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	
	15 / 60 = 25 %		($38,045)
	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 %		($199,584)
	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 %		($66,528)
	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 %		($24,700)
	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)		**$30,000**
	Wells, septic systems 3 pads		
	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**