



Appraisal Report for “as-if vacant” Fee Simple Land Value of an Encroachment.

PREPARED FOR

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PREPARED BY

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Date of Value: November 11th, 2022.

Date of Report: November 22nd, 2022.

SUMMARY

General: The encroachment that is the subject of this report is located on the west perimeter of **4696 South San Joaquin Avenue, Tucson, Arizona**. The subject’s “larger parcel” is a 1.13-acre lot that is zoned “SH”, a Suburban Homestead zone. The potential uses are permitted within section “18.19” from the Pima County Code of Ordinances. A summary guide for the Pima County Zoning code is in the Addenda at the end of this report. The lot size is based on the Pima County GIS area calculations. The property owner’s improvements are encroaching on a parcel of land that is owned by Pima County. The encroachment area is reported to be 943 square feet according to a survey by Pima County. An exhibit of this survey is in the Property Identification section of this report.

Larger Parcel Valuation Methodology: To meet the needs of the client, the encroachment area will be valued as a pro-rata share of the “larger parcel”. The larger parcel for this report is the 1.13-acre, or 49,377 square-foot, homesite at 4696 South San Joaquin Avenue. As a pro-rata value, the encroachment will be valued at the same unit price, price per square foot, of the larger parcel “as-if vacant”. This unit price estimate is derived from the Sales Comparison Approach.

As-if Vacant Concept: To meet the needs of the client, only an estimated land value is used for application to the encroachment area. This Appraisal Report relies on the hypothetical premise that the subject’s larger parcel is a vacant homesite with no vertical improvements. This is also called a Hypothetical Condition and is defined on the following pages.



The yellow boundary designates the “larger parcel”. The red boundary is the encroachment area. Boundary Lines are approximate.

**OPINION OF MARKET VALUE OF THE “FEE-SIMPLE” INTEREST IN THE ENCROACHMENT PARCEL “AS-IF VACANT:”\$1,100.
OR \$1.20 PER SQUARE-FOOT.**

This opinion is based on general assumptions and limiting conditions which are located at the end of this report. This opinion is also subject to any extraordinary assumptions and hypothetical conditions contained on the following pages.

Extraordinary Assumptions:

An Extraordinary Assumption is defined as an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information

about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions (USPAP, 2020-21 ed.)¹

The following are extraordinary assumptions relative to this appraisal:

- 1) *No sign of distressed vegetation, soil stains or extraordinary odors were observed during the inspection. Environmental reports were not provided to the appraiser. No adverse conditions were observed. Lacking environmental reports, it is an extraordinary assumption of this appraisal that there are no environmental conditions on or around the property that would adversely impact their market values.*
- 2) *No title reports were provided for review by the appraiser. No adverse easements or encroachments were observed. Lacking title reports, this appraisal assumes that the subjects are encumbered by typical public utility, easements that do not adversely affect values.*
- 3) *The encroachment parcel is valued at the same unit value of the larger parcel which includes the residential lot.*

Hypothetical Conditions:

A hypothetical Condition is a condition directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison
- Use of the hypothetical condition results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2020-21 ed.)² Use of these standards has been extended through 2022

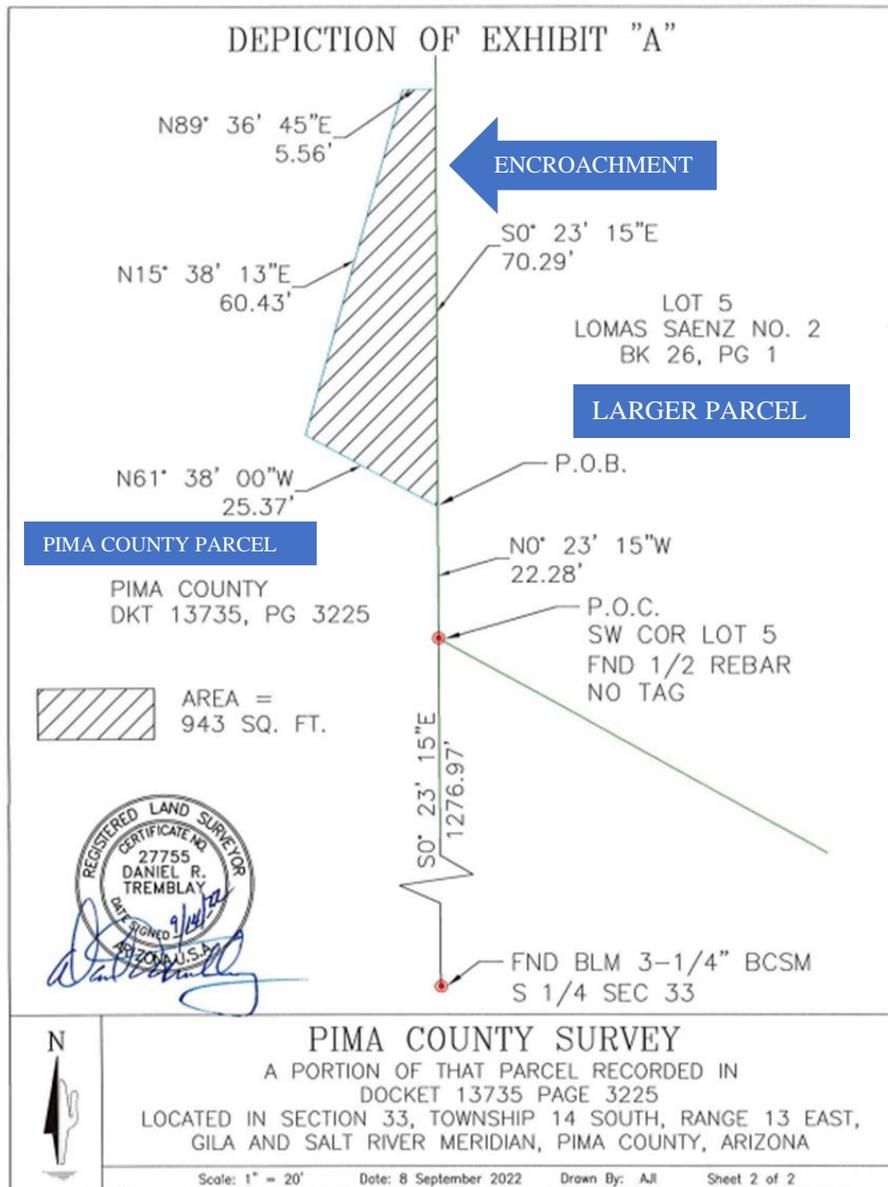
¹ Uniform Standards of Professional Appraisal Practice, The Appraisal Foundation, 2020-2021.

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

It is a Hypothetical Condition of this Appraisal that the Larger Parcel, and Encroachment Parcel, are vacant with no vertical improvements.

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

PROPERTY IDENTIFICATION – PIMA COUNTY SURVEY



The Assessor's Parcel Number for the *larger parcel* is **119-35-100A**.

The Assessor's Parcel Number for the *Pima County Parcel* is **119-35-1910**.

Legal Description of Larger Parcel: LOMAS SAENZ NO 2 LOT 5 & S4' OF LOT 4
Pima County, AZ.

Legal Description of Encroachment: Provided by Pima County below.

EXHIBIT "A"
LEGAL DESCRIPTION

A portion of the Southwest Quarter of Section 33, Township 14 South, Range 13 East, Gila & Salt River Meridian, Pima County, Arizona, as described in Docket 13735 at Page 3225, recorded in the office of the Pima County Recorder, Arizona, more particularly described as follows:

COMMENCING at the southwest corner of Lot 5 of Lomas Saenz No. 2, a subdivision recorded in Book 26 of Maps and Plats at Page 1, a 1/2" rebar untagged, to which the southeast corner of said Southwest quarter, a 3-1/4" BLM, BCSM stamped with the appropriate section information, bears South 00°23'15" East a distance of 1276.97 feet;

THENCE along the common line of said Lot 5 and the parcel described in Docket 13735 at Page 3225, North 00°23'15" West a distance of 22.28 feet to the **POINT OF BEGINNING**;

THENCE North 61°38'00" West a distance of 25.37 feet;

THENCE North 15°38'13" East a distance of 60.43 feet;

THENCE North 89°36'45" East a distance of 5.56 feet to a point on said common line of said Lot 5 and the parcel described in Docket 13735 at Page 3225;

THENCE along said common line South 00°23'15" East a distance of 70.29 feet to the **POINT OF BEGINNING**.

TYPE OF ASSIGNMENT

This is an Appraisal Report that follows the requirements as outlined in the Uniform Standards of Professional Appraisal Practice for 2020-21, which is extended through 2022. This report includes only the appraiser's value conclusion and a summary of the data and analysis.

INTEREST EVALUATED – Fee Simple Estate.

DEFINITION OF FEE SIMPLE ESTATE:

“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.”³

³ Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022. Page 73.

DEFINITION OF LARGER PARCEL:

“In governmental land acquisitions and in valuation of charitable donations of partial interests in property such as easements, the tract or tracts of land that are under the beneficial control of a single individual or entity and have the same, or an integrated, highest and best use. Elements for consideration by the appraiser in making a determination in this regard are contiguity, or proximity, as it bears on the highest and best use of the property, unity of ownership, and unity of highest and best use. In most states, unity of ownership, contiguity, and unity of use are the three conditions that establish the larger parcel for the consideration of severance damages. In federal and some state cases, however, contiguity is sometimes subordinated to unitary use.”⁴

The Encroachment Parcel is very small. Finding comparable properties of that size range is not an appropriate measure of value. Thus, the larger parcel technique is used to value the site as part of the homesite adjacent to it. The encroachment is allocated at a proportionate rate of the larger parcel’s value. The most appropriate value unit for this technique is the price per square foot.

ACROSS-THE-FENCE DEFINITION:

This appraisal employs a valuation practice which is similar to the across-the-fence (ATF) methodology. The value of the Encroachment Parcel is based on a comparison with adjacent land, in this case the Larger Parcel.

“Across-the-Fence (ATF) method. A land valuation method used in the appraisal of corridors. The across-the-fence method is used to develop a value opinion based on comparison to abutting land. “⁵

DEFINITION OF MARKET VALUE

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:

- *Buyer and seller are typically motivated;*
- *Both parties are well informed or well advised, and acting in what they consider their own best interest;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and*

⁴ Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022. Page 105.

⁵ Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022. Page 3.

- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale⁶*

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this valuation is to arrive at a market value opinion for the land value of the subject property's encroachment parcel. The depth of this analysis was intended to be appropriate to the appraisal problem.

The intended users are Jeffrey Teplitsky, and the Pima County Real Property Services Department. The intended use of this appraisal is to assist Pima County with selling the encroached area to the encroaching party.

DATE OF REPORT:

The date of this report is November 22nd, 2022.

EFFECTIVE DATE OF VALUE:

The effective date of value is November 11th, 2022, the date of the property inspection.

SCOPE OF THE ASSIGNMENT

The information contained in this report was obtained from one or more of the following sources: a property inspection of the subject property, on-line information from various sources such as city and county records, Google Earth, MLS, and from information provided by local market participants. The comparable sales were also confirmed by deeds, affidavits of value, and verbal confirmations with parties to the transaction.

The subject's market area was evaluated and a search for comparable residential land sales was performed. The search for comparable information was from additional data services such as Multiple Listing Service of Southern Arizona, local real estate agents, and buyers and sellers. I have taken additional steps to try to verify the information used in the appraisal to the extent reasonable and possible.

I have inspected the subject property, and I have taken photographs of the property for further analysis. Supporting documentation is retained in the appraiser's work file. The scope of this report is considered adequate given the client's intended use.

⁶ *Dictionary of Real Estate Appraisal, 7th Edition, Appraisal Institute, 2022. Page 118*

- *The Income Approach was not used because the subject is valued as hypothetically vacant land. Vacant land is not typically valued based on its rental income. Thus, the Income Approach is not relevant to a typical buyer.*
- *The Cost Approach was not used because the hypothetical premise of this report excludes vertical improvements.*

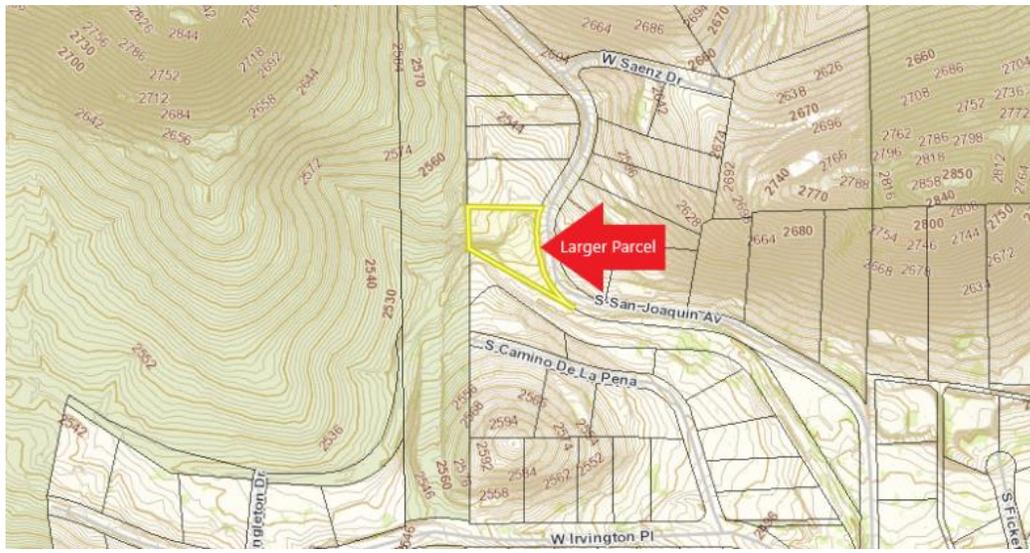
PROPERTY OWNERSHIP/HISTORY

Larger Parcel: According to the Pima County Assessor's records, the title to the subject is vested in the Revocable Trust of Stephen G. Ralls. Mr. Ralls appears to have acquired title to this property in January of 2005 by virtue of a Special Warranty Deed from a relative. The sequence number for this document is 20050061116.

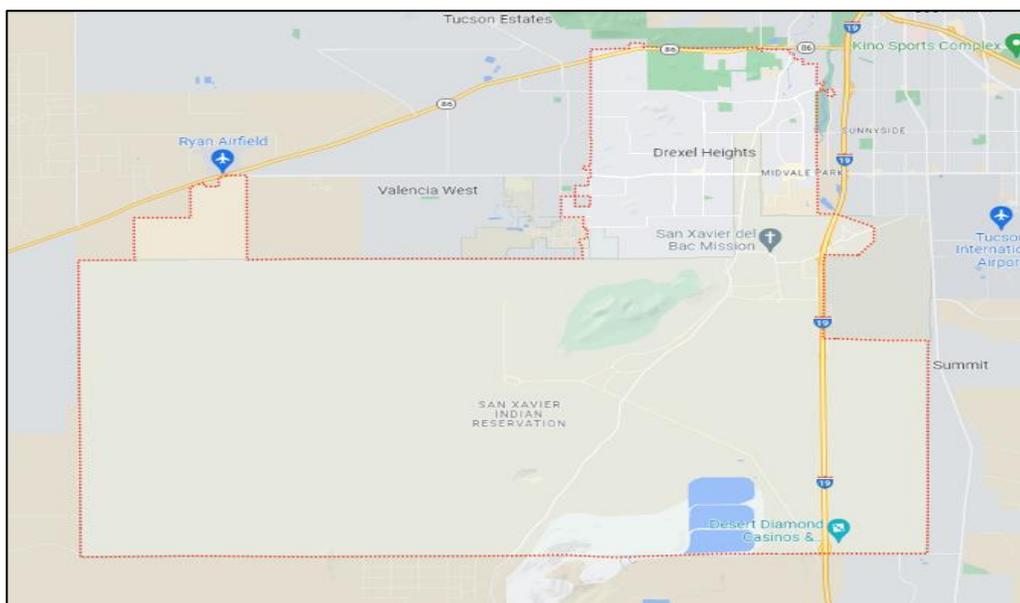
Encroachment Parcel: The encroachment parcel extends from the Larger Parcel into a parcel owned by Pima County. This parcel is an easement that was granted to the county by El Paso Natural Gas Company in 2010. The Gift Deed and Reservation of Perpetual Easement document is recorded under sequence number 20100190656.

NEIGHBORHOOD DESCRIPTION:

This immediate neighborhood is comprised of site-built and manufactured homes. The area exhibits average levels of maintenance. The neighborhood is south of West Ajo Way and west of Interstate-19. The subject is on San Joaquin Avenue which is just southeast of the Tucson Mountain Park. San Joaquin Avenue is 2-lane paved road that winds through the area. A topographic map is shown below:

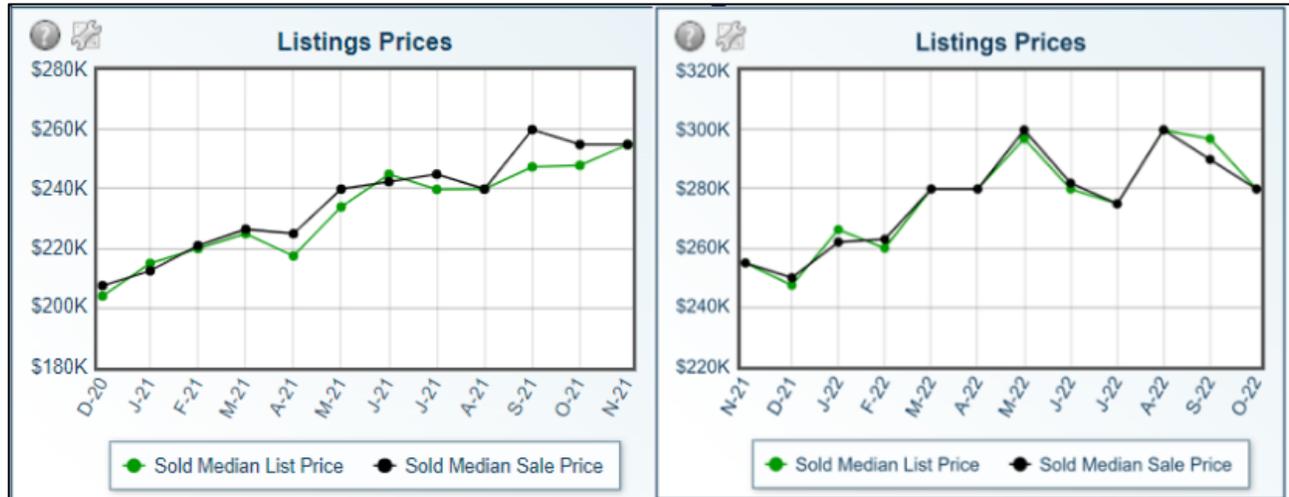


The immediate neighborhood is zoned “SH”, for Suburban Homesteads, which permits permanently placed manufactured and mobile homes. Site-built homes are also permitted in “SH” zones. The following map shows the boundary of the 85746 postal code. This postal code was used for locational filtering in parts of my market analysis research.



MARKET ANALYSIS

I have provided brief market research on residential property values. To obtain enough data to derive reliable information on residential land, improved residential sales are included. The Arizona Multiple Listings Service market research tools are used to provide the following charts.



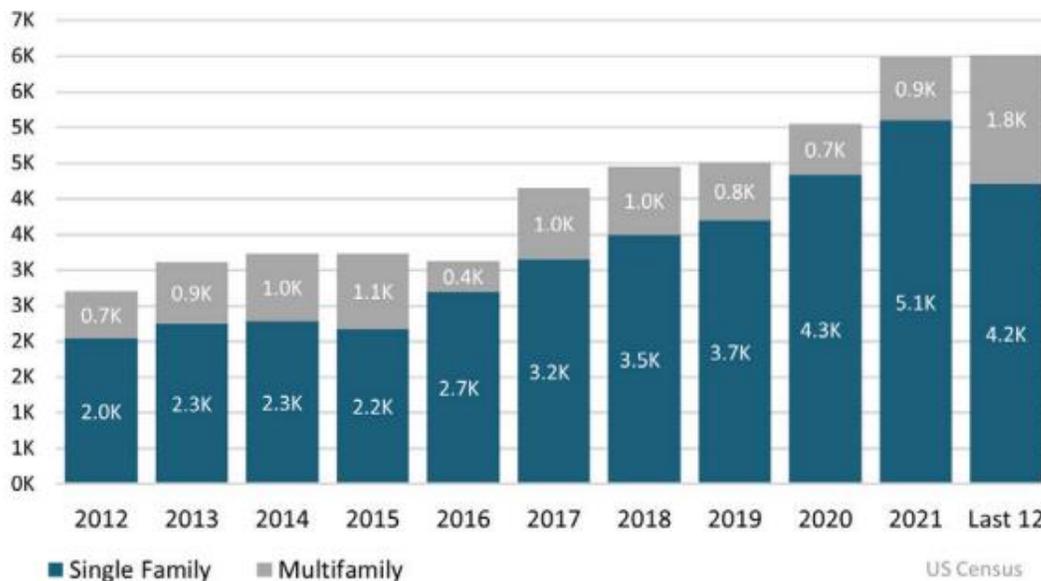
These charts provide pricing for residential properties which have sold within the 85746 postal code only. The earliest comparable sale in this report took place on March 5th of 2021. As such, the basis for market conditions adjustments will rely on market data from March 2021 to the current date. This data is based on approximately 25-40 sales per month in this postal code. The median sale price for March 2021 was reported to be \$226,500. The median sale price for October 2022 was reported to be \$280,000. This represents a 23% increase in the median sale prices over the 19-month period, or 1.2% per month.

The following charts show the “Land-Lot” list and sale prices of “sold” properties for all of Pima County. Market land research for the subject’s postal code resulted in too few sales to provide a reliable indication of values. Thus, Pima County data is the next best available for reliable analysis. These data imply a lack of trend for the period of March 2021, to October 2022. The data suggests a decrease of nearly 10% in Median Sale Price. This information is based on all types of land with no filters for location or use. These data suggest that while residential prices have increased, land prices have not followed a similar trend.



New Construction: The following chart is provided by the Land Advisors of Tucson, Arizona, for the 3rd Quarter of 2022. This chart uses data from the U.S. Census Bureau. There has been a decrease in the number of yearly single-family permits in the last 12 months. I believe this is in part due to the impact of inflation on rising construction costs and higher unit costs. With higher construction costs, the demand for vacant land development is affected negatively.

Single & Multi-Family Permits



30-Year Mortgage Rates: According to Freddie Mac, in January 2022, 30-year mortgage rates were slightly above 3%. As of October 2022, these rates were just over 7%. Rising interest rates in 2022 have led to a rise in the effective price of homes. With the increase in the effective price of house

being approximately 58%, a decrease in demand is already occurring. The increased price is reflective of the much higher monthly mortgage payment. For 2023, I believe owners will hold their properties longer rather than sell for a loss. This will cause a substantial decline in the number of real estate transactions. According to the Tucson Association of Realtors, closed sales of homes in September 2022 are already 25.1% less than September 2021.

Conclusion: The Multiple Listings Data shows an increase in residential property values. However, it is my opinion that vacant residential land has not increased in value at a rate reflecting home prices as well. The increased costs of construction and lower housing affordability is causing buyer reluctance to purchase. The decreasing single-family permits and decrease in the volume of residential sales further support this opinion. I believe a rate of 0.5% per month since March 2021 is a more credible increase. This is the percentage used for market conditions later in the report.

SUBJECT PHOTOGRAPHS

Photo 1: View of larger parcel facing west.



Photo 2: View of Encroachment from northern area of Encroachment Parcel, facing south.



Photo 3: View of leveled driveway from San Joaquin Ave.



Photo 4: Northbound San Joaquin Avenue



Photo 5: Southbound San Joaquin Avenue



Photo 6: Encroachment Parcel from Larger Parcel facing west.



Photo 7: Encroachment Parcel facing northwest.



Photo 8: Encroachment Parcel southeast from Pima County Parcel.



Photo 7: Encroached area facing Larger Parcel.



SITE ANALYSIS – LARGER PARCEL:

Site Area: 1.13-acres, or 49,377 square feet according to the Pima County Assessor.

Shape: Irregular with a curve to San Joaquin Avenue. See Aerial on Page 2

Access: Access is permitted from San Joaquin Avenue. This avenue is asphalt paved in good condition.

Topography: A homesite has been leveled for development of a single-family home and for a driveway to the street. The south and eastern portions of this parcel are not leveled and have sloped topography. I am also appraising the property to the north of 4696, and I acknowledge the difference in topography. The homesites are leveled and have a similar amount of packing and fill. I don't believe it is necessary for them to be adjusted differently. In the Sales Comparison Approach, I will weigh this category the same as 4970 S. San Joaquin Avenue for topography.

Zoning: SH, Suburban Homestead Zone, Pima County Zoning Ordinance. This zoning designation allows for a variety of uses. A zoning summary is located in the Addenda of this report. The permitted uses are shown below:

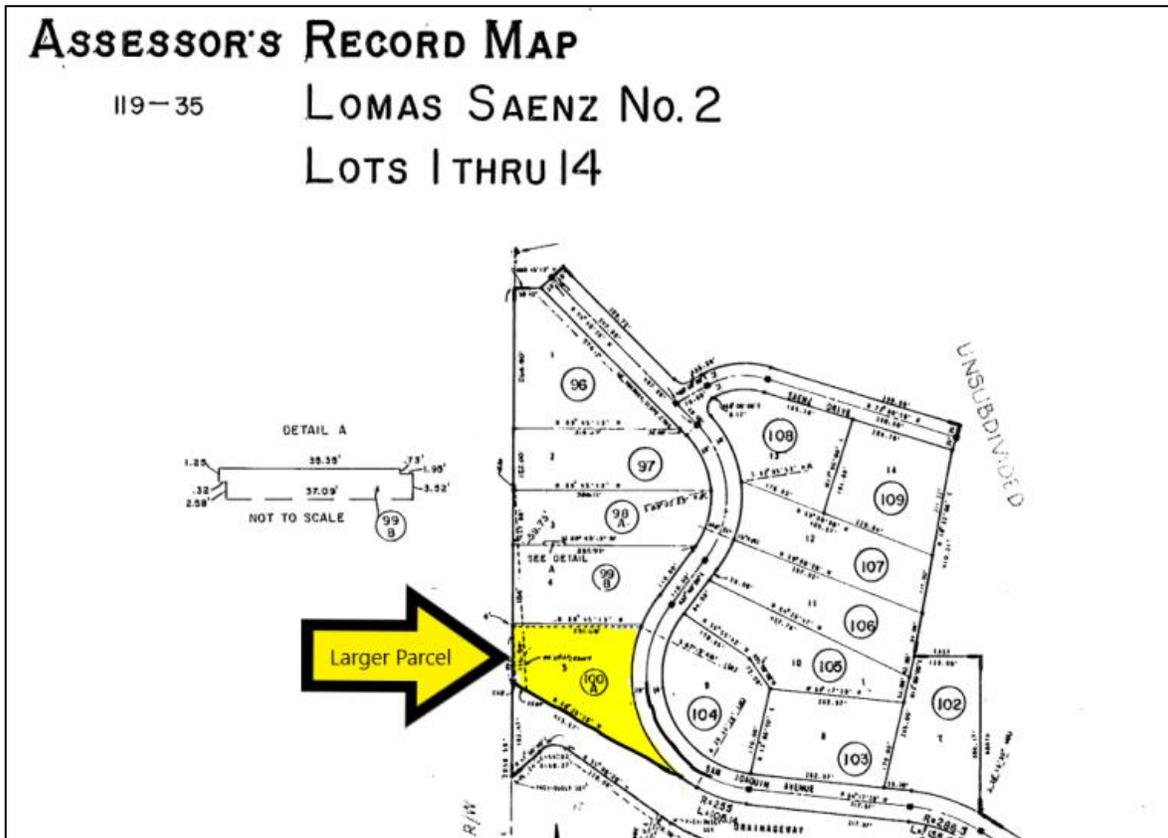
18.19.010 Permitted uses.

1. Any use as permitted in Section 18.17.020 (SR Suburban Ranch Zone);
2. Duplex dwelling;
3. Trailers or manufactured or mobile homes; provided no more than two trailers or manufactured or mobile homes be placed on any one lot;
4. The employment of persons not residing on the premises.

Utilities: Water – Tucson Obligated Service Area.
Sewer – Septic.
Electric – Trico Electric Cooperative.
Telephone – Multiple Providers.
Gas – Natural Gas.

Easements: **The appraiser was not provided a title report for review. Therefore, this appraisal assumes that there are no title conditions that adversely impact the market value of the subject.**

Flood Zone: FEMA Zone X, an area of “Low to Moderate” flood risk, according to map number 04019C2270L, dated June 16, 2011.



SITE ANALYSIS – ENCROACHMENT PARCEL:

Site Area: 943 square feet according to the previously shown Pima County Survey.

Shape: Irregular.

Topography: Leveled with two elevations separated by a wall. - *See Photo #8*

Easements: **The appraiser was not provided a title report for review. Therefore, this appraisal assumes that there are no title conditions that adversely impact the market value of the subject.**

Flood Zone: FEMA Zone X, an area of “Low to Moderate” flood risk, according to map number 04019C2270L, dated June 16, 2011.



Zoomed aerial for reference. Encroachment boundaries are approximate in red.

IMPROVEMENTS DESCRIPTION

This appraisal is subject to the hypothetical condition that the parcels are vacant with no vertical improvements.

HIGHEST AND BEST USE

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

"The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. (Page 306)"

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

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

HIGHEST AND BEST USE - "AS-IF VACANT"

Legally Permissible: Legally, the property is zoned "SH" which permits up to two residential dwellings per 36,000 square-feet. The zoning for this property allows for the permanent placement of mobile homes. The minimum lot width is 100 feet, and the minimum lot area is 36,000 square feet.

Physically Possible: The property's shape is irregular, and there has been a considerable amount of site leveling. It is physically possible to build a site-built home on this parcel as-if vacant.

Financially Feasible: The most positive return to the owner of this site would likely be a site-built rental or two mobile units. However, this property is in a location that appears to have very few rentable units. It is less likely that this land would be purchased by anyone other than an owner occupant.

Maximally Productive: The maximally productive use is the highest value use that meets the criteria of what is legally permissible, physically possible, and financially feasible. Therefore, the maximally productive use of the subject's site is for owner-occupied residential uses. I believe the highest value of this site "as-if vacant" is for development of a single-family residence.

VALUATION

For this evaluation, the sales comparison approach was used to estimate the market value of the land. Since the most likely buyer of the subject will be an owner-user, the sales comparison approach provides the most reliable indication of market value of the land.

SALES COMPARISON APPROACH – LARGER PARCEL

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

There are five basic steps in the Sales Comparison Approach:

1. Research the market to locate sales of properties similar to the subject.
2. Verify that the sales represent bonafide, arms-length transactions.
3. Identify relevant elements of comparison and analyze each sale, subject to assignment constraints.
4. Compare the subject property to the comparable sales and adjust the sale's prices for relevant differences to indicate an estimated market value for the subject property.
5. Reconcile the various indications of value into a market value estimate for the subject property.

A search for comparable land sales in the subject's market area was performed. The search included vacant land or properties purchased for land value. Sales were to have occurred within two years prior to the date of value. The search included properties between .5 and 3.5 acres. The area searched was south of West Ajo Way and west of Interstate-19. The search for comparable information was limited to data services such as the MLS, Zillow, GIS maps, and recommendations by local agents. Information from these sources were verified by Deeds, Sworn Affidavits of Value, and interviews with the relevant parties to the transaction when possible.

The comparative analysis and price adjustments consider only characteristics that are believed to affect Market Value. Based on my research, the land sales documented below are the best available data for direct comparison with the subject property.

COMPARABLE LAND SALE



COMPARABLE:

SALE 1

LOCATION:

6235 S Speaks Trail

LEGAL DESCRIPTION:

Tucson, Arizona 85746

PTN E825.64' S290.15' N622.89' LOT 3
1.35 AC SEC 7-15-13

TAX CODE NUMBER:

137-18-1380

RECORDS:

Instrument:

Warranty Deed

Date Recorded:

March 5, 2021

Affidavit of Fee No:

20210640330

SELLER:

Greg C Harkins and Linda A Hickox

BUYER:

Carpillo Investmens Inc.

SALE PRICE:

\$65,000

INTEREST CONVEYED:

Fee Simple

TERMS:

All Cash

CONDITIONS OF SALE:

Market

SITE SIZE IN SQ. FT.

58,806

SALE PRICE PER SQ. FT:

\$1.11

PHYSICAL DESCRIPTION

Location:

Average

View:

Average

Access / Road (Paved / Dirt)

Poor / Dirt

Topography / Shape:

Leveled site / Irregular

Utilities

All to lot line

ZONING:

GR-1

THREE YEAR HISTORY:

No Prior Sales

MARKETING TIME:

25 Days

CONFIRMED WITH:

Sworn Affidavit, Title Report, and Listing

DATE CONFIRMED:

11/14/2022

COMMENTS:

This sale represents 1.35 acres of GR-1 zoned land. This parcel includes a narrow easement which provides access to the site. Most of the site was leveled. Following the vacant land purchase, a 1,400 square-foot 3BR/2BA house was built. The listing for the house began on April 21st 2021 for \$260,000. This house sold for \$265,000 on June 18th 2021 after 65 days on the market. The dirt road that provides access to this property is in poor condition. There are many large rocks and unlevelled portions of dirt.

COMPARABLE LAND SALE



COMPARABLE:

LOCATION:

LEGAL DESCRIPTION:

TAX CODE NUMBER:

RECORDS:

Instrument:

Date Recorded:

Affidavit of Fee No:

SELLER:

BUYER:

SALE PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

SITE SIZE IN SQ. FT.

SALE PRICE PER SQ. FT:

PHYSICAL DESCRIPTION

Location:

View:

Access / Road (Paved / Dirt):

Topography / Shape:

Utilities:

ZONING:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATE CONFIRMED:

COMMENTS:

This sale represents 3.18 acres of vacant land on Milton Road. This land exhibits an upward slope to a mountain. Based on the significant increase in the slope on the northern portion of the property, the buildable area of the site is reduced. Milton Road is asphalt paved. This property is zoned CR-1 which does not allow the permanent placement of mobile homes. This property is backed up to a mountain to the north.

SALE 2

3420 W Milton Rd.

Tucson, Arizona 85746

CNTRL 1/3 NE4 NE4 NW4 LESS S30' H 3.18 AC P

137-21-001C

Special Warranty Deed

March 17, 2021

20210760779

Mariaelena B. Esparza

Tosca Foster

\$80,000

Fee Simple

All Cash

Market

138,821

\$0.58

Above Average

Average

Average / Paved

Sloped Hillside / Rectangular

All to lot line

CR-1

No Prior Sales

N/A

Sworn Affidavit

11/14/2022

COMPARABLE LAND SALE



COMPARABLE:

SALE 3

LOCATION:

4911 S Cactus Wren Ave.

LEGAL DESCRIPTION:

Tucson, Arizona 85746
S178.71' OF N324.71' OF E300' OF E2 OF LOT 4
1.23 AC SEC 4-15-13

TAX CODE NUMBER:

137-12-047F

RECORDS:

Instrument:
Date Recorded:
Affidavit of Fee No:

Warranty Deed
September 7, 2021
20212500311

SELLER:

Felipe Vilalba and Tu Casa AZ, LLC - Francisco Moreno

BUYER:

Rascon Oraldo

SALE PRICE:

\$75,000

INTEREST CONVEYED:

Fee Simple

TERMS:

All Cash

CONDITIONS OF SALE:

Direct

SITE SIZE IN SQ. FT.

53,579

SALE PRICE PER SQ. FT.:

\$1.40

PHYSICAL DESCRIPTION

Location:
View
Access / Road (Paved / Dirt)
Topography / Shape:
Utilities

Average
Good
Below Average / Maintaned Dirt
Hillside Partially Leveled / Rectangular
All available including septic

ZONING:

SH, Suburban Homesite

THREE YEAR HISTORY:

No Prior Sales

MARKETING TIME:

N/A

CONFIRMED WITH:

Francisco Moreno, Seller - (520)-461-9576

DATE CONFIRMED:

11/15/2022

COMMENTS:

This sale represents 1.23 acres of vacant land on Cactus Wren Avenue. This site is a moderately sloped hillside with a small leveled site for furute development. This site has unobstructed views to the south and southwest. This parcel borders United States Government land to the east. The seller, Francisco Moreno, reported that he sold the property for \$75,000. Mr. Moreno mentioned that there were two mobiles on the lot at the time of sale but the sale price only reflected the land value. He also mentioned that the septic was connected to the mobiles. This was a direct sale with no comissions paid to real estate agents.

COMPARABLE LAND SALE



COMPARABLE:

SALE 4

LOCATION:

4725 S San Joaquin Avenue
Tucson, Arizona 85746

LEGAL DESCRIPTION:

LOMAS SAENZ NO 2 LOT 7

TAX CODE NUMBER:

119-35-1020

RECORDS:

Instrument:

Warranty Deed

Date Recorded:

February 14, 2022

Affidavit of Fee No:

20220450945

SELLER:

Donald and Dian Manross, Dale Wolf, Edwin and Kathleen Geare.

BUYER:

David R. Buchanan

SALE PRICE:

\$30,000

INTEREST CONVEYED:

Fee Simple

TERMS:

All Cash

CONDITIONS OF SALE:

Market

SITE SIZE IN SQ. FT.

48,763

SALE PRICE PER SQ. FT.:

\$0.62

PHYSICAL DESCRIPTION

Location:

Average

View

Above Average

Access / Road (Paved / Dirt)

Average / Paved

Topography / Shape:

Steep Hillside / Irregular

Utilities

All to lot line

ZONING:

SH - Suburban Homesite

THREE YEAR HISTORY:

No Prior Sales

MARKETING TIME:

2 Years

CONFIRMED WITH:

Sworn Affidavit and Listing Agent - Tracy Castell
520-239-6728

DATE CONFIRMED:

11/14/2022

COMMENTS:

This sale represents 1.12 acres of vacant land on South San Joaquin Avenue. This is a steeply sloping parcel. The listing agent, Tracy J Castell, reported that this was an arms-length transaction and that the sale price was \$30,000. Mr. Castell could not estimate the cost to develop this into a pad.

COMPARABLE LAND SALE



COMPARABLE:

LOCATION:

LEGAL DESCRIPTION:

TAX CODE NUMBER:

RECORDS:

Instrument:

Date Recorded:

Affidavit of Fee No:

SELLER:

BUYER:

SALE PRICE:

INTEREST CONVEYED:

TERMS:

CONDITIONS OF SALE:

SITE SIZE IN SQ. FT.

SALE PRICE PER SQ. FT:

PHYSICAL DESCRIPTION

Location:

View

Access / Road (Paved / Dirt)

Topography / Shape:

Utilities

ZONING:

THREE YEAR HISTORY:

MARKETING TIME:

CONFIRMED WITH:

DATE CONFIRMED:

SALE 5

4260 W Milton Rd.

Tucson, Arizona 85746

E140.03' S330.06' LOT 12 1.06 AC SEC 7-15-13

137-18-029D

Warranty Deed

May 24, 2022

20221440456

Laura Elena Cardenas

Alfred and Josie Gallegos

\$46,000

Fee Simple

All Cash

Market

49,388

\$0.93

Above Average

Average

Below Average / Maintained Dirt

Unlevel / Rectangular

All to lot line

CR-1

No Prior Sales

N/A

Sworn Affidavit of Value

11/14/2022

COMMENTS:

This sale represents 1.13 acres of CR-1 zoned land along W Milton Road. CR-1 zoning does not permit the permanent placement of mobile homes. This property has rolling topography with uncleared vegetation.

LAND SALES ANALYSIS

Prior to price adjustments, the comparable land sales had prices ranging from \$0.58 / square foot to \$1.11 / square foot. Because no two properties are the same, it is necessary to apply price adjustments to the comparable sales' prices to reflect differences between the subject property and the comparable sales. Some material differences exist between the comparable sales and the subject property for which precise quantitative adjustments are difficult to estimate.

However, using the sources discussed in the scope of work section of this appraisal, this sales comparison approach will, nonetheless, employ a quantitative analysis. This technique compares the sales to the subject property for each of the elements of comparison. If the sale is superior to the subject property in a particular element of comparison, and assuming all other factors are equal, the sale's price receives a downward adjustment on a price per square foot basis to estimate a price that may be appropriate to the subject property. After comparing the comparable properties to the subject for each of the elements of comparison, a probable price range is indicated for the estimate of market value of the subject property.

Here follows a matrix which provides a comparison of the selected comparable sales to the subject property. Price adjustments are considered on the matrix to the comparable sale prices for each of the elements of comparison. The resulting "Adjusted sale price per square foot" represents the value used to estimate a market value opinion of the subject property based on an analysis of each of the sales. The analysis that follows the matrix exists to elaborate on the rationale and support for the adjustments made.

LAND SALES ADJUSTMENT MATRIX

ELEMENTS OF COMPARISON	SUBJECT	SALE 1		SALE 2		SALE 3		SALE 4		SALE 5	
	4696 S. San Joaquin	6235 S Speaks Trail	Price /sq ft	3420 W Milton Rd.	Price /sq ft	4911 S Cactus Wren Ave.	Price / sq ft	4725 S San Joaquin Avenue	Price / sq ft	4260 W Milton Rd.	Price / sq ft
SALE PRICE / PER SQ FT	N/A	\$65,000	1.11	\$80,000	0.58	\$75,000	1.40	\$30,000	0.62	\$46,000	0.93
INTEREST RIGHTS CONVEYED <i>Adjustment</i>	Assume Fee Simple	Fee Simple 0%	0.00	Fee Simple 0%	0.00	Fee Simple 0%	0.00	Fee Simple 0%	0.00	Fee Simple 0%	0.00
FINANCING TERMS <i>Adjustment</i>	Assume cash or cash equivalent	All Cash 0%	1.11	All Cash 0%	0.58	All Cash 0%	1.40	All Cash 0%	0.62	All Cash 0%	0.93
CONDITIONS OF SALE <i>Adjustment</i>	Assume Market	Market 0%	1.11	Market 0%	0.58	Direct 10%	1.40	Market 0%	0.62	Market 0%	0.93
MARKET CONDITIONS <i>Adjustment</i>	November 11, 2022 Date of Value	March 5, 2021 10%	1.11	March 17, 2021 10%	0.58	September 7, 2021 7%	1.54	February 14, 2022 5%	0.62	May 24, 2022 0%	0.93
ADJUSTED SALE PRICE PER SF			1.21		0.63		1.65		0.64		0.93
LOCATION	Average / Loma Saenz	Average		Above Average		Average		Average		Above Average	
General <i>Adjustment</i>		0%	\$0.00	-10%	(\$0.06)	0%	\$0.00	0%	\$0.00	-10%	(\$0.09)
View <i>Adjustment</i>	Average	Average 0%	\$0.00	Average 0%	\$0.00	Good -10%	(\$0.16)	Above Average -5%	(\$0.03)	Average 0%	\$0.00
Access / Road (Paved / Dirt) <i>Adjustment</i>	Average / Paved	Poor / Dirt 10%	\$0.12	Average / Paved 0%	\$0.00	Below Average / Maintaned Dirt 5%	\$0.08	Average / Paved 0%	\$0.00	Below Average / Maintained Dirt 5%	\$0.05
PHYSICAL CHARACTERISTICS	49,377	58,806		138,821		53,579		48,763		49,388	
Site Size in Square Feet <i>Adjustment</i>		0%	\$0.00	50%	\$0.32	0%	\$0.00	0%	\$0.00	0%	\$0.00
Topography / Shape <i>Adjustment</i>	Leveled Site / Irregular	Leveled site / Irregular 0%	\$0.00	Sloped Hillside / Rectangular 30%	\$0.19	Hillside Partially Leveled / Rectangular 15%	\$0.25	Steep Hillside / Irregular 65%	\$0.42	Unlevel / Rectangular 20%	\$0.19
Utilities <i>Adjustment</i>	All to Lot Line	All to lot line 0%	\$0.00	All to lot line 0%	\$0.00	All available including septic -20%	(\$0.33)	All to lot line 0%	\$0.00	All to lot line 0%	\$0.00
Zoning <i>Adjustment</i>	SH, Suburban Homesite	GR-1 0%	\$0.00	CR-1 0%	\$0.00	SH, Suburban Homesite 0%	\$0.00	SH - Suburban Homesite 0%	\$0.00	CR-1 0%	\$0.00
ADJUSTED SALE PRICE / SF			\$1.33		\$1.07		\$1.48		\$1.03		\$1.07

All sales presented are for vacant land with similar characteristics to the subject property. Individual observations regarding the sales and subject are discussed below.

Interest Rights Conveyed: This element of comparison reflects the interest being appraised and makes a price adjustment for any differences which may have affected the price of the comparable sale. The subject property is valued as to its fee simple interest. All the comparable sales also reflect the sale of the fee simple interest. No price adjustments are warranted.

Financing Terms: This element of comparison is meant to reflect whether the financing terms of the comparable sales vary significantly from the definition of market value. That is, if the sale was financed with something other than an all-cash purchase or a cash to the seller due to the buyer acquiring institutional financing, then that purchase requires a price adjustment. All sales were cash sales in which the owner received the full sale price in cash. This is verified through the Affidavit of Value for each. Therefore, no price adjustment is made for financing terms to any of the sales.

Conditions of Sale: This element of comparison reflects whether the conditions or circumstances surrounding the sale differed from the definition of market value, that the purchase occurred between a knowledgeable buyer and seller, neither acting under duress, and with all condition's requisite to a fair sale. Sale 3 was a direct sale from buyer to seller, and no sales commission was accounted for in the sale price. A typical commission for this type of transaction is approximately 10%. Thus, an upward adjustment is made to Sale 3.

Market Conditions: The market conditions element of comparison reflects any changes in market conditions from the date of the sales to the effective date of value. The effective date of value for this appraisal is November 11th, 2022. The Market Analysis section of this report explains the basis of adjustments for this element of comparison. The adjustment is 0.5% per month or 6% per year. Sales 1 through 4 have been adjusted upward to reflect changing market conditions. No adjustment was made to Sale 5 as the price of land leveled off with rising interest rates.

Location - General –All of the comparable sales are within a 5-mile radius of the subject. All of the comparable sales are considered to be rural in nature with slight differences in zoning and property types. A downward adjustment of 10% is applied to Sales 2 and 5. While this adjustment is partially related to zoning, the premise for the adjustment is more closely related to the location of the properties. These two properties are in areas where only site-built homes are permitted. Thus, the appeal of these neighborhoods is superior.

View: This element of comparison reflects the desirability of a site with enhanced views. A property with an unobstructed view of city lights, valleys, or mountains, will usually sell for a higher price. The subject property is just west of the Tucson Mountain Park. The Larger Parcel of this report has some city views to the southeast, but less desirable mountain views compared to the property to the north. I am also appraising this neighboring property at 4670 S. San Joaquin Avenue. 4670 has different views but are considered to be equal in desirability. The adjustments are the same. It is my opinion that Sales 3 and 4 have superior views compared to the subject as described on the data sheets. A downward adjustment is made to Sales 3 and 4 for their superior views.

Access and Road: This element of comparison reflects the quality of access to the property and the existence of a paved or dirt road. The subject property has average access and a paved road to the site. Access to Sale 1 is poor, there is an uneven dirt road that provides access to the homes in this area. An upward adjustment is made to Sale 1. Sales 3 and 5 are also dirt roads, but they are adequately maintained and level. A lesser upward adjustment is made to sales 3 and 5 for their inferior access.

Site Size – Based on the “economies of scale” theory, smaller sites typically sell at a higher price per square foot. Conversely, a larger site typically sells for a lower price per square foot. Sale 2 is larger than the subject. The Larger Parcel of this report is approximately 3,500 square feet larger than the neighboring property to the north which I am appraising. This difference is within a small enough range to warrant no difference in adjustments. Properties between 36,000 and 60,000 square feet are considered to be adequate for residential uses in these areas. This is the

minimum required lot size by Pima County Zoning. On a price per square foot basis, Sale 2 was the lowest value of the data set. It was approximately ½ the price per square foot of Sales 1 and 5. For this reason, I believe a lower unit price was paid due to its size. I have made an upward adjustment of 50% to Sale 3.

Topography and Shape – This element of comparison reflects whether the site has any unusual topographic features or an unusual shape. An extremely narrow property might not have the same uses as a property that is more regular. The Larger Parcel has an unusual curve to its southern half. This is not considered to negatively affect utility because the homesite is leveled. A typical buyer would prioritize the amount of usable space, for which the subject has an adequate amount. The Marshall Swift Residential Cost Handbook was used to estimate site excavation and site filling costs. This handbook estimates a base range that hard earth and clay excavation costs are \$7.47 to \$16.10 per cubic yard. This source also reports the cost of filling to be approximately the same for excavation and hauling. Given the varying slopes of each property, a calculation on a cubic yard basis was not feasible. Without an in-depth engineering quote for each property, this adjustment must be discretionary. I have made the following price adjustments based on my opinion of the amount of site work each property would require.

Sale 1 was irregularly shaped and included a narrow easement in the east portion of the lot. I believe the shape had nominal impact on the sale price because this site was improved and sold shortly after the land was purchased. The listing shows the site was leveled prior to the transaction. No price adjustment is made for Sale 1.

Sale 2 backed up to a mountain. A large portion of the site is not feasibly buildable. An upward adjustment is made for Sale 2's inferior topography.

Sale 3 included a leveled site area for two mobile dwellings. This leveled portion of the site is smaller than the leveled area of the subject. An upward adjustment is made to Sale 3 for its inferior topography.

Sale 4 has very steep topography. If any residential development were to occur, this sale would require the most site work of all the sales. This topography would usually disqualify the sale from being used in a comparative analysis. However, because this sale is on the same street as the subject, I used it. A substantial adjustment is made for topography based on the estimated cost to level a portion of the homesite.

Sale 5 has rolling topography and a rectangular shape. The topography is not as steep as Sale 2 or 4. However, this site would require additional leveling before it could be improved with a structure. An upward adjustment is made to Sale 5 for topography.

Utilities– This element of comparison reflects the availability of utilities to the site. The data source for the comparable’s utilities is from the MLS and the Pima County GIS parcel analysis. Adjustments in this section reflect the differences in available utilities to the subject. The seller of Sale 3 reported that a septic system was connected for the preexisting mobiles. The cost for installing a septic tank and leach field varies based on the density of soil, distance of the field, and quality of materials used. Several online sources report a wide range of \$10,000 to \$30,000. A representative from Old Pueblo Septic and Drain Service reported that installation costs could exceed \$10,000 depending on the site conditions. An adjustment is reasonable given that a \$15,000 cost to the \$75,000 sale price would equal a 20% change in value. A downward adjustment is made to Sale 3 for the existence of a septic system.

Zoning: The subject property is zoned “SH, Suburban Homestead” as defined in the Site Description of this report. Less restrictive zoning usually appeals to a broader spectrum of potential buyers. This spectrum aides the marketability of the properties in these less restrictive zones. However, SH zoning allows for mobile homes *and* site-built homes. Neighborhoods that allow mobile homes typically have less site-built homes, therefore, median property values are negatively affected. This basis for this is already accounted for in the general location section of this analysis. Therefore, a downward adjustment in this category would result in a double adjustment.

Conclusion: A market value estimate of \$1.20 / square foot is considered reasonable. The median adjusted price of the comparable sales is \$1.07 per square foot. The average adjusted price of the comparable sales is \$1.20. The adjusted price range is from \$1.03 to \$1.48 per square foot. I believe that all of the sales are equally helpful, and that the average adjusted value supports my value estimate.

Thus, a **market value indication** for the **land value** of the subject's Larger Parcel is calculated as follows:

$$49,377 \text{ square feet @ } \$1.20 / \text{square foot} = \$59,252.40. \text{ Rounded to } \$60,000.$$

ESTIMATED MARKET LAND VALUE FOR THE LARGER PARCEL.....\$60,000.

VALUATION OF ENCROACHMENT AREA:

The Market Value for the Larger Parcel is applied to the area of the Encroachment Parcel at the same value per square foot, \$1.20. The calculation is as follows:

$$943 \text{ square feet @ } \$1.20 / \text{square foot} = \$1,131.60, \text{ rounded to } \$1,100.$$

Therefore, my opinion of **market value** for the **fee simple** interest in the “**as- if vacant**” condition of the Encroachment Parcel, as of November 11th, 2022, to be \$1,100.

**ESTIMATED MARKET VALUE OF THE ENCROACHMENT
PARCEL “AS-IF VACANT” \$1,100**

Exposure Time is defined as 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.

Marketing time is defined as the estimated length of time it might take to sell a property interest in real estate at the market value opinion-level during the period immediately after the effective date of an appraisal. Marketing and exposure periods of 12 months are estimated based on the typical exposure period for sales of this type. My opinion of market value is subject to the assumptions and limiting conditions, and certification presented in the attached report.

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



CERTIFICATION

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, 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 or bias with respect to the parties involved.
- 4) I have performed no other services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- 5) I have no bias with respect to the property that is the subject of this report or to the relevant parties involved.
- 6) My engagement in this assignment was not contingent upon developing or reporting predetermined results, a requested minimum valuation, specific valuation, or the approval of a loan.
- 7) 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 causally related to the intended use of this appraisal.
- 8) My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- 9) I have made a physical inspection of the property.
- 10) Dustin Perrin, Researcher, provided significant real property appraisal assistance in the analyses and conclusions of this report.
- 11) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13) As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.



Steven Cole, MAI, SRA, AI-GRS - Date: 11/22/2022

Certified General Real Estate Appraiser - State of Arizona #30130

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

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

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

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

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

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

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

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

In the absence of a professional Engineer's Feasibility Study, information regarding the existence of utilities is made only from a visual inspection of the site. The Appraiser assumes no

responsibility for the actual availability of utilities, their capacity or any other problem which may result from a condition involving utilities. The respective companies, governmental agencies or entities should be contacted directly by concerned persons.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FORMAL EDUCATION:

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

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

PROFESSIONAL EDUCATION:

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

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

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

"Case Studies in Real Estate Valuation"

"Introduction to Real Estate Investments Analysis"

"Litigation Valuation"

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

"Market Analysis"

"Review Theory - General"

Attendance at Numerous Educational Seminars:

PROFESSIONAL MEMBERSHIPS:

Member, Appraisal Institute (MAI), Certification Number 6080. The institute conducts a voluntary program of continuing education for its designated members. MAI's and RM's who meet the minimum standards of this program are awarded periodic educational certification. As of this date, I have completed the requirements under the continuing education program of the Appraisal Institute. I am currently certified through December 31, 2022.

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

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

EXPERIENCE:

Includes valuation of most types of urban real property: single and multi-family residential, commercial, industrial, and vacant land. Experience also includes special

purpose properties, feasibility studies, Fee Simple and leasehold interest, counseling, and appraisal for condemnation since 1975.

ADDITIONAL EDUCATIONAL AND PROFESSIONAL ACTIVITY:

Publication of articles in Professional Journals:

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

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

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

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

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

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

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

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

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

APPROVED APPRAISER:

With most major commercial banks and mortgage companies in Arizona.

STATE CERTIFICATION:

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

ADDENDA

Pima County Zoning Code Quick Summary Guide

This is a Pima County Zoning code quick reference summary. Please refer to [Title 18](#) for a comprehensive list of provisions, restrictions and exceptions.

Zone	Zone Definition	Principal Uses	Minimum Lot Area (43,560sf = 1 acre)	Minimum Lot Width (feet)	Minimum Yard Requirements(Main Structure) Front/Side/Rear	Mobile Home permitted	Maximum Height # of Stories	Special Standards
TH 18.11	Trailer Homesite	Trailer (RV) park	18,000 sf (0.42 ac)	None	30/10/30	RVs only	34/2	
IR 18.12	Institutional Reserve	Public reserve land	36 acres	None	50/50/50	yes	34/2	
RH 18.13	Rural Homestead	Low density residential, agriculture	180,000sf (4.13 ac)	None	50/20/50	yes	34/2	Cluster Development Option
GR-1 18.14	Rural Residential	Residential, agriculture	36,000 sf(0.83 ac)	None	30/10/40	yes	34/2	Cluster Development Option
ML 18.15	Mount Lemmon	Single-family residential	36,000 sf(0.83 ac)	None	5/5/5	no	34/3	Max. Building Area 50%, Cluster Devel. Option
SR 18.17	Suburban Ranch	Low density rural residential	144,000 sf (3.31 ac)	None	50/10/50	temporary only	34	Cluster Development Option
SR-2 18.18	Suburban Ranch Estate	Low density rural residential	72,000 sf (1.66 ac)	120	30/10/40	temporary only	34/2	Cluster Development Option
SH 18.19	Suburban Homestead	High density rural residential	36,000 sf (0.83 ac)	100	30/10/40	yes	34/2	Up to 2 dwellings per 36,000 sq.ft. Cluster Devel. Option
CR-1 18.21	Single Residence	Single-family residence	36,000 sf(0.83 ac)	100	30/10/40	temporary only	34/2	Cluster and Lot Reduction Options
CR-2 18.23	Single Residence	Single-family residence	16,000 sf (0.37 ac)	80	30/10/40	temporary only	34/2	Cluster and Lot Reduction Options
CR-3 18.25	Single Residence	Single-family residence	8,000 sf (0.19 ac)	60	20/4/10	temporary only	34/2	Cluster and Lot Reduction Options
CR-4 18.27	Mixed-Dwelling Type	Single/Multi-family residences; duplexes	7,000 sf (0.17 ac)	None	20/10/10 (Site)	temporary only	34/2	Lot Development & Small Lot Options
CR-5 18.29	Multiple Residence Zone	Single/Multi-family residences; duplexes	6,000 sf (0.14 ac)	None	20/10/10 (Site)	temporary only	34/2	Lot Development & Small Lot Options
TR 18.31	Transitional	High density residential, office and some commercial uses	Residential: 4,500 sf (0.10 ac)	Residential: 40 Non-Residential: 60	20/7/10 (Residential) 20/7/25 (Non-Residential)	temporary only	34/2	Maximum density: 1 unit per 1,000 sq.ft.
CMH1 18.33	County Manufactured and Mobile Home	Manufactured or site built homes	8,000 sf (0.19 ac)	60	20/8/25	yes	34/2	Cluster Development Option

CMH2 18.35	County Manufactured and Mobile Home	Manufactured or site built homes; mobile- home park	None	None	see chapter 18.35	yes	34/2	Mobile Home Subdivision and Park Options
MU 18.37	Multiple Use	Residential, commercial, light manufacturing	Residential: 7,000 sf (0.17 ac)	Residential: 60	20/7/25	yes	34/2	Lot Devel. and Mobile Home Subdiv. Options
MR 18.39	Major Resort	Resort	20 acres	none	50/50/50 (Site)	no	34	Max. site coverage: 33%
RVC 18.41	Rural Village Center Zone	Retail/Services	Maximum 20 acres	None	see chapter 18.41	no	34/2	DRC review required, max. site coverage: 25%
CB-1 18.43	Local Business	Indoor retail, residential	Residential: 10,000 sf(0.23 ac)	Residential: 60	20/7/25 (Residential) 20/0/25 (Non-Residential)	caretaker only	Residential: 34 Non-Residential: 39	Lot Development Option
CB-2 18.45	General Business	Indoor/outdoor retail, wholesale, residential	Residential: 7,000 sf (0.17 ac)	Residential: 1,000	20/7/25 (Residential) 20/0/25 (Non-Residential)	caretaker only	39	Lot Development Option
CPI 18.49	Campus Park Industrial Zone	Research and development, non-nuisance manufacturing	10 acres	None	25/20/30 (100 from any residential zone)	no	36 or 44 (see chapter 18.49)	DRC & BOS reviews, max. site coverage: 33%
CI-1 18.51	Light Industrial/Warehousing	Manufacturing, retail, warehousing	None	None	15/0/10	caretaker only	39	
CI-2 18.53	General Industrial	Manufacturing, salvage yards	None	None	15/0/10	caretaker only	39 or 54 (see chapter 18.53)	
CI-3 18.55	Heavy Industrial	Intensive industrial	43,560 (1 acre)	None	see chapter 18.55	no	None	All industrial uses require conditional use permits