

APPRAISAL REPORT

FOR

**CITY OF JONESBORO
JONESBORO, AR 72401**

**109.61 (+-) ACRES OF UNDEVELOPED PROPERTY
HIGHWAY 63 BY-PASS
JONESBORO, AR 72401**

FEBRUARY 1, 1996

BY

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February 2, 1996

City of Jonesboro, AR
City Hall
Jonesboro, AR 72401

Attention: Hon. Hubert Brodell

At your request, we have inspected and appraised the real estate located at the Highway 63 Bypass in the city of Jonesboro, Arkansas. The enclosed report is being presented as a Complete Appraisal in the form of a "SUMMARY APPRAISAL REPORT" as directed by Standard 2, Rule 2-2^(b) of the USPAP.

The purpose of this appraisal is to express our opinion of the market value of the fee simple interest in the real estate, subject to the definition of value, assumptions and limiting conditions, and certifications contained in the attached report.

It is our understanding that this appraisal report is to be used for the purpose of determining market value; it may be invalid if used for any other purpose or valuation date.

Based on the data and conclusions presented in the attached report, it is our opinion that as of January 28, 1996, the market value of the subject property appraised was:

ONE MILLION NINETY-SIX THOUSAND DOLLARS

(\$1,096,000.00)

Bob Gibson and Associates has performed the subject appraisal under the requirements and policies of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). It is our practice to adhere to the Uniform Standards Board of the Appraisal Foundation. In addition, we have followed the implementation rules of the Office of the Comptroller of the Currency and Federal Reserve Board.

Descriptions of the property appraised, together with explanations of the appraisal procedures used, are presented in this report.

In order to assist you in reviewing our commercial appraisal, on the following pages we have cross referenced The Fourteen Minimum Standards with the Table of Contents.

A copy of this report and the field data from which it was prepared will be retained in our files and are available for review upon request.

Very truly yours,


Bob Gibson, CG0247

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

PROPERTY: 109.61 (+-) Acres of undeveloped land

LOCATION: Highway 63 By-Pass

**PROPERTY RIGHTS
APPRAISED:** Fee Simple Interest

OWNERSHIP: Dena Construction Co.

ZONING: R-1 Residential

LAND AREA: 109.61 Acres (+-)

**PRINCIPAL
IMPROVEMENTS:** No improvements to the land.

SUMMARY OF FOURTEEN MINIMUM STANDARDS

The location of the Fourteen Minimum Standards in the report is referenced to the Table of Contents.

Section 34.44 Appraisal Standards

(a) **Minimum Standards.** For federally related transactions, all appraisals shall, at a minimum:

(1) Conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, except that the Departure Provision of the USPAP shall not apply to federally related transactions;

(See Transmittal Letter and Paragraph 36 included in the Assumptions and Limiting Conditions.)

(2) Disclose any steps taken that were necessary or appropriate to comply with the Competency Provision of the USPAP.

(See Transmittal Letter.)

(3) Be based upon the definition of Market Value as set forth in Section 34.42(f);

(See Introduction Section - Appraisal Definitions.)

(4)(i) Be written and presented in a narrative format or on forms that satisfy all the requirements of this section.

(ii) Be sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate; and

(iii) Provide detail and depth of analysis that reflect the complexity of the real estate appraised.

(We feel that this report is in compliance with this point.)

(5) Analyze and report in reasonable detail any prior sales of the property being appraised that occurred within the following time periods:

(i) For 1-to-4 family residential property, one year preceding the date when the appraisal was prepared; and

(ii) For all other property, three years preceding the date when the appraisal was prepared;

(See Descriptive Section - Marketing Period.)

(6) Analyze and report the data on current revenues, expenses, and vacancies for the property if it is and will continue to be income-producing;

(See Valuation Section - Income Capitalization Approach.)

(7) Analyze and report a reasonable marketing period for the subject property;

(See Valuation Section - Marketing period.)

(8) Analyze and report on current market conditions and trends that will affect projected income or the absorption period to the extent they affect the value of the subject property;

(See Valuation Section - Marketing period.)

(9) Analyze and report appropriate deductions and discounts for any proposed construction, or any completed properties that are partially leased at other than market rents as of the date of the appraisal, or any tract developments with unsold units;

(See Valuation Section - Income Capitalization Approach.)

(10) Include in the certification required by the USPAP an additional statement that the appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan;

(See Paragraph 36 of the Assumptions and Limiting Conditions.)

(11) Contain sufficient supporting documentation with all pertinent information reported so that the appraiser's logic, reasoning, judgment, and analysis in arriving at a conclusion indicate to the reader the reasonableness of the market value reported;

(We feel that this report is in compliance with this point.)

(12) Include a legal description of the real estate being appraised, in addition to the description required by the USPAP;

(See Legal Description in the Addenda.)

(13) Identify and separately value any personal property, fixtures, or intangible items that are not real property but are included in the appraisal, and discuss the impact of their inclusion or exclusion on the estimate of market value; and

(See Valuation Section - Marketing Period.)

(14) Follow a reasonable valuation method that addresses the direct sales comparison, income and cost approaches to market value, reconciles those approaches, and explains the elimination of each approach not used.

(See Valuation Section - Reconciliation of Value.)

ASSUMPTIONS AND LIMITING CONDITIONS

Paragraph 1. The liability of Bob Gibson & Associates is limited to the fee collected. There is no accountability, obligation or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all the limiting conditions and assumptions of the assignment and related discussions. The Appraiser assumes no responsibilities for any cost incurred to discover or correct any deficiencies in the property.

Paragraph 2. This appraisal is for no purpose other than property valuation, and the appraisers are neither qualified nor attempting to go beyond that narrow scope. The reader should be aware that there are also inherent limitations to the accuracy of the information and analysis contained in this appraisal. Before making any decision based on the information and analysis contained in this report, it is critically important to read this entire section to understand these limitations.

Appraisal is not a survey.

Paragraph 3. It is assumed that the utilization of the land and improvements is within the boundaries of the property lines of the property described and that there is no encroachment or trespass unless noted with the report.

Paragraph 4. No survey of the property has been made by the appraiser and no responsibility is assumed in connection with such matters. Any maps, plats, or drawings reproduced and included in this report are intended only for the purpose of showing spatial relationships. The reliability of the information contained on any such map or drawing is assumed by the appraiser and cannot be guaranteed to be correct. A surveyor should be consulted if there is any concern on boundaries, setbacks, encroachments, or other survey matters.

Appraisal is not a legal opinion.

Paragraph 5. No responsibility is assumed for matters of a legal nature that affect title to the property nor is an opinion of title rendered. The title is assumed to be good and marketable. The value estimate is given without regard to any questions of title, boundaries, encumbrances, or encroachments. We are not usually provided an abstract of the property being appraised and, in any event, we neither made a detailed examination of it nor do we give any legal opinion concerning it.

Paragraph 6. 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. A comprehensive examination of laws and regulations affecting the subject property was not performed for this appraisal.

LIMITING CONDITIONS (cont'd)

Paragraph 7. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a non-conformity has been stated, defined, and considered in the appraisal report. Information and analysis shown in this report concerning these items is based only on a rudimentary investigation. Any significant question should be addressed to local zoning or land use officials and/or an attorney.

Paragraph 8. It is assumed that all required licenses, 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. Appropriate government officials and/or an attorney should be consulted if an interested party has any questions or concerns on these items since we have not made a comprehensive examination of laws and regulations affecting the subject property.

Appraisal is not an engineering or property inspection report.

Paragraph 9. This appraisal should not be considered a report on the physical items that are a part of this property. Although the appraisal may contain information about the physical items being appraised (including their adequacy and/or condition), it should be clearly understood that this information is only to be used as a general guide for property valuation and not as a complete or detailed physical report. The appraisers are not construction, engineering, environmental, or legal experts, and any statement given on these matters in this report should be considered preliminary in nature.

Paragraph 10. The observed condition of the foundation, roof, exterior walls, interior walls, floors, heating system, plumbing, insulation, electrical service, and all mechanicals and construction is based on a casual inspection only and no detailed inspection was made. For instance, we are not experts on heating systems and no attempt was made to inspect the interior of the furnace. The structures were not checked for building code violations, and it is assumed that all buildings meet applicable building codes unless so stated in the report.

Paragraph 11. Some items such as conditions behind walls, above ceilings, behind locked doors, or under the ground are not exposed to casual view and therefore were not inspected. The existence of insulation, if any is mentioned, was found by conversation with others and/or circumstantial evidence. Since it is not exposed to view, the accuracy of any statements about insulation cannot be guaranteed.

Paragraph 12. It is assumed that there are no hidden or unapparent conditions of the property, sub-soil, or structures that would render it more or less valuable. No responsibility is assumed for such conditions, or for the engineering that may be required to discover such factors. Since no engineering or percolation tests were made, no liability is assumed for soil conditions. Sub-surface rights (mineral and oil) were not considered in making this appraisal.

LIMITING CONDITIONS (cont'd)

Paragraph 13. Wells and septic systems, if any, are assumed to be in good working condition and of sufficient size and capacity for the stated highest and best use.

Paragraph 14. We are not environmental experts, and we do not have the expertise necessary to determine the existence of environmental hazards such as the presence of urea-formaldehyde foam insulation, toxic waste, asbestos or hazardous building materials, or any other environmental hazards on the subject or surrounding properties. If we know of any problems of this nature which we believe would create a significant problem, they are disclosed in this report. Nondisclosure should not be taken as an indication that such a problem does not exist, however. An expert in the field should be consulted if any interested party has questions on environmental factors.

Paragraph 15. No chemical or scientific tests were performed by the appraiser on the subject property, and it is assumed that the air, water, ground, and general environment associated with the property present no physical or health hazard of any kind unless otherwise noted in the report. It is further assumed that the lot does not contain any type of dump site and that there are no underground tanks (or any underground source) leaking toxic or hazardous chemicals into the groundwater or the environment unless otherwise noted in the report.

Paragraph 16. The age of any improvements to the subject property mentioned in this report should be considered a rough estimate. We are not sufficiently skilled in the construction trades to be able to reliably estimate the age of improvements by observation. We therefore rely on circumstantial evidence which may come into our possession (such as dates on architectural plans) or conversations with those who might be somewhat familiar with the history of the property such as property owners, onsite personnel, or others. Parties interested in knowing the exact age of improvements on the land should contact us to ascertain the source of our data and then make a decision as to whether they wish to pursue additional investigation.

Paragraph 17. Because no detailed inspection was made, and because such knowledge goes beyond the scope of this appraisal, any observed condition or other comments given in this appraisal report should not be taken as a guarantee that a problem does not exist. Specifically, no guarantee is made as to the adequacy or condition of the foundation, roof, exterior walls, interior walls, floors, heating system, air conditioning system, plumbing, electrical service, insulation, or any other detailed construction matters. If any interested party is concerned about the existence, condition, or adequacy of any particular item, we would strongly suggest that a construction expert be hired for a detailed investigation.

LIMITING CONDITIONS (cont'd)

Appraisal is made under conditions of uncertainty with limited data.

Paragraph 18. As can be seen from limitations presented above, this appraisal has been performed with a limited amount of data. Data limitations result from a lack of certain areas of expertise by the appraiser (that go beyond the scope of the ordinary knowledge of an appraiser), the inability of the appraiser to view certain portions of the property, the inherent limitations of relying upon information provided by others, etc.

Paragraph 19. There is also an economic constraint, however. The appraisal budget (and the fee for this appraisal) did not contain unlimited funds for investigation. We have spent our time and effort in the investigative stage of this appraisal in those areas where we think it will do the most good, but inevitably there is a significant possibility that we do not possess all information relevant to the subject property.

Paragraph 20. Before relying on any statement made in this appraisal report, interested parties should contact us for the exact extent of our data collection on any point which they believe to be important to their decision making. This will enable such interested parties to determine whether they think the extent of our data gathering process was adequate for their needs or whether they would like to pursue additional data gathering for a higher level of certainty.

Paragraph 21. Information (including projections of income and expenses) provided by local sources, such as government agencies, financial institutions, accountants, attorneys, and others is assumed to be true, correct, and reliable. No responsibility for the accuracy of such information is assumed by the appraiser.

Paragraph 22. The comparable sales data relied upon in the appraisal is believed to be from reliable sources. Though all the comparables were examined, it was not possible to inspect them all in detail. The value conclusions are subject to the accuracy of said data.

Paragraph 23. Engineering analyses of the subject property were neither provided for use nor made as a part of this appraisal contract. Any representation as to the suitability of the property for uses suggested in this analysis is therefore based only on a rudimentary investigation by the appraiser and the value conclusions are subject to said limitations.

Paragraph 24. All values shown in the appraisal report are projections based on our analysis as of the date of the appraisal. These values may not be valid in other time periods or as conditions change. We take no responsibility for events, conditions, or circumstances affecting the property's market value that take place subsequent to either the date of value contained in this report or the date of our field inspection, whichever occurs first.

LIMITING CONDITIONS (cont'd)

Paragraph 25. Since projected mathematical models and other projections are based on estimates and assumptions which are inherently subject to uncertainty and variation depending upon evolving events, we do not represent them as results that will actually be achieved.

Paragraph 26. This appraisal is an estimate of value based on an analysis of information known to us at the time the appraisal was made. We do not assume any responsibility for incorrect analysis because of incorrect or incomplete information. If new information of significance comes to light, the value given in this report is subject to change without notice.

Paragraph 27. Opinions and estimates expressed herein represent our best judgment but should not be construed as advice or recommendation to act. Any actions taken by you, the client, or any others should be based on your own judgment, and the decision process should consider many factors other than just the value estimate and information given in this report.

Appraisal report limitations.

Paragraph 28. Appraisal reports are technical documents addressed to the specific technical needs of clients. Casual readers should understand that this report does not contain all of the information we have concerning the subject property or the real estate market. While no factors we believe to be significant but unknown to the client have been knowingly withheld, it is always possible that we have information of significance which may be important to others but which, with our limited acquaintance of the property and our limited expertise, does not seem to be important to us.

Paragraph 29. Appraisal reports made for lenders are technical documents specifically made to lender requirements. Casual readers are cautioned about their limitations and cautioned against possible misinterpretation of the information contained in these reports.

Paragraph 30. The appraiser should be contacted with any questions before this report is relied on for decision making.

Paragraph 31. This appraisal was prepared at the request of and for the exclusive use of the client to whom the appraisal is addressed. No third party shall have any right to use or rely upon this appraisal for any purpose.

LIMITING CONDITIONS (cont'd)

Paragraph 32. There are no requirements, by reason of this appraisal, to give testimony or appear in court or any pretrial conference or appearance required by subpoena with reference to the property in question, unless sufficient notice is given to allow adequate preparation and additional fees are paid by the client at our regular rates for such appearances and the preparation necessitated thereby.

Paragraph 33. This report is made for the information and/or guidance of the client and possession of this report, or a copy thereof, does not carry with it a right of publication. neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the appraiser. Nor shall the appraiser, firm, or professional organization of which the appraiser is a member be identified without the written consent of the appraiser.

Paragraph 34. It is suggested that those who possess this appraisal report should not give copies to others. Certainly legal advice should be obtained on potential liability issues before this is done. Anyone who gives out an incomplete or altered copy of the appraisal report (including all attachments) does so at their own risk and assumes complete liability for any harm caused by giving out the incomplete or altered copy. Neither the appraiser nor this company assumes any liability for harm caused by reliance upon an incomplete or altered copy of the appraisal report given out by others. Anyone with a question on whether their copy of an appraisal report is incomplete or altered should contact our office.

Paragraph 35. Values and conclusions for various components of the subject parcel as contained within this report are valid only when making a summation; they are not to be used independently for any purpose and must be considered invalid if so used. The allocation of the total value in this report between land and improvements applies only under the reported highest and best use of the property. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

Paragraph 36. Additional Certification: (1) This appraisal conforms to the Uniform Standards or Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation, except that the Departure Provision of the USPAP does not apply. (2) Their compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event. (3) This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.

SUBJECT PHOTOGRAPHS



SUBJECT - SOUTHWEST CORNER



SUBJECT - SOUTH CENTER

SUBJECT PHOTOGRAPHS (cont.)



SUBJECT - EAST SIDE



SUBJECT - EAST SIDE

SUBJECT PHOTOGRAPHS (cont.)



HIGHWAY VIEW - NORTH/WEST



HIGHWAY VIEW - SOUTH/EAST

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IDENTIFICATION OF THE PROPERTY

The subject property is the real property and land located at the Highway 63 By-Pass which is undeveloped land owned by Dena Construction Company.

A copy of the legal description is included in the addenda of this report.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to express our opinion of the market value of the fee simple interest as of February 1, 1996.

INSPECTION DATE

The property was inspected by personnel of Bob Gibson and Associates Appraisal Services, on January 28, 1996. This appraisal assumes that there would be no substantial changes between the inspection date and valuation date.

FUNCTION OF THE APPRAISAL

It is our understanding that this appraisal report is to be used to estimate market value; it may be invalid if used for any other purpose or valuation date.

ENVIRONMENTAL ISSUES

An environmental assessment of the subject property is beyond the scope of this report. Any reference to environmental issues indicates our research into the environmental aspects affecting the market and is not to be construed as an opinion regarding specific issues concerning the subject property unless otherwise noted in this report.

SCOPE OF THE APPRAISAL

The scope of the appraisal included a physical inspection of the subject property, a visual review of the comparable properties, and an analysis of regional and neighborhood trends. All market data were verified by buyer, seller, broker, deed, title company, and/or leasing agent wherever possible. The accumulated data were summarized in this report and then processed into a value.

The appraisal has accordingly been completed under those assumptions and limiting conditions that follow the certification contained in this report.

APPRAISAL DEFINITIONS

The following definitions are pertinent to this report.

Market Value

The most probable price which a property should bring in a competitive 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 consummation of a sale as of a specified date and passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised and each acting in what he considers his own best interest.
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value is synonymous with the legal term "fair market value."

APPRAISAL DEFINITIONS (cont.)

Fee Simple Interest

Fee simple interest is defined as absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.

Reproduction Cost New

Reproduction cost new is the cost of construction, at current prices, of an exact duplicate, or replica, using the same materials, construction standards, design, layout, and quality of workmanship, and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building.

Replacement Cost New

Replacement cost new is the cost of construction, at current prices, of a building having utility equivalent to the building being appraised but built with modern materials and according to current standards, design and layout.

Depreciation

Depreciation is defined as a loss in value from all causes, including factors of deterioration, functional obsolescence, and/or external obsolescence.

AREA DATA

Jonesboro, Arkansas is the county seat of Craighead County, and is located in Northeast Arkansas, approximately 69 miles from Memphis, Tennessee, 133 miles from Little Rock, Arkansas, 239 miles from St. Louis Missouri and 469 miles from Dallas.

With a resident population of approximately 46,535, Jonesboro is the economic center of the retail trade and service area containing a population of approximately 170,000 and comprising the counties of Craighead, Greene, Jackson, Lawrence, and Poinsett; and the communities of Paragould, Trumann, Marked Tree, Walnut Ridge, Hoxie, Pocahontas, Harrisburg, and Lake City. Jonesboro is considered the hub of agricultural production with delta cotton land to the east and extensive rice fields to the southwest. The world's largest rice mill is located in Jonesboro. In addition to agriculture, Jonesboro's strong economic base is tied to industry and education. The city is one of the state's most dynamically developing industrial centers with more than thirty-five manufacturers employing over 6,000 workers.

The community of Jonesboro offers a variety of activities and services to residents. The metropolitan area includes over 75 churches from nearly 20 denominations; health care services are available at Methodist Memorial Hospital and St. Bernard's Regional Medical Center; other institutions provide services ranging from drug and alcohol abuse counseling to mental health care. The Forum, Jonesboro's Civic Center, provides the city with regularly scheduled musical and theatrical events.

In addition to 18 public schools, Jonesboro offers ten child-care facilities, five private schools, a practical nursing school and educational facilities for handicapped persons. It is the presence of Arkansas State University, however, that has allowed the city to become a major educational center in Arkansas. The University, located on 675 acres in the city of Jonesboro, is the second largest university in the state. ASU's 10,221 students are enrolled in programs ranging from liberal arts to sciences; nine pre-professional programs are offered. Residents of the city of Jonesboro take advantage of the University's facilities for local meetings and area conventions.

MANUFACTURING EMPLOYERS-JONESBORO AREA
EMPLOYING AT LEAST 150 PERSONS

<u>COMPANY</u>	<u>NO.EMPLOYED</u>	<u>PRODUCT LINE</u>
General Electric	350	Electric Motors
Frolic Footwear	450	Shoes
Lincoln-American	350	Car Lift Equipt.
FMC Corp.	166	Farm Machinery
Ringier America, Inc.	517	Printing
E. I. Dupont	200	Medical Supplies
Hytrol	650	Conveyors
Colson Casters	395	Casters
Riceland Foods	450	Rice
Arkansas Glass	350	Glass Containers
Arkansas State University	*	See Below
Delta, Inc.	392	Metal Products
Dana Corp.	215	Truck Parts
Coca-Cola	150	Soft Drinks
Baster Electric	236	Magnetic Components
Farr Company	150	Air Filtration
Wal-Mart Discount City	792	Retail Services
MDR Cartage Company	350	Transportation
SW Bell Telephone	225	Utility Service
Jonesboro Human Develop.	215	Public Services
Craighead County	203	Government Services
Nettleton Public Schools	265	Education
Northeast Arkansas Rehab	211	Health Care
Crowley's Ridge Develop.	170	Public Services
U.S. Postal Service	151	Postal Services
Westside Public Schools	155	Education
Armour Swift-Eckrich	235	Foods
Doctors' Pathology Services, PA	200	Lab Services

ARKANSAS STATE UNIVERSITY

The impact of Arkansas State University upon Jonesboro's economy is demonstrated by their employment figures. The University employs 2,100 persons, comprising faculty and staff, more than twice the number employed in any manufacturing or non-manufacturing concern in Northeast Arkansas.

Arkansas State University	2,100	Education
St. Bernard's Regional Medical Center	1,250	Health care
Jonesboro Public Schools	600	Education
City of Jonesboro	300	Public Adm.
Methodist Hospital	374	Health care
Sears	200	Retail trade
City Water & Light	173	Utilities
Mercantile Bank	158	Financial

Source: Jonesboro Chamber of Commerce

POPULATION FIGURES

	Jonesboro	Craighead County
Population (1990 US Census)	46,535	68,956
Number of Households (1990 US Census)	17,976	26,285
Income Per Household (1992 Estimate)	23,063	39,115
Income Per Capita (1992 Estimate)	8,585	13,674
Disposable Personal Income (1992 Estimate)	\$418,499,000	\$976,364,000
Retail Sales (1992 Estimate)	\$491,347,000	\$595,042,000

INDUSTRY COMMENTS

Jonesboro has more than its share of successful, nationally know manufacturing concerns. Good sites, a trained work force, good transportation facilities, and a favorable tax structure combine to make this an ideal industrial climate.

Cooperation among county, municipal, and state officials is excellent. In fact, many Arkansas communities have completely financed incoming industries through progressive legislation.

The Northeast Arkansas Industrial Development Commission, an aggressive committee operating through the Greater Jonesboro Chamber of Commerce, has been very successful in working with industrial recruits to bring new jobs to the county.

Growth in the industrial sector has been so good, in fact, that the existing industrial sectors are nearly full and the City of Jonesboro recently opened the new 760 acre Craighead Technology Park.

**EMPLOYMENT
JONESBORO LABOR AREA
CRAIGHEAD COUNTY, ARKANSAS**

	03/94	02/94	03/93
Civilian Labor Force	37,775	37,550	37,400
Employment, Total	26,125	35,775	35,400
Unemployment	1,650	1,775	2,000
Unemployment Rate	4.4	4.7	5.3
Agricultural Employment	1,375	1,350	1,325
Self-employed, unpaid family and private household workers	3,075		3,150
Non-agricultural wage and salary employment**	28,700		30,825
Goods producing	8,575		8,550
Manufacturing	7,225		7,300
Service producing	20,125		22,275

* Adjusted to Place of Residence Basis

** Place of Work Basis

Source: Arkansas Labor Force Statistics, 1980-1990
Arkansas Employment Security Division

TRANSPORTATION

RAILROADS

Burlington Northern - Main Line
Southern Pacific - Main Line
Union Pacific - Main Line

WATERWAYS

River - Mississippi

Nearest Port Facilities: Osceola, Arkansas (50 Miles)
 Channel Depth of 9 ft.

 West Memphis, Arkansas (50 Miles)

 Memphis, Tennessee (50 Miles)

BUS

Greyhound

Charter Bus Service by Great Southern Coaches

HIGHWAYS

Interstate Highways: I-55 (44 Miles) and I-40 (63 Miles)

U.S. Highways: 49 and 63

State Highways: 1, 18, 141, 226 and 351

AIRPORT

Local Service: Jonesboro Municipal Airport

Main Runway Length: 5,599 Ft. Long x 150 Ft. Wide

Other Runway Lengths: 4,101 Ft. Long x 150 Ft. Wide and 3,943 Ft. Long x 60 Ft. Wide

Services Offered at Airport:

Commuter Service by Lone Star Airlines

Auto Rental

Professional Helicopters, Inc.

FBO offers hangering and fueling of aircraft.

Sharp Aviation offers aircraft maintenance, flight service school and aircraft instruction.

Flight Service Station gives weather advisories to pilots, pre-flights and in-flight. Offers flight services to general aviation.

**Nearest Commercial Airport: Memphis International Airport, Memphis, Tennessee
Distance is 65 miles from Jonesboro.**

Major Air Carriers:

American Airlines

Delta Airlines

Northwest Airlines

United Airlines

Northwest Airlinks (Commuter)

Exec Express (Commuter)

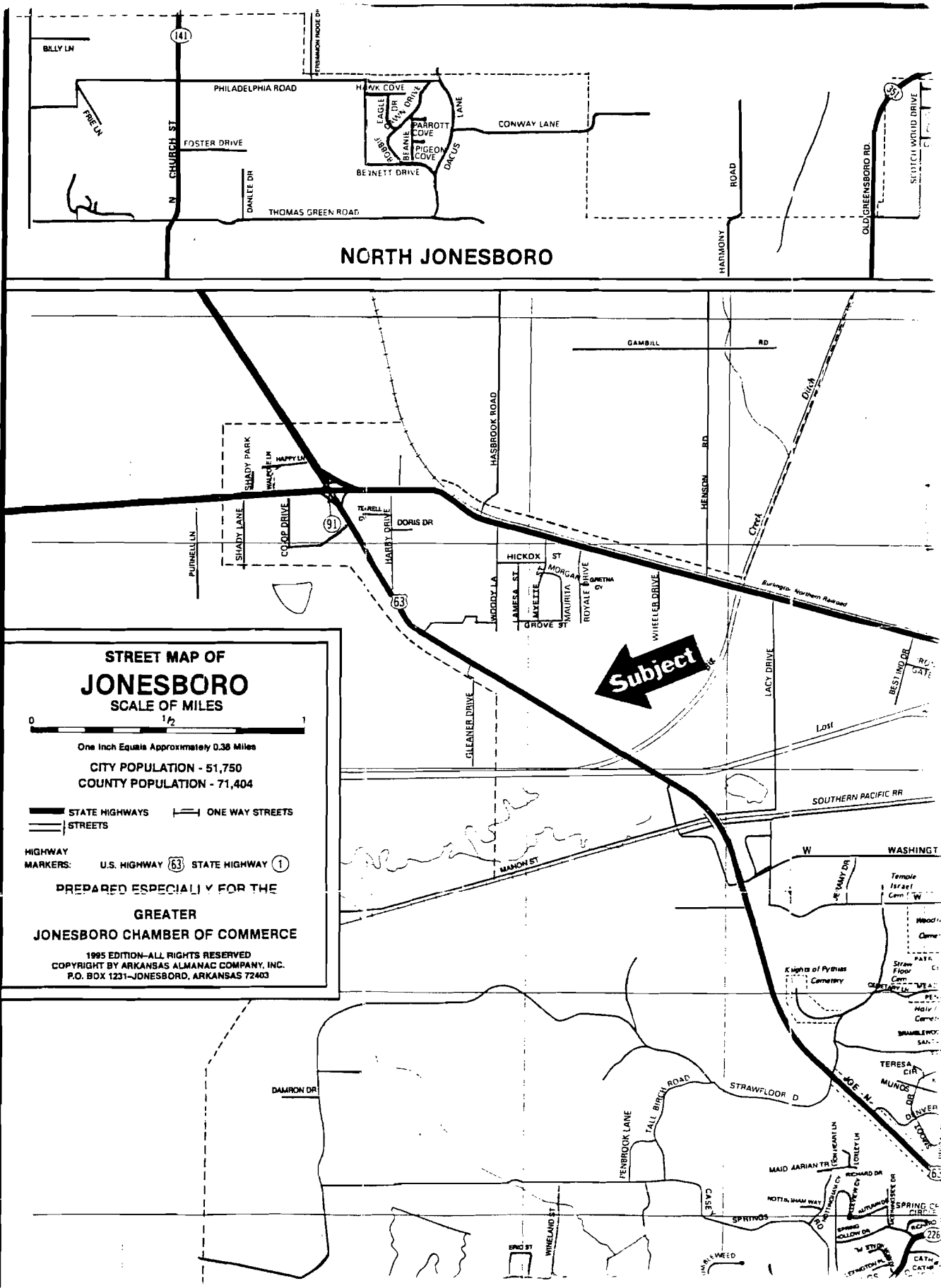
Transworld Express

Aero Cancun

NEIGHBORHOOD ANALYSIS

The subject is located North of the Highway 63 By-Pass, South of Highway 63B, West of Lacy Drive and East of the Intersection of Highway 63B and the Highway 63 By-Pass. The neighborhood is approximately 40% developed with residential housing and light commercial establishments. The commercial property is concentrated along the South side of Highway 63B and the Highway 63 intersection with the By-Pass. The remaining 60% is vacant land. Our subject makes up a major part of that 60%. The potential for commercial development along the By-Pass is good. However, the highest and best use would be residential. A small residential subdivision joins our subject to the Northwest.

A
★
B
★
C
★
D
★
E
★
F
★



**STREET MAP OF
JONESBORO**
SCALE OF MILES

0 1/2 1

One Inch Equals Approximately 0.38 Miles

CITY POPULATION - 51,750
COUNTY POPULATION - 71,404

STATE HIGHWAYS ONE WAY STREETS
STREETS

HIGHWAY MARKERS: U.S. HIGHWAY 63 STATE HIGHWAY 91

**PREPARED ESPECIALLY FOR THE
GREATER
JONESBORO CHAMBER OF COMMERCE**

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P.O. BOX 1231—JONESBORO, ARKANSAS 72403

City Map

SITE DATA

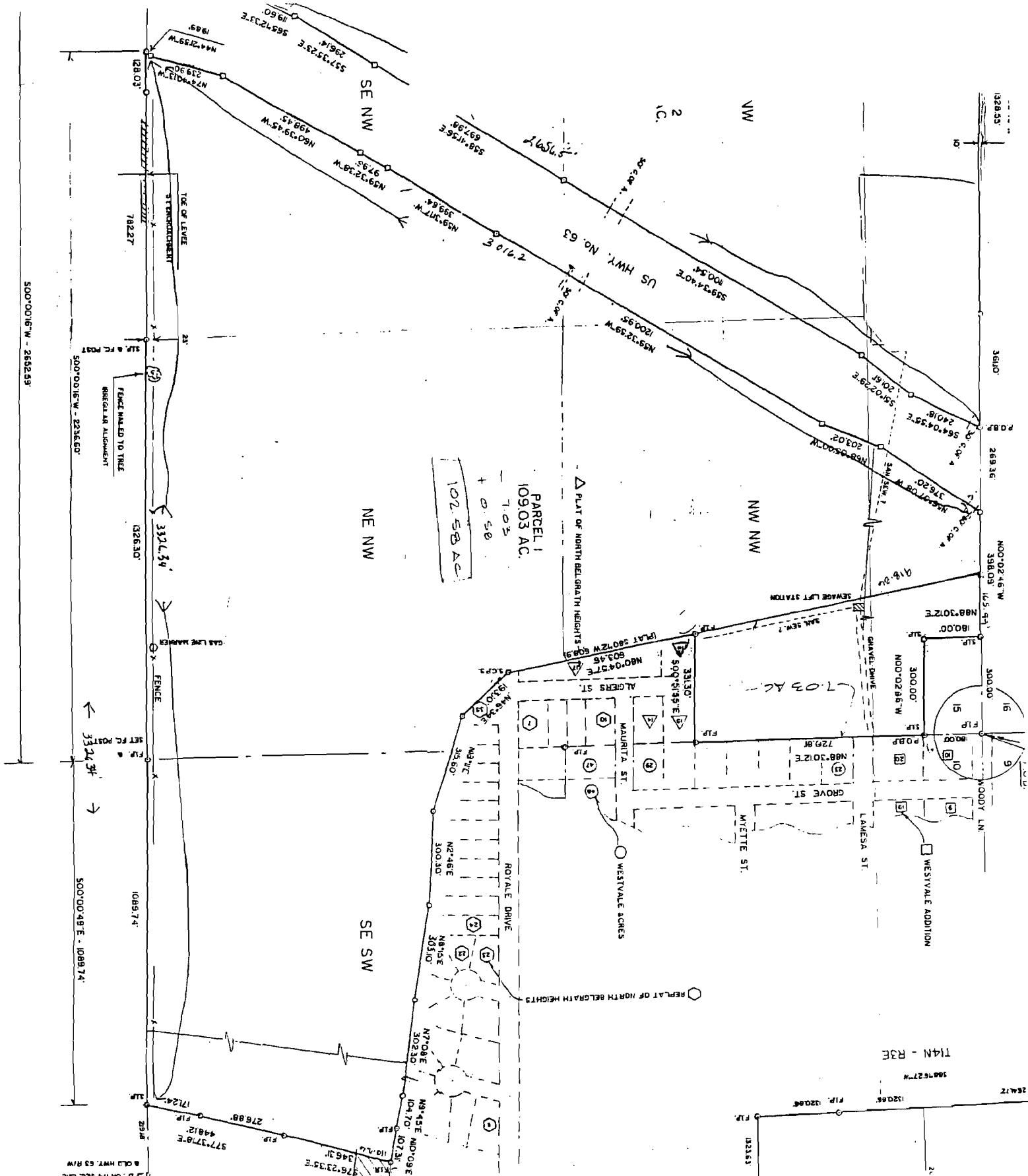
The subject site is very irregular in shape. Highway frontage is indicated to be 3,016.12 ft. with a depth of 3,326.34 ft. on the East side. The site appears to slope from the North to South with some low elevations along the South property line.

The exact soil and subsoil content of the subject site and the neighborhood are unknown and there has been no samples or analyses made available. Due to the condition of existing improvements in the neighborhood, there are apparently no atypical soil related construction problems that would make building prohibitive.

The subject is situated in a HUD flood hazard area, according to flood map Community Number 05031C0039C, Zone A, dated September 27, 1991 which is included in the addenda of the report.

Water, gas, electric, sewer, cable and telephone services are available to the site.

The subject is encumbered by various minor utility easements, none of which adversely affects overall site utility.



Site Plan

500°00'16" W - 2652.59

F.P. ON 1/4 SEC. LINE
 OLD HWY. 63 R/W
 577°37'8"E 498.12'
 276.88' F.P.
 1712.4'

500°00'49" E - 1089.74

3324.34'

3324.34'

500°00'16" W - 2236.60

7822.27'

1288.03'

264.72' F.P.
 1220.06' F.P.
 1220.06'

T14N - R3E
 166°16'27" W

300.00' F.P.
 180.00' F.P.
 300.00' F.P.
 180.00' F.P.
 300.00' F.P.
 180.00' F.P.

331.30' F.P.
 500°31'45"E 139'

331.30' F.P.
 500°31'45"E 139'

331.30' F.P.
 500°31'45"E 139'

331.30' F.P.
 500°31'45"E 139'

331.30' F.P.
 500°31'45"E 139'

331.30' F.P.
 500°31'45"E 139'

ASSESSMENT AND TAXES

According to records at the Craighead County assessor's office, the 1995 taxes are \$422.75.

The assessor's parcel number is #9972.

ZONING AND BUILDING REQUIREMENTS

The subject property is zoned R-1. A description of R-1 classification is:

R-1 Residential district. The R-1 residential district is a district of relatively low density population, where children are members of most families and where there is an absence of all activities of a commercial nature including home occupations in order to preserve the characteristics of the district.

a. Permitted uses. The following uses shall be permitted in this district:

- 1. Residential uses.** Single family residences only.
- 2. Accessory building uses.** Accessory building may be used for the immediate family or domestic servants but may not be used for rental purposes.
- 3. Community uses.** Public parks, playgrounds, and open spaces; churches, public schools and utility or governmental facilities.

b. Exceptions permitted. The following uses shall be permitted according to the limitations imposed: Plant nurseries, gardens and farms, but not sales offices for same and no signs.

c. Prohibited uses. The following uses are prohibited:

- 1. Commercial and industrial.** All commercial and industrial use.
- 2. Billboards and advertising.** All billboards and advertising displays except as permitted by subsection (d) (9) of this section.

ZONING (CONT'D)

3. Multi-family residences. All multi-family residences including duplexes.
4. Home occupations. No home occupations are permitted except such as do not require use of special machinery, equipment or goods.
5. Cattle, etc. The raising, selling or keeping for commercial purposes of any cattle, swine, fowl or other farm type animals.

d. Area and bulk regulations:

1. Height regulations. There shall be no minimum height requirements in this district.
2. Yard requirements. Minimum yard requirements shall be thirty (30) feet for the front yard and ten (10) feet for the side yard, measured from the property line except on corner lots which shall have a thirty (30) foot yard facing each street.
3. Lot requirements. The minimum size lot required in this district shall be eight thousand (8,000) square feet in area with a minimum depth of one hundred (100) feet.
4. Accessory building requirements. Accessory building may occupy ten percent (10%) of the gross lot area, must be built not less than ten (10) feet from any lot line and except for attached garages, must be built to the rear of the principal building.

ZONING (CONT'D)

5. Number of building allowed. Only one (1) principal building shall be built on any lot.
6. Corner visibility. There shall no planting, fence or other obstruction to visibility of vehicles from streets closer than twenty (20) feet to the corner of any lot at a street intersection nor on parkways within forty (40) feet each way of the four (4) corners of such intersection.
7. Off-street parking. One (1) parking space shall be required each dwelling unit, back of building setback line. One (1) additional parking space may be provided in building setback area. One (1) parking space shall be required for every (8) seats within a church's main auditorium. Parking for public facilities and schools shall be adequate for employees and the public.
8. Conversion of houses. No residences shall be converted to more than single-family residences.
9. Signs. No signs or advertising displays are permitted except that one (1) sign not exceeding four (4) square feet in area may be erected to advertise the entire premises for sale or rent.

Source: City Inspectors Office

MARKETING PERIOD

A determination of a "reasonable" marketing period must recognize that real property is not generally a highly liquid asset. Marketing periods vary significantly with respect to property type, location and market conditions. Sales, offerings, options, and transactions involving properties having comparable marketability are considered. Information from multiple listing services, Realtors, lenders, owners, and investors is also considered. All data is considered in relationship to current national, regional, and local economic and development trends.

Considering these factors in relationship to the characteristics of the subject, a reasonable marketing period is exposure up to 12 months on the open market.

STATEMENT OF OWNERSHIP

According to the Craighead County Tax Assessor's Office, the property has had no change in ownership in the last 36 months.

SUBJECT PROPERTY OFFERING INFORMATION

According to Joe Mac Campbell, the subject property has been offered for sale in the last 30 days.

The City of Jonesboro is negotiating for the purchase of the subject property.

ITEMS OF PERSONAL NATURE

Items of personal nature were not included in the final value estimate.

BOB GIBSON AND ASSOCIATES

HIGHEST AND BEST USE

Highest and Best Use is defined as the reasonable and probable use that supports the highest present value, as defined as of the date of the appraisal.

The following tests must be passed in determining the highest and best use:

The use must be within the realm of probability; that is, it must be likely, not speculative or conjectural.

The use must be legal.

A demand must exist for such use.

The use must be profitable.

The use must be such as to return to the land, as well as the property on the whole, the highest net return.

Four stages are included in the analysis of highest and best use:

HIGHEST AND BEST USE (cont.)

Possible Use: determine the physically possible uses for the subject site.

Permissible use: determine which uses are legally permitted for the subject site.

Feasible use: determine which possible and permissible uses will produce a net return to the subject site.

Most profitable use: determine which use, among the feasible uses, is the most profitable use of the subject site.

The highest and best use of the land as if vacant and available for use may be different from the highest and best use of improved property. This is true when the improvements do not constitute an appropriate use. The existing use will continue unless and until land value in its highest and best use exceeds the sum value of the entire property in its existing use and the cost to remove the improvements.

Since the appraisal of the subject property is based on a particular premise of use, the highest and best use analysis determines just what this premise of use should be. A highest and best use analysis consists of considering the highest and best use of a property under two assumptions: (1) with a vacant and available site and (2) with the property as improved. These two

HIGHEST AND BEST USE (cont.)

assumptions on highest and best use are correlated into one final estimate of highest and best use.

AS VACANT AND AVAILABLE

The first major aspect of the highest and best use analysis is considering the property as if it were vacant and available for development. This assumption is made to determine whether the land alone is worth more than the existing property, as is. In other words, this is the beginning benchmark to compare with the highest and best use of the property as is, to determine whether the site is presently under-utilized.

POSSIBLE USE - The physical aspects of the land impose the first constraints on any possible use of the property. The appraised tract is an irregular tract consisting of 109.61 acres (+-). The site contains various elevations and has good access to the Highway 63 By-Pass and Highway 63B. Based on the physical aspects of the land parcel, a variety of land uses are possible.

PERMISSIBLE USE - The subject is zoned R-1 Residential. There are no known easements that would negatively affect the development of the tract. Therefore, under the R-1 zoning, a variety of Residential uses would be permissible.

HIGHEST AND BEST USE (cont.)

FEASIBLE USES - The demand for vacant land along Highway 63 is stable since the construction of the By-Pass. The subject area is one of the last ones to be developed. Development along this area consists of commercial businesses, gas stations, a car auction, and residential housing. It is my opinion that development of the site for Residential use would provide a positive net return to the land and would, therefore, be considered feasible.

MOST PROFITABLE USE - In the final analysis, a determination must be made as to which feasible use is the highest and best use of the parcel as if vacant. Based on the current demand for Residential space, coupled with the limited number of potential sites with Highway 63 frontage, my opinion is that as the site is vacant and available, the highest and best use would be for Residential development.

CONCLUSION OF HIGHEST AND BEST VALUE

Based on the preceding analysis of the site as it is vacant and available for development, and also as presently improved with a commercial building, it is my opinion that the highest and best use is as presently improved.

APPRAISAL PROCESS

Appraisers commonly think of value in three different ways.

COST APPROACH TO VALUE - The current cost of reproducing or replacing a property less depreciation from all sources, that is, physical deterioration and functional and external obsolescence. This appraisal utilizes replacement costs derived from publications of *Marshall and Swift Valuation Service*. This cost data has been further verified as accurate by interviews with contractors involved in construction of similar construction facilities.

Although entrepreneurial profit is recognized as a residual cost, it is not included in the replacement cost new estimate. Rather, the reconciliation portion of the report attempts to identify any such profit through other approaches to value.

SALES COMPARISON APPROACH TO VALUE - The value indicated by recent sales of comparable properties in the marketplace.

INCOME CAPITALIZATION APPROACH TO VALUE - The value which the net earning power of the property will support, based upon a capitalization of net operating income of the real estate.

In the majority of our assignments, the appraiser will utilize all three approaches. On occasion he may believe the value indication from one approach will be more significant than the other two, yet he will use all three as a check against each one and to test his own judgement.

There are appraisal problems in which all approaches cannot be applied. A value indication for vacant land cannot be obtained through the use of the cost approach, nor one for a specialized property by the sales comparison approach, and but rarely for an owner-occupied home by the income capitalization approach. The use of all three approaches is pertinent in the solution of most appraisal problems; their application is well established in appraisal technique and held to be part of the fundamental procedure.

In any determination of value, local market data are sought on such factor as sales and offerings of similar properties and tracts of vacant land, current prices for construction materials and labor, rentals of similar properties and their operation expenses, and current rates of return on investments and properties. From these data, values may be developed for the land and the property as a whole.

Three generally accepted methods may be used in the valuation of the fee simple interest on an improved property: the cost approach, the sales comparison approach, and the income approach.

SALES COMPARISON APPROACH

In the Sales Comparison Approach to valuation, similar properties recently sold or offered for sale in the local market are analyzed and compared with the property being appraised. Adjustments are made for differences in such factors as time of the sale, location, size, type, age and conditions of the improvement, and prospective use. This approach has its greatest value in appraisal situations involving common elements, such as land or improved properties within a particular development, all with similar amenities.

COMPARABLE LAND SALES

A search was made for sales of development property in subject's market area. Although the number of sales have been limited, the appraiser(s) have found the following sales which provide an insight into the range of value within which the subject will fall.

Sale #1

Grantor: Oscar Melton, et al
Grantee: Larry Duke, et ux
Verification: DR Book 377, Page 454
Date: 06/89
Legal: West 515 ft. of NE 1/4, NW 1/4 Sec. 31-14N-4E
Price: \$125,000.00
Size: 13.8 Acres
Price/Acre: \$9,057.97/Acre
Comments: This is the location of the Greenmeadow Subdivision located off of South Culberhouse. An 18% adjustment has been made for the time difference with a 20% adjustment for size and a -10% adjustment for location. Net = -12% or \$7,970.

COMPARABLE LAND SALES (cont.)

Sale #2

Grantor: Larry Duke, et ux
Grantee: Greenmeadow Development Company, Inc.
Verification: DR Book 440, Page 189
Date: 04/26/93
Legal: All of Greenmeadow Subdivision except Lots 1 and 2 of Block A.
Price: \$123,539.00
Size: 11.81 Acres (+-)
Price/Acre: \$10,460.54/Acre
Comments: This is the location of Green Meadows Subdivision which is under development South of the Highway 63 By-pass; West of Highway One-B and East of Culberhouse. A -20% size adjustment was made. This sale is a part of Sale #1, however the highway frontage was omitted. A time adj. of +6% was made. Net = -14% or \$8,996.

Sale #3

Grantor: James Mattix
Grantee: Bob Gibson
Verification: DR Book 407, Page 569
Date: 06/24/91
Legal: Part of the SW 1/4, NW 1/4 Sec. 31 - T14N-R-4E
Price: \$110,000.00
Size: 10.58 Acres
Price/Acre: \$10,396.97/Acre
Comments: This is the location of Hunters Ridge Subdivision which was developed South of the Highway 63 By-pass; West of Highway One-B and East of Culberhouse. A time adjustment of +12% and a size adjustment of -20% were made. Net = -8% or \$9,564.

COMPARABLE LAND SALES (cont.)

Sale #4

Grantor: James Mattix, et al
Grantee: John Bracey, et al
Verification: DR Book 381, Page 498
Date: 09/01/89
Legal: Part of the West Half NW 1/4 Sec. 31-T14N-R4E.
Price: \$126,000.00
Size: 11.7 Acres (+-)
Price/Acre: \$10,769.23/Acre
Comments: This is the location of Hunters Ridge Subdivision which was developed South of the Highway63 By-pass; West of Highway One-B and East of Culberhouse. A +18% adjustment for time and a -20% adjustment for size were made. Net = -2% or \$10,254.

Sale #5

Grantor: Charles Luter
Grantee: Jim Mead
Verification: DR Book 425, Page 257
Date: 06/06/92
Legal: Part of the NW 1/4 of Section 32, T14N, R4E.
Price: \$78,000.00
Size: 6.0 Acres (+-)
Price/Acre: \$13,000.00/Acre
Comments: Located East of Highway 1 South with 199.36 feet of frontage along Parker Road. A +9% adjustment for time and of -25% adjustment for size were made. Net = -16% or \$10,920.

COMPARABLE LAND SALES (cont.)

Sale #6

Grantor: ARNS
Grantee: Lindsey Multi-Family Group
Verification: Parcel #12820-2
Date: 08/95
Legal: South 1/2 of SE 1/4 of Sec. 31, T14N,R3E.
Price: \$1,000,000.00
Size: 78.49 Acres (+-)
Price/Acre: \$12,740
Comments: Subject property was purchased from the Hale Arnold Estate for approximately \$8,000 per acre, rezoned to R-2, and sold to the Lindsey group to construct a Par - 3 Golf and rental units. Comparable in size to our subject. An adjustment for zoning of -15% was made. Net = \$10,835.

Sale #7

Grantor: William Ebbert Estate
Grantee: Lindsey Multi-Family Group
Verification: DR Book 481, Page 169
Date: 08/15/95
Legal: Lot 4 and Lot 5 Block A, Forest Heights Addition
Price: \$225,000
Size: 10.58 Acres
Price/Acre: \$21,266
Comments: Lindsey Group needed access to Highway 1 South. This purchase was made to facilitate that access and assist in the development plan approval. A size adjustment of -20% was made. Net = \$17,013.

COMPARABLE LAND SALES (cont.)

Sale #8

Grantor: Bill Ebbert
Grantee: Phillips Investments
Verification: Tax Assessor
Date: 06/07/93
Location: South of 63 By-Pass .5 Mile
Price: \$536,963.35
Size: 52.8048 Acres (+-)
Price/Acre: \$10,169
Comments: No time, size or location adjustments were made. This is the site of Rossland Hills Subdivision.

Sale #9

Grantor: Calvary Chapel
Grantee: Phillips Investments
Date: 08/19/93
Legal: Lot 3 of Calvary Chapel Addition
Price: \$190,000
Size: 16.218 Acres
Price/Acre: \$11,715
Location: Stadium Blvd.
Comments: This property was unimproved at time of sale. It is located on Stadium South of Calvary Chapel on the East side of Stadium. It was zoned AG-1 at time of sale was under rezoning request to C-3. A size adjustment of -20% and a time adjustment of +6% were made. Net = -14% or \$10,075.

COMPARABLE LAND SALES (cont.)

Sale #10

Grantor: Annie Kirk Thomas
Grantee: Phillips Investments, Inc.
Verification: DR Book/Page 429/465
Date: 09/25/92
Location: Stadium Blvd.
Price: \$438,000.00
Size: 36.5 Acres (+-)
Price/Acre: \$12,000

Comments: This was vacant at time of sale. As of August 1993 it was improved with a street running East and West. It is located on Stadium just South of its intersection with the Highway 63 By-Pass and is on the West side of the Highway. A size adjustment of -15% and a time adjustment of +9% were made. Net = -6% or \$11,280.

Sale #11

Grantor: Rural Water Service, Inc.
Grantee: Dana Construction Co.
Date: 1990
Price: \$6,000
Size: 0.50 Acres (+-)
Price/Acre: \$10,454
Location: Highway 63 B

Comments: This is the subject property as it connects to Highway 63B. This sale was used to show the value of the property as it connects to 63B. A time adjustment of +15% was made. Net = \$12,022.

COMPARABLE LAND SALES (cont.)

Sale #12

Grantor: J. A. Lamberth, Jr.
Grantee: Dana Construction
Verification: DR Book/Page 397/146
Date: 09/11/91
Location: Highway 63B
Price: \$30,000
Size: 1.47 Acres (+-)
Price/Acre: \$20,408

Comments: This sale is a commercial sales that is located near our subject on Highway 63B. It, along with Sale #11, will adequately reflect the commercial value of the property in the general area.

SUMMARY OF SITE VALUE CONCLUSION

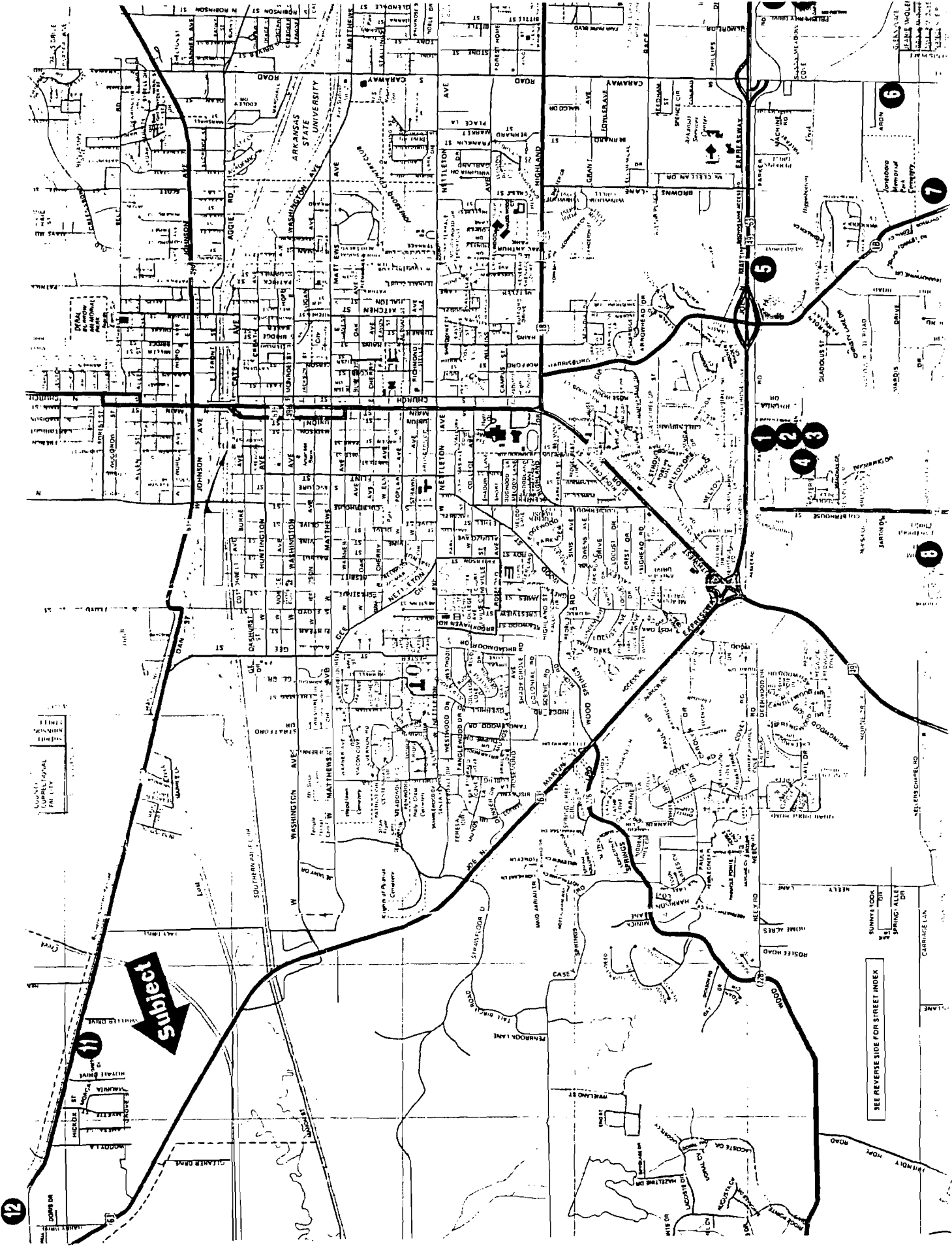
SALE	LOCATION	SIZE/Acre +/-	PRICE/ACRE	DATE	ADJMN T.	NET
#1	Highway 63 By-Pass	13.8 Acre	\$ 9,060	06/89	-\$1,087	\$ 7,970
#2	Highway 63 By-Pass	11.81 Acre	\$10,460	04/93	-\$1,464	\$ 8,996
#3	Culberhouse/ Highway 63	10.58 Acre	\$10,396	06/91	-\$ 832	\$ 9,564
#4	Culberhouse/ Highway 63	11.7 Acre	\$10,769	09/89	-\$ 215	\$10,254
#5	Highway 63 By-Pass	6.0 Acre	\$13,000	06/92	-\$2,080	\$10,920
#6	South of 63 By-Pass	78.49 Acre	\$12,740	08/95	-\$1,905	\$10,835
#7	South of 63 By-Pass	10.58 Acre	\$21,266	08/95	-\$4,253	\$17,013
#8	.5 Mile S 63 By-Pass	52.8048 Acres	\$536,963.35	06/07/93	N/A	N/A
#9	Stadium	16.2 Acre	\$11,715	08/93	-\$1,640	\$10,075
#10	Stadium	36.5 Acre	\$12,000	09/92	-\$ 720	\$11,280
#11	Highway 63B	.58 Acre	\$10,454	1990	+\$1,56 8	\$12,022
#12	Highway 63B	1.47 Acre	\$20,408	09/91	N/A	\$20,408

Twelve sales were selected for review with sales #11 and #12 used to reflect the value of the subject property that connects with Highway 63B. They were not included in the final analysis of value. Sale #7 was also omitted from final review although it has some similar utility as the subject. The remaining nine sales reflect a mean average of \$9,987.00 with a range of value from \$7,970 to \$11,280. The median range is between \$10,075 and \$10,254. Using these assumptions, the assigned value of \$10,000 per acre is very well supported.

$\$10,000 \times 109.61 = \$1,096,100.00$

Rounded: \$1,096,000.00

City Map



Subject

LOCAL SUPPLEMENTAL FACILITY

SEE REVERSE SIDE FOR STREET INDEX

12

11

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COST APPROACH

In the cost approach to valuation, an estimate is made of the current cost of reproduction of the improvements. This amount is then adjusted to reflect depreciation resulting from physical deterioration, wear and tear, and utility, on the basis of personal inspection and in comparison with component parts of similar new units. This analysis also recognizes factors of functional and economic obsolescence.

Functional obsolescence is a loss in value caused by factors inherent with a building equipment unit, such as changes in construction materials and techniques, which result in excess capital cost in existing facilities, lack of full use of space, and inability to expand or update the property. Economic obsolescence is caused by external factors, such as general economic conditions, availability of financing, or inharmonious uses.

The adjusted indicated cost is then added to the estimated market value of the land.

The estimated cost of reproduction new of the building and land improvements is based on data in the Marshall and Swift Valuation Service, adjusted for costs prevailing in the Jonesboro area. Depreciation is based on the observed condition, with consideration given to age and economic life of the improvements and market conditions.

Due to lack of improvements, the cost approach is not used in this report.

**INCOME APPROACH
PROPERTY OPERATING STATEMENT**

Income Approach is not applicable in this report.

CORRELATION AND FINAL VALUE CONCLUSION

This appraisal was made to express an opinion of the value of the fee simple interest in the real estate as if offered for sale on the open market. Application of the three appropriate appraisal methods resulted in the following indications of value:

COST APPROACH:	\$ N/A
SALES COMPARISON APPROACH:	\$1,096,000.00
INCOME CAPITALIZATION APPROACH:	\$ N/A

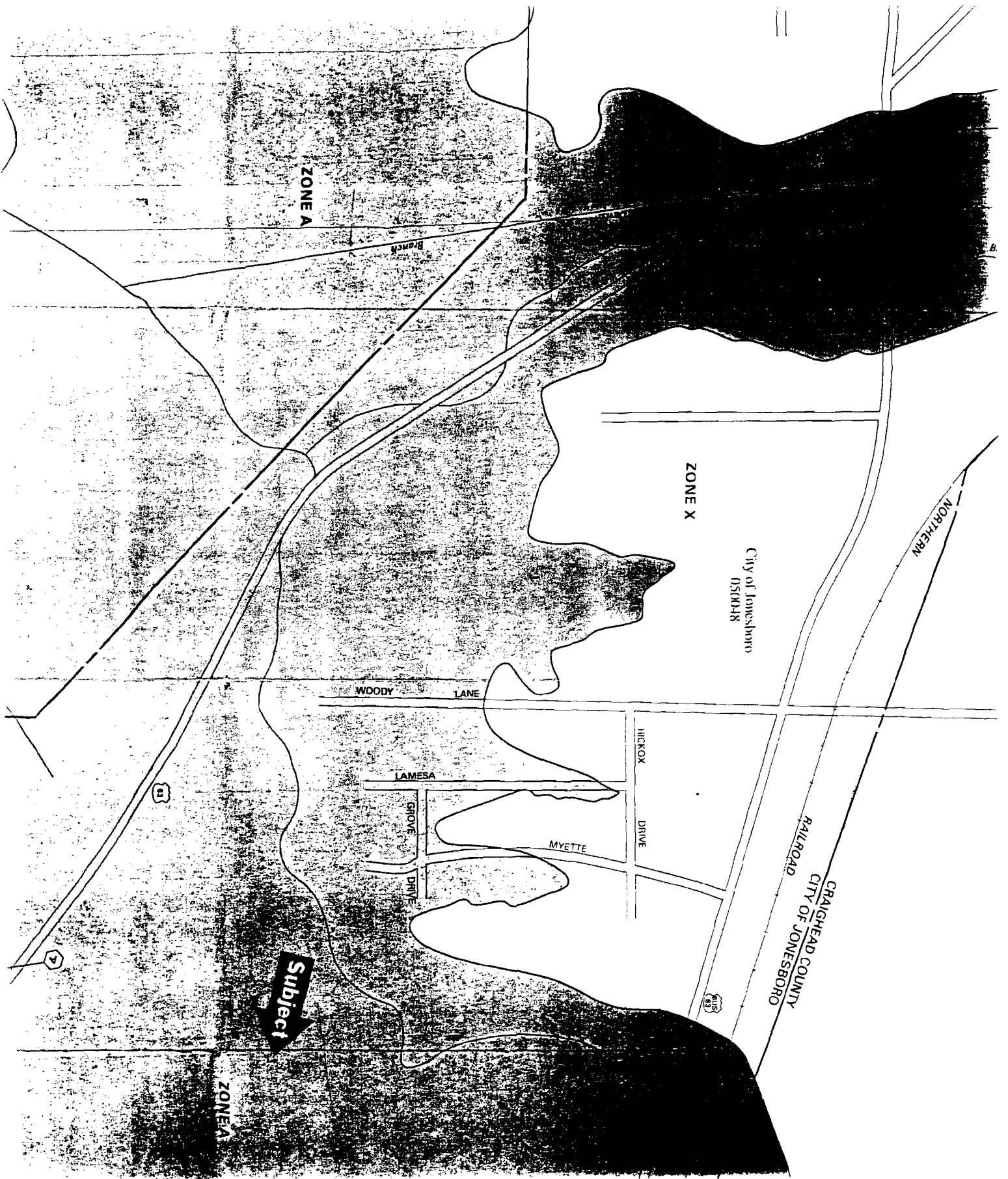
The cost approach is most appropriate when the improvements are new or nearly new and represent the highest and best use of the land, or when the facilities are of a special-purpose or specialized-use nature. In other circumstances, the extent of depreciation dictated by the age and character of the improvements and the external influences of the current industrial market make a market estimate by this approach less reliable. Generally, the sales comparison and income capitalization approaches are better indicators of the value of a property in the open market since they more accurately reflect current market activity and the motives of buyers and sellers for use or for investment purposes. The stated value conclusion therefore is heavily weighted on the Sales Comparison Approach.

Based on the investigation and premise outlined, as of February 1, 1996, the Market Value of the fee simple interest in the real estate, assuming it to be offered for sale on the open market is \$1,096,000.00.



Bob Gibson, CG0247
Appraiser

ADDENDA



Flood Map

30

CERTIFICATE OF SURVEY: This is to certify that Haywood, Kenward and Associates, Inc., Civil Engineers and Land Surveyors, surveyed in accordance with "Arkansas Minimum Standards for Property Boundary Surveys and Plats", the following described parcel/parcels of land:

PARCEL NO. ONE: A PART OF THE SE $\frac{1}{4}$ SW $\frac{1}{4}$ OF SECTION 10, AND A PART OF THE NW $\frac{1}{4}$ OF SECTION 15, ALL IN TOWNSHIP 14 NORTH, RANGE 3 EAST, ALL BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS;

BEGIN AT THE NORTHWEST CORNER OF SECTION 15, TOWNSHIP 14 NORTH, RANGE 3 EAST; THENCE N88°30'12"E ON THE SECTION LINE 180.00' TO THE POINT OF BEGINNING PROPER; THENCE N88°30'12"E ON THE SECTION LINE 720.81'; S0°51'55"E 331.30'; THENCE N80°04'57"E 603.46'; THENCE N46°34'E 193.10'; THENCE N18°11'E 315.60'; THENCE N2°46'E 300.3'; THENCE N2°15'E 303.10'; THENCE N7°08'E 302.30'; THENCE N9°45'E 104.70'; THENCE N10°09'E 107.31'; THENCE S76°23'35"E 346.31'; THENCE S77°37'18"E 448.12' TO THE 40 ACRE LINE; THENCE S0°00'49"E ON THE 40 ACRE LINE 1089.74'; THENCE S0°00'16"W ON THE 40 ACRE LINE 2236.60' TO THE NORTH R/W LINE OF U.S. HIGHWAY NO. 63; THENCE WITH THE MEANDERINGS WITH SAID R/W LINE AS FOLLOWS; N44°21'59"W-19.89'; N74°40'13"W 239.90'; N60°33'45"W-498.45'; N59°32'38"W-97.96'; N59°31'17"W-399.64'; N59°32'59"W-1200.95'; N68°05'00"W-203.02'; N56°07'08"W-376.20' TO THE SECTION LINE; THENCE N0°02'46"W ON THE SECTION LINE 398.09'; THENCE N88°30'12"E 180.00'; THENCE N0°02'46"W 300.00' TO THE POINT OF BEGINNING PROPER, CONTAINING 109.03 ACRES, MORE OR LESS, SUBJECT TO ALL RIGHTS OF WAY AND EASEMENTS OF RECORD.....

PARCEL NO. TWO: A PART OF THE NW $\frac{1}{4}$ OF SECTION 15, TOWNSHIP 14 NORTH, RANGE 3 EAST, BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS; BEGIN AT THE NORTHWEST CORNER OF SECTION 15, TOWNSHIP 14 NORTH, RANGE 3 EAST; THENCE S0°02'46"E ON THE SECTION LINE 967.45' TO THE SOUTHERLY R/W LINE OF U.S. HIGHWAY NO. 63, THE POINT OF BEGINNING PROPER; THENCE WITH THE MENADERINGS WITH SAID R/W LINE AS FOLLOWS; S64°04'55"E-240.18'; S51°02'29"E-201.61'; S59°34'40"E-1100.54'; S58°41'56"E-697.98'; S57°35'23"E-296.14'; S65°12'33"E-119.60' TO THE CENTERLINE OF BIG CREEK DITCH; THENCE WITH THE MENADERINGS WITH SAID DITCH CENTERLINE AS FOLLOWS: S72°00'05"W-438.59'; S71°00'58"W-354.84'; S83°15'44"W-393.91' TO THE $\frac{1}{4}$ SECTION LINE; THENCE S88°22'54"W ON THE $\frac{1}{4}$ SECTION LINE 1131.97' TO THE SECTION LINE; THENCE N0°02'46"W ON THE SECTION LINE 1689.65' TO THE POINT OF BEGINNING PROPER, CONTAINING 48.16 ACRES, MORE OR LESS, SUBJECT TO ALL RIGHTS OF WAY AND EASEMENTS OF RECORD.....

MONUMENTS WERE FOUND OR SET AS NOTED ON THE PLAT OF SURVEY HEREON.....

Section 15-14-3

Ownership Map

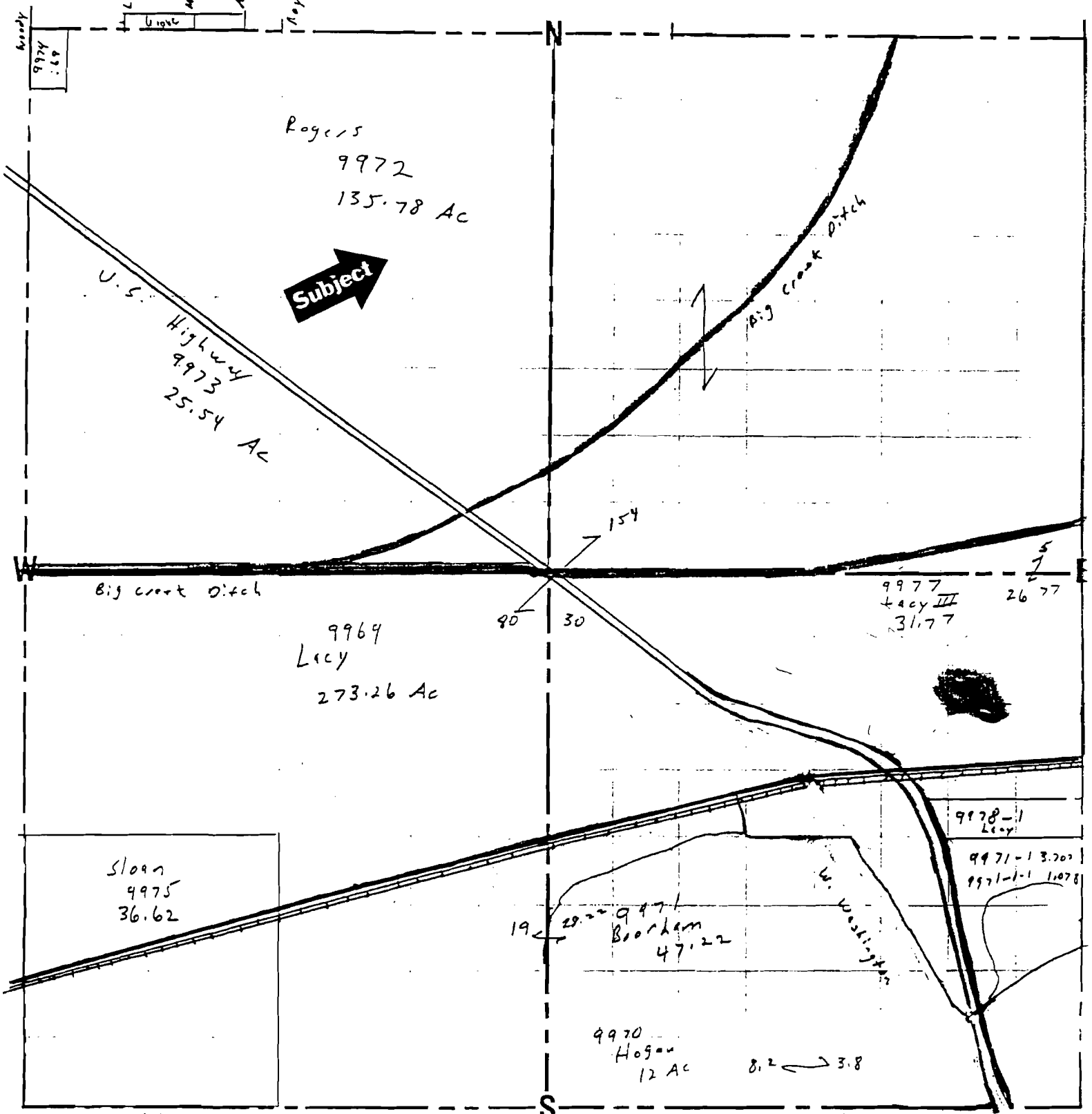
List 640

660 STD

SCALE FOR SECTION.

660 Ft. = 1 Inch

Each side large blue squares = 20 chains, 80 rods, 1320 feet; area of square 40 acres.
Each side small red squares = 5 chains, 20 rods, 330 feet; area of square 2½ acres.



St 1 SW R 10
9979 3.34

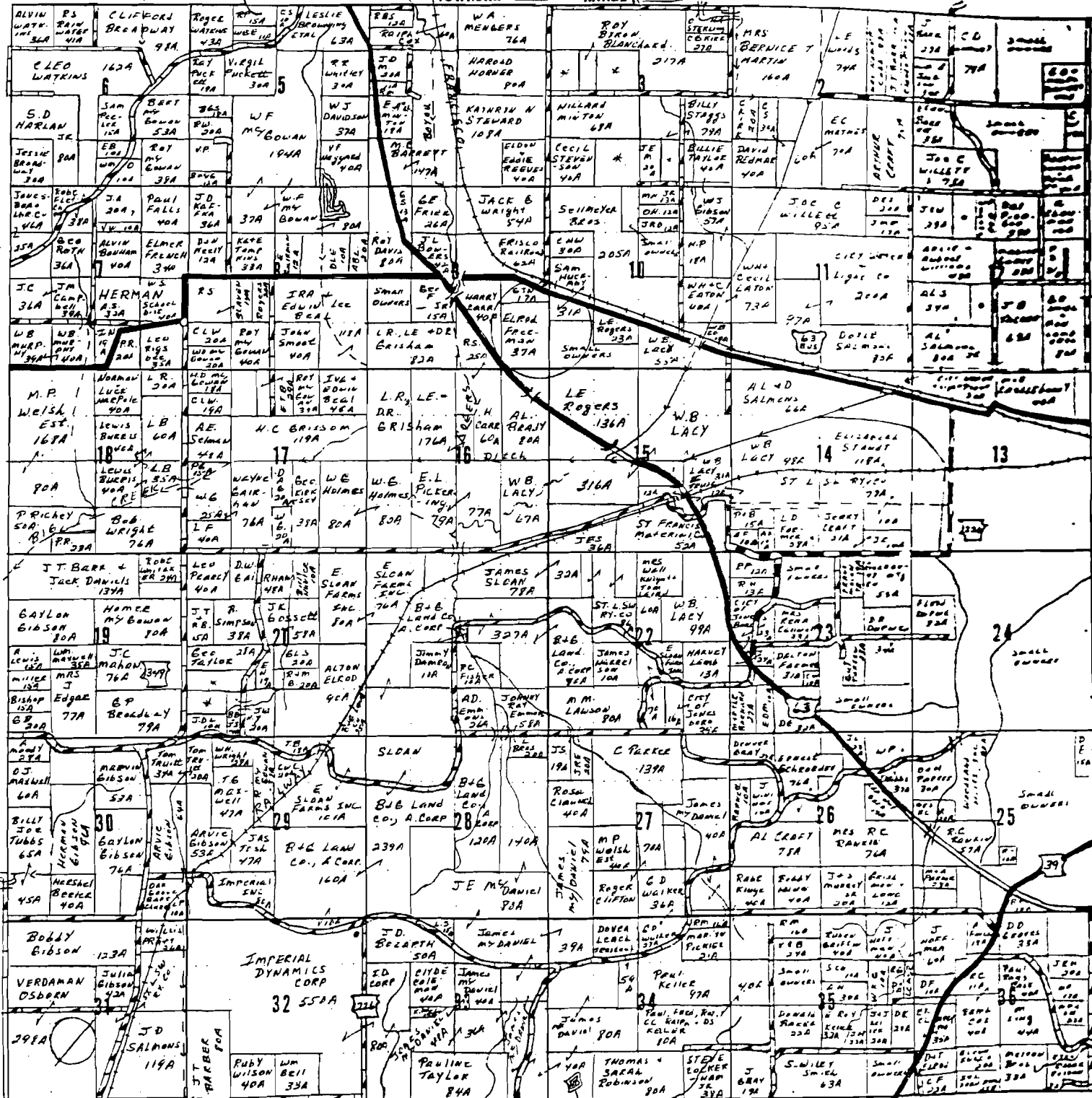
St 2 SW R 10
9978 9.42 Ac

SCALE FOR QUARTER SECTION,
330 Ft. = 1 Inch

Each side large blue squares = 10 chains, 40 rods, 660 feet; area of square 10 acres.
Each side small red squares = 2.5 chains, 10 rods, 165 feet; area of square .625 of 1 acre.

Joe M. Hwy

TOWNSHIP T-14N RANGE R-3E



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Ownership Map

QUALIFICATIONS OF BOB GIBSON

POSITION:

Real Estate Appraiser/Consultant, 420 West Jefferson, Jonesboro, AR 72401, Telephone: (501)932-5206.

PROFESSIONAL EXPERIENCE:

Chief Appraiser for Home Federal Savings, 1965 to 1975, Fee Appraiser for area financial and real estate concerns, 1965 to 1980.

President of H.S.C. Service Corporation. Developed three (3) subdivisions, constructed single-family homes, one hotel, and numerous condominiums from 1975 to 1990.

EDUCATION:

B.S. Degree in Business Administration and minor in Economics from Arkansas State University in 1965.

Graduate of School of Savings & Loans at University of Indiana, Bloomington, Indiana, 1979 to 1982.

U.S. League of Savings Associations Appraisal Study course, 1965.

Principles of Real Estate Appraising - 1968 Audit, Arkansas State University.

National Association of Independent Fee Appraisers, Principles of Residential Real Estate, 1990.

NAIFA Income Property Appraising, 1990.

Marshall and Swifts Valuation Guides Seminar - Residential and Commercial Cost Approach, 1990.

The Appraisal Institute - Real Estate Appraisal Methods, 1991.

Uniform Standards of Professional Appraisal Practice, 1991.

Techniques of Income Property Appraising, 1991.

Uniform Residential Appraisal Report Seminar, IFA, Jonesboro, AR, 1993.

FIRREA: Overview and Practical Application Seminar, Little Rock, AR, 1994.

American Disabilities Act Seminar, I.F.A., Jonesboro, Arkansas 1993.

HUD Guidelines - Lender Selection of the Appraiser, I.F.A., Little Rock, Arkansas, Dec. 7, 1994 - Member of Lender Appraiser Selection Roster, HUD, Little Rock, Arkansas.

Appraiser Accountability and Legal Liabilities Seminar, Arkansas Appraisal Foundation, Little Rock, Arkansas, May 10, 1995.

**PROFESSIONAL
MEMBERSHIP:**

Master Senior Appraisers (MSA), National Association of Master Appraisers.

Charter Member of National Society of Environmental Consultants.

**CERTIFICATION
AND
DESIGNATION:**

State Certified Residential Appraiser #CG0247,
December, 28, 1991.

State Certified General Appraiser #CG0247,
January 6, 1992.

**PARTIAL LIST
OF CLIENTS:**

Norwest Mortgage, Union Planters Bank of NE
Arkansas, Citizens Bank, Simmons Bank, First
State Bank of Trumann, First Bank of Arkansas,
Heringer Lone Star, Coastal Petroleum Company,
Caldwell Construction Company, First Financial
Mortgage, Fowler Foods, Arby's, Western Sizzlin,
MidSouth Bank