

APPRAISAL REPORT

ON

THE CITY OF TONTITOWN HIGHWAY 412 WATER
TRANSMISSION LINE IMPROVEMENTS PROJECT;
THE SKYSCRAPER TOURS, INC. PROPERTY;
LOCATED AT 14975 OLD HIGHWAY 68;
BENTON COUNTY, ARKANSAS

FOR

JUSTIN EICHMANN
HARRINGTON, MILLER, KIEKLAK, EICHMANN & BROWN, P.A.
4710 SOUTH THOMPSON, SUITE 102
SPRINGDALE, AR 72764

BY

REED & ASSOCIATES, INC.
3739 N. STEELE BLVD., SUITE 322
FAYETTEVILLE, ARKANSAS 72703

FILE NO. 6059

AS OF

FEBRUARY 21, 2018

Exhibit "A"

RESTRICTED APPRAISAL REPORT

County: Benton **Project:** Highway 412 Water Transmission Line **Tract:** 7
Improvements
Property Location: 14975 Old Highway 68, Benton County, AR
Client: Justin Eichmann, Harrington, Miller, Kieklak, Eichmann & Brown, P.A.
Fee Owner: Skyscraper Tours, Inc.
Mailing Address: P.O. Box 730, Tontitown, AR 72770-0730

Area Of The Whole:	21.17± ACS	Permanent Utility Easement:	0.30± AC, or 13,221± SF
Area Of Remainder:	21.17± ACS	Temporary Construction Easement(s):	0.49± AC, or 21,211± SF
Area Of Acquisition:	0± SF (Fee)		

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.

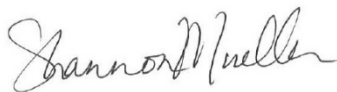
This written real property appraisal report is prepared under the Restricted Appraisal Report option. The use of the report is limited to the client. The rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's workfile. This report can be expanded to the Appraisal Report option at the request of the client.

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 subject property, as of February 21, 2018, was as follows:

Value of Whole Property (Land Only)	=	\$137,600
Value of Remainder Property (Land Only)	=	<u>\$135,700</u>
Subtotal	=	\$ 1,900
Plus: Temporary Construction Easements	=	<u>\$ 300</u>
Damage to Market Value	=	\$ 2,200

ALLOCATION OF COMPENSATION

Land: Fee Not Applicable	\$	0
Utility Easement: 13,221± SF, or .30± Acre @ \$6,500 (Rounded)	\$	1,900
Temporary Easement: 21,211± SF, or .49± Acre	\$	300
Improvements: Not Applicable	\$	0
Damages: Not Applicable	\$	0
Cost to Cure Items: Not Applicable	\$	<u>0</u>
Total Compensation:	\$	2,200



Shannon Reed Mueller, CG2302
Reed & Associates, Inc.



The preceding values reflect terms equivalent to cash to the owner and represent that for real property (land) only.

The following Extraordinary Assumptions are utilized in this report:

1. Subject land sizes, Whole Property and Remainder Property, are approximately as indicated;
2. The Permanent Easement (PE) and Temporary Construction Easement (TCE) land, size and location are as indicated;
3. The City of Tontitown, at their expense, will put the land area located within the PE and TCE back to as near original condition as possible;
4. Subject and adjacent properties are in compliance with all applicable EPA regulations.

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

Additional Assumptions and Limiting Conditions appear later in the report.

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

Identification Of The Property:	Subject property is located at the northwest corner of U.S. Highway 412 and Robinson Road, and the southwest corner of Old Highway 68 and Robinson Road in rural Benton County, Arkansas. The subject property is indicated to contain 21.17± acres, or 922,359 square feet (SF). The property is referred to as Tract 7 with respect to the City of Tontitown Highway 412 Water Transmission Line Improvements Project. The legal description of the property can be found on an Easement Exhibit and Warranty Deed located in the Addenda of this report.
Intended Use/Intended User:	The intended use of this report is to assist the client with an acquisition (PE) and (TCE) decision in connection with the U.S. Highway 412 Water Transmission Line Improvements Project. The intended user of this report is the City of Tontitown, and Harrington, Miller, Kieklak, Eichmann, and Brown, P.A.. The use of this report is limited to the client, as the rationale for the arrival of the opinion and conclusions set forth in this report may not be understood properly without additional information in the appraiser's workfile.
Purpose Of The Appraisal:	The purpose of this appraisal is to estimate the market value of the proposed acquisition, as of the effective date.
Effective Date:	February 21, 2018
Date Of Report:	February 23, 2018
Report Option:	This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under standards Rule 2-2(b) of the Uniform Standards Of Professional Practice for a Restricted Appraisal Report. As such, it does not present discussions of the data, reasoning, and analysis that were used in the appraisal process to develop the appraiser's opinions of value. Supporting documentation concerning the data, reasoning and analysis is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated. The appraiser is not responsible for unauthorized use of this report.

Scope of Work:

The "Valuation Process" was followed in estimating the market value of the subject property. Due to the nature of the assignment, the Cost and Income Capitalization Approaches To Value were not considered appropriate valuation methods. Therefore, only the Sales Comparison Approach was considered applicable in the valuation process. Application of the Cost and Income Capitalization Approaches was not considered necessary to produce credible appraisal results for the subject property. This report is presented in a Restricted Appraisal Report Format.

The subject site was inspected on February 21, 2018. General and specific data were obtained on the property inspection.

The legal description for the 21.17± acres appearing on the Easement Exhibit was obtained from the client. The land size was based on the Warranty Deed. The history and property tax data were obtained through Assessment Records. The client provided a copy of the Easement document with attached Exhibit "A".

The highest and best use of the property was projected based upon zoning, location, physical characteristics, past, current and potential usage, etc.

Comparable land sales were researched for use in the Sales Comparison Approach and are summarized in this report.

The Sales Comparison Approach was relied upon in the valuation of the subject Whole Property and Remainder Property.

Current Use: Residential/Agricultural

Highest and Best Use: Subject site is not zoned, as it lies outside of any incorporated city limits, and Benton County does not currently have county zoning. In my opinion, the highest and best use of the subject site as vacant is for residential/agricultural use. Development in the southwest corner of the site will have to comply with Flood Zone requirements.

The subject site is improved with a single-family dwelling, and various site improvements. The home site is located in the north part of the property. The dwelling appeared to be in average condition.

Description of Subject Property:

The subject Whole Site is indicated to contain approximately 21.17± acres or 922,359± SF. The site is situated at the northwest corner of U.S. Highway 412 and Robinson Road, and the southwest corner of Old Highway 68 and Robinson Road. The subject site is improved with a one-plus single-family dwelling, and various site improvements. The exterior of the subject dwelling is metal. The roof cover is metal. Based on Assessment Records, the dwelling square footage is 2,600± SF. Based on Assessment Records, the attached garage square footage is 2,500± SF, including four overhead doors. Additional features include central heat and air, etc. The dwelling appeared to be in average condition at the date of inspection. An interior inspection of the dwelling was not performed. Assessment Records support that the dwelling was constructed in 2016. Assessment Records also support that a storage building is located on the site.

Site improvements include concrete/gravel drives, wood privacy/split rail fencing, security gate, landscaping, etc.

The City of Tontitown is proposing to acquire a Permanent Easement (PE) along a portion of the southeast corner of the subject site. The PE is indicated to contain a total area of approximately 13,221± SF, or .30± acre. The PE encompasses land area. The City of

Tontitown is also proposing to acquire a Temporary Construction Easement (TCE) along the north side (21,211± SF, or .49± acre) of the PE. A TCE is a lease of land for the duration of the construction period. An Extraordinary Assumption in this report is that the land area located within the PE, and TCEs will be put back to as near original condition as possible by the City of Tontitown at their expense. A copy of the Easement Document is presented in the Addenda of this report.

The Remainder Property consists of approximately 21.17± acres. The Remainder Property is identical to the Whole Property, with the exception that the Remainder is encumbered with a new PE containing approximately .30± acre. The PE and TCE are not considered to adversely affect the usability of the subject property. Please see the Extraordinary Assumptions.

Frontage: Subject site fronts the north right-of-way of U.S. Highway 412 for an estimated 1,155.20'±, the west side of Robinson Road for an estimated 603.4'±, and the south side of Old Highway 68 for approximately 860.3'±. Subject road frontage is below grade to the road. U.S. Highway 412 is a four-lane, asphalt paved road in this area, with center turn lanes at intersections. Old Highway 68 and Robinson Road are two-lane, asphalt-paved roads.

Zoning: Subject site is not zoned, as it lies outside of any incorporated city limits. Benton County currently does not have county zoning.

Taxes: The estimated 2017 property tax is indicated to be \$2,060.22. The 2017 tax is due by October 15, 2018. Subject is located in the Siloam Springs School District.

Topography: The topography of the subject site is rolling. **Approximately 10% of the site appears to be located within the Flood Zone of the Illinois River.**

Utilities: Electricity, telephone service, and natural gas are available to the subject site.

History: No transactions has been recorded within the three year time period immediately preceding the effective date of this report. The subject property is, to my knowledge currently involved in a dispute regarding a contract for sale on the property. The specifics of the contract were not disclosed.

Sales Comparison Approach: The sales appearing are utilized in estimating the market value of subject both "before" and "after" the acquisitions. Please see the comparable land sale narratives presented in the Addenda:

Sale	1	2	3
Date of Sale	05/11/2015	01/23/2015	09/24/2014
Consideration	\$45,000	\$104,440	\$47,500
Land Size (Acres)±	5.68	14.92	7.48
Price/Acre	\$7,923	\$7,000	\$6,350
Zoning	Not Zoned	Not Zoned	Not Zoned
Location	South/southeast side of Logan Road; Benton County	North side of Old Highway 68, west of Chamber Springs Road; Benton County	SEC of Robinson Road and U.S. Highway 412; Benton County
Overall Comparison To Subject	Superior	Superior	Inferior

CORRELATION OF INDICATED VALUES: The range of unadjusted per acre price is \$6,350 to \$7,923. Each of the sales is given some consideration in the comparison process with subject.

In my opinion, the per acre value of subject lies between the unadjusted per acre price range of Sale Three (\$6,350) and Sale Two (\$7,000).

ESTIMATED LAND VALUE: Based on the comparable land sales previously presented, it is my opinion the per acre value of the subject, Whole site is:

Therefore: \$6,500
 21.17± Acres @ \$6,500/SF = \$137,605
 Say \$137,600

Please see the Extraordinary Assumptions previously presented.

REMAINDER PROPERTY

The same sales utilized in arriving at the market value of the Whole Property are also utilized in estimating the market value of the Remainder Property.

In my opinion, the indicated per acre, value of the Remainder Site is:

\$6,410

This value is allocated as follows:

20.87± Acres Not Encumbered With New PE	@ \$6,500	=\$135,655
<u>.30± Acre</u> Encumbered With New Pe	@ \$0	<u>=\$ 0</u>
21.17± Acres	@ \$6,410± (RND) =	\$135,655
	Say	\$135,700

The per acre value of the Remainder Site is less than for the Whole Site due to the PE.

*The damages to the land due to the imposition of an easement can range from 0% to 100% of the easement area's fee value. The full impact of an easement acquisition cannot be estimated until the appraiser determines: 1) the loss of present utility; 2) the loss of future utility; 3) the accessory rights to be acquired; and, 4) the obligations of the parties. With regard to the subject property, the acquisition is in such an area that it is valued at a 100% loss of the easement area's fee value. area located outside of the side setback is valued at 100% of the fee value.

The estimated value of the TCE is calculated as the lease of land for a one-year period. An 8% return is considered applicable:

.49± Acre @ \$6,410 @ 8% @ 1 Year = \$251
Say \$300

Please see the Extraordinary Assumptions previously presented.

CONCLUSIONS

The estimated value of subject is summarized as follows:

Value of Whole Property (Land Only)	=	\$137,600
Value of Remainder Property (Land Only)	=	<u>\$135,700</u>
Subtotal	=	\$ 1,900
Plus: TCE	=	<u>\$ 300</u>
Damage to Market Value	=	\$ 2,200

Please see the Extraordinary Assumptions previously presented.

SUBJECT PHOTOGRAPHS



Subject Dwelling – Looking Southerly



Acquisition Area – Looking Northwesternly



Acquisition Area- Looking Westerly



Acquisition Area – Looking Westerly



Subject Acreage- Looking West/Northwesterly



Frontage Along Old Highway 68-Looking Westerly



Frontage Along Robinson Road – Looking Northerly



Frontage Along U.S. Highway 412 – Looking Easterly

ADDENDA

1. Definitions
2. Area Map
3. Area Data
4. Aerial Photograph
5. Site Sketch
6. Flood Zone Map
7. Assessment Records
8. Deed Records
9. Easement Documents
10. Comparable Sales
11. Comparable Sales Map
12. Certificate
13. Assumptions and Limiting Conditions
14. Qualifications of the Appraiser

DEFINITIONS

RETROSPECTIVE VALUE OPINION:

“A value opinion effective as of a specified historical date. The term retrospective does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgements, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.”¹

FEE SIMPLE ESTATE:

“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

EASEMENT:

“The right to use another’s land for a stated purpose.”³

PERPETUAL EASEMENT:

“An easement that lasts forever.”⁴

TEMPORARY CONSTRUCTION EASEMENT:

“An easement granted for a specific purpose and applicable for a specific time period. A construction easement, for example, is terminated after the construction of the improvement and the unencumbered fee interest in the land reverts to the owner.”⁵

MARKET AREA:

“The geographic area in which a property’s most direct competitors are located; a subset of the market area.”⁶

NEIGHBORHOOD:

- “1. A group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises.*
- 2. A developed residential super pad within a master planned community usually having a distinguished name and entrance.”⁷*

¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 201.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 90.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 71.

⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 170.

⁵ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 231.

⁶ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 43.

⁷ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 156.

HIGHEST AND BEST USE:

1. *"The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.*
2. *The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)*
3. *[The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions)."*⁸

SEVERANCE DAMAGES:

*"In condemnation, the loss in value to the remainder in a partial taking of property. Generally, the difference between the value of the whole property before the taking and the value of the remainder after the taking is the measure of the value of the part taken and the damages to the remainder. Note that different regions of the country and different courts may use terms such as consequential damages and severance damages differently."*⁹

JUST COMPENSATION:

*"In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken."*¹⁰

COST APPROACH:

*"A set of procedures through which a value indication is derived for the fee simple estate by estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property interest being appraised."*¹¹

SALES COMPARISON APPROACH:

*"The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant when an adequate supply of comparable sales is available."*¹²

⁸ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 109.

⁹ Appraisal Institute, *The Dictionary Of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 59.

¹⁰ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 122.

¹¹ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 54.

¹² Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 207.

INCOME CAPITALIZATION APPROACH:

“Specific appraisal techniques applied to develop a value indication for a property based on its earning capability and calculated by the capitalization of property income.”¹³

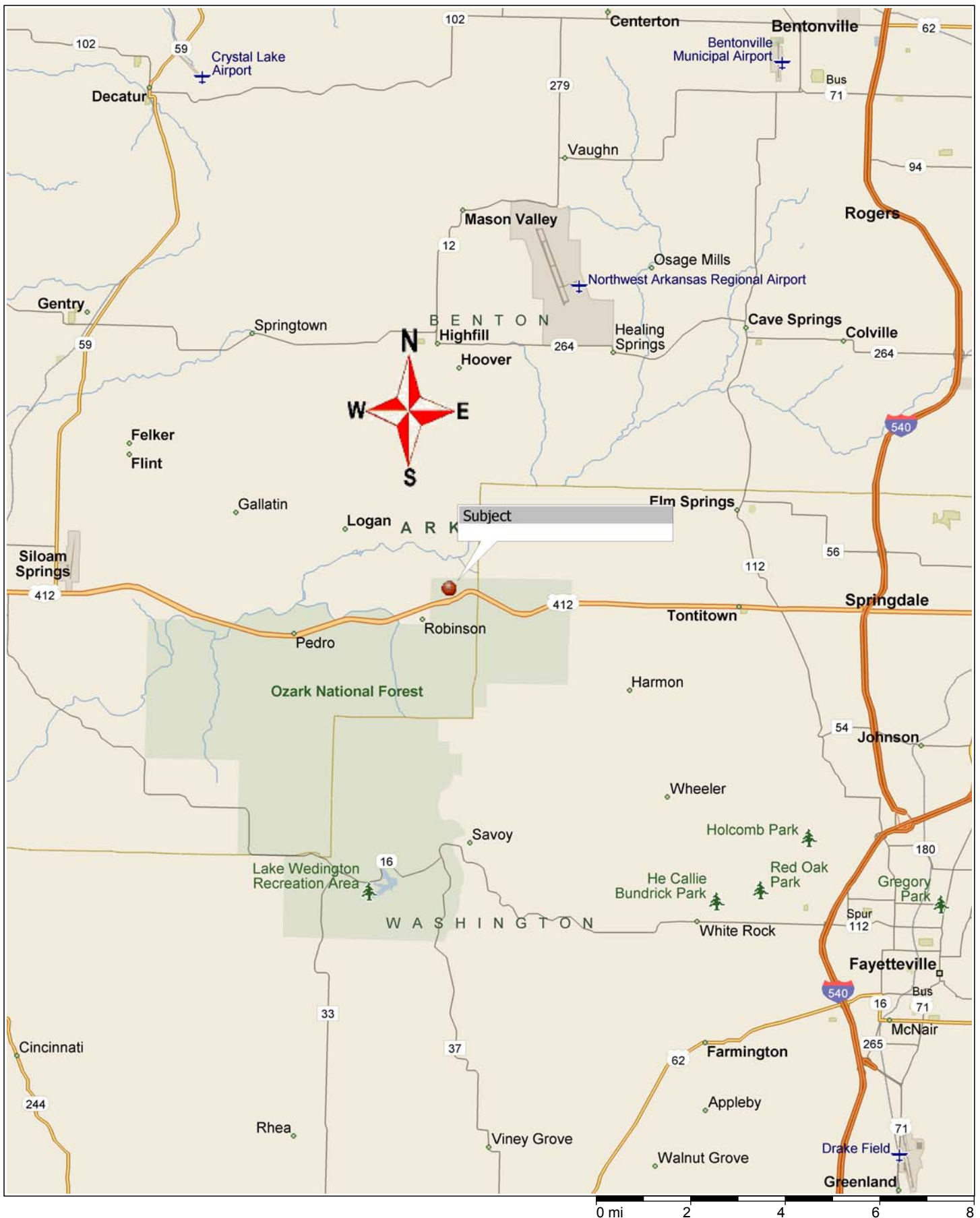
RECONCILIATION:

“A phase of a valuation assignment in which two or more value indications are processed into a value opinion, which may be a range of value, a single point estimate, or a reference to a benchmark value”¹⁴

¹³ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 115.

¹⁴ Appraisal Institute, *The Dictionary of Real Estate Appraisal* – Sixth Edition, (Chicago: Appraisal Institute, 2015), P. 190.

AREA 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 over 92.5%± 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.

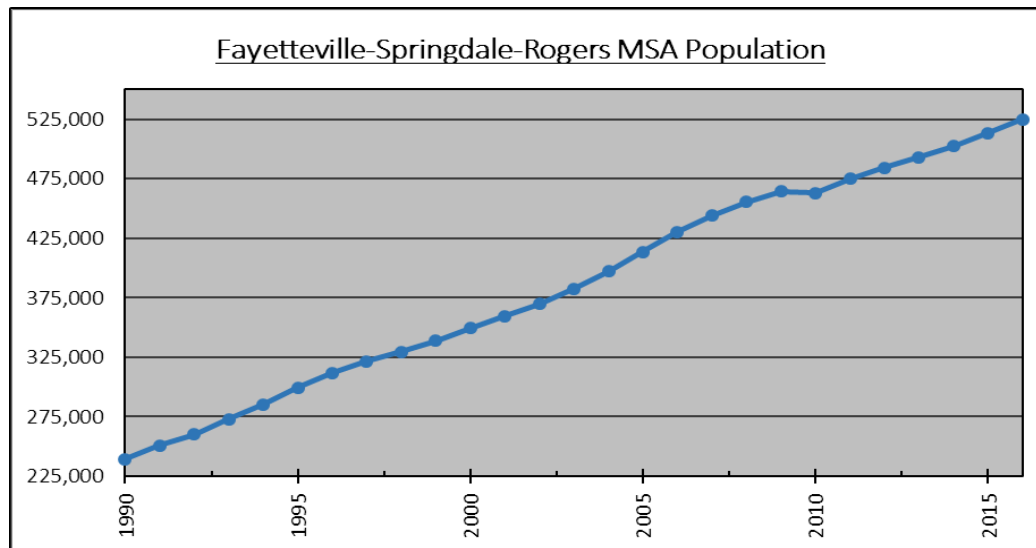
The value of real property reflects and is influenced by the interaction of basic forces that motivate human activity. These forces are divided into four major categories: Social trends; Economic circumstances; Governmental controls and regulations; and, Environmental conditions. These forces exert pressure 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.

Based on data released by the U.S. Census Bureau, the 2000 Census indicated populations for Benton and Washington Counties of 153,406 and 157,715, respectively; the total for the two counties was 311,121. 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 2016 populations of Benton and Washington Counties, based on State & County QuickFacts published by the U.S. Census Bureau, were 258,291± and 228,049±, respectively, or a total of 486,340±. The growth between 2010 and 2016 is estimated to be 14.6%±, or 2.43%± per year. The U.S. Census Bureau data reflected the population of the MSA as of 2010 to be 463,204. The estimated 2016 population of the MSA, based on State & County QuickFacts, was 525,032±; this reflects an estimated growth of 13.3%±, or 2.23%± per year, for the MSA between 2010 and 2016. The estimated 2015 population of the MSA was reported to be 513,449; this reflects a 2.3% growth in population between 2015 and 2016. According to the U.S. Census Bureau data, the Fayetteville-Springdale-Rogers MSA represents the 22nd fastest growing metropolitan area in the United States. The following is a summary of population data for Benton County, Washington County, and the Fayetteville-Springdale-Rogers MSA:

Location	2000	2010	2000-2010 % Increase	July 2016 Estimate	2010-2016 % Increase
Benton County	153,406	221,339	44.3%	258,291	16.7%
Washington County	157,715	203,065	28.8%	228,049	12.3%
F-S-R MSA	349,562	463,204	32.5%	525,032	13.3%

The following chart reflects the population trend in the Fayetteville-Springdale-Rogers MSA since 1990:



Source: U.S. Census

Within Benton County, there are a total of 18± incorporated towns and cities. Bentonville is the County Seat of Benton County. This city is located in the northern part of the county. Bentonville had a population of 19,730 in 2000, a 75.3%± increase since 1990. The 2010 population was indicated to be 35,301, a 78.9%± increase from 2000. The 2016± population estimate was indicated to be 47,093±. The growth between 2010 and 2016 (estimate) was indicated to be 33.4%±, or 5.6%± per year. Rogers is the largest city in Benton County, and is located to the south and east of Bentonville. Its 2000 population of 38,829 reflects a 57.2%± increase since 1990. The 2010 population was indicated to be 55,964, a 44.1%± increase from 2000. The 2016 population estimate was indicated to be 65,021±. The growth between 2010 and 2016 (estimate) was indicated to be 16.2%±, or 2.7%± per year. Siloam Springs, located on the Oklahoma line in the southwestern part of the county, is the third major city in Benton County. It grew from a population of 10,843 in 2000 to 15,039 in 2010, a 38.7%± increase. The 2016 population estimate was indicated to be 16,448±; this would reflect population growth of 9.4%± since 2010.

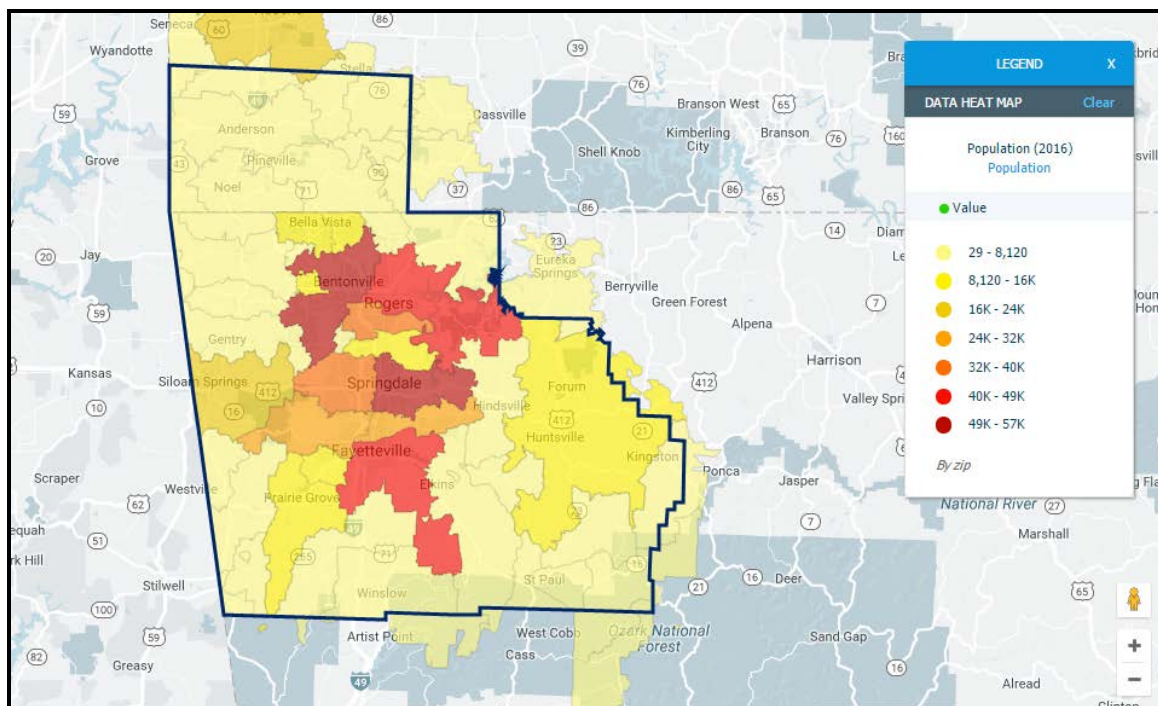
Some of the smaller cities and towns in Benton County include Gentry, Gravette, Pea Ridge, Lowell, Centerton, Decatur, Cave Springs, Bella Vista, etc. The City of Centerton is located west of Bentonville, and is considered a “bedroom” community. The 2000, 2010, and estimated 2016 populations of Centerton were reported to be 2,146, 9,515, and 12,861, respectively. This would indicate population growth of 343.4%± between 2000 and 2010, and 35.2%± between 2010 and 2016 (estimate). The City of Lowell is located in the southern part of Benton County,

just south of Rogers. The 2000, 2010, and estimated 2016 populations of Lowell were reported to be 5,013, 7,327, and 8,922, respectively. This would indicate population growth of 46.2%± between 2000 and 2010, and 21.8%± between 2010 and 2016 (estimate).

There are a total of 13± incorporated cities and towns within Washington County. 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 58,047 in 2000. This represented a 37.9%± increase since 1990. The 2010 population was indicated to be 73,580, an increase of 26.8%± from 2000. The 2016 population estimate was indicated to be 83,826±. The growth between 2010 and 2016 (estimate) was indicated to be 13.9%±, or 2.3%± per year. Fayetteville is also the largest city in Washington County. Springdale is the second largest city in Washington County, and is located north of Fayetteville. The northern part of Springdale actually extends into Benton County. Springdale had a population of 45,798 in 2000. This represented a 53.0%± increase since 1990. The 2010 population was indicated to be 69,797, an increase of 52.4%± from 2000. The 2016 population estimate was indicated to be 78,557±. The growth between 2010 and 2016 (estimate) was indicated to be 12.6%±, or 2.1%± per year.

Some of the smaller cities in Washington County include Prairie Grove, Lincoln, Farmington, West Fork, Johnson, Elm Springs, etc. A small part of Elm Springs is also located in Benton County.

The following illustration displays the estimated 2016 population concentrations in the Fayetteville-Springdale-Rogers MSA:



Source: Northwest Arkansas Council

The following table reflects population changes for the major cities in the Fayetteville-Springdale-Rogers MSA since 2000:

City	2000	2005	2000-2005 % Increase	2010	2005-2010 % Increase	July 2016 Estimate	2010-2016 % Increase
Fayetteville	58,047	66,656	14.8%	73,580	10.4%	83,826	13.9%
Springdale	45,798	62,459	36.4%	69,797	11.7%	78,557	12.6%
Rogers	38,829	48,353	24.5%	55,954	15.7%	65,021	16.2%
Bentonville	19,730	29,530	49.7%	35,301	19.5%	47,093	33.4%
Lowell	5,013	7,042	40.5%	7,327	4.0%	8,922	21.8%
Centerton	2,146	5,477	155.2%	9,515	73.7%	12,861	35.2%
Siloam Springs	10,843	13,604	25.5%	15,039	10.5%	16,448	9.4%

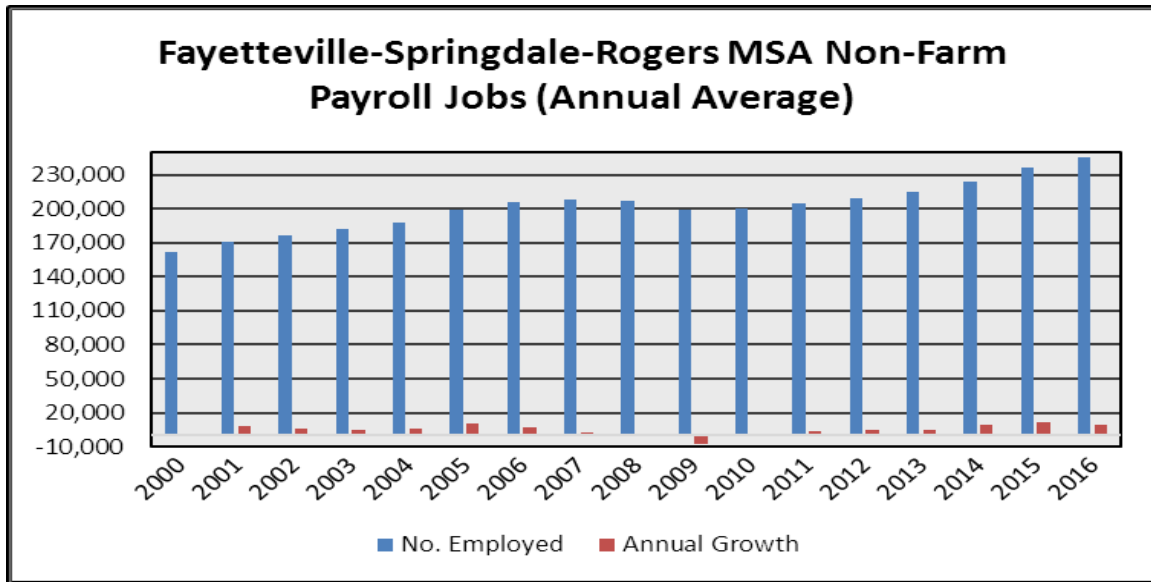
Source: U.S. Census

As previously indicated, the Fayetteville-Springdale-Rogers MSA is reported to be the 22nd fastest growing MSA in the county. Population growth in the Benton-Washington County area is considered to be moderately to rapidly increasing. This trend is expected to continue for the foreseeable future. The major cities in Benton County have typically experienced higher population growth rates than the major cities in Washington County. It should be noted that the rate of growth has declined from what appears to have been the peak period in the early/mid 2000-2010± time period. The rate of population growth declined during the mid/late 2000-2010± time period; however, still continued to increase at a moderate pace. The declining population growth rate was likely the result of the recent “Great Recession”. Oversupply issues in the real estate market that became highly visible in the mid part of the past decade, as well as deterioration in overall economic conditions, 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 did not necessarily support this. Economic conditions have improved since 2010±, and the real estate market has followed with significant improvement since 2012±.

Social forces, particularly area population growth, are considered to have a positive effect on real property values in Benton and Washington Counties.

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.

The following chart represents Non-Farm Employment Growth (not seasonally adjusted) for the Fayetteville-Springdale-Rogers MSA since 2000:



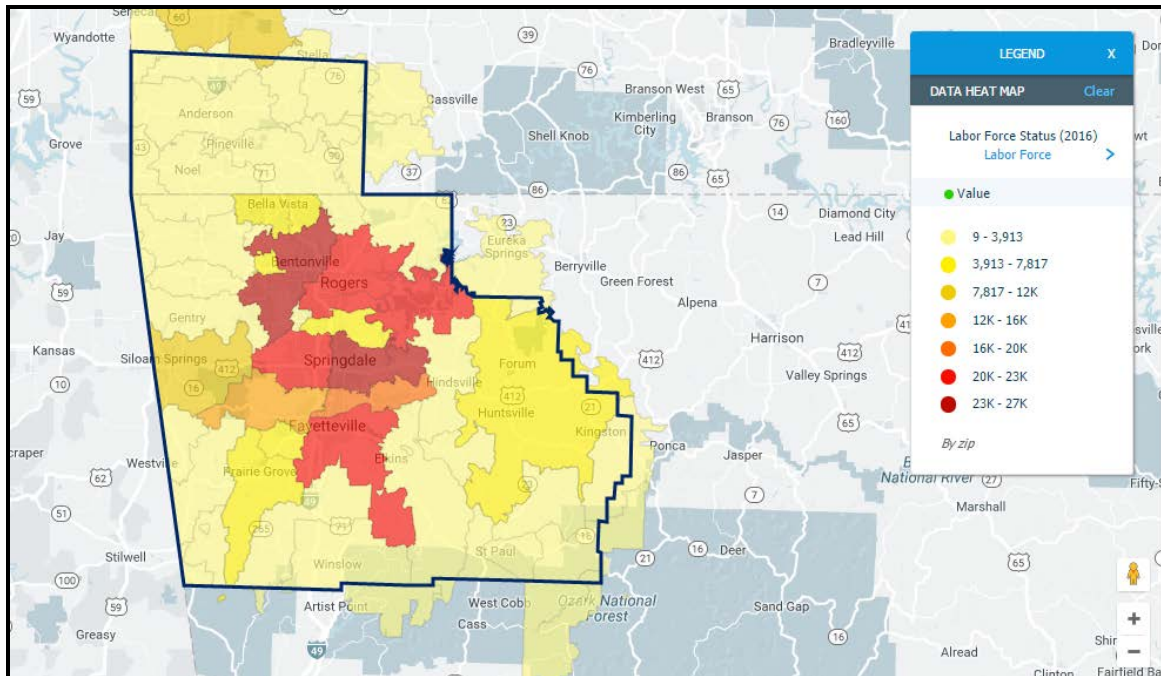
Source: United States Department of Labor- Bureau of Labor Statistics

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 experienced negative year-on-year non-farm employment growth through all of 2008, the Fayetteville-Springdale-Rogers MSA remained positive through the first half of the year. However, non-farm employment numbers (year-on-year) turned negative in the MSA in mid-2008±, and remained negative throughout 2009. The unemployment rate in the Fayetteville-Springdale-Rogers MSA peaked in 2010, with an annual average of 6.5%. In May 2010, non-farm employment numbers (year-on-year) turned positive and have remained positive through the latest recorded data researched, which was August 2017. Non-farm employment numbers in August 2017 are approximately 22.0%± greater than in August 2007 and 2008.

The civilian labor force in Benton County averaged 126,311 for the year 2016. Washington County averaged 119,518 for the same time period. The civilian labor force for August 2017 was reported at 133,179 for Benton County and 125,671 for Washington County. In 2016, Benton County's unemployment rate averaged 2.9%, while Washington County's rate averaged 2.7%. The August 2017 unemployment rates for Benton and Washington Counties were indicated to be 2.9% and 2.4%, respectively. The August 2017 unemployment rates for the United States, State of Arkansas, and the Fayetteville-Springdale-Rogers MSA were 4.4%, 3.5%, and 2.7%, respectively. All of the preceding rates represent non-seasonally adjusted rates.

The following illustration displays the estimated 2016 labor force concentrations in the Fayetteville-Springdale-Rogers MSA:



Source: Northwest Arkansas Council

The Northwest Arkansas Area has been recognized by national publications, economists, and researchers for its economy, businesses, and quality of life. The following reflects several recent recognitions:

- U.S. News and World Report ranked Northwest Arkansas 5th nationally on its 2017 ranking of the “Best Places to Live” list (ranked 3rd in 2016);
- The Milken Institute, which published a new report in December 2016, put the Fayetteville-Springdale-Rogers Metropolitan Statistical Area's economy at No. 30 among 200 large metropolitan areas; the region was especially strong in job and wage growth, while its weaknesses were mostly related to growth in high-tech components;
- U.S. News and World Report ranked Northwest Arkansas 1st nationally in its May 2016 ranking of the “20 Best Affordable Places to Live”;
- Forbes ranked Northwest Arkansas at No. 2 on its list of Best Midsize Cities for Jobs in May 2016; midsize cities were classified by having 150,000 to 450,000 nonfarm jobs in their metropolitan area;
- Forbes and NewGeography.com ranked Northwest Arkansas at No. 3 among the nation's medium-sized cities for white-collar job growth in July 2016; the region ranked 16th among all U.S. metropolitan statistical areas;
- In March 2016, Fast Company and Nerd Wallet ranked Northwest Arkansas 2nd nationally on its list of “Best Places for Minority-Owned Businesses”;
- Lonely Planet, the world's largest publisher of travel-related books and guides, in February 2016 ranked Northwest Arkansas at No. 7 on its list of "Best in the U.S.”;
- Researchers at Chapman University's Center for Demographics and Policy in California determined in a report that Northwest Arkansas ranked No. 1 in the nation in family friendliness; the report, called “Building Cities for People” and made public in January

2016, measured metropolitan areas in categories such as commute times, housing costs, income, and migration;

- Forbes ranked Northwest Arkansas at No. 24 on its list of “Best Places for Business and Careers” in 2016; criteria included labor supply, quality of life, college attainment, crime statistics, local college quality, and cultural and recreational opportunities; the same report ranked Northwest Arkansas No. 11 in job growth;.
- Money Magazine included Northwest Arkansas on its 2015 list of the “25 Best Places to Retire”; this was primarily based on the wealth of year-round outdoor outlets Northwest Arkansas provides;
- New Geography placed Northwest Arkansas 10th on its list of “Best Cities for Job Growth” in 2014; this was for medium sized cities and the rankings were based on recent growth trends, mid-term growth and long-term growth, momentum, and current year growth.

The Fayetteville-Springdale-Rogers MSA economy, according to a report delivered to the U.S. Conference of Mayors in 2014, grew 3.8% in 2013. It is projected to grow at 4.2% annually between 2013-20, making it one of the top MSA’s in the nation. The regions gross metropolitan product ranked 3rd for the 2013-20 projection. Northwest Arkansas is No. 7 among 18 regions that will see the most economic growth in 2016, according to research by the U.S. Conference of Mayors in June 2015.

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

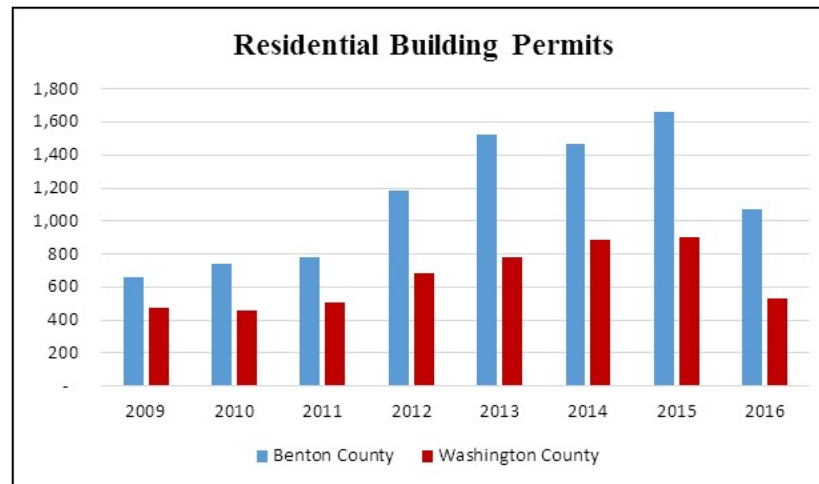
Benton County			
	2010	2015	Change
Median Household Income	\$54,592	\$56,239	3.0%
Per Capita Income	\$24,912	\$27,934	12.1%

Washington County			
	2010	2015	Change
Median Household Income	\$45,544	\$43,524	-4.4%
Per Capita Income	\$21,840	\$24,638	13.6%

The single-family residential sector of the Northwest Arkansas real estate market appears to have fully rebounded from the recent “Great Recession.” Population growth and non-farm employment growth are strong in Washington and Benton Counties. This has resulted in increased overall demand for residential housing. As of the Second Quarter of 2016, Benton County totaled approximately 4,907 empty, single-family and duplex lots with Final Plat filed and/or receiving final approval. The total for Washington County was approximately 3,902. Based on lot sales to end users in the 2nd Quarter 2016 in the two-county area, the total empty lot supply could constitute near a 3.5± year inventory. 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. Rates are expected to slowly move upward in the near future. 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.

In Benton County, Multiple Listing Service (MLS) data reflects the median home price for the First Quarter of 2016 to be \$164,000, as compared to \$185,000 for the First Quarter of 2017. This indicates a 12.8% increase. In Washington County, the median home price for the First Quarter of 2016 was indicated by MLS data to be \$160,000. This compares to \$172,250 for the First Quarter of 2017. The increase calculates to 7.7%.

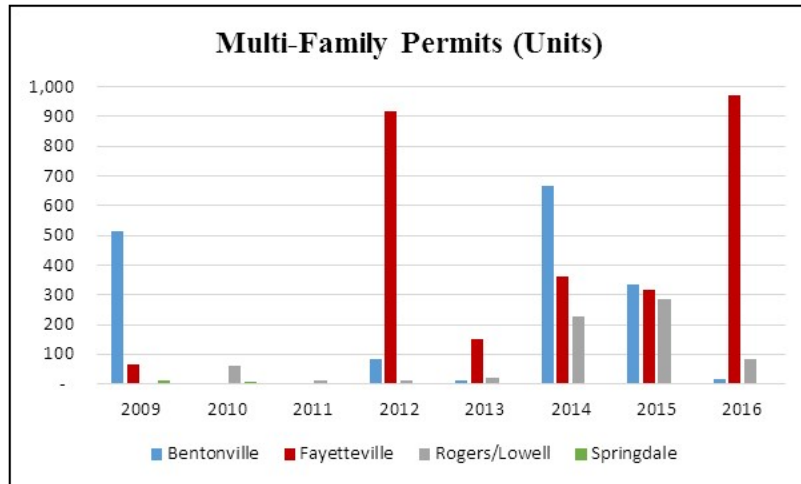
New construction of single-family residential dwellings has occurred at a rapid pace in recent years. The number of residential building permits for Benton and Washington Counties is displayed in the following exhibit:



Source: Streetsmart Residential Market Insight Report

It should be noted that the data presented for 2016 in the preceding exhibit is only for the first half of 2016.

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 1.45% in the Third Quarter of 2016. The Fayetteville multi-family market has a good history of strength, due to the University of Arkansas, and reflected a Third Quarter 2016 vacancy rate of 1.37%. The Rogers/Lowell, Bentonville, Siloam Springs, and Springdale multi-family markets also appear to be healthy with vacancy rates of 1.22%, 1.28%, 1.24%, and 2.00%, respectively. The multi-family residential sector has maintained low vacancy rates despite adding a significant number of new units in recent years. The majority of the new units constructed in recent years are located in Fayetteville. The Bentonville and Rogers/Lowell markets have also experienced substantial construction of new units, while Springdale has experienced very little new construction since the 2009-2010± time period. The number of multi-family building permits by units for Bentonville, Fayetteville, Rogers/Lowell, and Springdale is displayed in the following exhibit:



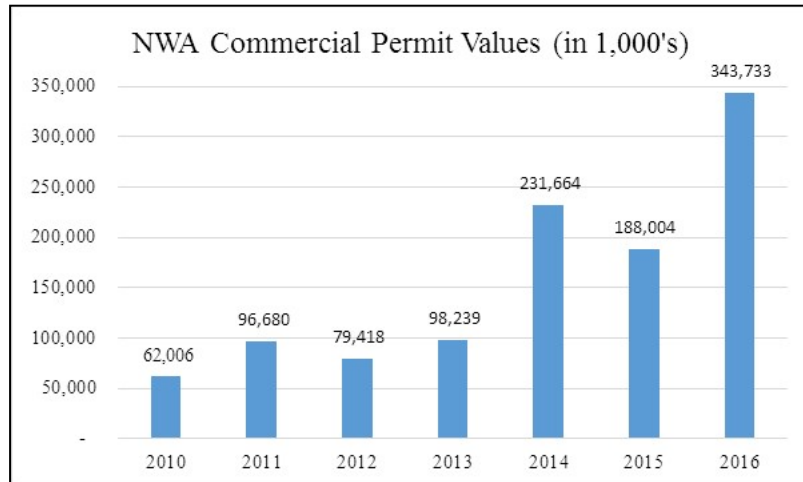
Source: *Streetsmart Multi-Family Market Insight Report*

It should be noted that the most recent *Streetsmart* report indicates that approximately 2,579± units in the Northwest Arkansas market are currently in the pipeline. This includes units very recently completed, under construction, or approved by planning commission with no building permits currently issued.

With respect to the commercial sector of the real estate market in Benton and Washington Counties, the overall vacancy rate for Class “A” and “B” professional office space for the First/Second Quarter of 2016 was indicated to be 12.46%. The vacancy rate for Class “A” space alone was reported at 12.7%. 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 overall vacancy rate for retail space has also slowly declined since 2010, and was indicated to be 8.38% (Class “A” and “B” combined) in the First/Second Quarter of 2016. 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/Second Quarter of 2016 was 6.6%.

Sales and leasing activity in the commercial sector began to significantly improve in mid-2013, and are currently considered to be at healthy levels. Commercial development land must also be considered. There remains a considerable amount of potential commercial development land in the two-county area; however, absorption is occurring as prime development land has been purchased in recent years for new development. A significant amount of construction activity has recently been completed, is on-going, and is planned in the Northwest Arkansas Area. New development projects include: Class “A” professional office buildings; strip, neighborhood, and community shopping centers; convenience stores; quick-service and full-service restaurants; hotels/motels, special-purpose properties; etc.

The dollar values (in 1,000’s) of commercial building permits in Northwest Arkansas are presented in the following exhibit:



Source: *The Skyline Report – 2nd Half 2016 Commercial Real Estate Market Summary*

With respect to hotels/motels/restaurants, the following increases/decreases in tax receipts collected between Quarter Two 2015 and Quarter Two 2016 were indicated:

Bentonville	+5.9%±
Fayetteville	+8.6%±
Rogers	-0.98%±
Springdale	+3.6%±

Springdale and Rogers do not collect restaurant tax receipts.

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 processor 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 2012 of \$529,128,000 and 443,025,000, respectively. **Second**, influence from the University of Arkansas located in Fayetteville. Total enrollment for Fall 2016 at the University was 27,065, an increase of 3.2% since Fall 2013. A second public academic institution, the Northwest Arkansas Community College, is located in Bentonville. Fall 2016 enrollment for the school was indicated to be 7,761, a slight increase from Fall 2015. In addition to the main campus, the NWACC also has branch campuses located in Springdale, Rogers, and Farmington. A Washington County Campus is proposed in the southwest part of Springdale. Construction of the facility should begin in the near future. **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 Engineers 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- 49. **Fourth**, the large number of manufacturing businesses and industries located within the two counties. 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. 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 attorneys, accountants, architects, hotels, restaurants, retailers, etc. Most of the major industries are located in the larger cities in the counties. According to the 2012 Economic Census, total value of shipments by manufacturers in Arkansas was \$67,213,000. According to State & County QuickFacts, total value of shipments by manufacturers in Washington County in 2012 was \$3,487,047. Retail sales estimates for Benton and Washington Counties for 2012, based on State & County QuickFacts, were \$2,905,967 and \$2,925,758, respectively.

The following table represents major employers in the MSA (as of 2016)

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	2,750+	Health	Fayetteville
George’s Inc.	2,500+	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, M.B.A. Today

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. Near 3,000,000± people total have visited Crystal Bridges Museum since its opening. The “Scott Family Amazeum” opened in mid-2015±, just to the east of Crystal Bridges. The “Amazeum” is a hands-on, interactive museum for children and families with a foundation in the arts and sciences.

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 typically in the 3.25% - 4.00% range. Interest rates on commercial mortgages are typically in the 4.00% to 6.00% range. The amortization period may be 15 to 25 years; however, the interest rate is likely to be fixed for only a 5 to 10 year period. Interest rates have begun to increase slightly due, in part, to Federal Reserve policy; however remain in an affordable range. Federal Deposit Insurance Corporation (FDIC) data indicate there are a total of 40 financial institutions in the Fayetteville-Springdale-Rogers MSA. Deposits as of Q4 2016 totaled \$9,610,000± based on the FDIC data.

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

Economic conditions are continuing to improve in the two-county area. The local economy has rebounded from the recent “Great Recession.” A plus for the area has been continued year over year increases in non-farm employment numbers. Continued growth in non-farm employment is crucial to the health of the Northwest Arkansas real estate market. The long-term outlook is that economic forces will have a positive effect on real property values in Benton and Washington Counties.

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 the 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.

In August 2015, Arkansas Children’s, Inc. announced plans to build a freestanding children’s hospital in Springdale, Arkansas. Construction of the new facility is proposed to be complete by January 2018. The building is to include 233,613± square feet of inpatient beds, emergency care, diagnostic service, and clinical space. The building will also include a helipad. The hospital will employ over 250 employees.

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

Area School Enrollment	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017
Fayetteville Public Schools	9,421	9,503	9,652	9,321	9,525
Springdale Public Schools	20,547	21,120	21,260	21,527	21,958
Rogers Public Schools	14,757	15,027	15,077	15,486	15,857
Bentonville Public Schools	15,114	15,497	16,060	16,896	17,217
University of Arkansas – Fayetteville	24,537	26,237	26,754	27,194	Not Available
Northwest Arkansas Community College – Rogers/Bentonville	8,020	8,098	7,962	7,973	Not Available
John Brown University – Siloam Springs	2,183	2,850	2,126	2,126	Not Available

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 2016 enrollment at the area charter schools was reported at 2,161.

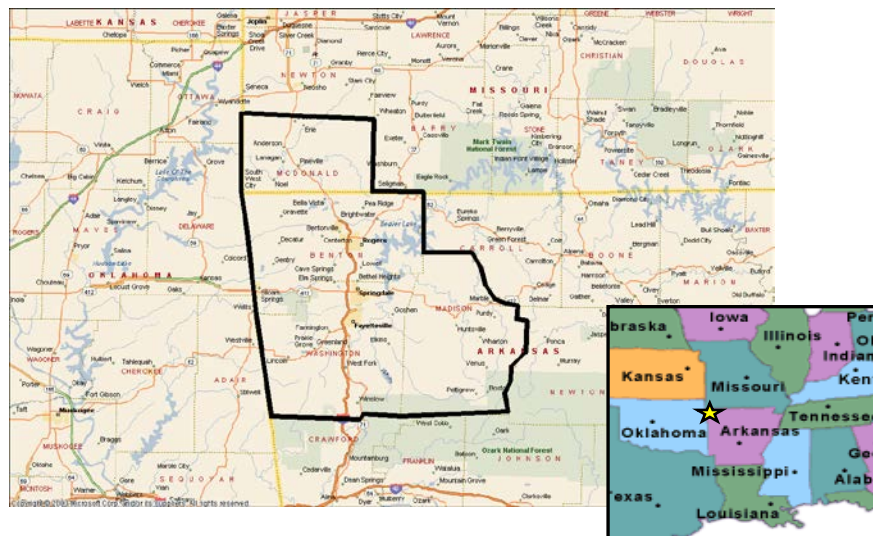
Utilities available in the rural areas of Benton and Washington Counties include electricity and telephone service. Natural gas and rural water are also available in many areas. Public water and sewer are available in the major cities, as well as in most of the smaller communities.

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

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 $58\pm$ 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 $5\pm$ inches of snow annually, although there have been recent years where this has been exceeded. Rainfall averages around $45\pm$ 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 $1,000\pm$ to $1,700\pm$ feet above sea level. The elevation of Washington County also varies from $1,000\pm$ to $1,700\pm$ 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. Highway 71B (north-south), and U.S. Highway 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. Highway 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. Highway 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 via U.S. 412 to the Cherokee Turnpike. U.S. Highway 71B, I-49, and U.S. Highway 412 are each heavily traveled traffic arteries. U.S. Highway 71B traverses Fayetteville, Springdale, Lowell, Rogers, Bentonville, and Bella Vista. U.S. Highway 412 traverses Springdale, Tontitown, and Siloam Springs. Construction on a divided highway phase of U.S. Highway 412 east of Springdale to near Hindsville was completed in 2001. Construction of an extension of the U.S. Highway 412 divided highway to near Huntsville was completed in 2014. 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. There is a significant number of secondary roadways traversing the Northwest Arkansas Area. New major highway construction in the two-county area includes the Bella Vista Bypass and the northern Springdale Bypass. With respect to the northern Springdale Bypass, 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. Construction of the west segment of the Northern Bypass began in 2015. Part of the Bella Vista Bypass has recently been completed; however, additional phases remain. The timing of completion is uncertain at the present time. The State of Missouri has not announced the proposed construction timing/schedule for their part of the Bella Vista Bypass. It should be noted that construction of additional lanes to I-49 in Benton and Washington Counties is being completed in phases. Some sections of the widening project have already been completed, while some sections are currently being completed. Certain sections are also proposed to be widened in the near future. Finally, several of the cities in the region are in the process of improving/constructing new transportation routes within their municipalities. It should be noted that a new Interchange opened in 2014 along I-49 in Springdale. The location is at I-49/Don Tyson Parkway in the southwest part of Springdale, and has improved access from I-49, via Don Tyson parkway, to the Tyson Foods, Inc. General Offices. Another Interchange along I-49 is proposed in Bentonville. The location is at I-49/SE 8th Street in the east part of Bentonville. This will allow good access from I-49, via 8th Street, to the Wal-Mart Stores, Inc. General Offices.

The Northwest Arkansas Regional Airport (XNA), which opened in November 1998, 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± feet 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± square feet of building area. Direct flights are now available to many of the major MSA's across the country. In 2015, the airport served some 1,290,850± passengers, while in 2016, the airport served a reported 1,338,042± passengers. Construction of a four-level parking deck began in January of 2017. The new garage will provide for an additional 1,400± parking spaces, and is proposed to

be complete in August 2018. A 20-Year Master Plan for the airport includes the addition of a second runway. A new transportation route to the airport is also proposed to be constructed in the near future. 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 a short distance west of 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 estate development in the area, and provide a positive effect on real property values in Benton and Washington Counties.

CONCLUSIONS

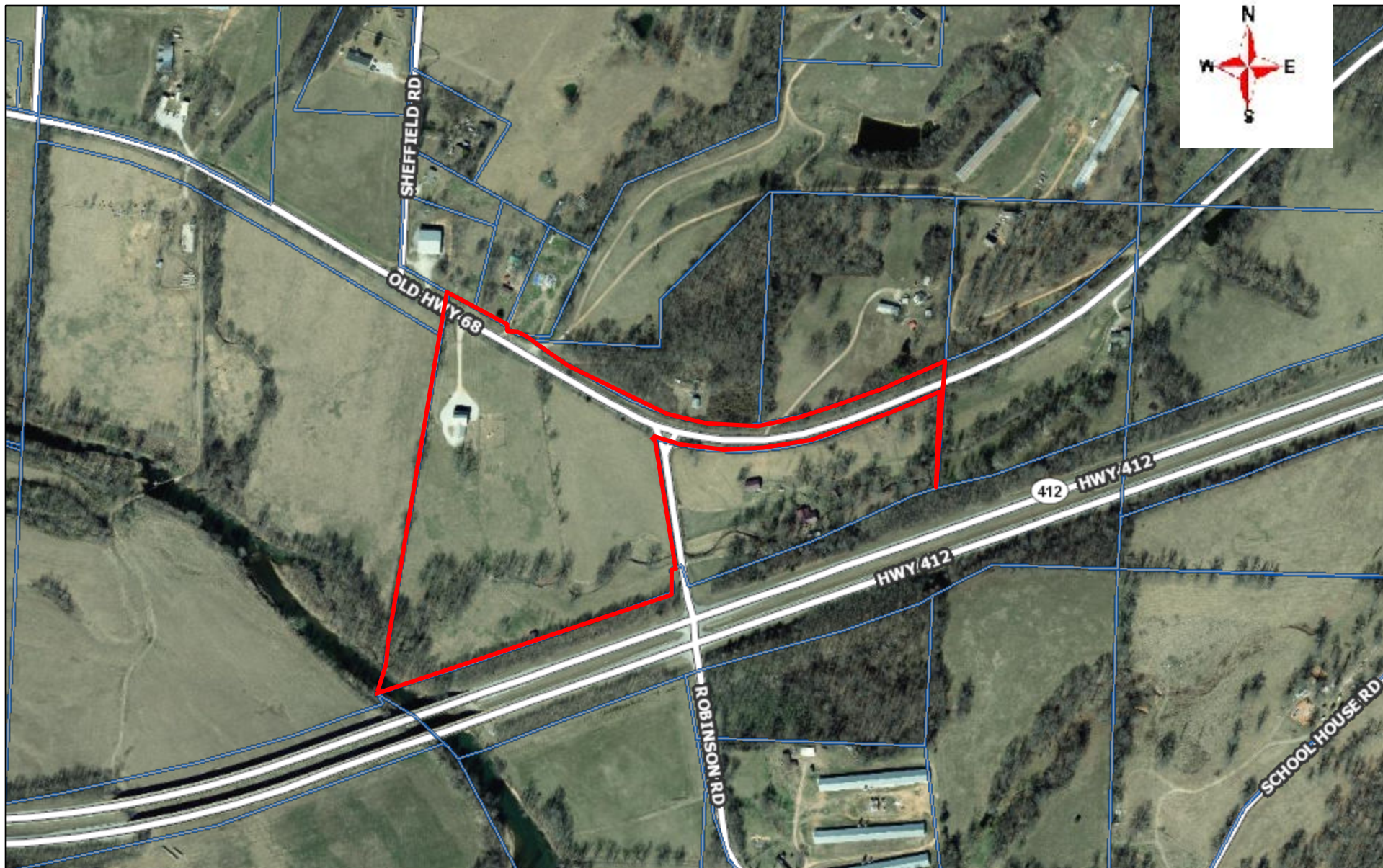
Each of the major forces affecting real property values has been addressed in this section of the report. The conclusion is that each of the forces has a positive effect on value.

Between July 2015 and July 2016, the estimated population growth in Benton and Washington Counties combined was 11,191± people. This calculates to near 31± persons per day (11,191 ÷ 365 days). This represents net growth, including births, deaths, out-migration, and in-migration. This is lower than at the peak time in the mid part of the past decade; however, is still significant. This population growth is occurring in part due to the job market in Northwest Arkansas. The continued strong growth in non-farm employment in the two-county area not only increases in-migration numbers, but also reduces out-migration numbers. The population growth results in demand for residential housing, both single and multi-family, which, in turn, creates demand for commercial real estate development to provide services for the area residents. Availability of favorable financing terms continues to be an enhancement for both residential and commercial development.

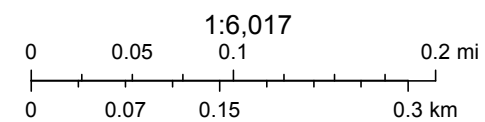
Wal-Mart Stores, Inc., Tyson Foods, Inc., and the University of Arkansas are the major drivers of the Northwest Arkansas economy, and this is expected to continue into the foreseeable future. Wal-Mart Stores, Inc., has impacted development through-out the two-county area, particularly in Bentonville. The poultry industry continues to lead the Agricultural Sector of the local real estate market, with Tyson Foods, Inc., Simmons Foods, Inc., and George's, Inc., being the primary players. Tyson Foods, Inc., is also instrumental in the revitalization of the Springdale Central Business District by undertaking new development. The University of Arkansas remains the focal point of Fayetteville. Student growth is creating demand for new residential (multi-family in particular) development. The trucking industry, led by J.B. Hunt Transport Services, Inc., also represents a plus for the local economy and brings national recognition to the area.

The medical community in Benton and Washington Counties also creates demand for real estate development in the area. Washington Regional, Northwest Health systems, and Mercy Health Systems are the major employers. A new Arkansas Children's Hospital is currently under construction in the southwest part of Springdale. This should create demand for residential and commercial development in that area.

In summary, the Benton-Washington County Area appears to have the foundation and composition for continued strong growth. This reflects positively on real estate development and real property values in the area.



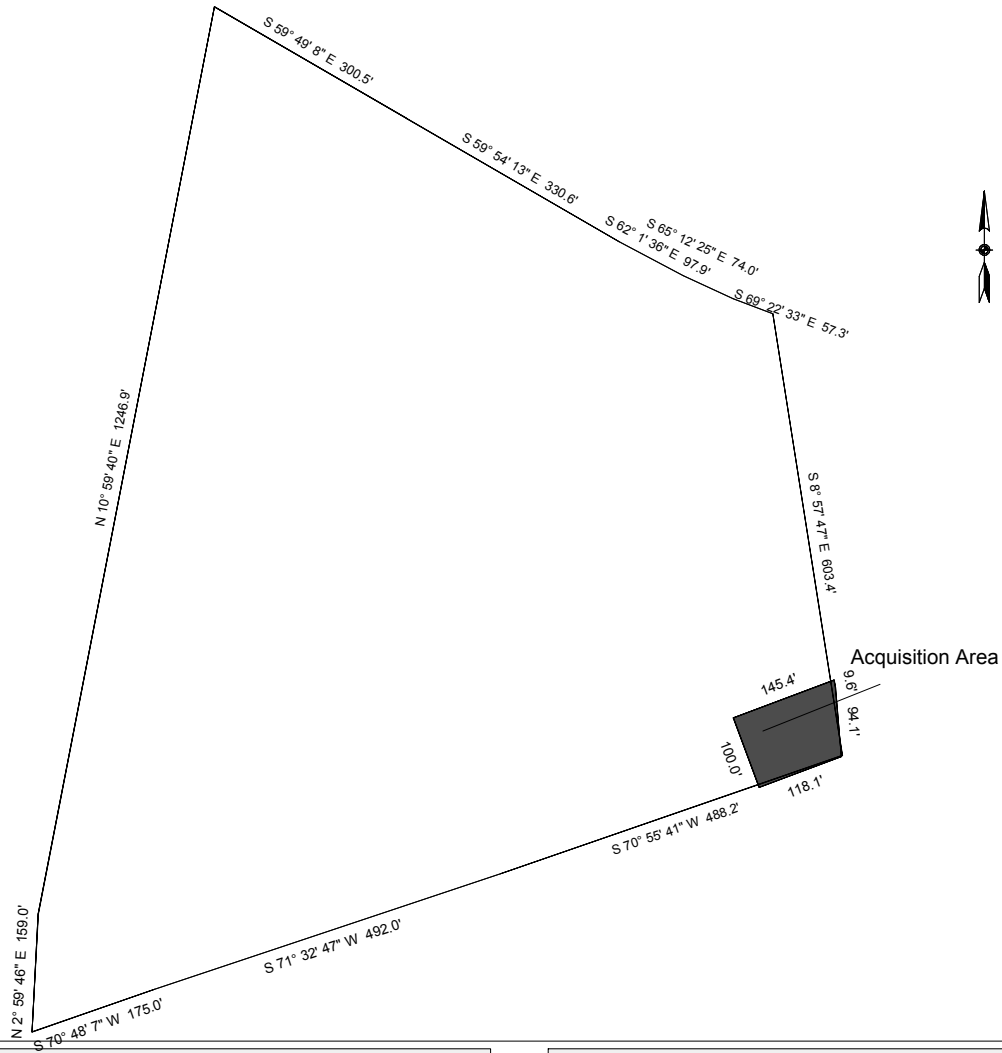
February 12, 2018



SKETCH/AREA TABLE ADDENDUM

SUBJECT	Property Address		
	City	State	Zip
	Borrower		
	Lender/Client		
	Appraiser Name		

IMPROVEMENTS SKETCH



Scale: 1 = 259

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Net Totals
SITE	Subject Site	21.17 *	21.17 ac
OTH	Acquisition	13222.12	13222.12

AREA BREAKDOWN	
Breakdown	Subtotals

* Acreage rounded to 2 decimal places

National Flood Hazard Layer FIRMette



Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

Without Base Flood Elevation (BFE)
Zone A, V, AE, AH, AO, AE, AR

Regulatory Floodway
Zone AE, AO, AH, AE, AR

SPECIAL FLOOD HAZARD AREAS

0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile
Zone X

Future Conditions 1% Annual Chance Flood Hazard
Zone X

Area with Reduced Flood Risk due to Levee, See Notes.
Zone X

Area with Flood Risk due to Levee
Zone D

OTHER AREAS OF FLOOD HAZARD

NO SCREEN

Effective LOMRs

Area of Minimal Flood Hazard
Zone X

Area of Undetermined Flood Hazard
Zone D

OTHER AREAS

Channel, Culvert, or Storm Sewer

Levee, Dike, or Floodwall

GENERAL STRUCTURES

Cross Sections with 1% Annual Chance Water Surface Elevation
20.2
17.5

Coastal Transect

Base Flood Elevation Line (BFE)

Limit of Study

Jurisdiction Boundary

Coastal Transect Baseline

Profile Baseline

Hydrographic Feature

OTHER FEATURES

Digital Data Available

No Digital Data Available

Unmapped

MAP PANELS

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The base map shown complies with FEMA's base map accuracy standards.

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on **2/12/2018 at 4:30:16 PM** and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: base map imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.

Source: Esri, DigitalGlobe, GeoEye, Earthstar Geographics, CNES/Airbus DS, USDA, USGS, AeroGRID, IGN, and the GIS User Community

0 250 500 1,000 1,500 2,000 Feet 1:6,000

94°21'38.04"W

36°10'20.00"N

Parcel Detail Report

Created: 2/12/2018 3:08:48 PM

Basic Information						
Parcel Number:	18-10360-006					
County Name:	Benton County					
Ownership Information:	SKYSCRAPER TOURS INC PO BOX 730 TONTITOWN AR 72770-0730					
Property Address:	SKYSCRAPER TOURS INC 14975 OLD HWY 68 RURAL, AR					
Billing Information :	SKYSCRAPER TOURS INC PO BOX 730 TONTITOWN, AR 72770-0730					
Total Acres:	21.17					
Timber Acres:	3.56					
Sec-Twp-Rng:	02-17-32					
Lot/Block:	/					
Subdivision:	02-17-32-RURAL					
Legal Description:	A PART OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER AND A PART OF THE SOUTHEAST QUARTER OF THE SOUTHWEST QUARTER, ALL BEING IN SECTION 2, TOWNSHIP 17 NORTH, RANGE 32 WEST, BENTON COUNTY, ARKANSAS, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS, TO-WIT: BEGINNING AT A POINT WHICH IS S 02°59'40" W, 1695.87 FEET FROM THE NORTHWEST CORNER OF THE NORTHEAST QUARTER OF THE SOUTHWEST QUARTER OF SAID SECTION 2, SAID POINT BEING A SET IRON PIN, AND RUNNING THENCE N 10°59'40" E, 1246.90 FEET TO THE CENTERLINE OF OLD HIGHWAY 68, THENCE ALONG SAID CENTERLINE THE FOLLOWING S COURSES: S 59°49'08" E 300.53 FEET; S 59°54'13" E 330.61 FEET; S 62°01'36" E 97.91 FEET; S 65°12'25" E 74.02 FEET; S 69°22'33" E 57.33 FEET TO THE CENTERLINE OF ROBINSON ROAD; THENCE ALONG SAID CENTERLINE OF ROBINSON ROAD S 08°57'47" E, 603.41 FEET TO THE NORTH RIGHT OF WAY OF U. S. HIGHWAY 412, THENCE ALONG SAID NORTH RIGHT OF WAY THE FOLLOWING 3 COURSES: S 70°55'41" W 488.16 FEET TO A FOUND ALUMINUM MONUMENT, S 71°32'47" W, 491.98 FEET TO A FOUND ALUMINUM MONUMENT, S 70°48'07" W, 174.96 FEET TO A SET IRON PIN, THENCE LEAVING SAID RIGHT OF WAY AND RUNNING N 02°59'40" E 159.05 FEET TO THE POINT OF BEGINNING, CONTAINING 21.17 ACRES, MORE OR LESS.					
School District:	21 Siloam Springs					
Homestead Parcel?:	No					
Tax Status:	Taxable					
Over 65?:	No					
Land Information						
Land Type	Quantity	Front Width	Rear Width	Depth 1	Depth 2	Quarter
PASTURE	0.06 acres [2,614 sqft]					SW
PASTURE	0.22 acres [9,583 sqft]					SW
PASTURE	0.23 acres [10,018 sqft]					SW
PASTURE	0.62 acres [27,007 sqft]					SE
PASTURE	0.91 acres [39,639 sqft]					SW
PASTURE	3.04 acres [132,422 sqft]					SW
PASTURE	10.07 acres [438,649 sqft]					SW
RES	2.46 acres [107,157 sqft]					
TIMBER	0.06 acres [2,614 sqft]					SW
TIMBER	0.06 acres [2,614 sqft]					SW
TIMBER	0.18 acres [7,841 sqft]					SW
TIMBER	0.91 acres [39,639 sqft]					SE
TIMBER	1.12 acres [48,787 sqft]					SW
TIMBER	1.23 acres [53,578 sqft]					SW
Valuation Information						
Entry	Appraised	Assessed				
Land:	21,350	4,270				
Improvements:	176,300	35,260				
Total Value:	197,650	39,530				

Taxable Value:		39,530
Millage:		0.0521
Timber:		0.71
Estimated Taxes:		\$2,060.22
Assessment Year:		2017

Tax Information

Year	Book	Tax Owed	Tax Paid	Balance
2016	Current	\$696.70	-\$696.70	\$0.00
2015	Current	\$46.49	-\$46.49	\$0.00
2014	Current	\$46.05	-\$46.05	\$0.00
2013	Delinquent	\$45.87	-\$45.87	\$0.00

Receipts

Receipt #	Book	Tax Year	ReceiptDate	Cash Amt	Check Amt	Credit Amt	Total
95144	Current	2016	10/6/2017	\$0.00	\$696.70	\$0.00	\$696.70
51720	Current	2015	7/20/2016	\$0.00	\$46.49	\$0.00	\$46.49
37258	Current	2014	6/1/2015	\$0.00	\$46.05	\$0.00	\$46.05
995366	Delinquent	2013	11/18/2014	\$0.00	\$50.87	\$0.00	\$50.87

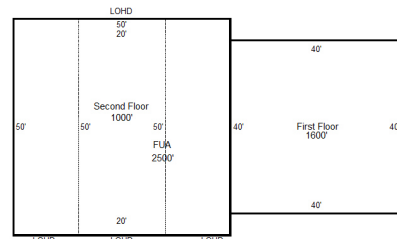
Sales History

Date	Price	Grantor	Grantee	Book	Page	Deed Type
4/30/2013	0	FRESE, LORI FKA CUNNINGHAM & FRESE, JACOB C SR	SKYSCRAPER TOURS INC (21.17 AC)	2013	23062	WD(WARRANTY DEED)

Improvement Information

Residential Improvements

Residential Improvement #1

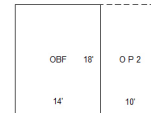


Living Area 1st Floor	1,600	Basement Unfinished	0
Living Area 2nd Floor	1,000	Basement Finished w/Partitions	0
		Basement Finished w/o Partitions	0
Living Area Total SF	2,600	Basement Total SF	0

Occupancy Type:	Single Family			
Grade:	D5			
Story Height:	1 Plus			
Year Built:	2016			
Effective Age:	2			
Construction Type:	Std Frame			
Roof Type:	Galvalume			
Heat / AC:	Central			
Fireplace:	0			
Bathrooms:	2 full			
Foundation Type:	Slab			
Floor Type:	Elevated Slab			
Floor Covering:	ceramic:	2,600 sq ft		
Additive Items:	Additive Item	Quantity	Size	Description
	FUA	2500		FRAME UNFIN ATTACHED

Outbuildings / Yard Improvements:	OBYI Item	Quantity	Size	Description
	SEC GATE FLAT		1	
	SRFX3		48	3 RAIL SPLIT
	WFX6		48	6' WOOD PRIVACY

Residential Improvement #2



Sketch by Apex 12/16

Living Area 1st Floor	0	Basement Unfinished	0
Living Area 2nd Floor	0	Basement Finished w/Partitions	0
		Basement Finished w/o Partitions	0
Living Area Total SF	0	Basement Total SF	0

Occupancy Type:				
Grade:	D			
Story Height:				
Year Built:	Year Built Not Available			
Effective Age:				
Construction Type:				
Roof Type:	Unkown			
Heat / AC:	None			
Fireplace:	0			
Bathrooms:				
Foundation Type:	Unkown			
Floor Type:	Unkown			
Floor Covering:				
Outbuildings / Yard Improvements:	OBYI Item	Quantity	Size	Description
	OBF FLAT	1		FRAME OUTBLDG FLAT
	OP2 FLAT	1		

WARRANTY DEED
Wife and husband

KNOW ALL MEN BY THESE PRESENTS:

That we, **Lori Frese (f/k/a Sybil Cunningham)** and **Jacob C. Frese, Sr.**, wife and husband, hereinafter collectively called "Grantor", for and in consideration of the sum of One Dollar (\$1.00) and other good and valuable consideration to us in hand paid by **Skyscraper Tours, Inc.**, an Arkansas corporation, hereinafter called "Grantee", do hereby grant, bargain, sell and convey unto the said Grantee and Grantee's successors and assigns, the following described land situate in Benton County, State of Arkansas, to-wit:

A part of the Northeast Quarter of the Southwest Quarter and a part of the Southeast Quarter of the Southwest Quarter, all being in Section 2, Township 17 North, Range 32 West, Benton County, Arkansas, being more particularly described as follows, to-wit: Beginning at a point which is S 02°59'40" W, 1695.87 feet from the Northwest Corner of the Northeast Quarter of the Southwest Quarter of said Section 2, said point being a set iron pin, and running thence N 10°59'40" E, 1246.90 feet to the centerline of Old Highway 68, thence along said centerline the following 5 courses: S 59°49'08" E 300.53 feet; S 59°54'13" E 330.61 feet; S 62°01'36" E 97.91 feet; S 65°12'25" E 74.02 feet; S 69°22'33" E 57.33 feet to the centerline of Robinson Road; thence along said centerline of Robinson Road S 08°57'47" E, 603.41 feet to the North right of way of U. S. Highway 412, thence along said North right of way the following 3 courses: S 70°55'41" W 488.16 feet to a found aluminum monument, S 71°32'47" W, 491.98 feet to a found aluminum monument, S 70°48'07" W, 174.96 feet to a set iron pin, thence leaving said right of way and running N 02°59'40" E 159.05 feet to the Point of Beginning, containing 21.17 acres, more or less. Subject to easements and rights of way of record, if any.

**Subject to easements, rights-of-way, and protective covenants of record, if any.
Subject to all prior mineral reservations and oil and gas leases.**

(Legal description provided by Arvest Bank Tontitown.)

TO HAVE AND TO HOLD the said lands and appurtenances thereunto belonging unto the said Grantee and Grantee's successors and assigns, forever. And we, the said Grantors, hereby covenant that we are lawfully seized of said land and premises, that the same is unencumbered, and that we will forever warrant and defend the title to the said lands against all claims whatever.

AND we, **Lori Frese (f/k/a Sybil Cunningham)**, wife, and **Jacob C. Frese, Sr.**, husband, for and in consideration of the sum of money, do hereby release and relinquish unto the said Grantee all our rights of curtesy, dower and homestead in and to the said lands.

WITNESS our hands and seals on this 30TH day of APRIL, 2013.

MAIL TAX STATEMENT TO:

Skyscraper Tours, Inc.

PO BOX 730

TONTITOWN, AR 72770

Lori Frese

Lori Frese (f/k/a Sybil Cunningham)

Jacob C. Frese, Sr.

I certify under penalty of false swearing that documentary stamps or a documentary symbol in the legally correct amount has been placed on this instrument.

Grantee: Skyscraper Tours, Inc.

By: Lori Frese

Lori Frese, President

PO BOX 730

TONTITOWN, AR 72770

(Address)

ACKNOWLEDGEMENT

STATE OF ARKANSAS)

) ss.

COUNTY OF WASHINGTON)

On this the 30TH day of APRIL, 2013, before me, a Notary Public, personally appeared **Lori Frese (f/k/a Sybil Cunningham)** and **Jacob C. Frese, Sr.**, wife and husband, 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:

7-2-2017

Matt Akins
Notary Public



Prepared by: Stephen J. Miller, Harrington, Miller, Kieklak, Eichmann & Brown, P.A.
113 E. Emma Avenue, Springdale, Arkansas 72764

Tran: 237079
Total Fees: \$20.00

Benton County, AR
I certify that this instrument was Electronically filed
on 05/01/2013 11:39AM
in DEED Book 2013 Pages 23062 - 23064
Brenda DeShields-Circuit Clerk



“EXHIBIT B”

TRACT NO: 07

PARCEL NO: 18-10360-006

Owner: Skyscraper Tours, Inc.

Proposed Tract Acquisition

A part of the Northeast Quarter (SE1/4) of the Southwest (SW1/4) of Section Two (2), Township Seventeen (17) North, Range Thirty-two (32) West, Benton County, Arkansas.

Described as follows:

Commencing at the Northwest corner of the Northeast Quarter (NE1/4) of the Southwest (SW1/4) of said Section Two (2); thence S02°43'43"W along the West line of said Southwest Quarter (SW1/4) a distance of 1482.49 feet; thence leaving said West line S87°16'17"E a distance of 934.16 feet to a point on the North right of way for Highway 412 also the POINT OF BEGINNING; thence leaving said North right of way N19°20'16"W a distance of 100.00 feet; thence N70°39'44"E a distance of 145.42 feet to the West right of way for Robinson Road; thence along said West right of way S09°13'46"E a distance of 9.58 feet to said North right of way for Highway 412; thence along said North right of way S03°32'37"E a distance of 94.13 feet; thence continuing along said right of way S70°39'44"W a distance of 118.12 feet to the POINT OF BEGINNING, and containing 13,221 square feet or 0.30 acres more or less.

Temporary Construction Easement

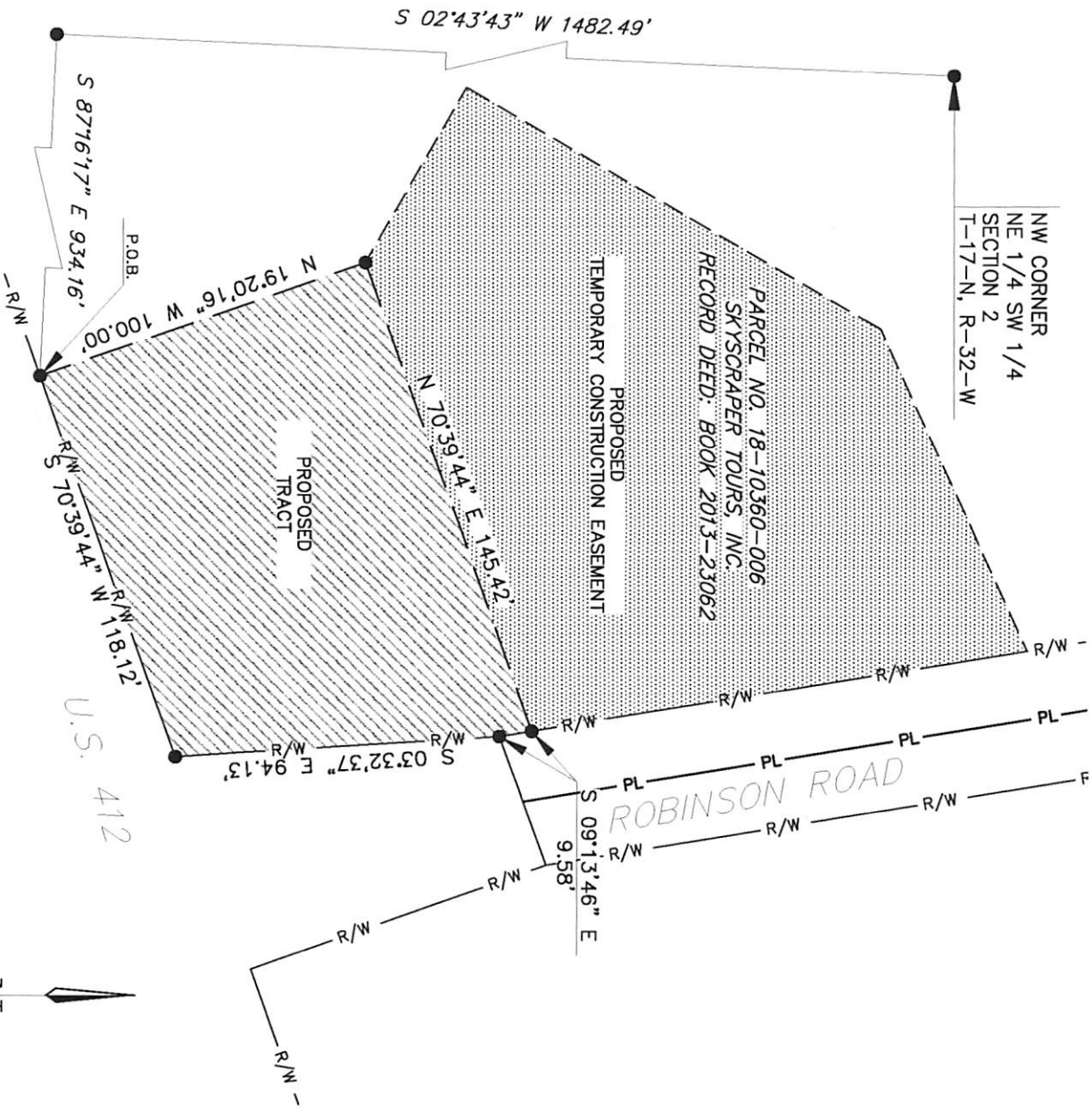
A temporary construction easement, lying North of and adjacent to the above described tract containing 21,211 square feet or 0.49 acres more or less, as shown on "EXHIBIT A". This temporary construction easement as conditioned above, shall terminate when the herein referenced project has been completed and accepted by the City of Tontitown, Arkansas.

NW CORNER
NE 1/4 SW 1/4
SECTION 2
T-17-N, R-32-W

PARCEL NO. 18-10360-006
SKYSCRAPER TOURS, INC.
RECORD DEED: BOOK 2013-23062

PROPOSED
TEMPORARY CONSTRUCTION EASEMENT

PROPOSED
TRACT



AREA CALCULATIONS		
PROPOSED TRACT ACQUISITION	SQ. FT.	ACRES
PROPOSED TEMP. CONST. EASEMENT	13,221	0.30
	21,211	0.49

LEGEND

- PL ——— PL ——— EXISTING PROPERTY LINE
- R/W ——— EXISTING RIGHT OF WAY LINE
- EXISTING EASEMENT LINE
- PROPOSED EASEMENT LINE
- PROPOSED TEMP. CONST. EASEMENT LINE



(IN FEET)
1 inch = 50 ft.

THIS EXHIBIT IS A SKETCH DESCRIPTIVE ONLY OF THE SIZE, SHAPE AND LOCATION OF THE PROPOSED EASEMENTS AND DOES NOT CONSTITUTE A PLAT OR SURVEY OF THE GRANTOR'S PROPERTY.

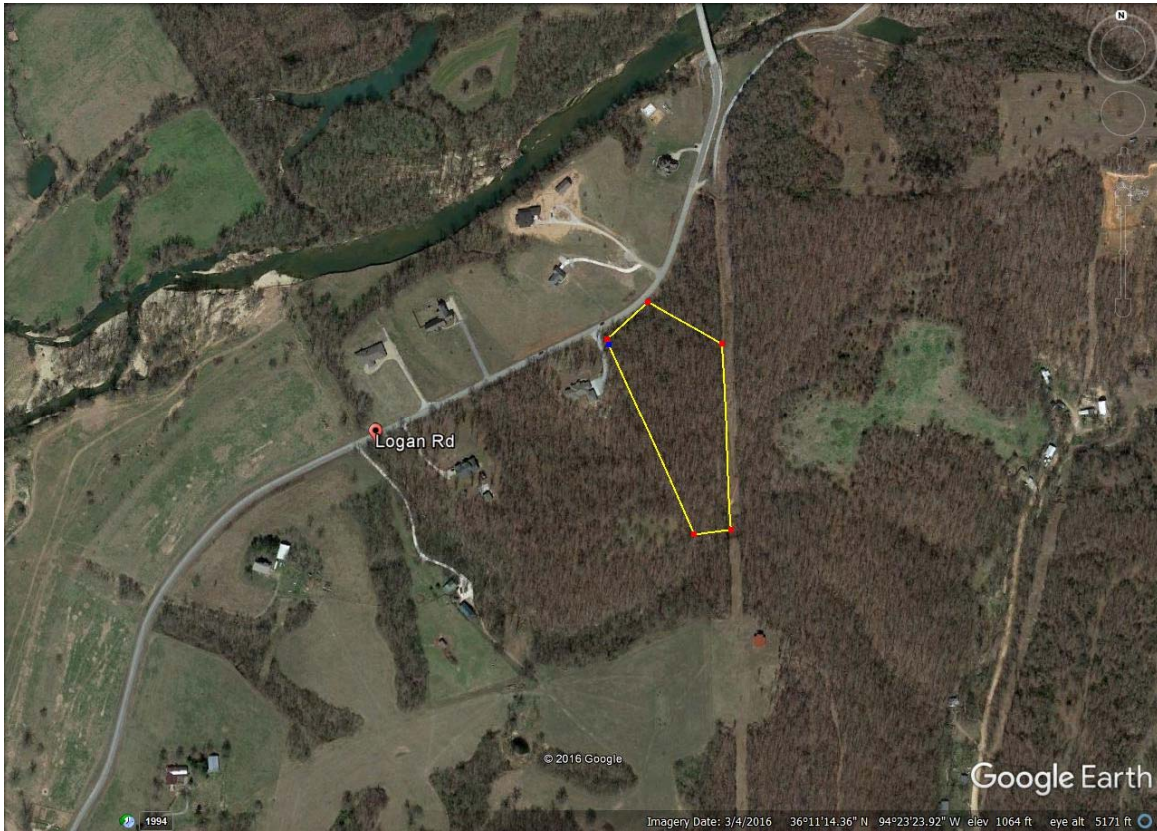
G
GARVER
2049 EAST JOYCE BOULEVARD
SUITE 400
FAYETTEVILLE, ARKANSAS 72704
479 527-9100

CITY OF TONTTOWN
TONTTOWN, ARKANSAS
HIGHWAY 412 WATER
TRANSMISSION LINE
IMPROVEMENTS

TONTTOWN
CITY OF

JOB NO. 17048080	DATE FEB. 5, 2018
"EXHIBIT A"	TRACT 7

LAND SALE 1



GENERAL INFORMATION

General/Specific Type: Residential

Location: South/southeast side of Logan Road

City: Rural

County: Benton

Parcel(s): 15-16010-000

S-T-R: 33-18-32

Lot/Block: Lot10

Record #: 1816

Book/Page: 2015/30103

State: AR

Subdivision: Osage Valley Estates

Legal: Lot 10, Osage Valley Estates

SALE INFORMATION

Sale Date: May 11, 2015

Sale Price: \$45,000

Adjusted Sale Price: \$45,000

Grantor: Greg Smith

Grantee: Eddie Loyd and Georgia Loyd

Financing: Cash to Seller

Conditions of Sale: Arms-Length

Exposure Time: 511 Days

Rights Conveyed: Fee Simple

Verification: MLS: Benton County Circuit Clerk

PROPERTY INFORMATION

Gross Land Size: 5.680± Acres, or 247,421± SF

Total Frontage: Logan Road

Zoning: Not Zoned, No County Zoning

Topography: Moderately sloping/Wooded

Utilities: Electricity; Gas; Telephone

Highest & Best Use: Residential

Indicators

Sale Price/Gross Acre: \$7,923±

Sale Price/Gross SF: \$0.18±

Adjusted Sale Price/Gross Acre: \$7,923±

Adjusted Sale Price/Gross SF: \$0.18±

Remarks: This property represents a 5.68± acre residential lot located in rural Benton County. The lot is in Osage Valley Estates. Utilities available to the site include natural gas, electricity and telephone. Topography is moderately sloping and wooded.

LAND SALE 2



GENERAL INFORMATION

General/Specific Type: Agricultural/Residential/Recreation		Record #: 2181
Location: North side of Old Highway 68, west of Chamber Springs Road		Book/Page: 2015/3804
City: Rural	County: Benton	State: AR
Parcel(s): 18-10464-001		
S-T-R: 06-17-32	Lot/Block:	Subdivision:
Legal: A part of the fractional SW 1/4 of Section 6, Township 17 North, Range 32 West of the Fifth Principal Meridian, Benton County, Arkansas		

SALE INFORMATION

Sale Date: January 23, 2015	Financing: Market Terms
Sale Price: \$104,440	Conditions of Sale: Arms-Length
Adjusted Sale Price: \$104,440	Exposure Time: 158± days
Grantor: Randall W. & Mary Lou Steele	Rights Conveyed: Fee Simple
Grantee: Corner Post Cowboy Church	Verification: Sammye Gunter-Listing Agent

PROPERTY INFORMATION

Gross Land Size: 14.920± Acres, or 649,915± SF	Indicators
Total Frontage: 1,000'±, Old Highway 68	Sale Price/Gross Acre: \$7,000±
Zoning: Not Applicable, None	Sale Price/Gross SF: \$0.16±
Topography: Rolling	Adjusted Sale Price/Gross Acre: \$7,000±
Utilities: Electric	Adjusted Sale Price/Gross SF: \$0.16±
Highest & Best Use: Agricultural/Residential/Recreational Use	

Remarks: Rolling, vacant piece of land. It is unknown what is planned for the property. The site will need a well for water. The extreme north part of the property is timber covered (approx. 5.20± acres).

LAND SALE 3



GENERAL INFORMATION

General/Specific Type: Residential

Location: SEC of Robinson Road and U.S. 412

City: Rural

County: Benton

Parcel(s): 18-10360-000

S-T-R: 02-17-32

Lot/Block: N/A

Record #: 1814

Book/Page: 2014/53961

State: AR

Subdivision: N/A

Legal: Pt of W1/2 of the NW SW & Pt of the SE SW and S pt of the NE SW of 02-17-32

SALE INFORMATION

Sale Date: September 24, 2014

Sale Price: \$47,500

Adjusted Sale Price: \$47,500

Grantor: Delphard E. Russell and Joyce F. Russell

Grantee: Rick Whittle and D'Ann P. Whittle

Financing: Cash to Sellers

Conditions of Sale: Arm's Length

Exposure Time: 243 Days

Rights Conveyed: Fee Simple

Verification: MLS: Benton County Circuit Clerk

PROPERTY INFORMATION

Gross Land Size: 7.480± Acres, or 325,829± SF

Total Frontage: U.S. 412 and Robinson Rd.

Zoning: Not Zoned, No County Zoning

Topography: Moderately Rolling; Wooded/Brush Covered

Utilities: Electricity, Telephone

Highest & Best Use: Residential

Indicators

Sale Price/Gross Acre: \$6,350±

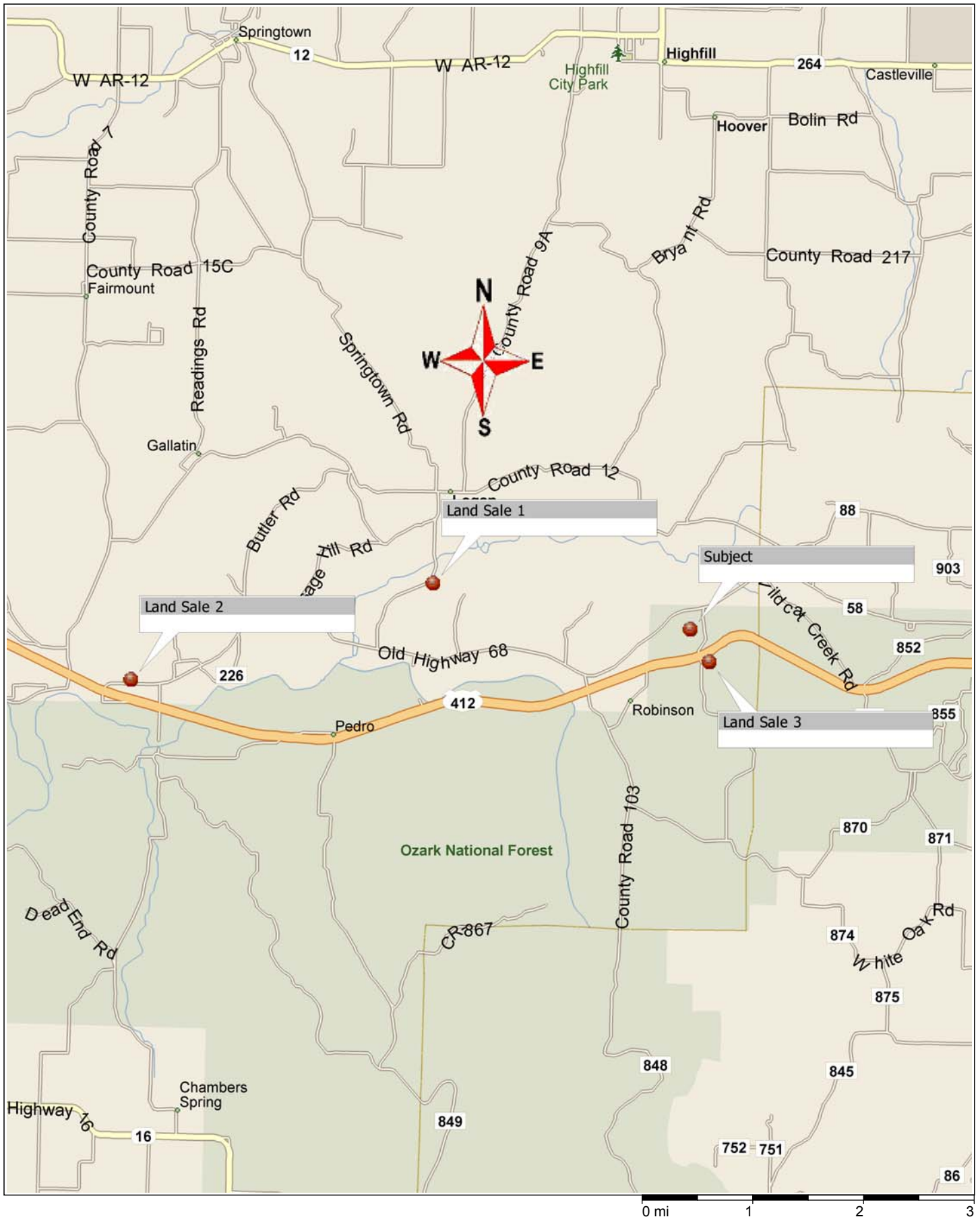
Sale Price/Gross SF: \$0.15±

Adjusted Sale Price/Gross Acre: \$6,350±

Adjusted Sale Price/Gross SF: \$0.15±

Remarks: This property represents 7.48± located at the southeast corner of U.S. 412 and Robinson Road in rural Benton County. Utilities available to the property include electricity and telephone. The topography is primarily moderately rolling and the site is wooded and brush covered.

COMPARABLE LAND SALES MAP



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, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I, Shannon Mueller, have performed no 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I, Shannon Mueller, have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- 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.
- 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, Shannon Mueller, have completed the Standards and Ethics Education Requirement for Candidates of the Appraisal Institute.

Sincerely,



Shannon Mueller, CG2302
REED & ASSOCIATES, INC.



ASSUMPTIONS AND LIMITING CONDITIONS

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

1. This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraisers' file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. 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.
3. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
4. Responsible ownership and competent property management are assumed.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. 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.
7. 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.
8. 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.
9. 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.
10. 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.

11. 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.
12. "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 Restricted 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.

QUALIFICATIONS OF SHANNON REED MUELLER

EDUCATION

B.S.B.A. in Finance/Real Estate-University of Arkansas, 5-94

PROFESSIONAL EXPERIENCE

May 2006-Present – Certified General Appraiser for REED & ASSOCIATES, INC., Fayetteville, Arkansas
May 2005–May 2006 – State Licensed Appraiser for REED & ASSOCIATES, INC., Fayetteville, Arkansas
April 2003-May 2005 – Appraiser Trainee for REED & ASSOCIATES, INC., Fayetteville, Arkansas
1994-April 2003-Commercial Credit Analyst and Appraisal Review for First National Bank of Springdale, Springdale, Arkansas & First Tennessee Bank

PROFESSIONAL AFFILIATIONS AND DESIGNATIONS

Ozark Chapter of the Appraisal Institute
Member of the Northwest Arkansas Appraisal Section
State Certified General Appraiser – Arkansas – CG2302
Candidate for Designation, Appraisal Institute
Arkansas Appraisal Licensing Board-2014-Present, Chairman 2017
Springdale Planning Commissioner

PROFESSIONAL COURSES COMPLETED

Real Estate Principles – UA – 1993
Real Estate Investment & Appraisal – UA – 1994
Real Estate Finance – UA – 1993

RELEVANT COLLEGE COURSES

Accounting Principles I & II, Business Law, Microeconomics, Macroeconomics, Financial Theory & Practice, Information Systems Mgt., Organizational Behavioral Theory, Strategic Management, Principles of Marketing, Business Statistics, Principles of Real Estate, Real Estate Investment, Real Estate Finance, Commercial Banking, Principles Of Banking & Finance

CLIENTELE

Arkansas Department of Tourism
Arkansas State Highway and Transportation Department
Arkansas Game and Fish Commission
O.R. Colan Associates
Universal Field Services
Cities of: Springdale, Fayetteville, Rogers, Lowell, Bentonville, Prairie Grove, Siloam Springs
Southwestern Electric Power Company
Carroll Electric Cooperative Corporation
Tyson Foods, Inc.
Various Water Authorities, Attorneys, Corporations, and Individuals
Financial Institutions – Arvest Bank, Legacy National Bank, First Security Bank, Centennial Bank, Bear State Bank, United Bank, First Western Bank, IberiaBank, Bancorp South, Signature Bank, Cornerstone Bank, and others.

PROFESSIONAL COURSES & SEMINARS COMPLETED

Uniform Standards of Professional Appraisal Practice, (USPAP) – Russellville, AR-2003
Fundamentals of Real Property Appraisal – Russellville, AR-2004
Land/Site Valuation & Sales Comparison Approach – Russellville, AR-2004
Evaluating Residential Construction – Ozark Chapter of The Appraisal Institute, Bentonville, AR-2005
General Report Writing – Appraisal Institute, Chicago, IL-2005
National Uniform Standards of Professional Appraisal Practice, (USPAP Update)-Chicago, IL-2005

Eminent Domain and Condemnation – Appraisal Institute Seminar-2005
 Basic Income Capitalization – Ozark Mountain Chapter of The Appraisal Institute, Rogers, AR-2006
 Business Practices and Ethics – Ozark Mountain Chapter of The Appraisal Institute, Joplin, MO-2007
 National Uniform Standards of Professional Appraisal Practice, (USPAP Update)-Joplin, MO-2007
 General Market Analysis and Highest and Best Use – Green Country Chapter of The Appraisal Institute, Tulsa, OK-2008
 National Uniform Standards of Professional Appraisal Practice, (USPAP Update)-Fayetteville, AR-2010
 Appraising Distressed Commercial Real Estate – Ozark Mountain Chapter of The Appraisal Institute-Rogers, AR-2010
 Forecasting Revenue – Ozark Mountain Chapter of The Appraisal Institute-Rogers, AR-2010
 Analyzing Rural Residential Outbuildings- Northwest Arkansas Appraisal Section-Fayetteville, AR-2010
 Business Practices and Ethics – Ozark Mountain Chapter of The Appraisal Institute, Cassville, MO-2011
 National Uniform Standards of Professional Appraisal Practice, (USPAP Update)-Rogers, AR-2012
 Advance Income Capitalization-Little Rock, AR-2012
 National Uniform Standards of Professional Appraisal Practice, (USPAP Update)-Fayetteville, AR-2014
 Advanced Applications & Case Studies-Tulsa, OK-2014
 Business Practice & Ethics-Bentonville, AR-2014
 16-Hour Uniform Appraisal Standards for Federal Land Acquisitions – Arkansas Chapter of the Appraisal Institute;
 Little Rock, Arkansas
 National Uniform Standards of Professional Appraisal Practice, (USPAP Update)-Fayetteville, AR-2016

REFERENCES

Patsy Christie, Director of Planning and Community Development; Springdale, Arkansas 479-750-8550
 Brian Bahr, Economic Development Manager, City of Bentonville; Bentonville, Arkansas 479-271-5997
 Charles Harwell, Attorney, Cypert, Crouch, Clark & Harwell; Springdale, Arkansas 479-756-5222
 Lance Jobe, City Engineer, City of Rogers 479-621-1116
 Rick Pulvirenti, P.E., Director of Engineering, Springdale Water Utilities 479-927-4183
 Chris Brown, City Engineer, City of Fayetteville; Fayetteville, Arkansas 479-575-8207