
Gipson Investments, Inc.
Appraisal and Consulting

**Estimate of Current Market Value
Appraisal Report**

**Vacant Commercial Building
119 S. Church Avenue / 119 E. Chuska Street
Aztec, NM**

Effective Date of Appraisal

December 23, 2015

Date of Inspection

December 23, 2015

Date of Report

March 3, 2016

Prepared For:

**Bill Homka
Community Development Director
City of Aztec
Aztec, NM**

Prepared By:

James Q. Gipson

Gipson Investments, Inc.

Appraisal and Consulting

3005 Northridge Drive, Suite I

P.O. Box 2458

Farmington, NM 87499

Phone 505-327-5470

March 3, 2016

Bill Homka, Community Development Director
City of Aztec
201 West Chaco Street
Aztec, NM 87410

RE: Estimate of Market Value – Vacant Commercial Property, owned by Aztec
Presbyterian Church, located at 119 S. Church Ave. / 119 E. Chuska St., Aztec, NM.

As requested, I have estimated the current market value of the fee simple interest in the subject
property, as of December 23, 2015, which is the date of inspection of the subject property.

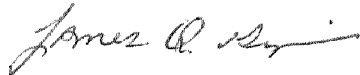
Attached is my Appraisal Report that outlines my analysis and conclusions. Please note the
contingent and limiting conditions that are a part of this report. This report is prepared in
accordance with the current version of the Uniform Standards of Professional Appraisal
Practice (USPAP).

The current market value, of the fee simple interest, in the subject property, as of December
23, 2015, is:

\$135,000

(One Hundred Thirty-five Thousand Dollars)

Respectfully submitted,



James Q. Gipson
NM 642-G (April 30, 2017)

QUALIFICATIONS

James Q. Gipson – General Certified Appraiser

EDUCATION

Bachelor of Business Administration, Accounting, New Mexico State University
Master of Business Administration, Management, Angelo State University

APPRAISAL EDUCATION

Real Estate Appraisal Principles, Appraisal Institute, Boulder
Residential Valuation, Appraisal Institute, Boulder
Basic Valuation Procedures, Appraisal Institute, Boulder
Basic Income Capitalization, Appraisal Institute, Tempe
Advanced Income Capitalization, Appraisal Institute, Boulder
Real Estate Finance, Statistics and Valuation Modeling, Appraisal Institute, Denver
National Uniform Standards of Professional Appraisal Practice, Appraisal Institute, Denver (03/15)
National USPAP Update, Appraisal Institute, Albuquerque (01/16)
Uniform Appraisal Standards for Federal Land Acquisition, Appraisal Institute, Albuquerque
Business Valuation Parts 1 & 2, Appraisal Institute, Austin
Valuation of Leased Fee Interests, Appraisal Institute, Albuquerque
Real Estate Fraud, Appraisal Institute, Albuquerque
Valuing Conservation Easements, Appraisal Institute, Albuquerque
Appraising Natural Resources, Am Society of Farm Managers and Rural Appraisers, Albuquerque
Rates and Ratios: Making Sense of GIMr, OARr and DCF, Appraisal Institute, Albuquerque
Small Hotel/Motel Valuation, Limited Service Lodging, Appraisal Institute, Chicago (online)
Subdivision Valuation, Appraisal Institute, Albuquerque
Evaluating Commercial Construction, Appraisal Institute, El Paso
Real Estate Finance, Value and Investment Performance, Appraisal Institute, Albuquerque
Practical Regression Using Microsoft Excel, Appraisal Institute, Albuquerque
Comparative Analysis, Appraisal Institute, Chicago (online)
The Discounted Cash Flow Model: Concepts, Issues and Applications, Appraisal Institute, Chicago (online)
Advanced Spreadsheet Modeling for Valuation Applications, Appraisal Institute, Albuquerque
Economic Forecasting, ASU, San Angelo
Real Estate Finance and Investment, NMSU, Las Cruces
Real Estate Principles, NMSU, Las Cruces
Business Law, NMSU, Las Cruces

CLIENTELE

Citizens Bank, Farmington	Charter Bank
Wells Fargo Bank, N.A.	M&I Thunderbird Bank, Phoenix
Washington Federal Savings	Los Alamos National Bank
Bank of the Southwest, Farmington	Texas Commerce Bank, El Paso
Vectra Bank Colorado, N.A.	Associated Financial Services
Four Corners Community Bank	United Bank of Colorado
Animas Credit Union	Transamerica
California Bank & Trust	The Bank of Durango
City of Farmington, NM	United Missouri Bank, Kansas City
ConocoPhillips Company	Questar Regulated Services
U.S. Government, Dept of the Interior -BOR	National Bank of Arizona
U.S. Government, Dept of the Interior - BIA	NM State Highway and Trans Dept
LandAmerica Valuation Services	Silver Hill Financial
City of Aztec, NM	

APPRAISAL REPORT

**Prepared for
CITY OF AZTEC**

DATE OF REPORT: March 3, 2016

FROM: James Q. Gipson - NM 642-G

RE: Commercial Property

Legal Description: Lots 9, 10, 11 and 12 in Block 31 of the Original Townsite of Aztec, recorded in Book 1179 / Page 921

Purpose of the Appraisal: Provide an estimate of market value as defined by the Office of Comptroller of the Currency under 12 CFR, Part 34, Sub-part C

Client / Intended User(s): The client and intended user is City of Aztec

Intended Use: Negotiation for possible purchase

Real Estate: The subject is a 3,670 square foot commercial property that is situated on a 14,000 square foot site

Personal Property: There is no personal property included in the appraisal.

Property location: 119 N. Church Ave. / 119 E. Chuska St.
Aztec, NM 87410

Tax ID: R0000349

Property Rights Appraised: Fee Simple

Appraisal Premise: Current

Date of Value: December 23, 2015

Date of Inspection: December 23, 2015

Estimate of Market Value:	As Is	As Proposed
Real Estate	\$ 135,000	\$ N/A

Contingencies: No contingencies are noted.

COMPETENCY

James Q. Gipson has a wide variety of real estate and real property appraisal experience throughout New Mexico and Southwest Colorado. Experience includes a number of assignments similar to the one at hand. General Certifications are currently held in New Mexico, Colorado and Arizona.

SUMMARY

Net Operating Income:	\$ N/A	Remaining Economic Life:	20 years
Exposure Period Estimate:	8 to 12 months	Marketing Time Estimate:	12 months

PURPOSE OF ANALYSIS

The purpose of this memorandum is to convey an estimate of market value of the identified interest in the above-referenced property. Market Value is defined by the federal financial institutions regulatory agencies as follows:

"Market Value means 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 knowledgeable, 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 each acting in what he considers their own best interest;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in US dollars or in terms of financial arrangements comparable thereto;
- (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."

(Source: Office of the Comptroller of Currency under 12 CFR, Part 34, subpart C-appraisals, 34.42 Definitions (f).)

SCOPE, APPRAISAL DEVELOPMENT AND REPORTING PROCESS

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. It presents only summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion to value. Supporting documentation concerning data, reasoning, and analyses is retained in the appraiser's files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated above. The appraiser is not responsible for unauthorized use of this report.

The scope of this analysis includes: discussing the request for appraisal services with a representative of the client; a physical inspection of the subject property, including the neighborhood and submarket, with an analysis of various regional, community, and

neighborhood data in respect to their impact on the subject property. The subject has been clearly identified and described, with potential uses of being identified to develop a highest and best use, as defined. Research of public records and other sources deemed reliable relative to the sales of comparable improved properties is performed. The comparables utilized are confirmed and personally inspected by the principal appraiser (James Q. Gipson). The approaches used are reconciled to develop a final estimate that is reported in this appraisal assignment. The value reported is "as of" the date of value specified and subject to the definition of value and other definitions included in the report. The analysis and conclusions within this appraisal are subject to the contingent and limiting conditions included.

Due to the age of the improvements and a lack of competing vacant land sales, the cost approach is not applicable and it is not applied. Additionally, rents in the downtown Aztec market do not support current market values as vacancies are above an ideal range and owners have accepted lower rents in order to retain or obtain tenants and the income approach is not applicable. I will include and discuss properties that are listed for sale in order to provide additional support for the sales comparison approach to value.

AREA / NEIGHBORHOOD DESCRIPTION

Northwest New Mexico was the home of prehistoric Indians for thousands of years. The Pueblo Indians and the nomadic tribes that became the Navajos and Apaches inhabited the area for years before the Spanish invaded the area in 1540. Northwestern New Mexico was opened to settlement in the late 1870's and farmers and ranchers began homesteading the land. The farmers prospered, but the major growth occurred after the development of the area's oil, gas and coal reserves in the 1950's. The most recent Census (2010) reported the population of San Juan County at 130,044, and that of Aztec at 6,763. That represented an annual increase of 0.59% over the previous ten years (2000 Census), with New Mexico experiencing a 1.32% annual increase during the same time period. Average income in San Juan County was \$20,029, which is one of the highest in the state; however, unemployment remains above the state average.

Today, the communities of Farmington, Aztec and Bloomfield thrive amidst spectacular scenery, ancient history and modern technology. Popular attractions include Indian ruins, outdoor theater, cultural and special events and outdoor recreation including fishing, golfing, hiking and mountain biking. In the past, much of the economy has relied upon the energy industries, however much emphasis has been applied to retail trade and this segment of the economy continues to grow, increasing the economic base of the community.

The subject's neighborhood is an area of mixed use that lies adjacent (east) to South Main Street, which is the original "downtown" area of Aztec. Throughout the neighborhood the residential improvements range from 30 to 100 years in age. A few non-residential activities are found within the neighborhood but this is typical of one or maybe two blocks from the original primary artery. Many of these buildings that would be the exception were constructed when zoning districts were less restrictive and similar uses less of a concern. San Juan County administrative offices were located in the neighborhood but a new complex was constructed and the buildings razed and that parcel is currently vacant. Aztec High School is located along the southeast boundary; other schools are located outside of the neighborhood. The neighborhood will continue in its current uses into the foreseeable future.

MARKET CONDITIONS

San Juan County continues to show signs of a correction. The petroleum industry was very active until 2008, but has slowed significantly over the past five to six years due to reduced natural gas prices and an abundant supply of natural gas. There was activity in developing the Mancos Shale, which is an oil formation, but a fairly abrupt correction in oil prices of over 50% has slowed much of the exploration at this time. Retail sales have held but employment levels continue to drop with the lower natural gas and oil prices. The effects of a sustained slowdown in exploration and a continued sluggish national economy will have a negative impact on local market conditions and real estate values, as has occurred over the past few years.

There have not been an adequate number of non-residential sales to arrive at a meaningful trend over the past two to three years. Over the past twelve months, compared to the previous twelve months, residential sales have only fallen slightly with the local MLS reporting 801 sales (site built single family, townhome/condo and mfg. housing) from February 1, 2014 thru January 31, 2015 and 784 sales February 1, 2015 thru January 31, 2016. The average price of the residential sales decreased slightly with 2014/2015 reporting an average sales price of \$192,598 and 2015/2016 \$188,943, indicating a 1.88% decrease in average sales price.

PROPERTY HISTORY

The subject property has been owned by the current owner since August 29, 2013, which was a transfer from Lois G. Crum, Trustee to Aztec Presbyterian Church. The Crum's had acquired the property in October 1980. The most recent transaction was a donation from the Crum's to the church and was not a sale/purchase. The subject has been offered for sale for 810 days, with a current asking price of \$189,000 (445 days). The original listing was \$213,900 (365 days). The City of Aztec is considering entering into a lease with purchase option with the church, with the church forfeiting rent in lieu of the city making repairs and upgrades to the property.

TAXES & ASSESSMENTS

The subjects' tax bill number is R0000349. The Office of the Assessor, San Juan County, New Mexico, revealed that the 2015 taxes for the property are assessed at \$215,091, with a taxable value of \$72,697 (1/3 assessed value). Total 2015 taxes for the property are \$2,379.

SITE DESCRIPTION

The subject site consists of four 3,500 square foot lots (Lots 9 – 12) totaling 14,000 square feet, being situated at the northwest corner of South Church Avenue and East Chuska Street. The site is gently sloped, following the grade of Church Avenue, and enjoys good topography. The site provides good exposure, however traffic is not extensive as it is situated on the fringe of non-residential uses. Being situated within the city limits of Aztec, the zoning is O-1, office and institutional, which is a transitional area that allows both single family residential uses and offices, as well as other uses that are compatible with high-density residential. The site is not located in a flood hazard zone and is served by all public services. Nothing was noted that would affect marketability of the site. There is an alley situated off of Church Avenue that allows additional access to the site.

IMPROVEMENT DESCRIPTION

Size: 3,670 SF
General Construction: Concrete block and on slab
Condition: Fair
Year: 1965 (estimated), with addition

Comments: The subject improvement was originally 2,070 SF in size, situated on one level. A 1,600 SF two story (800 SF per level) addition was built at the rear of the initial portion subsequent to the original construction. The building is configured for office uses and includes a number of offices, conference room and kitchenette. The original area currently includes a reception area, four offices, conference and two restrooms. The addition includes a reception area, five offices and a single restroom. The construction of the improvement is concrete block on concrete slab with stucco exterior and built-up roof. The interior includes painted concrete block on the perimeter walls, framed partition walls that are textured and painted drywall, with tile, carpet and vinyl floor coverings. The ceiling in the original portion is suspended with acoustic tile and recessed fluorescent lighting and in the addition is fixed ceiling with surface mounted fluorescent lighting. The building was designed to accommodate at least two tenants and includes four point of ingress/egress. Another door is situated in the addition that does not include stairs for access and is unusable. Due to the topography of the site, the addition is situated approximately three feet above grade and is accessed via stairs from the south side of the improvement. Overall, the condition of the subject is fair. Floor coverings need to be replaced, there are signs indicating that water is not exiting the roof but is in the stucco, and the stucco is in need of repair on both the improvement and the fence that surrounds the property. Heating and cooling is provided by combination natural gas fired forced air and refrigerated cooling.

Due to the age of the improvement, asbestos and lead base paint are present.

OCCUPANCY AND USE OF THE SUBJECT

The subject is a vacant commercial office building.

HIGHEST AND BEST USE

As Though Vacant

The site enjoys favorable topography and other than the size, nothing was noted that would limit physically possible uses. Legally, the site is zoned that allows office and/or residential. Being on the fringe of Aztec's "downtown," the site enjoys both of those uses as this is a transitional area. Sales of residential and non-residential parcels in Aztec have been slow over the past couple of years, but the non-residential office use would typically provide a higher value than would the residential use. The highest and best use of the subject property, as though vacant, would be office.

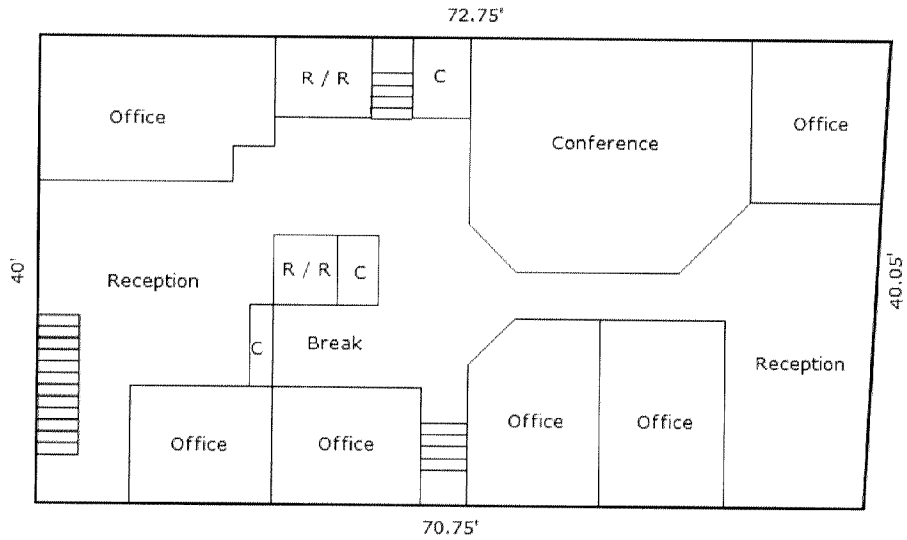
As Currently Improved

The subject is improved with an office building. Without modification, alternate uses are not available. The subject is not configured where it could be a multi-occupant residence without significant remodel – there are no bathrooms, only restrooms - and there are too many walls and small rooms for the typical retail entity. Office uses are allowed in this zoning district and the immediate area is a mix of residential and non-residential uses. The highest and best use of the subject, as currently improved, is office.

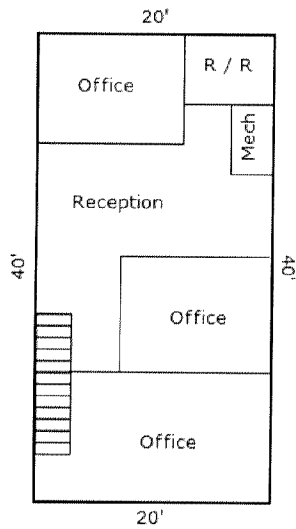
Assessor's Map



Floor Sketch



First Floor
[2870 Sq ft]



Second Floor
[800 Sq ft]

TOTAL Sketch by a la mode, inc

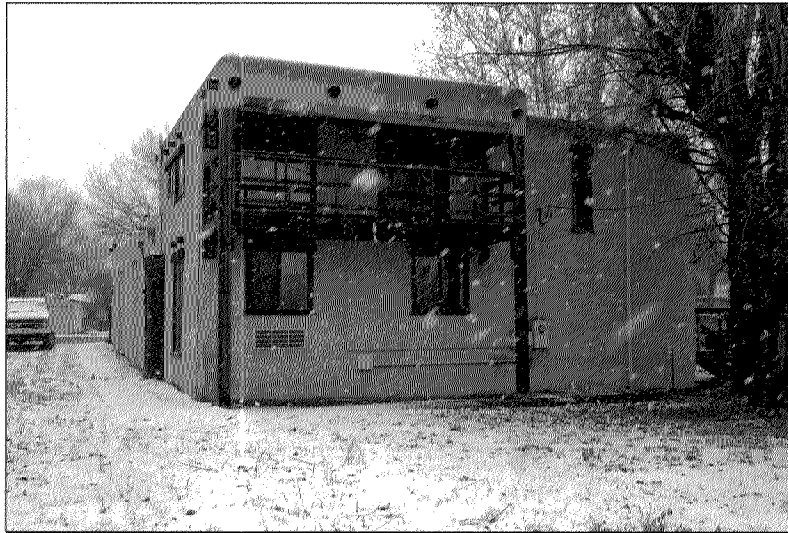
Area Calculations Summary

Living Area	
First Floor	2870 Sq ft
Second Floor	800 Sq ft
Total Living Area (Rounded):	3670 Sq ft

Photographs of the Subject Property



Front of Subject



Rear of Subject facing Southeast

Photographs of the Subject Property

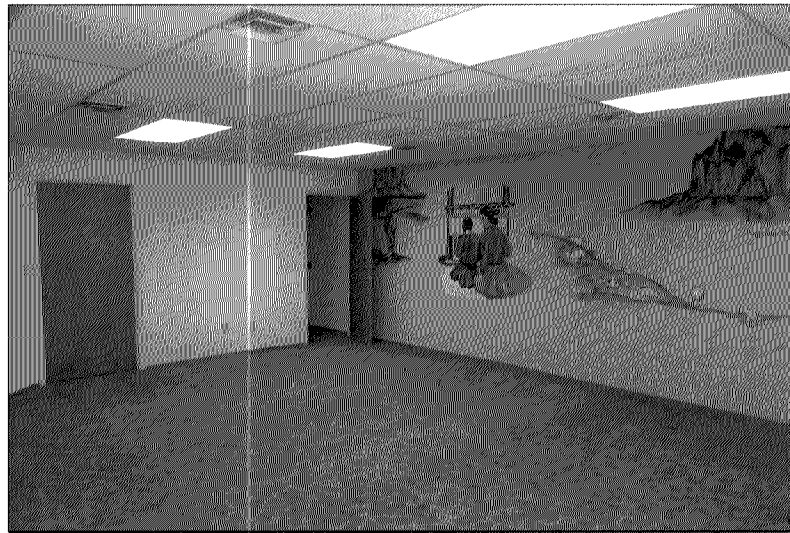


Rear of Subject facing Northeast

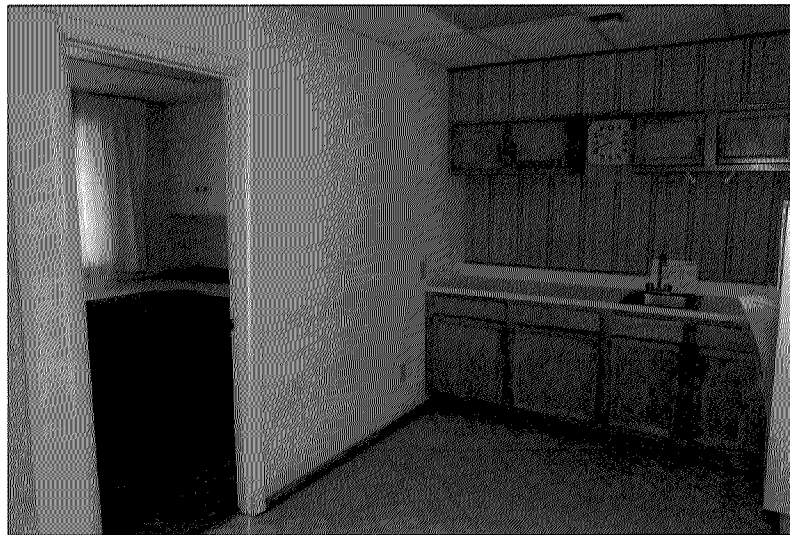


Reception

Photographs of the Subject Property

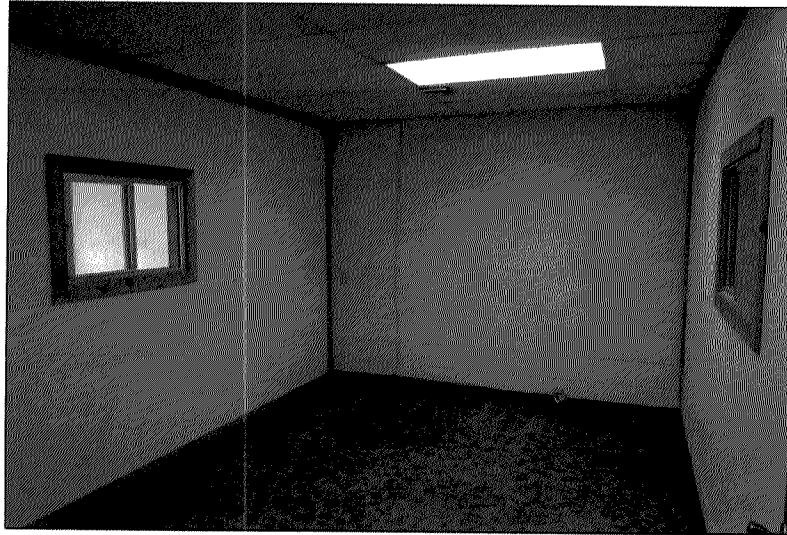


Conference

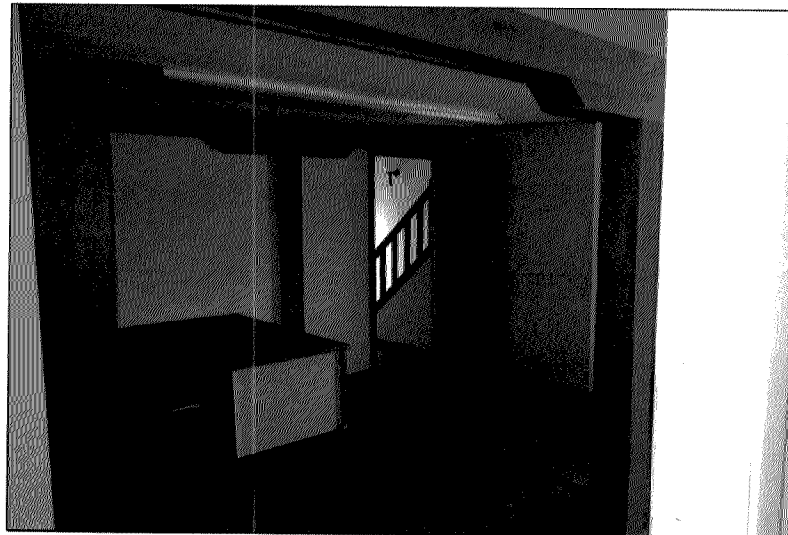


Rear of Subject

Photographs of the Subject Property



Office

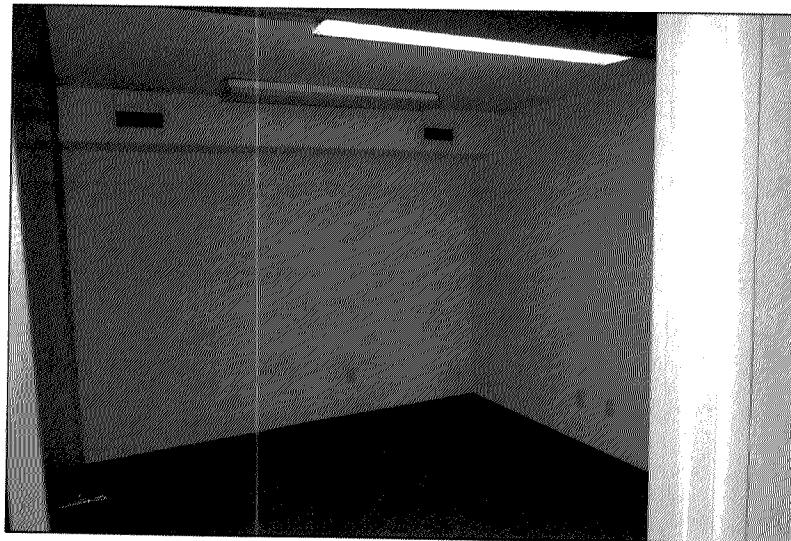


Reception – Lower Level at Back

Photographs of the Subject Property

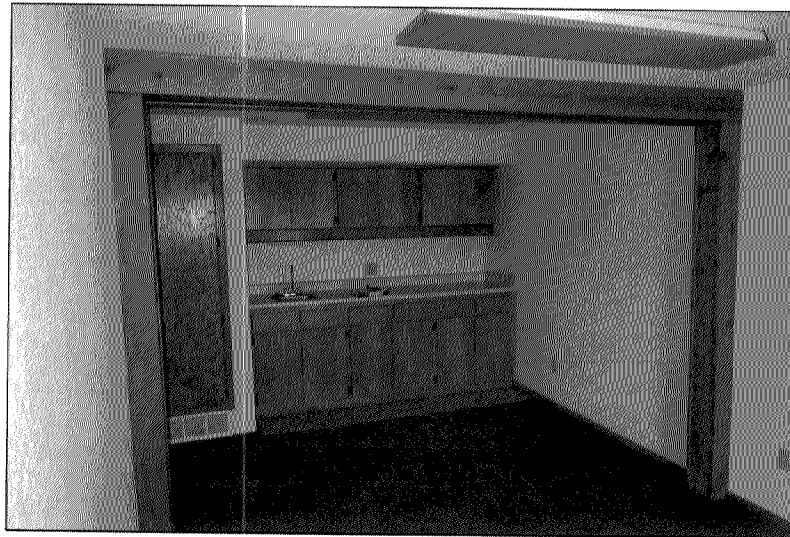


Office – Lower Level at Back

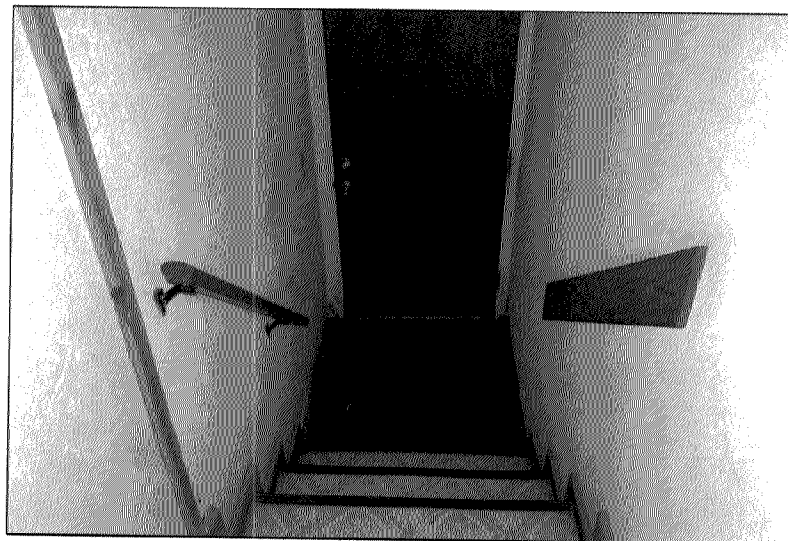


Office – Upper Level

Photographs of the Subject Property



Break - Upper Level



Side Entrance/Exit

Photographs of the Subject Property



Stucco at Northwest Corner



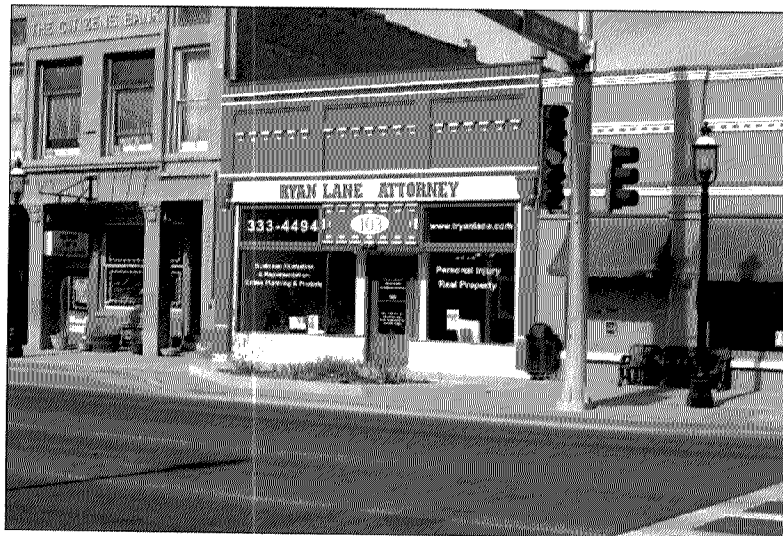
Stucco on Wall

VALUATION

I chose four closed sales for the analysis, two of which are located in Aztec and two in Farmington. I will also include active listings in arriving at the value conclusion for the subject property. A description of the sales follows:

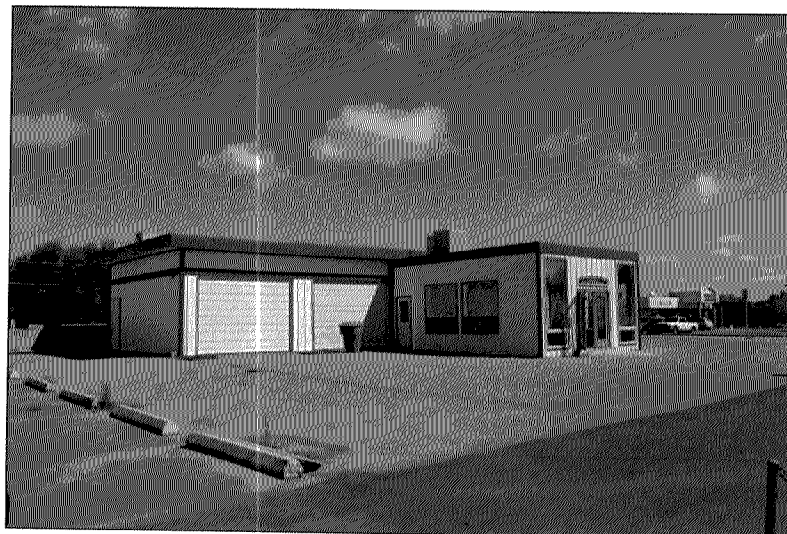
Comparable Sale 1

Location:	103 S. Main Avenue, Aztec
Current Utility:	General Office
Proximity to Subject:	1 Block west
Grantor:	Tucker Investments, LLC
Grantee:	Berean Investments, LLC
Recording Reference:	Book 1565 / Page 751
Property Rights Transferred:	Fee Simple
Date of Sale:	November 8, 2013
Conditions of Sale:	Arms Length
Financing:	Cash
Construction:	Concrete Block on Concrete Slab
Age / Effective Age:	Est. 1930's / 10 Years
Condition:	Excellent
Sales Price:	\$150,000
Size of Improvement:	2,075 SF
Size of Site:	3,498 SF
Land / Building:	1.69
Indicated Value PSF:	\$72.29
Confirmed by:	Gordon Crane to James Gipson
Comments:	This is a remodeled office / retail building located on Main Ave. in Aztec. It was listed for 809 days.



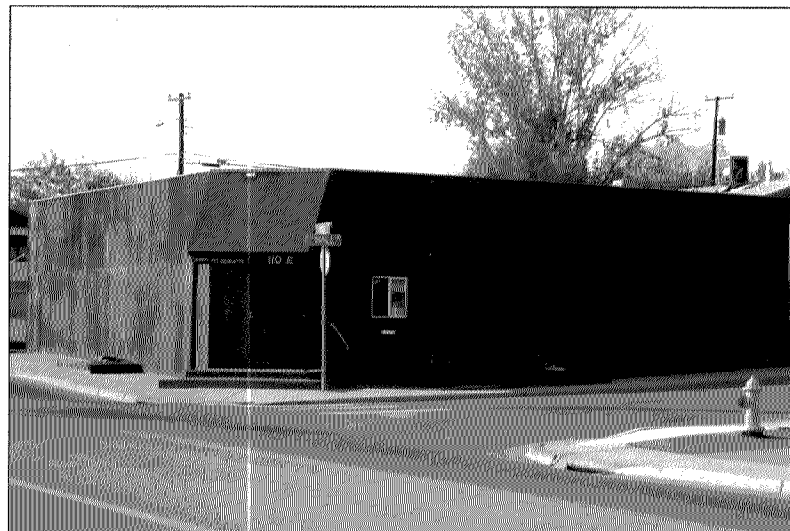
Comparable Sale 2

Location:	1405 W. Aztec Boulevard, Aztec
Current Utility:	Retail
Proximity to Subject:	0.90 Mile northeast
Grantor:	ZC Inc.
Grantee:	Don Sheets and Carmen Sheets
Recording Reference:	Book 1597 / Page 125
Property Rights Transferred:	Fee Simple
Date of Sale:	January 18, 2016
Conditions of Sale:	Arms Length
Financing:	REC
Construction:	Concrete Block and Frame
Age / Effective Age:	Est. 1960's / 30 Years
Condition:	Fair
Sales Price:	\$135,000
Size of Improvement:	2,470 SF
Size of Site:	12,349 SF
Land / Building:	5.00
Indicated Value PSF:	\$54.66
Confirmed by:	Barry Digman to James Gipson
Comments:	This is a remodeled service station with an addition that is located on West Aztec Blvd and Light Plant Road. It was listed for 81 days and is currently offered for lease.



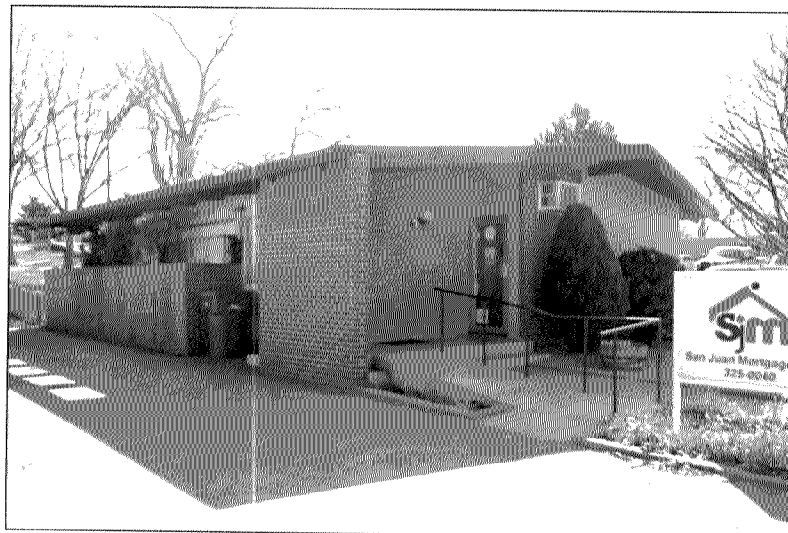
Comparable Sale 3

Location:	110 West Apache Street
Current Utility:	General Office
Proximity to Subject:	13.0 Miles Southwest
Grantor:	Bert G. Barns, Trustee, etal
Grantee:	San Juan Independent Practice Association
Recording Reference:	Book 1539 / Page 700
Property Rights Transferred:	Fee Simple
Date of Sale:	May 2, 2012
Conditions of Sale:	Arm's Length
Financing:	Cash
Construction:	Frame over crawl space
Age / Effective Age:	1960 Est. / 25 Years
Condition:	Fair
Sales Price:	\$120,000
Size of Improvement:	2,500 SF
Size of Site:	6,325 SF
Land / Building:	2.53
Indicated Value PSF:	\$48.00
Confirmed by:	Elizabeth Lockmiller (Realtor) to James Gipson
Comments:	This is a general office building that is located at the intersection of West Apache and North Wall. It was in fair condition at the time of sales and the purchaser performed an extensive remodel of the improvements. The photo is near the time of sale and does not reflect the remodeled property. It was listed for 112 days.



Comparable Sale 4

Location:	234 Schwartz Avenue, Farmington
Current Utility:	General Office
Proximity to Subject:	13.7 Miles southwest
Grantor:	Kenneth Lingo, Trustee
Grantee:	Pascetti Investments, LLC
Recording Reference:	Book 1585 / Page 353
Property Rights Transferred:	Fee Simple
Date of Sale:	April 6, 2015
Conditions of Sale:	Arm's Length
Financing:	Cash to Seller
Construction:	Frame on concrete slab
Age / Effective Age:	1960 Est. / 25 Years
Condition:	Fair/Average
Sales Price:	\$69,500
Size of Improvement:	1,180 SF
Size of Site:	16,800 SF
Land / Building:	14.24
Indicated Value PSF:	\$58.90
Confirmed by:	Stephanie Buffington (Realtor) to James Gipson
Comments:	This is a general office building that is situated on a side street, west of downtown Farmington. It had been listed for 618 days before the sale.



Analysis

	Subject	Comp 1	Comp 2	Comp 3	Comp 4
Date of Sale		Nov-13	Jan-16	May-12	Apr-15
Sales Price		\$150,000	\$135,000	\$120,000	\$69,500
Size - SF	3,670	2,075	2,470	2,500	1,180
Site - SF	14,000	3,498	12,349	6,325	16,800
Land to Bldg Ratio	3.81	1.69	5.00	2.53	14.24
Indicated PSF		\$72.29	\$54.66	\$48.00	\$58.90
Property Rights					
Market Conditions		(3.61)		(2.40)	
Conditions of Sale					
Adjusted PSF		\$68.68	\$54.66	\$45.60	\$58.90
Location		(10.00)	(7.50)		3.00
Quality					
Age / Condition		(15.00)			(5.00)
Size		(5.00)	(5.00)	(5.00)	(10.00)
Finished Area					
Site		2.00			(5.00)
Total Adjustments		(\$28.00)	(\$12.50)	(\$5.00)	(\$17.00)
Indicated PSF		\$40.68	\$42.16	\$40.60	\$41.90

Comments

Before the differences were considered, the sales formed a range that extended from \$48 to \$72 per square foot, ranging in size from 1,180 to 2,500 square feet. Two of the sales were fairly recent, occurring in the previous 20 months and two were older. I was not able to identify adequate sales in the Aztec market and extended my search to Farmington for additional data. Even extending my search required including two sales that were older than preferred, which is indicative of current market conditions. All of the sales include transfer of fee simple property rights and all were reported to be "arms length" between willing market participants.

Market Conditions

The two most recent sales are recent enough that an adjustment for market conditions was not supported. The two older sales occurred when the market was superior to what is presently taking place and an adjustment was appropriate for both of these sales. That adjustment was applied at 5%.

Financing

Three of the sales were cash to seller and one was sold with owner financing (Real Estate Contract). The terms of the REC were reported to be "at market" and no adjustment could be supported for this variable.

Location

Three of the sales received an adjustment for differences in location. Sales 1 and 2 are both located in Aztec and are situated on primary arteries and are superior to the subject's off Main Street location. Sale 3, which is in Farmington is located on a secondary artery and is similar to the subject in this variable and sale 4, which is situated on a side street is slightly inferior to the subject.

Quality

An adjustment for differences in quality was not appropriate. All of the sales are 50 or more years old and any differences in quality, if they existed in the past, have been negated through the years.

Age / Condition

This adjustment is based on general condition of the improvement, with comparable 1 being completely remodeled and in excellent condition and sale 4 being only slightly superior to the subject. Sales 2 and 3 were both considered similar in condition.

Size

I was unable to bracket the size of the subject with the parameters that were selected. To use a sale that included a much larger improvement, just for the sake of bracketing the subject, would have been much newer and was not appropriate. Consequently, all of the sales were enough smaller that an adjustment was appropriate. Typically, the size and unit price vary inversely with the larger properties commanding less per square foot than the smaller ones and all of the sales are superior to the subject, with sale 4 being superior to the other sales.

Finished Area

All of the sales are essentially fully finished and an adjustment was not appropriate for this variable.

Site

The subject and comparable sale 3 were considered similar in this variable. Sale 3 did include an A/C unit, but it is a small unit that is installed in a window. Sales 1 and 2 enjoy heating and cooling and both are superior to the subject and sale 3.

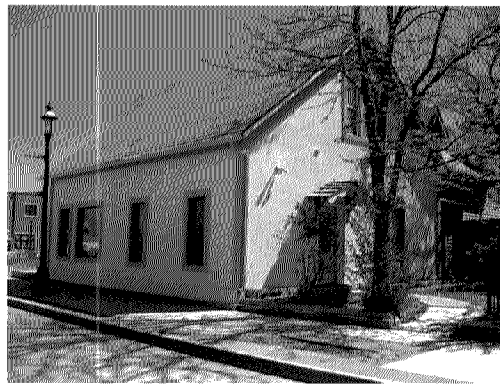
Reconciliation of Comparable Sales

Further adjustments are not ascertainable however in my final reconciliation I will discuss the overall market, including current listings of comparable properties. After adjustments, the four sales formed a tight range of indicated value and none of the sales is considered more indicative of the subject than another. As a result I choose to allow equal weight to each and estimate the market value of the subject to be \$41 per square foot, or \$150,470.

RECONCILIATION AND FINAL ESTIMATE OF VALUE

The four closed sales indicated a value of \$150,470. Two of those sales were fairly recent and two were older than desired. The market continues to struggle and most agree that the market will continue at, or below, current levels for the next couple of years. Two competing listings were identified, one in Aztec and one in Farmington, which are summarized below:

Address	112A & B South Main, Aztec
Asking Price	\$215,000
Days on Market	327
Condition	Good
Improvement SF	3,563
Site SF	10,454
Asking PSF	\$60.34
Comments	Possible residential unit on upper level.



Address	314 North Auburn, Farmington
Asking Price	\$180,000
Days on Market	258
Condition	Fair
Improvement SF	4,502
Site SF	10,498
Asking PSF	\$39.98
Comments	Commercial building with addition.



The listing in Aztec is in good condition and has, at one time received a fairly substantive remodel. Considering an 85 to 90% sale to asking price and corresponding adjustments for location (\$10) and condition (\$10) that were applied to comparable sale 1, which is located on South Main Street in Aztec, this listing would indicate a value in the \$31.29 to \$34.31 per square foot range, or from \$114,834 to \$125,918 for the subject.

The listing in Farmington is similar to the subject in condition and includes an addition, much like the subject. It is similar in location appeal and only slightly inferior in size. The size difference in a curvilinear relationship and becomes negligible as the size increases and I select a 5% adjustment for this variable. Considering an 85 to 90% sale to asking price and the size adjustment, this listing would indicate a value in the \$35.68 to \$37.78 per square foot, or \$130,954 to \$138,653 for the subject.

The four sales indicated a market value of \$150,470 for the subject however competing properties in the market would be considered when making a purchase decision. The property in Aztec appears to not be in need of any remodel, the one in Farmington is similar to the subject in overall condition. Considering the data available concerning the subject property, it is my opinion that the market value is \$135,000.

SPECIAL ASSUMPTIONS AND LIMITING CONDITIONS

There are no special assumptions and limiting conditions.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal has been prepared subject to the following general assumptions and limiting conditions. They are critical to the analyses and conclusions contained in this report.

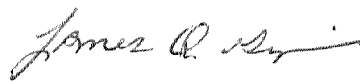
1. The valuation herein is the fee simple interest, and the subject property is appraised free and clear of all liens and encumbrances unless otherwise stated. Encumbrances considered in the valuation include, where applicable: real estate taxes, recorded easements and/or covenants, CC&R's, purchase options or sales agreements, signed leases, and unpaid bond debt.
2. It is assumed that any easements noted on the title report without specific locations will have no material effect on the normal use of any of the subject parcels.
3. Responsible ownership and competent property management are assumed.
4. Information furnished by others is believed to be reliable if it cannot be independently verified by the appraiser. However, no warranty is given for its accuracy.
5. No responsibility is assumed for the legal description or other matters involving legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
6. All engineering surveys are assumed to be correct. The plot plans and other illustrative material in this report are included only to assist the reader in visualizing the property.
7. It is assumed that there are no hidden or unapparent conditions of the subject property, subsoil, or structures which would render it most or less valuable than other comparable properties. No responsibility is assumed for any such conditions or for professional engineering services, which might be required to discover such facts. No soils or geological reports were made available to provide further input in this area.
8. It is assumed that all customary public utilities for this property type and market are reasonably available to the subject property, unless otherwise stated.
9. It is assumed that the subject is in compliance with all applicable zoning use regulations and restrictions, unless otherwise stated. It is further assumed that any required governmental entitlements, licenses, certificates of occupancy, consents, etc., have been or can be obtained or renewed for any use upon which the value estimate in this report is based.
10. Any forecasts or projections contained in this report are the product of analysis of current, historical, and anticipated market conditions and assume continuation of prevailing political, social, economic, and environmental conditions. Such factors are contingent forecasts and/or projections are subject to change.

11. It is assumed that any utilization of land and improvements is within the described legal boundaries of the subject property, and that there is no encroachment or trespass, unless otherwise noted.
12. 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 improvements must not be used in conjunction with any other appraisal and are invalid if so used.
13. The Americans with Disabilities Act (ADA) became effective in January 1992. The appraiser has not made a specific compliance survey or analysis of this property to determine whether it is in conformance with the various, detailed requirements of the ADA. The value estimate is predicated on the assumption that, except as identified by the appraiser, the subject improvements comply with ADA. It is possible that a comprehensive compliance survey could reveal additional areas in which the property does not conform with one or more of the Acts' requirements. If so, this could have a negative effect upon the market value or marketability of the property.

CERTIFICATION

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

1. The statements of fact and data reported and utilized in the appraisal process are true and correct.
2. The analyses, opinions and conclusions are limited only by the special and general assumptions and limiting conditions stated in this report, and are the appraiser's personal, unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this appraisal report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation and/or continued employment are not contingent upon an action or event resulting in from the analyses, opinions, or conclusions in, or the use of, this appraisal report.
5. The conclusions of the appraisal were not based on a requested minimum valuation, a specific valuation, or approval of a loan.
6. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
7. I have performed this report in accordance with the Competency Provision of the Uniform Standards of Professional Appraisal Practice (USPAP).
8. The principal appraiser who completed this appraisal report did personally inspect the subject property as noted.
9. No one provided significant professional assistance to the appraiser signing this appraisal report.
10. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute, as well as all applicable state and federal appraisal and banking regulations in force as of the date of this appraisal report.
11. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of his report within the three-year period immediately preceding acceptance of this assignment.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly sworn authorized representatives.



SIGNED: _____
 APPRAISER: James Q. Gipson
 STATE CERTIFIED
 GENERAL APPRAISER NUMBER: NM642-G
 EXPIRATION DATE: April 30, 2017

March 3, 2016
 Date
 Inspected Property
 Exterior Interior
 Yes X No ___ Yes X No ___