

**SUMMARY
APPRAISAL
REPORT**

**David and Mary Johnson Farm Partnership
11 Maple Lane
Treeville, OK 11111**

Date of Value/Inspection Date: July 20, 2009

Date Report Prepared: July 25, 2009

**Prepared by:
Bill Mathews
Certified General Appraiser**

July 25, 2009

Treeville Appraisal Service
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Oldland County FSA Office
4444 Main Street
Oldland, OK 11122
Attn: Joe Smith

Pursuant to your request I have prepared a Summary Appraisal Report to estimate the "as is" cash market value of the fee simple interest in the subject property. The subject is an improved 25 acre parcel located in Oldland County. The tract is located 5 miles southwest of the town of Leafyville in Oldland County.

This report has been prepared in accordance with and subject to the Uniform Standards of Professional Appraisal Practice. I have personally inspected the subject property, and confirmed and inspected all of the comparable sales. I have carefully reviewed the accompanying data and information documented within this report. The final valuation was based on the values found in the cost, sales comparison, and income approaches. The deed, subject photos, and area map are included in the addendum section of this report.

After careful consideration and after analysis, I conclude, subject to the contingent and limiting conditions set forth herein, that the subject property has an "as is" cash market value as defined as July 20, 2009 of:

***** Six Hundred Fifty Thousand Dollars *****
(\$650,000)

Thank you for this opportunity to be of service. If you have any questions regarding this report, or if I can be of additional assistance, please feel free to call me.

Respectfully submitted,

William Mathews

Bill Mathews
Oklahoma Certified General Appraiser
State Certification Number: 1111-222222

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Client and Intended User of Appraisal

The client and intended user of this appraisal is Farmers Bank and their assigns. Farmers Bank intends to use this appraisal for David and Mary Johnson.

Intended Use and Purpose of Appraisal

The purpose of this appraisal is to develop an opinion of market value in terms of cash or on financing terms equivalent to cash of the subject property in fee simple title unencumbered as of July 20, 2009, for a financial lending decision.

Property Rights

The property rights being appraised are fee simple. Fee simple is defined as:

The maximum [possible estate one can possess in real property. A fee simple estate is the least limited interest and the most complete and absolute ownership in land; it is of indefinite duration, freely transferable, and inheritable.

Definition of Market Value

The definition of market value, as used in this report, was obtained from the Federal Deposit Insurance Corporation (FDIC) Law, Regulations, Related Acts Section 323.2(g) and is defined as:

The most probably price, in terms of money, which a property should bring in a competitive and open market under all conditions requisite to a fair sale with the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by under stimulus. Implicit in this definition are the consummation of sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration of the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Scope of the Appraisal

In the preparation of this appraisal, I personally visited the subject property and visually inspected the exterior and interior of the property. I walked the property and measured or obtained dimensions of existing improvements to determine square footage. I have contacted the assessor's office and the Clerk of the Circuit Court's office of the subject's jurisdiction to verify the legal description, current tax assessment, and date of assessment. I also checked for any transfers of the property during the previous 3-year period.

I have researched public records, the Multiple Listing Service, and the office files to obtain data; this data is assumed to be reliable and correct. I have interviewed property owners, developers, and brokers to obtain related data. Our office subscribes to the Marshall and Swift Cost Valuation Service (MSCVS) and uses this data, along with local builder information, to establish estimates used in the cost approach to value. Discussions with agricultural lenders and commodity brokers, along with actual income information, have been utilized to supply timely income approach data.

Flood hazard maps for the local areas are maintained in our office and updated as new information becomes available. Accumulated area data and files on previous appraisals from this office are also used whenever possible.

This scope is not limited to the above contributors, but does cover the large majority of information used in the normal course of business by this office. I prepared this report using computer-assisted computations. It has been reviewed for accuracy by this office to the best of our ability. We reserve the right to correct any mathematical or typographical errors that may have been overlooked in our review process.

As the appraiser, I have analyzed the data from appropriate sources to gain an understanding of the economic climate and the environment and market forces which affect real estate values – including that of the subject. I have applied the collected information to the appropriate valuation approach to develop the opinion of market value for the subject property.

Assumptions and Limiting Conditions

The term “appraiser,” as referenced herein, refers to the appraiser preparing the report, the appraiser’s employer for purposes of this appraisal, and other employees of the employer and/or appraiser.

1. **LIMIT OF LIABILITY:** The liability of the appraiser is limited to the client and to the fee collected (if any) with no liability or obligation to any other 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 limiting conditions and assumptions of the assignment and related discussions. The appraiser assumes no responsibility for any costs incurred to discover or correct deficiencies of any nature present in the property.
2. **CONFIDENTIALITY:** This appraisal is to be used only in its entirety; no part is to be used without the entire report. All conclusions and opinions concerning the analysis set forth in the report were prepared by the specific appraiser(s) whose signature(s) appear(s) on the appraisal report, unless indicated otherwise in the report. No change in the report shall be made by anyone other than this appraiser. The appraiser shall have no responsibility if any such unauthorized change is made.
3. **INCLUSIONS:** Unless otherwise stated in the report, the valuation in this report is based on surface rights free and clear of all liens and encumbrances (fee simple).
4. **EXCLUSIONS:** Unless specifically cited, value does not reflect mineral, gas, oil, or similar rights that may exist in a whole or in part unless specifically noted in the report. Furnishings, equipment, personal property, and business operations, except as indicated in the report, have been disregarded with only the real estate and fixtures being considered in the value estimate.
5. **LEAL MATTERS:** The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable.
6. **LEGAL DESCRIPTION AND EXHIBITS:** The legal description of the property as provide by the client is assumed to be accurate. Any plats, maps, or sketches in the report show approximate dimensions and are included to assist the reader in visualizing the property. Such items may not be to scale and are not surveys unless provided by a registered surveyor.

Assumptions and Limiting Conditions (continued)

7. **MANAGEMENT OF THE PROPERTY:** The property is appraised as though under prudent and competent ownership and management. Further, the appraisal is based on the premise that there is full compliance with all applicable federal, state, and local statutes and/or environmental regulations, unless otherwise stated in the report.
8. **HAZARDOUS OR TOXIC MATERIALS:** The appraiser is not qualified to verify or detect the presence of hazardous substances by visual inspection or otherwise, nor qualified to determine the effect, if any, of known or unknown substances present. Unless otherwise stated in this report or an attachment hereto, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present subsequent ownership will exercise due diligence to ensure that the property does not become otherwise contaminated.
9. **HIDDEN COMPONENTS:** The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, excessive topography, sinkholes, or structures, which would render it more or less valuable. The appraiser assumes no responsibility for such conditions or for engineering, which might be required to discover such factors.
10. **INFORMATION USED:** Information, estimates, and options furnished to the appraiser, and contained in this report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for the accuracy of such items is assumed by the appraiser. It is suggested that the client independently verify the information provided prior to entering into transaction that would significantly impact the property or would require a substantial commitment of funds. Unless otherwise noted, no one provided significant professional assistance to the undersigned.
11. **COURT TESTIMONY:** The appraiser is not required to give testimony or appear in court because of having made this appraisal with reference to the property in question, unless arrangements have been made previously therefore.
12. **COMPONENT VALUES:** The distribution of the total valuation in this report between land and improvements applies only under the existing program utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if used.

Assumptions and Limiting Conditions (continued)

13. **TIME EFFECT ON VALUES:** The market value estimated, the cost estimates, and other estimates used in arriving at the final estimate of value are as of the effective date of the appraisal. Because the markets upon which these estimates and conclusions are based are dynamic in nature, they are subject to change over time. Further, the appraisal report and value estimates are subject to change if physical, legal, financial, and other conditions differ from conditions on the appraisal date.
14. **CHANGES AND MODIFICATIONS:** The appraiser reserves the right to alter statements, analysis conclusions, or value estimates in the appraisal if facts become known that are pertinent to the appraisal process that were unknown to the appraiser at the time of report preparation.
15. **DISTRIBUTION AND USE OF REPORT:** Neither all nor any part of the contents of this report, or copy thereof shall be distributed without the prior written consent of the appraiser. Possession of this report or any copy thereof does not carry with it the right of publication, nor may it be used for other than its intended use. Neither all nor any part of the appraisal report shall be conveyed to the general public through advertising, public relations, news, sales, or other media, without the written consent and approval of the appraiser. The physical report remains the property of the appraiser for the use of the client.
16. **FEE:** The fee (if any) for this appraisal or study is for the service rendered and not for the physical report or the time spent preparing the physical report itself. The fee for provision of this report is for analytical services provided by the appraiser and has no relation to the final values report.
17. **ACCEPTANCE OF, AND/OR USE OF, THE APPRAISAL REPORT BY THE CLIENT OR ANY THIRD PARTY CONSTITUTES ACCEPTANCE OF THE ABOVE CONDITIONS.**

OTHER CONDITIONS: Subject mobile home was not included in this valuation.

Area, Regional, and Neighborhood Analysis

LOCATION AND ACCESS

Oldland County is located in the southeastern part of Oklahoma. It borders Water River on the south, Liquid Lake on the east, Anyland County on the north, and Ourland County on the west. U.S. Highway 44 runs east/west and U.S. Highway 75 runs north/south through the county to provide the primary access through the county. These highways and other county paved and gravel roads provide good access throughout the county.

LABOR MARKET AREA

Gender distribution

Oldland:	48.5% male	51.5% female
Surrounding labor area:	48.5% male	51.5% female

Ethnic distribution

Oldland:	92.2% male	7.8% female
Surrounding labor area:	88.0% male	12.0% female

Civilian Labor Force (2005)

Oldland:.....	61,574
Surrounding labor area:	198,707
Total:	260,281

Labor Force Participation (2000 Census)

Oldland:.....	64.5%
Surrounding labor area:	63.1%

Unemployment

Unemployment rate (May 2006)

Oldland:.....	2.52%
Surrounding labor area:	2.69%
Statewide:	2.86%

Unemployed (2005)

Oldland:.....	1,841
Surrounding labor area:	6,326
Total:	8,167

Commuting Patterns (2000 Census)

Live and work in Oldland	46,368	73%
Total In-Commuters	11,175	17.6%
Total Out-Commuters	6,015	9.5%
Net In-Commuters	5,160	

Additional Labor Resources

High school graduates not continuing (2004-2005):	325
Two-year college graduates (Spring 2005):	482
Other college and university graduates (2003-2004):	4,590
Total:	5,397

Educational Attainment

Percentage of Oldland 2001-2002 ninth-graders graduating in 2004-2005:	76.6%
Percentage of Oldland population age 25+ who are high school graduates:	73.6%
Percentage of Oldland population age 25+ who have earned a bachelor's degree or higher:	21.4%

Employment Sector* (4th quarter 2005)

Natural resources	756	1.3%
Construction	4,342	7.4%
Trade	10,172	17.4%
Transportation utilities	2,325	4.0%
Manufacturing	11,549	19.7%
Information	1,319	2.3%
Financial	2,021	3.4%
Services	17,149	29.3%
Government	8,978	15.3%
Total	58,611	100%

* By XYZ Establishment

Employment by Occupation* (4th quarter 2005)

Construction, extraction, and maintenance	6,226	10.9%
Farming, fishing, and forestry	528	0.9%
Managerial, professional, and related	13,122	23.0%
Production, transportation, and material moving	12,474	21.8%
Sales and office	14,757	25.8%
Service	10,024	17.5%
Total	57,131	100%

* By XYZ Establishment

Union Activity (January 2004 – December 2005)

No union activity

Estimated Earnings (November 2004)

Occupation	Med. Wage	Mean Wage	Med. Salary	Mean Salary
Laborers and freight, stock and material movers, hand	\$9.48	\$10.00	\$19,727	\$20,800
Industrial truck and tractor operators	\$13.25	\$13.29	\$27,556	\$27,653
Truck drivers, light or delivery services	\$10.10	\$10.72	\$21,009	\$22,304
Truck drivers, heavy and tractor-trailer	\$15.86	\$16.34	\$32,990	\$33,982
Team assemblers	\$14.60	\$15.10	\$30,378	\$31,416
1st-line supervisors/managers, production and operating	\$20.70	\$22.05	\$43,060	\$45,860
Maintenance and repair workers, general	\$14.89	\$15.22	\$30,972	\$31,662
Carpenters	\$15.13	\$15.61	\$31,460	\$32,464
Office clerks, general	\$10.07	\$10.38	\$20,941	\$21,596
Secretaries, except legal, medical, and executive	\$11.88	\$12.24	\$24,711	\$25,461
Stock clerks and order fillers	\$10.10	\$11.54	\$21,014	\$24,004
Customer service representatives	\$11.90	\$12.16	\$24,752	\$25,285
Bookkeeping, accounting, and auditing clerks	\$13.33	\$13.74	\$27,736	\$28,571
1st-line supervisors/managers, office and admin support	\$16.58	\$18.79	\$34,487	\$39,090
Sales reps, wholesale & manufctrng, ex tech & scientific	\$12.48	\$16.86	\$25,956	\$35,065
Nursing aides, orderlies, and attendants	\$9.74	\$9.73	\$20,262	\$20,243
Registered nurses	\$23.99	\$24.48	\$49,906	\$50,914
Elementary school teachers, except special education	\$21.96	\$22.24	\$45,667	\$46,258
General and operations managers	\$33.34	\$38.74	\$69,349	\$80,580

Per Capita Personal Income (2003)

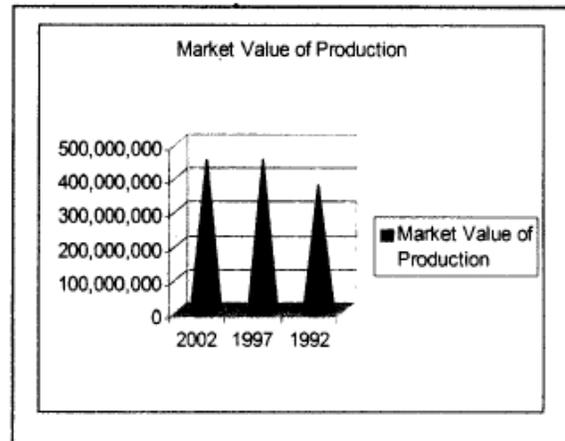
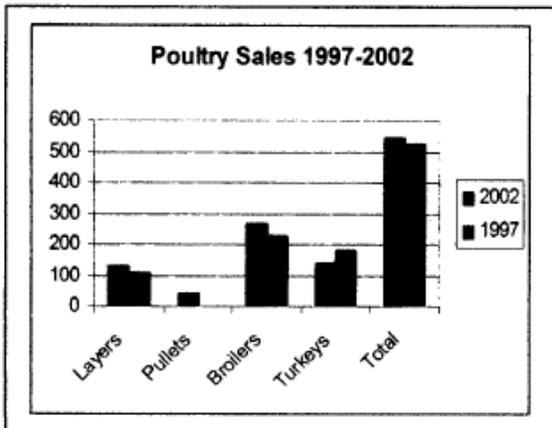
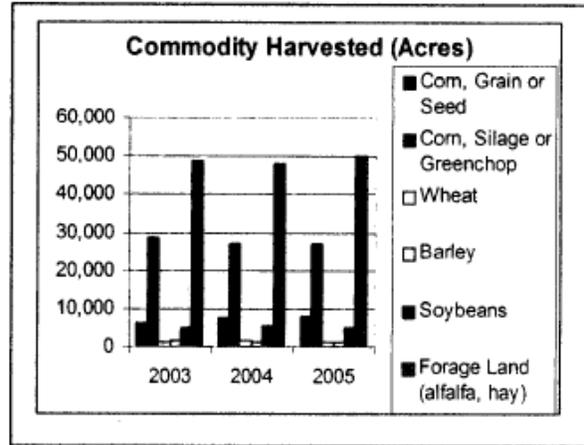
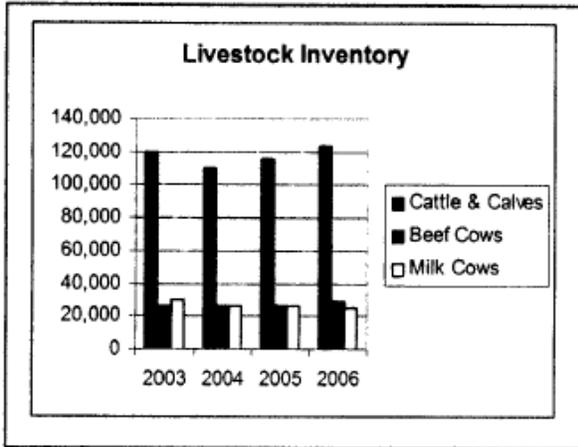
\$24,240

AGRICULTURE

Agriculture has long been one of Oldland County's major industries. In the 2002 Census of Agriculture, Oldland County was ranked second in the state for total value of agricultural products sold. In 2002, there were approximately 2,011 farms in the county, totaling 239,102 acres, with the average farm size being 119 acres. The average estimated market value of land and buildings was \$498,534. The average estimated market value of land per acre was \$4,043.

In 2002, the approximate market value of agricultural products sold by Oldland County farmers was \$446,663,000. Livestock, poultry, and their products accounted for over \$433 million which accounted for approximately 96% of the total market value of the products sold. The other major product group was crops. This accounted for \$13.3 million of the total.

AGRICULTURE (CONTINUED)



EDUCATION

Public School Enrollment

LEVEL	NUMBER	FALL 2005 ENROLLMENT
Elementary	17	7,946
Middle	5	3,527
High school	4	4,797

Student Teacher Ratio (2004-2005)

Elementary	12.4 : 1
Secondary	9.9 : 1
Percentage of 2001-2002 ninth grade membership graduating 2004-2005	76.6%
Percentage of high school graduates continuing education 2004-2005 (including military).....	66.9%

Per Pupil Expenditure (FY 2005)

\$8,818.41

GOVERNMENTAL CONSIDERATIONS

Taxes and Trends

Property taxes have been stable in the county with no major projects planned for schools or community facilities. Recent increases in land values have forced the assessment values up and consequently taxes have also gone up slightly in recent years. The county is planning a new court house and law enforcement center expansion which is expected to go to a bonding vote in the near future.

Zoning

Oldland County is zoned and all building in the rural areas of the county must be approved by the zoning board. The City of Oldland is zoned and permits are required for all construction within the city limits from the Planning Office in Oldland.

Market Area Trends

The subject property is located in the northeaster section of the County of Oldland. The area consists of agricultural farms/lands and single-family homes. The subject property is compatible with the surrounding area.

The local real estate market continues to be stable, with balanced sales to listings with level land values. The local economy and employment opportunities are stable with slightly rising unemployment. The close proximity to business routes lends easy access to schools, business, employment, and recreation in the town of Leafyville and surrounding Oldland county.

Site Data

The subject property is irregular in shape, consisting of 25 acres, with approximately 20 acres of pasture and the balance being the home site and building waste. The subject has a small amount of frontage on Farmer Road. Subject topography is described as moderately rolling and draining appears to be adequate. The subject property is served by a drilled well, sanitary septic systems, and public electricity. Wells, springs, and septic fields are typical for rural home and farms in the market area.

Improvement Data

Subject is a farm operation with a dwelling, three operating poultry units, litter storage building, and other farm-related outbuildings. The primary home, built in 1988, is approximately 2,112 square feet that is one and one-half stories. Exterior finish is vinyl siding and a shingle roof. Interior includes three bedrooms, two full baths and one half bath, kitchen, dining room, office/den, and living room. Interior finish includes laminate wood and carpet floors, with gypsum board walls and ceilings that are painted. Heat is provided by gas and heat pump and the home has central air conditioning. Water is provided by a drilled well and serviced by a septic system. The dwelling is in good condition. The two poultry units are 31 x 350 and have metal siding, metal roof, and dirt floor. Both units have feed lines and drinkers; these units are in average condition. The litter storage unit is 5,775 square feet with wood frame knee walls, metal siding, metal roof, and a dirt floor; this improvement is in average condition. A stationary generator and a small equipment storage building have been given lump sum values that have been market derived from their contributory value to the subject; both of these improvements are in fair condition.

Zoning and Other Restrictions

The subject is zoned A-1, prime agriculture, by the County of Oldland, Oklahoma. Representative uses permitted under this classification are as follows:

- Agricultural
- Animal husbandry
- Silviculture
- Orchards
- Nurseries
- Aquaculture
- Flood control or watershed structures
- Greenhouse
- Intensive poultry operations
- Hog operations
- Fish hatchery
- Hunting or fishing club
- Domestic animals
- Public utilities
- Single-family residences
- Water filling stations
- Storage of agricultural products
- Residential human care facility
- Special uses by permit

Flood Hazard Area

To assist the citizens in a potential or actual emergency, the U.S. federal government has created the Federal Emergency Management Agency (FEMA). Among the many responsibilities of FEMA, one is to determine the high hazard areas where the probability of periodic flooding is high. Through the National Flood Insurance Program, FEMA has compiled flood insurance rate maps, which rate areas according to the probability of period flooding. Areas where potential flooding occurs within a 100-year timeframe are considered to be in a flood hazard area. FEMA's flood hazard map indicates that the subject property is not located in a flood hazard area.

Environmental Hazards

The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent, significant hazardous substances or detrimental environmental conditions, which would affect the property negatively unless otherwise stated in this report. It is possible that Phase I or II test and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

Highest and Best Use

Highest and best use (HBU) is the basic foundation for the valuation process. It is typically defined as the reasonably probable and legal use, which, at the time of the appraisal, is the most profitable and likely use for the property. The criteria that the HBU of the property must meet are: 1-legal permissibility, 2-physical possibility, 3-financial feasibility, 4-maximum profitability or maximally productive.

- **Physically possible.** The site must possess adequate size, shape, soil, and other physical conditions to support potential use.
- **Legally permissible.** The potential use of the property must conform to all private, local, and state zoning and use restrictions for the site.
- **Financially feasible.** The potential use must be capable of providing a net return to the property owner.
- **Maximally productive.** Of those physically possible, legally permissible, and financially feasible uses, the highest and best use for a property is that use which provides the greatest net return to the property owner over a given period.

Highest and Best Use (continued)

These criteria should usually be considered sequentially; it makes no difference that a use is financially feasible if it cannot be physically constructed on the site or if it is not legally permitted.

Each alternative land use has been analyzed according to these four criteria. The land use plan recommended as a result of this analysis represents the HBU for the land.

The subject property is currently utilized for poultry/general farming.

Analysis of the Subject Property as if Vacant. In an evaluation of the HBU of land as if vacant, structural improvements are eliminated from consideration. All factors regarding neighborhood trends and site characteristics are given full weight in the analysis. With this framework in mind, a property owner's most reasonable approach to the use of the land must be evaluated.

After analyzing local zoning codes and market area trends, it is my opinion that the HBU for the subject, as if vacant, as of the date of value is agriculture.

Analysis of the Subject Property as Improved. In an evaluation of the HBU of land as improved, all factors regarding structural improvements, market area trends, and site characteristics are given full weight in the analysis. With this framework in mind, a property owner's most reasonable approach to the use of the land must be evaluated.

Further analyzing the above data, it is my opinion that the present improvements contribute to the value of the subject property so that its value is greater than the estimated vacant site value. Therefore, the HBU of the subject property as improved as of the date of value is poultry/general agriculture, which is the HBU as reflected in this appraisal.

Delineation of Title for the Subject Property

The subject property is identified as parcel 11-(Z)-A112Y on the County of Oldland tax maps. It was acquired by David and Mary Johnson from Henry and Susan Doe by deed dated August 12, 2003, as recorded in the Clerk's Office of Oldland County in Deed Book 1111 on page 100. No other transfers were recorded for the subject property for 4 years prior to the effective date of the appraisal. (See addendum of this report for a copy of the subject property deed.)

Title Report

I have not been furnished a copy of the title report on the subject property, and I cannot warrant missing data that a title search would typically reveal. During the typical appraisal process, I have found no apparent restrictions on the development and use of the property which would have a material impact on its value.

Legal Description

All that certain tract or parcel of land, containing 25 acres, more or less, together with all the improvements thereon, and all rights, privileges, appurtenances, easements, and rights-of-way thereunto belonging or in anyway pertaining, situate on the west side of Woodland Road in Oldland County, Oklahoma.

Sale, Option, or Listing Agreement

The owner reports that the subject property is not under contract agreement or option and is not offered for sale on the open market.

Real Estate Tax Assessment Data

The real estate assessor's office for the County of Old land was consulted to confirm the present and historical tax structure for the county. The county assesses property on a yearly basis at a ratio of 100% of assessed value. The current 2009 tax rate is \$.57 per \$100 of assessed value.

The current assessment for the subject is \$203,600 for the site and \$327,800 for the improvements for a total assessment of \$531,400. The subject is in land use and is taxed at \$88,220. This equates to a tax liability of \$2,412.91 for 2009.

Valuation Process

The valuation process develops a supportable estimate of market value of the property appraised. It involves collecting market evidence to support an analysis of value trends, the reactions of buyers and sellers in the marketplace, and a proper interpretation of the facts. Traditionally, three approaches to value are used: the cost, sales comparison, and income.

All three approaches are based on the principal of substitution which states that no reasonable person would be willing to pay more for a property than the current cost of buying the site and constructing a similar building having similar utility. In theory, all three approaches are designed to provide an estimate of market value as of a specific date, and all three are, in essence, market data comparative approaches. When the data is correctly analyzed and processed, the three approaches will provide value indications within a narrow range, with diversions resulting only for the lack of mathematical precision inherent in the appraisal process. One or more of these approaches is used in all estimations of value, depending on the type of property, the function of the appraisal, and the quality and quantity of data available for analysis.

Sales Comparison Approach

In the sales comparison approach, the appraiser's objective is to find the probable market value of the subject property by interpreting data on sales of similar properties. Each comparable sale is compared with the subject property. Typically, physical characteristics, terms of financing, and conditions of sale are included in the elements of comparison. Adjustments are made to the comparable sales prices to arrive at an indication of what the subject property would sell for if offered in the market. Herein, I have conducted a thorough investigation of the subject's immediate and general neighborhood to identify recent sales of property with reasonably similar characteristics and utility.

Additionally, I have prepared a discrete valuation of the site, as if vacant. By comparison of the site to several historical transactions involving land intended for similar use to that of the subject, I have made an estimation of the value of the subject land as a separate entity. I would direct your attention to the following land and subject value comparison charts and schedule of values, as well as the photographs of comparable sales. For additional supporting documentation, I have also included maps of the comparable sale locations in the addendum section of this report.

COMPARABLE SALE #1

County: Oldland
Property type: vacant
Address: Water Mill Lane, Mistytown, Oklahoma
Acreage: 39.677
Tax map: 62 (A) 111
Zoning: general agriculture
Sale price: \$337,254
Date of sale: February 5, 2008
Recording reference: Deed Book 3259, Page 371
Grantor: Jane Doe
Grantee: John and Jill Poe
Data verified by: public records

Improvements: None

Site Improvements (list):

Land:

Use	Acres	Value Per Acre	Total Value
Pasture	29		
Woods	10.677		
Total		\$8,500	\$337,254

Remarks:

COMPARABLE SALE #2

County: Oldland
Property type: land
Address: Hikers Road, Leafyville, Oklahoma
Acreage: 30.712
Tax map: 50 (A) 119 and 122
Zoning: general agriculture
Sale price: \$250,000
Date of sale: August 12, 2007
Recording reference: Deed Book 2252, Page 344
Grantor: Koe Family Revocable Trust
Grantee: John H. and Eileen T. Hook
Data verified by: deed/public record

Improvements: None

Site Improvements (list):**Land:**

Use	Acres	Value Per Acre
Pasture	30.712	\$8,140
Total		\$250,000

Remarks: Great views

COMPARABLE SALE #3

County: Oldland
Property type: general farm
Address: 9876 Creek Road, Hot Glen, Oklahoma
Acreage: 41.1
Tax map: 77-A-92
Zoning: A-2
Sale price: \$500,000
Date of sale: October 7, 2008
Recording reference: Deed Book 2404, Page 614
Grantor: Trustee of the Soe Family Trust
Grantee: Robert T. Dane
Data verified by: public record/realtor

LAND VALUE COMPARISON

Date of value: June 10, 2009

Sale Number:	1	2	3
Sale Location:	Water Mill Lane Mistytown, OK	Hikers Road, Leafyville, OK	9876 Creek Road, Hot Glen, OK
Sale Date:	February 5, 2008	August 12, 2007	October 7, 2008
Units (Land Area):	39.677 acres	30.712 acres	41.1
Sale Price:	\$337,254	\$250,000	\$328,800
Unit Price:	\$8,500 acre	\$8,140 acre	\$8,000 acre
Interest:	0	0	0
Cash Equivalency:	0	0	0
Market Adjustment:	0	0	0
Adjusted Price:	\$8,500 acre	\$8,140 acre	\$8,000 acre

Degree of Comparability:

Location:	0	0	0
Access:	0	0	0
Topography:	0	0	0
Public Utilities:	0	0	0
Utility:	0	0	0
Land Size:	0	0	0
Zoning:	0	0	0
Improvements:	0	0	(4,165)
Net Adjustments	0	0	0
Indicated Value	\$8,500	\$8,140	\$8,000

Adopted Unit Value: \$8,000 per acre

Estimated Market Value: 40.20 acres @ \$8,000 per acre = \$321,600

Rounded: \$322,000

COMPARABLE SALE #4

County: Oldland
Property type: poultry - broilers
Address/location: Prickly Branch Road, Doeville, Oklahoma
Acreage: 28.85741 **Tax map number:** 111-A-181 **Zoning:** A1
Sale price: \$905,000 **Date of sale:** March 30, 2006
Recording reference: Deed Book 2707, Page 694
Grantor: William E. and Katherine R. Woe
Grantee: Nathan B. and Sandra Loe
Data verified by: public records and SL 2005 appraisal

Main Residence

Number of stories: 1 **Square feet:** 1,080
Exterior walls: masonite siding **Roof surface:** shingle
Basement: -- **Fireplace:** --
Floor covering: carpet, vinyl **Interior walls:** drywall
Total rooms: 5 **Bedrooms:** 2 **Bathrooms:** 1
HVAC: EBB/no AC
Actual age: 20 yrs effective age **Condition:** average
Miscellaneous:
Updates: mobile home on concrete piers with under-skirting

Improvements:

Description	Exterior Wall	Floor	Roof	Square Foot	Value Per Square Foot	Condition	Contributory Value
Main dwelling	metal	crpt, vinyl	shingle	1,080	\$50.92	Average	\$55,000
Poultry unit	metal	concrete	metal	31,200	\$7.44	1986	\$232,363
Poultry unit	metal	concrete	metal	31,200	\$7.44	1987	\$232,363
Litter storage	metal	concrete	metal	2,600	\$9.61	Good	\$25,000
Compost building	metal	concrete	metal	3,192	\$7.83	Good	\$25,000
Generator & bldg.	metal	concrete	metal		Lump sum		\$12,000
Site imprvmnts.							\$34,700
						Total	\$616,426

Site Improvements (list): well, septic, poultry house pads

Land:

Use	Acres	Value Per Acre	Total Value
Crop	28.85741	\$10,000	\$288,574
Total		\$10,000	\$288,574

Remarks: Poultry units have Choretime feeders and waterers, Choretronics computer system, radiant brooder stoves, and tunnel ventilation. Poultry units were converted from turkeys to broilers in 2004, so all equipment (including computer system), tunnel ventilation, and metal siding was basically new at time of sale.

COMPARABLE SALE #5

County: Anyland
Property type: poultry - broilers
Address/location: 222 Bowtown Lane, Marketplace, Oklahoma
Acreage: 60.003 **Tax map number:** 99-A-11
Zoning: general agriculture
Sale price: \$750,000 **Date of sale:** March 3, 2008
Recording reference: Instrument #070002230
Grantor: James D. Carter, Jr.
Grantee: Richard K. Voe
Data verified by: public records and SL 2008 appraisal

Main Residence

Number of stories: 2 **Square feet:** 1,658
Exterior walls: vinyl siding **Roof surface:** metal
Basement: -- **Fireplace:** --
Floor covering: vinyl, laminate **Interior walls:** plaster, wallpaper, painted
Total rooms: 7 **Bedrooms:** 4 **Bathrooms:** 1
HVAC: gas forced air; no AC
Actual age: **Condition:** good
Miscellaneous:
Updates: vinyl siding, replacement windows, painted roof, new laminate in living room, new vinyl in kitchen and bathroom, new 2-story porch with vinyl railing.

Improvements:

Description	Exterior Wall	Floor	Roof	Square Foot	Value Per Square Foot	Condition	Contributory Value
Dwelling	vinyl siding	crpt, vinyl	metal	1,658	\$58.92		\$97,770
Poultry unit	metal	concrete	metal	25,200	\$6.00		\$151,200
Poultry unit	metal	concrete	metal	25,200	\$6.00		\$151,200
Litter storage	concr/metal	concrete	metal	4,500	\$3.33		\$15,000
Shop/generator	metal	concrete	metal	1,800	\$4.23	Average	\$7,616
Bldg & generator							
Bank barn	metal	dirt/wood	metal	3,000		Good	\$8,000
Misc. buildings					Lump sum	Fair	\$1,200
Site imprvmnts.							\$30,000
						Total	\$461,986

Site Improvements (list): well, septic, poultry house pad

Land:

Use	Acres	Value Per Acre	Total Value
Pasture	60.003	\$4,800	\$288,014
Total		\$4,800	\$288,014

COMPARABLE SALE #5 (continued)

Remarks: Poultry units built in 1995, converted from turkeys to broilers in 2004. All equipment new – Choretime feeders; Ziggaty nipple drinkers; XYZ Company furnaces; LMN Company brooder stoves, tunnel ventilation, and foggers. Overall condition of poultry units is very good. 100 K W generator.

COMPARABLE SALE #6

County: Oldland
Property type: poultry - broilers
Address/location: 12345 Mountain Way, Leafyville, Oklahoma
Acreage: 47.50 **Tax map number:** 33-A-111 **Zoning:** A2
Sale price: \$915,000 **Date of sale:** February 24, 2006
Recording reference: Deed Book 2811, Page 644
Grantor: Emanuel and Carla Ramos
Grantee: Damian and Angela Pedro
Data verified by: Deed – Joseph Goe appraisal

Main Residence

Number of stories: 1½ **Square feet:** 2,400
Exterior walls: brick, vinyl **Roof surface:** metal
Window type: double hung **Gutter:** metal
Basement: cellar **Fireplace:** 1 **Trim:** --
Floor covering: carpet, vinyl, wood **Interior walls:** drywall
Kitchen appliances: range, refrigerator, dishwasher
Total rooms: 9 **Bedrooms:** 3 **Bathrooms:** 2
HVAC: LP forced air; central AC
Actual age: Approx. 1940
Effective age: 10 years **Condition:** good
Miscellaneous:
Updates:

Improvements: In-ground pool, large concrete patio and deck around pool

Description	Exterior Wall	Floor	Roof	Square Foot	Value Per Square Foot	Condition	Contributory Value
Main Dwelling	brick/vinyl	crpt, vinyl	metal	2,400	\$76.00	Good	\$182,000
Double wide	vinyl	crpt, wood	shingle	1,700	\$25.00	Average	\$43,000
Poultry unit	Metal	dirt	metal	10,440	\$2.69	Average	\$28,100
Poultry unit	Metal	dirt	metal	11,232	\$2.69	Average	\$30,200
Poultry unit	Metal	dirt	metal	21,000	\$3.85	Good	\$80,800
Poultry unit	Metal	dirt	metal	16,800	\$2.69	Average	\$45,200
Poultry unit	metal	dirt	metal	16,800	\$3.85	Good	\$64,700
Mach shed/shop	block	concr/dirt	metal		Lump sum	Fair	\$25,000
Poultry unit	storage				Lump sum	Fair	\$20,000
Misc. buildings					Lump sum	Average	\$25,000
Litter storage					Lump sum	Average	\$15,000
Gen. bldg. & gen.					Lump sum		\$20,000
Site imprvmnts.							\$80,000
						Total	\$659,000

COMPARABLE SALE #6 (continued)

Site Improvements (list): 1 well, 2 septs, 5 poultry pads, in-ground pool, concrete patio deck, fencing

Land:

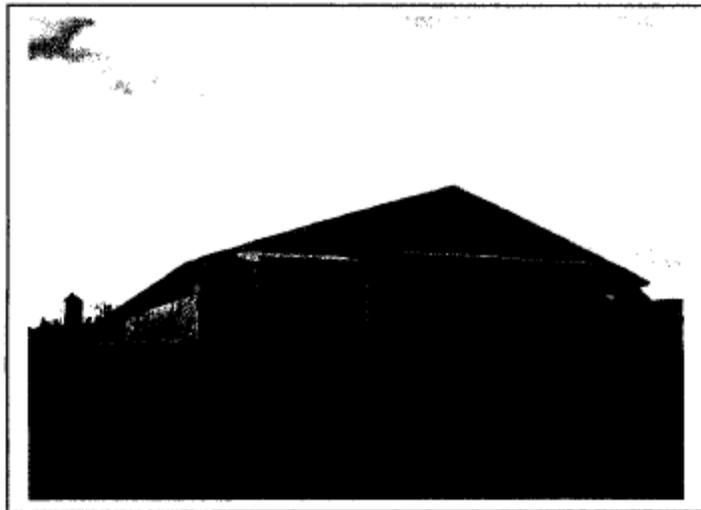
Use	Acres	Value Per Acre	Total Value
Pasture	47.50	\$5,389	\$256,000
Site preparation			
Total			

Remarks: Choretime feed lines; Ziggy fountains; LMN Company brooders in all units, only two computerized. Miscellaneous buildings include bank barn and four other garage/storage buildings, all with approximate value of \$5,000 each.

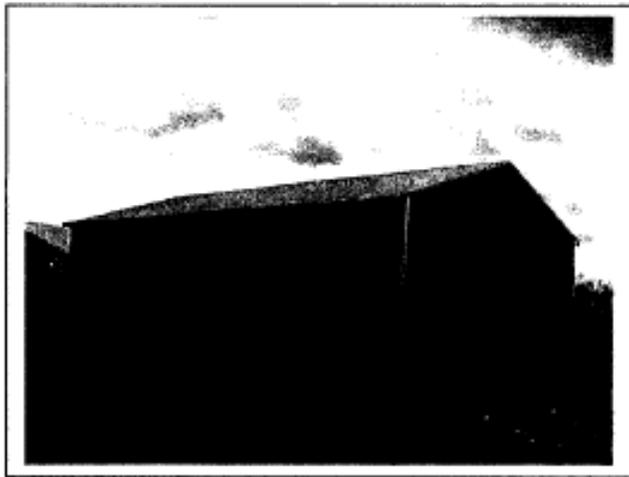
PHOTOGRAPHS OF COMPARABLE SALES



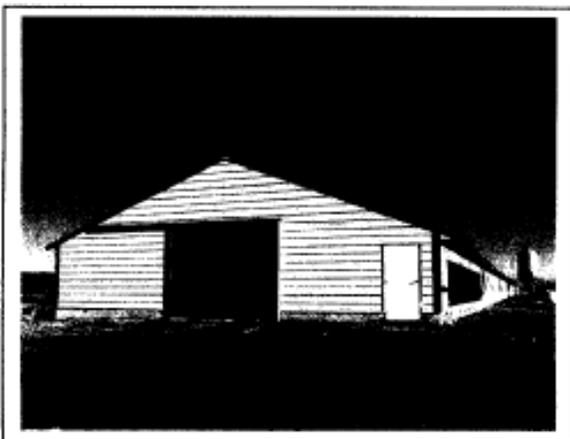
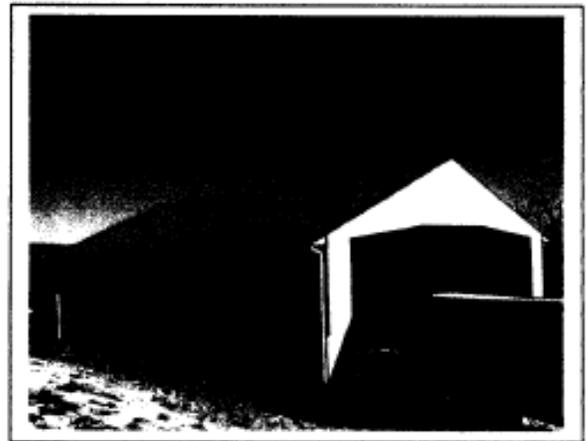
PHOTOGRAPHS OF COMPARABLE SALES (continued)



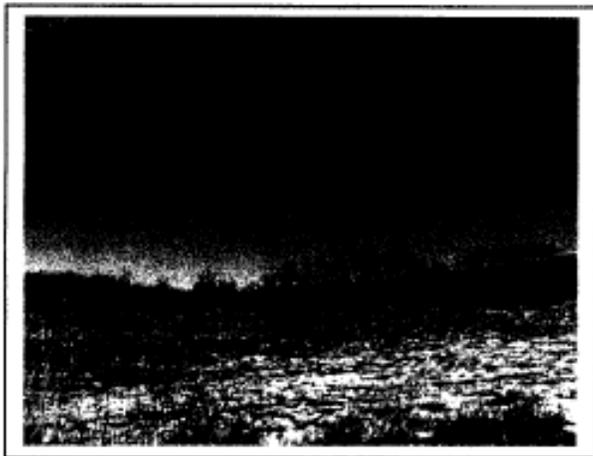
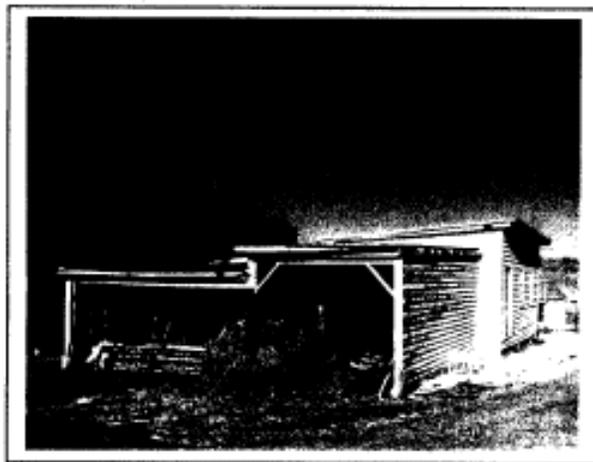
PHOTOGRAPHS OF COMPARABLE SALES (continued)



PHOTOGRAPHS OF COMPARABLE SALES (continued)



PHOTOGRAPHS OF COMPARABLE SALES (continued)



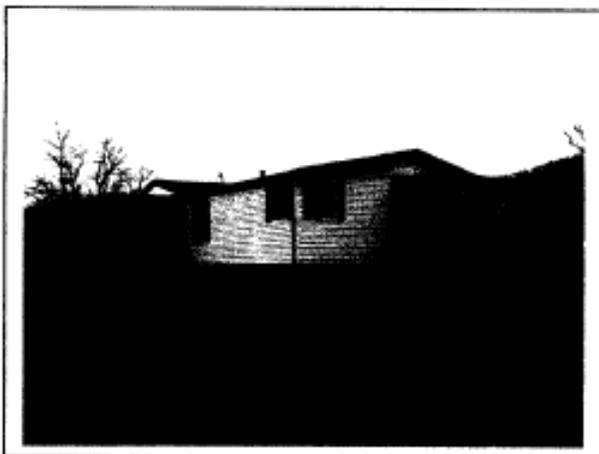
Subject Photographs



Subject
Dwelling
(Front)



Subject
Dwelling
(Rear)

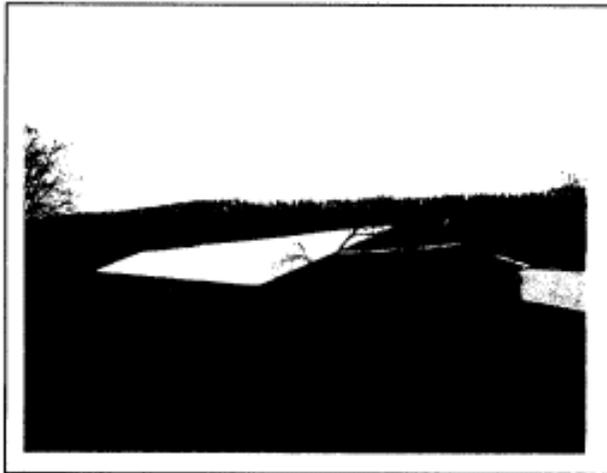


Subject
Double-wide

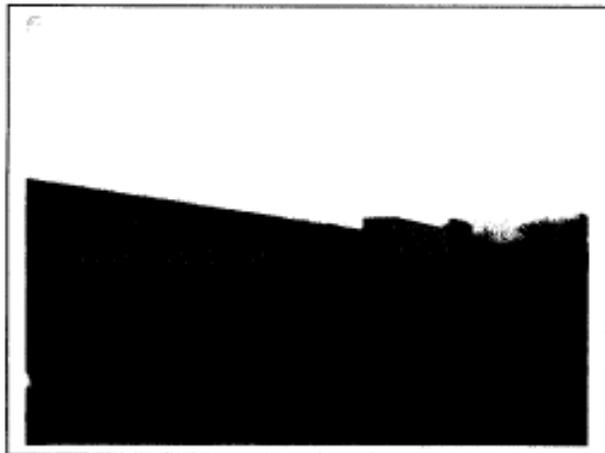
Subject Photographs (continued)



Subject
Poultry unit

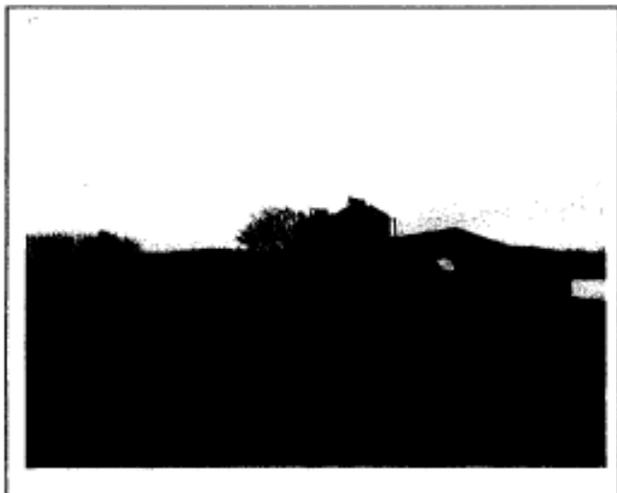


Subject
Poultry unit

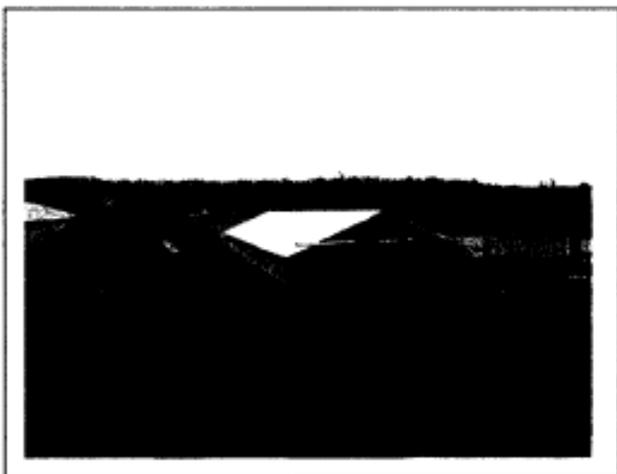


Subject
Poultry unit

Subject Photographs (continued)



**Subject
Poultry unit**



**Subject
Poultry unit**



**Subject
Poultry Unit
(Storage only)**

Subject Photographs (continued)



Subject
Shop/ machine shed



Subject
Generator

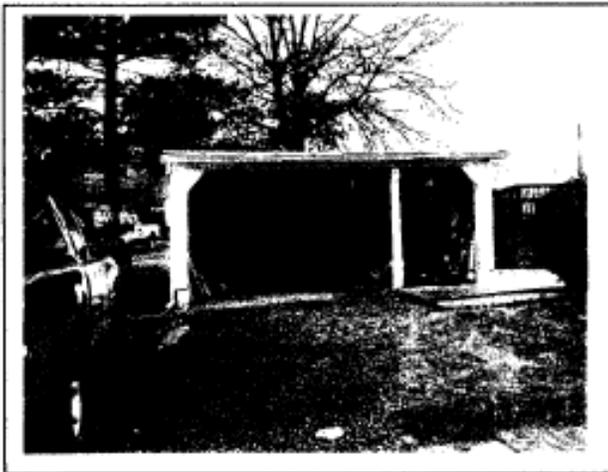


Subject
Litter storage

Subject Photographs (continued)



Subject
Utility building



Subject
Shed garage



Subject
Street scene

Sales Comparison Approach Analysis

Every effort has been made to use comparables sold within 3 years of appraisal date. Our database includes local multiple listing service (MLS) data, appraisal files and available public record, and is considered to be as good as or better than any competing appraisal service in our area. Paramount to time is matching the most similar sales to the subject. This at times necessitates using comparables sold over 3 years ago. The comparables used in this appraisal are felt to be the best and most representative current sales found for comparison in this report.

The comparables utilized in the land value comparison were the best obtained and are felt to reflect the market value of the subject. Comparable #3 was adjusted for improvement value and was utilized due to similarities (i.e., size, utility, and topography) to that of the subject.

Comparable #4, #5, and #6, as referenced in the subject comparison chart, were adjusted for typical land and building size variations. All adjustments are based on market contribution, not cost. Lump sum values for the subject have been market derived using match pair's analysis. Comparables #4 and #6 are somewhat dated and have been utilized due to the lack of similar poultry operation comparable sales in the market area. Use of other comparables would have required larger adjustments. The values derived from these comparisons all fall within an acceptable differential range and are felt to reflect the market value of the subject as dictated by the typical investor.

Marketability Analysis

Exposure time, in the case of real property, is the estimated length of time the property 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 analysis of past events, assuming a competitive and open market.

The basis for determining the market exposure is simply by investigating actual sales of properties similar to the subject that have occurred and verifying the amount of time which was required between the date of listing and the actual consummation of the disposition. Interviews were conducted of active professionals knowledgeable of a given property type in a particular marketplace in order to estimate a reasonable period of time which would be necessary after the date of value. Also, to determine a reasonable exposure time a property would require in order to trade at what would be defined as a "reasonable exposure time," the fundamental underlying principle is that the property is correctly priced to sell.

Properties of this type are typically marketed through real estate brokerage and management firms. The marketing is achieved through multiple listing services (MLSs) and newspaper advertisements. In terms of investor's desirability, the subject property is an intermediate risk property.

Marketability Analysis (continued)

Correlating the data presented, the indicated exposure time ranges from 6 to 12 months. This is predicated on the physical condition of the subject property as detailed in the body of this report, financing being readily available and the listing price being consistent with the market value estimate herein effective at the date of appraisal.

Cost Approach

The cost approach to value is the reproduction cost of the improvements in a new condition, less accrued depreciation, plus the value of the land.

I have gathered current costs from local contractors actively engaged in building similar improvements in the area, and compared these costs to known costs published by current manual services.

Accrued depreciation is the difference between the cost new of the improvements and the value of the accrued depreciation on the date of the appraisal. Depreciation is losses in value from three categories: physical deterioration, functional obsolescence, and external obsolescence. Physical deterioration comes from normal wear and tear. Functional obsolescence is due to problems in design, over and under improvements, and changes in market standards over the years. External obsolescence can be attributed to forces outside the property; it results from such influences as changing land use patterns, adverse economic climates, and other drawbacks not under the control of the property owner. Herein I have utilized the age-life method of estimating physical depreciation in which the effective age is divided by the building's total economic life. I have found no functional or external obsolescence affecting the subject property.

I direct your attention to the following estimate of the subject's replacement costs.

Cost Analysis

1	Primary residence	
	2,642 square feet @\$90.00 per square foot	\$237,780
	Depreciation:	
	Economic life	60 years
	Remaining economic life	50 years
	Observed effective age	10 years
	$10 / 60 = 16.67\%$	
		<u>(\$38,045)</u>
	Depreciation value of improvement	\$199,735

Cost Analysis (continued)

2	Poultry units (three) 50,400 square feet @\$6.00 per square foot	\$302,400
	Depreciation:	
	Economic life	30 years
	Remaining economic life	20 years
	Observed effective age	10 years
	20 / 30 = 66 %	<u>(\$199,584)</u>
	Depreciation value of improvement	\$102,816
3	Poultry equipment 50,400 square feet @\$4.00 per square foot	\$201,600
	Depreciation:	
	Economic life	15 years
	Remaining economic life	10 years
	Observed effective age	5 years
	5 / 15 = 66 %	<u>(\$66,528)</u>
	Depreciation value of improvement	\$135,072
4	Litter storage 6,175 square feet @\$8.00 per square foot	\$49,400
	Depreciation:	
	Economic life	30 years
	Remaining economic life	25 years
	Observed effective age	5 years
	15 / 30 = 50 %	<u>(\$24,700)</u>
	Depreciation value of improvement	\$24,700
5	Generator/building (lump sum value)	\$8,000
6	Miscellaneous buildings	\$2,000
7	Site improvements (lump sum value) Wells, septic systems 3 pads	\$30,000
	Depreciated value of all improvements	\$502,323
	Site value by the sales comparison approach	\$322,000
	VALUE OF SUBJECT VIA THE COST APPROACH	\$824,323
	ROUNDED	\$824,000

Income Approach

The income approach is one of the three approaches to value in appraisal where the value of the property is derived by converting the expected income generated from a property into a present value estimate using one of many income capitalization methods.

In this approach, a property is viewed through the eyes of a typical buyer whose primary objective is to earn a profit on the investment generated from the operation of the enterprise. The theoretical basis for this approach comes from the principal of anticipation and applies because the value of a property is, in theory, the present value of expected future cash flow. The principle of substitution is also applicable because income for the subject property must be in line with those of competitive (substitute) enterprises. Furthermore, the value estimated by the income approach assumes that operators will earn a rate of return that is consistent with that available for alternative investments of comparable risk. In this application, the enterprise is expected to be under responsible management. Farm income, specifically poultry income, has been extracted from actual schedule F tax returns and analyzed for comparison to comparable sold enterprises. When management is deemed less than adequate or current operations lack longevity, I have estimated the expected income based on competing enterprises.

Expenses have been applied by either utilizing actual Schedule F expenses or estimated by comparison to other competing operations. Repairs and maintenance expenses include normal operating expenses, maintenance, and updates of the buildings and poultry equipment. A yearly replacement and reserve allowance has been applied to replace poultry equipment at the end of its economic life, estimated to be 15 years, derived as follows: $\text{cost} / \text{economic life} = \text{reserve allowance}$.

Income approach capitalization rate estimation has been estimated by market extraction from a sales study. All data in the sales study has been examined and compared to the subject to attempt to extract sales which mirror the subject. The following sales are felt to most nearly mirror the subject and have been utilized to extract an acceptable capitalization rate. Sale prices have been adjusted on sale #7 to reflect excess land. Based on these following selected sales, I have estimated a capitalization rate for the subject of 7.5

1	Broilers	Closed 3/08	
	Sale price \$750,000	NOI \$54,018	.072 cap rate indicated
2	Broilers	Closed 10/07	
	Sale price \$1,250,000	NOI \$101,901	.0815 cap rate indicated
3	Broilers	Closed 1/06	
	Sale price \$905,000	NOI \$68,051	.075 cap rate indicated

Income Approach (continued)

4	Broiler-breeder Sale price \$650,000	Closed 2/08 NOI \$34,706	.061 cap rate indicated
5	Broiler-breeder Sale price \$500,000	Closed 3/08 NOI \$45,051	.09 cap rate indicated
6	Turkeys Sale price \$925,000	Closed 9/07 NOI \$86,855	.094 cap rate indicated
7	Turkeys Sale price \$935,000 - \$240,000 (excess land) = \$695,000	Closed 11/06 NOI \$50,536	.073 cap rate indicated
8	Turkeys Sale price \$790,500	Closed 6/06 NOI \$37,074	.087 cap rate indicated

Yearly Income and Expense Summary

INCOME:

Poultry Income – 50,400 square feet @ \$2.38 per square foot	\$119,950
Primary residence - \$1,000 per month x 12 months	<u>\$12,000</u>
Effective gross income	\$131,952

EXPENSES:

Real estate taxes	\$2,413
Insurance	\$2,000
Replacement reserves	\$13,440
Repairs, maintenance	\$2,500
Utilities, LP and litter	\$28,800
Labor	<u>\$30,000</u>
Total expenses	\$79,153

Yearly Income and Expense Summary (continued)

EFFECTIVE GROSS INCOME	\$131,952
LESS EXPENSES	<u>(\$79,153)</u>
NET OPERATING INCOME	\$52,799
DIVIDED BY CAPITALIZATION RATE OF:	7.5%
	\$703,987
EXCESS LAND	
10 acres x \$8,000 per acre	<u>\$80,000</u>
	\$783,987
VALUE INDICATED BY THE INCOME APPROACH:	<u>\$783,987</u>
ROUNDED	<u>\$784,000</u>

NOTE:

The subject consists of 25 acres of which approximately 15 acres are required to support the current poultry operation. The remaining acreage (10 acres) is considered excess land and has been valued utilizing the market approach.

Value Reconciliation

Reconciliation is the culminating of ideas or indications to arrive at a final value. The different indications of value derived in this appraisal report follow:

Subject value indicated by cost approach	\$824,000
Subject value indicated by income approach	\$784,000
Subject value indicated by sales comparison approach	\$800,000

Each approach is a comparative analysis of the data in the marketplace, which is significant and applicable to the use of the respective approach. The accuracy and reliability of each approach is dependent on the quality and quantity of the market data available, the type of property being appraised and the definition of market value.

The first step in the analysis was estimating the value of the subject site as vacant. Land sales were researched throughout the market area, which were representative of the highest and best use of the subject parcel. These sales were reasonably current and parallel the economic environment of the subject. The comparable sales, with the recited adjustments applied, are resultant in a defensible estimate of market value for the site.

Value Reconciliation (continued)

The next subsequent step in the analysis was to formulate the cost approach. This approach is historically considered to be the least reliable because these properties are generally purchased and sold on the basis of their income producing potential or as a lifestyle farm and not necessarily on replacement cost. The cost approach is considered to be more reliable when the property is not a special use property, reasonably new, and has a nominal degree of physical depreciation. In the final analysis, the cost approach was given limited weight.

The sales comparison analysis represents the purchasing attitude of the average buyer and seller in the marketplace. This approach is limited by the availability of comparable sales with similar utility, age, and quality of construction. The sales herein recited represent varying degrees of similarity to the subject. Subjective estimates would have been required for the price per square foot method. Secondary weight was given to this approach.

The income approach is considered to be one of the best indicators of value in this type of agricultural property. A considerable portion of this report is given to this approach as it best exemplifies the methodology, which is applied by typical purchasers/operators when considering the purchase of agricultural property. This approach has been given primary weight in the final estimation of subject value.

The approaches indicated above were utilized to make the final value estimate. I have carefully re-examined each step in each method, and I believe the conclusions accurately reflect the attitude of typical purchaser. It is my belief that this re-examination has confirmed original conclusions.

Mineral Rights Valuation

The precise value of mineral interests in existence as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals that the appraiser is aware of is unknown. This appraisal is not an exhaustive study of the actual or potential mineral production, but is based on the best information available as of the effective date of the appraisal. The opinion of value of the mineral rights based on this information is \$1.00. Mineral rights run with the land and are not separate.

Certification of Value

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 reporting 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 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.
- Bill Mathews made a personal inspection of the property that is the subject of this report. He did not view the interior of the buildings.
- No one provided significant professional assistance to the persons signing this report, including data collection and interpretation.
- Based on my analysis of the data, subject to the limiting conditions and definitions set forth herein, it is my opinion that the market value of the fee simple estate of the subject property as of July 20, 2009, on an "as is" basis, is:

**Six Hundred Fifty Thousand Dollars
(\$650,000)**

PRINCIPAL APPRAISER

Date of appraisal: July 20, 2009

Date of report: July 25, 2009

Name: Bill Mathews

Signature:

William Mathews

State Certification Number: 1111-222222

Expiration Date: December 31, 2010