

## LS APPRAISAL SERVICES

Lucas P. Still, MAI  
President

**Real Estate  
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*Financing*

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*Leasehold Interests*

*General Consulting*

April 22, 2014

Lake Havasu City  
Stuart Schmeling  
2330 McCulloch Blvd. N  
Lake Havasu City AZ 86403  
Phone: 928 453 4148  
Email: DidionL@lhcaz.gov

**FILE: LS2014-022**

*RE: For an appraisal communicated appraisal report format regarding the potential land exchange involving two proposed parcels that would be divided from larger adjoining parcels identified as APN 107-72-003 (Faibisoff) and APN 107-72-001 (Lake Havasu City). Both properties are located along, or near Park Avenue in Lake Havasu City, Mohave County, AZ, 86403.*

Dear Stuart :

In response to your request and authorization, Lucas P. Still, MAI, has inspected the above referenced property as of April 11, 2014 (the effective date of this report), to prepare an appraisal report utilizing all applicable approaches to value with the conclusions and supporting data reported in a narrative appraisal report format.

Please reference the scope of work section of this report for information regarding the scope of research and analysis employed for this appraisal, including property identification, inspection, highest and best use analysis, and valuation methodology. We certify that we have no present or contemplated future interest in the property beyond this estimate of value. Your attention is directed to the limiting conditions and general assumptions section of this report. The acceptance of this report constitutes an agreement with these conditions and assumptions.

The purpose of the appraisal is to determine if the two parcels proposed for exchange have a similar value. As discussed with the client, it is not necessary to conclude a point value conclusion in this instance, but rather a conclusion as to the values of each parcel being similar or not. Value is defined as market value based upon the definition from Yellow Book. In this instance; the two proposed site areas are too small for independent development and they both have limited marketability other than as a surplus land parcel to one of the adjoining properties. This is a fee simple market value. Please refer to the definitions section for details.

The intended use of this appraisal is for the client to use in making an internal decision regarding the subject property and a possible land exchange . The client is identified as Lake Havasu City.

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No additional assignees have been identified. Any use of the appraisal by a third party, or for a use other than the use stated above, is an unintended and unauthorized use.

The analyses, opinions, and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP) and the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

Given the intended use of the report, I have used a definition of market that is typically used for federally related loan transactions. Please refer to the definitions section of the report for details. Neither of the proposed surplus land parcels would have marketability beyond the adjoining parcels; therefore, a definition of market value that is commonly used for the valuation of easements is most appropriate in this instance. This definition is the same as the one used for federal partial land acquisitions.

The client has requested an inclusive narrative appraisal report which will include all applicable approaches to value, a summary of significant data, analysis and support of assignment results, and an overview of the market analysis and supporting data for the conclusions reached.

We have not been provided with an environmental assessment or study pertaining to the appraised subject parcel. For the purposes of this report, we have employed several assumptions including the presumption that environmental and/or any other unknown conditions do not exist or adversely affect the subject property. We have not been informed of any adverse environmental soil, mineral, or otherwise adverse conditions. Please refer to the Limiting Conditions and General Assumptions sections for more details.

Based on the data summarized in this report, and taking into consideration the limiting conditions and general assumptions reported as part of this analysis, as of April 11, 2014, we have made the following conclusions regarding the two proposed areas for the land exchange:

***THE TWO PARCELS PROPOSED FOR EXCHANGE ARE  
APPROXIMATELY SIMILAR IN VALUE AND EACH ENHANCE  
THE OVERALL MARKETABILITY AND APPEAL FOR BOTH OF  
THE LARGER PARCELS INVOLVED WITH THE TRADE***

The above referenced conclusion is based upon fee simple ownership interests in each of the proposed properties. A HYPOTHETICAL CONDITION is required for this conclusion. Please refer to the scope of work section for details.

Thank you for giving us the opportunity of appraising this property for you. If there are any questions concerning this appraisal report, please do not hesitate to contact us.

Respectfully submitted,



Lucas P. Still, MAI  
Arizona General Certification #31123  
Expires 01/31/2015