centers throughout the metro. While labor is the primary driver behind the market's business attraction success, relative affordability and a more accommodating regulatory environment help tip the scale in favor of Phoenix when companies make their site selection decision.

The number of companies moving to metro Phoenix is noteworthy, but the diversity of industries has helped sustain the region's long-term stability. Phoenix was synonymous with cheap labor and land that attracted call centers and back-office operators more than a decade ago. The economy depended on industries associated with household growth, construction, lending, brokerage, tile and cabinet manufacturers, etc. Because of its past reliance on housing, Phoenix was among the hardest-hit metros during the Great Recession; the market lost more than 240,000 jobs, 25% of which were in the construction industry alone. Phoenix recovered from the Great Recession about two years after the U.S. The companies that Phoenix is attracting have evolved, and the market has emerged as a hub for advanced manufacturing, aerospace, life sciences, logistics, technology, and finance.

Population-City of Phoenix

Population information for the City of Phoenix is provided in the following table for the past 10 years. The City of Phoenix has the largest population in Maricopa County followed by the City of Mesa. The Phoenix's current population is 1,634,061. The 11-year population growth totals 11.6%, or about 1.05% per year. The average annual growth rate is similar to the state level.

Population City of Phoenix			
Year	Total Population	Numerical Increase	Percent Increase
2013	1,482,253	Not. Applc.	Not. Applc.
2014	1,499,510	17,257	1.16%
2015	1,520,158	20,648	1.38%
2016	1,542,212	22,054	1.45%
2017	1,558,912	16,700	1.08%
2018	1,576,598	17,686	1.13%
2019	1,595,630	19,032	1.21%
2020	1,611,162	15,532	0.97%
2021	1,630,195	34,565	2.17%
2022	1,657,035	45,873	2.85%

Source: State of Arizona, Office of Employment & Population Statistics
<https://population.az.gov/population-estimates>

Transportation – Phoenix MSA

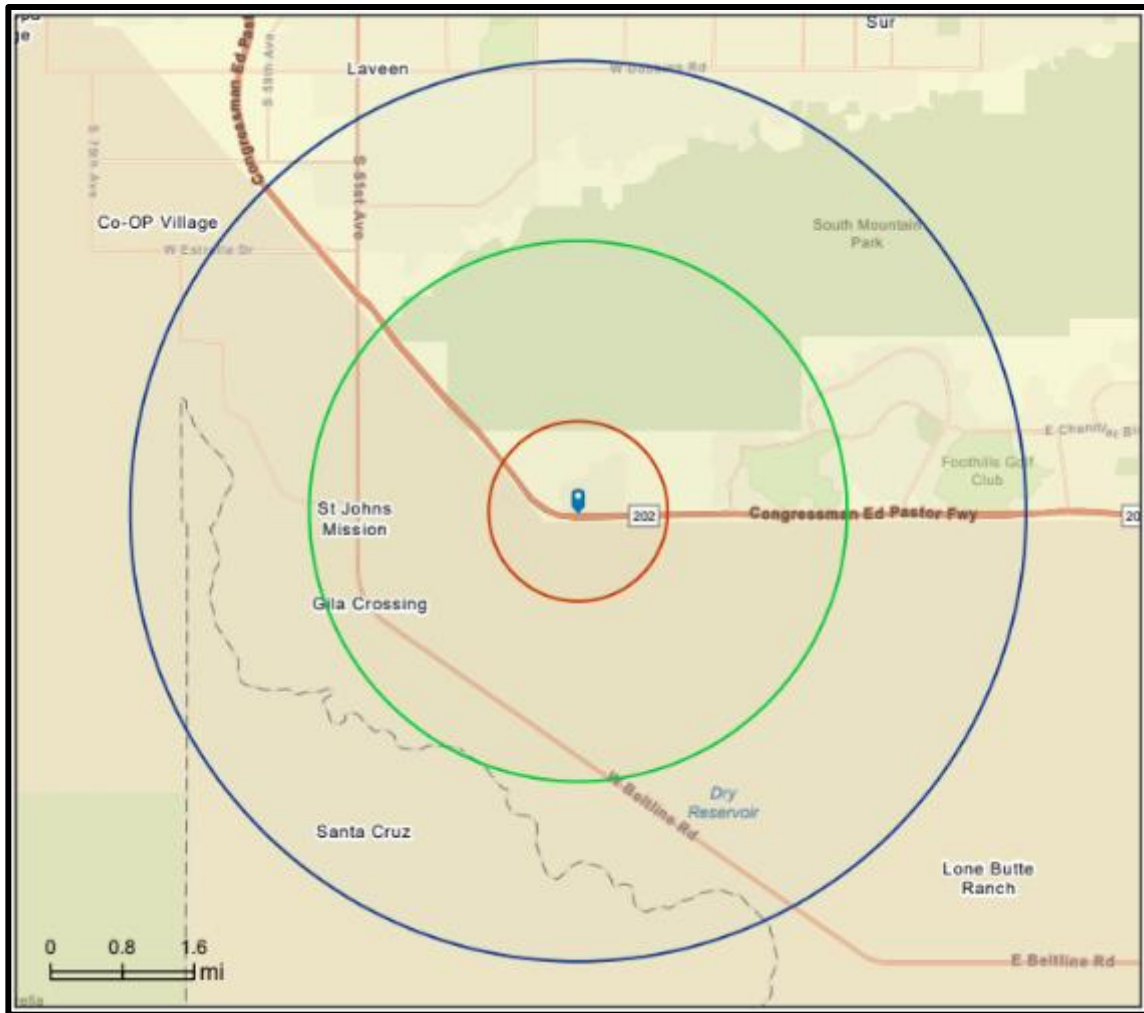
Phoenix is well served by all major modes of transportation. Phoenix Sky Harbor International Airport is Arizona's largest and busiest airport, and among the largest commercial airports in the United States. In 2020, Phoenix Sky Harbor was the 8th-busiest airport in the U.S., and 24th-busiest in the world. The airport serves as a hub for American Airlines and a base for Southwest Airlines. In 2019, American carried nearly 46% of all Phoenix Sky Harbor passengers and employed nearly 9,500 people, making it the airport's largest carrier provides domestic and international air service.

Interstate 10 connects Phoenix with California to the north and west and with Tucson and New Mexico to the south and east. Interstate 17 connects Phoenix with Flagstaff to the north. The Phoenix area is further served by a highly functional light rail system, transit system, and arterial freeways, highways and state routes.

CONCLUSION – REGIONAL IMPACT ON VALUE

The Phoenix MSA remains one of the nation's best-performing markets for job growth. The local economy has been one of the most resilient in the U.S. during the pandemic, thanks to a diversified job market. Affordability and job prospects are attracting people living in dense and expensive cities to the Phoenix MSA. While labor is the primary driver behind the market's business attraction success, relative affordability helps tip the scale in favor of the Phoenix MSA when companies make their site selection decision. Longer term, the Phoenix metro area will outperform the U.S. thanks to lower living costs, solid population gains and the continued diversification of industry.

NEIGHBORHOOD ANALYSIS



The value of any property is not solely determined by the physical characteristics of the site. The environmental, social, economic, and governmental forces in the immediate area must also be analyzed as they can have direct and indirect effects on value.

Location:

The subject is located in the Ahwatukee Foothills area of south Phoenix, just north of the Loop 202 South Mountain freeway, south of West Chandler Boulevard, west of South 17th Avenue. The property is about eight miles west of Interstate 10/Loop 202 South Mountain traffic interchange.

Boundaries:

North: South Mountain Regional Park
South: Loop 202 South Mountain freeway and the Gila River Indian Community
East: Interstate 10
West: South Mountain Regional Park and the Loop 202 South Mountain

General Description:

The subject properties are located in the exclusive Calabrea community. This gated entry community has a minimum home size of 3,000 square feet. Currently, there are 10 vacant land parcels listed for sale on the MLS, ranging from \$295,000 to \$564,500 dollars. In addition to these 10 lots, the six subject properties are listed for sale on CoStar, Loopnet, and AZDOT.gov. The subject properties have been listed for \$240,000 to \$252,000 since August 2, 2023.

There are several other master planned communities in the area, which offer amenities such as surrounding open hillside areas, common area pool facilities, golf courses, man-made lakes, and bike paths. Ahwatukee encompasses approximately 2,215 acres and was the area's first master planned community. Most home developments in Ahwatukee and in the Phoenix area are subdivisions with merchant-built houses. That is, homes are built offering a number of floor plans to buyers. The subject consists of custom homes where individual buyers buy lots and design and construct their own homes.

Ahwatukee is generally located south of Elliot Road and South Mountain Park, west of Interstate 10, and adjacent east of South Mountain Park. Single-family housing is the predominant land use, with apartments, retail and offices comprising the other primary land uses.

Mountain Park Ranch is a 2,661-acre master planned development adjacent south of Ahwatukee, extending predominantly along the north side of Chandler Boulevard between 24th and 40th streets. Single-family housing is the predominant land use, with apartments, retail and offices comprising the other primary land uses.

The Foothills master planned community encompasses over 4,000 acres generally bounded by 24th Street to the east, the Central Avenue alignment to the west, Pecos Road to the south, and South Mountain Park to the north. Community amenities include an 18-hole golf course, a 40-acre park, and approximately 1,000 acres of mountain preserve, hillside, and natural desert open areas.

Foothills Club West, which totals approximately 1,447 gross acres, is located adjacent west of The Foothills. Community amenities include an 18-hole golf course, natural desert open areas and the adjacent mountain preserve. Importantly, the amount of vacant land suitable for either single-family or multi-family residential development is becoming scarce, as South Mountain Park (north) and Gila River Indian Reservation (south and west) provide

barriers to future growth for this desirable portion of metropolitan Phoenix.

There are several power centers located within the defined neighborhood including Foothills Park Place (287,900 square feet), Ahwatukee Foothills Towne center, Phase I (250,000 square feet) and Ahwatukee Foothills Towne Center Phase II (550,000 square feet).

Access to the public-school system is considered good and the schools are highly rated and desirable to Phoenix residents. There are a number of elementary and middle schools located within the neighborhood. Additionally, the area is served by a Desert Vista and Mountain Pointe high schools, which have some of the highest ratings in metro Phoenix.

Chandler Regional Hospital, a 120-bed facility located at the southeast corner of Dobson and Frye Roads, in Chandler, is the nearest full-service medical facility. Ahwatukee Foothills Medical Campus, located near the intersection of Chandler Boulevard and 46th Street, has approximately 205,000 square feet of medical space. Ahwatukee Foothills includes an urgent care center, outpatient diagnostic, pharmaceutical, optical, and medical services.

South Mountain Park encompasses approximately 16,000 acres of natural desert. The park has approximately 51 miles of trails for horseback riding, hiking, and mountain biking. Desert Foothills Park (southwest corner of Desert Foothills Parkway and Chandler Boulevard), encompasses over 40 acres and features a variety of ball fields. There are several other community parks within the immediate area including Vista Canyon Park and Sunray Park. Finally, there are several golf courses in the area including The Foothills, Club West, and the Ahwatukee Country Club and Lakes courses.

Access to employment centers is considered reasonably good. There are several large employers scattered along the Interstate 10 corridor, the two most notable being Intel and Allied Signal. Other major employers in the general area include Intertel, Microchip Technology, Coca Cola Bottling, Motorola, and Chandler Regional Hospital. Population growth in the surrounding area has been strong with income levels increasing. This has a positive effect on retail and services related real estate demand. This trend is projected to continue into the foreseeable future.

The following data shows demographics within a one, three, and five-mile radius of the subject. All three demographic sets show

household income and distribution to be higher than that of the Phoenix, MSA.

2023 Summary	1 mile	3 miles	5 miles
Population	2,090	9,742	31,558
Households	708	3,117	10,508
Families	589	2,560	8,166
Average Household Size	2.95	3.12	3.00
Owner Occupied Housing Units	665	2,761	9,120
Renter Occupied Housing Units	43	356	1,388
Median Age	37.6	37.0	39.1
Median Household Income	\$154,007	\$127,178	\$128,597
Average Household Income	\$192,639	\$168,521	\$174,032

Governmental Forces:

Police Protection: City of Phoenix
 Fire Protection: City of Phoenix
 Comment: The subject is located within the City of Phoenix about four miles west of the Foothills Center and the intersection of East Chandler Boulevard and South Desert Foothills Parkway the nearest commercial services. Most of the land in the area is for low to medium-density residential.

Environmental Forces:

Predominant District Use: Predominate district land use is residential subdivisions.

Quality of Surrounding Area: Some environmental characteristics that influence value include land use patterns, topography, building densities, property maintenance, nuisances and hazards, and the adequacy of transportation corridors. The improvements range from new to about 20 years old and are in average to excellent condition.

Utilities: The neighborhood is served with all municipal utilities including electric from Arizona Public Service (APS), natural gas from Southwest Gas, telephone from CenturyLink or private providers. Water and sewer is provided by City of Phoenix.

Social Forces:

Transportation Linkages: The neighborhood has an adequate system of surface streets. The primary east/west arterials include Ray and Pecos roads, and Chandler Boulevard, while the primary north/south arterials are 40th, 32nd, 24th and 7th streets. The predominant transportation linkage for the neighborhood is provided by Interstate 10 and Loop 202 South Mountain Freeway. There are full diamond interchanges at the freeway's intersection with Chandler Boulevard and Ray Road, as well as a partial interchange with Pecos Road. Interstate 10 links the southeast valley to downtown Phoenix and the western portions of metropolitan Phoenix. Interstate 10 connects with the Superstition Freeway which provides access to the east valley communities of Tempe, Mesa, and Apache Junction.

In addition, the subject neighborhood benefits from its major transportation arterials that bisect the area, particularly the newly constructed Loop 202 South Mountain Freeway. This freeway alignment extends west from Interstate 10 in the south valley, south of Phoenix South Mountain Park (along the alignment of Pecos Road), then northwest along the Gila River Indian Reservation, and then north to Interstate 10 in the west valley between 55th and 63rd avenues.

Impact on Value:

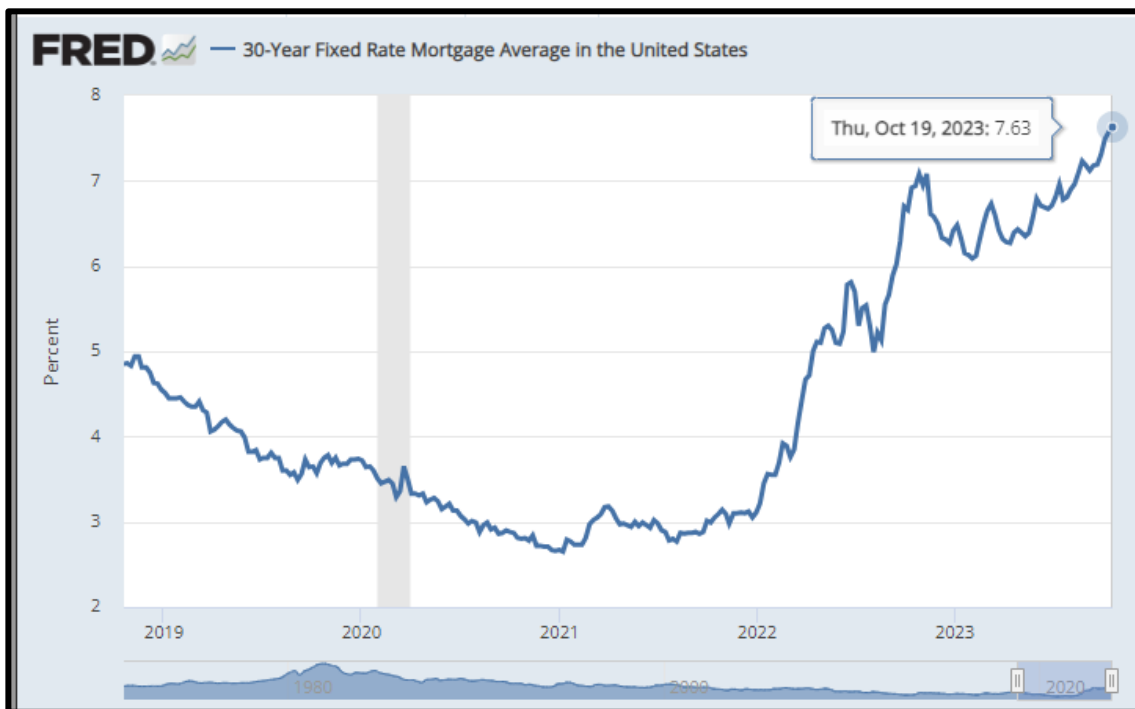
The subject property is well located within the Ahwatukee Foothills area. This area offers high-end single-family residences. Household incomes within the neighborhood are higher than the greater Phoenix area average. Access to the subject property is benefited by the AZ-202 Loop. Overall, the neighborhood characteristics are a positive influence to the subject property.

MARKET ANALYSIS

The Appraisal Institute defines a Market Analysis as “a study of the supply of and demand for a specific type of property in a specific market area.”⁵. The subject property’s specific type is vacant residential land, and the market area is the Phoenix MSA. First, I will discuss the national economy as it relates to real estate. Following this, I will discuss the market for Phoenix specifically.

Interest rates:

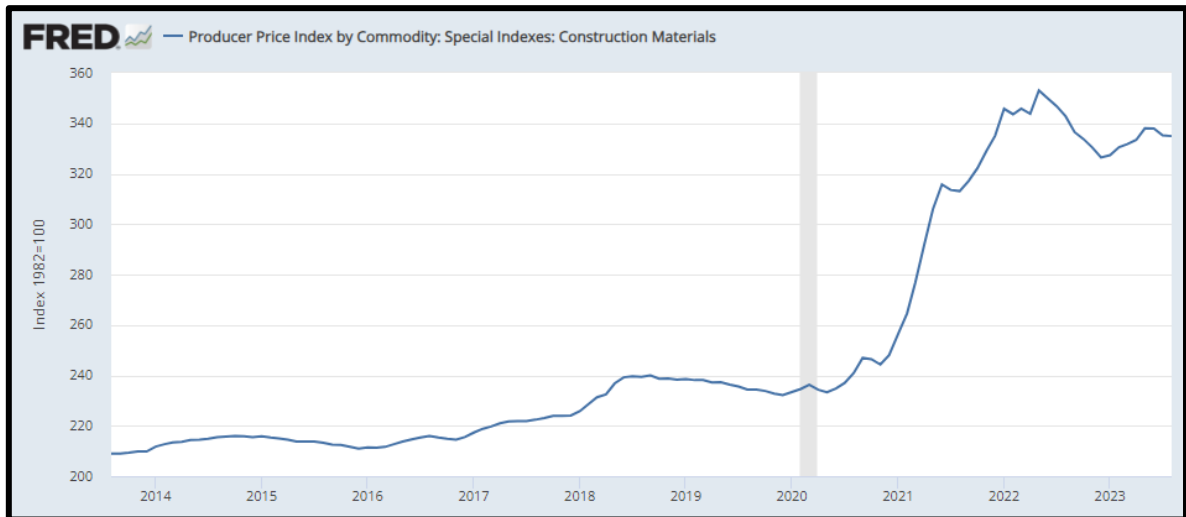
As of October 2023, the 30-year fixed rate mortgage average in the United States is 7.63%. This rate breaks the record as the highest interest rate since December 2000. It is also significant to observe the rapid timeline for which rates have increased. In January 2021, interest rates were at their lowest point in history, 2.65%. Since then, rates have almost tripled. This has decreased borrowing and subsequently reduced sales volumes for all types of real estate.



⁵ *The Appraisal of Real Estate, 15th Edition*, Appraisal Institute, P 273

High Costs of Construction:

Due to the rise in inflation, construction costs have increased at a record pace over the last 2-year period. The Producer Price Index for Construction Materials increased from approximately 240 in 2021 to 340 in mid-2023. This is an increase of 42%. This increase is expected to slow and possibly decline with the recent decline in overall inflation. A chart representing the previous 5-year period of construction costs indicates the relative stability of construction material prices prior to 2021.

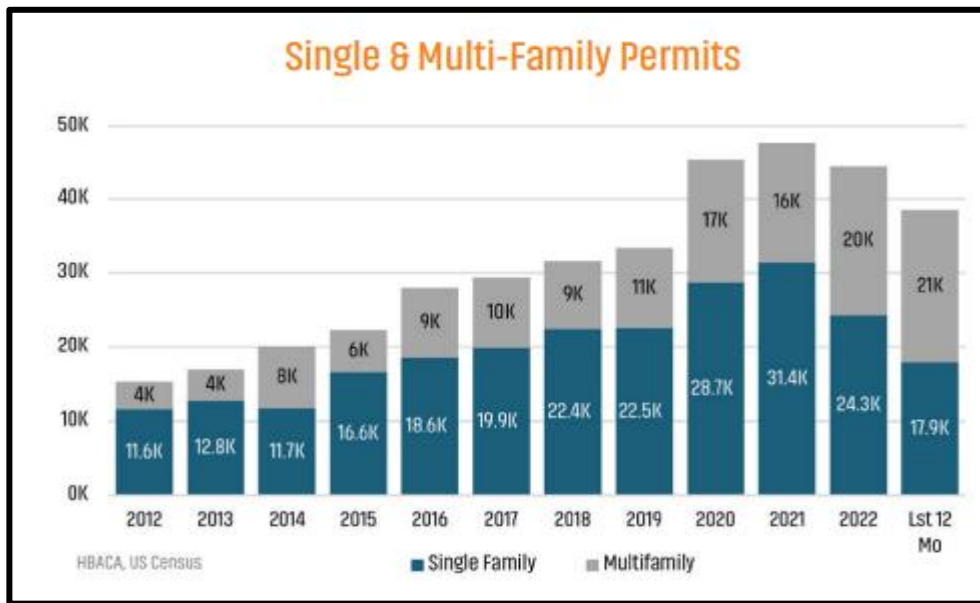


SOURCE: <https://fred.stlouisfed.org/series/WPUSI012011>

The rise in inflation and construction costs have inhibited the expansion of real estate nationwide. In the near term, higher interest rates and higher costs have slowed the number of sales in all types of real estate.

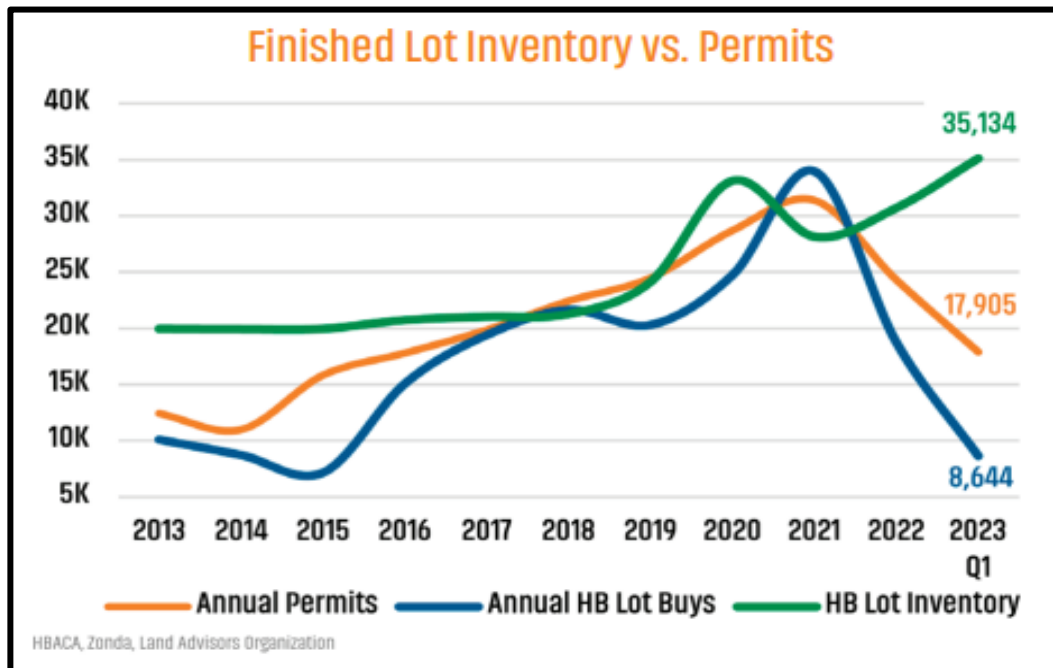
Effect on New Construction:

The following chart is from the Land Advisors, a land brokerage organization with a strong presence in the Phoenix area. The chart is populated with U.S. Census Data on the number of single and multi-family permits issued annually since 2012. There has been a substantial decrease in volume since 2021. This decline in volume occurred at approximately the same time as the highest peak of construction costs as shown in the chart above. Additionally, I believe that this decrease in permit activity is also strongly influenced by the 2022-2023 interest rate increases.



Effect on Residential Lot Purchases:

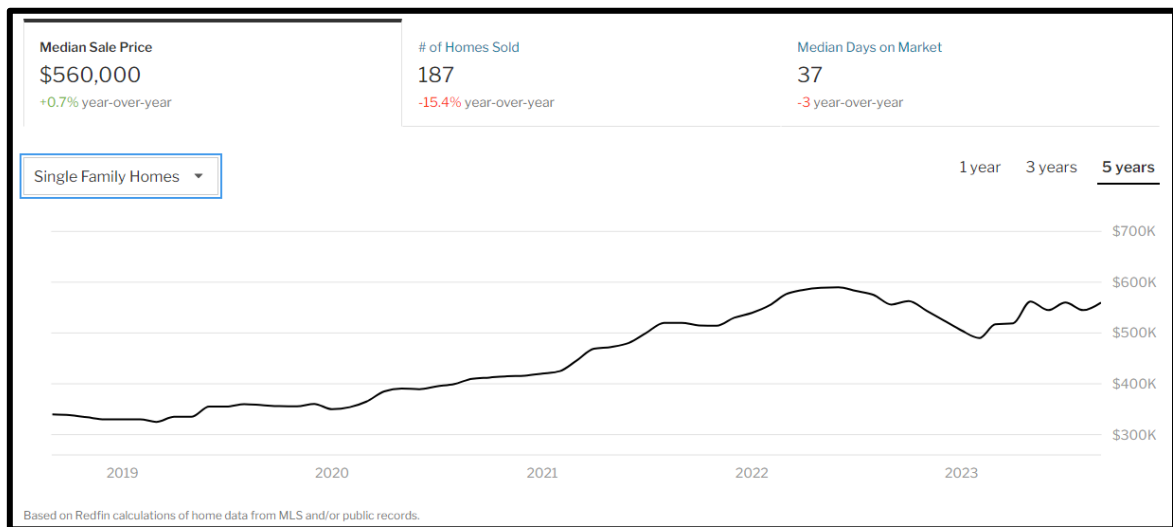
The following graph shows the homebuilder lot inventory and annual homebuilder lot purchases for the last 10 years. The Quarter One data is the most recent available as of October 2023. However, this graph shows a sharp decrease in the number of lots that homebuilders have been buying since 2021. The blue line below shows a decline from 34,000 to 8,644. This is a decline of 74.6% in a two-year period. This graph shows the homebuilder inventory which appears to have remained strong. Adequate inventory eliminates the idea that this decline in purchasing could be from supply constraints.



Ahwatukee Foothills Median Sale Price

As stated in the “Neighborhood Analysis” section, the six subject lots are located in south Phoenix within the Ahwatukee Foothills adjacent south of the South Mountain Park and Preserve.

Residential home sales within the Ahwatukee Foothills area have a September 2023, median sale price of \$560,000 dollars. This is a 0.7% sale price increase year over date. The graph below shows the median sale price trend for single-family homes in Ahwatukee Foothills. Consistent price increases occurred from 2019 to 2022 when interest rates stunted sales activity. Since the economic events of 2022, price increases in this submarket decreased and slowly recovered to approximately the same levels as 2022.



Calabrea Community Lot Sales

Within the Calabrea community, there were 11 sales recorded in the MLS from 2020 to 2022. In 2020, the average lot price was \$255,667 which increased 14.8% in 2021 to \$293,400 dollars per lot. This increase is in part due to improving market conditions and the increased size of the lots sold in 2021. In 2022, three sales occurred at an average of \$346,633. However, these three sales were closer to the north side of the subdivision. There have been two sales in 2023 so far, one of which was not a typical market level sale. However, I included this transaction in the dataset to avoid confusion. The two 2023 sales were for \$275,000 and \$196,000 for an average of \$235,500. This is a 32% decline from the year prior. The completed sales are represented in the chart below.

CALABREA COMMUNITY LOT SALES					
YEAR	NUMBER OF SALES	AVERAGE LOT SIZE IN SF	AVERAGE SALE PRICE PER LOT	ANNUAL LOT PRICE CHANGE	ANNUAL % CHANGE
2020	3	23,092	\$255,667	N/A	N/A
2021	5	26,497	\$293,400	\$37,733	14.8%
2022	3	28,999	\$346,633	\$53,233	18%
2023 YTD	2 *	24,266	\$235,500	-\$111,133	-32%
* Includes the non-arms-length transaction of Calabrea Lot 17					

In addition to these completed sales, there are currently 10 active listings in the community, excluding the six subjects of this report. These listings range from \$295,000 to \$564,500. The listing at the higher end of the range is a 2.23-acre lot at the base of South Mountain Preserve. It has been listed on the market for 1,520 days. A table of active Calabrea listings, excluding ADOT parcels, is shown below.

MLS #	Listing Agent	List Price	Price Per SqFt	ADDRESS	Lot #	Days on Market
6473104	Bill Ristow	\$564,500	\$5.80	3112 W BRIARWOOD	76	1520
6269781	Sharon Cochran	\$389,000	\$12.59	16718 S 32ND	69	815
6441754	Rod Hofeling	\$299,900	\$12.42	3049 W GLENHAVEN	4	448
6456114	Sharon Cochran	\$349,000	\$16.13	16613 S 32ND	83	419
6480203	David Hans Kupfer	\$375,000	\$12.28	16608 S 32ND	72	364
6503320	Jill Bittner	\$429,000	\$7.49	3116 W BRIARWOOD	75	290
6522765	Werner Von Borries	\$379,000	\$12.18	3206 W COTTONWOOD	66	242
6564912	Stacy Esman	\$369,000	\$10.83	3111 W BRIARWOOD	80	137
6574547	Shelli R Bronstine	\$295,000	\$13.80	3045 W COTTONWOOD	12	112
6585072	Anne K Svoboda	\$299,900	\$12.56	3107 W GLENHAVEN	43	88
AVERAGES:		\$374,930	\$11.61			443.5

Calabrea Real Estate Agent Interviews

Nicholas Kibby, Keller Williams Realty, 661-878-3211, was buyer/agent for Lot 64 in Calabrea. He mentioned that he has also represented other buyers for lots in this community. According to Mr. Kibby, the neighborhood attracts high value luxury homes upwards of \$2.5 million dollars. He indicated there were plans underway for a home that is set to cost \$4 million. When asked about the subject parcels, Mr. Kibby indicated that the SR-202 wall was an undesirable factor. When asked about pricing, he reported that the six lots “should have a 2 as the first number”, implying a price above \$200,000.

Jill DeBord was contacted regarding the sale of Lot 17, adjacent north of the subject properties. Aside from verifying the details of that transaction, Ms. DeBord provided some additional insights regarding properties in the Calabrea neighborhood. Lot 17 was on the market for only two weeks for \$215,000. The sellers had an unusual motivation to sell. This led to them releasing the property to the individual they purchased it from in return for a release of the remaining note. However, upon this release, Ms. DeBord indicated that there were interested buyers for \$215,000. This interest occurred during the process of releasing the property and after the sellers' minds were already made up. When asked about current pricing, she reported that if she were to list the subject properties or Lot 17 today, that she would price them around \$215,000.

To the best of my knowledge, the Arizona Department of Transportation (ADOT) does not offer listing or co-brokerage commissions to real estate agents. For this reason, properties sold by ADOT do not get listed on the Multiple Listing Service (MLS). Aside from being a go-to source for property information, the National Association of Realtors (NAR) states that “*an MLS is a private offer of cooperation and compensation by listing brokers to other real estate brokers.*”⁶

Standard practice is that the seller pays the buyer's representative a commission. However, the seller usually accounts for this fee as a percentage when setting the price of the home. Therefore, the buyer ultimately pays the commission, indirectly. However, since a buyer's agent and broker would not receive commissions from an ADOT sale, the agent is financially disincentivized. This contradicts with the “*cooperation and compensation*” excerpt from the NAR above. Therefore, this appears to be the main reason ADOT properties do not end up on the MLS.

The Arizona Regional Multiple Listing Service (ARMLS) is the most prominent source used for single-lot residential land marketing in the Phoenix area. As of October 24, 2023, there are 1,350 active listings of residential lots in the Greater Phoenix area shown below. The green dots indicate listings which are active and classified under the existing use category for “Residential Lots”.

⁶ <https://www.nar.realtor/mls-online-listings/multiple-listing-service-mls-what-is-it>

The definition of Market Value uses the term “*if exposed for sale in the open market*”. I believe that in order to be *adequately* exposed to the *open market*, residential properties in Phoenix must be listed to the ARMLS. However, as mentioned previously, this has not been the way ADOT has operated.

According to Elizabeth Hofstetter, Right of Way Agent with ADOT, the subject properties are currently listed on CoStar and Loopnet. These website host predominantly commercial properties. I do not believe that a typical buyer for a single custom home lot would be browsing Loopnet for this type of product. Additionally, most residential agents do not pay for a CoStar subscription. This is because it is approximately \$500 per month and hosts predominantly commercial data.

There are 3’ x 4’ physical signs posted on the parcels. However, this gated community requires a code to enter the subdivision. Additional marketing for the subject properties includes for-sale listings on AZDOT.GOV where they are the only custom home lots available.

Conclusion Analysis

In summary, higher interest rates, higher construction costs, and reduced single-family permit issuances are all market characteristics that lead to low demand for vacant single-family home lots. Demand for lots like the subjects has reduced, as can be supported by the 75% reduction of homebuilder purchases over the last two years. Low demand usually translates to reduced pricing. Therefore, based on the aforementioned data and conclusions, a downward market price adjustment of -6% annually or -0.5% monthly will be used to adjust the sale prices through March 2022, the date of the first comparable sale

SUBJECT PHOTOGRAPHS

Photo 1: Gated Entry to Property



Photo 2: View of soundwall from open space between subjects and Loop 202.



Photo 3: Parcel L-C-038F (Lot 18), View east.



Photo 4: Parcel L-C-038F (Lot 18), View South



Photo 5: Parcel L-C-038E (Lot 19), View Southwest



Photo 6: View of Redwood Ln. cul-de-sac (Lots 18,19 and 20 on right)



Photo 7: Parcel L-C-038D (Lot 20), View south



Photo 8: Single-family residence across the street from Parcel L-C-038D (Lot 20)



Photo 9: Parcel L-C-038C (Lot 53), Northeast View



Photo 10: Lot 53 corner view of Redwood and S. 32nd Lane.



Photo 11: Parcel L-C-038B (Lot 60), View Southeast



Photo 12: Parcel L-C-038B (Lot 60), Note: View of soundwall over property line.



Photo 13: : Parcel L-C-038A (Lot 61), View Southwest



Photo 14: Single-Family home adjacent north of L-C-038A (Lot 61), View Northwest.



VIEW OF SR-202 WALL



MARICOPA COUNTY ASSESSOR - OBLIQUE AERIAL



The lot boundaries in yellow are approximate.

SITE ANALYSIS

Location: Calabrea residential subdivision, (aka Foothills 80).

The subjects are situated south of Chandler Boulevard, west of 17th Avenue, and north of the Loop 202 South Mountain Freeway in the Ahwatukee Foothills of south Phoenix, Maricopa County, Arizona. Lots 18, 19 and 20 are located along the south side of West Redwood Lane, east of South 31st Lane. Lot 53 is located at the northeast corner of 32nd Lane and Redwood Lane. Lots 60 and 61 are located along the south side of Redwood Lane, west of 32nd Lane. All properties border the southern portion of the Calabrea subdivision.

The physical property addresses are 3045, 3049, 3053, 3205 and 3209 West Redwood Lane, and 16913 South 32nd Lane, Phoenix, Arizona 85045.

Parcel Size/Shape/Topography: **Parcel 038F (Lot 18)** – The 19,848 sq. ft. or 0.46-acre lot is irregularly shaped with level topography. Maricopa County Assessor’s parcel number 300-05-662.

Parcel 038E (Lot 19) – The 20,830 sq. ft. or 0.48-acre lot is irregularly shaped with level topography. Maricopa County Assessor’s parcel number 300-05-663.

Parcel 038D (Lot 20) – The 23,113 sq. ft. or 0.53-acre lot is irregularly shaped with level topography. Maricopa County Assessor’s parcel number 300-05-664.

Parcel 038C (Lot 53) – The 26,971 sq. ft. or 0.62-acre lot is irregularly shaped with level topography. Maricopa County Assessor’s parcel number 300-05-697.

Parcel 038B (Lot 60) – The 23,227 sq. ft. or 0.53-acre lot is irregularly shaped with level topography. Maricopa County Assessor’s parcel number 300-05-704.

Parcel 038A (Lot 61) – The 28,259 sq. ft. or 0.65-acre lot is irregularly shaped with level topography. Maricopa County Assessor’s parcel number 300-05-705.

Access (Legal / Physical)/View Potential:

Parcel 038F (Lot 18) – Has legal and physical access from the south side of West Redwood Lane, a two-lane asphalt paved road with rolled concrete curbs. This mid-

block lot has South Mountain views to the north and views of the AZ-202 sound reduction wall to the south.

Parcel 038E (Lot 19) – Has legal and physical access from the south side of West Redwood Lane, a two-lane asphalt paved road with rolled concrete curbs. This mid-block lot has South Mountain views to the north and views of the AZ-202 sound reduction wall to the south.

Parcel 038D (Lot 20) – Has legal and physical access from the south side of West Redwood Lane and the east side of South 31st Lane, both two-lane asphalt paved roads with rolled concrete curbs. This corner lot has South Mountain views to the north and northwest and views of the AZ-202 sound reduction wall to the south.

Parcel 038C (Lot 53) – Has legal and physical access from the east side of South 32nd Lane and the north side of West Redwood Lane, both two-lane asphalt paved roads with rolled concrete curbs. This corner lot has South Mountain views to the north and northwest with dedicated open space along the east side and views of the AZ-202 sound reduction wall to the south.

Parcel 038B (Lot 60) – Has legal and physical access from the west side of South 32nd Lane and the south side of West Redwood Lane, both two-lane asphalt paved roads with rolled concrete curbs. This corner lot has South Mountain views to the north and northeast and views of the AZ-202 sound reduction wall to the south.

Parcel 038A (Lot 61) – Has legal and physical access from the south side of West Redwood Lane, a two-lane asphalt paved road with rolled concrete curbs. This corner lot has South Mountain views to the north and northwest, and currently backs to open space to the west and views of the AZ-202 sound reduction wall to the south.

Utilities:

Electric:	Arizona Public Service (APS)
Telephone:	Century Link and other providers
Gas:	Southwest Gas Corporation
Water:	City of Phoenix
Sewer:	City of Phoenix

Floodplain:

All six subject parcels are identified as being located in the Flood Zone X (shaded) per FIRM Map Panel No. 04013C2670L, dated October 16, 2013. Zone X

(shaded), which is an area defined by FEMA as 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile.

Environmental Conditions:

No environmental reports were provided for review. Lacking environmental reports, this appraisal assumes that there are no environmental conditions on or around the subject parcels that would adversely impact their market values.

Soil & Subsoil Conditions:

No soils engineering reports were provided for review. Thus, the soil and sub-soil conditions are not known. There is no visual evidence of adverse soil conditions on the six subject parcels. The surrounding improved properties indicate that subsoil conditions support single-family residential home development.

Restrictions & Easements:

There appears to be no adverse easements or encroachments identified or that were visually observed during the property inspections. This appraisal assumes that the subjects are encumbered by typical public utility, easements that do not adversely affect values.

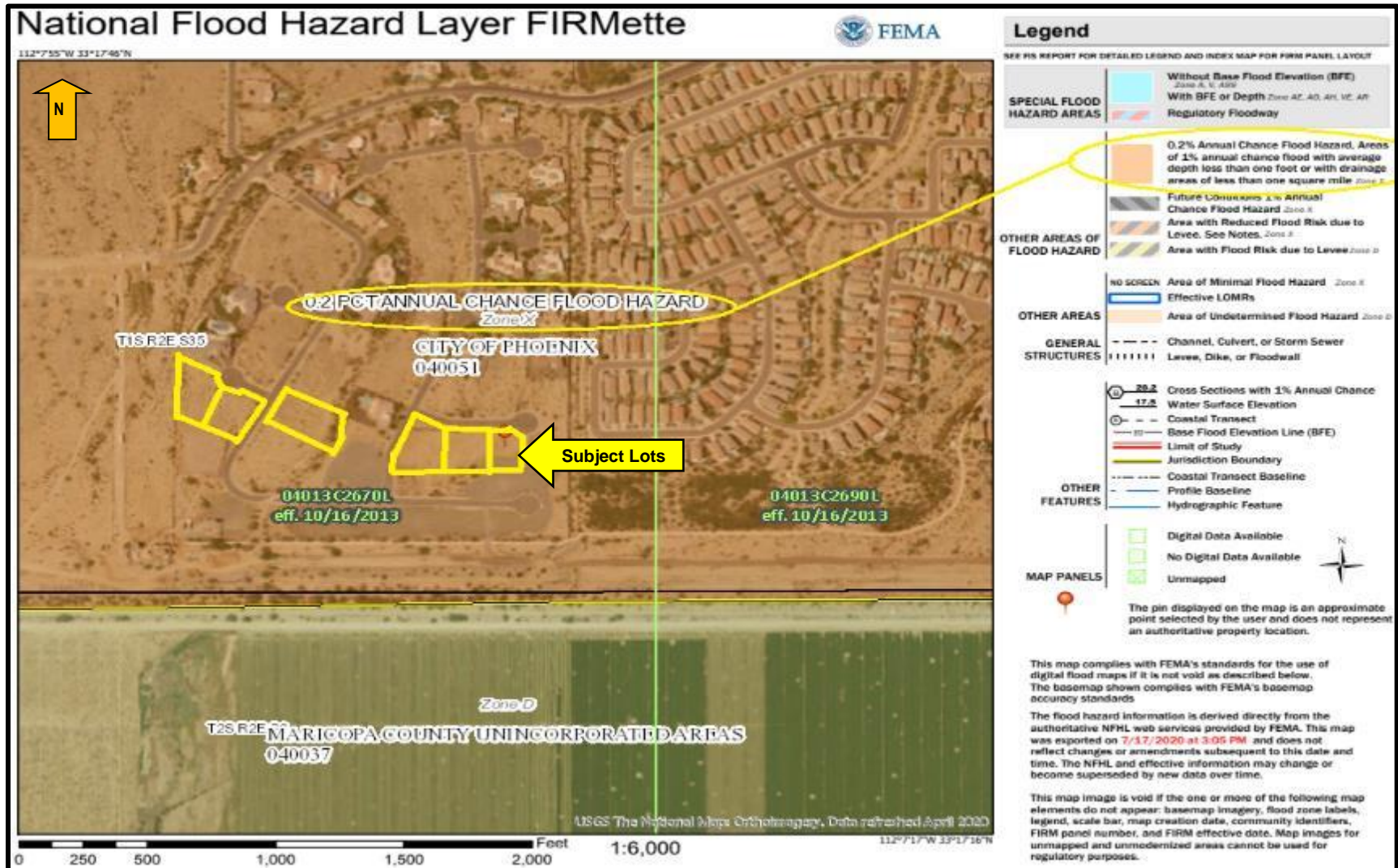
Views:

The subject properties are six of the seven properties which border the sound-wall for South Mountain Freeway-202. They are also the furthest lots from south mountain which diminishes the quality of the mountain views.

Impact on Value:

The subject properties are well located within a high-end residential subdivision. They are readily developed with paved roads and a gated entry. This is a desirable community with a 3,000 minimum house size and mountain views to the north. In comparison to the other properties in the development the subjects are inferior. This is due to their closer proximity to SR-202. This increases the vehicle noise and decreases their views to the south.

FLOOD MAP



The lot boundaries in yellow are approximate

ASSESSED VALUATION & TAX DATA

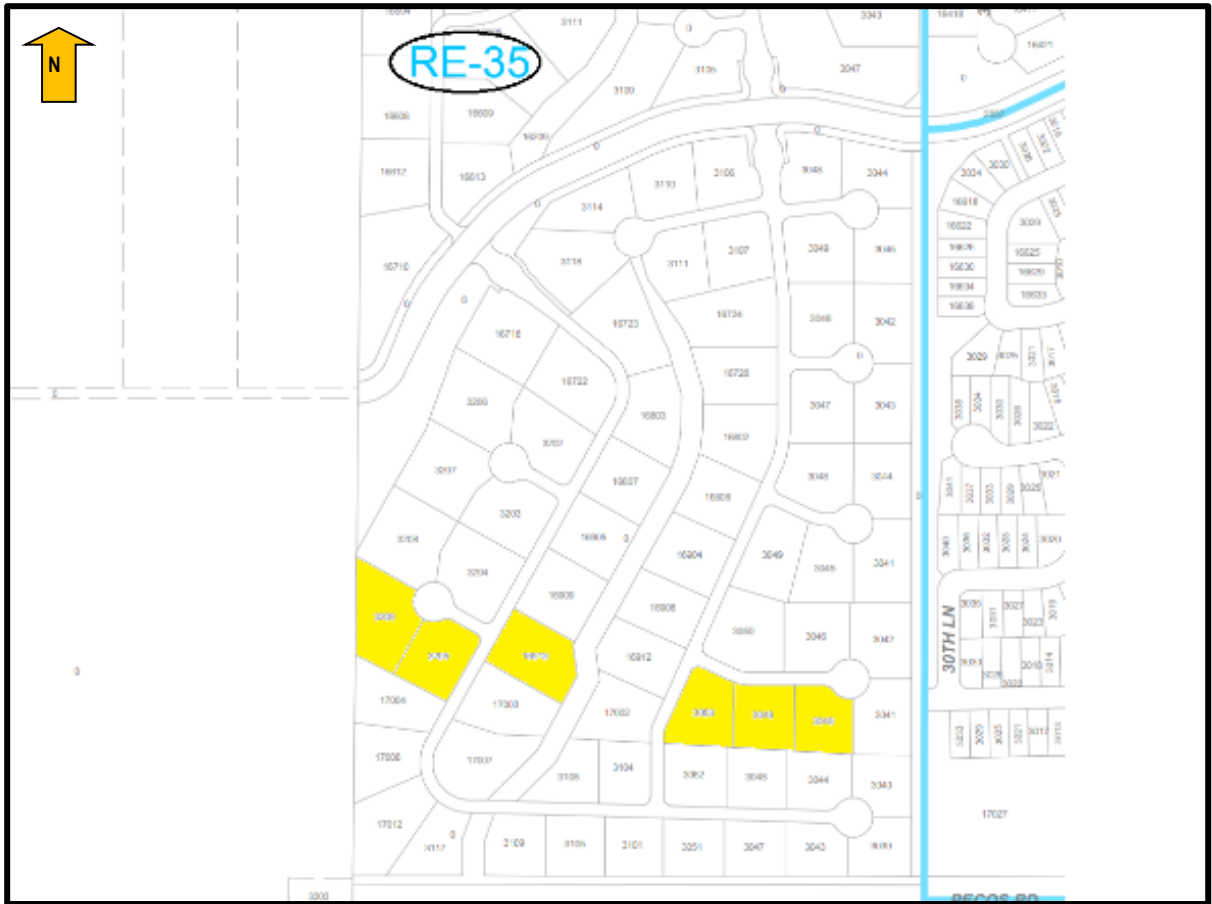
The assessed value and real estate tax data for the six subject parcels is derived from the Maricopa County Assessor's records, and is summarized as follows:

<i>TAX INFORMATION</i>		
Assessor Parcel Number	2023 Actual Limited Assessed Value	2024 Pro Forma Limited Assessed Value
300-05-662	\$124,362	\$130,580
300-05-663	\$128,759	\$135,196
300-05-664	\$136,517	\$143,342
300-05-697	\$136,864	\$143,707
300-05-704	\$136,517	\$143,342
300-05-705	\$151,256	\$158,818
Subtotal	\$814,275	\$854,985

Source: Maricopa County Assessor & Maricopa County Treasurer

The property owner, State of Arizona, is exempt from property taxation. It is an assumption of this appraisal that taxes for a non-exempt buyer would be assessed based on tax rates consistent with other lots in the immediate Calabrea residential subdivision.

ZONING



The six subject lots are all zoned RE-35, Single-Family Residence District per the City of Phoenix. RE-35, Single-Family Residence District per the City of Phoenix. The basic purpose of these regulations is to foster the creation of living areas which can assist the establishment of stable, functional neighborhoods. An established pattern of living in this metropolitan area reflects a tradition of single-family occupied dwellings which also emphasize outdoor living. Many of these dwellings are thereby located on relatively large urban or suburban lots. The regulations provide standards for dwellings built at low and moderate densities. While the predominant housing type is expected to be single-family dwelling, provisions are made for alternative housing types within the same density limits. The RE-35 development options are summarized in the following table.

	<i>RE-35 Development Option</i>		
<i>Standards</i>	<i>(a)</i> <i>Subdivision</i>	<i>(b)</i> <i>Average Lot</i>	<i>(c)</i> <i>Planned Residential Development</i>
Minimum lot dimensions (width and depth)	150' width, 175' depth (Minimum area 35,000 sq. ft.)	100' width, 125' depth	None
Dwelling unit density (units/gross acre)	1.10	1.10	1.15; 1.32 with bonus
Perimeter standards	None	40' front or rear, 20' side	40' adjacent to a public street; this area is to be in common ownership unless lots front on the perimeter public street; 20' adjacent to property line
Building setbacks	40' front, 40' rear, 20' side	25' front, 50' total front and rear	25' front
Maximum height	2 stories and 30'	2 stories and 30'	2 stories and 30'
Lot coverage	25%, except if all structures are less than 20' and 1 story in height then a maximum of 30% lot coverage is allowed.	Primary structure, not including attached shade structures: 25% Total: 30%	Primary structure, not including attached shade structures: 25% Total: 30%
Common areas	None	None	Minimum 5% of gross area
Allowed uses	Single-family detached	Single-family attached; plus (a)	Single-family attached; plus (a)

This area is expected to experience continued growth in the near future. The location is conducive to a range of residential uses and densities. To the best of my knowledge, the subject lots are legally conforming uses although, the lots have less than the minimum lot size of 35,000 square feet. Additional information may be obtained from the appropriate governmental authority.

HIGHEST AND BEST USE

According to *The Appraisal of Real Estate, 15th Edition*, published by the Appraisal Institute, highest and best use is defined as:

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

The highest and best use of the property as vacant and as improved must meet four criteria. The highest and best use must be:

- 1) ***Legally Permissible***: What uses are permitted by zoning, private restrictions, historic districts, and environmental regulations on the site?
- 2) ***Physically Possible***: Based on the physical characteristics of the site, what uses are physically possible?
- 3) ***Financially Feasible***: Which uses meeting the first two criteria will produce a positive return to the owner of the site?
- 4) ***Maximally Productive***: Among the feasible uses, which use will produce the highest price, or value, consistent with the rate of return warranted by the market? This use is the highest and best use.

AS VACANT

Legally Permissible

As vacant, the legally permissible uses of the six subject lots is for single-family residences as permitted by the RE-35, Single-Family Residence District, by the City of Phoenix and the Foothills 80, (aka Calabrea), planned residential development. As previously discussed in the zoning section, the RE-35 zone is intended to provide for areas of single-family residential development at low to moderate densities with a minimum lot size of 35,000 square feet per lot. The six subject lots are legally conforming, custom residential lots when common areas are considered.

Physically Possible

The subject lots range in size from 19,848 square feet, (0.46 acres) to 28,259 square feet, (0.65 acres), as indicated by Maricopa County Assessor's records. They are located within the Calabrea residential subdivision situated west of South 17th Avenue, south of Chandler Boulevard, and north of the Loop 202 in a primarily residential area. The subject lots are irregular in shape but functional for single-family residential development.

Based on the zoning, location, physical characteristics and surrounding improved uses, the physically possible use, as vacant, is for single-family residential homes which conform to the zoning, surrounding uses, and physical constraints of the lots.

Financially Feasible

Potential uses of the site include new custom single-family residences. The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis, there has been a decline in activity for residential land over the last year. Inventory of finished lots remains high, but demand is weak. Development of the vacant lots as single-family residences is financially feasible. However, the subject lots are in a gated community of high-value homes. Therefore, I believe that construction of a single-family home is financially feasible.

Maximally Productive

The final test of highest and best use of the site, as vacant, is that the use be maximally productive, yielding the highest return to the land. Based on the information presented above, I conclude that the highest and best use of the subject lots, as vacant, is for development of custom single-family residences in the near term. My analysis of the subject lots and their respective market characteristics indicate the most likely buyer, as vacant, would be a custom home builder.

Conclusion, Highest and Best Use, As Vacant

Given the zoning, location, physical characteristics and general market conditions, the highest and best use, as vacant, is for development of custom single-family residences that conform to the zoning regulations and the Foothills 80, (aka Calabrea), planned residential development.

LAND VALUATIONS

The Sales Comparison Approach is used to provide market value opinions for the subject lots, as vacant land. This approach applies the principle of substitution which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property without undue or costly delay. The sales comparison approach is the only applicable approach to value vacant residential lots like the subjects. Thus, neither a Cost nor Income Approach is applicable to the valuation of vacant lots.

Adjustments are made to the comparable sales based on the following elements of comparison: property rights conveyed, financing terms, conditions of sale, market conditions (time), location, physical characteristics, and zoning/planned use. The subjects represent six “shovel ready” residential home lots. Thus, the appropriate unit of comparison is the lot sale price.

Search parameters for comparable “shovel ready” residential lots focused on sales and listings that are similar in location and size to those of the subjects. The search for recent lot sales included immediate and surrounding areas that have similar demographics and are planned for similar custom single-family residences. Sufficient sales were found within the Calabrea development. Thus, only sales from this community were analyzed. The market data that is included in the analysis is considered to be the best available and provides credible opinions of value.

A location map showing the lot comparables relative to the subject lots and individual data sheets are presented on the following pages. Because all six lots share many similarities, a comparable land matrix is shown based on the average subject lot. This “average lot” will then be adjusted in the conclusion to account for superiorities and inferiorities between the subject lots.

LAND COMPARABLE MAP



COMPARABLE LOT SALE



COMPARABLE:	SALE 1
LOCATION:	16722 S. 32nd Lane, Phoenix, AZ 85045
LEGAL DESCRIPTION:	Lot 68, Foothills 80
TAX CODE NUMBER(S):	300-05-712
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	March 15, 2022
Affidavit of Fee No:	20220236081
SELLER:	Michalik Living Trust
BUYER:	Thalia Dominguez Contreras
LOT SALE PRICE:	\$310,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
LOT AREA IN SQ. FT.	29,845
LOT PRICE PER SQ. FT:	\$10.39
PHYSICAL DESCRIPTION	
Location:	Good / South Mountain
Topography/Shape/View:	Level / Irregular / Mountain
Utilities:	All Available
Flood Plain:	Zone X (Shaded)
ZONING / PLANNED USE / DENSITY:	RE-35, Single-Family Residence
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	336 Days
CONFIRMED WITH:	Kimberly Helfenbein, Listing Agent, Home Base Realty, 480-235-5360
DATE CONFIRMED:	8/29/2022
COMMENTS:	
This comparable represents sale of a 0.69 acre lot in the Calabrea subdivision in the South Mountain area of the Ahwatukee Foothills. It was on the market for 336 days at an asking price of \$319,800. The buyer has listed the lot on the open market with an asking price of \$349,999 dollars or \$11.73 per square foot.	

COMPARABLE LOT SALE



COMPARABLE:	SALE 2
LOCATION:	3046 W. Redwood Ln, Phoenix, AZ 85045
LEGAL DESCRIPTION:	Lot 15, Foothills 80
TAX CODE NUMBER(S):	300-05-659
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	July 27, 2022
Affidavit of Fee No:	20220600388
SELLER:	John Marks, Trustee of the Marks Family Trust
BUYER:	James Rizzo
LOT SALE PRICE:	\$299,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Not listed on MLS
LOT AREA IN SQ. FT.	23,448
LOT PRICE PER SQ. FT.:	\$12.75
PHYSICAL DESCRIPTION	
Location:	Good / South Mountain
Topography/Shape/View:	Level / Irregular / Mountain
Utilities:	All Available
Flood Plain:	Zone X (Shaded)
ZONING / PLANNED USE / DENSITY:	RE-35, Single-Family Residence
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	N/A
CONFIRMED WITH:	Transaction verified by Affidavit of Property Value, Warranty Deed, and Maricopa GIS
DATE CONFIRMED:	10/25/2023
COMMENTS:	

This comparable sale represents the sale of Lot 15 in Calabrea. This lot is on the north side of W. Redwood Lane in a cul-de-sac. There is no history of this property being listed on the MLS since 2010. Based on the Affidavit of Value, it appears that Kimberly Felix represented both the buyer and seller. I made multiple unsuccessful attempts to contact Ms. Felix. However, the sale price is consistent with similar sales in Calabrea.

COMPARABLE LOT SALE



COMPARABLE:	SALE 3
LOCATION:	3044 W. Glenhaven Dr., Phoenix, AZ 85045
LEGAL DESCRIPTION:	Lot 2, Foothills 80
TAX CODE NUMBER(S):	300-05-646
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	September 26, 2022
Affidavit of Fee No:	20220735463
SELLER:	Ahwatukee Land Investments L.L.C
BUYER:	Williams Family Trust
LOT SALE PRICE:	\$300,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length (+\$29,000 for discount)
LOT AREA IN SQ. FT.	20,757
LOT PRICE PER SQ. FT.:	\$14.45
PHYSICAL DESCRIPTION	
Location:	Good / South Mountain
Topography/Shape/View:	Level / Irregular / Mountain
Utilities:	All Available
Flood Plain:	Zone X (Shaded)
ZONING / PLANNED USE / DENSITY:	RE-35, Single-Family Residence
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	596 Days
CONFIRMED WITH:	Sharon Cochranhs, Listing Agent, Home Smart, 602-695-1004
DATE CONFIRMED:	10/25/2023

COMMENTS:

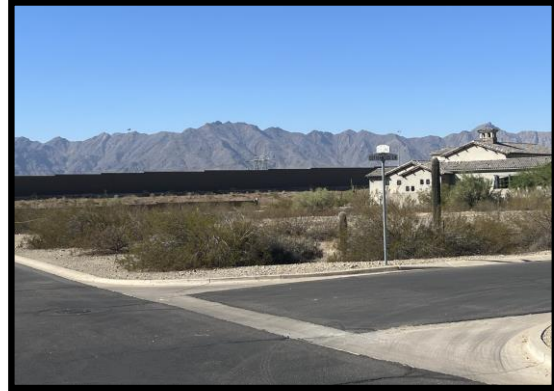
This comparable represents the sale of a fully improved lot in the Calabrea subdivision in the South Mountain area of the Ahwatukee Foothills. According to Sharon Cochranhs this property was listed for \$329,000 and sold for a \$29,000 discount because the buyer agreed to build with Forte Homes, her husband's company. According to the Affidavit of Property Value, this was an all cash transaction for \$300,000. This lot is a cul-de-sac lot on the south side of Shaughnessy Road.

COMPARABLE LOT SALE



COMPARABLE:	SALE 4
LOCATION:	3041 W. Redwood Ln, Phoenix, AZ 85045
LEGAL DESCRIPTION:	Lot 17, Foothills 80
TAX CODE NUMBER(S):	300-05-661
RECORDS:	
Instrument:	Beneficiary's Deed of Full Release
Date Recorded:	July 1, 2023
Affidavit of Fee No:	202303068518
SELLER:	Jeff and Kristine Haley
BUYER:	John Marks
LOT SALE PRICE:	\$196,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Property Exchanged for Release of Debt
CONDITIONS OF SALE:	Non-Arms Length
LOT AREA IN SQ. FT.	22,178
LOT PRICE PER SQ. FT:	\$8.84
PHYSICAL DESCRIPTION	
Location:	Good / South Mountain
Topography/Shape/View:	Level / Irregular / SR-202 Sound wall / Mountain
Utilities:	All Available
Flood Plain:	Zone X (Shaded)
ZONING / PLANNED USE / DENSITY:	RE-35, Single-Family Residence
THREE YEAR HISTORY:	\$264,000 Sale in October 2021 - ~10% down payment.
MARKETING TIME:	Marketed at \$315,000 for two months and \$215,000 for two weeks. Eventually cancelled and reconveyed.
CONFIRMED WITH:	Jill DeBord - 480-886-9000, Listing Agent
DATE CONFIRMED:	10/17/2023
COMMENTS:	This transaction was not a typical market sale between an unrelated buyer and seller. This transaction was a release of the property to the original seller for the amount of the remaining debt owed on the site. The "sellers" had unusual motivation to dispose of the property before adequate market exposure could occur at \$215,000. However, Jill DeBord, the listing agent, indicated that there were interested buyers at \$215,00, but the release to the prior owner was already well underway. Additionally, it was more favorable for the sellers to release the property for the \$196,000 note release, rather than pay commissions on a sale at \$215,000. There is a Realcorp sign in front of this property as October 2023, but it is not MLS listed.

COMPARABLE LOT SALE



COMPARABLE:	SALE 5
LOCATION:	3203 W. Cottonwood Ln., Phoenix, AZ 85045
LEGAL DESCRIPTION:	Lot 64, Foothills 80
TAX CODE NUMBER(S):	300-05-708
RECORDS:	
Instrument:	Warranty Deed
Date Recorded:	September 21, 2023
Affidavit of Fee No:	20230493823
SELLER:	Daniel Lee Briggs, Trustee of the Daniel L. Briggs Trust
BUYER:	David and Nicholas Kibby
LOT SALE PRICE:	\$275,000
INTEREST CONVEYED:	Fee Simple
TERMS:	Cash to Seller
CONDITIONS OF SALE:	Arm's-Length
LOT AREA IN SQ. FT.	26,353
LOT PRICE PER SQ. FT:	\$10.44
PHYSICAL DESCRIPTION	
Location:	Good / South Mountain
Topography/Shape/View:	Level / Irregular / Mountain
Utilities:	All Available
Flood Plain:	Zone X (Shaded)
ZONING / PLANNED USE / DENSITY:	RE-35, Single-Family Residence
THREE YEAR HISTORY:	No prior sales
MARKETING TIME:	208 Days (with price changes)
CONFIRMED WITH:	Nicholas Kibby - Buyer - 480-768-9333
DATE CONFIRMED:	10/17/2023
COMMENTS:	

This comparable sale represents the sale of Lot 64 in the Calabrea subdivision of Ahwatukee Foothills. This lot was purchased by Mr. Nicholas Kibby, who represented himself in the transaction. Mr. Kibby confirmed the details of this transaction and mentioned that it was arms-length. According to the MLS, this property was listed for \$300,000 in February, \$250,000 from March 17-August 28, and finally \$275,000 until it sold in September. No unusual sale conditions were reported.

LAND VALUE ANALYSIS

Quantitative adjustments have been considered for elements of comparison including property rights conveyed, financing terms, conditions of sale, and date of sale, location, physical characteristics, and zoning/planned use.

SUMMARY OF COMPARABLE LOTS

LOT COMP	SALE DATE	PROPERTY LOCATION	ACTUAL LOT PRICE	LOT AREA (SF)	PRICE PER SF	ZONING / PLANNED USE
1	03/15/22	16722 S. 32nd Lane, Phoenix,	\$310,000	29,845	\$10.39	RE-35, Single-Family Residence
2	07/27/22	3046 W. Redwood Ln, Phoenix, AZ 85045	\$299,000	23,448	\$12.75	RE-35, Single-Family Residence
3	09/26/22	3044 W. Glenhaven Dr., Phoenix, AZ 85045	\$300,000	20,757	\$14.45	RE-35, Single-Family Residence
4	07/01/23	3041 W. Redwood Ln, Phoenix, AZ 85045	\$196,000	22,178	\$8.84	RE-35, Single-Family Residence
5	09/21/23	3203 W. Cottonwood Ln., Phoenix, AZ 85045	\$275,000	26,353	\$10.44	RE-35, Single-Family Residence
¹ Adjusted sale price for cash equivalency and/or development costs (where applicable)						
Subj.	---	3045, 3049, 3053, 3205 & 3209 W. Redwood Lane & 16913 S. 32nd Lane, Phoenix AZ 85045	---	19,848 - 28,259 AVG. 23,647		RE-35 / Single-Family Residence

Here follows the analysis of the sales by each element of comparison. The “average lot” adjustment matrix, which summarizes the price adjustments, precedes the conclusion of this analysis.

Property Rights Conveyed

No price adjustments to any of the comparable sales are made for property rights conveyed. The fee simple interest was transferred for each of the lot sales.

Financing Terms

In accordance with the definition of market value, adjustments for financing terms assume all cash or cash to the seller with the buyer obtaining new conventional financing at prevailing interest rates. Comparable Four was a release of owed debt in exchange for release of the property to the prior owner. This is not adjusted for financing terms, but instead considered under Conditions of Sale on the next page. Comparable Sales One, Three, Four, and Five represented transactions that were cash equivalent. No price adjustments are made.

Conditions Of Sale

A price adjustment for conditions of sale is made if the transaction was influenced by outside factors such as financial duress, lack of a sales commission, a related-party transaction, or out of the ordinary motivations of the buyer or seller.

I must assume that the subject properties will not be listed on the MLS. According to Elizabeth Hofstetter, ADOT Right of Way Agent, ADOT does not offer a commission to a buyer's representatives in real estate transactions. This is the reason they do not get listed on the ARMLS.

Sales One, Three, and Five were all listed on the Arizona Regional Multiple Listing Service leading up to their transactions. As discussed in the letter of transmittal, this is the most prominent platform for marketing residential properties. The research cited in Footnote One suggests that properties listed on the MLS sell for 17% more on average compared to off-market sales. However, ADOT sales still have some marketing, thus, a lower percentage is appropriate. This is the basis for my downward price adjustments to Sales One, Three, and Five.

Sale Two was not listed on the ARMLS, therefore, no price adjustment is made for conditions of sale.

Sale Four, Calabrea Lot 17, had multiple conditions of sale that make it a poor indication of market value. However, it was temporarily listed on the MLS and reportedly generated some interest at \$215,000, albeit unofficially. The following timeline describes the events regarding Sale Four.

During my conversation with Sale Four's listing agent, Jill DeBord, she indicated that the last transaction of \$196,000 was not a "Market" sale between an unrelated buyer and seller. This transaction was a release of the property to the original seller for the amount of the remaining debt owed on the site.

The following is the property history for Lot 17.

- **October 2021** - Jeff Haley purchased Lot 17 from the Marks Family Trust and Riggle Enterprises LLC for \$264,000 on seller carryback terms: Approximately 10% down payment, \$26,000, according to Affidavit of Property Value # 20211225120. The remainder of the note was for \$238,000 as recorded by Deed of Trust # 20211225121.
- Ms. DeBord indicated that her client, Jeff Haley, the buyer, intended to build a house on this lot but encountered numerous complications with the homeowner's association. Subsequent to these complications, Mr. Haley and his wife decided not to build, and instead chose to list the property for sale.

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- **April 4, 2023** - According to the Arizona Regional Multiple Listings Service, (ARMLS), this property was listed for sale with a listing price of \$315,000. There was little interest at this price.
 - **June 4, 2023** - The price of Lot 17 was reduced by 31.7% to \$215,000 as an attempt to sell the asset faster. However, this property was only listed on the open market at \$215,000 for two weeks until the listing was cancelled. Ms. DeBord indicated that there were some interested buyers, but no official offers during those two weeks. She indicated that instead of giving the property adequate time to sell at this price, the buyers just wanted to get out of the deal.
 - **June 21, 2023** – The ARMLS reported a cancelation of the listing. The ownership was returned to the original seller, John Marks, by a release of the \$196,000 remaining balance on the note. The Beneficiary’s Deed of Full Release is recorded as Document # 20230368517.
 - **July 1, 2023** – Affidavit of Property Value # 20230368518 reports that the sellers, Jeff and Kristine Haley, “sold” Lot 17 to John Marks, Trustee of the Marks Family Trust. The Affidavit incorrectly reports \$196,000 paid in cash by a conventional loan. Thus, from October 2021 to July 2023, Mr. and Mrs. Haley paid \$68,000 of principal (\$264,000-\$196,000) including \$26,000 cash down payment. Mr. John Marks received the property back and released Mr. and Mrs. Haley from the remaining \$196,000 of debt.

An upward adjustment is applied to Sale Four to account for unusual seller motivation.

Market Conditions (Time)

An adjustment for market conditions considers any changes that occur in the marketplace over time. These changes include fluctuations in supply and demand, inflation, or deflation. Since the subjects are appraised as of a specific date, the comparable sales must be analyzed to determine the direction of change, if any, during the period between the sale date and the date of valuation.

The contract dates for the closed sales are from March 2022 to September 2023. As discussed in the Market Analysis, market conditions have declined with increasing interest rates, decreasing homebuyer lot purchases, and reduced single-family permit issuances. A 6% annual, 0.5% monthly downward adjustment is applied to all of the comparable sales.

Location/Access (Legal & Physical)

The subject lots are located within the Calabrea residential subdivision, which is situated south of Chandler Boulevard, west of 17th Avenue, just north of Loop 202. The subject lots are in an area of primarily residential uses with a stable housing base and above average median income levels.

None of the comparable sales, except for Sale Four, are directly adjacent to the SR-202 sound wall. As mentioned in the Letter of Transmittal, I believe that the value of the subject properties is negatively impacted by this wall.

Sale One is located within the Calabria residential subdivision. It is west of 32nd on a curving corner. This property is five lots north of the southern boundary and considered superior to the subject “average lot”. A downward price adjustment is made.

Sale Two is located within the Calabria residential subdivision. It is north of W. Redwood Lane. This property is only two lots north of the southern boundary, but it can be configured to have backyard mountain views with the driveway facing Redwood Lane. It is considered superior to the subject “average lot”. Thus, a downward price adjustment is made.

Sale Three is situated within the Calabria residential subdivision. It is east of 31st Lane at the southwest corner of the Glenhaven Drive cul-de-sac. This comparable is eight lots north of the southern boundary and considered superior to the subject. Thus, a downward price adjustment is made.

Sale Four is on the south side of W. Redwood Lane. This lot borders the open space between Calabria and SR-202. This is similar to the subject average lot. No price adjustment for location is made.

Sale Five is located on the southwest corner of 32nd Lane and W. Cottonwood Lane in Calabria. This lot is five lots from the southern Calabria boundary, and two lots from the western boundary. This location is superior, and a downward price adjustment is made.

Physical Characteristics

Adjustments for physical characteristics include the size, topography/shape/potential view(s), zoning/planned use, availability of utilities, and floodplain issues.

Lot Sizes

Generally, larger lots offer more building envelop and construction flexibility with more open space and privacy, which tend to sell at higher lot prices than smaller ones. The subject lots range in size from 19,848 square feet, (Lot 18) to 28,259 square feet, (Lot 61) with an average of 23,708. The lot comparable sales range from 19,848 square feet to 28,259 square feet with an average of 23,647 square feet. The average sale size and average subject lot size are nearly identical. Therefore, no price adjustments were made in this element of comparison. However, in the conclusion analysis, size adjustments will be applied for the specific subject lots that significantly deviate from the average.

Topography / Shape / Potential View(s)

The subject lots all have irregular lot shapes with level topography, which are graded and in shovel ready condition. Except for Sale Four, the comparable sales have superior views which are less impacted by close proximity to the SR-202 wall. Price adjustments for this have already been accounted for within the location adjustments.

Zoning / Planned Use

The six subject lots are all zoned RE-35, Single-Family Residence District, which were or would be purchased for development of a single-family home. No price adjustments are made.

Utilities (Offsites)

As previously described in the “Site Analysis” section, all six subject lots have access to all municipal utilities and are in “shovel ready” to build condition. All five lot sales represent similar construction ready lots. Thus, no price adjustments are made.

Floodplain

The subject lots are all outside the 100- and 500-year flood plains which are not required to carry flood insurance. All five lot sales have similar flood designations with no flood issues. Thus, no price adjustments are necessary.

Here follows the six subject lots Adjustment Matrixes summarizing the adjustments as they apply to the comparable lots and the subject properties.

LAND COMPARABLE ADJUSTMENT MATRIX - AVERAGE LOT

ELEMENTS OF COMPARISON	SUBJECT	SALE 1		SALE 2		SALE 3		SALE 4		SALE 5	
	AVERAGE LOT FOR ADOT PARCEL L-C-038A, B, C, D, E, F	16722 S. 32nd Lane, Phoenix, AZ 85045	Lot Price / Adjustments	3046 W. Redwood Ln, Phoenix, AZ 85045	Lot Price / Adjustments	3044 W. Glenhaven Dr., Phoenix, AZ 85045	Lot Price / Adjustments	3041 W. Redwood Ln, Phoenix, AZ 85045	Lot Price / Adjustments	3203 W. Cottonwood Ln., Phoenix, AZ 85045	Lot Price / Adjustments
SALE PRICE	N/A		\$310,000		\$299,000		\$300,000		\$196,000		\$275,000
PROPERTY RIGHTS CONVEYED <i>Adjustment</i>	Fee Simple	Fee Simple 0%	\$0	Fee Simple 0%	\$0	Fee Simple 0%	\$0	Fee Simple 0%	\$0	Fee Simple 0%	\$0
FINANCING TERMS <i>Adjustment</i>	Assume cash to seller	Cash to Seller 0%	\$0	Cash to Seller 0%	\$0	Cash to Seller 0%	\$0	Property Exchanged for Release of Debt 0%	\$0	Cash to Seller 0%	\$0
CONDITIONS OF SALE <i>Adjustment</i>	Assume arm's-length and no marketing on ARMLS	Arm's-Length -10%	-\$31,000	Not listed on MLS 0%	\$0	Arm's-Length (+\$29,000 for discount) 0.3%	\$1,000	Non-Arms Length 10%	\$19,600	Arm's-Length -10%	-\$27,500
MARKET CONDITIONS (TIME) <i>Adjustment</i>	October 24, 2023 Date of Value	March 15, 2022 -10%	-\$27,900	July 27, 2022 -8%	-\$23,920	September 26, 2022 -6.5%	-\$19,565	July 1, 2023 -2%	-\$4,312	September 21, 2023 -1%	-\$2,475
ADJUSTED SALE PRICE			\$251,100		\$275,080		\$281,435		\$211,288		\$245,025
LOCATION General Access (Legal & Physical) Adjacency to SR-202 <i>Adjustment</i>	Good / South Mountain Yes - Paved YES	Good / South Mountain Yes - Paved NO -20%	-\$50,220	Good / South Mountain Yes - Paved NO -20%	-\$55,016	Good / South Mountain Yes - Paved NO -20%	-\$56,287	Good / South Mountain Yes - Paved YES 0%	\$0	Good / South Mountain Yes - Paved NO -20%	-\$49,005
PHYSICAL CHARACTERISTICS Lot Size in SF Lot Size in Acres <i>Adjustment</i>	Size (Average) 23,708 0.54	29,845 0.69 0%	\$0	23,448 0.54 0%	\$0	20,757 0.48 0.0%	\$0	22,178 0.51 0%	\$0	26,353 0.60 0.0%	\$0
Topography / Shape / Potential View <i>Adjustment</i>	Level / Irregular / SR-202 sound wall and mountain	Level / Irregular / Mountain 0%	\$0	Level / Irregular / Mountain 0%	\$0	Level / Irregular / Mountain 0%	\$0	Level / Irregular / SR-202 Sound wall / Mountain 0%	\$0	Level / Irregular / Mountain 0%	\$0
Zoning / Planned Use <i>Adjustment</i>	RE-35 / Single-Family Residence	RE-35, Single-Family Residence 0%	\$0	RE-35, Single-Family Residence 0%	\$0	RE-35, Single-Family Residence 0%	\$0	RE-35, Single-Family Residence 0%	\$0	RE-35, Single-Family Residence 0%	\$0
Utilities <i>Adjustment</i>	All to Site	All Available 0%	\$0	All Available 0%	\$0	All Available 0%	\$0	All Available 0%	\$0	All Available 0%	\$0
Floodplain <i>Adjustment</i>	Zone X (Shaded)	Zone X (Shaded) 0%	\$0	Zone X (Shaded) 0%	\$0	Zone X (Shaded) 0%	\$0	Zone X (Shaded) 0%	\$0	Zone X (Shaded) 0%	\$0
ADJUSTED SALE PRICE / SF			\$200,880		\$220,064		\$225,148		\$211,288		\$196,020

“Average Lot” Conclusion Analysis:

After making adjustments for all of the appropriate elements of comparison, the adjusted price range from the five lot sales is \$196,020 to \$225,148 with an average of \$210,680 and a median of \$211,288. Less weight is given to Sale Four, as it was a non-arms length transaction with numerous conditions of sale concerns. Since Sale Four’s adjusted price is so close to the total average, it only brings the weighted average price down by \$68 to \$210,612. Therefore, I believe that \$210,000 is an appropriate indication of value for the average lot analysis.

Final Conclusions of Value for Specific Subject Lots

ADOT Parcels L-C-038F and L-C-038E are the two smallest lots of the six subjects. To account for their sizes being smaller than the “average lot”, these lots are adjusted down from the average by \$5,000 to \$205,000.

ADOT Parcels L-C-038C and L-C-038A are the two largest lots of the six subjects. To account for their sizes being larger than the “average lot”, these lots are adjusted up from the average by \$5,000 to \$215,000. An additional \$5,000 is applied to L-C-038C because it does not share a border with the open space leading to SR-202. E. Porter Drive separates the subject from this area. This increases L-C-038C to \$220,000.

ADOT Parcels L-C-038A and L-C-038B are similar to the average sized lots. No price adjustments for size are applied. Based upon the data, analyses, opinions, and conclusions contained in this report, my market value opinions for the six subject residential lots, as of October 24, 2023, are as follows:

ADOT Parcel L-C-038F: Market Value Opinion	\$205,000
ADOT Parcel L-C-038E: Market Value Opinion	\$205,000
ADOT Parcel L-C-038D: Market Value Opinion	\$215,000
ADOT Parcel L-C-038C: Market Value Opinion	\$220,000
ADOT Parcel L-C-038B: Market Value Opinion	\$210,000
ADOT Parcel L-C-038A: Market Value Opinion	\$210,000

LOT IDENTIFICATION, AREAS & ESTIMATED MARKET VALUE							
ADOT Parcel No.	Address	Assessor Parcel No.	Lot #	Lot Area (Sq. Ft.)	Lot Area (Acres)	Estimated Lot Market Value	Market Value Per SF Lot Area
L-C-038F	3045 W. Redwood Lane	300-05-662	18	19,848	0.46	\$205,000	\$10.33
L-C-038E	3049 W. Redwood Lane	300-05-663	19	20,830	0.48	\$205,000	\$9.84
L-C-038D	3053 W. Redwood Lane	300-05-664	20	23,113	0.53	\$215,000	\$9.30
L-C-038C	16913 S. 32nd Lane	300-05-697	53	26,971	0.62	\$220,000	\$8.16
L-C-038B	3205 W. Redwood Lane	300-05-704	60	23,227	0.53	\$210,000	\$9.04
L-C-038A	3209 W. Redwood Lane	300-05-705	61	28,259	0.65	\$210,000	\$7.43

EXPOSURE TIME

Exposure time is the estimated length of time the appraised property 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. The marketing times from the four closed lot comparables are analyzed to estimate the exposure time for the six subject lots.

The comparable properties recorded an exposure time of 208 days to 596 days. If priced accordingly and offered individually on the open market at alternating times, the six subject lots should sell within 12 months. Thus, an exposure period of one year or less is estimated for the six subject lots.

I hereby certify:

That I personally inspected the properties herein appraised. The subjects and the comparable sales relied upon in making the appraisal were as represented by the photographs, and aerials and maps contained in the appraisal.

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 subject properties, subsoil, or structures were found or assumed to exist which would render the properties 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 materials, which may or may not be present in the properties, were not observed by us or acknowledged by ownership. The appraisers, however, are not qualified to detect such substances, the presence of which may affect the values of the properties. 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 Arizona Department of Transportation Appraisal Standard and Specifications and the Uniform Standards of Professional Appraisal Practice.

That this appraisal has further been made in conformity with the appropriate State and Federal laws, regulations, policies, and procedures applicable to appraisal.

That I understand this appraisal may be used in connection with the potential disposal of the properties by the State of Arizona.

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 properties that are the subject of this report, or any benefit from the potential disposal of the properties appraised herein.

That I have not revealed the findings and result of such appraisal to anyone other than the property officials of the Arizona Department of Transportation, and I will not do so unless so authorized by property 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 opinions of the MARKET VALUES for the subject properties as of the 24th day of October, 2023, based upon my independent appraisal and the exercise of my professional judgment is as follows:

LOT IDENTIFICATION, AREAS & ESTIMATED MARKET VALUE							
ADOT Parcel No.	Address	Assessor Parcel No.	Lot #	Lot Area (Sq. Ft)	Lot Area (Acres)	Estimated Lot Market Value	Market Value Per SF Lot Area
L-C-038F	3045 W. Redwood Lane	300-05-662	18	19,848	0.46	\$205,000	\$10.33
L-C-038E	3049 W. Redwood Lane	300-05-663	19	20,830	0.48	\$205,000	\$9.84
L-C-038D	3053 W. Redwood Lane	300-05-664	20	23,113	0.53	\$215,000	\$9.30
L-C-038C	16913 S. 32nd Lane	300-05-697	53	26,971	0.62	\$220,000	\$8.16
L-C-038B	3205 W. Redwood Lane	300-05-704	60	23,227	0.53	\$210,000	\$9.04
L-C-038A	3209 W. Redwood Lane	300-05-705	61	28,259	0.65	\$210,000	\$7.43



*Steven R. Cole, MAI, SRA, AI-GRS
 Certified General Real
 Estate Appraiser #30130*

CERTIFICATION

THE APPRAISERS CERTIFY TO THE BEST OF THEIR KNOWLEDGE AND BELIEF:

The statements of fact contained in this report are true and correct.

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 Practice of the Appraisal Institute.

The reported valuations, assumptions and limiting conditions are 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 or bias with respect to the parties involved.

I have previously appraised the subject properties within the last three-year period. The date of value of the previous appraisal report was August 26, 2022, appraisal file number 22-212-L.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My compensation 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.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

Steven Cole, MAI, AI-GRS, have made personal inspections of the property that is the subject of this report.

Dustin Perrin, AZ Trainee License # RTA-1044213, provided significant real property appraisal assistance to the person(s) signing this certification. Mr. Perrin assisted me in inspecting the property being appraised, gathering data for the appraisal, writing the analyses, and determining the property's value. However, the final opinions and conclusions of value are my own.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives. The use of this report is also subject to the requirements of the Arizona Board of Appraisal.

I hereby certify that I am competent to complete the appraisal assignment. The reader is referred to appraisers' Statement of Qualifications.

All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by the Appraiser whose signatures appear on the appraisal report, unless indicated as "Review Appraiser".

No change of any item in the appraisal report shall be made by anyone other than the Appraisers, and the Appraiser shall have no responsibility for any such unauthorized change.

As of the date of this report, Steve Cole, MAI, AI-GRS has completed the continuing education program for Designated Members of the Appraisal Institute.



Steven R. Cole, MAI, SRA, AI-GRS
Certified General Real
Estate Appraiser #30130

QUALIFICATIONS OF STEVEN R. COLE, MAI, SRA, AI-GRS

FORMAL EDUCATION:

Bachelor of Arts Degree with high honors, University of California,
Santa Barbara, 1971

Master's Degree in Business Administration, University of California,
Los Angeles, 1973. Concentration: Urban Land Economics

PROFESSIONAL EDUCATION:

Successful Completion of Examinations for the following courses given by the
Appraisal Institute:

"Real Estate Appraisal Principles" and "Basic Valuation Procedures"

"Capitalization Theory & Techniques", Parts 1, 2, and 3

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

"Standards of Professional Practice", Part A, B & C

"Market Analysis"

"Review Theory - General"

Attendance at Numerous Educational Seminars:

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2021.

Senior Residential Appraiser (SRA), of the Appraisal Institute. This designation signifies expertise in the valuation of residential properties of 1 to 4 units.

General Review Specialist (AI-GRS), of the Appraisal Institute. This designation signifies expertise in the review of appraisals of general real estate properties.

EXPERIENCE:

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special purpose properties, feasibility studies, Fee Simple and leasehold interest, counseling, and appraisal for condemnation since 1975.

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

“A New Methodology for Estimating Highest and Best Use”,
Real Estate Appraiser and Analyst, Summer, 1987

“Estimating the Value of Proposed Developments by Discounting
Cash Flow”, *Real Estate Review*, Summer, 1988.

Formerly a Certified Instructor with the Appraisal Institute for “Highest and Best Use Applications”, “Feasibility Analysis and Highest and Best Use- Nonresidential Properties”, and “Principals and Procedures of Real Estate Appraisal”.

Associate Faculty, Pima Community College for “Real Estate Appraisal Principals” and “Basic Valuation Procedures”, 2000-2006.

Instructor for Tucson Board of Realtors, American Bar Association, Brodsky School of Real Estate, and Hogan School of Real Estate. Appraisal Principles, Appraisal Procedures, Market Analysis. Using the Internet for Due Diligence.

President of Southern Arizona Chapter #116, Appraisal Institute, 1983-84.

President for the Arizona State Chapter #41, Appraisal Institute, 1990.

Chairman, Pima County Real Estate Council, 2003-2004, Director 1989-2007.

Chairman, Tucson Airport Authority Chairman, 2015.
Board of Directors, 2011-2016. Member, Tucson Airport Authority, 2007-2016.

APPROVED APPRAISER:

With most major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

Arizona Certified General Real Estate Appraiser Number 30130. Currently certified through August 31, 2024.

Department of Insurance and Financial Institutions
State of Arizona

CGA - 30130

This document is evidence that:
Arizona Revised Statutes, relating to the establishment and operation of a: has complied with the provisions of

STEVEN R. COLE

Certified General Real Estate Appraiser

and that the Deputy Director of Financial Institutions of the State of Arizona has granted this license to transact the business of a:

Certified General Real Estate Appraiser

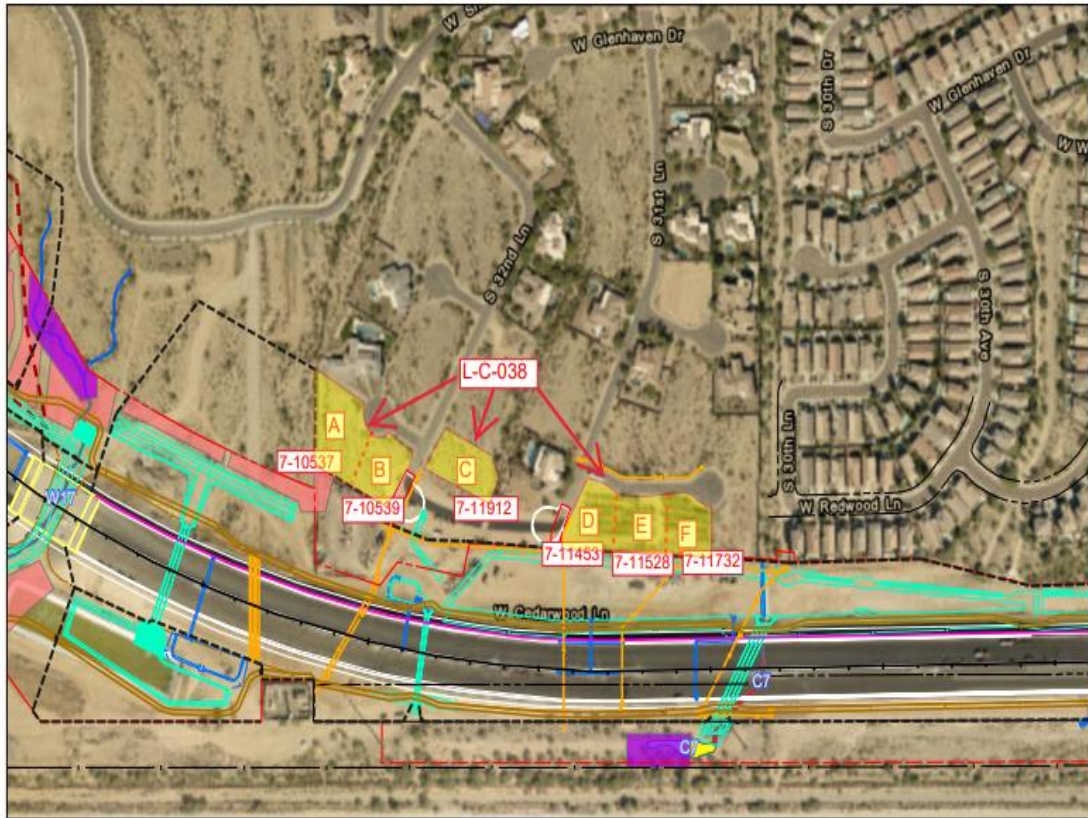
STEVEN R. COLE

This license is subject to the laws of Arizona and will remain in full force and effect until expired, surrendered, revoked or suspended as provided by law.

Expiration Date : **August 31, 2024**

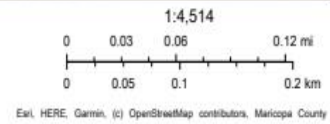
ADDENDA

L-C-038 Aerial



May 19, 2020

Excess Land L-C-038 (A, B, C, D, E, F)
ADOT parcels 7-10537, 7-10539, 7-11912, 7-11453, 7-11528, 7-11732
SOUTH MOUNTAIN FREEWAY
202L MA H8827 01R / H5439 01R
Redwood Ln. and 31st-32nd Ln. in Phoenix



ARIZONA DEPARTMENT OF TRANSPORTATION

RIGHT OF WAY GROUP

RIGHT OF WAY TITLE REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

Dale Douglas, a married man, as his sole and separate property

Address: 17007 S. 32nd Lane, Phoenix, AZ 85045 (Lot 55) and 3209 W. Redwood Lane, Phoenix, AZ 85045 (Lot 61)

By virtue of that certain:

Warranty Deed from Calabrea Development, LLC., an Arizona Limited Liability Company (Grantor) to Dale Douglas, a married man, as his sole and separate property (Grantee), dated March 30, 2006, recorded April 26, 2006 in Document No. 2006-558047 (Lot 61) and in Document No. 2006-558059. (Lot 55)

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

Parcel No. 1:

Lots 55 and 61, FOOTHILLS 80, a planned Residential Development, according to Book 662 of Maps, page 43, records of Maricopa County, Arizona.

Parcel No. 2:

Private access over Tract L, FOOTHILLS 80, a planned Residential Development, according to Book 662 of Maps, page 43, records of Maricopa County, Arizona.

Contiguous Property: None: [X] See Schedule A-2: [] Not Searched: [] Not Applicable: []

Encumbrances and Requirements are not included for property in Schedule A-2.

REMARKS: ***STAFF TITLE REPORT***

Date of Search: October 16, 1006 Examiner: Lucia Mase Reviewer:
Update to: Examiner: Reviewer:
Update to: Examiner: Reviewer:

County: Maricopa Tax Assessor No.: 300-05-699 (Lot 55) and 300-05-705 (Lot 61)
Tracs #: RAM202-D-800 Section: JCT I-10W – JCT I-10S
Project: 202LMA000H543901R Highway: South Mountain Freeway ADOT Parcel: 7-10537

SCHEDULE B

1. The lien of the current years taxes.
2. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of the Salt River Project Agricultural Improvement and Power District.
3. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of Calabrea Homeowners Association.
4. Easements as shown on the recorded plat of said subdivision.
5. Easements, restrictions, reservations and conditions as set forth in Book 685 of Maps, page 50.
6. Restrictions, conditions, liabilities, obligations and easements as recorded in Records No. 2004-0065559, First Amendment recorded in Document No. 2004-633101 and Notice of Homeowners Association, recorded in Document No. 2005-1216058.
7. Easement for electric power and rights incident thereto, dated June 11, 2004, recorded June 14, 2004 in Document No. 2004-669323.

ARIZONA DEPARTMENT OF TRANSPORTATION

RIGHT OF WAY GROUP

RIGHT OF WAY TITLE REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

Peter M. Holland and Petra V. Holland, husband and wife, as community property with right of survivorship

Address: 3205 W. Redwood Lane, Phoenix, AZ 85048

By virtue of that certain:

Warranty Deed from Calabrea Development, LLC., an Arizona Limited Liability Company (Grantor) to Peter M. Holland and Petra V. Holland, husband and wife, as community property with right of survivorship (Grantee), dated June 22, 2005, recorded June 23, 2005 in Document No. 2005-862300.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

Parcel No. 1:

Lots 60, FOOTHILLS 80, a planned Residential Development, according to Book 662 of Maps, page 43, records of Maricopa County, Arizona.

Parcel No. 2:

Private access over Tract L, FOOTHILLS 80, a planned Residential Development, according to Book 662 of Maps, page 43, records of Maricopa County, Arizona.

Contiguous Property: None: See Schedule A-2: Not Searched: Not Applicable:

Encumbrances and Requirements are **not** included for property in Schedule A-2.

REMARKS: ***STAFF TITLE REPORT***

Date of Search: October 10, 1006 **Examiner:** Lucia Mase **Reviewer:**
Update to: **Examiner:** **Reviewer:**
Update to: **Examiner:** **Reviewer:**

County: Maricopa **Tax Assessor No.:** 300-05-704
Tracs #: 202LMA000H543901R **Section:** JCT I-10W – JCT I-10S
Project: RAM202-D-800 **Highway:** South Mountain Freeway **ADOT Parcel:** 7-10539

SCHEDULE B

1. The lien of the current years taxes.
2. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of the Salt River Project Agricultural Improvement and Power District.
3. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of Calabria Homeowners Association.
4. Easements as shown on the recorded plat of said subdivision.
5. Easements, restrictions, reservations and conditions as set forth in Book 685 of Maps, page 50.
6. Restrictions, conditions, liabilities, obligations and easements as recorded in Records No. 2004-0065559, First Amendment recorded in Document No. 2004-633101 and Notice of Homeowners Association, recorded in Document No. 2005-1216058.
7. Easement for electric power and rights incident thereto, dated June 11, 2004, recorded June 14, 2004 in Document No. 2004-669323.

**ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY TITLE REPORT**

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

John Cochran and Sharon Cochran, husband and wife

Mailing Address: 4120 W. Kitty Hawk WY, Suite 1, Chandler, AZ 85226

Situs Address: 16913 S. 32nd LN, Phoenix, Arizona 85045

By virtue of that certain:

Warranty Deed from Calabrea Development L.L.C., an Arizona limited liability company to John Cochran and Sharon Cochran, husband and wife, as community property with the right of survivorship, dated March 22, 2006, recorded March 29, 2006 in Document No. 2006-421017.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

Lot 53, FOOTHILLS 80, according to the plat of record in the office of the County Recorder of Maricopa County, Arizona, recorded in Book 662 of Maps, Page 43.

Contiguous Property: None: See Schedule A-2: Not Searched: Not Applicable:

Encumbrances and Requirements are not included for property in Schedule A-2.

REMARKS: STAFF TITLE REPORT

NOTICE TO THE PROJECT MANAGEMENT MANAGER, PROJECT COORDINATOR AND CONDEMNATION LIAISON: SAID PROPERTY IS SUBJECT TO HOME OWNER'S ASSOCIATION FEES AND POTENTIAL SPECIAL ASSESSMENTS THAT ARE NOT EXEMPT BY THE OWNERSHIP OF GOVERNMENT ENTITIES.

Date of Search: 06-03-2014
Updated to:
Updated to:

Examiner: Chuck Mullany
Examiner:
Examiner:

Reviewer: Marcia L. Stobbe
Reviewer:
Reviewer:

Tax Assr No: 300-05-697
Tracs #: 202LMA000H5439
Highway: SOUTH MOUNTAIN FREEWAY
Federal Proj #: Un-Assigned

Section: 17th Ave – 51st Ave

County: Maricopa

ADOT Parcel: 07-11912

SCHEDULE "B"

1. Reservation from said lands a right of way thereon for ditches or canals construction by the Authority of the United States as set forth in Patent from the United States recorded April 3, 1919 in Book 135 of Deeds, Page 102; and thereafter in Patent issued by the State of Arizona recorded December 21, 1955 in Docket 1786, Page 145.
2. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of the Salt River Project Agricultural Improvement and Power District.
3. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of the Central Arizona Water Conservation District.
4. Any charges on said land by reason of its inclusion in the Calabrea Homeowners Association.
5. Easements as shown on the plat of "Foothills 80 A Planned Residential Development" recorded in Book 662 of Maps, Page 43; and thereafter Affidavits of Correction recorded in Instrument No. 2006-0705404A and Instrument No. 2006-0743257, Official Records.
6. Easements, covenants, conditions and restrictions as set forth on the recorded Map of Easements for "Foothills 80" recorded in Book 685 of Maps, Page 50, records of Maricopa County, Arizona.
7. Easement granted to Salt River Project Agricultural Improvement and Power District in Final Order of Condemnation recorded April 14, 1986, in Instrument No. 86-210649; thereafter Partial Assignment and Assumption of Easements Acquired by Condemnation recorded October 1, 1989, in Instrument No. 89-457460.

NOTE: The legal description contained in the above-described Easement is general in nature, and the exact location of said Easement is unable to be determined.

8. Consent to Use of Easement entered into by and between the Salt River Project Agricultural Improvement and Power District and the City of Phoenix, recorded July 29, 1997, in Instrument No. 97-0510734.

NOTE: The legal description contained in the above-described Easement is general in nature, and the exact location of said Easement is unable to be determined.

9. Declaration of Covenants, Conditions, and Restrictions for Foothills 80 dated January 20, 2004 and recorded January 22, 2004, in Instrument No. 2004-0065559, and First Amendment dated June 2, 2004 and recorded June 4, 2004, in Instrument No. 2004-0633101; and thereafter Notice of Homeowners Association recorded August 23, 2005 in Document No. 2005-1216058.
10. Easement for public utilities power from Calabrea Development, LLC, an Arizona limited liability company to the Salt River Project Agricultural Improvement and Power District dated June 11, 2004 and recorded June 14, 2004, in Instrument No. 2004-0669323, described as: 'identical to those depicted and/or designated on the plat for "Foothills 80" '

NOTE: Record of Survey and Geodetic Densification and Cadastral Survey recorded in Book 661 of Surveys, Page 16.

END OF SCHEDULE B

ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY TITLE REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

~~John Cochran, a married man as his sole and separate property as to Parcel 1;~~
~~John Cochran and Sharon Cochran, husband and wife as to Parcel 2~~

Mailing Address: 4120 W. Kitty Hawk Wy No. 1, Chandler, AZ 85226

Situs Address:
~~Parcel 1:~~ 3053 W. Redwood Ln, Phoenix, AZ 85045
~~Parcel 2:~~ 16913 S. 32nd Ln, Phoenix, AZ 85045

By virtue of that certain:

(See Attached Five Year Chain of Title)

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

(See Attached Schedule A-1)

Contiguous Property: None: See Schedule A-2: Not Searched: Not Applicable:

Encumbrances and Requirements are not included for property in Schedule A-2.

Remarks: Report based on Security Title Agency No. 15110410-015

Updated 05-21-2014 to change the Tracs No., to change the highway section, to change the Federal Project No. to read Un-assigned, to add Requirement No. 4A, and to add the following: **NOTICE TO THE PROJECT MANAGEMENT MANAGER, PROJECT COORDINATOR AND CONDEMNATION LIAISON: SAID PROPERTY IS SUBJECT TO HOME OWNER'S ASSOCIATION FEES AND POTENTIAL SPECIAL ASSESSMENTS THAT ARE NOT EXEMPT BY THE OWNERSHIP OF GOVERNMENT ENTITIES.**

Amended 06-06-2014 to delete Parcel No. 2. CM

Amended 05-12-2015 to clarify the vesting for of the remaining property shown in Schedule A-1; to delete the Parcel No. 1 reference in the Situs Address shown above, in Schedule A-1 and the Five Year Chain of Title page; and to cite the correct ADOT Parcel No. for deleted Parcel No. 2. CM

Date of Search: 10/16/2012	Examiner: Lori Myers	Reviewer: Marcia L. Stobbe
Update to: 05-21-2014	Examiner: Chuck Mullany	Reviewer: Marcia L. Stobbe

Tax Assr No: 300-05-664, 300-05-697	Section: 17 th Ave – 51 st Ave	County: Maricopa
Tracs #: 202LMA000H5439		ADOT Parcel: 07-11453
Highway: South Mountain Freeway		2nd AMENDED
Federal Proj #: Un-Assigned		

SCHEDULE A-1
(LEGAL DESCRIPTION)

PARCEL 1:

Lot 20, Foothills 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona.

PARCEL 2:

~~Lot 53, Foothills 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona.~~

Note: Parcel No. 2 is now being reported under 202LMA000H5439 ADOT Parcel No. ~~07-11924~~ 07-11912.

END OF SCHEDULE A-1

SCHEDULE B

1. Reservation from said lands a right of way thereon for ditches or canals construction by the Authority of the United States as set forth in Patent from the United States recorded April 3, 1919 in Book 135 of Deeds, Page 102; and thereafter in Patent issued by the State of Arizona recorded December 21, 1955 in Docket 1786, Page 145.
2. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of the Central Arizona Water Conservation District.
3. Any charges on said land by reason of its inclusion in the Calabrea Homeowners Association.
4. Easements as shown on the plat of "Foothills 80 A Planned Residential Development" recorded in Book 662 of Maps, Page 43; and thereafter Affidavits of Correction recorded in Instrument No. 2006-0705404A and Instrument No. 2006-0743257, Official Records.
5. Easements, covenants, conditions and restrictions as set forth on the recorded Map of Easements for "Foothills 80" recorded in Book 685 of Maps, Page 50, records of Maricopa County, Arizona.
6. Declaration of Covenants, Conditions, and Restrictions for Foothills 80 dated January 20, 2004 and recorded January 22, 2004, in Instrument No. 2004-0065559, and First Amendment dated June 2, 2004 and recorded June 4, 2004, in Instrument No. 2004-0633101.
7. Easement for public utilities power from Calabrea Development, LLC, an Arizona limited liability company to the Salt River Project Agricultural Improvement and Power District dated June 11, 2004 and recorded June 14, 2004, in Instrument No. 2004-0669323, described as: "identical to those depicted and/or designated on the plat for "Foothills 80" '

NOTE: Record of Survey and Geodetic Densification and Cadastral Survey recorded in Book 661 of Surveys, Page 16.

END OF SCHEDULE B

ARIZONA DEPARTMENT OF TRANSPORTATION

RIGHT OF WAY GROUP

RIGHT OF WAY TITLE REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

David G. Hernandez and Carmen Hernandez, husband and wife

Mailing Address: 8801 S. Juniper Street, Tempe, AZ 85284

Situs Address: 3049 W. Redwood Lane, Phoenix, AZ 85045

By virtue of that certain:

Warranty Deed from Calabrea Development, LLC, an Arizona limited liability company to David G. Hernandez and Carmen Hernandez, husband and wife, community property with right of survivorship, dated April 29, 2005 and recorded May 5, 2005, in Instrument No. 2005-0591751.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

Lot 19, Foothills 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona.

Contiguous Property: None: See Schedule A-2: Not Searched: Not Applicable:

Encumbrances and Requirements are not included for property in Schedule A-2.

Remarks: Report based on Security Title Agency No. 15110409-015

Updated 05-21-2014 to change the Tracs No., to change the highway section, to change the Federal Project No. to read Un-assigned, and to add the following: **NOTICE TO THE PROJECT MANAGEMENT MANAGER, PROJECT COORDINATOR AND CONDEMNATION LIAISON: SAID PROPERTY IS SUBJECT TO HOME OWNER'S ASSOCIATION FEES AND POTENTIAL SPECIAL ASSESSMENTS THAT ARE NOT EXEMPT BY THE OWNERSHIP OF GOVERNMENT ENTITIES.**

Date of Search: 10/30/2012

Examiner: Lori Myers

Reviewer: Marcia L. Stobbe

Update to: 05-21-2014

Examiner: Chuck Mullany

Reviewer: Marcia L. Stobbe

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Tax Assr No: 300-05-663

Tracs #: 202LMA000H5439

Section: ~~JCT I-10 W - JCT I-10 S~~
17th Ave - 51st Ave

County: Maricopa

Highway: South Mountain Freeway

ADOT Parcel: 07-11528

Federal Proj #: Un-Assigned

SCHEDULE B

1. Reservation from said lands a right of way thereon for ditches or canals construction by the Authority of the United States as set forth in Patent from the United States recorded April 3, 1919 in Book 135 of Deeds, Page 102; and thereafter in Patent issued by the State of Arizona recorded December 21, 1955 in Docket 1786, Page 145.
2. The liabilities and obligations imposed upon the premises by inclusion within the boundaries of the Central Arizona Water Conservation District.
3. Any charges on said land by reason of its inclusion in the Calabrea Homeowners Association.
4. Easements as shown on the plat of "Foothills 80 A Planned Residential Development" recorded in Book 662 of Maps, Page 43; and thereafter Affidavits of Correction recorded in Instrument No. 2006-0705404A and Instrument No. 2006-0743257, Official Records.
5. Easements, covenants, conditions and restrictions as set forth on the recorded Map of Easements for "Foothills 80" recorded in Book 685 of Maps, Page 50, records of Maricopa County, Arizona.
6. Declaration of Covenants, Conditions, and Restrictions for Foothills 80 dated January 20, 2004 and recorded January 22, 2004, in Instrument No. 2004-0065559, and First Amendment dated June 2, 2004 and recorded June 4, 2004, in Instrument No. 2004-0633101.
7. Easement for public utilities power from Calabrea Development, LLC, an Arizona limited liability company to the Salt River Project Agricultural Improvement and Power District dated June 11, 2004 and recorded June 14, 2004, in Instrument No. 2004-0669323, described as: "identical to those depicted and/or designated on the plat for "Foothills 80" '

NOTE: Record of Survey and Geodetic Densification and Cadastral Survey recorded in Book 661 of Surveys, Page 16.

END OF SCHEDULE B

ARIZONA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY GROUP
RIGHT OF WAY TITLE REPORT

The undersigned has examined the title to the property described in SCHEDULE A-1 and the record owner is:

Paul D. Wiest and Shelley B. Wiest, husband and wife

Mailing Address: 16007 S. 13th Avenue, Phoenix, AZ 85045

Situs Address: 3045 W. Redwood Lane, Phoenix, AZ 85045

By virtue of that certain:

Warranty Deed from Calabrea Development, LLC, an Arizona limited liability company to Paul D. Wiest and Shelley B. Wiest, husband and wife, dated March 29, 2005 and recorded April 4, 2005, in Instrument No. 2005-0423388.

Upon compliance with REQUIREMENTS herein, satisfactory title will vest in the State of Arizona subject to encumbrances set forth in SCHEDULE B.

SCHEDULE A-1

Lot 18, Foothills 80, a Planned Residential Development, according to Book 662 of Maps, Page 43, records of Maricopa County, Arizona.

Contiguous Property: None: See Schedule A-2: Not Searched: Not Applicable:

Encumbrances and Requirements are not included for property in Schedule A-2.

Remarks: Report based on Security Title Agency No. 15110675-015

Updated 05-28-2014 to change Highway Section, Tracs No., the Federal Project No. to read un-assigned; to, and to add the following: **NOTICE TO THE PROJECT MANAGEMENT MANAGER, PROJECT COORDINATOR AND CONDEMNATION LIAISON: SAID PROPERTY IS SUBJECT TO HOME OWNER'S ASSOCIATION FEES AND POTENTIAL SPECIAL ASSESSMENTS THAT ARE NOT EXEMPT BY THE OWNERSHIP OF GOVERNMENT ENTITIES.**

Date of Search: 10/17/2012

Examiner: Lori Myers

Reviewer: Marcia L. Stobbe

Update to: 05-28-2014

Examiner: Chuck Mullany

Reviewer: Marcia L. Stobbe

Update to:

Examiner:

Reviewer:

Update to:

Examiner:

Reviewer:

Tax Assr No: 300-05-662

Tracs #: 202LMA000H5439

Section: ~~JCT I-10 W - JCT I-10 S~~

County: Maricopa

17th Ave - 51st Ave

Highway: South Mountain Freeway

ADOT Parcel: 07-11732

Federal Proj #: Un-Assigned

SCHEDULE B

1. Reservation from said lands a right of way thereon for ditches or canals construction by the Authority of the United States as set forth in Patent from the United States recorded April 3, 1919 in Book 135 of Deeds, Page 102; and thereafter in Patent issued by the State of Arizona recorded December 21, 1955 in Docket 1786, Page 145.
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END OF SCHEDULE B