

CITY OF JONESBORO
JONESBORO, ARKANSAS

on

THE JUSTICE COMPLEX AND ADJOINING LOT
JONESBORO, ARKANSAS

MID-AMERICA APPRAISAL GROUP

W. G. McCracken, IFA
Douglas D. Cooper, IFA
John W. Street, IFA

624 South Main
Jonesboro, Arkansas 72401
(501) 932-3303

John D. Armour, MAI, ARA
Larry D. Clark, SRA, IFA

September 15, 1989

Mr. Hubert Brodell, Mayor
City of Jonesboro
314 West Washington
Jonesboro, Arkansas 72401

RE: Appraisal of the Justice Complex and adjoining lot in Jonesboro

Dear Mayor Brodell:

As requested, I have made a narrative appraisal of the above captioned properties. The properties are further described in detail within this report.

The objective of the appraisal was to estimate the current market value of the subject properties. The final estimates of market value, resulting from my investigation and appraisal analysis, are presented in the "Salient Facts and Conclusions" section of this report.

The supporting data, analysis, and conclusions upon which these estimates of value are based are contained in the accompanying appraisal report. Thank you for the assignment; I look forward to serving you again.

Respectfully submitted,


John D. Armour, MAI, ARA

JDA:sdr

Attachment



JOHN D. ARMOUR, MAI, ARA

MAI-Member, Appraisal Institute, American Institute of Real Estate Appraisers, Certificate No. 7172
ARA-Accredited Rural Appraiser, American Society of Farm Managers and Rural Appraisers, Certificate No. 644



TABLE OF CONTENTS

	Page
Title Page	1
Letter of Transmittal	2
Salient Facts and Conclusions	4
General Area Data	7
Neighborhood Data	10
Property Description	11
Highest and Best Use	14
Photographs of Subject Property	15
The Appraisal Process	19
Cost Approach	20
Market Data Approach	26
Correlation and Final Value Estimate	31
Certification	32

ADDENDA

Statement of Assumptions and Limiting Conditions	33
Qualifications of Appraiser	34

SALIENT FACTS AND CONCLUSIONS

RIGHTS APPRAISED	Fee simple
DATE OF VALUE ESTIMATE	September 12, 1989
DATE OF INSPECTION	September 12, 1989
TOTAL LAND SIZE	48,700 sq.ft. (estimated)
TOTAL BUILDING SIZE	31,041 square feet
ZONING	C-1, Commercial
REAL ESTATE TAXES	None, Not Taxable
ESTIMATED MARKET VALUE OF THE "CITY" PROPERTY ONLY	\$265,000
ESTIMATED MARKET VALUE OF THE "CITY/COUNTY" PROPERTY (JUSTICE COMPLEX)	\$465,000
ESTIMATED MARKET VALUE OF BOTH PROPERTIES IN THE AGGREGATE	\$775,000

AUTHORIZATION

John D. Armour, MAI, ARA was authorized to appraise the property described herein in a telephone conversation with Mayor Hubert Brodell on September 7, 1989.

OBJECTIVE OF THE APPRAISAL

The purpose of the appraisal is to estimate the current market value, as defined herein, of the subject property. The effective date of the appraisal is September 12, 1989, the date of inspection. Mayor Brodell instructed me to appraise the subject property under three different premises. These will be outlined in later sections of the report.

PROPERTY IDENTIFICATION

No legal description was made available to the appraiser for this assignment. After viewing city plats and county records, however, the property appears to be all of Lots 16, 17 and 37 in Cobb's Survey in the SW $\frac{1}{4}$ SE $\frac{1}{4}$ of Section 18, Township 4 North, Range 4 East. I do not guarantee that this is the exact legal description. Also, no survey or lot size was provided. Again, I had to estimate these areas from city plats and county records. The lot sizes used herein are consequently estimates only and I take no responsibility for their accuracy. The reader of the report should be profoundly aware that the legal description and lot size are approximations!

DEFINITION OF MARKET VALUE

Market value as used in this report is defined as, "The most probable price in terms of money which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus."

Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and each acting in what he considers his own best interest;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

GENERAL AREA DATA

The subject property is located at the corner of Church and Washington in Jonesboro. Jonesboro is the county seat of Craighead County, which is situated in the northeast part of the state. Access to Jonesboro is primarily by U.S. Highway 63. Jonesboro is located about 65 miles northwest of Memphis, Tennessee and 130 miles northeast of Little Rock, Arkansas. Jonesboro has a modern airport which has daily flights to major metropolitan areas. There is also one bus line, three railroad systems, one parcel service and a dozen trucking firms.

Jonesboro is the home of Arkansas State University and is the economic hub of Northeast Arkansas. Primarily for these reasons, the population of the city and county has shown significant growth during the past few years, as one can see from the statistics presented below.

<u>AREA</u>	<u>1970</u>	<u>1980</u>	<u>PERCENT CHANGE</u>	<u>1983</u>	<u>PERCENT CHANGE</u>
Jonesboro	27,040	31,530	+ 16.6%	32,130	+ 1.9%
Craighead County	<u>25,028</u>	<u>31,691</u>	+ 26.6%	<u>33,259</u>	+ 4.9%
Total	<u>52,068</u>	<u>63,221</u>	+ 21.4%	<u>65,389</u>	+ 3.4%

Jonesboro has a very balanced economy with several major industries. Agriculture plays an important role in the area's economy, as vast amounts of farmland surround Jonesboro. Employment in the area is categorized on the following page.

<u>CATEGORY</u>	<u>EMPLOYMENT</u>	<u>PERCENT OF TOTAL</u>
Agriculture	2,150	7.7%
Durable Manufacturing	3,850	13.7%
Nondurable Manufacturing	2,150	7.7%
Construction	675	2.4%
Transportation-Utilities	1,100	3.9%
Wholesale-Retail Trade	4,975	17.7%
Finance-Insurance-Real Estate	750	2.7%
Services	4,075	14.5%
Government	4,300	15.3%
Other	<u>4,025</u>	<u>14.4%</u>
Total	28,050	100.0%

Arkansas State University is by far the largest single employer in Jonesboro. Shown below are the ten largest employers in Jonesboro.

<u>EMPLOYER</u>	<u>EMPLOYEES</u>
(1) Arkansas State University	2,000
(2) St. Bernard's Medical Center	750
(3) Frolic Footwear, Inc.	560
(4) Jonesboro Public Schools	516
(5) General Electric	365
(6) Delta, Inc. of Arkansas	357
(7) W. A. Krueger Company	350
(8) Hytrol Conveyor Company	600
(9) Dupont	320
(10) Southwestern Bell Telephone	300

In total, there are 32 employers in Jonesboro with over 100 employees. Jonesboro has the highest per capita income in Northeast Arkansas (\$21,000) and total retail sales in the city are in excess of \$300 million, as can be seen below.

<u>YEAR</u>	<u>TOTAL RETAIL SALES</u>
1977	\$218,270,000
1980	\$279,733,000
1982	\$262,406,000
1984	\$309,501,000

Jonesboro's position as a regional center for Northeast Arkansas is most recognizable in three areas: education, retailing, and medical services. There are 12 shopping centers in Jonesboro, including the 400,000 square foot Indian Mall. The city has two hospitals with a total of 425 beds. The hospitals are the St. Bernard's Regional Medical Center and the Methodist Hospital. There are approximately 143 physicians in Jonesboro.

The city has four banks and four savings and loan associations. Jonesboro has a class 4 fire rating. The unemployment rate in Jonesboro is approximately eight percent.

NEIGHBORHOOD DATA

The subject property is located in one of the better commercial neighborhoods in Jonesboro. The property, in total, is bounded by Washington Avenue on the north, Church Street on the west and Jackson Avenue on the south. St. Bernard's Regional Medical Center adjoins the property on the east boundary. In this immediate area are medical office buildings, office buildings, parking lots, public and private, and service-related businesses. The federal courthouse, county courthouse and Citizens Bank are all located just one block to the west and northwest of the subject.

Market demand for properties in the area is excellent. Major renovations of older buildings have taken place to the west of the subject. The downtown area seems to be improving, but parking is still a problem. This particular phenomenon makes the subject a very desirable property. Consequently, the subject should be very marketable and experience a high degree of market competitiveness.

PROPERTY DESCRIPTION

The subject property is in two contiguous parcels. The north part of the property is a parking lot and is owned solely by the City of Jonesboro. The south portion of the property is owned by the City of Jonesboro and Craighead County, jointly. This property is improved with the "justice complex" building. Each property is discussed separately below.

City Property Only:

This site is situated in the southeast quadrant of the intersection of Washington Avenue and Church Street. This is one of the better downtown corner locations. The site is approximately 178 feet long on Washington Avenue and 150 feet in length on Church Street. Total square footage is 26,700 square feet, which is equal to 0.61 acre. The site is rectangular in shape and the topography is nearly level. The property is zoned C-1, Commercial. All city utilities are available to the site. The property is not located in a H.U.D. identified flood plain. The site is asphalt-paved and is presently being used as a parking lot, mainly for the employees and visitors at the justice complex. There is some concrete curbing and two mercury vapor light poles. The site improvements are in average to good condition. The parking lot is striped and there are 66 parking spaces.

City/County Property:

The justice complex is located on this site, at the corner of Jackson Avenue and Church Street. The lot is approximately 125' x

176', or 22,000 square feet (0.51 acre). The topography is fairly level and the site is practically rectangular in shape. The south and west sides of the building are streetside. The north side of the lot is a driveway, consisting of about 2,100 square feet of asphalt paving and 600 square feet of brick paving. There is a brick parking lot with a concrete retaining wall in the back portion of the lot. This area comprises about 6,200 square feet. The brick-paved areas are only in fair condition. This site, too, is zoned C-1, Commercial, has all city utilities available and is not located in a H.U.D. identified flood zone. The property is in a good downtown location.

The property is improved with the old post office and federal building, which now houses city and county law enforcement agencies; hence, the term, "justice complex". This is an old three-story masonry building, constructed in 1911. It is of superior construction and is still a very sound, useable building. For its age, it is in good condition. The structure has a solid concrete foundation, brick and concrete walls, metal roof, wood windows and guttering with downspouts. Interior finish consists of some marble floor covering, carpet and tile; wallpaper, paneling, drywall and wood wall covering; and, tile and blown sheetrock ceilings. The interior condition of the building appears to be fair to average.

The building is primarily used for office space. There are several offices on each floor, as well as in the basement. There are two restrooms in the basement, two on the main floor, three on the second floor and three on the third floor. There are two fireproof

vaults and one elevator (3,000 pound capacity) in the building. There is also an ornate courtroom, which now houses the municipal court. The building has its original radiator heating system and also has central heat and air conditioning. However, the central air system is not totally adequate, as there are numerous window-mounted air conditioners within the structure.

The facility measures 85' x 90', for a total of 7,650 square feet per floor, including the basement. There is also a 10'6" x 42' (441 sq.ft.) area on the main level at the back of the building. Attached to this area is a covered 10'6" x 42' dock area. In total, there is 23,391 square feet of area in levels 1-3, 7,650 square feet of basement area and 441 square feet of dock area.

HIGHEST AND BEST USE

The term "highest and best use" may be defined as follows:

"The reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonable, probable, and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in the highest land value.

The definition immediately above applies specifically to the highest and best use of the land. It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may very well be determined to be different from existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use."

The two subject tracts are located in a very desirable commercial area of Jonesboro. All surrounding land uses are commercial in nature. Surrounding land uses include parking lots, medical buildings, office buildings, a bank and a hospital, to name a few. In my opinion, the highest and best use of the property owned by the city, the north parking lot, is for partial improvement with some type of office building; as stated before, this property is presently being utilized as a parking lot. It is my belief that the highest and best use of the justice complex property is a continued use as it presently is being utilized, which is office space for governmental agencies. In my opinion, the highest and best use of the property, in the aggregate, is the present use of governmental agency occupancy, with the very north end or northwest corner being utilized by a smaller commercial improvement(s) for office space.

PHOTOGRAPHED SEPTEMBER 12, 1989



FRONT VIEW OF SUBJECT BUILDING WITH JACKSON AVENUE ON RIGHT AND CHURCH STREET ON LEFT



FRONT AND NORTHSIDE VIEW OF SUBJECT BUILDING

PHOTOGRAPHED SEPTEMBER 12, 1989



VIEW OF SUBJECT BUILDING FROM BACKSIDE, FROM JACKSON AVENUE



VIEW OF SUBJECT BUILDING FROM
BACKSIDE, FROM ST. BERNARD'S PARKING LOT

PHOTOGRAPHED SEPTEMBER 12, 1989



LOOKING NORTH ALONG CHURCH STREET, SUBJECT BUILDING ON RIGHT



VIEW OF NORTH PARKING LOT AND SUBJECT BUILDING IN BACKGROUND

PHOTOGRAPHED SEPTEMBER 12, 1989



VIEW OF NORTH PARKING LOT, LOOKING
EAST ALONG WASHINGTON NEAR NORTHWEST CORNER



VIEW OF NORTH PARKING LOT, LOOKING NORTHEAST NEAR SOUTHWEST CORNER

THE APPRAISAL PROCESS

The valuation of real estate is accomplished by the application of three approaches to value: the Cost Approach, the Income Approach and the Market Data Approach. The Cost Approach is based upon the cost of the improvements, recognized depreciation from all sources, and land values in the community. The Income Approach is based upon the relationship of net incomes to sale prices of similar properties which have sold. The Market Data Approach is based upon the relationships of sales prices of similar properties once reduced to common factors or denominators. After an estimate has been developed from as many approaches as possible, the appraiser then correlates the value indications into a final value estimate. Each of the applicable approaches and the basis upon which they operate are outlined hereafter.

COST APPROACH

The principle of substitution is basic to the Cost Approach in that a prudent investor will pay no more for a property than the amount for which he can obtain a comparable site and construct a building or set of buildings of equal desirability and utility without undue delay. The Cost Approach consists of the following:

1. Estimating the value of the land.
2. Estimating the reproduction or replacement cost new of the improvements.
3. Estimating the accrued depreciation from all sources.
4. Deducting the total amount of accrued depreciation from cost new to derive the present depreciated cost of the improvements.
5. Adding the land value estimate to the depreciated cost of the improvements arriving at a value indication by the Cost Approach.

As previously mentioned, the first step in the Cost Approach is to estimate the value of the land. I have selected the comparative or Market Data Method to value the land, because this seems to be the most reliable method. This method is based upon what similar properties have sold for in the area.

LAND SALES

Sale No. 1:

Nelle Castleberry Estate
to
James F. Brecklein

Fiduciary's Deed
August 29, 1985
Book 323, Page 84

Price: \$250,000 (48,345 sq.ft. @ \$5.17/sq.ft.)

Comments: This is the present location of the Century Plaza office building at the corner of Madison and Washington. At the date of sale, the property was improved with an older service station with no contributory value. The property is in a good downtown location, is zoned Commercial and has all city utilities.

Sale No. 2:

Robert R. Pilgram Estate
to
Kenneth R. Powell, et al

Warranty Deed
May 5, 1988
Book 359, Page 354

Price: \$79,000 (7,200 sq.ft. @ \$10.97/sq.ft.)

Comments: This is a paved parking lot at the corner of Church and Matthews. The property is located downtown, in a good commercial location. The site is zoned commercial and all city utilities are available.

Sale No. 3:

John D. McKee
to
William C. Young, Jr., et ux

Quitclaim Deed
July 15, 1989
Book 381, Page 96

Comments: This lot is located just east of the ophthalmology building on East Matthews. It has 141.28 front feet on Matthews and also has 50 front feet on Gant Street. The total area is 25,510 square feet. The sale price was \$195,000, or \$7.64 per square foot. The lot is paved with chat. The property is zoned commercial and all city utilities are available.

Sale No. 4:

Mavalene Smith
to
John M. White, III

Warranty Deed
September, 1989
Not Recorded Yet

Price: \$90,000 (16,500 sq.ft. @ \$5.45/sq.ft.)

Comments: This property fronts on Main Street and Church Street; it is located just south of Matthews Avenue, on the south side of Stimson's Grocery Store. It is asphalt-paved and has served as a parking lot for Stimson's for years. The property is zoned commercial and all city utilities are available. This transaction is in the process of closing.

The four land sales previously cited are summarized below.

<u>Sale No.</u>	<u>Sale Date</u>	<u>Size In Sq.Ft.</u>	<u>Price Per Sq.Ft.</u>
1	8/85	48,345	\$ 5.17
2	5/88	7,200	10.97
3	7/89	25,510	7.64
4	9/89	16,500	5.45

After giving due consideration to those factors affecting value; namely, time size, physical features and location, it is my opinion that the market value of the subject land, including site improvements, is as follows:

City Property Only:

26,700 sq.ft. @ \$10.00/sq.ft. = \$267,000
CALL \$265,000

City/County Property:

22,000 sq.ft. @ \$8.00/sq.ft. = \$176,000
CALL \$175,000

Aggregate Property:

48,700 sq.ft. @ \$10.00/sq.ft. = \$487,000
CALL \$485,000

The next step in the Cost Approach is to estimate the reproduction or replacement cost new of the improvements. I have elected to use replacement cost new for the subject. Replacement cost new is defined as "...the cost of construction at current prices of a building having utility equivalent to the building being appraised, but with modern materials and according to current standards, designs and layout." After the estimate of replacement cost new is made, accrued depreciation, from all sources, is then deducted to arrive at the depreciated value, sometimes called contributory value, of the improvements. Depreciation, as discussed herein, is described as "...a loss of utility and hence value from any cause," resulting from physical deterioration and/or obsolescence.

Shown below are the estimates of replacement cost new and accrued depreciation.

Levels 1-3:	23,391 sq.ft. @ \$60.00/sq.ft.	\$1,403,460	
Basement:	7,650 sq.ft. @ \$35.00/sq.ft.	267,750	
Dock Area:	441 sq.ft. @ \$15.00/sq.ft.	6,615	
Total Replacement Cost New		\$1,677,825	
Accrued Depreciation (80%)		<u>1,342,260</u>	
Contributory Value of Building			\$335,565
		CALL	\$335,000

The estimates of replacement cost new were based upon the Marshall Valuation Service and my personal knowledge of construction costs in the area. Accrued depreciation, from all sources, physical, functional and economic, was based upon observed condition of the building and local economic factors. In addition to physical deterioration, it is my belief that the building also suffers from

functional obsolescence (ceiling height, room layout, heating/cooling system, etc.) and economic obsolescence (rentability and level of anticipated rents). Shown below is a recapitulation of the Cost Approach.

RECAPITULATION OF THE COST APPROACH

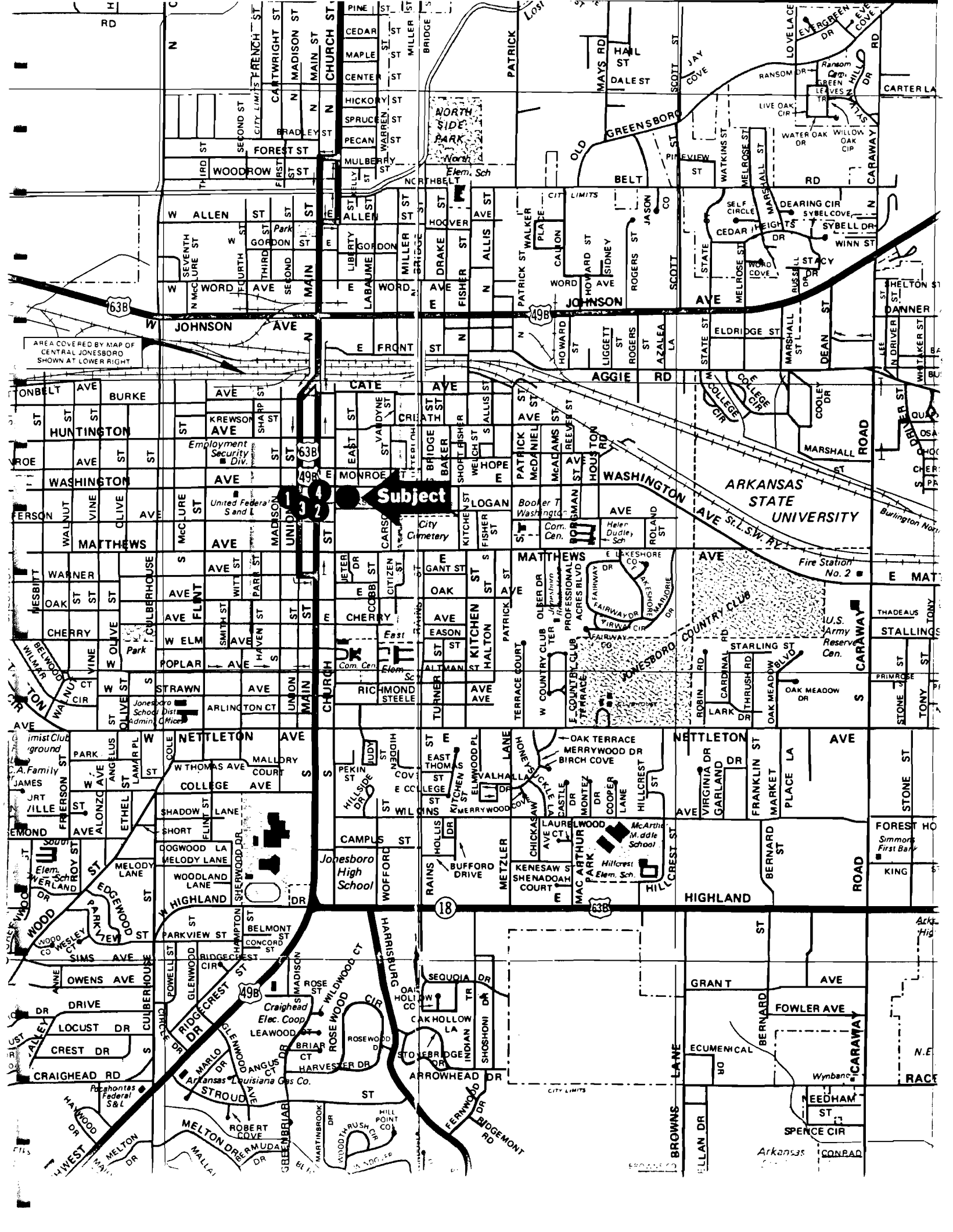
Land Value: (City Property Only)	\$265,000
(City/County Property)	\$175,000
(Aggregate Property)	\$485,000
Building Value:	\$335,000
Total Value: (City/County Property)	\$510,000
Total Value: (Aggregate Property)	\$820,000

MARKET DATA APPROACH

The Market Data Approach, or sometimes called the "Sales Comparison Approach", is based upon the principle of substitution, which suggests that an informed buyer will not pay more to purchase a property than a similar substitute property would cost. This approach gives consideration to actual sales of similar properties which have occurred in the marketplace.

The application of this approach requires the comparing and rating of the subject property once sales prices are reduced to common denominators for comparison. This approach to value is the most direct method of estimating value. However, as no two properties are identical, adjustments are made by the appraiser when comparing sales to the subject property.

After research and investigation of market activity, the appraiser has gathered information on four building sales, which are briefly discussed on the following pages. A comparable sales summary is presented at the end of these discussions. These sales will be used as a basis for the value estimate by the Market Data Approach.



Subject

63B

49B

18

63B

AREA COVERED BY MAP OF CENTRAL JONESBORO SHOWN AT LOWER RIGHT

Employment Security Div.

United Federal Sand L.

City Cemetery

Booker T. Washington Com. Cen.

Helen Dudley Sch.

Fire Station No. 2

U.S. Army Reserv. Cen.

Jonesboro High School

McArthur Middle School

Hillcrest Elem. Sch.

Craighead Elec. Coop.

Arkansas Louisiana Gas Co.

Wynbank

Arkansas

sq.ft.) at \$269,506.90 per year (\$7.58/sq.ft.), from 2/4/77 to 2/3/97. The lease calls for two 5-year renewal options at a rental of \$8.79 per square foot of rentable space. The lessor is responsible for taxes, insurance and maintenance.

Sale No. 4:

Olivetan Benedictine Sisters, Inc.
to
Continental Building Partnership

Warranty Deed
May 1, 1987
Book 346, Page 653

Comments: This building was an older structure divided into two separate areas. There was 3,200 square feet of office space and 4,680 square feet of restaurant area, for a total of 7,880 square feet. The property is located at the corner of Main and Jackson. This was a one story building, which was in average condition. The sale price was \$160,000 or \$20.30 per square foot of building area. The purchasers borrowed \$160,000 for seven years at Citizens Bank.

The four building sales previously discussed are summarized below.

<u>Sale No.</u>	<u>Sale Date</u>	<u>Bldg. Sq.Ft.</u>	<u>Price Per Bldg. Sq.Ft.</u>	<u>Lot Size</u>
1	12/85	8,028	\$13.08	40'x 90'
2	09/86	9,720	7.51	60'x 90'
3	10/86	48,512	49.47	220'x180'
4	05/87	7,880	20.30	90'x 90'

Sales 1 and 2 are very old buildings, being near the age of the subject building. Sale 3 is a very modern structure, that is not very old. Sale 4 had a fairly modern building.

After considering the differences in these properties and the subject property, it is my opinion that the market values of the individual and aggregate components of the subject property are as follows:

City Property Only: \$265,000
this is for land and site improvements only and was
estimated by market analyses within the Cost Approach

City/County Property: 31,041 sq.ft. @ \$15.00/sq.ft. = \$465,615
 CALL \$465,000
 this is for land, site improvements and building
 improvements

Aggregate Property: 31,041 sq.ft. @ \$25.00/sq.ft. = \$776,025
 CALL \$775,000
 this includes both lots, site improvements and
 building improvements

The aggregate value of \$775,000 indicates an approximate six
 percent premium for "packaging" the two properties (\$265,000 +
 \$465,000 = \$730,000: \$775,000 - \$730,000 = \$45,000: \$45,000/
 \$705,000 = 6.38%.

CORRELATION AND FINAL VALUE ESTIMATE

The Cost and Market Data Approaches were used within this report. Due to the unique nature of the subject property (old federal building, large size, functional and economic factors, extra lot, etc.), the Income Approach was not utilized herein. In my opinion, any estimate of value concluded from an Income Approach would be suspect and subject to significant error, due to the reasons parenthetically cited above.

INDICATED VALUE BY THE COST APPROACH:

1. City Property Only	\$265,000
2. City/County Property	\$510,000
3. Aggregate Property	\$820,000

INDICATED VALUE BY THE MARKET DATA APPROACH:

1. City Property Only	\$265,000
2. City/County Property	\$465,000
3. Aggregate Property	\$775,000

It is my belief that the Market Data Approach should receive greatest emphasis, as this is typically the basis upon which properties are bought and sold for in the marketplace. Accordingly, it is my opinion that the market values of the individual and aggregate components of the subject property, as of September 12, 1989, subject to the limiting conditions cited herein, were:

1. City Property Only	\$265,000
2. City/County Property	\$465,000
3. Aggregate Property	\$775,000

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
5. My 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 Practice of the American Institute of Real Estate Appraisers and the American Society of Farm Managers and Rural Appraisers.
6. The use of this report is subject to the requirements of the American Institute of Real Estate Appraisers and the American Society of Farm Managers and Rural Appraisers, relating to review by their duly authorized representatives.
7. John D. Armour is currently certified under the continuing education program of the American Institute of Real Estate Appraisers and the American Society of Farm Managers and Rural Appraisers.
8. John D. Armour made a personal inspection of the property that is the subject of this report.
9. No one provided significant professional assistance to the persons signing this report.



John D. Armour, MAI, ARA

September 15, 1989
(Date)

A D D E N D A

ASSUMPTIONS AND LIMITING CONDITIONS

Title to the property is assumed to be marketable.

No responsibility is assumed by the appraiser for legal matters, especially those affecting title to the property.

The legal description furnished to the appraiser is assumed to be correct and agrees with records in the courthouse.

Certain opinions, estimates or other data furnished to the appraiser by others are assumed to be correct.

No survey of the property was made by the appraiser. Valuation is reported without regard to question of title, boundaries, encumbrances or encroachments.

Included as an integral part of this report are maps of the appraised property. Although they do not purport to represent survey accuracy, these maps are substantially correct, and therefore, adequately serve as visual reference to the property.

Information for the preparation of these maps was obtained from A.S.C.S.. maps, by visual inspection, aerial photos, State and County Highway maps, and by visual inspection.

This report does not contemplate any court action and if court testimony is needed, the terms of that additional service shall be negotiated as a separate contract.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the American Society of Farm Managers and Rural Appraisers, and the American Institute of Real Estate Appraisers. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or firm with which they are connected) shall be disseminated to the public through the advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the author.

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 this appraisal report.

Any description herein of the physical condition of improvements, including but not limited to, the heating, plumbing, and electrical systems (motors, etc.) is based upon visual inspection only, with no demonstration performed, and they are therefore assumed to be in normal working condition. No liability is assumed for same, nor for the soundness of structural members of which no engineering tests were made.

QUALIFICATIONS
OF
JOHN D. ARMOUR, MAI, ARA

POSITION: Real Estate Appraiser/Consultant, 624 South Main, Jonesboro, Arkansas, 72401, Telephone (501) 932-3303 (Office) or (501) 933-7334 (Home).

EXPERIENCE: Previous positions include:

- 1) Regional Appraiser, Doane Farm Management Company, St. Louis, Missouri office, Memphis, Tennessee office and Sikeston, Missouri office (1982-1986)
- 2) Staff Appraiser, Mitchum, Thompson and Belon (Little Rock, Arkansas), Paragould, Arkansas and El Dorado, Arkansas (1981-1982)
- 3) Staff Appraiser, U.S. Army Corps of Engineers (temporary), St. Louis, Missouri (1981)
- 4) Loan Assistant, (temporary), Farmers Home Administration, Doniphan, Missouri (1980)
- 5) Fee Appraiser, Armour & Associates, Poplar Bluff, Missouri (1976-1980)
- 6) Chief Appraiser, Security Federal Savings and Loan Association, Sikeston, Missouri (1975-1976)

Scope of experience covers most phases of real estate valuation; have prepared appraisals for various properties including urban acreage tracts; commercial, industrial, and residential properties; leaseholds, fractional interests, and easements; and, rural, farm, and agri-business properties.

Consultation and appraisal assignments completed in the following states: Alabama, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Louisiana, Mississippi, Missouri, South Dakota, Tennessee and Virginia.

Testified as expert witness in federal courts in Arkansas, Kentucky, Missouri, South Dakota and Tennessee.

PROFESSIONAL MEMBERSHIPS: American Institute of Real Estate Appraisers; holds the MAI (Member, Appraisal Institute) designation. American Society of Farm Managers and Rural Appraisers; holds the ARA (Accredited Rural Appraiser) designation.

OTHER AFFILIATIONS: Arkansas and Missouri Chapters of the American Society of Farm Managers and Rural Appraisers. Licensed real estate broker, State of Missouri. Associate Member, Jonesboro Board of Realtors.

MAJOR CLIENTS: Farm Credit System, Travelers Insurance Company, Aetna Insurance Company, Metropolitan Insurance Company, Anheuser-Busch, National Bank of Commerce, Corps of Engineers, Federal Aviation Administration, Federal Deposit Insurance Corporation, Internal Revenue Service, various banks, attorneys, accountants and individuals.

EDUCATION: Graduate of Naylor High School, Naylor, Missouri, 1970. Arkansas State University, Jonesboro, Arkansas, B.S. degree in Real Estate and Insurance, 1975.

American Institute of Real Estate Appraisers:

Course I-A, Principles, Procedures, and Techniques of Real Estate Appraising, AIREA Education Center, Chicago, Illinois
 Course I-B, Capitalization Theory and Techniques, University of Indiana, Bloomington, Indiana
 Course VIII, Single Family Residential Appraisal, Memphis State University, Memphis, Tennessee
 Course IV, Condemnation, University of San Diego, San Diego, California
 Course 2-1, Case Studies in Real Estate Valuation, University of North Carolina, Chapel Hill, North Carolina
 Course 2-2, Valuation Analysis and Report Writing, University of North Carolina, Chapel Hill, North Carolina
 Course 2-3, Standards of Professional Practice, University of Central Florida, Cocoa, Florida

American Society of Farm Managers and Rural Appraisers:

Report Writing, Champaign, Illinois
 Principles of Rural Appraising, Memphis, Tennessee
 Advanced Case Studies in Rural Valuation, Jonesboro, Arkansas
 Principles of Farm Management, Memphis, Tennessee

REPRESENTATIVE ASSIGNMENTS: Consultation and valuation assignments on a broad range of real estate to serve a variety of functions: sale, eminent domain, estate analysis, loan underwriting, bankruptcies, governmental acquisitions, tax and investment decisions, etc.

UNIQUE AGRICULTURAL APPRAISAL ASSIGNMENTS

<u>PROPERTY</u>	<u>PURPOSE</u>	<u>LOCATION</u>
90,000 acres-Sugar Cane	Loan Underwriting	Central Florida
18,000 acres-Recreational Land	Governmental Disposal	Central Missouri
15,000-acre Ranch	Bankruptcy	Central South Dakota
12,000-acre Rice Farm	Loan Underwriting	Southeast Missouri
2,000-acre Country Estate	Trust Settlement	Virginia (near Washington DC)
2,000-acre Cattle Farm	Rental Study	North-Central Mississippi
2,250,000-bushel Grain Elevator	Loan Underwriting	Northern Illinois
335,000-gallon Liq. Fert. Plant	Sale Purposes	Illinois River
21-Cotton Farms	Bankruptcy	East Central Arkansas

OTHER PROPERTY TYPES: Have appraised single family residences, apartment buildings, office buildings, motels, shopping centers, warehouses, factory concerns, restaurants, and service stations, to name a few.