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COVER PAGE

APPRAISAL REPORT

**Opinion of Value of
Site and Improvements, known as 17 N Linda Av,
Tucson, AZ
Pima County, 85745**

As Of January 26, 2023

**Owner: Pima County
Tax Parcel: 116-20-005, 006A, 007A
Sec 14, T14S, R13E**

Prepared For Use By

**Pima County
201 N. Stone Avenue, Floor 6,
Tucson, Arizona 85701-1215
Attention: Mr. Jeffrey Teplitsky, Manager
Pima County Real Property Services**

Appraisal Prepared By

**PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING
Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197**

Assignment Reference 2022262

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Letter of Transmittal

February 14, 2023

Mr. Jeffrey Teplitsky, Manager
Pima County Real Property Services
201 N. Stone Avenue, 6th Floor
Tucson, AZ 85701-1215

Re: Opinion of value, 17 N Linda Av., Site and Improvements.

In response to your request I have completed an appraisal analysis of the above referenced property; this letter of transmittal is part of the appraisal report. This appraisal report conforms to Uniform Standards of Professional Appraisal Practice (USPAP) and Pima County appraisal guidelines.

Problem Identification: The purpose of the appraisal is to opine market value of the above identified property for potential disposition. Effective date of the appraisal is January 26, 2023, the date of site visit.

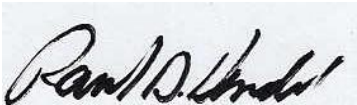
Relevant subject characteristics: the property, located just east north of Congress St., and west of Interstate 10. It is a 29,210sf, R-2 zoned site improved with single tenant office building(s) of approximately 1,543sf, indicating site coverage of 5.28%; a portion of the site, not utilized by the building(s) is thus considered to be excess site area (approximately 17,210sf); it is indicated to be FEMA x-shaded (special flood hazard area).

My opinion of market value is: \$408,000

Assignment Conditions: The subject current office use is legally nonconforming in underlying R-2 zoning. By review of "Nonconforming Use" section of the code and discussions with Tucson zoning officials, it is reported/assumed that this use will be permitted to continue (if not discontinued for more than 6 months), that expansion of up to 50% is permissible (within 5 years of nonconforming use notice/classification, subject to Zoning Examiner approval). It is assumed that development of a portion of the site for requisite code parking will be permissible, further, that it will be permissible for independent sale and development of the excess site (without losing legal nonconforming status). The utilized and excess site is based on my estimate (from GIS mapping) of assumed reasonable division based on current use. The utilized site and excess site areas may be opined differently by the current user and/or potential purchaser of excess site; different division of areas may change the value of each component and thus the total indication of value. The use of these extraordinary assumptions may affect assignment results. Please also see my limiting conditions and assumptions.

Please call if you have any questions regarding the following appraisal report. Thank you for the opportunity to be of service.

Sincerely,



Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

TABLE OF CONTENTS

COVER PAGE 1
Letter of Transmittal 2
TABLE OF CONTENTS 3
Project Overview Exhibit 4
PREFACE & SUMMARY 5
PURPOSE OF THE APPRAISAL 6
INTENDED USE OF THE APPRAISAL 6
INTEREST APPRAISED 6
PROPERTY IDENTIFICATION 6
MARKET VALUE DEFINED * 6
EXPOSURE PERIOD 6
EFFECTIVE DATE OF APPRAISAL, REPORT DATE 6
APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE) 7
PROPERTY OWNERSHIP SALES HISTORY 7
MARKET AREA ANALYSIS 8
SITE DESCRIPTION 11
IMPROVEMENT ANALYSIS 14
HIGHEST AND BEST USE 16
Highest and Best Use As Improved 24
VALUATION METHODOLOGY 26
SALES COMPARISON APPROACH 27
STATEMENT AND CERTIFICATION OF APPRAISER 50
APPENDIX 51
LIMITING CONDITIONS AND ASSUMPTIONS 52
SUBJECT PHOTOS & EXHIBITS 57
CONSULTANT'S QUALIFICATIONS 69

Project Overview Exhibit 17 North Linda Avenue and Vacant Land



PREFACE & SUMMARY

APPRAISAL REFERENCE: 2022262 17 N Linda Av

PROBLEM IDENTIFICATION: The following 7 parameters are considered, client, intended users, intended use, type of opinion, effective date, relevant subject characteristics and assignment conditions:

CLIENT: Pima County, Real Estate Division
Attn: Mr. Jeffrey Teplitsky, Manager, Pima County Real Property Services.

APPRAISER: Paul D. Hendricks, MAI
Arizona Certified General Real Estate Appraiser 30197

PURPOSE, INTENDED USE: The purpose of the appraisal is to opine market value; the intended use is for potential disposition.

INTENDED USERS: Pima County, Pima County RPS and /or designated users are the only intended users; however, it is understood that following review and acceptance of this report by client, this report will become public information

SUBJECT CHARACTERISTICS: Located just east north of Congress St., and west of Interstate 10. It is a 29,210sf, R-2 zoned site improved with single tenant office building(s) of approximately 1,543sf, indicating site coverage of 5.28%; a portion of the site, not utilized by the building(s), is thus considered to be excess site area (approximately 17,210sf); it is indicated to be FEMA x-shaded (special flood hazard area)

TAX CODE: 116-20-005, 006A, 007A

INTEREST CONSIDERED: Fee Simple

HIGHEST AND BEST USE: As Vacant, highest and best use is for residential development; as improved highest and best use is the continued office use (legally nonconforming) on a utilized site and excess site (highest and best use-residential development).

OPINION OF VALUE: Market Value \$408,000

Assignment Conditions: Extraordinary assumptions are noted in the letter of transmittal; the use of these extraordinary assumptions may affect assignment results. Please also see my limiting conditions and assumptions.

EFFECTIVE DATE OF VALUATION: January 26, 2023; date of site visit.

DATE OF APPRAISAL REPORT: February 14, 2023

TYPE OF APPRAISAL REPORT: Report.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to opine market value.

INTENDED USE OF THE APPRAISAL

The opinion of value will be used by the client, Pima County, for potential disposition.

INTEREST APPRAISED

The interests appraised are the fee simple. Fee Simple is defined as “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”.

PROPERTY IDENTIFICATION

The property is identified 17 N Linda Av., Tucson, AZ 85745. Legal description from assessor’s record is: PT OF LOT 4 and Lot 38, SEC 14-14-13.

MARKET VALUE DEFINED *

Market Value means, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- (1) Buyer and seller are typically motivated;
- (2) Both parties are well informed or well advised and acting in what they consider their own best interests;
- (3) A reasonable time is allowed for exposure in the open market
- (4) Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and
- (5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.

Source: Rules and Regulations, Federal Register, Vol. 55, No. 165, Page 34696, as of Friday, August 24, 1990; CFR Federal Regulation 12 CFR, Part 1608, Uniform Appraisal Instructions to the Appraisers by the RTC, effective September 21, 1990, Title XI FIRREA (1989):

EXPOSURE PERIOD

Exposure time, always presumed to precede the effective date of the appraisal, is defined as follows: “The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market”.

Exposure time estimated from review of comparable sales and from discussions with active market participants is estimated for the sale of the fee simple interest, to be approximately 2 to 6 months.

EFFECTIVE DATE OF APPRAISAL, REPORT DATE

The effective date of the appraisal is January 26, 2023, the date of site visit. The transmittal date of the report is January 19, 2023.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE)

- The appraiser performed an appraisal process in conformance with the Uniform Standards of Professional Appraisal Practice and Pima County requirements.
- Determined the nature of the appraisal assignment by identifying the client, intended user, intended use, type of opinion, effective date of the opinion, property interest appraised, and subject property assignment conditions, the extraordinary or hypothetical assumptions, if any.
- Afforded the property owner opportunity to accompany the appraiser on inspection
- Performed an inspection of the property including the market area, the subject site, improvements and its relevant characteristics
- Reviewed site plat, zoning and flood zone maps indicating physical suitability of the parcel. Reviewed zoning ordinance and market area plans applicable to the subject property.
- Discussed potential uses as vacant and improved under existing zoning with City of Tucson zoning representatives,
- Included items required by USPAP in the Addendum of this report.
- Performed a Highest and Best Use Analysis to identify the use that would result in highest market value.
- Researched comparable sales from available data sources including Costar, MLS, Realquest and appraiser's files.
- Inspected, by drive by, all comparable sales used.
- Attempted confirmation of each comparable sale with a party familiar with the property/transaction (when confirmation was not available, public records/information was relied upon).
- Applied appraisal techniques and methodology according to the appraisal body of knowledge and the expectations and actions of my appraisal peers to arrive at an indication of market value of the subject property
- Disregarded (if applicable) any increase or decrease in value due to the announcement of the project (*before the acquisition*)
- Opined the value of site and improvements, and
- Prepared an appraisal report describing my appraisal process, in conformance with the Uniform Standards of Professional Appraisal Practice and Pima County requirements.
- *Any other components of scope including the 7 parameters, client, intended users, intended use, type of opinion, effective date, relevant subject characteristics and assignment conditions are considered to be included in/as scope.*

OWNER CONTACT FOR INSPECTION

I contacted the property ownership representative, Tim Murphy, scheduling and completing a site visit January 26, 2023, meeting with the property tenant; ownership representatives declined accompanying on the site visit.

PROPERTY OWNERSHIP SALES HISTORY

Ownership of the property is indicated to be Pima County; assessor's record indicates no sales within the past 5 years; the property has been occupied by single tenant, not offered for sale over the past year; the tenant is considering purchase of the property.

MARKET AREA ANALYSIS

A property is an integral part of its surroundings. The character and features of the surrounding area directly affect the use of a property which is a primary factor in the property's value. In order to estimate the value of a property, an analysis of the surrounding area must be made. This surrounding area is referred to as a Market area.

The subject's neighborhood is considered to be the area from Saint Mary's Rd on the north to the Rillito south of Mission Lane on the south, from I-10 on the east to Sentinal Peak Park on the west (neighborhood titled Rio Nuevo Redevelopment-RNR due to the Rio Nuevo Redevelopment, below, being the most significant-descriptive characterization of the neighborhood). The market area, based on 15 minute drive time, is considered to be a significantly larger area (from Ina Rd to south of TIA, Tucson Mountains to as far as Craycroft Rd; see map exhibit in appendix).

The area east of Grande is known as Rio Nuevo Redevelopment Plan, covering approximately 240 acres. The purpose of the Plan was to revitalize areas which had experienced stress resulting from deterioration and subsequent blight. The Plan attempted to stimulate and encourage coordinated development of various uses through a public/private partnership. The area's proximity to the Riverpark was acknowledged through its promotion of residential uses. This 1982 Plan established 20 significant parcels shown on Exhibit C (see appendix) and proposed a more comprehensive approach for development of the area than the Riverpark Components by delineating particular land uses for each parcel. Of these 20, six of the parcels labeled A, B, C, D (on the north, south of Saint Mary's Rd), H, and R shown on the Exhibit were subsequently improved and redeveloped with office, retail, and commercial service uses. Together with development of these parcels, this Plan facilitated other improvements such as major bank protection of the Santa Cruz River and extensive infrastructure including construction of the spine street and loop road, through 1985.

Significant places within the neighborhood include St Mary's Hospital and Sentinal Peak Park. St. Mary's hospital, located at the southwest corner of Saint Mary's and Silverbell, is recognized as a destination hospital for modern and minimally-invasive heart and vascular surgery, advanced stroke care, unique and personalized cancer treatment, and emergency care; there are numerous medical offices surrounding the hospital. Sentinal Peak Park is a 372.8 acre regional park featuring Sentinal Peak (A-Mountain) a 2,900-foot peak, with paved road, hiking trails and walking paths.

As mentioned, the Santa Cruz River Park is part of "The Loop", over 110 miles of multi-use paths connecting the Rillito, Santa Cruz and Pantano River Parks with the Julian Wash and Harrison Road Greenways.

The subject property is essentially the area of Tucson's origin. The "downtown" is on the neighborhood eastern boundary, the most significant demand generator in the area. Like many major metropolitan areas, downtown occupancies of all types gradually moved from the central business district (CBD) out to suburban areas. The most notable losses (evidenced by many vacated buildings left behind) were the major retail department stores and other general merchandising stores, initially replaced by restaurants, artist studios and mixed use with retail on ground floor and office or residences on upper floors. The area retained governmental offices including city, state and federal courthouses as well as city and county offices, thus many businesses serving these uses were still evident in the downtown area. In July 2014, the four-mile modern streetcar line connecting the University of Arizona to the 4th Avenue commercial district, downtown and the redevelopment area west of downtown has provided increasing demand for properties along this line, was opened.

Prior to the Covid outbreak, there was a pronounced boom in the downtown area. The following is based on excerpts from State of Downtown 2016 (SOD 2016) with updates from Downtown Tucson Development 20/21 Report, published by Downtown Tucson Partnership. *Over the past eight years, Downtown Tucson has experienced a miraculous economic revitalization with unprecedented levels of investment, hundreds of new businesses, and thousands of new jobs resulting in a thriving Downtown environment.*

Geographically located in the heart of the city, Downtown Tucson has transformed itself from a government center to the region's entertainment hub. There is an increasing variety of restaurants, nightlife and cultural arts venues, and scores of major events that attract more than a million people annually. During this time there has been \$439 million in private investment and \$541 million in public investment in Downtown (Downtown Tucson Partnership, 2015). As of January 2016, more than \$300 million in additional investment projects have been proposed, ranging from new low-income and market-rate residential projects to hotels and museums (SOD 2016). Since January 2017 there have been approximately 75 million in completed projects, 120 new housing units with current projects reported at 360 million, 670 housing units and 651,000sf of commercial space and proposed development including approximately 390 million in projects, 884 housing units and 760,000sf of commercial construction (new and renovation)(S 2018).

The Downtown Tucson Partnership (Business Trends) reports 24 new business opening in the downtown in 2022, 25 in 2021 with 10 closed business in 2022, 10 new business in 2020, 7 closed, 17 new in 2019, 31 new 2018, 6 closed, 36 new 2017 with 12 closed. The Rio Nuevo Board recently (3/25/22 REDN) noted renewed development interest in the downtown area, mentioning that Rio Nuevo is back to pre-pandemic sales tax revenue and the requests for new construction in downtown are stronger than ever. "We are seeing one-to-two hotel operators per week along with multi-family developers and restaurateurs. Besides the requests for new development, the Board is also seeing movement on older proposed developments that have been on hold".

The area is largely residential in use with commercial development along more significant arterials including Saint Mary's Road, I-10 to Silverbell, Congress St I-10 to Avenida Del Convento, the freeway frontage road from Congress St. down to Simpson and Grande Ave near Congress and Saint Mary's.

The economic characteristics of the subject neighborhood are compared to a 1 mile radius surrounding the subject property and the overall surrounding metro area (Pima County). Median household and per capita income levels in the surrounding area are below county averages as are median home values, this in spite of most recent residential development in the Mercado District of Menlo Park (south of Congress, west of I-10) where the price of homes is well above metro area averages.

Variable	Pima County	Rio Nuevo Redev MA	17 N Linda Ave (1 mi)
2022 Total Population	1,060,553	5,201	10,623
2022-2027 Population: Compound Annual Growth Rate	0.32%	0.94%	0.83%
2022 Total Households	435,759	2,556	5,462
2022 Per Capita Income	\$36,615	\$28,035	\$29,530
2022 Median Household Income	\$61,675	\$35,605	\$38,051
2022 Population Age 25+: Graduate/Professional Degree	107,550	495	1,070
2022 Owner Occupied Housing Units	278,863	886	1,839
Percent Owner Occupied	58.4%	31.7%	29.5%
2022 Vacant Housing Units	41,510	240	763
Percent Vacant	8.7%	8.6%	12.3%
2022 Total Housing Units	477,269	2,796	6,225
2022 Median Home Value	\$255,160	\$220,276	\$231,589
2022 Average Home Value	\$304,698	\$277,847	\$335,693
2020 Housing: Mobile Homes	48,110	15	28
Percent Mobile Homes	10.1%	0.5%	0.4%
2020 Median Contract Rent (HHs Paying Cash Rent)	\$780	\$637	\$679
2022 Population Density (Pop per Square Mile)	115.4	4,269.3	3,384.1

There is limited vacant land available in the area for development or for re-development with the exception of the Mercado District mentioned above, Rio Nuevo Multi-purpose Facilities District, and commercial land in the Mission district (west of the Mercado District).

The neighborhood is served police and fire protection by the City of Tucson. All utilities also provided including electricity by Tucson Electric Power, water by the City of Tucson, sewer by Pima County Wastewater, gas by Southwest Gas and telephone by CenturyLink. The subject neighborhood lies within the boundaries of Tucson Unified School District Number one, the largest school district in the State of Arizona with regard to student enrollment. Public Transportation is available on Congress, Saint Mary's and Silverbell in the neighborhood.

In summary, the market area is essentially the origin of Tucson. It is largely residential in nature, ranging from significantly older homes to new development in the Mercado District, where there is also new commercial development and land available for future development. The Downtown, a major demand generator is located on the neighborhood eastern boundary.

SITE DESCRIPTION

Location:	The subject is on the west side of Linda Avenue, north of Congress St. and west of Interstate 10.
Present Use:	Single tenant office and excess site.
Site Size:	29,210sf total per assessor's record.
Access:	Linda Av is a 2-lane interior, minor, residential street. Parking is allowed only by permit.
Visibility:	Average.
Views:	Average.
Shape:	L shaped; parcels 5 and 6A have 52' frontage on Linda by 150' depth; parcel 7 is 156' on the eastern boundary, 82.13 southern boundary and 92.53' on the northern boundary.
Topography:	Relatively level at approximately 2,348' (Linda Av) street grade, to 2350' on the western boundary.
Flood Hazard:	FEMA FIRM 04019C2276L, effective 6/16/11, indicates the site is FEMA flood zone x-shaded (areas protected by levees from the 1% annual chance flood will either be shown as "Provisionally Accredited" or "Accredited". If a "Provisionally Accredited" levee can-not be certified, future floodplain mapping will no longer show areas behind the levee as being protected by the 1% annual chance flood.)
Easements:	A title report has not been provided; it is assumed that there are no easements or other conditions significantly restricting the property.
Hazardous Materials/ Contamination:	No environmental assessment was available. No indications of hazardous materials were noted on site visit; this appraisal assumes that the subject is free of hazardous material contamination.
Utilities:	Utilities are generally available in the area from the following sources; however, an engineering study would be necessary to determine if utilities are available/sufficient for proposed uses: Water: City of Tucson Sewer: Pima County Wastewater Electricity: Tucson Electric Natural Gas: Southwest Gas (no service at this address) Telephone: CenturyLink Public Safety: City of Tucson Fire: City of Tucson
Surrounding Land Uses:	Single family residences north, Pima County Housing Center-south, El Rio Santa Cruz Neighborhood Health Center southwest.
Zoning:	R-2; This zone provides for medium density, single-family and multifamily, residential development , together with schools, parks, and other public services necessary for an urban residential environment. Select other uses, such as day care and urban agriculture, are permitted that provide reasonable compatibility with adjoining residential uses. Development Standards include a minimum site size/maximum density

of 1/5,000sf, MF-15/acre, 70% SF, 75% MF max lot coverage, 25' height, perimeter yards res to res use are 6' or 2/3H.

Area Plan:

The site (and the entire neighborhood area described) is within the Santa Cruz Area Plan; the plan is intended to guide future development and coordinate governmental actions when developing the Santa Cruz River and its immediate environs as a major cultural and recreational resource, while stabilizing and improving adjacent neighborhoods. Some area plan goals significant to potential development of the subject site include: 4 New and existing neighborhoods should include related commercial services with specific locations decided on a case-by-case basis according to overall plan policies and depending on specific market conditions; 7. New development within or near existing neighborhoods should be designed and scaled to be compatible with existing neighborhood characteristics; 12. Unless more detailed direction is provided by neighborhood or redevelopment plans or by other parts of this plan, the following guidelines are generally used for location of residential densities: a. low-density development (up to six units per acre) is appropriate within the interior of established neighborhoods. b. low and medium (up to 15 units per acre) density development are generally appropriate along collector streets. c. medium and high (over 15 units per acre) density development are generally appropriate along arterial streets. It is within Key Parcel 9, which is in the boundaries of the Rio Nuevo Redevelopment Plan and development in this area should be consistent with that plan.

The Rio Nuevo (Redevelopment Plan) covers approximately 240 acres consisting of 20 special land parcels. The overall boundaries jog to include vacant and redeveloped land parcels between St. Mary's Road to south of Mission Lane and between I-10 west to Grande Avenue. Purpose The purpose of the Plan was to revitalize areas which had experienced stress resulting from deterioration and subsequent blight. The Plan attempted to stimulate and encourage coordinated development of various uses through a public/private partnership. The area's proximity to the Riverpark was acknowledged through its promotion of residential uses. This 1982 Plan established 20 significant parcels shown on Exhibit C and proposed a more comprehensive approach for development of the area than the Riverpark Components by delineating particular land uses for each parcel (subject-17 N Linda, is not one of these specific parcels). Of these 20, six of the parcels labeled A, B, C, D, H, and R shown on the Exhibit were subsequently improved and redeveloped with office, retail, and commercial service uses. Together with development of these parcels, this Plan facilitated other improvements such as major bank protection of the Santa Cruz River and extensive infrastructure including construction of the spine street and loop road, through 1985. This 1982 Plan is still in effect/operative but, as mentioned above, only covers the six parcels A, B, C, D, H, and R.

Other:

The site is in an Opportunity Zone; Investors in a Qualified Opportunity Fund (QOF) can reduce the amount of their reinvested taxable capital gains by 10% or 15%, depending on the length of the investment.

Investments held 10 years: taxable amount of the capital gains reinvested is reduced by 15% and no tax is owed on appreciation. It is within Global Economic Development District; the GEDD incentive is available to small and medium size businesses that choose to locate within the borders of the GEDD or existing companies within the GEDD looking to expand their operation. **To qualify, the business must meet the following criteria:** • Employ at least 15 persons at the location but no more than 75 persons • Capital investment of \$1.5 million • Business must be involved in international trade, manufacturing and/or logistics

Site Analysis Conclusion: The site is located on a minor interior street just north of Congress, an arterial. It is in an historic neighborhood very near the origin of Tucson and the downtown area. It is zoned R-2, primarily for residential but with some potential other than residential uses including religious use, Adult Day-Care and Residential Care Services. Adjacent uses include Pima County Housing Center (south) and El Rio Santa Cruz Health Care (southwest). It is FEMA flood zone x-shaded.

IMPROVEMENT ANALYSIS

Current Use:	Single user office.
Building Description:	Two, single user, single story, office buildings; the front, main building of 1,053sf and a rear, former "carriage house" of approximately 490sf.
Building Layout:	The main building is in the front, near the northeast corner of the site; the smaller office building to the southwest of the main building. The main building is primarily an open office with a kitchen (room), conference-office, small storage room and ½ bath restroom. The "carriage house" office is open with a rear storage room; it does not have a restroom.
Sprinklering:	No
Electric Service:	Assumed adequate.
Parking:	It is reported that current tenant has shared parking by agreement with the adjacent Pima County property to the south. There is no on-site parking on the subject sites and parking on the street is only by permit. Code requirement for parking is 1/300sf, 5.14 rounded up to 6 spaces; parking under potential expansion (maximum 2,315sf) is rounded up to 8.
Site Coverage:	5.28%
Functional Utility:	Functional utility is considered to be average to below average due to the buildings being separated and the "carriage house" office not having its own restroom or breakroom.
Quality of Improvements	Average.
Other Improvements:	Sidewalks, front porch and a covered ramada.
Physical Condition:	Finishes are considered to be in good condition for their age; the tenant reports that they've been at the property since March 2018; it is believed the buildings were renovated shortly before their occupancy.
Building Age:	Assessor's record indicates the main building was constructed in 1915 and the rear building in 1945.
Economic Life:	Typically approximately 50-55 years
Effective Age:	Approximately 25-30 years; as mentioned above, it is reported and it appears that the buildings were significantly renovated approximately 5 years ago.
Remaining Economic Life:	Approximately 25-30 years is indicated by typical economic life-effective age; however, given adequate maintenance and renovation remaining economic life well in excess of 30 years is a reasonable expectation.

Real Estate Tax Analysis

The development of full cash values is based on mass appraisal models as set by the State of Arizona. They are for tax assessment purposes only and should not be equated with market value as utilized in this appraisal; they serve only as a point of comparison with other properties.

Limited Cash Value is the basis for primary property taxes. It is a legislatively established value based on a mathematical formula that limits the amount of increase in any given year.

Real estate taxes are a combination of a primary tax, which is the primary tax rate applied to the limited cash value and divided by 100, plus the secondary tax, which is the secondary tax rate applied to the full cash value and divided by 100. The primary and secondary tax rates are an aggregate of various tax rates set by various jurisdictions

The following information is available from the county treasurer's office. There are no special assessments indicated; there are no taxes due to Pima County (government) ownership.

Tax Parcel	116-20-005	116-20-006A	116-20-007A	Totals
FCV Land	\$27,000	\$27,000	\$37,000	\$91,000
FCV Impvt.	\$0	\$101,946	\$0	\$101,946
FCV Total	\$27,000	\$128,946	\$37,000	\$192,946
2022 Tax	\$0.00	\$0.00	\$0.00	\$0.00

HIGHEST AND BEST USE

Highest and best use is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, 6th Edition, 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 four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Also implied is that the determination of highest and best use results from the appraiser's judgment and analytical skill, i.e., that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. In the context of most probable selling price (market value), another appropriate term to reflect highest and best use would be most probable use. In the context of investment value, an alternative term would be most profitable use. The four criteria for the estimate of highest and best use that result in the highest land value are that the use be, legally permissible, physically possible, financially feasible, and maximally productive.

HIGHEST AND BEST USE, AS IF VACANT:

Legally Permissible The subject is zoned R-2; This zone provides for medium density, single-family and multifamily, residential development, together with schools, parks, and other public services necessary for an urban residential environment. Select other uses, such as day care and urban agriculture, are permitted that provide reasonable compatibility with adjoining residential uses. Development Standards include a minimum site size/maximum density of 1/5,000sf, MF-15/acre, 70% SF, 75% MF max lot coverage, 25' height, perimeter yards res to res use are 6' or 2/3H.

It is within the Santa Cruz Area Plan and the subject site within Key area 9, which is entirely within the Rio Nuevo Development Plan; which has priority in development direction, however, the subject site is not specifically identified (as a special land parcel), thus offering no additional direction for the subject site; thus falling back to Santa Cruz Area Plan goals including (4) New and existing neighborhoods should include related commercial services with specific locations decided on a case-by-case basis according to overall plan policies and depending on specific market conditions; (7) New development within or near existing neighborhoods should be designed and scaled to be compatible with existing neighborhood characteristics; 12. Unless more detailed direction is provided by neighborhood or redevelopment plans or by other parts of this plan, the following guidelines are generally used for location of residential densities: a. low-density development (up to six units per acre) is appropriate within the interior of established neighborhoods. b. low and medium (up to 15 units per acre) density development are generally appropriate along collector streets. c. medium and high (over 15 units per acre) density development are generally appropriate along arterial streets.

Physically Possible: The subject parcel is 29,210sf; L-shaped with moderately greater size in the two parcels fronting on Linda Av (parcels 005 and 006A) than the rear parcel (007A). It is relatively level, FEMA x-shaded; utilities necessary for development are available.

Financially Feasible: The financial feasibility of the subject site is market derived. The following is from the Third Quarter 2022 Forecast Update (completed at the end of August 2022) by George W. Hammond, Ph.D., EBRC Director and Research Professor:

August 2022

As cross currents buffet the Arizona economy, it looks different depending on the lens used to view it. The labor market remains very tight, generating strong job gains, low unemployment rates, rapid wage increases, and a mountain of open jobs. At the same time, retail sales has begun to slow, inflation far exceeds income growth, housing affordability has plunged, and interest rates are rising.

The baseline forecast for Arizona calls for slowing growth in 2022 and 2023, as fiscal policy contracts and monetary policy hits the brakes. While the baseline forecast calls for continued state and national growth in the near term, the pessimistic scenario, which includes a national recession, is almost as likely.

In the long run, Arizona is projected to far outpace national growth, with the Phoenix MSA leading the way. Tucson grows as well, but at a slower pace. Downside risks appear elevated in the long run as well, particularly as drought raises concerns about the long-term availability and cost of water.

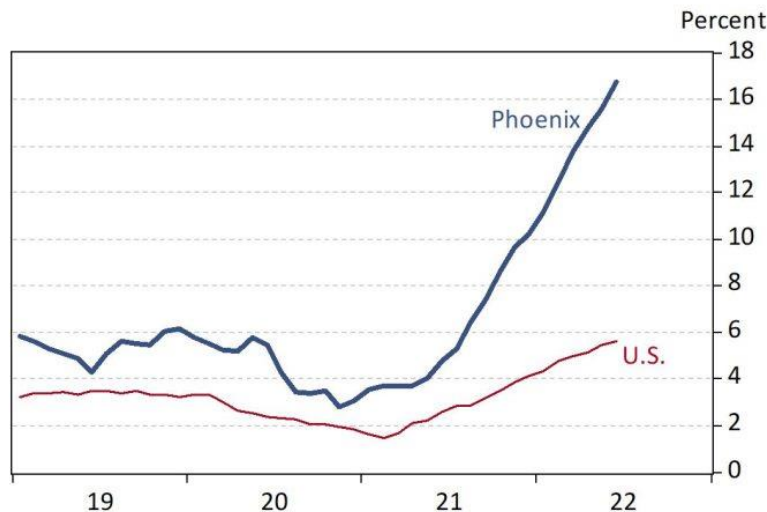
Arizona Recent Developments

While U.S. and Phoenix MSA consumer price inflation has accelerated significantly since early 2021, Phoenix prices are now rising at a much faster pace than nationally. In June 2022, the Phoenix all-items CPIU rose by 12.3% over the year, compared to 9.1% nationally. The pace of inflation in commodities (gas, food, apparel, home furnishings, etc.) in Phoenix has been similar to the national rate, but services inflation (housing, medical care, recreation, etc.) has been much faster.

The main driving force for faster inflation in Phoenix, relative to the nation, is shelter. The shelter CPIU includes rent, owners-equivalent rent, shelter away from home (hotels, etc), and tenant and household insurance. In June the Phoenix shelter CPIU rose over the year at roughly triple the national rate (16.7% versus 5.6%, **Exhibit 1**).

Keep in mind that changes in the shelter CPIU tend to lag market prices because it takes time for existing leases to catch up to changes in market rates.

Exhibit 1: Phoenix Shelter Inflation Far Exceeds the National Pace, Phoenix and U.S. Shelter CPIU, Over-the-Year Growth, Percent



Arizona added 22,900 jobs over the month in July, up from a revised 11,600 the prior month. The initial June estimate suggested the state added 15,000 jobs over the month. Growth in July was nearly quadruple the average monthly job gain during the five years before the pandemic began (6,300/month).

The state's seasonally-adjusted unemployment rate was stable at 3.3%, just below the national rate of 3.5%.

Arizona jobs are now 87,000 higher than their pre-pandemic level. That growth was driven by trade, transportation and utilities, financial activities, manufacturing, education and health services, construction, professional and business services, and information. Jobs in other services and natural resources and mining were roughly back to pre-pandemic levels, while leisure and hospitality and government remained well below their February 2020 level.

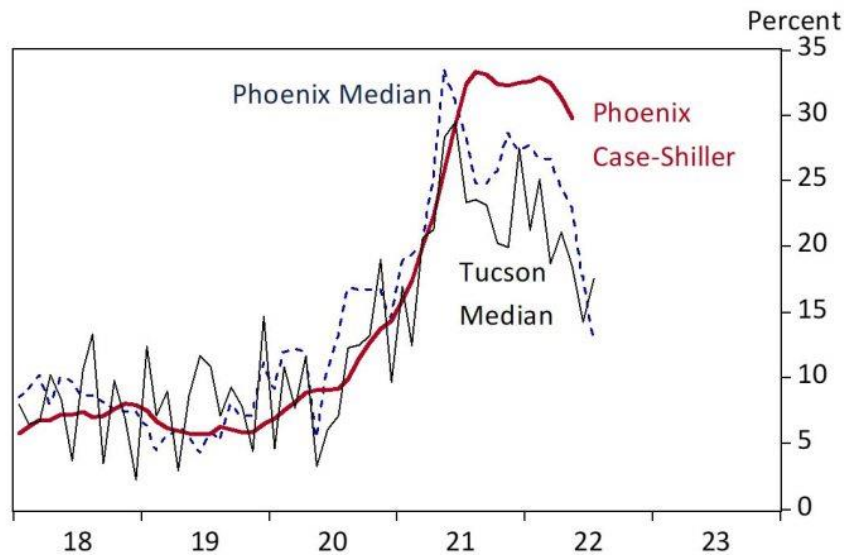
While leisure and hospitality jobs remained below their February 2020 level for the state, the same is not true in Phoenix or Tucson. Leisure and hospitality jobs in Phoenix were 1,600 above their pre-pandemic level in July and jobs in Tucson were 1,000 jobs above their February 2020 level.

Job recovery rates remained uneven across Arizona’s metropolitan areas in July. There were three metropolitan areas that have yet to recover all of the jobs lost during the first two months of the pandemic. Through July, Sierra Vista-Douglas recovered 86.4% of the jobs lost during the February to April 2020 period, Flagstaff recovered 96.9%, and Tucson recovered 98.2%. In July, jobs in Tucson were just 800 below their pre-pandemic level. Tucson is on track to roughly follow the U.S. recovery timing (the U.S. reached 100% recovery in July, according to the preliminary data).

As inflation has accelerated, it has reduced the purchasing power of personal income. After adjustment for inflation Arizona’s personal income has been drifting down recently. Even so, in the first quarter of 2022 it was still above its pre-pandemic level (first quarter of 2020) by 2.8%. Net earnings from work was up by 4.3% and transfers were up 8.8%. Real income from dividends, interest, and rent was down 8.1% from its pre-pandemic level.

Arizona home price increases began to soften in June with the median price in Phoenix dropping by 2.0% over the month to \$500,000 (nonseasonally adjusted) and then again in July to \$485,000. The median home price in Tucson was flat in July at \$370,000. Over the year, median sales prices in July were up 12.8% in Phoenix and 17.5% in Tucson (**Exhibit 2**). For Phoenix, that was the slowest growth since June 2020. The Phoenix MSA Case-Shiller index rose 29.7% over the year in May, the most recent month available. That was the slowest growth since June 2021.

Exhibit 2: Phoenix and Tucson Home Price Growth Softens, Over-the-Year Growth Rates, Percent



Housing affordability continued its downward plunge in the second quarter of 2022. Nationally, 42.8% of homes sold were affordable to a family making the median income, down from 56.9% in the first quarter and down from 63.2% in the fourth quarter of 2021.

The drop in housing affordability in Phoenix has been even more dramatic, with the second quarter 2022 reading at 22.3%. That was down from 43.9% in the first quarter and down from 64.9% in the last quarter of 2019. It was also the lowest reading since 2000. Even so, housing affordability in Phoenix was better in the second quarter than Los Angeles (3.6%), San Francisco (7.5%), and San Jose (11.1%).

Housing affordability was much better in Tucson in the second quarter of 2022, at 40.6%. Even so, it was down from 66.0% in the first quarter, down from 71.2% in the last quarter of 2019, and below the national average.

Arizona housing permit activity was strong through the first seven months of 2022, driven by multi-family activity. Total permits through July were up 9.0% from the same period last year. Single-family permits were down 3.5% while multi-family activity was up 45.6%.

Through July 2022, permits were up 10.0% over the year in Phoenix, with single-family permits down 3.3% and multi-family permits up 44.4%. In Tucson, total permits were up 11.9%, driven by a 117.2% increase in multi-family activity. Single-family permits were down 8.9%.

Arizona Short-Run Outlook

The outlook for Arizona, Phoenix, and Tucson depends in part on national and global economic events. The forecasts presented here are based on U.S. projections released by IHS Markit in July 2022. The baseline forecast (summarized here) is still assigned a 50% probability. The pessimistic scenario is now assigned 45% and the optimistic scenario is assigned the remaining 5%.

IHS Markit calls for real GDP growth in 2022 to hit 1.4%. Growth in 2023 is also slow at 1.3%. This reflects the end of pandemic-related fiscal support and continued tightening by the Federal Reserve.

The forecast calls for inflation to spike in 2022 to 7.8%. Inflation decelerates rapidly to 3.3% in 2023, as commodity and oil prices fall, supply-chain issues ease, and the unemployment rate rises.

Nonfarm payroll jobs nationally dropped by 5.8% in 2020 but rebounded in 2021 with growth of 2.8%. The forecast calls for jobs to rise by 3.9% in 2022 and 0.9% in 2023.

The unemployment rate peaked at 8.1% for the year in 2020 but fell to 5.4% in 2021. It is forecast to decline to 3.7% in 2022 before rebounding to 4.3% in 2023 and 4.9% in 2024 as output growth slows and immigration and labor force participation rise.

Continued growth in the U.S. economy, under baseline assumptions, sets the stage for continued growth in Arizona, Phoenix, and Tucson. As **Exhibit 3** shows, the forecast calls for Arizona job growth to decelerate in 2022 and 2023, before a modestly accelerating in 2024. This pattern reflects a complicated mix of factors, including the shift to more normal gains as the pandemic eases and slowing national growth in 2023. The unemployment rate drifts up as job gains slow.

Personal income growth, before adjustment for inflation, slows significantly in 2022, reflecting the end of federal income support related to the pandemic. Growth in retail (plus remote) sales follows a similar pattern, but with a lag. Slowing sales of goods also reflects a renormalization of consumer spending, away from goods and toward travel and tourism related services.

Population gains remain solid in the near term but begin to slow in 2024 as demographic forces begin to take hold. Population gains, even in the short run, are driven primarily by net migration, as natural increase decelerates. Housing permits drop in the near term to a level more consistent with population gains.

Exhibit 3: Arizona Short-Run Outlook

	Actual 2021	Forecast		
		2022	2023	2024
Growth Rate				
Nonfarm Jobs	3.7	3.3	1.9	2.2
Personal Income	7.5	2.7	5.7	6.4
Retail Plus Remote Sales	19.9	6.9	2.1	4.4
Population	1.5	1.5	1.5	1.4
Level				
Unempl. Rate	4.9	3.4	4.4	4.9
Housing Permits	65,334	65,291	59,288	48,116

Arizona Long-Run Outlook

The long-run forecast calls for Arizona to continue to outpace national growth, although those gains are expected to come at a much slower pace than during the prior 30-year period. Arizona is projected to add 1.4 million jobs from 2022 to 2052, which translates into an annual growth rate of 1.3% per year. That is faster than the national pace of 0.4% per year but much slower than the average annual growth rate of 2.3% per year during the prior 30 years.

The forecast calls for the Phoenix MSA to continue to drive state growth during the next 30 years, although Tucson contributes as well. While growth slows, Phoenix and Tucson population growth rates are forecast to far outpace the U.S.

Risks to the Outlook

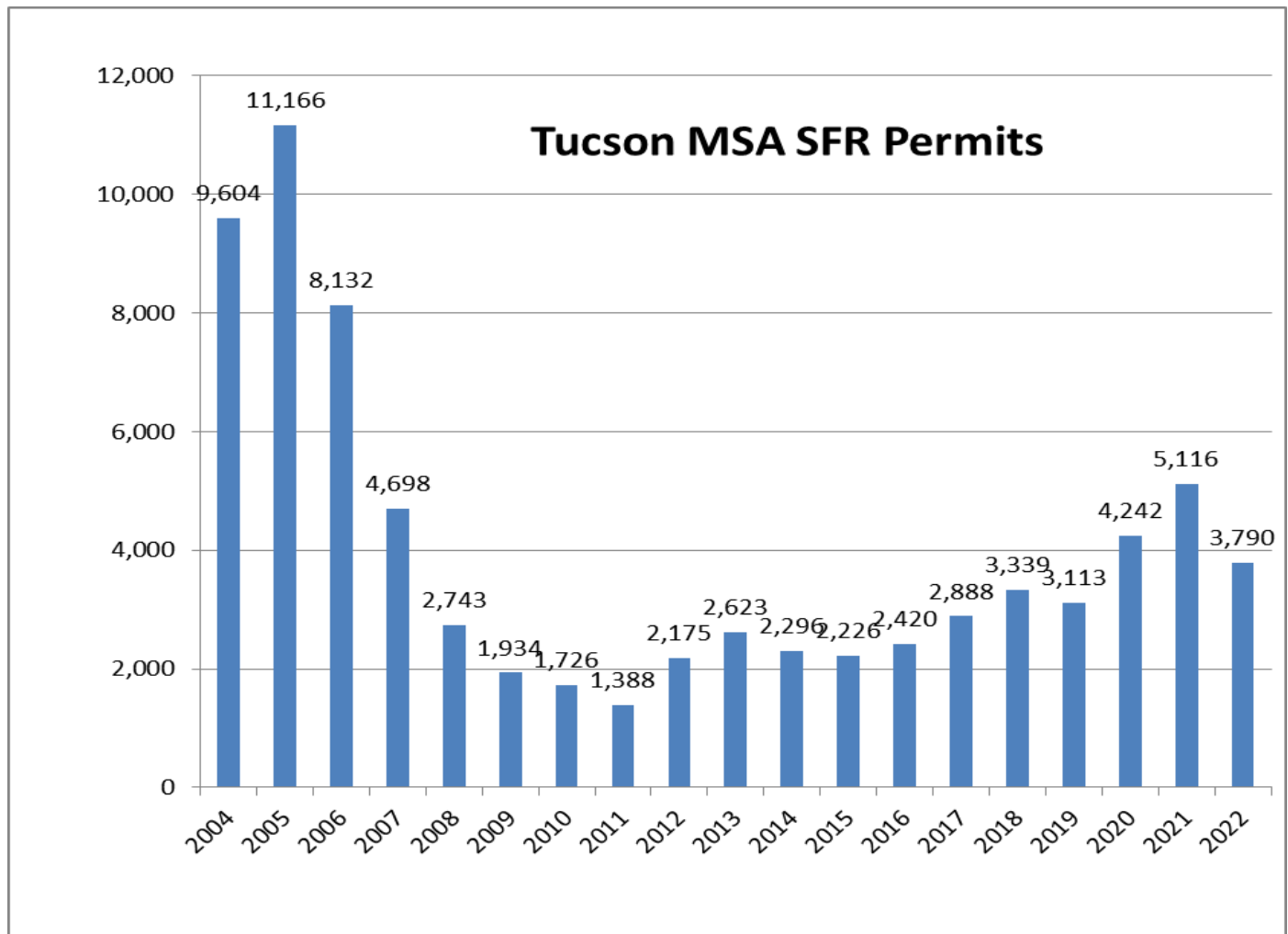
Risks to the short-run baseline forecast are elevated. The baseline forecast is assigned a 50% probability. The pessimistic alternative is assigned 45% with the optimistic scenario assigned the remaining 5%.

The U.S. pessimistic scenario assumes that the Russia-Ukraine conflict results in higher energy prices and lower global growth than the baseline. It also assumes that supply-chain issues continue for longer. This scenario includes a recession, with six consecutive quarters of negative real GDP growth (**Exhibit 4**). Even so, the pessimistic scenario does not include a downturn in real GDP as severe as the Great Recession, but it is projected to be similar in depth to the downturns in the early 1980s.

While each real estate market and market area are affected differently, the decline leading into the great recession, particularly in the Tucson Metro area, was precipitated by the residential market and this market was initially the first to signal recovery, it is also the first market to demonstrate strength in spite of the Covid-19 pandemic; it is thus summarized.

Real Estate Markets:

Residential: US Census reported single family residential permits in the Tucson Metro area (Pima County) as follows:



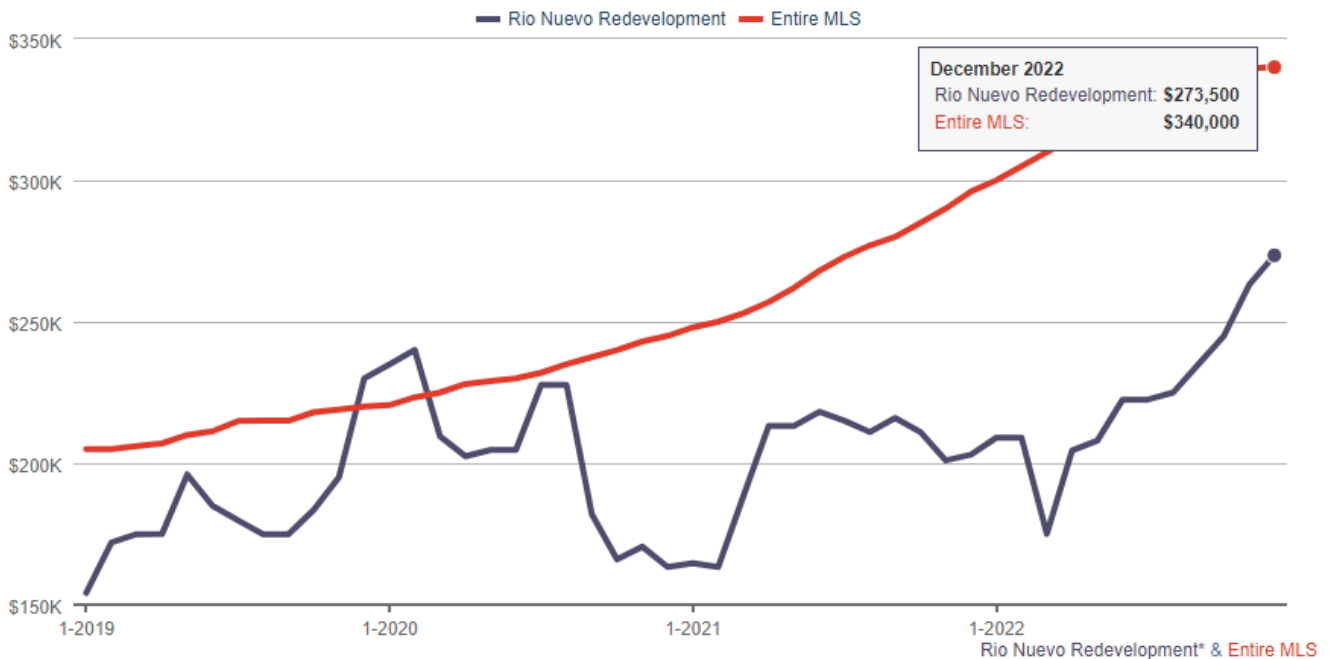
As indicated, residential permits dropped precipitously from a high in 2005 through 2011; 2012 and 2013 indicated the beginning of a turn around, recently there has been a string of increases, though prior to 2021, levels were still well below a 5,000 permit long term sustainable level benchmark. Over this time

period (2006 through 2011) home values decreased drastically from but again have turned around with relatively strong recent increases in appreciation; 2021 SFR permits significantly surpassed prior years; while the first 5 months of 2022 were on pace to match 2021, later period permits dropped off significantly; 2022 is now preliminarily indicated to be 26% below that of 2021. (Source: census.gov).

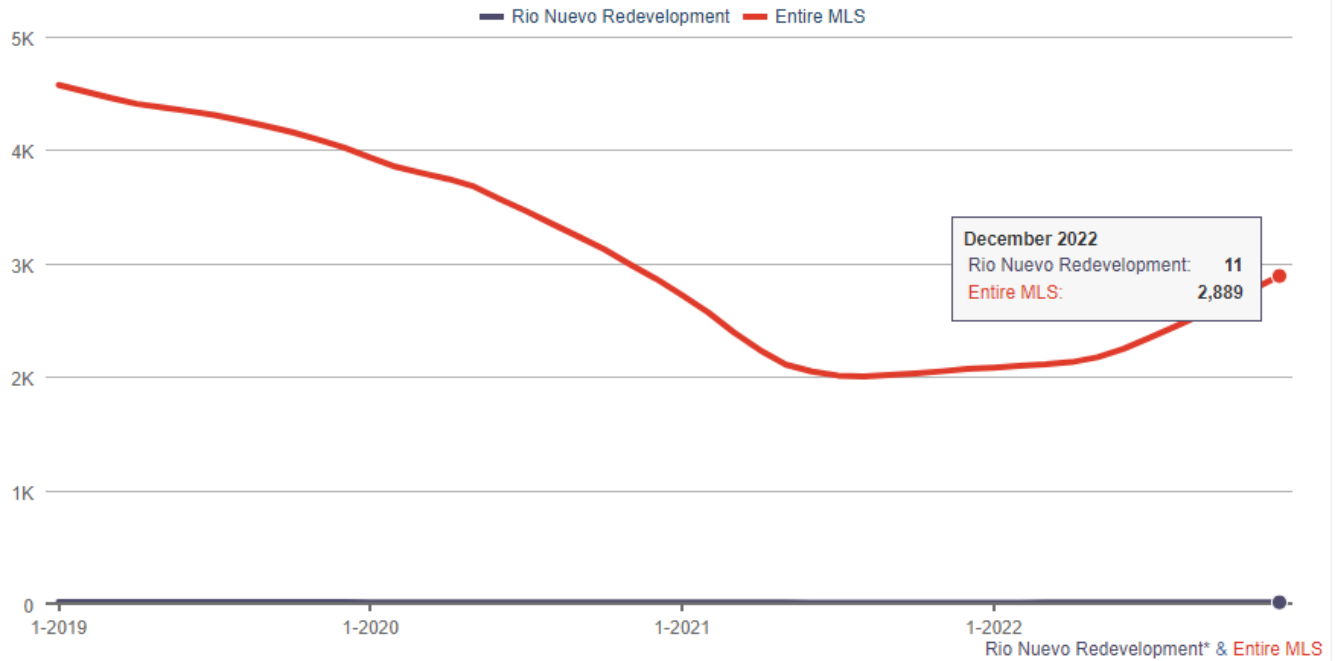
The following are 3 year trends in SFR properties for the entire MLS and the subject RNR market area; to summarize, median home prices in the subject neighborhood are 19.6% lower than that for the entire MLS; however, while the entire MLS appreciation has leveled off (+14.9% over the past year), values in RNR have indicated a year over year increase of 34.7%. While there are relatively few properties for sale in the RNR market area at 11, this represents a 37.5% increase over the prior year; months of supply, now at 2.1, is 40% higher than that of a year ago. While median sale percent of list price, has been significantly more erratic in the subject neighborhood, to date it remains with that of the entire MLS at 100%.

The indicated trend SFR information is considered to be reasonable for analysis of subject residential land, lot sales are not tracked; the analysis of residential sales is significant as this related to the highest and best and anticipated use of the subject site:

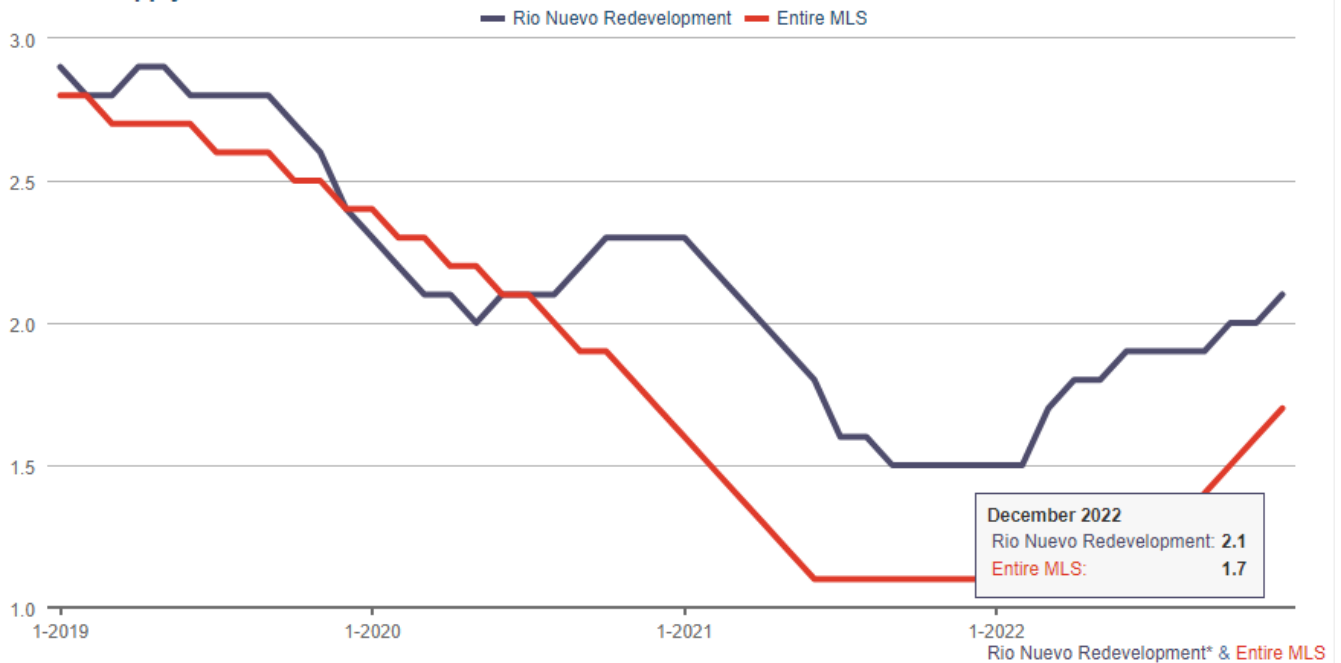
Median Sales Price



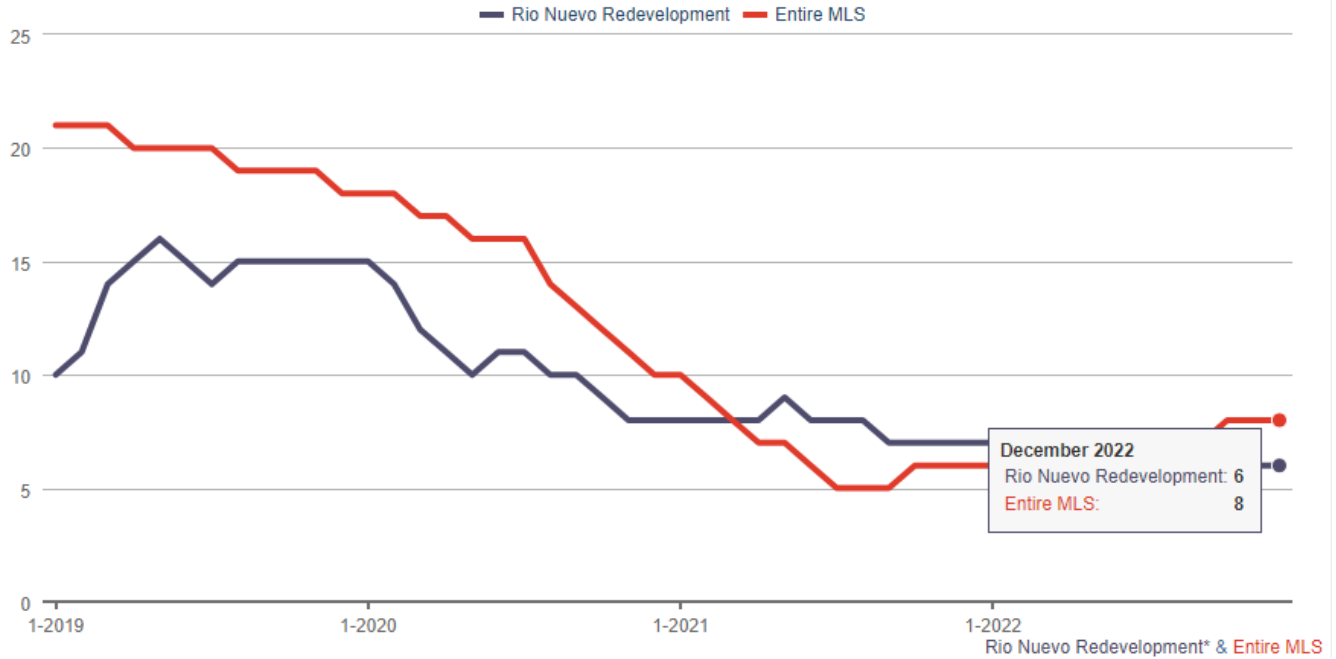
Homes for Sale



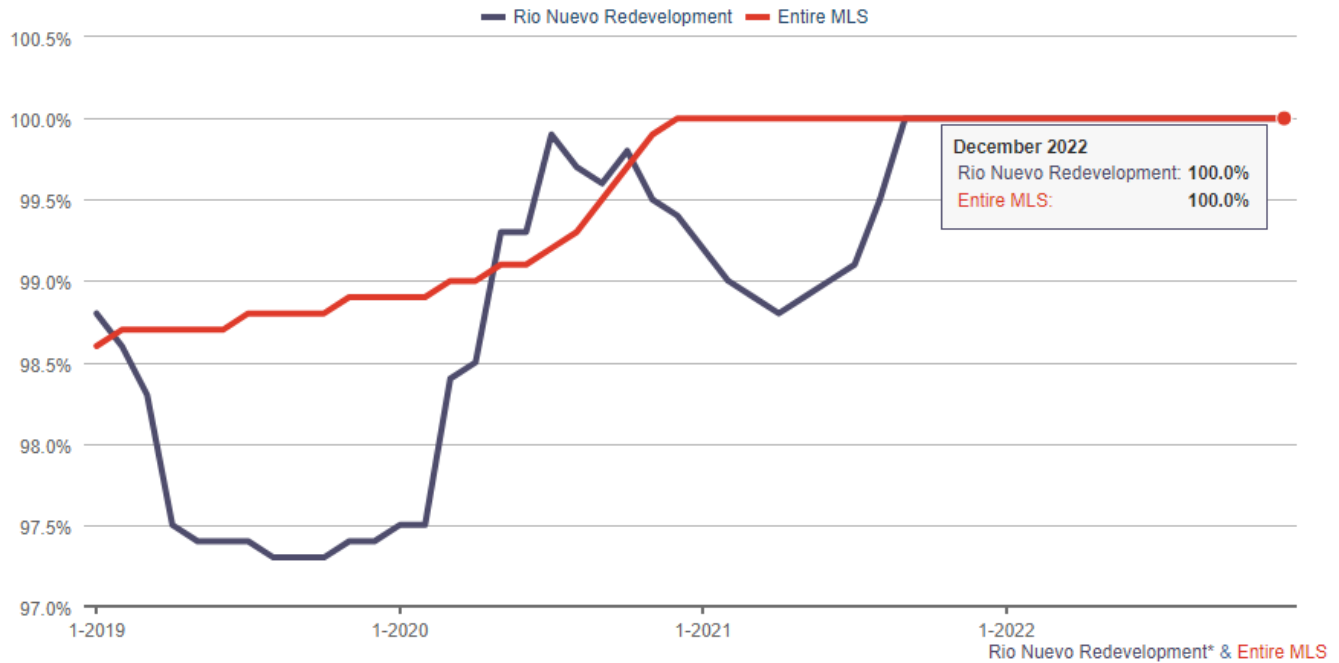
Months Supply of Homes for Sale



Median Days on Market



Median Percent of Last List Price



It is significant to note that the above statistics for the subject market area, at a total of just 54 sales (2022), may be skewed depending on if the sales were older neighborhood housing or more recent Mercado District development.

Maximum Profitability: In conclusion, the highest and best use “as if vacant” is considered to be residential development.

Highest and Best Use As Improved

The highest and best use of a property as improved pertains to the use of a property that should be made in light of its existing improvements. Depending on the condition of existing improvements, surrounding land use patterns, and local market characteristics, a number of alternative uses or alterations may be financially feasible. Alternatives include demolition of the improvements and redevelopment of the site, conversion to an alternative use, expansion or reduction of a building area, renovation or modernization, and continued use as is.

The subject is a residential use property, A-frame construction on 8' concrete block stem-wall.

Legally Permissible Uses:

As mentioned, the property is zoned R-2; providing for medium density, single-family and multifamily, residential development, but with some potential other than residential uses including religious use, Adult Day-Care and Residential Care Services. Adjacent uses include Pima County Housing Center (south) and El Rio Santa Cruz Health Care (southwest). Development Standards include a minimum site size/maximum density of 1/5,000sf, MF-15/acre, 70% SF, 75% MF max lot coverage, 25' height, perimeter yards res to res use are 6' or 2/3H.

It is within the Santa Cruz Area Plan and the subject site within Key area 9, which is entirely within the Rio Nuevo Development Plan; which has priority in development direction, however, the subject site is not specifically identified (as a special land parcel), thus offering no additional direction for the subject site; thus falling back to Santa Cruz Area Plan goals including 4 New and existing neighborhoods should include related commercial services with specific locations decided on a case-by-case basis according to overall plan policies and depending on specific market conditions; 7. New development within or near existing neighborhoods should be designed and scaled to be compatible with existing neighborhood characteristics; 12. Unless more detailed direction is provided by neighborhood or redevelopment plans or by other parts of this plan, the following guidelines are generally used for location of residential densities: a. low-density development (up to six units per acre) is appropriate within the interior of established neighborhoods. b. low and medium (up to 15 units per acre) density development are generally appropriate along collector streets. c. medium and high (over 15 units per acre) density development are generally appropriate along arterial streets.

Physically Possible Uses:

The subject is 29,210sf, FEMA x-shaded; it is "L" shaped with moderately greater frontage (parcels 5 and 6A) as compared to "backage" (parcel 7A). The two buildings, by my measurement a 1,053sf main building (a former residence built in 1916) and a rear 490sf former reported "carriage house" built in 1945 (per assessor's record), are currently used as offices for a single user-tenant. They are considered to be in good condition for their age. Financially feasible uses considered below include demolition, expansion or reduction, renovation or modernization or continued use as is.

Financially Feasible Uses:

Demolition: As mentioned, buildings are in good condition for their age. The value of the property with the improvements is considered to exceed the value of the site as if vacant plus demolition thus demolition of all improvements is not the highest and best use as improved.

Expansion or Reductions: Site coverage is low 5.28% indicating potential for improvement expansion or the sale of excess site area. Reduction is not considered to be necessary nor economically feasible.

In consideration of the current layout which would permit the splitting and sale of an excess site on the western portion of the site, and current demand for residential development land, this is considered to be maximally productive (resulting in highest value).

Given the need to provide for on-site parking (5 current and 8 if expanded) it would be reasonable for these spaces to the south of the existing main building. An excess site area of approximately 17,210sf,

essentially the western parcel 7A plus a 24' access lane on the southern portion of parcel 5A, is estimated from GIS mapping as follows:



Renovation or Modernization: The buildings are considered to be in good condition for their age and not in need of modernization (depending on desires of end user).

The property is in need of on-site parking (former parking provided on an adjacent site by lease will no longer be available).

Conclusion: Highest and best use as improved is considered to be the continued use of the two buildings as offices, a nonconforming use, on a site sufficient for the buildings and parking, estimated at approximately 12,000sf' and sale/development of an excess site (estimated at 17,210sf); value will be maximized by providing parking on site for the current and expansion (if any) buildings on the utilized site.

VALUATION METHODOLOGY

In the appraisal of real estate, three methods of estimating value are often employed, depending on the characteristics of the property; they include the Cost Approach, Sales Comparison Approach and the Income Approach.

The cost approach is a set of procedures through which a value of the fee simple interest is derived by estimating a reproduction or replacement cost of improvements, deducting accrued depreciation from all sources, and adding the value of the site as if vacant. This approach is particularly useful in the analysis of a property that is new or nearly new, which is not significantly affected by any forms of depreciation, and properties that are not frequently exchanged in the market.

The cost approach includes is not considered to be necessary for credible assignment results due to significant improvement age and thus significant depreciation and the fact that this approach is not typically relied upon for this type of property.

The Sales Comparison Approach is a set of procedures through which value is estimated by comparison of the subject property to the sales of similar properties that have recently sold, making adjustments to the sales for differences between the subject and the comparable property's based on units of comparison. The sales comparison approach is considered to be solely significant in the subject value analysis, both the existing buildings on utilized site and the excess site.

The income approach is a set of procedures through which value is estimated based on the future benefits of property ownership (income earning potential) of the property appraised. Rental income is estimated based on analysis of similar market properties and/or the subject income stream from existing leases. Incomes are reduced by expenses to the owner and net income is capitalized by either direct capitalization, yield capitalization, or both. Properties of this type are typically purchased for owner occupancy rather than for income earning potential, thus the income approach is not considered to be necessary for credible assignment results and is not employed.

SALES COMPARISON APPROACH

The sales comparison approach considers the recent sales of properties with similar use and improvements to the subject. This technique is an application of the principle of substitution which affirms that, when a property can be replaced with an alternative property of similar utility without undue delay, its value tends to be set by the cost to acquire such an equally desirable substitute property.

The sales comparison approach is the process of analyzing sales data of properties considered comparable to the subject being appraised. The reliability of the sales comparison approach is dependent upon (a) the availability of comparable sales data, (b) verification of the sales data and derivation of various indicators of value, (c) the absence of non-typical conditions affecting the sales price of the comparable sales, and (d) the degree of comparability of the sales to the subject and the extent of adjustments required to make the sales equal to the subject.

As mentioned previously under the sales comparison analysis of the site, there are ten basic elements of comparison that will be considered in sales comparison analysis; they include:

1. Real property rights conveyed
2. Financial terms
3. Conditions of sale
4. Expenditures made immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of value

Adjustments for items 1-5 above are made first if necessary, indicating an "adjusted sale price". The comparables prices are each then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics and any non-realty components of value.

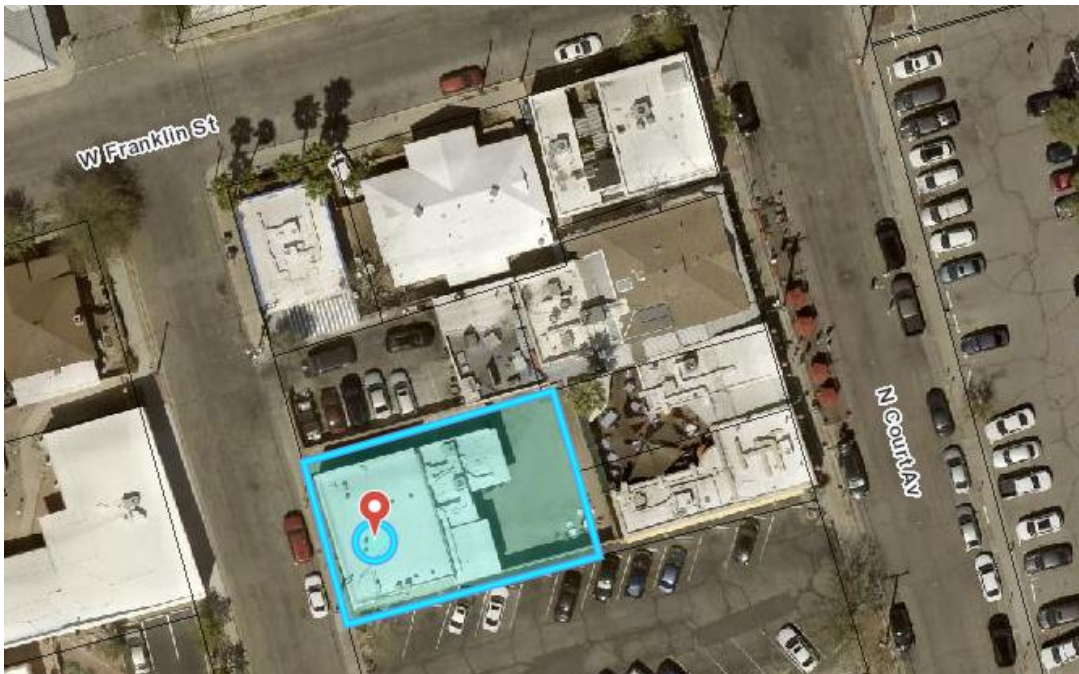
After adjusting the comparable sales prices to compare equally to the subject, the sales are reduced to common units of comparison for further analysis. The units of comparison selected depend on the type of property being appraised. The comparables have been analyzed on the basis of price per square foot of building. The comparable properties are then adjusted for locational, physical and economic differences as indicated.

A search of the Tucson area revealed the following comparable sales, considered to be most applicable to this appraisal valuation.

Comparable Improved Sale One

Location: 290 N Meyer Av, Tucson, 85701
Legal Description: TUCSON NW PT LOT 2 BLK 176, Pima County, AZ
Tax Code Number: 117-10-0990
Records: 9/29/2022 2022 2720226
Seller: Alexander Morgan Miller
Buyer: Palacio Ruellas LC
Sale Price: \$650,000, \$695,000 Asking Price
Terms: Cash to seller
Site Size: 4,452sf
Building Size: 2,328sf built 1879
\$/Unit: \$279.21/sf Impvt.
Zoning: HO-3, Tucson Historic Office
Income Data: N/A purchased for owner occupancy
Comments: A "row" residence from era of Tucson origin, located in the downtown south of Franklin, west of Church Av. The building was converted to law offices; the purchaser reportedly intends to again occupy as a personal residence. Oak wood flooring as well as some Mexican Tile; reported to be in excellent condition. There is some parking in the rear (perhaps 3 spaces), accessed by very tight access on the side of the building; on-street metered parking.
Confirmation: Costar, Tim Hagyard, listing agent, 520.918-5191, pdh 2023262.

290 N Meyer Av



Comparable Improved Sale Two

Location: 548 E Speedway Bl, Tucson, 85705
Legal Description: TUCSON N81' LOT 1 BLK 2, Pima County, AZ
Tax Code Number: 117-02-0260
Records: 4/13/2022 2022 1030812
Seller: Alexander Morgan Miller
Buyer: Palacio Ruellas LC
Sale Price: \$240,000, \$260,000 Asking Price, 71 DOM
Terms: Cash
Site Size: 4,249sf
Building Size: 1,080sf built 1929
\$/Unit: \$279.21/sf Impvt.
Zoning: HR-2, Tucson Historic Residence
Income Data: N/A purchased for owner occupancy
Comments: Apparently originally a single family residence, long since converted to office, built 1929. The site is on the corner of Speedway Bl, 32,103vpd traffic counts (22), and 2nd Avenue, permitting reasonable access to rear parking (approximately 3 spaces); there is also parking permitted on 2nd Ave. Reportedly in "pretty good, middle of the road" condition, having been painted and new flooring, old double hung wood windows.
Confirmation: MLS 22130956, Peter Canacakos, listing agent, 520.907-9850, pdh 2023262.

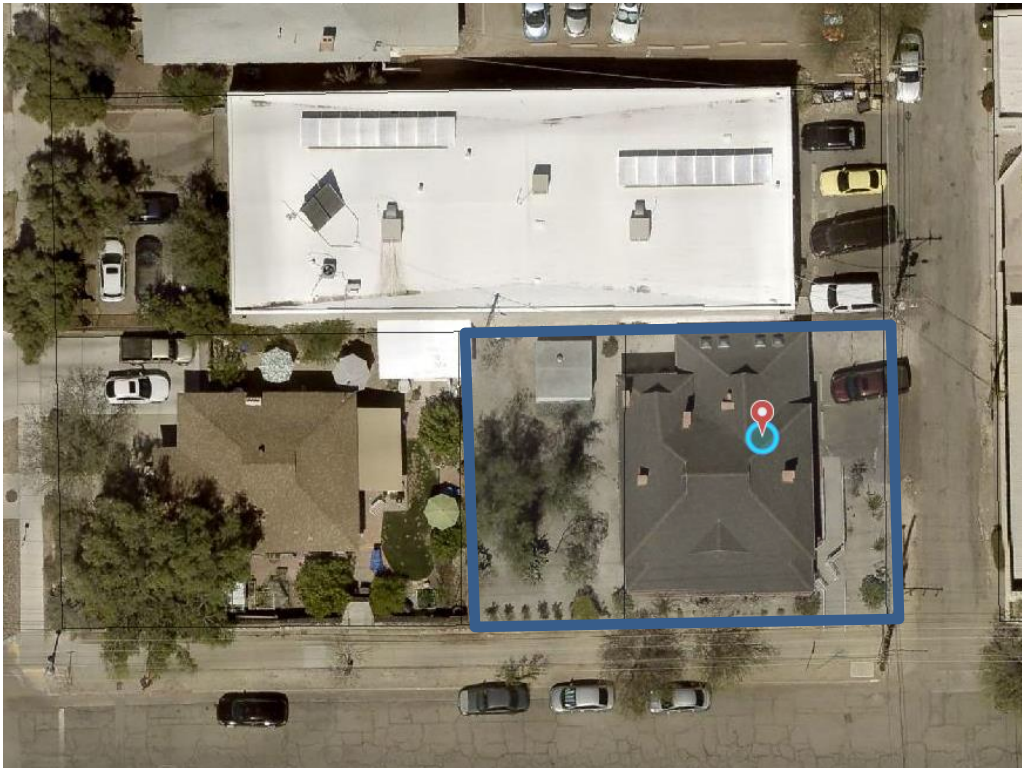
548 E Speedway



Comparable Improved Sale Three

Location: 125 E. 5th Street Tucson, Arizona
Tax Code Number: 117-04-112, 113
Legal Description: Portion lot 11 block 50 City of Tucson bk 2 pg 4 Pima County, Arizona
Seller: LOCC, LLC
Buyer: Racliff Property Group, LLC
Recording Information: 1/31/2022, at 2022 0310576, Pima County Recorder.
Sales Price: \$376,000
Terms: Cash to Seller
Improvement Size: 1,791 square feet.
Price Per Square Foot: \$223.34 (GBA)
Site Size: 6,098 Square feet.
Floor Area Ratio: 29.4% (improvement area ÷ site area).
Zoning: HC-3, (Historic) Commercial, City of Tucson
Improvements: The home of masonry construction was built in 1948 and reported to have nice finishes as the home was renovated. The property has 2 marked parking spaces and on-street parking available. Additionally, there is a side lot for potential expansion or potentially more parking.
Income Data: N/A; Owner user.
Comments: The property is located on an interior street and within the Armory Park Historic District. There was settling issues related to the foundation with an estimate for repairs at \$52,000 (a few years old); this relative unknown was reflected in the sale price.
Confirmed With: Costar, Buzz Isaacson, listing agent, (520) 529-1300, 2023262, pdh

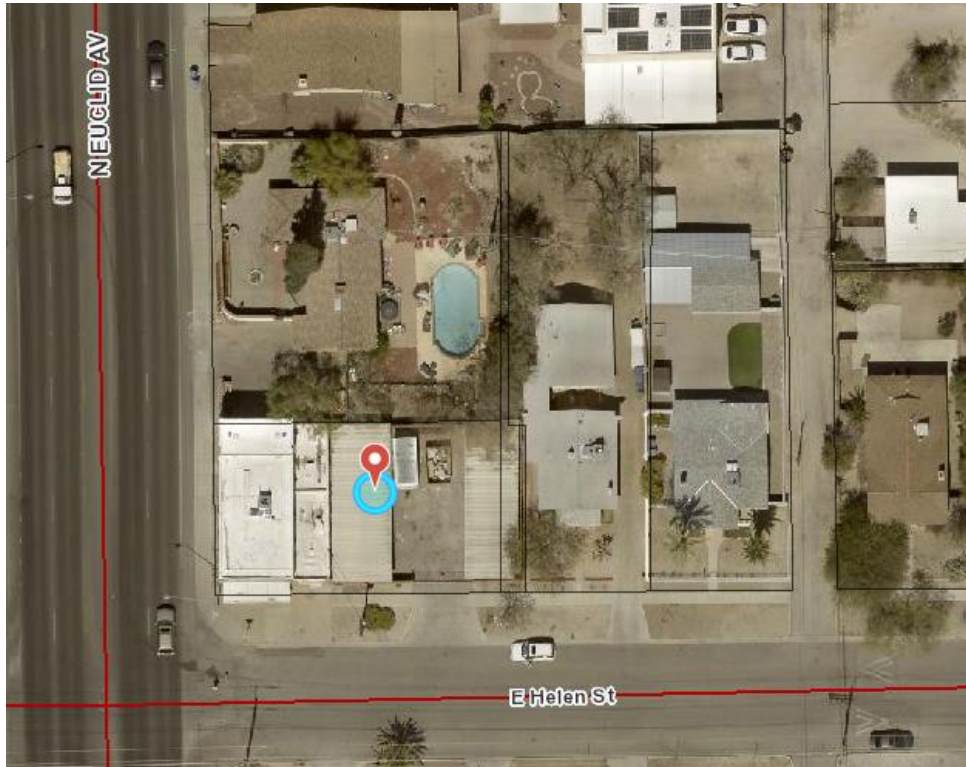
125 E 5th St



Comparable Improved Sale Four

Location: 803 E. Helen Street, NEC Euclid, Tucson, Arizona
Tax Code Number: 115-04-151, 152A
Legal Description: FELDMANS AMENDED S55' Lot 13 & S55' Lot 14, & W5.78' S55.07[,
Lot 15, BLK 11, Pima County, Arizona
Seller: Torbrand Lc
Buyer: Shawn Hunter
Recording Information: 12/06/2021, at 2021 3400594, Pima County Recorder.
Sales Price: \$400,000
Terms: Cash to Seller
Improvement Size: 2,335 square feet.
Price Per Square Foot: \$171.31 (GBA)
Site Size: 5,605 Square feet.
Floor Area Ratio: 41.7.4% (improvement area ÷ site area).
Zoning: NR-1, (Historic) Residential, City of Tucson
Improvements: Traffic counts on Euclid are 22,553vpd (21). The building is brick
construction with 300sf of 2nd story. There is a wall enclosed side
parking area with approximately 12 covered parking spaces.
Purchased for owner occupancy office.
Income Data: N/A; Owner user.
Comments: The property was reported to have been in good condition.
Confirmed With: Costar, Greg Furrier, listing agent, (520) 546-2735, 2023262, pdh

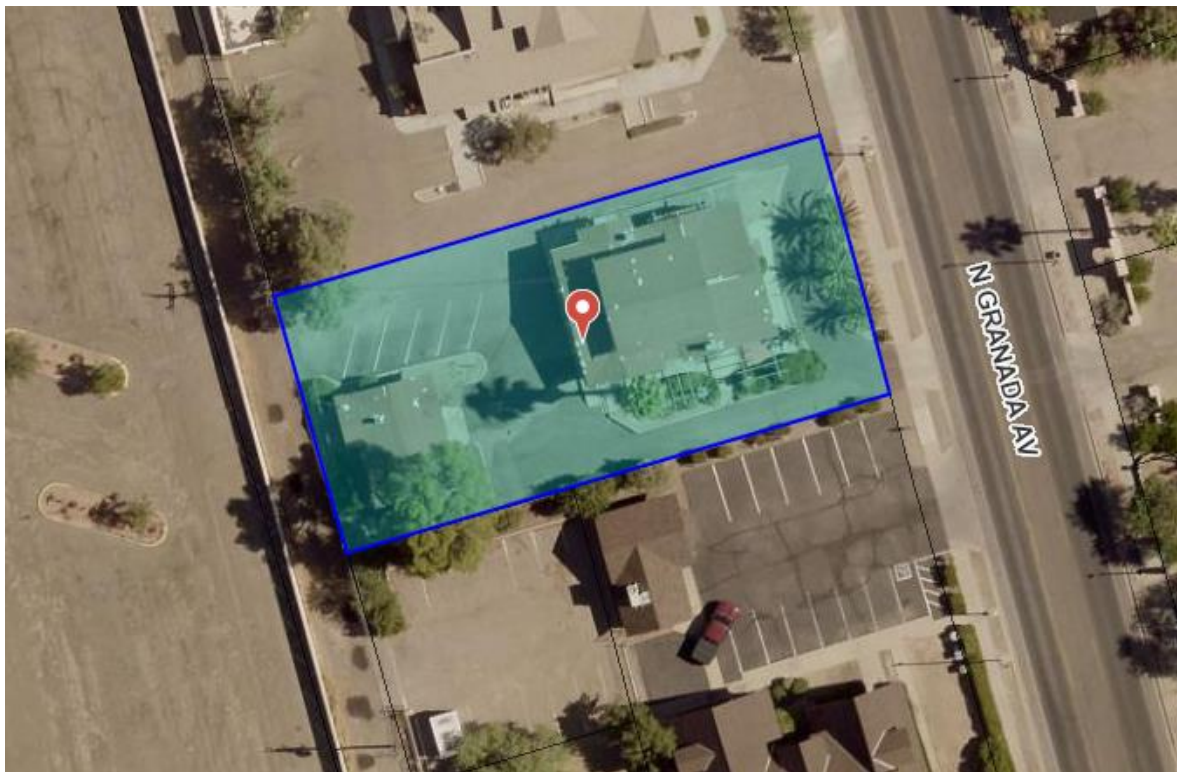
803 E Helen St



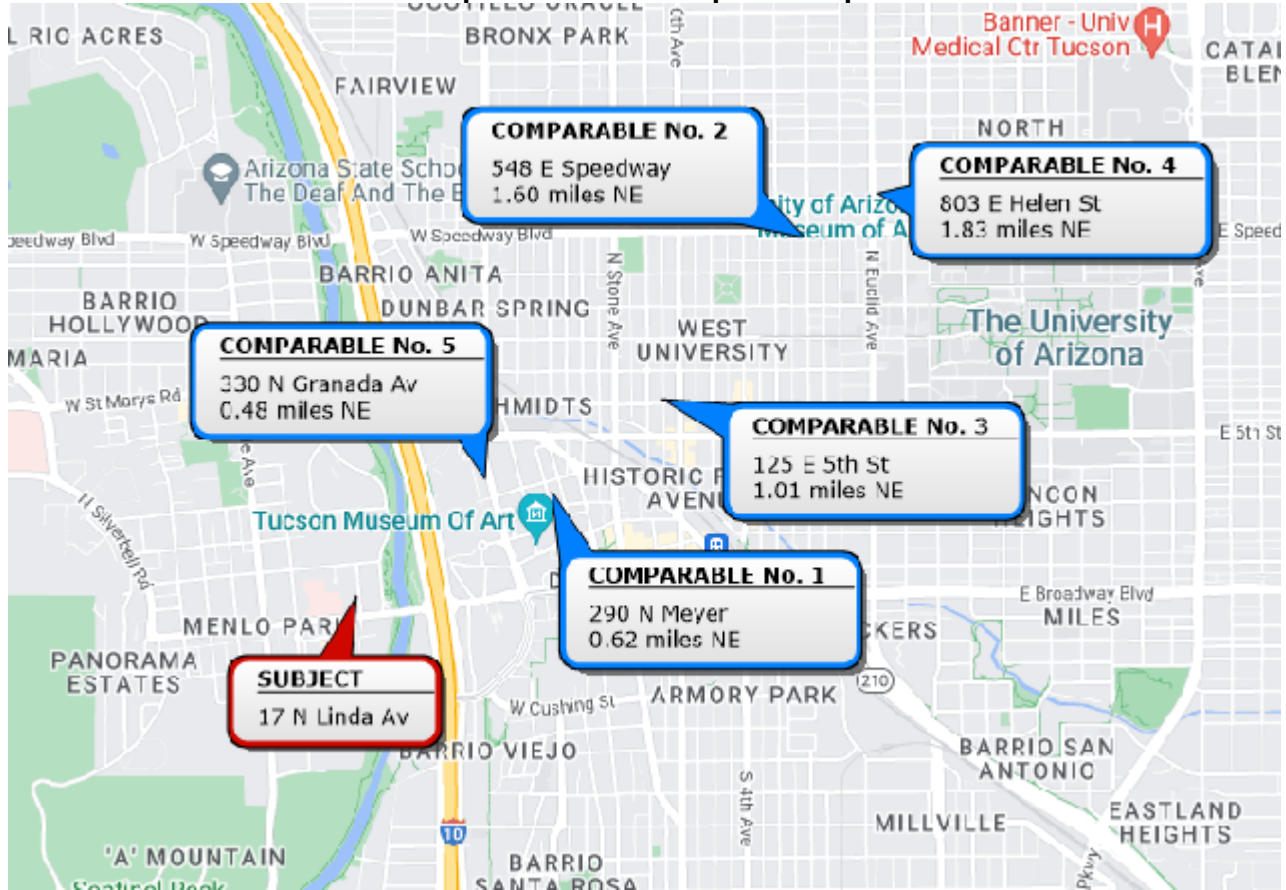
Comparable Improved Sale Five

Location: 330 N Granada, Tucson, 85701
Legal Description: Goldschmidts Lot 1 & N20' Lot 4 Blk 7, Pima County, AZ
Tax Code Number: 116-19-0550
Records: 1/04/2021 2021 0040680
Seller: Granda Office LLC
Buyer: Granda Gallery, LLC
Sale Price: \$600,000
Terms: Cash
Site Size: 13,600sf
Building Size: 2,782 in 2 buildings built 1908 and 1931
\$/Unit: \$215.67/sf Impvt.
Zoning: O-3; Office Zone
Income Data: N/A, Vacant at time of sale
Comments: A 2,096sf two story main residence constructed 1908 and 686sf residence built 1931 converted to general office (former law offices). 4 parking spaces, front circular drive and landscaping. Traffic counts on Granada 8,682vpd (21)
Confirmation: Costar, Robert Fleming, seller representative 622-0400, pdh 2021192.

330 N Granada Av



Improved Sales Composite Map



Improved Comparable Sales Discussion and Adjustments

Adjustments are first made, if necessary, for property rights appraised, financing, conditions of sale, market conditions, and expenditures after sale, indicating an adjusted sale price. The comparables are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics and any non-realty components of value.

Adjustments are applied to provide insight into the relative significance (weight) of the characteristic being considered and difference from the various comparable sales to the subject parcel. While based on appraisal experience and interpretation from the market, they are not intended to be precise to each comparable and category. The analysis is made to a price per square foot of building unit of comparison.

Property Rights: All of the comparables involved fee simple interests; adjustments, if any are made following under economic occupancy.

Financing: the sales were cash to seller, no adjustment for financing is necessary.

Conditions of Sale: the sales were all reported to have been sold under normal conditions, no adjustment is necessary.

Expenditures After Sale: None known, no adjustment necessary.

Market Conditions: The sales occurred from January 2021 through September 2022. Market conditions for this type of property appear to have been moderately improving, upward adjustment on the basis of 5% appreciation per year is considered reasonable and applied to the sales.

Location: The subject is just west of downtown, very near the City's origin; the comparables are also generally in relatively close proximity to the downtown, sales 2-4 similar or offsetting to the subject; sales 1 and 5, located in the downtown are considered to be superior and are thus adjusted downward.

Building Size: The subject and comparables are relatively smaller, primarily single user buildings; comparables 1-4 bracketing the subject, not considered to require adjustment; sale 5 is adjusted upward for inferior larger size as larger properties typically sell for less on a per unit basis.

Improvement Age: The subject and comparables are significantly dated; considered to be similar enough as to not warrant adjustment.

Quality/Design: The subject is of considered to be of average to below average quality construction/design due to the two buildings being separate and the lack of restroom facilities in the smaller office; sales 1-3 are considered to be superior and are thus adjusted upward; sales 4 and 5 offsetting or similar, not requiring adjustment.

Condition: The subject is considered to be in good condition for its age, sales 1, 4 and 5 similar, not requiring adjustment; sales 2 and 3 are adjusted upward for inferior condition.

Access & Exposure: The subject is located on a narrow interior neighborhood street with average access but very little exposure. Sales 1 and 3 are considered similar, not requiring adjustment; comparables 2, 4 and 5 superior, particularly in respect to traffic exposure, are adjusted downward.

Site Area/Coverage: The subject is superior to each of the comparables in site area, enhancing open space appeal and perhaps permitting expansion (though restricted by nonconforming status), comparables 1-4 are adjusted upward accordingly; sale 5 similar enough as to not warrant adjustment.

Zoning/Use: The subject represents a nonconforming use in its residential zoning; sales 2 and 5 are similar, not requiring adjustment. Comparables 1, 3 and 5 are superior in zoning, not being restricted as the subject is, they are adjusted downward.

Other Improvements: Each of the comparables is considered to be superior to the subject for some on-site parking as well as other improvements (particularly sale 4), they are thus adjusted downward accordingly.

Economic occupancy: Each of the comparables owner occupied or vacant, ready for owner occupancy similar to the subject property; no adjustment necessary

Non Realty: the comparables had no non-realty, no adjustment is necessary.

Sales Comparison Approach Value Conclusion:

The subject is considered to be bracketed by the comparables, sales 1, 2, 4 and 5 with net downward adjustment and sale 3 with net upward adjustment. Some emphasis is placed on sales 1, 3 and 5, sales 1 and 3 with net downward adjustment. Slightly greater emphasis is placed on sales 1 and 3 due to less gross adjustment and greater similarity in lack of traffic visibility and use. With emphasis as indicated, a subject value at \$184/sf finished buildings, rounded to \$283,900, is considered reasonable.

Greater detail on the comparison of the comparable sales and adjustment as compared to the subject property is available on the following grid:

DIRECT SALES COMPARISON SUMMARY (Offices & Utilized Site)						
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Location	17 N Linda Av	290 N Meyer Av	548 E Speedway	125 E 5th St	803 E Helen St	330 N Granada
Tax ID No.	116-20-006A	117-10-0990	117-02-026	117-04-112+	115-05-151	115-19-0550
Sales Data						
Date of Sale	N/A	Sep-22	Apr-22	Jan-22	Dec-21	Jan-21
Sales/Asking Price	N/A	\$650,000	\$240,000	\$376,000	\$400,000	\$600,000
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest Adjustment	0.0%	0%	0.0%	0%	0%	0%
Financing	Cash to Seller	Cash to Seller	Cash	Cash to Seller	Cash to Seller	Cash to Seller
Cash Equivalent Price	N/A	\$650,000	\$240,000	\$376,000	\$400,000	\$600,000
Condition of Sale	Average	Average	Average	Average	Average	Average
Condition Adjustment	0.00%	0%	0.00%	0%	0%	0%
Expenditures After Sale	\$0.00	\$0	\$0.00	\$0	\$0	\$0
Market Condition (Time)	N/A	Sep-22	Apr-22	Jan-22	Dec-21	Jan-21
Market Condition Adjustment	0.0%	2.0%	4.0%	5.0%	6.0%	10.0%
Adjusted Sales Price	N/A	\$663,000	\$249,600	\$394,800	\$424,000	\$660,000
Characteristics						
Location	Avg/Good	Superior	Offsetting	Similar	Offsetting	Superior
Building Size	1,543	2,328	1,080	1,791	2,335	2,782
Approx. age	108	143	93	74	96	113
Quality/Design	Avg/Below	Superior	Superior	Superior	Offsetting	Similar
Condition	Avg/Good	Similar	Inferior	Inferior	Similar	Similar
Access/Exposure	Avg/Fair	Similar	Superior	Similar	Superior	Superior
Site Area (sf)	12,000	4,452	4,249	6,098	5,605	13,600
Site Coverage	12.9%	52.3%	25.4%	29.4%	41.7%	20.5%
Zoning/Use	R-2/Office	O-3/Office/Res	HR-2/Office	HC-3/Office	NR-1/Office	O-3/Office
Other Improvements	Sidewalks, ramada, porch	Parking	Parking, sidewalk, landscape	Parking, landscape, porch	Walled cov parking,	shade, patio, landscape
Economic/Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non Real Estate	None	None	None	None	None	None
Units of Comparison						
Pkg Price / SF Impvts	N/A	\$284.79	\$231.11	\$220.44	\$181.58	\$237.24
Comparison Adjustments						
Location	0.0%	-15.0%	0.0%	0.0%	0.0%	-10.0%
Property Size	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
Age	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Quality/Design	0.0%	-20.0%	-5.0%	-7.5%	0.0%	0.0%
Condition	0.0%	0.0%	10.0%	15.0%	0.0%	0.0%
Access/Exposure	0.0%	0.0%	-15.0%	0.0%	-10.0%	-7.5%
Site Area / Coverage	0.0%	5.0%	2.5%	2.5%	5.0%	0.0%
Zoning/Use	0.0%	-5.0%	0.0%	-5.0%	0.0%	-5.0%
Other Improvements	0.0%	-5.0%	-7.5%	-5.0%	-15.0%	-7.5%
Economic Occupancy	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Non Real Estate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net Physical Adjustment	Offsetting	Downward	Downward	Offsetting	Downward	Downward
Net Adjustment	0.0%	-40.0%	-15.0%	0.0%	-20.0%	-25.0%
Adjusted Comp \$/Sf	N/A	\$170.88	\$196.44	\$220.44	\$145.27	\$177.93
Subject \$ /SF Imppt	\$184.00					
Opinion of Value	\$283,900					

SITE VALUATION (Excess Site)

The following comparable sales are chosen in the estimate of site value for the above referenced excess site. They were selected after a thorough search of the market; services used included affidavits and public records, brokers, appraisers, and others because they represent the best (i.e. most similar) comparables available within a reasonable degree of similarity to the property appraised.

Properties are never identical with respect to all major items which affect value, so the price of each of the comparable properties is adjusted, on a price per unit basis, for points of significant difference with respect to the property appraised in the order noted. The prices are adjusted, if need be, for (in sequence):

1. Real property rights conveyed
2. Financial terms
3. Conditions of sale
4. Expenditures made immediately after purchase
5. Market conditions
6. Location
7. Physical characteristics
8. Economic characteristics
9. Use
10. Non-realty components of value

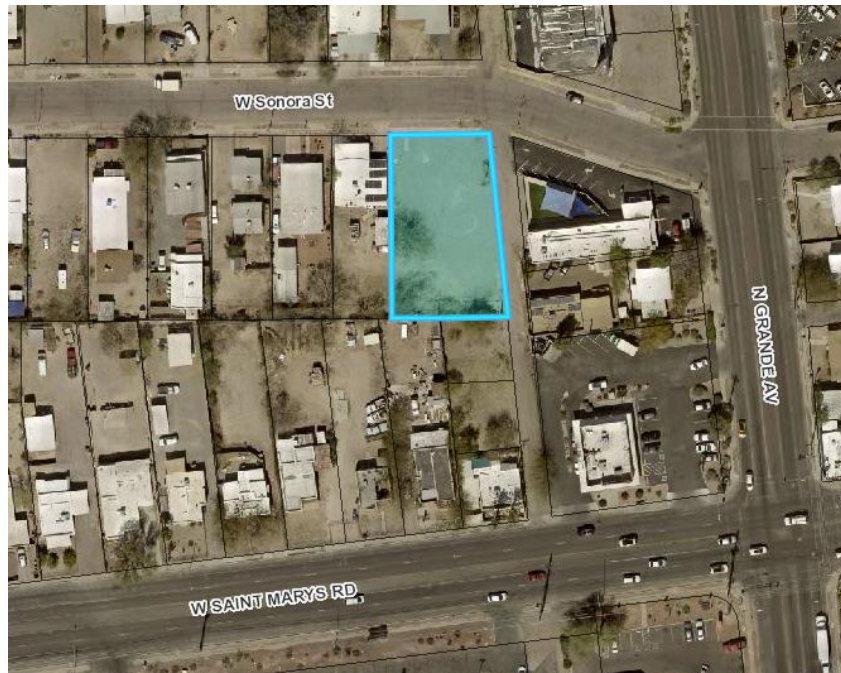
Adjustments for items 1-5 above are made first if necessary, indicating an "adjusted sale price". The prices are then adjusted for differences in location, physical characteristics (including use or zoning), economic characteristics, and any non-realty components of value.

Adjustments are made on a price per acre basis which is considered most reasonable for sites such as the subject.

The following sales are considered to be most significant to the valuation of the subject site, after thorough search of market sales comparables.

Comparable Site One

Location: 1209 W Sonora St., Tucson, 85705
Legal Description: EL RIO PARK LOT 6 BLK 6, Pima County Arizona
Tax Code Number: 112-12-1200
Records: 4/28/2022, 2022 1180421
Seller: RC II LLC
Buyer: Frank Moreno
Sale Price: \$76,000
Site Size: 12,567sf
\$/Sf Site \$6.05
Terms: Cash
Zoning: R-2, City Residential
Comments: Located on an interior neighborhood street. The site has subsequently been developed with a single family residence. A level site with all utilities available; FEMA-x
Confirmation: Affidavit, no contact information available, pdh 20232262



Comparable Site Two

Location: 1315 W Cedar St., Tucson, 85745
Legal Description: EL RIO PARK LOT 6 BLK 6, Pima County Arizona
Tax Code Number: 112-12-1200
Records: 6/4/2021, 2021 1180421
Seller: Ray Rodriguez
Buyer: Ray Rodriguez (no relation to seller)
Sale Price: \$189,000; \$185,000 Asking Price, 40/335 DOM/CDOM
Site Size: 22,832sf
\$/Sf Site \$8.28
Terms: Cash
Zoning: R-2, City Residential
Comments: Located on an interior neighborhood street just east of Sentinel Peak Rd. The site was purchased by adjacent property owner on both sides. The listing agent believes the sale was at market, noting that pre-Covid there were higher offers which the seller then rejected. A level site with all utilities available; FEMA-x
Confirmation: MLS 22101769, Adrian Moreno, listing and selling agent, 888-897-7821, pdh 20232262



Comparable Site Three

Location: 1530 W Hillside Dr., Tucson, 85745
Legal Description: TUCSON TERRACE LOT 5 & W2 OF LOT 4 BLK 10, Pima County Arizona
Tax Code Number: 116-15-1550
Records: 3/17/2021, 2021 0770643
Seller: Daniel Miranda
Buyer: Sheehan Wachter, and Alice Wilsey
Sale Price: \$90,000; \$94,000 Asking Price, 0/387 DOM/CDOM
Site Size: 13,050sf, est from plat map
\$/Sf Site \$6.9028
Terms: Cash
Zoning: R-2, City Residential
Comments: Located on an interior neighborhood street just west of Silverbell Rd. The site rises to the west, potential increased development cost due to slope are considered to be offset by views of the city to the east; FEMA-x
Confirmation: MLS 22101614, David Carrasco, listing and selling agent, 520-326-1122, pdh 20232262



Comparable Site Four

Location: 31 E Elm St., Tucson, 85705

Legal Description: BRONX PARK LOTs 9-13 BLK 38 & PTN ABAN ALLEY & RD, Pima County Arizona

Tax Code Number: 115-07-019A-023A

Records: 2/02/2021, 2021 0331032

Seller: Desert Peak Holdings LLC

Buyer: Luju Properties LLC

Sale Price: \$249,000, \$249,000 asking price, 127 DOM

Site Size: 36,922sf

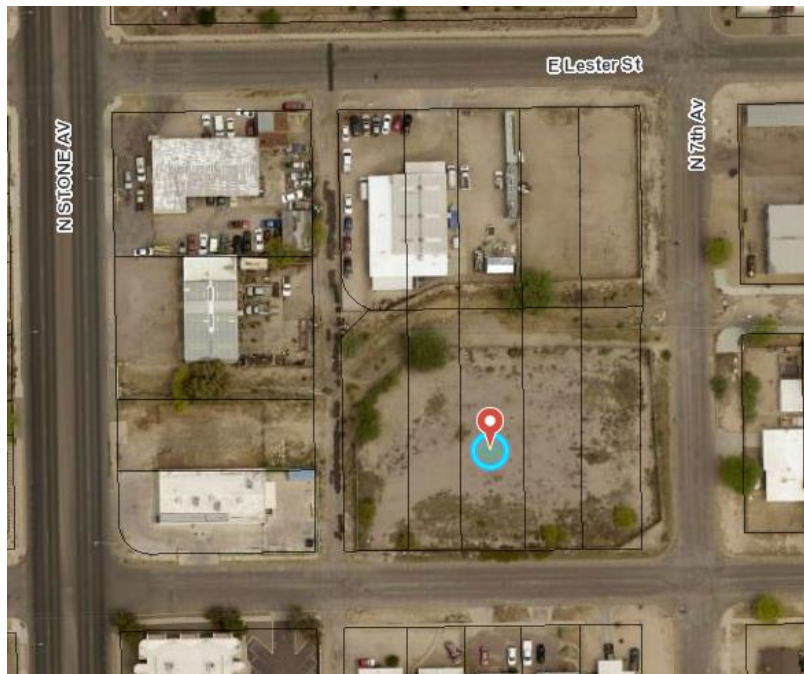
\$/Sf Site \$6.74

Terms: 30% Cash to seller carryback, not considered to have affected the sale price.

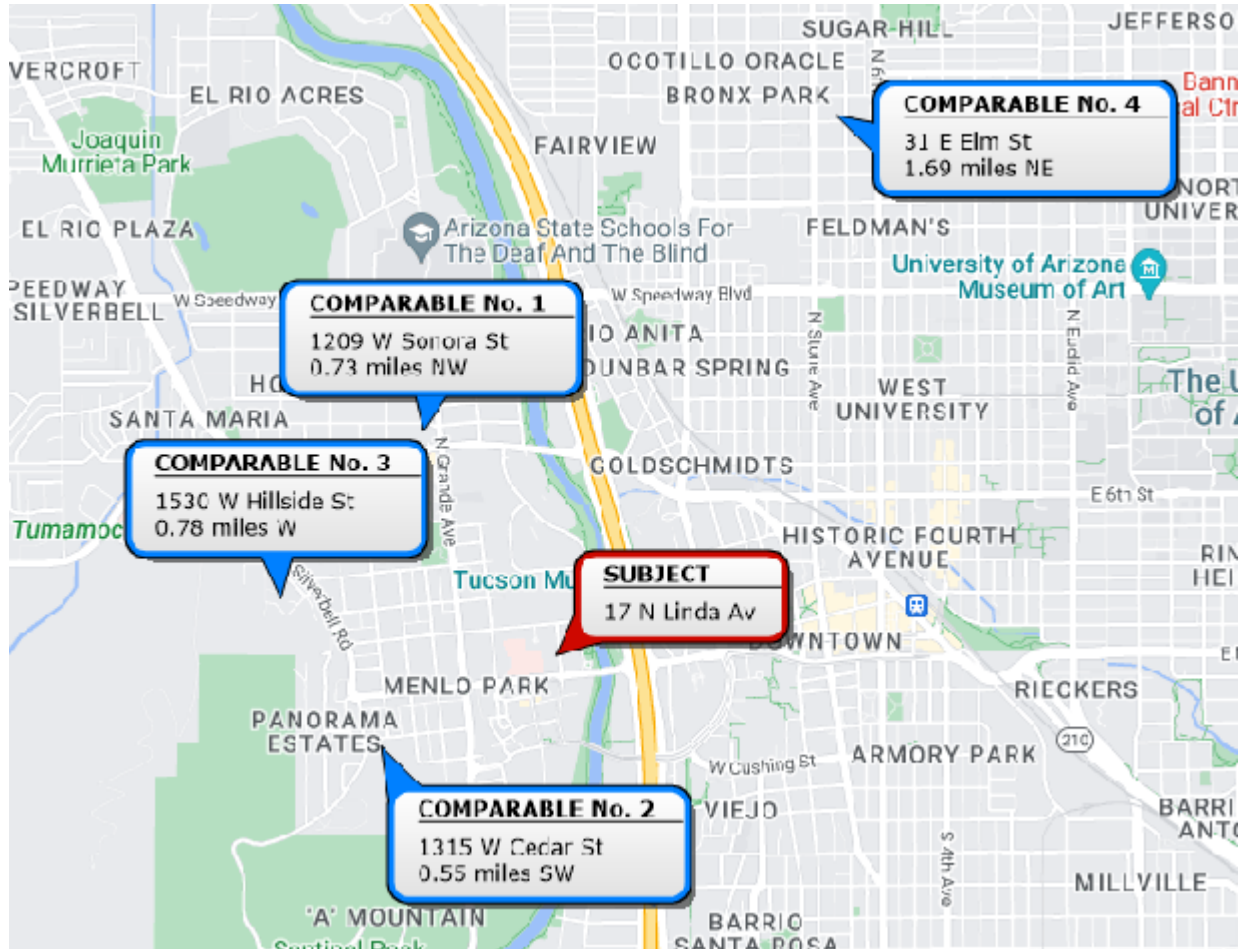
Zoning: R-2, City Residential

Comments: Located at a minor corner, no traffic counts. The site has been cleared and chain link fenced. Approximately 20% of the site is AE, 2374-2375' BFE, site elevation per mapguide 2374-2376 with exception of northwest corner and northern portion within the wash (down to 2370').

Confirmation: MLS 22017880, Jim Vincent, listing agent, 520.548-0216, pdh 2022240



SALES COMPOSITE MAP



Value Analysis

Four sales have been selected for comparison in the subject value analysis.

Adjustments are applied to provide insight into the relative significance (weight) of the characteristic being considered and difference from the various comparable sales to the subject parcel. While based on appraisal experience and interpretation from the market, they are not intended to be precise to each comparable and category.

Property Rights: The sales all were fee simple interests, no adjustment necessary.

Financing: Sales 1-3 were all cash to seller, no adjustment necessary; sale 4 involved seller carryback financing, however, terms were not considered to have affected the sale price; no adjustment is considered necessary.

Conditions of Sale: Sales 1, 3 and 4 were considered to have had typical sale motivations, though sale 2 was motivated by the purchaser being an adjacent property owner, the sale price was considered to have been at market, no adjustment is considered necessary.

Market Conditions: The sales occurred from February 2021 through April 2022. The residential market has seen significant increase over this time period, the comparables are adjusted upward on the basis of approximately 7.5% per year.

Location: the subject and comparables are considered to be similar in location, no adjustment is considered necessary.

Size; no adjustment for size is considered necessary; though sales 2 and 4 are significantly larger, potential economies of scale for larger sites, particularly if developing with multi-family, would appear to offset the typical rule of thumb that larger parcels sell at less on a per square foot basis.

Zoning: the subject and comparables are similar in zoning, not requiring adjustment.

Improvements: the comparables have no improvements, as the subject site is considered, no adjustment is necessary.

Site Utility: the subject is considered to have below average utility due to the relatively narrow access lane along the south side of the adjacent utilized site. Sale 2 is similar, sale 3's utility, as mentioned, is considered to be offset by its improved view; sale 1 is adjusted downward for superior-typical utility; sale 4 is adjusted upward for inferior utility due to partial flood zone.

Access/View: The subject is considered to have average access and views as do comparables 1, 2 and 4; comparable 3's superior view offset by topography as mentioned, no adjustment is considered necessary.

Conclusion: the subject is considered to be bracketed with comparables 2 and 3 not requiring physical adjustment, sale 1 with minor downward physical adjustment and sale 4 with net upward physical adjustment. Some emphasis is placed on comparables 1, 2 due to their requiring lesser gross adjustment (including market adjustment due to their being more recent). After the above analysis, a subject value at \$7.85/sf, rounded to \$135,000, is considered reasonable.

Greater detail concerning the comparable sales and their adjustment when compared to the subject site is available on the following grid:

SITE SALES COMPARISON SUMMARY; Excess Site					
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Location	17 N Linda	1209 W Sonora St	1315 W Cedar St	1530 W Hillside Dr	31 E Elm
Tax ID Number	116-20-007A	112-12-1200	116-21-156A	116-15-0550	115-07-019a+
Sales Data					
Date of Sale	N/A	Apr-22	Jun-21	Mar-21	Feb-21
Sales Price	N/A	\$76,000	\$189,000	\$90,000	\$249,000
Site Size (sf)	17,210	12,568	22,832	13,050	36,922
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash	Cash, PMM
Cash Equivalent Price	N/A	\$76,000	\$189,000	\$90,000	\$249,000
Conditions of Sale	Average	Average	Average	Average	Average
Condition Adjustment	0%	0.0%	0.0%	0.0%	0.0%
Market Condition (Time)	N/A	Apr-22	Jun-21	Mar-21	Feb-21
Market Conditions Adj.	0.0%	6.0%	12.0%	14.0%	15.0%
Adjusted price per SF	N/A	\$6.41	\$9.27	\$7.86	\$7.76
Physical Characteristics					
Location	Avg/Good	Similar	Similar	Similar	Similar
Size	17,210	12,568	22,832	13,050	36,922
Zoning	R-2	R-2	R-2	R-2	R-2
Improvements	None	None	None	None	Fence
Site Utility	Below Avg	Superior	Similar	Offsetting	Inferior
Access/View	Average	Similar	Similar	Offsetting	Similar
Adjustments					
Location	0.0%	0.0%	0.0%	0.0%	0.0%
Size	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	0.0%	0.0%	0.0%	0.0%	0.0%
Improvements	0.0%	0.0%	0.0%	0.0%	-2.5%
Site Utility	0.0%	-5.0%	0.0%	0.0%	10.0%
Access/View	0.0%	0.0%	0.0%	0.0%	0.0%
Net Physical Adjustments					
Net Physical Adjustments	Same	Downward	Similar	Similar	Upward
Net Adjustment (Overall)	0.0%	-5.0%	0.0%	0.0%	7.5%
Adjusted Comp Price/sf		\$6.09	\$9.27	\$7.86	\$8.34
Subject Value (\$/SF)	\$7.85				
Subject Value Opinion	\$135,000				

Two Component Discount: As per USPAP SR1-4(e) an appraiser should analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property and refrain from valuing the whole solely by adding together the individual values of the various estates or component parts.

The subject is comprised of two office buildings and related improvements on the utilized parcel and excess site area with highest and best being considered to be sale for independent use

(resident development) as permitted in underlying R-2 zoning. The two components have thus been considered separately.

From discussion with market participants, it is considered to be reasonable for a moderate adjustment for the dual marketing of the subject property in its two different components, costs for survey etc. A discount of approximately 8%, noting typical sales commission of 6%, is considered reasonable for the excess site value, indicating \$124,200 ($\$135,000 \times .92$).

Total market value of the two components is \$408,000, rounded ($\$283,900 + \$124,200 = \$408,100$)

STATEMENT AND CERTIFICATION OF APPRAISER

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

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

the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and 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 with respect to the parties involved.

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

my engagement in this assignment was not contingent upon developing or reporting predetermined results.

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

The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. (C.S.R.1-1)

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

The appraisal was developed and the appraisal report prepared in conformance with the Appraisal Standards Board's *Uniform Standards of Professional Appraisal Practice* and complies with USPAP's Jurisdictional Exception Rule when invoked by Section 1.2.7.2 of the *Uniform Appraisal Standards for Federal Land Acquisitions*; and

I have made a physical inspection of the property appraised and the property owner designated representative, was given the opportunity to accompany me on the property inspection.

No one provided significant professional appraisal assistance to the person signing this report.

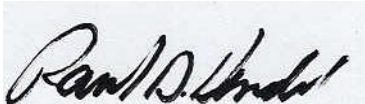
The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.(C.S.R.1-2).

As of the date of this report, I have completed the continuing education program of the Appraisal Institute (C.S.R.1-3).

I have performed no services as an appraiser or in any other capacity, regarding the property which is subject of this report within 3 year period immediately preceding the agreement to perform this assignment.

If this report is in any way disassembled, reproduced, altered, or used in any other capacity than that made known to the appraiser at the time of the request and stated herein, the appraiser is not responsible for this report and it is invalid.

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING



Paul D. Hendricks, MAI

Arizona Certified General Real Estate Appraiser 30197

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING

APPENDIX

1. Appraisal Assumptions and Limiting Conditions
2. Subject Exhibits and Photos
3. Consultant Qualifications

LIMITING CONDITIONS AND ASSUMPTIONS

of Standard Real Estate Appraisal

(Consisting of the 23 Items Below and Others as Mentioned)

1. Information Used, Trade Secrets

The appraiser(s) shall not be responsible for the accuracy of any information obtained from the client or any other source and used in the appraisal, subject to the due diligence provision of the Uniform Standards of Professional Appraisal Practice. The appraiser(s) shall not be liable for any information or work obtained from any subcontractor. It is strongly suggested that the client consider independent verification of all factual data as a prerequisite to any transaction involving the purchase, sale, lease, or other decision involving a significant commitment of funds affecting the subject property. The client agrees that the appraisal produced pursuant to this agreement consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552(b)(4) and furthermore agrees to obtain the appraiser(s) authorization before reproducing the appraisal in whole or in part.

2. Authentic Copies, Changes, Modifications

The authentic copies of this report were delivered to the client; copies not coming from the client may have been altered. The appraiser(s) reserve the right, at their sole discretion, and at any time, to alter statements, analysis, conclusions or any value estimate(s) in the appraisal if facts pertinent to the appraisal process and report which were unknown at the time of completion become known to the appraiser(s).

3. Use of Appraisal, Limit of Liability

This report is intended solely and exclusively for use by the client. The sole purpose of the report is to assist the client by valuation of the subject property. The client also acknowledges and agrees that some of those involved with the assignment appraisal may be independent contractors and the client hereby agrees not to hold the appraiser(s) liable for any acts of same. Notwithstanding anything herein to the contrary, the client will forever indemnify and hold appraiser(s) harmless from any claims by third parties related in any way to this appraisal.

The liability of the appraiser and affiliated business entities, its officers, directors, shareholders or employees (hereinafter collectively referred to as appraiser) is limited to the herein named client only. No liability shall extend to any third party, and the total amount of such liability shall in no event exceed the amount of the fee actually received by the appraiser(s).

Third parties shall include, but not be limited to, general and limited partners of the client if said client is a partnership, stock holders of the client if said client is a corporation, and all lenders, tenants, past owners, successors, assigns, offerees, transferees and spouses of client. The appraiser(s) shall not be held responsible for any costs incurred to investigate or correct any deficiencies of any type which may be present in the real estate and/or real property herein appraised. Acceptance and/or use of this report by the client constitutes acceptance of all limiting conditions and assumptions set forth herein.

4. Court Testimony

Testimony or attendance in court by reason of this appraisal, with reference to the property in question, shall not be required, unless arrangements have previously been made.

5. Copies, Publication, Distribution of the Report

Possession of any copy of this report shall not authorize or empower the client or any third party with any publication rights whatsoever, or with any authorization to use the appraisal other than for its intended and stated purpose noted in the agreement and/or in the report. The physical report(s) shall remain the property of the appraiser(s) at all times and appraiser(s) hereby grant the client permission to use the appraisal report(s) solely for the purposes set forth. The client agrees that the payment of the appraisal fee is in exchange for the analytical services of appraiser(s) and by the payment of said fee, the client

has not purchased the appraisal report. With the exception of public disclosure indicated below, neither all nor any part of this appraisal report shall be given, recited, published, copied, distributed, nor in any way communicated to third parties in any manner, in whole or in part, without the prior written consent of the appraiser(s).

This report has been prepared for Pima County and appraiser recognizes that the report will become public record after review and will be available for review by the public upon request.

6. Confidentiality

All conclusions and opinions concerning the analysis as set forth in this report were prepared by the appraiser(s) whose signature(s) appear on the appraisal report. No changes shall be made in the report by anyone other than the appraiser(s). The appraiser(s) shall not be held responsible for any unauthorized changes or such consequences as may transpire from unauthorized changes. The appraiser(s) may not divulge the material contents of the report to anyone other than the client or his designee as specified in writing, except as may be required by the professional association(s) of which the appraiser(s) are members as may be requested in confidence for ethics enforcement, or by a court of law, or any other body with the power of subpoena. The appraisal has been prepared for City of Tucson with the knowledge that the report will ultimately become public records and may be made available for public review.

7. Measurements, Exhibits

The sketches, maps and photographs in the appraisal report are include solely for the purpose of assisting the reader in visualizing the property and are not necessarily to scale. The appraiser(s) have made no survey of the property and site plans included in the report are not to be considered as surveys unless so designated. Any sketch or map in the appraisal report shows approximate dimensions and is included for general illustrative purposes only. It is the responsibility of a qualified engineer, architect, or registered land surveyor to show the exact location of the subject improvements thereon, existing or proposed, as well as the measurements and areas of land and improvements. In the absence of a survey, the appraiser(s) may have used Tax Assessor's maps or records or other maps provided by the client which may or may not represent the exact measurements of the subject property or other comparable data relied upon in estimating the market value of the subject property. Any variation in land or building areas from those considered in the appraisal may alter the estimates of value contained in the report.

8. Legal, Title, and Market Value Premise

The appraiser(s) have no responsibility for matters of any legal nature affecting the property being appraised or the title thereto; the appraiser(s) assume title to be good and marketable, and free of clouds unless otherwise noted. No Title Policy or report has been furnished to the appraiser(s), unless so stated in the report. The property is being appraised as though it were under financially sound and responsible ownership with typical and competent management. The hypothetical sale referred to in the definition of market value assumes adequate marketing efforts and exposure time normal for the property. The appraiser(s) are not responsible for the accuracy of legal description.

9. Engineering, Structural Matters; Hazardous or Toxic Materials, Physical Condition

The appraiser(s) have inspected the land and the improvements. However, it is not possible to observe conditions beneath the soil surface, or hidden structural, mechanical, or other components; the appraiser(s) shall not be hold responsible for any defects in the property related thereto. The property appraised is as though there are no hidden or unapparent conditions which would affect market value; this includes subsoil conditions, potential flood conditions, hydrological and/or structural conditions. The appraiser(s) are not responsible for such conditions or those engineering efforts which might be required to discover and/or correct such factors. The value estimate assumes there are no defective property conditions that would cause a loss of value. The land or the soil of the area being appraised is assumed to be firm and otherwise satisfactory for building use. Although soil subsidence and the influence of toxic material in the area of the subject and its environs is unknown, the appraiser(s) do not warrant against this condition or occurrence of problems from soil (or toxic atmospheric) conditions known or unknown.

Unless otherwise stated in the report, the existence of hazardous material, substance or gas, which may or may not be present within, on or near the property, has been disregarded in the appraisal. The appraiser(s) are not qualified to detect such substances as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous material and/or substances which may adversely affect the value of the property. The value estimate is predicated on the assumption that there is no such toxic material and/or condition affecting the property that would cause a loss in value. The appraiser(s) are

not responsible for any such condition and/or the engineering expertise required to discover any such condition. The client is urged to retain an expert in this field, if so desired. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are assumed to be in good working order unless otherwise stated. Appraiser(s) are not responsible for the adequacy or type of insulation, or energy efficiency of the improvements or equipment, which are assumed to be standard for the subject property type. Unless otherwise stated, the appraiser(s) have not been supplied with a termite inspection report or occupancy permit. The appraiser(s) shall not be held responsible for, nor shall the appraiser(s) be deemed to have made any representations regarding any potential costs associated with obtaining same or for past or present, legal or physical, deficiencies which may be found. Client further agrees that the appraiser(s) shall not be held responsible for any costs incurred or consequences arising from the need, or the lack of need, for flood hazard insurance.

10. Utilities

In the absence of a qualified professional engineer's study, information regarding the existence of utilities is made from a visual inspection of the site and review of available public information. The appraiser(s) have no responsibility for the actual availability of utilities, their capacity, or any other problem which might result from a condition involving utilities. Although public utility lines might be located adjacent to the subject property, the capacity of these lines for any proposed development is not known. The respective companies, governmental agencies or entities should be contacted directly by concerned individuals. Unless otherwise stated in the report, utilities of all types are considered in the appraisal to be present in adequate quality and quantity for the intended use or highest and best use of the property.

11. Legality of Use, Management of Property

The appraisal is based, unless otherwise stated, on there being full compliance with all applicable federal, state and local environmental regulations and laws, that all applicable zoning, building, use regulations and restrictions of all types have been complied with and, moreover, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate. The appraisal is prepared under the assumption that the property which is the subject of this report is maintained and managed pursuant to prudent and competent ownership and management.

12. Component Values, Special Studies

The distribution of the total valuation in this report between land and improvements applies only under the existing program of use. The separate valuations for land and building must not be used separately and are invalid if so used. No environmental or impact studies, special market study or analysis, highest and best use analysis study or feasibility study has been requested or made unless otherwise specified in an agreement for services or within the report.

13. Inclusions.

Furnishings, equipment, personal property or business operations which may sometimes be considered a part of the real estate, have been disregarded, unless otherwise specified and only the real estate is considered in the value estimate. In some limited circumstances, business and real estate interests and values may be combined depending on the specific situation and as determined by a written agreement. Please see the appraisal report for further clarification.

14. Proposed Improvements, Conditional Value

Any improvements proposed, on- or off-site, as well as any repairs required, will be assumed, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted by the client for consideration by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property by the appraiser after construction is completed. The estimate of market value is as of the date shown, as proposed, and as if completed and operating at the levels shown and projected or as otherwise indicated and labeled in the appraisal report.

15. Value Change, Dynamic Market, Influences on Market Value, Alteration of Estimate and/or Analysis Herein By Appraiser

The estimated market value, as defined in the report, is subject to change with market fluctuations over time; value is highly related to exposure, time, promotional effort, terms, motivation, and personal and general economic and supply/demand conditions surrounding the offering. The value estimate considers

the productivity and relative attractiveness of the property both physically and economically in the marketplace.

The market value estimated, and the costs used, are as of the date of the estimate of value. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate. The client hereby agrees that the appraisal report and value estimate are subject to change if the physical or legal entity or the financial arrangements are different than that envisioned in this report or upon change in, or discovery of, certain influencing market conditions or property conditions as well.

In cases of appraisals involving the capitalization of income benefits, the estimate of market value or investment value or value in use, the client hereby acknowledges and agrees that such estimates are intended to be a reflection of benefits which the appraiser(s) have been directed to assume as given, as well as from the appraiser's interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; they are thus subject to change as the market and value is naturally dynamic. The client agrees that these types of appraisals are based on reasonable estimates and as such, will not hold appraiser(s) responsible for any errors in the estimated values. The "Estimate of Market Value" in the appraisal report is not based in whole or in part upon the race, color or national origin of the present or previous owners nor upon the occupants of the properties in the vicinity of the property which is the subject of the appraisal.

16. After-Tax Analysis, Investment Analysis, and/or Valuation

Any "after" tax income or investment analysis and resultant measures of return on investment are intended to reflect only possible and general market considerations, whether as part of estimating value or estimating possible returns on investment at an assumed value or price paid; the client acknowledges and agrees that the appraiser(s) do not claim any expertise in tax matters and moreover will not rely on any information prepared by appraiser(s) which in any way relates to income tax matters.

17. Information furnished by Client and Third Parties

Any and all information furnished by the client and/or third parties is logically presumed to not only be correct but complete, either in entirety or summarized as presented, and if there are no other documents modifying the one or ones mentioned herein.

18. Federal Law OMB Circular A-129 & Bulletins 91-05 and 92-06 Amending Circular A-129

These require USPAP standards and practices be used under State certification and license programs under Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) (P.L. 101-73) and OMB Bulletin 92-06 applies these USPAP to the 17 affected Federal eminent-domain agencies subject to the regulations of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act), as amended by regulations in 49 CFR Part 24. Agencies not subject to the Uniform Act should follow the revised 49 CFR Part 24 to conform to OMB Bulletin 92-06.

19. Americans With Disabilities Act (ADA)

This act became effective January 26, 1992. The appraiser(s) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. As the appraiser(s) have no direct evidence relating to this issue, possible or direct noncompliance with the requirements of ADA in estimating the value of the property was not considered.

20. Environmental

It is assumed that there are no protected species of plants or animals in, on, or near the subject property other than any described in the report.

It is assumed that the site is not a cactus ferruginous pygmy owl habitat (defined by US Fish & Wildlife as: Land below 4000 feet in elevation that has saguaro greater than 8 feet tall or containing a woodpecker cavity) ironwood, mesquite, or paloverde vegetation (must be >6 inches in diameter). (note as of May 2006 the pygmy owl has been de-listed as an endangered species; however, there is ongoing litigation seeking to overturn this de-listing).

21. Report Type

This is a Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Supporting documentation concerning the data, reasoning, and analysis is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

22. Other Information for Readers

We recommend that if sewer or septic connection, or condition of same, is of concern to client or other readers of this report, a qualified expert should be hired to inspect the system and perform appropriate tests as he/she deems necessary. Further, if water source, status, possible toxic influences on air, water, soil, or improvement construction material or condition of mechanical, structural or other systems or components are of concern, an appropriate expert should be engaged as we are not experts in such matters. The reader is cautioned that value is dynamic and changes with changing market conditions over time. Subsequent sales, listings, and other market influencing activity may influence value after the date of the value estimate. The value estimate is an estimate, not a determined fact.

23. Conclusion

Acceptance of and/or use of this appraisal report by the client or any third party reader or user, constitutes acceptance of the above stated conditions as well as any other(s) stated in this report. The acceptance of this appraisal report also constitutes acceptance of responsibility for payment of the appraisal fee balance due and any costs incurred by the appraiser(s) in collection of same. Appraiser liability extends only to stated client, not subsequent parties or users; any additional appraiser liability is limited to the actual amount of fee received by said appraiser(s).

These Limiting Conditions and Assumptions are in conjunction with any form type page(s) of similar nature in the appraisal report package; further, the reader is advised that certain comments in the report may point out other specific assumptions and/or limiting conditions pertaining to this appraisal even though an attempt has been made to summarize all limiting conditions and assumptions herein; the client or designated user of the appraisal report should inspect the property and confirm factual information before a final decision is made concerning the subject.

--- end ---

SUBJECT PHOTOS & EXHIBITS

Property Front View



“Carriage House” Office (south and east elevations)



Main Office; Open Office Area



Main Office Kitchen



Restroom



“Carriage House” Office Interior View)



Ramada (Excess Site beyond)



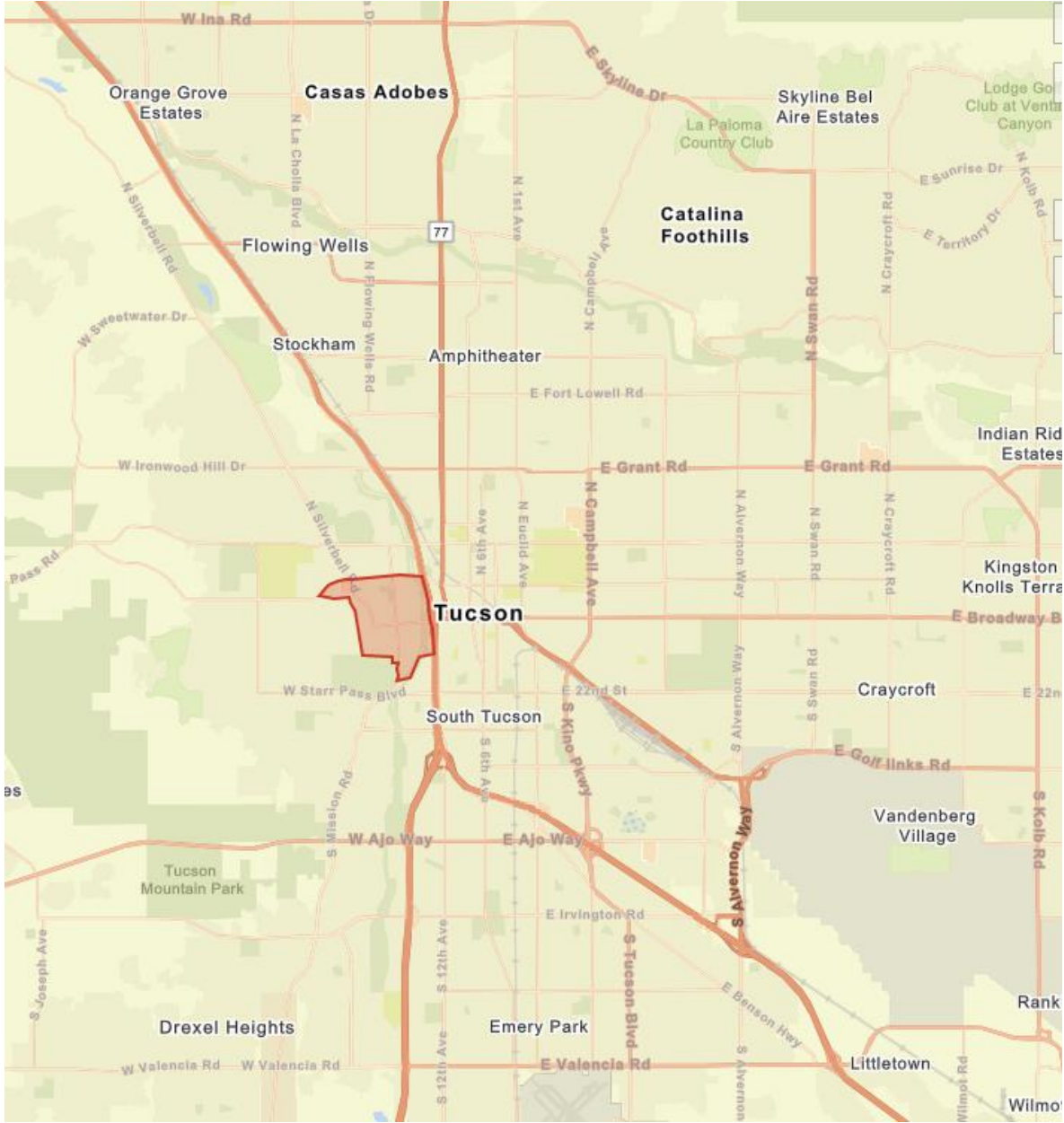
Excess Site Looking Northwest



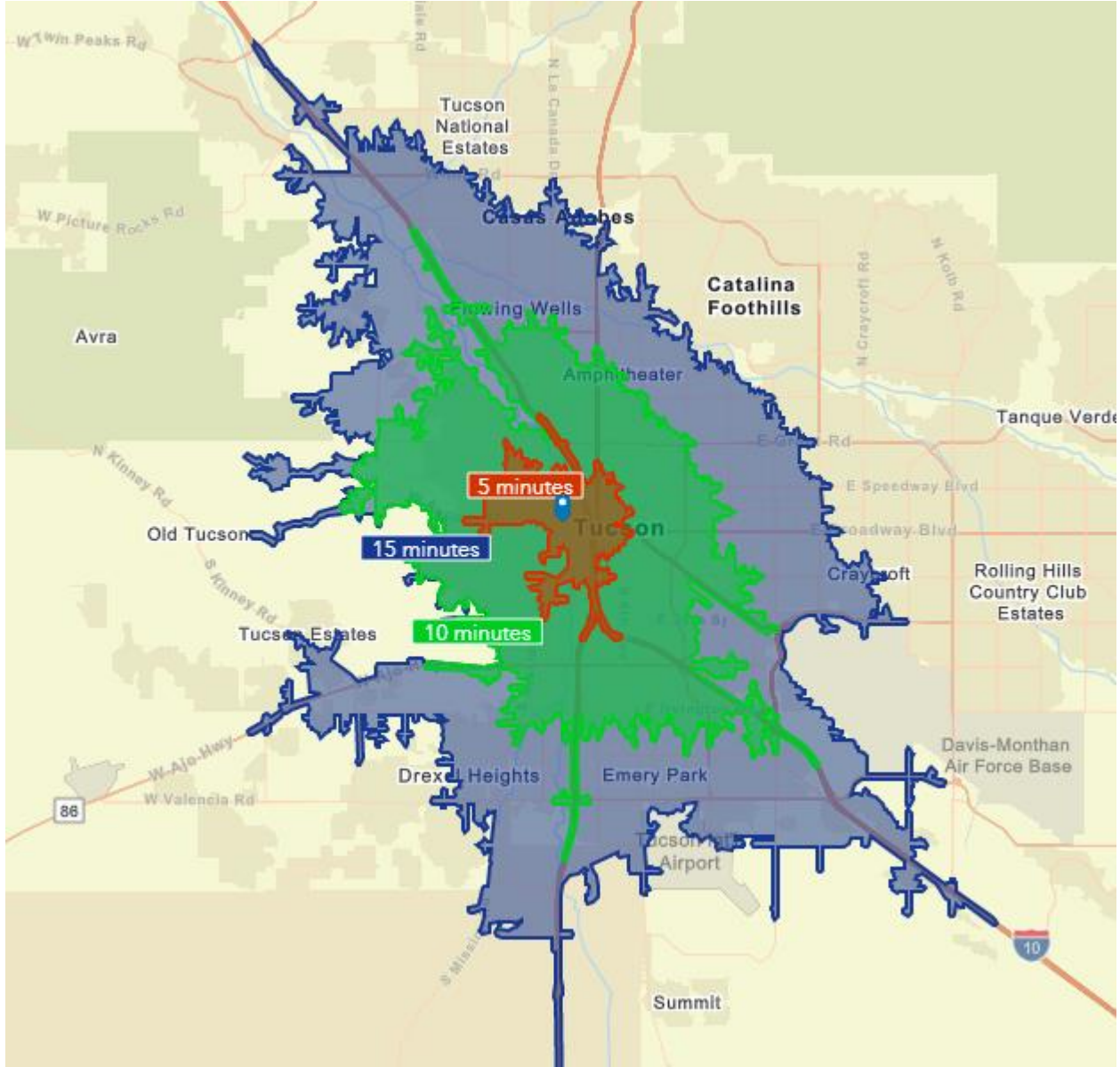
Linda Av Looking North from Congress



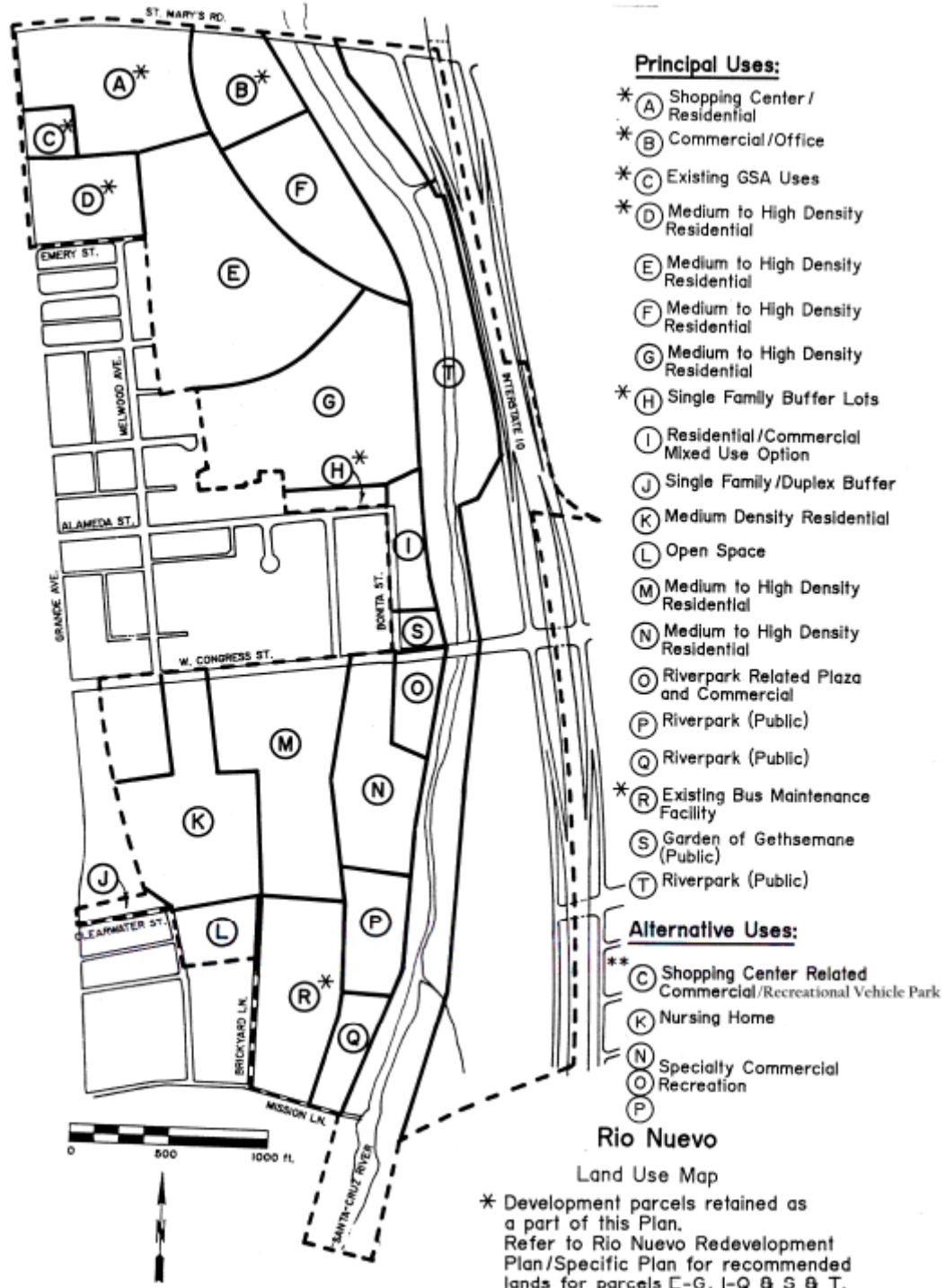
MARKET AREA MAP



DRIVE TIME MARKET AREA



Rio Nuevo Redevelopment Plan



** Amended April 23, 2014, Resolution No. 22215 **Exhibit "C"**
450 N. Grande Avenue
Recreational Vehicle Park

Plat Map

ASSESSOR'S RECORD MAP DETAIL SHEET No. 2

NE 1/4

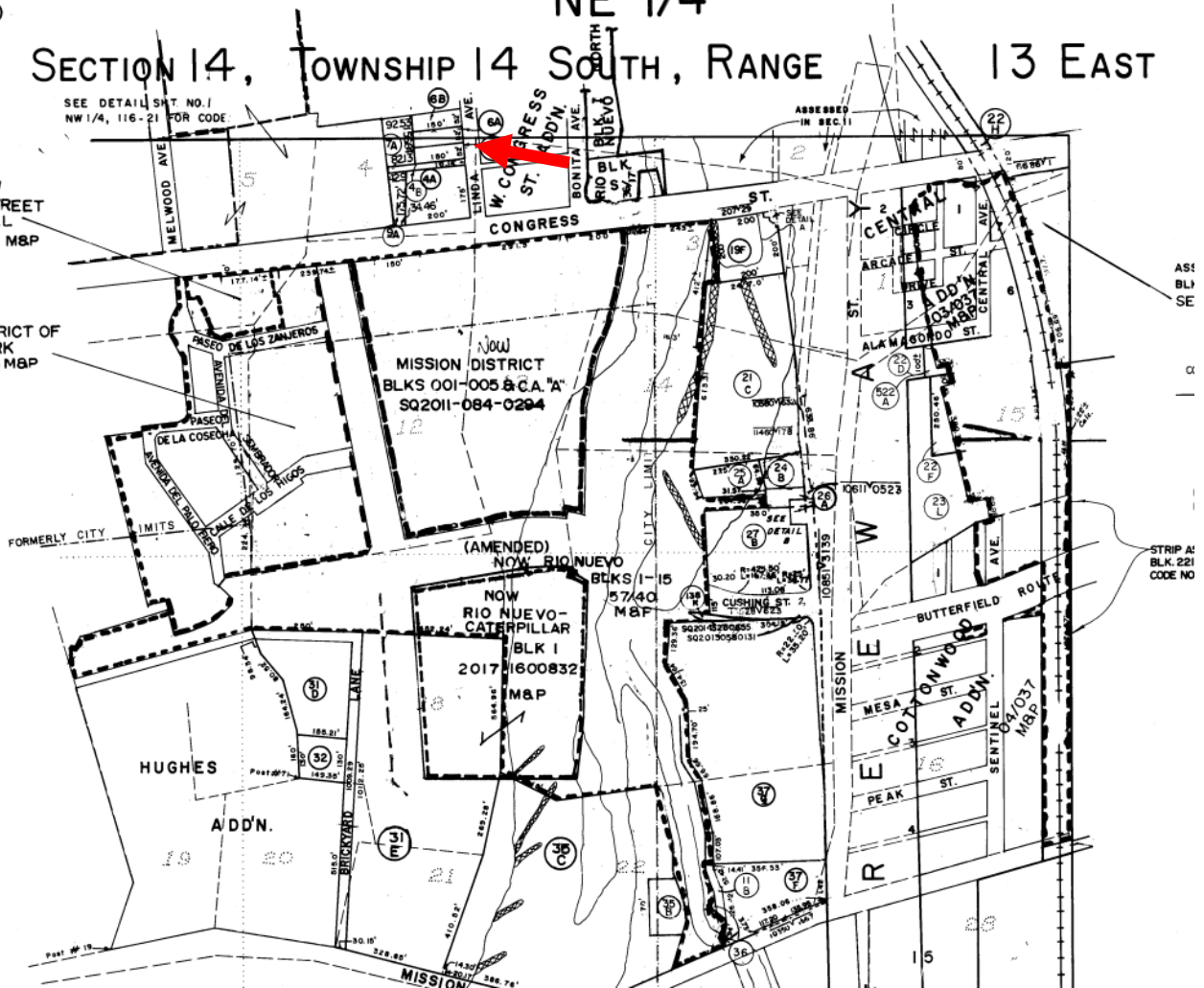
SECTION 14, TOWNSHIP 14 SOUTH, RANGE 13 EAST

116-20
116-19

SEE DETAIL SHT NO. 1
NW 1/4, 116-21 FOR CODE

NOW
CONGRESS STREET
MARKET HALL
20161130525 M&P

NOW
MERCADO DISTRICT OF
MENLO PARK
60/083 M&P



Flood Map

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS

- Without Base Flood Elevation (BFE)
- With BFE or Depth
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD

- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with storage areas of less than one square mile
- Future Conditions 4% Annual Chance Flood Hazard
- Area with Reduced Flood Risk due to Levees. See Notes.
- Area with Flood Risk due to Levees

OTHER AREAS

- Area of Minimal Flood Hazard
- Effective LOMRs
- Area of Undetermined Flood Hazard

GENERAL STRUCTURES

- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES

- Cross Sections with 1% Annual Chance Water Surface Elevation
- Coastal Transect
- Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS

- Digital Data Available
- No Digital Data Available
- Unmapped

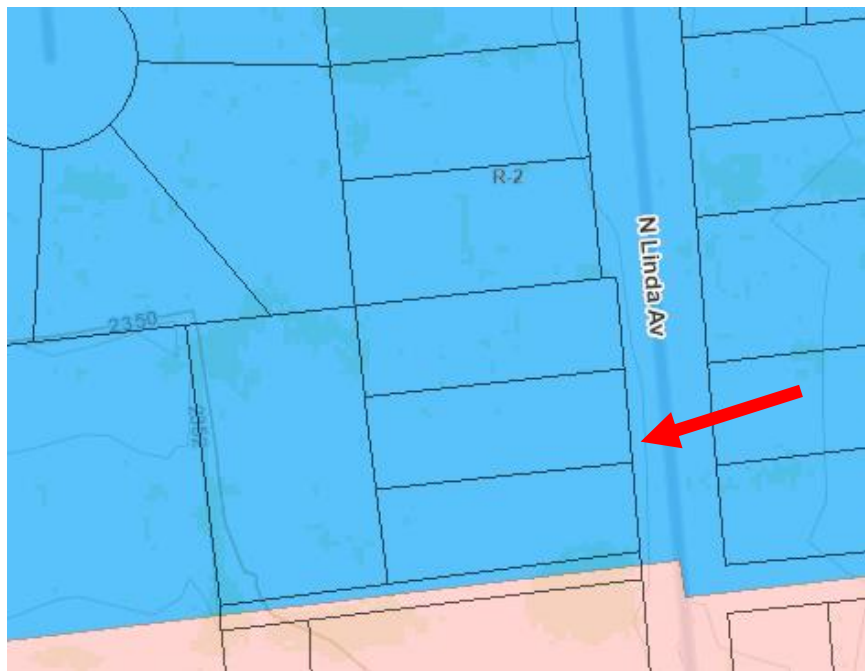
The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

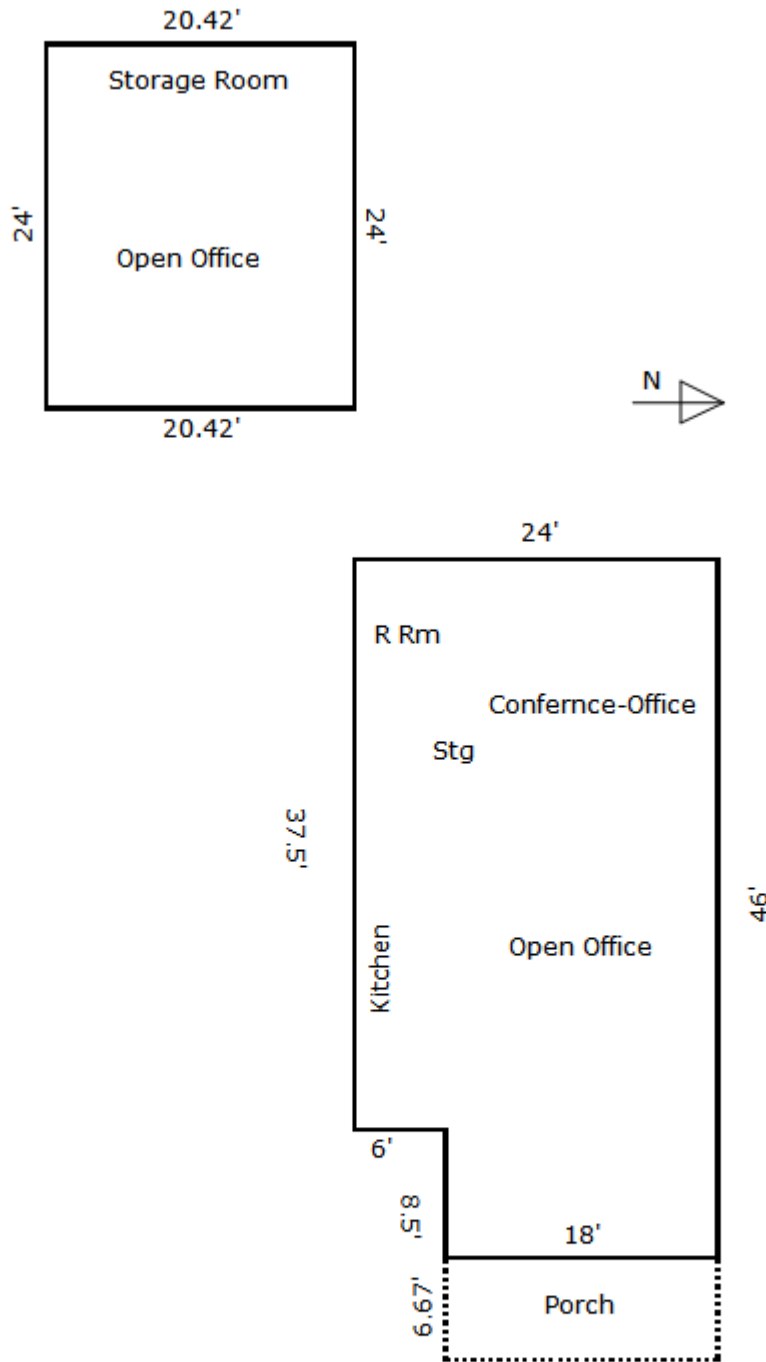
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was reported on 1/24/2023 at 4:11 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Topography/Zoning Map



Floor Plans



TOTAL sketch by a la made, inc.

Area Calculations Summary

Living Area		Calculation Details
"Carriage House" Office	490.08 Sq ft	$24 \times 20.42 = 490.08$
Main Office	1053 Sq ft	$24 \times 37.5 = 900$ $18 \times 8.5 = 153$
Total Living Area (Rounded):	1543 Sq ft	
Non-living Area		
Porch	120.06 Sq ft	$18 \times 6.67 = 120.06$

CONSULTANT'S QUALIFICATIONS
PAUL D. HENDRICKS, MAI
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Voice & Fax (520) 325-6512
Email: PaulHendricksMAI@gmail.com
www.TucsonAzAppraisal.com

EDUCATION

Academic

Bachelor of Science in Business Administration, University of Arizona; Real Estate and Finance Major.

Valuation

Appraisal Courses and Examinations:

- Standards of Professional Practice; A, B
- Standards of Professional Practice, C
- Investment Analysis
- Highest and Best Use, and Market Analysis
- Valuation Analysis and Report Writing
- Case Studies in Real Estate Valuation
- Income Approach to Value and Capitalization
- Basic Principles, Methods 1A

Appraisal Seminars

- Appraisal Business Management
- Critical Building Inspections
- Fair Lending and the Appraiser
- Residential Real Estate Econometrics
- Commercial Appraisal; Lender Requirements

- Americans with Disabilities Act
- Due Diligence/Environmental Checklist
- Residential Appraisal Techniques
- FEMA Flood Hazard
- Arizona Appraisal Law
- Construction and Engineering Awareness
- Reviewing Appraisals
- Small Residential Income Property Appraisal
- Hazardous Materials
- Litigation Valuation
- Appraiser as Expert Witness
- Partial Interest Valuation; Undivided
- Land Valuation Assignments
- Residential & Commercial Solar Valuation
- Uniform Standards Appraisal Federal Land Acquisitions

EXPERIENCE

November 1995 - Present:

Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling, Tucson, Arizona

In November 1995, Mr. Hendricks again returned to his own firm which performs appraisal and consulting assignments primarily in Arizona; he also works as an independent contractor for other appraisal firms in the Tucson area. He continues to work as an independent contractor with Hendricks, Vella, Weber & Williams, a California corporation with assignments primarily in California.

1994-November 1995:

Senior Real Estate Analyst; The Dorchester Group, Scottsdale, Arizona.

In January 1994 Mr. Hendricks joined The Dorchester Group as a Senior Analyst. He has provided consulting and valuation services on several complex real estate issues and assignments for the firm which specialized in litigation support for it's operations in Arizona and California.

1986-1993:

Real Estate Appraiser/Consultant, Paul Hendricks Appraisal & Counseling; Tucson, Arizona.

During this time Mr. Hendricks performed real estate appraisals and consulting for his own firm as well as working as an independent contractor primarily for Swango Appraisal. Appraisal assignments included a wide variety of property types including industrial and retail, special use, apartment, motel, subdivision and land as well as residential properties and commercial appraisal reviews.

1979-1986:

Senior Real Estate Analyst, Swango Appraisal & Consultation; Tucson, Arizona.

Mr. Hendricks primarily performed a wide variety of appraisal assignments for residential and commercial properties.

PROPERTIES

Property experience encompasses virtually all types, including apartments, retail centers, industrial, offices, motels, special use properties and commercial appraisal reviews. Clients include private, corporate, institutional, and governmental entities.

COMPUTERS

Mr. Hendricks' experience includes development of specialized spreadsheets dealing with anticipated income streams from tenant leases, analysis of various leasehold positions and Discounted Cash Flow analyses and projections.

PROFESSIONAL AFFILIATIONS

- Member Appraisal Institute, MAI (Membership No. 7811)
- Certified General Real Estate Appraiser, State of Arizona (30197)
- President, Appraisal Institute, Tucson Chapter (1997)
- Vice President, Appraisal Institute, Tucson Chapter (1996)
- Secretary, Appraisal Institute, Tucson Chapter (1995)
- Treasurer, Appraisal Institute, Tucson Chapter (1994)
- Board of Directors, Appraisal Institute, Tucson, Arizona (1991-1993)

GEOGRAPHIC WORK/MARKET EXPERIENCE

Mr. Hendricks has completed real estate assignments and has market familiarity in Arizona, California and Nevada.

EXPERT WITNESS EXPERIENCE

Mr. Hendricks will always sign appraisal reports and be responsible for analysis of the appraisal problem, primary and secondary data research, selection and confirmation of comparable properties, inspection and all analysis as well as defense of conclusions.

Mr. Hendricks has been qualified as an expert witness in Superior Court in Arizona and has given depositions and testimony experience in bankruptcy proceedings, condemnation, and other litigation. He has performed analysis for condemnor and condemnee parties.

SPECIAL PROJECTS

In Tucson, Mr. Hendricks worked as an independent fee appraiser for the City of Tucson and Pima County in the condemnation, acquisition and negotiation of several large road projects including Country Club, Alvernon and Speedway Boulevard, Golf Links, Wetmore Road and La Cholla as well as condemnation for the acquisition of Central Arizona Project pumping station sites.

In Phoenix, Mr. Hendricks is an independent fee appraiser for the City of Phoenix with experience in appraisal of a variety of commercial property types for the Central Phoenix/East Valley Light Rail Project.

Mr. Hendricks is under contract with Arizona Department of Transportation and has experience in appraisal of a variety of commercial property types.

At The Dorchester Group, Mr. Hendricks has assisted in the analysis of the impact of the Exxon Valdez Oil Spill in Prince William Sound, Alaska on certain real estate holdings and litigation support for the U.S. Justice Department in relation to acquisition of and subsequent development of Lake Pleasant. Consulting assignments have analyzed market rental and effects in value from site contamination and soil subsidence.