

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

4547 E. FT. LOWELL ROAD • SUITE 401 • TUCSON, AZ 85712

(520) 881-1700 • 1-800-204-1700

FAX (520) 325-3108

admin@bakerpeterson.com

• Over 40 Years of Service •

December 27, 2017

Mr. Jeffrey Teplitsky
Appraisal Supervisor
Pima County Public Works
Real Property Services
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701

RE: An appraisal report of a single family residence on approximately 0.21 acres of land, located at 3018 West Basil Place, Pima County, Arizona
Effective Date of Appraisal: October 6, 2017
Date of Report: October 27, 2017

Dear Mr. Teplitsky:

Per your request, I have considered additional information regarding the subject property after the completion of my appraisal report of the property. In an appraisal report dated October 27, 2017, I provided an opinion of value for the subject property of \$148,000. According to information provided by Pima County, a mechanical systems inspection conducted after the date of value indicated that the air conditioning system and some portion of the duct system in the attic are not functional and will need to be replaced. The estimated cost for this is \$8,000. This repair cost of \$8,000 would need to be expended immediately in order for the air conditioning to function. Therefore, if I had been aware of this cost, I would have deducted the estimated \$8,000 repair cost from my value conclusion of \$148,000. This is consistent with how the market would view the repair cost and value conclusion. Therefore, based on the information provided to me of a repair cost of \$8,000 for the property air conditioning and duct work system, my conclusion of value would be \$140,000, or the previously conclusion of \$148,000, less the repair cost of \$8,000. This letter is to be considered an integral part of the original appraisal report, dated October 27, 2017.



Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

C177454 Letter

APPRAISAL REPORT

OF

A SINGLE FAMILY RESIDENCE

LOCATED AT

**3018 WEST BASIL PLACE
PIMA COUNTY, ARIZONA
SECTION 8, TOWNSHIP 13 SOUTH, RANGE 13 EAST**

FOR

**PIMA COUNTY PUBLIC WORKS,
REAL PROPERTY SERVICES**

**MR. JEFFREY TEPLITSKY
APPRAISAL SUPERVISOR**

**OWNERSHIP: PIMA COUNTY
TAX CODE NO.: 101-08-0290**

EFFECTIVE DATE OF APPRAISAL

OCTOBER 6, 2017

BAKER, PETERSON, BAKER & ASSOCIATES, INC.

REAL ESTATE APPRAISERS - CONSULTANTS

4547 E. FT. LOWELL ROAD • SUITE 401 • TUCSON, AZ 85712

(520) 881-1700 • 1-800-204-1700

FAX (520) 325-3108

admin@bakerpcterson.com

• *Over 40 Years of Service* •

October 27, 2017

Mr. Jeffrey Teplitsky
Appraisal Supervisor
Pima County Public Works
Real Property Services
201 North Stone Avenue, Sixth Floor
Tucson, Arizona 85701

RE: An appraisal report of a single family residence on approximately 0.21 acres of land, located at 3018 West Basil Place, Pima County, Arizona
Effective Date of Appraisal: October 6, 2017
Date of Report: October 27, 2017

Dear Mr. Teplitsky:

In response to your authorization, I have conducted the required inspection, gathered the necessary data, and made certain analyses that have enabled me to form an opinion of the market value of the fee simple interest in the above-named property. This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in determining the market value of the subject property for a potential sale of the subject property. It is not intended for any other use.

I have formed the opinion that, as of the effective date of appraisal, October 6, 2017, in its "as is" condition, based on a two to six month market period, and subject to the assumptions and limiting conditions set forth in the report, the subject property has a market value of:

ONE HUNDRED FORTY EIGHT THOUSAND DOLLARS (\$148,000)

This is an appraisal report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report (USPAP). As such, it presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

Respectfully submitted,



Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

C177454

TABLE OF CONTENTS

APPRAISAL ABSTRACT - PART I.....	1
Subject Property.....	1
Land Area.....	1
Improvement Size.....	1
Legal Description.....	1
Ownership.....	1
Sales History.....	1
Purpose of the Appraisal.....	2
Value Definition.....	2
Intended Use of Report.....	3
Interest Appraised.....	3
SCOPE OF THE APPRAISAL - PART II.....	4
DESCRIPTION OF REAL ESTATE APPRAISED - PART III.....	6
Tucson Overview.....	6
Market Area.....	12
Site Description.....	13
Zoning.....	14
Improvements Description.....	14
Market Profile-Residential.....	16
Exposure/Marketing Time.....	20
Highest and Best Use.....	20
SUMMARY OF ANALYSIS AND VALUATION - PART IV.....	24
Sales Comparison Approach.....	24
Cost Approach.....	29
Income Approach.....	30
Reconciliation.....	31
Market Value Conclusion.....	31
ASSUMPTIONS AND LIMITING CONDITIONS - PART V.....	32
CERTIFICATION - PART VI.....	36
EXHIBITS - PART VII.....	38

APPRAISAL ABSTRACT - PART I

CLIENT:

Pima County Public Works, Real Property Services

APPRAISER:

Sara R. Baker, MAI, SRA

Baker, Peterson, Baker & Associates, Inc.

4547 East Fort Lowell Road, Suite 401

Tucson, Arizona 85712

SUBJECT PROPERTY:

The subject property consists of a single family residence on approximately 0.21 acres of land, located at 3018 West Basil Place, Pima County, Arizona. The house contains 1,830 square feet of living area with three bedrooms and two bathrooms.

LAND AREA:

9,148 square feet, or 0.21 acres of land (per Pima County GIS records)

IMPROVEMENT SIZE:

1,830 square feet (gross living area, per physical measurement)

ZONING:

CR-3 (Pima County)

LEGAL DESCRIPTION:

Lot 6, Wildwood Park (Resub), Pima County, Arizona.

OWNERSHIP:

According to public records of the Pima County Assessor, title to the subject property is in the name of Pima County, according to Docket 8099, at Page 2073, dated August 14, 1987.

SALES/LISTING HISTORY:

No known sales of the subject property have occurred within the last three years. No current listings, options, or agreements of sale of the subject property were discovered in the course of this analysis.

TAX PARCEL NUMBER:

101-08-0290

FULL CASH VALUE:

\$136,943 (2017)

\$150,634 (2018)

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 cannot be equated with market value as utilized in this appraisal. Thus, they serve only as a point of comparison with other properties.

LIMITED CASH VALUE:

\$112,660 (2017)

\$118,293 (2018)

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:

There are currently no property taxes as the subject property owner is a government entity.

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.

DELINQUENT TAXES:

None

SPECIAL ASSESSMENTS:

None

LIMITING CONDITIONS:

Subject to those assumptions and limiting conditions contained in the "*Assumptions and Limiting Conditions*" section of this report.

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to provide the appraiser's conclusion of the market value of the subject real property as of the effective date of the appraisal, October 6, 2017.

VALUE DEFINITION:

Market value, as utilized in this appraisal, and as defined in The Appraisal of Real Estate, 14th Edition, published by the Appraisal Institute, 2013, page 59, is:

The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

INTENDED USE AND USER OF REPORT:

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in determining the market value of the subject property for a potential sale of the subject property. It is not intended for any other use.

INTEREST APPRAISED:

Fee simple interest in the total property. *Fee Simple Interest*, as defined in The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, 2015, page 90, is "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."

TYPE OF REPORT:

All descriptions, findings, research, analysis, correlation, and conclusions are summarily stated.

REPORT SPECIFICATIONS:

This report is prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation, and the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute.

EFFECTIVE DATE OF APPRAISAL:

October 6, 2017

DATE OF INSPECTION:

October 6, 2017

SCOPE OF THE APPRAISAL - PART II

USPAP identifies scope of work as the "amount and type of information researched and the analysis applied in an assignment." According to the scope of work rule as defined by USPAP, "For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

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

This appraisal assignment has been completed in response to authorization by Mr. Jeffrey Teplitsky in a contract executed on September 18, 2017 by Sara R. Baker, MAI, SRA, for Baker, Peterson, Baker and Associates, Inc. The assignment includes appraisal of the property herein described, and the preparation of a report which describes the property being appraised, analyzes appropriate data, and offers an opinion of the market value of the property as of the effective date specified in the report. The appraisal is prepared and reported according to the Uniform Standards of Professional Appraisal Practice of The Appraisal Foundation, the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute, the standards of Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA), and to those specifications provided by Pima County.

This report is intended for use only by the intended user, Mr. Jeffrey Teplitsky, Pima County Public Works, Real Property Services, and its designees. Use of this report by others is not intended by the appraiser. This report is intended only for use in determining the market value of the subject property for a potential sale of the subject property. It is not intended for any other use. The purpose of the appraisal is to provide an opinion of the market value in fee simple interest of a specific property which has been previously identified in this report, and is referred to as the subject property, the subject, or the property.

The exact nature of, and interest in, the subject property is defined elsewhere in this report. One basic approach to value provide the conclusion of the market value of the subject property; namely, the sales comparison approach, which is defined in the report. In completing this assignment the appraisers inspected and photographed the subject property (inside and out), reviewed and confirmed data relative to metropolitan Tucson (from economic and demographic data, including COMPS[®] Commercial Property Information Services, Tucson Multiple Listing Service (MLS), Swango Land Sales, Metropolitan Tucson Land Use Study (MTLUS), and the Pima County Real Estate Research Council), the neighborhood and the site.

Identified factors which may have an impact upon the marketability of the property, such as land use, supply and demand, governmental requirements, environmental concerns, and economic elements, present and anticipated, helped form an opinion of the "highest and best use" of the property.

In the sales comparison approach, there was a thorough search for sale and listing data considered directly competitive to the subject property. This data was confirmed with one or more parties related to the transaction and (in the case of sales) by review of deeds and records of the Pima County Assessor. The analysis then compared each sale considered a reliable indicator of the value of the subject property in terms of those factors which were superior to the subject, inferior to the subject, and equal or offsetting.

The cost approach is not applicable in this analysis. There is significant depreciation due to the age and condition of the improvements. Additionally, residences similar to the subject are not typically purchased based upon a cost approach analysis; therefore, this approach is not applicable in valuing the subject property.

Single-family residences such as the subject are typically not purchased for lease and for their income producing ability. Single-family residences similar to the subject are typically purchased for owner occupancy. Therefore, the income approach is not applicable to this analysis.

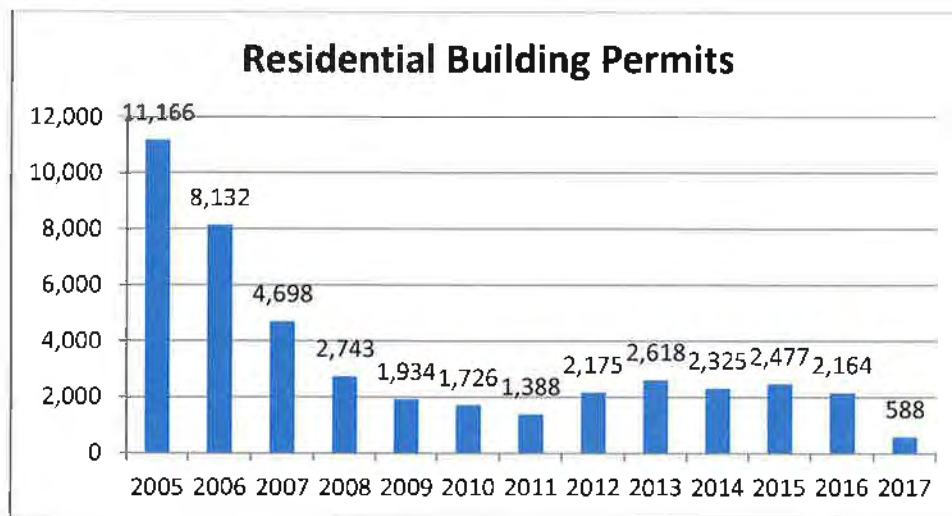
The sales comparison approach provided a final opinion of market value. To develop the opinion of value, the appraiser performed an appraisal process as defined by the Uniform Standards of Professional Appraisal Practice. This appraisal report is a brief recapitulation of the appraiser's data, analyses, and conclusions. The appraiser's file retains supporting documentation.

DESCRIPTION OF REAL ESTATE APPRAISED - PART III

TUCSON OVERVIEW:

Tucson is Arizona's second largest city and the "hub" of commerce in southeastern Arizona. According to the Pima Association of Governments, in July, 2010, the estimated population of all of Pima County (including Tucson) was 981,168 persons while the population of Tucson alone was estimated to be 520,795 persons.

Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits has remained mostly stable with some slight variations since 2013. The first quarter 2017 numbers is consistent with recent years.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The slow-down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 shows a continued improvement in the market, with indications of a slight

decline in 2014. Although there was a slight increase in 2015, permit numbers remain stable and below earlier levels. New home sales are still well below peak or stabilized levels seen in the past.

Multi-Family Market

Vacancy rates for apartment properties in the Tucson Metropolitan area peaked in 2009 before slowly declining. Figure 2 shows vacancy rates in metropolitan Tucson between Second Quarter 2008 and Fourth Quarter 2016, according to Apartment Insights' *Statistics/Trends Summary*.



The vacancy rate peaked in the Second Quarter 2009 and generally declined since that time. The vacancy rate declined in late 2015 and remained mostly stable in 2016. Vacancy rates for apartment properties typically increase in the second quarter of each year due to seasonal changes in population. The current rent levels for multi-family properties have remained generally stable with small increases in most sectors in many recent quarters. There is limited demand for new construction, with the exception of student housing projects and some larger high-end Class A apartment complexes with many amenities.

Office Market

Overall, the leasable office market experienced net positive absorption of 56,438 square feet in the First Quarter of 2017, according to The CoStar Office Report, Tucson Office Market, First Quarter 2017. This compares to experienced net positive absorption of 128,809 square feet in the Fourth Quarter of 2016, net positive absorption of 36,110 square feet in the Third Quarter of 2016, net positive absorption of 9,313 square feet in the Second Quarter 2016, 197,161 square feet in the First Quarter 2016, net positive absorption of 183,304 square feet in the

Fourth Quarter of 2015, net positive absorption of 60,813 square feet in the Third Quarter 2015, and net negative absorption of 16,759 square feet in the Second Quarter 2015.

No new office buildings were completed in the First Quarter 2017. This compares to two new office buildings containing 21,500 square feet completed in the Fourth Quarter 2016, no new buildings in the Third Quarter 2016, one new building containing 3,000 square feet in Second Quarter, five new office buildings containing 108,950 square feet completed in First Quarter 2016, two new office buildings containing a total of 217,363 square feet completed in the Fourth Quarter 2015, and no new office buildings completed in Third Quarter 2015.

The following figure shows trends in the vacancy rates for office properties in Tucson between Second Quarter 2005 and First Quarter 2016. The vacancy rate increased until late 2010 and then remained mostly stable with a slight decline through mid-2012. The vacancy rate increased from late 2012 through late 2013 and has declined since that time, particularly in 2016.



The stable but higher overall annual vacancy rate indicates an office market which is coupled to the overall stable but slow real estate market. There has been a decline in demand for owner/user office buildings which had made up a majority of office sales in 2006 and 2007. Market conditions stabilized in 2013 and remain slow but stable. Market conditions for office properties are expected to remain stable in the near term and will improve slowly.

Industrial Market

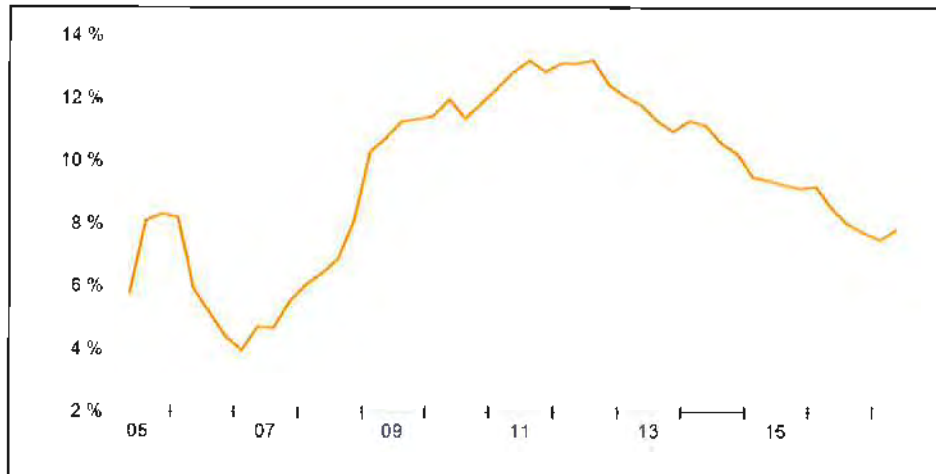
Tucson experienced rapid *industrial* growth from the late 70's to the mid-80s. There has been limited new industrial space constructed recently in Tucson, with no new buildings completed in the First Quarter 2017, one new building containing 140,000 square feet completed in the Fourth Quarter 2017, one new building containing 858,288 square feet in the Third Quarter 2016, one new building containing 5,200 square feet completed in the Second Quarter 2016, no new buildings completed in First Quarter 2016 or Fourth Quarter 2015, and two buildings

containing 270,000 square feet completed in Third Quarter 2015, according to *The CoStar Industrial Report, Tucson Industrial Market, First Quarter 2017*.

There was net positive absorption of 92,644 square feet in the First Quarter 2017. This compares to net positive absorption of 240,254 square feet in the Fourth Quarter 2016, net positive absorption of 994,451 square feet in the Third Quarter 2016, net positive absorption of 227,485 square feet in the Second Quarter 2016, net negative absorption of 10,268 square feet in the First Quarter 2016, net positive absorption of 48,647 square feet in the Fourth Quarter 2015, and net positive absorption of 304,801 square feet of industrial space in the Third Quarter 2015, according to *The CoStar Industrial Report, Tucson Industrial Market, First Quarter 2017*. The following figure shows trends in the industrial vacancy rate in Tucson between the First Quarter 2007 and the Fourth Quarter 2016, according to *CoStar*.

The following chart shows trends in the industrial vacancy rate in Tucson from Second Quarter 2005 through First Quarter 2017, according to *CoStar*.

Industrial Vacancy Rate



Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 through late 2013. The vacancy rate for industrial properties increased slightly in early 2014 but has slowly declined since mid-2014.

Overall, the industrial vacancy rate increased through 2011, peaking in the Third Quarter 2011 and Third Quarter 2012. The vacancy rate declined from late 2012 and continued to decline in 2016. The industrial market has stabilized but there are not yet signs of increased prices. There continues to be a large supply of fully zoned and improved industrial lots available in the Tucson market with limited demand in the current market. The overall decline in the economy is affecting many potential industrial users and there remains a slow demand for industrial zoned land.

Retail Market

Retail space had maintained more constant levels of growth and absorption, with decreasing vacancy rates observed prior to mid-2007. In general, the market turned down starting at the end of 2007. Some signs for a decline in market conditions includes contracts cancelled, development projects put on hold with reasons including reduced demand and increased competition of other developments coming out of the ground, offers and counter offers at considerably below the listing price, listings being repriced at lower levels, existing tenants looking for rental relief, businesses closing their stores and vacating the premises, and excess developed land without demand.

There was net positive absorption of 235,808 square feet in the First Quarter 2017, according to *The CoStar Retail Report, Tucson Retail Market, First Quarter 2017*. This compares to net positive absorption of 40,993 square feet in the Fourth Quarter 2016, net positive absorption of 130,198 square feet in the Third Quarter 2016, net positive absorption of 123,481 square feet in the Second Quarter 2016, net positive absorption of 62,898 square feet in the First Quarter 2016, net positive absorption of 48,936 square feet in the Fourth Quarter 2015, and net positive absorption of 449,832 square feet in Third Quarter 2015.

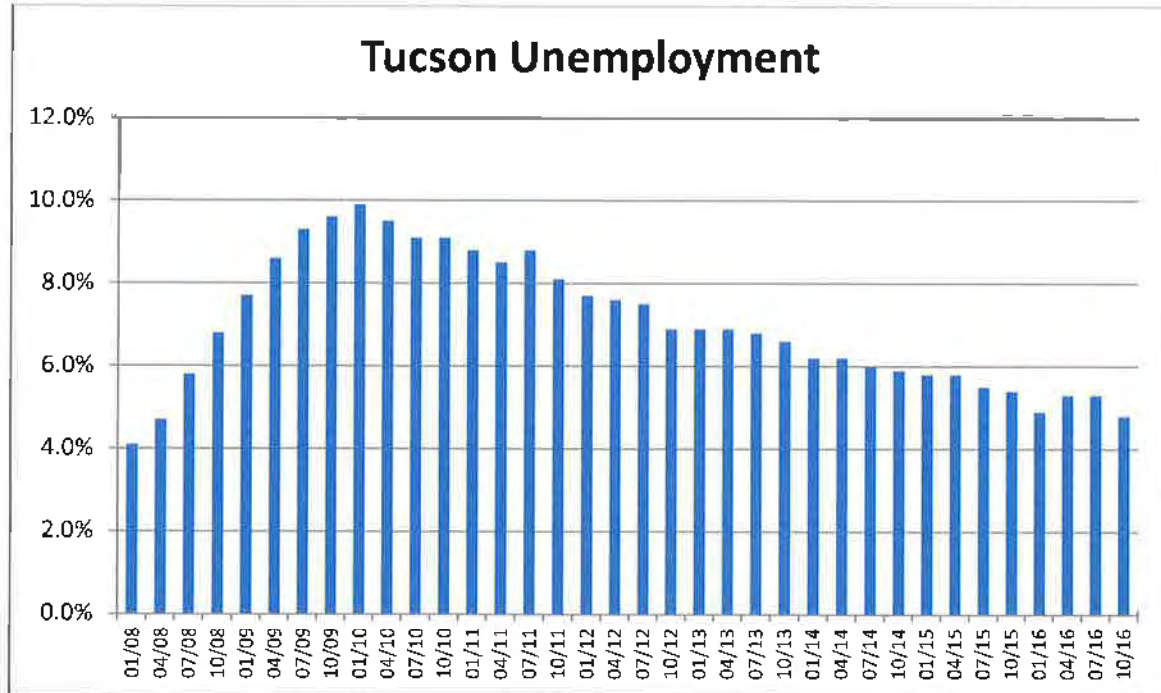
In the Fourth Quarter 2016, eight new buildings containing 199,832 square feet were completed. This compares to six new buildings containing 36,229 square feet, ten buildings containing 144,467 square feet in Second Quarter 2016, seven new buildings containing 42,182 square feet in First Quarter 2016, eight buildings containing 130,664 square feet in the Fourth Quarter 2015, six new buildings containing 411,794 square feet in Third Quarter 2015, and three new buildings containing 30,757 square feet in Second Quarter 2015.

The following shows trends in the vacancy rate for retail properties in the Tucson market between Second Quarter 2005 and First Quarter 2017, according to *Costar*.



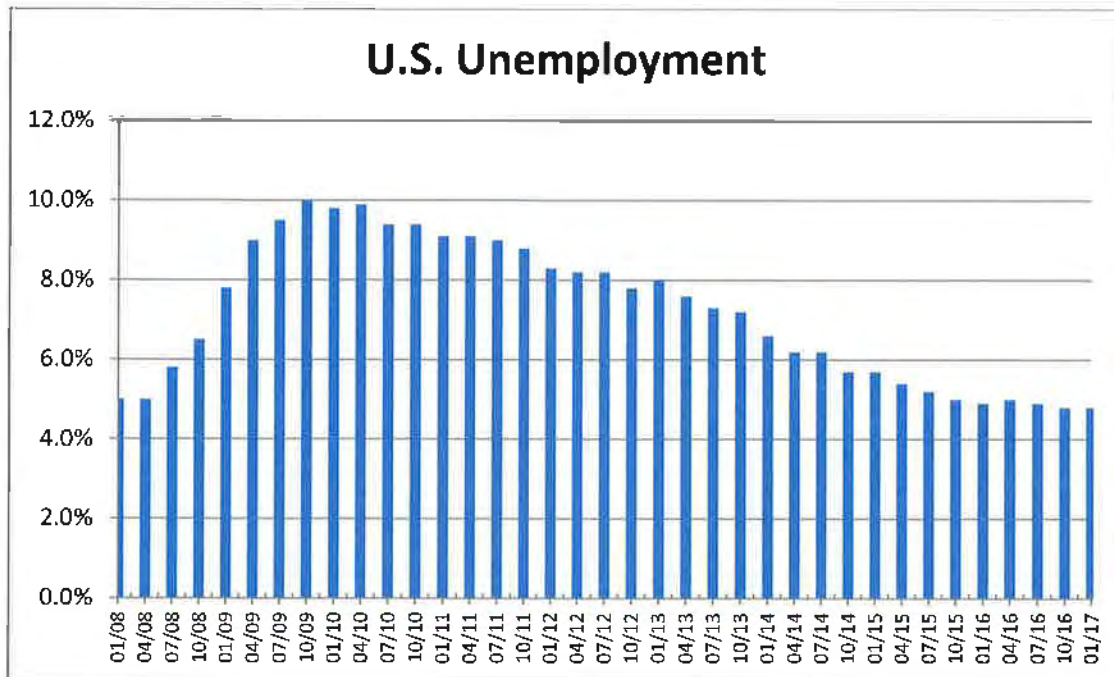
This chart shows that the vacancy rate for retail properties increased through mid-2012. The retail vacancy rate declined since that time and remained mostly stable in 2016. The retail market has stabilized and is starting to improve slightly in high demand areas, although there remains for little demand for older retail properties in low demand areas.

According to Arizona Department of Administration, Office of Employment and Population Statistics, the seasonally adjusted unemployment rate for metropolitan Tucson was as follows:



The previous data shows that the unemployment rate in the Tucson metropolitan area increased and peaked in early 2010. The unemployment rate has slowly been declining since early 2010 and remained mostly stable from mid-2012 through 2013. There has been a slow steady decline in the unemployment rate over the last several years.

According to the United States Department of Labor, Bureau of Labor Statistics, the national seasonally adjusted unemployment rate also increased through late 2009. The unemployment rate remained high and started to decline slowly in late 2010. The unemployment rate has declined and is now close to early 2008 levels.



Overall, the commercial real estate markets reveal that most investors hold a cautionary but improving outlook due continued oversupply and of available space in many markets which adversely affects tenants, owners and investors, and the continuing uncertainty of the government conditions. The stabilizing supply and demand fundamentals will result in slowly improving values. In the short term, improving growth is projected for Tucson over the next one to two years, with market conditions expected to remain stable and slowly start to improve during this time. There are some areas of Tucson where demand is increasing greater than the overall market. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

MARKET AREA:

The market area of the subject property is in the northwest portion of Tucson. Approximate market area boundaries are Ina Road to the north, the Rillito River to the south, La Canada Drive to the east and Thornydale Road to the west. Major streets in the neighborhood comprise commercial and residential income uses, with low density residential properties located mainly on interior streets. A portion of the market area contains medical, dental and medical-related offices that support the Northwest Hospital.

Existing property types located in the neighborhood include relatively new and older single family residential subdivisions mostly on interior streets. Residential properties range in age from approximately 10 to 50 years. These are primarily homes on smaller lots in established neighborhoods, particularly in the southern portion of the market area.

There are apartment complexes, offices, and commercial properties located along the major streets such as La Cholla, La Canada, and Ina Roads. Major north-south access routes to the neighborhood include Thornydale, Shannon, La Cholla, La Canada, and Oracle Road. East-west access includes Ina Road, Orange Grove Road and River Road. Public transportation is available north and south along La Cholla and east and west along Ina Road in the market area. The Foothills Mall, a major discount mall, is located at La Cholla and Ina. There are significant medical, dental and medical-related offices which surround or are proximate to the Northwest Hospital.

Although the market area is proximate to Northwest Hospital, and there has historically been strong demand for medical office space along Orange Grove and La Cholla in the neighborhood, demand for new space is reduced significantly due to the general economic slowdown. The long-term future outlook for the immediate market area surrounding the hospital is for continued improvement with medical office uses in conjunction with the Northwest Hospital. There is some limited vacant land in the area, available for continued growth in the foreseeable future. Overall, the market area is considered to be well-located and stable. Favorable influences affecting the market area include its location relative to the Northwest Hospital and good access to public services and major transportation routes.

SITE DESCRIPTION:

The site is an irregular shaped property with approximately 45 feet of frontage on Basil Place on the southern property line and 119 feet of frontage on Orange Grove Road on the northern property line. The site has a depth of 146.86 feet on the western property line and 102.23 feet on the eastern property line. It contains a total area of 9,348 square feet (0.21 acres). This property has access from Basil Place. Basil Place is a two-lane, asphalt-paved residential roadway with concrete curbs, and sidewalks, but no streetlights in the vicinity of this property. There is no traffic count available for Basil Place. Although this property backs up to Orange Grove, the property does not have access from Orange Grove. Orange Grove is a four-lane, asphalt-paved roadway with a center turn lane, concrete curbs, and sidewalks, but no street lights in the vicinity of this property. Orange Grove has a 2015 traffic count of 27,000 vehicles per day near this site. The topography is slightly sloping in a southerly direction. The subject property is below grade of Orange Grove, with some visibility of Orange Grove from the rear yard. The property is at grade with Basil Place. Soil conditions appear to be typical of the area. Properties bordering the subject property include single family residences to the north, south, and east, and residential uses followed by commercial uses to the west.

Utilities available to the property include electric (Tucson Electric Power Company), telephone (CenturyLink), water (Metro Water District), and sewer (Pima County Wastewater Management). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C1660L, dated June 16, 2011, the property is identified as being located in Zone X, which are areas determined to be outside the 500-year floodplain (see exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

ZONING:

The subject site is zoned CR-3 (Single Residence), according to the Pima County zoning code. This classification permits single family residences, transitional uses, and access and parking in conjunction with abutting commercial and industrial uses. The minimum lot width is 60 feet. Specific development standards under this classification are as follows:

CR-3 ZONING REQUIREMENTS

Min. Lot Area (SF)	Min. Area per Unit (SF)	Minimum Yards (feet)			Bldg. Height
		Front	Side	Rear	
8,000	8,000	20	8	25	34 feet

The subject property is currently improved with a single family residence which appears to meet all of the zoning requirements.

IMPROVEMENTS DESCRIPTION:

Improvement Overview. The subject property contains an existing single-story single-family residence constructed in 1983. It is of average design and contains 1,830 square feet of living area (per physical measurement), including three bedrooms, two bathrooms, a living room, dining area, kitchen, and laundry room (see Exhibits). Basic construction is frame stucco with aluminum frame dual-pane windows, and asphalt shingle roof. It has evaporative cooling, air conditioning cooling, and forced warm air heat. It is unknown if the evaporative cooling unit is fully functional. Car storage is provided by an attached two-car carport with drywall ceilings and concrete flooring.

Interior Features. Interior finishes includes drywall walls, drywall ceilings, and a combination of concrete, tile, and vinyl flooring. Many of the rooms have concrete flooring as the previous flooring was removed and not replaced. The flooring would need to be replaced. The living room contains concrete flooring and a sliding glass door providing access to the rear yard.

There are two bedrooms in the south east corner of the home. These bedrooms contain drywall walls and ceiling, unfinished concrete floors, and a closet. The southeast bedroom closet provides access to the attic. To the north is a bathroom with vinyl flooring, a toilet, wood vanity, cultured marble counter with sink, and tub with an overhead shower and cultured marble wainscoting. The northeast corner of the home contains the master bedroom and bathroom. The bedroom contains drywall walls and ceilings, a ceiling fan, unfinished concrete flooring, and a closet. The master bathroom contains vinyl flooring, a toilet, a wood vanity

with cultured marble counter with two sinks, and a tub with overhead shower and cultured marble wainscoting. The drywall in some bedrooms requires some repairs.

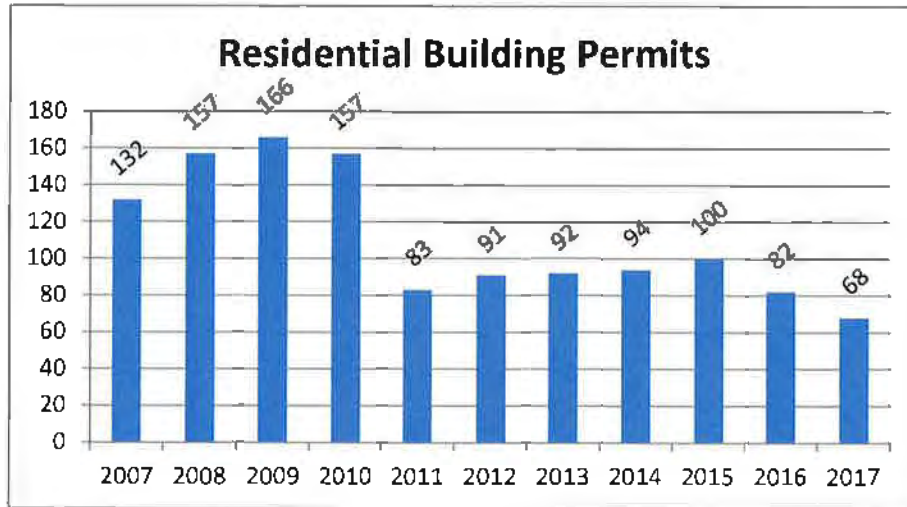
In the southwest corner of the home is a family room. The family room contains drywall walls and ceiling, a ceiling fan, and unfinished concrete flooring. To the north is the kitchen. The kitchen contains drywalls walls and ceiling with florescent lighting and tile flooring. There is wood cabinetry with Formica counter, an oven/range with a hood, sink, garbage disposal, and a dishwasher. West of the kitchen is the laundry room with unfinished concrete flooring, washer and dryer hookup, wood cabinetry, and wood shelving. There is a door on the west side of the laundry room for access to the backyard.

Patio/Site Features. Patio features include a rear covered patio and an enclosed 72 square foot frame stucco storage room with shelving. There is wood fencing on the northeast corner of the backyard, and a masonry wall on the north, east, and west sides of the rear yard. A portion of the wood fencing is in poor condition and needs repair. The property is below grade from Orange Grove with some visibility of Orange Grove from the yard. The front and rear yards contain minimal landscaping. The yards are not maintained

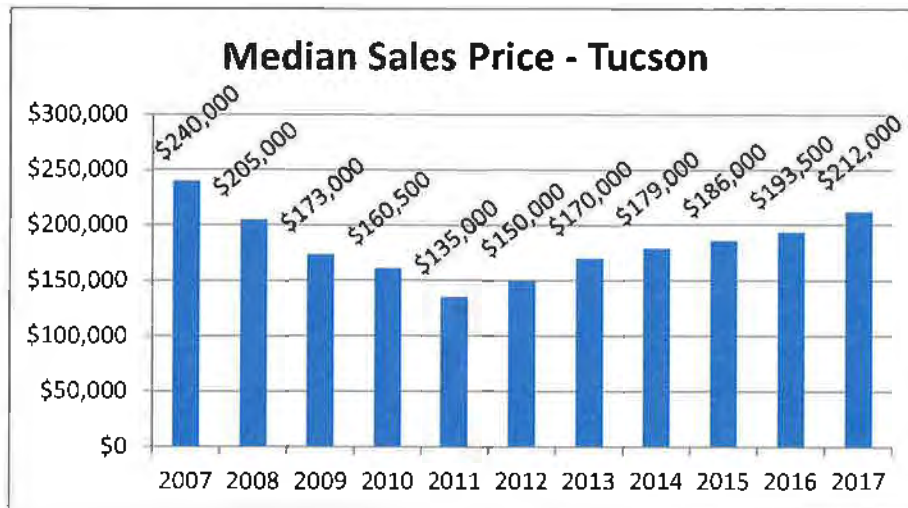
Summary. The subject property is an existing single family residence in an area of historically average demand. It is in below average condition and is considered to have average appeal. The property would benefit from some maintenance. This includes the replacement of removed flooring, repair of walls in some bedrooms, repair of some kitchen cabinets, repair of the wood fencing and rear yard entry gate, and cleanup of the yards. The estimated marketing time for the subject property is from two to six months. Positive factors influencing the property's marketability include location. Negative factors include condition and visibility of Orange Grove.

MARKET PROFILE - RESIDENTIAL:

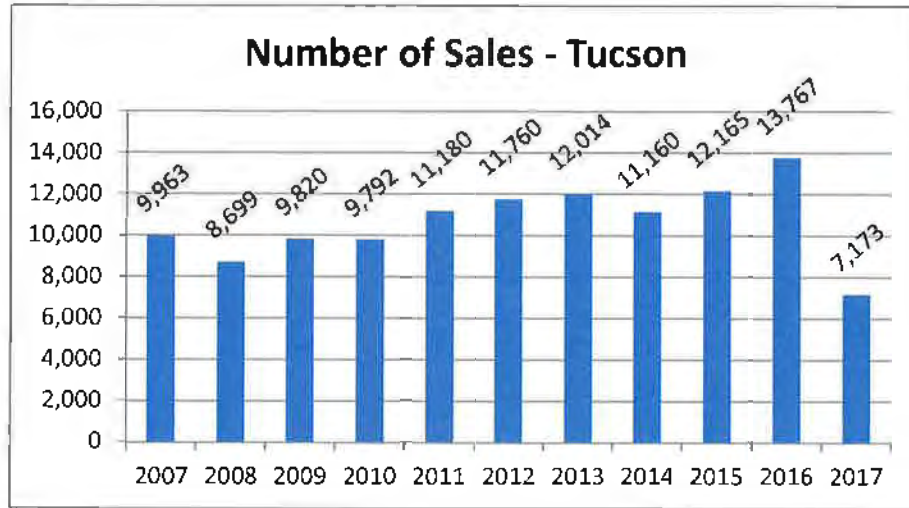
The following are the total number of days on market for single-family residences, in the Tucson Market, according to Multiple Listing Service (MLS). This data indicates that the days on market for single-family increased significantly from 2007, peaking in 2009. The days on market remained mostly stable in 2010. Beginning in 2011, the number of days on market dropped significantly with results remaining mostly stable from 2011 through 2015. The number of days on market declined beginning in 2016 and has continued through the first half of 2017.



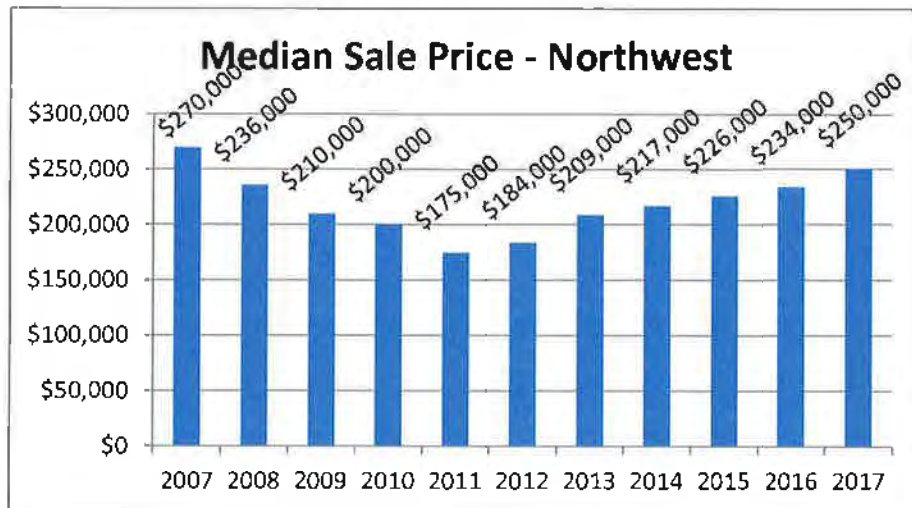
The following is the median sale price for single-family residences for the Tucson market, according to MLS. The median sale price for single-family residences declined yearly from 2007 through 2011. Beginning in 2011 the median sales price for single-family residences in the Tucson market gradually increased on a year over year basis, continuing through the first half of 2017.



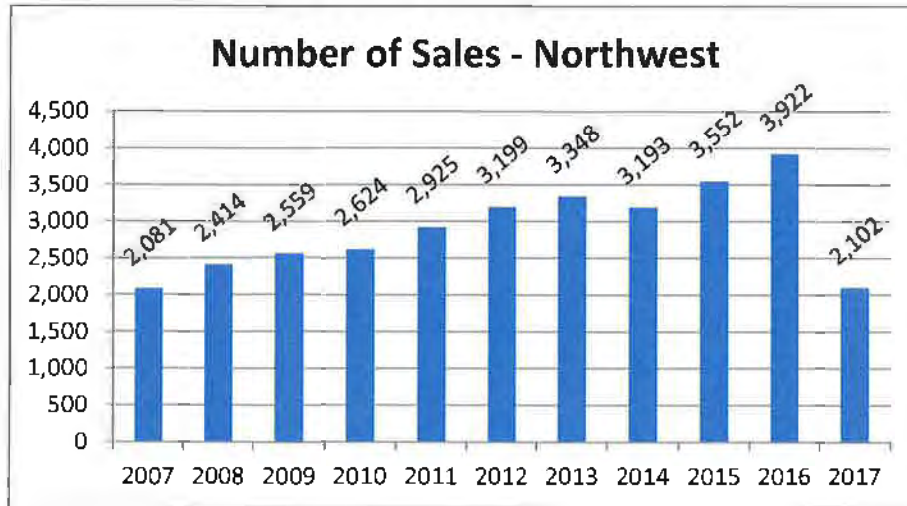
The following is the number of sales of single-family residences in the Tucson Market, according to MLS. The number of sales declined from previous years through 2008. The number of sales remained mostly stable from 2009 through 2010, with the number of sales gradually increased between 2011 and 2016. The 2017 data is for the first half of the year, but is on pace to show a continued increase over the prior years.



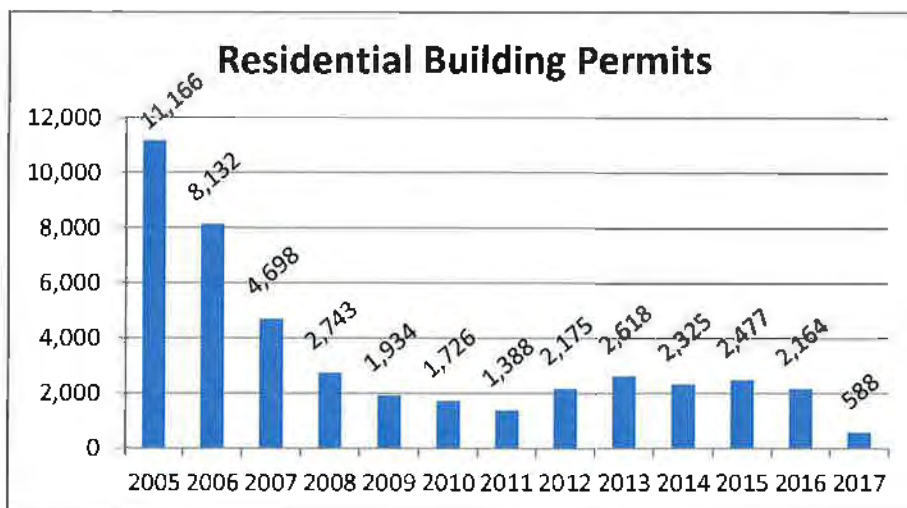
The following is the median sale price for single-family residences in the subject sector, Northwest, according to MLS. This data indicates that the median sale price declined from 2007 through 2011. Beginning in 2012 and continuing yearly through the first half of 2017, the median sales price in the subject sector has gradually increased yearly.



The following is the number of sales of single-family residences in the subject sector, Northwest, according to MLS. This data indicates that the number of sales declined through 2008. The number of sales then gradually increased from 2009 through 2015, with a minor decline occurring in 2014. The increase in the number of sales for the subject sector continued to increase through 2016. 2017 data is for the first half of the year only; however, the pace of sales for 2017 year to date is on pace to show a continued increase over the prior years.



Starting in 2006, fewer single-family residential permits were issued due to the current oversupply of lots and residential homes on the market. According to the United States Census Bureau, Building Permits Survey, the number of single-family residential permits declined through 2011. There was limited new single-family construction since 2008, with the decline continuing through 2011, with a small increase in 2012. The number of permits has remained mostly stable with some slight variations since 2013. The first quarter 2017 numbers is consistent with recent years.



Overall, housing permits and sales had been increasing and a period of substantial growth occurred during 2004 and 2005 with unprecedented price increases having been experienced for most areas of Tucson. Building permit activity declined steadily in the Tucson Metropolitan area from a peak in 2005 of 11,166 to 1,388 in 2011 for all new single-family residential construction residential building permits, according to the United States Census Bureau, Building Permits Survey. This was due in part to the difficulty in obtaining financing and, to a larger extent, a decrease in demand from primary home buyers and speculative home purchases by out of state buyers and an oversupply of available homes on the market, resulting in declining home prices. The slow-down in sales has resulted in an increase in the inventory of available houses and a decrease in housing prices in the Tucson Metropolitan area. There has been a 56 percent increase in residential permits in 2012 from the bottom in 2011. This is an indication that the new home residential market is beginning to recover. The number of permits for 2013 showed a continued improvement in the market, with indications of a slight decline in 2014. In recent years, the number of permits has remained mostly stable. New home sales are still well below peak or stabilized levels seen in the past.

Residential market conditions have stabilized. Prices for some types of homes, specifically in homes priced below \$250,000 had increased slightly starting in 2013, and prices have continued to increase slowly. There is an oversupply of single-family residences that exceed \$250,000, particularly those over \$500,000, causing values for these types of product to remain mostly stable. In the short term, limited growth is projected for Tucson over the next one to two years for residential properties, with market conditions expected to slowly improve during this time. The long term result should be a more balanced level of supply and demand - more conducive to steady long-term development. Factors such as climate, health and educational facilities, and the availability of housing are positive influences which will result in long-term economic growth for metropolitan Tucson.

EXPOSURE/MARKETING TIME:

Marketing time, as utilized in this appraisal, is defined as:

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. ¹

The reasonable *exposure time* is the period a property is on the market until a sale is consummated and as utilized in this appraisal, is defined as:

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. ²

The reasonable exposure and marketing time is estimated to be two to six months based on the sales used in this report and based on conversations with brokers familiar with properties similar to the subject property. This is consistent with the location, frontage, condition, size, and overall market conditions.

HIGHEST AND BEST USE:

The Sixth edition of The Dictionary of Real Estate Appraisal (Appraisal Institute; 2015, p. 109), defines highest and best use as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

An analysis of market data supports the conclusion of highest and best use. The first step is to determine the highest and best use of the land as though vacant. This includes a determination as to whether the site should be left as vacant or should be developed. If the site should be developed, an analysis determines the ideal improvements that should be developed on the property. The second step is to determine the highest and best use of the property as improved. This involves a comparison of the existing improvements to the ideal improvements in order to determine if the existing improvements should be modified or left in the current condition.

1. The Dictionary of Real Estate Appraisal (Appraisal Institute, Sixth Edition, 2015), p. 140

2. Ibid, p. 83

Highest and Best Use as Vacant

Legal Considerations

The subject site is zoned CR-3 (Single Residence), according to the Pima County zoning code. This classification permits single family residences at the density (minimum lot area) of one unit per 8,000 square feet in addition to transitional uses, and access and parking in conjunction with abutting commercial and industrial uses. The minimum lot width is 60 feet. The minimum front yard is 20 feet. The minimum side yard is 8 feet. The minimum rear yard is 25 feet. Maximum building height is 34 feet. This property is a lot within a residential subdivision. Therefore, the subject property could be developed with a single family residence.

Physical Considerations

The site is an irregular shaped property with approximately 45 feet of frontage on Basil Place on the southern property line and 119 feet of frontage on Orange Grove Road on the northern property line. The site has a depth of 146.86 feet on the western property line, and 102.23 feet on the eastern property line. It contains a total area of 9,348 square feet (0.21 acres). This property has access from Basil Place. Basil Place is a two-lane, asphalt-paved residential roadway with concrete curbs, and sidewalks, but no streetlights in the vicinity of this property. There is no traffic count available for Basil Place. Although this property backs up to Orange Grove, the property does not have access from Orange Grove. Orange Grove is a four-lane, asphalt-paved roadway with a center turn lane, concrete curbs, and sidewalks, but no street lights in the vicinity of this property. Orange Grove has a 2015 traffic count of 27,000 vehicles per day near this site. The topography is slightly sloping in a southerly direction. The subject property is below grade of Orange Grove, with some visibility of Orange Grove from the rear yard. The property is at grade with Basil Place. Soil conditions appear to be typical of the area. Properties bordering the subject property include single family residences to the north, south, and east, and residential followed by commercial uses to the west.

Utilities available to the property include electric (Tucson Electric Power Company), telephone (CenturyLink), water (Metro Water District), and sewer (Pima County Wastewater Management). Any development of the site would require an engineering study to determine the availability and adequacy of utilities.

According to FEMA Flood Insurance Rate Map 04019C1660L, dated June 16, 2011, the property is identified as being located in Zone X, which are areas determined to be outside the 500-year floodplain (see exhibits). The property is in a seismic zone which is considered to have a low probability of seismic activity. There are no known easements or encumbrances that adversely affect the subject property.

The site has sufficient physical characteristics for development of a single family residence.

Financial Feasibility

From among those uses which are legally permissible and physically possible, one dominant use emerges as being most marketable, i.e., financially feasible. The subject property could be developed with a single family residence. This property is located in an area with good demand for residential properties. Market conditions are stable for vacant lots and homes in this price range. This lot is located in an established subdivision. There is demand for homes in this area. Therefore, the property could be developed with a single family residence.

Maximally Productive

Therefore, the maximally productive highest and best use of the subject site is for development of a single family residence.

Ideal Improvement

The subject site would likely be developed with a single family residence. The subject property is located in an area with good demand for residential uses and is surrounded by residential uses. A single family residence developed on the site would contain approximately 1,600 to 2,300 square feet of building area and would contain at least three bedrooms and two baths with patio amenities and a modern layout and design.

Highest and Best Use as Improved

The highest and best use as improved compares the ideal improvements for the property to the existing improvements. This is used to determine if the existing improvements should be retained or modified. A modified property can be converted, demolished, or renovated. The subject property would be developed with a single family residence. The property currently contains a single family residence. This residence was constructed in 1983. It contains 1,830 square feet and contains three bedrooms, two bathrooms, a living room, family room, kitchen and laundry room. The home is in below average condition.

Legal Considerations

The improved lot is in a subdivision and meets all requirements under the existing CR-3 zoning. Therefore, the existing home could be retained under the existing zoning. The property could not be converted to another use as it is located within a residential subdivision. There are no legal restrictions to renovating or demolishing the improvements.

Physical Considerations

The home was constructed in 1983. The improvements are in below average condition. The home would benefit from some maintenance. This includes replacement of the removed flooring, repair of some bedroom walls, repair of kitchen cabinets, repair of wood fencing and rear yard gate, and maintenance of the yard. There are no physical restrictions to continuing the existing use, demolishing the improvements, or renovating the improvements.

Financial Feasibility

The subject property is located in an area with average demand for single-family residences. The home has frontage on a residential roadway and on a major roadway (Orange Grove). This is considered a negative factor for a single family residence.

The value of the property as improved outweighs the value of the property as vacant land, indicating it is not financially feasible to demolish the existing improvements to develop another use. The improvements are older and the home has not been significantly renovated in recent years. Some minor repairs to the home would allow the property to remain competitive with similar homes. Therefore, the property would be retained as a single family residence after some repairs.

Maximally Productive

The maximally productive highest and best use of the property as improved is to complete some repairs and retain the existing single family residence.

SUMMARY OF ANALYSIS AND VALUATION - PART IV

Sales Comparison Approach.

The sales comparison approach to value considers what a typical well-informed purchaser would pay for a property, based on an analysis of similar properties. This approach reflects the application of the principle of substitution, which affirms that when a property can be replaced, its value tends to be set by the cost of acquiring an equally desirable substitute property.

This approach analyzes sales and listings of properties similar to the subject. This analysis uses those sales most relevant as indicators of value of the subject property, making adjustments for dissimilarities such as site size, location, quality, age, building size, condition, appeal, amenities, and terms of sale. Sales used in this approach must contain these elements; 1) both parties are typically motivated; 2) both parties are well-informed; 3) a reasonable market exposure time is allowed; 4) payment is made in cash or its equivalent; and 5) financing reflects terms typically available, and not affected by special or unusual terms.

This analysis uses the following six sales and adjustments. The adjustment grid on the following page indicates the adjustments. An upward adjustment (+) indicates that the comparable is inferior to the subject; a downward adjustment (-) indicates that the comparable is superior to the subject; and no adjustment (0) indicates the comparable is similar or equal to the subject.

Comparable Sales Summary and Adjustment Grid

	Subject	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
Property Address	3018 W Basil Place	3037 W Basil Place	3182 W Bayleaf Drive	2900 W Coriander Drive	3340 W Wildwood Drive	6250 N Shannon Road	3329 W Bayleaf Drive
Confirmation	Inspection	MLS/Agent	MLS/Agent	MLS/Agent	MLS/Agent	MLS/Agent	MLS/Agent
Sale Price		\$175,000	\$129,000	\$150,000	\$167,000	\$149,900	\$172,000
		Adjustment	Adjustment	Adjustment	Adjustment	Adjustment	Adjustment
Sale Date		5/3/2016	7/6/2016	11/30/2016	12/30/2016	01/31/2017	8/1/2017
Financing		Conv.	Cash	FHA	FHA	Cash	FHA
Market Time		15 days	10 days	8 days	4 days	3 days	2 days
Property Interest	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Location	NW/Average	Similar	Similar	Similar	Similar	Similar	Similar
Frontage	residential&major	residential (14,000)	residential (10,300)	residential&Major	Residential (13,300)	Major	Residential (13,800)
Site Size	0.21 acres	0.2 acres	0.3 acres	0.23 acres	0.19 acres	0.18 acres	0.18 acres
Views	Below average	Similar	Similar	Superior (2,000)	Similar	Similar	Similar
Design and Appeal	Average	Similar	Similar	Similar	Similar	Similar	Similar
Quality of Construction	Average	Superior (5,000)	Similar	Similar	Superior (5,000)	Similar	Superior (4,000)
Year Built	1983	1980	1983	1983	1984	1974	1984
Condition	Below average	Superior (8,500)	Superior (6,000)	Superior (7,000)	Superior (11,000)	Superior (6,500)	Superior (10,000)
Bedrooms/Baths	3 bed/2 bath	4 bed/3 bath (5,000)	3 bed/2 bath	3 bed/2 bath	4 bed/2 bath	3 bed/2 bath	3 bed/2 bath
Living Area	1,830	1,864	1,526	15,200	1,595	11,700	1,664
Basement	none	none	none	none	none	none	none
Functional Utility	Average	Similar	Inferior	5,000	Similar	Similar	Similar
Heating/Cooling	AC/FWA	AC/FWA	AC/FWA	AC/FWA	AC/FWA	AC/FWA	AC/FWA
Garage/Carport	2 car carport	None 2,000	None 2,000	2 car carport	None	2,000	1 car garage (500)
Porch, Patio, Fencing, etc.	Porches, wall	Porch, wall/fence (3,500)	Porch, Fence	1,000	Porch, Wall (6,500)	Porch, Wall (1,000)	Storage, Porch, Fencing (2,000)
Fireplace	none	one (1,500)	One	(1,500)	none	0	One (1,500)
Other Improvements	none	none	None	0	Arizona Room	(5,000)	Enclosed garage (6,000)
Net Adjustment (total)		(\$27,625)	\$11,200	\$400	(\$20,850)	(\$300)	(\$31,300)
Adjusted Sales Price		\$147,375	\$140,200	\$150,400	\$146,150	\$149,600	\$140,700

- Sale 1.* 3037 West Basil Place. Sold in May 2016, for \$175,000 - financing was conventional financing. Contains four bedrooms and three baths, with 1,864 square feet of living area, built in 1980, and located in Wildwood Park. This sale is inferior to the subject in date/market conditions and garage/carport. There is an upward adjustment for date/market conditions as market conditions improved between the date of this sale and the date of value. This sale is superior in frontage, quality of construction, condition, number of baths, patio amenities and fireplace. There is a downward adjustment for frontage as this property has frontage only on a residential street, and the subject property backs up to a major roadway. Homes located on a residential street sell for more than homes located on a major roadway, all else being equal. Therefore, there is a downward adjustment for frontage. Overall, this comparable's sale price indicates a downward adjustment in comparison to the subject.
- Sale 2.* 3182 West Bayleaf Drive. Sold in July 2016, for \$129,000 - financing was cash to the seller. Contains three bedrooms and two baths, with 1,526 square feet of living area, built in 1983, and located in Wildwood Park. This sale is inferior to the subject in date of sale/market condition, living area, functional utility, garage/carport, and patio amenities. There is an upward adjustment for date/market conditions as market conditions improved between the date of this sale and the date of value. This sale is inferior in functional utility as an addition included in the square footage was not constructed with a permit. This sale is superior in frontage, condition, and fireplace. There is a downward adjustment for frontage as this property has frontage only on a residential street, and the subject property backs up to a major roadway. Homes located on a residential street sell for more than homes located on a major roadway, all else being equal. Therefore, there is a downward adjustment for frontage. Overall, this comparable's sale price indicates an upward adjustment in comparison to the subject.
- Sale 3.* 2900 West Coriander Drive. Sold in November 2016, for \$150,000 - financing was FHA financing. Contains three bedrooms and two baths, with 1,595 square feet of living area, built in 1983, and located within Wildwood Park. This sale is inferior to the subject in sale date/market condition, and living area. There is an upward adjustment for date/market conditions as market conditions improved between the date of this sale and the date of value. This sale is superior in views, condition, and patio amenities. Overall, this comparable's sale price indicates an upward adjustment in comparison to the subject.
- Sale 4.* 3340 West Wildwood Drive. Sold in December 2016, for \$167,000 - financing was FHA financing. Contains four bedrooms and two baths, with 1,664 square feet of living area, built in 1984, and located within Wildwood Park. Special features include an Arizona room not included in the square footage. This sale is inferior to the subject in date of sale/market conditions, living area, and garage/carport. There is an upward adjustment for date/market

conditions as market conditions improved between the date of this sale and the date of value. It is superior in frontage, quality of construction, condition, patio amenities, and other improvements. There is a downward adjustment for frontage as this property has frontage only on a residential street, and the subject property backs up to a major roadway. Homes located on a residential street sell for more than homes located on a major roadway, all else being equal. Therefore, there is a downward adjustment for frontage. Overall, this comparable's sale price indicates a downward adjustment in comparison to the subject.

Sale 5. 6250 North Shannon Road. Sold in January 2017, for \$149,900 - financing was cash to the seller. Contains three bedrooms and two baths, with 1,700 square feet of living area, built in 1974, and located within Casas Adobes Park. This sale is inferior to the subject in sale date/market conditions and living area. There is an upward adjustment for date/market conditions as market conditions improved between the date of this sale and the date of value. It is superior in condition, garage/carport, patio amenities, and fireplace. Overall, this comparable's sale price indicates a downward adjustment in comparison to the subject.

Sale 6. 3329 West Bayleaf Drive. Sold in August 2017, for \$172,000 - financing was FHA financing. Contains three bedrooms and two baths, with 1,636 square feet of living area, built in 1984, and located within Wildwood Park. Special features include an enclosed garage. This sale is inferior to the subject in living area and garage/carport. It is superior in frontage, quality of construction, condition, patio amenities, fireplace, and other improvements. There is a downward adjustment for frontage as this property has frontage only on a residential street, and the subject property backs up to a major roadway. Homes located on a residential street sell for more than homes located on a major roadway, all else being equal. Therefore, there is a downward adjustment for frontage. Overall, this comparable's sale price indicates a downward adjustment in comparison to the subject.

Sales Comparison Approach Summary.

	Sale 1	Sale 2	Sale 3	Sale 4	Sale 5	Sale 6
Adjusted Gross Sale Price	\$147,375	\$140,200	\$150,400	\$146,150	\$149,600	\$140,700

These six comparable sales indicate a gross sales price range of \$140,200 to \$150,400 after adjustment. Comparable Sale Five warrants the greatest weight as this sale is most similar and had the fewest adjustments. The remaining comparable sales receive slightly less weight as these sales require slightly more adjustment. After analyzing the comparable sales, the conclusion of market value of the subject property by the sales comparison approach, as of October 6, 2017, is \$148,000.

Cost Approach.

The cost approach is one of the three approaches which are available to the appraiser in the valuation process. The cost approach involves three steps. First, an analysis of sales and listings of comparable land indicate the value of the land as if vacant, taking into consideration various similar and dissimilar property characteristics. Second, local and national cost sources provide the current replacement cost of all improvements on the land. Third, there is an estimate of any accrued depreciation and obsolescence. The value of the property is the cost new, less any depreciation or obsolescence, plus the land value.

Single-family residences similar to the subject such as the subject are typically not purchased based upon the cost approach. There is also significant depreciation due to the age and condition of the improvements. Therefore, the cost approach is not applicable to this analysis.

Income Approach.

The income approach reflects the subject's income producing capabilities, and is based on the theory that the value of the property is the present worth of the income stream during the ownership period, and the reversion amount received at the end of the ownership period. Analysis determines the expected gross income and provides the net income. The process of capitalization converts the net income into the present value.

Single-family residences such as the subject are not typically purchased for lease and for their income producing ability. Single-family residences similar to the subject are typically purchased to be owner-occupied. Therefore, although considered, the income approach was deemed inappropriate for use in this report.

Reconciliation.

One standard approaches provided a conclusion of value of the subject property. The indicated value, using these approaches, is as follows:

Sales Comparison Approach	\$148,000
Cost Approach	N/A
Income Approach	N/A

The *sales comparison approach* requires full weight in valuing the subject property. This approach used six comparable sales. All of these sales are residences similar to the subject property and provide a reliable indicator of value. Single-family residences similar to the subject such as the subject are typically not purchased based upon the *cost approach*. There is also significant depreciation due to the age and condition of the improvements. Therefore, the cost approach is not applicable to this analysis. The *income approach* was not considered applicable as single-family residences such as the subject are typically not purchased for their income-producing capabilities. Therefore, the income approach was not applicable in this analysis.

Market Value Conclusion.

Therefore, based on the above analysis and subject to the assumptions and limiting conditions contained in this report, the opinion of market value of the subject property, "as is", as of the effective date of the appraisal, October 6, 2017, is \$148,000.

OPINION OF MARKET VALUE OF SUBJECT PROPERTY,
"AS IS", AS OF OCTOBER 6, 2017:

ONE HUNDRED FORTY EIGHT THOUSAND DOLLARS (\$148,000)

ASSUMPTIONS AND LIMITING CONDITIONS - PART V

1. **Type of Report.** This is an appraisal 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 for an Appraisal Report. As such, it might not include full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses 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.
2. **Definitions.** "Appraisal," as herein defined, is the process of completing a service; namely, a valuation assignment. "Subject property" refers to the property which is the subject of the assignment. "Appraisers" are those persons, whether one or more, who have accepted the assignment and who have participated in the analyses, opinions, and conclusions formed in the appraisal. "Company" refers to Baker, Peterson, Baker & Associates, Inc. "Report" refers to this written document containing the analyses, opinions, and conclusions which constitute the appraisal.
3. **Liability.** The liability of Baker, Peterson, Baker & Associates, Inc., including any or all of its employees, and including the appraiser responsible for this report, is limited to the Client only, and to the fee actually received by the Company. Further, there is no accountability, obligation or liability to any third party. If this report is placed in the hands of any person other than the Client, the Client is responsible for making such party aware of all assumptions and limiting conditions related thereto. The appraiser is in no way responsible for any costs incurred to discover or correct any deficiencies of any type present in the subject property, whether physical, financial, or legal.
4. **Title.** No opinion as to title is rendered. Data related to ownership and legal description was provided by the Client or was obtained from available public records and is considered reliable. Unless acknowledged in this report, no title policy or preliminary title report were provided. Title is assumed to be marketable and free and clear of all liens, encumbrances, and restrictions except those specifically discussed in the report. The property is appraised assuming responsible ownership, competent management and ready availability for its highest and best use.
5. **Survey or Engineering.** No survey or engineering analysis of the subject property has been made by the appraiser. It is assumed that the existing boundaries are correct and that no encroachments exist. The appraiser assumes no responsibility for any condition not readily observable from customary investigation and inspection of the premises which might affect the value thereof, excepting those items which are specifically mentioned in the report.

6. **Data Sources.** The report is based, in part, upon information assembled from a wide range of sources and, therefore, the incorporated data cannot be guaranteed. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the Client consider independent verification within these categories prior to any transaction involving a sale, lease, or other significant commitment of the subject property, and that such verification be performed by appropriate recognized specialists.
7. **Subsequent Events.** The date of valuation to which the conclusions and opinions expressed in this report apply is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring after the date of valuation which may affect the opinions in this report. Further, in any prospective valuation assignment, the appraiser cannot be held responsible for unforeseeable events that alter market conditions prior to the date of valuation. Such prospective value estimates are intended to reflect the expectations and perceptions of market participants along with available factual data, and should be judged on the market support for the forecasts when made, not whether specific items in the forecasts are realized.
8. **Adjustments.** The appraiser reserves the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available subsequent to issuance of the report.
9. **Special Rights.** No opinion is expressed as to the value of any subsurface (oil, gas, mineral) or aerial rights or whether the property is subject to surface entry for the exploration or removal of materials except where expressly stated in the report.
10. **Value Distribution.** The distribution of total value in this report between land and improvements applies only under the specified highest and best use of the subject property as herein described. The allocations of value among the land and improvements do not apply to any other property other than the property which is the subject of this report.
11. **Legal or Special Opinions.** No opinion is intended to be expressed for matters which require legal expertise, specialized investigation, or a level of professional or technical knowledge beyond that customarily employed by real estate appraisers.
12. **Personal Property.** Unless expressly stated within this report, no consideration has been given as to the value of any personal property located on the premises, or to the cost of moving or relocating such personal property. Only the real property has been considered.
13. **Soil Conditions.** Unless expressly stated within this report, no detailed soil studies covering the subject property were available to the appraiser. Therefore, it is assumed

that existing soil conditions are capable of supporting development of the subject property in a manner consistent with its highest and best use without extraordinary foundation or soil remedial expense. Further, it is assumed that there are no hidden or unapparent matters (hazardous materials, toxic substances, etc.) related to the soil or subsurface which would render the subject more or less valuable by knowledge thereof.

14. **Court Testimony.** Testimony or attendance in court or at any other hearing (including depositions) is not required by reason of rendering this appraisal or issuing this report, unless such arrangements have previously been made and are part of a contract for services.
15. **Exhibits.** Maps, floor plans, photographs, and any other exhibits contained in this report are for illustration only, and are provided as an aid in visualizing matters discussed within the report. They should not be considered as surveys or scale renderings, or relied upon for any other purpose.
16. **Statute, Regulation, and License.** Unless otherwise stated within the report, the subject property is assumed to be in full and complete compliance with all applicable federal, state, and local laws related to zoning, building codes, fire, safety, permits, and environmental regulations. Further, it is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authorizations have been, or can be, readily obtained or renewed as related to any use of the subject property on which the value estimate contained herein is based.
17. **Hidden or Unapparent Conditions.** It is assumed that there are no hidden or unapparent conditions which, if known, would affect the analyses, opinions or conclusions contained in this report. This includes, but is not limited to, electrical, mechanical, plumbing, and structural components.
18. **Hazardous/Toxic Substances.** In this appraisal assignment, no observation was made of the existence of potentially hazardous material used in the construction and/or maintenance of the improvements, or from any other source, whether borne by land or air, including, but not limited to, asbestos, lead, toxic waste, radon, and urea formaldehyde. While not observed, and while no information was provided to confirm or deny the existence of such substances (unless expressly stated herein), it is emphasized that the appraiser is not qualified to detect or analyze such substances. Unless otherwise stated, no consideration has been given to the presence of, nature of, or extent of such conditions, nor to the cost to "cure" such conditions or to remove any toxic or hazardous substances which could potentially affect the value or marketability of the property. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. This value estimate assumes that there is no such material on or in the property.
19. **Americans with Disabilities Act of 1990.** The ADA became effective on January 26, 1992. We 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 on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.
20. ***Disclosure.*** Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, including the value estimate, the identity of the appraisers or their professional designations, or the company with which the appraisers are associated, shall be used for any purpose by anyone other than the Client as herein stated, without the prior written consent of the appraisers. Nor shall it be conveyed, in whole or in part, in the public through advertising, news, sales, listings, or any other media without such prior written consent. Possession of this report does not carry with it any right of public distribution.
 21. ***Endangered and Threatened Species.*** The appraisers have not made a specific survey of the subject property to determine whether or not it has any plant or wildlife which are identified as an endangered or threatened species by the U. S. Fish and Wildlife Service. While not observed and while no information was provided to confirm or deny the existence of any endangered or threatened species on the subject property (unless expressly stated herein), it is emphasized that the appraisers are not qualified to detect or analyze such plants or wildlife. Any such conclusions must be based upon the professional expertise of persons qualified to make such judgments. Thus, any person or other entity with an interest in the subject property is urged to retain an expert if so desired. It is possible that a survey of the property could reveal that the site contains endangered or threatened plants or wildlife. If so, this fact could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible endangered or threatened species in estimating the value of the property.
 22. ***Acceptance of Report.*** Acceptance and/or use of this report by the Client or any third party constitutes acceptance of all of the above conditions.

CERTIFICATION - PART VI

I CERTIFY THAT, TO THE BEST OF MY KNOWLEDGE AND BELIEF:

1. The statements of fact contained in this report are true and correct.
2. 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.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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.
7. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* (USPAP) of The Appraisal Foundation, the Code of Ethics and Standards of Professional Practice of the Appraisal Institute, and any other specifications submitted by the Client, including Title XI, FIRREA.
8. The use of this report is subject to the requirements of the Appraisal Institute, relating to review by its duly authorized representatives.
9. In accord with the Uniform Standards of Professional Appraisal Practice, I have the experience and knowledge to complete this assignment in a credible and competent manner.
10. As of the date of this report, I have completed requirements of the continuing education program of the Appraisal Institute.
11. The effective date (date of valuation) of this appraisal is October 6, 2017.
12. I have made a personal inspection of the property that is the subject of this report.

13. Our firm has not appraised the subject property within three years prior to this assignment.
14. It is noted that Timothy Hale (Certificate 32195) assisted significantly with this report by performing the following tasks under the direction of the appraiser: Researched the subject and comparable sale information, inspected the subject property, and developed the report. The final analysis and value conclusion is that of Sara R. Baker, MAI, SRA.
15. I am a Certified General Real Estate Appraiser in the State of Arizona.



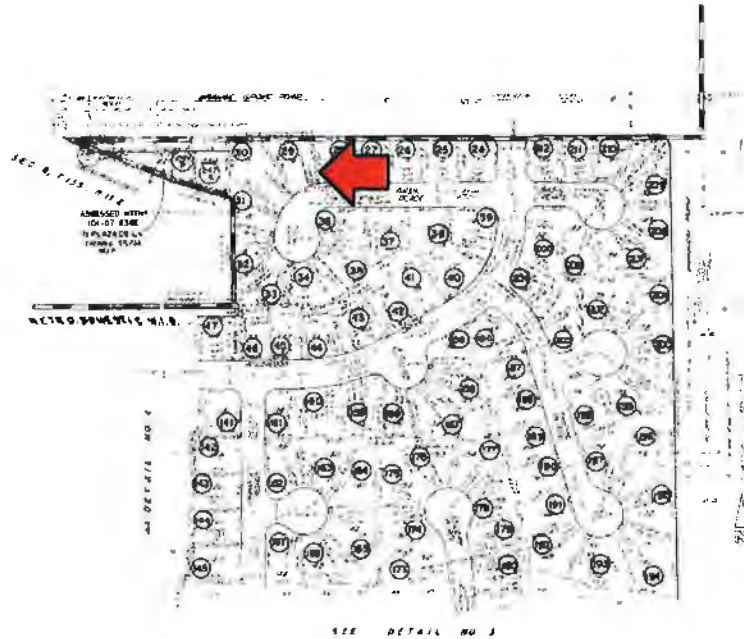
Sara R. Baker, MAI, SRA
Certified General Real Estate Appraiser
Certificate Number 31679
Designated Supervisory Appraiser
Registration Number DS0082

EXHIBITS - PART VII

Exhibit A	Subject Plat Map
Exhibit B	Aerial Photograph
Exhibit C	Zoning Map
Exhibit D	Flood Plain Map
Exhibit E	Floor Plan
Exhibit F	Subject Photographs
Exhibit G	Comparable Improved Sales Location Map
Exhibit H	Comparable Improved Sale Data Sheets and Photographs
Exhibit I	Qualifications

EXHIBIT A - SUBJECT PLAT MAP

ASSESSOR'S RECORD MAP
 101-08
 4
 WILDWOOD PARK (RESUB)
 LOTS 1 THRU 225
 DETAIL No. 2



SCALE: 1"=150'
 SEE BOOK 31 PAGE 12
 2015-1
 31019-02
 31041003

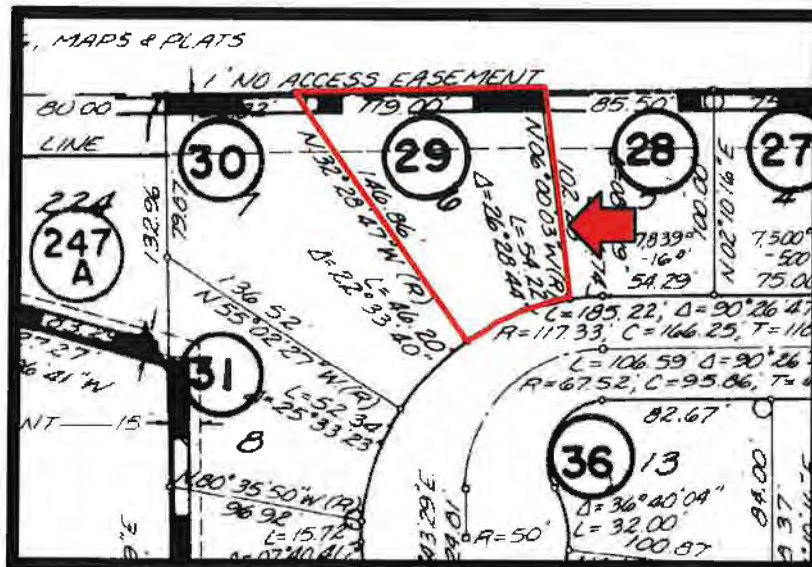
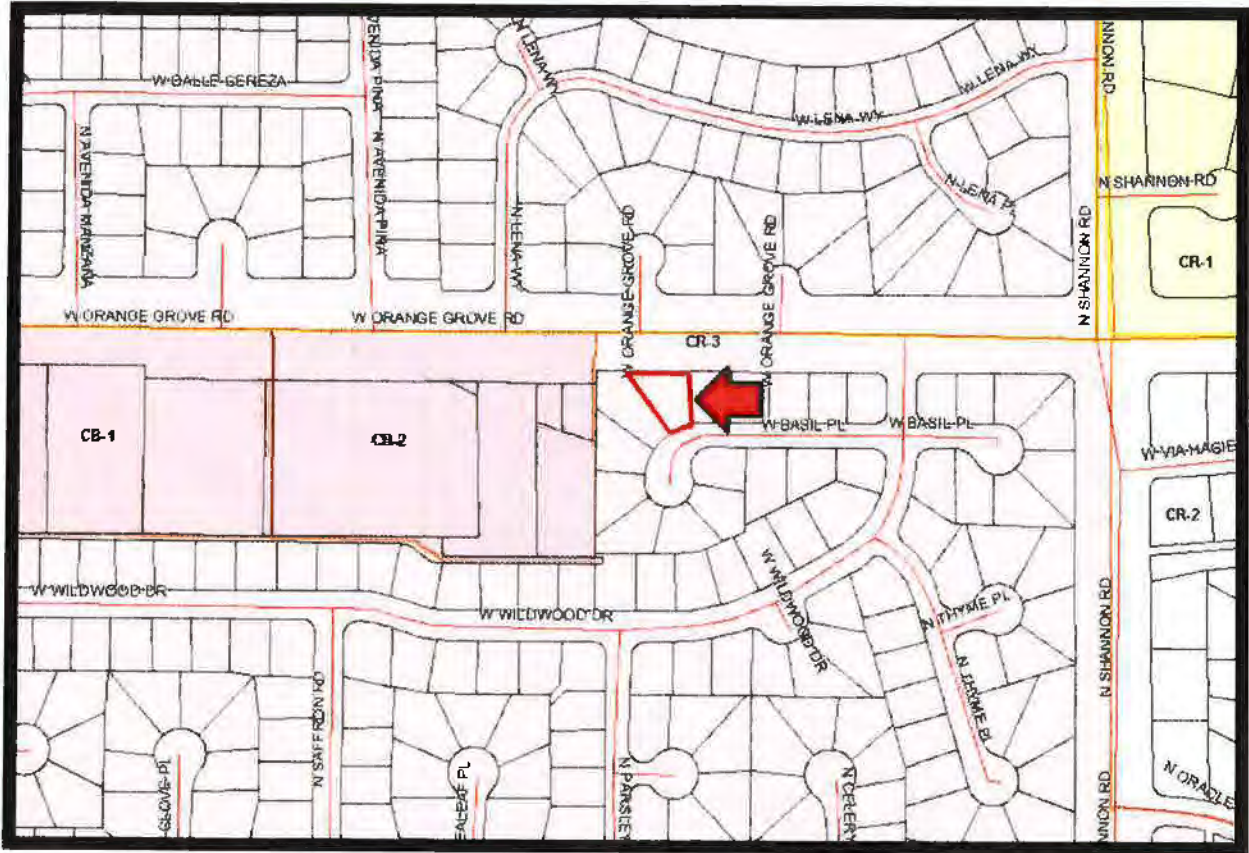


EXHIBIT B - AERIAL PHOTOGRAPH



EXHIBIT C - ZONING MAP (Pima County)



<input checked="" type="checkbox"/>	Zoning - County
	CB-1
	CB-1(H)
	CB-2
	CB-2(H)
	CI-1
	CI-2
	CI-3
	CMH-1
	CMH-2
	CPI
	CR-1
	CR-2
	CR-2(H)
	CR-3
	CR-4
	CR-4(H)
	CR-5
	CR-5(GC)
	CR-5(H)

	GR-1
	GR-1(H)
	IR
	ML
	MR
	MU
	RH
	RH(GC)
	RH(H)
	RVC
	SH
	SH(H)
	SP
	SR
	SR-2
	TH
	TH(H)
	TR

EXHIBIT D - FLOOD PLAIN MAP

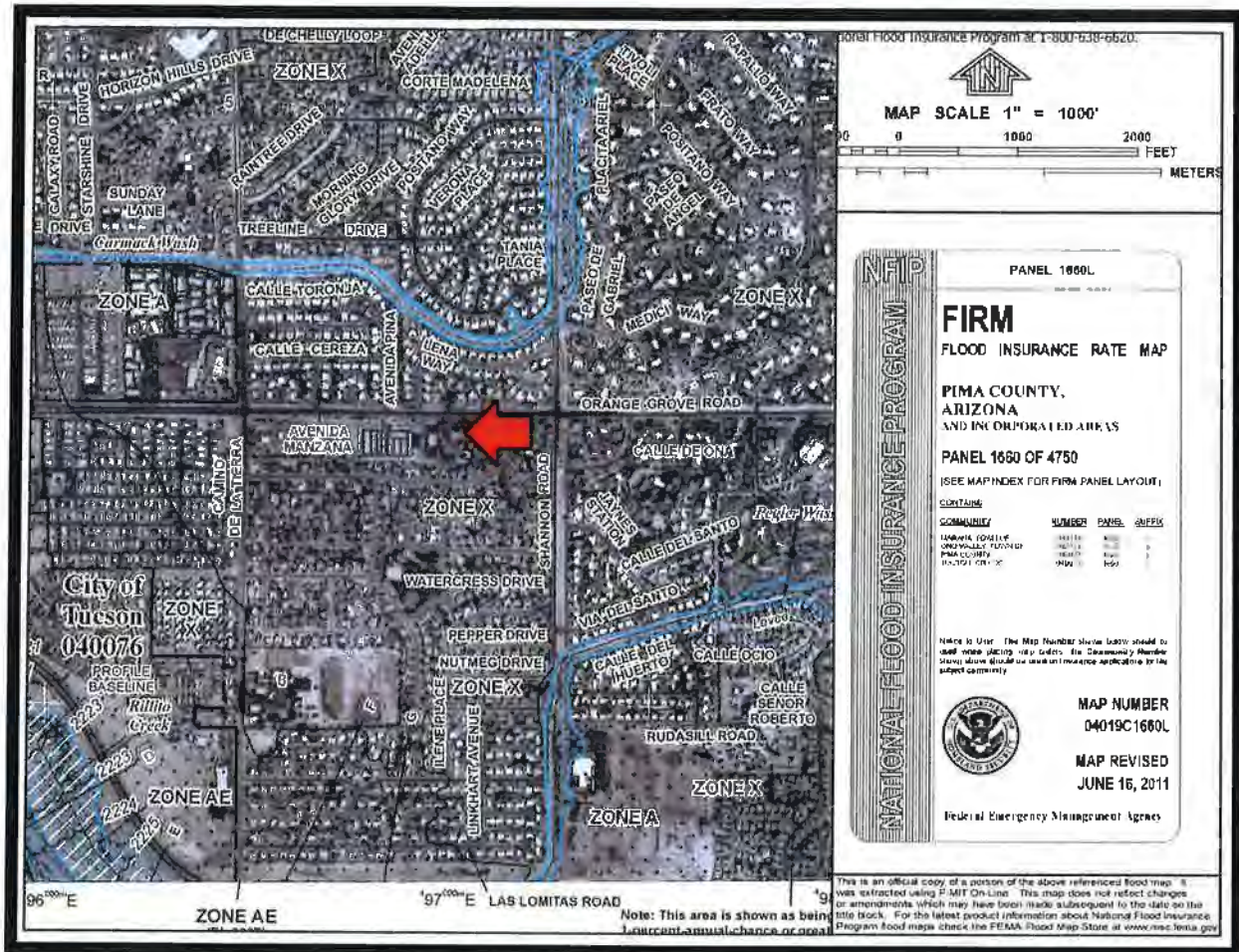


EXHIBIT E - FLOOR PLAN

SKETCH/AREA TABLE ADDENDUM

File No 7454

SUBJECT

Property Address _____

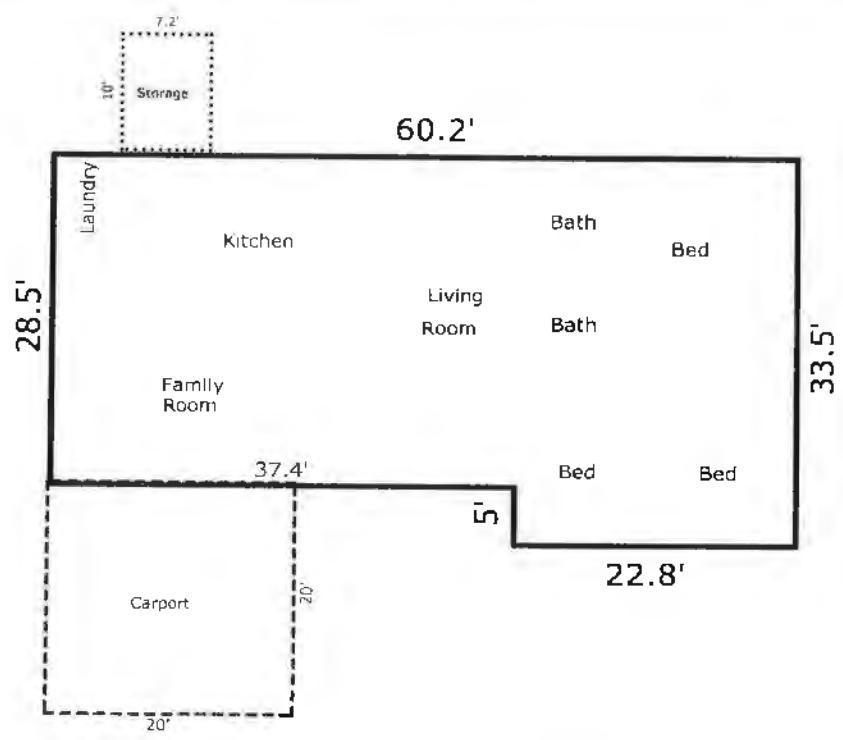
City _____ State _____ Zip _____

Borrower _____

Lender/Cient _____

Appraiser Name _____

IMPROVEMENT'S SKETCH



Scale: 1" = 30'

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY				LIVING AREA BREAKDOWN		
Code	Description	Net Size	Net Totals	Breakdown		Subtotals
GLA1	First Floor	1829.70	1829.70	First Floor		
OTR	Storage	72.00	72.00	28.5 x	60.2	1715.70
				5.0 x	22.8	114.00
Net LIVABLE Area		(rounded)	1830	2 Items	(rounded)	1830

EXHIBIT F - SUBJECT PHOTOGRAPHS
PHOTO 1 - VIEW OF PROPERTY FROM BASIL PLACE



PHOTO 2 - VIEW NORTHWEST FROM BASIL PLACE



PHOTO 3 - VIEW OF REAR OF HOME



PHOTO 4 - VIEW OF SIDE OF HOME AND FENCE



PHOTO 5 - VIEW OF REAR OF HOME



PHOTO 6 - VIEW OF SIDE GATE



PHOTO 7 - VIEW OF SIDE OF HOME AND STORAGE



PHOTO 8 - VIEW OF REAR YARD



PHOTO 9 - VIEW OF FRONT YARD



PHOTO 10 - VIEW OF INTERIOR



PHOTO 11 - VIEW OF INTERIOR



PHOTO 12 - VIEW OF INTERIOR

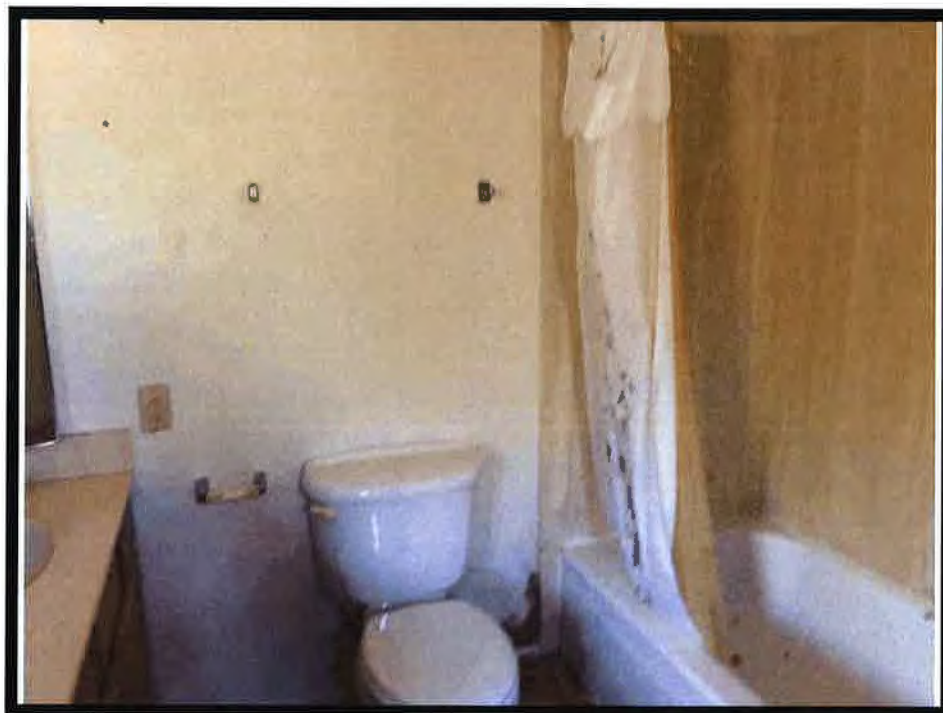


PHOTO 13 - VIEW OF INTERIOR



PHOTO 14 - VIEW OF INTERIOR



PHOTO15 - VIEW OF INTERIOR



PHOTO16 - VIEW OF INTERIOR



PHOTO 17 - VIEW OF INTERIOR



PHOTO 18 - VIEW OF INTERIOR



PHOTO 19 - VIEW OF INTERIOR



PHOTO 20 - VIEW OF INTERIOR



PHOTO 21 - VIEW OF INTERIOR



PHOTO 22 - VIEW OF INTERIOR



PHOTO 23 - VIEW WEST ON BASIL PLACE



PHOTO 24 - VIEW EAST ON BASIL PLACE



PHOTO 25 - VIEW OF PROPERTY FROM ORANGE GROVE ROAD



PHOTO 26 - VIEW EAST ON LA CHOLLA BOULEVARD



PHOTO 27 - VIEW WEST ON LA CHOLLA BOULEVARD

