

MEETING OF FEBRUARY 17, 2015

TO: Mayor and City Council
THRU: Don Marr, Chief of Staff
FROM: Connie Edmonston, Parks and Recreation Director
DATE: January 30, 2015
SUBJECT: Approval to sell two single family lots in Gulley Park

RECOMMENDATION:

Approval to sell two single family lots with existing houses situated on 1.20± acres in Gulley Park according to City Ordinance §34.27 – Sale of Municipally Owned Real Property and keep the current zoning of RSF-4, as well as accept the appraisal report for the lots performed by Reed and Associates, Inc. on July 10, 2014.

BACKGROUND:

Gulley Park was purchased by the City of Fayetteville in 1988 from the Fred Gulley family in order to establish a 28-acre community park in the northeast section of our city. Gulley Park has grown to be a very popular park and serves as host to the famous Gulley Park Summer Concert Series for the upcoming 19th consecutive year and other annual events including the Dogwood Walk, Cow Paddy Run and our own drama camp. Gulley Park's walking trail, playgrounds, swings, pavilion, gazebo and open space are actively and highly used by the public, and it is one of the few parks that still retains a somewhat pastoral atmosphere due to the nature of the land and open, non-programmed usable green space.

In the spring of 2014, the Dunn family, who owned the adjoining acreage to the north of Gulley Park, contacted the Parks and Recreation Department to notify the city of their intent to sell their 11+ acres including a pasture and two existing residential houses. Our citizens became zealous over the opportunity to expand Gulley Park to the north where they had enjoyed the Dunn's beautiful green pasture with grazing donkeys and wanted to preserve this green space as part of the park. Quickly the Friends of Gulley Park formed and took on the campaign for expanding the park and assisted the city in seizing this premium piece of property. The Parks and Recreation Department had to be very creative to develop a plan to be able to purchase this property. Through the help of citizens including Friends of Gulley Park and the Fayetteville Natural Heritage Association, as well as a thorough review of the capital funds and projects, a proposal for purchase was created. On August 19, 2014, the Fayetteville City Council passed Resolution #157-14 approving the purchase of 11.32 acres for expansion of the park at a cost of \$1.1 million. The Fayetteville Natural Heritage Association (FNHA) committed to raise \$130,000 of the \$1.1 million total land purchase in their effort to "preserve beautiful and important natural areas and park land."

DISCUSSION:

The August 19, 2014 agenda packet informed the City Council about the anticipation of selling the two lots and existing homes. The 2015 capital project to renovate the Gulley Park trail and trail lighting and add parking to the park was delayed until the next five year CIP plan in order to fund this purchase. In addition, funding for the 2016 capital project for improvements at Wilson Park was used to pay the 2016 payment of the land through the contract agreement. The memo stated, “..The revenue from the sale of these houses will go towards the second payment of \$270,000 in 2016 and will help replenish the funding planned for the improvements to Wilson Park.”

The 11.32-acre expansion minus the 1.20 acres included in the two lots would leave Gulley Park containing approximately 38 acres. The additional 10.12 acres is a natural expansion of what the city currently provides and will preserve the pastoral setting to which people appear to flock. It is the opinion of staff that the revenue from the sale of the lots is more important and advantageous to our citizens to be used for improvements to Wilson Park than to keep the 1.20 acres as part of Gulley Park. Parks and Recreation staff strives to meet the needs of our citizens through as many parks as possible. Wilson Park is one of our city’s oldest parks and it is in need of improvement to the playground, restrooms, rock house, basketball courts and driveways. Wilson Park improvements cannot be overlooked as a priority for 2016 as a result of the sale of the two homes in Gulley Park.

BUDGET/STAFF IMPACT:

The two homes containing 1.20 acres were appraised at \$111,500 and \$218,500, for a total of \$330,000, by Reed and Associates, Inc. in their report on July 10, 2014. The city requests to sell the two homes and place all net proceeds up to \$270,000 from the sale of these houses back into the Wilson Park capital improvement fund, and place all net proceeds exceeding \$270,000 into the Gulley Park Capital Improvement Fund.

A public meeting will be held at some point in the future to determine the citizens’ desires for development of the approximately 10.12-acre addition to Gulley Park. A master plan will be developed and presented to the public and the Parks and Recreation Advisory Board for approval.

Attachments:

City Ordinance §34.27 – Sale of Municipally Owned Real Property
Reed and Associates, Inc. appraisal dated July 10, 2014
Resolution 157-14
August 19, 2014 City Council Agenda Memo
Property Survey dated October 14, 2014

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TITLE III ADMINISTRATION

site, adjustments as determined by site operating personnel, will be made to the base price for quantity purchases; according to the type of bale purchased; and the relative quality of the harvested hay; and for damage the hay may have received during the harvest.

(D) In regard to the marketing and sale of dried biosolids produced by the City of Fayetteville Wastewater Utility:

(1) Bulk quantities of dried biosolids (defined as amounts greater than 500 pounds not in a bag or other container) shall be advertised for sale as an organic based fertilizer product at a pre-determined base price twice each year, normally on or about March 1st and September 1st of a given year. Bulk quantities, if available, shall be pre-committed for each marketing period on a first call, first commit basis, up to 60% of the projected available amount. Any remaining amount shall be marketed during the marketing period at the same base price on a first call, first commit basis.

(2) A base or standard price for bulk quantities of dried biosolids shall be established for each marketing period based on the best information available from fair market value of similar products or from the cooperative extension service. Adjustments as determined by operating personnel may be made based on current costs of production; method of delivery; quality of product available; quantities purchased; or other market-driven conditions.

(3) Quantities of dried biosolids less than 500 pounds and placed in a bag or other container may be made available to the public via various reputable retail outlets at any given time, according to reasonable terms and conditions as approved by the City Purchasing Manager. The price charged for less than bulk quantities may be adjusted by operating personnel based on current costs of production; method of delivery; quality of product available; quantities purchased; or other market-driven conditions.

(E) The City Council may waive the requirements for public auction or formal competitive bids for sales of personal property in exceptional situations where such procedures are deemed not feasible

nor practical.

(Code 1965, §2-69; Ord. No. 1215, 9-14-59; Ord. No. 1827, 10-4-71; Ord. No. 2006, 5-7-74; Ord. No. 3545, 4-16-91; Code 1991, §34.25; Ord. 4553, 04-06-04; Ord. 4723, 7-19-05; Ord. 5440, 9-20-11)

34.26 Limited Authority of City Employee To Provide Services To The City

An employee of the city shall be permitted to furnish services as an independent contractor to the City only if:

(A) The employee fully discloses his or her direct or indirect financial interest in any contract or service agreement to the City Council and such services are approved by City Council Resolution;

(B) No favoritism is allowed to the city employee over other possible service providers;

(C) Such services are not of the same type as performed by the city employee in his or her regular city job, nor are services for the department wherein the employee works;

(D) The employee's immediate supervisor specifically approves such extension of employee service and ensures it will not adversely affect the employee's regular city employment duties;

(E) City employees who are not within the Parks and Recreation Department are specifically allowed to work as independent contractors as scorekeepers, referees and umpires for the Fayetteville Parks and Recreation Department without the need for a City Council Resolution.

(Code 1965, §2-70; Ord. No. 3013, 6-5-84; Code 1991, §34.26; Ord. 5351, 9-7-10)

State law reference(s)--Purchase, lease and sale authorized, A.C.A. §14-42-107.

34.27 Sale Of Municipally Owned Real Property

(A) The City may sell real property only after the City Council has passed a Resolution expressly authorizing such sale. The City Council shall determine whether the property should be rezoned or appraised prior to its sale.

(B) Such City Council Resolution shall contain a specific finding by the City Council that the subject real property is no longer needed for

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municipal purposes.

(C) Public Notice, that the City Council is considering the sale of the real property at the City Council Meeting with the appropriate date and time of the meeting and which shall include the property's address, acreage, improvements and potential purchase price, shall be given not less than fifteen (15) days before the City Council may consider a Resolution to approve a sale of City real property (except rights of way or easements for public utilities) by all of the following means:

- (1) First class mail to all adjacent property owners;
- (2) Prominently displayed signs on the property; and
- (3) Publication in a newspaper of general circulation in the City.

(D) The City may exchange real and personal property with other cities or Washington County only after authorization by ordinance passed by the City Council. The City Council through such ordinance may place limits on the uses that will be allowed of such property as part of the exchange of property agreement.

(Ord. 4358, 1-2-02; Ord. 4380, §1, (Ex. A), 3-19-02; Ord. No. 4651, 12-07-04; Ord. 4752, 9-06-05; Ord. 5465, 12-6-11; Ord. 5497 05-01-12)

State law reference(s)--Purchase, lease and sale authorized, A.C.A. §14-54-302; Bidding process, A.C.A. §14-54-402.

34.28 Purchase By Reverse Internet Auction

- (A) Bidders shall be provided instructions and individually secured passwords for access to the reverse Internet auction by either the City, or reverse Internet auction vendor;
- (B) The bidding process shall be timed, and the time shall be part of the reverse Internet auction specifications;
- (C) The reverse Internet auction shall be held at a specific date and time;
- (D) The reverse Internet auction and bidding process shall be interactive with each bidder able to make multiple bids during

the allotted time;

(E) Each bidder shall be continually signaled his or her relative position in the bidding process;

(F) Bidders shall remain anonymous and shall not have access to other bidders or bids; and

(G) The City Council shall have access to real-time data including all bids and bid amounts.

(H) The City is authorized to pay a reasonable fee to the reverse Internet auction vendor.

(1) The fee may be included as part of the bids received during the reverse Internet auction and paid by the winning bidder or paid separately by the City.

(a) The City Council retains the right to:

(i) Refuse all bids made during the reverse Internet auction; and

(ii) Begin the reverse Internet auction process anew if the City Council determines it is in the best interest of the city or town.

(Ord. 4724, 7-19-05)

34.29-34.99 Reserved

APPRAISAL REPORT ON

THE “GULLEY PARK EXPANSION” PROPERTY;

TWO SINGLE-FAMILY RESIDENTIAL DWELLINGS
SITUATED ON 1.25± ACRES, AND 9.7± ACRES OF
EXCESS LAND; LOCATED ALONG THE SOUTHEAST
SIDE OF NORTH OLD WIRE ROAD, SOUTHWEST OF
NORTH OLD MISSOURI ROAD, IN FAYETTEVILLE,
ARKANSAS; WASHINGTON COUNTY

FOR

CITY OF FAYETTEVILLE
PARKS & RECREATION DEPARTMENT
FAYETTEVILLE, ARKANSAS

BY

REED & ASSOCIATES, INC.
3739 N. STEELE BLVD., SUITE 220
FAYETTEVILLE, ARKANSAS

Appraisal No. 5301

AS OF

JULY 10, 2014

Reed & Associates, Inc.

Real Estate Appraisers – Consultants

*3739 N. Steele Blvd., Suite 220, Fayetteville, AR 72703 * 479-521-6313 * Fax: 479-521-6315 * www.reedappraisal.biz*

Tom Reed, MAI • Brian Kenworthy • Barbara Rhoads • Shannon Mueller • Katie Hampton

July 18, 2014

City of Fayetteville
Attn: Ms. Connie Edmonston
Director of Parks & Recreation
1455 South Happy Hollow Rd
Fayetteville, Arkansas 72701

RE: Appraisal Report on the “Gulley Park Expansion” property; two single-family residential dwellings situated on 1.25± acres (ACS), and approximately 9.7± ACS of excess land; located along the southeast side of North Old Wire Road, southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County.

Dear Ms. Edmonston:

In compliance with your request and for the purpose of estimating the market value of the above captioned property, I hereby certify that I have examined the subject property and have made a survey of matters pertinent to the estimation of its value.

I further certify that I have no interest, present or contemplated, in the property appraised and that my fee was not contingent upon the value estimate reported.

The following written real property appraisal report contains data gathered in my investigation, information from my files, and shows the method of appraisal in detail. This report has been prepared under the Appraisal Report option.

Based upon an analysis of relevant data and contingent upon the Assumptions and Limiting Conditions which follow and appear later in this report, it is my opinion the market value of the **fee simple estate** of the subject property, as of July 10, 2014, was:

NINE HUNDRED SEVENTY THOUSAND DOLLARS
(\$970,000)

The preceding value reflects terms equivalent to cash to the owner, and represents that for real property only. No personal property has been included in this valuation assignment.

The preceding value estimate is based upon the following Extraordinary Assumptions:

1. That the subject and adjacent properties are in compliance with all applicable EPA regulations;
2. That the subject excess acreage does not need a second point of ingress/egress;
3. That the subject dwellings are structurally sound, and are not adversely affected by the presence of mold or other environmental issues;
4. That the plumbing, electrical, and HVAC systems in the subject dwellings are in proper working order; and,
5. That the subject land and dwelling sizes are approximately as indicated.

If any, or all, of these Extraordinary Assumptions prove to be untrue, the preceding value estimate could be influenced.

The reader is referred to additional Assumptions and Limiting Conditions appearing in the Introduction Section of this report.

The estimated exposure time for the subject property is one± year or less. This was determined from an analysis of market conditions and comparable sales.

At the request of the client, the contributory value of each of the subject parts to the market value of the subject whole property is broken down as follows:

2634 Old Wire Rd. Homesite (0.50± AC)	= \$111,500
2648 Old Wire Rd. Homesite (0.75± AC)	= \$218,500
9.7± ACS of Excess Land	= \$640,000

Sincerely,



Brian J. Kenworthy, CG3496
REED & ASSOCIATES, INC.



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SUBJECT PHOTOGRAPHS



*Red lines represent approximate boundaries of the subject whole property.

AERIAL PHOTOGRAPH



NORTHWESTERN AND SOUTHWESTERN ELEVATIONS OF 2648 OLD WIRE ROAD LOOKING NORTHERLY



SOUTHWESTERN ELEVATION OF 2648 OLD WIRE ROAD LOOKING NORTHEASTERLY



NORTHWESTERN AND SOUTHWESTERN ELEVATIONS OF 2648 OLD WIRE ROAD LOOKING SOUTHWESTERLY



SOUTHEASTERN ELEVATION OF 2648 OLD WIRE ROAD LOOKING NORTHWESTERLY



LIVING ROOM IN 2648 OLD WIRE ROAD



BEDROOM IN 2648 OLD WIRE ROAD



BEDROOM IN 2648 OLD WIRE ROAD



KITCHEN IN 2648 OLD WIRE ROAD



DEN IN 2648 OLD WIRE ROAD



ENCLOSED PORCH IN 2648 OLD WIRE ROAD



LAUNDRY ROOM IN 2648 OLD WIRE ROAD



GARAGE AT 2648 OLD WIRE ROAD



NORTHWESTERN AND SOUTHWESTERN ELEVATIONS OF SHOP BUILDING LOOKING NORTHERLY



NORTHWESTERN ELEVATION OF SHOP BUILDING LOOKING SOUTHEASTERLY



INTERIOR VIEW OF SHOP BUILDING AT 2648 OLD WIRE ROAD



VIEW OF SHED AT 2648 OLD WIRE ROAD



VIEW OF SHED AT 2648 OLD WIRE ROAD



GARDEN AREA AT 2648 OLD WIRE ROAD



NORTHWESTERN ELEVATION OF 2634 OLD WIRE ROAD LOOKING SOUTHERLY



NORTHEASTERN ELEVATION OF 2634 OLD WIRE ROAD LOOKING SOUTHWESTERLY



SOUTHWESTERN ELEVATION OF 2634 OLD WIRE ROAD LOOKING EASTERLY



LIVING ROOM IN 2634 OLD WIRE ROAD



KITCHEN IN 2634 OLD WIRE ROAD



BEDROOM IN 2634 OLD WIRE ROAD



BEDROOM IN 2634 OLD WIRE ROAD



STREET SCENE LOOKING SOUTHWESTERLY ALONG NORTH OLD WIRE ROAD



STREET SCENE LOOKING NORTHEASTERLY ALONG NORTH OLD WIRE ROAD



VIEW OF EXCESS ACREAGE LOOKING SOUTHWESTERLY FROM THE HOMESITES



VIEW OF EXCESS ACREAGE LOOKING SOUTHERLY FROM THE HOMESITES



VIEW OF EXCESS ACREAGE LOOKING NORTHEASTERLY FROM THE HOMESITES



VIEW OF THE SUBJECT SITE LOOKING SOUTHWESTERLY FROM MAGNOLIA DRIVE



STREET SCENE LOOKING NORTHEASTERLY ALONG MAGNOLIA DRIVE FROM THE SUBJECT SITE



VIEW OF EXCESS ACREAGE NEAR MAGNOLIA DRIVE LOOKING SOUTHERLY



VIEW OF EXCESS ACREAGE NEAR MAGNOLIA DRIVE LOOKING NORTHERLY



VIEW OF EXCESS ACREAGE LOOKING SOUTHERLY FROM THE NORTHERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING SOUTHWESTERLY TOWARDS THE HOMESITE FROM THE NORTHERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING WESTERLY FROM THE NORTHERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING NORTHEASTERLY FROM THE SOUTHERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING NORTHWESTERLY FROM THE SOUTHERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING EASTERLY FROM THE SOUTHWESTERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING NORTHEASTERLY FROM THE WESTERN PART OF THE SITE



VIEW OF EXCESS ACREAGE LOOKING SOUTHEASTERLY FROM THE WESTERN PART OF THE SITE

CERTIFICATE

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, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 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 is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I, Brian Kenworthy, have not previously performed services, as an appraiser, or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Brian Kenworthy has examined the property that is subject of this report.
- No one provided significant professional assistance to the persons signing this report.
- I certify that, to the best of my knowledge and belief, 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 and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I certify that the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Brian Kenworthy, have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

Sincerely,



Brian J. Kenworthy, CG3496
REED & ASSOCIATES, INC.



ASSUMPTIONS AND LIMITING CONDITIONS

This Appraisal Report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description or for matters including legal or title consideration. Title to the property is assumed to be good and merchantable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. "Unless otherwise stated in this report, the existence of hazardous materials which may or may not be present on the property was not observed by the appraiser. No responsibility is assumed for any such conditions or any expertise or engineering knowledge required to discover them. The client is urged to retain an expert if desired."

This Appraisal Report has been made with the following general limiting conditions:

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations news, sales, or other media without the prior written consent and approval of the appraiser.
5. The Americans with Disabilities Act (ADA) became effective January 26, 1992. I (we) have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since I (we) have no direct evidence relating to this issue, I (we) did not consider possible noncompliance with the requirements of ADA in estimating the value of the property.

SUMMARY OF IMPORTANT CONCLUSIONS

Client: City of Fayetteville, Parks & Recreation
Department – Fayetteville, Arkansas

Property Location: The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical addresses of the homesites are indicated to be 2634 & 2648 North Old Wire Road. The subject site is situated adjacent to the north/northeast of Gulley Park.

Purpose Of The Appraisal: Market value estimate

Property Rights Appraised: Fee simple estate

Ownership Of The Appraised Property: Allen & Mary L. Dunn

Dates Of Value Estimate: July 10, 2014

Description Of Site: The subject site consists of approximately 10.95± acres (ACS), or 476,982± square feet (SF), of land area. The subject land area is allocated as follows: 2634 North Old Wire Road- 0.50± acre (AC); 2648 North Old Wire- 0.75± AC; and, excess land- 9.70± ACS. The shape of the subject acreage is irregular, overall; each of the subject homesites is near rectangular in shape. The topography of the subject site is undulating/near level to gently sloping, overall. The subject acreage is cleared, for the most part, with some trees along the North Old Wire Road frontage and also in the southeast part of the site. The subject site has vehicular access/frontage along the southeast right-of-way of North Old Wire Road in the northwest part of the site (homesites); this frontage is considered near road grade. There is a drainage ditch located along the North Old Wire Road frontage. The subject site has additional frontage along the west right-of-way of the Magnolia Drive cul-de-sac in the southeast part of the site (excess land); this frontage is also considered near road grade. As of the effective date of this report, vehicular access to the subject site is not available via Magnolia Drive. The southwestern boundary of the subject site has frontage along Gulley Park. Approximately 0.3± AC in the extreme southern part of the subject site (excess land) is located within the 100-Year Flood Zone “AE”. All typical city utilities are located at/near the subject site. The subject acreage is located within the Fayetteville City Limits, and is zoned RSF-4 (Residential Single-Family- Four Units Per Acre).

Please see Description of Site section later in this report for further details.

Description Of Improvements: The subject property is improved with two single-family residential dwellings, and related site improvements. The dwelling situated at **2634 North Old Wire Road** consists of approximately 1,316± square feet (SF) of living

area. In addition, this homesite includes a 372± SF attached garage, 460± SF attached shop, and 210± SF enclosed porch. The dwelling represents Class “D”, wood frame construction. The exterior is brick veneer, with composition shingle roof cover. The layout of this dwelling includes three bedrooms, one bathroom, a living room, kitchen, laundry room, and storage closet. Kitchen appliances include an oven, range, and refrigerator. The interior finish includes: wood and carpet floor cover; painted gypsum board and wood panel wall cover; and, painted gypsum board ceilings. Based on Assessment Records, this dwelling was originally constructed in 1963±. The dwelling has received minimal updates since its original construction, and is considered “dated” in appearance. This dwelling is considered to be in fair to average condition, overall.

The dwelling situated at **2648 North Old Wire Road** consists of approximately 1,551± square feet (SF) of living area. In addition, this homesite includes a 580± SF attached garage, 340± SF enclosed porch, and 152± SF attached greenhouse. The dwelling represents Class “D”, wood frame construction. The exterior is brick veneer, with composition shingle roof cover. The layout of this dwelling includes three bedrooms, one bathroom, one half bathroom, a living room, den, kitchen, and storage closet. The laundry room is located in the garage. Kitchen appliances include an oven/range combination, built-in microwave, dishwasher, and refrigerator. The interior finish includes: wood, carpet, and tile floor cover; painted and wall papered gypsum board wall cover; and, painted gypsum board ceilings. Based on Assessment Records, this dwelling was originally constructed in 1961±. Discussions with the property owner indicated the dwelling was updated in the early 1990’s. This dwelling is considered to be in average to good condition, overall.

The dwelling situated at 2634 North Old Wire Road is accessed via an asphalt paved drive, while the dwelling situated at 2648 North Old Wire Road is accessed via a gravel paved drive. A 1,200± square foot (SF) metal shop building is located behind the dwelling located at 2648 North Old Wire Road. The shop building has concrete floors, two- 8’ manual overhead doors, electricity/plumbing, and is insulated. The shop building includes a 2-fixture restroom, and has wall heat and air units. In addition, there is a built-in vacuum system in the shop building. Discussions with the property owner indicated the “shop” building was originally constructed 15± years ago; the shop building is considered to be in average condition. Other site improvements include: 238± SF wood storage building; 529± SF wood lean-to agricultural building; well house; landscaping; garden; water feature; agricultural, chain link, and PVC fencing; etc.

Please see Description of Improvements section later in this report for further details.

Highest And Best Use:

In my opinion, the **“highest and best use” of the subject** is continued single-family residential use of the homesites, and to hold the subject excess land for future single-family residential or special-purpose development, within size/Flood Zone limitations, that comply with the RSF-4 zoning requirements, and in conformity to the Market Area, as demand dictates.

The agricultural improvements situated on the subject excess land are older and in poor condition. These improvements, in my opinion, do not provide any contributory value to the subject excess land.

Final Value:

Indicated Land Value “As Vacant”:	\$765,000
Indicated Value by Cost Approach:	Not Utilized
Indicated Value by Sales Comparison Approach:	\$974,000
Indicated Value by Income Capitalization Approach:	\$969,000
INDICATED FINAL VALUE	\$970,000

The preceding value reflects terms equivalent to cash to the owner, and represents that for real property only. No personal property has been included in this valuation assignment.

The preceding value estimate is based upon the following Extraordinary Assumptions:

- 1. That the subject and adjacent properties are in compliance with all applicable EPA regulations;**
- 2. That the subject excess acreage does not need a second point of ingress/egress;**
- 3. That the subject dwellings are structurally sound, and are not adversely affected by the presence of mold or other environmental issues;**
- 4. That the plumbing, electrical, and HVAC systems in the subject dwellings are in proper working order; and,**
- 5. That the subject land and dwelling sizes are approximately as indicated.**

If any, or all, of these Extraordinary Assumptions prove to be untrue, the preceding value estimate could be influenced.

The reader is referred to additional Assumptions and Limiting Conditions appearing in the Introduction Section of this report.

The estimated exposure time for the subject property is one± year or less. This was determined from an analysis of market conditions and comparable sales.

At the request of the client, the contributory value of each of the subject parts to the market value of the subject whole property is broken down as follows:

2634 Old Wire Rd. Homesite (0.50± AC)	= \$111,500
2648 Old Wire Rd. Homesite (0.75± AC)	= \$218,500
9.7± ACS of Excess Land	= \$640,000

QUALIFICATIONS OF BRIAN J. KENWORTHY

EDUCATION

B.S. Finance (Real Estate Concentration) – Clemson University – 2008
Master of Science, Real Estate (M.S.R.E.) – Georgia State University – 2010

PROFESSIONAL COURSES COMPLETED

Basic Appraisal Principles, 30-Hr. Course- Career Webschool – July 2009
Basic Appraisal Procedures, 30-Hr. Course- Career Webschool – July 2009
Residential Report Writing and Case Studies, 15-Hr. Course- Career Webschool – July 2009
Business Practices and Ethics- 7-Hr. Course – The Appraisal Institute, Atlanta Chapter – June 2010
National Uniform Standards of Professional Appraisal Practice, 15-Hr. Course- Appraisal Institute – October 2011
General Appraiser Sales Comparison Approach, 30-Hr. Course, Appraisal Institute – December 2011
General Demonstration Report Writing, 7-Hr. Course, Appraisal Institute- August 2013
Evaluating Commercial Construction, 15-Hr. Course, Appraisal Institute- October 2013
Appraisal of Real Estate 14th Edition Webinar, 2- Hr. Course, Appraisal Institute- November 2013
National Uniform Standards of Professional Appraisal Practice, 7-Hr. Course- Appraisal Institute – March 2013

OTHER RELEVANT COURSES COMPLETED

Clemson University – Fall 2007 – Real Estate Finance
Clemson University – Spring 2008 – Real Estate Investment Analysis
Clemson University – Spring 2008 – Real Estate Valuation
Georgia State University – Fall 2008 – Real Estate Development
Georgia State University – Fall 2008 – Legal and Regulatory Environment of Real Estate
Georgia State University – Spring 2009 – Advanced Real Estate Investment Analysis
Georgia State University – Spring 2009 – Real Estate Case Analysis
Georgia State University – Spring 2009 – Strategic Management of Real Property in a Corporate Environment
Georgia State University – Spring 2009 – Real Property Project Planning and Development
Georgia State University – Summer 2009 – Equity Real Estate Investment Trust Analysis
Georgia State University – Fall 2009 – Applied Real Estate Market Analysis
Georgia State University – Fall 2009 – Quantitative Analysis of Real Estate

REAL ESTATE DESIGNATIONS/ASSOCIATIONS

Arkansas Certified General Real Estate Appraiser No. CG3496
Associate Member of The Appraisal Institute
Member, Ozark Mountain Appraisal Institute Chapter

WORK EXPERIENCE

August 2008 to August 2009 – Georgia State University Real Estate Department, Atlanta Georgia – Graduate Research Assistant
August 2009 to August 2010 – Greystone Valuation Services, Inc., Atlanta Georgia – Assistant Appraiser
August 2010 to Present – Reed & Associates, Inc., Fayetteville, Arkansas - Staff Appraiser/Consultant

PART II - FACTUAL DESCRIPTIONS

IDENTIFICATION OF THE PROPERTY

The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical addresses of the homesites are indicated to be 2634 & 2648 North Old Wire Road. The subject site is situated adjacent to the north/northeast of Gulley Park. The legal descriptions of the subject property are as follows:

Part of the East half of the Southwest Quarter and part of the West half of the Southeast Quarter of Section 36, in Township 17 North, of Range 30 West, described as follows: Beginning at a point 1485 feet East and 805 1/3 feet North of the South West corner of the Southeast Quarter of the Southwest Quarter, and running thence North 0°10' East 1185.2 feet; thence North 89° West 220 feet; thence South 33°36' West 486.6 feet; thence South 42°6' West 127.6 feet; thence South 30°11' West 124 feet; thence South 47° East 861.6 feet to the point of beginning, containing 9.7 acres, more or less.

-AND-

Part of the Northeast quarter of the Southwest quarter of Section thirty six (36) in Township seventeen (17) North of Range thirty (30) West, described as follows: Beginning two hundred forty five and one-tenth (245.1) feet West and four hundred ninety one (491) feet North of the South East corner of said forty acre tract, thence South 12°08'11" West fifty-nine and seven tenths(59.7) feet for a place of beginning, and running, thence North 87°37'15" West one hundred ninety eight and eighty five hundredths (198.85) feet, more or less, to East line of Old Wire Road; thence South 28°55' 19" West one and eight-tenths (1.8) feet with East right of way line of said road; thence South 60°58' 19" East two hundred five and seventy five hundredths (205.75) feet; thence North 12°08'11" East ninety five and three-tenths (95.3) feet to the place of beginning.

-AND-

Part of the Northeast Quarter (NE¼) of the Southwest Quarter (SW¼) of Section Thirty-six (36) in Township Seventeen (17) North of Range Thirty (30) West, beginning two hundred forty-five and one-tenth (245.1) feet West and four hundred ninety-one (491) feet North of the Southeast corner of said forty (40) acre tract, and running, thence South 12 degrees 8'11" West one hundred fifty-five (155) feet for a point of beginning to the lands herein described, and running, thence North 60 degrees 58'19" West two hundred five and seventy-five hundredths (205.75) feet, more or less to the East right of way line of the Old Wire Road; thence South 28 degrees 55'11" West with said East line one hundred (100) feet; thence South 60 degrees 58'19" East two hundred (200) feet; thence Northeasterly one hundred (100) feet to the point of beginning.

Subject to easements, rights-of-way and restrictive covenants, if any.

Based on Assessment Records, the total land area is indicated to be 10.95± acres (ACS). The first legal description presented (excess land) does not appear to close, and as written, appears to be closer to 10.2± ACS; however, the legal description states a land area of 9.7± ACS and Assessment Records also indicate a land size of 9.7± ACS. In addition, the second legal description presented (2648 North Old Wire Road homesite) as written appears to be near triangular in shape and supports a land size of approximately 0.22± AC. Assessment Records for this homesite indicate a land area of 0.75± AC, which appears to be more accurate. The third legal description presented (2634 North Old Wire Road homesite) indicates a land area of 0.5± AC, and is also supported by Assessment Records. The land sizes indicated by Assessment Records appear to be a more accurate representation of the actual subject land size, and are relied upon for the purposes of this report. An Extraordinary Assumption of this report is that the land sizes are as indicated. A Survey Plat of the subject property is recommended to confirm the reasonableness of this Assumption.

The subject property is improved with two single-family residential dwellings, and related site improvements. The dwelling situated at 2634 North Old Wire Road consists of approximately 1,316± square feet (SF) of living area, while the dwelling situated at 2648 North Old Wire Road consists of approximately 1,551± square feet (SF) of living area.

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property, as of the effective date.

DEFINITION OF MARKET VALUE

Market value is defined as follows:

"The most probable price that 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:

- a. buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and each acting in what they considers their best interest;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto, and;*
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."¹*

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 123.

INTENDED USE/USER OF REPORT

The intended use of this report is to assist the client with internal decisions regarding a potential acquisition of the subject property.

The intended user of this report is the City of Fayetteville – Parks & Recreation Department.

PROPERTY RIGHTS APPRAISED

In this appraisal, I am concerned with the valuation of the fee simple estate of the subject property. Fee simple estate is defined as follows:

“Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”²

SCOPE OF THE WORK

The scope of work in this appraisal involves the application of the "Valuation Process" in estimating the market value of the subject property. This real property appraisal report has been prepared under the Appraisal Report option.

Subject was last inspected in July 2014. Pertinent locational and physical data was obtained on the property inspections. Photographs were taken on a July 10, 2014, and a July 11, 2014, inspection, by Brian Kenworthy. General data pertinent to the appraisal assignment was obtained from local sources. The legal description of the subject property was obtained from public records. Building measurements were taken by the appraiser on the July 10, 2014, inspection. Certain information pertaining to the subject property (marketing information, property history, offer letter, etc.) were provided by property owner and listing broker. Property tax data and the history of the property were researched through Washington County Assessment Records. The highest and best use of the property was projected based upon location, physical characteristics, zoning, past, present, and potential use, etc.

The Cost and Sales Comparison Approaches to Value have been utilized in this report. The Income Capitalization Approach was not utilized, as this is not typically the basis upon which buy/sell decisions are being made in this market on properties of the subject's nature. Application of the Income Capitalization Approach to Value was not considered necessary to produce credible appraisal results for the subject property. The "Approaches to Value" appear later in the report.

In the Land Value Section, the estimated value of the subject site "as vacant" was established first utilizing comparable land sales in Fayetteville. The unit of comparison was price per acre (AC) of land area. The sales were compared to subject and adjustments made for differences

² Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 78.

with respect to the subject. The per AC value of the subject was estimated from within the adjusted range of the comparables, and was multiplied by the subject whole property acreage to arrive at the estimated market value of the subject site “as vacant”. The estimated market value of the subject site “as vacant” was then allocated to each of the homesites, and the excess acreage.

In the Cost Approach, the Replacement Cost New of the respective improvements were estimated, utilizing Marshall Valuation Service (national cost service) and a market derived entrepreneurial incentive. Accrued Depreciation attributable to the improvements was then estimated based upon the Economic Age-Life Method, and was subtracted from Replacement Cost New to arrive at Depreciated Replacement Cost New of the respective improvements. The estimated land value was then added to the Depreciated Replacement Cost New of the improvements to arrive at the estimated market value of the subject property by the Cost Approach. The estimated market value of the subject whole property was then allocated to each of the homesites, and the excess acreage.

In the Sales Comparison Approach, comparable improved sales were examined and analyzed for comparison purposes to the respective dwelling improvements. The unit of comparison was whole property. Adjustments were made to the sales based upon differences with respect to the respective subject dwellings. The market value of the respective subject dwellings was then estimated from within the adjusted range of the comparables. Finally, the contributory value of the excess land (from Land Value Section) was added to the value of the subject dwellings to arrive at the estimated market value of the whole subject property by the Sales Comparison Approach. No discount could be supported to the sum of the values of the improved subject homesites and the excess land.

The two approaches utilized were reconciled to a final market value conclusion for the subject based on the appraisers’ evaluation of the appropriateness, the accuracy, and the quantity of the evidence in the entire appraisal.

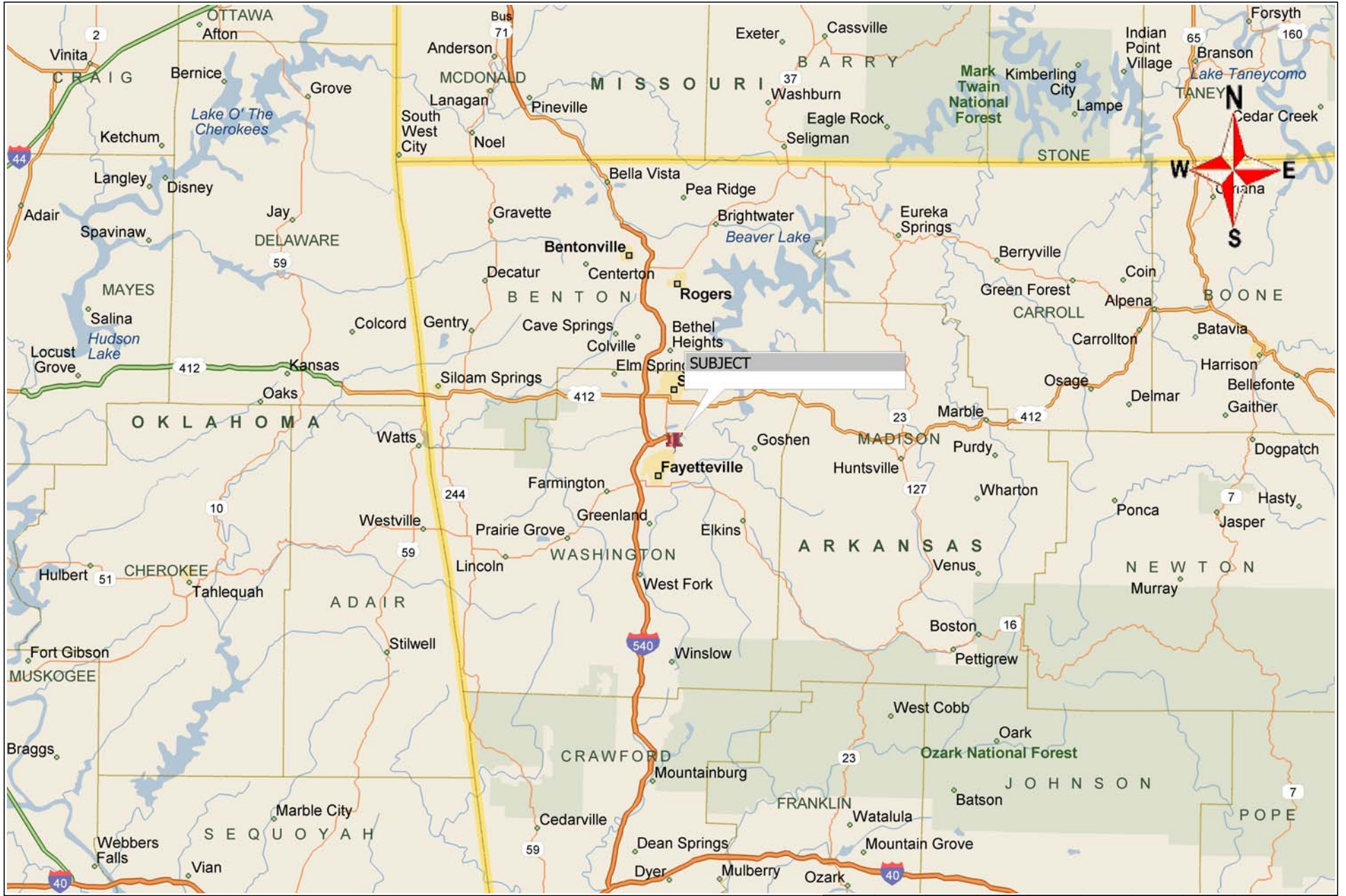
OWNERSHIP OF THE APPRAISED PROPERTY

As of the effective date of this report, the subject property was under the ownership of Allen & Mary L. Dunn.

DATE OF THE APPRAISAL

The effective date of this report is July 10, 2014; this represents one of the dates of inspection. The date of this appraisal report is July 18, 2014.

Regional Map



AREA DATA

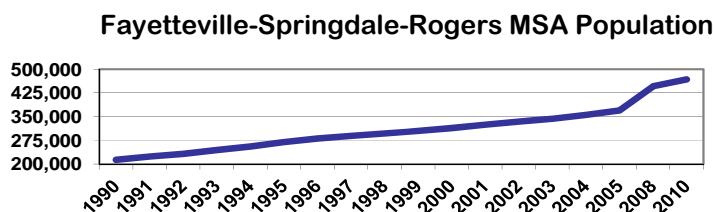
The Trade Area includes Washington and Benton Counties in Arkansas, as well as Madison County, Arkansas, and McDonald County, Missouri. The four counties are located in the extreme northwestern part of Arkansas and extreme southwestern part of Missouri, respectively, and make up the Fayetteville-Springdale-Rogers, AR Metropolitan Statistical Area (MSA). This area is bordered by the Oklahoma State line on the west, Newton County (Missouri) on the north, Carroll, Newton and Barry (Missouri) Counties on the east, and Crawford, Franklin and Johnson Counties on the south. The total land area of Benton County is indicated to be 847.36± square miles, Washington County 941.97± square miles, Madison County 834.26± square miles, and McDonald County 539.48± square miles. It should be noted that near 92%± of the population of the MSA is located in Washington and Benton Counties. As a result, this Area Data analysis primarily pertains to Washington and Benton Counties in Arkansas.

The value of real property reflects and is influenced by the interaction of basic forces that motivate human activity. These forces are divided into four major categories: Social trends; Economic circumstances; Governmental controls and regulations; and, environmental conditions. These forces exert pressure on human activities and are also affected by these activities. The interaction of all the forces influences the value of every parcel of real estate in the market.

Social Forces: Social forces are exerted primarily through population characteristics. The demographic composition of the population reveals the potential, basic demand for real estate services.

The 1980 Census showed population figures of 78,115 and 100,494, respectively, for the two counties. This totals 178,609 for the two-county area. The population of Benton County in 1990 was 97,499, while Washington County indicated a population 113,409. The combined population of the two counties in 1990 was 210,908, representing an 18.1%± increase over 1980, or 1.81%± per year. The 2000 Census indicated populations for Benton and Washington Counties of 153,406 and 157,715, respectively. The total for the two counties, 311,121, represents a 47.5%± increase over 1990, or 4.75%± per year. Based on data released by the U.S. Census Bureau, the population of the two-county area as of 2010 was 424,404, with Benton County reflecting a total of 221,339 and Washington County a total of 203,065. The growth between 2000 and 2010 is indicated to be 36.4%±, or 3.64%± per year. The estimated 2012 populations of Benton and Washington Counties, based on State & County QuickFacts, were 232,268± and 211,411±, respectively, or a total of 443,679±. The U.S. Census Bureau data reflected the population of the MSA as of 2010 to be 465,780. The estimated 2012 population of the MSA, based on State & County QuickFacts, was 482,200±.

The following chart reflects the population trend in the four-county MSA since 1990:



Source: U.S. Census

Bentonville is the County Seat of Benton County. This city is located in the north part of the county. Bentonville had a population of 11,257 in 1990, a 28.6%± increase since 1980. The 2000 population of Bentonville was approximately 19,730. This represents a 75.3%± increase since 1990. The 2010 population was indicated to be 35,301, a 78.9%± increase from 2000. Rogers is the largest city in the county. Its 1990 population of 24,692 reflects a 41.7%± increase since 1980. The 2000 population was indicated to be 38,829. This represents a 57.3%± increase since 1990. The 2010 population was indicated to be 55,964, a 44.1%± increase from 2000. Siloam Springs, located on the Oklahoma line in the southwest part of the county, is the third major city in Benton County. It grew from a population of 8,151 in 1980 to 10,843 in 2000, a 33%± increase. The 2010 population was indicated to be 15,039, a 38.7%± increase from 2000.

Some of the smaller cities and towns in Benton County include Gentry, Gravette, Pea Ridge, Lowell, Centerton, Decatur, Cave Springs, Bella Vista, etc. It should be noted that the City of Centerton, located just west of the Bentonville City Limits, reflected an increase in population from 491 in 1990 to 2,146 in 2000, and to 9,515 in 2010. The indicated increase was 343.4%± from 2000 to 2010, or 34.34%± per year. Within the county, there are a total of 18± incorporated towns and cities. It should also be noted that Lowell, lying between Springdale and Rogers, experienced an increase in population between 1990 and 2000 of 309.6%±. The 2000 population of Lowell was indicated to be 5,013±, while the 2010 population was 7,327. The indicated increase was 46.2%±, or 4.62%± per year, between 2000 and 2010.

Fayetteville is the County Seat of Washington County. This city is located in the north central part of the county. Fayetteville had a population of 42,099 in 1990. This represented a 15%± increase since 1980. The 2000 population of Fayetteville was indicated to be 58,047. This represents a 37.9%± increase since 1990. The 2010 population was indicated to be 73,580, an increase of 26.8%± from 2000. Fayetteville is also the largest city in the county. Springdale is the second largest city in Washington County. Its 1990 population of 29,941 showed a 27.6%± increase since 1980. The 2000 population of Springdale was indicated to be 45,798. This represents a 53%± increase since 1990. The 2000 population figure for Springdale includes an indicated 2,011 people living in that part of Springdale located in Benton County. The 2010 population of Springdale was indicated to be 69,797, an increase of 52.4%± from 2000.

Some of the smaller cities in Washington County include Prairie Grove, Lincoln, Farmington, West Fork, Johnson, Elm Springs, etc. There are a total of 13± incorporated cities and towns within Washington County. A small part of Elm Springs is also located in Benton County.

The following table reflects population changes for major cities in the MSA since 2000:

City	2000	2005	2007	2008	2010	2000-2010 % Increase	2012 Estimate
Fayetteville	58,047	66,656	72,208	73,372	73,580	26.8%	76,899
Springdale	45,798	62,459	66,881	68,180	69,797	52.4%	73,123
Rogers	38,829	48,353	54,959	56,726	55,954	44.1%	58,895
Bentonville	19,730	29,530	33,744	35,526	35,301	78.9%	38,284
Lowell	5,013	7,042	7,044	7,173	7,327	46.2%	7,714
Centerton	2,146	5,477	8,162	8,593	9,515	343.4%	10,170
Siloam Springs	10,843	13,604	14,480	14,825	15,039	38.7%	15,680

Source: U.S. Census

The increased population trend is expected to continue in the Benton-Washington County area. This should have a positive effect on real property values. However, it should be noted that the rate of growth has declined from what appears to have been the peak period between July 1, 2004, and July 1, 2005. The net monthly population growth in the Benton-Washington County area between July 1, 2004, and July 1, 2005, was estimated to be 1,256± people. Between July 1, 2008 and July 1, 2009, the net monthly population growth was estimated to be 748± people. This reflects a 40.5%± decline. Between 2000 and 2010, census data supports net monthly population growth of 944± people. The estimated net monthly population growth between July 1, 2011, and July 1, 2012, was 695± people. This reflects a decline of 26.4%±. Oversupply issues in the real estate market and slow improvement in overall economic conditions have had an adverse impact on population growth. The country officially went into a recession in December 2007. The recession officially ended in June 2009; however, consumer sentiment doesn't necessarily support this.

Economic Forces: Economic forces are also significant to real property values. It is necessary to analyze the fundamental relationships between current and anticipated supply and demand and the economic ability of the population to satisfy its wants, needs, and demands through its purchasing power.

For 2003, the Fayetteville-Springdale-Rogers MSA ranked 1st nationally in Forbes/Milken Institute's "Best Performing Cities: Where America's Jobs are Created" measuring economic vibrancy and potential.

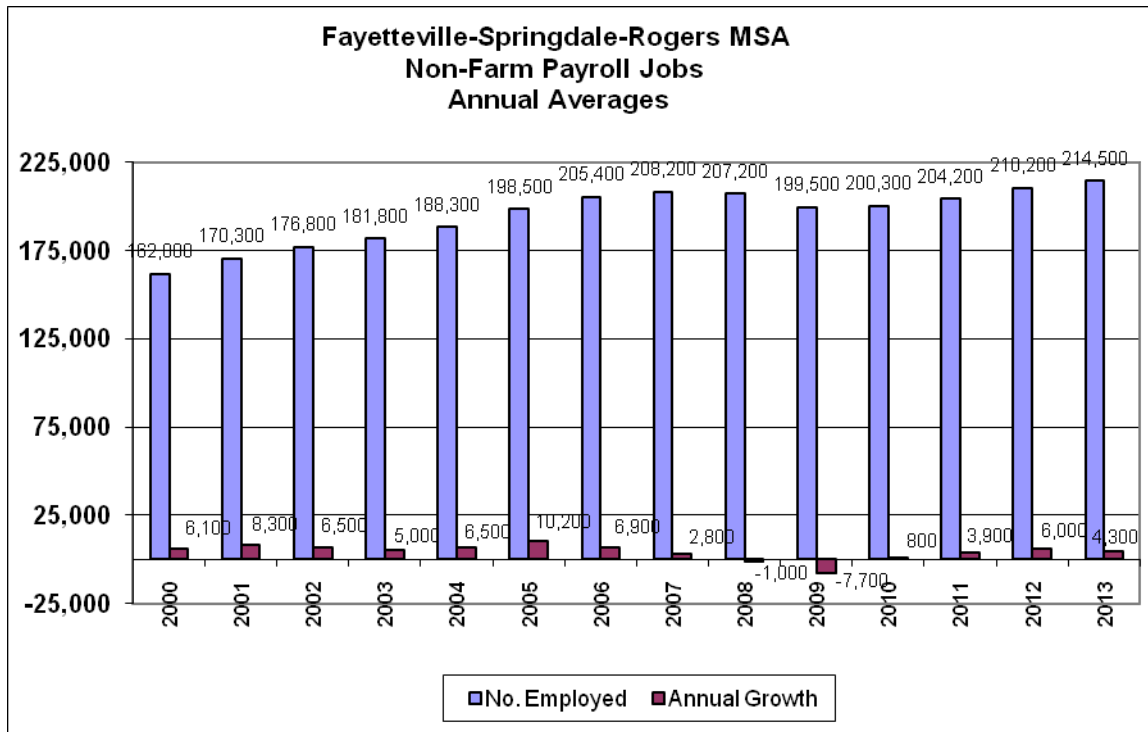
For 2004, the Fayetteville-Springdale-Rogers Metropolitan Statistical Area (MSA) was listed as the 5th "Best Small Metro for Business" by *Forbes*. This publication also listed the MSA as #1 in job growth.

For 2005, The Milken Institute named Northwest Arkansas to the Top Ten in Job Growth.

For 2013, Milken ranked the Fayetteville-Springdale-Rogers MSA second in the nation in Short-Term Job Growth. Milken defines short-term job growth as the percentage of job growth between July 2012 and July 2013. Only Santa Cruz, California, ranked higher in creating more short-term jobs among the nation's largest 200 metropolitan areas. Northwest Arkansas also ranks high in Milken's review of job creation over longer periods of time, rating 18th nationally in 1-year Job Growth and 34th in 5-year Job Growth. As a region, Northwest Arkansas is ranked as the nation's 57th Best Performing City, the highest ranked MSA in the State of Arkansas.

The Job Growth USA website of Arizona State University's W.P. Carey School of Business ranked 383 of 428 Metropolitan Statistical Areas for 2013 on the basis of non-farm job growth over a 12-month moving average. The Fayetteville-Springdale-Rogers MSA ranked Number 87 nationwide for 2013. This is down from 2012 when the region ranked Number 67 nationwide in non-farm job growth.

The following chart represents Non-Farm Employment Growth for the MSA since 2000:



Source: Arkansas Department of Workforce Services

As previously indicated, the country was officially in a recession between December 2007 and June 2009. This recession, referred to as the “Great Recession”, lasted 18 months. The previous longest recorded recessions since the Great Depression, the 1973-75 recession and the 1981-82 recession, each lasted 16 months. The Great Depression lasted 43 months. The recessions in 1991 and 2001 each lasted 8 months.

The recession obviously impacted the rate of job growth in the Fayetteville-Springdale-Rogers MSA. While the United States as a whole experienced negative year on year non-farm employment growth through all of 2008, the Fayetteville-Springdale-Rogers MSA remained positive through part of the year. However, non-farm employment numbers (year on year) did turn negative in this MSA in 2008 and remained negative throughout 2009. Obviously, local economic activity was affected by the national recession. In May 2010, non-farm employment numbers (year on year) turned positive and have remained positive year over year through the latest recorded data researched, which was November 2013.

Employment gains for the MSA between November 2012 and November 2013 were in the following sectors: trade, transportation, and utilities; professional and business services; education and health services; leisure and hospitality services; and natural resources, mining, and construction.

The civilian labor force in Benton County averaged 111,200 for the year 2012. Washington County averaged 105,300 for the same time period. The average civilian labor force for January-

November 2013 was reported at 112,786 for Benton County and 107,005 for Washington County. In 2012, Benton County's unemployment rate averaged 5.7% while Washington County's rate averaged 5.4%. The 2012 average, annual unemployment rates for the State of Arkansas and the United States were 7.3% and 8.1%, respectively. The average unemployment rates for Benton and Washington Counties for the January–November 2013 time period were indicated to be 5.5%± and 4.8%±, respectively. All of the preceding rates represent non-seasonally adjusted rates.

U.S. Census data reflect the following income figures for the Benton-Washington County area:

Benton County				
	2000	2010	Change	2013
Median Household Income	\$40,276	\$54,592	35.5%	\$51,977
Average Household Income	\$50,556	\$66,147	30.8%	\$69,676
Per Capita Income	\$19,377	\$24,912	28.6%	\$25,885

Washington County				
	2000	2010	Change	2013
Median Household Income	\$34,683	\$45,544	31.3%	\$44,056
Average Household Income	\$44,747	\$56,617	26.5%	\$59,789
Per Capita Income	\$17,347	\$21,840	25.9%	\$23,137

Combined Counties				
	2000	2010	Change	2013
Median Household Income	\$37,483	\$50,588	35.0%	\$48,687
Average Household Income	\$47,604	\$61,551	29.3%	\$64,937
Per Capita Income	\$18,348	\$23,441	27.8%	\$24,850

The real estate market in Benton and Washington Counties expanded at a rapid rate between 2003 and mid-2006. Oversupply issues in the residential sector became very visible in 2006, particularly in the latter half of the year. There were definite indicators in 2005 that this sector of the market was headed in this direction. As of the second Quarter of 2013, Benton County totaled approximately 7,399 empty, single-family and duplex lots with Final Plat filed and/or receiving final approval. The total for Washington County was approximately 5,436. Based on lot sales to end users in 2012 in the two-county area, the total empty lot supply could constitute near a 9± year inventory. This likely overstates the situation as near 15%± of the empty lot inventory represents not yet active lots. Regardless, the current lot supply in the two-county area remains significant; however, it should be noted that the supply of empty lots in Benton and Washington Counties has decreased substantially over the past couple of years. The decrease from Quarter Four 2012 to Quarter Two 2013 was approximately 7.5%±. Housing starts and residential construction activity in both Benton and Washington Counties have increased significantly since 2011. Interest rates remain low, which is a positive for the housing market; however, have increased somewhat as of late. Rates are expected to continue to slowly move upward, with the Federal Reserve cutting back on monthly bond purchases. However, rates are still projected to remain in an affordable range. This, along with continued improvement in non-

farm employment should sustain the downward movement in the number of empty residential lots in the two-county area.

Problems in the housing market are viewed by many as what led us into the recession, and there is a belief that continued improvement in this sector is necessary for the country to completely rebound from this last economic downturn. Obviously, the decrease in home values and the high rates of residential foreclosures across the country as a result of the “Great Recession” negatively impacted consumer sentiment. Many economists feel that the housing market bottomed in the Fourth Quarter of 2011, with an average decline in value from peak to trough of 30% to 35%±. There is definite evidence that home values are rebounding. In Benton County, Multiple Listing Service (MLS) data reflects the median home price for the first half of 2013 to be \$152,000, as compared to \$140,500 for the first half of 2012. This indicates an 8.2% increase. In Washington County, the median home price for the first half of 2013 was indicated by MLS data to be \$149,900. This compares to \$135,000 for the first half of 2012. The increase calculates to 11.04%. As homeowners experience increased equity, consumer confidence should improve. Through November 2013, home sales in Arkansas were up near 12% compared to the first 11 months of 2012. The year 2013 appears to be the best year for home sales in Arkansas since 2009 and 2010, when the government’s homebuyer tax credit gave consumers extra incentive to buy a house.

The multi-family residential sector of the real estate market in Benton and Washington Counties was the first sector to rebound from the recent “Great Recession”. In the multi-family sector, the two-county area indicated an overall vacancy rate of 2.73% in the Third Quarter of 2013. The Fayetteville multi-family market has a good history of strength, due to the University of Arkansas, and reflected a Third Quarter 2013 vacancy rate of 2.47%. However, it should be noted that a substantial amount of new product has been added over the past 1-2± years in the Fayetteville multi-family market, and more units are in the planning stage. The Rogers, Bentonville, Siloam Springs, and Springdale multi-family markets also appear to each be in good shape with a range of vacancy rates between 2.56% and 3.54% as of the Third Quarter 2013. The Rogers and Bentonville markets in particular are doing well with vacancy rates of 2.56% and 2.67%, respectively.

With respect to the commercial market in Benton and Washington Counties, the primary concerns are the professional office, retail, and development land sectors. The professional office sector of the market, Class “A” and “B” properties, has been oversupplied for some time in the two-county area. The overall vacancy rate for Class “A” and “B” professional office space for the First Quarter of 2013 was slightly above 15%. The rate for Class “A” space alone was reported at 13.2%. These rates are for investment grade, non-owner occupied space. Obviously, job creation is critical to the absorption of office space. It should be noted that the overall professional office vacancy rate was thought to have peaked in mid/late 2010, with vacancy slowly decreasing since that time.

The retail sector of the commercial market had been the strength of the market through the first half of 2008; however, in the second half of the year vacancy began to rise. In the Fourth Quarter of 2009 the overall vacancy rate in this sector of the market was estimated between 15% and 16%. Obviously, problems in the national economy impacted the local retail community.

The overall vacancy rate in the retail sector has slowly declined since 2010 and was near 10% (Class “A” and “B” combined) in the First Quarter of 2013. This, too, is for investment grade, non-owner occupied space. It should be noted that the reported vacancy rate for Class “A” retail space in the First Quarter of 2013 was 6.5%.

Commercial development land must also be considered. The two areas of concern are in the north part of Fayetteville and the southwest part of Rogers. Land that was acquired at the peak of prices in 2005/2006 continues to periodically face refinancing. With a decline in values in this sector, in order to refinance and keep loan to value ratios within bank guidelines, the borrower may have to bring funds to the closing table. This is the mark to market issue that has been discussed nationally over the past several years.

The service sector of the commercial market had been a concern in Benton and Washington Counties; however, has shown improvement since 2011. This pertains to hotels/motels and restaurants. With respect to hotels/motels, the following increases in tax receipts collected between Quarter One 2012 and Quarter One 2013 were indicated:

Bentonville	+9.5%±
Fayetteville	+10.5%±
Rogers	+4.8%±
Siloam Springs	+7.4%±
Springdale	+6.6%±

Restaurant tax receipts collected reflected the following increases between Quarter One 2012 and Quarter One 2013:

Bentonville	+1.6%±
Fayetteville	+2.5%±

Springdale and Rogers do not collect restaurant tax receipts.

The service sector, locally and nationally, appears to have rebounded from the “Great Recession” sooner than originally expected. It should be noted that a new full-service hotel facility is being considered for the University of Arkansas Campus in Fayetteville. This hotel is expected to feature 125-150 beds, with 13,000± square feet of conference space. It should also be noted that the recent construction of the 21C Museum Hotel in Bentonville, just off the “square” in the Central Business District, has proven to be a success.

Following is a listing of building permit values for cities in Benton and Washington Counties, as indicated by the Northwest Arkansas Regional Planning Commission:

NWA BUILDING PERMITS

City	2007	2008	2009	2010	2011
Johnson	\$12,894,627.00	\$11,480,561.00	\$2,201,298	\$3,139,035	\$4,815,327
Elkins	\$1,448,865.00	\$2,992,700.00	\$1,659,255	\$1,217,567	\$395,100
Bentonville	\$175,179,387.00	\$84,042,846.00	\$166,253,077	\$92,641,213	\$151,852,753
Tontitown	\$9,117,183.00	\$12,317,817.00	\$5,943,915	\$4,000,663	\$4,178,087
Rogers	\$364,610,284.00	\$221,417,100.00	\$66,680,186	\$84,916,060	\$77,350,756
Lowell	\$23,018,357.00	\$10,507,847.00	\$5,156,363	\$10,280,864	\$9,320,710
Siloam Springs	\$26,571,074.00	\$8,369,852.00	\$51,494,178	\$15,504,723	\$33,626,432
Fayetteville	\$282,642,878.00	\$301,388,827.00	\$90,257,059	\$111,470,014	\$140,148,788
Pea Ridge	\$10,613,632.00	\$11,617,647.00	\$1,701,901	\$1,315,208	\$7,731,042
Little Flock	\$1,997,419.00	\$1,801,420.00	\$1,807,373	\$751,034	\$1,675,196
Bella Vista	\$39,336,280.00	\$19,235,786.00	\$12,059,939	\$8,437,960	\$7,379,000
Prairie Grove	\$9,276,304.00	\$7,929,728.00	\$3,298,300	\$8,230,109	\$5,208,052
Greenland	\$1,411,691.66	\$173,470.00	\$707,300	\$576,269	\$135,000
Cave Springs	\$9,715,915.00	\$4,835,350.00	\$6,622,764	\$7,666,117	\$10,281,180
West Fork	\$2,412,200.00	\$1,568,000.00	\$414,100	\$713,000	\$1,381,350
Goshen	\$4,246,683.80	\$2,824,327.43	\$2,104,269	\$3,245,078	\$1,738,686
Lincoln	\$2,507,545.00	\$0.00	\$191,944	\$1,219,120	\$13,256,610
Elm Springs	\$500,000.00	\$150,000.00	\$1,056,647	\$870,696	\$1,488,000
Farmington	\$11,793,393.00	\$10,730,420.00	\$8,577,800	\$11,185,157	\$6,256,614
Springdale	\$114,491,552.00	\$111,956,457.00	\$59,871,046	\$46,904,148	\$85,993,770
Gentry	\$2,034,963.90	\$1,705,248.20	\$526,450	\$2,793,005	\$2,283,500
Bethel Heights	\$5,582,958.00	\$702,967.00	\$675,967	\$686,050	\$570,721
Centerton	\$18,033,067.00	\$9,928,847.00	\$5,712,560	\$15,359,184	\$15,033,136
Decatur	\$1,150,000.00	\$252,000.00	\$9,471,500	\$348,500	\$3,097,660
Gravette	\$2,149,440.00	\$840,115.00	\$5,726,000		\$1,848,347
Total	\$1,132,735,699.36	\$838,769,332.63	\$510,171,191	\$433,470,774	\$587,045,817

WASHINGTON COUNTY PERMITS

City	2007	2008	2009	2010	2011
Johnson	\$12,894,627.00	\$11,480,561.00	\$2,201,298	\$3,139,035	\$4,815,327
Elkins	\$1,448,865.00	\$2,992,700.00	\$1,659,255	\$1,217,567	\$395,100
Tontitown	\$9,117,183.00	\$12,317,817.00	\$5,943,915	\$4,000,663	\$4,178,087
Fayetteville	\$282,642,878.00	\$301,388,827.00	\$90,257,059	\$111,470,014	\$140,148,788
Prairie Grove	\$9,276,304.00	\$7,929,728.00	\$3,298,300	\$8,230,109	\$5,208,052
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Goshen	\$4,246,683.80	\$2,824,327.43	\$2,104,269	\$3,245,078	\$1,738,686
Lincoln	\$2,507,545.00	\$0.00	\$191,944	\$1,219,120	\$13,256,610
Elm Springs	\$500,000.00	\$150,000.00	\$1,056,647	\$870,696	\$1,488,000
Farmington	\$11,793,393.00	\$10,730,420.00	\$8,577,800	\$11,185,157	\$6,256,614
Springdale	\$114,491,552.00	\$111,956,457.00	\$59,871,046	\$46,904,148	\$85,993,770
Total	\$452,742,922.46	\$463,512,307.43	\$176,282,933	\$192,770,856	\$264,995,384

BENTON COUNTY PERMITS

City	2007	2008	2009	2010	2011
Bentonville	\$175,179,387.00	\$84,042,846.00	\$166,253,077	\$92,641,213	\$151,852,753
Rogers	\$364,610,284.00	\$221,417,100.00	\$6,668,0186	\$84,916,060	\$77,350,756
Lowell	\$23,018,357.00	\$10,507,847.00	\$5,156,363	\$10,280,864	\$9,320,710
Siloam Springs	\$26,571,074.00	\$8,369,852.00	\$51,494,178	\$15,504,723	\$33,626,432
Pea Ridge	\$10,613,632.00	\$11,617,647.00	\$1,701,901	\$1,315,208	\$7,731,042
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Gentry	\$2,034,963.90	\$1,705,248.20	\$526,450	\$2,793,005	\$2,283,500
Bethel Heights	\$5,582,958.00	\$702,967.00	\$675,967	\$686,050	\$570,721
Centerton	\$18,033,067.00	\$9,928,847.00	\$5,712,560	\$15,359,184	\$15,033,136
Decatur	\$1,150,000.00	\$252,000.00	\$9,471,500	\$348,500	\$3,097,660
Gravette	\$2,149,440.00	\$840,115.00	\$5,726,000		\$1,848,347
Total	\$679,992,776.90	\$375,257,025.20	\$333,888,258	\$240,699,918	\$322,050,433

The economic base of the region consists of four basic areas: **First**, agricultural production with the primary commodities being beef cattle, dairy cattle, and poultry. The general offices of Tyson Foods, Inc., the largest poultry producer in the world, are located in Springdale in Washington County. Benton and Washington Counties have a considerable amount of rural acreage and, therefore, it would stand to reason that agriculture would be important to the area. There is also some cropland in the area, primarily green bean and orchard production (grapes). According to the USDA, Benton and Washington counties had total agricultural sales in 2007 of \$433,957,000 and 417,965,000, respectively. **Second**, influence from the University of Arkansas located in Fayetteville. Total enrollment for Fall 2013 at the University was 24,537, an increase of 5.8% since the Fall 2012. The University provides considerable employment opportunities for area residents. It is not uncommon for residents of the outlying areas of Benton and Washington Counties to work at the University. A second public academic institution, the Northwest Arkansas Community College, is located in Bentonville. Fall 2013 enrollment for the school was indicated to be 8,020, a decrease of 3.8% from the Fall 2012. In addition to the main campus, the NWACC also has branch campuses located in Springdale, Rogers, and Farmington. NWACC is considering the purchase of an acreage site located in the southwest part of Springdale for the construction of a new Washington County Campus. **Third**, recreational usage primarily in the northeast part of Washington County, and the southeast, east, and northeast parts of Benton County. This recreational usage is primarily provided by Beaver Lake, a Corps of Engineer Reservoir on the White River. Beaver Lake affords typical fresh water sports such as boating, fishing, skiing, swimming, etc. Each of the major cities in the two-county area also has recreational amenities. It should be noted that Arvest Baseball Park opened in the Spring of 2008 in the southwest part of Springdale. This baseball park is the home of the Northwest Arkansas Naturals (Minor League AA Affiliate of the Kansas City Royals). The location is at the southwest corner of Watkins Avenue and 56th Street, just west of I- 540. Completion of the Don Tyson Parkway/I-49 Interchange, just southeast of the baseball park, is expected in 2014. **Fourth**, the large number of manufacturing businesses and industries located within the two counties. Again, residents of outlying areas of the two counties will commute to Fayetteville, Springdale, Rogers, Bentonville, etc. to work at these facilities. The general offices of Wal-Mart, Inc., the world's largest retailer, are located in Bentonville. Wal-Mart has had a tremendous impact on the area, particularly Benton County. Over the past several years, Wal-Mart vendors have been locating branch offices in the Benton County area in order to better service their account with Wal-Mart. Both professional office and residential construction increased significantly due to the influx of these suppliers. The general offices of J.B. Hunt, Inc., a major trucking company, are located in Lowell. As previously indicated, the general offices of Tyson Foods, Inc., the world's largest poultry processor, are located in Springdale. Wal-Mart, J.B. Hunt, and Tyson Foods are each Fortune 500 Companies. The presence of these companies drives demand for lawyers, accountants, architects, hotels, restaurants, retailers, etc. Most of the major industries are located in the larger cities in the counties. According to the 2002 Economic Census, total value of shipments by manufacturers in Benton County was \$2,615,524,000. According to State & County QuickFacts, total value of shipments by manufacturers in Washington County in 2007 was \$3,497,554,000. Retail sales estimates for Benton and Washington Counties for 2007, based on State & County QuickFacts, were \$2,390,591,000 and \$2,723,279,000, respectively.

The following table represents major employers in the MSA (as of 2012):

Employer	# of Employees±	Sector/Product	Main Location
Wal-Mart Stores (Home Office, DC's & Stores)	28,000+	Retail	Bentonville
Tyson Foods	12,000+	Protein Processing/Marketing	Springdale
University of Arkansas	4,000+	Education	Fayetteville
Simmons Foods, Inc.	3,900+	Poultry Processing	Siloam Springs
J.B. Hunt Transport Services	2,600+	Transportation	Lowell
Washington Regional	2,100+	Health	Fayetteville
George's Inc.	2,000+	Poultry	Springdale
Northwest Health Systems	1,900+	Health	Bentonville/Springdale
Mercy Health Systems	1,500+	Health	Multiple
Arvest Bank	1,500+	Finance	Bentonville

Source: Employers; Local Chambers of Commerce

In addition, Northwest Arkansas is the home of several satellite offices of Fortune 500 companies supplying products to Wal-Mart Stores, Inc. These Fortune 500 companies with a presence in Northwest Arkansas include:

IBM, Coca-Cola, Proctor & Gamble, Pfizer, Gillette, Mattel, Hershey, Sara Lee, Kimberly Clark, Heinz, Colgate, Clorox, Ball Corp., Disney, General Mills, Kellogg, Hormel, Newell Rubbermaid, Johnson & Johnson, Pepsico, Philip Morris, etc.

Construction of the Crystal Bridges Museum of American Art in Bentonville has been a plus for the Northwest Arkansas economy, particularly the City of Bentonville. This museum opened in November 2011, and was a project of the Walton family. Crystal Bridges is located near the Central Business District of Bentonville, and, along with the "Downtown Bentonville" program, has been instrumental in the revitalization of the Central Business District.

There are many financial institutions in Benton and Washington Counties. These institutions have typically provided an adequate supply of funds for residential, commercial, industrial, and agricultural growth. It should be noted that credit conditions tightened in 2008 as financial institutions dealt with problem real estate loans, and deteriorating economic conditions. The Federal Government infused funds into the financial market in an attempt to provide liquidity and ease credit. The major financial institutions in the area are located in Bentonville, Fayetteville, Rogers, Siloam Springs, and Springdale, with smaller banks and branches situated in many of the smaller communities. Currently, interest rates on long-term (15-30 years) residential first mortgages are generally in the 3.50% - 4.50% range. Federal Deposit Insurance Corporation (FDIC) data indicate there are a total of 58 financial institutions in the Fayetteville-Springdale-Rogers MSA. Deposits as of June 30, 2013, totaled \$8,277,239± based on the FDIC data.

Real estate development in the area has primarily been centered in the major cities, and in such smaller communities as Centerton, Farmington, Lowell, and Prairie Grove. However, rural development is also occurring with small acreage homesites visible throughout the two counties.

Economic conditions at the present time are improving in the two-county area; however, the local economy has not yet fully rebounded from the recent "Great Recession." A plus for the area is continued year over year increases in non-farm employment numbers. Sustained growth

in non-farm employment will go a long way to absorb vacant commercial space. The long-term outlook is that economic forces will have a positive effect on real estate values in Benton and Washington Counties; however, at the present time the two-county area continues in a correction period, particularly with respect to the commercial sector.

Governmental Forces: Governmental, political, and legal actions at all levels have a great impact on property values.

The county seats of Benton and Washington Counties, as previously discussed, are Bentonville and Fayetteville, respectively. These two cities are some 20± minutes apart via I-49.

County government in each county is under the direction of the County Judge and Quorum Court. Other elected county officials include the County Clerk, Circuit Clerk, Collector, Assessor, Treasurer, Sheriff, Coroner, etc.

Property taxes in Arkansas are collected at the county level and distributed to the counties, cities, and school districts. In Arkansas, all real property, except agricultural land, is to be appraised at market value. Agricultural land is valued based upon soil class productivity. The appraised value is multiplied by a 20% assessment ratio to arrive at the assessed value. The assessed value is then multiplied by the appropriate millage rate to arrive at the annual property tax. However, in 2001, a tax relief act was passed in Arkansas, which limits the annual increase in property tax from the base year. A new term was created, called Taxable Value. Taxable Value is now multiplied by the applicable millage rate to arrive at the annual real estate tax. The annual property tax is due by October 15th in the year after it is levied. Individual property taxes in Benton and Washington Counties have generally increased over the last several years due to continuing reappraisal; however, it should be noted that both Benton and Washington Counties made adjustments in real estate appraised values for property tax purposes due to the recent "Great Recession."

Benton County does not have county zoning at the present time. Washington County; however, passed an ordinance introducing zoning regulations to unincorporated parts of Washington County. This zoning ordinance became effective in December of 2007. This zoning is enforced by the Washington County Planning Board. The major cities in the area also have zoning regulations. There are no adverse legislative restrictions on the use and development of real property in the area. However, it should be noted that some of the cities in Benton and Washington Counties have established Overlay Districts which place limitations on development of lands within the established districts.

Benton and Washington Counties are considered to have adequate medical, school, lodging, and religious facilities to service the Trade Area.

The following table reflects area schools' enrollments for the previous years:

Area School Enrollment	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013
Fayetteville Public Schools	8,566	8,838	9,017	9,142	9,421
Springdale Public Schools	18,188	18,810	19,381	20,141	20,547
Rogers Public Schools	13,774	14,145	14,145	14,454	14,757
Bentonville Public Schools	13,701	14,147	14,144	14,893	15,114
University of Arkansas – Fayetteville	19,849	23,199	23,199	23,199	24,537
Northwest Arkansas Community College Rogers/Bentonville	8,006	8,365	8,528	8,341	8,020
John Brown University – Siloam Springs	2,073	2,130	2,130	2,130	2,183

Source: Schools' Administration Offices

There are also private church schools in operation in the two-county area, as well as charter schools. There are a total of five charter schools in Benton and Washington Counties, with additional schools planned. Fall 2013 enrollment at the area charter schools was reported at 2358.

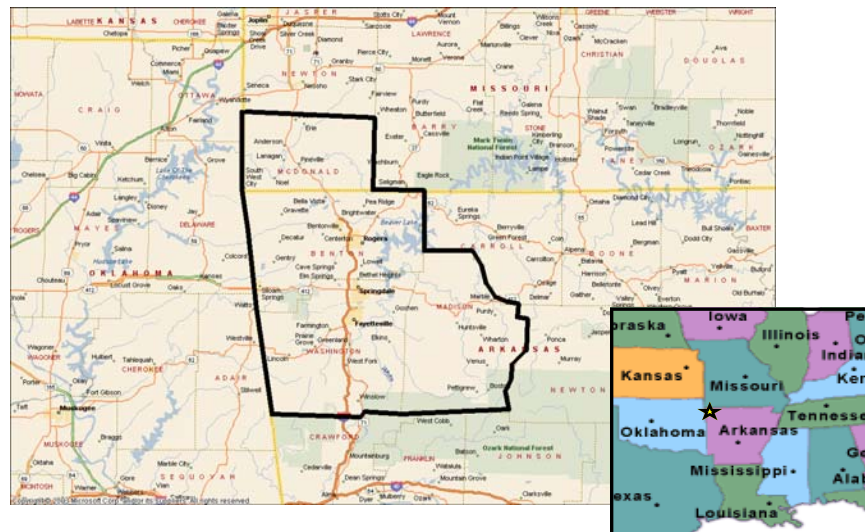
Public utilities available in the rural areas of Benton and Washington Counties include electricity and telephone service. Natural gas and public water are also available in certain areas. Public sewer is available in the major cities and in some of the smaller communities.

Overall, governmental forces in the area provide a positive effect on real property values. Lack of public water and sewer in certain rural areas is a drawback. However, the Two Ton Water Project and Benton-Washington County Water Authorities are addressing rural water needs in the two counties.

Environmental Forces: Both natural and man-made environmental forces influence real property values. Environmental forces include climatic conditions, topography and soil, natural barriers to future development, primary transportation systems, and the nature and desirability of the immediate area surrounding a property.

The two-county area has relatively warm summers and mild winters. High temperatures in summer are often accompanied by high humidity. The average daily temperature is about 57 degrees. Each year there are about 58± days when temperatures go above 90 degrees and typically only a few days when temperatures drop to freezing or below; however, the past few years have seen cold extremes where the temperature has dropped below freezing on several days. The area has an average of 4 to 5± inches of snow annually, although the past few years have also exceeded this. Rainfall averages around 45± inches annually.

The following map illustrates the relationship between the cities and counties of the MSA (the four-county MSA is outlined in black):



The area is part of the Ozark Highlands. In Benton County, topography ranges from broad plains and rolling hills in the western and central parts to rocky, rough, steeper hills in the east. Much of the eastern one-third of the county is covered by Beaver Reservoir. The elevation increases from west to east and ranges from 1,000± to 1,700± feet above sea level. The elevation of Washington County also varies from 1,000± to 1,700± feet. In general, the topography of Washington County is rough along the western, eastern, southern, and northwestern boundaries. Extending through the heart of the county, from the Oklahoma line to the City of Springdale, is a plateau-like area consisting of rolling, reasonably level land. The City of Fayetteville, located in the edge of the Boston Mountain Range, is quite hilly. Soil and subsoil conditions within the two counties range from fair to good for agricultural purposes.

There are natural barriers to real property development in the area. These consist primarily of mountainous regions, rivers, etc. However, many of these barriers have a positive effect on agricultural usage.

The primary transportation routes in the two counties are I-49 and U.S. 71B (north-south) and U.S. 412 (east-west). From Fayetteville north to Bella Vista, I-49 provides divided highway access. South from Fayetteville, I-49 provides divided highway access to Interstate 40 at Alma. U.S. 71 south from Fayetteville was made a Scenic Byway in 1998. Divided highway access is now available from the region to Fort Smith to the south via I-49/40 and to Little Rock to the southeast via I-49/40. Also, U.S. 412 provides divided highway access from Tontitown westerly to Siloam Springs near the Oklahoma State Line. Divided highway access is available westerly from the region to Tulsa, Oklahoma. U.S. 71B, I-49 and U.S. 412 are each heavily traveled traffic arteries. U.S. 71B traverses Fayetteville, Springdale, Rogers, Bentonville, and Bella Vista. U.S. 412 traverses Springdale, Tontitown, and Siloam Springs. Construction on a new phase of U.S. 412 east of Springdale was completed in 2001. U.S. 412 is now 5 lanes or divided highway from U.S. 71B east to just east of the small community of Hindsville. Construction is

near complete for an extension of the U.S. 412 divided highway to the east to near Huntsville. U.S. Highway 62 and State Highway 16 in Washington County also provide east-west access, as do State Highways 12, 102, and 264 in Benton County. In addition, there are other state highways as well as county roads providing adequate access throughout the area. Proposed major highway construction in the two-county area includes a Bella Vista Bypass and a northern Springdale Bypass. With respect to the northern Springdale Bypass, it appears that the segment of the highway west of I-49 (between I-49 & U.S. 412) will be constructed prior to the segment east of I-49. The timing of completion of the Bella Vista Bypass and the west segment of the northern Springdale Bypass is not known. It should be noted that construction of additional lanes to I-49 is also proposed in Benton and Washington Counties. Finally, several of the cities in the region are in the process of improving/constructing new transportation routes within their municipalities.

A new airport for the region opened in November 1998. The Northwest Arkansas Regional Airport (XNA) is located near the small community of Highfill in the northwest part of the region. Total construction cost was estimated near \$109± million. Some 2,185± acres were involved. There are two runways, both 8,800± feet in length by 150'± in width. There is also a 75' x 8,800'± taxiway. The terminal building was indicated initially near 69,000± square feet in size; however, has been expanded adding a new terminal. The new terminal reportedly cost \$20-25 million, and allowed parking space for twelve additional planes. The addition reportedly added 51,000± SF of building area. Direct flights are now available to many of the major MSA's across the country. In 2012, the airport served some 1,135,023± passengers. Through November 2013, the airport is reported to have served 1,069,198 passengers. A new transportation route to the airport is also projected. This new route is to run northwesterly from the west segment of the northern Springdale Bypass. The new route will likely intersect the northern Springdale Bypass near State Highway 112 (north-south route). State Highway 264 currently provides access to the south entrance to the airport, while State Highway 12 provides access to the north entrance. Growth has occurred toward the airport, especially along State Highway 12 from Bentonville. The airport has exceeded initial projections on the number of people utilizing the facility.

The two-county area is reasonably well located and is within relatively short driving times of major metropolitan areas. Driving time to Tulsa is less than 2± hours, to Little Rock is 2.5-3± hours, and to Kansas City is 3-4± hours.

Environmental forces, for the most part, are considered favorable for real property development in the area.

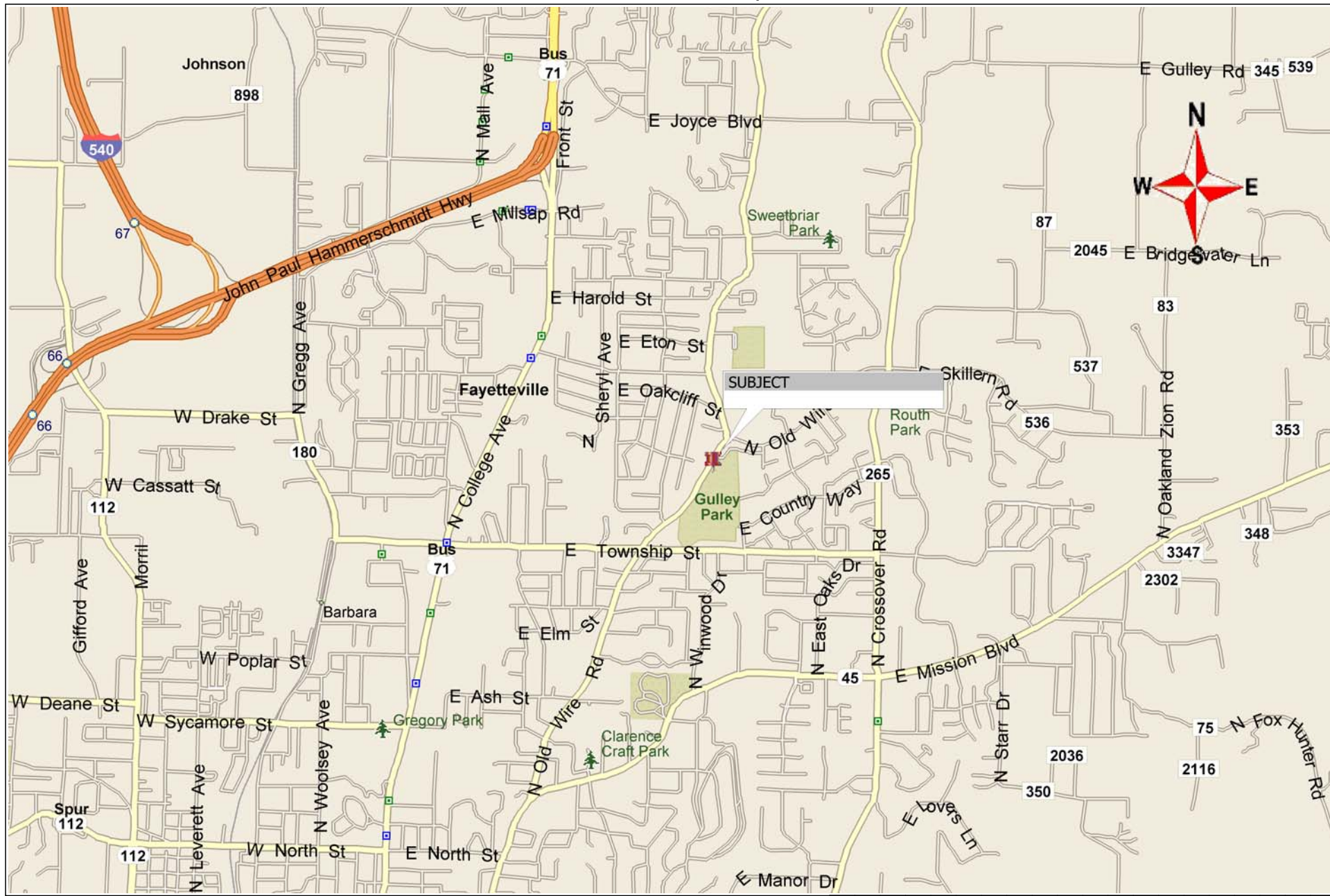
CONCLUSIONS

Each of the major forces affecting real property values has been discussed in this section. The conclusion is that these forces appear, basically, to favorably influence real property values in the area with the possible exception of current economic conditions. The trend in Benton and Washington Counties, overall, had been upward through 2005 and into 2006. The long-term outlook is still considered good; however, currently the real estate market in the two-county area, particularly the commercial sector, is in a correction period. This correction period is the result of excessive supply brought to the market in the 2003 to early 2006 time period, and has been prolonged by the slow improvement in overall economic conditions. Oversupply problems first became evident in the single-family and professional office sectors of the market. The professional office sector still faces oversupply issues; however, conditions have continued to improve since late 2011. The single-family residential sector also experienced improvement in 2012 and 2013, and appears now to be on the upswing. The Class "A" retail sector had been the strength of the commercial market through the first half of 2008; however, vacancy rates increased during the second half of the year and, as economic conditions continued to deteriorate, remained at higher than desired levels through 2009, 2010, 2011, and 2012. It should be noted; however, that the retail sector has shown continued slow improvement since 2010. The multi-family residential sector had been very healthy in the Northwest Arkansas Area for several years. As a result of the introduction of substantial new product, the multi-family sector experienced increasing vacancy rates in 2007. Higher than norm vacancy levels continued through 2008, 2009, and 2010. However, significant improvement has occurred in the multi-family residential sector since mid 2010. This sector of the real estate market was the first to rebound from the "Great Recession". Finally, the majority of industrial growth has been limited to the expansion of existing industries. There is also substantial vacancy in the office/warehouse sector of the real estate market in Benton and Washington Counties at the present time; however, this sector of the market has also improved since late 2011.

The Benton-Washington County Area continues to experience a favorable interest rate environment, which is a positive demand indicator. In addition, year on year non-farm employment numbers reflect good positive growth. Employment obviously impacts population growth. The latest census figures are through 2010. At that time the Fayetteville-Springdale-Rogers MSA reflected a total population of 465,780. The unemployment rate for the Fayetteville-Springdale-Rogers MSA remains favorable relative to the national and state levels. The December 2013 unemployment rate for the MSA was reported at 4.9%. For December 2013, the State of Arkansas reported an unemployment rate of 7.2%. The Bureau of Labor Statistics reported the United States unemployment rate at 6.5% for December 2013. These represent non-seasonally adjusted rates.

The current correction period in the Benton-Washington County real estate market is expected to continue in 2014. As previously stated, the long-term outlook for the Northwest Arkansas Area is considered good.

Market Area Map



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MARKET AREA

Market Area is defined as:

“The area associated with a subject property that contains its direct competition.”³

The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical addresses of the homesites are indicated to be 2634 & 2648 North Old Wire Road. The subject site is situated adjacent to the north/northeast of Gulley Park. Fayetteville, the Washington County Seat, had a 2010 population of 73,580±, according to the U.S. Census Bureau. The City of Springdale is located just to the north of Fayetteville and had a 2010 population of 70,747±. Fayetteville and Springdale lie within Washington County; the extreme northern portion of Springdale extends into Benton County. The indicated 2010 populations of Washington and Benton Counties were 203,065± and 221,339±, respectively. Washington, Benton, and Madison Counties, in Arkansas, and McDonald County, in Missouri, comprise the Fayetteville-Springdale-Rogers MSA (FSR MSA). The 2010 population of the MSA was approximately 465,780±. The May 2014 unemployment rate for the Fayetteville-Springdale-Rogers MSA was indicated to be 4.9% (preliminary, not seasonally adjusted).

The Market Area appears to consist of properties located south of East Joyce Boulevard, west of North Crossover Road (State Highway 265), north of East Mission Boulevard (State Highway 45), and east of North College Avenue (U.S. Highway 71B). The Market Area is considered to be near 80%± built-up.

Each of the Market Area boundaries represents a primary roadway. East Joyce Boulevard represents a five-lane roadway that runs in an east-west direction in the northern part of the Market Area. East Mission Boulevard (State Highway 45), also runs in a generally east-west direction in the southern part of the Market Area. East Mission Boulevard alternates between two and three lanes. North College Avenue (U.S. Highway 71B) and North Crossover Road (State Highway 265) represents four to five lane roadways in the western and eastern parts of the Market Area, respectively. Interstate 49 is the principle traffic artery serving the F-S-R MSA, and is situated just west of the Market Area. It should be noted that Interstate 49 was recently known as Interstate 540; however, I-540 was rededicated as I-49. Access to I-49 is available in the northwest part of the Area. The City of Fayetteville recently completed construction of a “fly over” that connects North College Avenue to the Fulbright Expressway. Construction of this project began in 2013, and was completed in early July 2014. Plans have been submitted for development of a Whole Foods grocery store located along the west side of North College Avenue, just south of the “fly over.” The plans call for a 35,500± SF grocery store, along with two other smaller retail buildings to be constructed on the 6.6± acre site. The site is currently improved with a former automobile dealership building that has been vacant for several years. The exact timeline for this project is unknown.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 121.

The predominant property uses in the Market Area are residential and special-purpose in nature. Both uses are primarily situated along secondary roadways; however, are also situated along/near primary roadways. The majority of residential uses in the Market Area are older; however, there is some evidence of new residential development in the Market Area. A recently completed subdivision, known as “Cottages at Old Wire”, is located along the east side of Old Wire Road, just north of East Mission Boulevard. This subdivision addresses the \$270,000 to mid \$300,000’s home price range. This subdivision is located adjacent to the north of Clarence Craft Park. Clarence Craft Park is a 4.75± acre park that includes a gazebo, picnic area, and water feature. There are also some multi-family residential uses in the Market Area. Special-purpose uses include religious facilities, schools, public parks, Paradise Valley Athletic Club, etc. Gulley Park is the largest public park in the Market Area. The park consists of 27± acres and includes a 1.5± mile multi-use trail, playgrounds, gazebo, pavilion, restrooms, picnic area, etc.

Commercial development is situated along each of the primary roadways in the Market Area, especially North College Avenue and East Joyce Boulevard. The Northwest Arkansas Mall is located just northwest of the Market Area along the west side of North College Avenue, just North of East Joyce Boulevard. Commercial development located along East Joyce Boulevard in the Market Area includes professional and medical offices, retail strip centers, restaurants, bank branches, etc. North College Avenue has similar types of commercial development; however, this area of development is considered to be somewhat older. Another area of significant commercial development in the Market Area is the intersection of East Mission Boulevard and North Crossover Road. This area includes several commercial properties including: a Wal-Mart Neighborhood Market, Walgreens’, First Federal Bank Branch, Arvest Bank Branch, Firestone Tire Center, Harp’s Grocery Store, restaurant uses, c-stores, etc.

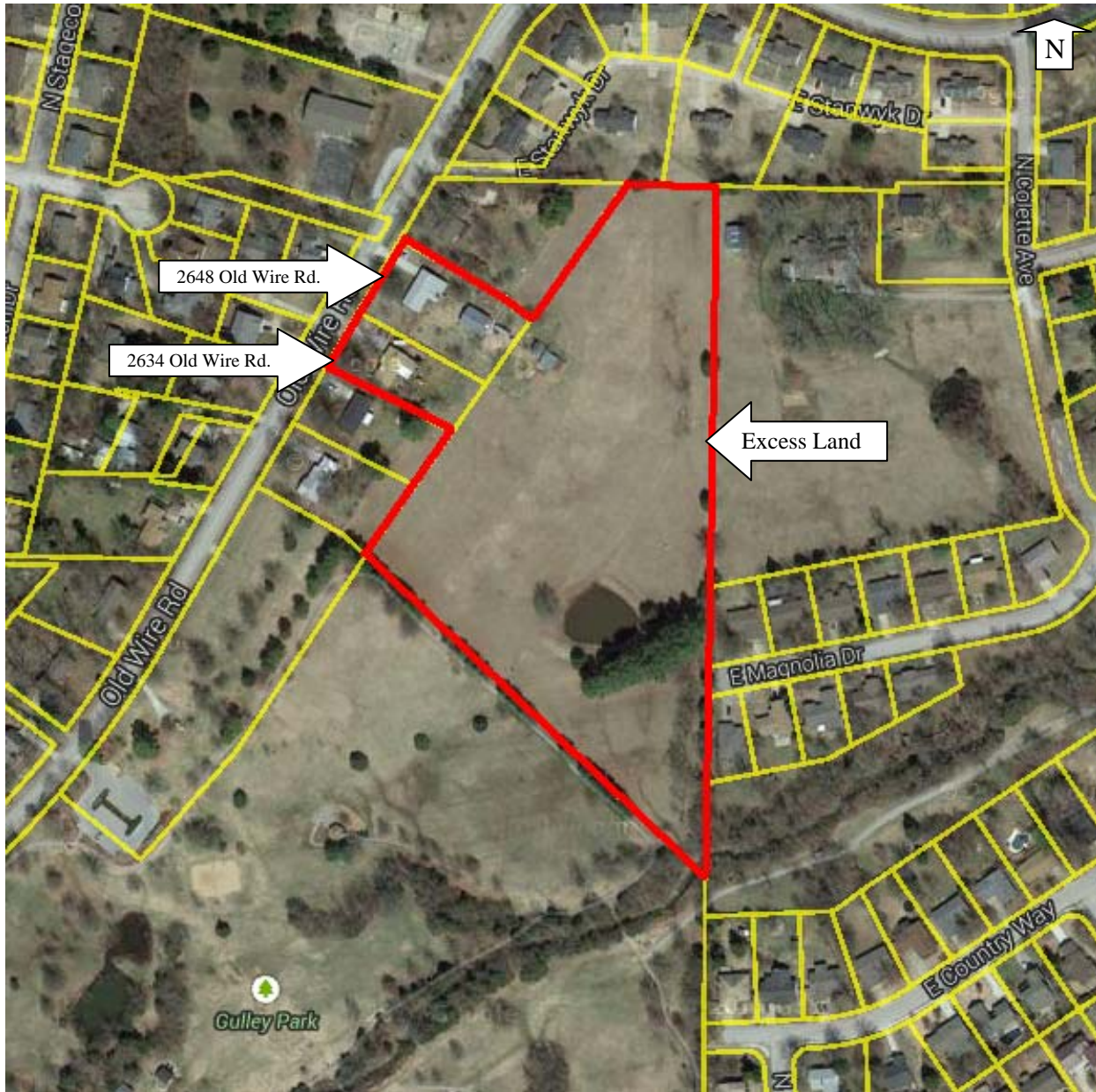
The topography of the Market Area is undulating/near level to gently rolling/sloping, for the most part. Soil and subsoil conditions are not generally considered adverse to building construction. Portions of the Market Area are situated within the 100-Year Flood Zone. Overall, drainage is considered adequate.

Utilities available in the Market Area include public water and sewer, electricity, natural gas, cable television/communications, and telephone service.

The Market Area is in the growth stage of its life cycle; however, growth has slowed significantly since the late 2006/early 2007 time period. The Northwest Arkansas real estate market remains in a correction period, particularly the commercial sector, due to oversupply issues which occurred in the mid part of the past decade. The correction period was prolonged by slow improvement in overall economic conditions. New construction virtually came to a halt, with the exception of special-purpose projects, and this continued through the “Great Recession.” Property values in every sector of the market started downward, and continued downward through mid-2010, and even into 2011 for some areas. It should be noted there are definite signs of improvement in overall economic conditions. Total non-farm employment in the Fayetteville-Springdale-Rogers MSA is actually at a higher level as of the effective date of this report than in the 2006 time period. The Fayetteville-Springdale-Rogers MSA has the lowest unemployment rate of all MSA’s in the State of Arkansas. The multi-family sector became the first sector to rebound, and is showing good strength at the present time. The single-family sector has slowly

followed, with significant improvement visible in 2012 and 2013. There have also been some positive signs in the commercial sector (declining vacancy rates and some new development); however, the commercial sector as a whole is still lagging. There is still a significant amount of Other Real Estate Owned (OREO) being held by financial institutions in Northwest Arkansas. With the on-going improvement in the residential sector in Northwest Arkansas, the commercial sector is expected to continue to slowly improve. The correction period for the commercial sector is expected to last through 2014, and possibly beyond. The Market Area is considered well located in the eastern part of Fayetteville. The physical characteristics of the Market Area are considered adequate for development. Overall, the outlook for the Market Area is considered positive.

AERIAL VIEW OF SUBJECT



*Red lines represent approximate boundaries of the subject whole property.

DESCRIPTION OF SITE

AREA/DIMENSIONS/SHAPE: The subject consists of approximately 10.95± acres (ACS), or 476,982± square feet (SF), of land area; this is based on Assessment Records. As discussed in the “Identification of Subject” section, the legal descriptions indicate different land sizes; however, there appears to be some discrepancies with the legal descriptions. The land sizes indicated by Assessment Records appear to be a more accurate representation of the actual subject land size, and are relied upon for the purposes of this report. An Extraordinary Assumption of this report is that the land sizes are as indicated. A Survey Plat of the subject property is recommended to confirm the reasonableness of this Assumption. The subject land area is allocated as follows: 2634 North Old Wire Road- 0.50± acre (AC); 2648 North Old Wire- 0.75± AC; and, excess land- 9.70± ACS. Dimensions of the subject site, starting in the southwest corner of the site and moving in a clock-wise direction, are approximately as follows: 244.9'± (NE) x 210.4'± (NW) x 251.7'± (NE) x 221.8'± (SE) x 245.1'± (NE) x 217.7'± (E) x 1,190.5'± (S) x 855.4'± (NW). The dimensions were obtained from the Washington County GIS Parcel Map, and represent estimates of the subject boundaries. The subject site has an irregular “L” shape, overall. Each of the subject homesites is considered to be near rectangular in shape. An illustration of the subject site can be found on the Aerial presented on the preceding page.

FRONTAGE/ACCESS: The subject site has approximately 251.7'± of frontage along the southeast right-of-way of North Old Wire Road in the northwest part of the site (homesites); the frontage is considered near road grade. North Old Wire Road represents a two-lane, secondary roadway through the Market Area. There is a drainage ditch located along the North Old Wire Road frontage. The subject site has additional frontage along the west right-of-way of the Magnolia Drive cul-de-sac in the southeast part of the site (excess land); this frontage is also considered near road grade. As of the effective date of this report, vehicular access to the subject site is not available via Magnolia Drive. Finally, the subject site has approximately 855.4'± of frontage along Gulley Park; this represents the southwest boundary of the site. Visibility of the subject site is considered average.

TOPOGRAPHY/SOILS/DRAINAGE: The topography of the subject site is undulating/near level to gently sloping, overall. Each of the homesites is undulating/near level near the dwellings; however, slope downward gently from east to west some 2-3'± west of the dwellings towards North Old Wire Road. The subject excess land slopes downward gently generally in a north to south direction. The highest elevations in the northern part of the site are near 1,350'± and the lowest elevations are in southern part of the site are near 1,320'±. The subject acreage is cleared, for the most part, with some trees along the North Old Wire Road frontage and also in the southeast part of the site. There is a former wet weather pond in the southern part of the site; however, the selling broker indicated the pond has been dry for a significant period of time. Approximately 0.3± AC in the extreme southern part of the subject site (excess land) is located within the 100-Year Flood Zone “AE”. Soil and subsoil conditions are assumed to be adequate

for building construction; however, a soil test report on the site has not been examined. Building improvements are located on the subject site, and nearby sites. Please see the Flood Zone Map appearing in the Addenda. Overall, site drainage is assumed to be adequate.

STREET IMPROVEMENTS:

Sidewalks - Yes No
Curbs - Yes No
Street Paving - Concrete Asphalt
On-Site Parking - Asphalt/Gravel
Off-Site Parking - None

UTILITIES:

Water System - Public Commercial Individual
Sewer System - Public Commercial Individual
Gas - Yes No
Electric - Yes No

DISCUSSION OF ECONOMIC

INADEQUACIES:

As stated previously in this report, the real estate market in Northwest Arkansas remains in a correction period, particularly the commercial sector, due to oversupply issues that occurred in the mid-part of the past decade. Slow improvement in economic conditions prolonged the correction period; however, national and local economic conditions have improved over the recent past and continued improvement is expected. This has resulted in significant improvement in the overall residential sector. However, the commercial sector is still lagging. The correction period for the commercial sector is expected to last through 2014, and possibly beyond.

EASEMENTS OR ENCROACHMENTS ON SITE:

Typical utility easements are believed to be situated along the boundaries of the subject site. The City of Fayetteville Utility Map indicates a 6” sewer line runs along the northwestern boundary of the subject excess land; this also represents the southeastern boundary of the homesites. No adverse easements or encroachments were noted on the property inspection; however, a Survey Plat of the subject site was not provided to the appraiser.

ENVIRONMENTAL CONTAMINATION/HAZARDS:

There are many materials that can be considered as hazardous. When these materials are present at or near a property, a property can be categorized as contaminated. This can potentially affect the value and/or marketability. Some examples of hazardous materials include mold, asbestos, PCPs and radioactive waste. Hazardous conditions are often in the form of soil or water contamination, and are rarely detectable without testing by a qualified expert. The existence of potentially hazardous material or contaminated conditions present at the subject or adjoining properties was not observed by us; nor do I have knowledge of the existence of such materials or conditions on or near the property being appraised.

However, I am not professionally qualified to detect such substances or situations. I have made my appraisal subject to the assumption that there are no environmental problems or concerns related to the subject or nearby properties. An expert in this field may be required to confirm the reasonableness of this assumption. Please see the Extraordinary Assumptions previously presented.

CONCLUSIONS: The subject site relates reasonably well to its surroundings and is considered to be functionally adequate for certain types of residential and/or special-purpose uses.

ZONING

The subject property is zoned RSF-4 (Residential Single-Family- Four Units Per Acre) by the City of Fayetteville. According to the Zoning Ordinances published by the City of Fayetteville:

“The RSF-4 Residential District is designed to permit and encourage the development of low density detached dwellings in suitable environments, as well as to protect existing development of these types.”

Permitted uses in the RSF-4 district include: city-wide uses by right; single-family dwellings; and, accessory dwellings. Various conditional uses, including utility facilities, cultural and recreational facilities, government facilities, etc. are outlined in the Zoning Ordinances. The indicated maximum density of the RSF-4 district is four units per acre; and, the minimum lot size is 8,000 square feet (0.18± acre). The minimum lot width is indicated to be 70 linear feet. Discussions with the City of Fayetteville Fire Marshal’s office indicated that subdivisions with 30± or more lots are required to have two points of ingress/egress. Based on the zoning requirements the subject excess acreage (9.7± ACS) could have a maximum of 38± lots; however, it would be difficult to achieve the maximum density allowance on the subject excess land. The City of Fayetteville Planning Department indicated subdivisions typically achieve just over 50% of the maximum density allowance, which would indicate approximately 20-25± lots for the subject excess acreage. Therefore, it is my opinion the subject excess land would not need a second point of ingress/egress. Please see the Extraordinary Assumptions previously presented.

The present use of the subject property is assumed to be legal and permissible. Possible future uses of the subject excess land include residential and special-purpose uses.

ASSESSMENT AND TAX

The subject consists of three parcels in Washington County. The following information was obtained through Washington County Assessment Records:

Parcel No.	Acreage Size±	Appraised Value (2014)	Taxable Value (2014)	Estimated Taxes (2014)
765-16080-000	9.70	\$ 2,200	\$ 440	\$ 23.65
765-16092-000	0.75	\$168,000	\$19,403	\$ 692.91*
765-16095-000	<u>0.50</u>	<u>\$135,700</u>	<u>\$27,140</u>	<u>\$1,458.78</u>
Totals	10.95	\$305,900	\$46,983	\$2,175.34

**Estimated taxes less the \$350 homestead tax credit*

Based on Assessment Records, the total Appraised Value of the subject is \$305,900; approximately \$98,450 is attributable to land value. The total Taxable Value is \$46,983. Based on the most recent Ad Valorem Millage Rates published by the Washington County Tax Assessor, the estimated 2014 taxes for the subject property, due by October 15, 2015, are \$2,175.34. The 2013 real estate taxes, which are due by October 15, 2014, are also indicated to be \$2,175.34.

There are no known private use restrictions encumbering the subject property. To my knowledge, there are no special assessments in connection with the subject; the property is located in the Fayetteville School District.

2634 NORTH OLD WIRE SKETCH

File No 5301

SUBJECT

Property Address 2634 Old Wire Road

City Fayetteville

County Washington

State Arkansas

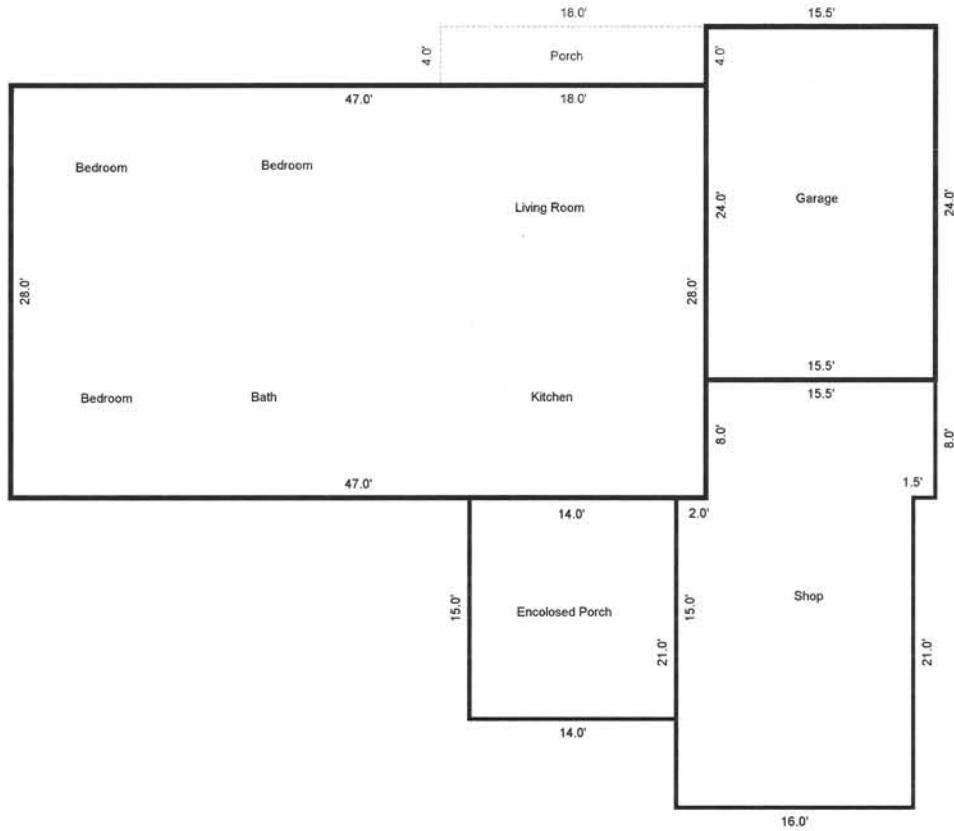
Zip

Borrower N/A

Lender/Client City of Fayetteville

Appraiser Name Reed & Associates, Inc.

2634 NORTH OLD WIRE SKETCH



Scale: 1 = 13

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	1316.00	1316.00
P/P	Porch	72.00	72.00
GAR	Garage	372.00	372.00
OTH	Shop	460.00	
	Enclosed Porch	210.00	670.00
TOTAL LIVABLE (rounded)			1316

LIVING AREA BREAKDOWN		
Breakdown		Subtotals
First Floor		
28.0	x 47.0	1316.00
1 Calculation Total (rounded)		1316

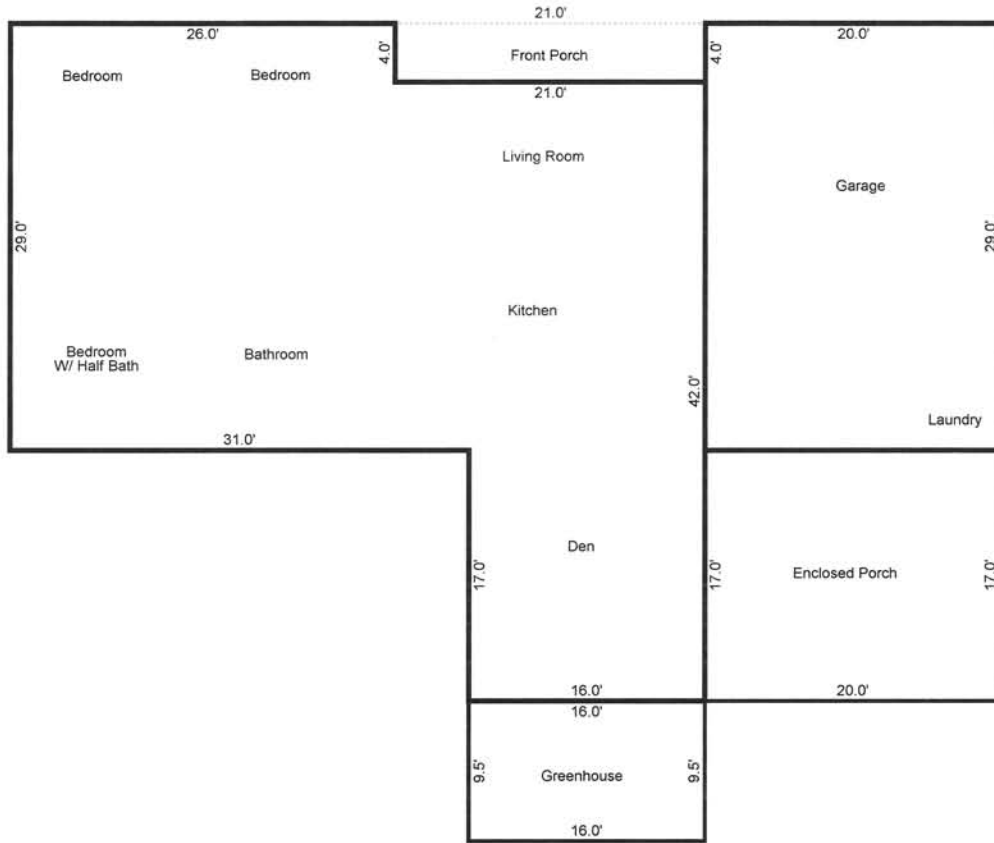
2648 NORTH OLD WIRE SKETCH

File No 5301

SUBJECT

Property Address 2648 Old Wire Road
 City Fayetteville County Washington State Arkansas Zip
 Borrower N/A
 Lender/Client City of Fayetteville
 Appraiser Name Reed & Associates, Inc.

2648 NORTH OLD WIRE SKETCH



Scale: 1 = 13

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
GLA1	First Floor	1551.00	1551.00
P/P	Porch	84.00	84.00
GAR	Garage	580.00	580.00
OTH	Enclosed Porch	340.00	
	Greenhouse	152.00	492.00
TOTAL LIVABLE (rounded)			1551

LIVING AREA BREAKDOWN			
Breakdown			Subtotals
First Floor			
26.0	x	29.0	754.00
16.0	x	42.0	672.00
5.0	x	25.0	125.00
3 Calculations Total (rounded)			1551

DESCRIPTION OF IMPROVEMENTS

The subject property is improved with two single-family residential dwellings, and related site improvements. The dwelling situated at 2634 North Old Wire Road consists of approximately 1,316± square feet (SF) of living area, while the dwelling situated at 2648 North Old Wire Road consists of approximately 1,551± square feet (SF) of living area. Each of the subject dwellings vary with respect to property characteristics and will, therefore, be discussed separately.

The dwelling situated at **2634 North Old Wire Road** consists of approximately 1,316± square feet (SF) of living area. In addition, this homesite includes a 372± SF attached garage, 460± SF attached shop, and 210± SF enclosed porch. Site work consists of excavation, fill, and preparation. The foundation is a reinforced concrete block perimeter crawl space, with a wood floor structure. The dwelling represents Class “D”, wood frame construction. The exterior is brick veneer, with composition shingle roof cover. The layout of this dwelling includes three bedrooms, one bathroom, a living room, kitchen, laundry room, and storage closet. Kitchen appliances include an oven, range, and refrigerator. The interior finish includes: wood and carpet floor cover; painted gypsum board and wood panel wall cover; and, painted gypsum board ceilings. The plumbing system is assumed to be adequate for the present use. The dwelling utilizes central heat/air conditioning systems. The electrical system is assumed to be adequate for the present use. Wall and ceiling insulation was noted throughout the dwelling. Based on Assessment Records, this dwelling was originally constructed in 1963±. The dwelling has received minimal updates since its original construction, and is considered “dated” in appearance. This dwelling is considered to be in fair to average condition, overall. External obsolescence is indicated due to current market conditions in the Northwest Arkansas real estate market, as well as overall economic conditions. No functional obsolescence is indicated. The overall effective age of the dwelling, in my opinion, is approximately 40± years. This includes physical deterioration and external obsolescence. The remaining economic life is projected to be 15± years, based on a 55-year economic life.

The dwelling situated at **2648 North Old Wire Road** consists of approximately 1,551± square feet (SF) of living area. In addition, this homesite includes a 580± SF attached garage, 340± SF enclosed porch, and 152± SF attached greenhouse. Site work consists of excavation, fill, and preparation. The foundation is a reinforced concrete block perimeter crawl space, with a wood floor structure. The dwelling represents Class “D”, wood frame construction. The exterior is brick veneer, with composition shingle roof cover. The layout of this dwelling includes three bedrooms, one bathroom, one half bathroom, a living room, den, kitchen, and storage closet. The laundry room is located in the garage. Kitchen appliances include an oven/range combination, built-in microwave, dishwasher, and refrigerator. The interior finish includes: wood, carpet, and tile floor cover; painted and wall papered gypsum board wall cover; and, painted gypsum board ceilings. The enclosed porch has aggregate flooring. The plumbing system is assumed to be adequate for the present use. The dwelling utilizes central heat/air conditioning systems. The enclosed porch is heated and cooled by a wall unit. The electrical system is assumed to be adequate for the present use. Wall and ceiling insulation was noted throughout the dwelling. Based on Assessment Records, this dwelling was originally constructed in 1961±. Discussions

with the property owner indicated the dwelling was updated in the early 1990's. This dwelling is considered to be in average to good condition, overall. External obsolescence is indicated due to current market conditions in the Northwest Arkansas real estate market, as well as overall economic conditions. No functional obsolescence is indicated. The overall effective age of the dwelling, in my opinion, is approximately 28± years. This includes physical deterioration and external obsolescence. The remaining economic life is projected to be 27± years, based on a 55-year economic life.

The dwelling situated at 2634 North Old Wire Road is accessed via an asphalt paved drive, while the dwelling situated at 2648 North Old Wire Road is accessed via a gravel paved drive. A 1,200± square foot (SF) metal shop building is located behind the dwelling located at 2648 North Old Wire Road. The shop building has concrete floors, two- 8' manual overhead doors, electricity/plumbing, and is insulated. The shop building includes a 2-fixture restroom, and has wall heat and air units. In addition, there is a built-in vacuum system in the shop building. Discussions with the property owner indicated the "shop" building was originally constructed 15± years ago; the shop building is considered to be in average condition. Other site improvements include: 238± SF wood storage building; 529± SF wood lean-to agricultural building; well house; landscaping; garden; water feature; agricultural, chain link, and PVC fencing; etc.

HISTORY

As of the effective date of this report, subject property was under the ownership of Allen & Mary L. Dunn. The 9.7± acres (ACS) representing the subject excess land transferred to this ownership on April 27, 1973, via a Warranty Deed filed at Book 93/Page 19847 in the Washington County Circuit Clerk's office. Revenue stamps affixed to the deed are not entirely legible. The Grantors were Fred and Floy Gulley. The dwelling situated at 2648 North Old Wire Road transferred to this ownership on June 22, 1959, via a Warranty Deed filed at Book 526/Page 444 in the Washington County Circuit Clerk's office. Revenue stamps affixed to the deed are not entirely legible. The Grantors were also Fred and Floy Gulley. Finally, the dwelling situated at 2936 North Old Wire Road transferred to this ownership on May 20, 1993, via a Warranty Deed filed at Book 93/Page 27263 in the Washington County Circuit Clerk's office. No revenue stamps were affixed to the deed. The Grantor was Allen Dunn.

The subject is currently listed for sale by Bassett Mix & Associates. The list price is indicated to be \$1,200,000 for the whole property. The listing broker indicated the property owners are not interested in sub-dividing the property. Based on a document provided by the listing broker, the property owners offered to sell the property for \$1,100,000 to the City of Fayetteville for expansion of Gulley Park. The terms of the offer were a down payment of \$450,000, with the remaining \$650,000 being paid over 5-years with 4.0% interest. A copy of the offer letter is presented in the Addenda. The listing broker indicated several local developers have expressed interest in purchasing the property; however, details pertaining to these discussions were not disclosed to the appraiser. The listing broker indicated an out of state developer has made a "full price" offer to purchase the subject property; however, the listing broker declined to provide a written copy of this offer. The listing broker did indicate that each of the potential buyers has

expressed interest in razing the improvements situated at 2634 North Old Wire Road to provide better access to the subject excess land.

No sales or transfers involving the subject property were noted in the three-year period of time preceding the effective date of this report. The subject is not under contract to sell, to my knowledge.

Based on Assessment Records, the dwelling located at 2634 North Old Wire Road was originally constructed in 1963±. The dwelling has received minimal updates since its original construction, and is considered “dated” in appearance. Based on Assessment Records, the dwelling located at 2648 North Old Wire Road was originally constructed in 1961±. Discussions with the property owner indicated this dwelling was updated in the early 1990’s.

**PART III - ANALYSIS OF DATA AND OPINIONS OF
THE APPRAISERS**

HIGHEST AND BEST USE AND IMPROVEMENTS ANALYSIS

The definition of highest and best use is as follows:

“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.”⁴

In estimating Highest and Best Use, the appraiser goes through essentially four stages of analysis:

1. **Physically Possible** - To what uses is it physically possible to put the site in question?
2. **Legally Permissible** - What uses are permitted by zoning and deed restrictions on the site in question?
3. **Financially Feasible** - Which possible and permissible uses will produce any net return to the owner of the site?
4. **Maximally Productive** - Among the financially feasible uses, which use will produce the highest net return or the highest present worth?

Highest And Best Use “As Vacant”

Physically Possible

The subject site consists of approximately 10.95± acres of land area. The shape of the subject site is irregular, overall. Dimensions are considered adequate for building development. The topography of the subject site is undulating/near level to gently sloping, overall. The subject site is cleared, for the most part, with some trees along the North Old Wire Road frontage and also in the southeast part of the site. The subject site has vehicular access/frontage along the southeast right-of-way of North Old Wire Road in the northwest part of the site; this frontage is considered near road grade. There is a drainage ditch located along the North Old Wire Road frontage. The subject site has additional frontage along the west right-of-way of the Magnolia Drive cul-de-sac in the southeast part of the site; this frontage is also considered near road grade. As of the effective date of this report, vehicular access to the subject site is not available via Magnolia Drive. The southwestern boundary of the subject site has frontage along Gulley Park. Approximately 0.3± AC in the extreme southern part of the subject site is located within the 100-Year Flood Zone “AE”. All typical city utilities are located at/near the subject site.

Physically possible uses of the subject site include those within size/Flood Zone limitations.

Legally Permissible

The subject site is zoned RSF-4 (Residential Single-Family- Four Units Per Acre) by the City of Fayetteville. Permitted uses in the RSF-4 district include: city-wide uses by right; single-family

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 93.

dwellings; and, accessory dwellings. Various conditional uses, including utility facilities, cultural and recreational facilities, government facilities, etc. are outlined in the Zoning Ordinances. The indicated maximum density of the RSF-4 district is four units per acre; and, the minimum lot size is 8,000 square feet (0.18± acre). The minimum lot width is indicated to be 70 linear feet. Discussions with the City of Fayetteville Fire Marshal's office indicated that subdivisions with 30± or more lots are required to have two points of ingress/egress. Based on the zoning requirements the subject excess acreage (9.7± ACS) could have a maximum of 38± lots; however, it would be difficult to achieve the maximum density allowance on the subject excess land. The City of Fayetteville Planning Department indicated subdivisions typically achieve just over 50% of the maximum density allowance, which would indicate approximately 20-25± lots for the subject excess acreage. Therefore, it is my opinion the subject excess land would not need a second point of ingress/egress. Please see the Extraordinary Assumptions previously presented.

The physically possible and legally permissible uses of the subject property are those within size/Flood Zone limitations, and that comply with the RSF-4 zoning requirements.

Financially Feasible

The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical addresses of the homesites are indicated to be 2634 & 2648 North Old Wire Road. The subject site is situated adjacent to the north/northeast of Gulley Park. The predominant property uses in the Market Area are primarily single-family residential and special-purpose in nature. Commercial uses were noted along primary roadways in the Market Area.

Overall real estate market conditions in Northwest Arkansas have previously been discussed in this report. Basically, the multi-family residential sector was the first to rebound from the recent "Great Recession". This sector is strong at the present time; however, due to new product added, vacancy rates in some cities are beginning to creep upward slightly. The single-family residential sector has seen significant improvement over the past couple of years, and economist are predicting continued improvement through 2014. The commercial sector is seeing some improvement; however, overall, is still lagging. The correction period for the commercial sector is expected to continue through 2014, and possibly beyond.

Despite improvement in the residential sector, the overall N.W. Arkansas market still faces an over-supply of single-family lots at the present time. There has been improvement in certain price points; however, supply still exceeds demand. Developers/builders over-addressed the demand for new lots/homes during the 2003-2007 time period. Streetsmart NWA (real estate research company located in Fayetteville) tracks the status of Active and Inactive Subdivisions in the N.W. Arkansas Area. Following is a breakdown of the lot status in Benton and Washington Counties, respectively, as of the recent past:

Benton County Active Subdivision SFD Lot Status						
	Empty	Starts	Under Construction	Complete	Occupied	Total
Q4 2013	5,542	117	481	227	9,852	16,219
Q2 2013	6,010	101	514	160	9,321	16,106
Q4 2012	6,221	87	402	170	8,792	15,672
Q2 2012	6,600	95	322	119	8,357	15,493

Note: The activity of Springdale lots are all reflected in the Washington County lot status totals. If interested in the activity of Springdale lots located in Benton County, please see the Springdale active subdivision table located elsewhere in this report.

4th Quarter 2013 Market Insight report published by Streetsmart NWA, LLC

Washington County Active Subdivision SFD Lot Status						
	Empty	Starts	Under Construction	Complete	Occupied	Total
Q4 2013	4,204	62	224	147	5,619	10,256
Q2 2013	4,350	77	251	95	5,773	10,546
Q4 2012	4,571	47	202	111	5,600	10,531
Q2 2012	4,777	67	197	84	5,429	10,554

Note: The activity of Springdale lots are all reflected in the Washington County lot status totals. If interested in the activity of Springdale lots located in Benton County, please see the Springdale active subdivision table located elsewhere in this report.

4th Quarter 2013 Market Insight report published by Streetsmart NWA, LLC

As can be seen from the preceding tables, the number of Empty Lots decreased from Q4 2012 to Q4 2013 in both Benton and Washington Counties. The most recent quarters researched also show a decrease in the number of empty lots in both counties. Dwelling starts increased in both Benton and Washington Counties, between Q4 2012 and Q4 2013. As of the most recent quarters researched, dwelling starts also increased in Benton County while dwelling starts in Washington County decreased somewhat. These factors represent positive indicators for the Northwest Arkansas residential sector. The number of complete (but unoccupied) dwellings increased year over year since Q4 2012 in both Benton and Washington Counties. There is some concern that new home construction in recent quarters has outpaced the demand for single-family residential dwellings; this would represent a negative indicator for the Northwest Arkansas residential sector. The figures presented in the preceding exhibits pertain to Active Subdivisions (subdivisions that have experienced at least some vertical building construction; these subdivisions are considered to primarily make the market at the present time). If lots in Inactive Subdivisions (S/D's with no vertical building construction) are considered, the overall lot supply would increase substantially.

The Fayetteville market, like the rest of the Northwest Arkansas Area, faces an over-supply of single-family lots at the present time. There were 3,326± lots in Active⁵ Subdivisions in Fayetteville in Q4 2013; only 2,147± (64.5%) of which were occupied. This also indicates that there were 1,179± un-occupied lots in Active subdivisions as of Q4 2013. Gross lot absorption, or lot demand, over the past four quarters was 342± lots in Fayetteville; this is an average of approximately 85.5± lots/quarter in Fayetteville since Q4 2012. Based on Fayetteville's overall supply/demand over the latest year, a **3.5± year (1,179 ÷ 342) absorption period is indicated**. The indicated absorption period represents a significant decrease from previous quarters. It is not clear if the recent absorption rates will continue in the future at the high rates. Lot absorption

⁵ Subdivision that has experienced some vertical building construction

for Q3-Q4 of 2014 was 128± lots, while lot absorption for Q1-Q2 of 2014 was 214± lots; this obviously represents a significant decline over a short period of time. These statistics are for all of Fayetteville, and includes only those lots in Active Subdivisions. Including Inactive subdivisions would obviously increase the indicated absorption period. A breakdown of lot status with respect to subdivisions in Fayetteville as of the 4th Quarter 2013 has been retained in the appraisal file.

Historical employment data provided by the Bureau of Labor and Statistics (BLS) indicated that the FSR MSA experienced year-on-year declines in non-farm employment from May 2008 until January 2011. However, these estimates were revised in February 2011 and now show year-on-year employment growth from May 2010 to June 2011 in the MSA. There was a slight decline in year-on-year employment growth in the July-September 2011 time period; however, October 2011 through May 2014 reflected growth in year-on-year non-farm employment in comparison to October 2010 through May 2013. Overall, total non-farm employment in the Fayetteville-Springdale-Rogers MSA was actually at a higher level as of the effective date of this report than in the 2006 time period.

Area residential demand is much lower than what was experienced in the 2004 to mid-2006 time period; however, there has been some improvement in the recent past. Although supply still exceeds demand, there have been a few new residential subdivision projects started in the recent past. Most of the newer projects appear to address the \$150,000± to \$200,000 home price range. A recent article published in the Northwest Arkansas Business Journal indicated there has been some improvement in demand for the high end single-family residential dwelling home price range, as well.

The majority of residential uses in the Market Area are older; however, there is some evidence of new residential development in the Market Area. A recently completed subdivision, known as “Cottages at Old Wire”, is located along the east side of Old Wire Road, just north of East Mission Boulevard. This subdivision addresses the \$270,000 to mid \$300,000’s home price range. This subdivision is located adjacent to the north of Clarence Craft Park. Clarence Craft Park is a 4.75± acre park that includes a gazebo, picnic area, and water feature.

The physically possible, legally permissible, and financially feasible use of the subject site is considered to be single-family residential or special-purpose development, as demand dictates, within size/Flood Zone limitations and that comply with the RSF-4 zoning requirements.

Maximally Productive

In my opinion, the **highest and best use of the subject property “as a vacant site”** is to hold for future mixed-use (residential, special-purpose, or a combination of these uses) development, as demand dictates, within size/Flood Zone limitations, that complies with the RSF-4 zoning requirements, and that conforms to the Market Area.

Highest And Best Use “As Improved”

Again, the subject consists of approximately 10.95± acres (ACS), or 476,982± square feet (SF), of land area. The subject site is improved with two single-family residential dwellings, and related site improvements. The subject land area is allocated as follows: 2634 North Old Wire Road- 0.50± acre (AC); 2648 North Old Wire- 0.75± AC; and, excess land- 9.70± ACS.

The dwelling situated at 2634 North Old Wire Road consists of approximately 1,316± square feet (SF) of living area. In addition, this homesite includes a 372± SF attached garage, 460± SF attached shop, and 210± SF enclosed porch. The dwelling represents Class “D”, wood frame construction. The exterior is brick veneer, with composition shingle roof cover. The layout of this dwelling includes three bedrooms, one bathroom, a living room, kitchen, laundry room, and storage closet. Kitchen appliances include an oven, range, and refrigerator. The interior finish includes: wood and carpet floor cover; painted gypsum board and wood panel wall cover; and, painted gypsum board ceilings. Based on Assessment Records, this dwelling was originally constructed in 1963±. The dwelling has received minimal updates since its original construction, and is considered “dated” in appearance. This dwelling is considered to be in fair to average condition, overall.

The dwelling situated at 2648 North Old Wire Road consists of approximately 1,551± square feet (SF) of living area. In addition, this homesite includes a 580± SF attached garage, 340± SF enclosed porch, and 152± SF attached greenhouse. The dwelling represents Class “D”, wood frame construction. The exterior is brick veneer, with composition shingle roof cover. The layout of this dwelling includes three bedrooms, one bathroom, one half bathroom, a living room, den, kitchen, and storage closet. The laundry room is located in the garage. Kitchen appliances include an oven/range combination, built-in microwave, dishwasher, and refrigerator. The interior finish includes: wood, carpet, and tile floor cover; painted and wall papered gypsum board wall cover; and, painted gypsum board ceilings. Based on Assessment Records, this dwelling was originally constructed in 1961±. Discussions with the property owner indicated the dwelling was updated in the early 1990’s. This dwelling is considered to be in average to good condition, overall.

The dwelling situated at 2634 North Old Wire Road is accessed via an asphalt paved drive, while the dwelling situated at 2648 North Old Wire Road is accessed via a gravel paved drive. A 1,200± square foot (SF) metal shop building is located behind the dwelling located at 2648 North Old Wire Road. The shop building has concrete floors, two- 8’ manual overhead doors, electricity/plumbing, and is insulated. The shop building includes a 2-fixture restroom, and has wall heat and air units. In addition, there is a built-in vacuum system in the shop building. Discussions with the property owner indicated the “shop” building was originally constructed 15± years ago; the shop building is considered to be in average condition. Other site improvements include: 238± SF wood storage building; 529± SF wood lean-to agricultural building; well house; landscaping; garden; water feature; agricultural, chain link, and PVC fencing; etc.

The improvements do suffer from Accrued Depreciation including physical deterioration and external obsolescence (due to market conditions); however, in my opinion, there is still significant remaining economic life.

In my opinion, the **“highest and best use” of the subject** is continued single-family residential use of the homesites, and to hold the subject excess land for future single-family residential or special-purpose development, within size/Flood Zone limitations, that comply with the RSF-4 zoning requirements, and in conformity to the Market Area, as demand dictates.

The agricultural improvements situated on the subject excess land are older and in poor condition. These improvements, in my opinion, do not provide any contributory value to the subject excess land.

LAND VALUE

In the valuation model, land value estimate is a separate step. Sales comparison is the most reliable way to estimate land value. When few sales are available, or when the value indication by sales comparison needs additional support, other procedures may be applied. The other procedures used to obtain land value indications are allocation, extraction, subdivision development, land residual, and ground rent capitalization. The techniques are defined as follows:

1. **Sales Comparison Approach** is the process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with or quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison⁶.
2. **Allocation** is a method of estimating land value in which sales of improved properties are analyzed to establish a typical ratio of land value to total property value and this ratio is applied to the property being appraised or the comparable sale being analyzed.⁷
3. **Extraction** is a method of estimating land value in which the depreciated cost of the improvements on the improved property is calculated and deducted from the total sale price to arrive at an estimated sale price for the land.⁸
4. **Subdivision Development** is a method of estimating land value when subdivision development is the highest and best use of the parcel of land being appraised. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or residences), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.⁹
5. **Land Residual Technique** is a method of estimating land value in which the net operating income attributable to the land is capitalized to produce an indication of the land's contribution to the total property.¹⁰
6. **Ground Rent Capitalization** is a method of estimating land value; applied by capitalizing ground rent at a market-derived rate. This method is useful when comparable rents, rates, and factors can be developed from an analysis of sales of leased land or other market sources.¹¹

In this section of the report, the estimated value of the subject site “as vacant” is established first utilizing comparable land sales in Fayetteville. The subject site value “as vacant” is then allocated to each of the homesites, and the excess acreage. The following comparables are

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 175

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 7

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 73

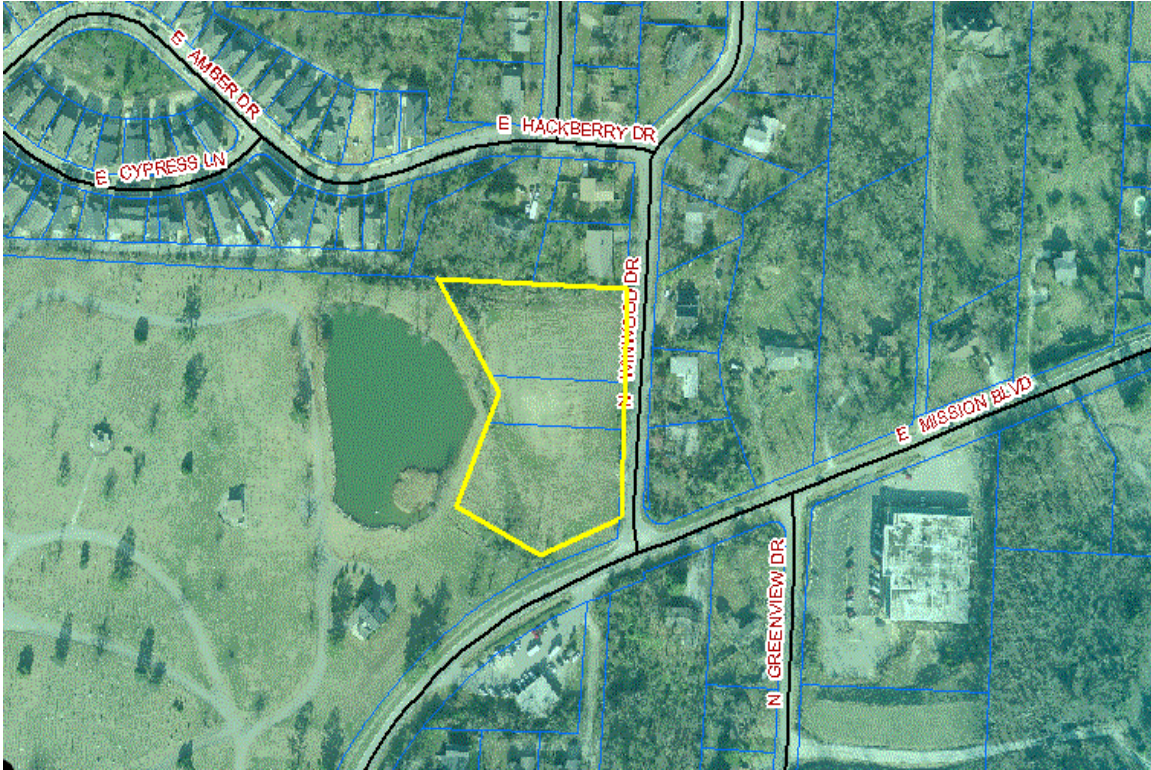
⁹ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 188

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 109

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 92

utilized in estimating the market value of the subject site “as vacant” by the Sales Comparison Approach:

LAND SALE 1



GENERAL INFORMATION

General/Specific Type: Residential
Location: Northwest corner of Mission Boulevard and Winwood Drive
City: Fayetteville
Parcel(s): 765-13375-000
S-T-R: 02-16-30
Legal: PT SW SW 2.33 A.

Record #: 1106
Book/Page:
County: Washington
State: AR
Lot/Block: N/A
Subdivision: N/A

SALE INFORMATION

Sale Date: March 01, 2012
Sale Price: \$215,000
Adjusted Sale Price: \$215,000
Grantor: Pearson Family Trust
Grantee: Penny Lane Construction, LLC

Financing: Believed to be Market Terms
Exposure Time: 636± Days
Rights Conveyed: Fee simple
Verification: MLS/Public Records

PROPERTY INFORMATION

Gross Land Size: 2.330± Acres or 101,494.8± SF
Total Frontage: Mission Blvd. & Winwood Dr.
Zoning: RSF-4, Residential Single Family- 4 units per acre
Topography: Gently sloping
Utilities: Typical City

Indicators
Sale Price/Gross Acre: \$92,275
Sale Price/Gross SF: \$2.12
Adjusted Sale Price/Gross Acre: \$92,275
Adjusted Sale Price/Gross SF: \$2.12

Remarks: This represents the sale of 2.33 acres located at the northwest corner of Mission Boulevard and Winwood Drive, in the east part of Fayetteville. Subsequent to the sale, the site was replatted into five single-family residential building lots.

LAND SALE 2



GENERAL INFORMATION

General/Specific Type: Residential
Location: East side of Old Wire Rd., north of E. Mission Blvd.
City: Fayetteville
County: Washington
Parcel(s): 765-14066-000/765-13428-000/765-13432-000
S-T-R: 03-16-30
Lot/Block: N/A
Subdivision: N/A
Record #: 1324
Book/Page: See Remarks
State: AR
Legal: PT. S/2 of SE/4 of Section 3, and PT NE/4 of NE/4 of Section 10, all in Township 16N, Range 30W, Washington County, Arkansas

SALE INFORMATION

Sale Date: See Remarks
Sale Price: \$825,000
Adjusted Sale Price: \$825,000
Grantor: See Remarks
Grantee: BCCL Bentonville, LLC
Financing: Market Terms
Exposure Time: N/A
Rights Conveyed: Fee Simple
Verification: Broker (Jackson Williams)

PROPERTY INFORMATION

Gross Land Size: 13.620± Acres or 593,287.2± SF
Total Frontage: Old Wire Rd.
Zoning: RSF-4, Residential Single Family- 4 units per acre
Topography: Undulating/near level to Gently Sloping
Utilities: Typical City
Indicators
Sale Price/Gross Acre: \$60,573
Sale Price/Gross SF: \$1.39
Adjusted Sale Price/Gross Acre: \$60,573
Adjusted Sale Price/Gross SF: \$1.39

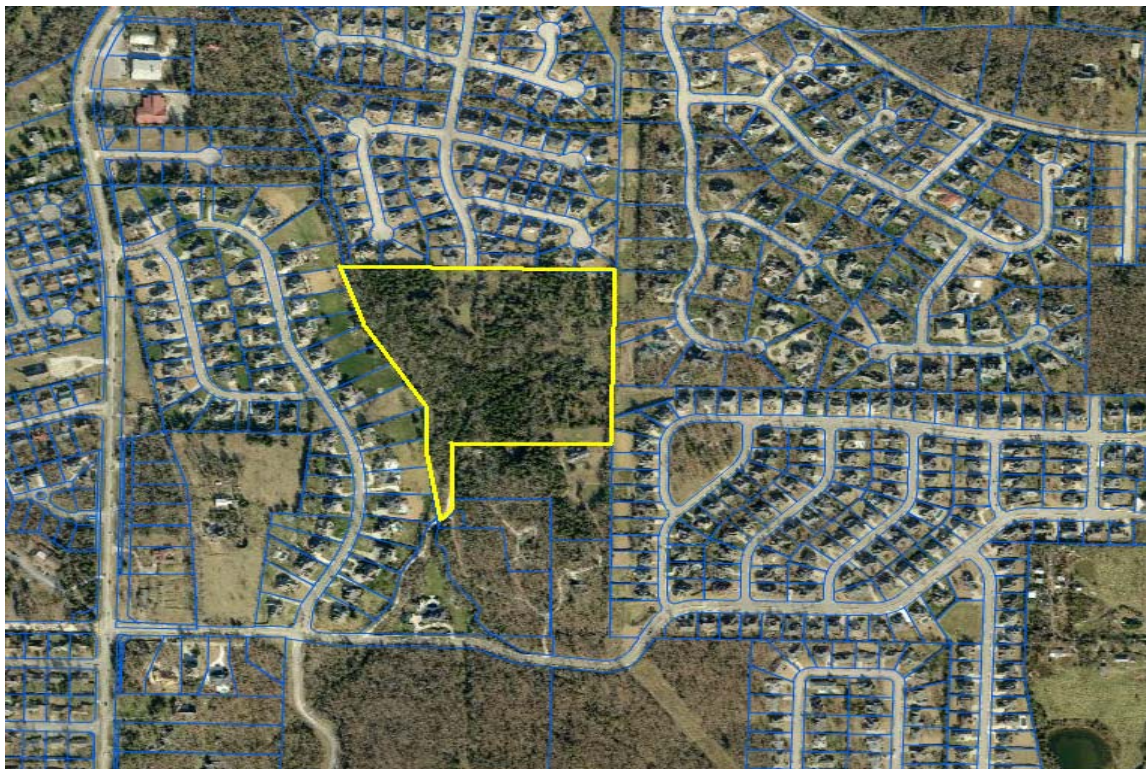
Remarks: This represents the assemblage of approximately 13.62± acres (ACS) situated along the east side of Old Wire Road, just north of East Mission Boulevard (State Highway 45), in Fayetteville. The property is situated adjacent to the north of Clarence Craft Park. Clarence Craft Park is a 4.75± acre park that includes a gazebo, picnic area, and water feature.

Approximately 4.9± ACS sold on August 23, 2012, in consideration of \$200,000, or \$40,816/AC. The Grantor in this transaction was Harry Jackson, Jr., and the transaction was recorded at Book 2012/Page 25506 in the Washington County Circuit Clerks office. This land area is encumbered by a 50' utility easement, and also has approximately 1.18± ACS located within the 100-Year Flood Zone "AE".

The balance of the site (8.72 ACS) sold on September 21, 2012, in consideration of \$625,000, or \$71,674/AC. The Grantor in this transaction was Janice Torbett, Trustee of the Torbett Family Revocable Trust, dated August 12, 2009, and the transaction was recorded at Book 2012/Page 28645 in the Washington County Circuit Clerks office. This acreage was improved with a 2,056 square foot (SF) dwelling and barn, each of which were considered to be in average condition at the time of sale. Discussions with the broker indicated that no contributory value was allocated to the improvements in the purchase price.

The acreage was purchased for development of "Cottages at Old Wire" residential subdivision. The subdivision consists of 53 buildable single-family residential lots. Dwellings in this subdivision are being constructed by Buffington Homes, and address the \$270,000 to mid \$300,000's home price range.

LAND SALE 3



GENERAL INFORMATION

General/Specific Type: Residential
Location: North of East Township Street, east of North Crossover Road
City: Fayetteville
Parcel(s): 765-13292-001
S-T-R: 31-17-29
Legal: PT E/2 SW 20.99 ACS

Record #: 1143
Book/Page: 2012/34939

County: Washington
State: AR

Lot/Block: N/A
Subdivision: N/A

SALE INFORMATION

Sale Date: November 16, 2012
Sale Price: \$750,000
Adjusted Sale Price: \$750,000
Grantor: George B. and Mona Josephine Brown Trust
Grantee: Emanuele and Diana Terminella

Financing: Market Terms
Exposure Time: 1,264 Days
Rights Conveyed: Fee Simple
Verification: Buyer

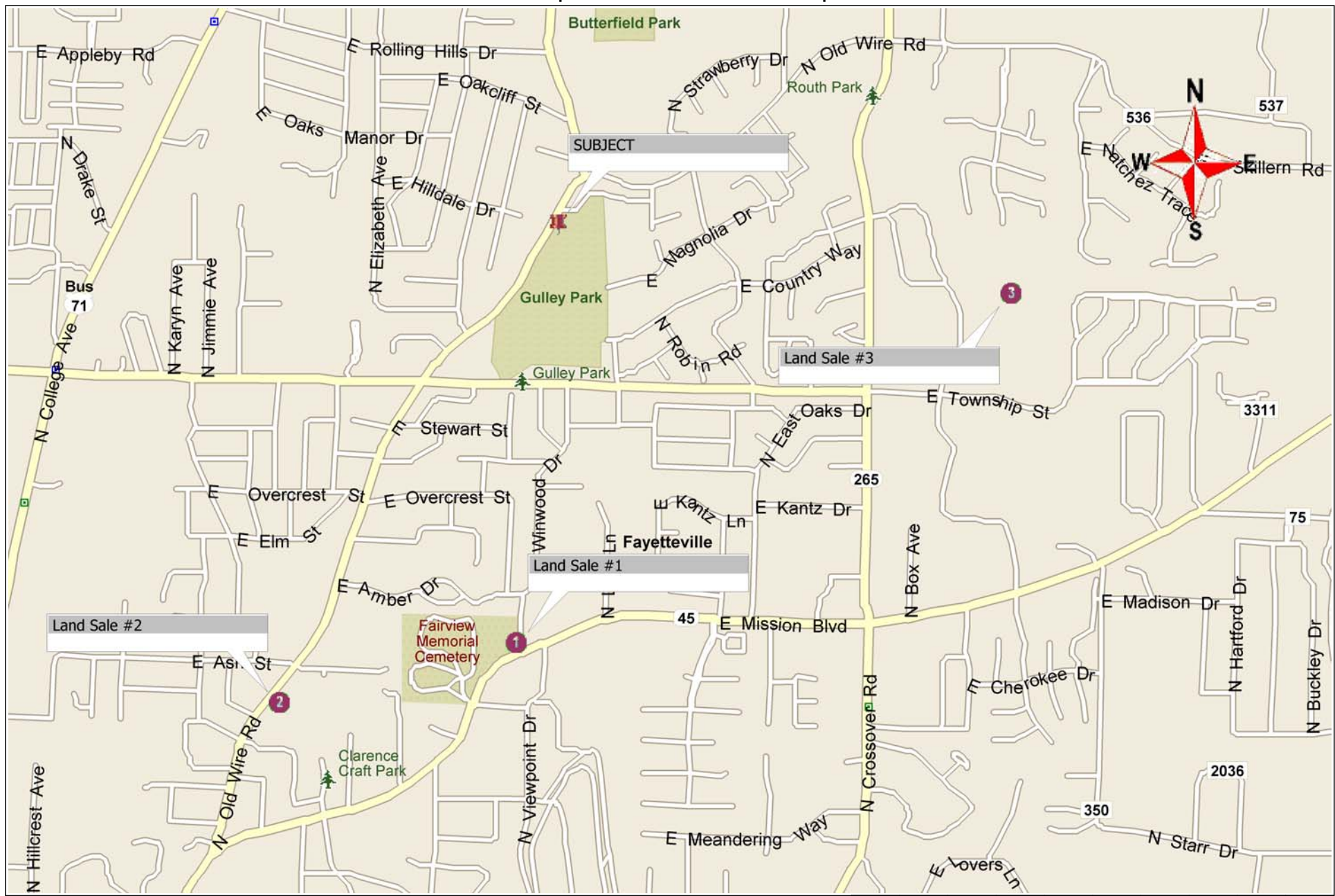
PROPERTY INFORMATION

Gross Land Size: 20.990± Acres or 914,324.4± SF
Total Frontage: Brookbury Crossing
Zoning: R-A, Residential - Agricultural
Topography: Rolling/Sloping
Utilities: Typical City

Indicators
Sale Price/Gross Acre: \$35,731
Sale Price/Gross SF: \$0.82
Adjusted Sale Price/Gross Acre: \$35,731
Adjusted Sale Price/Gross SF: \$0.82

Remarks: This represents the sale of 20.99 acres of land in the eastern part of Fayetteville. This location is between Savannah Estates Subdivision to the east and Candlewood Subdivision to the west. Access to the site is southerly from Brookbury Woods, or from Township Drive along a private drive. The site is primarily wooded. Approximately 1.61± ACS along the western boundary of the site is situated within the 100-Year Flood Zone "AE".

Comparable Land Sales Map



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SUMMARY OF COMPARABLE LAND SALES

A summary of the comparable land sales is presented in the following exhibit:

COMPARABLE LAND SALES SUMMARY			
Sale No.	1	2	3
Date Of Sale	03/01/2012	09/21/2012	11/16/2012
Sales Price	\$215,000	\$825,000	\$750,000
Land Size ACS±	2.33	13.62	20.99
Price/AC	<i>\$92,275</i>	<i>\$60,573</i>	<i>\$35,731</i>
Location	Northwest corner of Mission Blvd. and Winwood Dr., Fayetteville	East side of Old Wire Rd., north of E. Mission Blvd., Fayetteville	North of E. Township St., east of N. Crossover Rd., Fayetteville

ANALYSIS OF SALES

The unit of comparison is price per acre (AC) of land area. The elements of comparison are property rights, financing, conditions of sale, market conditions, location/appeal, and physical characteristics.

Property Rights: Each of the sales appears to have involved the transfer of the fee simple interest. No property rights adjustments can be supported.

Financing: Each of the sales is believed to have involved typical market financing terms/cash to seller. No financing adjustments are indicated.

Conditions Of Sale: Each of the sales is believed to have been an arm's-length transaction involving typical market financing terms/cash to seller. It should be noted that Sale Two represents an assemblage with two separate Grantors. No conditions of sale/financing adjustments can be supported.

Market Conditions: The respective sale dates of the comparables appear in the table above; the sales occurred between March and November 2012. As previously discussed, the local real estate market is currently in a correction period that became evident in mid to late 2006; the correction period for the commercial sector is expected to last through 2014, and possibly beyond. Raw land values have been impacted the most. Based on data available to the appraiser, each of the comparable sales is believed to be representative of current market conditions. No market conditions adjustments are warranted.

Location/Appeal: The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical addresses of the homesites are indicated to be 2634 & 2648 North Old Wire Road. The subject site is situated adjacent to the north/northeast of Gulley Park. The predominant property uses in the Market Area are primarily single-family residential and special-purpose in nature. Sale One is located at the northwest corner of Mission Boulevard

(State Highway 45) and Winwood Drive, in Fayetteville. This location is approximately 0.85± mile south of the subject property. Sale One is located adjacent existing residential subdivisions, and was replatted into five single-family residential lots subsequent to its sale. Overall, Sale One is considered reasonably similar to the subject with respect to location/appeal. Sale Two is located along the east side of Old Wire Road, just north of Mission Boulevard (State Highway 45), in Fayetteville. This location is approximately 1.2± miles south/southwest of the subject. Sale Two is located adjacent to the north of Clarence Craft Park. Sale Two was purchased for development of “Cottages at Old Wire” Subdivision. Overall, Sale Two is considered reasonably similar to subject with respect to location/appeal. Sale Three is located north of East Township Street and east of North Crossover Road, in Fayetteville. This location is approximately 1.0± mile south of the subject. Sale Three is located between Savannah Estates Subdivision and Candlewood Subdivision. Access to Sale Three is southerly from Brookbury Woods Subdivision, or northerly from Township Street along a private drive. Overall, Sale Three is considered much inferior to subject with respect to location/appeal due to its limited road frontage/access.

In summary, each of Sales One and Two is considered reasonably similar to subject with respect to location/appeal, while Sale Three is considered much inferior to subject. Paired Sales Analysis, matching Sales Two and Three indicates an upward adjustment of near 65% to Sale Three in comparison to Sale Two. Again, Sale Two is considered reasonably similar to subject while Sale Three is considered much inferior to subject. Therefore, Sale Three is adjusted upward by 65% in comparison to the subject. This adjustment appears to be somewhat excessive; however, is supported by Paired Sales Analysis. An argument could be made that the subject is somewhat superior to each of Sales One and Two as it is located adjacent to Gulley Park; however, no adjustment can be supported based on MLS data. In fact, the average per SF home sales price since January 2013 with 0.5± mile of each of Land Sales One and Two was slightly higher than the average per SF home sales price within 0.5± mile of the subject. This will be considered in the reconciliation.

Physical Characteristics: With respect to physical characteristics, the necessary categories of adjustment are land size, topography/composition, and Flood Zone. The subject site is considered reasonably similar to each of the comparables with respect to utility availability, zoning, etc.

- **Land Size:** The subject (10.95± ACS) is larger than Sale One (2.33± ACS), and smaller than each of Sales Two (13.63± ACS) and Three (20.99± ACS). The tendency in the market is that as a property’s land size increases, its price per unit decreases, and vice versa; this is for otherwise similar properties. Sales Analysis supports that as a property’s land area approximates doubling, its price/AC decreases about 10%±. Based on this premise, the following adjustments are applied: downward 22% to Sale One; upward 3% to Sale Two; and, upward 9% to Sale Three.
- **Topography/Composition:** The topography of the subject site is undulating/near level to gently sloping, overall. The subject site is cleared, for the most part, with some trees along the North Old Wire Road frontage and also in the southeast part of the site. Each of Sales One and Two is considered undulating/near level to gently rolling in topography

and was primarily cleared at the time of sale. Sale Three is considered rolling/sloping in topography and was densely wooded at the time of sale. Overall, each of Sales One and Two is considered reasonably similar to subject with respect to topography/composition, while Sale Three is considered inferior to subject. Based on Sales Analysis, a 15% upward adjustment to Sale Three is warranted. No adjustments to Sales One and Two are warranted.

- Flood Zone:** Approximately 0.3± AC in the extreme southern part of the subject site is located within the 100-Year Flood Zone “AE”. Sale One is not indicated to be located within the 100-Year Flood Zone. Approximately 1.18± acres of Sale Two are located within the 100-Year Flood Zone “AE”, and approximately 1.61± ACS of Sale Three are located within the 100-Year Flood Zone “AE”. Overall, Sale One is considered slightly superior to the subject, and each of Sales Two and Three is considered inferior to subject with respect to the Flood Zone category. Paired Sales Analysis, matching Sales One and Two indicates an upward adjustment of 15% to Sale Two (inferior) in comparison to Sale One (slightly superior). Therefore, Sale One is adjusted downward by 2.5% in comparison to the subject, while Sale Two is adjusted upward by 12.5% in comparison to the subject. Based on the preceding analysis, Sale Three (inferior) is also adjusted upward by 12.5% in comparison to the subject.

Conclusions: The following adjustment grid is indicated:

Sale	1	2	3
Sales Price/Acre	\$92,275	\$60,573	\$35,731
Property Rights	\$0	\$0	\$0
Conditions of Sale/Financing	\$0	\$0	\$0
Market Conditions	\$0	\$0	\$0
Adjusted Price/Acre	\$92,275	\$60,573	\$35,731
Location/Appeal	\$0	\$0	\$21,439
<i>Physical Characteristics</i>			
Land Size	(\$20,301)	\$1,817	\$3,216
Topography/Composition	\$0	\$0	\$5,360
Flood Zone	(\$2,307)	\$7,572	\$4,466
Indicated Value/Acre	\$69,668	\$69,962	\$70,211

The range of the adjusted comparable sales is \$69,668/acre to \$70,211/acre. The mean of the sales is \$69,947/acre, while the median is \$69,962/acre. Each of the sales is given some consideration. Sale Three represents the most recent transaction. Each of the comparables is located in close proximity to the subject. Sale Two received the lowest gross adjustment.

In addition to the comparable sales presented and analyzed, two comparable listings in close proximity to the subject are discussed. Detailed MLS profiles of the comparable listings are presented in the Addenda of this report. The first comparable listing presented is for approximately 50.24± ACS of vacant land along the northeast side of Old Missouri Road, just north of Old Wire Road. This property is listed by Downtown Properties Real Estate Group for \$3,900,000, or \$77,628± per acre. The listing broker indicated approximately 10± acres along

Old Missouri Road could be rezoned for potential light commercial use, while a preliminary subdivision concept for the remainder of the acreage could support 135± single-family residential lots. The list price was established considering approximately \$150,000 per acre for the 10± ACS with commercial potential, and \$60,000 per acre for the balance of the site. The acreage is adjacent to Butterfield Elementary School. The site is undulating/near level to gently sloping in topography, and primarily wooded. The listing broker indicated the property has seen significant interest from local developers for small parts of the property; the listing broker further indicated the offers have been near/slightly below list price. No further information pertaining to the offers was available to the appraiser. The second comparable listing is for approximately 5.368± ACS of land at the northeast corner of Old Wire Road and Oak Bailey Drive. This property is listed by Legend Realty for \$400,000, or \$74,516± per acre. The property is improved with a 1,665± square foot (SF) dwelling and 1,408± SF shop building; however, the listing broker indicated no consideration was given to the improvements in the list price. The site is undulating/near level to gently sloping in topography, and primarily wooded. The listing broker indicated the property has seen significant interest, despite being listed on the market for a short period of time.

Based on the preceding analysis, it is my opinion the indicated per acre value for subject site “as vacant” is **\$70,000**. Therefore:

$$10.95\pm \text{ Acres @ } \$70,000/\text{Acre} = \$766,500$$

Rounded To \$765,000

The preceding represents the estimated market value estimate of the fee simple interest in the subject site “as vacant”. Please see the Extraordinary Assumptions previously presented.

The preceding subject site value “as vacant” is allocated as follows:

2634 Old Wire Rd. Homesite (0.50± AC)	=	\$ 50,000
2648 Old Wire Rd. Homesite (0.75± AC)	=	\$ 75,000
9.7± ACS of Excess Land	=	\$640,000

Please see the Extraordinary Assumptions previously presented.

COST APPROACH

In the Cost Approach, an estimated reproduction or replacement cost of the building and land improvements as of the date of the appraisal is developed, together with the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences. To the depreciated building cost estimate is added the estimated value of the land. The total represents the indicated value by the Cost Approach. The following terms utilized in the Cost Approach require defining:

*"**Reproduction Cost** is the estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building".¹²*

*"**Replacement Cost** is the estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout."¹³*

*"**Entrepreneurial Incentive**" is the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement."¹⁴*

*"**Accrued Depreciation** is the difference between the reproduction or replacement cost of the improvements on the effective date of the appraisal and the market value of the improvements on the same date."¹⁵*

*"**Effective Age** is the age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age."¹⁶*

*"**Economic Life** is the period over which improvements to real property contribute to property value".¹⁷*

*"**Economic Age-Life Method** is the method of estimating depreciation in which the ratio between the effective age of a building and its total economic life is applied to the current cost of the improvements to obtain a lump-sum deduction."¹⁸*

Subject land value has previously been estimated in the Land Value Section. In the Cost Approach, the Replacement Cost New of the respective improvements are estimated, utilizing Marshall Valuation Service (national cost service) and a market derived entrepreneurial incentive. Accrued Depreciation attributable to the improvements is then estimated based upon

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 169.

¹³ *Ibid.*, P. 244.

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 67.

¹⁵ *Ibid.*, P.4.

¹⁶ *Ibid.*, P.9.

¹⁷ *Ibid.*, P.92.

¹⁸ *Ibid.*, P. 8.

the Economic Age-Life Method, and is subtracted from Replacement Cost New to arrive at Depreciated Replacement Cost New of the respective improvements. The estimated land value is then added to the Depreciated Replacement Cost New of the improvements to arrive at the estimated market value of the subject property by the Cost Approach. The estimated market value of the subject whole property was then allocated to each of the homesites, and the excess acreage.

IMPROVEMENTS

Marshall & Swift Residential Cost Handbook, Pages Average -1 through Average -29, Page F-1, and Page F-3 indicate the following:

2634 N. Old Wire Road		
Base Price Per SF	=	\$93.00
Multipliers		
Cost 1.01		
Area .93	x	<u>0.9393</u>
Adjusted Price Per SF	=	\$87.35
x 1,316± SF	=	\$114,953
Plus: Kitchen Appliances	=	\$2,510
Fireplace/Insert	=	\$1,810
Garage/Shop – 832± SF @ \$23.78	=	\$19,785
Enclosed Porch – 210± SF @ \$32.85	=	<u>\$6,899</u>
Estimated Cost New	=	\$145,957
Plus: Entrepreneurial Incentive @ 10% (From Market)	=	<u>\$14,596</u>
Replacement Cost New	=	\$160,553
Less: Accrued Depreciation (40± Yr. Eff. Age ÷ 55± Yr. Ec. Life = 72.7%)	=	<u>(\$116,722)</u>
Depreciated Replacement Cost New	=	\$43,831
Plus: Estimated Contributory Value Of Site Improvements	=	<u>\$20,000</u>
Estimated Present Value Of Improvements	=	\$63,831
	Say	\$64,000

2648 N. Old Wire Road

Base Price Per SF	=	\$93.00
Multipliers		
Cost 1.01		
Area .93	x	<u>0.9393</u>
Adjusted Price Per SF	=	\$87.35
x 1,551± SF	=	\$135,480
Plus: Kitchen Appliances	=	\$3,310
Fireplace/Insert	=	\$1,810
Garage – 580± SF @ \$23.78	=	\$13,792
Greenhouse – 152± SF @ \$45.50	=	\$6,916
Enclosed Porch – 340± SF @ \$42.30	=	<u>\$14,382</u>
Estimated Cost New	=	\$175,690
Plus: Entrepreneurial Incentive		
@ 10% (From Market)	=	<u>\$17,569</u>
Replacement Cost New	=	\$193,259
Less: Accrued Depreciation		
(28± Yr. Eff. Age ÷ 55± Yr. Ec. Life = 50.9%)	=	<u>(\$98,369)</u>
Depreciated Replacement Cost New	=	\$94,890
Plus: Estimated Contributory Value		
Of Site Improvements & Shop Bldg.	=	<u>\$50,000</u>
Estimated Present Value Of Improvements	=	\$144,890
	Say	\$145,000

The Cost Approach is summarized as follows:

SUMMARY OF COST APPROACH

Dwelling/Site Improvements	=	\$209,000
Land Value	=	<u>\$765,000</u>
Total	=	\$974,000

The preceding represents the indicated market value of the fee simple interest in the subject whole property by the Cost Approach. Please see the Extraordinary Assumptions previously presented.

The preceding indicated value of the subject whole property is allocated as follows:

2634 Old Wire Rd. Homesite (0.50± AC)	=	\$114,000
2648 Old Wire Rd. Homesite (0.75± AC)	=	\$220,000
9.7± ACS of Excess Land	=	\$640,000

Please see the Extraordinary Assumptions previously presented.

SALES COMPARISON APPROACH

In the Sales Comparison Approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offering figures are known. Data for generally comparable sale properties are used, and comparisons are made to demonstrate a probable price at which the subject property would sell if offered on the market.

“To apply the Sales Comparison Approach, appraisers follows a systematic procedure:

- 1. Research the competitive market for information on properties that are similar to the subject property and that have recently sold, are listed for sale, or are under contract. Information on agreements of sale, options, listings, and bona fide offers may also be collected. The characteristics of the properties such as property type, date of sale, size, physical condition, location, and land use constraints should be considered. The goal is to find a set of comparable sales or other evidence such as property listings or contracts as similar as possible to the subject property to ensure they reflect the actions of similar buyers. Market analysis and highest and best use analysis set the stage for the selection of appropriate comparable sales.*
- 2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm’s-length market considerations. Verification should elicit additional information about the property such as buyer motivation, economic characteristics (if the property is income-producing), value component allocations, and other significant factors as well as information about the market to ensure that comparisons are credible.*
- 3. Select the most relevant units of comparison used by participants in the market (e.g., price per acre, price per square foot, price per front foot, price per dwelling unit) and develop a comparative analysis for each unit. The appraiser’s goal is to define and identify a unit of comparison that explains market behavior.*
- 4. Look for differences between the comparable sale properties and the subject property using all appropriate elements of comparison. Then adjust the price of each sale property, reflecting how it differs, to equate it to the subject property or eliminate that property as a comparable. This step typically involves using the most similar sale properties and then adjusting for any remaining differences. If a transaction does not reflect the actions of a buyer who would also be attracted to the subject property, the appraiser should be concerned about comparability.*
- 5. Reconcile the various value indications produced from the analysis of comparables into a value conclusion. A value opinion can be expressed as a single point estimate, as a range of values, or in terms of a relationship (e.g., more or less than a given amount).”¹⁹*

The Sales Comparison Approach is utilized to estimate the market values of the improved subject homesites. The comparable sales utilized are presented on the following pages. The estimated contributory value of the excess land (from Land Value Section) is added to the estimated values of the improved homesites to arrive at the indicated value of the whole property

¹⁹ Appraisal Institute, *The Appraisal of Real Estate – Fourteenth Edition*, (Chicago: Appraisal Institute, 2013), P. 381-382.

by the Sales Comparison Approach. No discount can be supported to the sum of the two value indications.

Improved Sale No. 1



Location: 1211 North Crestwood Drive, Fayetteville, Arkansas; Washington County
Date Of Sale: March 29, 2013
Grantor: Carolyn C. Pugh
Grantee: Robert D. & Karen A. Brandon
Recorded: Book 2013/Page 10949;
Filed April 3, 2013
Legal Description: Lot 21 & Pt. Lot 1, Block 2 of Broadview Subdivision to the City of Fayetteville; Detailed Legal Description Kept On File
Reported Consideration: \$175,000
Financing: Conventional; Arm's-Length
Verified: Selling Agent
Land Size: 0.30± Acre
Dwelling Size: 1,568± SF
Price/SF Dwelling: \$111.61
Remarks: This property is located along the north side of North Crestwood Drive, just east of Shrewsbury Lane, in Fayetteville; this location is approximately 1.5± miles south of the subject. The site is near rectangular in shape. The topography is undulating/near level. All typical city utilities are available to the site.

The site is improved with a one story single-family dwelling containing approximately 1,568± SF of living area. There is also a two-car attached carport containing approximately 540± SF, covered storage area (216± SF) with electricity, and 456± SF wood deck with pergolas. The

dwelling is Class "D" construction, with brick veneer and vinyl exterior siding. The roof cover is composition shingle. The dwelling is indicated to contain 3 bedrooms and 1.5 bathrooms. The dwelling includes a wood burning fireplace and kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered to be average; however, needed some updating. The dwelling is indicated to have been constructed in 1967±. The condition at the date of sale was good. The effective age of the dwelling was estimated to be 25± years.

Additional improvements included: asphalt/concrete driveways; fencing; landscaping; etc. The additional improvements generally were in average condition.

Land value at the date of sale was estimated to be approximately \$50,000±.

Improved Sale No. 2



Location: 1500 North Old Wire Road, Fayetteville, Arkansas; Washington County

Grantor: Don Edgar Kirby, Successor Trustee of the Marie L. Kirby Revocable Trust u/t/d December 27, 2004

Grantee: Howard D. & Naomi J. Baird

Date Of Sale: July 5, 2012

Recorded: Book 2012/Page 19763;
Filed July 9, 2012

Legal Description: Pt. Lots 18, 19, & 23 in Meadowview Addition to the City of Fayetteville, Arkansas

Consideration: \$160,000

Financing: Conventional; Arm's-Length

Verified: Selling Agent

Land Size: 0.49± Acre

Dwelling Size: 1,566 SF

Price/SF Dwelling: \$102.17

Remarks: This property is located on the south side of North Old Wire Road, a short distance north of Mission Boulevard, in Fayetteville; this location is approximately 1.40± miles southwest of the subject. The site is near rectangular in shape. The topography is undulating/near level. All typical city utilities are available to the site.

The site is improved with a one story single-family dwelling containing an indicated 1,566± SF. There is also a two car attached carport containing approximately 456± SF and two storage

buildings totaling 188± SF. The dwelling is Class “D” construction, with a brick veneer and vinyl exterior. The roof cover is composition shingle. The dwelling is indicated to contain 3 bedrooms and 2 bathrooms. The dwelling includes kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered to be average; however, needed some updating. The dwelling is indicated to have been constructed in 1959±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be approximately 25 to 30± years.

Additional improvements included: asphalt/concrete driveways; fencing; landscaping; etc. The additional improvements generally were in average condition.

Land value at the date of sale was estimated to be approximately \$50,000±.

Improved Sale No. 3



Location: 2763 North Old Wire Road, Fayetteville, Arkansas; Washington County
Grantor: Lance & Anna Williams
Grantee: Nathan & Kelsey Friend
Date Of Sale: February 14, 2014
Recorded: Book 2014/Page 3687; Filed February 18, 2014
Legal Description: Pt. of the NE ¼ NW ¼ SE ¼ Of 36-17-30 Detailed Legal Description Kept On File
Consideration: \$136,250
Financing: Conventional; Arm's-Length
Verified: Selling Agent
Land Size: 0.75± Acre
Dwelling Size: 1,644 SF
Price/SF Dwelling: \$82.88

Remarks: This property is located on the north side of North Old Wire Road, a short distance east of Old Missouri Road, in Fayetteville; this location is approximately 0.25± mile northeast of the subject. The site is near rectangular in shape, and has a deep/narrow shape. The topography is undulating/near level to gently rolling. All typical city utilities are available to the site.

The site is improved with a one story single-family dwelling containing an indicated 1,644± SF. There is also a large detached garage containing approximately 936± SF and 144± SF wood deck. The dwelling is Class "D" construction, with vinyl exterior. The roof cover is composition shingle. The dwelling is indicated to contain 4 bedrooms and 1.5 bathrooms. The dwelling

includes kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered to be average. The dwelling is indicated to have been constructed in 1976±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be approximately 20 to 25± years.

Additional improvements included: asphalt/concrete driveways; fencing; landscaping; etc. The additional improvements generally were in average condition.

Land value at the date of sale was estimated to be approximately \$65,000±.

Improved Sale No. 4



Location: 2626 North Old Wire Road, Fayetteville, Arkansas; Washington County
Grantor: Marlin K. & Rhonda Reddell
Grantee: Matthew B. & Amanda Jo Niehues
Date Of Sale: June 20, 2014
Recorded: Book 2014/Page 15609;
Filed June 24, 2014
Legal Description: Part Of The NE ¼ SW 1/4 Of 36-17-30;
Detailed Legal Description Kept On File
Consideration: \$153,000
Financing: Conventional; Arm's-Length
Verified: Public Records
Land Size: 0.58± Acre
Dwelling Size: 1,393± SF
Price/SF Dwelling: \$109.83

Remarks: This property is located on the southeast side of North Old Wire Road, just southwest of Old Missouri Road; this location is adjacent to the southwest of the subject. The site is near rectangular in shape. The topography is undulating/near level to gently rolling. All typical city utilities are available to the site.

The site is improved with a one story single-family dwelling containing an indicated 1,393± SF. There is also a two-car attached garage (finished) containing approximately 420± SF, as well as a 276± SF covered patio. The dwelling is Class “D” construction, with brick veneer and “James

Hardie” exterior siding. The dwelling is indicated to contain 3 bedrooms and 1 bathroom. The dwelling includes kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered average. The dwelling is indicated to have been constructed in 1965±. The condition at the date of sale was average. The dwelling had recently been updated with exterior paint, roof, carpet, windows, etc. The effective age of the dwelling was estimated to be approximately 25 to 30± years.

Additional improvements include: fencing; concrete/asphalt driveways; landscaping; etc. The condition of the site improvements, overall, was considered average.

Land value at the date of sale was estimated to be approximately \$58,000±.

Improved Sale No. 5



Location: 814 East Peel Street, Fayetteville, Arkansas;
Washington County
Grantor: Jason K. & Jodi L. Reynolds
Grantee: Cynthia D. Nielsen, Trustee of the Cynthia D.
Nielsen Trust, u/t/d October 19, 2001
Date Of Sale: May 29, 2013
Recorded: Book 2013/Page 18044;
Filed May 31, 2013
Legal Description: Lot 8, Block E, North Ridge Subdivision to the
City of Fayetteville
Consideration: \$135,000
Financing: Conventional; Arm's-Length
Verified: Selling Agent
Land Size: 0.44± Acre
Dwelling Size: 1,270± SF
Price/SF Dwelling: \$106.30
Remarks: This property is located along the north side of East Peel Street, just east of Juneway
Terrace; this location is approximately 0.81± mile southwest of the subject. The site is near
rectangular in shape, and has a deep/narrow shape. The topography is undulating/near level. All
typical city utilities are available to the site.

The site is improved with a one story single-family dwelling containing an indicated 1,270± SF. There is also a two-car attached garage (finished) containing approximately 567± SF, as well as a

522± SF covered patio and small storage building. The dwelling is Class “D” construction, with brick veneer and wood exterior. The dwelling is indicated to contain 3 bedrooms and 1.5 bathroom. The dwelling includes kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered average. The dwelling is indicated to have been constructed in 1965±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be approximately 30± years.

Additional improvements include: fencing; concrete/asphalt driveways; landscaping; etc. The condition of the site improvements, overall, was considered average.

Land value at the date of sale was estimated to be approximately \$40,000±.

Improved Sale No. 6



Location: 707 East Ash Street, Fayetteville, Arkansas;
Washington County
Grantor: Carol Anne Marsh
Grantee: James Lewis
Date Of Sale: May 5, 2014
Recorded: Book 2014/Page 11029;
Filed May 7, 2014
Legal Description: Lot 22, Jug Wheeler Addition to the City of
Fayetteville
Consideration: \$125,000
Financing: Conventional; Arm's-Length
Verified: Selling Agent
Land Size: 0.38± Acre
Dwelling Size: 1,267± SF
Price/SF Dwelling: \$98.66

Remarks: This property is located on the south side of East Ash Street, just west of Austin Drive; this location is approximately 1.25± miles southwest of the subject. The site is near rectangular in shape. The topography is undulating/near level. All typical city utilities are available to the site.

The site is improved with a one story single-family dwelling containing an indicated 1,267± SF. There is also a two-car attached garage (finished) containing approximately 490± SF, as well as 131± SF of porches and a 56± SF storage building. The dwelling is Class "D" construction, with wood exterior. The dwelling is indicated to contain 3 bedrooms and 1.5 bathrooms. The dwelling

includes a double fire place and kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered average. The dwelling is indicated to have been constructed in 1966±. The condition at the date of sale was average to good. The dwelling had recently been updated with exterior paint and carpet. The effective age of the dwelling was estimated to be approximately 30 ± years.

Additional improvements include: fencing; concrete/asphalt driveways; landscaping; etc. The condition of the site improvements, overall, was considered average.

Land value at the date of sale was estimated to be approximately \$40,000±.

Improved Sale No. 7



Location: 2786 North Old Wire Road, Fayetteville, Arkansas; Washington County
Grantor: William W. & Barbara A. McIver
Grantee: Mark Zweig, Inc.
Date Of Sale: October 1, 2012
Recorded: Book 2012/Page 29837;
Filed October 2, 2012
Legal Description: Part Of The NW ¼ SE 1/4 Of 36-17-30;
Detailed Legal Description Kept On File
Consideration: \$101,000
Financing: Conventional; Arm's-Length
Verified: Selling Agent
Land Size: 0.61± Acre
Dwelling Size: 1,248± SF
Price/SF Dwelling: \$80.93
Remarks: This property is located on the south side of North Old Wire Road, just west of Azalea Terrace; this location is approximately 0.35± mile northeast of the subject. The site is near rectangular in shape, and has a deep/narrow shape. The topography is undulating/near level. All typical city utilities are available to the site.

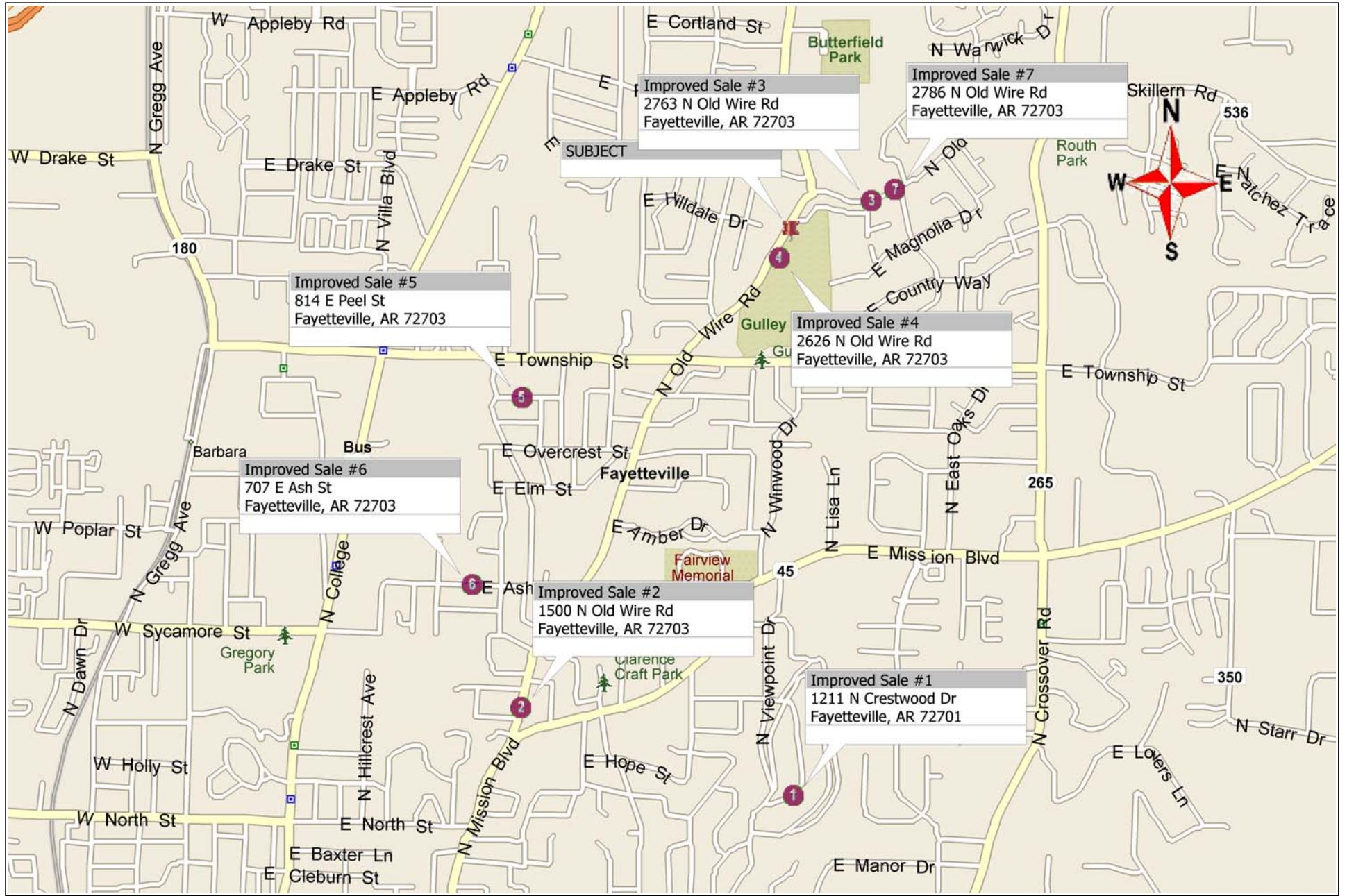
The site is improved with a one story single-family dwelling containing an indicated 1,248± SF. There is also a one-car attached carport containing approximately 312± SF, as well as a 180± SF open porch and 144± SF wood deck. The dwelling is Class "D" construction, with brick veneer

and cedar exterior siding. The dwelling is indicated to contain 3 bedrooms and 2 bathrooms. The dwelling includes kitchen appliances. The dwelling is centrally heated and cooled. The overall construction quality of the dwelling is considered average; however, needed some updating. The dwelling is indicated to have been constructed in 1964±. The condition at the date of sale was fair to average. The effective age of the dwelling was estimated to be approximately 40± years.

Additional improvements include: fencing; gravel driveways; landscaping; etc. The condition of the site improvements, overall, was considered average.

Land value at the date of sale was estimated to be approximately \$50,000±.

Comparable Improved Sales Map



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**SUMMARY OF COMPARABLE
IMPROVED SALES**

The comparable improved sales are summarized as follows:

Sale	1	2	3	4
Date of Sale	03/29/2013	07/05/2012	02/14/2014	06/20/2014
Consideration	\$175,000	\$160,000	\$136,250	\$153,000
Dwelling Size SF (±)	1,568	1,566	1,644	1,393
Price/SF	<i>\$111.61</i>	<i>\$102.17</i>	<i>\$82.88</i>	<i>\$109.83</i>
Use	Single-Family	Single-Family	Single-Family	Single-Family
Location	1211 N. Crestwood Dr., Fayetteville	1500 N. Old Wire Rd., Fayetteville	2763 N. Old Wire Rd., Fayetteville	2626 N. Old Wire Rd., Fayetteville

Sale	5	6	7
Date of Sale	05/29/2013	05/05/2014	10/01/2012
Consideration	\$135,000	\$125,000	\$101,000
Dwelling Size SF (±)	1,270	1,267	1,248
Price/SF	<i>\$106.30</i>	<i>\$98.66</i>	<i>\$80.93</i>
Use	Single-Family	Single-Family	Single-Family
Location	814 E. Peel St., Fayetteville	707 E. Ash St., Fayetteville	2786 N. Old Wire Rd., Fayetteville

ANALYSIS OF SALES

The preceding sales represent comparable improved sales in Fayetteville, all of which are in close proximity to the subject property. The unit of comparison is whole property. The elements of comparison are property rights, financing, conditions of sale, market conditions, location, and physical characteristics. First, Improved Sales One through Four are utilized in the adjustment process with respect to the dwelling situated at 2648 North Old Wire Road. Next, Improved Sales Four through Seven are utilized in the adjustment process with respect to the dwelling situated at 2634 North Old Wire Road. The contributory value of the excess land (from Land Value Section) is added at the end of the Sales Comparison Approach to arrive at the indicated market value of the subject whole property by the Sales Comparison Approach.

Property Rights: I am addressing the fee simple estate of subject in this report. Each of the sales involved the transfer of the fee simple estate. No adjustments are indicated.

Financing: Each of the sales involved conventional financing at market terms. No adjustments for financing are indicated.

Conditions Of Sale: Each of the sales appears to have been an arm's-length transaction; however, Sale Three appears to have occurred at the lower end of the market range for a property of this nature. No adjustment can be supported to Sale Three; however, this will be considered in the reconciliation of the sales. No adjustments for conditions of sale can be supported.

Market Conditions: The respective sale date of each comparable appears on the summary table on the preceding page. The sales occurred between the July 2012 and June 2014 time period. Market conditions during this time period were considered reasonably similar to those as of the effective date of this report. Based on data available to the appraiser, each of the comparable sales is believed to be representative of current market conditions. No market conditions adjustments are warranted.

Location: The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical address of this homesite is indicated to be 2648 North Old Wire Road. The subject site is situated just north/northeast of Gulley Park. The predominant property uses in the Market Area are primarily single-family residential and special-purpose in nature.

Sale One is located along the north side of North Crestwood Drive, just east of Shrewsbury Lane, in Fayetteville; this location is approximately 1.5± miles south of the subject. Sale Two is located on the south side of North Old Wire Road, a short distance north of Mission Boulevard, in Fayetteville; this location is approximately 1.40± miles southwest of the subject. Sale Three is located on the north side of North Old Wire Road, a short distance east of Old Missouri Road, in Fayetteville; this location is approximately 0.25± mile northeast of the subject. Finally, Sale Four is located on the southeast side of North Old Wire Road, just southwest of Old Missouri Road; this location is two parcels to the southwest of the subject.

Each of the comparable properties, and subject, has an adequate location for their respective use. Overall, no separate location adjustments can be supported to any of the sales. Any necessary location adjustments are considered to be adequately reflected in the 'site value' category in the next section.

Physical Characteristics: The categories of adjustment considered under physical characteristics are site value, dwelling living area size, dwelling age/condition, dwelling quality, garage/porch, and "other".

First, site value is considered. The value of the subject homesite (0.75± acre) has previously been estimated in the Land Value Section at \$75,000. The estimated land values of the comparables are \$45,000, \$50,000, \$65,000, and \$58,000, respectively. The following upward adjustments are indicated: \$30,000 to Sale One; \$25,000 to Sale Two; \$10,000 to Sale Three; and, \$17,000 to Sale Four.

Next, dwelling living area size is considered. The subject (1,551± SF) is smaller in dwelling living area size than each of the Sales One (1,568± SF), Two (1,566± SF), and Three (1,644± SF), and larger than Sale Four (1,393± SF). Sales and Cost Analysis supports a size multiplier of \$35.00 per SF. Therefore, in comparison to subject, Sale Three requires a downward adjustment of \$3,255 (93± SF @ \$35), while Sale Four requires an upward adjustment of \$5,530 (158± SF @ \$35). No adjustment can be supported to Sales One and Two for the small difference in dwelling living area size compared to subject.

Next, dwelling age/condition is considered. Based on Assessment Records, the subject dwelling was originally constructed in 1961±. Discussions with the property owner indicated the dwelling was updated in the early 1990's. The subject dwelling is considered to be in average to good condition, overall. The effective age is estimated to be 28± years. *Sale One* was originally constructed in 1967±. The condition at the date of sale was good. The effective age of the dwelling was estimated to be 25 ± years. *Sale Two* was originally constructed in 1959±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be 25 to 30± years. *Sale Three* was originally constructed in 1976±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be 20 to 25± years. *Sale Four* was originally constructed in 1965±. The condition at the date of sale was average. The effective age of the dwelling was estimated to be 25 to 30± years. Overall, *Sale One* is considered somewhat superior to subject with respect to dwelling age/condition, while each of *Sales Two* and *Four* is considered reasonably similar, and *Sale Three* is considered superior. Paired Sales Analysis utilizing *Sales One* and *Two* indicates, after adjusting for other differences, that *Sale One* requires a 10%± downward adjustment for dwelling age/condition. The indicated dollar adjustment is -\$17,500 to *Sale One*. Although *Sale Three* is considered superior to subject with respect to dwelling age/condition, no adjustment could be supported based on Paired Sales Analysis. No adjustments to *Sales Two* and *Four* are warranted.

Next, dwelling quality is considered. Subject dwelling represents average quality construction. Subject dwelling is centrally heated and cooled, and includes 3 bedrooms and 1.5 bathrooms. Subject also includes a fireplace and kitchen appliances. Each of the comparable improved sales is also considered to represent average quality construction and includes kitchen appliances. *Sale One* has 3 bedrooms and 1.5 bathrooms, *Sale Two* has 3 bedrooms and 2 bathrooms, *Sale Three* has 4 bedrooms and 1.5 bathrooms, and *Sale Four* has 3 bedrooms and 1 bathroom. Overall, *Sale One* is considered reasonably similar to subject in construction quality, while *Sales Two* and *Three* each appear to be slightly superior, and *Sale Four* is considered to be slightly inferior. Paired Sales Analysis utilizing *Sales Two* and *Four* indicates a difference of near 5% between *Sales Two* and *Four* with respect to dwelling quality. Again, *Sale Two* is considered slightly superior to subject while *Sale Four* is considered slightly inferior to subject. Therefore, *Sale Two* is adjusted downward by 2.5% in comparison to the subject, while *Sale Four* is adjusted upward by 2.5% in comparison to the subject. Again, *Sale Three* is considered slightly superior to subject with respect to the dwelling quality category; however, no adjustment can be supported based on Paired Sales Analysis.

Next, garage/porch is considered. Subject includes a 580± SF attached garage. Subject also includes a 340± SF enclosed porch. *Sale One* includes a 540± SF carport. *Sale Two* has a 456± SF carport. *Sale Three* has a 936± SF detached garage with no electricity. *Sale Four* has a 420± SF garage. None of the sales include an enclosed porch. Based on Cost and Sales Analysis, an adjustment of \$10 per SF is indicated for difference in garage sizes, and an additional \$5 per SF for difference between garage and carport. The indicated adjustment for the enclosed porch is \$20 per SF. In comparison to subject: *Sale One* requires a net adjustment of +\$7,400; *Sale Two* a net adjustment of +\$8,660; *Sale Three* a net adjustment of +\$3,240; and, *Sale Four* a net adjustment of +\$8,400.

Lastly, the “other” category is considered. This pertains to other buildings, as well as site improvements. Subject other improvements have previously been described in this report. The other improvements on the sale properties were previously described in this report in the sale narratives. Each of the comparable sales, and subject, are considered reasonably similar to subject with respect to site improvements; however, are each considered inferior to subject with respect to other buildings. Based on Sales and Cost Analysis, each of the comparable sales is adjusted upward by \$30,000; this is mostly reflective of the subjects superior “other buildings” situation due to the shop building.

Conclusions: The following adjustment grid is indicated:

Sale	1	2	3	4
Sales Price	\$175,000	\$160,000	\$136,250	\$153,000
Property Rights	\$0	\$0	\$0	\$0
Financing	\$0	\$0	\$0	\$0
Conditions of Sale	\$0	\$0	\$0	\$0
Market Conditions	\$0	\$0	\$0	\$0
Adjusted Sales Price	\$175,000	\$160,000	\$136,250	\$153,000
Location	\$0	\$0	\$0	\$0
Physical Characteristics				
Site Value	\$30,000	\$25,000	\$10,000	\$17,000
Dwelling Size	\$0	\$0	(\$3,255)	\$5,530
Dwelling Age/Condition	(\$17,500)	\$0	\$0	\$0
Dwelling Quality	\$0	(\$4,000)	\$0	\$3,825
Garage/Porch	\$7,400	\$8,660	\$3,240	\$8,400
Other	\$30,000	\$30,000	\$30,000	\$30,000
Indicated Value/Lot	\$224,900	\$219,660	\$176,235	\$217,755

The range of the adjusted comparable sales is \$176,235 to \$224,900; the mean is \$209,638 and the median is \$218,708. The mean is distorted by Sale Three which falls much below the indicated values by Sales One, Two, and Four; the reason for this is not clear. Sale Four represents the most recent sale and is located nearest to the subject. Sale Three received the lowest gross adjustment; however adjustments for dwelling age/condition and quality could not be supported by Paired Sales Analysis. Sale Four received the most weight, followed by Sales One and Two. Sale Three is given the least amount of weight. Based on the preceding analysis, it is my opinion the indicated market value of the subject improved homesite located at 2648 North Old Wire Road by the Sales Comparison Approach is:

\$218,000

Please see the Extraordinary Assumptions previously presented.

Next, the subject improved homesite located at 2534 North Old Wire Road is addressed with consideration to Sales Four through Seven previously presented. A summary of Sales Four through Seven is presented again in the following exhibit:

Sale	4	5	6	7
Date of Sale	06/20/2014	05/29/2013	05/05/2014	10/01/2012
Consideration	\$153,000	\$135,000	\$125,000	\$101,000
Dwelling Size SF (±)	1,393	1,270	1,267	1,248
Price/SF	<i>\$109.83</i>	<i>\$106.30</i>	<i>\$98.66</i>	<i>\$80.93</i>
Use	Single-Family	Single-Family	Single-Family	Single-Family
Location	2626 N. Old Wire Rd., Fayetteville	814 E. Peel St., Fayetteville	707 E. Ash St., Fayetteville	2786 N. Old Wire Rd., Fayetteville

Property Rights: I am addressing the fee simple estate of subject in this report. Each of the sales involved the transfer of the fee simple estate. No adjustments are indicated.

Financing: Each of the sales involved conventional financing at market terms. No adjustments for financing are indicated.

Conditions Of Sale: Each of the sales appears to have been an arm's-length transaction. No adjustments for conditions of sale can be supported.

Market Conditions: The respective sale date of each comparable appears on the summary table above. The sales occurred between the October 2012 and June 2014 time period. Market conditions during this time period were considered reasonably similar to those as of the effective date of this report. Based on data available to the appraiser, each of the comparable sales is believed to be representative of current market conditions. No market conditions adjustments are warranted.

Location: The subject property is located along the southeast side of North Old Wire Road, just southwest of North Old Missouri Road, in Fayetteville, Arkansas; Washington County. The physical address of this homesite is indicated to be 2634 North Old Wire Road. The subject site is situated just north/northeast of Gulley Park. The predominant property uses in the Market Area are primarily single-family residential and special-purpose in nature.

Sale Four is located on the southeast side of North Old Wire Road, just southwest of Old Missouri Road; this location is two parcels to the southwest of the subject. Sale Five is located along the north side of East Peel Street, just east of Juneway Terrace; this location is approximately 0.81± mile southwest of the subject. Sale Six is located on the south side of East Ash Street, just west of Austin Drive; this location is approximately 1.25± miles southwest of the subject. Finally, Sale Seven is located on the south side of North Old Wire Road, just west of Azalea Terrace; this location is approximately 0.35± mile northeast of the subject.

Each of the comparable properties, and subject, has an adequate location for their respective use. Overall, no separate location adjustments can be supported to any of the sales. Any necessary location adjustments are considered to be adequately reflected in the 'site value' category in the next section.

Physical Characteristics:

The categories of adjustment considered under physical characteristics are site value, dwelling living area size, dwelling age/condition, dwelling quality, garage/porch, and “other”.

First, site value is considered. The value of the subject homesite (0.5± acre) has previously been estimated in the Land Value Section at \$50,000. The estimated land values of the comparables are \$58,000, \$40,000, \$40,000, and \$50,000, respectively. The following adjustments are indicated: downward \$8,000 to Sale One; and, upward \$10,000 to each of Sales Two and Three. No site value adjustment is warranted to Sale Four

Next, dwelling living area size is considered. The subject (1,316± SF) is smaller in dwelling living area size than Sale Four (1,393± SF), and larger in dwelling living area size than each of Sales Five (1,270± SF), Six (1,267± SF), and Seven (1,248± SF). Sales and Cost Analysis supports a size multiplier of \$35.00 per SF. Therefore, in comparison to subject, Sale Four requires a downward adjustment of \$2,695 (77± SF @ \$35), Sale Five requires an upward adjustment of \$1,610 (46± SF @ \$35), Sale Six requires an upward adjustment of \$1,715 (49± SF @ \$35), and Sale Seven requires an upward adjustment of \$2,380 (68± SF @ \$35).

Next, dwelling age/condition is considered. Based on Assessment Records, this dwelling was originally constructed in 1963±. The dwelling has received minimal updates since its original construction, and is considered “dated” in appearance. This dwelling is considered to be in fair to average condition, overall. The effective age is estimated to be 40± years. *Sale Four* was originally constructed in 1965±. The condition at the date of sale was average. The effective age of the dwelling was estimated to be 25 to 30± years. *Sale Five* was originally constructed in 1965±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be 25 to 30± years. *Sale Six* was originally constructed in 1966±. The condition at the date of sale was average to good. The effective age of the dwelling was estimated to be 25 to 30± years. *Sale Seven* was originally constructed in 1964±. The condition at the date of sale was fair to average. The effective age of the dwelling was estimated to be 40± years. Overall, each of Sales Four, Five, and Six is considered superior to subject with respect to dwelling age/condition, while Sale Seven is considered reasonably similar. Paired Sales Analysis utilizing Sales Four and Seven indicates, after adjusting for other differences, that Sale Four requires a 25%± downward adjustment for dwelling age/condition. The indicated dollar adjustment is -\$38,250 to Sale One. Based on the preceding analysis, each of Sales Five and Six are also adjusted downward by 25% in comparison to the subject, or \$33,750 and \$31,250, respectively. No adjustment to Sale Seven is warranted.

Next, dwelling quality is considered. Subject dwelling represents average quality construction. Subject dwelling is centrally heated and cooled, and includes 3 bedrooms and 1 bathroom. Subject also includes a fireplace and kitchen appliances. Each of the comparable improved sales is also considered to represent average quality construction and includes kitchen appliances. Sale Four has 3 bedrooms and 1 bathroom, Sale Five has 3 bedrooms and 1.5 bathrooms, Sale Six has 3 bedrooms and 1.5 bathrooms, and Sale Seven has 3 bedrooms and 2 bathrooms. Overall, Sale One is considered reasonably similar to subject in dwelling quality, while Sales Five and Six each appear to be slightly superior, and Sale Seven is considered to be somewhat superior. Sales Analysis supports a downward adjustment of 2.5% to each of Sales Five and Six,

and a downward adjustment of 5% to Sale Seven. No adjustment to Sale Four is warranted for dwelling quality.

Next, garage/porch is considered. Subject includes a 372± SF attached garage, 460± SF attached shop, and a 210± SF enclosed porch. Sale Four has a 420± SF garage. Sale Five has a 567± SF attached garage and a 522± SF covered patio. Sale Six has a 490± SF attached garage. Sale Seven has a 312± SF attached carport. None of the sales include an enclosed porch. Based on Cost and Sales Analysis, an adjustment of \$10 per SF is indicated for difference in garage/shop sizes, and an additional \$5 per SF for difference between garage and carport. The indicated adjustment for the enclosed porch is \$20 per SF. In comparison to subject: Sale Four requires a net adjustment of +\$8,320; Sale Five a net adjustment of +\$2,650; Sale Six a net adjustment of +\$7,620; and, Sale Seven a net adjustment of +\$12,000.

Lastly, the “other” category is considered. This pertains to other buildings, as well as site improvements. Subject other improvements have previously been described in this report. The other improvements on the sale properties were previously described in this report in the sale narratives. Each of the comparable sales, and subject, are considered reasonably similar to subject with respect to site improvements and other buildings. No adjustments for the “other” category are warranted to any of the comparable sales.

Conclusions: The following adjustment grid is indicated:

Sale	4	5	6	7
Sales Price	\$153,000	\$135,000	\$125,000	\$101,000
Property Rights	\$0	\$0	\$0	\$0
Financing	\$0	\$0	\$0	\$0
Conditions of Sale	\$0	\$0	\$0	\$0
Market Conditions	\$0	\$0	\$0	\$0
Adjusted Sales Price	\$153,000	\$135,000	\$125,000	\$101,000
Location	\$0	\$0	\$0	\$0
Physical Characteristics				
Site Value	(\$8,000)	\$10,000	\$10,000	\$0
Dwelling Size	(\$2,695)	\$1,610	\$1,715	\$2,380
Dwelling Age/Condition	(\$38,250)	(\$33,750)	(\$31,250)	\$0
Dwelling Quality	\$0	(\$3,375)	(\$3,125)	(\$5,050)
Garage/Porch	\$8,320	\$2,650	\$7,620	\$12,000
Other	\$0	\$0	\$0	\$0
Indicated Value/Lot	\$112,375	\$112,135	\$109,960	\$110,330

The range of the adjusted comparable sales is \$109,960 to \$112,375; the mean is \$111,200 and the median is \$111,233. Sale Four represents the most recent sale and is located nearest to the subject. Sale Seven received the lowest gross adjustment. Sales Four and Seven received the most weight. Each of Sales Five and Six also provide strong support. Based on the preceding analysis, it is my opinion the indicated market value of the subject improved homesite located at 2634 North Old Wire Road by the Sales Comparison Approach is:

\$111,000

Please see the Extraordinary Assumptions previously presented.

SUMMARY OF SALES COMPARISON APPROACH

2634 Old Wire Rd. Homesite (0.50± AC)	= \$111,000
2648 Old Wire Rd. Homesite (0.75± AC)	= \$218,000
9.7± ACS of Excess Land	= <u>\$640,000</u>
Estimated Value Based on Sales Comparison Approach	= \$969,000

The preceding represents the indicated market value of subject whole property by the Sales Comparison Approach. No discount could be supported to the sum of the values of the improved subject homesites and the excess land. Please see the Extraordinary Assumptions previously presented.

INCOME CAPITALIZATION APPROACH

In the Income Capitalization Approach, the current rental income is shown with deductions for vacancy and credit loss and operating expenses. A conclusion about the prospective Net Operating Income of the property is developed. In support of this Net Operating Income estimate, operating statements for the previous years may be reviewed, together with available operating-cost estimates. An applicable capitalization method and appropriate Capitalization Rate are developed for use in computations that lead to an indication of value by the Income Capitalization Approach.

The following definitions are necessary before applying the Income Capitalization Approach to the subject property:

"Potential Gross Income (PGI) is the total income attributable to real property at full occupancy before vacancy and operating expenses are deducted."²⁰

"Effective Gross Income (EGI) is the anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income."²¹

"Net Operating Income (NOI) is the actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization)."²²

"Overall Capitalization Rate (R_o) is an income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value ($R_o = I_o/V_o$)"²³

"Direct Capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only a single year's income is used. Yield and value changes are implied but not identified

The Income Capitalization Approach is not utilized as this is not typically the basis upon which buy/sell decisions are being made in this market on properties of the subject's nature. Application of the Income Capitalization Approach to Value is not considered necessary to produce credible appraisal results for the subject property.

²⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 148.

²¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 65.

²² Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 134.

²³ Appraisal Institute, *The Dictionary of Real Estate Appraisal – Fifth Edition*, (Chicago: Appraisal Institute, 2010), P. 141.

RECONCILIATION

Reconciliation is the part of the valuation process in which the appraiser attempts to resolve differences among the value indications derived from the application of the approaches. The conclusion drawn in the reconciliation is based on the appropriateness, the accuracy, and the quantity of the evidence in the entire appraisal.

Indicated Land Value “As Vacant”:	\$765,000
Indicated Value by the Cost Approach:	\$974,000
Indicated Value by the Sales Comparison Approach:	\$969,000
Indicated Value By the Income Capitalization Approach:	Not Utilized

Cost Approach

The Cost Approach is based, in part, upon the principle of substitution. This principle is basic to the Cost Approach and holds that no prudent investor would pay more for an existing property than the cost to acquire the site and construct improvements of equal desirability and utility without undue delay. Other appraisal principles that relate to the Cost Approach are: Supply and demand; balance; externalities; and, highest and best use.

In the Cost Approach, the Replacement Cost New of the respective improvements were estimated, utilizing Marshall Valuation Service (national cost service) and a market derived entrepreneurial incentive. Accrued Depreciation attributable to the improvements was then estimated based upon the Economic Age-Life Method, and was subtracted from Replacement Cost New to arrive at Depreciated Replacement Cost New of the respective improvements. The estimated land value was then added to the Depreciated Replacement Cost New of the improvements to arrive at the estimated market value of the subject property by the Cost Approach. The estimated market value of the subject whole property was then allocated to each of the homesites, and the excess acreage.

The strength of the Cost Approach is the availability of recent comparable land sales in estimating the market value of the subject site “as vacant” in the Land Value section, and the availability of cost estimates from Marshall Valuation Service. A weakness of this approach is the difficulty in estimating Accrued Depreciation of the older improvements. Overall, the reliability of the Cost Approach is considered to be average.

Sales Comparison Approach

Certain principles are also basic to the Sales Comparison Approach: Substitution; supply and demand; balance; and, externalities. Again, the principle of substitution is very important. This principle states that the value of a specific property generally is set by the price necessary to acquire a substitute property of equivalent utility.

In the Sales Comparison Approach, comparable improved sales were examined and analyzed for comparison purposes to the respective dwelling improvements. The unit of comparison was whole property. Adjustments were made to the sales based upon differences with respect to the respective subject dwellings. The market value of the respective subject dwellings was then estimated from within the adjusted range of the comparables. Finally, the contributory value of the excess land (from Land Value Section) was added to the value of the subject dwellings to arrive at the estimated market value of the whole subject property by the Sales Comparison Approach. No discount could be supported to the sum of the values of the improved subject homesites and the excess land.

The strength of the Sales Comparison Approach is the availability of recent and reliable comparable sales. A weakness of this approach is that each of the comparables required adjustments; however, the adjustments were believed to be market supported. Overall, the reliability of the Sales Comparison Approach is considered to be good.

Income Capitalization Approach

The application of the Income Capitalization Approach is based on the operation of value influences and appraisal principles. The appraisal principles considered are: Anticipation and change; supply and demand; substitution; balance; and, externalities. Anticipation and change are very important. The principle of anticipation states that value is created by the expectation of benefits to be derived in the future. Income Capitalization methods attempt to forecast future benefits and estimate their present value. The Income Capitalization Approach also focuses on how change affects the value of income-producing properties.

The Income Capitalization Approach was not utilized as this is not typically the basis upon which buy/sell decisions are being made in this market on properties of the subject's nature. Application of the Income Capitalization Approach to Value was not considered necessary to produce credible appraisal results for the subject property.

Final Value

In the final value analysis both the Cost and Sales Comparison Approaches are given consideration. Most weight is placed on the Sales Comparison Approach due to the quantity and quality of evidence available to the appraiser; however, some weight is still placed on the Cost Approach

It is my opinion the **market value of the fee simple estate of the subject property**, as of July 10, 2014, was:

**NINE HUNDRED SEVENTY THOUSAND DOLLARS
(\$970,000)**

The preceding value reflects terms equivalent to cash to the owner, and represents that for real property only. No personal property has been included in this valuation assignment.

The preceding value estimate is based upon the following Extraordinary Assumptions:

- 1. That the subject and adjacent properties are in compliance with all applicable EPA regulations;**
- 2. That the subject excess acreage does not need a second point of ingress/egress;**
- 3. That the subject dwellings are structurally sound, and are not adversely affected by the presence of mold or other environmental issues;**
- 4. That the plumbing, electrical, and HVAC systems in the subject dwellings are in proper working order; and,**
- 5. That the subject land and dwelling sizes are approximately as indicated.**

If any, or all, of these Extraordinary Assumptions prove to be untrue, the preceding value estimate could be influenced.

The reader is referred to additional Assumptions and Limiting Conditions appearing in the Introduction Section of this report.

The estimated exposure time for the subject property is one± year or less. This was determined from an analysis of market conditions and comparable sales.

At the request of the client, the contributory value of each of the subject parts to the market value of the subject whole property is broken down as follows:

2634 Old Wire Rd. Homesite (0.50± AC)	= \$111,500
2648 Old Wire Rd. Homesite (0.75± AC)	= \$218,500
9.7± ACS of Excess Land	= \$640,000

EXPOSURE TIME

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold at the market value concluded in this analysis as of the date of this valuation.

The exposure times of Land Sales One and Three utilized in the Land Value section were 636± days and 1,264± days, respectively. The exact exposure time for Land Sale Two utilized in the Land Value section is not known. The exposure times of Improved Sales One through Three, and Five Through Seven utilized in the Sales Comparison Approach are 70± days, 72± days, 99± days, 71± days, 164± days, and 66± days, respectively. The exact exposure time for Improved Sale Four utilized in the Sales Comparison Approach is not known. Based on MLS data, the average exposure time for residential land sales in Benton and Washington Counties, greater than 1 acre in size, for the twelve months preceding the effective date of this report was indicated to be 385± days, while the median was indicated to be 184± days; this is based on 328 transactions. Based on MLS data, the average exposure time for single-family residential sales in Fayetteville for the twelve months preceding the effective date of this report was indicated to be 130± days, while the median was indicated to be 97± days; this is based on 1,235 transactions.

As previously discussed in this report, the real estate market in Benton and Washington Counties remains in a correction period, particularly the commercial sector. Slow improvement in economic conditions prolonged the correction period; however, national and local economic conditions have improved over the recent past and continued improvement is expected. This has resulted in significant improvement in the overall residential sector. There have also been some positive signs in the commercial sector (declining vacancy rates and some new development); however, the commercial sector as a whole is still lagging. There is still a significant amount of Other Real Estate Owned (OREO) being held by financial institutions in Northwest Arkansas. The correction period for the commercial sector is expected to last through 2014, and possibly beyond. Exposure times have extended as a result of the correction period.

The subject property is reasonably well located in an area with significant residential and special-purposes uses. The subject's proximity to Gulley Park is also a positive factor with respect to exposure time.

In my opinion, an exposure time of one± year or less is considered applicable to subject whole property.

PART IV-ADDENDA

Property Owner

Name: DUNN, ALLEN L & MARY L

Mailing Address: 2648 N OLD WIRE RD
FAYETTEVILLE, AR 72703-3771

Type: (AM) - Agri UMisc Imps

Tax Dist: (011) - FAYETTEVILLE SCH, FAY

Millage Rate: 53.75

Extended Legal: PT W/2 SE PT E/2 SW 9.7 A

Property Information

Physical Address: N OLD WIRE RD

Subdivision: 36-17-30 FAYETTEVILLE OUTLOTS

Block / Lot:

S-T-R: 36-17-30

Size (in Acres): 9.700

Market and Assessed Values:

	Estimated Market Value:	Full Assessed (20% Market Value):	Taxable Value:
Land:	\$1,700	\$340	\$340
Building:	\$500	\$100	\$100
Total:	\$2,200	\$440	\$440

Homestead Credit: \$0.00

Status: (N) - No Adj

Note: Tax amounts are estimates only. Contact the county/parish tax collector for exact amounts.

Land:

Land Use	Size	Units
Pasture(15)	0.300	Acres
Pasture(04)	0.540	Acres
Pasture(13)	4.110	Acres
Pasture(13)	4.750	Acres

Deed Transfers:

Date	Book	Page	Deed Type	Stamps	Est. Sale	Grantee	Code	Type
1/1/1985	93	19847	Warr. Deed	4.40	\$4,000	DUNN, ALLEN L. & MARY L. OLD WIRE RD	2648	Insufficient Amount

Details for Residential Card 1:

Occupancy	Story	Finish	1st Liv Area	Other Liv Area	Total Liv Area	Grade	Year Built	Age	Condition	Beds
			N/A		N/A	N/A	N/A	N/A		N/A

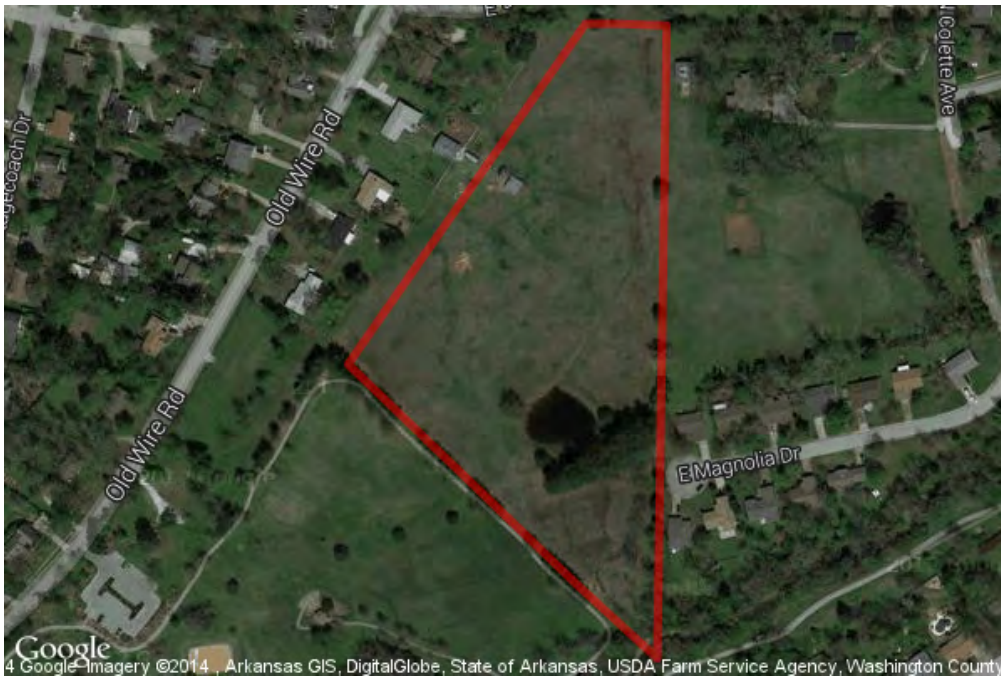
Exterior Wall: N/A
Foundation: N/A
Floor Struct: N/A
Floor Cover: N/A
Insulation: N/A
Roof Cover: N/A
Roof Type: N/A

Plumbing: N/A
Fireplace: N/A
Heat / Cool: N/A
Basement: N/A
Basement Area: N/A
Year Remodeled: N/A
Style: N/A

Outbuildings and Yard Improvements:

Item	Type	Size/Dim	Unit Multi.	Quality	Age
Outbuilding,frame		7x30			
General Purpose Barn		20x35			

Map:



Property Owner

Name: DUNN, ALLEN L & MARY L

Mailing Address: 2648 N OLD WIRE RD
FAYETTEVILLE, AR 72703-3771

Type: (RI) - Res. Improv.

Tax Dist: (011) - FAYETTEVILLE SCH, FAY

Millage Rate: 53.75

Extended Legal: PT NE SW .75 A

Property Information

Physical Address: 2648 N OLD WIRE RD

Subdivision: 36-17-30 FAYETTEVILLE OUTLOTS

Block / Lot:

S-T-R: 36-17-30

Size (in Acres): 0.000

Market and Assessed Values:

	Estimated Market Value:	Full Assessed (20% Market Value):	Taxable Value:
Land:	\$54,000	\$10,800	\$7,680
Building:	\$114,000	\$22,800	\$11,723
Total:	\$168,000	\$33,600	\$19,403

Homestead Credit: \$350.00

Status: (F) - Fixed

Note: Tax amounts are estimates only. Contact the county/parish tax collector for exact amounts.

Land:

Land Use	Size	Units
	1.000	House Lot

Deed Transfers:

Date	Book	Page	Deed Type	Stamps	Est. Sale	Grantee	Code	Type
6/22/1959	526	444	Warr. Deed	0.00	\$0	DUNN, ALLEN L & MARY L		

Not a Legal Document.

Subject to terms and conditions.

www.actDataScout.com

Details for Residential Card 1:

Occupancy	Story	Finish	1st Liv Area	Other Liv Area	Total Liv Area	Grade	Year Built	Age	Condition	Beds
Single Family	ONE	Masonry Veneer	1567	0	1567	4+5	1961	49	Average	N/A

Exterior Wall: BV

Foundation: Closed Piers

Floor Struct: Wood with subfloor

Floor Cover: Carpet & Tile

Insulation: Ceilings Walls

Roof Cover: Asphalt Shingle

Roof Type: Gable

Plumbing: Full: 1 Half: 1

Fireplace: Type: 1s Sgl.

Heat / Cool: Central

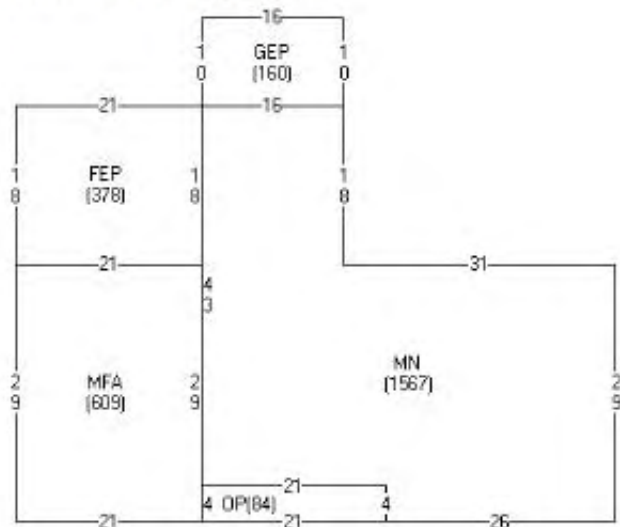
Basement: N/A

Basement Area: N/A

Year Remodeled: N/A

Style: N/A

DataScout, LLC



Base Structure:

Item	Label	Description	Area
A	MN	Main Living Area	1567
B	MFA	Garage - masonry finished, att	609
C	GEP	Porch, glass enclosed	160
D	FEP	Frame enclosed porch	378
E	OP	Porch, open	84

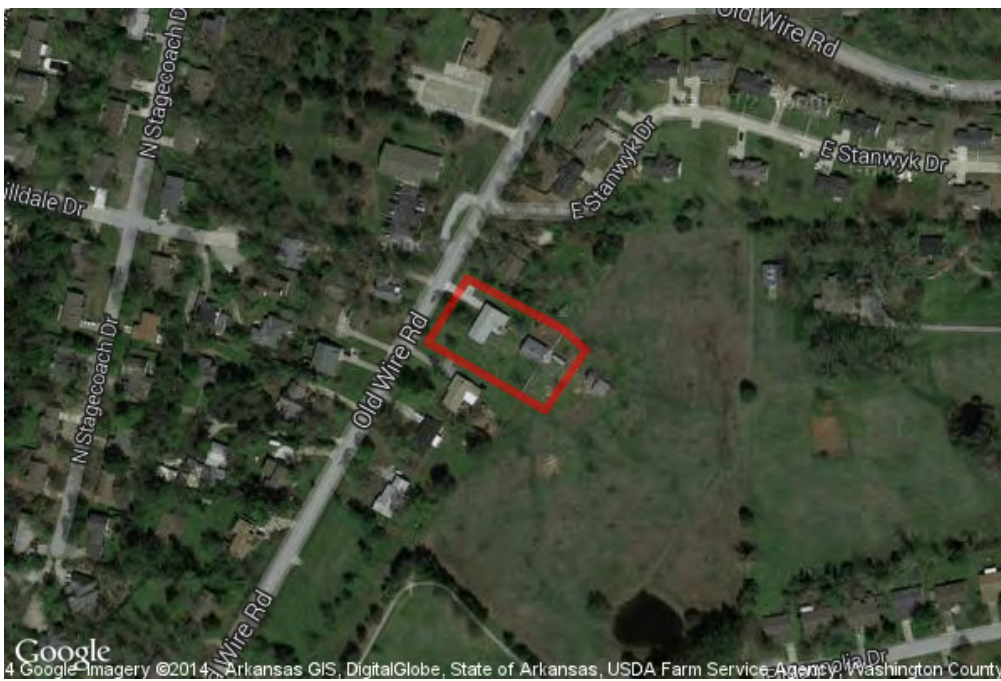
Not a Legal Document.
 Subject to terms and conditions.

www.actDataScout.com

Outbuildings and Yard Improvements:

Item	Type	Size/Dim	Unit Multi.	Quality	Age
Fence, chain link 4'		188	1		
Utility Bldg, Avg, Std Class		30x40	1		2000
Gravel Driveway					
Fence, wood 6'		121			
Driveway, concrete		18x80			
Driveway, concrete		15x16			

Map:



Not a Legal Document.
Subject to terms and conditions.

www.actDataScout.com

Property Owner

Name: DUNN, ALLEN & MARY L

Mailing Address: 2634 N OLD WIRE RD
FAYETTEVILLE, AR 72703-3771

Type: (RI) - Res. Improv.

Tax Dist: (011) - FAYETTEVILLE SCH, FAY

Millage Rate: 53.75

Extended Legal: PT NE SW .50 A

Property Information

Physical Address: 2634 N OLD WIRE RD

Subdivision: 36-17-30 FAYETTEVILLE OUTLOTS

Block / Lot:

S-T-R: 36-17-30

Size (in Acres): 0.000

Market and Assessed Values:

	Estimated Market Value:	Full Assessed (20% Market Value):	Taxable Value:
Land:	\$42,750	\$8,550	\$8,550
Building:	\$92,950	\$18,590	\$18,590
Total:	\$135,700	\$27,140	\$27,140

Homestead Credit: \$0.00

Note: Tax amounts are estimates only. Contact the county/parish tax collector for exact amounts.

Land:

Land Use	Size	Units
	1.000	House Lot

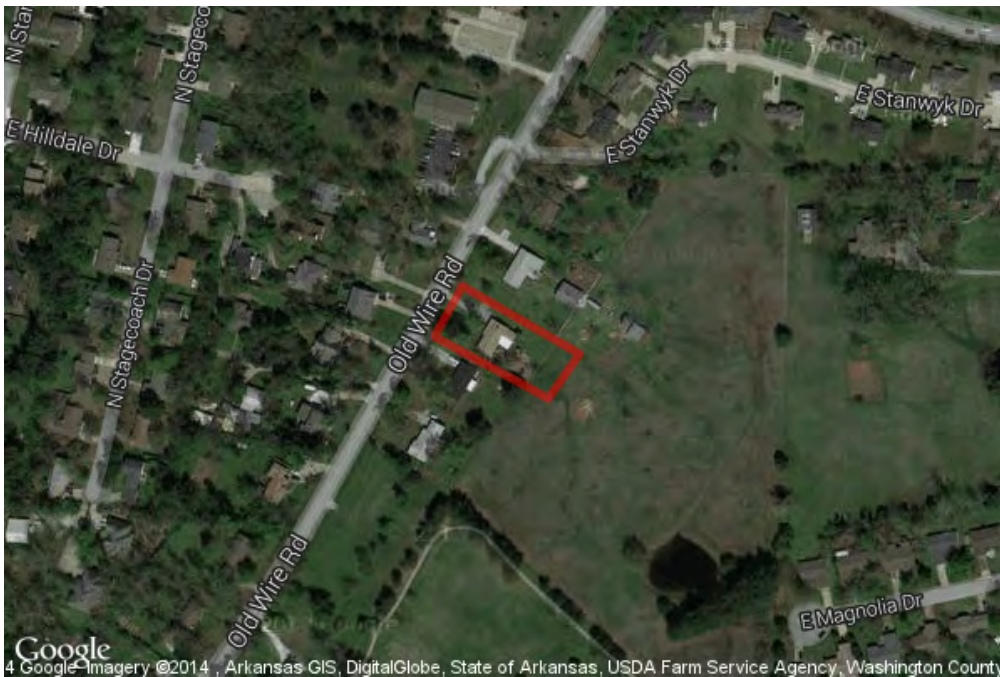
Base Structure:

Item	Label	Description	Area
A	MN	Main Living Area	1895
B	MFA	Garage - masonry finished, att	360
C	OP	Porch, open	84
D	OP	Porch, open	72

Outbuildings and Yard Improvements:

Item	Type	Size/Dim	Unit Multi.	Quality	Age
Asphalt Driveway		16x17	1		
Asphalt Driveway		12x104	1		
Fence, chain link 4'		251	1		
Well House		4x4			

Map:



Not a Legal Document.
 Subject to terms and conditions.

www.actDataScout.com

WARRANTY DEED

with relinquishment of dower and homestead

KNOW ALL MEN BY THESE PRESENTS:

That we, Fred Gulley and Floy Gulley, husband and wife

for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable considerations to me in hand paid by Allen Dunn and Mary L. Dunn, husband and wife

do hereby grant, bargain and sell unto the said Allen Dunn and Mary L. Dunn, husband and wife, and unto their

heirs and assigns, the following described land, situate in Washington County, State of Arkansas, to-wit:

Part of the East half of the Southwest Quarter and part of the West half of the Southeast Quarter of Section 36, in Township 17 North, of Range 30 West, described as follows: Beginning at a point 1485 feet East and 805 1/3 feet North of the South West corner of the Southeast Quarter of the Southwest Quarter, and running thence North 0°10' East 1185.2 feet; thence North 89° West 220 feet; thence South 33°36' West 486.6 feet; thence South 42°6' West 127.6 feet; thence South 30°11' West 124 feet; thence South 47° East 861.6 feet to the point of beginning, containing 9.7 acres, more or less.

TO HAVE AND TO HOLD the said lands and appurtenances thereunto belonging unto the said Allen Dunn and Mary L. Dunn, husband and wife, and unto their heirs and assigns, forever. And we, the said Fred Gulley and Floy Gulley, husband and wife hereby covenant that we are lawfully seized of said land and premises; that the same is unincumbered, and we will forever warrant and defend the title to the said lands against all legal claims whatever. And I, the said Floy Gulley wife of Fred Gulley

in consideration of said sum of money, do hereby release and relinquish unto the said Allen Dunn and Mary L. Dunn, husband and wife all my interest, right, title and dower and convey my homestead in and to said lands. WITNESS our hands and seals on this 27 day of April 1973.

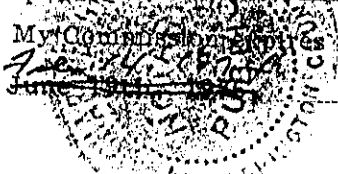
Fred Gulley [Seal]
Floy Gulley [Seal]

ACKNOWLEDGMENT

STATE OF ARKANSAS }
County of Washington } ss.

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the County aforesaid, duly commissioned and acting, Fred Gulley and Floy Gulley, husband and wife to me well known as the Grantor in the foregoing Deed, and stated that they had executed the same for the consideration and purposes therein mentioned and set forth.

Witness my hand and seal as such Notary Public this 27 day of April 1973



GREER ABSTRACT COMPANY

15 EAST MEADOW STREET

93 19847

ARKANSAS
\$4.00
430040

Do not write in this space

FILED FOR RECORD
23 APR 19 AM 8 52
WASHINGTON CO AR
A. KOLLMAYER

WARRANTY DEED BOOK 526

with relinquishment of dower and homestead

KNOW ALL MEN BY THESE PRESENTS:

That we, Fred Gulley and Floy Gulley, his wife

for and in consideration of the sum of One Dollar and other valuable considerations to us in hand paid by Allen L. Dunn and Mary L. Dunn, husband and wife,

do hereby grant, bargain and sell unto the said Allen L. Dunn and Mary L. Dunn, husband and wife, and unto their

heirs and assigns, the following described land, situate in Washington County, State of Arkansas, to-wit:

444 Filed for record JUN 9 1 19 PM 1959 Do not write in this space LLOYD CIRCULAR CLERK

Part of the Northeast quarter of the Southwest quarter of Section thirty six (36) in Township seventeen (17) North of Range thirty (30) West, described as follows: Beginning two hundred forty five and one-tenth (245.1) feet West and four hundred ninety one (491) feet North of the South East corner of said forty acre tract, thence South 12°08'11" West fifty-nine and seven tenths (59.7) feet for a place of beginning, and running, thence North 87°37'15" West one hundred ninety eight and eighty five hundredths (198.85) feet, more or less, to East line of Old Wire Road; thence South 28°55' 19" West one and eight-tenths (1.8) feet with East right of way line of said road; thence South 60°58' 19" East two hundred five and seventy five hundredths (205.75) feet; thence North 12°08' 11" East ninety five and three-tenths (95.3) feet to the place of beginning.

TO HAVE AND TO HOLD the said lands and appurtenances thereunto belonging unto the said Allen L. Dunn and Mary L. Dunn, husband and wife, and unto their heirs and assigns, forever. And we, the said grantors,

hereby covenant that we are lawfully seized of said land and premises; that the same is unincumbered, and we will forever warrant and defend the title to the said lands against all legal claims whatever.

And I, the said Floy Gulley wife of Fred Gulley

in consideration of said sum of money, do hereby release and relinquish unto the said Allen L. Dunn and Mary L. Dunn, husband and wife, all my interest, right, title and dower and convey my homestead in and to said lands.

WITNESS our hands and seals on this 22nd. day of June, 1959.

Fred Gulley [Seal] Floy Gulley [Seal]

ACKNOWLEDGMENT

STATE OF ARKANSAS } ss. County of Washington }

BE IT REMEMBERED, That on this day came before the undersigned, a Notary Public within and for the County aforesaid, duly commissioned and acting, Fred Gulley and Floy Gulley, husband and wife, to me well known as the Grantors in the foregoing Deed, and stated that they had executed the same for the consideration and purposes therein mentioned and set forth.

Witness my hand and seal as such Notary Public this 22nd. day of June, A.D. 1959. My Commission expires February 14, 1962.

Richard B. Peen Notary Public.

WARRANTY DEED

MARRIED PERSON CONVEYING SOLE OWNERSHIP
WITH SPOUSE'S RELINQUISHMENT OF ALL
RIGHTS AND INTERESTS

KNOW ALL MEN BY THESE PRESENTS:

That I, Allen Dunn

FILED FOR RECORD
'93 MAY 21 AM 9 40
WASHINGTON CO AR
A. MEYER

12/10/93
hereinafter called Grantor, for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to me in hand paid by

Allen Dunn and Mary L. Dunn,
husband and wife

26288 Old Dunn Co., 587
hereinafter called Grantee, do hereby grant, bargain and sell unto the said Grantee and Grantee's heirs and assigns, the following described land, situate in

Washington County, State of Arkansas, to-wit:

Part of the Northeast Quarter (NE $\frac{1}{4}$) of the Southwest Quarter (SW $\frac{1}{4}$) of Section Thirty-six (36) in Township Seventeen (17) North of Range Thirty (30) West, beginning two hundred forty-five and one-tenth (245.1) feet West and four hundred ninety-one (491) feet North of the Southeast corner of said forty (40) acre tract, and running, thence South 12 degrees 8'11" West one hundred fifty-five (155) feet for a point of beginning to the lands herein described, and running, thence North 60 degrees 58'19" West two hundred five and seventy-five hundredths (205.75) feet, more or less to the East right of way line of the Old Wire Road; thence South 28 degrees 65'11" West with said East line one hundred (100) feet; thence South 60 degrees 58'19" East two hundred (200) feet; thence Northeasterly one hundred (100) feet to the point of beginning.

Subject to easements, rights-of-way and restrictive covenants, if any.

TO HAVE AND TO HOLD the said lands and appurtenances thereunto belonging unto the said Grantee and Grantee's heirs and assigns, forever. And I, the said Grantor, hereby covenant that I am lawfully seized of said land and premises, that the same is unincumbered, and that I will forever warrant and defend the title to the said lands against all legal claims whatever.

And I, the said Grantor, hereby release and relinquish unto the said Grantee my dower/curtesy and homestead in and to said lands.

I, Mary L. Dunn, spouse of said Grantor, do hereby release and relinquish unto the said Grantee my dower/curtesy and homestead in and to said lands and quitclaim unto said Grantee any interest, right and title I may have therein.

WITNESS our hands and seals on this 20th day of May, 19 93
THIS INSTRUMENT PREPARED BY:

I certify that a copy of this
warranty deed as last fully
corrected and all necessary forms
have been placed on file.

Grantee Allen Dunn

Address Allen Dunn

Allen Dunn (Seal)

Mary L. Dunn (Seal)

Mary L. Dunn

ACKNOWLEDGMENT

STATE OF ARKANSAS : ss
County of Washington

On this 20th day of May, 19 93 before me, a notary public, personally appeared

Allen Dunn and Mary L. Dunn

known to me (or satisfactorily proven) to be the persons whose names are subscribed to the foregoing instrument and acknowledged that they had executed the same for the purposes therein set forth.

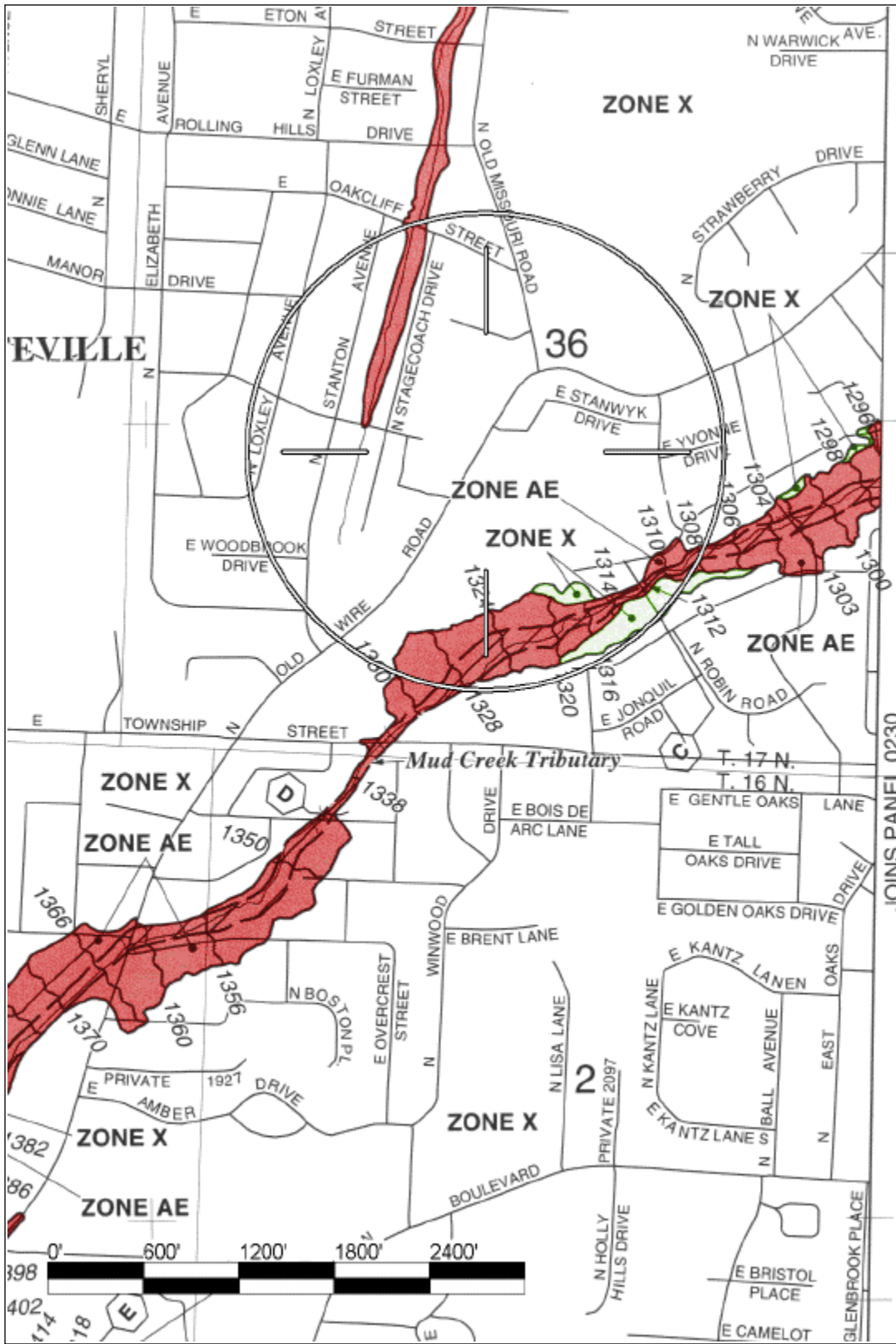
In witness whereof I hereunto set my hand and official seal.

My Commission Expires

OFFICIAL SEAL
CHERYL THOMAS MILLER
NOTARY PUBLIC - ARKANSAS
WASHINGTON COUNTY

Notary Public

93 27263



FLOODSCAPE™

Flood Hazards Map

Map Number
05143C0210F

Effective Date
May 16, 2008

Flood Legend

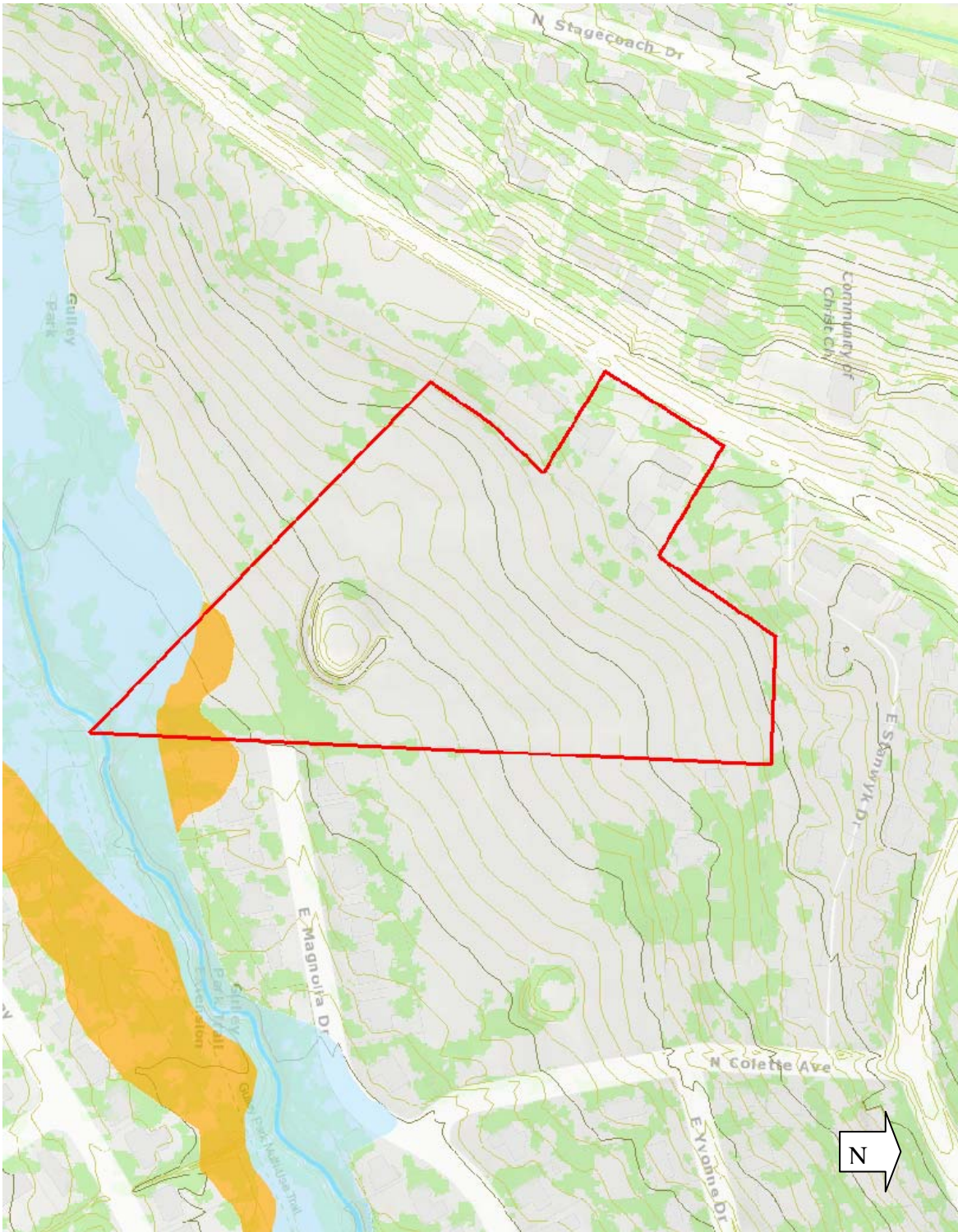
- High flood risk
- Moderate flood risk
- Low flood risk

This report makes no representations or warranties concerning its content, accuracy or completeness.

STDBonline.com
469.574.1234

Powered by FloodSource
877.77.FLOOD
www.floodsource.com

TOPOGRAPHY MAP



David Mix

From: David Mix <david@bassettmix.com>
Sent: Thursday, June 26, 2014 12:45 PM
To: Edmonston, Connie (cedmonston@fayetteville-ar.gov)
Subject: FW: Message from "RNP0026732E7288"
Attachments: 20140626120247942.pdf

Connie,
Attached please find a amortization schedule pertaining to the property that is owned by Mrs. Dunn on Old Wire Road here in Fayetteville.

They have decided to offer to the City of Fayetteville the following proposal.

Purchase price \$1.1 million

Down Payment of \$450,000.00

They will carry at 4% interest a loan to be paid out over a 5 year period in the amount of \$650,000.00.

They will consider monthly or yearly payments.

Please see the amortization chart with the terms as described.

Mrs. Dunn has an offer on the table from 3 local developers but she is waiting to see the response from the city. I am ethically bound to tell you that there is an offer. So this is not a sales ploy, but the truth to the matter. Their wish is for it to go to the City for the park. We need a quick response if this is even anything the City will respond to. She and the family are open to discussions on the proposal.

Thank you and you may call me any time. I would appreciate it if you would run all correspondence through me as the Dunn's are a little worn out with all the people that have been contacting them about the property.

You can reach me any time at 479-841-7377

Thank you sincerely,

David Mix
Broker/Owner
Bassett Mix and Assoc.

-----Original Message-----

From: David Mix [<mailto:david@bassettmix.com>]
Sent: Thursday, June 26, 2014 11:03 AM
To: David Mix
Subject: Message from "RNP0026732E7288"

This E-mail was sent from "RNP0026732E7288" (Aficio MP C5501).

Scan Date: 06.26.2014 12:02:47 (-0400)
Queries to: lanier@bassettmix.com



Arvest Personal Banking

How much will my fixed rate mortgage payment be?

This calculator computes the payments (principal and interest) for a fixed rate loan, using monthly interest compounding and monthly payments.

Home price % \$

Down payment % \$

Loan term Months Years

Interest rate

Show payment schedule

COMPUTE

Your payment will be \$11,970.74.

Financial Details

Home price	\$1,100,000.00
Down payment	\$450,000.00
Total amount financed	\$650,000.00
Payment amount	\$11,970.74
Total payments	\$718,244.36
Interest rate	4.000 %
Interest compounding	Monthly
Total finance charge	\$68,244.36

Payment Summary

Event	Amount	Term	Period
Loan	\$650,000.00	1	
Payment	\$11,970.74	59	Monthly
Payment	\$11,970.70	1	

Payment 31	\$11,970.74	\$1,137.37	\$10,833.37	\$330,376.14	
Payment 32	\$11,970.74	\$1,101.25	\$10,869.49	\$319,506.65	
Payment 33	\$11,970.74	\$1,065.02	\$10,905.72	\$308,600.93	
Payment 34	\$11,970.74	\$1,028.67	\$10,942.07	\$297,658.86	
Payment 35	\$11,970.74	\$992.20	\$10,978.54	\$286,680.32	
Payment 36	\$11,970.74	\$955.60	\$11,015.14	\$275,665.18	
Payment 37	\$11,970.74	\$918.88	\$11,051.86	\$264,613.32	
Payment 38	\$11,970.74	\$882.04	\$11,088.70	\$253,524.62	
Payment 39	\$11,970.74	\$845.08	\$11,125.66	\$242,398.96	
Payment 40	\$11,970.74	\$808.00	\$11,162.74	\$231,236.22	
Payment 41	\$11,970.74	\$770.79	\$11,199.95	\$220,036.27	
Payment 42	\$11,970.74	\$733.45	\$11,237.29	\$208,798.98	
Payment 43	\$11,970.74	\$696.00	\$11,274.74	\$197,524.24	
Payment 44	\$11,970.74	\$658.41	\$11,312.33	\$186,211.91	
Payment 45	\$11,970.74	\$620.71	\$11,350.03	\$174,861.88	
Payment 46	\$11,970.74	\$582.87	\$11,387.87	\$163,474.01	
Payment 47	\$11,970.74	\$544.91	\$11,425.83	\$152,048.18	
Payment 48	\$11,970.74	\$506.83	\$11,463.91	\$140,584.27	
Payment 49	\$11,970.74	\$468.61	\$11,502.13	\$129,082.14	
Payment 50	\$11,970.74	\$430.27	\$11,540.47	\$117,541.67	
Payment 51	\$11,970.74	\$391.81	\$11,578.93	\$105,962.74	
Payment 52	\$11,970.74	\$353.21	\$11,617.53	\$94,345.21	
Payment 53	\$11,970.74	\$314.48	\$11,656.26	\$82,688.95	
Payment 54	\$11,970.74	\$275.63	\$11,695.11	\$70,993.84	
Payment 55	\$11,970.74	\$236.65	\$11,734.09	\$59,259.75	
Payment 56	\$11,970.74	\$197.53	\$11,773.21	\$47,486.54	
Payment 57	\$11,970.74	\$158.29	\$11,812.45	\$35,674.09	
Payment 58	\$11,970.74	\$118.91	\$11,851.83	\$23,822.26	
Payment 59	\$11,970.74	\$79.41	\$11,891.33	\$11,930.93	
Payment 60	\$11,970.70	\$39.77	\$11,930.93	\$0.00	
Grand Total	\$650,000.00	\$718,244.36	\$68,244.36	\$650,000.00	\$0.00

This amortization schedule is powered by: ©TimeValue Software

Irwin Partners
3739 N. Steele Blvd. Ste 220
Fayetteville, AR72703
Phone: 479-444-9111 Fax: 479-444-9112

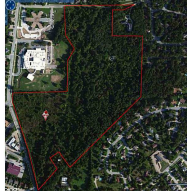
Tom Reed
ML# 699818
Current

07/16/14
List \$3,900,000

2900 OLD MISSOURI RD FAYETTEVILLE AR 72703 Land

INTERNAL INFORMATION

List Agt: Mitch Weigel 479-443-1313
List Ofc: Downtown Properties Real Estate Group
Ofc/Agt: 479-443-1313 479-466-2369
Co Agt:



Agt Fax: **479-527-7128**
Agt Email: mitch@dpreg.com

Owner:

Finance Terms:

Appraiser:

Showing Instructions:

Call to Show:

LP/Acre: \$77627.389

SP/Acre:

Subject To: NOT APPL

List Date: 02/01/14

Commissions/Fees Agency: ER

Pend Date:

Buyer Agent Fee: 2.5 Variable: N

Wdrwn Date:

Contingency:

Exp Date:

Virtual Tour:

Days Pending:

DOM: 165

SubType: RESD DEVPOTNL

Location:

Description: NO

School Dist: Fay-Ville

Elementary School:

Middle School:

High School:

Taxes: 3,900

Assmnt:

Assmnt Yr:

Mill Rate:

Disclosure: Y

Mobile Hm Allowed: N

Covenants:

Flood Zn: N

Zoning: RES

Parcel ID:

County: Washington Lot: 0 Block: 0 Subdivision: 36-17-30 Fayetteville Ou

Legal: PT W/2 NE & PT SE NW 52.24A

Acres: 50.240 Lot Dim: Irregular

Surveyed: Y Frontg:

Lot Desc: LEV SLP

Aso/POA Fee:

Exclusions:

Aso/POA Paid

Financing:

Assoc. Fees Incl:

Electric:

Lake/Property:

Gas:

Water/Sewer: STRTSWR

TV HkUp:

Ponds:

Roads: PUB PAVE

Streams:

Topography: **LEV SLP PTWOOD**

Minerals:

Fencing: PART WIRE

Public Remarks: 50+/- acres located in north Fayetteville currently zoned RSF4. Prime undeveloped residential acreage adjacent to Butterfield Elementary School, with convenient transportation corridors and access to utilities. Exact parcel size will be determined by two splits required to separate existing structures from the property. Preliminary S/D concept layouts indicate the "potential" for between 135 and 159 lots at the properties current RSF4 zoning. Seller will consider offers on smaller parcels. 1

MLS Remarks: Parcel offered is subject to lot splits within the city of Fayetteville to separate existing structures from the property. I currently have concept designs for RSF2, RSF4 and RSF7 zoning prepared by McClelland Engineering.

Directions: From Joyce in Fayetteville, south on Old Missouri, or from College Ave (Hwy 71) east on Rolling Hills to Old Missouri Rd.

Sell Ofc:

Selling Office Name:

Sell Agt:

Selling Agent Name:

Buyer Name:

Irwin Partners
3739 N. Steele Blvd. Ste 220
Fayetteville, AR72703
Phone: 479-444-9111 Fax: 479-444-9112

Tom Reed
ML# 711541
Current
07/16/14
List \$400,000

2911 OLD WIRE RD N FAYETTEVILLE

AR 72703

Land

INTERNAL INFORMATION

List Agt: Gina Lyle-Bailey 479-846-2222
List Ofc: Legend Realty
Ofc/Agt: 479-267-5911 479-263-1739
Co Agt:

Agt Fax: **479-267-5912**

Agt Email: ginalyle42@yahoo.com

Owner:

Finance Terms:

Appraiser:

Showing Instructions: Apmt Only LBSUP

Call to Show:

LP/Acre: \$74515.648

SP/Acre:

Subject To: NOT APPL

List Date: 07/10/14

Commissions/Fees Agency: ER

Pend Date:

Buyer Agent Fee: 3 Variable: N

Wdrwn Date:

Contingency:

Exp Date:

Virtual Tour:

Days Pending: 6

DOM: 6



SubType: RESD

Location:

Description: NO

School Dist: Fay-Ville

Elementary School:

Middle School:

High School:

Taxes: 620

Assmnt:

Assmnt Yr:

Mill Rate:

Disclosure: Y

Mobile Hm Allowed: N

Covenants:

Flood Zn:

Zoning:

Parcel ID: 765-16035-000

County: Washington

Lot: 0

Block: 0

Subdivision

FAYETTEVILLE OUTLOTS

Legal: PT NE NE 2.368 A, PT SE NE 3 AC

Acres: 5.368

Lot Dim: 5.368 AC

Surveyed:

Frontg:

Lot Desc: NSUBDV SEC

Aso/POA Fee:

Exclusions:

Assoc. Fees Incl:

Aso/POA Paid

Financing:

Electric: ONSITE

Gas: ONSITE

Water/Sewer: SITEWTR EXSTSPTC

TV HkUp:

Roads: PUB

Topography: **OPEN PTWOOD**

Lake/Property:

Ponds: NO

Streams:

Minerals: UNK

Fencing: NO

Public Remarks: Small house on property (no value), 32x44 garage/shop, barn. Shop is in good condition with steel beams & concrete floors. House is in need of repairs. Current appraisal. Great place to build a home. See MLS 711509

MLS Remarks: Make appointment to show. Seller is related to agent.

Directions: From I-49, go 71B (College) to Rolling Hills, turn left, go to Old Missouri & turn left onto Old Wire Rd. property on the left past Oak Bailey.

Sell Ofc:

Selling Office Name:

Sell Agt:

Selling Agent Name:

Buyer Name:



Katie Hampton <katie.hampton85@gmail.com>

FW: Gulley Park Expansion Project

Tom Reed <TReed@reedappraisal.biz>
To: katie.hampton85@gmail.com

Thu, Jul 3, 2014 at 12:45 PM

From: Edmonston, Connie [mailto:cedmonston@fayetteville-ar.gov]
Sent: Thursday, July 03, 2014 12:15 PM
To: Tom Reed
Cc: Tom Reed; Bearden, Alan; Spann, Alan
Subject: Re: Gulley Park Expansion Project

David Mix requested that you call him when you need to get on the property so he can notify the Dunn Family. David's cell is 841-7377. Thank you.

Sent from my iPad

On Jul 3, 2014, at 11:46 AM, "Spann, Alan" <aspann@fayetteville-ar.gov> wrote:

Mr. Reed,

My name is Alan Spann and I am writing to you on behalf of Connie Edmonston. The City would like for your company to proceed with the appraisal of the property adjacent to Gulley Park, according to the details in the email exchange between yourself and Connie. Within the appraisal, we would like for each home and corresponding lot to be valued separately from the open acreage. We have created **P.O. # 14-303** for \$3,500 for the appraisal by Reed & Associates.

Thanks very much and let me know if you have any questions or concerns.

Alan Spann

Recreation Superintendent

City of Fayetteville, Arkansas

T 479.444.3471 | F 479.521.7714

Website | Facebook | Twitter | Instagram | YouTube



Katie Hampton <katie.hampton85@gmail.com>

FW: Gulley Park Expansion Project

Tom Reed <TReed@reedappraisal.biz>
To: katie.hampton85@gmail.com

Thu, Jul 3, 2014 at 11:01 AM

From: Edmonston, Connie [mailto:cedmonston@fayetteville-ar.gov]
Sent: Thursday, July 03, 2014 9:46 AM
To: Tom Reed
Subject: RE: Gulley Park Expansion Project

Thank you Tom. I am waiting to hear back from the Dunn family if they will not sell the property until the City receives the appraisal and makes an offer on the property.

From: Tom Reed [mailto:TReed@reedappraisal.biz]
Sent: Thursday, July 03, 2014 9:33 AM
To: Edmonston, Connie
Subject: Gulley Park Expansion Project

Connie,

We will complete the appraisal in connection with the above captioned project by 1:00 P.M. on Friday, July 18th. Our fee will be \$3,500. I originally told you we accept credit cards for payment, but forgot we discontinued this a short time ago.

Thank-you,

TOM REED, MAI, CRE

Reed and Associates, Inc.

One Steele Plaza

3739 N. Steele Boulevard, Suite 220

Fayetteville, AR 72703

7/3/2014

Gmail - FW: Gulley Park Expansion Project

Email: treed@reedappraisal.biz

Phone: 479-521-6313 Ext. 102

Fax: 479-521-6315

RESOLUTION NO. 157-14

A RESOLUTION TO APPROVE THE ATTACHED OFFER AND ACCEPTANCE CONTRACT IN WHICH THE CITY AGREES TO PURCHASE ABOUT 11 ACRES OF LAND INCLUDING TWO HOUSES AND ANY OUTBUILDINGS FROM MARY L. DUNN FOR THE AMOUNT OF ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00), TO AUTHORIZE MAYOR JORDAN TO SIGN ALL NECESSARY DOCUMENTS FOR THIS PURCHASE AND TO APPROVE THE ATTACHED BUDGET ADJUSTMENT

WHEREAS, Mayor Jordan has signed the attached Offer and Acceptance Contract which is expressly contingent upon approval of the City Council; and

WHEREAS, the owner, Mary L. Dunn has also signed the attached Offer and Acceptance Contract.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1: That the City Council of the City of Fayetteville, Arkansas hereby approves and agrees to the attached Offer and Acceptance Contract in the amount of One Million One Hundred Thousand Dollars (\$1,100,000.00) to be paid as specified therein to Mary L. Dunn for the purchase of her property (about 11 acres) and authorizes Mayor Jordan to sign all necessary documents to carry out this purchase including a contract with the Fayetteville Natural Heritage Association, Inc.

Section 2: That the City Council of the City of Fayetteville, Arkansas hereby approves the attached budget adjustment for this purchase.

PASSED and APPROVED this 19th day of August, 2014.

APPROVED:

ATTEST:

By:


LIONEL JORDAN, Mayor

By:


SONDRA E. SMITH, City Clerk/Treasurer





CITY COUNCIL AGENDA MEMO

MEETING OF AUGUST 19, 2014

TO: Mayor and City Council

THRU: Justin Tenant, City Council Alderman, Ward 3, Position 1
Don Marr, Chief of Staff
Connie Edmonston, Parks and Recreation Director

FROM: Alison Jumper, Park Planning Superintendent

DATE: August 8, 2014

SUBJECT: Approval to Purchase approximately 10.95 acres of land adjacent to Gulley Park

RECOMMENDATION:

Approval of the purchase of approximately 10.95 acres of land including two single family residences adjacent to Gulley Park for \$1,100,000.

BACKGROUND:

Gulley Park is a 27 acre community park that was created in 1988 when the Fred Gulley family sold the land to the City of Fayetteville. Its walking trail, playgrounds, pavilion and open space are very highly used by citizens city wide. Fayetteville is fortunate to have many parks, however Gulley is one of the few parks that still retains a somewhat pastoral atmosphere due to the nature of the land, open, non-programmed usable green space. As many are aware, people do not have to be actively engaged in any particular outdoor sport or recreation activity to reap the benefits of being in nature. Often it just takes 'being' in nature to reset. The addition of the land to the north is a natural expansion of what the City currently provides and will preserve that pastoral setting to which people appear to flock.

Gulley Park is one of the City's most popular parks. It is home to the Gulley Park Concert Series, which has completed its 18th consecutive year. The concerts draw an average crowd of 1,000 people per show. In 2013, citizens reserved the Gulley Park pavilions over 400 times. In additions, many events are held at Gulley Park such as the annual Dogwood Walk, Cow Paddy Run and our own drama camp.

The property adjacent to the park has been offered for sale. A group of citizens formed the Friends of Gulley Park group in support of purchasing the property and they are currently raising funds to assist in the purchase. An offer and acceptance contract has been signed by the seller (attached).

DISCUSSION:

The City of Fayetteville solicited bids to conduct an appraisal of the land. Reed and Associates, Inc. was the low bid. According to the attached appraisal, the land and two homes are worth \$970,000. Staff is requesting approval to make an offer to purchase the land and two residences

for \$1,100,000 The offer includes an initial payment of \$700,000, a second payment \$270,000 to be made on February 1, 2016 and a final payment of \$130,000 on February 1, 2017.

The Fayetteville Natural Heritage Association (FNHA) has committed to raise \$130,000 above the appraised value. The efforts of the "Friends of Gulley Park" group have already raised a substantial amount of the \$130,000 to go towards FNHA's commitment.

The opportunity to preserve greenspace in the center of the city does not present itself often. This property acquisition would add important land to the City's parks system, improving upon our Green Infrastructure. A public meeting will be held at some point in the future to determine the citizen's desires for development of the approximate 9.7 acres addition to Gulley Park. A master plan will be designed and presented to the public and Parks and Recreation Advisory Board for approval.

BUDGET/STAFF IMPACT:

Funding for the purchase would come from the Parks Development Funds proposed in 2015 of the Capital Improvement Plan (\$700,000), and 2016 (\$270,000). The original proposal for the 2015 capital project included the renovation of the trail, lighting, and additional parking at Gulley Park. These Gulley Park improvements would be delayed until the next five year Capital Improvement Plan.

The current proposed 2016 capital project is to make improvements at Wilson Park to the rock house, restroom, basketball court and playground. If the purchase of the land adjacent to Gulley is approved, it is anticipated that the two lots with homes fronting Old Wire Road would be sold. The revenue from the sale of these houses will go towards the second payment of \$270,000 in 2016 and will help replenish the funding planned for the improvements to Wilson Park.

This land purchase would increase maintenance costs minimally as it will be incorporated into the existing maintenance plan for Gulley Park.

Attachments:

- Offer and Acceptance Contract
- Letter of Commitment from FNHA
- Appraisal
- Staff Review Form



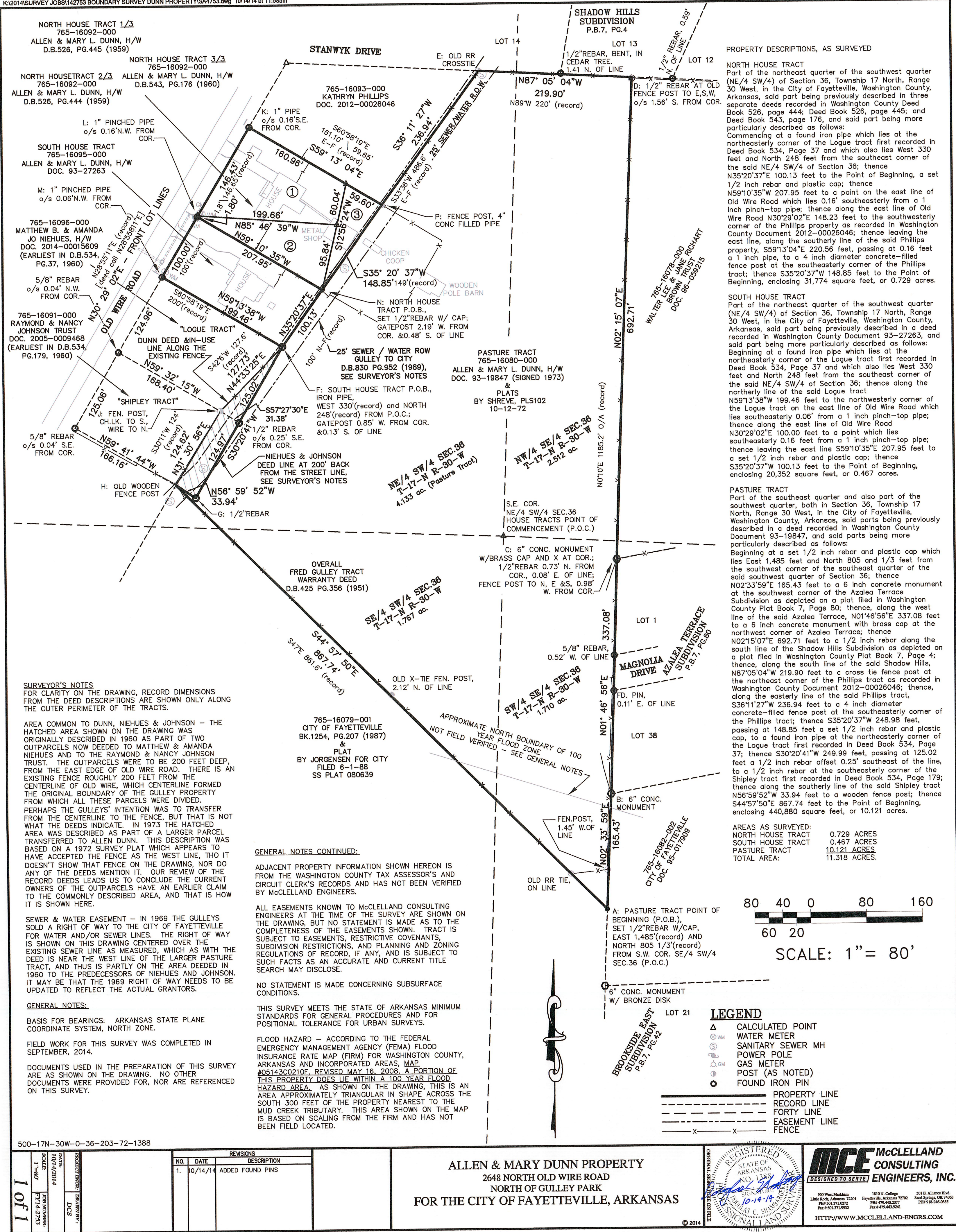
STAFF MEMO

TO: Connie Edmonston, Parks & Recreation Director
THRU: Don Marr, Chief of Staff
FROM: Connie Edmonston, Parks & Recreation Director
DATE: August 11, 2014
SUBJECT: Change of CIP if Gulley Park Land Expansion Purchase is approved

RECOMMENDATION:

If the Gulley Park land expansion is approved, there will be a couple of changes to our CIP as follows:

1. Gulley Park land expansion purchase: \$1,100,000
2015: \$700,000
2016: \$270,000
2017: \$130,000 – Contracted to be funded by the Fayetteville Natural Heritage Association.
2. In 2015, the original proposal of \$700,000 to renovate the trail and lighting, and providing additional parking at Gulley Park will be delayed until the next five year Capital Improvement Plan.
3. The current proposed 2016 capital project is to make improvements at Wilson Park to the rock house, restroom, basketball court and playground. It is anticipated that the two lots with homes fronting Old Wire Road would be sold. The revenue from the sale of these houses will go towards the second payment of \$270,000 in 2016 and will help replenish the funding planned for the improvements to Wilson Park



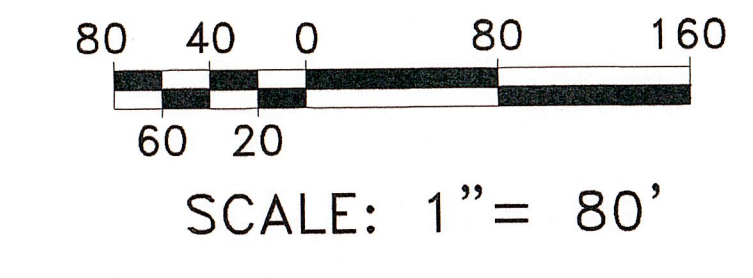
PROPERTY DESCRIPTIONS, AS SURVEYED

NORTH HOUSE TRACT
Part of the northeast quarter of the southwest quarter (NE/4 SW/4) of Section 36, Township 17 North, Range 30 West, in the City of Fayetteville, Washington County, Arkansas, said part being previously described in three separate deeds recorded in Washington County Deed Book 526, page 444; Deed Book 526, page 445; and Deed Book 543, page 176, and said part being more particularly described as follows:
Commencing at a found iron pipe which lies at the northeasterly corner of the Logue tract first recorded in Deed Book 534, Page 37 and which also lies West 330 feet and North 248 feet from the southeast corner of the said NE/4 SW/4 of Section 36; thence N35°20'37"E 100.13 feet to the Point of Beginning, a set 1/2 inch rebar and plastic cap; thence N59°10'35"W 207.95 feet to a point on the east line of Old Wire Road which lies 0.16' southeasterly from a 1 inch pinch-top pipe; thence along the east line of Old Wire Road N30°29'02"E 148.23 feet to the southwesterly corner of the Phillips property as recorded in Washington County Document 2012-00026046; thence leaving the east line, along the southerly line of the said Phillips property, S59°13'04"E 220.56 feet, passing at 0.16 feet a 1 inch pipe, to a 4 inch diameter concrete-filled fence post at the southeasterly corner of the Phillips tract; thence S35°20'37"W 148.85 feet to the Point of Beginning, enclosing 31,774 square feet, or 0.729 acres.

SOUTH HOUSE TRACT
Part of the northeast quarter of the southwest quarter (NE/4 SW/4) of Section 36, Township 17 North, Range 30 West, in the City of Fayetteville, Washington County, Arkansas, said part being previously described in a deed recorded in Washington County Document 93-27263, and said part being more particularly described as follows:
Beginning at a found iron pipe which lies at the northeasterly corner of the Logue tract first recorded in Deed Book 534, Page 37 and which also lies West 330 feet and North 248 feet from the southeast corner of the said NE/4 SW/4 of Section 36; thence along the northerly line of the said Logue tract N59°13'38"W 199.46 feet to the northwesterly corner of the Logue tract on the east line of Old Wire Road which lies southeasterly 0.06' from a 1 inch pinch-top pipe; thence along the east line of Old Wire Road N30°29'02"E 100.00 feet to a point which lies southeasterly 0.16 feet from a 1 inch pinch-top pipe; thence leaving the east line S59°10'35"E 207.95 feet to a set 1/2 inch rebar and plastic cap; thence S35°20'37"W 100.13 feet to the Point of Beginning, enclosing 20,352 square feet, or 0.467 acres.

PASTURE TRACT
Part of the southeast quarter and also part of the southwest quarter, both in Section 36, Township 17 North, Range 30 West, in the City of Fayetteville, Washington County, Arkansas, said parts being previously described in a deed recorded in Washington County Document 93-19847, and said parts being more particularly described as follows:
Beginning at a set 1/2 inch rebar and plastic cap which lies East 1,485 feet and North 805 and 1/3 feet from the southwest corner of the southeast quarter of the said southwest quarter of Section 36; thence N02°33'59"E 165.43 feet to a 6 inch concrete monument at the southwest corner of the Azalea Terrace Subdivision as depicted on a plat filed in Washington County Plat Book 7, Page 80; thence, along the west line of the said Azalea Terrace, N01°46'56"E 337.08 feet to a 6 inch concrete monument with brass cap at the northwest corner of Azalea Terrace; thence N02°15'07"E 692.71 feet to a 1/2 inch rebar along the south line of the Shadow Hills Subdivision as depicted on a plat filed in Washington County Plat Book 7, Page 4; thence, along the south line of the said Shadow Hills, N87°05'04"W 219.90 feet to a cross tie fence post at the northeast corner of the Phillips tract as recorded in Washington County Document 2012-00026046; thence, along the easterly line of the said Phillips tract, S36°11'27"W 236.94 feet to a 4 inch diameter concrete-filled fence post at the southeasterly corner of the Phillips tract; thence S35°20'37"W 248.98 feet, passing at 148.85 feet a set 1/2 inch rebar and plastic cap, to a found iron pipe at the northeasterly corner of the Logue tract first recorded in Deed Book 534, Page 37; thence S30°20'41"W 249.99 feet, passing at 125.02 feet a 1/2 inch rebar offset 0.25' southeast of the line, to a 1/2 inch rebar at the southeasterly corner of the Shipley tract first recorded in Deed Book 534, Page 179; thence along the southerly line of the said Shipley tract N56°59'52"W 33.94 feet to a wooden fence post; thence S44°57'50"E 867.74 feet to the Point of Beginning, enclosing 440,880 square feet, or 10.121 acres.

AREAS AS SURVEYED:
NORTH HOUSE TRACT 0.729 ACRES
SOUTH HOUSE TRACT 0.467 ACRES
PASTURE TRACT 10.121 ACRES
TOTAL AREA: 11.318 ACRES.



LEGEND

- △ CALCULATED POINT
- ⊗ WM WATER METER
- ⊗ SS SANITARY SEWER MH
- ⊗ GP POWER POLE
- ⊗ GM GAS METER
- POST (AS NOTED)
- FOUND IRON PIN
- PROPERTY LINE
- - - RECORD LINE
- · - FORTY LINE
- · - EASEMENT LINE
- · - FENCE

SURVEYOR'S NOTES
FOR CLARITY ON THE DRAWING, RECORD DIMENSIONS FROM THE DEED DESCRIPTIONS ARE SHOWN ONLY ALONG THE OUTER PERIMETER OF THE TRACTS.

AREA COMMON TO DUNN, NIEHUES & JOHNSON - THE HATCHED AREA SHOWN ON THE DRAWING WAS ORIGINALLY DESCRIBED IN 1960 AS PART OF TWO OUTPARCELS NOW DEEDED TO MATTHEW & AMANDA NIEHUES AND TO THE RAYMOND & NANCY JOHNSON TRUST. THE OUTPARCELS WERE TO BE 200 FEET DEEP, FROM THE EAST EDGE OF OLD WIRE ROAD. THERE IS AN EXISTING FENCE ROUGHLY 200 FEET FROM THE CENTERLINE OF OLD WIRE, WHICH CENTERLINE FORMED THE ORIGINAL BOUNDARY OF THE GULLEY PROPERTY FROM WHICH ALL THESE PARCELS WERE DIVIDED. PERHAPS THE GULLEYS' INTENTION WAS TO TRANSFER FROM THE CENTERLINE TO THE FENCE, BUT THAT IS NOT WHAT THE DEEDS INDICATE. IN 1973 THE HATCHED AREA WAS DESCRIBED AS PART OF A LARGER PARCEL TRANSFERRED TO ALLEN DUNN. THIS DESCRIPTION WAS BASED ON A 1972 SURVEY PLAT WHICH APPEARS TO HAVE ACCEPTED THE FENCE AS THE WEST LINE, THO IT DOESN'T SHOW THAT FENCE ON THE DRAWING, NOR DO ANY OF THE DEEDS MENTION IT. OUR REVIEW OF THE RECORD DEEDS LEADS US TO CONCLUDE THE CURRENT OWNERS OF THE OUTPARCELS HAVE AN EARLIER CLAIM TO THE COMMONLY DESCRIBED AREA, AND THAT IS HOW IT IS SHOWN HERE.

SEWER & WATER EASEMENT - IN 1969 THE GULLEYS SOLD A RIGHT OF WAY TO THE CITY OF FAYETTEVILLE FOR WATER AND/OR SEWER LINES. THE RIGHT OF WAY IS SHOWN ON THIS DRAWING CENTERED OVER THE EXISTING SEWER LINE AS MEASURED, WHICH AS WITH THE DEED IS NEAR THE WEST LINE OF THE LARGER PASTURE TRACT, AND THIS IS PARTLY ON THE AREA DEEDED IN 1960 TO THE PREDECESSORS OF NIEHUES AND JOHNSON. IT MAY BE THAT THE 1969 RIGHT OF WAY NEEDS TO BE UPDATED TO REFLECT THE ACTUAL GRANTORS.

GENERAL NOTES:
BASIS FOR BEARINGS: ARKANSAS STATE PLANE COORDINATE SYSTEM, NORTH ZONE.
FIELD WORK FOR THIS SURVEY WAS COMPLETED IN SEPTEMBER, 2014.

DOCUMENTS USED IN THE PREPARATION OF THIS SURVEY ARE AS SHOWN ON THE DRAWING. NO OTHER DOCUMENTS WERE PROVIDED FOR, NOR ARE REFERENCED ON THIS SURVEY.

GENERAL NOTES CONTINUED:
ADJACENT PROPERTY INFORMATION SHOWN HEREON IS FROM THE WASHINGTON COUNTY TAX ASSESSOR'S AND CIRCUIT CLERK'S RECORDS AND HAS NOT BEEN VERIFIED BY McCLELLAND ENGINEERS.

ALL EASEMENTS KNOWN TO McCLELLAND CONSULTING ENGINEERS AT THE TIME OF THE SURVEY ARE SHOWN ON THE DRAWING, BUT NO STATEMENT IS MADE AS TO THE COMPLETENESS OF THE EASEMENTS SHOWN. TRACT IS SUBJECT TO EASEMENTS, RESTRICTIVE COVENANTS, SUBDIVISION RESTRICTIONS, AND PLANNING AND ZONING REGULATIONS OF RECORD, IF ANY, AND IS SUBJECT TO SUCH FACTS AS AN ACCURATE AND CURRENT TITLE SEARCH MAY DISCLOSE.

NO STATEMENT IS MADE CONCERNING SUBSURFACE CONDITIONS.

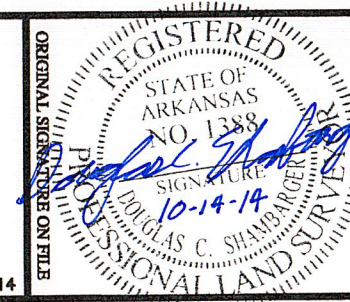
THIS SURVEY MEETS THE STATE OF ARKANSAS MINIMUM STANDARDS FOR GENERAL PROCEDURES AND FOR POSITIONAL TOLERANCE FOR URBAN SURVEYS.

FLOOD HAZARD - ACCORDING TO THE FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA) FLOOD INSURANCE RATE MAP (FIRM) FOR WASHINGTON COUNTY, ARKANSAS AND INCORPORATED AREAS, MAP #05143C0210E, REVISED MAY 16, 2008, A PORTION OF THIS PROPERTY DOES LIE WITHIN A 100 YEAR FLOOD HAZARD AREA. AS SHOWN ON THE DRAWING, THIS IS AN AREA APPROXIMATELY TRIANGULAR IN SHAPE ACROSS THE SOUTH 300 FEET OF THE PROPERTY NEAREST TO THE MUD CREEK TRIBUTARY. THIS AREA SHOWN ON THE MAP IS BASED ON SCALING FROM THE FIRM AND HAS NOT BEEN FIELD LOCATED.

500-17N-30W-0-36-203-72-1388

NO.	DATE	REVISIONS	
		DESCRIPTION	BY
1.	10/14/14	ADDED FOUND PINS	

ALLEN & MARY DUNN PROPERTY
2648 NORTH OLD WIRE ROAD
NORTH OF GULLEY PARK
FOR THE CITY OF FAYETTEVILLE, ARKANSAS



MCE McCLELLAND CONSULTING ENGINEERS, INC.
DESIGNED TO SERVE

900 West Main Street, Fayetteville, Arkansas 72701
937 501-3710 ext. 2271 Fax # 937-501-9932

1810 N. College, Fayetteville, Arkansas 72702
937 443-2371 Fax # 937-443-2941

531 E. Allison Blvd., Searcy, Arkansas 72082
937 918-246-0555

HTTP://WWW.MCCLELLAND-ENGRS.COM