

APPRAISAL REPORT

FOR

**CITY OF JONESBORO
JONESBORO, AR 72401**

**125 S MAIN
JONESBORO, AR 72401**

MARCH 2, 2000

BY

**BOB GIBSON AND ASSOCIATES APPRAISAL SERVICE
420 W. JEFFERSON
JONESBORO, AR 72401**

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March 15, 2000

City of Jonesboro
314 W Washington
Jonesboro, AR 72401

Attention: Mr. Larry Johnson

At your request, we have inspected and appraised the real estate located at 125 S Main, 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 fair 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 March 2, 2000, the market value of the subject property appraised was:

FIFTY THOUSAND DOLLARS

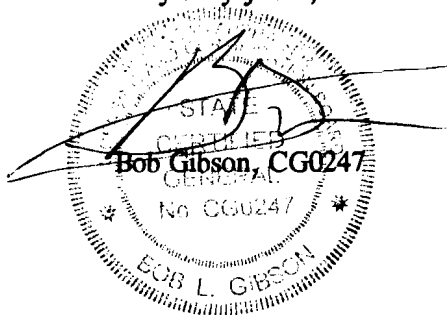
(\$50,000.00)

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 AND ASSOCIATES

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

PROPERTY: Old Army Navy Store

LOCATION: 125 S Main

**PROPERTY RIGHTS
APPRAISED:** Fee Simple Interest

OWNERSHIP: T N Huff

ZONING: I-1

LAND AREA: 3,060 sq ft

**PRINCIPAL
IMPROVEMENTS:** 2 Story retail store.

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS (cont.)

SITE: 34' x 90' or 3,060 sq ft

UTILITIES: Public water and sewer, natural gas, refuse collection, electricity, and telephone services.

AGE OF THE IMPROVEMENTS: 80 Actual/50 Effective

HIGHEST AND BEST USE: Commercial

MARKET VALUE: \$50,000.00

INSPECTION DATE: March 2, 2000

VALUATION DATE: March 2, 2000

ASSUMPTIONS AND LIMITING CONDITIONS

Paragraph 1. 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.

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.

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.

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.

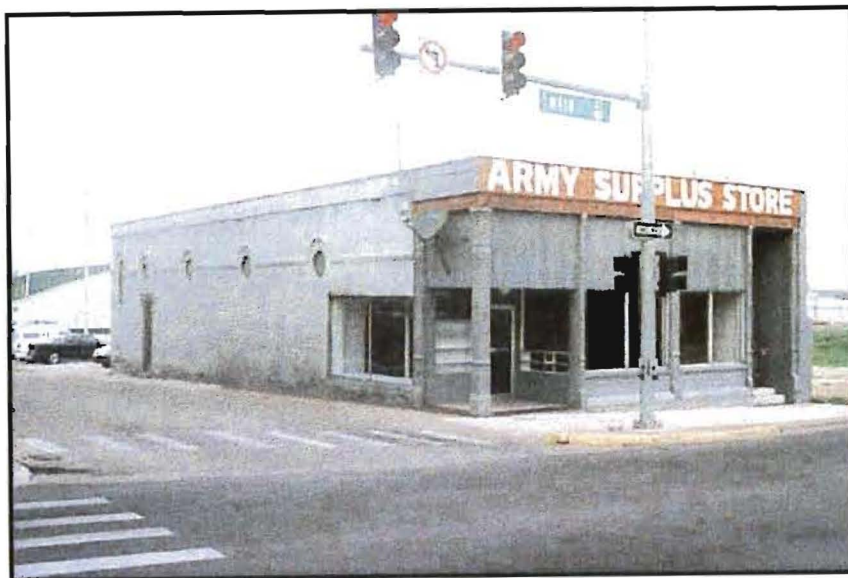
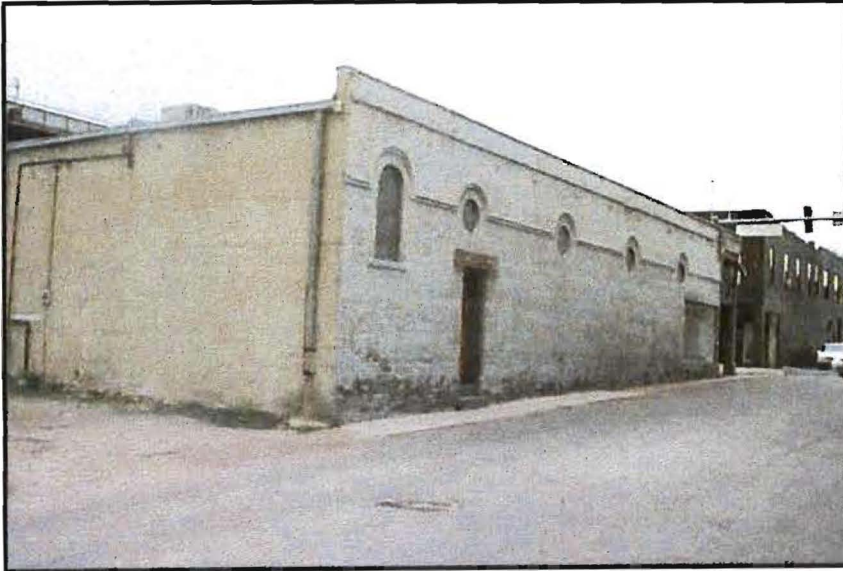
PHOTOGRAPH ADDENDA

Borrower/Client	City of Jonesboro				
Property Address	125 S. Main				
City	Jonesboro	County	Craighead	State	AR
Zip Code	72401				
Lender					



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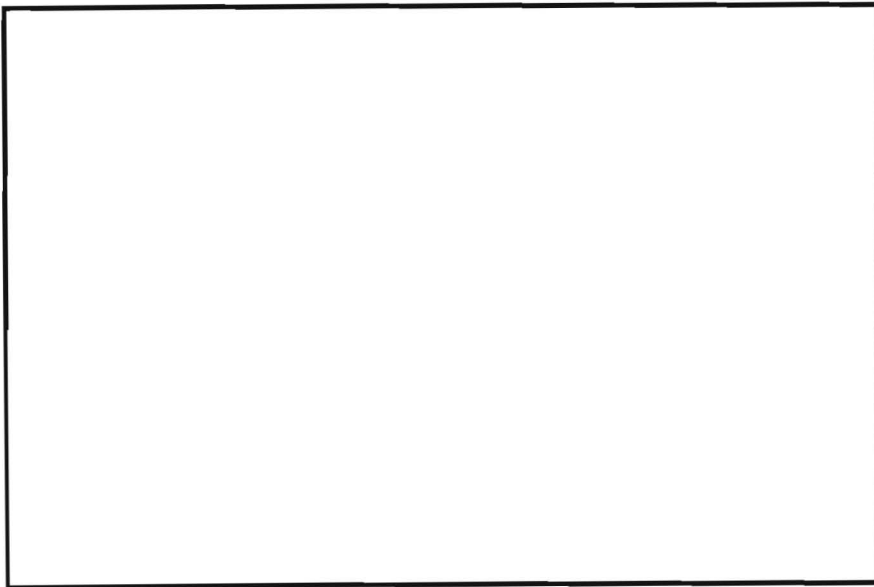
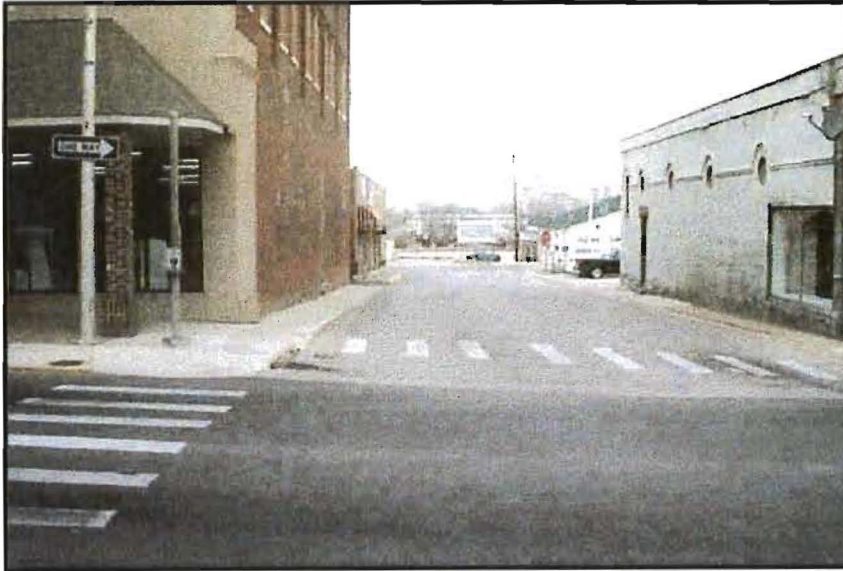


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IDENTIFICATION OF THE PROPERTY

The subject property is the real property and land located at 125 S Main which is occupied by the old army navy store.

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 March 2, 2000.

INSPECTION DATE

The property was inspected by personnel of Bob Gibson and Associates Appraisal Services, on March 2, 2000. 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 determine fair 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.

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."

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 64 miles from Memphis, Tennessee, 130 miles from Little Rock, Arkansas, 236 miles from St. Louis Missouri, 486 miles from Dallas, 481 miles from Atlanta, GA, 490 miles from Chicago, IL, 409 miles from New Orleans, 403 miles from Tulsa and 1,213 miles from New York, NY.

With a resident population of approximately 50,000 +-, 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 one hundred two manufacturers employing approximately 8,756 workers.

The community of Jonesboro offers a variety of activities and services to residents. The metropolitan area includes over 90 churches from nearly 21 denominations; health care services are available at Regional Medical Center of Northeast Arkansas and St. Bernard's Regional Medical Center, HealthSouth Rehabilitation Hospital, St. Bernard's Behavioral Health 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 and 8 private schools, Jonesboro offers over thirty child-care facilities, 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 approximately 10,000 students are enrolled in programs ranging from liberal arts to sciences; nine pre-professional programs are offered and recently graduate programs have begun at the University. Residents of the city of Jonesboro take advantage of the University's facilities for local meetings and area conventions.

GROWING

The Jonesboro Metropolitan Statistical Area's economy grew by 2,300 jobs from March of 1998 to March of 1999, with employment hitting 40,650. During the same period the civilian labor force grew by 1,825 to 42,100 persons, so the jobless rate dipped from 4.8 percent a year ago to 3.4 percent this March. All of that proves that the economy of the Jonesboro MSA (Craighead County) is growing at a rapid pace. Between February and March of this year, the labor force grew by 25, while the number of persons employed increased by 225.

All of the MSAs in Arkansas showed gains over the year. The jobless rate in the Fayetteville-Springdale-Rogers MSA dropped from 4.1 percent in March of 1998 to 2.6 percent in March of this year, while the Little Rock-North Little Rock MSA showed an over the year decline from 4.4 percent to 3.0 percent. The numbers at Fort Smith were a decline from 5.9 percent to 4.4 percent, while Pine Bluff went from 8.8 percent to 7.5 percent. Arkansas' jobless rate this March was 4.4 percent, compared to 4.8 percent last March, while the National Numbers dropped from 4.7 percent to 4.2 percent. Arkansas Employment Security Division Director Ed Rolle said non-farm jobs in Arkansas rose by 8,400 over the month to a total of 1,128,800.

There are some clouds on the horizon locally. Lincoln is phasing out its manufacturing facility, but other factories are adding personnel. New industrial plants will be built this year, although those expected will not be large. Efforts to recruit new industrial jobs for the Jonesboro area are continuing full speed ahead, because all recognize that the industrial sector is important to the overall economy of the region. More employment in services is expected, especially in the medical field, and construction employment is expected to continue at a high level.

JONESBORO POSTS A 12.4 PERCENT GAIN

Arkansas metropolitan populations, ranked by growth between 1990 and 1998, as determined by the U.S. Census Bureau. The 1998 figure is a Census Bureau estimate. The table shows area name, 1998 population, 1990 population, percentage change over the eight years and the region's national ranking in growth.

Area Name	7/1/98	4/1/90	Change
8-NW Arkansas	272,616	210,908	29.3
96-Jonesboro	77,500	68,956	12.4
134-Fort Smith	194,045	175,911	10.3
174-Memphis	1,093,427	1,007,306	8.5
177-Little Rock	556,295	513,026	8.4
341-Pine Bluff	81,556	85,487	4.6

Source: Jonesboro Sun

**MANUFACTURING and BUSINESS EMPLOYERS-JONESBORO AREA
EMPLOYING AT LEAST 150 PERSONS**

<u>COMPANY</u>	<u>NO.EMPLOYED</u>	<u>PRODUCT LINE</u>
Arkansas Glass Container Corp.	425	Glass Containers
Armour Swift-Eckrich, Deli/Foods	200	Sausages and other prepared meats
Colson Caster Corporation	442	Casters
Dana Corporation	260	Light Axles
Delta Consolidated Industries	347	
Delta, Inc.	290	
Farr Company	250	Air Filtration Systems
Frito-Lay, Inc.	200	
General Electric	310	Electric Motors
Hytrol Conveyor Co.	775	Conveyors
Jimco Lamp & Mfg. Co.	150	Lamps
Lincoln Automotive	400	Car Lift Equipment
Riceland Foods	333	Rice, Rice Flour, Rice by Products
Thomas & Betts Corporation	390	Electrical Components
TrailMobile	520	Tractor Trailers
World Color	690	Printing
Wal-Mart Super Centers	771	
City of Jonesboro	351	
MDR Cartage	350	
Sears	250	
Southwestern Bell Telephone Co.	245	
Craighead County	236	
HealthSouth Rehabilitation Hospital	220	
Jonesboro Human Development Cntr.	210	
Crowley's Ridge Development Council	203	
Dillard's	200	
Union Planters Bank of NEA	185	
Lowe's of Jonesboro	175	
U.S. Postal Service	170	
Mid-South Health Systems	162	
Arkansas State University	*	See Below

According to the 1998 Manufacturers Register, Arkansas has 3,416 manufacturing plants employing 257,562 workers. Jonesboro, with 124 manufacturing plants, ranks fourth among Arkansas cities, trailing only behind Little Rock, Fort Smith, and North Little Rock. Paragould, located approximately 20 miles Northeast, ranks 14th with 52 manufacturing firms, while Blytheville is 21st with 38 manufacturing companies.

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	2,200	Education
St. Bernard's Regional Medical Center	1,550	Health care
Jonesboro Public Schools	627	Education
Regional Medical Center of Northeast AR		
Nettleton Public Schools	350	
Northeast Arkansas Clinic	259	
Westside Public Schools	175	
Valley View Public Schools	111	

Source: Jonesboro Chamber of Commerce, 1998.

POPULATION FIGURES

	Jonesboro	Craighead County
Population (2000 Est)	58,535	77,785
Number of Households (1992 Est.)	19,537	28,434
Income Per Household (1992 Estimate)	23,318	22,150
Income Per Capita (1992 Estimate)	12,360	11,301
Disposable Personal Income (1992 Estimate)	\$418,499,000	\$976,364,000
Retail Sales (1992 Estimate)	\$491,347,000	\$455,992,000

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 Jonesboro Industrial Development Corporation, an aggressive entity operating with 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 operates four (4) established industrial parks.

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

	March 1999	Feb 1999	March 1998
Civilian Labor Force	42,350	42,075	40,275
Employment, Total	40,950	40,375	38,350
Unemployment	1,400	1,700	1,925
Unemployment Rate	3.3%	4.0%	4.8%
State of Arkansas Unemployment Rate	4.4%	4.7%	5.8%
United States Unemployment Rate	4.2%	4.4%	4.7%

Nonagricultural wage and salary jobs in the Jonesboro labor area totaled 42,350 at the end of the first quarter. The local unemployment rate dropped to 3.3%.

Source: Arkansas Labor Force Statistics, 1980-1990
Arkansas Employment Security Division
Jonesboro Chamber of Commerce

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

Serviced by Greyhound
Charter bus service by Great Southern Coaches

HIGHWAYS

Interstate Highways: I-55 (44 Miles) and I-40 (63 Miles)
Federal System Numbers: 49 and 63
State Highways: 1, 18, 141, 226 and 351
Number of Interstate Carriers: 53
Number of Intrastate Carriers: 6

AIRPORT

Local Service: Jonesboro Municipal Airport
3901 Lindberg Drive
Jonesboro, AR 72401

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

The airport has recently added an airport terminal.

Lighted: Yes

High Intensity Approach: Yes

Paved Surface: Yes

Services Offered at Airport:

****Commuter Service by Lone Star Airlines**

****Auto Rental Hertz Rent-A-Car**

****Professional helicopters, Inc.**

****FBO offers hangering and fueling of aircraft. Types of fuel include AV Gas, JetA, and MOGas**

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

****Arkansas Aircraft offers charter service.**

****Flight service station gives weather advisories to pilots, pre-flight and in-flight.**

Offers flight services to general aviation.

Nearest Commercial Airport: Memphis International Airport
Memphis, TN

Distance from Jonesboro: 65 miles

Major Air Carriers:

American Airlines

Delta Airlines

Northwest Airlines

United Airlines

Northwest Airlinks (Commuter)

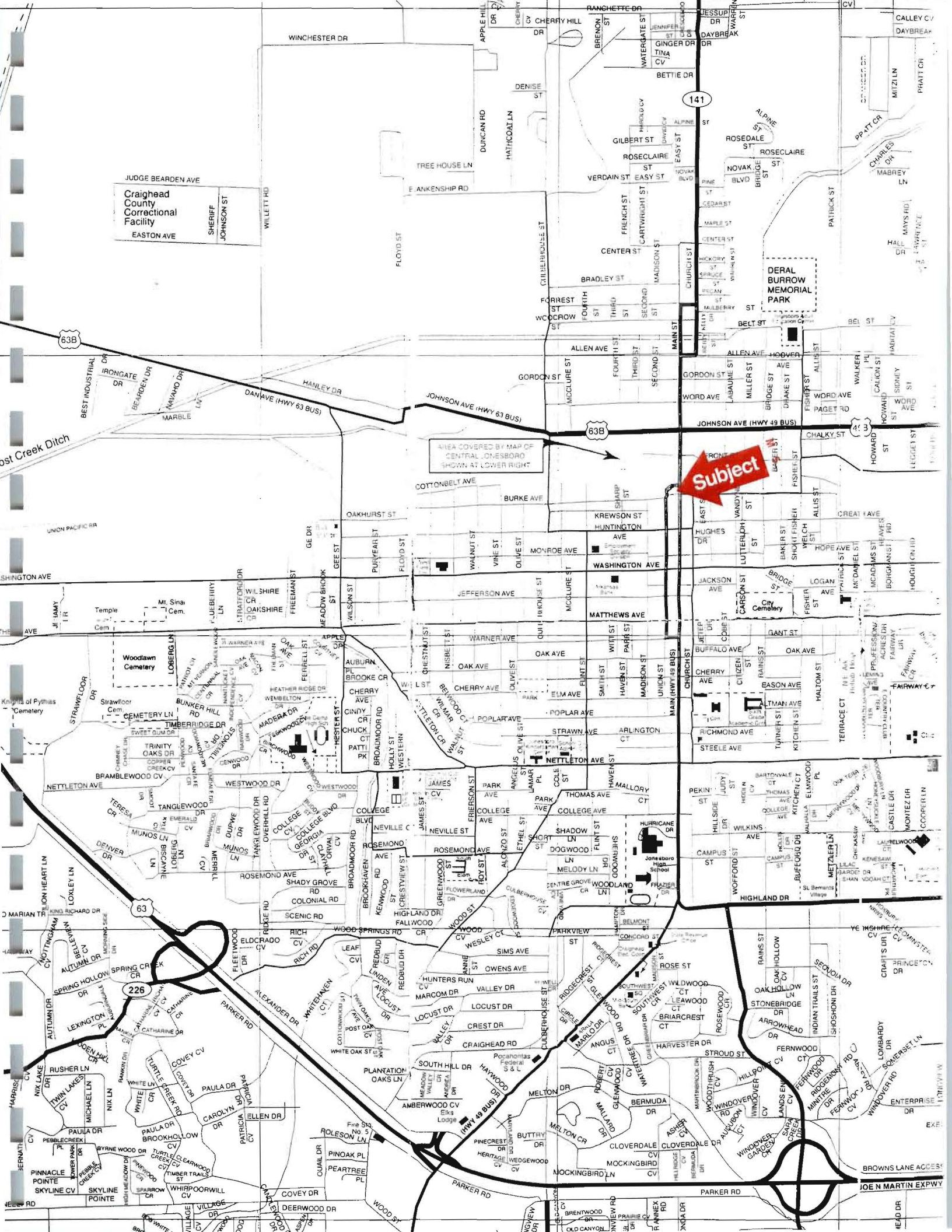
Exec Express (Commuter)

Transworld Express

Aero Cancun

NEIGHBORHOOD ANALYSIS

Subject is bound to the north by the railroad system, to the east by Church Street, to the south by Matthews, and to the west by Flint Street. The subject is 80+ years in age and one of the oldest downtown structures. Cate Street and Main were at one time the most active intersection in downtown Jonesboro. As the city grew south, our subject site became less active. Recently a revitalization effort is in the process to restore and redevelop the downtown area. All state, county, federal, and local offices are located in the downtown area.



JUDGE BEARDEN AVE
Craighead
County
Correctional
Facility
EASTON AVE

AREA COVERED BY MAP OF
CENTRAL JONESBORO
SHOWN AT LOWER RIGHT

Subject

DERAL
BURROW
MEMORIAL
PARK

SHERIFF
JOHNSON ST

DERAL
BURROW
MEMORIAL
PARK

141

63B

63B

413

63

226

BROWNS LANE ACCESS
JOE N MARTIN EXPWY

SITE DATA

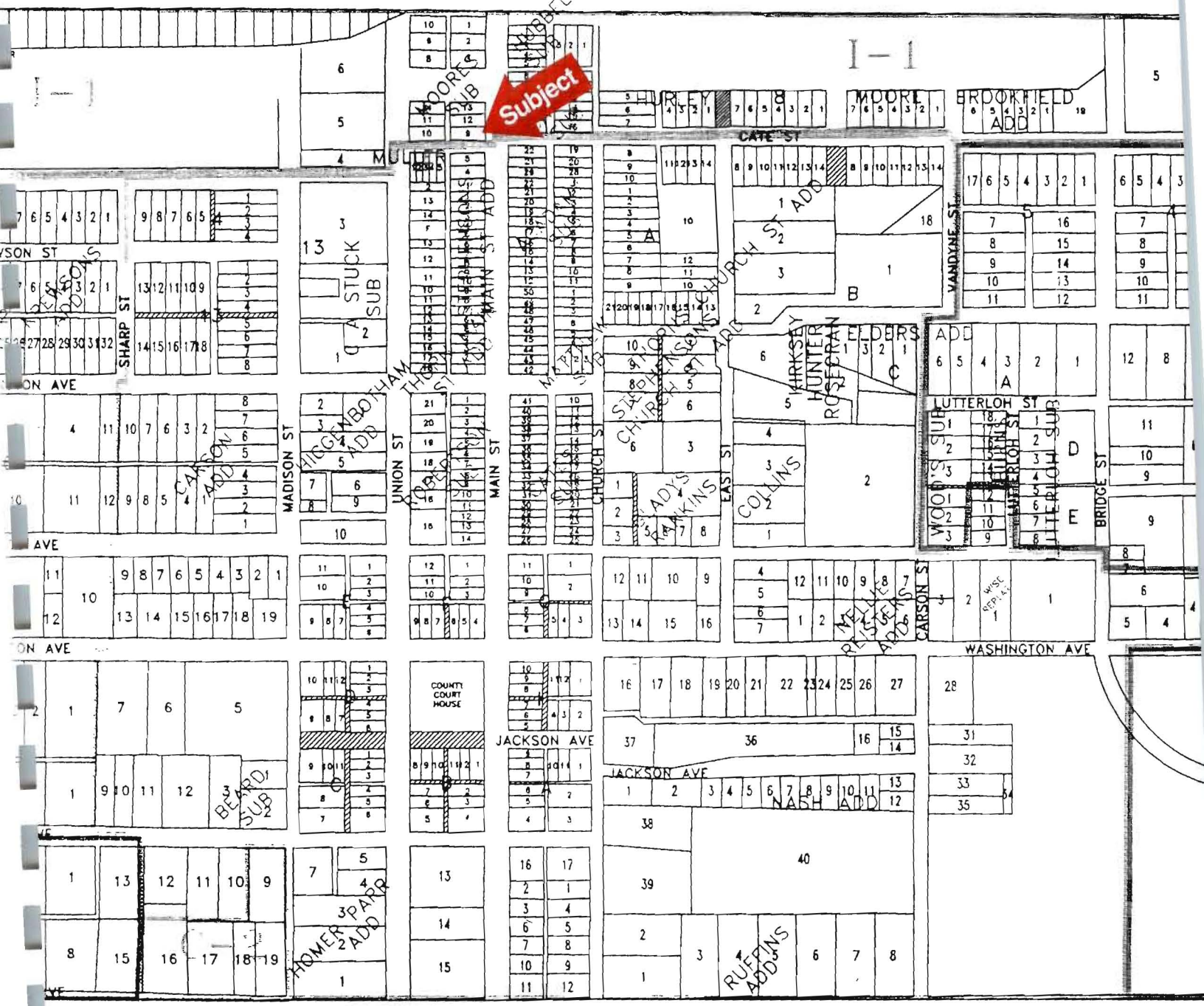
According to public tax records, the site is 34' x 90' or 3,060 sq ft and located at the northwest corner of Cate and Main Street.

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 not situated in a HUD flood hazard area, according to flood map Community Number 05031C043C, 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.



SOUTH HALF SECTION 18

T-14-N , R-4-E

City of Jonesboro

ASSESSMENT AND TAXES

The Craighead County Tax Assessor's parcel number for the property is 21655. By Arkansas statute, real estate is assessed at twenty percent of "market value", which is estimated by the county assessor. According to the records at the Craighead County Assessor's office, the property is currently market assessed at \$23,000. Taxes are payable at an applicable millage rate, which is established by a formula for the turn back of state funds by the Arkansas Public Service Commission. Taxes are payable one year in arrears, so the current millage rate apply for the 1999 fiscal year, which is payable by October 10, 2000. The 1999 taxes are \$189.52. Tax increases can be accomplished by two methods only; 1) by public referendum increasing the millage rate, or 2) by an increase in the assessed value. The amount of assessment and the subsequent taxes should not change substantially over the next year under the current usage. The subject land is valued at \$11,000 and the improvements are valued at \$12,000.

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

IMPROVEMENT DATA

Subject improvements are a 2626 square foot brick veneer building with a full attic. The store has previously been used as an Army and Navy Surplus store. The roof is built up asphalt. The front area has a 7'x9' enclosed entryway with glass windows and doorway. The interior floors are tile and in bad condition. Walls are panel. The ceiling is suspended with surface florescent lighting. Heat is provided by a suspended FWA unit.

CONDITION AND FUNCTIONAL UTILITY

The subject improvements are in poor condition and typical of other facilities of this type. The building has an effective age of approximately 50 years.

Overall, the property appears to be in reasonably poor condition for its age and is functional for its current use.

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 city, the subject property has been offered for sale in the last 30 days. Proposed offer of \$40,000.

ITEMS OF PERSONAL NATURE

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

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:

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 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 rectangular tract consisting of .07 acres or 3,060 sq.ft. The site is level and above street grade and has good access to Main 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 Main is stable since the neighborhood is mature, and very few vacant sites remain unimproved. Development along this area consist of banks, retail stores, professional trades, and state, federal, county, and local offices. It is my opinion that development of the site for commercial 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 commercial space, coupled with the limited number of potential sites with commercial frontage, my opinion is that if the site were vacant and available, the highest and best use would be for commercial development.

AS PRESENTLY IMPROVED

The appraised property is presently improved with a retail store. The present improvements were designed and constructed as a retail store. 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 commercial.

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.

COMPARABLE LAND SALES

SALE #1

Location: Church and Creath
Grantor: Jack Sauheaver, et ux
Grantee: Mercantile Realty
Sales Price: \$104,000.00
Price/Sq.Ft: \$5.79
Lot Size: 123 x 146 = 17,958
Tax Parcel: 30857
Legal: All of Lot 9, the West ½ of Lot 17 and
All of Lots 18, 19, 20 & 21 in Block "A"
Of Thorns Church Street Addition to Jonesboro.
Date of Sale: 05/24/91
Verification: DR Book 406 page 412
Utilities: All utilities available
Comments: This was the site of Hollingsworth Cleaners. It was purchased for parking
use by Mercantile Bank. The building was razed and had no contributory
value. Less - 50,000 structure - existing building 104,000 - 50,000 =
54,000 or 3.00 sq.ft.

SALE #2

Location: Church Street
Grantor: Harry Latourette
Grantee: George Krennerich
Sales Price: \$33,000.00
Price/Sq.Ft: Building site \$3.18
Lot Size: 115 x 90 = 10,350
Tax Parcel: 19804
Legal: Lot 11 of Academy Addition to the City of Jonesboro, Arkansas, Lots 1,
2, 3, and a strip of ground 15 wide off of the north side of Lot 4, all in
Block 16 of Flint's Addition to Jonesboro, Arkansas.
Date of Sale: 02/26/85
Verification: DR Book 317 page 037
Utilities: All utilities available
Comments: This site is located on Church Street between Creath and Cate and is
currently in use as a parking lot.

SALE #3

Location: Main Street
Grantor: The Mercantile Corporation
Grantee: George Krennerich, etal
Sales Price: \$90,000.00
Price/Sq.Ft: \$7.20 Buildings - 40,000 net 50,000
Lot Size: 125 x 100 12,500 \$4.00
Tax Parcel: 21685
Legal: Lots 42, 43, 44, 5, & 46 of Block 16 of Flint's Addition
Date of Sale: 02/26/85
Verification: DR Book 313 page 734
Utilities: All utilities available
Comments: This property is located on the corner of Main and Huntington. It is now known as 1 Huntington Place. 90,000 - 40,000 (existing building) = \$50,000.

SALE #4

Location: Jefferson Street
Grantor: Jay P. Beard, et ux
Grantee: Warren Dupwe, et al
Sales Price: \$20,000.00
Price/Sq.Ft: \$2.53
Price/Frnt Ft: \$263.16
Lot Size: 76 feet by 104 feet
Tax Parcel: 20064
Legal: Lot 1 of Beard S/D of a part of lot 12 of Cobb Survey of the SE 1/4 of the SW 1/4 of Section 18, TWN 14N, R4E.
Date of Sale: 08/26/92
Verification: DR Book 428 page 40
Utilities: All utilities available

SALE #5

Location: Creath St./East St.
Grantor: Master Printing
Grantee: Mercantile Bank
Sales Price: \$95,000.00
Price/Sq.Ft: \$3.90 After survey \$4.30
Legal: Lots 13, 14, 15, 16 and E9' of Lot 17
Date of Sale: 06/13/88
Acres: .32 acre +/- 141 x 100 Net land after survey 12,800
Land Sq.Ft: 14,100
Bldg. Sq.Ft.: (40,000) net land 55,000
Comments: Used by Bank as parking lot.

SALE #6

Buyer/Seller: Wesley at Jonesboro, Inc./U.P. Bank
Location: Corner of Creath/East St.
Sales Price: \$134,000
Date: Approximately 12-31-97
Size: .769 acres 161.8' x 227.0' x 139.4' x 210.8' 33,498 sq.ft.
Cost: \$4.00 / sq.ft.
Record: dr bk/pg 552/654
Comments: Improvements include asphalt parking lot and lighting system.

SALE #7

Buyer/Seller: Mercantile Corporation/P.E. Moore, Jr.
Location: Church Street between Cate/Creath
Sales Price: \$29,000
Date: June 8, 1998
Size: 39' x 148.74' 5,801 sq.ft.
Cost: \$4.99 / sq.ft.
Record: dr bk/pg 360/588
Comments: Behind cleaners - to be used as parking lot for U.P.

SALE #8

Buyer/Seller: Union Planters/Downtown Jonesboro Imp. Dist.
Location: Corner of Cate/East St.
Sales Price: \$15,000
Date: July 11, 1988
Size: 121.8 x 139.0 16,930 sq.ft.
Cost: \$.89 / sq.ft.
Record: Parcel # 25052

SALE #9

Location: Main
Grantor/Grantee: The Arkansas Bank/Lone Star Company
Record: Bk/Pg 447/35
Date: 9-1-93
Sale Price: \$148,000
Sq Ft: 17,326
Acres: .4
Price/Sq Ft: \$8.54
Comments: Sold again on 1-2000 for \$240,000 to 1st Baptist Church or \$13.85/sq ft.

SALE #10

Date: 1-21-95
Seller: E Sloan Farms Inc.
Buyer: John Sloan et ux
Location: Union Ave.
Parcel #: 28188
Sales Price: \$50,000
Price/Acre: \$500,000
Frontage: 50
Sq Footage: 4500
Price/Front Ft: \$1,000
Price/Sq ft: \$11.11

SALE #11

Buyer/Seller: T Huff to City of Jonesboro
Location: Corner Main/Cate NW
Sales Price: \$40,000
Date: Pending 3/2000
Size: 34x90 or 3064 sq ft
Cost/Sq ft: \$13.05
Record: Pending
Comments: Building to be destroyed and site to be used as a parking lot.

SUMMARY OF SITE VALUE CONCLUSION			
SALE	SALES PRICE	COST/SQ.FT.	SIZE
1	\$54,000	\$3.00/sq.ft.	17,958 sq.ft.
2	\$33,000	\$3.18/sq.ft.	10,355 sq.ft.
3	\$50,000	\$4.00/sq.ft.	12,500 sq.ft.
4	\$20,000	\$2.53/sq.ft.	7,904 sq.ft.
5	\$55,000	\$3.90/sq.ft.	14,100 sq.ft.
6	\$134,000	\$4.00/sq.ft.	33,498 sq.ft.
7	\$29,000	\$4.99/sq.ft.	5,801 sq.ft.
8	\$15,000	\$.89/sq.ft.	16,930 sq.ft.
9	\$240,000	\$13.85/sq.ft.	17,326 sq.ft.
10	\$50,000	\$11.11/sq.ft.	4,500 sq.ft.
11	\$40,000	\$13.05/sq.ft.	3,064 sq.ft.

After comparing the above sales with our subject, according to time of sale, location and size, a value of \$10.00 has been assigned our subject. Therefore, $\$10.00 \times 3,060 = \$30,600$.

ROUNDED: \$31,000

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

2/5/2000

Page: 1

Estimate Number : 46
 Estimate ID :

Property Owner : Huff
 Property Address : 125 S Main
 Property City : Jonesboro
 State/Province : AR
 ZIP/Postal Code : 72401

Section 1

Occupancy

	Class	Height	Rank
100% Retail Store	Masonry bearing walls	12.00	1.0
Total Area	:	2,626	
Number of Stories (Building)	:	2.00	
Number of Stories (Section)	:	2.00	
Perimeter	:	228	

Components

	Units/%	Other
HVAC (Heating): Forced Air Unit	100%	Climate
Walls: Brick, Solid	100%	
Miscellaneous: Land	31,000	

Cost as of 01/2000

	Units/%	Cost	Total
Basic Structure			
Base Cost	2,626	29.78	78,202
Exterior Walls	2,626	15.19	39,889
Heating & Cooling	2,626	3.40	8,928
Basic Structure Cost	2,626	48.37	127,019
Less Depreciation			
Physical & Functional	79.0%		100,345
Depreciated Cost	2,626	10.16	26,674
Miscellaneous			
Land			31,000
Total Cost	2,626	21.96	57,674

**INCOME APPROACH
PROPERTY OPERATING STATEMENT**

GROSS ANNUAL INCOME:

<u>\$3.50/sq.ft. x 2626 sq.ft.</u>	<u>\$ 9,191</u>
LESS: VACANCY LOSS-5% -	<u>\$ 460</u>
PLUS: OTHER INCOME	<u>\$ -0-</u>
EFFECTIVE ANNUAL GROSS INCOME	<u>\$ 8,731</u>

LESS EXPENSES

Fixed expenses:

Real estate taxes	<u>\$ 189</u>	
Insurance	<u>\$ 500</u>	
		<u>\$ 689</u>

Operating expenses:

Personnel	<u>\$ -0-</u>	
Utilities	<u>\$ -0-</u>	
Maintenance/Repairs	<u>\$ 600</u>	
		<u>\$ 600</u>

Reserves for Replacement:

Roof	<u>\$ 1,000</u>	
Heat-A/C	<u>\$ 250</u>	
Hot Water	<u>\$ 0</u>	
Floor Cover	<u>\$ 0</u>	
		<u>\$ 1,250</u>

ANNUAL EXPENSES AND RESERVES: \$ 2,539

NET ANNUAL INCOME TO BE CAPITALIZED \$ 6,192 USING A 10.1058% CAPITALIZATION RATE SUBJECT PROPERTY WOULD BE VALUED AT \$61,271

ROUNDED \$61,000.

Mortgage-Equity Capitalization

Copr. 1986 a la mode, inc.

Holding Period (yrs) = 12
 Equity Yield Rate = 12.00%
 Loan Ratio = 80.00%
 Loan Term (yrs) = 20
 Loan Rate = 9.50%
 Appreciation/Depreciation= 0.00%

Band of Investment Method			Cap Rate
Capital Source	Portion	Rate	
Mortgage Loan	= 80.00%	11.19%	8.9485%
Equity Funds	= 20.00%	12.00%	2.4000%
			=====
		Overall Rate	= 11.3485%

Less Equity Buildup through Debt Reduction
 Debt Reduction % = 37.49%
 Sinking Fund Factor = 0.04144
 Loan Ratio = 80.00%

			1.2427%
			=====
		Basic Rate	= 10.1058%

Less Equity Buildup through Appreciation/Depreciation
 Appreciation/Depreciation= 0.00%
 Sinking Fund Factor = 0.04144

			0.0000%
			=====
		Final Rate	= 10.1058%

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.

LEASE SURVEY - RETAIL STORES

1. Discount Store - Caraway Road
87,000 square feet
25 year lease
Monthly Rent \$22,981.67
\$3.16/sq.ft.

2. Grocery Store - Caraway Road
41,000 square feet
3 year lease
Monthly Rent \$10,500.00
\$3.07/sq.ft.

3. Retail Store - Caraway Road
3,500 square feet
10 year lease
Monthly Rent \$2,625.00 - \$31,500 Annually
\$9.00/sq.ft.

4. Retail Store - Caraway Road
6,400 square feet
25 year lease
Monthly Rent \$3,733.00 - \$44,796 Annually
\$7.00/sq.ft.

5. Retail Store - Caraway Road
6,400 square feet
5 year lease
\$44,796
\$7.00/sq.ft.

6. Retail Store - Caraway Road
3,200 square feet
5 year lease
\$25,596 Annually
\$8.00/sq.ft.

7. Retail Store - Caraway Road
3,500 square feet
10 year lease
\$31,500 Annually
\$9.00/sq.ft.

8. Retail Store - Dollar General
Johnson Ave.
9,000 square feet
\$26,400 Annually
\$2.93/sq.ft.

9. Retail Store - Dollar General
Osceola, AR
8,000 sq.ft.
Lease \$27,000/year
\$3.00/sq.ft.

10. Retail Store - Dollar General
Bono, AR
8,104 square feet
\$27,000/ year
\$3.33.sq.ft.

11. Retail Store - Discount Store
Bono, AR
8,000 sq.ft.
\$2,250 per month or
27,000 1st period
3-5 year option
\$3.33/sq.ft.

Subject lease is set to be \$3.50 per square foot before vacancy, insurance, taxes and replacement reserves.

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

SALE #1

Grantor/Grantee: Edgar Hall/Donn Mixon et al
Location: 507 Union
Date: 04/30/91
Sales Price: \$80,000
Sq. Ft.: 5,352
Lot Size: 30 x 90
Price/Sq. Ft.: \$14.94
Record: Book 405, Page 241

SALE #2

Grantor/Grantee: Abernathy/Sloan Farms
Location: 501 Union
Date: 12/01/85
Record: Book 326, Page 599
Sales Price: \$105,000
Bdlg. Sq. Ft.: 7,248 Sq. Ft., 1,140 Sq. Ft. Basement
Price/Sq. Ft.: \$14.48
Acres: .08 (40 x 90)
Land Sq. Ft.: 3,600
Comments: Site of old First National Bank Building converted to restaurant and then to offices.

SALE #3

Grantor/Grantee: Bunns Estate/Harris Furniture
Location: 205 S. Main
Date: 12/15/86
Record: Book 340, Page 557
Sales Price: \$65,000
Bldg. Sq. Ft.: 7,520
Price/Sq. Ft.: \$8.64
Land Sq. Ft.: 4,230 Sq. Ft. (47 x 90)

SALE #4

Grantor/Grantee: C. Weidman/M.J. Ashton
Location: 330 S. Main
Date: 04/25/88
Sales Price: \$65,000
Bldg. Sq. Ft.: 4,400
Sq. Ft.: 2,500 (25 x 100)
Price/Sq. Ft.: \$14.77
Record: Book 359, Page 33

SALE #5

Grantor/Grantee: W. Nash/H. Aycock
Location: 322 S. Main
Date: 02/02/94
Record: Book 455, Page 265
Sales Price: \$61,000
Bldg. Sq. Ft.: 4,184
Price/Sq. Ft.: \$14.58
Land Sq. Ft.: 2,500 (25 x 100)

SALE #6

Grantor/Grantee: Rick Burch/Anthony Webb
Location: 322 S. Main
Date: 06/11/93
Record: Book 443, Page 694
Sale Price: \$44,000
Sq. Ft.: 4,184
Price/Sq. Ft.: \$10.51
Land Sq. Ft.: 25 x 100

SALE #7

Grantor/Grantee: Citizens Bank/Mary Lou Ashton
Location: 320 S. Main
Date: 04/28/88
Record: Book 359, Page 188
Sales Price: \$65,000
Bldg. Sq. Ft.: 4,494
Price/Sq. Ft.: \$14.46
Land Sq. Ft.: 2,500 (25 x 100)

SALE #8

Grantor/Grantee: D. Mason/B-Moc, Inc.
Location: 314-316 S. Main
Date: 12/30/93
Record: Book 433, Page 302
Sale Price: \$73,000
Bldg. Sq. Ft.: 8,358
Price/Sq. Ft.: \$8.73
Land Sq. Ft.: 5,000 (50 x 100)

SALE #9

Grantor/Grantee: H. Sanderson/G. Krennerich
Location: 244 S. Main
Date: 02/26/85
Record: Book 313, Page 734
Sale Price: \$153,000 & \$90,000 (\$243,000)
Bldg. Sq. Ft.: 19,494
Price/Sq. Ft.: \$12.46
Land Sq. Ft.: 12,500 (125 x 100)

SALE #10

Grantor/Grantee: H. Smith/D. Zolpher
Location: 236 S. Main
Date: 03/31/89
Record: Book 344, Page 759
Sale Price: \$38,000
Bldg. Sq. Ft.: 4,764
Price/Sq. Ft.: \$7.98
Land Sq. Ft.: 2,500 (25 x 100)

SALE #11

Grantor/Grantee: Mike Pryor to April Tress Grant
Location: 415 Union St. (Vogue Building)
Date of Sale: 02/97
Record: NA
Sales Price: \$89,000
Bldg. Sq.Ft.: 10,000 square feet plus basement
Price/Sq.Ft.: \$8.90
Acres: .13 +-
Land Sq.Ft.: 5,760
Price/Sq.Ft.: NA
Price/Acre: NA
Price/Frt.Ft.: NA
Comments: Building needed extensive remodeling. Similar to subject

SALE #12

Grantor/Grantee: Nations Bank to David Oesterblad
Location: Corner Monroe and Madison
Date of Sale: 1-5-98
Record: 552/740-742
Sales Price: \$65,000
Bldg. Sq.Ft.: 10,800 lower - Total of 16,470 sq ft
Price/Sq.Ft.: \$6.02
Acres: .25
Land Sq.Ft.: 10,800
Price/Sq.Ft.: NA
Price/Acre: NA
Price/Frt.Ft.: NA
Comments: Undeveloped as of 10-1-99

SALE #13

Location: 209-211 Union Street
Date: 7-7-94
Grantor: Lonnie T Clark, et ux
Grantee: Thad Brown, et ux
Verification: DR bk/pg 463/203
Bldg Sq.Ft: 4,800
Sales Price: \$69,000
Price/Sq Ft: \$14.38
Size: 60 x 100 or 6,000 sq ft
Parcel #: 23702
Legal: The south 60 feet of Lot 4, of Block 13 of Flints Addition to the city of Jonesboro as shown by plat in Deed Book Record 1, Page 352.

SALE #14

Location: 124 S Main
Date: 1-5-95
Grantor: C.K. Davis, et ux
Grantee: Robert P Klines, et ux
Verification: DR bk/pg 472/058
Bldg Sq.Ft: 4,884
Sales Price: \$23,000
Price/Sq Ft: \$4.71
Size: 26.5 x 100 or 2650 sq ft
Parcel #: 21875
Legal: Lot 24 and S ½ Lot 25 Blk 16 Cates Subdivision of Blk 17 Flints Addition to the city of Jonesboro.
Comments: Similar to subject.

SALE #15

Location: 223 S Main
Date: 7-26-93
Grantor: Mae Blythe
Grantee: D'Arcy Interiors
Verification: DR bk/pg 444/561
Bldg Sq.Ft: 3,750
Sales Price: \$24,000
Price/Sq Ft: \$6.40
Size: 25 x 100 or 2,500 sq ft
Parcel #: 30263
Legal: Lot 7 Stephensons Addition to the city of Jonesboro
Comments: This is an inside site on Main. It is a two story building used as a retail. The main and upper floors were both in shell state at the time of purchase. The lower floor has been since remodeled into retail space.

SALE #16

Location: 222-224 S Main
Date: 1-25-95
Grantor: Harris Gilliam, et ux
Grantee: Lester Crabtree
Verification: DR bk/pg 472/606

Bldg Sq.Ft: 5,060
 Sales Price: \$40,000
 Price/Sq Ft: \$7.91
 Size: 52 x 100 or 5,200 sq ft
 Parcel #: 19807
 Legal: Lot 14 and 15 Blk 1 Academy Addition to the city of Jonesboro.
 Comments: This is an inside site on Main. It is a one story building used as a retail.

SALE #17

Location: 407 Union
 Date: Aug 18, 1997
 Grantor: NationsBank
 Grantee: City of Jonesboro
 Verification: DR bk/pg 558/174
 Bldg Sq Ft: 16,459
 Sales Price: \$130,000 - Appraised value - no stamps
 Price/Sq Ft: \$7.90
 Size: 25,200 sq ft
 Parcel: 28194, 28195, 28200
 Legal: Lots 1, 2, 3, 10, and 11 Block E Original Survey

SALES COMPARISON APPROACH CONCLUSION

After adjustments for time of sale, size, and location, the following values were placed on each of our subject properties.

Lower - 2626 sq ft at \$10.00/sq ft	\$39,390
Upper Level - 2720 sq ft at \$4.00/sq ft	<u>\$10,880</u>
	\$50,270

Rounded \$50,000

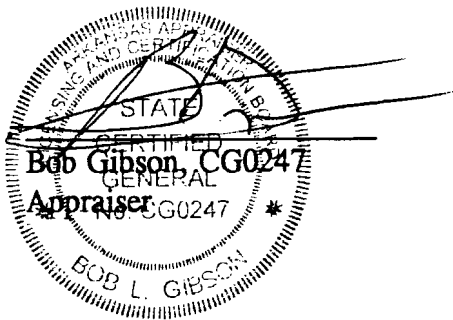
CORRELATION AND FINAL VALUE CONCLUSION

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:	\$58,000
SALES COMPARISON APPROACH:	\$50,000
INCOME CAPITALIZATION APPROACH:	\$61,000

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 Sales Approach.

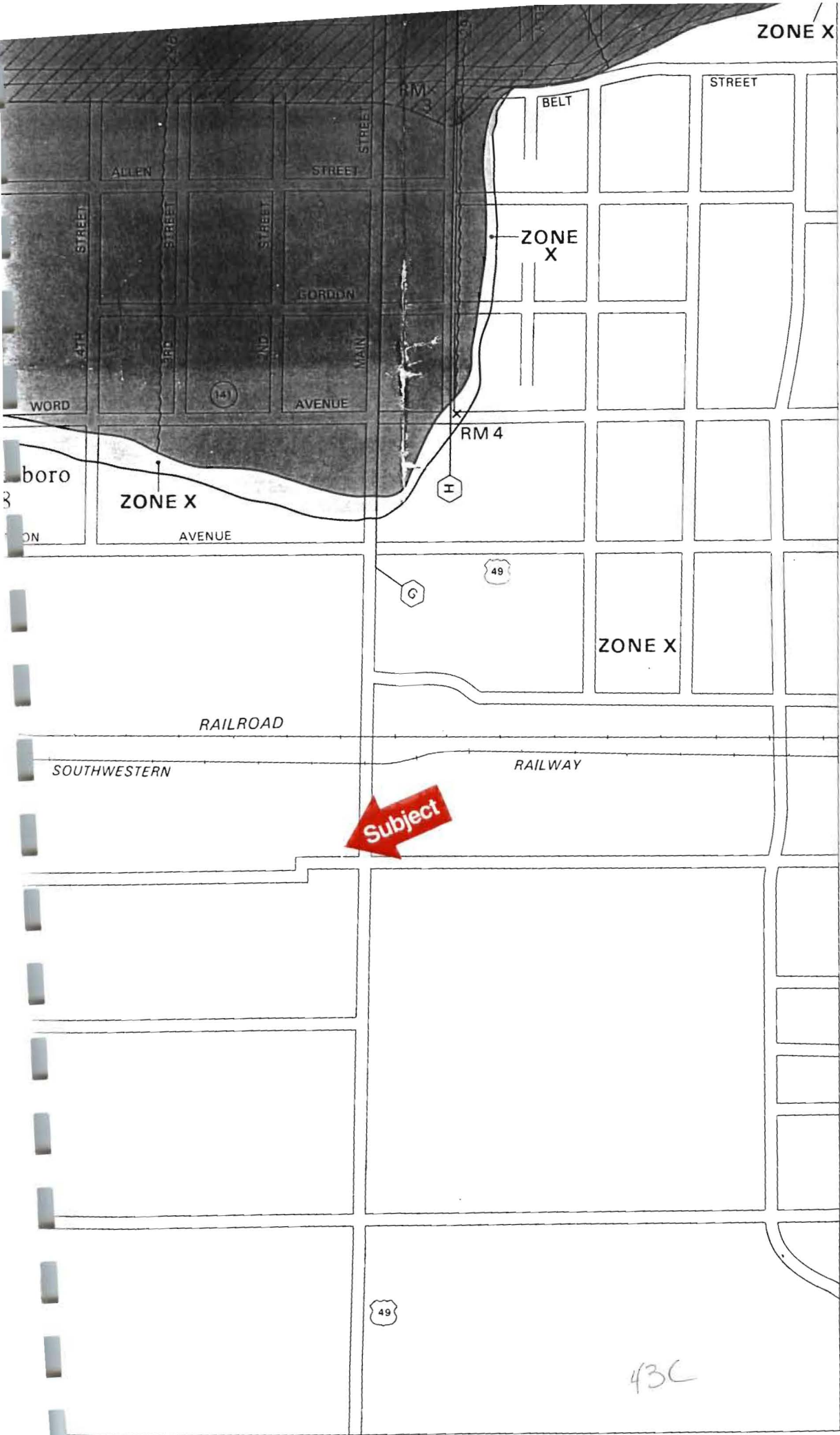
Based on the investigation and premise outlined, as of March 2, 2000, the Market Value of the fee simple interest in the real estate, assuming it to be offered for sale on the open market is \$50,000.



ADDENDA

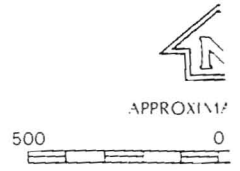
LEGAL DESCRIPTION

Lot 9 and S 10 ½" Lot 12 Flint Addition



ZONE X

Refer to the Flood Insurance Rate Map to determine when actuarial rates apply or depths have been established.
 To determine if flood insurance is available, call the National Flood Insurance Administration.



NATIONAL FLOOD INSURANCE

FIRM FLOOD INSURANCE
CRAIGHEAD ARKANSAS INCORPORATED

PANEL 43 OF 2
 (SEE MAP INDEX FOR DETAILS)
 CONTAINS:
COMMUNITY
 JONESBORO, CITY OF
 UNINCORPORATED AREA



Federal Emergency Management Agency

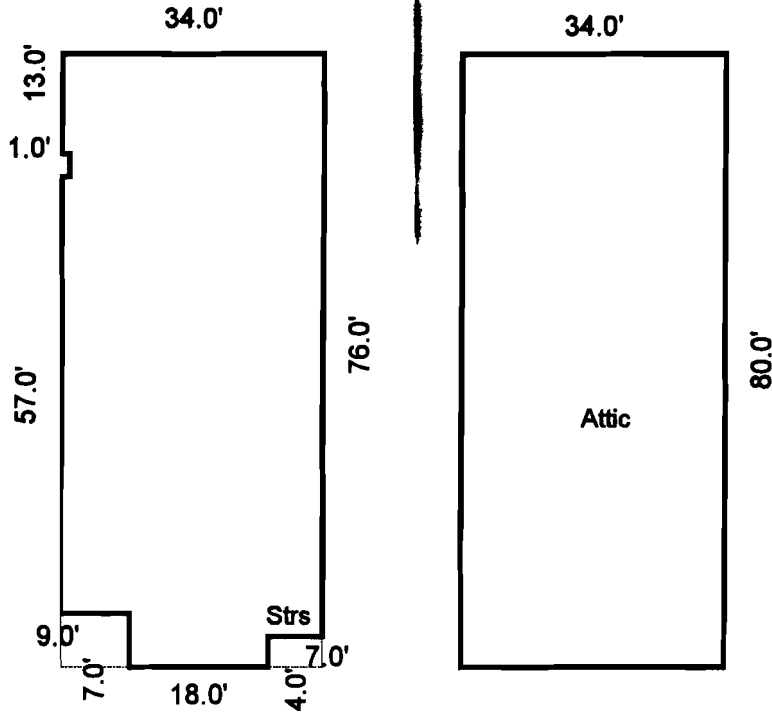
43C

SKETCH/AREA TABLE ADDENDUM

SUBJECT

Property Address	126 S Main		
City	Jonesboro	County	Craighead
		State	AR
		Zip	72401
Borrower			
Lender/Client			
Appraiser Name	Bob Gibson	Appr Address	420 WEST JEFFERSON

IMPROVEMENTS SKETCH



Scale: 1 = 25

AREA CALCULATIONS

AREA CALCULATIONS SUMMARY			
Area	Name of Area	Size	Totals
GBA1	20	2626.00	2626.00
GBA2	Attic	2720.00	2720.00
P/P	Porch	63.00	
	Porch	28.00	91.00
TOTAL BUILDING (rounded)			5346

BUILDING AREA BREAKDOWN			
Breakdown			Subtotals
20			
	18.0 x	80.0	1440.00
	7.0 x	76.0	532.00
	8.0 x	73.0	584.00
	1.0 x	13.0	13.00
	1.0 x	57.0	57.00
Attic			
	34.0 x	80.0	2720.00
6 Areas Total (rounded)			5346

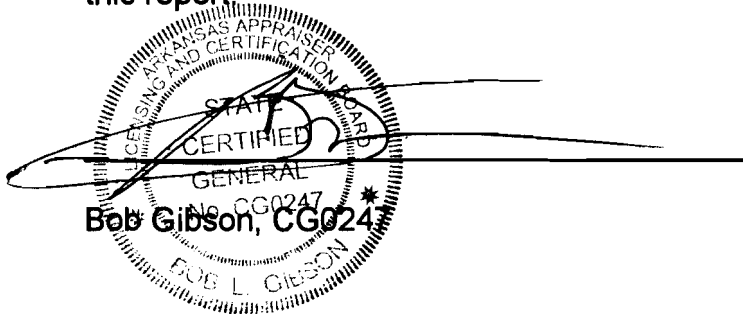
AMERICANS WITH DISABILITIES ACT (ADA)

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.

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



QUALIFICATIONS OF BOB GIBSON

POSITION: Real Estate Appraiser/Consultant, 420 West Jefferson, Jonesboro, AR 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 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.

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

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

**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:**

Belz-Burrow, Norwest Mortgage, Union Planters Bank of NE Arkansas, Regions Bank, Simmons Bank, Heringer Lone Star, Griffin Petroleum Company, Caldwell Construction Company, First Financial Mortgage, Fowler Foods, MidSouth Bank, Matthews Oil Co., Heritage Bank, Bank of America, Bank of America Mortg. Dept., Pocahontas Federal Savings & Loan, and American State Bank.