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APPRAISAL REPORT

FOR

CITY OF JONESBORO

**101 S FLOYD
JONESBORO, ARKANSAS**

SEPTEMBER 11, 2007

BY

**BOB GIBSON AND ASSOCIATES APPRAISAL SERVICE
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September 12, 2007

City of Jonesboro
515 W Washington
Jonesboro AR 72401

ATTN: Harry Hardwick

At your request, we have inspected and appraised the real estate located at 101 S Floyd in the city of Jonesboro, AR. The enclosed report is being presented as 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 fair market value; it may be invalid if used for any other purpose or valuation date. The intended users are City of Jonesboro.

Based on the data and conclusions presented in the attached report, it is our opinion that as of September 11, 2007, the market value of the subject property appraised was:

SEVENTY THOUSAND DOLLARS
(\$70,000)

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.

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.

Sincerely,


Bob Gibson, CG0247



SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

LOCATION:	101 S Floyd
PROPERTY RIGHTS APPRAISED:	Fee Simple Interest
OWNERSHIP:	Arkansas Louisiana Gas Co
ZONING:	I-1
LAND AREA:	1.13 ac+-
PRINCIPAL IMPROVEMENTS:	Metal warehouses - 3200 sf and 1536 sf
UTILITIES:	Public water and sewer, natural gas, refuse collection, electricity, & telephone services.
AGE OF THE IMPROVEMENTS:	25 Years Effective
HIGHEST AND BEST USE:	Industrial
MARKET VALUE:	\$70,000
EFFECTIVE DATE:	September 11, 2007
REPORT DATE:	September 12, 2007

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.

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.

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.

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.







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IDENTIFICATION OF THE PROPERTY

The subject property is the real property and land located at 101 S Floyd, Jonesboro, AR which is occupied by a warehouse.

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.

EFFECTIVE DATE

The property was inspected by personnel of Bob Gibson and Associates Appraisal Services, on September 11, 2007, which is also the effective date of the report. This appraisal assumes that there would be no substantial changes between the inspection date and the report date.

INTENDED USE OF THE APPRAISAL

It is our understanding that this appraisal report is to be used to determine fair market value. The client is City of Jonesboro and the intended users are the same. It may be invalid if used for any other purpose or valuation date or by any other user.

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 are contained in this report.

APPRAISALS DEFINITION

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."

(Source: Rules and Regulations, Federal Register, Vol. 55, No. 129, page 277771)

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.

Market Area Analysis

General Over View

The market area, identified as the Jonesboro MSA and located in the Mississippi Delta Region, is the primary economic driver in the Northeast Arkansas Region. This region is part of the eastern geographic region of Arkansas and is near the Greater Memphis Metropolitan Statistical Area (MSA). Given its proximity to this MSA, certain social and economic influences gravitate from this area to the subject region.

Memphis is the largest city between St. Louis and New Orleans and serves as the center of commerce for the MidSouth region, a 105 county area in Tennessee, Arkansas, and Mississippi. The MSA includes five counties in three states: Shelby, Fayette, and Tipton Counties in Tennessee, DeSoto County in Mississippi, and Crittenden County in Arkansas.

The region's growth and development patterns are best understood by examining the four forces that affect real estate values. These are (1) social, (2) economic, (3) governmental, and (4) environmental. The interaction of the forces creates the economic climate where property values increase, decrease, or remain stable. The following text is a discussion of the four forces as they affect the Eastern Arkansas region and Craighead County.

Social Considerations

The nearby Memphis MSA, the most populous area in Tennessee, is composed of Shelby, Fayette, and Tipton Counties in Tennessee, DeSoto County in Mississippi, and Crittenden County in Arkansas. The Memphis MSA has grown from over 936,000 people in 1980 to a projected 1,148,000 in 2004. In the same fashion, the Jonesboro MSA's population has grown at a similar brisk rate over the past 25-years.

According to STDB online, in 2004, the population of the Jonesboro MSA was 85,334. The census revealed a population of 82,148 in 2000 and 68,956 in 1990. The total change in population between 1990 and 2000 was 19.32%, indicating an annual growth rate of 1.91%. By 2009, the population is projected to be 88,843, representing a change of 4.11 % from 2004.

Projections from STDB online indicate that the 2004 population of the City of Jonesboro is 56,761 and is divided by the following age distribution, under 18 years old is 23.54%, 18-64 years 67.54%, and over 65, 12.07%. The age distribution, another influence on real property values, is fairly evenly distributed, with a medium age of 32.9 years compared to the 36.7 year medium age reported for the state. About 67.5% of the population is between 18 and 64. This older percentage translates to a large populace available to respond to real estate activities.

The medium household income in 2004, for Jonesboro, was \$34,898 projected to increase to \$37,658 by 2009. In 2004, the per capita income for the city was \$18,818 as compared to the U.S. base which reported a per capita income of \$23,504. In 2000, the median housing value in Jonesboro was 84,938 representing a change of 44.91% from the reported median housing value of \$58,614 in 1990. This comparison indicates annual average growth rates in housing values of 4.5%. This is similar to the state growth rate of 4.5%. In 2004, the reported occupancy level for Jonesboro in all housing was 91.6%. Of the total housing, 52.56% is owner occupied homes.

In 2004, there were 34,061 households in Craighead County and 23,088 (67.8%) in Jonesboro. The countywide and city household count has increased from 32,301 and 22,219 respectively since the 2000 census. By 2009, the number of households is expected to be 36,132 and 24,140 respectively.

Overall, growth trends in the area are increasing, and support for demand for real estate for other than agriculture or recreational purposes is moving upward at a brisk rate. Overall, population trends show a significant upward movement that is expected to continue for the foreseeable future.

Economic Considerations

The economy of Craighead County is based primarily on services, industry and forming. Except for manufacturing plants in Jonesboro, most local businesses in the county provide convenience shopping and agriculture services. Jonesboro, on the other hand, is a regional shopping destination for most of the populace in the Northeast Arkansas Region.

The surrounding general socioeconomic setting of this region is similar to that of the Mississippi River Delta as a whole, and can be characterized by a strong agriculture-oriented economy, low relative per capita incomes, relatively high rates of unemployment, and a relatively low, sparsely distributed, and stable decreasing population. However, Jonesboro is a strong economic hub for the region and shows trends contrary to that exhibited by most of the Mississippi Delta counties.

Food manufactures, which feature prominently among Jonesboro's leading industries, have helped boost its economy. There is a lot of room for further industrial development in Jonesboro. According to the local chamber of commerce, there are at least nine parks and sites with room for further development. Chief among them is the Craighead Technology Park, where the new Nestle plant is located. The leading employers in the county are listed in the following table:

Leading Employers in Jonesboro, AR		
Name	# Employees	Type
Arkansas State University	2585	Higher Education
St. Bernard's Medical Center	1950	Medical
Wal-Mart Super Center	916	Retail
Hytrol Conveyor Company	710	Manufacturing
Quebecor World	660	Manufacturing
Frito-Lay	650	Food Processing
Jonesboro Public Schools	610	Education
City of Jonesboro	460	Government
Wolverine Slipper Group	460	Manufacturing
Nestle	425	Food Processing
Riceland Foods	350	Food Processing

In 2004, there were 67.16% people over the age of 16 in Craighead County. Of that total, 94.3% were employed, 5.6% were unemployed, 34.1 % were not in the labor force and 0.04% were in the armed forces. Unemployment was reported to be 3.76% in 2004, as compared to 3.34% in 1990.

In 2004, there were 42,456 employees (daytime population) and 4,139 business establishments. In 2000, white collar workers comprised 54.3% of the employed workforce, while those employed in blue collar occupations comprised the remaining 48.3%. In 2000, manufacturing jobs accounted for 11.6% of the employed workforce and the service industry jobs accounted for 17.9% of the workforce.

Agriculture in the area is dominated by cotton, soybeans and rice, with substantial amounts of wheat grown on well drained areas, and lesser amounts of corn and milo scattered throughout. Cotton production tends to be east of Crowley's Ridge on the best drained, sandiest soils. Arkansas leads the nation in rice production with approximately 40-50% of the annual U. S. production. A regional Riceland Foods rice dryer facility is located in Jonesboro. The forested wetland and aquatic habitats of the basin have historically provided extensive wildlife oriented public use

The relative importance of hunting and fishing to Arkansans is supported by the survey results that revealed that Arkansas ranked sixth among all states in percentage (32%) of the population which hunted or fished, 52% greater than the national average. This proportion that hunted was 150% greater.

Craighead County and Eastern Arkansas is regarded to offer some of the best waterfowl hunting opportunities in the Big Woods Region, plus the White, Block, St. Francis, and Cache River flood plains in eastern Arkansas. The Mississippi Flyway area of Arkansas is considered among the top duck hunting areas in the United States. This is due in part to the presence of the Cache River NWR and other Wildlife Management Areas located in the region. Recreational use for the area land, in the form of waterfowl and deer hunting, is viable and should continue with a high degree of popularity in the future.

In conclusion, the overall economic condition in Craighead County and Jonesboro shows positive trends. There is a good mix of industry in the area and per capita income and effective buying power are leading or keeping pace with the balance of the state.

Governmental Considerations

The governmental forces support both its residents and businesses. A detailed discussion of governmental services, transportation, and tax burden are included in this section.

Services: Government services aid residents and businesses throughout Craighead County. The county and city are serviced by adequate fire and police protection. Police services are provided by the Arkansas State Police, Craighead County Sheriff's Department, and the Municipal Police Departments in their respective communities. Most county fire departments are volunteer forces.

Local Government: Jonesboro uses the Mayor-Council form of government. The Mayor is elected to serve a term of four years and eight councilmen are elected for two year terms. City administrators are appointed by the Mayor, and the council appoints commissions that administer the city departments for police, fire, water, sewer, and streets. The city is represented by a city attorney. The County Judge and 13 member Quorum Court are elected to serve two-year terms.

Taxation: Taxation in Craighead County includes real estate, business, and personal sales taxes. A summary of tax restrictions is listed below:

- State Corporation Income Tax Domestic corporations and all foreign corporations doing business within the area are subject to tax on net income. The income tax scale increases to a maximum 6.125% of income over \$100,000.

- State Sales Tax The Arkansas sales tax is 6.0% of the gross receipt from the sales of tangible personal property and certain selected services. There is an additional 1.0% county tax and 1.0% city tax.

- Real Property Tax Rate 39.1 mills for properties in Craighead County and the local school district. Assessed value is 20 percent of appraised value.

Transportation: Little Rock Municipal Airport is about 135 miles south of Jonesboro and Memphis International 50 miles southeast. U.S. Hwy 63 connects Jonesboro to Interstate 55. Memphis is a 42-mile drive southeast on U.S. 63 and Interstate 55. Arkansas 49 connects Jonesboro with Paragould to the north and south to 1-40 at Brinkley. Hwy 1 connects the community to Harrisburg, 15 miles south. Other significant roadways in the county include Arkansas 18, 121, 91, and 226.

Most of the county roads are all weather gravel, although some of the county roads are paved. Craighead County does not have a commercial airport; however, commercial airports are located in Little Rock and Memphis.

Environmental Considerations

Craighead County is in northeast Arkansas east of the Black River, between it and the Mississippi River. It is rectangular shaped and is about 12 to 20 miles from the north to south and about 44 miles east to west at the widest point. The county has a total area of 458,880 acres, or about 716 square miles. It is bounded on the north by Lawrence and Greene Counties in Arkansas and Dunklin County, Missouri, on the south by Poinsett County, on the east by Mississippi County, and on the west by Jackson and Lawrence Counties.

At present, soybeans and rice are the major crops grown in Craighead County. Cotton (east of Crowley's Ridge), corn, milo, and wheat are other important crops. A few farmers raise cash, truck crops, and beef cattle along with their row crop operation. The acreage in woodland is increasing somewhat because of government programs promoting reforestation of wetlands and highly erodible land.

According to the 1992 census of Agriculture, about 58% of Craighead County is in farms. The rest consists of wooded tracts, state and federally-owned land, towns, transportation, and utility facilities. Farms in Craighead County are decreasing in number and increasing in size. Between 1987 and 1992, the number of farms decreased from 309 to 248. During the same time period, the average farm size increased from 872 acres to 1,108 acres.

The soils of the county have formed in alluvium and loess. About 44% of the county consists of nearly level alluvial soil that has been flooded by backwater from the Mississippi River and its tributary, the Craighead. The rest of the county consists of loessal soils on the nearly level to sloping plain in the western part and on Crowley Ridge, which extends north and south in the central part.

About 65% of the county is bottomland and associated lakes and rivers. The soils in these areas are suited for farming. Except for a few large wooded tracts in the hilly Crowley Ridge area, a few river islands and cutoff points, nearly all the area is cultivated. Excess water drains away slowly or is ponded and is moderate to very severe hazard over the area. Topographic elevation ranges from about 500 feet at a point atop Crowley's Ridge to about 210 feet where St. Francis River crosses the southern boundary of the county.

There are not any detrimental environmental factors that negatively affect real property values in the Craighead County or Jonesboro area.

Conclusion of Regional Analysis

Jonesboro continues to reap gradual growth gains, slightly ahead of the state in the coming quarters. What the metro area is unable to achieve in growth gains, it will make up for with stability. The large presence of Arkansas State University, the food manufacturing industry, as well as health services will form the stable tripod of economic tripod of economic activity. Outside of Fayetteville, Jonesboro currently has the lowest unemployment rote among Arkansas's metro areas.

When considering the favorable social, economic, governmental, and environmental features of the Northeastern Arkansas Region and Craighead County area, I project that the area will continue to trend upward. Given the historical and projected growth in population, improving agriculture prospects and its central location in the region, local economy should be competitive with other dynamic markets in Arkansas.

NEIGHBORHOOD ANALYSIS

A 'neighborhood', as defined in Real Estate Appraisal Terminology, Revised Edition, copyrighted 1984 is:

"A portion of a larger community, or an entire community, in which there is a homogenous grouping of inhabitants, buildings, or business enterprises. Inhabitants of a neighborhood usually have more than a casual community of interest. Neighborhood boundaries may consist of well defined natural or man made barriers or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants."

The term 'neighborhood' as used in this report is defined as 'a group of complimentary land uses'. Social, economic, governmental and environmental forces influence property values in the vicinity of a subject property which in turn, directly affect the value of the subject property itself. Therefore, it is necessary to delineate the boundaries of the area of influence to conduct a thorough analysis. (From The Appraisal of Real Estate, Ninth Edition, published by the American Institute of Real Estate Appraisers, 1987).

In smaller communities, the Area Analysis may conform to the first definition of a neighborhood; whereas the latter definition calls for a more refined analysis. For the purpose of this report, I have considered the Area Analysis synonymous with a Macro Neighborhood Analysis. The following analysis is considered a Micro Neighborhood Analysis.

Subject is bound to the north by Riceland Foods, to the east by Flint Street, to the south by Huntington Avenue, and to the west by Gee Street. The neighborhood is a mixture of residential (75%) to include multi-family, commercial (10%), and industrial (15%). Downtown Jonesboro is .5 mile to the east. The largest rice storage facility in the world is located north of our subject. The other major industries is that of a conveyor company and steel company. Home values in the subject neighborhood range from moderate to low. Residential values have not increased at the rate of other residential neighborhoods within the city. Commercial values also have not shown moderate increases.

SITE DATA

Tax records indicate our subject is divided into parts of two lots, part of Lot 4 (65'x250') and part of Lot 5 (65'x508'). Zoning maps indicate that the property is zoned industrial; however, there is not any indications of a Lot 4 or Lot 5. Owner needs a correct legal description and a survey to determine the size of the property. For appraisal purposes, the tax records are used indicating 1.13 ac or 49,270 sf.

The exact soil and subsoil content of the subject site and the neighborhood are unknown and there have 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.

A portion of the subject site may be located in a flood zone according to flood map Community Number 05031C0043C, dated Sept 27, 1991, which is included in the addenda of the report. A current survey may be necessary to determine if the improvements are located in the flood plain.

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.

Location Map

Borrower/Client			
Property Address	101 S Floyd		
City	Jonesboro	County	Craighead
State	AR	Zip Code	72401
Lender			



ASSESSMENT AND TAXES

Not applicable to subject property.

ZONING

According to the official zoning records of Jonesboro, Arkansas, the subject is zoned I-1. A description of Zone I-1 is: The I-1 wholesale, distribution and light manufacturing district is an area close to the central business district with wholesaling and light manufacturing uses.

- A. Permitted uses. The following uses shall be permitted in this district.
1. All wholesaling, distribution warehousing, storage and shipping.
 2. Retail uses which are accessory to the operation of industrial uses and which service the local residential area.
 3. The assembly, processing and packaging of previously prepared materials.
 4. The fabrication of materials.
 5. Additional uses shall be permitted only after showing that same will not interfere with development for such primary purposes and in accordance with any variance permitted by the board of zoning adjustment.
- B. Exceptions permitted. The following uses shall be permitted according to the limitations imposed:
1. Residences may be permitted if they conform with the R-3 residential regulations for use, area and bulk and only with or after approval of the board of zoning adjustment.
- C. Prohibited uses. Retail and retail service establishments are prohibited unless approved by the board of zoning adjustment.
- D. Area and bulk regulations.
1. Lot requirements. Minimum lot width for this district shall be fifty (50) feet.
 2. Loading space. The public right-of-way in the front of each lot shall not be utilized for any loading or unloading obstructing traffic.
 3. Off-street parking. All new buildings shall provide one off-street parking space for each three (3) employees.

Source: City Inspectors Office



Subject

MEADOWS FIRST
3 REPLAT
2 OF
1 MEADOWS ADD.

EDDIN'S
SUB

MISBETTS
SUB

MISBETTS
2D ADD
11

HUNTINGTON
V. UNITED
METHODIST
CHURCH
MINOR
PLAT

BB VANCE
PROPERTY

WARNERS
1 REPLAT
2

HOGG'S
AND
HOUGHTON'S
SUBD

ROGERS'S
1



- 54
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GEE ST

WILSON ST

PURYEAR ST

FLOYD ST

CHESTNUT ST

NISBETT ST

WALNUT ST

VINE ST

COTTONBELT AVE

BURKE AVE

DAK HURS LN

HUNTINGTON AVE

MONROE AVE

WASHINGTON AVE

JEFFERSON AVE

IMPROVEMENT DATA

Subject is improved with two metal structures (3200 sf and 1536 sf). The main warehouse contains three office areas and one restroom. The larger office area (app 1000 sf) is centrally heated and cooled. The walls are wood partitioned with paneling. Ceilings are suspended with fluorescent lighting. The flooring is vinyl. Walls and ceilings are insulated. Entryway is provided by a front passage door and metal overhead door in the rear. Side walls are 14'. The structure is metal frame, metal skin, and concrete slab. The second structure is metal frame, metal skin with concrete floors. It is not of the same quality as the first building and is used for storage only. The entire complex is fenced.

(Information taken from a previous appraisal report.
The appraiser was not able to access the site.)

CONDITION AND FUNCTIONAL UTILITY

The subject improvements are in average condition and typical of other facilities of this type. The building has an effective age of approximately 25 years. Overall, the property appears to be in reasonably average condition for its age and is functional for its current use.

EXPOSURE AND MARKETING TIME ESTIMATES

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 owner, the subject property has not been offered for sale in the last 30 days.

ITEMS OF PERSONAL NATURE

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

HIGHEST AND BEST USE

Highest and Best Use, as used in this appraisal report, is defined as, “The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.” (From The Appraisal of Real Estate 12th Edition, prepared by The American Institute of Real Estate Appraisers.) A basic economic principle applicable in the estimation of highest and best use is the principle of conformity. Again, quoting from the 12th Edition of The Appraisal of Real Estate, “Market forces create market value, so the analysis of market forces that have a bearing on the determination of highest and best use is crucial to the valuation process. When the purpose of an appraisal is to develop an opinion of market value, highest and best use analysis identifies the most profitable and competitive use to which the property can be put.”

When determining the highest and best use of an unimproved site, it is necessary to determine the highest and best use of the site as if vacant and ready to be put to its highest and best use. This use has been determined with regard to what uses are physically possible, legally permissible, financially feasible, and maximally productive. In estimating (determining) the highest and best use, consideration is given to surrounding improvements, deed restrictions, the site’s physical and legal constraints, location and trends in the neighborhood. Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners.

An additional implication is that the determination of highest and best use results from the appraiser’s judgment and analytical skill - that is, that the use determined from analysis represents an opinion, not a fact to be found. In appraisal practice, the concept of highest and best use represents the premise upon which value is based. (From The Appraisal of Real Estate, 12th Edition, published by the American Institute of Real Estate Appraisers, 2001). The highest and best use of the subject site as vacant will be analyzed based on the aforementioned criteria for determining highest and best use.

Highest and Best Use is defined as “that reasonable and probable use that will support 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 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:

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

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

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

Maximally productive: 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 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 a 1.13 ac tract consisting of 49,270 sf. The site is level and above street grade and has good access to Floyd Street. Based on the physical aspects of the land parcel, a variety of land uses are possible.

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

FEASIBLE USES - The demand for vacant land along Floyd is stable since the neighborhood is mature, and very few vacant sites remain unimproved. Development along this area consists of Riceland Foods, City Planning Offices, Hummelstein Steel, a Bus Company, automotive repair, and residential housing. It is my opinion that development of the site for industrial 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 industrial space, coupled with the limited number of potential sites with Floyd frontage, my opinion is that if the site were vacant and available, the highest and best use would be for industrial development.

AS PRESENTLY IMPROVED

The appraised property is presently improved with two metal buildings. The present improvements were designed and constructed as a shop area and warehouse. However, the layout of the building allows for various other uses. The present improvements make a substantial contribution to the total property in excess of the site. Therefore, no alternative legal use could economically justify removal of the existing improvements. The existing facility represents the highest and best use of the site.

CONCLUSION OF HIGHEST AND BEST VALUE

Based on the preceding analysis of the site as if it were 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 industrial.

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, 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 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 is 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 this 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.

COMPARABLE LAND SALES

Sale #1

From/To: Hannah Gidcomb/Garry Meadows
Date: 5-22-97
Size: 3.71 ac
Sales Price: \$50,000
Price/Acre: \$13,477
Price/Sf: \$0.31
Recorded: Bk 539 Pg 400
Location: 2711 W Matthews
Comments: 768 sf dwelling with no plumbing and other buildings with no contributory value.

Sale #2

From/To: St Louis Southwestern Railway Company/Garry Meadows
Date: 7-25-94
Size: 4.84 ac
Sales Price: \$50,000
Price/Acre: \$10,331
Price/Sf: \$0.24
Recorded: Bk 468 Pg 610
Location: Gee St @ Oakhurst
Comments: Zoned commercial. Required extensive fill prior to building. 394' of frontage.

Sale #3

From/To: Linda and Robert Hill/Norman Leonard
Date: 6-4-99
Size: 5.14 ac
Sales Price: \$150,000
Price/Acre: \$29,183
Price/Sf: \$0.67
Recorded: Bk 576 Pg 849
Location: 1609 Dan Ave
Comments: Undeveloped land - Developed into a salvage yard.

Sale #4

From/To: Roy Bearden/Best
Date: 6-8-00
Size: 2.16 ac
Sales Price: \$45,000
Price/Acre: \$20,833
Price/Sf: \$0.48

Sale #5

From/To: Home Federal/Best Diversified Products
Date: 9-30-93
Size: .22 ac
Sales Price: \$9,000
Price/Acre: \$40,909
Price/Sf: \$0.94
Location: McClure/Burke
Comments: Property was zoned multi-family at time of purchase.

Sale #6

From/To: Jonesboro Grain Drying/Riceland Foods
Date: 10-12-90
Size: .62 ac
Sales Price: \$20,000
Price/Sf: \$0.74
Location: Burke St - Joins Riceland Foods
Comments: Site lies between Riceland Food and the Southern Pacific Railroad.

After all adjustments, a value of \$0.50/sf has been given subject property.
Therefore, $\$0.50 \times 49,270 \text{ sf} = \$24,635$. Rounded \$25,000

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.

An analysis of the cost approach follows:

Summary Report

Estimate Number : 386
 Property Address : 101 S Floyd
 Property City : Jonesboro
 State/Province : AR
 ZIP/Postal Code : 72401

Section 1

Occupancy

	Class	Height	Rank
100% Storage Warehouse	Metal frame and walls	14.00	2.0
Total Area	: 3,200		
Number of Stories (Building)	: 1.00		
Number of Stories (Section)	: 1.00		
Perimeter	: 240		

Components

	Units/%	Other
HVAC (Heating):		
Warmed and Cooled Air	25%	
Exterior Walls:		
Single -Metal on Steel Frame	100%	

Cost as of 07/2007

	Units/%	Cost	Total
Basic Structure			
Base Cost	3,200	23.14	74,048
Exterior Walls	3,200	3.55	11,360
Heating & Cooling	800	9.40	7,520
Basic Structure Cost	3,200	29.04	92,928
Less Depreciation			
Physical & Functional	43.0%		39,960
Depreciated Cost	3,200	16.55	52,968

Summary Report

Estimate Number : 387
Property Address : 101 S Floyd
Property City : Jonesboro
State/Province : AR
ZIP/Postal Code : 72401

Section 1

Occupancy

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Storage Warehouse	Metal frame and walls	14.00	2.0
Total Area	: 1,536		
Number of Stories (Building)	: 1.00		
Number of Stories (Section)	: 1.00		
Perimeter	: 184		

Components

	<u>Units/%</u>	<u>Other</u>
Exterior Walls:		
Single -Metal on Steel Frame	100%	

Cost as of 07/2007

	<u>Units/%</u>	<u>Cost</u>	<u>Total</u>
Basic Structure			
Base Cost	1,536	27.11	41,641
Exterior Walls	1,536	4.16	6,390
Heating & Cooling	1,536	1.95	2,995
Basic Structure Cost	1,536	33.22	51,026
Less Depreciation			
Physical & Functional	43.0%		21,942
Depreciated Cost	1,536	18.93	29,084

Summary of Cost Approach

3200 sf building	\$52,968
1536 sf building	\$29,084
Land	\$25,000
Site Improvements	\$5,000
Fencing	\$8,230

\$120,282

Rounded \$120,000

**INCOME APPROACH
PROPERTY OPERATING STATEMENT**

GROSS ANNUAL INCOME:

\$2/sf x 3200 sf = \$6,400

\$1/sf x 1536 sf = \$1,536

\$ 7,936

LESS: VACANCY LOSS- 5% -

\$ 397

PLUS: OTHER INCOME

\$ -0-

EFFECTIVE ANNUAL GROSS INCOME

\$ 7,539

LESS EXPENSES

Fixed expenses:

Real estate taxes

\$ 500

Insurance

\$ 500

\$ 1,000

Operating expenses:

Personnel

\$ -0-

Utilities

\$ -0-

Maintenance/Repairs

\$ -0-

\$ -0-

Reserves for Replacement:

Roof

\$ -0-

Heat-A/C

\$ 250

Hot Water

\$ -0-

Floor Cover

\$ -0-

\$ 250

ANNUAL EXPENSES AND RESERVES: \$1,250

NET ANNUAL INCOME TO BE CAPITALIZED \$6,289 USING A 9.0139% CAPITALIZATION RATE

SUBJECT PROPERTY WOULD BE VALUED AT \$69,770

ROUNDED \$70,000

Tax exempt property, but should property be sold, in all probability, it would be subject to taxation.

Mortgage-Equity Capitalization

Copr. 1986 a la mode, inc.

Holding Period (yrs) = 10
 Equity Yield Rate = 12.00%
 Loan Ratio = 80.00%
 Loan Term (yrs) = 20
 Loan Rate = 8.00%
 Appreciation/Depreciation = 0.00%

Band of Investment Method			Cap Rate
Capital Source	Portion	Rate	
Mortgage Loan	= 80.00%	10.04%	8.0298%
Equity Funds	= 20.00%	12.00%	2.4000%
			=====
Overall Rate			= 10.4298%

Less Equity Buildup through Debt Reduction

Debt Reduction %	= 31.06%	
Sinking Fund Factor	= 0.05698	
Loan Ratio	= 80.00%	1.4159%
		=====
Basic Rate		= 9.0139%

Less Equity Buildup through Appreciation/Depreciation

Appreciation/Depreciation	= 0.00%	
Sinking Fund Factor	= 0.05698	0.0000%
		=====
Final Rate		= 9.0139%

RENT ANALYSIS

The income to investment properties consists primarily of rent. Different types of rent affect the quality of the income studied in the income capitalization approach to value. The five types of rent are contract rent, market rent, excess rent, percentage rent, and overage rent.

Contract Rent is the actual rental income specified in a lease. It is the rent agreed on by the landlord and the tenant and it may be higher, lower, or the same as market rent.

Market Rent is the rental income that a property would most probably command in the open market; it is indicated by the current rents paid and asked for comparable space as of the date of the appraisal. Market rent is sometimes referred to as economic rent.

Excess Rent is the amount by which contract rent exceeds market rent at the time of the appraisal. Excess rent is created by a lease that is favorable to the lessor and may reflect an advantageous location, unusual management, or a lease negotiated in a stronger rental market. Excess rent can be expected to continue for the remainder of the lease but, due to the higher risk associated with the receipt of excess rent, it is often calculated separately and capitalized at a higher rate.

Percentage Rent is rental income received in accordance with the terms of a percentage clause in a lease. Percentage rent is typically derived from retail store tenants on the basis of a certain percentage of their retail sales.

Overage Rent is percentage rent paid over and above the guaranteed minimum rent. This type of rent should not be confused with excess rent. Overage rent is a contract rent; it may be market rent, part market and part excess rent, or excess rent only.

To a certain extent, the interest being appraised determines how rents are analyzed and estimated. The valuation of fee simple interests in income-producing real estate is based on the market rent the property is capable of generating. However, to value proposed projects without actual leases, properties leased at market rent, and owner-occupied properties, only market rent estimates are used in the income capitalization approach.

WAREHOUSE RENTALS

#1

4502 Access Drive - Willow Creek - Highway 63 By-pass

100,000 sq.ft.

20 feet walls - 18 feet clearance

Tilt-up building

Loading dock

\$2.00/sq.ft.

3 separate tenants

#2

Spence Circle - off Caraway Road

6,000 sq.ft.

\$3.50/sq.ft.

Overhead door

#3

Willow Creek - Commercial Park - By-pass

1350 sq.ft.

\$3.00/sq.ft.

Overhead door

#4

Off Matthews - Fall Street

5,000 sq.ft.

\$2.40/sq.ft.

2 Overhead doors

#5

Highway 63 B

Building A: 5084 sq.ft. @ \$762/month; \$1.80/sq.ft.

Building B: 7488 sq.ft. @ \$1123/month; \$1.80/sq.ft.

Building C: 4752 sq.ft. @ \$712/month; \$1.80/sq.ft.

#6

628 Burke Street

19,800 sq.ft.

\$2,400/month

\$1.45/sq.ft.

#7

2810 Willow Road

12,333 sq.ft.

\$1,542/month; \$18,500/year

\$1.50/sq.ft.

#8

2806 Willow Road

6150 sq.ft.

\$780/month; \$9,360/year

\$1.52/sq.ft.

#9

4606 - 4618 Distribution Drive

9450 sq.ft.

\$1575/month; \$18,900/year

\$2.00/sq.ft.

#10

625 Gee Street

3000 sq.ft.

\$590/month; \$7,080/year

\$2.36/sq.ft.

#11

Jones Truck Lines, Highland Drive/Stadium

4,140 sq. ft.(warehouse) + 1,452 sq.ft. (office)

Total sq.ft. = 5,592

\$3,000/month; \$36,000/year

\$6.44/sq.ft.

#12

Unit A

Highway 1 South

Russell and Sons, 972-9914

40 ft. X 60 ft.

Total sq.ft. = 2,400

\$600/month; \$7,200/year

\$3.00/sq.ft.

#13

Unit B

Highway 1 South

Kevin Williams, 931-4052

25 ft. X 30 ft.

Total sq.ft. = 720

\$200/month; \$2,400/year

\$3.33/sq.ft.

#14

Unit C

Highway 1 South

A-1 rentals, 972-6806

40 ft. X 120 ft.

Total sq.ft. = 4,800

\$1,000/month; \$12,000/year

\$2.50/sq.ft.

#15

Hwy. 18 E.

Quality Way

Artesian Properties

15,000 sq.ft.

\$45,000 yearly

\$3.00 sq.ft.

#16

Hwy. 1 South

Lease - Monthly

45,000 sq.ft.

\$2.64/sq.ft.

\$118,800 yearly

#17

Vance Drive

5 year lease

20,000 sq.ft. 29' sidewalls

\$3.98 rate sq.ft.

6,333 monthly

5 acre - small office 16 x 16

10 ton overhead crane

#18

E Matthews

5 year lease

5617 sq ft - 12' sidewalks

\$4.80 rent/sq ft

\$2,250 monthly

.75 acre

33% office - 67% warehouse

#19

Jake Drive

Truck Terminal

7500 sq ft

\$6.72 rent/sq ft

\$50,400 yearly - triple net

#20

Building 1/Unit 1
Malibu Drive
3,200 sq. ft.
\$0.31 rent/sq.ft.
\$1,000 rent/monthly
\$12,000 yearly

#21

Building 1/Unit 2
Malibu Drive
1,600 sq.ft.
\$0.34 rent/sq.ft.
\$550 rent/monthly
\$6,600 yearly

#22

Building 1/Unit 3
Malibu Drive
3,200 sq. ft
\$0.31 rent/sq.ft.
985 rent/monthly
\$11,820 yearly

#23

Building 2/Unit 1
Malibu Drive
2,400 sq. ft.
\$0.33 rent/sq.ft.
\$800 rent/monthly
\$9,600 yearly

#24

Building 2/Unit 2
Malibu Drive
1,200 sq.ft.
\$0.38 rent/sq.ft.
\$450 rent/monthly
\$5,400 yearly

#25

Building 2/Unit 3
Malibu Drive
1,800 sq. ft.
\$0.32 rent/sq.ft.
\$578 rent/monthly
\$6,930 yearly

#26

Stadium Blvd

4,000 sq. ft.

\$5.10 rent/sq. ft.

\$1,700 rent/monthly

\$20,400 yearly

#27

E Nettleton

1250 sf

\$3.36/sf

\$350/month or \$4200/year

5 total units

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 condition of the improvement, and prospective use. This approach has its greatest value in appraisal situation involving common elements, such as land or improved properties within a particular development, all with similar amenities.

Two methods are utilized to arrive at a value by the sales comparison approach: the effective gross income multiplier and the price per square foot of net leaseable building area.

An effective gross income multiplier is usually not adjusted because the relative desirability in the market is presumable reflected in both the rental rate that the property can command and the selling price.

The price per square foot of net leaseable building area is calculated by dividing the sale price of the comparable by its net leaseable area. After all analysis have been converted, adjustments are made to the price per square foot of net leaseable area. This adjustment can include property rights conveyed, financing, conditions of sale, date of sale, location, and physical characteristics.

Sale #1

Grantor/Grantee:	Lone Star/Hummelstein
Location:	Flint Street
Date of Sale:	8/25/87
Record:	Bk 350 Pg 768
Sales Price:	\$48,000
Bldg Sq Ft:	4400
Price/Acre:	\$10.91
Acres:	0.4992
Land Sq Ft:	21,749
Comments:	This was an abandoned bulk plant that joined the Hummelstein Metal Company and the Railroad right of way.

Sale #2

Grantor/Grantee: Riceland Foods/Nadine Hunter
Location: 230 N Gee Street
Date of Sale: 7/5/89
Record: Bk 378 Pg 566
Sales Price: \$58,000
Price/Sq Ft: 24.16
Land Size: .40 Ac/17,300 sq ft
Parcel: 9903
Comments: This site included a 2400 sq ft block structure. Riceland was only interested in the land; therefore, the structure has been removed.

Sale #3

Grantor/Grantee: Scott Harris/Best Diversified Products
Location: 100 S McClure
Date of Sale: 9/16/93
Sales Price: \$58,000
Price/Sq Ft: \$22.64
Land Size: .55 Ac
Building Size: 2,562 sq ft
Price/Sq Ft Bldg: \$22.64
Comments: The subject was purchased by Best Diversified Products for future expansion. The building has little contributory value to lot from the buyers' view

Sale #4

Grantor/Grantee: Lonnie T. Clark, et ux/Thad Brown, et ux
Location: 209-211 Union Street
Date of Sale: 7-7-94
Sales Price: \$69,000
Bldg Sq Ft: 4800 sq ft
Price/Sq Ft: \$14.38
Site Size: 6000 sq ft
Parcel #: 23702
Legal: South 60' of Lot 4, Block 13 of Flints Addition to the City of Jonesboro as shown by plat in Deed Record 1, Page 352.

Sale #5

Grantor/Grantee: D&B Mechanical/Best Diversified
Location: 630 Burke
Date of Sale: 11/29/93
Record: Book 451 Page 551
Sales Price: \$85,000
Bldg Sq Ft: 1200 - Office; 1500 - Warehouse
Price/Sq Ft: \$31.48
Acres: 0.61/ 26,522 sq ft
Comments: A higher than market value was paid for this property because of its need by the purchaser. Sale used for reference only.

Sale #6:

Grantor/Grantee: Jonesboro Grocery to Hummelstein Steel
Location: 810 Burke
Date of Sale: 9/15/95
Record: Book 483 Page 424
Sales Price: \$350,000
Size: 19,920 sq ft
Price/Sq Ft: \$17.57
Acres: 1.76 Ac +-
Comments: Location of Hummelstein recycling operation. Appraisers opinion that buyer paid higher than market value because of location to their home office and scrap metal business.

Sale #7

Grantor/Grantee: G Price/M Jaramillo
Location: 99 Puryear Street
Date of Sale: 11-26-90
Record: Book 399 Page 395
Sales Price: \$65,000
Bldg Sq Ft: 2400
Price/Sq Ft: \$27.08
Acres: 0.76
Land Sq Ft: 33,020
Comments: Older building of frame construction.

Sale #8

Grantor/Grantee: Dena Construction/Riceland Foods
Location: Burke Street
Date of Sale: 3-89
Record: Book 373 Page 343
Sales Price: \$100,000
Bldg Sq Ft: 5100
Price/Sq Ft: \$19.60
Acres: .78
Land Sq Ft: 34,398
Comments: Concrete block building converted by Riceland Foods to shop building.
Surplus land used for parking. App 20 years old, 10 Effective.

Sale #9

Grantor/Grantee: Hester/Castleglenn Construction
Location: 117 Chestnut
Date of Sale: 3-27-07
Record: Book 744 Page 891
Sales Price: \$92,000
Bldg Sq Ft: Two warehouse buildings: 3721 sf and 2622 sf (total of 6343 sf)
Price/Sq Ft: \$14.50
Acres: .55 ac

Sale #10

Location: 720 Burke
Date of Sale: 9-29-06
Record: MLS #10019288
Sales Price: \$65,000
Bldg Sq Ft: 3810
Price/Sq Ft: \$17.06

After all adjustments for time of sale, size, and location, a value of \$15/sq ft has been given the larger building. Therefore, $\$15 \times 3200 \text{ sq ft} = \$48,000$. A value of \$10/sq ft has been given the smaller. Therefore, $\$10 \times 1536 \text{ sq ft} = \$15,360$.

$\$48,000 + \$15,360 = \$63,360$. Rounded \$65,000.

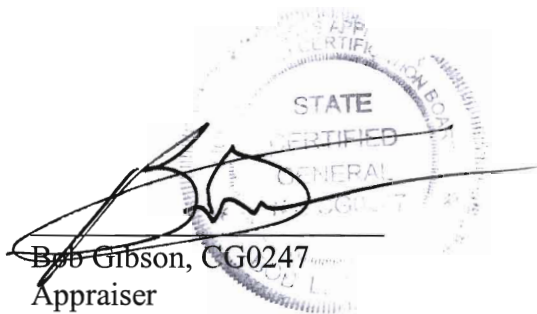
CORRELATION AND FINAL VALUE CONCLUSION

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:	\$120,000
SALES COMPARISON APPROACH:	\$65,000
INCOME CAPITALIZATION APPROACH:	\$70,000

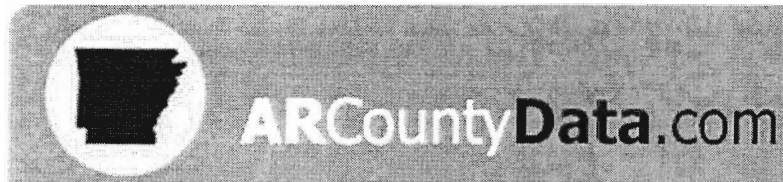
The cost approach is most appropriate when the improvements are new or nearly new and represent the highest and best use of the land, or when the facilities are of a special-purpose or specialized-use nature. In other circumstances, the extent of depreciation dictated by the age and character of the 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 Income Approach.

Based on the investigation and premise outlined, as of September 11, 2007, the Market Value of the fee simple interest in the real estate, assuming it to be offered for sale on the open market is \$70,000 based on an estimated marketing (exposure) time of 12 months.



Bob Gibson, CG0247
Appraiser

ADDENDA



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PARCEL DETAILS

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Basic Information

Parcel Number: 01-143133-00300

Ownership Information: ARKANSAS LOUISIANA GAS CO
 101 S FLOYD
 JONESBORO, AR
Map This Address

Billing Information: ARKLA GAS CO
 PO BOX 1475 MAIL STOP 4402-A
 HOUSTON TX 71151-0001

Total Acres: 0.00

Timber Acres: 0.00

Section-Township-Range: 13-14-03

Lot/Block: /

Subdivision:

Legal Description: PT LOT 4 65X250 PT LOT 5 NE NE SW 65X508 J'BORO CITY

School District: J JB JONESBORO CITY

Homestead Parcel?: No

Valuation Information

	Appraised	Assessed
Land:	0	0
Improvements:	0	0
Total Value:	0	0
Taxable Value:		0
Millage:		0.0391
Estimated Taxes [?]:		\$0.00
Assessment Year:		1995



Sales History

No sales history available

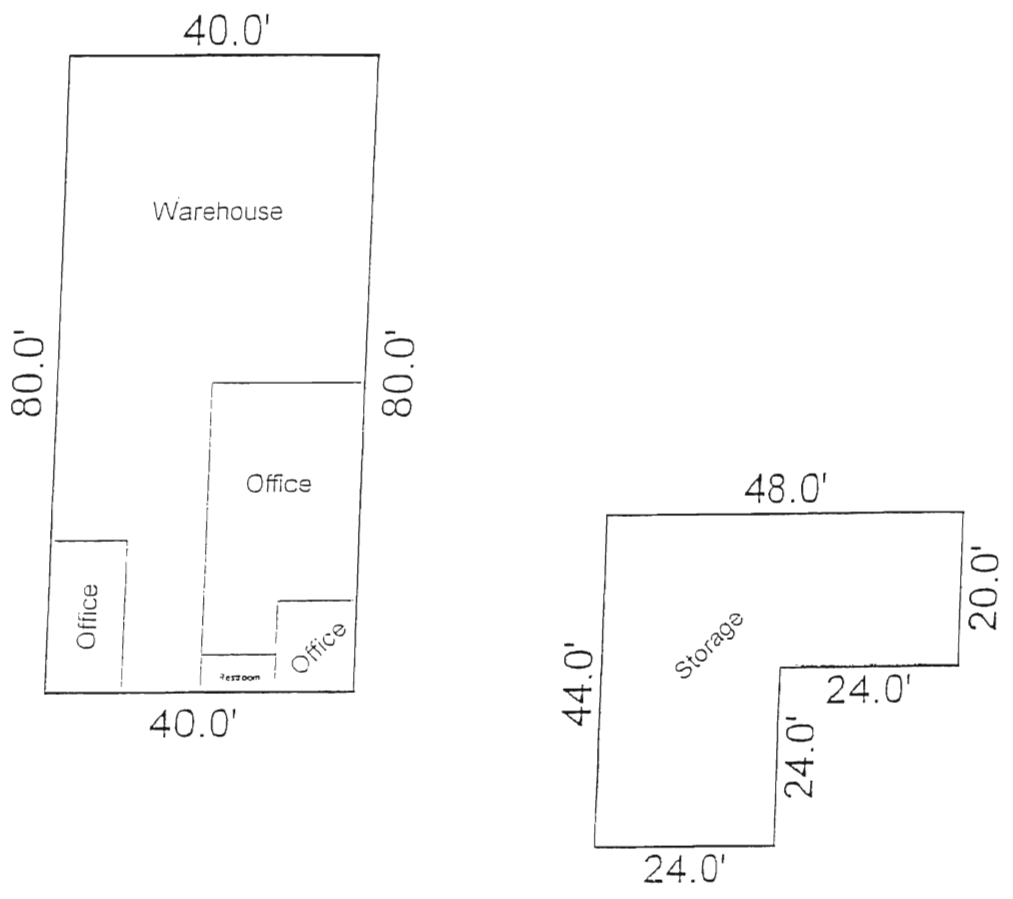
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SUBJECT

Property Address 101 S. Floyd
 City Jonesboro State AR Zip 72401
 Borrower Reliant Energy
 Lender/Client
 Appraiser Name

IMPROVEMENTS SKETCH



Comments:

Scale: 1 = 20

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Code	Description	Size	Totals
GLA1	Building 1	3200.00	
	Building 2	1536.00	4736.00
TOTAL LIVABLE (rounded)			4736

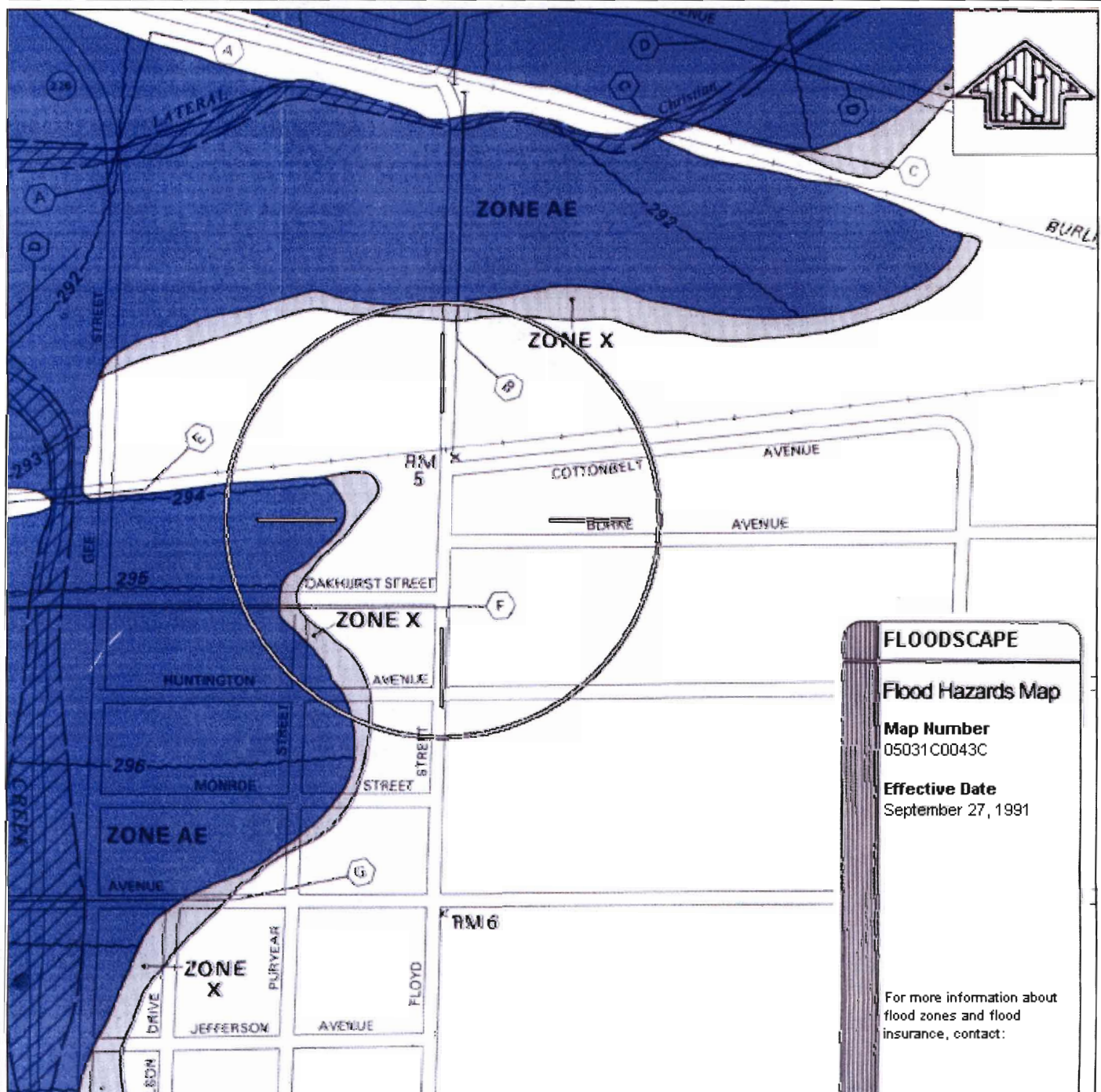
LIVING AREA BREAKDOWN		
	Breakdown	Subtotals
Building 1		
	40.0 x 80.0	3200.00
Building 2		
	24.0 x 44.0	1056.00
	20.0 x 24.0	480.00
3 Areas Total (rounded)		4736

Flood Map

Borrower/Client			
Property Address 101 S Floyd			
City Jonesboro	County Craighead	State AR	Zip Code 72401
Lender			

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Prepared for:
Bob Gibson Appraisal Service



AMERICANS WITH DISABILITIES ACT (ADA)

The appraisers have made no audit as to the compliance/non-compliance of the subject property, whether existing or proposed, and assume no responsibility for implementation of Title III of the Americans With Disabilities Act. We recommend that certification of compliance be obtained from the builder and/or appropriate entities before new construction or significant alterations are made, or a purchase finalized.

Gramm-Leach-Bliley (GLB) Act Compliance/Intended User:

This report has been prepared for the Lender/Client as shown on page one of the report. The purpose of the report is to aid in determining the suitability of the subject property as collateral for a mortgage. The borrower is neither the appraiser's client or the intended user of this report. In accordance with the GLB Act, no non-public information regarding the borrower and/or the subject property has been conveyed by the appraiser to the Lender/Client only, except the following when/if they are observed: Differences with public records regarding dwelling size, dwelling condition, or areas finished that are not shown in public records; any safety or environmental problems/conditions observed; whether or not the subject property is owner occupied, vacant, or tenant occupied. Zoning compliance will be reported. When a property is rented, actual rent and lease information will be reported to the Lender/Client. Any apparent encroachments, easements, functional and external obsolescence will also be reported to the Lender/Client

Additional Certifications to Comply with new requirements of Appraisal Standards Board changes to Standards Rule 2-3.

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reported predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.

Bob Gibson, CG0247



QUALIFICATIONS OF BOB L. GIBSON

POSITION: Real Estate Appraiser/Consultant, 420 W. Jefferson, Jonesboro, Arkansas, 72401 Telephone: (870) 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 Appraised 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.

NAIF 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, 1993.

FIRREA: Overview and Practical Application Seminar, IFA, Jonesboro, 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.

Standards of Professional Practice, I.F.A., Jonesboro, Arkansas, 1996.

HUD/FHA Appraiser Training, HUD/FHA, Hot Springs, Arkansas, 1996.

Legal Journal, West Memphis, Arkansas, April 30, 1998.

Principles of Condemnation, San Antonio, Texas, June 3, 1999.

Arkansas Appraisal Board Annual Meeting, Little Rock, AR April 18, 2000.

USPAP, Kelton Schools, Jonesboro, Arkansas, May 17, 2000.

USPAP, RCI, Jonesboro AR January 20, 2003.

USPAP, Lincoln Graduate Center, San Antonio TX Feb 21-22, 2004.

Fannie Mae Underwriting, NEA Mortgage Bankers, Jonesboro AR July 8, 2004.

Day With the Board, Little Rock AR April 2004

Day With the Board, Little Rock AR April 2005

Day With the Board, Little Rock AR April 2006

USPAP Update, RCI, Jonesboro, Arkansas, March 27, 2006

Effective Communications in Appraisal Practice, RCI, Jonesboro, Arkansas, March 27, 2006

**PROFESSIONAL
MEMBERSHIP:**

Charter Member of National Society of Environmental Consultants.

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

**CERTIFICATION
AND
DESIGNATION:**

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

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

**PARTIAL LIST
OF CLIENTS:**

Belz-Burrow, Norwest Mortgage, Union Planters Bank of NEA, Regions Bank, Simmons Bank, Heringer Lone Star, Griffin Petroleum Co., Caldwell Construction Co., First Financial Mortgage, Fowler Foods, MidSouth Bank, Matthews Oil Co., Heritage Bank, Nations Bank, Nationsbanc Mortgage, Pocahontas Federal Savings & Loan, American State Bank, Liberty Bank, Bank of America, First Community Bank