

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING

Appraisal Service, Litigation Support, Counseling
Voice & Fax (520) 325-6512
Email pdhend@cox.net

COVER PAGE

APPRAISAL REPORT

**An Opinion of Land Value of a site,
Located along the east side of 1st Avenue south of Foothills Drive
Pima County, Arizona, 85718**

As Of April 7, 2015

**Owner: Pima County
Tax Parcel: Ptns 108-17-001A, 002A
Sec. 18, 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 2015925
Appraisal Report Completed April 14, 2015**

PAUL HENDRICKS REAL ESTATE APPRAISAL & COUNSELING

Appraisal Service, Litigation Support, Counseling

Voice & Fax (520) 325-6512

Email pdhend@cox.net

Letter of Transmittal

April 14, 2015

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

Re: Estimate of market value of the site on the east side of 1st Avenue, south of Foothills Drive, 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 April 7, 2015, the date of site visit.

Relevant subject characteristics: Subject site size is estimated to be approximately 10,200 square feet; it is located on the east side of 1st Avenue, south of Foothills Drive, north of River Road. Site utility is limited due to relatively small size, irregular shape, easements and flood plain issues. The site remains in natural desert vegetation; it is currently zoned R-3. The purpose of this analysis is to opine value for potential purchase by an adjacent property owner to the east. This property owner is securing rezoning for expansion development of self-storage units. Due to size, shape, easements and flood zone issues, highest and best use is considered to be for assemblage with the adjacent parcel.

My opinion of market value, subject to all conditions and assumptions, as of April 14, 2015, is \$10,000.

Assignment Conditions: Extraordinary assumptions include: 1) subject site size is estimated to be approximately 10,200 square feet based on exhibits and plat maps available; this assumption, if found to be false, could alter value opinions or conclusions. 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	1
TABLE OF CONTENTS.....	2
PREFACE & SUMMARY	3
PURPOSE OF THE APPRAISAL	4
INTENDED USE OF THE APPRAISAL	4
INTEREST APPRAISED.....	4
PROPERTY IDENTIFICATION	4
MARKET VALUE DEFINED.....	4
EXPOSURE PERIOD	4
EFFECTIVE DATE OF APPRAISAL, REPORT DATE	4
APPRAISAL DEVELOPMENT AND REPORTING PROCESS (SCOPE)	5
PROPERTY OWNERSHIP; 5 YEAR SALES HISTORY	5
NEIGHBORHOOD ANALYSIS.....	6
SITE DESCRIPTION.....	10
HIGHEST AND BEST USE	12
VALUATION METHODOLOGY	13
SALES COMPARISON APPROACH.....	14
STATEMENT AND CERTIFICATION OF APPRAISER	27
APPENDIX	28
LIMITING CONDITIONS AND ASSUMPTIONS.....	29
SUBJECT PHOTOS & EXHIBITS.....	34
PIMA COUNTY APPRAISAL CONTRACT SPECIFICATIONS	51
CONSULTANT'S QUALIFICATIONS.....	53

PREFACE & SUMMARY

APPRAISAL REFERENCE: 2015925 1st-River

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 irregular in shape, relatively small and indicated to have flood zone issues essentially reducing utility to assemblage with an adjacent property.

SITE SIZE: Approximately 10,200 square feet.

ZONING: R-3, City of Tucson Residence Zone

TAX CODE: Portions of 108-17-001a, 002a

INTEREST CONSIDERED: Fee, subject to Flood Control and Wastewater easements being retained.

EFFECTIVE DATE OF VALUATION: **April 7, 2015; Date of Site Visit.**

DATE OF APPRAISAL REPORT: April 14, 2015

TYPE OF APPRAISAL REPORT: Appraisal Report

OPINION OF VALUE: \$10,000

Assignment Conditions: The opinion of value is subject to extraordinary assumptions noted in the letter of transmittal and 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 in the subject parcel is the fee subject to Flood Control and Wastewater easements being retained.

PROPERTY IDENTIFICATION

The site is known as portions of parcels 108-18-001A and 002A; the east side of 1st Avenue south of Foothills Drive, north of River Road; legal description are portions of Lots 1 and 2 Northridge Estates, Pima County Arizona. (legal descriptions from client are 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 April 7, 2015, the date of site visit. The transmittal date of the report is April 14, 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 and City of Tucson flood zone departments to identify subject potential flood zone issues.
- 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 1997, 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.

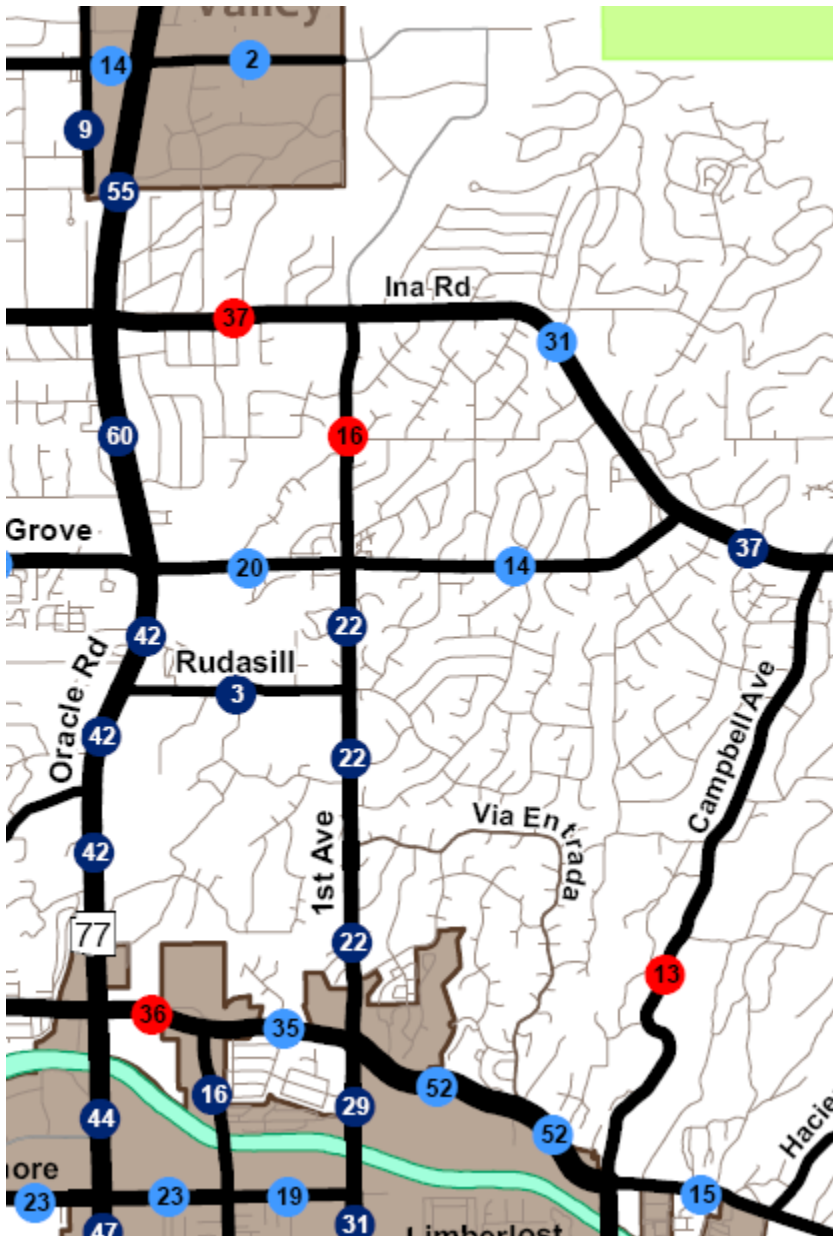
The subject property is located in the area described as the Catalina Foothills in the northcentral portion of the Tucson metro area. The boundaries of the area which exert the most influence over the subject can be described as the Coronado National Forest on the north to the Rillito River on the south, and from Campbell Avenue west to Oracle Road.

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 north portion of this region.

The area is characterized as rolling foothills rising above the valley city core towards the Catalina Mountains to the north. In addition to rolling topography, there is high desert Sonoran vegetation. Depending on elevation and exposure, the area offers potentially very good views of the mountains to the north and east and city lights to the southwest. The neighborhood is predominately composed of single-family residences. There are a mix of other uses that include multi-family and commercial uses particularly along Sunrise/Skyline/Ina Road and Oracle Road. The neighborhood is affected by various riparian habitats and rolling topography resulting in a good amount of vacant open space land in the neighborhood. Some land in the neighborhood (Pima County Jurisdiction) are 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. The areas affected are primarily the ravines between ridges below where existing homes have been developed. The neighborhood is relatively mature with little residential development but with some significant commercial use development in the past couple of decades. Residential densities are relatively low due to the majority of the area being zoned CR-1 (36,000sf minimum lot size).

A significant amenity in the neighborhood is the Coronado National Forest (CNF), the CNF covers approximately 1,780,000 acres in southeast Arizona and Southwest New Mexico. Elevations range from 3,000 feet to 10,720 feet in twelve widely scattered mountain ranges or "Sky Islands" that rise dramatically from the desert floor. The CNF creates spectacular views for surrounding properties and also offers many hiking trails, picnic areas, rock climbing, scenic drives etc...The CNF is home to a diverse plant and animal life including the popular saguaro cactus. Also within the CNF is Mount Lemon and the Summerhaven Community; this area attracts local and national tourists as the area has amenities which include a ski resort, cabin and resort rentals, spectacular landscape etc... there are also many year round residents in this area.

Access to the neighborhood is considered to be average. 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 private fire protection via the Rural Metro Fire Department. Sewer service, where available, is provided by Pima County Wastewater Management; water by the City of Tucson; natural gas, where available, is from Southwest Gas Corporation; electrical service from Tucson Electric Power Company; and telephone service via Qwest Corporation. Public education is provided by Amphi USD. Public transportation is limited to a loop from Swan Road up to Sunrise Drive to Orange Grove over to 1st Avenue and along Oracle Road.

Most of the neighborhood is within the Sonoran Desert Conservation Plan (SDCP); this plan was adopted in 2001 and was developed using science-based principles shaped by public review and discussion. The plan is designated to give high priority to preserving and protecting natural resources and focuses on six elements (Habitat, Corridors, Cultural Resources, Mountain Parks, Ranch Conservation, and Riparian Protection). The area covered in the SDCP is 5.9 million acres in Pima County, Arizona which includes the Tucson Metropolitan Area; it includes two major eco-regions known as the Sky Islands and the Sonoran Desert. The plan has various habitat models which indicate specific parcels as being low, medium, or high habitat areas; also these habitats are given a

conservation priority rating (0-34+-). The SDCP plan has various other designations (archaeological sensitive sites etc...) and these designations according to the Sonoran Desert Conservation Planning Department (Pima County) don't necessarily restrict development but rather, dependent on present habitat and potential development, conditional requirements such as a mitigation plan may be required.

Demographic characteristics of the subject neighborhood and 1 mi radius surrounding the subject site are compared to county averages as follows:

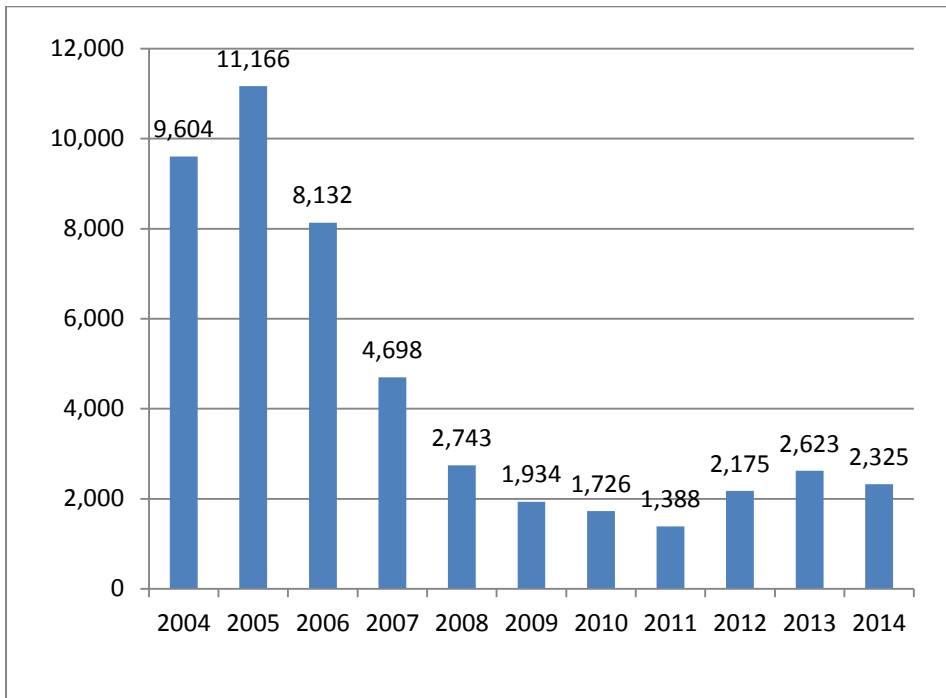
Variables	Pima County	CFH Nhbd	1st River (1 mile)
2014 Total Population (Esri)	1,000,763	16,300	8,445
2014-2019 Population: Annual Growth Rate (Esri)	0.50	0.19	0.40
2014 Median Household Income (Esri)	\$45,825	\$62,780	\$35,970
2014 Per Capita Income (Esri)	\$24,938	\$47,506	\$28,738
2014 Owner Occupied Housing Units (Esri)	241,926	4,871	1,693
2014 Median Home Value (Esri)	\$149,951	\$337,864	\$252,083
2014 Average Home Value (Esri)	\$203,726	\$416,711	\$313,651
ACS Median Contract Rent	\$658	\$688	\$600
2014 Vacant Housing Units (Esri)	54,782	918	507
2014 Total Households (Esri)	397,056	7,774	4,292

The surrounding 1 mile radius includes higher density City jurisdiction properties outside of the neighborhood as described, considered to be less characteristic of the subject but providing insight into the transition from the City to the foothills neighborhood. The subject neighborhood indicates significantly lower anticipated growth potential as compared to the 1 mile radius and county suggesting the area is more fully developed. The neighborhood indicates above average occupancy by owner rather than renter and significantly higher median household and per capita income (roughly double) as well as higher average home value (over double).

The Tucson Metro Area, as well as Arizona and the Nation are believed to be coming out of a significant recession. The National Bureau of Economic Research has (September 2010) determined that the recession officially started in December 2007 and ended in June 2009. The panel, however, made it clear that it knows the economy has not been favorable and that it has not been operating normally since then. With each real estate market and market area being affected differently the Tucson Metro Area residential market was analyzed.

Real Estate Markets:

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



As indicated, residential permits dropped precipitously from a high in 2005 through 2011; in 2012 and again 2013 surpassed the previous year, indicating a turn around; however total 2014 indicates minor softening from 2013. Over this time period home values decreased drastically but turned around in 2013 with significant increase, however, price appreciation has again slowed significantly.

Conclusion: The subject neighborhood is developed with a mixture of single-family and multi-family residences as well as commercial; there is also some redevelopment and infill vacant or under-utilized land in the neighborhood. Demographics demonstrate median household income and median housing value levels of residents are below or significantly below average for the metro-area. There are reasonable commercial services within the neighborhood with adequate parking and public transportation, traffic linkages to educational and work centers is average to good. Home values in the neighborhood appear to have stabilized and absent renewed recessionary pressures, will likely increase in the future, following the surrounding metro area.

SITE DESCRIPTION

Location:	The subject is located on the east side of 1 st Avenue, south of Foothills Drive and north of River Road.
Site Size:	Approximately 10,200 square feet estimated from plat map and other parcel exhibits.
Access:	The site is on the east side of 1 st Avenue which presumably would provide access. Access is most reasonable along the southern portion of the site which is near street grade elevation. Exhibits indicate approximately 174 frontage on 1 st Avenue, traffic volumes are indicated to be 22,000vpd.
Visibility:	Good; visibility is greater than frontage suggests as the parcel continues to the north (see exhibits) and the parcel between the subject northern portion and 1 st Avenue is Pima County owned, of very little utility and therefore has very little development potential.
Shape:	Irregular, somewhat triangular, see exhibits.
Topography:	The site is moderately downward sloping to the south from approximately 2,370' on the north to 2,366' on the south; most of the site (northern portion) is well below existing 1 st Avenue street grade as it rises going north from approximately from 2,368 to 2380'.
Flood Hazard:	According to the FEMA Digital Flood Insurance Rate Map, panel 04019C1687L Zone X, effective 6/16/11, the site is in Flood Zone X (not flood zone). However, Pima County recognized the parcel (and surrounding area) to be Special Studies Floodplain (see exhibit in the appendix). The City of Tucson confirmed that there are considered to be special flood issues related to the site but that they do not yet have it mapped; they deferred to the Pima County mapping indication. The vast majority of the site (all but perhaps a portion of western boundary next to 1 st Avenue) is restricted by flood zone and would only permit development given a hydrology report and engineering any improvements out of the flood zone.
Easements:	There are easements indicated on the dividing line between lots 1 and 2 on the subdivision plat and an access easement up to 20' wide from the south Colonia Taxco Lot 2 into the subject parcels near their western boundary (see exhibits).
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):
- | | |
|----------------|------------------------|
| Water: | City of Tucson |
| Sewer: | Pima County Wastewater |
| Electricity: | Tucson Electric Power |
| Natural Gas: | Southwest Gas |
| Telephone: | Qwest |
| Public Safety: | City of South Tucson |
- Surrounding Land Uses: There is a self-storage use to the south, the parcel to the east is owned by same parties who intend to develop an expansion self-storage building. There are higher density residential developments to the east and west and generally lower density development to the north (CR-1).
- Zoning: Zoning on the sites is R-3 (Residence Zone) under City of Tucson jurisdiction. This zone provides for high density, residential development and compatible uses. (some uses are very limited, for complete listing see the zoning code) agricultural, civic, commercial, recreation, residential and storage land uses. Development standards are summarized as follows:
- Single Family Use-
SF density SF-1/5,000sf, MF-36/acre (R-3)
Lot coverage 70% (R-3)
Height Max 25', non-res 40'
Perim. Yard Street, res use to res zone-6' or 2/3H, res use to nonres zone-10' or 3/4H, Non res use to Nonres zone-10' or 3/4H (subject parcel is next to res zone except on south side-C-1)
- Site Analysis Conclusion: The subject site is a relatively small, irregularly shaped parcel which is considered to be restricted due to it's shape, size, easements, flood zone restrictions and topography. It is located on a traffic arterial (1st Avenue). Utilities necessary for development are available in the area.

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, 5th 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 R-3, (Residence Zone) under City of Tucson jurisdiction. This zone provides for high density, residential development and compatible uses. (some uses are very limited, for complete listing see the zoning code) agricultural, civic, commercial, recreation, residential and storage land uses. Development standards are summarized as minimum lot size-SF-5,000, density SF-1/5,000sf, MF-36/acre, Perim. Yard Street, res use to res zone-6' or 2/3H, res use to nonres zone-10' or 3/4H, Non res use to Nonres zone-10' or 3/4H (subject parcel is next to res zone except on south side-C-1).

There is considered to be potential for successful rezoning. As mentioned, adjacent property to the south is zoned C-1 and there is a C-1 zoned parcel to the northeast fronting on Foothills Drive; the adjacent property owners (east) are planning on developing an expansion self-storage building which will require commercial rezoning to C-1.

Physically Possible: The subject parcel is estimated to be approximately 10,200 square feet and irregular in shape, reducing utility, particularly at more acute corners; utility is further restricted due to an access easement running roughly north through the center and wastewater easement. It is reported to be further restricted by flood zone issues. While development standards per zoning indicate physical possibility of developing several units, the units would be very restricted due to the above mentioned physical features and restrictions, further, desirability of residential development would be considered to be adversely affected by topography below 1st Avenue street grade.

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), however, residential demand and value appreciation has again slowed or stalled. It is not considered to be feasible to develop the subject parcel due to the relatively high cost for few if any units physically possible, market conditions which are still soft relative to prior periods and probable resistance to a custom home of price in the range of the surrounding neighborhood being on a relatively major traffic arterial above the parcel grade and relatively little setback from this higher traffic road.

Maximum Profitability: In conclusion, the highest and best use "as if vacant" is considered to be assemblage with an adjacent site to the east, whose property owner is interested in purchasing it. The site is believed to have significant 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, as well as the easements. The assembled parcel would benefit from the subject frontage and potential access from 1st Avenue. 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.

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. Highest and best use is for assemblage. Valuation of the parcel is therefore considered to be most reasonably opined by comparison to other significantly restricted utility parcels that are typically purchased by adjacent property owners simply to control development adjacent to their property.

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 due to significant variance in subject and comparable site size; 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: Calle Ladero, Tucson, Arizona

LEGAL DESCRIPTION: CATALINA FOOTHILLS ESTATES SLY PTN LOT 44 LYG W & ADJ RD, Pima County, Arizona

TAX CODE NUMBER: 108-15-045D

RECORDS: 10/14/2010 document 20101980467

SELLER: JAC TR A & JAC TR B, John Royce Whitman

BUYER: Frederick Frelinghuysen

SALE PRICE: \$12,000

TERMS: Cash

SITE SIZE: 9,073 square feet

PRICE PER SF: \$1.32

ZONING: CR-1, Residential, Pima County.

COMMENTS: The site is located in the Catalina Foothills. It was a remnant parcel dividing the adjacent site from the road. The purchaser owns several adjacent sites not improved and one that is improved with residence.

CONFIRMED WITH: Purchaser, Frederick Frelinghuysen, 577-1102, pdh

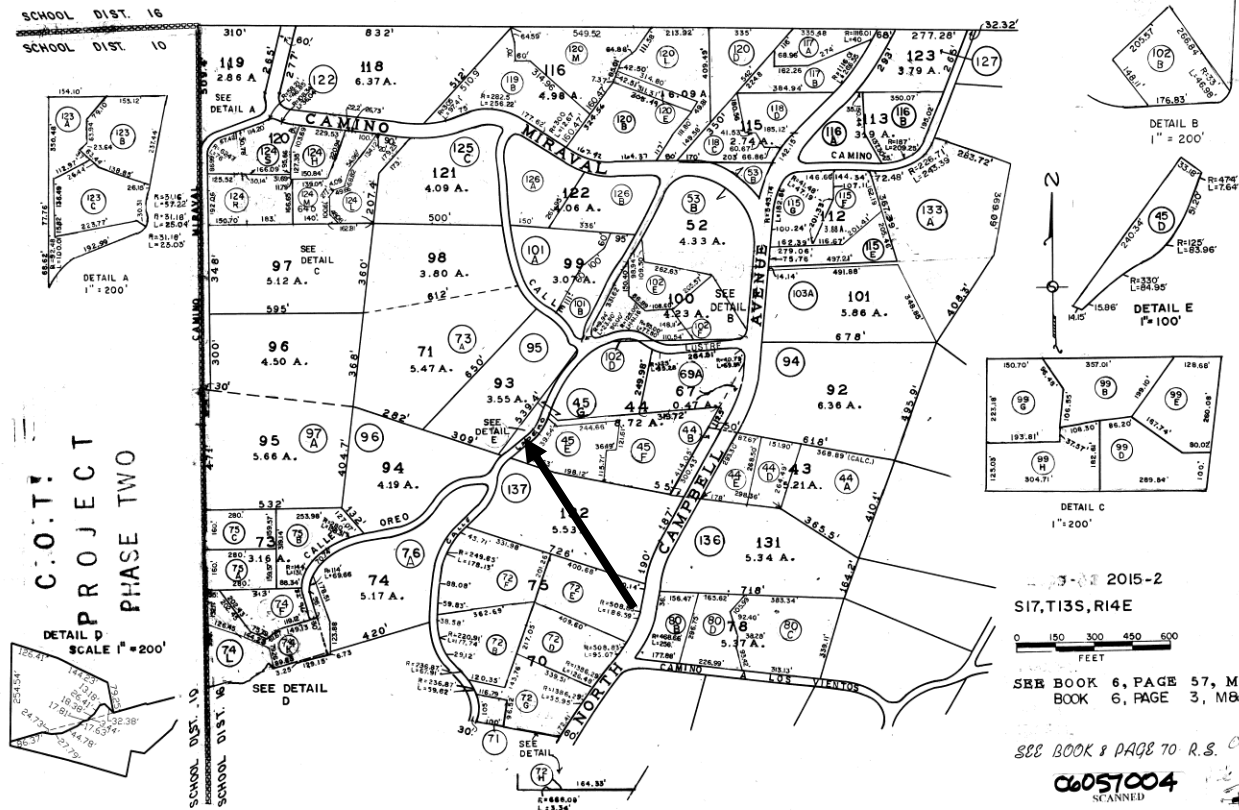


ASSESSOR'S RECORD MAP

108-15
4/4

CATALINA FOOTHILLS ESTATES (AMENDED)

DETAIL SHEET No. 4



Comparable Site Sale Two

LOCATION: Tanque Verde Road, Tucson, Arizona
LEGAL DESCRIPTION: E15' W751.63' S508' N545.5' LOT 4 .18 AC SEC 6-14-16
Pima County, Arizona
TAX CODE NUMBER: 205-52-005B
RECORDS: 7/16/2010 document 20101360712
SELLER: Patrick Knote, Tucson
BUYER: Tanque Verde Unified School Dist #13, Martin O'Shea
SALE PRICE: \$21,000
TERMS: Cash
SITE SIZE: 7,620 square feet
PRICE PER SF: \$2.76
ZONING: CR-1, Residential, Pima County.
COMMENTS: The site is located between two school parking lots; a remnant parcel dividing the two which may have been left from access to a residential lot to the south which is not now dependent on this area for access.
CONFIRMED WITH: Purchaser, Martin O'Shea, 749-1413, pdh



ASSESSOR'S RECORD MAP

205-52
1/2

SECTION 6 TOWNSHIP 14S. RANGE 16 EAST
DETAIL NO. 1 N¹/₂ NW ¹/₄



Comparable Site Sale Three

LOCATION: w/o 2713 W Desert Splendor Court, Tucson, Arizona

LEGAL DESCRIPTION: PTN N496.41' S1321.91' E76.86' W727.46' SW4 SW4, SEC 9-12-13, Pima County, Arizona

TAX CODE NUMBER: 224-22-006J

RECORDS: 5/22/12 at document #20121430312, Pima County Recorder

SELLER: Joel B Landon

BUYER: Peter Maher 297-1743

SALE PRICE: \$2,500; \$11,750 paid in back taxes

TERMS: Cash

SITE SIZE: 48,352 square feet, 1.11 acres.

SALE PRICE PER SF: \$0.29

ZONING: R1-144, Low Density Residential, Oro Valley

COMMENTS: Located in a suburban residential area, the parcel has no frontage and is located in adjacent to and west of a minor wash; according to Fema Map 04019C1070L, the parcel is in flood zone X. There are no utilities to the parcel; it was purchased by an adjacent parcel owner for no particular use other than to enlarge his site which was already improved with a residence. In addition to the \$2,500 paid as indicated on the affidavit, the purchaser had to pay \$11,750 in back taxes.

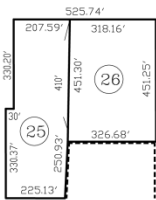
CONFIRMED WITH: Peter Maher, purchaser, 297-1743 pdh



ASSESSOR'S RECORD MAP
SECTION 09, TOWNSHIP 12 SOUTH, RANGE 13 EAST

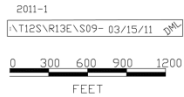
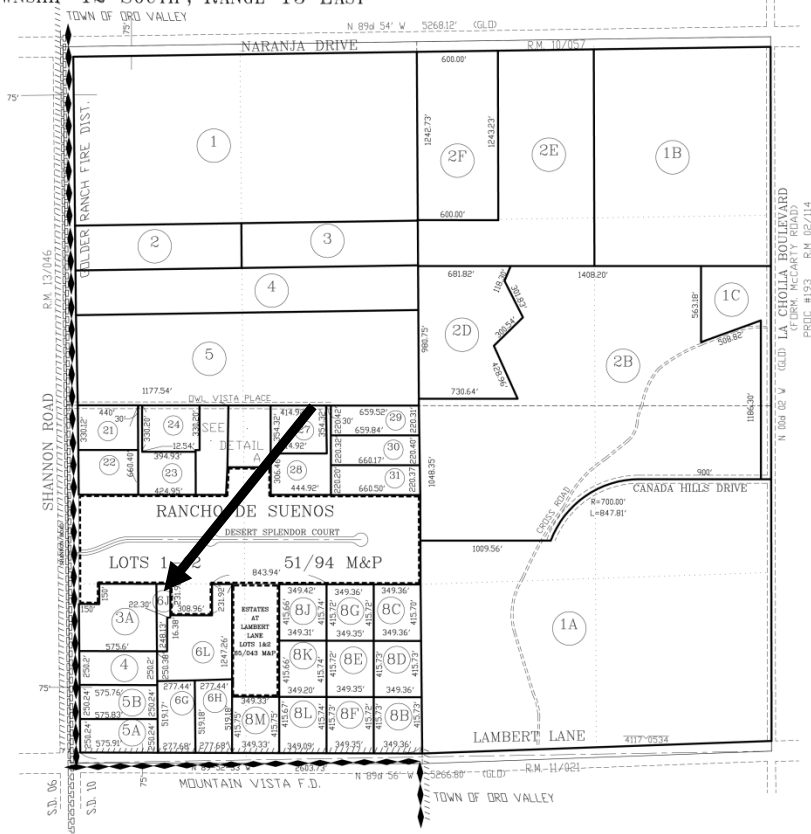
224-20
221 (NW4)
222 (SW4)
223

DETAIL A



SCALE 1"=300'

CCS



Comparable Site Four

LOCATION: e/o Broken Arrow Trail, Tucson, Arizona
LEGAL DESCRIPTION: Part of Lot 6, Hiawatha Hills, Pima County, Arizona
TAX CODE NUMBER: ptn 103-20-0060
RECORDS: 1/4/2010 document 20100010126
SELLER: Gabriel Quiroz Tucson
BUYER: Alex Wilson, Tucson
SALE PRICE: \$1,280
TERMS: Cash
SITE SIZE: 643 square feet
PRICE PER SF: \$1.99
ZONING: RX-1, Residential, Pima County.
COMMENTS: The site is located at the seller's eastern boundary and purchaser's western boundary; it was sold to correct purchaser's encroachment based on an appraisal.
CONFIRMED WITH: Seller, Gabriel Quiroz, 792-1526, pdh



Comparable Site Five

LOCATION: Ptn 4705 & 4805 W Jojoba, Tucson, Arizona

LEGAL DESCRIPTION: PTN N496.41' S1321.91' E76.86' W727.46' SW4 SW4, SEC 9-12-13, Pima County, Arizona

TAX CODE NUMBER: 214-55-0330, 0340 split (now 214-55-004D)

RECORDS: 5/30/12 at #20121510857, 20121510858 Pima County Recorder

SELLER: Rosemary E Evans-Banks

BUYER: Steven Swindler

SALE PRICE: \$7,000; (total in 2 recordings)

TERMS: Cash

SITE SIZE: 32,977 square feet, .76 acres.

SALE PRICE PER SF: \$0.21

ZONING: SR, Pima County Suburban Ranch

COMMENTS: Located in western foothills, the parcel was a remnant divided by seller's parcel by road alignment which was purchased by the adjacent property owner. According to Fema Map 04019C1665L, the parcel is in flood zone X. An adjacent .42 acre parcel was sold to adjacent property owner Keck for \$1,000, \$.05/sf.

CONFIRMED WITH: Affidavit, Seller responded to letter and confirmed the sales but not the discrepancy in two prices pdh



HENDRICKS APPRAISAL & COUNSELING

SITE SALES COMPOSITE MAP



Site Value Analysis

Five sales have been selected for the subject value analysis. The comparables were selected due to their being relatively recent sales of similar restricted sites, including two purchased by adjacent property owners.

Motivation is considered to be reasonable for consideration and analysis; a property that is significantly dependent on an adjacent remnant parcel would justify higher price than a parcel of very little necessity or benefit. Sales 1 and 3-5 are considered to have had average motivation as is presumed for the subject site, no adjustment is necessary. Sale 2 is considered to be rather significantly motivated due to the remnant being located in the middle of two owned parking areas; it is adjusted downward for motivation.

The comparables are considered to be similar due to being in or transitioning to suburban, more affluent residential locations; no adjustment for location is considered necessary.

Larger parcels typically sell for less on a price per square foot basis, thus sales 3 and 5, considerably larger than the subject, are adjusted upward, parcel 4 is adjusted downward for superior smaller size; the adjustment is relatively moderate given significant difference in size as the parcels, like the subject, are significantly restricted and overall size is considered to be less significant than site utility (see below). Comparables 1 and 2 are considered to be similar to the subject in size, not requiring adjustment.

The sales are all residentially zoned, and while of various development density, each is considered to be similar to the subject in their having little or no development potential on their own, no adjustment for zoning is considered to be necessary.

The comparable sales are all considered to have little or no development potential on their own; no adjustments for sit utility is considered necessary.

Sales 1 and 2 have no physical adjustment required (sale 2 net adjustment is moderately downward due to purchaser motivation); sales 3 and 5 are adjusted moderately upward for size and sale 4 downward due to smaller size. Comparable 2 is given least emphasis due to purchaser motivation, the other sales are given relatively similar emphasis.. With emphasis as indicated, a subject value at \$1.00/sf, rounded to \$10,000, 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	Comp 5
	1st s/o		Tanque	2713 W	Broken Arrow	4805 W
Location	Foothills	Calle Ladero	Verde	Desert Splendor	Trl	Jojoba
Tax ID Number	108-17-001a	108-15-045D	205-52-005b	224-22-006J	103-20-0060	214-55-004D
Sales Data						
Date of Sale	Curr.	Oct-10	Jul-10	May-12	Jan-10	May-12
Sales Price	N/A	\$12,000	\$21,000	\$2,500	\$1,280	\$7,000
Site Size (SF)	10,200	9,073	7,620	48,352	643	32,977
Price per SF	N/A	\$1.32	\$2.76	\$0.05	\$1.99	\$0.21
Property Rights (Interest)	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Interest adjustment	0%	0%	0%	0%	0%	0%
Financing	Cash	Cash	Cash	Cash	Cash	Cash
Cash Equivalent Price	N/A	\$12,000	\$21,000	\$2,500	\$1,280	\$7,000
Conditions of Sale	Average	Average	Motivation	Average	Average	Average
Condition Adjustment	0%	0%	-20%	0%	0%	0%
Expenditure After Sale	N/A	\$0	\$0	\$11,750	\$0	\$0
Market Condition (Time)	Curr.	Oct-10	Jul-10	May-12	Jan-10	May-12
Market Conditions Adj.	N/A	0.0%	0.0%	0.0%	0.0%	0.0%
Adjusted price per SF	N/A	\$1.32	\$2.20	\$0.29	\$1.99	\$0.21
Physical Characteristics						
Location	NC; Good	Similar	Similar	Similar	Similar	Offsetting
Size; SF	10,200	9,073	7,620	48,352	643	32,977
Zoning/CP	R-3	CR-1	CR-1	R1-144	RX-1	SR
Improvements	None	None	None	None	None	None
Site Utility	Poor	Offsetting	Offsetting	Offsetting	Offsetting	Offsetting
Access/View	Average	Offsetting	Offsetting	Offsetting	Offsetting	Offsetting
Adjustments						
Location		0.0%	0.0%	0.0%	0.0%	0.0%
Size		0.0%	0.0%	2.5%	-10.0%	2.5%
Zoning/Use		0.0%	0.0%	0.0%	0.0%	0.0%
Improvements		0.0%	0.0%	0.0%	0.0%	0.0%
Site Utility		0.0%	0.0%	0.0%	0.0%	0.0%
Access/View		0.0%	0.0%	0.0%	0.0%	0.0%
Net Physical Adjustments						
Net Physical Adjustments		Similar	Similar	Upward	Downward	Upward
Net Adjustment (Overall)		0.0%	0.0%	2.5%	-10.0%	2.5%
Adjusted Comp Price		\$1.32	\$2.20	\$0.30	\$1.79	\$0.22
Subject Value (\$/SF)	\$1.00					
Opinion of Subj. Value	\$10,000					

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



1st Avenue Looking North



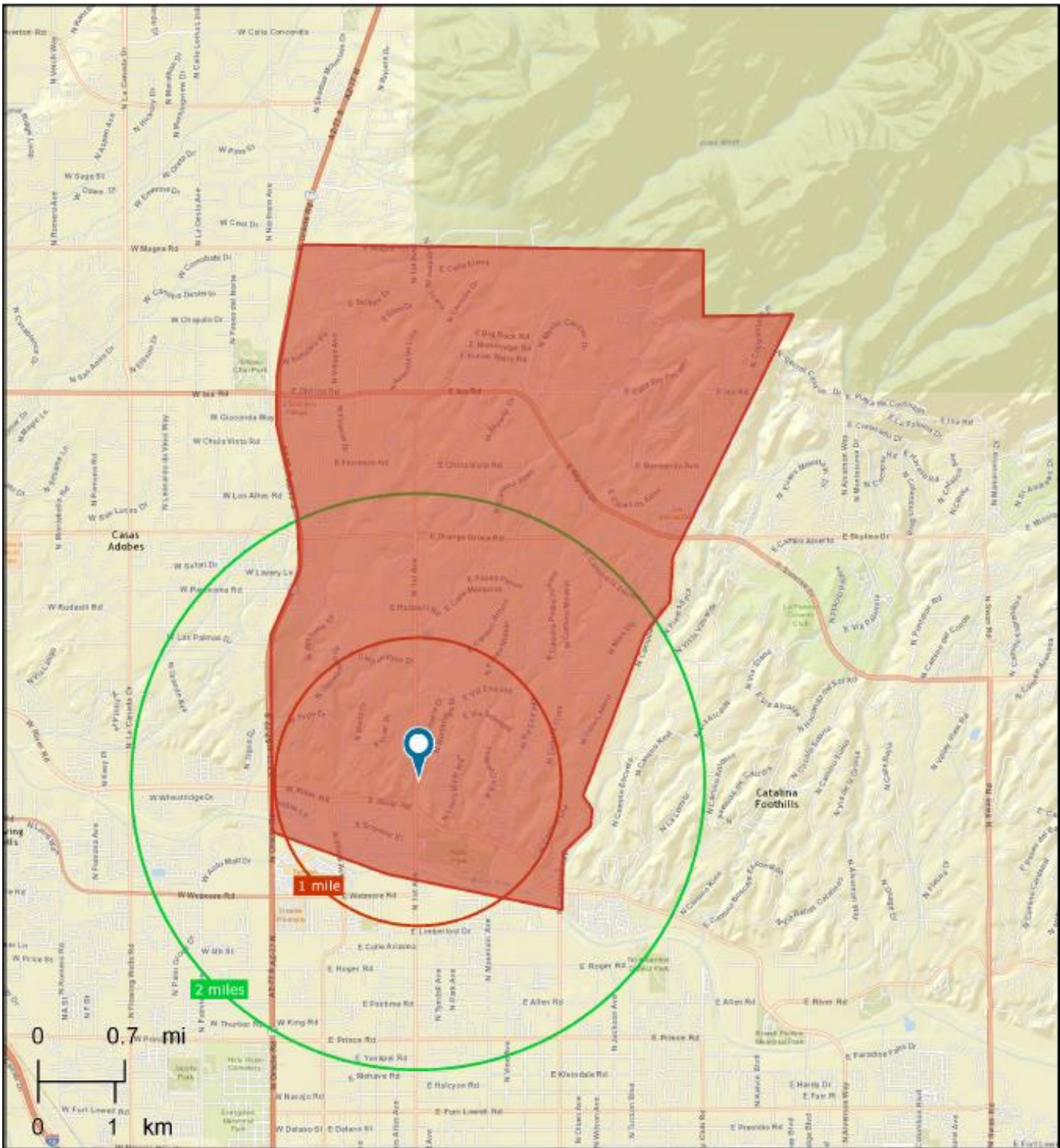
1st Avenue Looking South



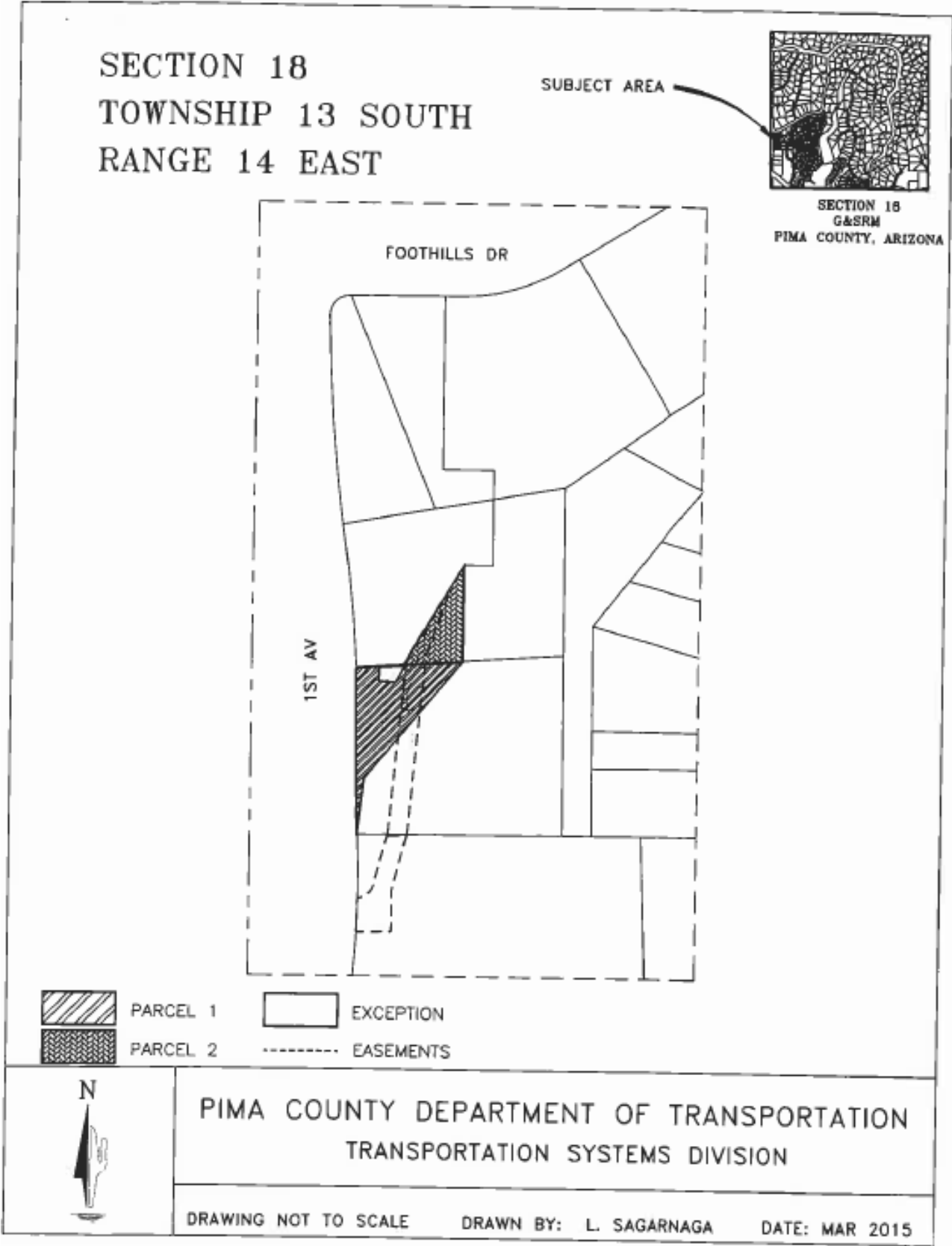
Aerial View



NEIGHBORHOOD MAP



Subject Parcel



Legal Descriptions and Exhibits



DOT & FCD
Survey
Section

, November 1998

EXHIBIT A

DESCRIPTION
A PORTION OF LOT 1 OF
NORTHRIDGE ESTATES

Parcel 1

Lot 1 of Northridge Estates as recorded in Book 14 of Maps and Plats at Page 14, records of Pima County, Arizona, more particularly described as follows:

BEGINNING at the southwest corner of said Lot 1;

THENCE North 89° 04' 39" East along the south line of said Lot 1, a distance of 2.22 feet;

THENCE North 06° 12' 27" East, 60.36 feet

THENCE North 39° 12' 28" East, 158.37 feet to a point on the north line of said Lot 1;

THENCE South 85° 34' 35" West along said north line, 115.00 feet to a point of non-tangency from which a radial line bears South 85° 34' 35" West, said point also being the northwest corner of said Lot 1;

THENCE southerly along the west line of said Lot 1, along a curve concave to the west, having a radius of 1984.86 feet, through a central angle of 05° 01' 26", an arc distance of 174.04 feet to the POINT OF BEGINNING.

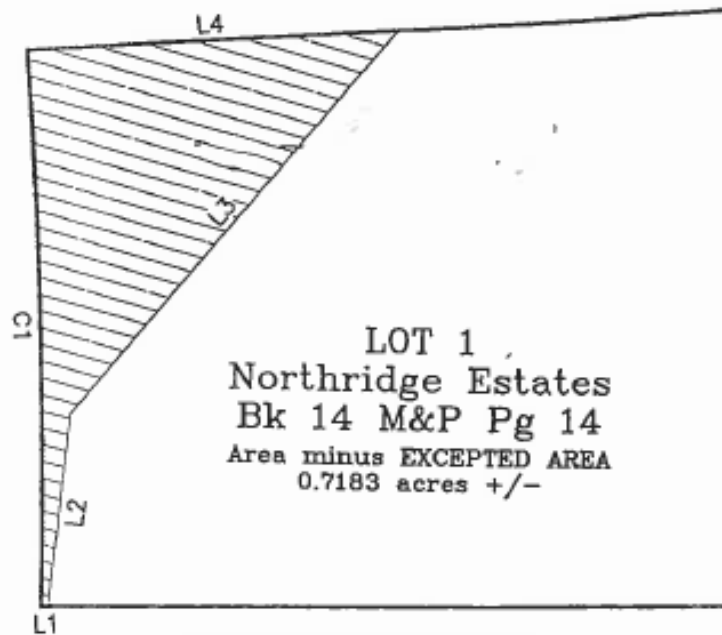
Lot 1 minus the excepted portion containing 0.7183 acres, more or less.

Except parcel 2 Exhibit F



Robert J. O'Donoghue

EXHIBIT A-1



LINE TABLE		
LINE	BEARING	LENGTH
L1	N89°04'39"E	2.22'
L2	N06°12'27"E	60.36'
L3	N39°12'28"E	158.37'
L4	S85°34'35"W	115.00'

CURVE TABLE			
CURVE	DELTA	LENGTH	RADIUS
C1	05°01'26"	174.04'	1984.86'

PIMA COUNTY SURVEY SECTION

A PORTION OF

LOT 1 NORTHRIDGE ESTATES

Book 14 of Maps & Plats at Page 14

Records of Pima County, Arizona

Scale: 1in. = NONE

Date: 05 Nov 98

Drawn By: R.O'D

Sheet 1 of 1



2

EXHIBIT " F "

Legal Description

Portion of County Property Excluded from Sale

Lying within a portion of Lot 1, Northridge Estates, recorded in Book 14 of Maps and Plats at page 14, Records of Pima County, Arizona and being more particularly described as follows:

Commencing at the easterly most common corner of Lots 1 and 2 and as shown on said Plat Map, thence South 85° 33' 40" West measured (South 86° 16' 35" West record) along the common line between said Lots 1 and 2 a distance of 164.93 feet to the point of beginning;

Thence continuing along said common line, South 85° 33' 40" West, 26.63 feet to a point on the existing easterly right-of-way curve of First Avenue as it now exists and from which point the radius point of said curve bears North 86° 00' 09" West;

Thence southerly along said curve concave to the west, having a central angle of 00° 20' 05", a radius of 2353.71 feet and an arc length of 13.75 feet;

Thence leaving said right-of-way curve, South 85° 39' 46" East, 17.61 feet;

Thence North 30° 16' 08" East, 19.80 feet to the point of beginning.

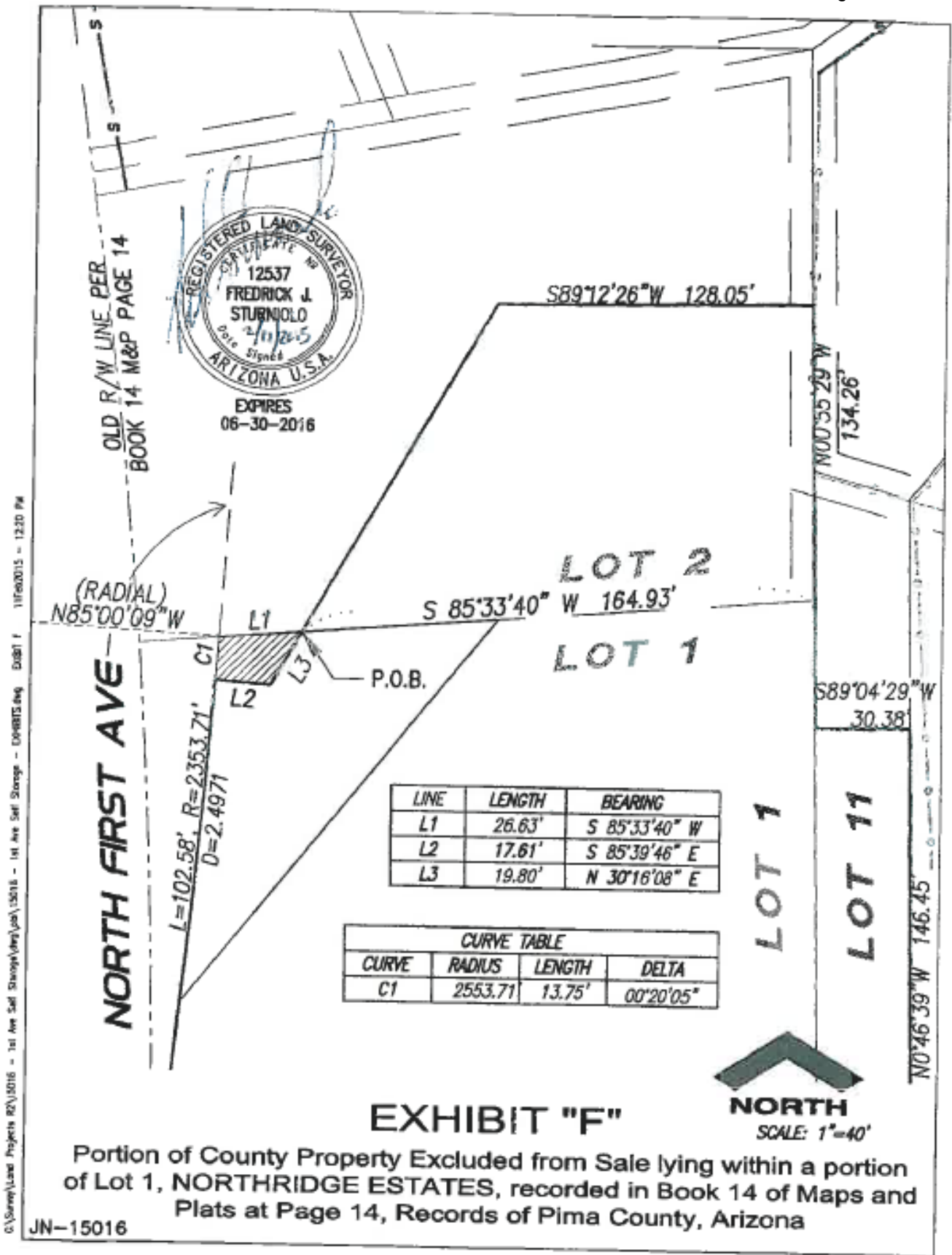
Basis of Bearing: The West line of the Southwest Quarter of Section 18 as shown on Pima County Department of Transportation " as built "drawings 4BFROG dated April 9, 2002.Bearing being : North 00° 47' 33" West.



EXPIRES 6/30/2016

8219 East 22nd Street • Tucson, Arizona 85710 • (520) 298-3200

AN EQUAL OPPORTUNITY EMPLOYER





parcel 2

Legal Description

Portion of County Property to be Purchased

Lying within a portion of Lot 2, Northridge Estates, recorded in Book 14 of Maps and Plats at page 14, Records of Pima County, Arizona and being more particularly described as follows:

Commencing at the easterly most common corner of Lots 1 and 2 and as shown on said Plat Map, thence South 85° 33' 40" West measured (South 86° 16' 35" West record) along the common line between said Lots 1 and 2 a distance of 102.17 feet to the point of beginning;

Thence continuing along said common line, South 85° 33' 40" West, 62.76 feet;

Thence leaving said common line, North 30° 16' 08" East, 121.40 feet;

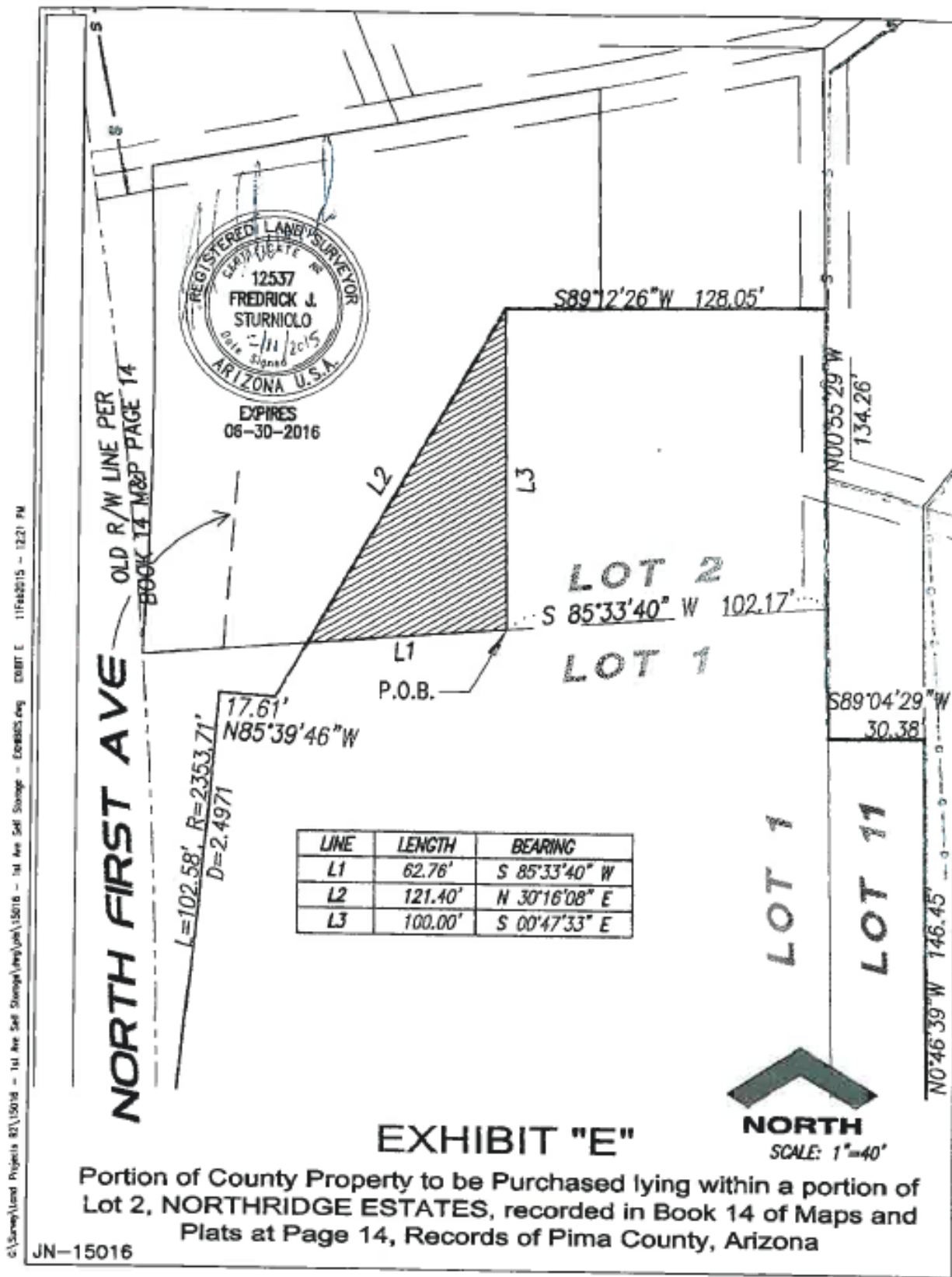
Thence South 00° 47' 33" East, 100.00 feet to the point of beginning.

Basis of Bearing: The West line of the Southwest Quarter of Section 18 as shown on Pima County Department of Transportation " as built "drawings 4BFROG dated April 9, 2002.Bearing being : North 00° 47' 33" West.



8219 East 22nd Street • Tucson, Arizona 85710 • (520) 298-3200

AN EQUAL OPPORTUNITY EMPLOYER





³
EXHIBIT "C"

Legal Description

Access Easement

An easement for access purposes for the use by Pima County Regional Waste Water Reclamation District and Pima County Regional Flood Control District lying within a portion of Lot 2 of Colonia Taxco recorded in Book 27 of Maps and Plats at page 94, Records of Pima County Recorders Office and being more particularly described as follows:

Commencing at the Northwest corner of said Lot 2 as shown on said Plat Map, thence North 89° 05' 59" East measured (North 89° 46' 33" East record), along the north line of said Lot 2 a distance of 32.61 feet to the point of beginning of said access easement;

Thence South 15° 55' 03" West, 55.23 feet to a point of curvature from which the radius point of said curve bears North 74° 51' 23" West;

Thence southwesterly along a non-tangent curve having a central angle of 79° 16' 51", a radius of 18.47 feet and an arc length of 25.56 feet;

Thence leaving said curve, South 03° 00' 20" West, 34.76 feet;

Thence North 89° 53' 41" East, 40.46 feet;

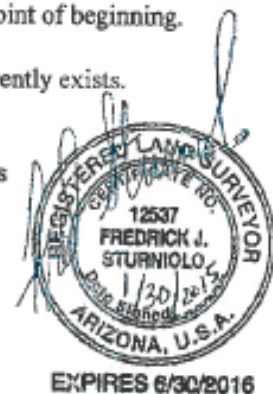
Thence North 00° 06' 19" West, 43.00 feet;

Thence North 15° 55' 03" East, 61.01 feet to a point on the north line of said Lot 2;

Thence South 89° 05' 59" West along said northerly line, 20.89 feet to the point of beginning.

EXCEPTING any portion there of lying within North First Avenue as it currently exists.

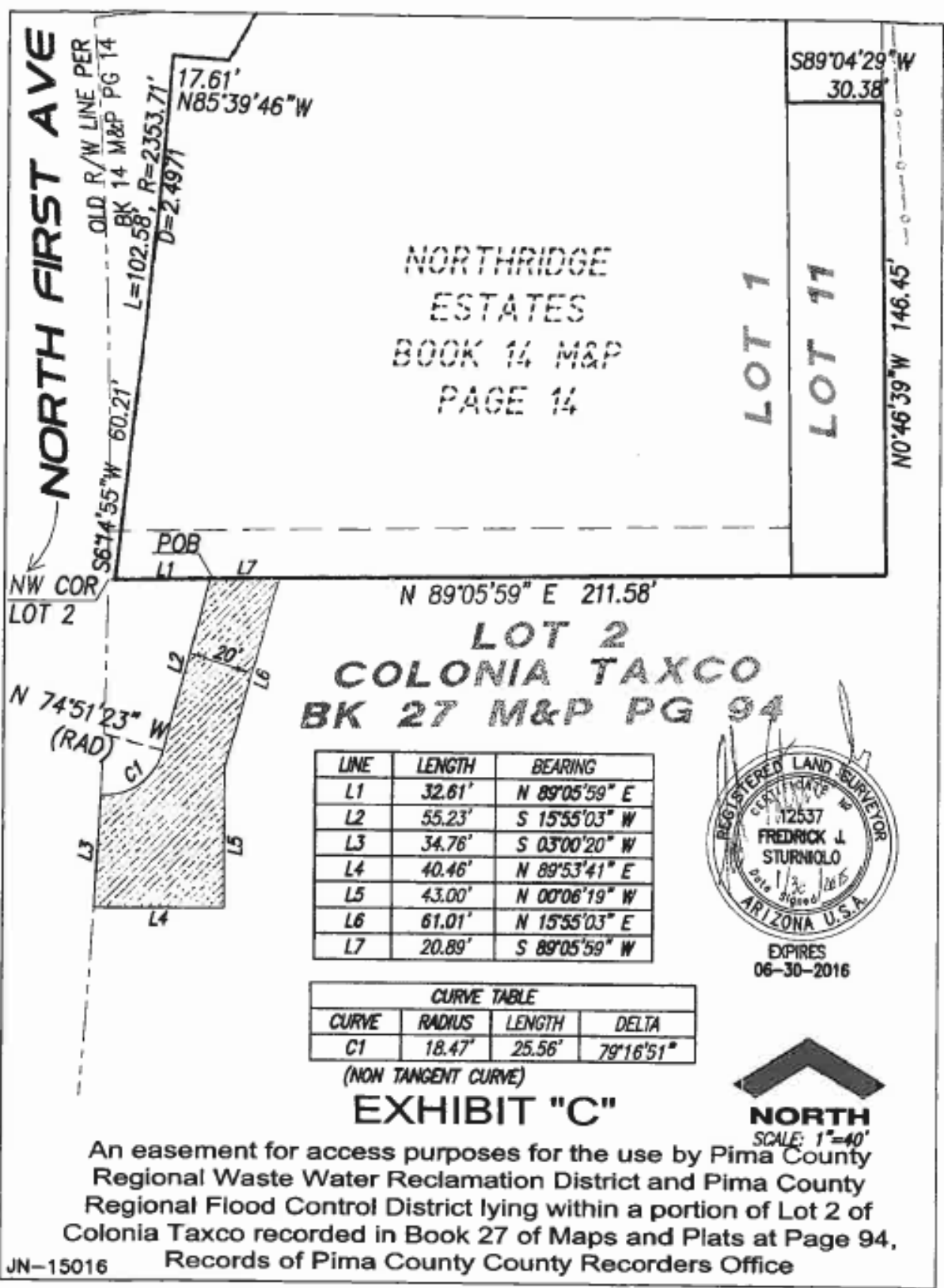
Basis of Bearing: The West line of the Southwest Quarter of Section 18 as shown on Pima County Department of Transportation "as built" drawings 4BFROG dated April 9, 2002. Bearing being : North 00° 47' 33" West



8219 East 22nd Street • Tucson, Arizona 85710 • (520) 298-3200

AN EQUAL OPPORTUNITY EMPLOYER

0:\Survey\Land Projects\JN-15016 - 1st Ave. Self Storage\Map\JN-15016 - 1st Ave. Self Storage - EXHIBIT C.dwg EXHIBIT C 03/02/2015 - 11:57 AM





4

EXHIBIT " D "

Legal Description

Access Easement

An easement 20 feet wide for access purposes for the use by Pima County Regional Waste Water Reclamation District and Pima County Regional Flood Control District lying within a portion of Lots 1 and 2 of Northridge Estates recorded in Book 14 of Maps and Plats at page 14, Records of Pima County Records Office and being more particularly described as follows:

Commencing at the Southwest corner of said Lot 1 as shown on said Plat Map, thence North 89° 05' 59" East measured (North 89° 46' 33" East record), along the south line of said Lot 1 a distance of 32.61 feet to the point of beginning of said access easement;

Thence North 05° 32' 58" East, 185.42 feet;

Thence North 30° 16' 08" East, 87.50 feet;

Thence South 18° 14' 42" West, 75.49 feet;

Thence South 05° 32' 58" West, 189.00 feet to a point on the southerly line of said Lot 1;

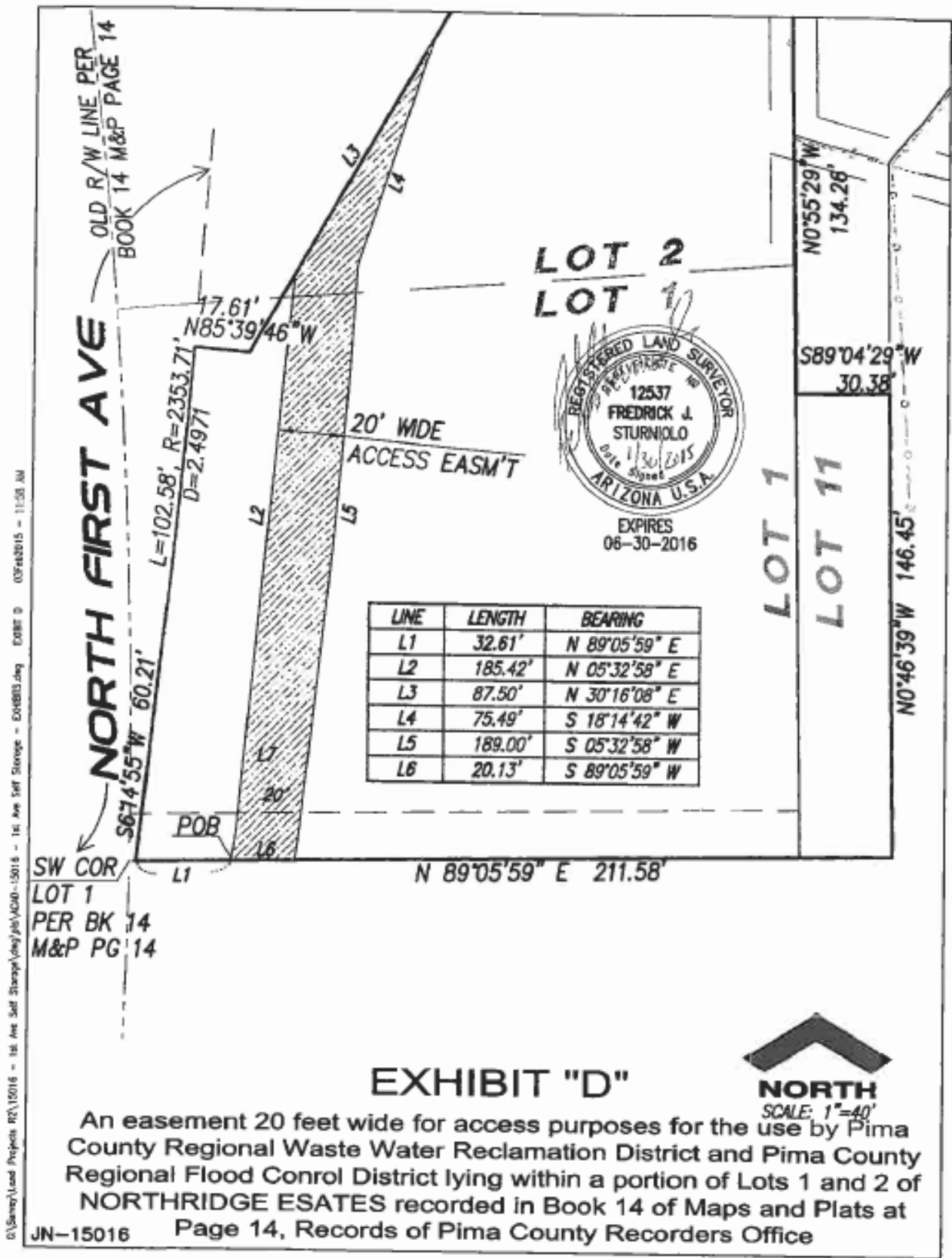
Thence South 89° 05' 59" West, 20.13 feet to the point of beginning.

Basis of Bearing: The West line of the Southwest Quarter of Section 18 as shown on Pima County Department of Transportation " as built "drawings 4BFROG dated April 9, 2002.Bearing being : North 00° 47' 33" West

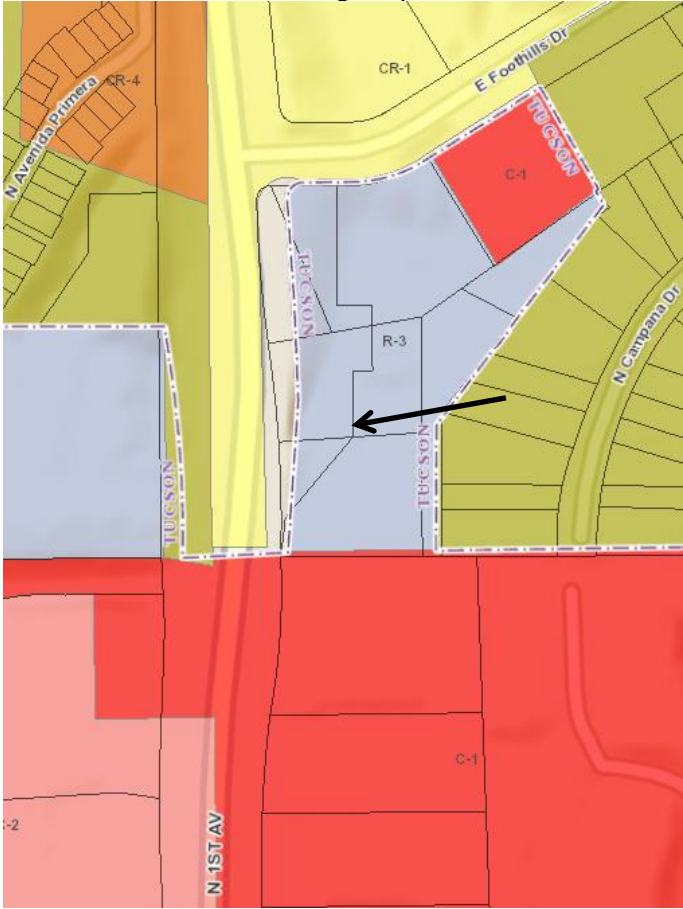


8219 East 22nd Street • Tucson, Arizona 85710 • (520) 298-3200

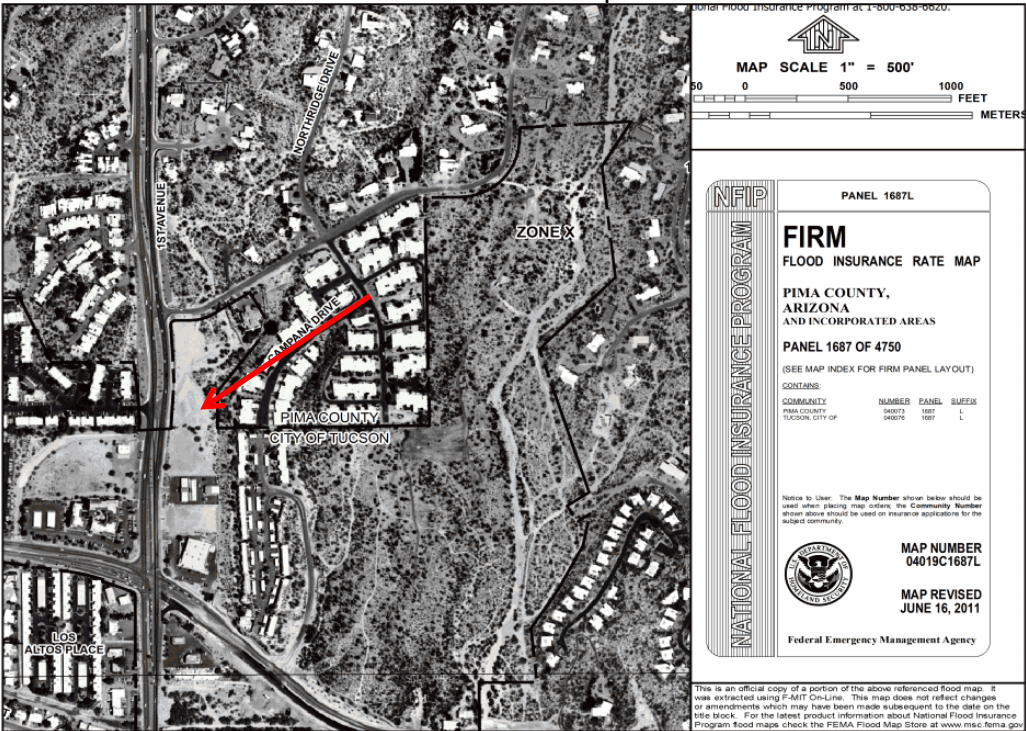
AN EQUAL OPPORTUNITY EMPLOYER



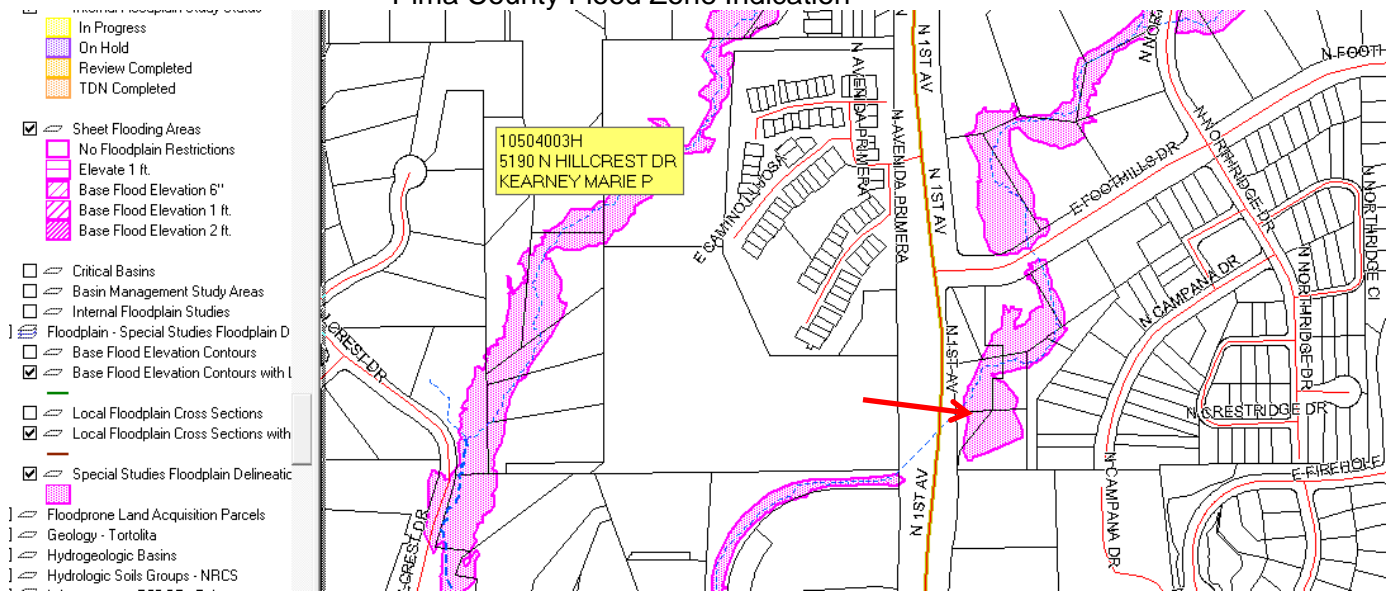
Zoning Map



Flood Zone Map



Pima County Flood Zone Indication



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

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.