

Property Analysis

The following description is based on my property inspection, assessor records, and information provided by the client. The subject property is comprised of three non-contiguous parcels of vacant land that are identified by four tax parcel numbers. The combined site area is about 278 acres per the survey that was provided by the property owner; however, it appears that the parcel sizes noted in the survey include the right-of-way for 36th Street, so I have elected to utilize the slightly smaller parcel sizes reported by the Assessor's office which yield a total site area of about 276 acres. The property includes approximately 158 acres within two parcels located on the north side of 36th Street and about 118 acres within a single parcel located on the south side of 36th Street. For discussion purposes, I have referenced the parcels as follows:

Northwest Parcel Generally located along the north side of 36th Street, west of the 80-acres of open space land owned by Pima County – identified by APNs 118-02-004 and 118-03-3340. Combined site area is about 142 acres.

Northeast Parcel Located at the northwest corner of 36th Street and the Greasewood Road alignment – identified by APN 118-03-3390. Site area is about 16 acres.

South Parcel Wraps around the Paradise Mountain Estates subdivision located at the southwest corner of 36th Street and the Greasewood Road alignment – identified by APN 119-28-1510. Site area is about 118 acres.

Site Data

Location: North and south sides of 36th Street, west of the Greasewood Road alignment

Street Address: Not yet established - Tucson, Pima County, Arizona 85713.

Assessor Parcel Numbers: 118-02-0040, 118-03-3340, 118-03-3390 and 119-28-1510

The portion of the property located north of 36th Street (Northwest and Northeast parcels) is identified by APNs 118-02-0040, 118-03-3340 and 118-03-3390. Parcel 119-28-1510 identifies the portion of the subject property that is located south of 36th Street (South Parcel).

2016 full cash value for the entire property is \$1,809,756, which equates to \$6,566 per acre (based on 275.64 acres).

2016 full cash value for the property located north of 36th Street is \$984,268, which equates to \$6,240 per acre (based on 157.73 acres).

2015 taxes total \$52,189 for the entire property and \$32,025 for the portion located north of 36th Street. The Treasurer's website indicated that the 2015 taxes have been paid in full.

Adjacent Land Uses

North:

Vacant "open space" land and single-family residential uses within subdivisions, including newer high-end custom homes within Wildcat Pass (Starr Pass) and modest tract homes within Tucson Park West subdivisions. Lots in Wildcat Pass are generally in the 25,000 to 36,000 square foot size range, but some include steep slopes and are over 1.5 acres in size. Tucson Park West was developed in the late 1970s through the mid-1980s and includes lots in the range from 6,000 to 10,000 square feet. All of the homes in these subdivisions are served by Pima County sewers.

South:

Vacant "open space" land owned by Pima County, including the mountain range located adjacent north of Ajo Way.

East:

Vacant land, including the alignment of Greasewood Road and a Southwest Gas underground pipeline, and single-family residences. The Paradise Mountain Estates subdivision is located at the southwest corner of 36th Street and Greasewood Road includes 77 lots on just under 40 acres. The subdivision was platted and initially developed in the early 1960s. Lots generally range in size from about 13,000 to 30,000 square feet, but some homes have been developed on combined lots that are over 1 acre in size. Residential uses to the east of the Greasewood Road alignment are typically on non-subdivided parcels of 1 to 2 acres. Paradise Mountain Estates and these non-subdivided parcels are not served by sewer as there are not lines in this area.

West:

Vacant land, some owned by Pima County for open space, and custom single-family residences developed on lots of 3.3 acres and larger located to the south of 36th Street and accessed via Mockingbird Lane. None of these homes are connected to sewer.

Physical Characteristics

Site Area:

The parcel sizes from the Assessor's records and from the EEC survey are noted below. I believe that the survey sizes include the right-of-way for 36th Street and would not be utilized for valuation purposes by potential buyers. I have elected to utilize the parcel sizes reported by the Assessor. The difference is insignificant.

Parcel Sizes

Parcel Name	APN	Assessor Acres*	Survey Acres
Northwest (west)	118-02-0040	120.00	121.270
Northwest (east)	118-03-3340	21.95	21.888
Northwest		141.95	143.158
Northeast	118-03-3390	15.78	16.354
South	119-28-1510	117.91	118.843
Total Property		275.64	278.355

* Assessor parcel sizes relied upon for the appraisal

Shape:

The Northwest parcel is essentially a quadrilateral. Functional utility is not significantly impacted by the shape.

The Northeast parcel has an irregular shape that does limit functional utility. The majority of this parcel is comprised of a triangle.

The south parcel is essentially a square that excludes the northeast quadrant (Paradise Mountain Estates). Overall functional utility is good.

Topography:

The parcels all feature mountain foothills terrain and are not generally level. A topographic map is included as an exhibit later in this section.

The Northwest parcel includes steep mountain peaks on the western end, with elevations of 2,800 feet or more, and lower lying wash areas to the east with elevations as low as 2,520 feet. The topography of this parcel is going to severely impact development potential, particularly in the western half of the site.

The Northeast parcel primarily has a downward slope from the southwest to the northeast, declining from about 2,500 to 2,480 feet. This lowest area is within a natural wash that is mapped as a special flood hazard area (Zone AE). The southern portion of the parcel has an elevation of up to 2,530 feet.

The south parcel generally slopes downward from 36th Street toward a major wash that bisects the southern portion of the parcel and then has steep upward sloping terrain to the south of the wash, which is also partially mapped as a special flood hazard area (Zone AH). There is also a significant downward slope from the central area of the western boundary to the

center of the parcel as well as two small peaks in the northwest area. The elevation generally drops from about 2,550 feet on the northern edge of the parcel to about 2,500 feet within the major wash. The western boundary has an elevation as high as 2,600 feet and the two small peaks appear to be about 2,560 feet. The steep terrain to the south of the wash and along central and southern part of the western area of the parcel would likely severely impact development potential but much of the site located to the north of the wash and east of the western area offers fairly level developable land.

Access:

All three parcels appear to have legal access from 36th Street, which is currently paved with one traffic lane in each direction. The Northeast and south parcels are also located adjacent west of the Greasewood Road alignment, which is owned by Pima County in this area. Greasewood Road is paved with two lanes for a distance of about 450 feet south of 36th Street. The Northeast parcel would most likely require the improvement of Greasewood Road to facilitate access for future development. It is less certain if the south parcel would require the improvement of Greasewood Road south from its current terminus.

The Northwest parcel has about 3825 feet of frontage along 36th Street.

The Northeast parcel has about 711 feet of frontage along 36th Street and about 1,316 feet of frontage along the easement area that would represent the alignment of Greasewood Road.

The South parcel has about 1,226 feet of frontage along 36th Street and 1,324 feet of frontage along the easement area that would represent the alignment of Greasewood Road.

Utilities:

The property is located within the City of Tucson's water service area and could presumably be provided with municipal water service without excessive cost. There is a City of Tucson wellsite facility located at the southeast corner of 36th Street and Mockingbird Lane, adjacent west of the south parcel.

Tucson Electric Power serves this area as well and there are overhead power lines along 36th Street and along the alignment of Greasewood Road.

Southwest Gas provides natural gas service in the area.

Pima County Wastewater Management maintains sewer lines in the area, including an 8" line in an improved part of Greasewood Road located just to the north of the Northeast parcel, about one-quarter mile north of 36th Street. This represents the closest sewer line to the subject property, but would apparently require a lift station per Thrac Paulette, a broker who was involved in the DR Horton sale transaction (which failed to close). There is also an 8" line located within 44th Street that terminates about 0.35 miles (1,800 feet) east of the southeast corner of the South parcel and this is reported to be the most likely source of sewer for the property. This line would likely have to be extended for at least one-half mile to reach developable portions of the South parcel. It is unknown whether these lines could serve the subject parcels and if so in what capacity. There are no sewer lines in place along 36th Street to the west of Mission Road. With the exception of the residential uses to the north, all surrounding properties utilize private septic systems.

Flood Zone Data

Flood District:

Zones X, AE and AH

Flood Map Panel:

04019C2260L and 04019C2270L dated June 16, 2011

Floodplain Status:

Zone X is defined as: Area of moderate flood hazard, usually the area between the limits of the 100- year and 500-year floods. B Zones are also used to designate base floodplains of lesser hazards, such as areas protected by levees from 100-year flood, or shallow flooding areas with average depths of less than one foot or drainage areas less than 1 square mile.

Zone AE is defined as: Areas subject to inundation by the 1-percent-annual-chance flood event determined by detailed methods. Base Flood Elevations (BFEs) are shown. Mandatory flood insurance purchase requirements and floodplain management standards apply.

Zone AH is defined as: Areas subject to inundation by 1-percent-annual-chance shallow flooding (usually areas of ponding) where average depths are between one and three feet. Base Flood Elevations (BFEs) derived from detailed hydraulic analyses are shown in this zone. Mandatory flood insurance purchase requirements and floodplain management standards apply.

The Northwest parcel is entirely within Zone X.

The Northeast parcel is primarily within Zone X but the major wash located near the northeast corner of the site is within Zone AE.

The South parcel is primarily within Zone X but the major wash in the southern half of the site is within Zone AH.

Other Site Conditions

Environmental Issues:

Based on my investigation, I have learned that radon testing by DR Horton yielded relatively high readings. I am not an expert in this regard and have not been provided with test results. Broker Thrac Paulette reported that many homebuilders are not highly concerned with radon and do not have the tests performed. He was not certain if DR Horton considered this to be a major issue when they were completing their due diligence last year. No other environmental issues were noted and I have assumed that none exist. Again, I am not an expert in this field.

Easements & Encroachments:

The survey indicates that there are 30-foot wide utility easements along the east boundaries of the Northeast and South parcels (adjacent to Greasewood Road alignment) as well as 20-foot wide easements along the north and south sides of 36th Street for public highway, road and incidental purposes. These "highway" easements appear to be within the 100-foot right of way for 36th Street. None of the easements appear to be highly detrimental although it does appear that the right of way for 36th Street is included within the parcel sizes calculated by the survey.

Private Restrictions:

None known.

Existing Improvements:

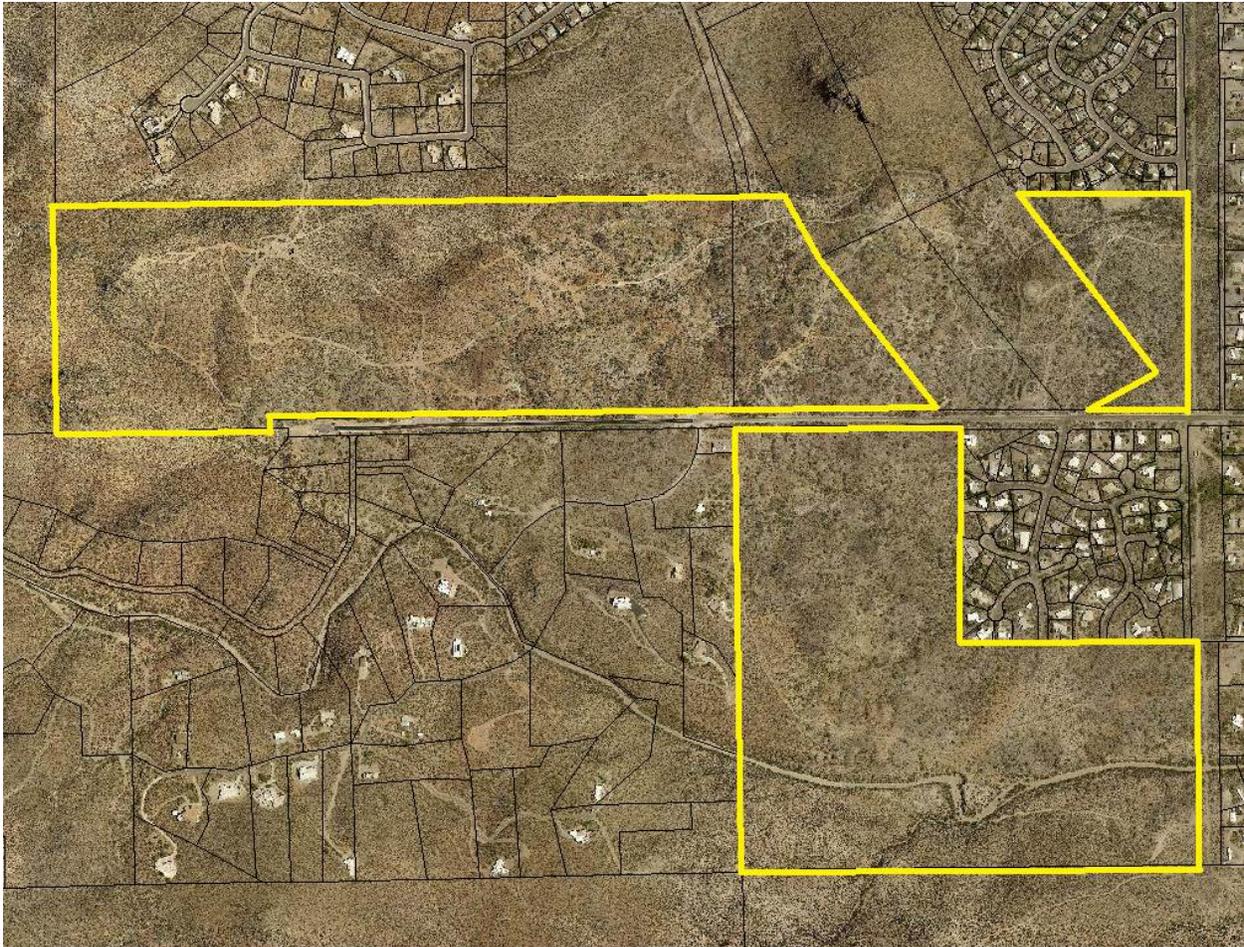
Other than a small rock structure located in the western portion of the Northwest parcel, there do not appear to be any improvements on any of the parcels. The rock structure is dilapidated and has no roof. It adds no value to the Northwest parcel.

Conceptual Development Plan

The property owner provided a conceptual development plan that was reportedly prepared for DR Horton during their due diligence period. The plan provided is dated January 12, 2015 and covers the Northeast and South Parcels, as well as the eastern (MH-1 zoned) portion of the Northwest parcel. The plan shows 258 lots on the south parcel, 37 lots on the Northeast parcel and 71 lots on the eastern part of the Northwest parcel. The typical lot appears to approximate 7,000 to 8,000 square feet in size and the overall density is

about 2.35 dwellings per acre. No conceptual plan was provided for the western 120-acre portion of the Northwest parcel

AERIAL PHOTO



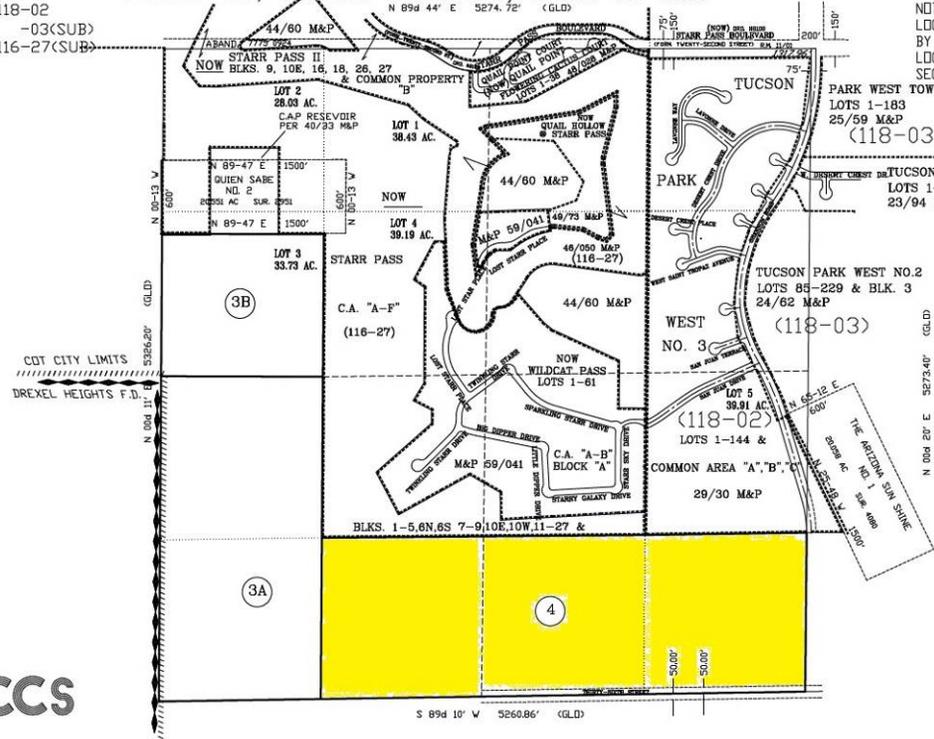
ASSESSOR'S RECORD MAPS

ASSESSOR'S RECORD
SECTION 20, TOWNSHIP 14 SOUTH, RANGE 13 EAST

AMOLE

118-02
-03(SUB)
116-27(SUB)

NOTE: THESE MINING CLAIMS ARE LOCATED IN RELATION TO EACH OTHER BY ORIGINAL MINERAL SURVEY. THE LOCATION OF THE CLAIMS WITHIN THE SECTION IS APPROXIMATE.



PARK WEST TOWNHOUSES
LOTS 1-183
25/59 M&P
(118-03)

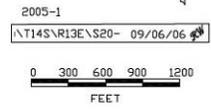
TUCSON PARK WEST NO. 2
LOTS 1-84, BLKS 1&2
23/94 M&P (118-03)

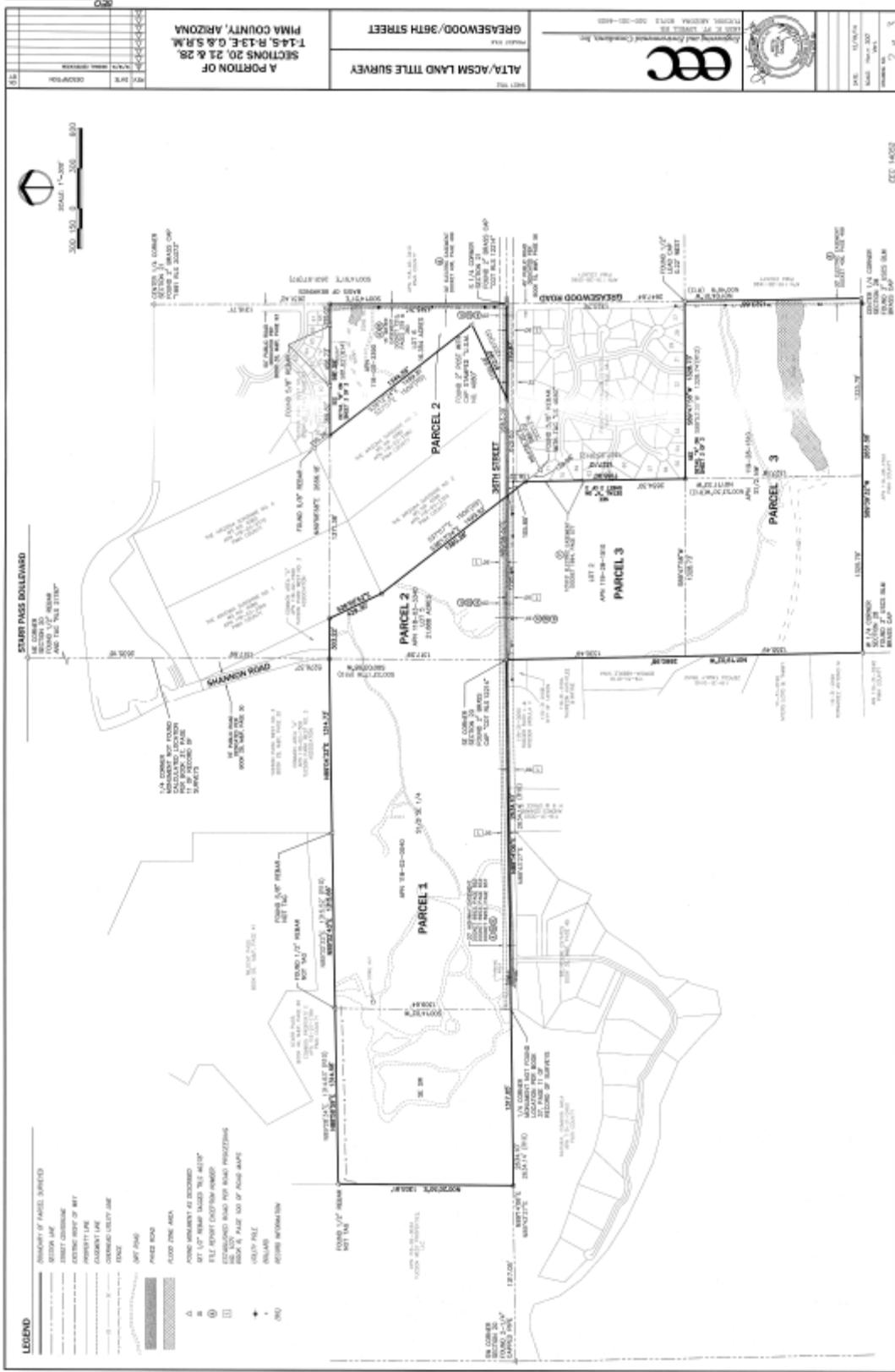
TUCSON PARK WEST NO. 2
LOTS 85-229 & BLK. 3
24/62 M&P
(118-03)

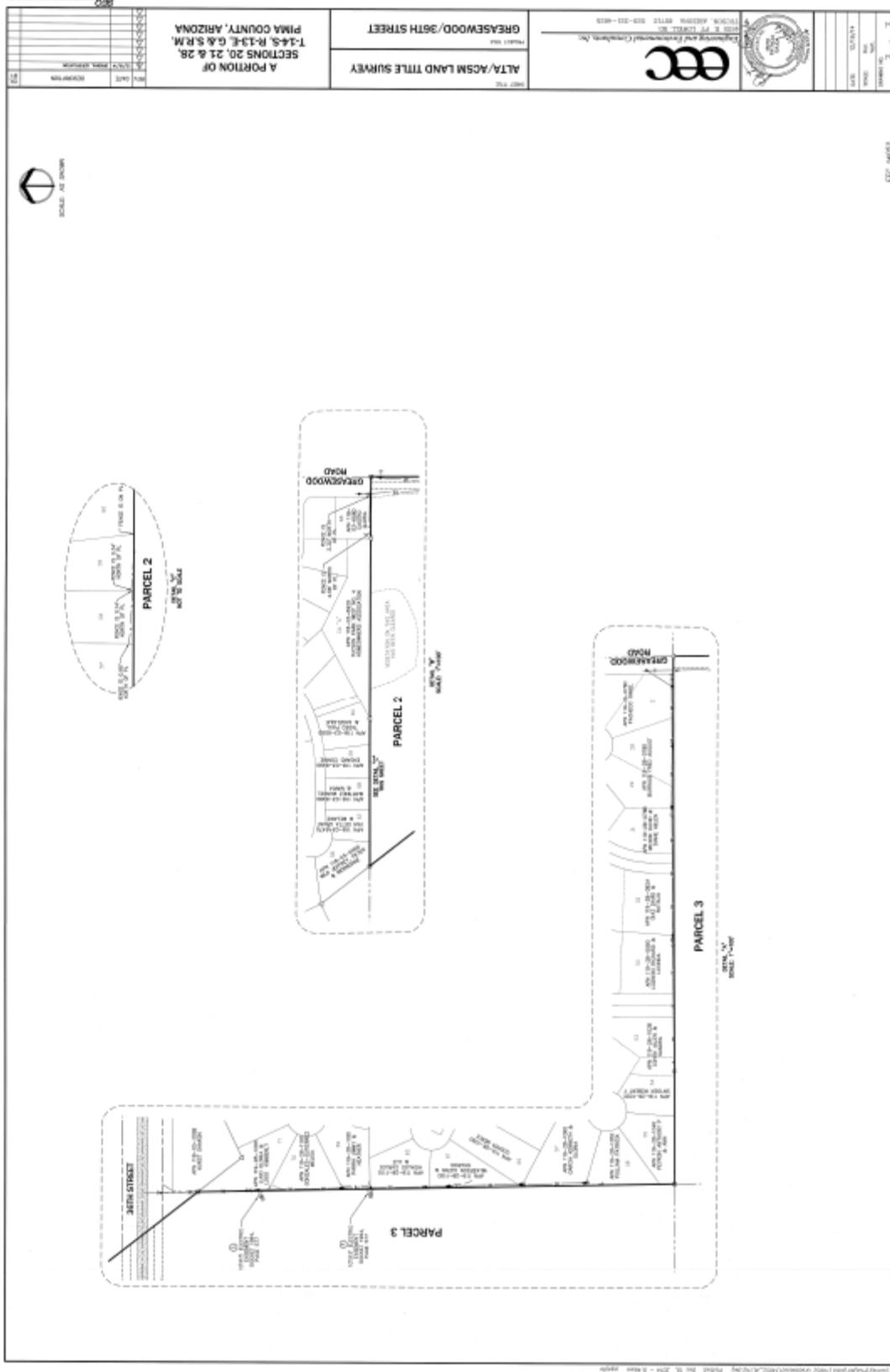
WEST NO. 3
(118-02)
LOTS 1-144 &
COMMON AREA "A", "B", "C"
29/30 M&P

THE ARTIFICIAL SUN SURVEY
38.91 AC.
N 85°12' E 650'
S 85°12' E 650'
S 85°12' E 650'

CCS







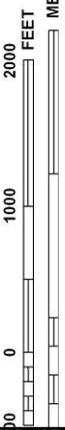
FLOOD MAP - NORTH



National Flood Insurance Program at 1-800-638-6620.



MAP SCALE 1" = 1000'



NFIP
NATIONAL FLOOD INSURANCE PROGRAM

PANEL 2260L
FIRM
FLOOD INSURANCE RATE MAP
PIMA COUNTY,
ARIZONA
AND INCORPORATED AREAS
PANEL 2260 OF 4750
(SEE MAP INDEX FOR FIRM PANEL LAYOUT)
CONTAINS:
COMMUNITY NUMBER 04078
PANEL NUMBER 2260
SUFFIX L
TUCSON, CITY OF



Federal Emergency Management Agency

MAP NUMBER 04019C2260L
MAP REVISED JUNE 16, 2011

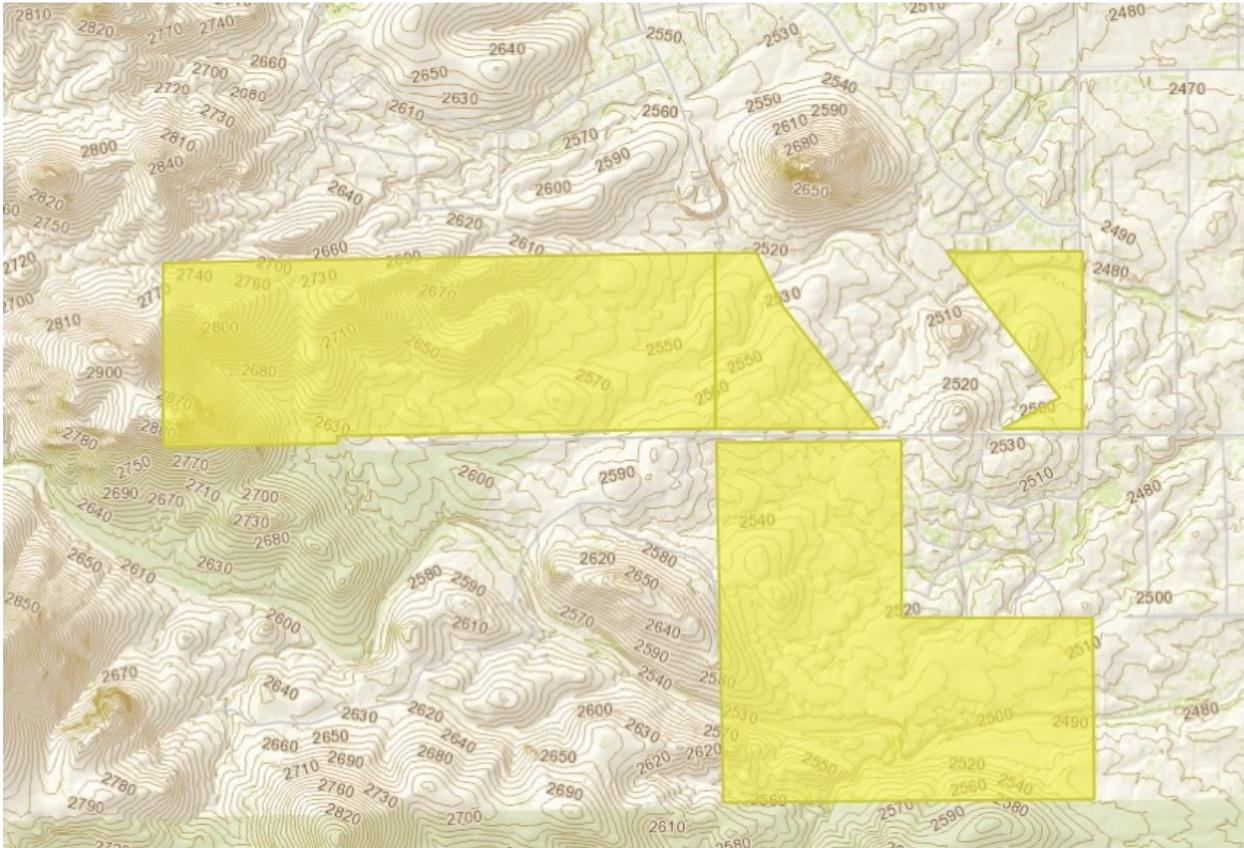
Notes to User: The Map Number above should be used when placing map orders. The Community Number shown above should be used on insurance applications for the subject community.

This is an official copy of a portion of the above referenced flood map. It was extracted using F-MIT On-Line. This map does not reflect changes to the map since the last time the map was updated. For the most current information about National Flood Insurance Program flood maps check the FEMA Flood Map Store at www.msc.fema.gov

FLOOD MAP - SOUTH



TOPO MAP



DR HORTON CONCEPTUAL DEVELOPMENT PLAN



14052
1/12/2015



Subject Photographs



Looking east from the western terminus of 36th Street



Looking east along 36th Street from Greasewood Road



Looking west along 36th Street from Mockingbird Road



Looking north over Northwest parcel from 36th Street



Looking west along 36th Street from just west of Greasewood Road



Looking north over Northwest parcel from 36th Street



Protected peaks on western portion of Northwest parcel



Stone hut located on protected peak of Northwest parcel



Looking east over Northwest parcel from protected peak



Looking west from Northwest parcel toward Tucson Mountain Park



Development in Wildcat Pass (Starr Pass) to the north of Northwest parcel



Low density residential development to the south of Northwest parcel (accessed via Mockingbird Road)