

**PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING**

Appraisal Service, Litigation Support, Counseling  
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**COVER PAGE**

**APPRAISAL REPORT**

**An Opinion of Land Value of a site,  
Located at the northwest corner of Ft. Lowell & Alvernon (and Farr Place)  
Pima County, Arizona, 85716**

**As Of September 25, 2015**

**Owner: Pima County  
Tax Parcel: 111-04-103B, 107B, 108A  
Sec. 28, T13S, R14E**

*Prepared For Use By*  
**Pima County  
201 N. Stone Avenue, Floor 6,  
Tucson, Arizona 85701-1215  
Attention: Mr. Doug Laney, MAI  
Real Property Appraisal Supervisor**

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

**Assignment Reference 2015958  
Appraisal Report Completed October 5, 2015**

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Letter of Transmittal

October 5, 2015

Mr. Doug Laney, MAI  
Real Property Appraisal Supervisor  
Pima County  
201 N. Stone Avenue, 6<sup>th</sup> Floor  
Tucson, AZ 85701-1215

Re: Estimate of market value of the site on the northwest corner of Fort Lowell & Alvernon (and Farr Place), Pima County, Arizona.

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

Problem Identification: The purpose of the appraisal is to opine value of the site, the intended use is for potential disposition. Effective date of the appraisal is September 25, 2015, the date of site visit.

Relevant subject characteristics: Subject site size is estimated to be approximately 27,202 square feet; it is located on the northwest corner of Fort Lowell and Alvernon and the southwest corner of Farr Place. Site utility is limited due to relatively small size and narrow width. The site has been graded; it is zoned MU. The purpose of this analysis is to opine value for potential sale. Due to size and shape issues, highest and best use is considered to be for assemblage with the adjacent parcel to the west, however, it is analyzed as a stand-alone parcel.

My opinion of market value, subject to all conditions and assumptions, as of September 25, 2015, is \$204,000.

Assignment Conditions: No extraordinary assumptions or hypothetical conditions are employed, please see standard limiting conditions in the appendix.

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

Sincerely,



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

## TABLE OF CONTENTS

COVER PAGE .....	1
Letter of Transmittal .....	2
TABLE OF CONTENTS.....	3
PREFACE & SUMMARY .....	4
PURPOSE OF THE APPRAISAL .....	5
INTENDED USE OF THE APPRAISAL .....	5
INTEREST APPRAISED .....	5
PROPERTY IDENTIFICATION .....	5
MARKET VALUE DEFINED .....	5
EXPOSURE PERIOD .....	5
EFFECTIVE DATE OF APPRAISAL, REPORT DATE .....	5
APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE) .....	6
PROPERTY OWNERSHIP; 5 YEAR SALES HISTORY .....	6
NEIGHBORHOOD ANALYSIS.....	7
SITE DESCRIPTION.....	9
HIGHEST AND BEST USE .....	11
VALUATION METHODOLOGY .....	12
SALES COMPARISON APPROACH.....	12
STATEMENT AND CERTIFICATION OF APPRAISER .....	24
APPENDIX .....	25
LIMITING CONDITIONS AND ASSUMPTIONS.....	26
SUBJECT PHOTOS & EXHIBITS.....	31
PIMA COUNTY APPRAISAL CONTRACT SPECIFICATIONS .....	41
<i>CONSULTANT'S QUALIFICATIONS</i> .....	43

## **PREFACE & SUMMARY**

APPRAISAL REFERENCE:	2015958 Ft. Lowell-Alvernon
PROBLEM IDENTIFICATION:	The following 7 parameters are considered, client, intended users, intended use, type of opinion, effective date, relevant subject characteristics and assignment conditions:
CLIENT:	Pima County, Real Estate Division Attn: Mr. Doug Laney, MAI, Real Property Appraisal Supervisor.
APPRAISER:	Paul D. Hendricks, MAI Arizona Certified General Real Estate Appraiser 30197
PURPOSE, INTENDED USE:	The purpose of the appraisal is to opine market value; the intended use is for potential disposition.
INTENDED USERS:	Our client, Pima County is the only intended user; however, it is understood that following review and acceptance of this report by client, this report will become public information
SUBJECT CHARACTERISTICS:	The site is relatively small and narrow with frontage on 3 streets with good visibility from Fort Lowell and Alvernon, a traffic signaled intersection, however, access will be permitted only on Farr Place.
SITE SIZE:	Approximately 27,202 square feet per assessor's record.
ZONING:	MU, City of Tucson Multiple Use Zone
TAX CODE:	111-04-103B, 107B, 108A
INTEREST CONSIDERED:	Fee simple
<b>EFFECTIVE DATE OF VALUATION:</b>	<b>September 25, 2015; Date of Site Visit.</b>
DATE OF APPRAISAL REPORT:	October 5, 2015
TYPE OF APPRAISAL REPORT:	Appraisal Report
OPINION OF VALUE:	\$204,000
ASSIGNMENT CONDITIONS:	No extraordinary assumptions or hypothetical conditions are employed, note limiting conditions and assumptions contained in the appendix.

## **PURPOSE OF THE APPRAISAL**

The purpose of the appraisal is to estimate market value.

## **INTENDED USE OF THE APPRAISAL**

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

## **INTEREST APPRAISED**

The interest appraised is the fee simple estate defined as "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat".

## **PROPERTY IDENTIFICATION**

The site is known as parcels 111-04-103B, 107B, 108A, the east northwest corner of Ft. Lowell and Alvernon and Southwest corner of Alvernon and Farr Place; the legal description is portions of Lots 1 & 4 Block 9, Lohrum Subdivision, a complete legal description is available in the appendix.

## **MARKET VALUE DEFINED**

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

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

## **EXPOSURE PERIOD**

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

Exposure time estimated from review of comparable sales and from discussions with active market participants is estimated for the two subject properties to be approximately 6 to 12 months.

## **EFFECTIVE DATE OF APPRAISAL, REPORT DATE**

The effective date of the appraisal is September 25, 2015, the date of site visit. The transmittal date of the report is October 5, 2015.

## **APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE)**

- The appraiser performed an appraisal process in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) and Pima County appraisal contract guidelines.
- Determined the nature of the appraisal assignment by identifying the client, intended user, intended use, type of opinion, effective date of the opinion, property interest appraised, and subject property assignment conditions, the extraordinary or hypothetical assumptions
- Afforded the property owner opportunity to accompany the appraiser
- Performed an inspection of the property including the neighborhood, the subject site and its relevant characteristics
- Reviewed site plat, zoning and flood zone maps indicating physical suitability of the parcel. Reviewed zoning ordinance and neighborhood plans applicable to the subject property.
- Visited Pima County Transportation and Zoning offices to verify potential access and required setbacks.
- Included the items specified in my contract with Pima County as listed in the Addendum of this report, as well as items required by USPAP.
- Performed a Highest and Best Use Analysis to identify the use that would result in highest market value.
- Researched comparable sales from available data sources including Costar, MLS, Realquest and appraiser's files.
- Inspected, by drive by, all comparable sales used.
- Attempted confirmation of each comparable sale with a party familiar with the property/transaction (when confirmation was not available, public records/information was relied upon).
- Applied appraisal techniques (sales comparison approach) and methodology in according to the appraisal body of knowledge and the expectations and actions of my appraisal peers to arrive at an indication of market value of the subject site as if vacant
- Disregarded any increase or decrease in value due to the announcement of the project (*before the acquisition*)
- (if applicable) Opined the value of the part acquired and the effect to the remainder, and developed a final opinion of total compensation due as a result of the acquisition described, and
- Prepared an appraisal report describing my appraisal process, in conformance with the Uniform Standards of Professional Appraisal Practice and Pima County appraisal contract standards.

## **PROPERTY OWNERSHIP; 5 YEAR SALES HISTORY**

Ownership is reported to be Pima County; it was apparently acquired by Pima County for prior road project, the assessor's record indicates a transfer in 1/25/2013 by quit claim deed, this is assumed to be that acquisition. The appraiser is not aware of any marketing for sale within the prior 3 years

## **OWNER CONTACT FOR INSPECTION**

The owner is Pima County; in analysis of value for potential disposition it is reported that the appraiser is not required to offer the property owner the right to inspect with the appraiser, thus, being an unimproved site, the appraiser went at his own schedule without ownership representative being present.

## **NEIGHBORHOOD ANALYSIS**

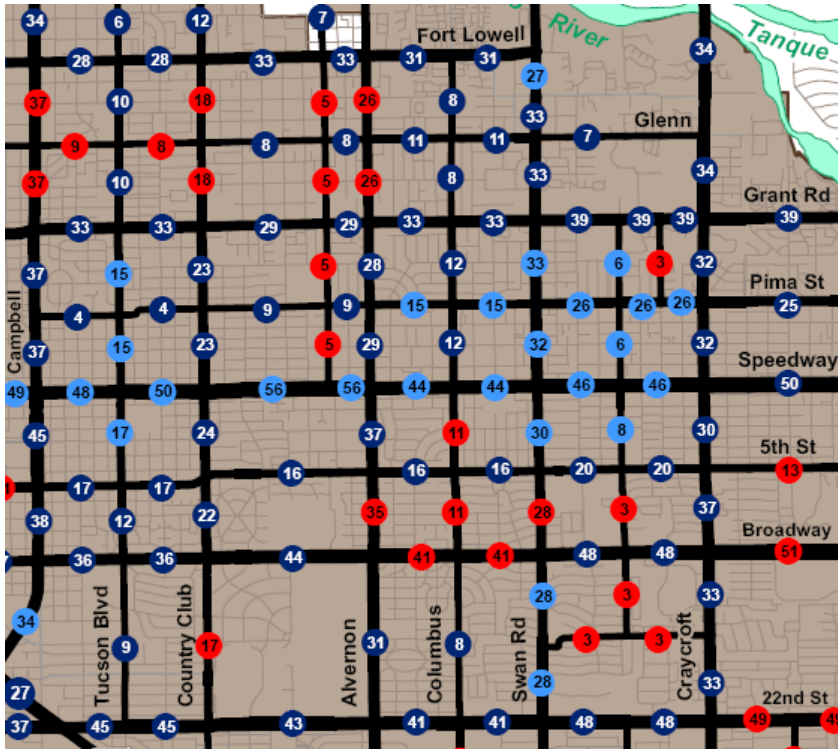
A property is an integral part of its surroundings. The character and features of the surrounding area directly affect the use of a property which is a primary factor in the property's value. In order to estimate the value of a property, an analysis of the surrounding area must be made. This surrounding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

The subject property is located in the north-central portion of Tucson. The area which exerts the most influence over the subject property is considered to be from the Catalina Foothills on the north to Grant Road on the south; and from Swan Road on the east to 1<sup>st</sup> Avenue on the west.

These boundaries are considered appropriate due to physical divisions, predominate land uses, and social characteristics. The area defined above is referred to herein as the subject neighborhood. The subject property generally falls in the central portion of this region.

The subject property is in a mature and yet still developing neighborhood with a mix of both single-family residences and multi-family residences and a variety of commercial and industrial uses; single-family homes are generally located on interior streets with a mix of multi-family and commercial uses generally located on major streets; industrial uses are generally north of Ft. Lowell between Country Club and Alvernon. The Rillito River generally forms a clear boundary distinguishing property within the jurisdiction of the City of Tucson to the south and Pima County to the north; the northern neighborhood is characterized as high end, lower density residential neighborhoods in the area known as the Catalina Foothills. Due to the Rillito River there is a significant amount of land on the northern portion of the neighborhood that is affected by various factors including flood zones, riparian habitats, and land designated as different management areas under the Conservation Land System which does not decrease or limit existing legal land uses, zonings, permitted activities, or management of lands; it does however put significant conservation guidelines upon rezoning of parcels that fall under the CLS. Prior to the current economic downturn, demand for land in the neighborhood made it not unusual for developers to take on the costs and time to get permits for issues previously preventing or limiting development, for new commercial development, particularly offices, along River Road. The southern portion of the neighborhood (south of the Rillito River) is characterized by typical urban density residential uses of significantly lower property value. The neighborhood has virtually all services available.

Access to the neighborhood is considered to be average. There was a relatively recent road improvement project completed widening River Road and extending Alvernon Way across the Rillito Creek. The road improvement allows for easier access through the neighborhood; previously, traffic crossed the river at Dodge Blvd. to the west. The following table indicates an estimate of traffic volumes within the subject neighborhood for each major thoroughfare, in both directions, for a typical twenty-four hour period. These figures are estimates based on the most recent available traffic counts performed by Pima Association of Governments (2012).



The neighborhood is served police and fire protection by the City of Tucson within city limits and Rural Metro and Pima County Sherriff in Pima County. All utilities also provided including electricity by Tucson Electric Power, water by the City of Tucson, sewer by Pima County wastewater, gas by southwest gas and telephone by Qwest. The subject neighborhood is served by Tucson Unified School District Number one on the southern portion and Catalina Foothills in the northern portion. Public Transportation north of the Rillito River is limited to a loop from Swan Road north to Sunrise-Orange Grove to 1<sup>st</sup> Avenue, River Road west of Campbell and Alvernon to just north of the Rillito River.



## SITE DESCRIPTION

Location:	The subject is located on the northwest corner of Fort Lowell and Alvenon within Pima County jurisdiction but essentially surrounded by City of Tucson boundaries.												
Site Size:	27,202 square feet per Pima County Assessor.												
Access:	While there is frontage on Fort Lowell (33,000vpd) and Alvernon (18,000vpd) access is only permitted on Farr Place.												
Visibility:	Good; visibility due to frontage on Ft. Lowell and Alvernon.												
Shape:	Rectangular with relatively little frontage on Ft. Lowell and Farr Place, approximately 68' by considerable depth (frontage along Alvernon) of approximately 377', see exhibits.												
Topography:	The site is moderately downward sloping to the north towards the Rillito, from approximately 2,412' on the southern to 2408' at the northeast corner.												
Flood Hazard:	According to the FEMA Digital Flood Insurance Rate Map, panel 04019C1693L Zone X, effective 6/16/11, the site is in Flood Zone X (not flood zone).												
Easements:	A title report has not been provided, there are no easements indicated on the plat map.												
Hazardous Materials/ Contamination:	No environmental assessment was available. No indications of hazardous materials were noted on inspection; however, the appraiser is not an expert in hazardous material contamination. This appraisal assumes that the subject is free of hazardous material contamination.												
Utilities:	Utilities are generally available in the area from the following sources, (however an engineering study is needed to determine if all utilities are available in adequate supply for new development): <table><tr><td>Water:</td><td>City of Tucson</td></tr><tr><td>Sewer:</td><td>Pima County Wastewater</td></tr><tr><td>Electricity:</td><td>Tucson Electric Power</td></tr><tr><td>Natural Gas:</td><td>Southwest Gas</td></tr><tr><td>Telephone:</td><td>Qwest</td></tr><tr><td>Public Safety:</td><td>City of Tucson</td></tr></table>	Water:	City of Tucson	Sewer:	Pima County Wastewater	Electricity:	Tucson Electric Power	Natural Gas:	Southwest Gas	Telephone:	Qwest	Public Safety:	City of Tucson
Water:	City of Tucson												
Sewer:	Pima County Wastewater												
Electricity:	Tucson Electric Power												
Natural Gas:	Southwest Gas												
Telephone:	Qwest												
Public Safety:	City of Tucson												
Surrounding Land Uses:	There is a c-store on the southwest corner (zoned C-1), an office condo project on the northeast corner (zoned C-1), retail-office to the west on Ft. Lowell and residence-contractor's yard to the west on Farr, vacant land and mixed use residential on the northwest (both zoned MU). Quik Trip c-store and gas station is reportedly under contract with the adjacent retail-office use fronting on Ft. Lowell and residence-contractor's yard fronting on Farr Place directly west of the subject and interested in the subject site.												
Zoning:	Zoning on the site is MU (Mixed Use) under Pima County jurisdiction. This zone provides for higher density residential development and some commercial use including professional offices, for complete listing see the zoning code. Development standards for non-residential												

use are 0 minimum lot size, 0 minimum width, front rear and side setbacks of 20', 25' and 7' respectively.

**Comprehensive Plan:**

The subject is designated as Multifunctional Corridor (MFC) on the southern half and Medium High Intensity Urban (MHIU) on the northern half. The objective of MFC is to designate areas for the integrated development of complementary uses along major transportation corridors. The MFC designation serves a similar purpose as the CAC plan designation. These areas contain commercial and other non-residential use services, research and development and similar uses (as delineated in the CPI zoning district), and medium- to high-density residential clusters in a linear configuration along major transportation corridors. Potential adverse impacts of strip commercial development are mitigated through application of special design standards in the zoning code and design manuals, such as standards for access management, building setbacks, open space, signs, parking, and landscaping. The objective of MHIU is a. Objective: To designate areas for a mix of medium- to high-density housing types, such as higher-density single-family development, townhomes, condominiums and apartment complexes, as well as other compatible uses, such as offices, hotels, research and development, and other similar uses. These areas have direct access to major transportation corridors and other arterials and are within walking or bicycling distance from major commercial services and employment centers. They generally do not abut land in low intensity urban categories.

**Site Analysis Conclusion:**

The subject site is a relatively small, narrow-deep shaped parcel which is considered to be somewhat restricted for development due to its size, shape and necessary setbacks. It is located on two corners, the southeast corner being at a traffic signaled intersection of two major traffic arterials. Utilities necessary for development are available in the area. In consideration of its location at this traffic signaled intersection, comprehensive plan designation and commercial zoning of adjacent uses potential for rezoning are considered to be good.

**Real Estate Tax Analysis**

The following information is available from the county treasurer's office:

Tax Parcel	108-17-001a	108-17-002a
FCV Land	\$73,931	\$211,121
FCV Impvt	\$0	\$0
FCV Total	\$73,913	\$211,121
2014 Tax	\$0.00	\$0.00
Assessments	None	None

There are no taxes due to municipal ownership.

## HIGHEST AND BEST USE

Highest and best use is defined by the Appraisal Institute in The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value.

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

### HIGHEST AND BEST USE, AS IF VACANT:

**Legally Permissible:** The subject is zoned MU, (Multiple Use Zone) under Pima County jurisdiction. This zone provides for higher density residential development and limited commercial uses. It is designated as MFC and MHIU under the comprehensive plan. Due to the comprehensive plan and adjacent property zonings it is considered to have reasonably good potential for commercial rezoning.

**Physically Possible:** The subject parcel is indicated to be 27,202 square feet, relatively narrow and deep with approximately 68' frontage on north and south boundaries and approximately 377' depth along Alvernon. Frontage for development would be restricted to Farr Place, building setback requirements are 20' front, 25' rear and 7' side. The site is narrow enough that a building would likely need to be placed at the rear (nearest Ft. Lowell) with parking in front (Farr Place), there would not appear to be enough width to permit access to rear parking.

**Financially Feasible:** The financial feasibility of the subject site is market derived. The Tucson Metro area, as well as the nation, is recovering from the recent "great recession"; residential real estate initially lead the way with greater demand for residential development and increasing property values (through still well below pre-recession highs). Commercial property has recovered marginally with some build to suite development, speculative development is still not considered to be feasible.

Assemblage with the adjacent site to the west is considered to be optimal as this would eliminate development restrictions due to size and width and maximize the site permitting access from Fort Lowell.

**Maximum Profitability:** In conclusion, the highest and best use "as if vacant" is considered to be assemblage with an adjacent site to the west. The subject and potential assemblage site is believed to have good potential to rezoning and development with the adjacent parcel would significantly alleviate physical restrictions of the subject site due to smaller size and irregular shape. Highest and best use as vacant is therefore considered to be for assemblage with the adjacent site to the east for rezoning and commercial development. However, the subject site is considered in this analysis on its stand-alone basis.

## **VALUATION METHODOLOGY**

The valuation methodology, or appraisal process, is defined as an orderly program by which the problem is planned and the data involved is acquired, classified, analyzed, and interpreted into an opinion of value.

The cost and income approaches are not typically employed in the analysis of site value as if vacant or the overall property value as improved given adequate sales of unimproved sites, thus they are not employed. In consideration of a suitably active market, the most reasonable method of forming an opinion of site market value is by sales comparison approach of similar sites.

## **SALES COMPARISON APPROACH**

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

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

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

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

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

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

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

**Comparable Site Sale One**

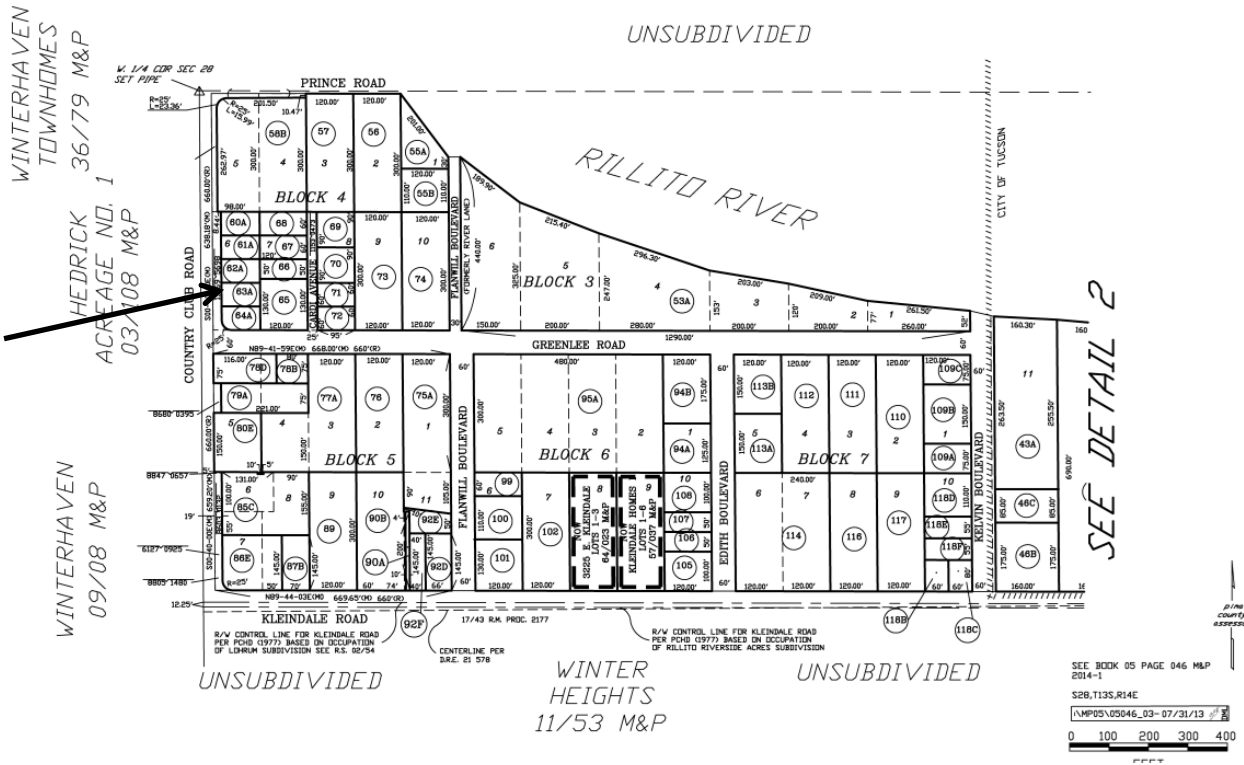
LOCATION: NEC Country Club & Greenlee Rd, Tucson, Arizona  
LEGAL DESCRIPTION: Lot 6 blk 4 Rillito Riverside Acres, Pima County, Arizona  
TAX CODE NUMBER: 111-03-060A 061A, 062A, 063A, 064A  
RECORDS: 12/11/2014 document 20143450203  
SELLER: John Wesley Baker III  
BUYER: Leon G Byerley III  
SALE PRICE: \$150,000  
TERMS: Cash  
SITE SIZE: 28,966 square feet per assessor  
PRICE PER SF: \$5.18  
ZONING: C-1, City of Tucson Commercial  
COMMENTS: The site is at the corner of Country Club (12,000vpd), and Greenlee Road. The site had all utilities and no development issues. Per FEMA 04019C1693L, the site is flood zone X.  
CONFIRMED WITH: Costar 3185887, buyer's broker, Mike Chapman, 591-5188, 2015958, pdh



ASSESSOR'S RECORD MAP  
RILLITO-RIVER-SIDE-ACRES

DETAIL 3

111-03



CCS

**Comparable Site Sale Two**

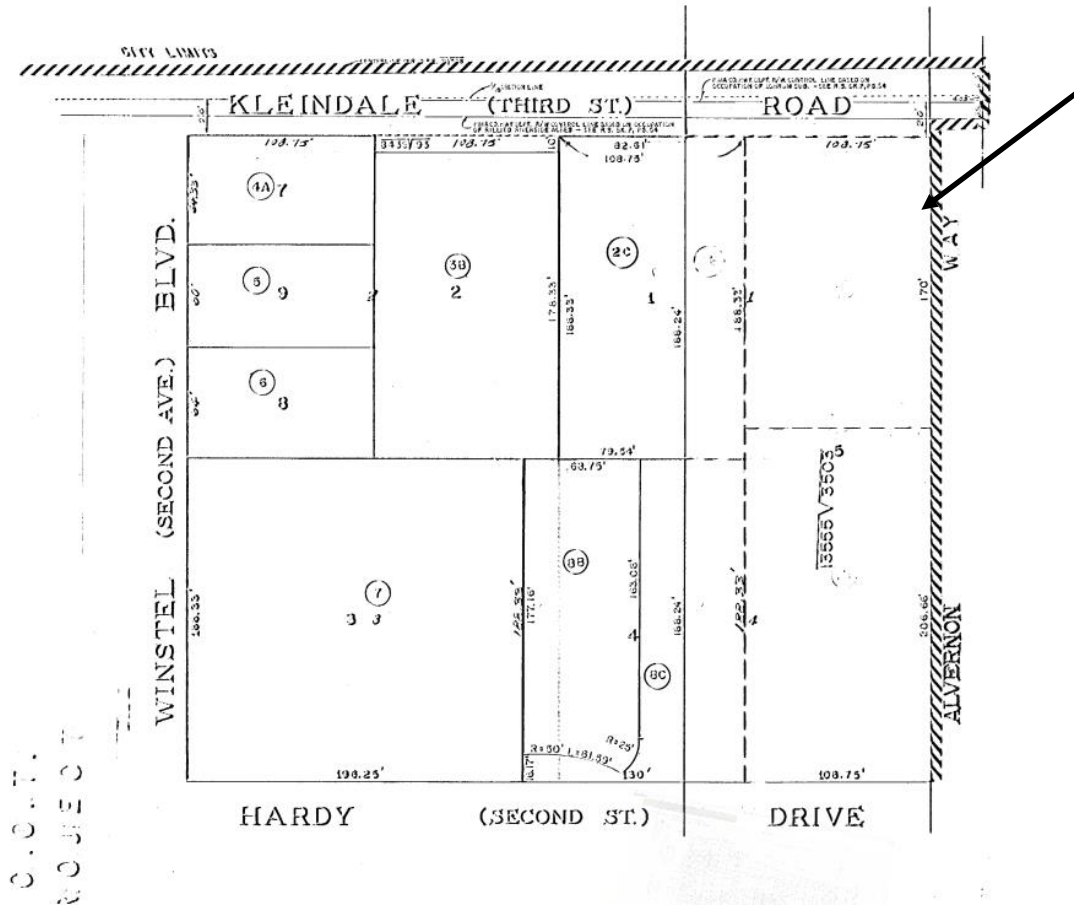
LOCATION: SWC Kleindale (3832 E) & Alvernon, Tucson, Arizona  
LEGAL DESCRIPTION: W82.61' Lot 1 Lohrum, Pima County, Arizona  
TAX CODE NUMBER: 111-04-002C  
RECORDS: 7/26/2013 document 20131960639  
SELLER: Hermitage Cat  
BUYER: Cotlow Development III  
SALE PRICE: \$96,000  
TERMS: Cash  
SITE SIZE: 15,269 square feet  
PRICE PER SF: \$6.29  
ZONING: MU, City of Tucson Multiple Use  
COMMENTS: The site is at the corner of Alvernon (18,000vpd), however access is only available from Kleindale Road. The purchaser is now developing with a personal office-shop. Per FEMA 04019C1639L, the site is flood zone X.  
CONFIRMED WITH: Costar 2799121, purchaser Dean Cotlow, 881-8180, 2015958, pdh



ASSESSOR'S RECORD MAP

III - 04  
2 / 16

BLOCK 1, LOHRUM ADDITION





**Comparable Site Sale Three**

LOCATION: 3436 N Country Club, Tucson, Arizona  
TAX CODE: 111-03-085B now 085C  
LEGAL DESCRIPTION: Rillito-River-Side Acres Lots 6 & N55' Lot 7 Lot 8 EXC S145' & W19' BLK 5, Pima County, Arizona  
RECORDED: 7/1/13, 20131820349  
BUYER: Lechner Construction 888-1212  
SELLER: Gondek Family Revocable Trust 327-2449  
TERMS: Cash  
SALE PRICE: \$250,000  
SITE SIZE: 35,380 square feet  
PRICE PER S/F: \$7.07  
ZONING: C-1, City of Tucson Commercial  
COMMENTS: The site is located on a traffic arterial in a north-central location. There were no improvements and no site development issues. The site was purchased for development of a Dollar Store. Traffic volumes are reported to be 12,000vpd.  
CONFIRMATION: Costar, Tim Bathen, listing agent, 749-2100, pdh 2014905



ASSESSOR'S RECORD MAP  
RILLITO-RIVER-SIDE-ACRES

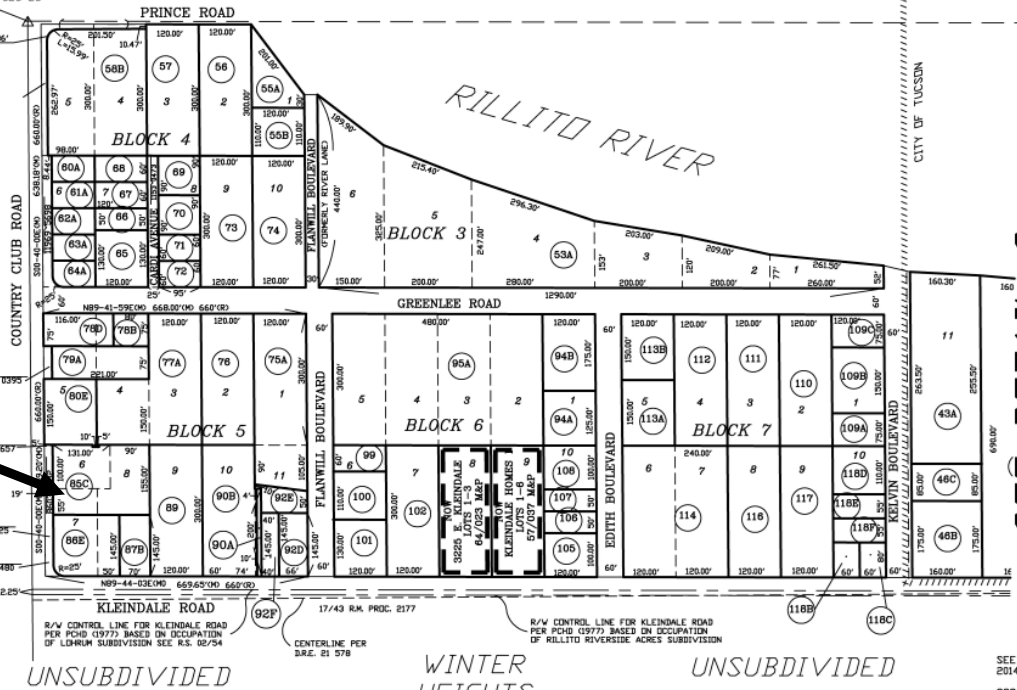
DETAIL 3

111-03

WINTERHAVEN  
TOWNHOMES  
36/79 M&P  
HEDRICK  
ACREAGE NO. 1  
03/108 M&P

WINTERHAVEN  
09/08 M&P

W. 1/4 COR SEC 28  
SET PIPE



### Comparable Site Sale Four

LOCATION: 1855 E Fort Lowell, NWC Campbell, Tucson, Arizona  
TAX CODE: 113-06-142C  
LEGAL DESCRIPTION: SELY ptn Lot 10, Richland Heights, Pima County, Arizona  
RECORDED: 12/18/2012, #20123200833, Pima County Recorder  
BUYER: Dahlstrom Investments LLC  
SELLER: City of Tucson  
TERMS: Cash  
SALE PRICE: \$311,111  
SITE SIZE: 15,264 square feet  
PRICE PER S/F: \$20.38  
ZONING: C-1, City of Tucson Commercial  
COMMENTS: The site is located on a major traffic signaled intersection with traffic counts 34,000 and 28,000vpd for Campbell and Fort Lowell respectively. The site was retains curb cuts on both traffic arteries. City of Tucson surplus land, it was sold by sealed bid after significant marketing period with three active bidders, the price was considered to be market value. The purchaser subsequently purchased the adjacent site to the west, a 17,508sf site with 1,316sf restaurant converted to office. Per FEMA 04019C1689L, zone X  
CONFIRMATION: Costar #2623201, George Cardieri, listing agent, 869-3215, pdh 2014800

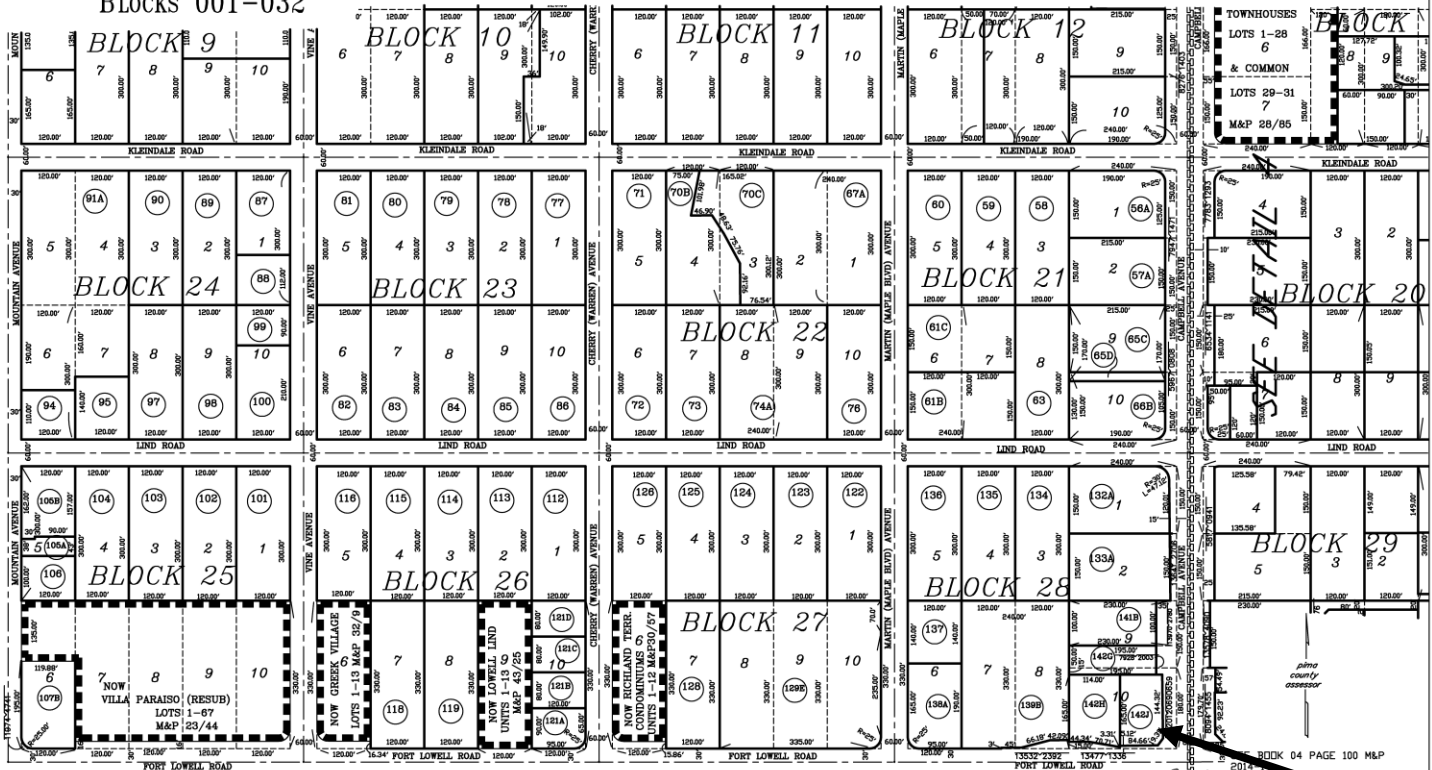


ASSESSOR'S RECORD MAP  
113-06  
RICHLAND HEIGHTS  
BLOCKS 001-032

DETAIL 3

SEE DETAIL 2

UNSUBDIVIDED  
S30, T13S, R14E



CCS

HEDRICKS ACREAGE NO. 3  
BOOK 05 PAGE 07 M&P

SCH. DIST. 10  
SCH. DIST. 1  
2014  
S29-30, T13S, R14E  
AMP04\04100\_03- 02/20/14  
0 100 200 300 400  
FEET

### SITE SALES COMPOSITE MAP



### Site Value Analysis

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

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

There are ten basic elements of comparison that will be considered in sales comparison analysis; they include:

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

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

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

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

Property Rights: each of the sales is similar to the subject being fee simple, no adjustment is necessary.

Conditions of Sale: each of the sales was considered to have average motivations or conditions of sale, no adjustment is necessary.

Market Conditions: The sales range from having occurred from December 2012 to November 2014; values were significantly eroded during the recent recession and while retail market conditions have been the first to show improvement, there is generally insufficient evidence of measureable price increase for most uses, however, as 2012 was still before improved market conditions sale 4 is adjusted upward for market condition.

Location: the subject is in an area of transition from north-central mixed use district to a significant office-retail district in the lower foothills. Sales 1-3 are considered to be similar or offsetting, sale 4 is considered to be significantly superior due to it being in a higher value commercial district, it is adjusted downward.

Size; while smaller parcels typically sell for more on a per square foot basis all else being equal, the subject and sales 1, 2 and 4 are of below optimal size potentially reducing utility of the site for a number of uses no adjustment purely for site size are considered to be necessary.

Zoning: the subject and sale 2 are MU zoning offering more limited commercial use than sales 1, 3 and 4. Though the subject is considered to have reasonable potential for rezoning due to comprehensive plan and surrounding uses, it is considered to be inferior to sales 1, 3 and 4, they are therefore adjusted downward.

Improvements: none of the sales requires adjustment for any improvements.

Site Utility/Utilities: the subject is of relatively narrow width reducing development utility compared to sales which all have superior width, they are all adjusted moderately downward.

Access/Visibility: the subject is located at the traffic signaled intersection of two traffic arterials with significant traffic volume and visibility but without access permitted on the two main traffic arterials; sales 1-3 are adjusted upward for significantly inferior traffic visibility, sale 4 is adjusted downward for superior traffic count visibility and access permitted on the arterials.

Conclusion: The sales are considered to bracket the subject with sale 1 having offsetting adjustment, sales 2 and 3 with moderate upward adjustment and sale 4 with significant downward adjustment. With moderately greater emphasis on sale 2 with similar zoning and least emphasis on sale 4 requiring greatest adjustment, a subject value at \$7.50/sf, approximately \$204,000 is considered reasonable.

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

SITE SALES COMPARISON SUMMARY					
Comparable	Subject	Comp 1	Comp 2	Comp 3	Comp 4
	NWC Ft	NEC Country	SWC		NWC Ft
Location	Lowell &	Club &	Alvernon &	3646 N	Lowell &
	Alvernon	Grenenlee	Kleindale	Country Club	Campbell
Tax ID Number	111-04-103B	111-03-060A	111-04-002c	111-03-086c	113-06-142c
Sales Data					
Date of Sale	N/A	Nov-14	Jul-13	Jul-13	Dec-12
Sales Price	N/A	\$150,000	\$96,000	\$250,000	\$311,111
Site Size (sf)	27,202	28,966	15,269	35,380	15,264
Price per SF	N/A	\$5.18	\$6.29	\$7.07	\$20.38
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash	Cash
Cash Equivalent Price	N/A	\$150,000	\$96,000	\$250,000	\$311,111
Conditions of Sale	Average	Average	Average	Average	Average
Condition Adjustment	0%	0%	0%	0%	0%
Market Condition (Time)	N/A	Nov-14	Jul-13	Jul-13	Dec-12
Market Conditions Adj.	0.0%	0.0%	0.0%	0.0%	5.0%
Adjusted price per SF	N/A	\$5.18	\$6.29	\$7.07	\$21.40
Physical Characteristics					
Location	Average	Similar	Similar	Similar	Superior
Size	27,202	28,966	15,269	35,380	15,264
Zoning	MU	C-1	MU	C-1	C-1
Improvements	None	None	None	None	None
Site Utility/Utilities	Avg/Fair	Avg/Good	Avg/Good	Avg/Good	Similar
Access/Visibility	Avg/Good	Inferior	Inferior	Inferior	Similar
Adjustments					
Location	0.0%	0.0%	0.0%	0.0%	-20.0%
Size	0.0%	0.0%	0.0%	0.0%	0.0%
Zoning	0.0%	-5.0%	0.0%	-5.0%	-5.0%
Improvements	0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility/Utilities	0.0%	-10.0%	-7.5%	-7.5%	-10.0%
Access/Visibility	0.0%	15.0%	15.0%	15.0%	-10.0%
Net Adjustments					
Net Physical Adjustments	Same	Similar	Upward	Upward	Downward
Net Adjustment (Overall)	0.0%	0.0%	7.5%	2.5%	-45.0%
Adjusted Comp Price/sf		\$5.18	\$6.76	\$7.24	\$11.77
Subject Value (\$/SF)	\$7.50				
Subject Value Opinion	\$204,000				



## STATEMENT AND CERTIFICATION OF APPRAISER

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

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

the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions

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

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

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

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

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

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

I have made a personal inspection of the property that is the subject of this report.

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

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

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

I have performed no services regarding the subject property within the prior 3 years as an appraiser or in any other capacity.

I am competent to complete the appraisal.

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

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING



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

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING



## **APPENDIX**

1. Appraisal Assumptions and Limiting Conditions
2. Subject Exhibits and Photos
3. Pima County Appraisal Contract Specifications
4. Consultant Qualifications

**LIMITING CONDITIONS AND ASSUMPTIONS**

**of Standard Real Estate Appraisal**

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

**1. Information Used, Trade Secrets**

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

**2. Authentic Copies, Changes, Modifications**

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

**3. Use of Appraisal, Limit of Liability**

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

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

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

**4. Court Testimony**

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

**5. Copies, Publication, Distribution of the Report**

Possession of any copy of this report shall not authorize or empower the client or any third party with any publication rights whatsoever, or with any authorization to use the appraisal other than for its intended and stated purpose noted in the agreement and/or in the report. The physical report(s) shall remain the property of the appraiser(s) at all times and appraiser(s) hereby grant the client permission to use the appraisal report(s) solely for the purposes set forth. The client agrees that the payment of the appraisal fee is in exchange for the analytical services of appraiser(s) and by the payment of said fee, the client has not purchased the appraisal report. With the exception of public disclosure indicated below, neither all

nor any part of this appraisal report shall be given, recited, published, copied, distributed, nor in any way communicated to third parties in any manner, in whole or in part, without the prior written consent of the appraiser(s).

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

#### **6. Confidentiality**

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

#### **7. Measurements, Exhibits**

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

#### **8. Legal, Title, and Market Value Premise**

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

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

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

Unless otherwise stated in the report, the existence of hazardous material, substance or gas, which may or may not be present within, on or near the property, has been disregarded in the appraisal. The

appraiser(s) are not qualified to detect such substances as asbestos, urea-formaldehyde foam insulation, radon gas, or other potentially hazardous material and/or substances which may adversely affect the value of the property. The value estimate is predicated on the assumption that there is no such toxic material and/or condition affecting the property that would cause a loss in value. The appraiser(s) are not responsible for any such condition and/or the engineering expertise required to discover any such condition. The client is urged to retain an expert in this field, if so desired. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilating, electrical and plumbing equipment are assumed to be in good working order unless otherwise stated. Appraiser(s) are not responsible for the adequacy or type of insulation, or energy efficiency of the improvements or equipment, which are assumed to be standard for the subject property type. Unless otherwise stated, the appraiser(s) have not been supplied with a termite inspection report or occupancy permit. The appraiser(s) shall not be held responsible for, nor shall the appraiser(s) be deemed to have made any representations regarding any potential costs associated with obtaining same or for past or present, legal or physical, deficiencies which may be found. Client further agrees that the appraiser(s) shall not be held responsible for any costs incurred or consequences arising from the need, or the lack of need, for flood hazard insurance.

#### **10. Utilities**

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

#### **11. Legality of Use, Management of Property**

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

#### **12. Component Values, Special Studies**

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

#### **13. Inclusions.**

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

#### **14. Proposed Improvements, Conditional Value**

Any improvements proposed, on- or off-site, as well as any repairs required, will be assumed, for purposes of this appraisal, to be completed in a good and workmanlike manner according to information submitted by the client for consideration by the appraiser(s). In cases of proposed construction, the appraisal is subject to change upon inspection of the property by the appraiser after construction is

completed. The estimate of market value is as of the date shown, as proposed, and as if completed and operating at the levels shown and projected or as otherwise indicated and labeled in the appraisal report.

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

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

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

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

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

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

**17. Information furnished by Client and Third Parties**

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

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

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

**19. Americans With Disabilities Act (ADA)**

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

## **20. Pygmy Owl Habitat**

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

## **21. Report Type**

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

## **22. Other Information for Readers**

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

## **23. Conclusion**

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

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

--- end ---

## SUBJECT PHOTOS & EXHIBITS

Site View looking North



Alvernon Looking North





Fort Lowell Looking West



Site Looking South from Farr Place





Aerial View



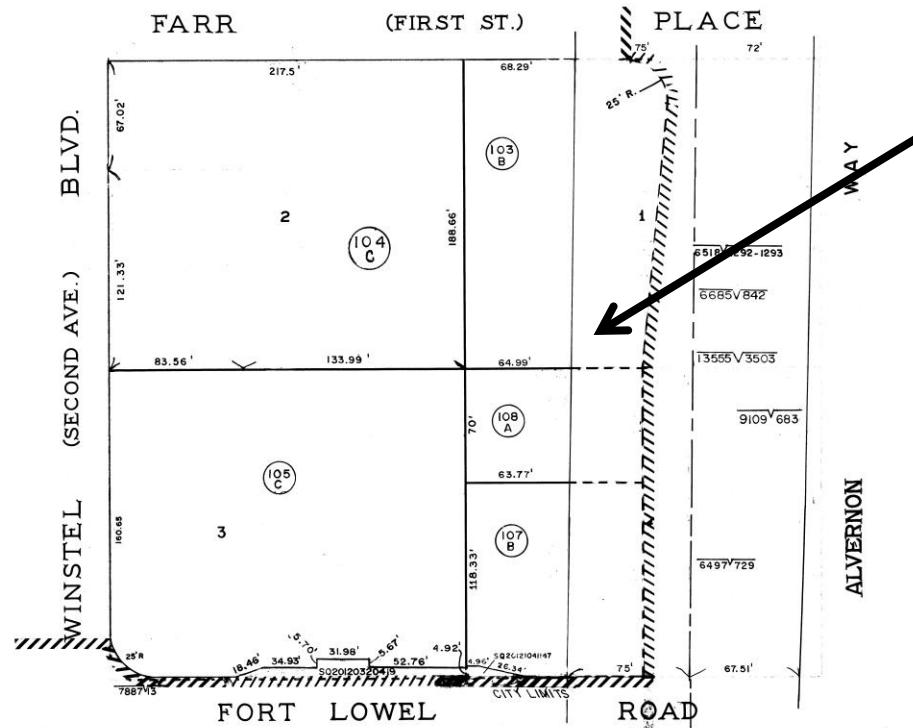
PLAT MAP

ASSESSOR'S RECORD MAP

39

III - 04  
10 / 16

BLOCK 9, LOHRUM ADDITION



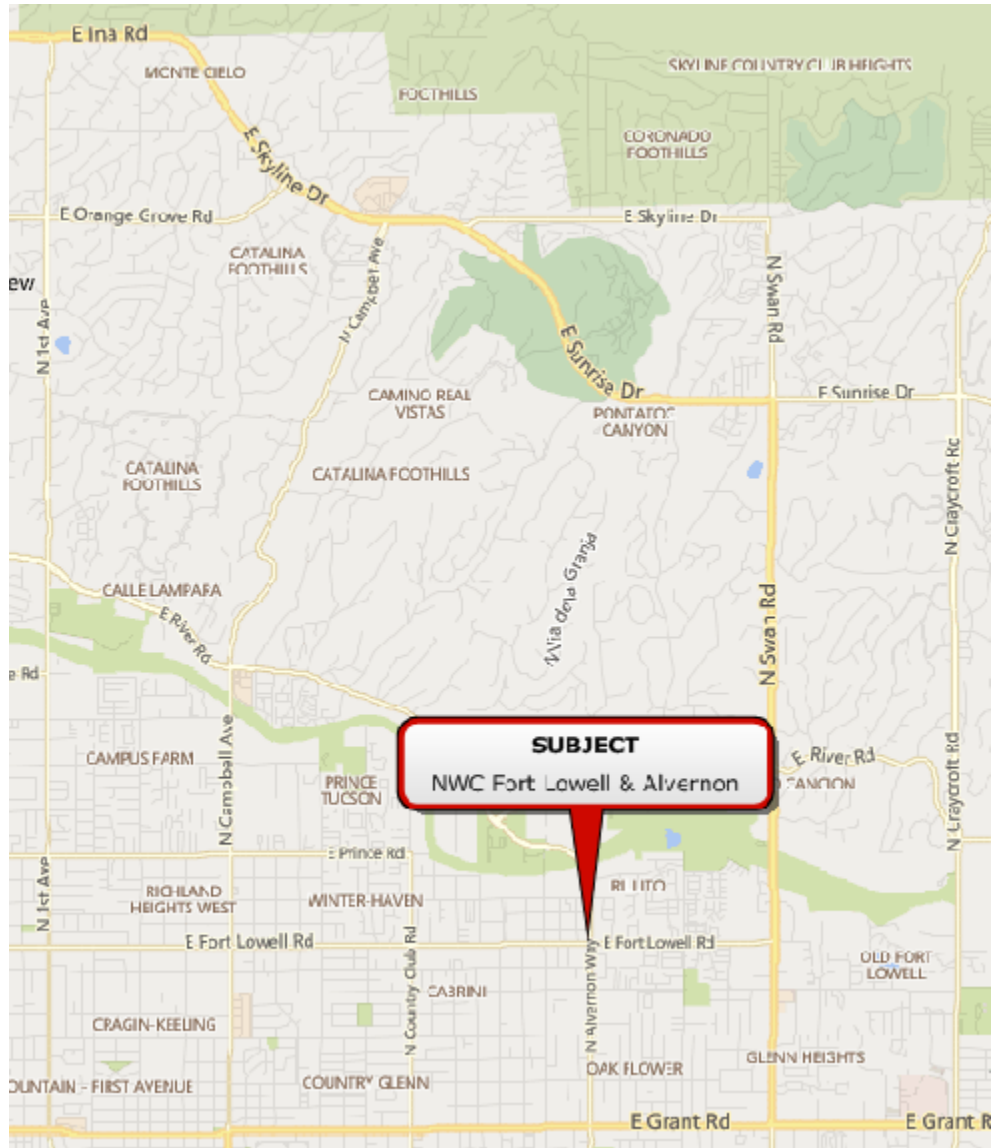
2015-1  
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SEE BOOK 3, PAGE 54 M & P.  
SEE BOOK 26 PAGE 04 R.S.  
SEE BOOK 59 PAGE 09 R.S.

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SCANNED

318(5)

### NEIGHBORHOOD MAP



Legal Descriptions and Exhibits



Engineering • Planning  
Surveying • Urban Design  
Landscape Architecture

Exhibit "A"  
Legal Description  
Pima County Parcels

A portion of Lots 1 & 4, Block 9, "Lohrum Subdivision", according to Book 3 of Maps, Page 54, Pima County Recorder's Office, also being a portion of land situated in the Southeast Quarter of Section 28, Township 13 South, Range 14 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a Found Brass Cap in Handhole at the Southeast Corner of said Section 28, from which a Found Brass Cap in Handhole at the South Quarter Corner of said Section 21 bears South 88 degrees 49 minutes 45 seconds West, a distance of 2661.55 feet;

Thence South 88 degrees 49 minutes 45 seconds West, along the South line of the Southwest Quarter of said Section 28, a distance of 185.80 feet;

Thence North 01 degrees 10 minutes 15 seconds West, a distance of 31.95 feet, to a point on the Northerly Right-of-Way line of Fort Lowell Road, said point also being the POINT OF BEGINNING.

Thence South 89 degrees 25 minutes 47 seconds West, along said Northerly Right-of-Way line, distance of 30.96 feet;

Thence North 79 degrees 10 minutes 39 seconds West, along said Northerly Right-of-Way line, a distance of 26.34 feet;

Thence North 89 degrees 41 minutes 52 seconds West, along said Northerly Right-of-Way line, a distance of 4.96 feet, to a point on the West line of said Lot 4;

Thence North 01 degrees 08 minutes 15 seconds West, along the West line of said Lots 1 & 4, a distance of 371.39 feet, to a point on the Southerly Right-of-Way line of Farr Place, said Point also being the Northwest Corner of said Lot 1;

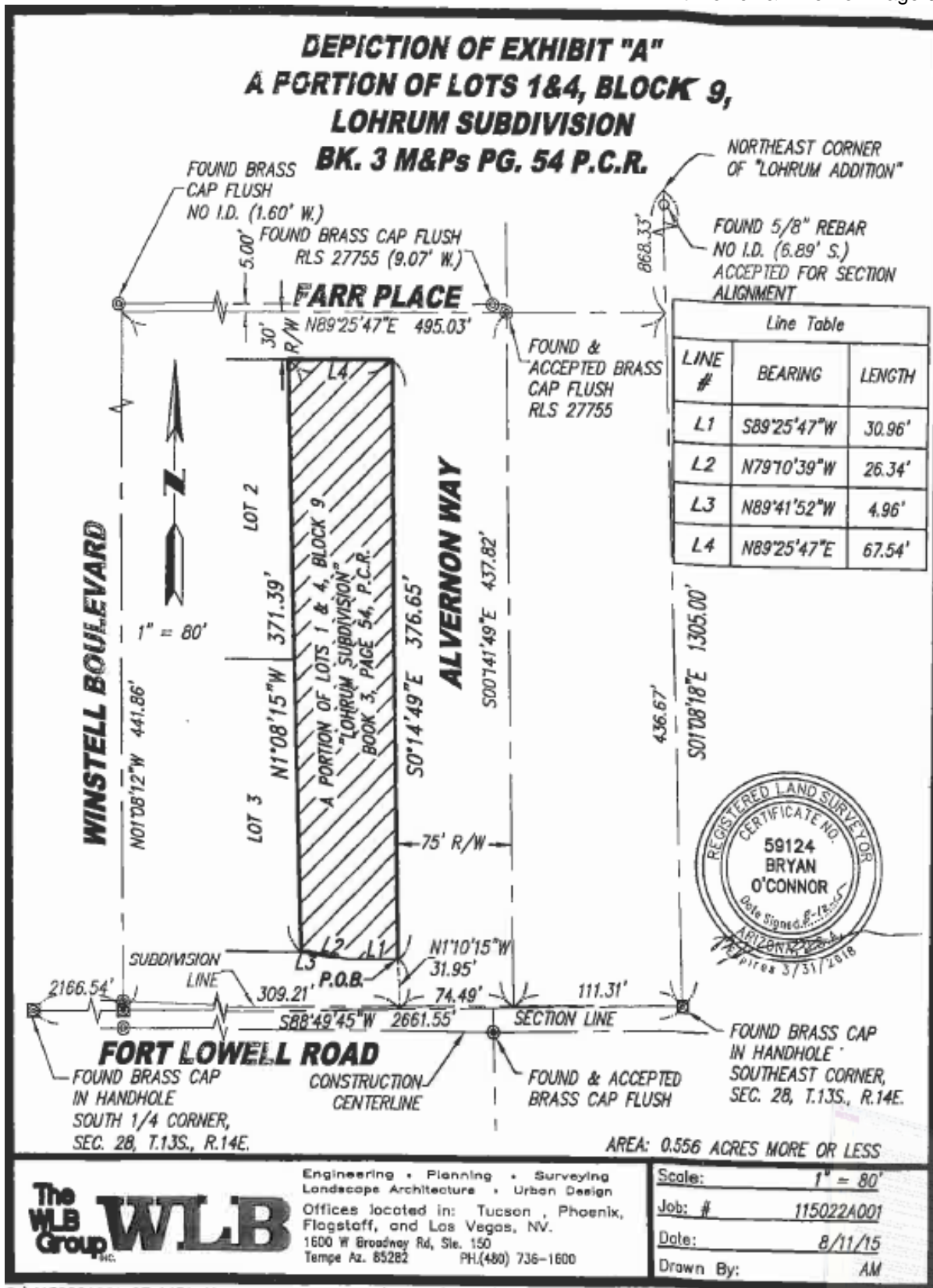
Thence North 89 degrees 25 minutes 47 seconds East, along said Southerly Right-of-Way line, a distance of 67.54 feet, to a point on the Westerly Right-of-Way line of Alvernon Way;

Thence South 00 degrees 14 minutes 49 seconds East, along said Westerly Right-of-Way line, a distance of 376.65 feet, to the POINT OF BEGINNING.

See Depiction of Exhibit "A" attached hereto and made a part hereof.



Any modification to or omission from this description completely  
absolves the surveyor from any liability for this description.







Engineering • Planning  
Surveying • Urban Design  
Landscape Architecture

Exhibit "A"  
Legal Description  
Right-of-Way Dedication

A portion of Lot 4, Block 9, "Lohrum Subdivision", according to Book 3 of Maps, Page 54, Pima County Recorder's Office, also being a portion of land situated in the Southeast Quarter of Section 28, Township 13 South, Range 14 East of the Gila and Salt River Meridian, Pima County, Arizona, being more particularly described as follows:

Commencing at a Found Brass Cap in Handhole at the Southeast Corner of said Section 28, from which a Found Brass Cap in Handhole at the South Quarter Corner of said Section 21 bears South 88 degrees 49 minutes 45 seconds West, a distance of 2661.55 feet;

Thence South 88 degrees 49 minutes 45 seconds West, along the South line of the Southwest Quarter of said Section 28, a distance of 185.80 feet;

Thence North 01 degrees 10 minutes 15 seconds West, a distance of 31.95 feet, to a point on the Northerly Right-of-Way line of Fort Lowell Road and on the Westerly Right-of-Way line of Alvernon Way, said point also being the POINT OF BEGINNING.

Thence South 89 degrees 25 minutes 47 seconds West, along said Northerly Right-of-Way line, distance of 24.86 feet, to a cusp on a curve, concave Northwest, the center of which bears North 00 degrees 34 minutes 13 seconds West, and having a Radius of 25.00 feet;

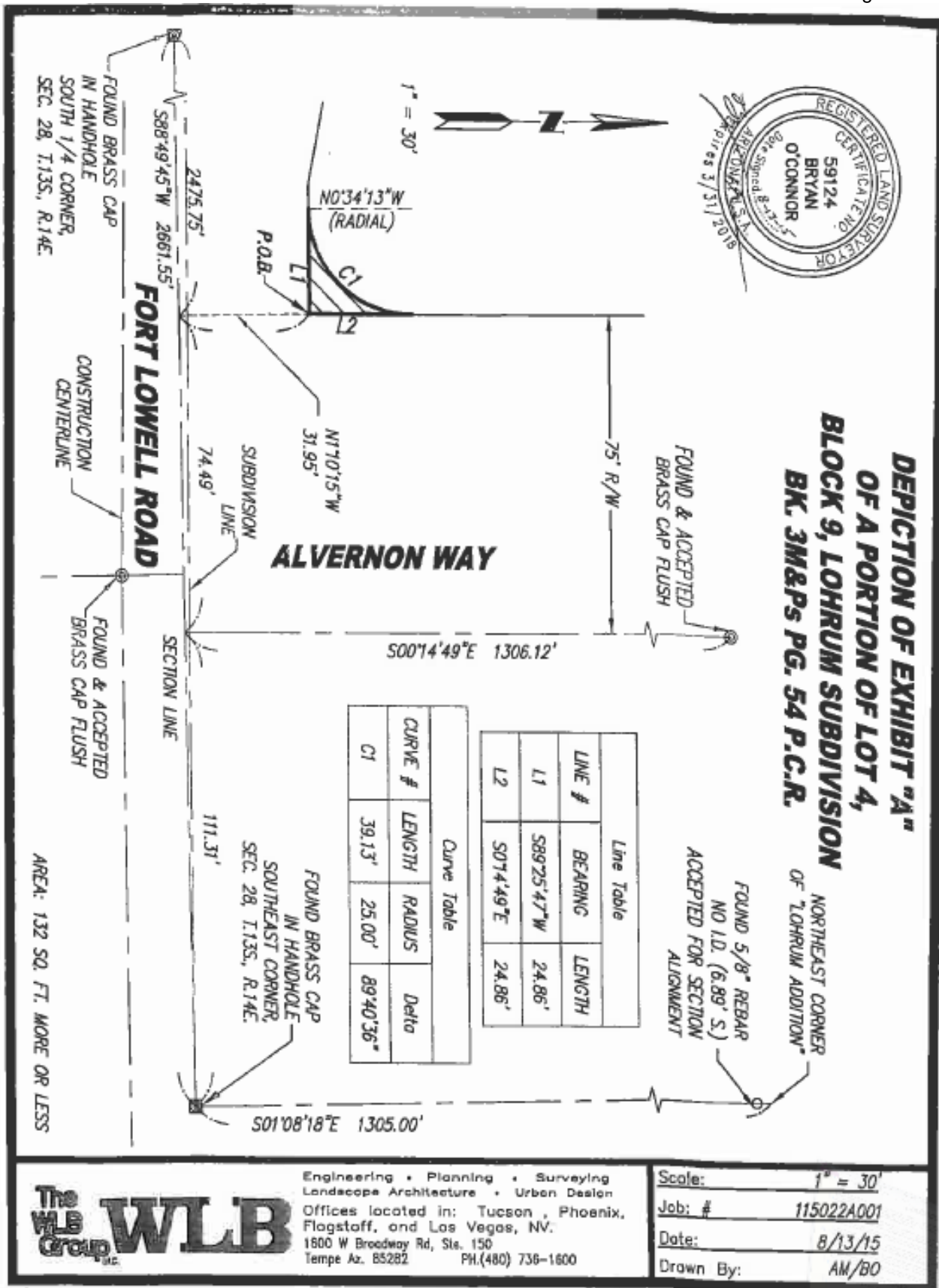
Thence Northeasterly along said Curve, through an Arc Length of 39.13 feet, and a Central Angle of 89 degrees 40 minutes 36 seconds, to a point of tangency on the Westerly Right-of-Way line of Alvernon Way;

Thence South 00 degrees 14 minutes 49 seconds East, along said Westerly Right-of-Way line, a distance of 24.86 feet, to the POINT OF BEGINNING.

See Depiction of Exhibit "A" attached hereto and made a part hereof.



Any modification to or omission from this description completely  
absolves the surveyor from any liability for this description.

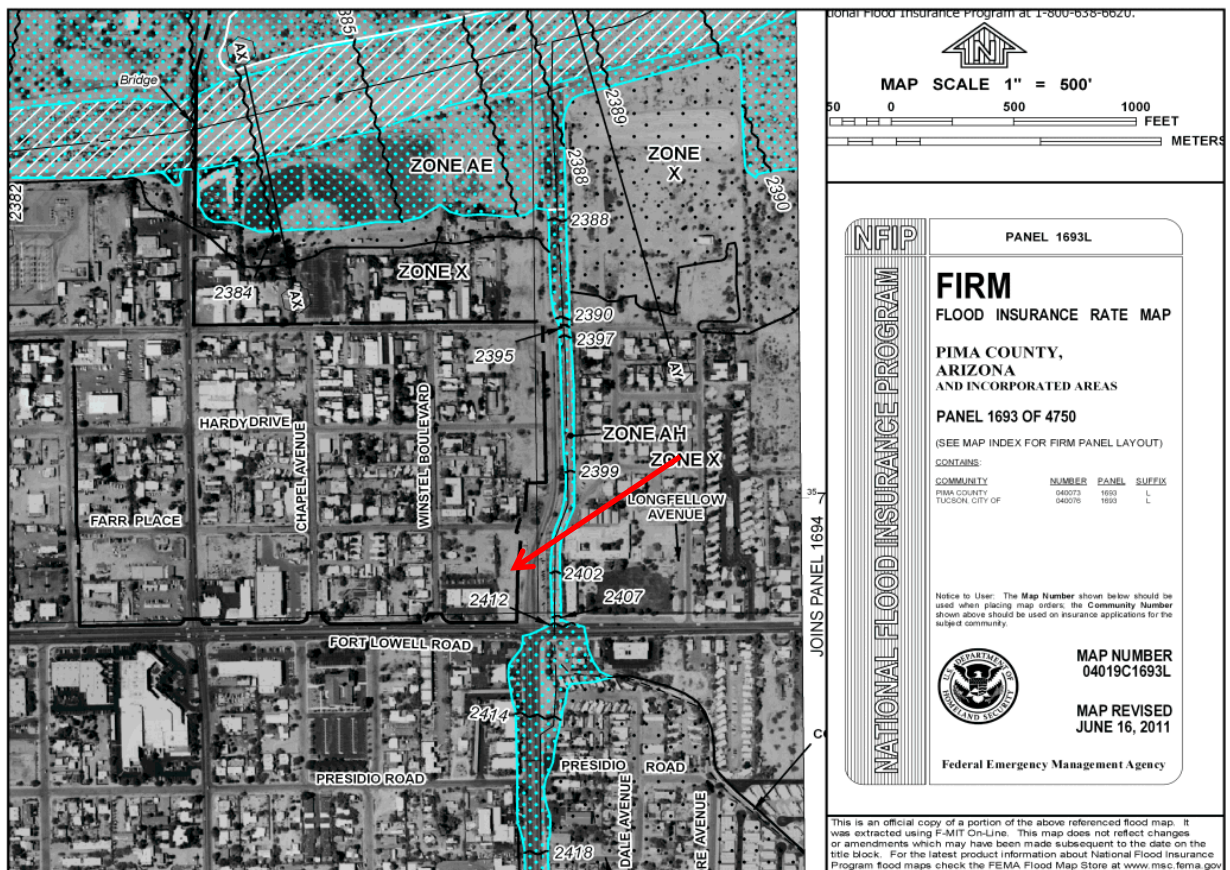


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Zoning Map



Flood Zone Map





## **PIMA COUNTY APPRAISAL CONTRACT SPECIFICATIONS**

All reports shall be in compliance with the Uniform Standards of Professional Appraisal Practice and State of Arizona statutes regarding appraisal and review practice, and if the project is a federal or federally-assisted program, also in compliance with Part 24-Uniform Relocation Assistance and Real Property Acquisition, and shall contain at a minimum, unless directed otherwise by the COUNTY, the following items:

- Title Page Including Owner, Tax Code, Date of Value, Section, Township Range
- Table of Contents
- Letter of transmittal
- Subject Property Photographs
- Identification of the Real Estate including legal description .
  - If fractional as to land only, explain how you concluded no severance to the improvements Tax parcel number and Section/Township/Range
- Scope of Appraisal
  - Client
  - Intended User
  - Intended Use
  - Type of Opinion
  - Effective Date of Opinion
  - Property Interest Appraised and Subject Property
  - Assignment Conditions – Extraordinary or Hypothetical Assumptions
- Property Interest Appraised
- Definition of Market Value
- Exposure Time
- Analysis and Identification of Larger Parcel
- Extent of Process of Collecting, Confirming and Reporting Data
- Sales History of Subject
- Zoning and Comprehensive Plan (maps of each)
- If a Floodplain Property, Floodplain Maps for the Subject and the Comparable Sales
- Real Estate Taxes and Assessor's Full Cash Value
- Neighborhood Description
- Site Description (Location Map, Plat Map, FEMA Map, Topo Map)
- Availability of Utilities
- Highest and Best Use
- Description of Improvements
- Drawing of Subject Improvements if Applicable
- Comparable Land Sales Sheets (Plat Maps and Photos), Land Sales Tables, and Land Sales
  - Location Map
  - Comparable Land Sales Adjustments and Land Value Conclusion
- Cost Approach with Analysis (not needed unless improvements are included)
  - Direct Sales Comparison Approach to Value
  - Improved Sales Map
  - Comparable Sales Table and Sales Sheets with Plat Maps and Photos
  - Direct Sales Comparison Approach Analysis and Conclusion
  - Income Approach to Value (not needed if subject is not income producing)
  - Comparable Rental Map
  - Comparable Rental Table and Comp Plat Maps and Photos
  - Comparable Rental Analysis and Conclusion
  - Income and Expense Statement
  - Capitalization Techniques and Conclusion
  - Reconciled Value Conclusion for Entire Parcel

The following additional items apply to partial acquisition only:

- Description of the Nature and Extent of Taking
- Legal Description and Sketch of Area to be Acquired
- Value of Parcel Sought
- Value of Remainder Parcel, Before the Project
- Description of the Project as Proposed, Including Improvements in Acquisition Area
- Value of Remainder Parcel, After the Project
- Severance Damages Analysis and Conclusion
- Special Benefits Analysis and Conclusion
- Summary Page of Elements of Estimated Compensation

- Appraiser's Certification
- Assumptions and Limiting Conditions
- Addenda
- Preliminary Title Report

**CONSULTANT'S QUALIFICATIONS**

**PAUL D. HENDRICKS, MAI**

4708 E. Scarlett, Tucson, AZ 85711  
(520) 881-1260; FAX (520) 325-6512  
Email: [pdhend@cox.net](mailto:pdhend@cox.net)

**EDUCATION**

**Academic**

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

**Valuation**

**Appraisal Courses and Examinations:**

- Standards of Professional Practice; A, B
- Standards of Professional Practice, C
- Investment Analysis
- Highest and Best Use, and Market Analysis
- Valuation Analysis and Report Writing
- Case Studies in Real Estate Valuation
- Income Approach to Value and Capitalization
- Basic Principles, Methods 1A
- Commercial Appraisal; Lender Requirements
- Americans with Disabilities Act
- Due Diligence/Environmental Checklist
- Residential Appraisal Techniques
- FEMA Flood Hazard
- Arizona Appraisal Law
- Construction and Engineering Awareness
- Reviewing Appraisals
- Small Residential Income Property Appraisal
- Hazardous Materials
- Litigation Valuation
- Appraiser as Expert Witness
- Partial Interest Valuation; Undivided
- Land Valuation Assignments

**Appraisal Seminars**

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

## **EXPERIENCE**

### **November 1995 - Present:**

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

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

### **1994-November 1995:**

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

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

### **1986-1993:**

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

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

### **1979-1986:**

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

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

## **PROPERTIES**

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

## **COMPUTERS**

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

#### **PROFESSIONAL AFFILIATIONS**

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

#### **GEOGRAPHIC WORK/MARKET EXPERIENCE**

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

#### **EXPERT WITNESS EXPERIENCE**

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

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

#### **SPECIAL PROJECTS**

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

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

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

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