

**KEYBOARD(JOB NUMBER)\_KEYBOARD(lastname)**

**- INVOICE -**  
**KEYBOARD(date of invoice)**

**CLIENT:**

**KEYBOARD(CLIENT) Bank**  
**KEYBOARD(ADDRESS)**  
**KEYBOARD(ADDRESS)**

**SUBJECT:**

**KEYBOARD(BORROWER)**  
**KEYBOARD(PROPERTY ADDRESS)**  
**KEYBOARD(CITY/STATE)**

**APPRAISAL SERVICE**  
**REPORT & PREPARATION**  
**ADDITIONAL CHARGES**

**\$KEYBOARD(DOLLARS)**  
**\$KEYBOARD(DOLLARS)**

**TOTAL**  
**amount due and payable upon receipt**

**\$KEYBOARD(TOTAL DOLLARS)**

**Please mail check to:**

**Appraisal Report**  
**of property associated with**

**KEYBOARD(address1)**  
**KEYBOARD(address2)**  
**KEYBOARD(Brief Legal or address)**

Reported as of

**KEYBOARD(date of report)BEEP**

for

**KEYBOARD(Client) Bank**  
**KEYBOARD(address1)**  
**KEYBOARD(address2)**

prepared by

**Name**  
company  
place



# Table of Contents

# Letter of Engagement



# Letter of Transmittal

KEYBOARD(today's date)

Terrel Shields  
13257 Fairmount Rd.  
Siloam Springs, AR 72761  
479.736.2101

Re: KEYBOARD(subject property)  
KEYBOARD(address)  
KEYBOARD(city - state)

KEYBOARD(bank) Bank  
KEYBOARD(client contact)

Dear Client:

In compliance with your request and for the purpose of rendering an opinion of the Market Value, as defined elsewhere in this report, of the above captioned property, I certify that I have examined the subject property and have made a survey of matters pertinent to rendering an opinion of its market value.

I further certify that I have no interest, present or contemplated, in the property appraised and that my fee was not contingent upon the value estimate reported. I further certify that I have KEYBOARD(or not) provided a service to the subject property within the previous three years.

I am about to dump this section or rewrite it. The coronavirus threat may be impacting market conditions. But I are not able to see the future and the ultimate impact of the current corona virus outbreak. As of the date of appraisal, no market impact upon the property is supported by any data available in the market area. Therefore, I 've made no adjustment. I have attempted to use the most up to date sales available but currently I see no trend develop solely due to the outbreak. I do believe some impact will occur. I do suggest the prudent lender may want to look at the value of property six to twelve months from now to see if market conditions have changed. Additionally, I have limited access to the courthouses and are doing interior inspections upon a case by case basis.

As providers of personal financial services I are required by law to inform clients of our policies regarding privacy of client information. I have been and continue to be bound by professional standards of confidentiality by the Uniform Standards of Professional Appraisal Practice aka USPAP. These standards are even more stringent than those required by law. Therefore, I have always protected your right to privacy. I collect nonpublic personal information that you provide for the purpose of preparing real estate appraisals and real estate consulting reports.

For current and former clients, I do not disclose any nonpublic personal information obtained in the course of our practice except as required or permitted by law. Permitted disclosures include, for instance, providing information to third parties who assist us in preparing and analyzing data during the course of providing services to you. This includes co-appraisers, technical support staff, and paid researchers. I stress to those third parties the confidential nature of information being shared. I do not disclose nonpublic confidential information to unrelated third parties, except where required by law to do so.

I retain work files of appraisals and a "true copy" of those appraisal for a statutory five years. I maintain physical, electronic, and procedural safeguards to comply with our professional standards. The

report is the intellectual property of the appraiser and is copyrighted © as of the date of the report. It should not be reproduced without permission of the appraiser. Please call if you have any questions, because your privacy, our professional ethics, and the ability to provide you with quality financial services are very important to us.

This report contains data gathered in my investigation, information from my files, and shows the method of appraisal in summary. It was performed and reported in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP) set forth by the Appraisal Foundation, conforms to minimum requirements as set forth in Title XI of FIRREA, and conforms to the minimum requirement, if applicable, for Federally Related Transactions (Sec. 34.44 (OCC) or 323.4 (FDIC), or equivalent.

Based upon an analysis of the relevant data and subject to the assumptions and limiting conditions appearing later in this report, it is my opinion the market value of the subject property as of the date of appraisal, **KEYBOARD**(date of value) was:

**Total Property Value = \$ KEYBOARD(amount),000**

The preceding value reflect terms equivalent to cash to the owners. The value is contingent upon subject and adjacent properties being in compliance with all applicable EPA and environmental laws. The estimated exposure time to the market is six months to twelve months.**KEYBOARD**(check this out) The values are contingent upon sound management and operation of the improvements in compliance with the requirements of any contract or relationship that is in effect as of the date of appraisal.

Respectfully submitted,

Terrel Shields - Certified General Appraiser 1XXXX CGA Oklahoma

## Conditions of Report

- The Report is prepared "As is."
- The Report is prepared subject to hypothetical considerations. See the Summary Section.
- The Report is retrospective and addresses a value date which predates the report beyond the typical marketing time.
- The Report is prospective and addresses a value date which lies in the future.
- The Report is current and addresses a value date which is simultaneous to the date of inspection.

## The Five Points

### This appraisal

- A. Conforms to the Uniform Standards of Professional Appraisal Practice
- B. Is written and contains sufficient information and analysis to support the institutions's decision to engage in the transaction.
- C. Analyzes and reports appropriate deductions and discounts for any proposed construction or renovation, partially leased buildings, non-market lease terms, and tract developments with unsold units.
- D. Is based on definition of market value meaning, the most probable price which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, assuming the price is not affected by undue stimulus.
- E. Is performed by an appropriately licensed appraiser, licensed in the state that the property is located.



# Definitions

**Appraisal:**

"(noun)The act or process of developing an opinion of value; an opinion of value" (adjective) "of or pertaining to appraising and related functions such as appraisal practice or appraisal services."

**Fee Simple:**

"Absolute ownership unencumbered by any other interest or estate, subject to the limitation of eminent domain, escheat, police power, and taxation."

**Appraisal Report:**

"A written report prepared under Standards Rule 2-2 of USPAP."

**Restricted Appraisal Report:**

"When an appraiser uses the Restricted Appraisal Report option, a prominent notice to any reader must be provided. The prominent notice must warn any reader of the report that the rationale for the appraiser's opinions and conclusions set forth in the report may not be understood properly without the additional information that is in the appraiser's workfile."

**Neighborhood:**

"A group of complimentary land uses."

**Highest and Best Use:**

"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." The four criteria for Highest and Best Use are: Physically possible; Legally permissible; Financially feasible; and, Maximally productive.

**Highest and Best Use of Land or a Site as Though Vacant:**

"The use of a property based on the assumption that a parcel of land is vacant or can be made vacant through demolition of any improvements."

**Highest and Best Use of Property as Improved:**

"The use that should be made of a property as it exists."

**Gross Living Area:**

"All of the above grade habitable living area.(does not include basement, garages, porches, attics, or any other area that is not heated and finished in a manner similar to the rest of the home.)"

**Effective Age:**

"The apparent, rather than chronological age of an improvement."

**Remaining Economic Life:**

"The period over which the improvements will continue to contribute value to a property."

**Total Economic Life:**

"The total period over which the improvements contribute value to the property." (not necessarily the period over which the improvements physically exist.) or, "The sum of the Effective Age and the

Remaining Economic Life."

**Age-life Method of Estimating Accrued Depreciation:**

"The ratio of effective age to [the] typically anticipated [total] economic life.", A modified form of the straight line depreciation method.

**Physical Depreciation:**

"A loss in value that is caused by deterioration in the physical condition of the improvements. It may be "curable" or "incurable". Curable refers to items of deferred maintenance. Incurable physical refers to other items not practical to correct..."

**Functional Obsolescence (depreciation):**

"A loss in value that is caused by defects in design or the structure, either inadequacies or super-adequacies, such as excess marble or tile."

**External (economic) Obsolescence:**

"A loss in value that is caused by negative influences that are outside the site, such as powerplants, expressways, etc. adjacent to the subject."

**Replacement Cost:**

"The current cost of a building having exactly the same utility as the subject property."

**Reproduction Cost:**

"The current cost of an exact duplicate of the subject building."

**Market Value:**

*"Market Value*--As defined in the Agencies' appraisal regulations, the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 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.

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From the Interagency Appraisal and Evaluation Guidelines glossary (December 10, 2010)

**Scope of Work:**

"The type and extent of research and analyses in an appraisal or appraisal review assignment."

## Limiting Conditions and Certifications

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title of the property is assumed to be good and merchantable unless otherwise stated.
2. The property is appraised free and clear of any and all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management is assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans, and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. 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 report.
8. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the existence of hazardous materials which may or may not be present on the property was not observed by the appraiser. No responsibility is assumed for any such conditions or any expertise or engineering knowledge required to discover them. The client is urged to retain an expert if desired.

This Appraisal report has been made with the following general limiting conditions.

1. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with the proper written qualification and only in its entirety.
3. The appraiser herein by reason of this appraisal is not required to give further consultation, testimony, or be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
5. I did not consider possibility of noncompliance with the requirements of the Americans with Disabilities Act of 1992 (ADA) in estimating the value of the property. I assume the property value is not impacted by compliance or noncompliance with that act unless a nonconformity has been stated, defined, and considered in the appraisal report.
6. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
7. No environmental impact studies were either requested or made in conjunction with this appraisal, and I reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any

environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory body. "Unless otherwise stated in this report, the existence of hazardous materials which may or may not be present on the property was not observed by the appraiser. No responsibility is assumed for any such conditions or any expertise or engineering knowledge required to discover them. The client is urged to retain an expert if desired.

8. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and I have assumed the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in the report. If mineral rights have been reserved or severed from the fee simple estate, the rights appraised are fee in surface. The appraiser assumes no proposed use of mineral rights will negatively impact the value of the subject property.
9. Any income or expense estimates contained in this appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results.
10. Information, estimates, and opinions contained in this report, obtained from sources outside of the office of the undersigned, are assumed to be reliable and have not been independently verified.
11. No assurance is provided that the methodology and/or results of the appraisal will not be successfully challenged by the Internal Revenue Service (IRS). In particular, the methodology for appraising certain types of properties, including without limitation, government subsidized housing, which has been the subject of debate.
12. The value found herein is subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
13. This appraisal report was prepared exclusively for the client and stated intended users of the report. All parties who use or rely upon any information in this report without our written consent do so at their own risk.
14. While this report has been proofed for typographical errors, mathematical inaccuracies, and other discrepancies, others may be discovered in subsequent reviews performed by the client or their designated agent. I reserve the right to correct any typographical errors, mathematical inaccuracies, or other discrepancies that may affect the estimate of value contained in the report. These corrections will be corrected promptly upon the written request of the client.

## Environmental Assumptions & Limiting Conditions

The following statement of assumptions and limiting conditions relating to the environmental matter is the result of the appraiser's routine physical inspection of the Subject property and the Surrounding area. Except as specifically noted in this report to the contrary, the presence of the items listed below (except those checked) were not apparent during the inspection. "Apparent" is defined as that which is visible, obvious, evident or manifest to the appraiser during the inspection made with "reasonable care".

The appraiser, by this statement, makes known to the client and all third parties or intended users, that the appraiser is not a qualified expert environmental inspector or engineer and may be unaware of existing hazardous materials on or in or in proximity to the subject property, or other detrimental environmental conditions which may negatively affect the subject property and the value sought. The appraiser takes no responsibility for matters beyond his/her expertise, and, by this statement makes known to the client and all third parties and intended users of the report that tests and inspections by a qualified expert environmental inspector or engineer may reveal information which is contrary to that discovered by or assumed by the appraiser. Acceptance of this report by the client constitutes an agreement between appraiser and client to hold appraisers and anyone involved in the appraisal process harmless from any and all liability which might arise because of the comments and conclusions regarding environmental matters.

## Certification

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 I have no personal interest or bias with respect to the parties involved.
- ☞ My 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. The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- ☞ My analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisals Practice.
- ☞ No one provided significant professional assistance to the person or persons signing this report.
- ☞ I have made a personal inspection of the property that is subject of this report. I have performed **KEYBOARD**(or have i?)no other services, as an appraiser or in any other capacity, regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.

Signed:

- Certified General Appraiser 1xxx CGA Oklahoma

## Summary of Salient Facts & Conclusions

### Client:

The Client and those listed immediately below are the sole intended users of this report. The client **KEYBOARD**(are or client is) the sole intended user **KEYBOARD**(or add an s) of this report. "Parties who receive a copy of an appraisal...as a consequence of disclosure requirements applicable to an appraiser's client do not become intended users of the report unless the client specifically identifies them at the time of the assignment." [excerpt from USPAP Statement 9

### Intended User of the report:

The client is **KEYBOARD**(Bank) Bank.

### Subject of Report:

**KEYBOARD**(Borrower(s)) The **KEYBOARD**(owner/borrower has (have) or not) been identified as an intended user by the client. This report is addressed to a specific use for a specific intended user. The use of this appraisal by anyone other than the stated intended user, or for any other use than the stated intended use, is discouraged. Any person other than the named intended users above are advised to seek an independent opinion of value and not rely upon this report.

### Hypothetical and Proposed Improvements or Extraordinary Assumptions:

This report is prepared **KEYBOARD**(as is or subject to completion, repairs, etc.). The appraiser assumes the property is not in violation of any environmental regulation, zoning law, or other governmental control as of the date of appraisal.

The use of any extraordinary assumption or hypothetical condition might have affected the assignment results. **KEYBOARD**(insert NEWCONST\_CERT Here)

### Purpose, Intended Use and Function of the Appraisal:

The function of the report is to assist the client in property evaluation for mortgage **KEYBOARD**(or estate, etc.)lending. The purpose of the appraisal is to estimate the market value of the subject property, as defined in this report, on behalf of the referenced client as the intended user of this report. The intended use of the appraisal is to assist the client, as the intended user of this report, in evaluating the subject property.

The appraiser cannot discuss this report with any party not an intended user (Privacy laws) and the appraiser is under no obligation to "Update," "re-certify," or otherwise modify this report in violation of Advisory Opinions issued by the Appraisal Foundation's USPAP, except to make corrections to actual errors. Appraisals are based on the data available at the time the assignment is completed. Amendments or modifications to appraisals based on new information made available after the appraisal is completed will be made, as soon as reasonably possible for an additional fee. The appraiser can develop a new appraisal in a new relationship of the same piece of property during the same time so long as the original client-appraiser confidentiality provisions are not violated.

**Property Rights Appraised:**

The Fee Simple estate is appraised. In the absence of minerals the estate appraised is fee in surface.

**Discounts and Deductions; Anticipated Public or Private Improvements:**

No deductions or discounts were necessary for any proposed construction, or any completed properties that are partially leased or lease at other than market rents, or any tract development with unsold units as of the date of appraisal. No future on site or off site improvements **KEYBOARD**(or are they?)are proposed that will affect the market value of the subject except as immediately in the section above relating to hypothetical and proposed improvements or extraordinary assumptions.

**Identification of Property:**

The property is located at **KEYBOARD**(address or whatever).

**Ownership & Sales History of the Property:**

The ownership as of the date of appraisal was **KEYBOARD**(owner). The three year history is **KEYBOARD**(who owned it). The property is currently **KEYBOARD**(or not) under contract. **KEYBOARD**(details)The Property is currently **KEYBOARD**(or not) offered for sale according to owner or on line listing services such as Realtor.com.

**Legal Description of the Property:**

A legal description is provided in the Addendum or stated below.**KEYBOARD**(legal description)

**Date of Appraisal:**

The effective date of appraisal or the date of value for a prospective or retrospective value is **KEYBOARD**(date of appraisal). The date of last inspection was **KEYBOARD**(date inspected).

**Date of Report:**

The date this report was prepared was **DATE** .

**Easements, Encumbrances, Personal Property:**

No environmental hazard was apparent upon the date of the property inspection. The appraisal assumes the subject is in compliance with all required laws and ordinances and any contract (if applicable) in effect will remain in effect. The property is subject to normal **KEYBOARD**(or is it?)utility easements and no adjustment is required for typical easements.

Personal property is not included in the real value estimate. Mobile homes are treated as real property in jurisdictions that treat them as real property except the clients instructions may be in conflict with that and the appraiser has explained such conflicts, if any, elsewhere in the report. Attached fixtures are assumed to be part of the real property, unless explicitly stated otherwise.

**Description of the Site:**

The site consists of **KEYBOARD**(acres, SF?) of **KEYBOARD**(improved or unimproved) property. The site topography is **KEYBOARD**(topography.). The shape of the tract is **KEYBOARD**(rectang, sq, irreg). **KEYBOARD**(soil discussion as applicable) The composition of the site is predominately **KEYBOARD**(pasture or trees) and sites for improvements.

Utilities available to the site are electric, and **KEYBOARD**(what else). Utilities are typical in comparison to other competing neighborhoods. The property has access by **KEYBOARD**(what kind of road & public or private). It has **KEYBOARD**(minimal or good) road frontage **KEYBOARD**(anything else?). There were **KEYBOARD**(or NO) detrimental environmental factors noted**KEYBOARD**(except?).

The area does **KEYBOARD**(or not) appear to be located in **KEYBOARD**(a or flood map designation)Flood Zone as shown on map**KEYBOARD**(number, period, or "held in my files"statement). **KEYBOARD**(or maybe it does, or skip)

The site is **KEYBOARD**(well or poorly) adapted to its current uses. The site **KEYBOARD**(does or does not) include land excess to its current utility. The following check list describes some of the available utilities and site features.

- Well / Public Water in use
- Sewage System
  - Personal Septic treatment system
  - Visible surfacing
  - Inspection recommended
  - Municipal System
  - No system on site
- If improvements were built prior to 1980 I recommend testing for the following
  - Formaldehyde Insulation
  - Asbestos
  - PCB, Radiation, Radon
- Noise, Air, or Light Pollution, Railroads, pipelines, etc
- Earthquake or other geo-hazards. Earthquakes have been reported recently in the region.
- Soil Contamination or debris on location - inspection recommended
- Underground or Above Ground Storage tanks

**Taxes and Assessments, Zoning, & Governmental Information:**

The total taxes of the subject for the current tax year is given in the table below along with the assessors parcel number and the size of the parcel.

Parcel	Assessor Parcel Number	acres	Taxes	Appraised Value	Comments
1					
2					
3					



4					
5					
6					
TOTALS		0.00	\$ 0.00	\$	0

These taxes appear to be typical **KEYBOARD**(or excessive) in comparison to other similar properties. The census tract number is **KEYBOARD**(census #). The subject property is **KEYBOARD**(or not) a fractional part of the parcel(s) above. The property lies in the **KEYBOARD**(name of school district ) school district.

The property is **KEYBOARD**(not?)zoned. This **KEYBOARD**(does not) restrict the uses **KEYBOARD**(to what use). The property is legally permitted or grand-fathered to its current uses to the best of our knowledge.

**Exposure Time and Marketing Conditions:**

The estimated Exposure time is 6 **KEYBOARD**(-12 or less than) months. This is projected from area realtor sales data found in the Multi-listing records and interviews with participants in the market (Realtors, buyers, sellers).

EXPOSURE TIME: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is assumed to be prior to the date of appraisal. Marketing time is projected forward. Unless otherwise stated estimated Marketing time and Exposure time are the same in this appraisal.

Activity is steady regionally, but mortgage activity is high with the drop in interest rates. Interest rates are low and reflect concern over the coronavirus epidemic **KEYBOARD**(any changes??). Prices for residential property appear to be **KEYBOARD**( stable to slightly higher). Land values are extremely strong in all classes although speculative investing is not as common as the mid-2000s. Conventional, owner-financed, and secondary market loans are typically available. There were no **KEYBOARD**(or were there) significant observed negative marketing factors. The positive marketing features are **KEYBOARD**( what they are). The negative marketing features of the subject property are **KEYBOARD**(what they are).

**Description of the Improvements:**

The following improvements are summarized as:

- 1.) **KEYBOARD**(fill 'er up)

**Scope of the Work:**

This report represents our good faith effort to comply with the requirements of USPAP (Uniform Standards of Professional Appraisal Practice) as found in the current applicable issue. These standards

contain rules and requirements that deal with the procedures to be followed in developing an appraisal, analysis, or opinion of value.

The determination as to whether or not this, or any, report complies with USPAP cannot be considered to be an objective fact. Compliance is rather a subjective determination which is based upon the perception and interpretation by the client and review appraiser as to what constitutes compliance.

The "Appraisal Process" is used to estimate Market Value of the subject. The appraisal or "Valuation Process" follows these steps; 1.) identify and describe the real estate being appraised; 2.) state the real property interest being appraised; 3.) State the purpose and intended use of the appraisal; 4.) define the value to be estimated; 5.) state the effective date of the report and appraisal; 6.) state the extent of the process of collecting, confirming, and reporting data; 7.) state all assumptions and limiting conditions that affect the analysis, opinions, and conclusions; 8.) describe the information considered, the appraisal procedures followed, and the reasoning that supports the analyses, opinions, and conclusions. 9.) describe the appraiser's opinion of the highest and best use of the real estate, when such an opinion is necessary and appropriate; 10.) explain and support the exclusion of any of the usual valuation approaches; 11.) describe any additional information that may be appropriate to show compliance with the guidelines of Standard 1 of the USPAP; and, 12.) include a signed certification in accordance with Standards Rule 2 - 3.

The depth and detail of the process of collecting, confirming, and reporting the salient facts of this appraisal include the researching of pertinent general and specific data obtained during the property inspection of the subject. A legal description was provided by the client or obtained in the local court records. Property tax data were obtained in the assessor's compiled records obtained on the internet. A three year history of ownership was researched in the history section of the assessment property tax cards. The appraiser regularly practices in this market and maintains records of that practice. The appraiser keeps records from on line regional sources such as Realtor.com, compiled data from PVPlus, Oklahoma County Records, Inc.; and, in addition to direct deeds and mortgages from Arkansas courthouses I utilize Apprentice Information Systems and ActData Scout in Arkansas and Oklahoma. Local MLS offices are consulted as needed, and information that is provided through brokers in that area, and personal records of collected data supplement our records.

Certain sales where adequate data could not be developed within the time constraints imposed by the client may have been omitted which were closer, more similar, or recent than sales used. This omission reflects our reluctance to offer data which may prove to be inaccurate. When such sales are necessarily included, the appraiser is making an extraordinary assumption that the data (sales, comparables, cost data, etc.) are arm's length and the transaction value reported is accurate.

Specifically, the appraiser inspected the property

interior & exterior       exterior only       did not inspect personally

The primary property improvements were measured by the appraiser using

assessment records       measurement by appraiser  
 statement of the owner       from prior report sketch

Square footages of small outbuildings were estimated by

assessment records       measurement by appraiser  
 statement of the owner       from prior report sketch

I **KEYBOARD**(did not?)interview the **KEYBOARD**(owner, client, third party). The appraiser is

qualified by experience and / or education to perform the assignment. The appraiser disclosed any lack of knowledge and any assistance provided by a third party and what steps were taken to comply with the competency provisions, as necessary.

Unless otherwise stated, the following information was unavailable to the appraiser; 1.) The Loan-to-value ratio, interest rate, term and discounts, if any, applicable to the subject mortgage; 2.) the copy of a perimeter survey of the subject; 3.) copies of previous appraisal reports on the subject; 4.) copies of any leases, lease addenda, or lease or sales options; 5.) a copy of any tenant register or rent roll of the subject property, or; 6.) a copy of any soils report; environmental audit, survey, or site assessment; health department report; mechanics lien; or preliminary abstract report that may have been performed.

The appraisal "inspection" is a value inspection and is no substitute for an engineering inspection. While the appraiser neither sees nor has been told of any obvious defect not otherwise reported, the appraisers are not experts in identification of such items and the appraiser recommends the property have an inspection by a certified home or property inspector and a structural engineer. The appraiser reserves the right to alter this report upon the client providing that home or property inspection or structural inspection report. The appraiser assumes all structural, system, or HVAC systems are in good working order if no such report is provided. "Address" data presented is, in the appraiser's judgment, that most useful to a person seeking to visit the locations.

The highest and best use of the subject is projected based upon location, physical characteristics, past and proposed uses, and applicable zoning. Each of the three accepted valuation methods have been examined in this report. Any approach eliminated is explained under that section. The "Approaches to Value" appear later in the report.

The Replacement Cost New (RCN), if used, was obtained from the current National Building Cost Guide Manual. **KEYBOARD**(or Means) Life expectancy tables may be utilized public sources or books referenced above or calculated by mathematical methods, specifically those by Dr. Donald Epley. Additional information about building costs were obtained from local builders, suppliers, and from bids held in my files or supplied by the client. Building plans and specs, if available, are held in file or held by the client. Owner interview is used to determine building specifications in the absence of written ones. These items are held in work file as available.

Entrepreneurial incentive (see pg. 361 in The Appraisal of Real Estate 12th ed., Appraisal Institute, Chicago, Ill (2001) represent the amount an entrepreneur expects to receive as compensation for providing coordination, expertise, and assuming the risks associated with development of a project. Part of the "soft costs" of the cost method, this entrepreneurial profit is often minimal or non-existent on rural and owner constructed properties. In turnkey bids that incentive is often shown as a direct payment to a person or persons in charge of construction coordination. Owner contracted buildings such as barns or shop buildings often represent little or no market reaction for entrepreneurial profit. Unless otherwise specified, soft costs (construction interest, entrepreneurial profit, architectural fees, building permits, etc.) are included in the base costs per Square foot. Such cost estimates are not a substitute for competent estimators with complete working drawings. Estimating costs is not an exact science and there is room for legitimate disagreement of what the "right" cost is. The appraisers estimate is not intended to be a substitute for professional judgment or as a replacement for sound engineering cost estimating, but is merely an aid to developing an informed opinion of value.

Accrued depreciation is estimated by the age-life or straight line method. This method takes the ratio of effective age to total economic life with the resulting percentage multiplied by the replacement

cost new to arrive at the dollar estimate of accrued depreciation. Comparable land sales are examined to estimate the market value of the land "as if vacant." Sales write ups are held in our files. Land value is added to the depreciated cost new (DCN) of improvements to arrive at the indicated value of the subject by the cost approach. Cost related adjustments in the sales comparison approach are based upon my analysis of costs for comparable properties.

Comparable improved sales were examined and analyzed for use in estimating the market value of the improved subject property. The unit of comparison is price per unit or dollars. The sales were compared to subject improved tract and adjustments were made for differences. An adjustment grid or ranking table is provided to assist the reader in understanding the reasoning behind adjustment applied. Items superior to the subject were adjusted downwards and items inferior to the subject were adjusted upwards based upon the comparative cost analysis methods, paired sales analysis, sensitivity analysis, and by extraction of values, as described in The Appraisal of Real Estate 12th edition, Appraisal Institute, Chicago, Ill (2001) and notes that the cost approach is important to determine many of the adjustments in the sales comparison approach to arrive at a value for the subject by the sales comparison approach. For unique properties or unusually circumstance, the appraiser may rely solely upon his judgment and experience to make adjustments by bracketing or informal polling of industry participants.

Comparable property rentals were examined to estimate market rents for dwellings, land, and improvements. The annual income was estimated from the typical experience of the comparables and past experience of the subject, and from projections provided by the contracts (oral or written.) Income is capitalized into a value by the formula

$$\text{Value} = \text{Income} \div \text{rate (if expressed in \%)}, \text{ or } \text{Value} = \text{Income} \times \text{Rate (if a multiplier)}$$

Gross Rent Multipliers (GRM) are used for residential properties and reflects the less specific nature of dwelling investment properties. The estimated rent is a market rent, which may or may not be reflected by the actual economic (actual) rents. Market rents are extracted from market data. After examining the income information available I concluded that approach is not necessary and likely not applicable to the subject. **KEYBOARD**(or did i do the income approach?)

Finally, the valuation indications are reconciled into a final estimate of defined value based upon the accuracy, quantity, and appropriateness of the data gathered in my investigation.

#### **Market Area (Neighborhood) Data:**

The area of Northwest Arkansas and adjacent area of Northeast Oklahoma are comprised of Benton, Crawford, Carroll, Madison, and Washington Co., Arkansas and Cherokee, Mayes, Adair and Delaware Co., Oklahoma. Oklahoma counties are governed by an elected board of commissioners, apportioned on the basis of population, and the chairmanship rotates between the Commission membership. Arkansas counties are governed by an elected quorum court and county Judge. The County Judge presides over the quorum court and manages the offices of the county and the County Road Department.

#### **redacted - general area info**

The Boundaries of the market area are **KEYBOARD**(name the 4 cardinal directions and boundary) . **KEYBOARD**(Insert NB files appropriate)

**Highest and Best Use:**

The highest and best use of the subject property "as if vacant", in my opinion is for residential purposes. This would entail the construction of appropriate improvements to utilize for that purpose. An appropriate improvement would be a dwelling, perhaps with an ancillary shop or oversized garage for hobby. **KEYBOARD**(what is ideal)

The highest and best use of the subject "as improved" is its current use. The improvements have remaining economic life; is the probable future use; is the current **KEYBOARD**(and proposed if)and previous use and is legally permissible by zoning or probable future zoning; appears to be financially feasible; and is the maximally productive use available to the subject.**KEYBOARD**(stop and look)

The Highest and Best Use of the subject, as revealed by my investigation, is that indicated "as improved."**KEYBOARD**(stop and look again)

**Reconciliation:**

Reconciliation is the part of the valuation process in which the appraiser attempts to resolve differences among the value indicators derived from the application of the approaches. The conclusion drawn in the reconciliation is based on the appropriateness, the accuracy, and the quantity of the evidence in the entire appraisal. **KEYBOARD**(acknowledge outside help)

The comparables used are our choice as to be the closest, most similar and recent properties that I was able to research and confirm within the time frame allowed to prepare the report. The regional MSA (multistatistical area) is rather uniform and not given to large changes in economic factors. A distant property may be favored over a closer one if that comparable is more similar in construction, size, etc.

In the final analysis, the sales approach was given the most weight because why it measures the reaction to the market by buyers and is traditionally considered the best method to value residential property. The income approach is not typically used for similar property and is therefore not applied as explained in that section. The cost approach was **KEYBOARD**(or not) applied because **KEYBOARD**(explain).

Data available and analyzed in this report suggests that the sales approach is the most probable way the marketplace will analyze the sales information. In conclusion, my opinion of final value as of the date of appraisal, was:

$$\text{Total Property Value} = \$\underline{\underline{\mathbf{KEYBOARD}(\text{conclusion})}}$$

The above reflects terms equivalent to cash to the owners within the estimated marketing time noted in the body of this report, as of the date of appraisal, and contingent upon continued satisfactory management of the property.

**Summary**

**Site Value:**

**\$KEYBOARD(site \$)**

**Value by Cost Approach "as is":**  
**KEYBOARD(as proposed?)**

**\$KEYBOARD(cost \$)**  
**KEYBOARD(proposed value)**

**Value by Sales Approach "as is":**  
**KEYBOARD(proposed value?)**

**\$KEYBOARD(sales \$)**  
**KEYBOARD(proposed value)**

**Value by Income Approach:**

**Not necessary nor applied**

## Cost Approach

In the cost approach, an estimated reproduction or replacement cost of the improvements and dwellings as of the date of the appraisal is developed, together with an estimate of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences. To the depreciated building cost estimate is added the estimated value of the land. The total represents the value indicated by the cost approach.

This table calculates if you see a small blue triangle that's got a formula in it

LAND ADJUSTMENT GRID							
feature	subject	Land Sale 1	Land Sale 2	Land Sale 3			
Grantor							
Grantee							
I. D.							
S-T-R/Address							
Info Source		Public Records	Public Records	Public Records			
Date of Sale							
Book - Page							
Sales Price			\$0	\$0	\$0		
Improv. Value			\$0	\$0	\$0		
Cash Equiv.			\$0	\$0	\$0		
Unit Size		1	10	1			
Price Per Unit		\$0.00	\$0.00	\$0.00			
Features & Adjustments (%)							
Time (Market)			0%		0%		0%
Conditions	AL assumed	Arms Length	0%	Arms length	0%	Arms Length	0%
Location			0%		0%		0%
Utility		Residential	0%	Residential	0%	Residential	0%
Frontage		Typical	0%	Typical	0%	Typical	0%
Composition			0%		0%		0%
Other			0%		0%		0%
Mean ⇒	\$0.00	Net. Adj.	0%	Net Adj.	0%	Net Adj.	0%
Indicated Value per Unit			<b>\$0.00</b>		<b>\$0.00</b>		<b>\$0.00</b>
Total Indicated			\$0.00		\$0.00		\$0.00

Land sales are most similar, recent, and proximate available. Adjustments from appraiser's experience and skill in the market. Final value estimate of the land "as if vacant" is:

Per Unit Value	X	Units	Equals	Land Value
\$4,000.00	X	6.3	equals	\$25,000

The spreadsheet below calculates

Replacement Cost New	\$PER SF	\$102.00	SF	2000	\$204,000
LESS: Accrued Physical Depreciation	Actual/Effective age		10	5	10%
Remaining Life Calculation	Total Life			50	
Entrepreneurial Profit (before depreciation) .....					10%
Depreciated Cost New .....					\$201,960
LESS: Functional Obsolescence .....			0%		\$0
LESS: External Obsolescence .....			0%		\$0
Contribution of the Dwelling .....					\$201,960
Contribution of Outbuildings, barns, etc. ....					\$1,000
Site Improvements "As is" .....					\$5,000
<b>Land Value as if vacant .....</b>					<b>\$0</b>
<b>Total by the Cost Approach .....</b>					<b>\$208,000</b>



## Sales Comparison Approach

In the sales comparison approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offering figures are known. Data for generally comparable sale properties are used, and comparisons are made to demonstrate a probable price at which the subject property will sell if offered on the market. Marketing times are noted where available. The unit of comparison is square feet or acres.

"To apply the sales comparison approach, an appraiser follows a systematic procedure:

- ✓ Research the market to obtain information on sales transactions, listing, and offerings to purchase properties similar to the subject property.
- ✓ Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arms-length market considerations.
- ✓ Select relevant units of comparison (e.g.- dollars per acres, per square foot, or per income multipliers) and develop a comparative analysis for each unit.
- ✓ Compare the subject property and comparable sales properties using the elements of comparison and adjust the sale price of each comparable appropriately or eliminate the property as a comparable.
- ✓ Reconcile the various value indication produced from the analysis of comparables into a single value indication or range of values. An imprecise market may indicate a range of values."

The following comparable sales are the most proximate, similar, and recent sales which could be verified by the appraiser. Sales over one year old and out of the neighborhood may be used due to the lack of market data. Limited applicable data was available to the appraiser. To make a direct sales comparison, the three sales above were analyzed and compared to the subject. The appropriate elements of comparison appear to be property rights, conditions of sale, market conditions (time), location, and physical characteristics, which includes land, and improvement amenities, quality, age, and size (Square footage) contributions. Outbuildings, site improvements and land are compared and adjusted separately by cost related means or paired sales. Extraction of improvements from other sales is also applied and found in the sales write ups of the comparables.

## Example Comparable Comparable # 1



Grantor/Grantee: Norman Verrette - Huelet Smith  
 Location/Address: 17959 Luedecke Road, Gentry  
 Sales Price: \$975,000 Date of Sale: 8/12/2020  
 Book & Page: L2020 - 50911 & 50538  
 Concessions: None noted Financing: Owner fin & Secondary Mkt for house  
 Sales History: Verrette sold part and bought other to put together the property  
 Data Source: Public records, MLS 1126093, MLS pix of house, my pix of drive.  
 Land - Acres: 140.17 ±  
 Description: Rolling hills with <10% in woodlot, balance in pasture, drive is an easement through another property. Property has access on Shelley Road.  
 Acres in Woodlot: 10 ±  
 Mineral Rights: NA  
 Acres in Pasture: 130  
 # Acres Flood zone: 0 ±  
 Location:  Rural  Suburban  Rurban subdivision  
 Access:  Paved  Gravel  Landlocked  
 Utility:  Agriculture  Residential  Commercial Agri  
 Utilities:  Natural Gas  Rural water  Septic  
 Primary Dwelling: 2080 SF of Gross Living Area  
 Description: 2016 built 1 story, 2 car att garage, CHA, comp shingles, gable roof on slab foundation, 1 story gas log, fireplace, 3 bath, 3 bed, Stained cabinets, RO, DW, tile and carpet floors.  
 Other Buildings: Open stacking barn and enclosed shop/barn, all average and built in 2016±  
 Site Amenities: Fencing, gravel drive, septic - no obsolescence noted on dwelling

**Allocation to Property:**







# Sensitivity Analysis

Sensitivity Analysis is a method of adjusting for age and square footage size by statistical methods where the sales are compared to achieve the smallest range of values. The appropriate adjustment should be near the mean of these sales. Two primary factors are calculated, the adjustment for size (gross living area) and the age of the dwelling.

NOT RELATED TO THE COMP ABOVE - JUST AN EXAMPLE

Age Condition Adjust															
(age in minus years)	Price/SF	\$/SF/YR	\$1.00	\$1.25	\$1.50	\$1.75	\$2.00	\$2.25	\$2.50	\$2.75	\$3.00	\$3.25			
SUBJECT	-10		37.62	30.12	22.62	15.12	9.04	9.04	16.42	23.92	31.42	38.92			
COMP 1	-4	\$100.00	94.00	92.50	91.00	89.50	88.00	86.50	85.00	83.50	82.00	80.50			
COMP 2	-34	\$32.38	56.38	62.38	68.38	74.38	80.38	86.38	92.38	98.38	104.38	110.38			
COMP 3	-4	\$90.96	84.96	83.46	81.96	80.46	78.96	77.46	75.96	74.46	72.96	71.46			
using approx. observed ages			Low number in light blue, the adjustment is above it. Transfer below adjustment per year per SF difference in age...												
SUBJECT SF	2,881		COMP 1	COMP 2	COMP 3							9.04	Minimum		
		PRICE	\$975,000	\$1,300,000	\$1,899,000										
		Land	-\$700,000	-\$1,200,000	-\$1,154,400										
		Site Improv	-\$67,000	-\$50,000	-\$10,000	Adjust	Age Difference								
		Garage	\$0	\$0	\$0	1	Comp 1	Comp 2	Comp 3						
		Concessions	\$0	\$0	\$0	\$2.25	2080	1544	3197 SF						
			\$0	\$0	-\$443,800		-6	24	-6 AGE DIFF						
		NET to GBA	\$208,000	\$50,000	\$290,800		-\$13.50	\$54.00	-\$13.50						
		SF	2080	1544	3197		-\$38,894	\$155,574	-\$38,894 ADJUST						
		\$/SF	\$100.00	\$32.38	\$90.96										
Square Footage Adjust															
	Age adjusted	NET PRICE	ADJUST \$/sf	\$0	\$5	\$10	\$15	\$20	\$25	\$30	\$35	\$40	\$45		
SUBJECT	2,881		MIN-MAX	82800	77215	71630	66045	60460	54875	52548	55228	57908	60588		
Comp 1	2080	\$169,107		169107	173112	177117	181122	185127	189132	193137	197142	201147	205152		
Comp 2	1544	\$205,574		205574	212259	218944	225629	232314	238999	245684	252369	259054	265739		
Comp 3	3197	\$251,907		251907	250327	248747	247167	245587	244007	242427	240847	239267	237687		
										52548	Minimum - Indicated above this number in green (\$5 increments)				
											The minimum number in the green box above is under the SF adjustment The blue number can be adjusted to get the adjustment in range				

**Adjustment Grid - AGAIN IT CALCULATES**

Feature	Subject	Comp 1	Comp 2	Comp 3
Price		\$1,000	\$2,000	\$3,000
Time		0.0%	0.0%	0.0%
Conditions of Sale		\$0	\$0	\$0
Adjusted Price		\$1,000	\$2,000	\$3,000
Location				
Site Value				
Square Ft. GLA				
Condition/Age				
Features				
Outbuilding				
Outbuilding				
Other				
MEAN ↓	Net Adjust ⇄	\$0	\$0	\$0
\$0	Adjusted Value	\$0	\$0	\$0

Adjustments

Time	Adjusted at 0.5% per month
Conditions	No adjustment made and all sales assumed arm's length.
Location	No adjustment required, market conditions are similar
Land Value	Dollar for dollar from cost approach
Dwelling Contrib	from cost & paired sales/allocation and sensitivity. See sensitivity above.
Building Contrib	from cost approach and extraction - see sales write ups.

I weighted Sale Therefore, I estimate the value from the sales approach to be, say,

**\$10**

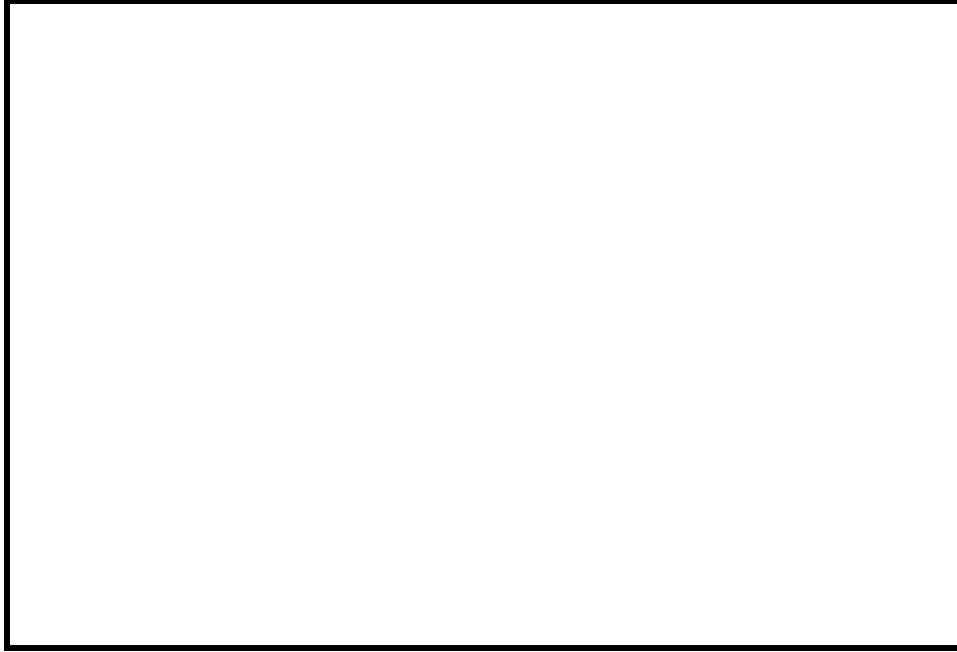
## **Income Approach**

In the income capitalization approach, a projected potential rental income is shown with deduction for vacancy and credit loss and operating expenses. The value reflects market rents, not necessarily the past performance of the property. The principle of substitution suggests that comparable market rents can be substituted as a proxy for the subject income potential.

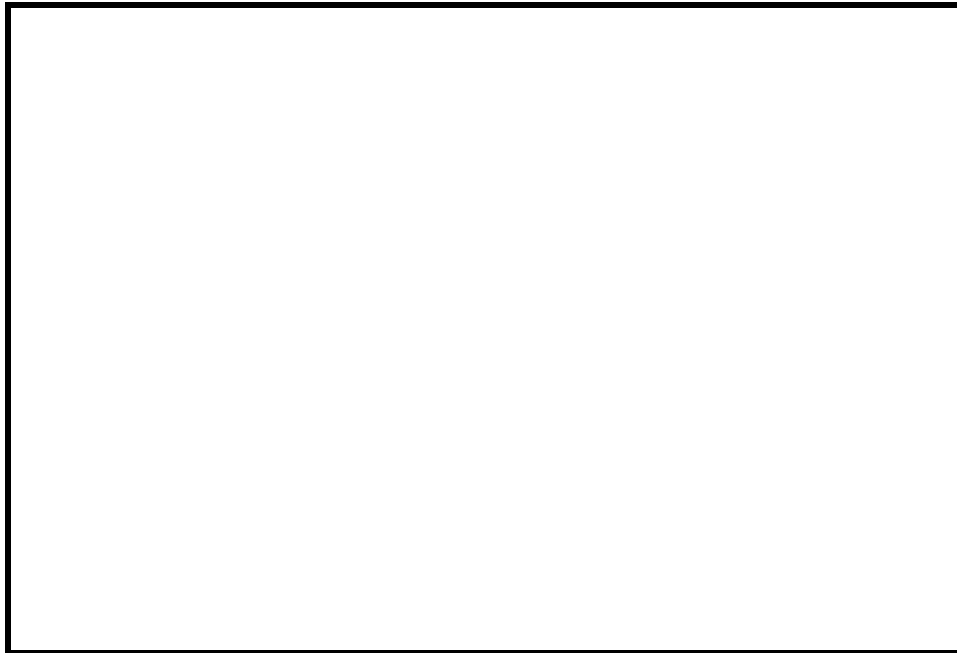
The income approach is applicable however, is not necessary for credible results. Therefore, I did not do the income approach and it is normally not necessary to arrive at a credible result.



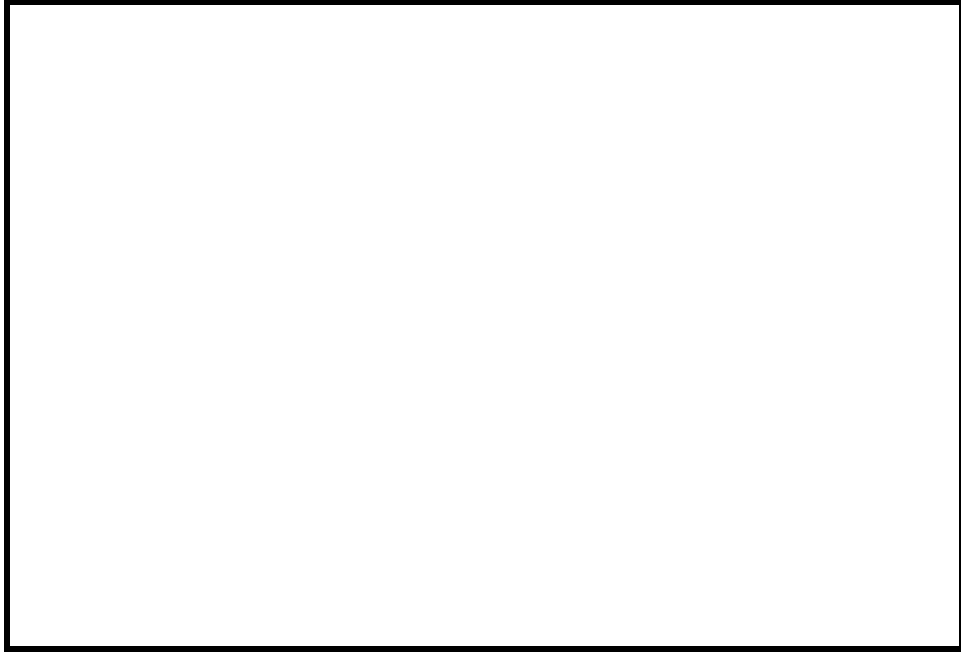
## Photo & Exhibit Appendix



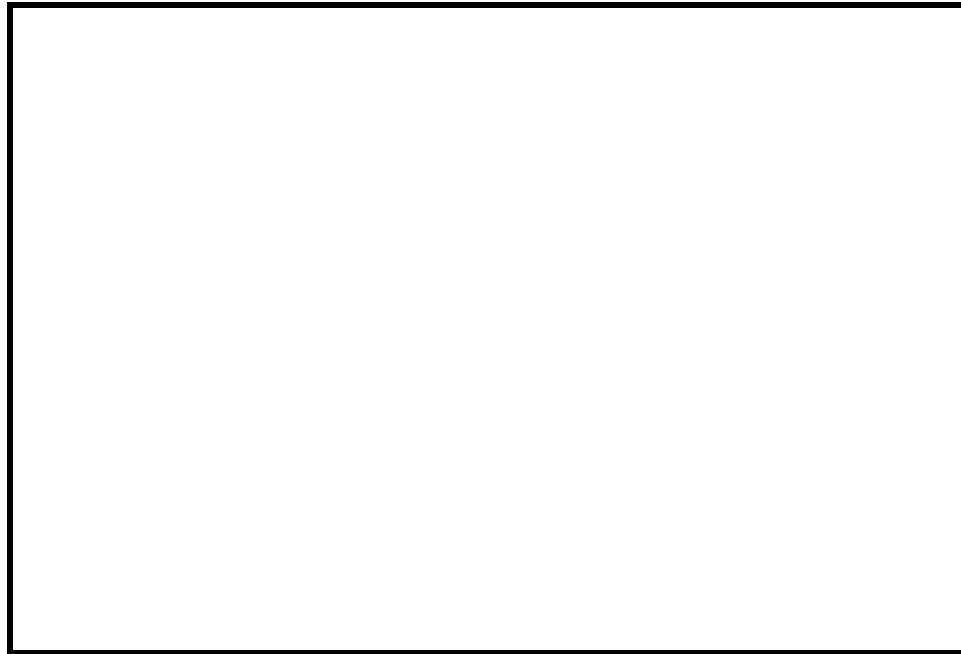
FRONT



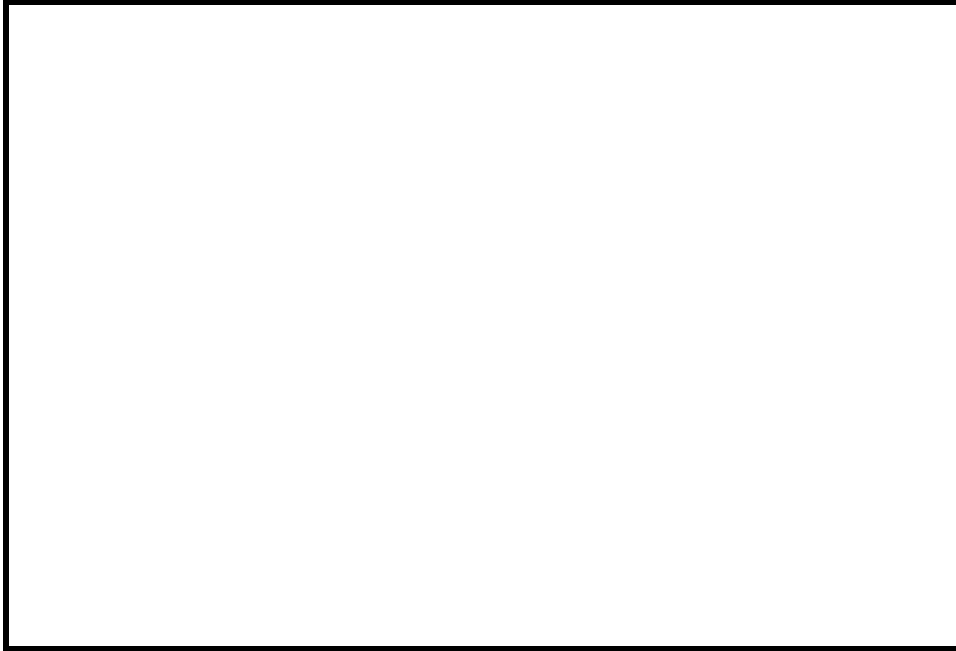
BACK



STREET



POOL



SHED



INTERIOR TYPICAL

**Exhibit A - Market Area Map**

**Exhibit B - Sketch Addendum**

## **Exhibit C - Legal Description**

**Exhibit D - Aerial Map**

## **Exhibit E - Resume**