



APPRAISAL OF REAL PROPERTY

LOCATED AT:

1725 New Hampshire St
BABCOCK'S ENLARGED ADD BLK 16 LT 30
Lawrence, KS 66044

FOR:

Lawrence/Douglas County Housing Authority
1600 Haskell Ave
Lawrence, KS 66044

AS OF:

BY:

Greg Moore

UNIFORM COMMERCIAL/INDUSTRIAL SUMMARY APPRAISAL REPORT - SMALL PROPERTY

Client	<u>Lawrence/Douglas County Housing Authority</u>	File Number	<u>MV150604</u>
Property Use	<input type="checkbox"/> Office <input type="checkbox"/> Commercial <input type="checkbox"/> Industrial <input checked="" type="checkbox"/> <u>Apartment</u>	Map Reference	<u>MLS#4</u>
Property Address	<u>1725 New Hampshire St</u>	Zip Code	<u>66044</u>
City	<u>Lawrence</u> County <u>Douglas</u> State <u>KS</u>	Census Tract	<u>0002.00</u>
Building Name	<u>1725 New Hampshire</u>	APN	<u>023-103-06-0-20-15-008.0</u>
Owner/Occupant	<u>None</u>		
Typical Buyer	<input type="checkbox"/> Owner/User <input checked="" type="checkbox"/> Investor <input type="checkbox"/>		
Property Rights Appraised	<input type="checkbox"/> Fee Simple <input checked="" type="checkbox"/> Leased Fee <input type="checkbox"/> Leasehold <input type="checkbox"/> Other		
Purpose of Appraisal	<u>Estimate market value</u>		

Intended Use of Report To assist the client in a potential purchase of the subject.

Scope of Work Appraisal Report

Complete Appraisal Limited Appraisal due to the following departures from Standard 1 _____

Summary Appraisal Report

THREE YEAR OWNERSHIP HISTORY

Owner	Recording Reference	Date	Price Paid	Terms of Sale
Most Recent <u>Woodoc Investments, LLC</u>	<u>SVQ:047120</u>	<u>05/12/2006</u>	<u>\$ 260,000</u>	<u>Not Open Market (per county)</u>
Previous _____	_____	_____	\$ _____	_____
Previous _____	_____	_____	\$ _____	_____
Previous _____	_____	_____	\$ _____	_____
Current Contract <input type="checkbox"/> Option <input type="checkbox"/>		Listing Price	\$ _____	_____
Buyer _____		Contract Price	\$ _____	_____
Seller _____		Closing Date	_____	_____
Analysis/Comments: _____				

NEIGHBORHOOD DESCRIPTION

Boundaries: The subject's neighborhood is generally bounded to the north by 9th Street, the east by Barker Ave., the south by 23rd Street and the west by Iowa Street.

Neighborhood Built Up <u>97</u> %	Location _____ <input type="checkbox"/> Rural <input checked="" type="checkbox"/> Suburb <input type="checkbox"/> Urban
Land Use: Single Family <u>73</u> % Office <u>1</u> % MultiFamily <u>20</u> %	Development Trend _____ <input type="checkbox"/> Up <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Down
Industrial _____ % Retail <u>5</u> % Vacant <u>1</u> %	Value Trend _____ <input type="checkbox"/> Up <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Down
Undersupply Balanced Oversupply Vacancy	Vacancy Trend _____ <input type="checkbox"/> Up <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Down
Single Family _____ <input type="checkbox"/> <input checked="" type="checkbox"/> _____ %	Rental Demand _____ <input type="checkbox"/> Up <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Down
Multifamily _____ <input type="checkbox"/> <input checked="" type="checkbox"/> _____ %	Change In Land Use:
Office _____ <input type="checkbox"/> <input checked="" type="checkbox"/> _____ %	<input checked="" type="checkbox"/> Unlikely <input type="checkbox"/> Likely <input type="checkbox"/> Taking Place
Retail _____ <input type="checkbox"/> <input checked="" type="checkbox"/> _____ %	From _____ To _____
Industrial _____ <input type="checkbox"/> <input checked="" type="checkbox"/> _____ %	Rental Rate Range (Exclude Extremes) for Subject Property Type:

Distance-CBD _____ 1 Miles
 Distance-Freeway _____ .25 Miles
 Distance-Public Transportation _____ .1 Miles

Rental Rate Range (Exclude Extremes) for Subject Property Type:
 From \$ 8.00 /SF/Year To \$ 13.00 /SF/Year
 Age Range (Exclude Extremes) for Subject Property Type:
 From 5 To 100+

Neighboring Property Use: The neighborhood is a mixture of single family and multi-family uses. There is some retail and office use along Massachusetts Street. The area has a strong residential rental influence due to its proximity to the University of Kansas. Dillon's Grocery Store is located immediately to the south and Babcock Place is located to the north. To the east are single family residences.

Analysis/Comments: The neighborhood is in close proximity to the University of Kansas Campus which is the main source of demand for the rental market in the City of Lawrence. Both the University and Downtown Lawrence are within walking distance of the subject. The subject has good access to major traffic arteries including Massachusetts Street and 23rd Street. Buford Watkins Park and the Lawrence Outdoor Aquatic Center are located a mile to the north.

SITE DESCRIPTION

Legal Description BABCOCK'S ENLARGED ADD BLK 16 LT 30 See Addenda

Environmental Problems Known or Suspected Yes No

Site Size 8,375 SF Usable Land Area 8,375 SF Excess Land Area None

Site Dimensions 75' x 125'

Street Frontage 75 feet on New Hampshire Street

SITE DESCRIPTION (continued)

	Gd	Av	Fr	Utility:	Provided By:	Topography:
Access	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Electricity	Westar	Level <input checked="" type="checkbox"/> Mod Slope <input type="checkbox"/> Steep Slope <input type="checkbox"/>
Street Frontage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Gas	Black Hills Energy	At Grade <input checked="" type="checkbox"/> Above Grade <input type="checkbox"/> Below Grade <input type="checkbox"/>
Shape	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Water	City of Lawrence	
Functional Utility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sewer	City of Lawrence	
Visibility	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Telephone	ATT/WOW!	
Landscaping	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Street Improvements: Describe:		Yes No
Drainage	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Street Width	Typical	Corner Lot
Adequacy of Utilities	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Street Paving	Asphalt	Underground Utilities
Traffic Pattern	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Sidewalks	Concrete	Railroad Access
Traffic Volume	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Curbs & Gutters	Concrete	Earthquake Zone
				Storm Sewers	Yes	Flood Hazard Area
				Lighting	Yes	Map # <u>20045C0178D</u> Date <u>08/05/2010</u>

Soil Conditions Not analyzed

Easements None Noted

Encroachments None Noted

Current Zoning RM24 - Residential Multi-family (24 Units per Acre) Legally Conforming Yes No

Zoning Change: Likely Not Likely To _____

Uses Allowed Under Current Zoning Single family, duplex, apartment, multifamily, mobile home park, and community facilities. All of the uses are subject to special conditions of the Lawrence Zoning Ordinance Manual.

Analysis/Comments: The subject is located on the west side of New Hampshire Street, just north of 18th Street. The subject has frontage on New Hampshire Street. The subject visibility is average.

ASSESSMENT AND TAXES

Assessment Year	2014	APN	023-103-06-0-20-15-008.00-0	Tax Rate	Year	Taxes
Total	\$ 25,059	Total	129.7360	Current Taxes	2014	\$ 3,205.06
Land	\$ 7,237	County		Estimated Taxes	2015	\$ 3,500
Building(s)	\$ 17,822	City		Tax Assessment		\$.77 /SF
Other	\$	Other		Year Of Next Reassessment	2015	

Special Assessments: None

Reassessment Issues: None

Analysis/Comments: Residential Properties are assessed at a rate of 11.5% of the county's estimate of market value. The county's estimate of market value is below my estimate of value described herein.

IMPROVEMENTS DESCRIPTION

Property Type	<u>6 Unit Apartment</u>		Construction Type	<u>Wood Frame</u>		# Buildings	<u>1</u>	# Stories	<u>2</u>
Building	Floor	Gross SF	*Net SF	Use Type	Net SF	Use %			
1	Bsmt	1,508	1,246	Office					
1	1st	1,508	1,396	Retail					
1	2nd	1,508	1,396	Warehouse					
				Manufacturing					
				Distribution					
				Research/Development					
Total		4,524	4,038	Apartment	4,038	100			
*Usable Area	<input type="checkbox"/>	Rentable Area	<input checked="" type="checkbox"/>						
Year Built			<u>1957</u>	Parking	Yes	No	Industrial Only		
Building Efficiency Ratio			<u>89 %</u>	On Site	<input checked="" type="checkbox"/>	<input type="checkbox"/>	# Overhead Doors		
Effective Age			<u>30</u>	Adequacy	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Floor Height		
Total Economic Life			<u>50</u>	Covered	<input type="checkbox"/>	<input checked="" type="checkbox"/>	Ceiling Height		
Remaining Economic Life			<u>20</u>	Parking Garage	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Column Spacing		
Floor Area Ratio			<u>33 %</u>	Paved	<input checked="" type="checkbox"/>	<input type="checkbox"/>	FT x FT		
Ground Coverage Ratio			<u>18 %</u>	Number of Spaces	<u>8</u>		Railroad Spur		
				Spaces/1000 SFBA	<u>1.8</u>		Yes <input type="checkbox"/> No <input type="checkbox"/>		

Analysis/Comments: The subject has a full basement with garden level conforming units. The basements includes 1,246 SF of finished/rentable area. The rentable area in the basement excludes the laundry room, mechanical area and staircase. The net rentable area for floor 1 and 2 exclude the staircase. The subject has 8 parking spaces. However, they are unmarked and estimated by the appraiser.

IMPROVEMENTS DESCRIPTION (continued)

Building Description		Improvement Rating			
		Gd	Av	Fr	N/A
Foundation	Concrete/Full Basement				
Frame	Wood Frame		<input checked="" type="checkbox"/>		
Floor/Cover	Wood/Vinyl		<input checked="" type="checkbox"/>		
Ceiling	Drywall		<input checked="" type="checkbox"/>		
Exterior Walls	Brick Veneer		<input checked="" type="checkbox"/>		
Interior Partitions	Drywall/Wood Frame		<input checked="" type="checkbox"/>		
Roof Cover	Composition - 7 Years		<input checked="" type="checkbox"/>		
Plumbing	Average		<input checked="" type="checkbox"/>		
Heating	Boiler		<input checked="" type="checkbox"/>		
Air Conditioning	Window Units				<input checked="" type="checkbox"/>
Electrical	Separate Meters		<input checked="" type="checkbox"/>		
Elevators	None				<input checked="" type="checkbox"/>
Parking	Concrete		<input checked="" type="checkbox"/>		
Insulation	Assumed Adequate		<input checked="" type="checkbox"/>		
Sprinkler	No				<input checked="" type="checkbox"/>
Roof Support	Not Inspected		<input checked="" type="checkbox"/>		
.....				
.....				

Site Improvements: Includes typical landscaping, concrete parking lot.

Personal Property or Other Non-Realty Interests Included in Valuation: No Yes Each unit has a refrigerator and range. There is a single washer and dryer located in the laundry room that is shared by all the tenants.

Analysis/Comments: The subject property is average condition. The appraiser inspected all six units and the common area. Most recently the property owner has replaced the roof on the garage and main building. This was done approximately 7 years ago. The overall condition of the property is average. The appraiser throughout the inspection did not notice any abnormal deterioration or deferred maintenance.

HIGHEST AND BEST USE

HIGHEST AND BEST USE AS IF VACANT

Legally Permissible Uses: As discussed above the permitted uses include single family, multi-family, dormitory, and community centers.

Physically Possible Uses: The subject would appear to be able to accommodate any of the permitted uses although it is somewhat restricted by the size of the site.

Financially Feasible Uses: Based on it's location and the subject zoning the most financially feasible use is considered to be as a non-owner occupied multi-family income producing property.

Maximally Productive Use: Non-owner occupied multi-family use is considered to be the maximally productive use and the use that will produce the highest financial incentive.

Analysis/Comments: The highest and best use of the subject is considered to be it's present use. However, the reader should note that the current owner has been in conversations with the adjacent grocery store regarding purchasing the property to expand their existing parking lot. Conversations have been ongoing since the proposed remodel of the grocery store in 2009. Rezoning of the property to CS - Commercial Strip was approved by the city, but it has never been rezoned at the owner's request as multi-family uses are not allowed in the CS zoning district.

HIGHEST AND BEST USE AS IMPROVED

Legally Permissible Uses: Same as for unimproved.

Physically Possible Uses: Based on the improvement configuration the only uses that would require little or no conversion would be as a multi-family dwelling.

Financially Feasible Uses: Based on the fact that the subject is divide into 6 separate units the use that would require no alterations to the structure and would allow use with little or no additional investment is the present multi-family use.

Maximally Productive Use: The maximally productive use is to continue the present use as an income producing multi-family property. This conclusion is supported by the high market demand for this type of property in the subject's neighborhood, particularly those located in close proximity to the University of Kansas campus.

Analysis/Comments: The highest and best use and maximally productive use of the subject as improved is considered to be it's present use.

VALUATION METHODS SELECTED

Cost Approach Income Approach Direct Sales Comparison Approach
 Reasons for Excluding an Approach: All three approaches to value have been used.

MARKET VALUE ESTIMATE OF NON-REALTY ITEMS

Market Value of Personal Property \$ 6,000
 Market value of Other Non-Realty Interests \$ 0
 Total Market Value of Non-Realty Interests \$ 6,000

Analysis/Comments: Typical personal property items (depreciated cost of window air conditioners, stove and refrigerator) have been included in my value.

COMPARABLE SITE ANALYSIS

Data Sheets Att <input checked="" type="checkbox"/>	Subject	Comparable #1	Comparable #2	Comparable #3
Location/Address	<u>1725 New Hampshire St</u>	<u>1700 Tennessee</u>	<u>744 Mississippi</u>	<u>1616 Massachusetts St</u>
Proximity to Subject		<u>2 blocks</u>	<u>6 blocks</u>	<u>.8 miles</u>
Map Reference	<u>MLS#4</u>	<u>MLS-4</u>	<u>MLS-2</u>	<u>MLS-4</u>
Deed Reference				
Date of Sale		<u>3/24/2010</u>	<u>1/13/2011</u>	<u>12/16/2014</u>
Exposure Time				
Data Source		<u>Buyer</u>	<u>County</u>	<u>MLS/County</u>
Site Size SF <input checked="" type="checkbox"/> Acres <input type="checkbox"/>	<u>8375</u>	<u>5,850</u>	<u>5,850</u>	<u>7,821'</u>
Frontage	<u>75'</u>	<u>50'</u>	<u>50'</u>	<u>50'</u>
Zoning	<u>RM32</u>	<u>RM32</u>	<u>RS-5</u>	<u>RS-7</u>
Utilities	<u>All Available</u>	<u>All Available</u>	<u>All Available</u>	<u>All Available</u>
Site Improvements				
Unit of Comparison	<u>Square Foot</u>			
Sales Price		\$ <u>84,500</u>	\$ <u>100,000</u>	\$ <u>75,000</u>
Price Per Unit		\$ <u>14.44</u>	\$ <u>17.09</u>	\$ <u>9.59</u>
Property Rights Conveyed		<u>Fee Simple</u>	<u>Fee Simple</u>	<u>Fee Simple</u>
Adjustment				
Financing				
Adjustment				
Conditions of Sale		<u>Arm's Length</u>	<u>Arm's Length</u>	<u>Arm's Length</u>
Adjustment				
Market Conditions		<u>Equal</u>	<u>Equal</u>	<u>Inferior</u>
Adjustment				
Other Adjustments:				
Location			<u>-6.84</u>	
Topography				
Shape/Utility				
Utilities				
Site Improvements				
Zoning			<u>3.42</u>	<u>1.91</u>
Total Adjustments			<u>-3.42</u>	<u>1.91</u>
Indicated Value Per Unit		\$ <u>14.44</u>	\$ <u>13.67</u>	\$ <u>11.5</u>

Analysis/Comments: Given the mature nature of the neighborhood, there were a very limited number of land sales to analyze. Sale 1 was considered most similar to the subject property. Sale 2 was superior in location and was adjusted downward. Sales 2 and 3 were zoned single family and they were adjusted upward 20% for zoning.

Total Site Units: Square Feet 8,775
 Unit Value \$ 14.00
 Estimated Site Value \$ 122,850

EXCESS LAND

Excess Land Area Units: None
 Unit Value \$
 Estimated Excess Land Value \$

COST APPROACH

Cost Source Marshall and Swift, Multiple Residence, Class D, Average Construction

Component	No.	Size	Unit Cost	Section/Page	Cost
Building/Above Grade	1	3,016	\$ 65.05	12/16	\$ 196,191
Basement Finished	1	1,246	\$ 51.54	12/16	\$ 64,219
Basement Unfinished	1	262	\$ 22.89	12/16	\$ 5,997
Garage	1	1,656	\$ 25.00	12/35	\$ 41,400
			\$		\$
			\$		\$
Reproduction <input type="checkbox"/> Replacement <input checked="" type="checkbox"/> Cost New of Improvements					\$ 307,807
Plus: Indirect (Soft Costs)					\$ 18,760
Plus: Entrepreneurial Profit			10 %		\$ 38,724
Total Cost New					\$ 365,291
Less: Physical Deterioration			60 %	219,175	
Less: Functional Obsolescence			%		
Less: External Obsolescence			%		
Total Accrued Depreciation (Deterioration & Obsolescence)					(\$ 219,175)
Depreciated Value of Building(s)					\$ 146,116
Plus: Contributing Value of Site Improvements					\$ 15,000
Depreciated Value of Improvements					\$ 161,116

Analysis/Comments:

Estimated Site Value	\$ 122,850
Plus: Estimated Excess Land Value	
Plus: Depreciated Value of Improvements	161,116
Plus: Market Value of Personal Property and Other Non-Realty Interests	2,500
Indicated Value Before Adjustment for Interest Appraised	\$ 286,466
Less: Adjustment for Interest Appraised	0
Value Indication - Cost Approach	\$ 286,466
Rounded	\$ 290,000

INCOME APPROACH/RENTAL COMPARABLE BUILDING ANALYSIS

	Subject	Comparable #1	Comparable #2	Comparable #3
Data Sheets Att <input type="checkbox"/>				
Address	1725 New Hampshire	1700 Kentucky St # 16	1708 Kentucky St	1345 Vermont St
Proximity to Subject		0.16 miles NW	0.16 miles W	0.41 miles NW
Map Reference	MLS#4	MLS-4	MLS-2	MLS-2
Year Built	1957	1987	1982	1983
Gross Building Area	4,524	6,194	1,808	5,836
Number of Stories	2 & walkout basement	2 & Walkup basement	Garden Level	1.5
Current Vacancy %	None	None	None	None
Construction Type	Frame	Frame	Frame	Frame
Construction Quality	Average	Average	Average	Average
Condition	Average	Average/Gd	Average	Average
Parking	Concrete	Concrete	Concrete	Concrete
Date of Rent Survey				
Asking Rent				
Lease Period				
Tenant Improvement Allowance				
Concessions				
Tenant Name	Various	Various	Various	Various
Beginning Date	08/01/2014	08/01/2014	08/01/2014	08/01/2014
Term	12 Months	12 Months	12 Months	12 Months
Lease Type*	Mod. Gross	Mod. Gross	Mod. Gross	Mod. Gross
Tenant Size (SF)	673 SF/Avg	1,032 SF/Avg	452 SF/Avg	837 SF/Avg
Rent Per SF	\$ 8.89	\$ 11.04	\$ 13.27	\$ 10.23
Rent Concessions Adj.	0	0	0	0
Adjusted Rent Per SF	\$ 8.89	\$ 11.04	\$ 13.27	\$ 10.23
Adjustment for Market Conditions	0	0	0	0
Adjusted Rent Per SF	\$ 8.89	\$ 11.04	\$ 13.27	\$ 10.23

INCOME APPROACH/RENTAL COMPARABLE BUILDING ANALYSIS *(continued)*

Location	Very Good	Similar	Similar	Similar
Quality	Avg	Similar	Similar	Similar
Condition	Avg	Similar	Similar	Similar
Parking	On Site	Similar	Similar	Similar
Total Adjustments				
Indicated Market Rent	\$ 8.89	\$ 11.04	\$ 13.27	\$ 10.23

*Lease Types: Gross Lease (G), Net Lease (N), Triple Net Lease (TN), Modified Gross (MG), Expense Passthroughs (P), Sales Overage Rents (O), Common Area Maintenance (C), Renewal Options (R)

Analysis/Comments: It appears that the subject's rents are slightly below market and a higher estimated rent has been forecasted by the appraiser.

SUMMARY OF SUBJECT LEASES

Tenant Name	Rented Area (SF)	Beginning Date	Term	Lease Types	Current Rent	Effective Rent/SF	Estimated Market Rent/SF
#1 Studio	494	Unknown	12 Mo	MG	3,780	7.65	8.00
#2 Basement	698	Unknown	12 Mo	MG	5,700	8.17	8.50
#3	698	Unknown	12 Mo	MG	6,600	9.46	10.00
#4	698	Unknown	12 Mo	MG	6,600	9.46	10.00
#5	698	Unknown	12 Mo	MG	6,600	9.46	10.00
#6	698	Unknown	12 Mo	MG	6,600	9.46	10.00

Analysis/Comments: Base on market indications it appears that the asking and current rents are below market.

INCOME AND EXPENSE HISTORY AND FORECAST

Income:	Actual	Comments and Calculations	Stabilized
From 1/1/2014 to 12/31/2014			\$
Gross Potential Income	\$ 34,030	Based on estimated market	\$ 37,805
Vacancy and Collection Loss %	(\$)	Estimated at 5%	(\$ 1,890)
Other Income	\$ 400		\$
Effective Gross Income	\$ 34,430		\$ 35,915
Expenses:			
Property Taxes	\$ 3,205.06	Based on current	\$ 3,200
Insurance	\$ 3,586	Based on 2014	\$ 3,586
Property Management	\$ 1,471.60	Estimated	\$ 1,500
Utilities	\$ 6,872.42	Based on historical average 2012-2014	\$ 6,382
Janitorial	\$		\$
Maintenance	\$ 6,164.75	Based on historical average 2012-2014	\$ 4,991
Reserves	\$		\$
Total Expenses	\$ 21,299.83		\$ 19,659
Net Operating Income (NOI)	\$ 13,130.17	Expense/SF \$ 5.35 Expense Ratio 62 %	\$ 16,256

Analysis/Comments: Historical expenses were double checked with comparables.

DIRECT CAPITALIZATION

Overall Rate Range	6.29 to 9.00	Equity Dividend Rate Range	
Overall Rate (RO)	= .0725	Mortgage	0.06 x 0.80 = 0.05
		Equity	0.10 x 0.20 = 0.02
		Overall Rate (RO)	= 0.07
NOI (Ro) Estimated Value	\$ 16,256 / .075 = \$ 224,221	NOI (Ro) Estimated Value	\$ 16,256 / 0.07 = \$ 232,229

Analysis/Comments: The RO was estimated from sales in the Moore Valuation data base. The sales used in the sales comparison approach have RO that range from 7.00% to 9.0%. The other sales had a range of 6.53% to 7.98%.

YIELD CAPITALIZATION

Cash Flow Analysis in Addenda Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Forecast Holding Period Beginning NOI NOI Pattern Reversion Assumption Yield Rate Value Estimate	Market Rate Scenario \$ \$	Contract Rent Scenario \$ \$
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Analysis/Comments: Direct Cash Flow Analysis was not performed.

ADJUSTMENT FOR INTEREST APPRAISED

Value Estimate - Market Rent Scenario	\$
Value Estimate - Contract Rent Scenario	\$
Difference (Adjustment for Interest Appraised)	\$
Analysis/Comments:	

Value Indicated by Direct Capitalization/Yield Analysis (excluding excess land)	\$ 228,225
Plus: Estimated Excess Land Value	\$ 0
Value Indication - Income Approach	\$ 228,225
Rounded	\$ 230,000

DIRECT SALES COMPARISON APPROACH/COMPARABLE BUILDING ANALYSIS

	Subject	Comparable # 1	Comparable # 2	Comparable # 3
Comp Sheets Att <input type="checkbox"/>	1725 New Hampshire St	1345 Vermont St	440 Florida St	1013 Natalie Dr # 17
Address		0.41 miles NW	1.82 miles NW	1.32 miles SE
Proximity to Subject	MLS#4	MLS#2	MLS#2	MLS#4
Map Reference				
Data Source				
Gross Building Area	4,524	5,836	8,650	4,844
Net Building Area	4,038	5,836	8,650	4,844
Site Size: SF <input checked="" type="checkbox"/> Acres <input type="checkbox"/>	8,375	8,775	17,950	24,947
Land-to-Building Ratio	1.85	1.50	2.08	5.15
Year Built	1957	1983	1994	1983
Construction Type	Frame	Frame	Frame	Frame
Construction Quality	Average	Average	Average	Average
Condition	Average	Average+	Average+	Average
Parking	Concrete	On site	On site	12 On site
Other				
Sale Price	\$	\$ 91.16	\$ 78.03	\$ 60.90
Date of Sale		01/31/2014	03/01/2013	04/07/2014
Exposure Time				
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment				
Financing	NA	New Loan	New Loan	New Loan
Adjustment				
Conditions of Sale	Arm's Length	Arm's Length	Arm's Length	Arm's Length
Adjustment				
Excess Land	None	None	None	None
Adjustment				
Non-Realty Interests	Typical PP	Typical PP	Typical PP	Typical PP
Adjustment				
CE/Terms Adjusted Price	\$	\$ 91.16	\$ 78.03	\$ 60.9
Other Adjustments:				
Market Conditions	Similar	Similar	Similar	Similar
Adjustment				
Location	Average	Very Good	Average	Average
Adjustment		-9.12		
Quality	Average	Average	Average	Average
Adjustment				
Condition	Average	Average+	Average+	Average-
Adjustment		-9.12	-7.80	6.09
Garage	Garage	None	None	Car Port
Adjustment		5	5	
Total Other Adjustments		-13.24	-2.8	6.09
Indicated Value				
Per SF	\$	\$ 77.92	\$ 75.23	\$ 66.99

DIRECT SALES COMPARISON APPROACH/COMPARABLE BUILDING ANALYSIS (continued)

Analysis/Comments: All sales were analyzed on a per square foot basis. Sale 1 was considered superior in location and condition and was adjusted downward for both. Sale 2 was superior in condition and was adjusted upward for condition. Sale 3 was appraised by the appraiser when it sold and it was adjusted upward for condition.

FEE SIMPLE OR LEASED FEE OPERATING DATA AND RATIOS

	Comparable # 1	Comparable # 2	Comparable # 3
Fee Simple or Leased Fee			
Gross Potential Income	\$ _____	\$ _____	\$ _____
Vacancy and Collection Loss%			
Effective Gross Income	\$ _____	\$ _____	\$ _____
Operating Expenses	\$ _____	\$ _____	\$ _____
Expenses/SF Gross Building Area	\$ _____	\$ _____	\$ _____
Expense Ratio			
Net Operating Income	\$ _____	\$ _____	\$ _____
EGIM			
Overall Rate			
Equity Dividend Rate			

Analysis/Comments: _____

Building Units	<u>Rentable Square Foot</u>	4,038
Value Per Unit		\$ 72 /Unit
Value Estimate		\$ 290,736

Effective Gross Income	\$ _____
Effective Gross Income Multiplier (EGIM)	x _____
Value Estimate	\$ _____

Analysis/Comments: Not Performed

Value Indicated by Direct Sales Comparison Approach (excluding excess land)	\$ 282,660
Plus: Estimated Excess Land Value	\$ _____
Plus: Adjustment for Interest Appraised	\$ 0
Value Indication - Direct Sales Comparison Approach	\$ 282,660
Rounded	\$ 280,000

RECONCILIATION AND FINAL VALUE ESTIMATES

Cost Approach Indication	\$ 290,000
Income Approach Indication	\$ 230,000
Direct Sales Comparison Approach Indication	\$ 290,000

Reconciliation: The cost approach is considered to be the weakest indicator of value due to the age of the subject and the lack of truly similar land sales, in terms of size and location. The income approach has been given additional weight due to the subject location and the historical income. However, the rents appear to be below market and this approach was given consideration. The sales comparison approach was given the greatest weight when deriving the estimated market value.

Estimated Exposure Time: The appraiser is estimating and exposure period of 90 days.

Extraordinary Assumptions and Limiting Conditions: None.

Estimated Market Value "As Is"	\$ 290,000
Effective Date of Valuation	June 16, 2015
Market Value of Personal Property Included in Appraisal	\$ 6,000
Market Value of Other Non-Realty Interests Included in Appraisal	\$ 0

RECONCILIATION AND FINAL VALUE ESTIMATES (continued)

Appraiser # 1 Signature  Name <u>Greg Moore</u> Certification No.: <u>2529</u> State: <u>KS</u> Exp. Date: <u>06/30/2015</u>	Date <u>June 22, 2015</u>	Property Inspected Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
Appraiser # 2 Signature _____ Name _____ Certification No.: _____ State: _____ Exp. Date: _____		Yes <input type="checkbox"/> No <input type="checkbox"/>

CONTENTS OF ADDENDA

Legal Description <input type="checkbox"/> Subject Photographs <input checked="" type="checkbox"/> Area Map <input checked="" type="checkbox"/> Neighborhood Map <input type="checkbox"/> Zoning Map <input type="checkbox"/> Flood Zone Map <input checked="" type="checkbox"/> Topographic Map <input type="checkbox"/> Site Sketch <input type="checkbox"/> Site Plan <input type="checkbox"/> Building Plans <input type="checkbox"/> Tax Assessment Card <input type="checkbox"/> Land Sales Data Sheets <input type="checkbox"/> Land Sales Map <input type="checkbox"/>	Land Lease <input type="checkbox"/> Segregated Cost Sheet <input type="checkbox"/> Soils Survey Map <input type="checkbox"/> Subject Leases <input type="checkbox"/> Rental Comparable Data Sheets <input type="checkbox"/> Rent Location Map <input type="checkbox"/> DCF Analysis <input type="checkbox"/> Improved Property Sales Data Sheets <input type="checkbox"/> Building Sales Location Map <input checked="" type="checkbox"/> Copy of Deed <input type="checkbox"/> Contract of Sale <input type="checkbox"/> Construction Cost Contract <input type="checkbox"/> Support for Personal Property Valuation <input type="checkbox"/>	Support for Non-Realty Interest Valuation <input type="checkbox"/> Support for Adjustment for Interest Appraised <input type="checkbox"/> Copy of Easement <input type="checkbox"/> Appraiser Qualifications <input type="checkbox"/> License <input checked="" type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/> _____ <input type="checkbox"/>
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DEFINITION OF MARKET VALUE

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 is the consummation of a 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 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 for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

ASSUMPTIONS AND LIMITING CONDITIONS

1. As agreed upon with the client prior to the preparation of this appraisal, unless otherwise indicated, this is a Limited Appraisal because it invokes the Departure Provision of the Uniform Standards of Professional Appraisal Practice. As such, information pertinent to the valuation has not been considered and/or the full valuation process has not been applied. Depending on the type and degree of limitations, the reliability of the value conclusion provided herein may be reduced.
2. Unless otherwise indicated, this is a Summary Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Summary Appraisal Report. As such, it might not include full discussions of the data, reasoning and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
3. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
4. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
5. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
6. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
7. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
8. 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.
9. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
10. 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 this appraisal report.
11. It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
12. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
13. 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 otherwise stated in this report.

(Continued)

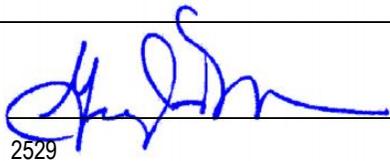
ASSUMPTIONS AND LIMITING CONDITIONS

- 14. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
- 15. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- 16. Any proposed improvements are assumed to be completed in a in accordance with the submitted plans and specifications.
- 17. 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.
- 18. 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, and in any event, only with proper written qualification and only in its entirety.
- 19. 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 prior written consent and approval of the appraiser.

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- 1. The statements of fact contained in this report are true and correct.
- 2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial unbiased professional analyses, opinions, and conclusions.
- 3. 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.
- 4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5. My engagement in this assignment was no contingent upon developing or reporting predetermined results.
- 6. 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.
- 7. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- 8. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the edition of the Uniform Standards of Professional Appraisal Practice current as of the date of the appraisal.
- 9. Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- 10. No one provided significant professional assistance to the person signing this report, unless otherwise indicated.

Appraiser's Signature 

State Certification # 2529

Date June 22, 2015

Subject Photo Page

Borrower/Client				
Property Address	1725 New Hampshire St			
City	Lawrence	County	Douglas	State KS Zip Code 66044
Lender	Lawrence/Douglas County Housing Authority			

**Subject Front**

1725 New Hampshire St
 Sales Price
 G.B.A. 4,524
 Age/Yr.Blt. 1957

**Subject Rear****Subject Street**

Subject Interior Photo Page

Borrower/Client				
Property Address 1725 New Hampshire St				
City	Lawrence	County	Douglas	State KS Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				



Subject Interior

1725 New Hampshire St
 Sales Price
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location Average
 View
 Site
 Quality Average
 Age 1957



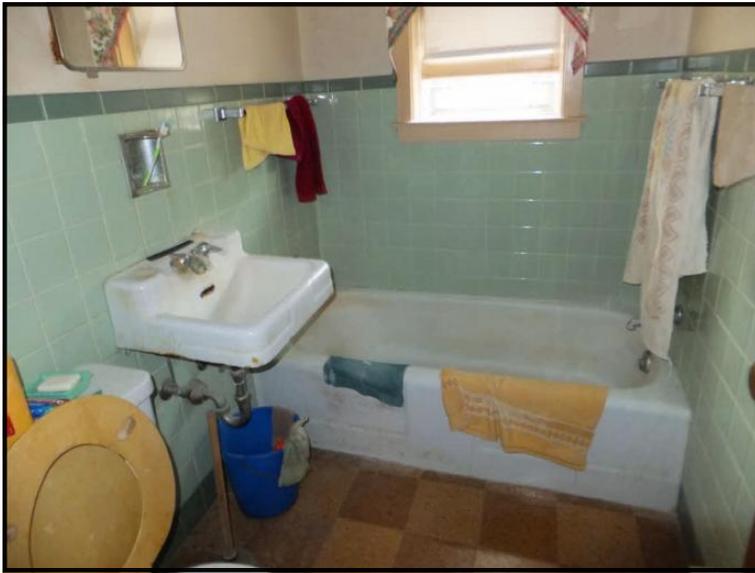
Subject Interior



Subject Interior

Subject Interior Photo Page

Borrower/Client				
Property Address 1725 New Hampshire St				
City	Lawrence	County Douglas	State KS	Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				



Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

Subject Interior Photo Page

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City	Lawrence	County Douglas	State KS	Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				

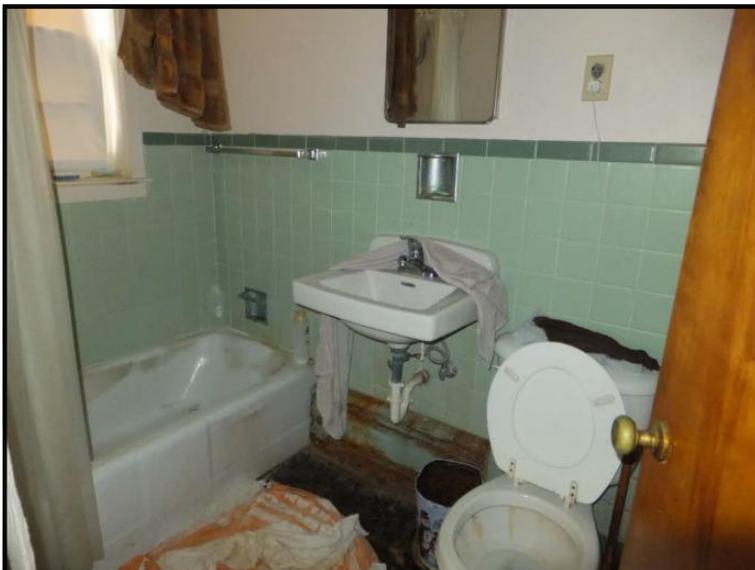


Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

Subject Interior Photo Page

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Property Address	1725 New Hampshire St						
City	Lawrence	County	Douglas	State	KS	Zip Code	66044
Lender	Lawrence/Douglas County Housing Authority						



Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



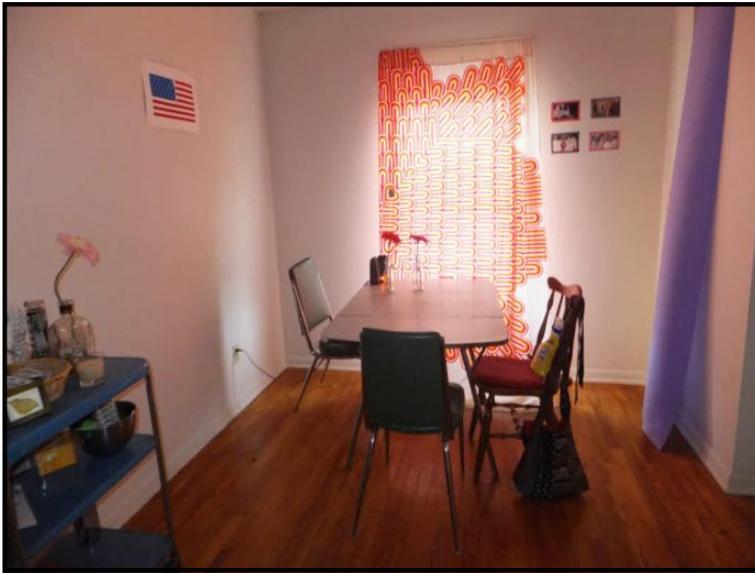
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Subject Interior

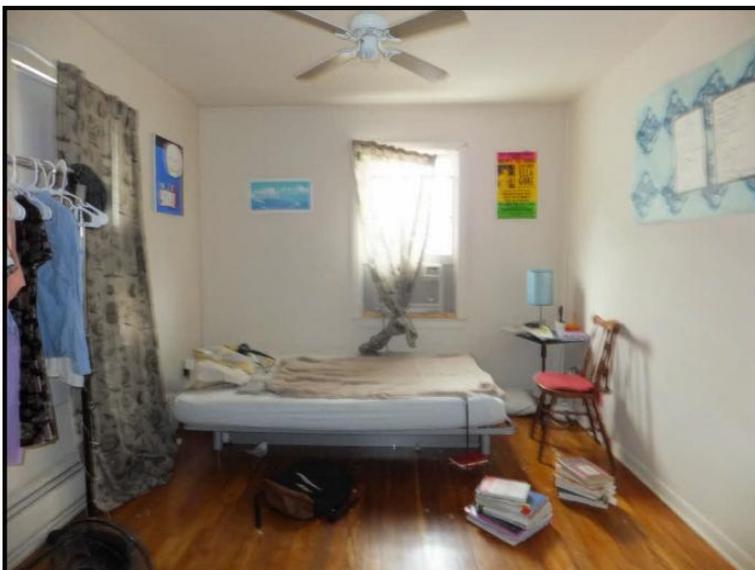
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Lender Lawrence/Douglas County Housing Authority				



Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

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City	Lawrence	County Douglas	State KS	Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				



Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

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City	Lawrence	County	Douglas	State	KS	Zip Code	66044
Lender	Lawrence/Douglas County Housing Authority						



Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

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City	Lawrence	County	Douglas	State	KS	Zip Code	66044
Lender	Lawrence/Douglas County Housing Authority						



Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



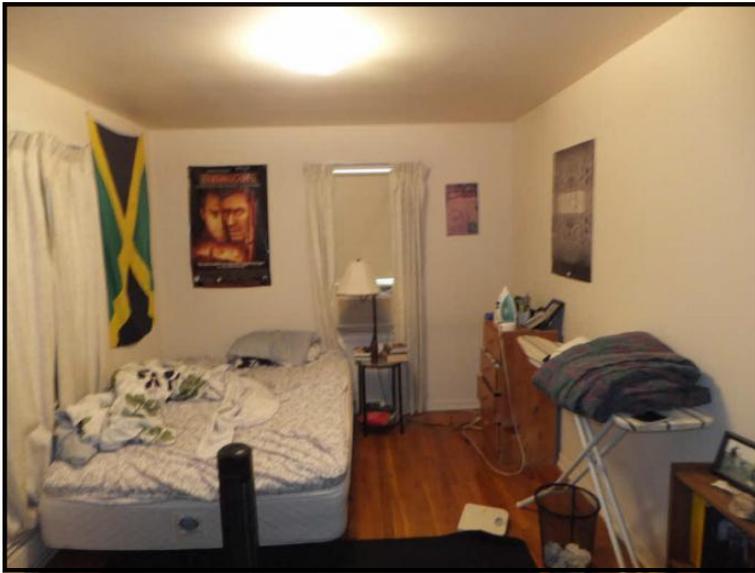
Subject Interior



Subject Interior

Subject Interior Photo Page

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Property Address 1725 New Hampshire St				
City	Lawrence	County Douglas	State KS	Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				

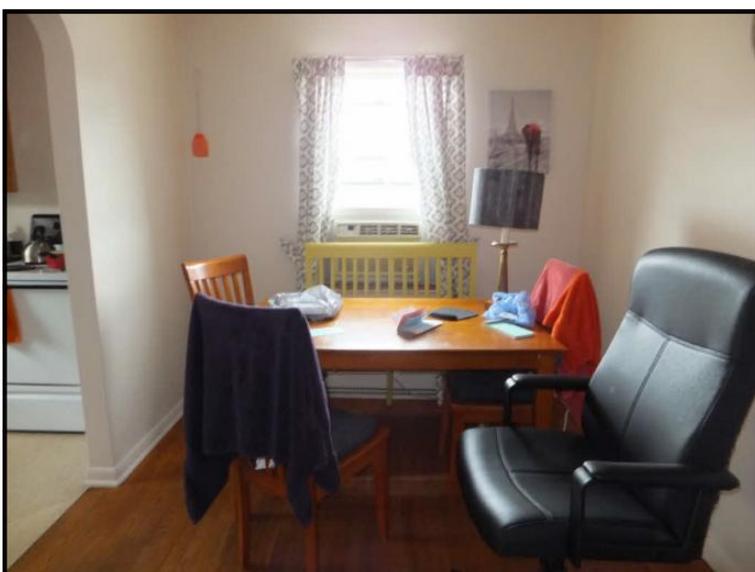


Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

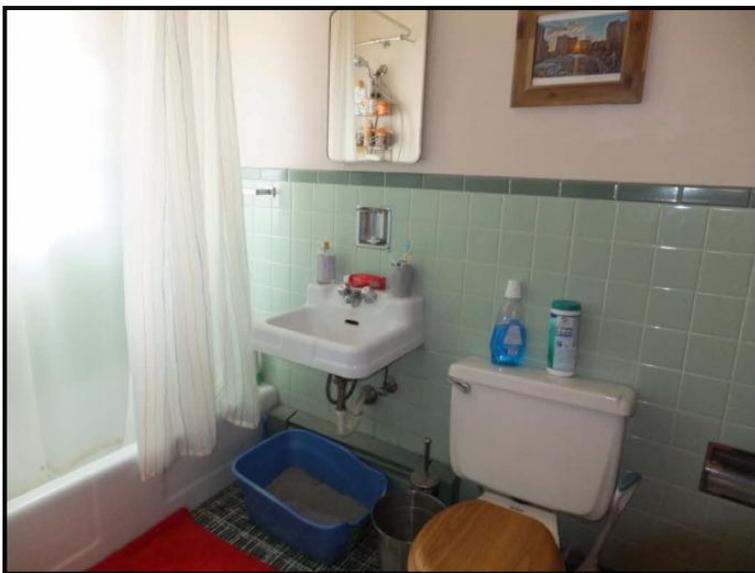
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Property Address 1725 New Hampshire St				
City	Lawrence	County Douglas	State KS	Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				

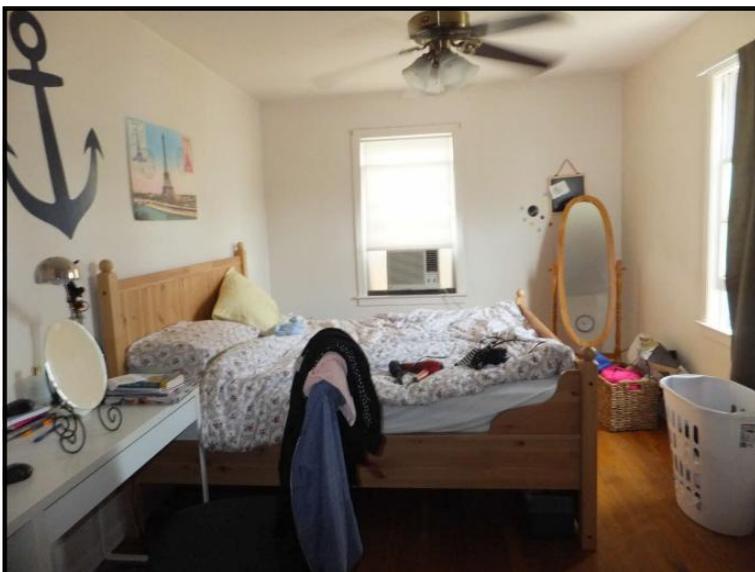


Subject Interior

1725 New Hampshire St
Sales Price
Gross Building Area 4,524
Age 1957



Subject Interior



Subject Interior

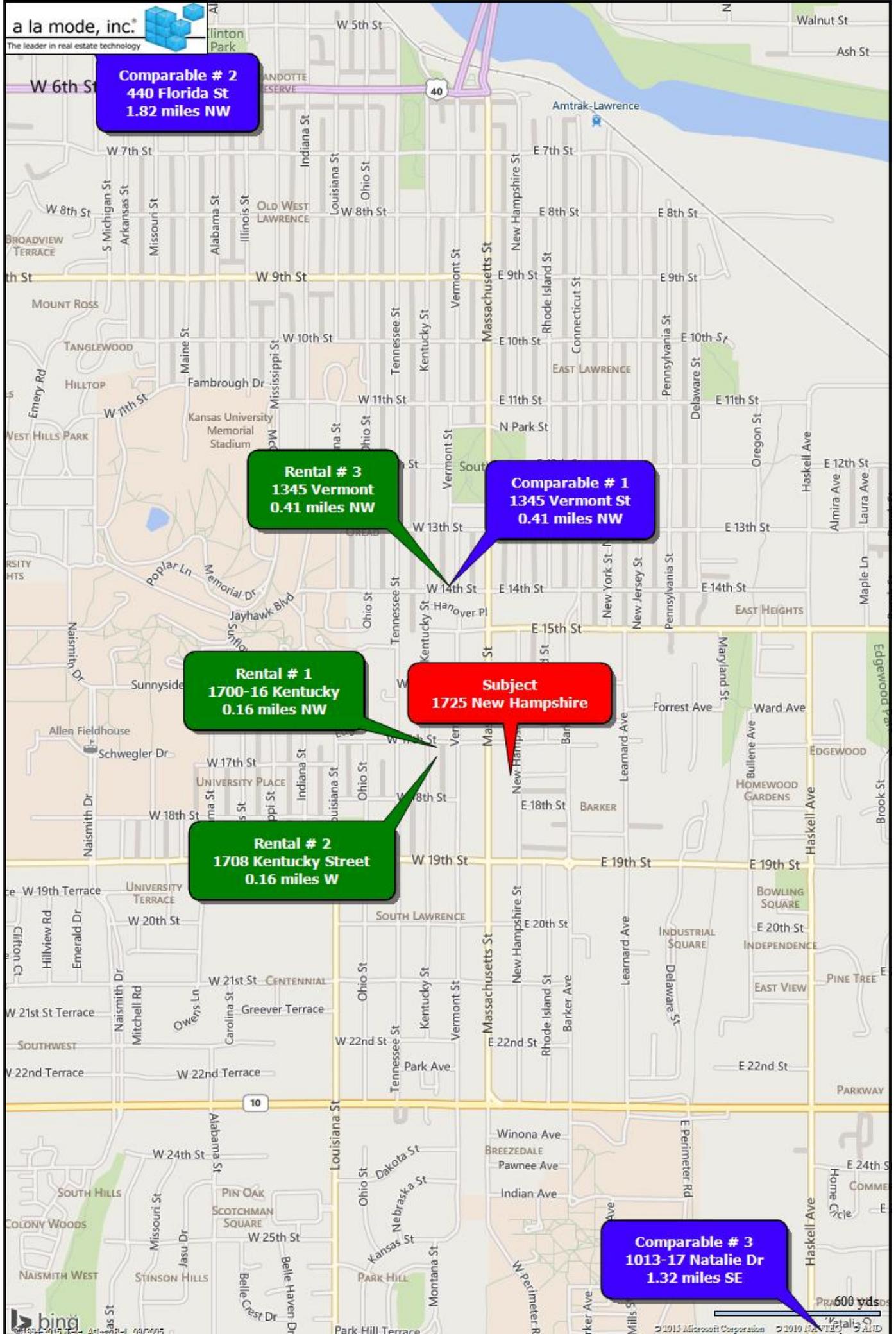
PHOTOGRAPH ADDENDUM

Borrower/Client				
Property Address	1725 New Hampshire St			
City	Lawrence	County	Douglas	State KS Zip Code 66044
Lender	Lawrence/Douglas County Housing Authority			



Location Map

Borrower/Client							
Property Address	1725 New Hampshire St						
City	Lawrence	County	Douglas	State	KS	Zip Code	66044
Lender	Lawrence/Douglas County Housing Authority						



Comparable Photo Page

Borrower/Client				
Property Address 1725 New Hampshire St				
City	Lawrence	County	Douglas	State KS Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				



Comparable 1

1345 Vermont St
 Sales Price 91.16
 G.B.A. 5,836
 Age/Yr. Blt. 1983



Comparable 2

440 Florida St
 Sales Price 78.03
 G.B.A. 8,650
 Age/Yr. Blt. 1994



Comparable 3

1013 Natalie Dr # 17
 Sales Price 60.90
 G.B.A. 4,844
 Age/Yr. Blt. 1983

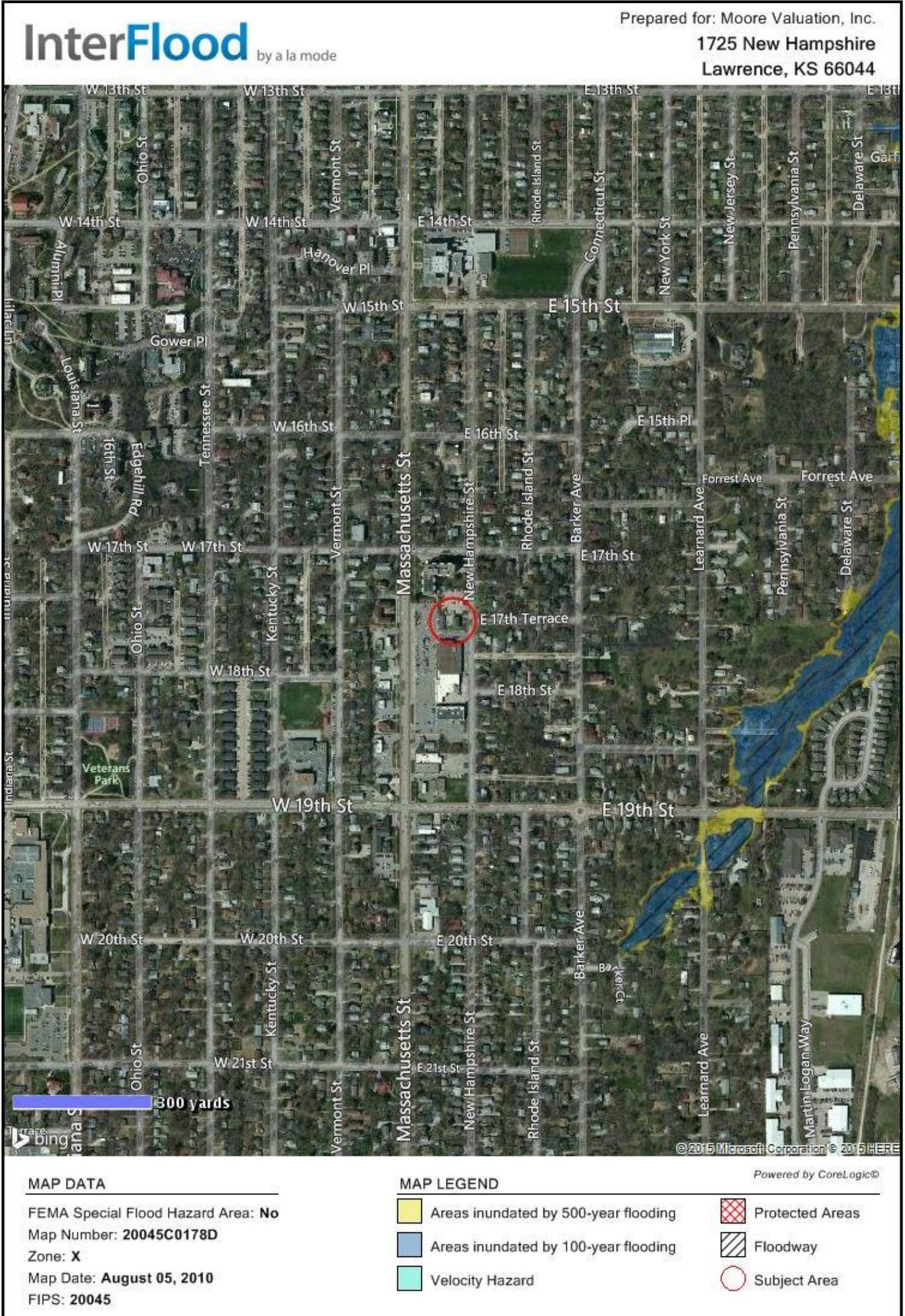
Site Map

Borrower/Client				
Property Address 1725 New Hampshire St				
City	Lawrence	County Douglas	State KS	Zip Code 66044
Lender Lawrence/Douglas County Housing Authority				



Flood Map

Borrower/Client							
Property Address	1725 New Hampshire St						
City	Lawrence	County	Douglas	State	KS	Zip Code	66044
Lender	Lawrence/Douglas County Housing Authority						



License

Borrower/Client				
Property Address	1725 New Hampshire St			
City	Lawrence	County	Douglas	State KS Zip Code 66044
Lender	Lawrence/Douglas County Housing Authority			

State of Kansas

Real Estate Appraisal Board

This is to certify that

Gregory T. Moore

has complied with the provisions of the Kansas State Certified and Licensed Real Property Appraisers Act to transact business as a

Certified General Real Property Appraiser

in the State of Kansas

<i>License #:</i>	G-2529
<i>Effective Date:</i>	7/1/2014
<i>Expiration Date:</i>	6/30/2015



Forster Adenlunger
Chairman