

SECTION ONE - SUMMARY OF THE APPRAISAL

CLIENT:

APPRAISER:

Don M. Baker II
Certified General Real Estate Appraiser - State of Arizona

PROPERTY IDENTIFICATION:

1195 W. Placita Quieta
Green Valley, AZ 85614

LEGAL DESCRIPTION:

Lot 19, Solar del Viejo,
Pima County, Arizona

OWNERSHIP:

According to records of the Pima County Assessor, title to the subject property is in the name of the _____, according to Docket 13025 at Page 4589, dated April 3, 2007.

STATE PARCEL NUMBER:

304-54-0190

PURPOSE OF THE APPRAISAL:

The purpose of this appraisal is to estimate fair market value. Fair Market value, as utilized in this appraisal, is:

"The fair market value is the price at which the property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of relevant facts."

INTENDED USE OF THE APPRAISAL:

The use for which this appraisal assignment was undertaken is for gifting and gift tax purposes. The Limiting Conditions attached to this report limit other uses without the written consent of the Appraiser.

DESCRIPTION OF THE NEIGHBORHOOD:

A residential neighborhood consisting mainly of the town of Green Valley, Arizona, an age-restricted retirement community located approximately 20 miles south of Tucson. It consists of tract, semi-custom and custom single-family residences, town/patio homes and a limited amount of condominiums. Other property types in the area include commercial-use properties mainly at the major traffic intersections. Access to parks, schools, shopping and professional services is good. There are no adverse influences in the neighborhood, and no significant deterioration is evident.

DESCRIPTION OF THE SITE:

A irregular-shaped residential building site, zoned CR-1 (which permits SFRs on lots larger than 36,000 sq.ft.), and located on the south side of Placita Quieta, east of Camino del Sol. The site contains 57,090 square feet (1.31 acres), according to recorded plat map of Solar del Viejo. Placita Quieta is currently a private two-lane asphalt-paved road with some concrete curbs and no sidewalks. Public utilities available to the site include electricity, gas and water. A private septic system is required, but is typical in the area and not adverse. There are no adverse influences or evident encroachments, and the site is not considered to be flood-prone.

The property is located in the Solar del Viejo subdivisions, which is more commonly known as Alamos Estates. It is a restricted access subdivision with electronic gates at the east and west entrances. The monthly association fee is \$100 for maintenance of the gates, streets and common areas. Alamos Estates is a custom home subdivision with prices ranging from approximately \$300,000 to over \$600,000.

VALUATION DATE:

January 30, 2016

LIMITING CONDITIONS (GENERAL):

Certain standard assumptions and limiting conditions underlie this appraisal, and are attached to this Report.

The value is based on terms of sale which are all cash to the seller, and includes payment of a typical real estate brokerage commission.

INTEREST APPRAISED:

Fee simple estate. A typical form of ownership unencumbered by other interests or estates, but subject to the limitations of eminent domain, escheat, police power, and taxation.

SCOPE OF THE ASSIGNMENT:

This assignment included (a) research of public records, a property inspection (including photos, (b) a data search for listings, sales, and pending sales of comparable properties in the Multiple Listing Service of the Tucson Association of Realtors and the Green Valley Sahuarita Association of Realtors, (c) analysis of those properties deemed to be the most reliable indicators of the market value of the subject property in the present market, (d) correlation of the various analyses into an estimated range of value, and (e) the concluding of a final estimate of a fair market value.

HIGHEST & BEST USE OF THE PROPERTY:

Single-family residence. This is the use that is most reasonable and probable, and which is legally permitted.

LISTING AND/OR SALE HISTORY:

There is no record of a sale or listing of the subject property in the last three years.

MARKET CONDITIONS:

Currently, the market for residential lots in the Green Valley area is oversupplied. According to the Tucson MLS, there are 63 lots currently for sale, with 9 having sold in the last 12 months. In gated developments like the subject, there are currently 29 listings of available lots, with 5 having sold in the past 12 months. Therefore, based on current demand there is almost a six-year supply. With the overall slowdown in the national economy and the associated decline in residential prices, the demand for residential lots for development has also declined. With these oversupplied conditions, sellers must be very competitive to affect a sale. Green Valley continues to benefit from due to its sunbelt location.

EXPOSURE TIME/MARKETING TIME:

Review of recent listing/sale data of properties similar to the subject (in the general subject area), indicates that for competitively-priced properties, the typical property exposure times (days on market) can range from 100 to over 365 days. With little change in (1) the overall real estate market conditions, (2) the availability of affordable mortgage financing, (3) and supply and demand, the estimated marketing period for the subject property – competitively priced (at or near market value estimate) – is estimated to be consistent with this data and should range from 100 to no more than 365 days (one year).

REPORT SPECIFICATIONS:

This report is prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of The Appraisal Foundation, and the Code of Ethics and the Standards of Professional Practice of the Appraisal Institute.

OPINION OF MARKET VALUE:

\$110,000

SECTION THREE - SUMMARY OF VALUATION APPROACHES

A. DIRECT COMPARISON ANALYSIS SUMMARY

The direct comparison analysis considers sales and listings of properties deemed similar to the subject. The following properties were utilized in this analysis:

Sale 1. 1053 E. Baldy Spring Place. Sold in April 2015, for \$50,000 - financing was cash to the seller. Contains 0.75 acres, is irregular in shape, with mostly flat topography. The site has some mountain views and all utilities are available. This property is inferior to the subject in views, size and not being in a gated subdivision. It is superior in topography. Overall, this property is inferior to the subject, with the sale price of \$50,000 being adjusted upward significantly when comparing to the subject property.

Sale 2. 1072 E. Baldy Spring Place. Sold in March 2015, for \$92,500 - financing was cash to the seller. Contains 1.17 acres, is irregular in shape, with sloping topography. The site has some mountain views and all utilities are available. This property is inferior to the subject in views and not being in a gated subdivision. It is similar in size and topography. Overall, this property is significantly inferior to the subject, with the sale price of \$92,500 being adjusted upward when comparing to the subject property.

Sale 3. 1062 E. Cave Canyon Place. Sold in January 2015, for \$122,500 - financing was cash to the seller. Contains 1.49 acres, is irregular in shape, with mostly level topography. The site has good mountain views and all utilities are available. It is inferior to the subject in not being gated and is superior in topography. Overall, this property is considered slightly superior to the subject. Therefore, this sale indicates that the market value of the subject property is slightly less than \$122,500.

Sale 4. 22 W. Silver Sky Place. Sold in January 2015, for \$150,000 - financing was cash to the seller. Contains 5.0 acres, is rectangular in shape, with mostly level topography. The site has good mountain views and all utilities are available except sewer (need septic). This property is inferior to the subject in not being gated. It is superior in topography and size. Overall, this sale indicates that the market value of the subject property is significantly less than \$150,000.

Sale 5. 3121 S. Corte Amarilla. Sold in September 2014, for \$141,500 - financing was cash to the seller. Contains 1.65 acres, is irregular in shape, with mostly level topography. The site has good views and all utilities are available except septic. This property is superior to topography and size. It is similar in most other respects. Although this is an older sale, no adjustment is required for time/date of sale. Therefore, this sale indicates that the market value of the subject property is less than \$141,500.

Listing. 1053 W. Corte Sombra de Terraza. Currently listed for \$132,000. This is the most competitive listing to the subject and is located in the subject subdivision. There have been no recent sales of lots within the subject subdivision. It is similar to the subject, being similar in size, topography and views. This property has been listed for over 880 days, but was only recently reduced from a list price of \$142,000 to \$132,000. It should be noted that properties typically sell for less than their list price.

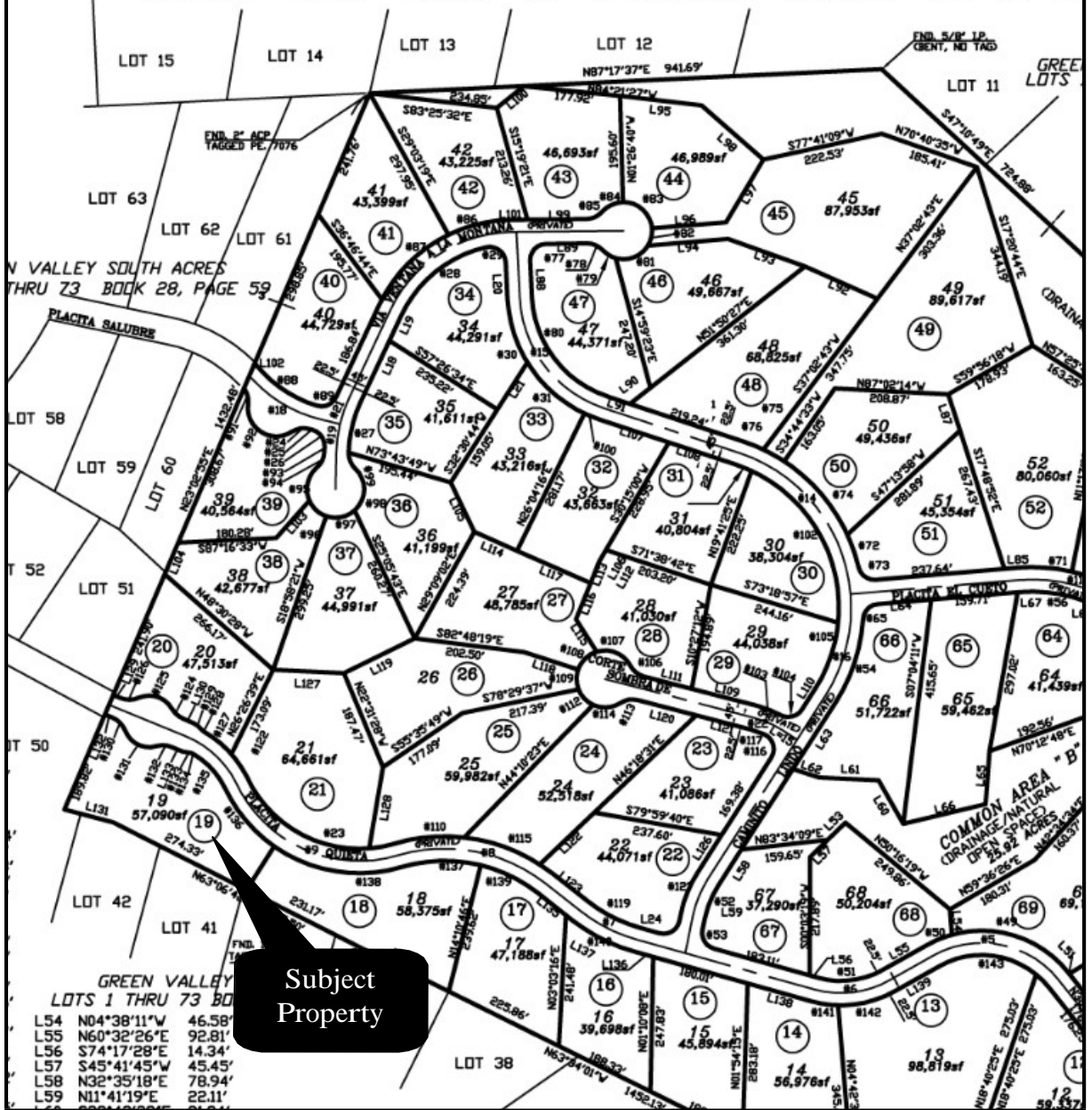
After analysis of the above comparable properties, and adjustment for those differences indicated, it is concluded that the fair market value range of the subject property, based on the direct comparison analysis, is \$85,000 to \$125,000. This range is wider than typical due to the lack of more recent and competitive sales of lots similar to the subject.

The estimate of fair market value, as derived from the direct comparison approach, is concluded from within the market value range, and is \$110,000.

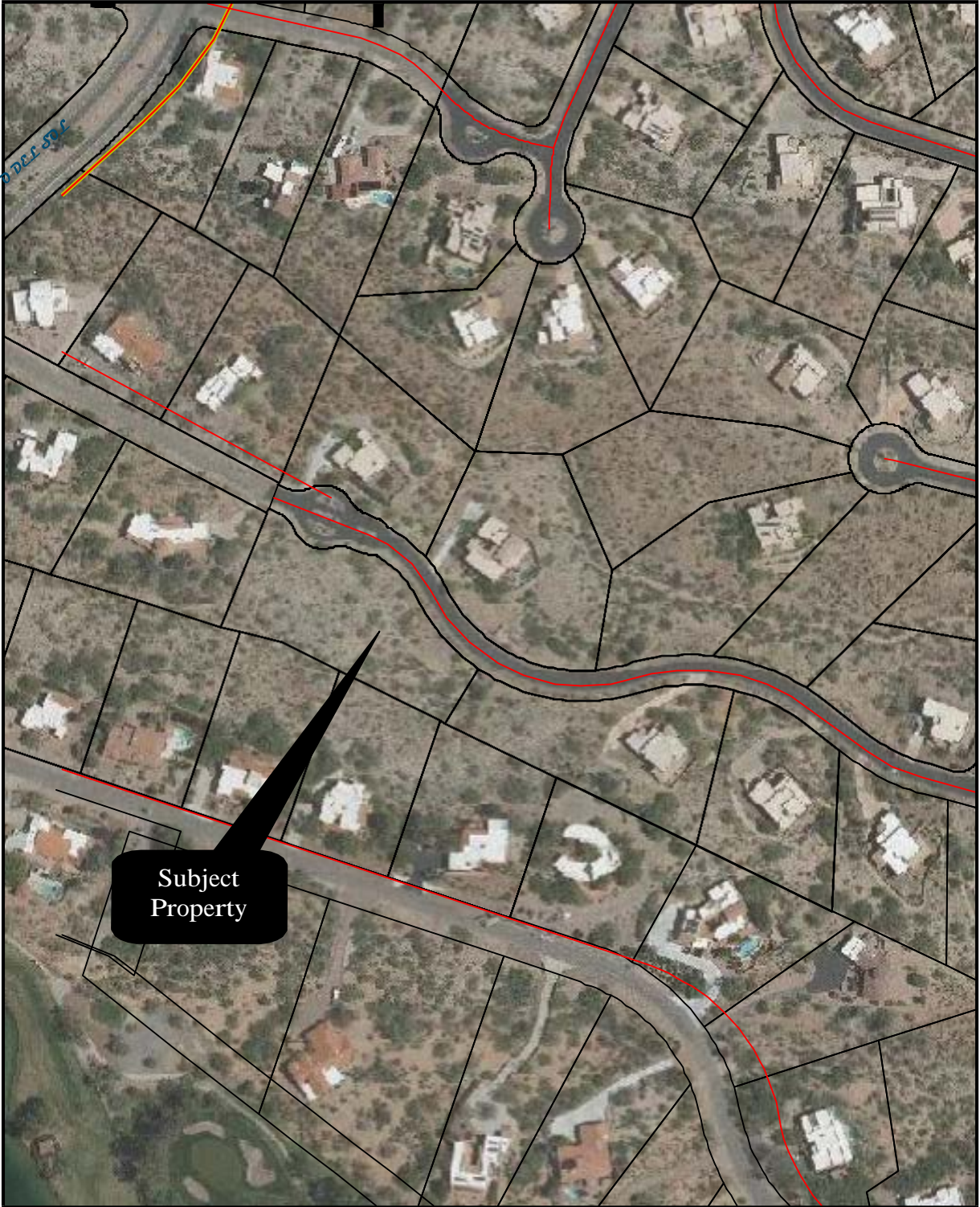
ESTIMATED MARKET VALUE OF SUBJECT PROPERTY,
AS OF JANUARY 30, 2016

ONE HUNDRED TEN THOUSAND DOLLARS (\$110,000)

SOLAR DEL VIEJO LOTS 001-081 & COMMON AREA A & B



Plat Map



Aerial Photo Map

SUBJECT PHOTOGRAPHS

PHOTO 1 – FRONT VIEW FROM STREET



PHOTO 2 – STREET SCENE (EAST)



PHOTO 3 – SITE FROM STREET



PHOTO 4 – STREET SCENE (WEST)



