



Valuation Services, PLLC

Commercial Real Estate Appraisals

APPRAISAL REVIEW

OF VACANT LAND

LOCATED AT 715, 729, 743 & 757 NORTH 2ND AVENUE
SAN LUIS, YUMA COUNTY, AZ 85349

PREPARED BY

ANDRES A. RUBAL, MAI &
JAMES S. BRADLEY, MAI, AI-GRS, CCIM

FOR

CONSULTANT ENGINEERING, INC.,
AS CONTRACTOR FOR THE CITY OF SAN LUIS

BY REVIEWER

AJAY S. MADHVANI, MAI

DATE OF REVIEW: OCTOBER 18, 2023

AM FILE NO. 2023-0103

AXIA FILE NO. 27249-231

OWNERSHIP: SANCHEZ INVESTMENT COMPANY

PROJECT NAME: DOWNTOWN SAN LUIS DRAINAGE PLAN PROJECT

TAX CODE #: 775-38-114, -115, -116 & -117

AM File No. 2023-0103
AXIA File No. 27249-231
Ownership: Sanchez Investment Company
Project Name: Downtown San Luis Drainage Plan Project
Tax Code #: 775-38-114, -115, -116 & -117
October 18, 2023

Ms. M. Clark Hochstein
Consultant Engineering, Inc.
10625 N. 25th Avenue, Ste. 200
Phoenix, AZ 85029

RE: Appraisal Review of vacant land located at 715, 729, 743 & 747 N. 2nd Avenue, San Luis, Yuma County, AZ 85349.

Dear Ms. Hochstein:

In accordance with your request, I have reviewed the appraisal report of the property described above. This document is written in conformance with the Uniform Standards of Professional Appraisal Practice as issued by the Appraisal Foundation (USPAP), Rule 4-1, specifically pertaining to Appraisal Review reports.

Client and Intended User(s)

The client and intended user of this appraisal review is Consultant Engineering, Inc. and appropriate regulatory agencies.

Intended Use

The intended use of this appraisal review is for internal purposes.

Purpose

The purpose of this appraisal review is to obtain my opinion relative to the subject appraisal that the report meets all regulatory requirements in compliance with USPAP guidelines, that the report is in compliance with the supplemental requirements of the bank's engagement letter and that the value conclusions are based on credible research and analysis consistent with current professional appraisal practice and that the conclusions appear reasonable based on the information contained within the report.

Scope of the Appraisal Review

I have performed a technical appraisal review in compliance with Standards 3 & 4 of USPAP. The scope of this appraisal review consisted of a “desk” review of the appraisal report. I have not reviewed the appraiser’s files. I have not inspected the subject property or the comparables used in the appraisal report. I have not re-confirmed the comparable data included in the report unless so stated and assume this information to be correctly stated. Therefore, the review maybe subject to amendment if this assumption is proven inappropriate or altered. I have reviewed the appraisal for procedural deficiencies, proper application of appraisal principles and compliance with USPAP.

Identification

Location: 715, 729, 743 & 747 N. 2nd Avenue, San Luis, Yuma County, Arizona 85349

Appraiser/Certification Number: Andres A. Rubal/31801, MAI & James S. Bradley, MAI, AI-GRS, CCIM/30432

Effective Date of the Appraisal: September 19, 2023 – As Is

Effective Date of the Review Opinion: October 18, 2023

Hypothetical Conditions and
Extraordinary Assumptions:

Hypothetical Condition – It is a hypothetical condition that the property in the after condition is being appraised assuming the Town of San Luis, Downtown San Luis Drainage Plan Project has been completed. The use of a hypothetical condition may affect the assignment results.

ADMINISTRATIVE RULES REGARDING APPRAISERS

Does the appraiser comply with USPAP?

Yes No

Does the appraiser comply with FIRREA?

Yes No Not applicable

Does the appraiser comply with the assignment conditions applicable to the assignment?

Yes No

UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE

ETHICS RULE

Does the appraiser promote and preserve the public trust inherent in professional appraisal practice by observing the highest standards of professional ethics? [The ETHICS RULE is divided into four sections: (Conduct, Management, Confidentiality, and Record Keeping)]

Yes No

COMPETENCY RULE

Does the appraiser demonstrate competency in developing and reporting the appraisal report(s) under review?

Yes No

SCOPE OF WORK RULE

Does the appraiser in the appraisal assignment comply with the SCOPE OF WORK RULE by:

- 1) identifying the problem to be solved,
- 2) determining and performing the scope of work necessary to develop credible assignment results, and 3) disclosing the scope of work in the report?

Yes No

JURISDICTIONAL EXCEPTION RULE

Does the appraiser properly disclose in the report the legal authority to disregard a part or parts of USPAP as void and of no force and effect?

Yes No N/A

REAL PROPERTY APPRAISAL, DEVELOPMENT

Yes **STANDARD 1** - In developing the real property appraisal did the appraiser identify the problem to be solved and the scope of work necessary to solve the problem, and correctly complete research and analysis necessary to produce a credible appraisal?

Yes **Standard 1-1(a)** - In developing the real property appraisal was the appraiser aware of, understand, and correctly employ the recognized methods and techniques that are necessary to produce a credible appraisal?

No **Standard 1-1(b)** - Is there evidence in the appraisal of substantial error of omission or commission which significantly affects the appraisal? (**yes = violation**)

No **Standard 1-1(c)** - Is there evidence that the appraisal services were rendered in a careless or negligent manner, such as by making a series of errors that, although individually might not significantly affect the results of an appraisal, in the aggregate affects the credibility of those results? (**yes = violation**)

Standard 1-2 - In developing the real property appraisal does the appraiser:

Yes (a) Identify the client and other intended users? (See SR 2-2(a)(i); or 2-2(b)(i); for compliance)

Yes (b) Identify the intended use of the appraisers opinions and conclusions? (See SR 2-2(a)(ii); or 2-2(b)(ii) for compliance)

Yes (c) Identify the type and definition of value and, if the value opinion to be developed is market value, ascertain whether the value is to be the most probable price?

(i) in terms of cash; or

(ii) in terms of financial arrangements equivalent to cash; or

(iii) in other precisely defined terms; and

(iv) if the opinion of value is to be based on non-market financing or financing with unusual conditions or incentives, the terms of such financing must be clearly identified and the appraisers opinion of their contributions to or negative influence on value must be developed by analysis of relevant market data.

Yes (d) Identify the effective date of the appraisers opinions and conclusions? (See SR 2-

2(a)(vi); 2-2(b)(vi) for compliance)

(e) Identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including:

Yes (i) its location and physical, legal, and economic attributes?

Yes (ii) the real property interest to be valued?

N/A (iii) any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal? (Violation SR 1-4(g))

N/A (iv) any known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature?

N/A (v) whether the subject property is a fractional interest, physical, segment, or partial holding?

N/A (f) Identify any extraordinary assumptions necessary in the assignment?
[See SR 2-2(a)(x); or 2-2(b)(x) for compliance]

Yes (g) Identify any hypothetical conditions necessary in the assignment?
(See SR 2-2(a)(x); 2-2(b)(x) for compliance)

Yes (h) Determine the scope of work necessary to produce credible assignment results in accordance with the SCOPE OF WORK RULE?

Standard 1-3 - When the value opinion to be developed is market value and necessary for credible assignment results, did the appraiser:

Yes (a) Identify and analyze the effect on use and value of existing land use regulations, reasonably probable modifications of such land use regulations, economic supply and demand, the physical adaptability of the real estate, and market area trends?

Yes (b) Develop an opinion of the highest and best use of the real estate?

Standard 1-4 In developing a real property appraisal did the appraiser:

Yes (a) collect, verify, and analyze all information, when it is necessary for credible assignment results?

Yes (b) When a sales comparison approach is necessary for credible assignment results, did the appraiser analyze such comparable sales data as are available to indicate a value conclusion?

(c) When a cost approach is necessary for credible assignment results, did the appraiser:

N/A (i) develop an opinion of site value by an appropriate appraisal method or technique?

N/A (ii) analyze such comparable cost data as are available to estimate the cost new of the improvements (if any)?

N/A (iii) analyze such comparable data as are available to estimate the difference between cost new and the present worth of the improvements (accrued depreciation)?

(d) When an income approach is necessary for credible assignment results, did the appraiser:

N/A (i) analyze such comparable rental data as are available and/or potential earnings capacity of the property to estimate the gross income potential of the property?

N/A (ii) analyze such comparable operating expense data as are available to estimate the operating expenses of the property?

N/A (iii) analyze such comparable data as are available to estimate rates of capitalization and/or rates of discount?

N/A (iv) base projections of future rent and/or income potential and expenses on reasonably clear and appropriate evidence?

N/A (e) When developing an opinion of the value of a leased fee estate or a leasehold estate, did the appraiser analyze the effect on value, if any, of the terms and conditions of the lease(s)?

N/A (f) Did the appraiser analyze the effect on value, if any, of the assemblage of the various estates or component parts of a property and refrain from valuing the whole solely by adding together the individual values of the various estates or component parts?

N/A (g) Did the appraiser analyze the effect on value, if any, of anticipated public or private improvements, located on or off the site, to the extent that market actions reflect such anticipated improvements?

N/A (h) Did the appraiser analyze the effect on value of any personal property, trade fixtures, or intangible items that are non-real property items but are included in the appraisal? *(See SR 1-2(e)(iii) for compliance)*

Standard 1-5 In developing the real property appraisal, when the value opinion to be developed is market value, did the appraiser, if such information is available in the normal course of business, do the following:

- Yes (a) Analyze all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal?
- Yes (b) Analyze all sales of the subject property that occurred within three (3) years prior to the effective date of the appraisal? Standard 1- developing the real property appraisal did the appraiser do the following? *[See SR 2-2(a)(ix), and 2-2(b)(ix) for compliance.]*
- Yes (c) Reconcile the quality and quantity of data available and analyzed within the approaches used?
- Yes (d) Reconcile the applicability and relevance of the approaches, methods and techniques used to arrive at the value conclusion(s)?

REAL PROPERTY APPRAISAL, REPORTING

- Yes **STANDARD 2** - In the appraisal report does the appraiser communicate each analysis, opinion, and conclusion in a manner that is not misleading?
- Yes Standard 2-1(a) - In the appraisal report does the appraiser clearly and accurately set forth the appraisal in a manner that will not be misleading?
- Yes Standard 2-1(b) - In the appraisal report does the appraiser provide sufficient information to enable the intended users of the appraisal to understand the report properly?
- Yes Standard 2-1(c) - In the appraisal report does the appraiser clearly and accurately disclose all assumptions, extraordinary assumptions, hypothetical conditions, or limiting conditions used in the assignment?
- Yes Standard 2-2 - In the appraisal report does the appraiser prominently state which report option is used?

Standard 2-2(a) - In the content of the Appraisal Report is the appraiser consistent with the intended use of the appraisal and at a minimum:

Applicable

- Yes (i) State the identity of the client and any intended users, by name or type? [Violation SR 1-2(a)]
- Yes (ii) State the intended use of the appraisal? [Violation SR 1-2(b)]

- Yes (iii) Summarize information sufficient to identify the real estate involved in the appraisal, including the physical, legal, and economic property characteristics relevant to the assignment?
- Yes (iv) State the real property interest appraised?
- Yes (v) State the type and definition of value and cite the source of the definition?
- Yes (vi) State the effective date of the appraisal and the date of the report? [Violation SR 1-2(d)]
- Yes (vii) Summarize the scope of work used to develop the appraisal?
- Yes (viii) Summarize the information analyzed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained?
- Yes (ix) State the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal?
- Yes (x) When an opinion of highest and best use was developed by the appraiser, summarize the support and rationale for that opinion?
- Yes (xi) Clearly and conspicuously: State all extraordinary assumptions and hypothetical conditions? State that their use might have affected the assignment results?
- Yes (xii) Include a signed certification in accordance with Standards Rule 2-3?

Standard 2-2(b) - The content of the Restricted Use Appraisal Report must be consistent with the intended use of the appraisal and at a minimum:

N/A

- N/A (i) - State the identity of the client, by name or type; and state a prominent use restriction that limits use of the report to the client and warns that the appraiser opinions and conclusions set forth in the report may not be understood properly without additional information in the appraisers workfile? [Violation “SR 1-2(a)]
- N/A (ii) - State the intended use of the appraisal? [Violation “SR 1-2(b)]
- N/A (iii) - State information sufficient to identify the real estate involved in the appraisal?

- N/A (iv) - State the real property interest appraised?
- N/A (v) - State the type of value, and cite the source of its definition?
- N/A (vi) - State the effective date of the appraisal and the date of the report? [Violation of SR 1-2(d)]
- N/A (vii) - State the scope of work used to develop the appraisal?
- N/A (viii) - State the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the workfile; exclusion of the sales comparison approach, cost approach, or income approach must be explained?
- N/A (ix) - State the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal?
- N/A (x) - When an opinion of highest and best use was developed by the appraiser, state that opinion?
- Yes (xi) Clearly and conspicuously: State all extraordinary assumptions and hypothetical conditions? State that their use might have affected the assignment results?
- N/A (xii) Include a signed certification in accordance with Standards Rule 2-3?

Standard 2-3 - Does the real property appraisal report contain a signed certification similar in content to the applicable USPAP?

- Yes The statements of fact contained in this report are true and correct.
- Yes 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.
- Yes I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.
- Yes The appraiser has not performed services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- Yes I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- Yes My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Yes 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.
- Yes My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Yes I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
- Yes No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated.)

Conclusion and Recommendation:

The following provides an evaluation of the conclusion and a recommendation for approval or denial of the appraisal based on the review of all of the included data and analyses. It also provides a summary of the violations (if any) cited in the review.

Comments:

The appraisal includes the sales comparison approach to value. The appraisal appears to be in compliance with USPAP guidelines. Furthermore, it is my opinion that the subject's value conclusion is generally well supported. There were some errors discovered in the appraisal but were revised. A pdf of the suggested edits is retained in the work file.

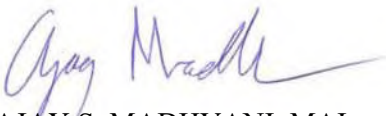
The appraiser edited the appraisal discussed above. Overall, the appraisal appears to be well supported and in compliance with USPAP guidelines.

CERTIFICATION OF THE APPRAISAL REVIEW

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 the work under review and no personal interest with respect to the parties involved.
- I have not performed services regarding the property that is the subject of the work under review within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of the work under review or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in this review or from its use.
- My compensation for completing this assignment is not contingent upon the development or reporting of predetermined assignment results or assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal review.
- 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 **not** made a personal inspection of the subject of the work under review.
- No one provided significant appraisal, appraisal review, or appraisal consulting assistance to the person signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Designated Members.

Respectfully submitted,



AJAY S. MADHVANI, MAI
State of Arizona Certified General
Real Estate Appraiser #31501



Ajay S. Madhvani, MAI

Experience

Ajay S. Madhvani, MAI is owner of AM Valuation Services, PLLC in Tucson, Arizona. Ajay has experience throughout the State of Arizona, with primary experience in Southern Arizona and also the Navajo Nation. Ajay is a designated member of the Appraisal Institute (MAI) and is licensed as a Certified General Real Estate Appraiser in the States of Arizona, New Mexico, and Utah. Ajay has experience in apartments, student housing, vacant land, subdivisions, office buildings, retail buildings, service stations, industrial buildings, mobile home parks, self-storage facilities, business site leases, and special use properties. Ajay's clients include private individuals, corporate organizations, banks, attorneys, and governmental agencies. Ajay has experience in preparation of reports for conventional lending, SBA, litigation work, eminent domain work, consultations and appraisal reviews.

State Licenses

State of Arizona Certified General Real Estate Appraiser, Certificate #31501
State of New Mexico Certified General Real Estate Appraiser, Certificate #02802-G
State of Utah Certified General Real Estate Appraiser, Certificate #6561803-CG00

Professional Affiliations and Memberships

Member of the Appraisal Institute (MAI)

Licensed Real Estate Agent, State of Arizona

Professional Experience

2011 - Current	AM Valuation Services, Owner
2004 - 2011	AXIA Real Estate Appraisers (formerly KB), as Commercial Staff Appraiser

Formal Education

Bachelor of Science in Business Administration with double major in Finance and Business Management, University of Arizona, Tucson, Arizona, 2003

Recent Professional Education

- 2023
 - Appraising Condos, Co-ops, and PUDs by the Appraisal Institute
 - Introduction to Commercial Appraisal Review by McKissock, LLC
 - Complex Properties: The Odd Side of Appraisal by McKissock, LLC
- 2022
 - Cool Tools: New Technology for Real Estate Appraisers by the Appraisal Institute
- 2021
 - Excel Applications for Valuation by the Appraisal Institute
 - 7-hour National USPAP by the Appraisal Institute
 - Business Practices and Ethics by the Appraisal Institute
 - Fundamentals of Apartment Appraising by the Appraisal Institute

Significant Assignments

Antelope Point Marina, Page, AZ
Upscale Shopping Mall, Tucson, AZ – 83,809 SF
Class B Apartment, Tucson, AZ – 310 units
Class B Apartment, Tucson, AZ – 279 units
Student Housing Project, Tucson, AZ – 104 beds
Freestanding Flex Retail/Office, Tucson, AZ – 32,686 SF
Multi-tenant Industrial Buildings, Tucson, AZ – 35,460 SF
Cattle Ranch with Residences, Tombstone, AZ – 1,202 AC
Grocery Store Anchored Shopping Center, Pinetop, AZ – 110,354 SF

Clients Represented

Acquisition Sciences, Ltd
Amphitheater School District
Canyon Community Bank
Cherrywood Mortgage
City of Tucson
Cobiz Financial
Commerce Bank of Arizona
First Citizens Bank
First Interstate Bank
Navajo Nation
OneAZ Credit Union
Pima County
Pima Federal Credit Union
Pima Unified School District
Resolution Copper Mining, LLC
Salt River Pima-Maricopa Indian Community
Sunnyside Unified School District
Tucson Old Pueblo Credit Union
Vantage West Credit Union
Washington Federal
Wells Fargo Bank, NA