

APPRAISAL REPORT

CLIENT

ALICE TREES

APPRAISAL OF

**ALAN & ALICE TREES PROPERTY
19.10 ASSESSED ACRES**

PROPERTY LOCATED IN

**SECTION 17, SCOTT TOWNSHIP (73N-5W)
HENRY COUNTY, IOWA**

EFFECTIVE DATE

OCTOBER 9, 2019

INTENDED USERS

ESTATE OF ALAN TREES, IRS & IOWA DEPARTMENT OF REVENUE

PREPARED BY



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March 16, 2020

Ms. Alice Trees
2378 130th Street
Winfield, Iowa 52659

Subject Property: *19.10 assessed acres, Section 17, Scott Township (73N-5W), Henry County, Iowa*

Dear Ms. Trees:

At your request, we have on February 27, 2020, inspected the above-described property and herein enclose an Appraisal Report on the subject property. A general legal description identifying the subject property is included within the addenda to this Report.

The purpose of the inspection and appraisal is to estimate the market value of the fee simple, undivided ownership interest in the subject property as of the date of inspection. The Intended Users of this Appraisal Report are the Estate of Alan Trees, IRS & the Iowa Department of Revenue. Only the identified Intended Users are authorized to use this Report.

An opinion of market value was developed using due diligence to analyze reliable market data and other pertinent factors. The subject property is currently used agriculturally as a grain farm; the opinion of value is based on this use. The opinion of market value of the fee simple undivided ownership interest, as of October 9, 2019, is **Three Hundred Sixty-Sixty Thousand, Four Hundred Dollars (\$366,400)**.

No value for furniture, fixtures or equipment is analyzed or included; this Appraisal Report does not include non-real estate items. This Report is subject to the Scope of Work and the Assumptions and Limiting Conditions within the Report, including any hazardous materials disclaimers. Any use of this Appraisal Report by any party, regardless of whether such use is authorized or intended by the Appraisers, constitutes acceptance of all such limiting conditions and terms.

We appreciate the opportunity to provide this appraisal service to you and look forward to serving you again.

Respectfully submitted,

A handwritten signature in blue ink that appears to read "James H. Jensen".

James H. Jensen, Certified General Appraiser
State Certification #CG01780
Expiration date: 06-2020

A handwritten signature in blue ink that appears to read "Larry J. Jennings".

Larry J. Jennings, Certified General Appraiser
State Certification #CG02734
Expiration date: 06-2020

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A complete copy of this Appraisal Report contains 80 pages

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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

OWNER AS OF EFFECTIVE DATE:	Alan and Alice Trees
GENERAL PROPERTY LOCATION:	Section 17 (73N-5W) Scott Township, Henry County, Iowa Approximately one-quarter mile west of Winfield, Iowa
LAND:	
Assessed Acres	19.10 acres
Tillable Acres	17.41 acres
Percent Tillable	91.15%
Pasture Acres	0 acres
CRP Acres	0 acres
Flood Acres	0 acres
Forest Reserve Acres	0 acres
Corn Suitability Rating ²	91.09 on assessed acres 90.69 on tillable acres
General Soil Quality	High
Limitations	Drainage
CURRENT USE:	Grain Farm
BUILDING & SITE IMPROVEMENTS:	Two Houses and Farm Outbuildings
HIGHEST AND BEST USE:	General: Agricultural Specific: Grain Farm
VALUE INDICATIONS (rounded):	
Income Approach	\$302,400
Cost Approach	\$370,750
Sales Comparison Approach	\$383,900
Land Only	\$185,900 \$9,733/acre
FINAL OPINION OF VALUE:	\$366,400
EFFECTIVE DATE:	October 9, 2019
INSPECTION DATE:	February 27, 2020

REPORT IDENTIFICATION

AUTHORIZATION: Alice Trees authorized this Appraisal. This Report is presented in a narrative summary format.

PURPOSE OF APPRAISAL: The purpose of this Appraisal is to develop an opinion of market value as of the effective date of this Report. See Addenda for definition of "market value" as used herein.

INTENDED USE: The intended use of this Appraisal Report is for estate settlement.

INTENDED USERS: Estate of Alan Trees, IRS and Iowa Department of Revenue. No additional intended users have been identified to the Appraisers.

PROPERTY RIGHTS APPRAISED: The property rights appraised in this Appraisal are *fee simple title, undivided ownership interest*. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title, which is assumed good and marketable. All existing liens, encumbrances, mortgages and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management. Any partial interest is not delineated in this Report. The final value estimated for the subject property specifically does not include non-assessed public road easements. The property is appraised based strictly on assessed acres.

PERSONAL (NON-REALTY) INCLUDED: None

SCOPE OF WORK

The Scope of Work for this Appraisal is defined by the complexity of the appraisal assignment and the reporting requirements of this narrative appraisal report form, including the definition of market value, statement of assumptions and limiting conditions and certifications (See ADDENDA). The appraisal process is a systematic set of procedures designed to answer a client's question about real property. Through this process an appraisal problem is defined, the appraisal is planned, the appropriate data identified, collected and analyzed, then reconciled into a final opinion of value.

SUBJECT PARCEL: The subject property was identified by information provided by the client and using county assessor data. The subject property is considered an independent economic unit for purposes of this Report, even though it may be used in conjunction with other lands and/or contiguous with other tracts under related ownership.

DATA COLLECTION AND ANALYSIS: The purpose of this report is to develop an opinion of market value. Data from reliable public and/or private sources was analyzed and reported as the opinions and conclusions of this Appraisal Report. Income, Cost and Sales Comparison approaches to value were considered and developed. Market research produced sufficient data to complete each of these traditional appraisal techniques.

The data search was conducted in Henry County for comparable land properties that have sold in the past year, using county assessor data information, appraiser records, as well as information provided by other real estate appraisers, landowners, real estate agents and others with knowledge about real estate transactions confirmed in the subject's market area. A typical investor would consider this similar area and period. Subject qualities were determined by using Natural Resource Conservation Service, Farm Service Agency and County Assessor information.

The Corn Suitability Ratings (CSR2s) used in this Report were obtained from the Surety AgriData system, which uses the Natural Resource Conservation Service (NRCS) database of data collected from soil surveys. The CSR2 index is a system of comparing the various soils in relation to their ability to grow row-crops. These ratings are reviewed on an annual basis with adjustments made to specific soil types as advised by NRCS. Generally, the Appraisers consider soils with a CSR2 rating of 80 points or higher as high quality; soils with ratings between 65-79 points has medium quality; soils with ratings of 45-64 points as low quality; and soils with a rating of 44 points or less as poor quality.

House at 2778 120th Street, Winfield, Iowa: For the sales comparison approach a sales search was made in Henry, Louisa and the SE corner of Washington counties for sales using county assessor records. Criteria was for one story houses within 20% of the GLA and closed within the previous two years. Six sales were considered, five viewed and four considered adjustable for comparison.

House at 2384 120th Street, Winfield, Iowa: For the sales comparison approach a sales search was made in Henry, Louisa and the SE corner of Washington counties for comparable sales using county assessor records. Criteria was for 1.5 story houses within 20% of the GLA and closed within the previous two years. Five sales were considered, four were viewed and considered adjustable for comparison.

When sufficient data is available the sale comparison approach is typically the most reliable method in valuing houses.

The Sales Comparison Approach was not developed for the agricultural building improvements. Outbuildings are very rarely sold separately from the larger farm operation and not usually considered an independent economic unit. These improvements are often owner-operated and used until the buildings become physically or functionally obsolete, even if used for a purpose different from the original design. After obsolescence, the buildings are either removed or left vacant.

PROPERTY INSPECTION: Jim Jensen and Larry Jennings performed a visual review of the subject property, viewed the immediate neighborhood and surrounding area and viewed each of the comparable sales used. The Appraisers were not accompanied by anyone when the property was viewed but Alice Trees was interviewed concerning the property.

ASSIGNMENT CONDITIONS: Iowa's time of transfer septic system inspection law (SF261) requires that every home/building served by a "private sewage disposal system" have that system inspected prior to the sale or deed transfer for the home/building. There are few exceptions to the time of transfer law. See Iowa Administrative Code Chapter 69 for the complete legal requirements.

The extraordinary assumption was made that value of the dwelling on the subject property at 2384 120th Street, Winfield, Iowa is decreased by the cost to install an adequate septic tank and leach field.

The extraordinary assumption was made that the septic/leach field at 2387 120th Street, Winfield, Iowa would pass the current DNR requirements.

The extraordinary assumption is made that the condition and characteristics of the property and any improvements at the time of inspection are the same as the condition and characteristics as of the Effective Date of this Appraisal.

BODY OF APPRAISAL REPORT

LEGAL DESCRIPTION/OWNERSHIP HISTORY

The subject property is owned by Alan and Alice Trees. In the ADDENDA of this Report, there is a Warranty Deed, dated November 6, 2017, and filed in the records of the Louisa County Recorder at Book 2017 Page 2716, which shows transfer of the subject property from Alan Trees and Alice Trees as tenants in common to Alan Trees and Alice Trees as Joint Tenants. This was a family transaction and is not arms-length. It contains a legal description for the subject propertyⁱ.

Research of the applicable public records, private data services and an interview of the current owner, revealed that the subject property is not under current agreement or option and is not offered for sale on the open market. Public records indicate there have been no other transfers of the subject property within the past three years.

CURRENT ASSESSED VALUATIONS

The subject property is assessed by the Louisa County Assessor for ad valorem tax purposes. Residential (including rural residential), commercial, industrial, and multi-residential properties are *assessed* at 100 percent of fair market value. They are *not*, however, *taxed* at the full market value, as there are rollbacks applied by the State of Iowa. Agricultural land and buildings are assessed using a productivity formula consisting of a moving five-year average based on estimated net income in the sector, the CSR2 Index, and the use of the land. The taxes, based on these assessments, are then regulated by several legislative yearly limits. The chart below shows the current assessed values and property taxes published by the county assessor at the time of the Effective Date.

Parcel Number	Section	Assessed Acres	ASSESSED VALUES			TOTAL VALUE	Property Taxes
			Land	Dwelling	Buildings		
030191000	17	2.53	\$24,590	\$81,550	\$0	\$106,140	\$1,728
030453000	17	16.57	\$26,330	\$128,420	\$1,270	\$156,020	\$2,532
TOTAL		19.10	\$50,920	\$209,970	\$1,270	\$262,160	\$4,260

*Values in RED: Henry County Assessor doesn't list the house and building separately so that is a combined total

FARM INFORMATION

The Henry County Farm Service Agency (FSA) maintains the farm information for the subject property. FSA records for the subject property indicate as follows:

Farm #:	992
Tract #:	1805
Farmland Acres	20.06 (<i>only 19.10 assessed acres on subject</i>)
Tillable Acres	17.41
Corn Base	8.70 acres

ⁱ For the exact legal description, the abstract for the subject property shall govern. Any legal description provided within this Report should not be relied upon for matters of a legal nature.

Corn Yield	138 bu. /ac. PLC Yield
Soybean Base	8.70 acres
Soybean Yield	49 bu. /ac. PLC Yield
Total Base Acres	17.40
CRP Information	There are no CRP contracts on this tract.

PRESENT OPERATION

The subject property is operated as grain farm, and the opinion of market value is based on this use. FSA lists Alan Trees as the farm operator. This is a custom farming arrangement.

SUBJECT PROPERTY CHARACTERISTICS

OVERVIEW: The subject is one continuous property in the shape of a rectangle. The long side of the rectangle runs north/south. Access is from 120th Street, a gravel road, which runs along the north property line. The subject has 19.10 acres of which 91.15% is tillable. The soils are rated as high quality. There are two building sites, one on the northeast corner and the other on the northwest corner of the property. Both building sites have a house and a farm outbuilding or two.



Aerial photo with the subject outlined in yellow



Looking S from the NW corner of the crop ground



Looking N from the SW corner of the subject property



Looking NE from the SW corner of the subject property



Looking N from the SE corner of the subject property



South view of driveway to E house from 120th Street

SOILS: The principle soil association on the subject property is Taintor/Mahaska/Kalona. These soil types are nearly level to level, somewhat poorly drained to poorly drained silty soils formed in loess; on uplands. Note Soils Map and CSR reports in the ADDENDA.

DRAINAGE: The drainage on the subject property is mostly surface drainage with some older clay tile likely present but no information is available to substantiate their existence.

TOPOGRAPHY: The topography is level to rolling.

FLOOD POTENTIAL: The subject property is not in a mapped flood zone.

CLIMATE: Henry County is cold in winter and quite hot with occasional cool spells in summer. Total annual rainfall is normally adequate for corn, soybeans and small grain. Total annual precipitation is about 34.80 inches, of which 65% typically falls during the period of April through September, the growing season for most crops. In 2 years of out 10, the rainfall in April to September is less than 19 inches. Average seasonal snowfall is 26 inches. The ground is usually covered with snow to a depth of 1 inch or more on about 20 days per season, but this varies greatly from year to year. In winter, the average temperature is 25°, with an average daily minimum of 16°; in summer, the average temperature is 73°, with an average daily maximum of 85°. Average humidity in midafternoon is about 60%. The sun shines 75% of the time possible in summer and 50% in winter. Average wind speed is highest, 12 mph, in spring.

ACCESS: Access is from 120th Street, a gravel road, which runs along the north property line. Four-lane Highway 218/27 is four and one-half miles west of the subject and provides north/south travel. Two-lane Highway 78 is one mile south and provides east/west travel.

Other transportation resources include Amtrak passenger rail stations in Ft. Madison, Mt. Pleasant and Burlington. Passenger bus service is available in Burlington. Burlington also has a regional commercial airport, and there are large international airports at Moline, Illinois and Cedar Rapids, Iowa. Grain markets are plentiful with Heartland Coop in Fairfield that provides a 100-car train delivery service, corn processing at Eddyville, Big River Ethanol plant in Burlington and numerous Mississippi River barge terminals. Smaller elevators in Henry County towns provide storage and livestock feed options.

ZONING: The subject property is zoned A-1, Agricultural, and subject to Henry County zoning regulations.

UTILITIES & SERVICES: Electricity to the area is provided by Alliant Energy. Telephone is provided by Windstream®. The property is in the Winfield fire district and Winfield/Mt. Union school district. The subject property has two wells, one at each house.

HAZARDS & DETERIMENTS: No dumpsites were reported or observed on the subject property. The extraordinary assumption is made that there are no dumpsites on the subject property and the subject property is appraised assuming an "as clean" condition.

BUILDING AND SITE IMPROVEMENTS



West House 2378 120th

The subject property at 2738 120th Street, Winfield, Iowa is a one story 1587 sq. ft. GLA house built in 1966 with a full basement and an attached two car garage. The basement is poured concrete with access from the garage/kitchen area. A 14' x 14' sunroom is off the dining area on the south with a small wood deck on the east. The structure is of wood frame construction with vertical panel wood siding, original windows and a newer asphalt shingle roof. The interior is sheetrock with wood trim. Floor coverings are carpet and vinyl. There are two baths, one by the garage entry and one by the bedrooms. Heating is by ceiling electric heat. A newer AC provides ducted air conditioning. Electrical service is through a 200 Amp circuit breaker box. The water heater is electric. Water is supplied by a drilled well south of the house. It was reported that the house has an original septic system with a leach field. **The extraordinary assumption** is made that this would be a DNR approved septic leach field with current

standards. The subject has some deferred maintenance and would be considered a C4 minus for condition rating.

Comments: The water is very rusty, rural water is available in the street. The siding needs to be sealed and stained. Gutters need to be reconnected. The shrubs in-front of the home need to be removed and replaced.

Typical Buyers Impressions: Baths need to be update because of rust.



East House 2384 120th

The subject property at 2384 120th Street, Winfield, Iowa is a multi-level 2176 sq. ft. GLA home built in the 1900's with a 24' x 24' addition in the late 70's. The subject house is three levels with a poured concrete basement topped with block under the north original part. The south addition is concrete on the ground. It is of wood frame construction with vinyl siding, mostly original windows and an asphalt shingle roof. The interior is plaster and sheetrock with wood trim. Floor coverings include some carpet with vinyl in the bathrooms. Other areas have the carpet removed. There are two baths, one on level 2 (original house) and one on the 1st ground level. There is a newer HVAC unit. A one car garage is now an unfinished storage area accessed only by an outside entrance. Electrical service is through a 100 Amp circuit breaker box. The water heater is electric. Water is supplied by a well. There is not a DNR approved septic leach field. The subject has much deferred maintenance and would be considered a C5 for condition. The multi levels make the floor plan somewhat less than desirable.

Comments: The well water is very rusty, rural water is available in the street. Most windows are original and need replacement. The insulation is unknown.

Typical Buyers Impressions: The house needs a total interior update including, floorcoverings, painting, kitchen and baths.

The buildings consist of a steel utility building/garage, grain bin and a pole frame building.

The steel utility/garage measures 24' x 28', has a concrete floor, electricity, a small electric heater and is insulated. The grain bin holds 2,850 bu., has an aeration floor, fan and an old gas heater. The pole frame building measures 54' x 64', the floor is 1/3 concrete with the remainder being dirt and the building has electricity. The wood skirting needs replacing. The building pictures are below.



Steel Utility Building/Garage



Grain Bin



Pole Frame Building

MARKET AREA

The subject property is in Scott Township, Henry County, Iowa. It is located approximately one-quarter mile west of Winfield and eleven and one-half miles northeast of Mt. Pleasant, the county seat of Henry County. The market area is demographically stable; significant population changes or changes to the economic base are unlikely.

The subject's neighborhood is Henry County and adjoining counties in southeast Iowa. Henry County is in southeast Iowa, approximately 30 miles west of the Mississippi River/Illinois border, 35 miles north of the Missouri border and 140 miles southeast of the state capital, Des Moines. Henry County is 434.33 square miles, with 46.4 persons per square mile.

As of July 1, 2015, U.S. Census Bureau estimates, Henry County was home to 19,950 people, a 1.0 % decrease since the 2014 census. Its largest city is Mount Pleasant, with a population of 8,433 persons. There are 8,278 housing units in Henry County, with a 72.9% homeownership rate. The median value of owner-occupied housing units is \$103,900. Median monthly owner costs with a mortgage are \$1,031, while median gross rent is \$621.

There are 7,623 households in Henry County, with an average of 2.43 persons per household; median household income is \$49,321. Average per capita annual income is \$23,439. It is reported that 12% of the population in Henry County lives in the poverty level and 59% of the population over age sixteen is in the labor force. Henry County demographics are below state averages for household income, per capita income and persons in the workforce, while having homeownership rates and median housing values. Henry County poverty levels are near state averages, but Henry County tends to have a higher unemployment rate than the overall state unemployment rate.

There are 518 non-farm, employer business establishments in Henry County, providing approximately 8,110 non-farm jobs. This is a 1.6% increase since the 2000 census. Manufacturer and wholesale shipments, as of 2007, were \$1,040,732,000, while retail, accommodation and food service sales were \$235,226,000 (\$12,693 per capita). Most of Henry County is used for agricultural purposes, with numerous rural acreages and several small towns with limited services.

Major U.S. Highway 27 bisects Henry County and provides good four-lane north/south travel. Four-lane state Highway 34 runs east/west through Henry County, and Interstate 80 is 39 miles north of Henry County. Henry County, Iowa is home to the communities of Mt. Pleasant, Hillsboro, Lowell, New London, Olds, Rome, Salem, Trenton, Wayland, Westwood and Winfield, as well as the unincorporated communities of Mount Union and Swedesburg.

The immediate neighborhood is predominately agricultural with occasional home sites. Mt. Pleasant and other area small towns provide supplies and final markets for a farming operation. These communities provide most daily human and business needs, including groceries, hardware, medical care, banking, as well as child education and care, though major shopping and employment centers are outside the county. The larger surrounding area is agricultural with smaller towns showing a declining base of economic support. Typical farm operations vary from 400 to over 3,000 acres of land and possible livestock enterprises. Smaller acreages are often operated by part-time farmers who have full-time employment off the farm. Swine, poultry and beef production are the common livestock operations observed.

From 2003-2013, statewide land values and crop production levels increased due to the ethanol mandate, crop shortages due to drought and increased foreign demand. During this period, statewide average land values nearly quadrupled in price. Iowa's agricultural sector was highly profitable during this period. Starting in 2014, production levels remained high, but land value began to decrease. Demand for corn and soybeans remain near record levels, but production has increased tremendously. The last four years were the largest crop production years ever. This has created an oversupply situation, driving down grain prices. Land values for grain farms are expected to continue to stabilize or decrease gradually statewide. Any rate of decline is slowing down. Pasture and timber (recreational) land values and rents, on the other hand, have been stable to slightly increasing. The number of acres enrolled in CRP is expected to remain the same in 2019, after many years of land being pulled out of CRP for crop production.

Locally, land values peaked in Henry County in 2013. Since, high quality farms experienced the highest rate of decline, with lower quality soil types showing a slower decrease. Currently, the market appears to be increasing slightly for high quality land with considerable price per acre variation. It is the Appraiser's opinion that this variation and support is caused by a small number of sales on the open market that present a rare opportunity for farm operators who still have cash on hand to expand their operations.

Profitability for farm operators is generally neutral to negative, as grain prices have fallen and production costs have risen. While some farmers have cash on hand from recent profitable years, cash flow is becoming a challenge. Farm producers spent money on improvements while times were good to avoid paying higher taxes. Improvements were often partially financed, creating a cash flow commitment for the years ahead. Fortunately, industry experts do not expect a repeat of the 1980s-farm crisis for several reasons: debt ratios are down, ninety percent of cropland is in some type of crop insurance program, interest rates remain low and demand remains steady, helped by the ethanol mandate and exports.

Increases in interest rates and or the supply of land on the market could push land prices down in the coming year.

Cash rents did not increase at the same dramatic rate as land values did in 2003-2013. Instead rents gradually rose during this period. Cash rents have declined somewhat, but again at a rate more measured compared to land values. This slow downward trend is expected to continue at least while low grain prices push profitability into negative territory.

The Iowa livestock sector had been strong from 2013-early 2016. Across all sectors, from beef to swine to poultry, production is up, but recent profitability has been strained and challenges remain. Beef cow herds grew to levels like the early 1990s and 2016 saw record pork production, but profit margins declined starting mid-2016. Growth in exports are the key to supporting continued production increases; expansion is expected to stabilize in 2019. Much of the growth in the livestock sector is not from increasing the number of animals, but increasing the pounds of meat per animal, larger litters, improved genetic diversity and better disease control. There are numerous new hog confinement facilities being constructed to accommodate the shift to concentrate hog finishing operations closer to the source of feed located in the Midwest, which has a geographic competitive advantage over other parts of the U.S. Some of the new buildings being constructed are to replace older and smaller facilities built in the 1980s, but most new buildings are for industry expansion in this area of the state.

HIGHEST AND BEST USE

The term “highest and best use” is defined as: the reasonably probable use of a property that results in the highest value. The four criteria that the highest and best use must meet are (1) legally permissible, (2) physically possible, (3) financially feasible and (4) maximally productive by yielding the highest value of all possible uses. (*The Dictionary of Real Estate Appraisal*, Sixth Edition, 2015).

In appraisal practice, the concept of highest and best use represents the premise on which market value is based and is a study of market forces as they affect the subject property. This use should take the highest advantage of the positive attributes of the property while neutralizing, to the greatest possible extent, any negative characteristics it may exhibit. In some cases, the highest and best use may not be the same as the current use. An existing use will continue until the land value, if vacant, exceeds the total value of the property, less the cost to remove or renovate any improvements.

Highest and Best Use of the Subject Property: As Vacant

If the land were vacant, with no building improvements, the reasonably probable use would be agricultural, which is the predominant land use of the surrounding area. There is little residential development and no commercial development in the immediate neighborhood. The subject is in an area that is economically and demographically stable, with no significant market changes anticipated. Agricultural use meets the required criteria of legally permissible, physically possible, and financially feasible.

Legally permissible: There are no zoning regulations or ordinances that affect use of the subject property for most agricultural purposes. There are state regulations that would affect, possibly prohibit, a confinement livestock operation, including mandatory setbacks and manure management. The subject property is zoned A-1, Agricultural, and subject to Henry County zoning regulations.

Physically possible: There are no physical constraints for the site that would limit agricultural uses conducive to the local climate. The soils on the subject have a high corn-suitability rating. Access is good; field size and shape allow for desirable farming efficiencies. Any confinement livestock operations would be limited /prohibited to location for meeting regulatory setbacks; there are no other physical constraints that would limit a livestock operation. Utility services in the immediate area are adequate.

Financially feasible: The calculations in the Income Approach confirm that a cash grain operation is financially feasible.

Maximizes Value: If vacant (unimproved), value would be maximized by using the subject property for agricultural production. Land in row-crop production commands the highest rental rates in the present market and achieves the highest price per acre, when compared to alternative agricultural uses (pasture, hay, CRP). The market values land suitable for a confinement operation site at the same level as tillable ground in row-crop production of similar quality.

Highest and Best Use: As Improved

The outbuildings consist of two houses, a metal grain bin, steel utility building/garage and a pole frame machine shed. These buildings were constructed in the 1970's and still fit current agricultural and residential uses. The buildings do have some deferred maintenance. Overall improvements on the subject property have an estimated contribution value of \$180,504. The land value, if vacant, **does** exceed the total value of the property less the cost to remove or renovate the improvements. This area should be cleaned up and farmed.

Conclusion

The existing use of the subject property is not its highest and best use, if vacant and as improved. The two houses could be sold off as small acreages with the remainder marketed as farmland.

APPRAISAL PROCESS

There are three appraisal approaches to be considered when an opinion of market value is required. They include: (1) the Income Approach to Value; (2) the Cost Approach to Value; and (3) the Sales Comparison Approach to Value. Each method applies itself to the appraised property using a different analysis process.

The Income Approach is a valid method of estimating market value when the anticipated net income of the property is the primary focus of the potential market. This method is considered most applicable when the net income stream of a property can be accurately estimated and capitalized over the property's economic life.

The Cost Approach is a valid method when the subject property has segments that can be evaluated individually. This method is particularly accurate when existing improvements are newer and other segments of the property are easily distinguishable. The Cost Approach values the unimproved land by allocating a value to specific categories of soil quality and adds the value for all improvements as if the property was reconstructed and depreciated to present condition.

The Sales Comparison Approach is a very reliable method for establishing site value. This is a valid method of estimating market value when sufficient data exists to indicate the market value of properties like the subject that have recently sold. This appraisal approach is only used to develop the land value. (see Scope of Work).

Recent sales data provides the clearest indication of value without predicting continuation of market trends that may have been exhibited in the past. Selecting comparable sales that are geographically near the subject gives an indication of the local market that exists in the immediate vicinity. Farms with similar soil types/corn suitability ratings and the same soil association as the subject can be expected to have comparable production characteristics. Locating farms with approximately the same percentage of tillable land provides for equitable comparison of tillable and non-tillable components.

The Sales Comparison Approach was not developed for the agricultural building improvements. Outbuildings are very rarely sold separately from the larger farm operation and not usually considered an independent economic unit. These improvements are often owner-operated and used until the buildings become physically or functionally obsolete, even if used for a purpose different from the original design. After obsolescence, the buildings are either removed or left vacant.

Data for the three approaches utilized is derived from comparable sales of similar properties, as well as using appraiser records and information provided by other real estate appraisers, landowners and others with knowledge about agricultural operations in the subject's market area. Other data sources may include the State of Iowa Real Property Appraiser Manual, Grinnell Mutual Standard Agricultural Building Valuation Guide, CoreLogic's Swift Estimator, and publications from Iowa State University Extension.

INCOME APPROACH TO VALUE

Income is the primary reason farm real estate has value. However, due to commodity price fluctuations, expense variations and yield changes, a positive future income stream is difficult to project into present value. The value from the Income Approach for the subject tract is estimated by calculating the anticipated income of the subject property, then deducting the typical expenses to obtain net income. The same is done for the comparable sales to arrive at a return on investment (capitalization rate) for each comparable sale. From this estimated net income and the average calculated capitalization rate of the comparable sales, a value is obtained for the subject.

The income generated on cropland may be figured as a market value cash rent for the area or based on the actual lease on the subject property, if applicable. In this case, the subject is not rented, it is custom farmed. The cash rental rate used below was based on neighborhood rental rates derived through interviews with local farm operators and supported by using the Iowa State University Cash Rent Survey for 2019.

Basic owner expenses include property taxes, minimal liability insurance, plus property loss insurance on any building improvements, as well as general maintenance and management expenses. The property taxes are actual real estate taxes, provided by the county treasurer. Insurance rates are developed based on data provided by local insurance agents. Maintenance and management figures are estimated based on typical neighborhood or market expenses, again developed based on data collected and retained in our interviews with farm operators and managers.

Below are these calculations as applied to the subject property.

ESTIMATED GROSS REVENUE

17.41 tillable acres at \$295/acre	\$ 5,136
House #1 @ \$400/month	\$ 4,800
House #2 @ \$680/month	\$ 8,160
Building Rent (Steel Shed, Grain Bin, Machine Shed)	<u>\$ 1,500</u>
TOTAL ESTIMATED REVENUE	\$19,596

ESTIMATED EXPENSES

Property Taxes	\$ 4,260
Insurance	\$ 3,732
Farm Repair and Maintenance (6% of income)	\$ 1,176
Management (8% of income)	<u>\$ 1,568</u>
TOTAL ESTIMATED EXPENSES	\$10,736

NET INCOME	<u>\$ 8,860</u>
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The net income now needs to be capitalized using a capitalization rate derived from the present market. The comparable sales selected for the Sales Comparison Analysis were analyzed to develop an indicated land capitalization rate for each sale. The same process of estimating the anticipated income and expenses used for the subject was applied to each of the comparable sales.

The results of these comparable farm sales show an average land capitalization rate of 1.9%, as shown in the following table:

	COMPARABLE LAND SALES				
	NO. 1	NO. 2	NO. 3	NO. 4	NO. 5
Assessed Acres	71.27	80.56	62.81	38	48
Sale Price Total	\$745,000	\$567,420	\$659,505	\$420,000	\$475,000
Sale Price per Acre (Adjusted)	\$10,608.61	\$7,081.48	\$10,697.40	\$11,087.26	\$10,087.81
Estimated Annual Income	\$20,654.24	\$20,630.02	\$15,824.74	\$10,645.36	\$13,962.00
Estimated Annual Expenses (Annual Expenses as % of Income)	\$7,011.79 34%	\$6,064.20 29%	\$5,820.46 37%	\$3,218.35 30%	\$5,094.68 36%
Net Income	\$13,642.45	\$14,565.81	\$10,004.27	\$7,427.01	\$8,867.32
Net Return Per Acre	\$191.42	\$180.81	\$159.28	\$195.45	\$184.74
Indicated Capitalization Rate	1.8%	2.6%	1.5%	1.8%	1.8% Average
					1.9%

There are significant building improvements on the subject property; 49% of the overall value is in those improvements, while 51% is in the land. To capitalize the net income, a blended rate is developed from the average land capitalization rate and a building capitalization rate. Building capitalization rates can range anywhere from 4-13% for agricultural livestock buildings and dwellings. Higher capitalization rates are used when the improvements are older with more depreciation and expected to decrease in income potential/value and in the future. A 4% building capitalization rate is appropriate for the buildings on the subject property.

A blended capitalization rate is calculated based on the proportional land value to overall value and proportional building value to overall value. The blended rate is determined as follows:

Percentage of Total Value	Typical/Average Market Capitalization Rates	Proportion of Overall Capitalization Rate	
Land	51.0%	1.90%	51% x 1.9% =
Improvements	49.0%	4.00%	12.3% x 6.0% =
			Blended Capitalization Rate
			2.93%

A blended capitalization rate of 2.93% will be used, and the net income is capitalized as follows:

The net income is capitalized as follows:

$$\text{NET INCOME DIVIDED BY CAPITALIZATION RATE} = \text{VALUE}$$

Net income of \$8,860/capitalization rate of 2.93% = \$302,389.08

INDICATED VALUE, INCOME APPROACH: \$302,400 (rounded)

COST APPROACH TO VALUE

The Cost Approach to Value involves the analysis of the appraised property in its individual segments. Value is assigned to each segment per the cost to substitute or replace the segment with another of equal utility. With building improvements, a Replacement Cost New (RCN) value is calculated for each structure that contributes value to the property. A depreciation factor is then applied to each Element of Depreciation to adjust for functional obsolescence, external economic obsolescence and physical deterioration when they are appropriate. Land value is calculated at the cost to replace it with land of similar quality, using the CSR2 ratings of the subject and comparable sales to allocate a portion of the sales price to each category of soil quality found on the comparable sale, as shown below. Adding the depreciated value of the building improvements (if any) to the bare land value provides the indicated Cost Approach Value.

LAND VALUATION

The comparable sales selected for the Sales Comparison Approach have yielded the following allocated values per soil type/use. The adjusted comparable sales price, below, reflects adjustments for market conditions (time), comparable building improvements and terms of sale.

Table: Allocated Value- Comparable Sales

		Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	
Grantor	Anderson	Jordan	Kinney Estate	MJB Farming, LLC	Hill Estate		
Grantee	Settles	Summit Ag	Stewart	Loyd	Davis		
Conveyance	Deed	Deed	Deed	Deed	Deed		
Section	14	8	28	18	29		
Twp/Range	73N-6W	74N-4W	75N-5W	73N-4W	73N-4W		
Date	2/26/2019	7/18/2019	12/27/2018	8/22/2019	12/18/2018		
Adjusted Sale Price	\$756,076	\$570,484	\$671,904	\$421,316	\$484,215		
Subject's Acres	71.27	80.56	62.81	38.00	48.00		Per Acre Averages by Soil Quality
17.30 Cropland A acres (CSR2s of 80 or higher)	65.17	61.6	46.93	37.52	25.58		
Allocated Value	\$10,962	\$7,651	\$12,188	\$11,200	\$11,675		\$10,735
0.11 Cropland B acres (CSR2s of 65-79)	4.17	16.67	8.02	0	18.77		
Allocated Value	\$8,221	\$5,738	\$9,141	\$8,400	\$8,756		\$8,052
0.00 Cropland C acres (CSR2s of 45-64)	0	0	0	0	3.59		
Allocated Value	\$5,481	\$3,826	\$6,094	\$5,600	\$5,838		\$5,368
0.00 Cropland D acres (CSR2s of 44 or less)	1.93	0	4.07	0	0.06		
Allocated Value	\$3,837	\$2,678	\$4,266	\$3,920	\$4,086		\$3,757
0.00 Pasture/CRP acres	0	0	0	0	0		
Allocated Value	\$3,289	\$2,295	\$3,656	\$3,360	\$3,503		\$3,221
1.69 Wooded/Non-farm	0	2.29	3.79	0.48	0		
Allocated Value	\$2,192	\$1,530	\$2,438	\$2,240	\$2,335		\$2,147

Table: Allocated Value Per Acre, applied to Subject Property

Subject Property	Acres	Allocated Value	
		per acre	Subject Value
Cropland A	17.30	\$10,735	\$185,723
Cropland B	0.11	\$8,052	\$886
Cropland C	0.00	\$5,368	\$0
Cropland D	0.00	\$3,757	\$0
Pasture/CRP	0.00	\$3,221	\$0
Wood/Non-farm	1.69	\$2,147	\$3,629
Totals	19.10		\$190,237
		Per acre:	\$9,960

BUILDING IMPROVEMENTS VALUATION

The estimated value of the building and site improvements, as described previously on page 12, are shown below. Replacement Cost New figures in the following chart were developed using State of Iowa Real Property Appraiser Manual, Grinnell Mutual Standard Agricultural Building Valuation Guide, CoreLogic's Swift Estimator and other appraiser data collected through interviews with local landowners, farm managers and tenants. Age-Life depreciation was used.

Table: Contribution Value of Building & Site Improvements

Alan & Alice Trees		SUBJECT IMPROVEMENTS													
Farm #1															
Improvements	\$ per unit	# units	RCN	Physical	Functional	External	Contributor	Total \$	Dep						
Dwellings															
Three Level House at 2384 120th St.	\$128.00	2167	\$277,376	76%	10%	0%	\$58,800	\$218,576							
One Story House at 2378 120th St.	\$162.00	1588	\$257,256	58%	3%	0%	\$106,100	\$151,156							
Ag Buildings															
2384 120th St.															
Pole Frame Building (Machine Shed)	54x64	\$12.60	3456	\$43,546	78%	20%	0%	\$7,664	\$35,882						
2378 120th St															
Round Metal Grain Bin	15x16	\$3.40	2850	\$9,690	78%	15%	0%	\$1,812	\$7,878						
Steel Utility Building/Garage	24x28	\$32.00	672	\$21,504	70%	5%	0%	\$6,129	\$15,375						
General Improvements															
Well (part of house value)															
Electricity (part of house value)															
Total \$ for RCN				\$609,372				Total: \$180,504							
Total: \$428,867															
*No contribution value															
** Portable															
Replacement Cost New (RCN) is the estimated cost of a building of similar utility, use and quality, but not necessarily using the same materials.															
Value sources- Appraiser records, # units from County Assessor records, CoreLogic Swift Estimator, Grinnell Mutual Building Valuation Guide and Iowa Finances manual.															

COST APPROACH VALUE SUMMARY

INDICATED VALUE OF LAND	\$190,237.00
IMPROVEMENTS	<u>\$180,504.00</u>
TOTAL	\$370,741.00

INDICATED VALUE, COST APPROACH: \$370,750 (rounded)

SALES COMPARISON APPROACH TO VALUE

The Sales Comparison Approach involves the comparison of recent sales of properties similar to the subject. To analyze the market data, value adjustments are made to the comparable sales to make them as theoretically identical to the subject as possible. Direct comparison is made between each comparable sale and the subject for market conditions, location, size, terms of sale (cash equivalency), sales condition (special consideration), improvement value (buildings), percentage of tillable acres and soil quality. A market value for the subject, as indicated by the Sales Comparison Approach, can be estimated from the correlation of the Indicated Market Values of the comparable sales.

An Indicated Market Value is derived through the adjustment process. Adjustments to the comparable sales must be made for special or creative financing or sales concessions. No adjustments are necessary for those costs that are normally paid by sellers because of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or relative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third-party institutional lender that is not already involved in the property transaction. Any adjustment is not calculated on a dollar-for-dollar cost of the financing or concession, but instead approximates the market's reaction to the financing or concessions based on the Appraiser's judgment.

Measurable value changes occurring between the comparable sale date and the effective date of this Appraisal are calculated as a market conditions adjustment. Notable sales conditions (such as location, size, an anxious grantor or grantee, etc.), which are felt to distort the selling price, are analyzed to determine a value. Comparable sale building values, if any, are deducted based on the per acre contribution to the original selling price to arrive at a bare ground value.

Size may be considered a factor primarily if the parcels being compared are small and are not feasibly divisible into normal sized tracts. Drainage differences may be estimated by the estimated cost of cure. Soil quality differences are measured by calculating the percentage difference between the CSR2 ratings of the comparable sales and the subject.

The land comparable sales were chosen from a search of Henry and Louisa County sales developed by the Appraisers.

The Sales Comparison Approach was not developed for the agricultural building improvements (see Scope of Work).

House at 2778 120th Street, Winfield, Iowa: For the sales comparison approach a sales search was made in Henry, Louisa and the SE corner of Washington counties for sales using county assessor records. Criteria was for one story houses within 20% of the GLA and closed within the previous two years. Six sales were considered, five viewed and four considered adjustable for comparison.

House at 2384 120th Street, Winfield, Iowa: For the sales comparison approach a sales search was made in Henry, Louisa and the SE corner of Washington counties for comparable sales using county assessor records. Criteria was for 1.5 story houses within 20% of the GLA and closed within the previous two years. Five sales were considered, four viewed and considered adjustable for comparison.

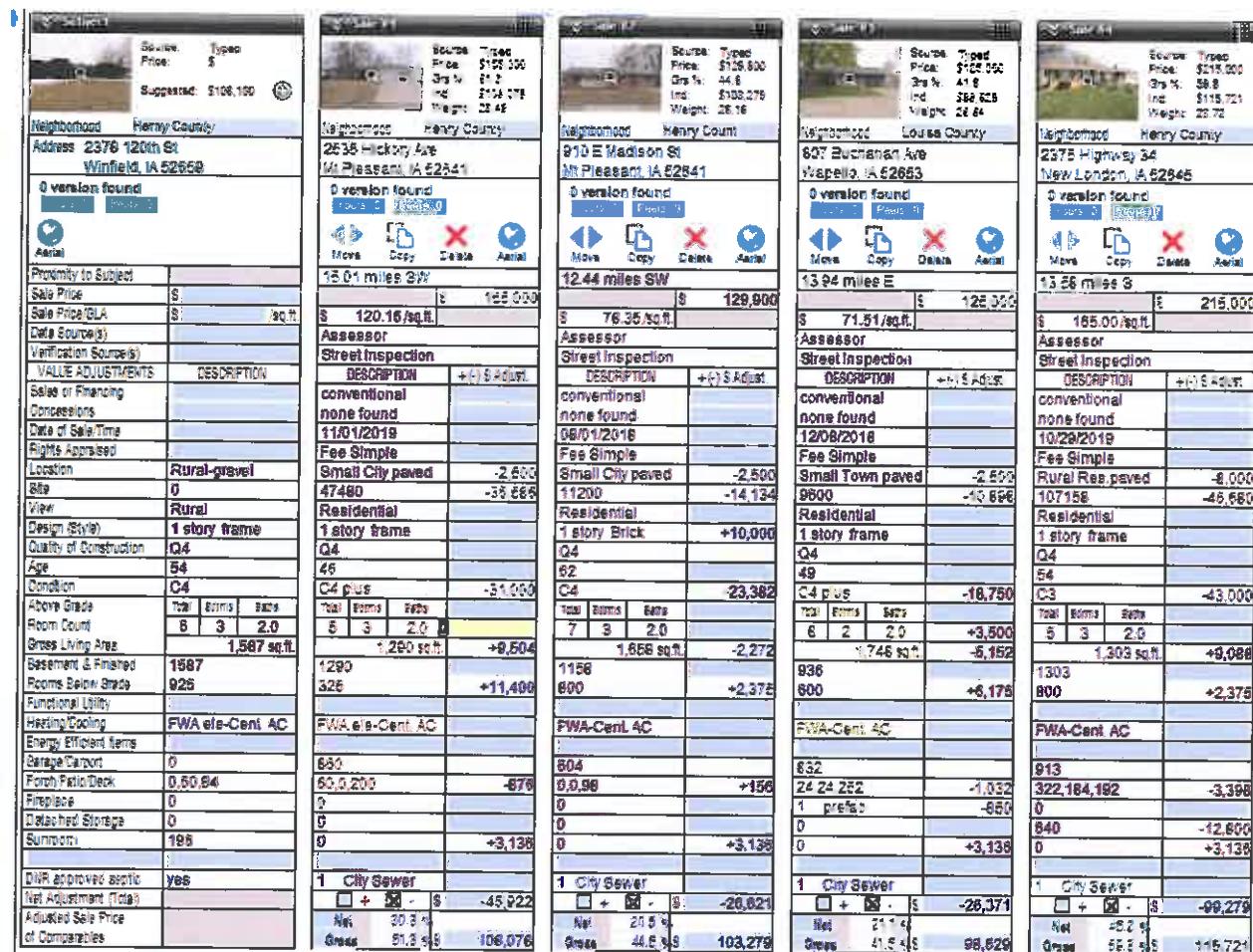
The following tables are the resulting adjusted values of comparable sales and the calculated indicated value per acre of the property. The first table shows the indicated values for the land-only. The final table combines the value of the improvements and the value of the land for a final indicated value per acre on the property.

Figure: Sales Comparison Analysis Chart- Land Only

SALES COMPARISON ANALYSIS CHART

COMPARABLE SALE:	NO.1	NO.2	NO.3	NO.4	NO.5	SUBJECT
GRANTOR:	Anderson	Jordan	Klinney Estate	MJB Farming, LLC	Hill Estate	Alan & Alice Trees
GRANTEE:	Settles	Summit Ag.	Stewart	Loyd	Davis	Farm #1
CONVEYANCE:	Deed	Deed	Deed	Deed	Deed	
RECORDING NO.	2019-0389	2019-0958	2018-1825	2019-1268	2019-0047	10/9/2019
RECORDING DATE:	2/26/2019	7/18/2019	12/27/2018	8/22/2019	12/18/2018	DATE
SECTION:	14	8	28	18	29	17
TOWNSHIP & RANGE:	73N-5W	74N-4W	75N-5W	73N-4W	73N-4W	73N-5W
COUNTY:	Henry	Louisa	Louisa	Louisa	Louisa	Henry
ASSESSED ACRES:	71.27	80.56	62.81	38.00	48.00	19.10
PERCENT TILLABLE:	100.00%	97.00%	93.00%	98.00%	100.00%	91.15%
COMPARABLE CSR2:	87.40	81.10	82.20	87.20	89.50	91.09
TOTAL SALE PRICE:	\$745,000	\$567,420	\$659,505	\$420,000	\$475,000	
PRICE PER ACRE:	\$10,453	\$7,043	\$10,500	\$11,053	\$9,896	
MARKET & SALE COND. (Time Adjustment)	\$10,609	\$7,081	\$10,697	\$11,087	\$10,088	
(Terms Adjustment)	\$155	\$38	\$197	\$35	\$192	
	\$0	\$0	\$0	\$0	\$0	
COMP IMPRV. VALUE: (Total Value)	\$10,609	\$7,081	\$10,697	\$11,087	\$10,088	
(Subtract Per Acre)	\$0	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	
DOLLARS/CSR2 (Non-Adjusted)	\$121.38	\$87.32	\$130.14	\$127.15	\$112.71	
LOCATION (Adjustment)	\$10,609	\$7,223	\$10,911	\$11,309	\$10,290	
	0%	2%	2%	2%	2%	
SIZE: (Adjustment)	\$10,821	\$7,512	\$11,239	\$11,535	\$10,495	
	2%	4%	3%	2%	2%	
SOIL QUALITY: (Adjustment)	\$11,278	\$8,437	\$12,454	\$12,050	\$10,682	
	4%	12%	11%	4%	2%	
PERCENT TILLABLE (Tillable Adjustment)	\$10,799	\$8,218	\$12,350	\$11,655	\$10,217	
	-\$479	-\$220	-\$104	-\$395	-\$464	
OTHER ADJUST. (Adjustment)	\$10,799	\$8,218	\$12,350	\$11,655	\$10,217	
	0%	0%	0%	0%	0%	
OTHER ADJUST. (Adjustment)	\$10,799	\$8,218	\$12,350	\$11,655	\$10,217	
	\$0	\$0	\$0	\$0	\$0	
COMPARABLE CSR2 UNIT VALUE (Dollars/CSR2)	\$123.56	\$101.33	\$150.25	\$133.65	\$114.16	\$116.89
OTHER ADJUSTMENT (\$ Per Acre)	\$10,799	\$8,218	\$12,350	\$11,655	\$10,217	
	\$0	\$0	\$0	\$0	\$0	
SUBJ BLDG VALUE: (Add \$ Per Acre)	\$10,799	\$8,218	\$12,350	\$11,655	\$10,217	
	\$0	\$0	\$0	\$0	\$0	\$0
COMPARABLE MARKET VALUE: (Dollars/Acre)	\$10,799	\$8,218	\$12,350	\$11,655	\$10,217	\$10,648

Figure: Sales Comparison Analysis Chart- Dwelling at 2378 120th- Comparable Sales



ADJUSTMENT COMMENTS-DWELLING AND ATTACHED GARAGE NO UNDERLYING LAND

Market condition (time) adjustments: These adjustments consider changes in the market from the time of a comparable sale to the effective date of this Appraisal. MLS data indicates number of closed sales for one story houses in the subjects age range shows number of sales steady and sale price increasing slightly.

Site size: The dwelling site size was adjusted to zero as the house is part of the total subject. The calculation for determining the site/land value: The assessed land value is divided by the total assessed value times the actual selling price equals the reduction for the comparable site values. This is then deducted from the sale value.

Location: City or country living is a personal choice, but gravel roads are discounted by most buyers.

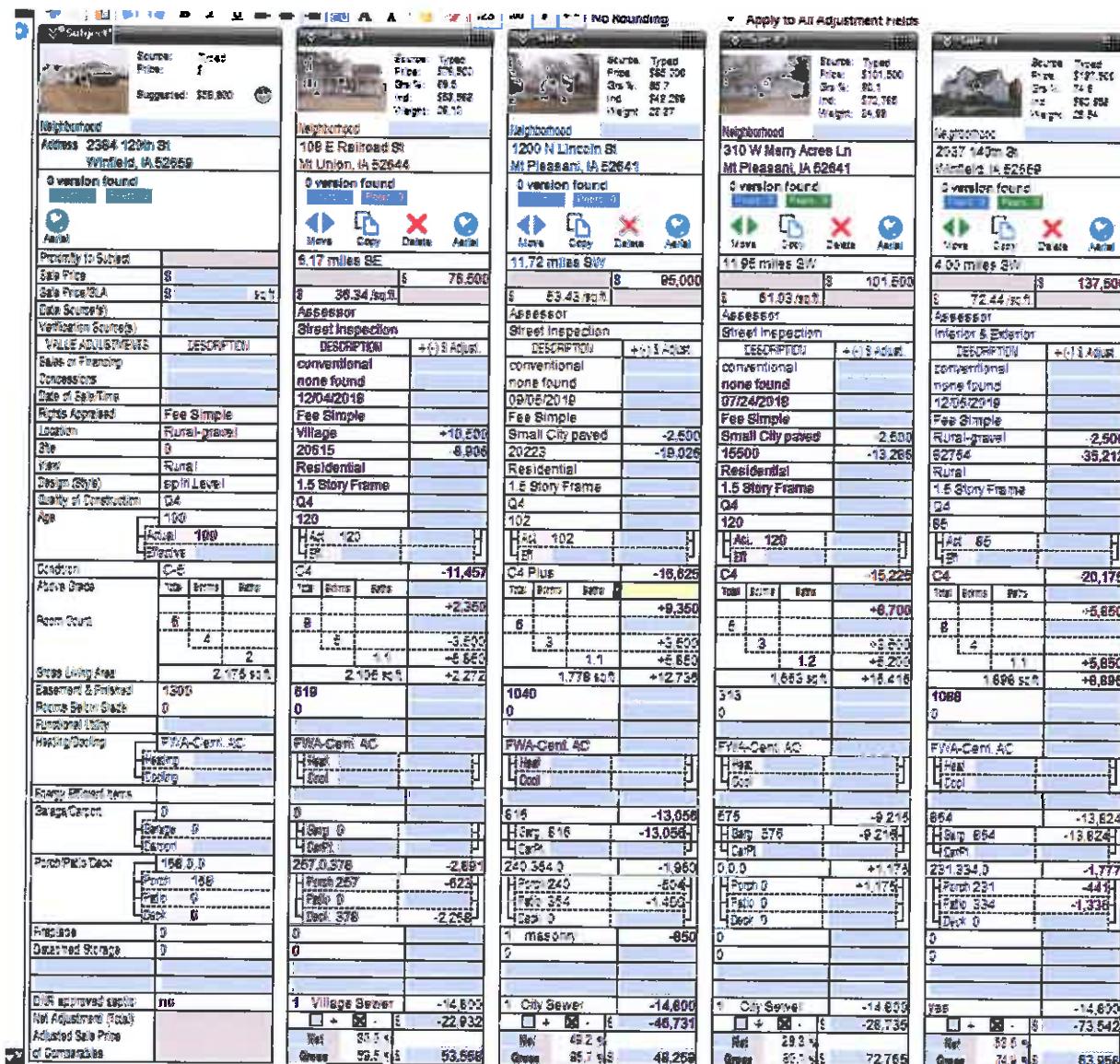
Age: The subject is over 50 years old. Condition becomes the major adjustment.

Condition: All comparables were in better condition than the subject. Condition adjustments were made for the deferred maintenance.

Contribution Adjustments: The following contribution adjustments were made: bedrooms at \$3,500, full baths at \$6,500, GLA at 20 percent of RCN or \$32/sf, finished basements and below living ground living space at \$16/sf, open porches at \$7/sf, patios at \$4/sf, decks at \$6/sf and fireplaces at \$850. Garages were adjusted at \$19/sf. All the comparables had DNR approved septic leach field systems or city sewer.

Contribution value of the house and detached garage without the underlying land \$108,100.

Figure: Sales Comparison Analysis Chart- Dwelling at 2384 120th Street - Comparable Sales



Note: Assessor and inspection data on GLA is different. The old garage area was not considered living space for the appraisal. Also, the two newer bedrooms are at ground level, not below and were counted as above ground.

ADJUSTMENT COMMENTS - DWELLING - NO UNDERLYING LAND

Market condition (time) adjustments: These adjustments consider changes in the market from the time of a comparable sale to the effective date of this Appraisal. MLS data indicates number of closed sales for similar houses in the subjects age range shows number of sales steady and sale price steady to increasing slightly.

Site size: The dwelling site size was adjusted to zero as the house is part of the total subject. The calculation for determining the site/land value: The assessed land value is divided by the total assessed value times the actual selling price equals the reduction for the comparable site values. This is then deducted from the sale value.

Location: City or country living is a personal choice, but gravel roads are discounted by most buyers.

Age: For older homes condition becomes the adjusting factor. No age adjustments were made.

Condition: All comparables were considered in better condition than the subject. Sale 1 was in Mt. Union and a positive adjustment was made for pending sewer assessments.

Contribution Adjustments: The following contribution adjustments were made: a bedroom at \$3,500, full baths at \$6,500, GLA at 20 percent of RCN or \$32/sf, open porches at \$7/sf, patios at \$4/sf, decks at \$6/sf and fireplaces at \$850. Garages were adjusted at \$16/sf. All the comparables had DNR approved septic leach field systems or city sewer. The Subject did not.

Contribution value of the house without the underlying land \$59,800.

Figure: Sales Comparison Analysis Chart- Land & Improvements

SALES COMPARISON ANALYSIS CHART

COMPARABLE SALE:	NO.1	NO.2	NO.3	NO.4	NO.5	SUBJECT	
GRANTOR:	Anderson	Jordan	Kinney Estate	MJB Farming, LLC	Hill Estate	Alan & Alice Trees	OWNER
GRANTEE:	Settles	Summit Ag.	Stewart	Loyd	Davis	Farm #1	EFFECTIVE
CONVEYANCE:	Deed	Deed	Deed	Deed	Deed		
RECORDING NO.	2019-0389	2019-0958	2018-1825	2019-1268	2019-0047	10/9/2019	DATE
RECORDING DATE:	2/26/2019	7/18/2019	12/27/2018	8/22/2019	12/18/2018		
SECTION:	14	8	28	18	29	17	SECTION
TOWNSHIP & RANGE:	73N-6W	74N-4W	75N-5W	73N-4W	73N-4W	73N-5W	TOWNSHIP / RANGE
COUNTY:	Henry	Louisa	Louisa	Louisa	Louisa	Henry	COUNTY
ASSESSED ACRES:	71.27	80.56	62.81	38.00	48.00	19.10	ACRES
PERCENT TILLABLE:	100.00%	97.00%	93.00%	98.00%	100.00%	91.15%	% TILLABLE
COMPARABLE CSR2:	87.40	81.10	82.20	87.20	89.50	91.09	TOTAL CSR2
TOTAL SALE PRICE:	\$745,000	\$567,420	\$659,505	\$420,000	\$475,000		
PRICE PER ACRE:	\$10,453	\$7,043	\$10,500	\$11,053	\$9,896		
MARKET & SALE COND. (Time Adjustment)	\$10,609 \$155 \$0	\$7,081 \$38 \$0	\$10,697 \$197 \$0	\$11,087 \$35 \$0	\$10,088 \$192 \$0		
(Terms Adjustment)							
COMP IMPRV. VALUE: (Total Value)	\$10,609	\$7,081	\$10,697	\$11,087	\$10,088		SUBJECT
(Subtract Per Acre)	\$0	\$0	\$0	\$0	\$0		IMPROVEMENT
	\$0	\$0	\$0	\$0	\$0		VALUE
DOLLARS/CSR2 (Non-Adjusted)	\$121.38	\$87.32	\$130.14	\$127.15	\$112.73		
LOCATION (Adjustment)	\$10,609 0%	\$7,223 2%	\$10,911 2%	\$11,309 2%	\$10,290 2%		
SIZE: (Adjustment)	\$10,821 2%	\$7,512 4%	\$11,239 3%	\$11,535 2%	\$10,495 2%		
SOIL QUALITY: (Adjustment)	\$11,278 4%	\$8,437 12%	\$12,454 11%	\$12,050 4%	\$10,682 2%		
PERCENT TILLABLE (Tillable Adjustment)	\$10,799 -\$479	\$8,218 -\$220	\$12,350 -\$104	\$11,655 -\$395	\$10,217 -\$464		
OTHER ADJUST. (Adjustment)	\$10,799 0%	\$8,218 0%	\$12,350 0%	\$11,655 0%	\$10,217 0%		
OTHER ADJUST. (Adjustment)	\$10,799 \$0	\$8,218 \$0	\$12,350 \$0	\$11,655 \$0	\$10,217 \$0		
COMPARABLE CSR2 UNIT VALUE (Dollars/CSR2)	\$123.56	\$101.33	\$150.25	\$139.65	\$114.15	\$116.89	INDICATED CSR2 UNIT VALUE PER AC.
OTHER ADJUSTMENT (\$ Per Acre)	\$10,799 \$0	\$8,218 \$0	\$12,350 \$0	\$11,655 \$0	\$10,217 \$0		
SUBJ BLDG VALUE: (Add \$ Per Acre)	\$20,249 \$9,450	\$17,668 \$9,450	\$21,801 \$9,450	\$21,105 \$9,450	\$19,668 \$9,450	\$9,450	SUBJECT'S IMPROVEMENT VALUE PER AC.
COMPARABLE MARKET VALUE: (Dollars/Acre)	\$20,249	\$17,668	\$21,801	\$21,105	\$19,668	\$20,098	INDICATED MARKET VALUE

ADJUSTMENTS

Grantor	Price / Acre	Time & Terms	Comp. Improv.	Location	Size	Soil	% Tillable	Other	Flood	Subject Improve.	Indicated Price / Acre
Anderson	\$10,453	\$155	\$0	\$0	\$212	\$457	-\$479	\$0	\$0	\$9,450	\$20,249
Jordan	\$7,043	\$38	\$0	\$142	\$289	\$925	-\$220	\$0	\$0	\$9,450	\$17,668
Kinney Estate	\$10,500	\$197	\$0	\$214	\$327	\$1,215	-\$104	\$0	\$0	\$9,450	\$21,801
MJB Farming,	\$11,053	\$35	\$0	\$222	\$226	\$515	-\$395	\$0	\$0	\$9,450	\$21,105
Hill Estate	\$9,896	\$192	\$0	\$202	\$206	\$186	-\$464	\$0	\$0	\$9,450	\$19,668

Average Price per Acre: \$20,098

ADJUSTMENT COMMENTS- LAND ONLY

All comparable sales were adjusted to the subject property. All calculations are based on assessed acres (including any Forest Reserve acres, if any).

Market Condition (time) adjustments considered changes in market from time of sale of comparable sales to the effective date of this Appraisal. The market indicates a positive 0.2% per month change in land values for the period represented by the comparable sales. This research was gleaned from Louisa and Henry County sales over the past year with land ranging in CSR2 from 65 to 95, as well from land value surveys developed by reliable resources, such as Iowa State University Extension and Iowa Realtors Land Institute (RLI).

Term adjustments are based on the amount financed, the interest rate charged and the length of the contract in comparison to the usual rates and requirements seen at financial institutions making conventional loans. No term adjustments were required.

Location adjustments considered grain markets and basis difference, types of access roads to the properties and distance to population centers.

Size adjustments looked at the size of the property and the ability to break it into smaller sale units. Smaller units allow more people to bid. Size adjustments also consider the “farmability” of the subject, including field shapes and sizes.

Percent tillable is the total farmable acres based on FSA data compared to the assessed acres. This adjustment is made at a factor of 0.5 percentage point for each point of variance between the subject's tillable acres and the comparable sales' tillable acres, then multiplied by the adjusted price per acre.

Soil Quality: Soil adjustments are based on the differences between the CSR2 ratings on the subject and comparable sales. This adjustment is made at a factor of 1 percentage point for each point variance in the CSR2 ratings, then multiplied by the adjusted price per acre. This is how a typical buyer would approach the comparable sales.

INDICATED VALUE, SALES COMPARISON APPROACH: \$383,900 (rounded)

RECONCILIATION

VALUE INDICATIONS

Income Approach	\$302,400
Cost Approach	\$370,750
Sales Comparison Approach	\$383,900
Land Only	\$185,900 \$9,733/acre
FINAL OPINION OF VALUE:	\$366,400

EXPOSURE TIME

Under a hypothetical consummation of normal, arms-length sale by real estate agent, exposure time for the subject property is estimated at six to twelve months. Exposure time, assuming auction (non-foreclosure or sheriff's sale) is estimated at three to six months. See Addenda for definition of exposure time.

CORRELATION

All three common appraisal approaches shown above were developed for this Appraisal. All three approaches were considered reliable for credible results and were weighted equally in the final valuation. Each approach reflected specific strengths and weakness of the subject property.

The Income Approach was the lowest of the three approaches. The outlook for 2020 looks like the past four years, with low prices expected to persist. Farm tenants are adjusting strategies just to break-even. This means an emphasis on reducing costs, including rents. The subject is basically all tillable and composed of high quality land which makes it very attractive rental in the rental market. The biggest factor in this approach is the fact that the buildings represent 49% of the total value of the property and are composed of two houses and a few outbuildings. The farmed acreage is too small in relationship to the value of the two houses and a few outbuildings. The improvements on the subject property have considerable deferred maintenance and the present rental rates reflect that fact.

The Cost Approach allocates value based on the mix of soil types on the subject property. This appraisal methodology is the least reflective of short-term market trends but is still beneficial and supportive of the other two approaches. This approach was the middle of the three approaches and the closest to the final valuation because the subject property is basically all tillable with 90.58% of the soils rated as high quality.*

The present market direction is difficult to gauge. The market is in flux and looking for direction. Sales are not consistent and often depend on how bad the neighbors want the property. It is the Appraisers' opinion that land prices have declined and are increasing slightly at the present time. The market has been slow adjusting to the lower commodity prices because fewer open market sales have created pent-up demand, and because there are still local area farmers with cash reserves on hand to purchase land. These farmers see few opportunities to expand their operations and are willing to buy land, even after several years of lower farm incomes.

* Generally, the Appraisers consider soils with a CSR2 rating of 80 points or higher as high quality; soils with ratings between 65-79 points has medium quality; soils with ratings of 45-64 points as low quality; and soils with a rating of 44 points or less as poor quality.

APPRAISAL CERTIFICATE

The undersigned hereby certifies that, to the best of my knowledge and belief:

1. The statements of fact contained in this Appraisal Report are true and correct. I have taken into consideration the factors that affect value in my development of the estimate of market value in the Appraisal Report. I have not knowingly withheld any significant information from the Appraisal Report.
2. The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial and unbiased professional analyses, opinions and conclusions.
3. I have no present or prospective interest in the property that is the subject of this Report, and I have no present or prospective personal interest or bias with respect to the parties involved. I did not base, either partially or completely, my analysis and/or the opinion of market value in the Appraisal Report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property or of the present owner or occupants of the properties near the subject property.
4. I have performed no services as an Appraiser, or in any other capacity, regarding the subject property within the three-year period of the effective date of an appraisal immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is subject of this Report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. 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 or any related party, the amount of the value estimate, the attainment of the specific result, or the occurrence of the subsequent event to receive my compensation and/or employment for performing the Appraisal.
8. I performed this appraisal in conformity with the *Uniform Standards of Professional Appraisal Practice* that were adopted and promulgated by the Appraisal Standards Board of the Appraisal Foundation and that were in place as of the effective date of this Appraisal.
9. I have personally viewed the subject property and the interior and exterior areas of any improvements on the subject property unless indicated otherwise by my signature below.
10. I personally prepared all conclusions and opinions about the real estate that were set forth in the Appraisal Report. If I relied on significant professional assistance from any individual or individuals in the performance of the appraisal or the preparation of the Appraisal Report, I have named such individual(s) and disclosed the specific tasks performed by them in the reconciliation section of this Appraisal Report. I certify that any individual so named is qualified to perform the tasks. I have not authorized anyone to make a change to any item in the Report; therefore, if an unauthorized change is made for the Appraisal Report, I take no responsibility.
11. The reported analyses, opinions and conclusions were developed, and the Report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. As of the date of this Report, I am current with the continuing ethics education requirements of the ASFMRRA, the Appraisal Institute for a practicing affiliate and with any continuing education requirements of the State of Iowa.

CERTIFICATION OF VALUE

After weighing the factors herein reported to the best of my knowledge and experience, it is my opinion that the MARKET VALUE for the herein described Subject Parcel, fee simple, undivided ownership interest, **\$366,400 , "AS IS", on the Effective Date of October 9, 2019.**

ADDRESS OF PROPERTY APPRAISED:

Section 17, Scott Township (73N-5W), Henry County, Iowa

The Appraisers signing the certification have contributed to the Appraisal and agreed to the content and final opinion of value.

APPRAISER:

Signature James H. Jensen

Name: James H. Jensen, Certified General

Date signed 3/16/2020

State Certification #CG01780

Expiration date: 06-2020

Personally Inspected Property: Yes

APPRAISER:

Signature Larry J. Jennings

Name: Larry J. Jennings, Certified General

Date signed 03-16-20

State Certification #CG02734

Expiration date: 06-2020

Personally Inspected Property: Yes

ADDENDA

Assumptions & Limiting Conditions

Definitions, including definition of Market Value

Qualifications of Appraisers

Privacy Notice

Appraisal Authorization

Deed with Legal Description

Township Map Showing Subject

Maps Showing Subject and Comparable Land Sales

House, 2384 120th Street

Sketch of House

Map of Subject and Comparable Sales

Photos of Comparable Sales

House, 2376 120th Street

Sketch of House

Map of Subject and Comparable Sales

Photos of Comparable Sales

Aerial Photo of Subject

Farm Service Agency Field Map

Soil Map of Subject

Soil Analysis of Subject Property

Pictures of Subject Property

Condition & Quality Rating Definitions

ASSUMPTIONS AND LIMITING CONDITIONS

The following Assumptions and Limiting Conditions apply to all Appraisers signing this report. This Appraisal Report and all the Appraisers' work in connection with the appraisal assignment is subject to the Assumptions and Limiting Conditions stated herein. Any use of this Appraisal by any party, regardless of whether such use is authorized or intended by the Appraisers, constitutes acceptance of all such Assumption and Limiting Conditions.

The Appraisers signing this Report make the following assumptions:

1. That the title the subject property is good and marketable. No responsibility is assumed for matters legal in character or nature. No opinion is rendered as to title. All existing liens, encumbrances, restrictive leases and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, having responsible ownership and competent management. The only easements or other encroachments are of a typical nature associated with utilities and roadways, unless otherwise noted.
2. That property ownership and management are in competent and responsible hands and that the property is not operating in violation of any applicable government laws, regulations, codes, ordinances or statutes.
3. That the legal description provided by the Client or obtained from the records of the county recorder's office is correct, unless otherwise specifically noted herein. The Appraiser preparing this Report is not an abstractor, attorney or land surveyor and is relying on information from recorded deeds and/or from the client to establish the location of the subject property.
4. That there are no deed restrictions that affect the subject property. Unless otherwise stated in the report, the Appraiser is unaware of any deed restrictions or any limitations that would unduly inhibit or restrict development of any proposed improvements on the subject property. This should not be taken as a guarantee or warranty that no such restrictions exist. Only a title search would uncover restrictive covenants, and such a search is beyond the scope of this appraisal assignment.
5. That there are no reported dumpsites on the subject property and the subject property is appraised assuming an "as clean" condition.
6. That all water rights to the property have been secured or perfected; that there are no adverse easements or encumbrances and the property complies with Bureau of Reclamation or other regulations; that irrigation and domestic water and drainage system components, including distribution equipment and piping, are real estate fixtures; that any mobile surface piping or equipment essential for water distribution, recovery or drainage is secured with the title to real estate; and that title to all such property conveys with the land. Standard water requirements and any information provided has been relied on, unless otherwise stated herein.
7. That there are no concealed or dubious conditions of the subsoil and subsurface waters, including water table and flood plain; further, that there are no regulations of any government entity to control or restrict the use of the property unless specifically referred to in this report. Unless otherwise stated, the final value conclusion is based on the subject property being free of hazardous waste contaminations, and it is specifically assumed that present and subsequent ownerships will exercise due diligence to ensure that the property does not become otherwise contaminated. Because the Appraiser is not an expert in the field of environmental hazards, this Appraisal Report must not be considered as an environmental assessment of the property. If one desires, contact should be made with an environmental specialist. This Appraiser has, in the process of exercising due diligence, requested, reviewed and considered information provided by the ownership of the property and client. The Appraiser has relied on such information and assumed there are no hidden or unapparent conditions of the property, subsoil or structures that would render it more or less valuable. The Appraiser assumes no responsibility for such conditions, for engineering that might be required to discover such factors or for the cost of their discovery or correction. The Appraiser is not qualified to verify or detect the presence of hazardous

substances by visual inspection or otherwise. Nor is the Appraiser qualified to determine the effect, if any, of known or unknown substances present.

8. For building improvements, the following assumptions are made, unless otherwise noted within the Report: (1) that all mechanical and electrical is in working order; (2) that the subject is free of lead paint; and (3) that any radon present is below generally accepted levels. This is not an engineering report as to structural integrity of any building structures and should not be considered as such.
9. Where the Appraisal conclusions are subject to satisfactory completion, repairs or alterations, the Appraiser assumes any completion, alterations or repairs of the improvements are done in a workmanlike manner with typical quality materials consistent with the plans, specifications and/or scope of work relied upon in the Appraisal.

The following limiting conditions are submitted with this Report:

1. Use of this Appraisal is reserved for the Intended User(s). Use of any part of the Appraisal Report, or a copy thereof, by anyone except the Intended User(s) specified in this report without the written consent of the Appraiser is prohibited. The Appraisal Report was prepared for the Intended User(s) use at the client's sole discretion within the framework of the function stated in the Appraisal Report, and its use for any other purpose is beyond the scope contemplated in the Appraisal.
2. The signatory herein shall not be required to give testimony or attend court or be at any governmental hearing regarding the subject property unless prior arrangements have been made with the client.
3. Appraiser liability is limited to the fee charged for the Appraisal Report and professional services.
4. No one provided significant *professional* assistance to the person signing this report, unless noted in the body of the report.
5. Acreage breakdowns were determined by the Appraiser using Natural Resource Conservation Service, Farm Service Agency and County Assessor information. The breakdown of land acreage classifications was determined by using aerial photos, soil maps and other information believed to be reliable. The Appraisal is to include the entire tract, including tillable and non-tillable acres.
6. The Appraisal applies only to the subject property described herein and was prepared for the purpose so stated and should not be used for any other purpose. Any allocation of total value between land, improvements, and furniture, fixtures and equipment as shown herein is invalidated if used separately or in conjunction with any other appraisal. When applicable, the Appraiser has estimated the value of the land in the Cost Approach at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used.
7. The Appraiser obtained the information, estimates and opinions expressed in this Appraisal Report from sources considered reliable and believed to be accurate and correct. The Appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties. Sketches in the Report may show approximate dimensions and are included only to assist the reader in visualizing the property. The Appraiser has made no survey of the property. Drawings and/or plats are not represented as an engineer's or surveyor's work product, nor are they approved for legal reference. Information furnished by others is presumed to be reliable and, where so specified in the report, has been verified; but no responsibility, whether legal or otherwise, is assumed for its accuracy nor can it be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of other information.
8. The final opinion of value in the Appraisal Report includes mineral rights on the subject property as part of the fee simple title, but *no specific value has been allocated* to mineral rights or deposits, unless explicitly cited. The precise value of mineral interests in existence, as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals is unknown to the Appraiser. This Appraisal is not an exhaustive study of the actual or potential mineral production but is based on the best information available as of the effective date of the appraisal. The final opinion of value in the Appraisal Report includes mineral rights of the subject property.

9. Any standing timber on the subject property was not a part of the Scope of Work, unless specifically noted herein. No timber cruise was done as part of this Appraisal. A forester should be consulted concerning timber values, if desired.
10. Unless otherwise noted in the report, the Appraiser has not made a specific compliance survey and analysis of the subject property to determine whether it is in conformity with the various requirements of the Americans with Disabilities Act. Therefore, the Appraiser has no direct evidence relating to this issue and did not consider possible noncompliance with the requirements of ADA in the Appraisal.
11. All the facts, conclusions and observations contained herein are consistent with information available as of the date of value. The value of real estate is affected by many related and unrelated economic conditions, both local and national. The Appraiser, therefore, assumes no liability for any unforeseen precipitous change in the economy. The effective date of the Appraisal to which the value conclusion(s) apply is set forth in the letter of transmittal and within the body of the Report. The value is based on the purchasing power of the United States dollar as of that date.
12. Within the Report, whole numbers are shown in most valuations and figures. However, the Appraiser may have carried the decimal point several places in their actual calculations. All results are rounded and may differ slightly when using whole numbers.
13. No responsibility is taken for changes in market conditions after the date of value or for the inability of the property owner to find a purchaser at the appraised value.
14. Acceptance of the Appraisal Report by the client constitutes acceptance of all assumptions and limiting conditions contained in the Appraisal Report. The report, economic and financial analyses, and the opinion(s) of value included herein are intended solely for the identified Intended Users' information and should not be relied upon for any other purpose. Neither the Report nor its contents nor any reference to the Appraiser(s) or the appraisal firm may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, loan or other agreement or document without prior written permission from the Appraiser.
15. The Appraiser will not disclose the contents of the Appraisal Report, except as provided for in the Uniform Standards of Professional Appraisal Practice.

DEFINITIONS

Source: Appraisal Institute Dictionary of Real Estate Appraisal, 6th Edition, 2015

MARKET VALUE

Market Value is defined as the most probable price that 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, 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.

HYPOTHETICAL CONDITION

A condition, when it is directly related to a specific assignment which is contrary to what is known by the Appraiser to exist on the effective date of the assignment results but is used for analysis. Hypothetical conditions are contrary to known facts about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

EXTRAORDINARY ASSUMPTION

An assumption directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

EXPOSURE TIME

The estimated length of time that the property of interest being appraised would have been offered on the market prior to a hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective look based on an analysis of past events assuming a competitive and open market. (USPAP 2017-2017 Ed.)

APPRAISER QUALIFICATIONS & EXPERIENCE

APPRAISAL SERVICES

JENSEN & JENNINGS, LLC has completed over 1,500 appraisals since the partnership between James Jensen and Larry Jennings was formed in 2009. Appraisal experience includes appraisals of farmland, timber tracts, acreages, residential housing and a wide variety of commercial properties. Appraisal clients include banks, buyers, sellers, estates, attorneys, farm management agencies and CPAs. Testimony has been given as to real estate values in Iowa District Court and Federal Court.

SELECT CLIENTS

US Bank, Iowa State Bank; Pilot Grove Savings Bank; Ft. Madison Bank & Trust; Wayland State Bank; Community 1st Credit Union; Mediapolis Savings Bank; Lee County Bank & Trust; Libertyville Savings Bank; Iowa State Bank & Trust of Fairfield; Washington State Bank; CBI Bank & Trust Bank; Hills Bank & Trust; Federation Bank of Washington, IA; Two Rivers Bank & Trust; Connection Bank of Ft. Madison; Luana Savings Bank; Rabo Agrifinance, Inc; Whitfield & Eddy PLC; Vance Law Office, Mt. Pleasant, Iowa; Bainter & Thomas Law Office, Mt. Pleasant, Iowa; Wessels Law Office, P.C.; Cray Law Firm, PLC; Anderson, Roberts, Porth, Wallace & Stewart LLP; Gary L. Putnam, Attorney; Keokuk County Highway Department; U.S. Department of Agriculture, Farm Services Agency

Representing JENSEN & JENNINGS, LLC

JAMES H. JENSEN

Iowa State Certification: Certified General Real Property Appraiser # CG01780

EDUCATION

Bachelor of Science Degree in Agricultural Education, Southern Illinois University, 1970
Master of Science Degree in Agricultural Economics, Southern Illinois University, 1972

PROFESSIONAL AFFILIATION & CERTIFICATION

- State Certified General Real Estate Appraiser, Iowa
- Accredited Rural Appraiser, ARA, American Society of Farm Managers & Rural Appraisers, 1987
- Accredited Farm Manager, AFM, American Society of Farm Managers & Rural Appraisers, 1988
- James H. Jensen, Affiliate, Appraisal Institute.
- As of the date of this report, I James H. Jensen have completed the continuing education program for the ASFMRA.
- As of the date of this report, I James H. Jensen have completed the continuing education program for Practicing Affiliates of the Appraisal Institute.

EXPERIENCE & EMPLOYMENT

- University of Dubuque, Adjunct Professor Real Estate, pre-license and continuing education
- Real Estate School of Iowa, Real Estate pre-license and continuing education
- Agriculture Instructor, Southeastern Illinois College, Harrisburg, Illinois, 1971-1973
- Area Farm Management Specialist, Iowa State University Extension Service. Teaching and counseling with farm owners and operators in the areas of farm business management and marketing, including land purchase decisions. Headquarters in Dubuque, Iowa, serving eight counties, 1973-1977
- Owner and operator of Jensen & Associates, Inc. an agricultural firm specializing in farm management, appraisal and agricultural consulting, 1977 to present.
- Farm Manager and consultant for Hawkeye Farm Management, providing farm management and related services for clients in northeast Iowa, northwest Illinois, southern Wisconsin and southern Minnesota. Management of absentee-owned farms, land appraisals, consultation and real estate sales, 1983-1986
- Vice-President Waterloo Savings Bank, Waterloo, Iowa. Supervisor of the Farm Management Department and Trust Administration, 1986-1989

- Des Moines County Extension Agriculturist, Iowa State University Extension, Burlington, Iowa, 1989-1992
- Iowa State University Extension Field Specialist / Crops, serving 7 counties in southeast Iowa, 1992-2001
- Iowa State University Extension Field Specialist / Farm Management, serving 15 counties, 2001-2014
- Managing Partner, Jensen & Jennings Appraisal Services, 2009-present.
- Licensed and practicing Real Estate Broker in Wisconsin 1967-2018
- Licensed and practicing Real Estate Broker in Iowa and Illinois. 1967 - Present.
- Iowa State University Extension Econ 364 Instructor (Rural Appraisal) 2014-2015.

LARRY J. JENNINGS

Iowa State Certification: Certified General Real Property Appraiser # CG02734

EDUCATION

Bachelor of Science Degree in Farm Operation, Iowa State University, 1964

Rural Appraiser School, American Society of Farm Managers & Rural Appraisers, 1965

Advanced Rural Appraiser School, American Society of Farm Managers & Rural Appraisers, 1968

PROFESSIONAL AFFILIATION & CERTIFICATION

- State Certified General Real Estate Appraiser, Iowa
- HUD Approved Appraiser
- Larry J. Jennings, Affiliate, Appraisal Institute.

EXPERIENCE & EMPLOYMENT

- Direct farm operations manager, Elm Grove Farms, Inc., 1964-1967
- Appraiser and farm manager for Agricultural Management, Inc., 1968-1972
- Production manager, Cyclone Hybrids, 1973-1993
- Past Mayor, City of Winfield
- Board Member, Prairie Ag Cooperative
- President of Agricultural Management, Inc., a firm specializing in farm management and real estate sales, 1994-present.
- Partner, Jensen & Jennings Appraisal Services, 2009-2016.
- Certified General Appraiser, Jensen & Jennings Appraisal Services, 2017-present.
- Licensed and practicing Real Estate Broker in Iowa, 1968 - Present.

PRIVACY NOTICE

Pursuant to the GRAMM-LEACH-BLILEY Act of 1999, effective July 1, 2001, Appraisers, along with all providers of personal financial services are required by federal law to inform their clients of the policies of the firm regarding the privacy of client nonpublic personal information. As professionals, we understand that your privacy is very important to you and we are pleased to provide you with this information.

Types of Nonpublic Personal Information We Collect

While performing appraisals, we may collect what is known as “nonpublic personal information” about you. This information is used to facilitate the services that we provide to you and may include the information provided to us by you directly or received by us from others with your authorization.

Parties to Whom We Disclose Information

We do not disclose any nonpublic information obtained during our engagement with our clients to nonaffiliated third parties, except as necessary or as required by law. By way of example, a necessary disclosure would be to our employees and in certain situations, to unrelated third-party consultants who need to know the information to assist us in providing appraisal services to you. All our employees and any third-party consultants we employ are informed that any information they see as part of an appraisal assignment is to be maintained in strict confidence within the firm.

A disclosure required by law would be a disclosure by us that has been ordered by a court of competent jurisdiction regarding legal action to which you are a party.

Confidentiality and Security

We will retain records relating to professional services that we have provided to you for a reasonable time so that we are better able to assist you with your needs. To protect your nonpublic personal information from unauthorized access by third-parties, we maintain physical, electronic and procedural safeguards that comply with our professional standards to ensure security and integrity of your information.

Feel free to call us any time if you have any questions.



APPRAISAL AUTHORIZATION CONTRACT

Subject Property Address: (include Section # and Township, if farm property):	Section 17, Scott Township
County:	Henry
Deed Holder:	Alan & Alice Trees
Deed Holder Phone Number:	Alice- 319-330-1491
Other contact information (executor, realtor, tenant, farm operator):	Chris- 515-999-0007
Subject Property Buyer, if relevant: <i>(Please include copy of purchase agreement with this form.)</i>	NA
Intended Use of Appraisal (loan, refinance, estate settlement, sale of property, etc.):	Estate Settlement
Intended User of Appraisal (who has permission to view or receive copies of this appraisal?):	Estate of Alan Trees
Assessed acres to be appraised (if farm):	19 acres m/l
Appraise property as whole or break out?	Whole
Improvements to be appraised (house, outbuildings, irrigation equipment, etc.):	2 Houses & Buildings
Appraisal Effective Date: (date of inspection, date of death or other):	October 9, 2019
For agricultural land, has the county FSA office been contacted? (See note previous page):	Release Attached
Who should we contact to inspect the property?	Alice & Chris

Comments / Special Instructions:

Farm #1

Agreed Compensation: _____ Quoted Fee of \$ _____, _____ Other _____

Preferred Method of Delivery: mail (1 copy, no cost) _____ # of copies (\$50/copy after 1st one) _____ email (no cost) _____

Delivery Address (please note if billing address is different):

2378 130th St. Winfield, IA 52659

By signing this Authorization Contract, I agree that the Appraisers' services and reports, and any use thereof, are and will be subject to the statements, limiting conditions and other terms set forth in the Appraisal Report(s). This signature also represents a responsibility for payment of the Appraisal Report(s).

Signature: Alice Trees

Date: 1-22-2020

Authorizing Client Signature & Contact Information:

Print Name:	Alice Trees	Phone:	319-330-1491	Email:
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Document 2716

Book 2017 Page 2716 Type WD Pages 2
Date 11/13/2017 Time 11:11:20AM
Rec Amt \$12.00 Aud Amt \$5.00

MINDY FITZGIBBON, RECORDER
HENRY COUNTY IOWA

Return To: Wyatt P. Peterson, 304 N. Locust St.; P.O. Box 69, Winfield, IA 52659
Preparer: Wyatt P. Peterson, 304 N. Locust St.; P.O. Box 69, Winfield, IA 52659, (319) 257-6700
Taxpayer: Mr. & Mrs. Alan Trees, 2378 120th St., Winfield, IA 52659

WARRANTY DEED - JOINT TENANCY

For good and valuable consideration, Alan V. Trees and Alice A. Trees, husband and wife do hereby convey to Alan V. Trees and Alice A. Trees, husband and wife, as Joint Tenants with Full Rights of Survivorship, and not as Tenants in Common, the following described real estate in Henry County, Iowa:

Tract 1

The West one half of the North east 1/4 of the North east 1/4 of Section 17, Township 73 Range 5, except the following: Commencing at the North east corner of Section 17, Township 73 N. Range 5 W. of the 5th P.M., thence North 89 deg. 02 min. West 665.6 feet along the north line of said Section 17, Township 73 Range 5 to the point of beginning of this tract; from the aforementioned point of beginning North 89 deg. 02 min. West 247.4 feet along the north line of said section; thence South 1 deg. 43 min. West 217.0 feet; thence North 88 deg. 57 min. East 118.7 feet, thence South 0 deg. 35 min. West 492.0 feet; thence South 89 deg. 30 min. East 139.5 feet, thence North 0 deg. 10 min. East 703.9 feet to the point of beginning, containing 2.82 acres as near as may be.

Tract 2

That part of the West 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 17, Township 73, Range 5, Henry County, Iowa described as follows: Commencing at the NE corner of Section 17, Twp. 73 North, Range 5 West, Henry County, Iowa; thence N89 deg. 02 min. W along the section line a distance of 913.0 feet; thence S01 deg. 43 min. W distance of 217.0 feet to the point of beginning; thence S01 deg. 43 min. W a distance of 259.15 feet; thence S89 deg. 02 min. E a distance of 123.79 feet; thence N00 deg. 35 min. E a distance of 263.31 feet; thence S88 deg. 57 min. W a distance of 118.7 feet to the point of beginning, containing 0.726 acre more or less.

AND

A part of the West 1/2 of the Northeast 1/4 of the Northeast 1/4 of Section 17,

Deed with
Legal
Description

Township 73, Range 5, described as follows: Commencing at the Northeast corner of Section 17, Township 73 N., Range 5 W, of the 5th P.M., thence North 89 deg. 02 min. West 665.6 feet along the North line of said Section 17, Township 73, Range 5 to the point of beginning of this tract; from the aforementioned point of beginning North 89 deg. 02 min. West 247.4 feet along the North line of said Section, thence South 1 deg. 43 min. West 217.0 feet; thence North 88 deg. 57 min. East 118.7 feet; thence South 0 deg. 35 min. West 492.0 feet; thence South 89 deg. 30 min. East 139.5 feet; thence North 0 deg. 10 min. East 703.9 feet to the point of beginning containing 2.82 acres as near as may be, except a tract of land described as follows: Commencing at the NE corner of Section 17, Twp. 73 North, Range 5 West, Henry County, Iowa; thence N89 deg. 02 min. W. along the section line a distance of 665.6 feet; thence S00 deg. 10 min. W a distance of 476.33 feet to the point of beginning; thence N 89 deg. 02 min. W a distance of 137.84 feet; thence S0 deg. 35 min. W a distance of 228.69 feet; thence S89 deg. 30 min. E a distance of 139.5 feet; thence N00 deg. 10 min. E a distance of 227.57 feet to the point of beginning, containing 0.726 acre more or less.

This deed is exempt according to Iowa Code 428A.2(11).

Grantors do hereby Covenant with grantees, and successors in interest, that grantors hold the real estate by title in fee simple; that they have good and lawful authority to sell and convey the real estate; that the real estate is free and clear of all liens and encumbrances except as may be above stated; and grantors Covenant to Warrant and Defend the real estate against the lawful claims of all persons except as may be above stated. Each of the undersigned hereby relinquishes all rights of dower, homestead and distributive share in and to the real estate.

Words and phrases herein, including acknowledgment hereof, shall be construed as in the singular or plural number, and as masculine or feminine gender, according to the context.

Dated: November 6, 2017.

Alan V. Trees

Alan V. Trees (Grantor)

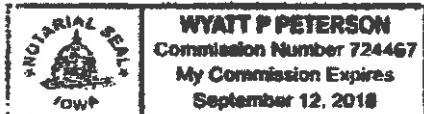
Alice Trees

Alice A. Trees (Grantor)

STATE OF IOWA, COUNTY OF HENRY

This record was acknowledged before me on November 6, 2017, by Alan V. Trees and Alice A. Trees.

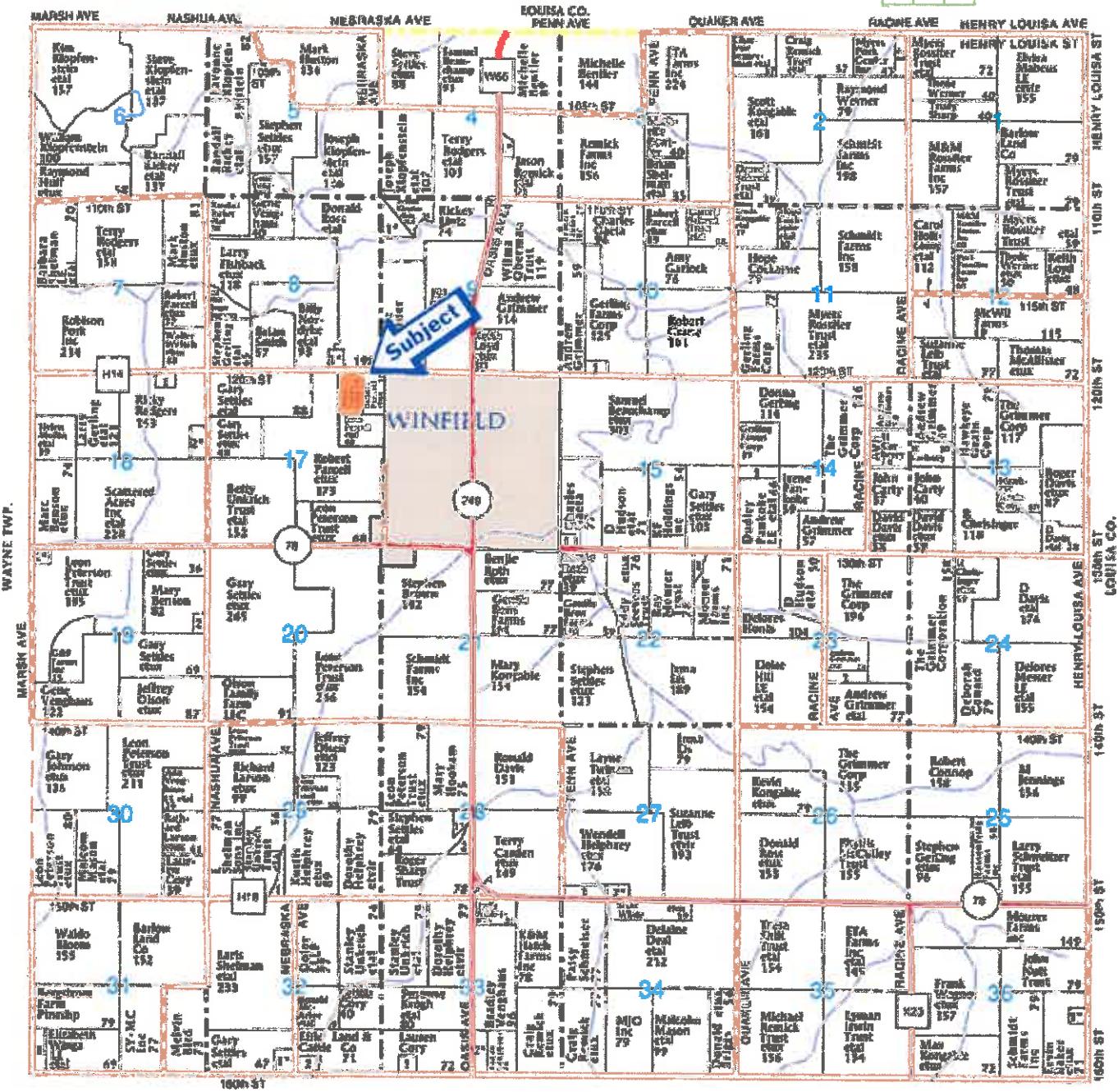
Wyatt P Peterson
Signature of Notary Public



T-73-N

SCOTT PLAT

R-5-W



SCOTT TOWNSHIP

SECTION 2

1. Roseller Trust, Myers 5

SECTION 4

1. McAllister, Chad 9

SECTION 5

1. Hegge, Donald 6

SECTION 9

1. Ross, Donald 8

SECTION 10

1. Glimmer, Andrew 5

SECTION 14

1. Weidner, Kevin 11

SECTION 15

1. Huber, William 6

SECTION 18

1. Rodgers, Tony 5

2. Rodgers, Ricky 7

SECTION 16

1. Pinney, Ronald 8

SECTION 20

2. Moeller, Herbert 6

SECTION 22

1. Lauber, Fleeta 5

SECTION 23

1. Glimmer, Elsa 10

SECTION 27

1. Reuenbuehler, Michael

10

SECTION 28

2. Yeary, Alan 6

SECTION 29

1. Settles, Gary 9

SECTION 31

2. Jennings, Scott 7

SECTION 32

1. Hacken, Chris 13

SECTION 33

1. Midwest Resources LLC 9

SECTION 32

1. Hecker, Robert 10

SECTION 36

2. Hecker, Robert 6

SECTION 38

1. Thomeson, Benjamin 5

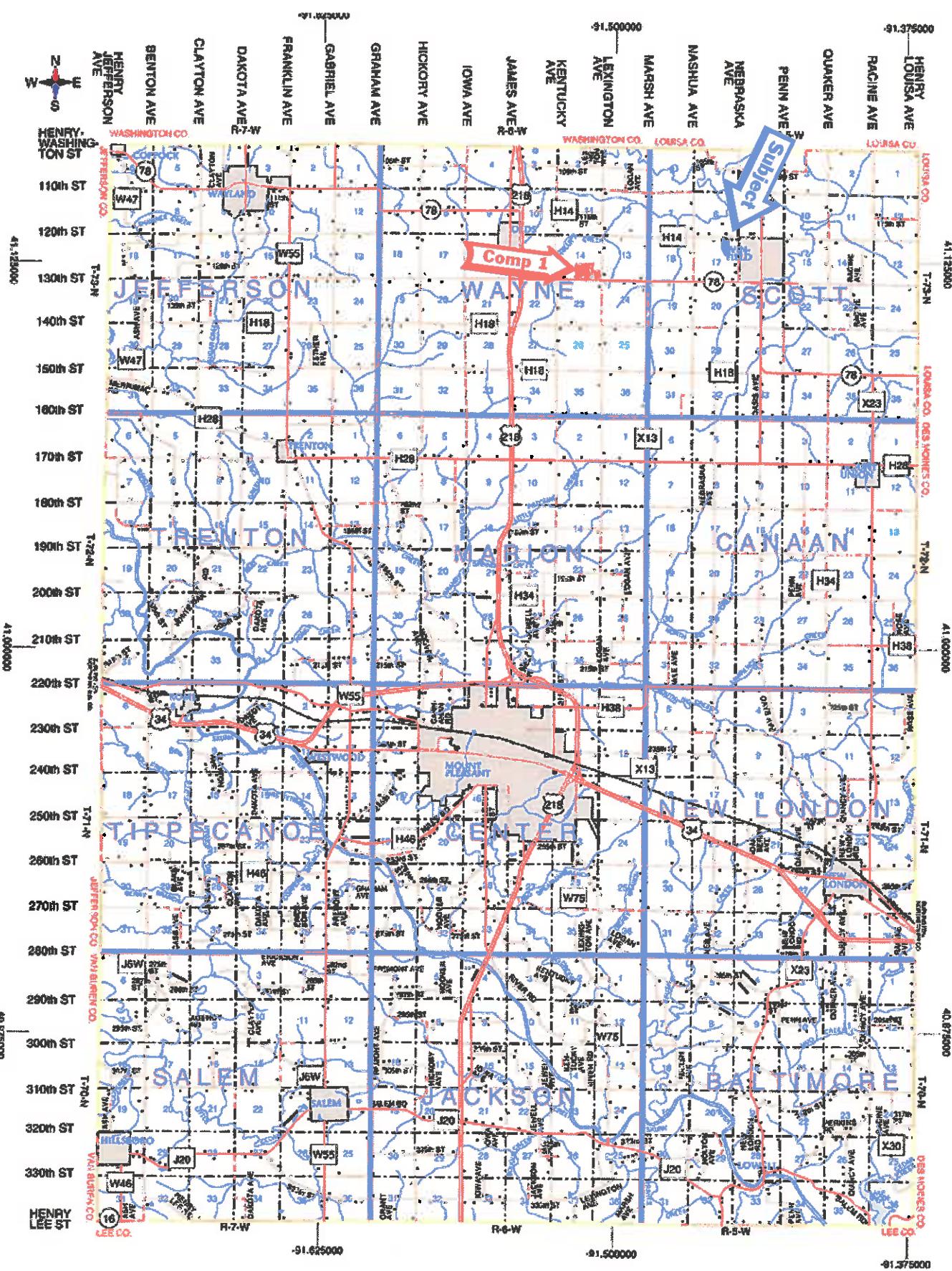
SECTION 39

2. Carty, John 16

SECTION 40

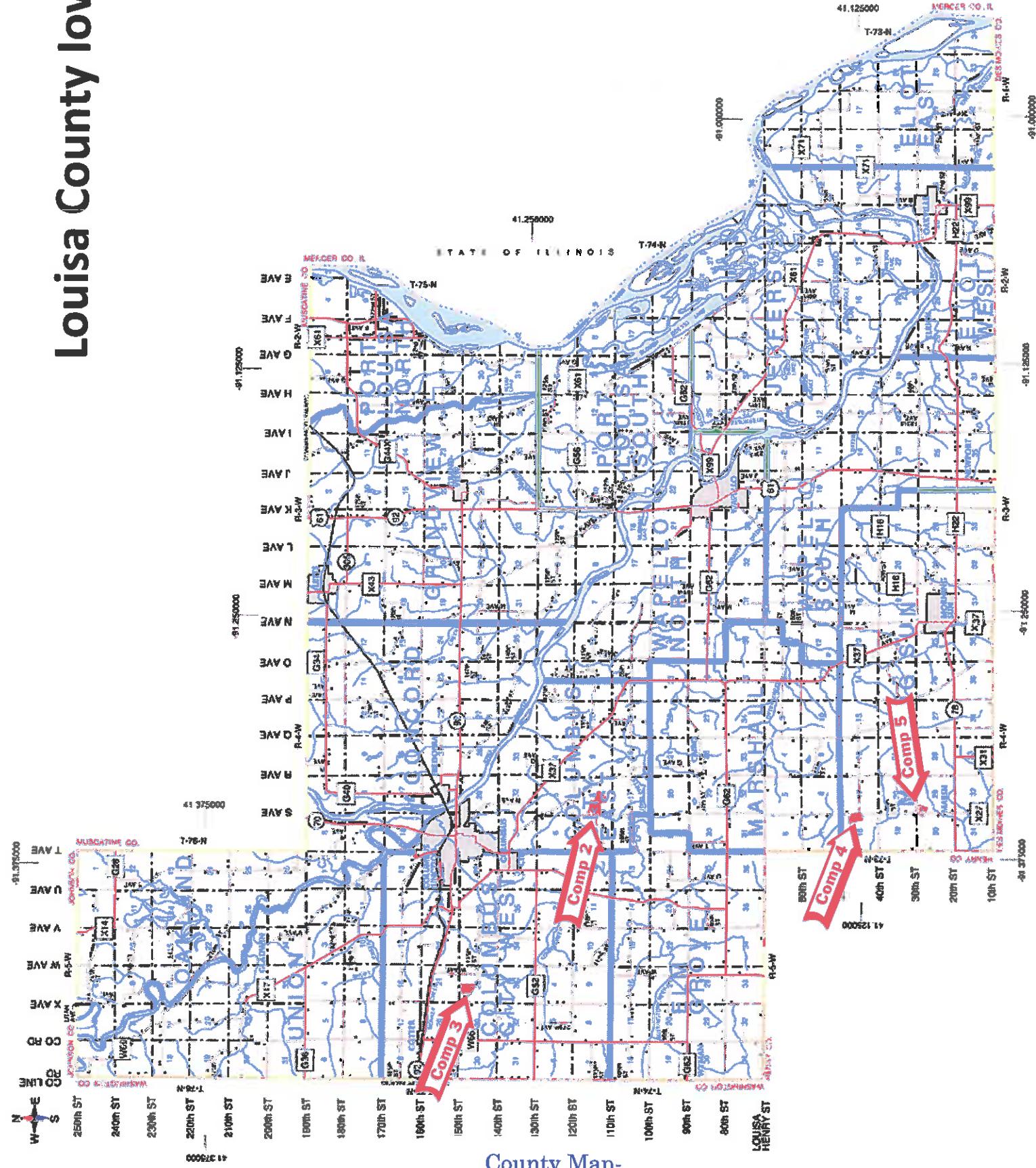
1. Miller, Paul 6

Henry County Iowa



County Map- Subject & Comparables

Louisa County Iowa



County Map- Subject & Comparables

Subject Photo Page

Owner	Alan V. & Alice A. Trees	Property Address	2384 120th St	County	Henry	State	IA	Zip Code	52669
City	Winfield								
Appraiser	Larry Jennings								

**Subject Front**

2384 120th St
 Sales Price
 Gross Living Area 2,176
 Total Rooms 6
 Total Bedrooms 4
 Total Bathrooms 2
 Location Rural-gravel
 View Rural
 Site 0
 Quality Q4
 Age 100

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

120th Street, East View

Pictures of
Subject Property

Building Sketch

Owner	Alan V. & Alice A. Trees
Property Address	2384 120th St
City	Winfield
Appraiser	Larry Jennings

MEASUREMENTS TO NEAREST FOOT

SKETCH FOR VISULATION ONLY

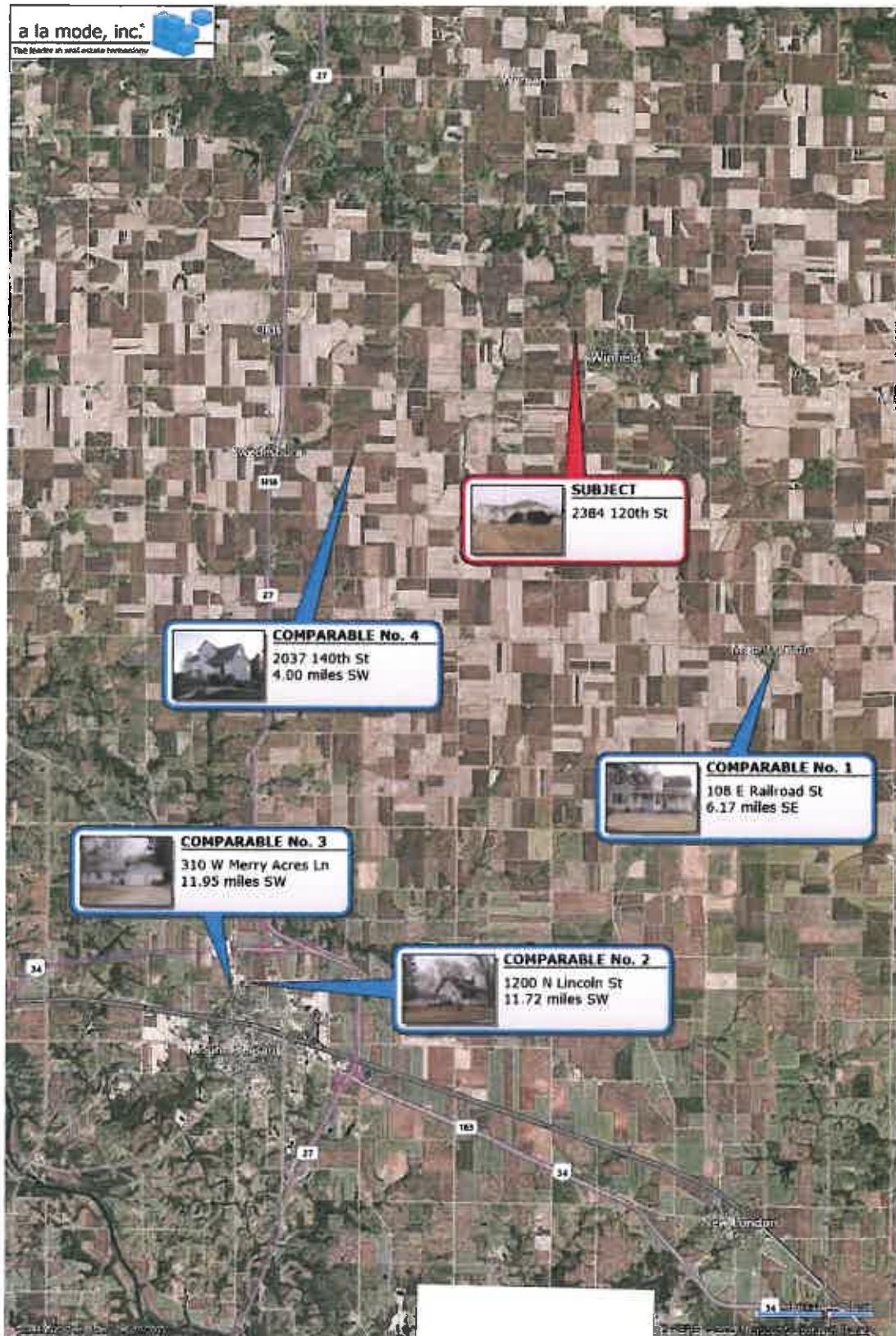
2384 120th Street, Winfield, Iowa

Area Calculations Summary		
Living Area		Calculation Details
First Floor	1216 Sq ft	$26 \times 36 = 936$ $20 \times 14 = 280$
Second Floor	384 Sq ft	$16 \times 24 = 384$
Third Floor	576 Sq ft	$24 \times 24 = 576$
Total Living Area (Rounded):	2176 Sq ft	
Non-living Area		
Concrete Patio	168 Sq ft	$12 \times 11 = 132$ $6 \times 4 = 24$ $0.5 \times 6 \times 4 = 12$

Location Map

Owner	Alan V. & Alice A. Trees
Property Address	2384 120th St
City	Winfield
Appraiser	Larry Jennings

County Henry State IA Zip Code 52659



Comparable Photo Page

Owner	Alan V. & Alice A. Trees						
Property Address	2384 120th St						
City	Winfield	County	Henry	State	IA	Zip Code	52659
Appraiser	Larry Jennings						

**Comparable 1**

108 E Railroad St
 Prox. to Subject 6.17 miles SE
 Sale Price 76,500
 Gross Living Area 2,105
 Total Rooms 9
 Total Bedrooms 5
 Total Bathrooms 1.1
 Location Village
 View Residential
 Site 20615
 Quality Q4
 Age 120

**Comparable 2**

1200 N Lincoln St
 Prox. to Subject 11.72 miles SW
 Sale Price 95,000
 Gross Living Area 1,778
 Total Rooms 6
 Total Bedrooms 3
 Total Bathrooms 1.1
 Location Small City paved
 View Residential
 Site 20223
 Quality Q4
 Age 102

**Comparable 3**

310 W Merry Acres Ln
 Prox. to Subject 11.95 miles SW
 Sale Price 101,500
 Gross Living Area 1,663
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 1.2
 Location Small City paved
 View Residential
 Site 15500
 Quality Q4
 Age 120

Pictures of
Comparables

* * * * * 45

Comparable Photo Page

Owner	Alan V. & Alice A. Trees				
Property Address	2384 120th St				
City	Winfield	County	Henry	State	IA
Appraiser	Larry Jennings	Zip Code	52659		

**Comparable 4**

2037 140th St
 Prox. to Subject 4.00 miles SW
 Sale Price 137,500
 Gross Living Area 1,898
 Total Rooms 8
 Total Bedrooms 4
 Total Bathrooms 1.1
 Location Rural-gravel
 View Rural
 Site 82764
 Quality Q4
 Age 85

Blank

Prox. to Subject
 Sale Price
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location
 View
 Site
 Quality
 Age

Blank

Prox. to Subject
 Sale Price
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location
 View
 Site
 Quality
 Age

Subject Photo Page

Owner	Alan Trees Estate & Alice Trees			
Property Address	2378 120th St			
City	Winfield	County	State	IA
Appraiser	Larry J. Jennings	Zip Code	52659	

**Subject Front**

2378 120th St
 Sales Price
 Gross Living Area 1,587
 Total Rooms 6
 Total Bedrooms 3
 Total Bathrooms 2.0
 Location Rural-gravel
 View Rural
 Site 0
 Quality Q4
 Age 54

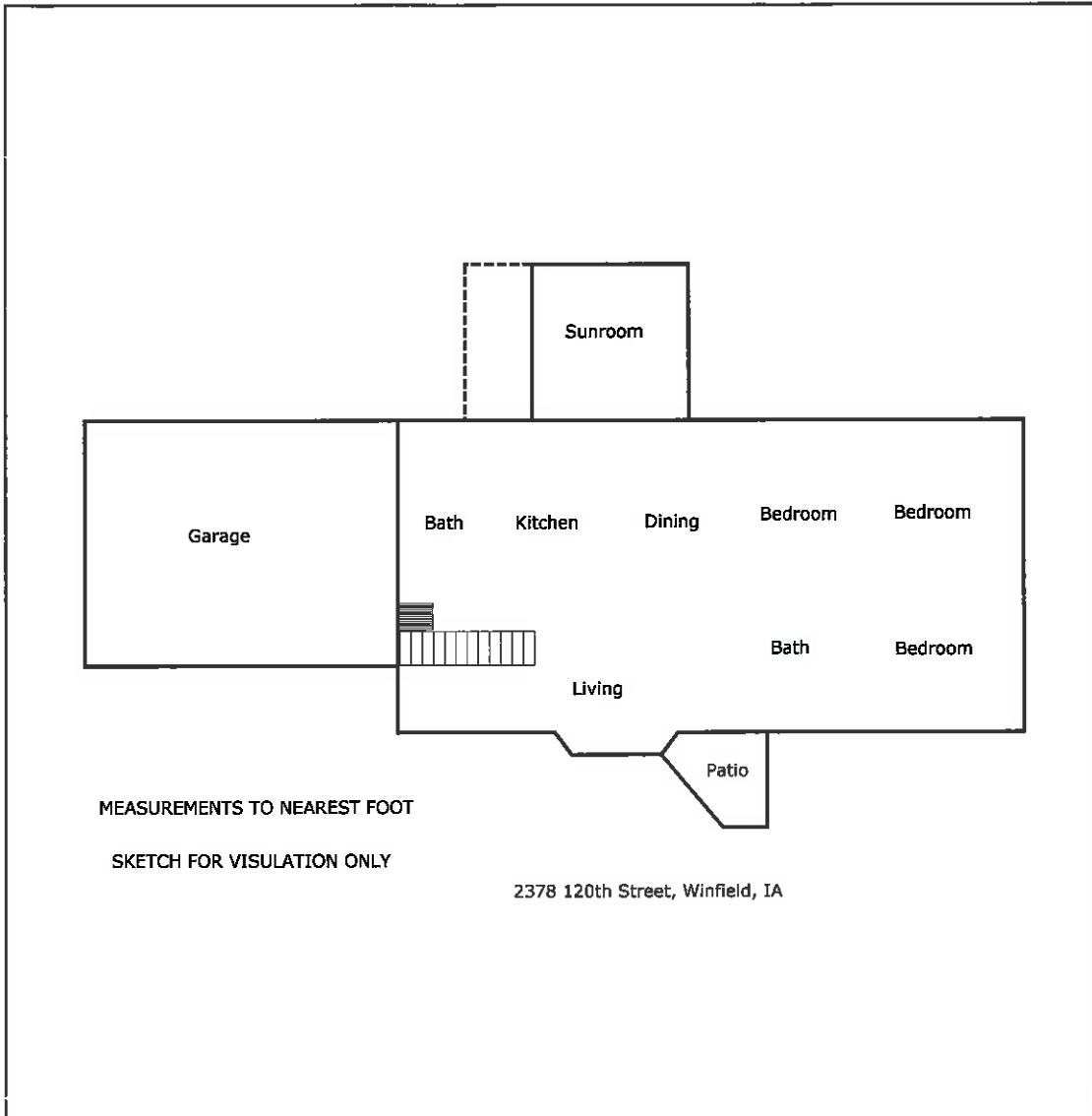
**Subject Rear****Subject Street**
120th Street West View

Pictures of
Subject Property

• 00 51

Building Sketch

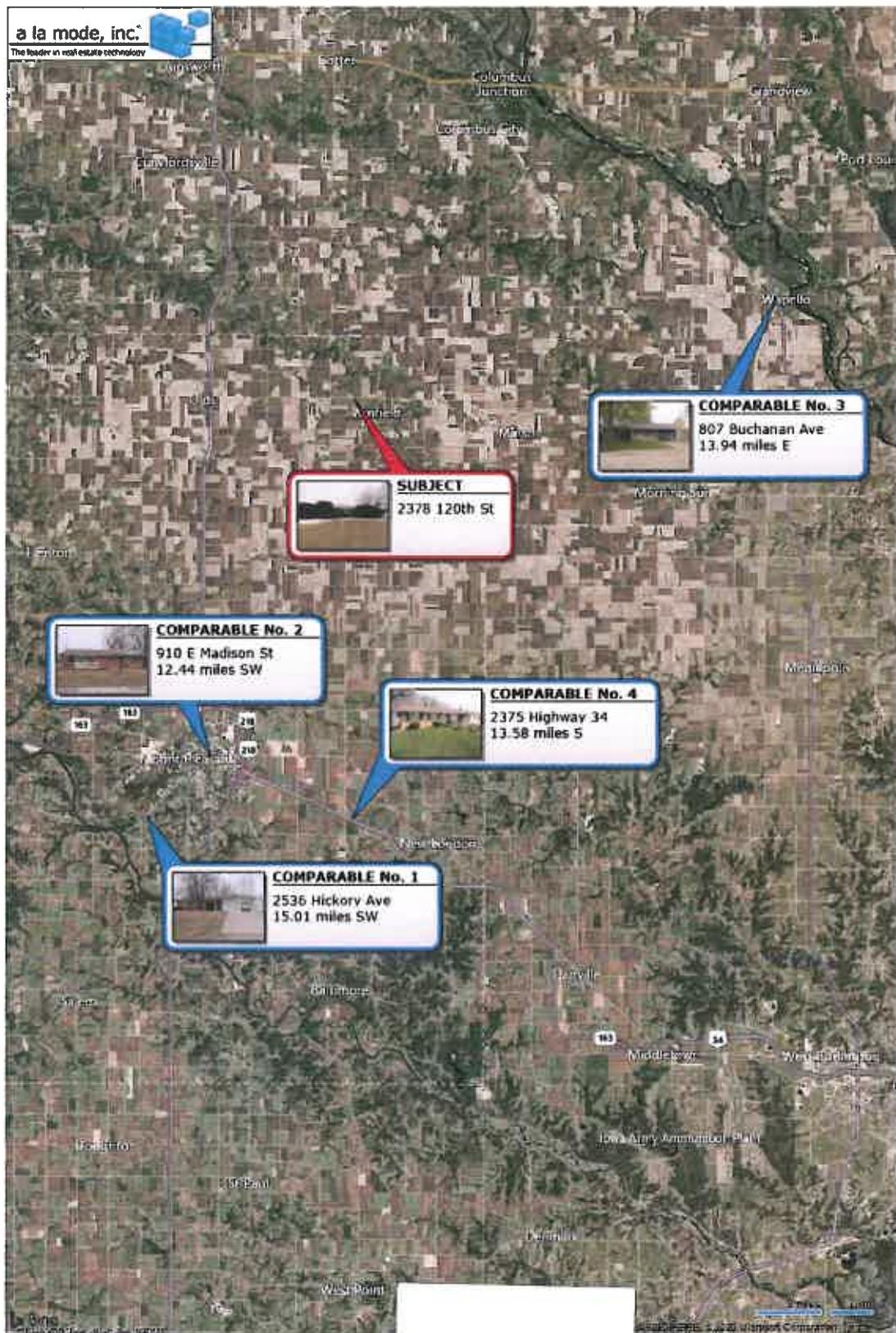
Owner	Alan Trees Estate & Alice Trees			
Property Address	2378 120th St			
City	Winfield	County	State	IA Zip Code 52659
Appraiser	Larry J. Jennings			



TOTAL Sketch by a la mode, Inc.		Area Calculations Summary	
Living Area	-61.38 Sq ft	Calculation Details	
Concrete Patio		$8.5 \times 4 = 34$	
		$3.77 \times 4 = 15.09$	
		$0.5 \times 4.73 \times 4 = 9.45$	
		$0.5 \times 3.77 \times 1.5 = 2.83$	
First Floor	1587 Sq ft		
		$0.5 \times 1.5 \times 2 = 1.5$	
		$0.5 \times 2 \times 1.5 = 1.5$	
		$8 \times 2 = 16$	
		$28 \times 56 = 1568$	
Total Living Area (Rounded):	1587 Sq ft		
Non-living Area	616 Sq ft		
2 Car Attached		$22 \times 28 = 616$	
Closed Porch	196 Sq ft		
Wood Deck	84 Sq ft		

Location Map

Owner	Alan Trees Estate & Alice Trees			
Property Address	2378 120th St			
City	Winfield	County	State	IA
Appraiser	Larry J. Jennings	Zip Code	52659	



**Map of
Comparable
Dwelling Sales MODE**

Comparable Photo Page

Owner	Alan Trees Estate & Alice Trees		
Property Address	2378 120th St		
City	Winfield	County	State IA Zip Code 52659
Appraiser	Larry J. Jennings		

**Comparable 1**

2536 Hickory Ave
 Prox. to Subject 15.01 miles SW
 Sale Price 155,000
 Gross Living Area 1,290
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 2.0
 Location Small City paved
 View Residential
 Site 47480
 Quality Q4
 Age 46

**Comparable 2**

910 E Madison St
 Prox. to Subject 12.44 miles SW
 Sale Price 129,900
 Gross Living Area 1,658
 Total Rooms 7
 Total Bedrooms 3
 Total Bathrooms 2.0
 Location Small City paved
 View Residential
 Site 11200
 Quality Q4
 Age 62

**Comparable 3**

807 Buchanan Ave
 Prox. to Subject 13.94 miles E
 Sale Price 125,000
 Gross Living Area 1,748
 Total Rooms 8
 Total Bedrooms 2
 Total Bathrooms 2.0
 Location Small Town paved
 View Residential
 Site 9600
 Quality Q4
 Age 49

Pictures of
Comparables

Comparable Photo Page

Owner	Alan Trees Estate & Alice Trees		
Property Address	2378 120th St		
City	Winfield	County	State IA Zip Code 52659
Appraiser	Larry J. Jennings		

**Comparable 4**

2375 Highway 34
 Prox. to Subject 13.58 miles S
 Sale Price 215,000
 Gross Living Area 1,303
 Total Rooms 5
 Total Bedrooms 3
 Total Bathrooms 2.0
 Location Rural Res. paved
 View Residential
 Site 107158
 Quality Q4
 Age 54

Blank

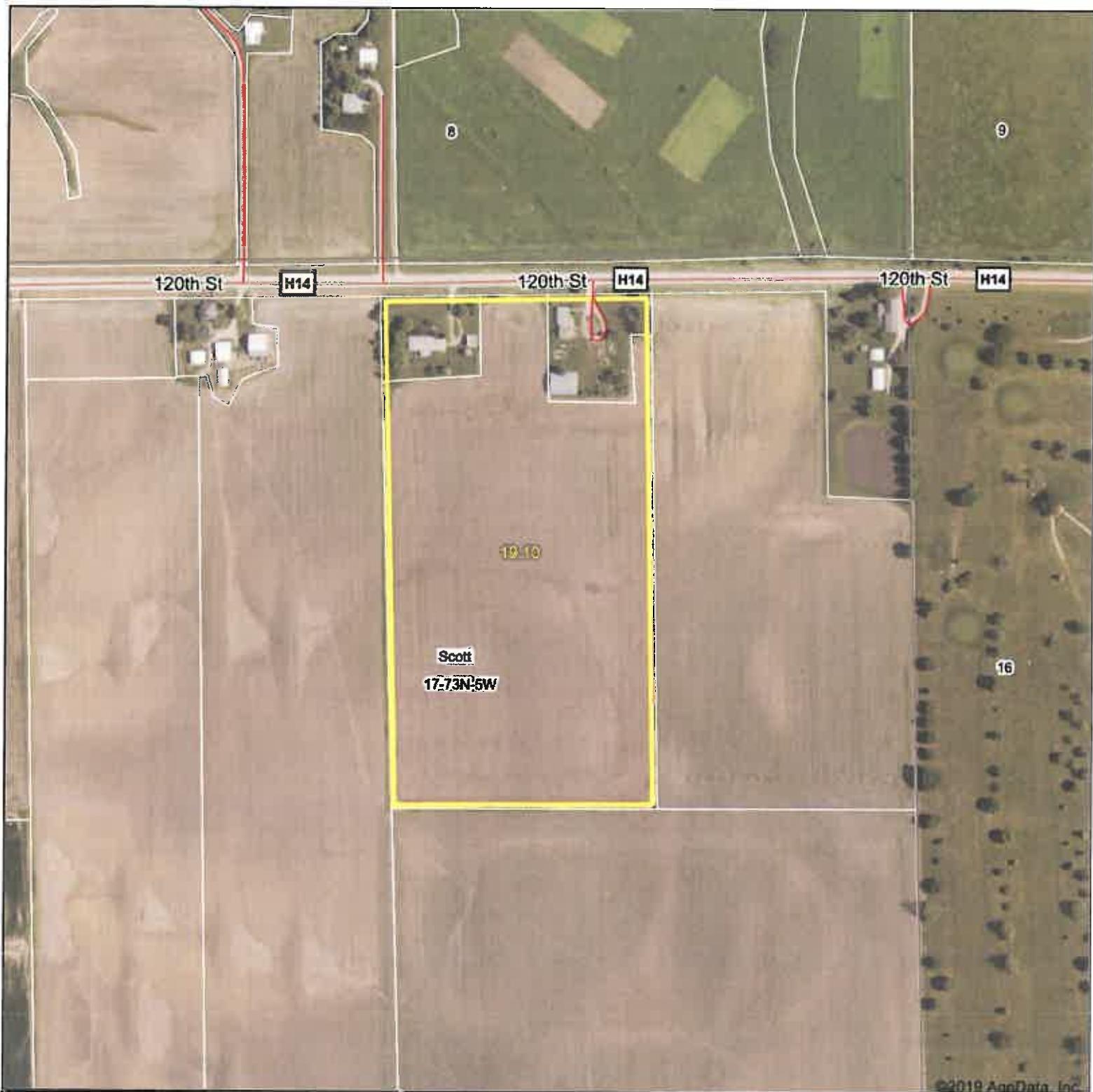
Prox. to Subject
 Sale Price
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location
 View
 Site
 Quality
 Age

Blank

Prox. to Subject
 Sale Price
 Gross Living Area
 Total Rooms
 Total Bedrooms
 Total Bathrooms
 Location
 View
 Site
 Quality
 Age

Pictures of
Comparables

Trees Farm #1 Aerial Map



JENSEN  JENNINGS
appraisal services

Map Center: 41° 7' 54.41, -91° 27' 3.37

0ft 390ft 781ft

17-73N-5W
Henry County



Aerial Photo of
Subject

1/24/2020

56

Maps Provided By:



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Field borders provided by Farm Service Agency as of 5/21/2008



United States
Department of
Agriculture

Henry County, Iowa



Legend

Non-Cropland	CRP	Iowa PLSS
Cropland	Tract Boundary	Iowa Roads

Wetland Determination Identifiers

- Restricted Use
- Limited Restrictions
- Exempt from Conservation
- Compliance Provisions

United States Department of Agriculture (USDA) Farm Service Agency (FSA) ownership; rather it depicts the information provided directly from the producer. USDA-FSA assumes no responsibility for the size, shape, or specific boundaries and determinations or contact USDA Natural Resources Conservation Service.

Tract Cropland Total: 17.41 acres

2019 Program Year
Map Created March 21, 2019

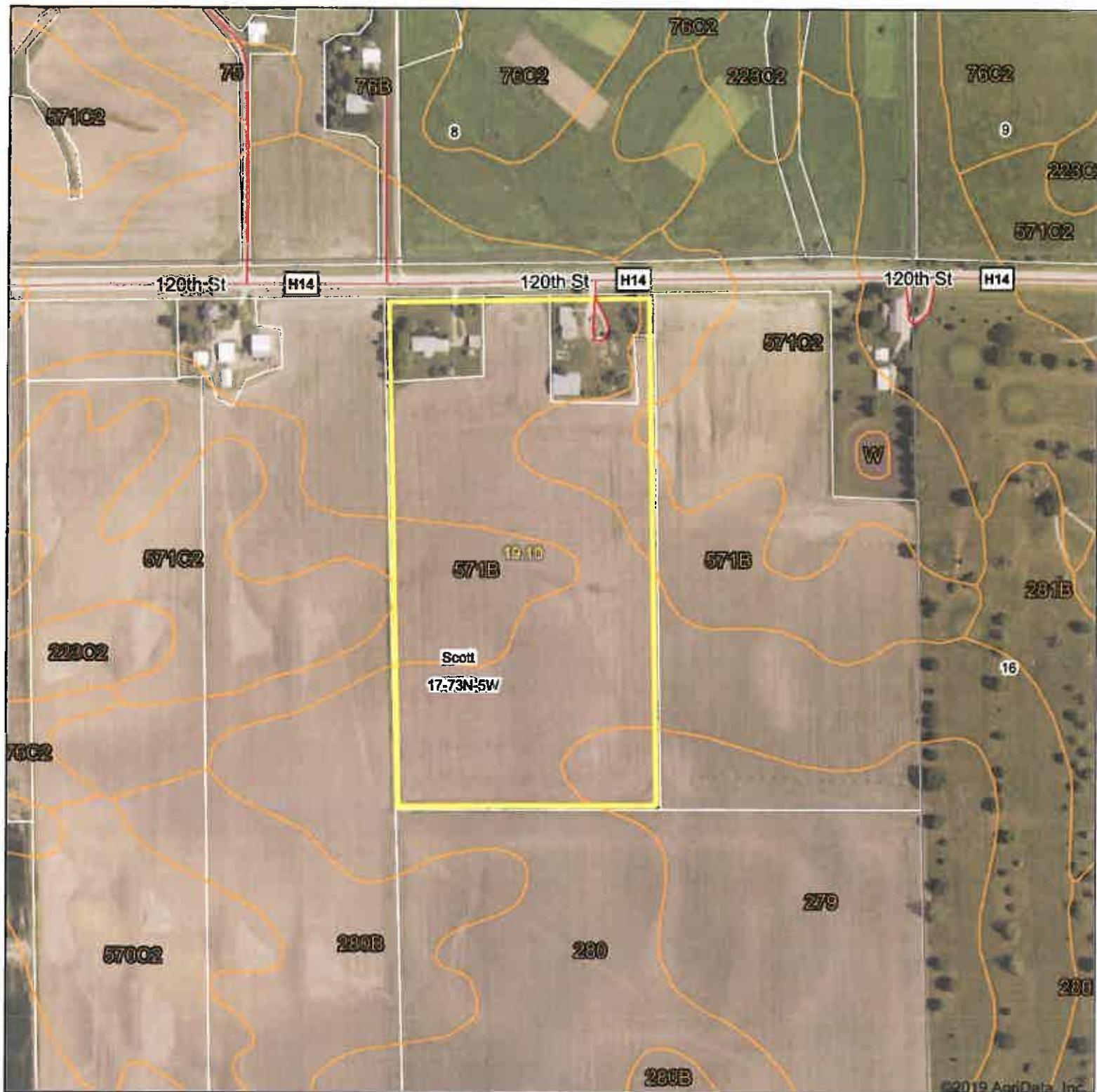
Farm 992
Tract 1805

FSA Field Map

USDA is an equal opportunity employer, and lender.

Employer, and lender. This map does not represent a legal survey or reflect actual property boundaries. The producer accepts the data 'as is' and assumes all risks associated with its use. USDA-FSA assumes no responsibility for the size, shape, or specific boundaries and determinations or contact USDA Natural Resources Conservation Service.

Trees Farm #1 Soils Map



JENSEN  JENNINGS
appraisal services

Map Center: 41° 7' 54.41, -91° 27' 3.37

0ft 390ft 781ft

17-73N-5W
Henry County



Soil Map of
Subject

1/24/2020

Maps Provided By:

 **surety**
AUTHORIZED ONLINE MAPPING

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www.AgroDataInc.com

Field borders provided by Farm Service Agency as of 5/21/2008

58

FARM: Alan & Alice Trees
 Farm #1
LOCATION: Section 17, Scott Township

ASSESSED ACRES: **19.10**
AVERAGE CSR2: **91.09**

Henry County, Iowa
CSR2 2

TILLABLE ACRES: **17.41**
AVERAGE CSR2: **90.69**
Percent Tillable **91.15%**

	Total	Tillable
High Quality (CSR2s 80-100) acres	19.03	17.30
Medium Quality (CSR2s 65-79) acres	0.07	0.11
Low Quality (CSR2s 64- 45) acres	0.00	0.00
Poor Quality (CSR2s 44 or less) acres	0.00	0.00

ASSESSED TILLABLE

ACRES	ACRES	SYMBOL	SOIL TYPE	CSR2
13.21	11.34	280	Mahaska silty clay loam, 0 to 2 percent slopes	94
4.92	4.97	571B	Hedrick silt loam, 2 to 5 percent slopes	85
0.90	0.99	279	Taintor silty clay loam, 0 to 2 percent slopes	83
0.07	0.11	571C2	Hedrick silt loam, 5 to 9 percent slopes, moderately eroded	75

NW Corner

Pictures of
Subject Property

NE Corner moving West, South Views

68

North



NW



East View



NE



SW Corner North View

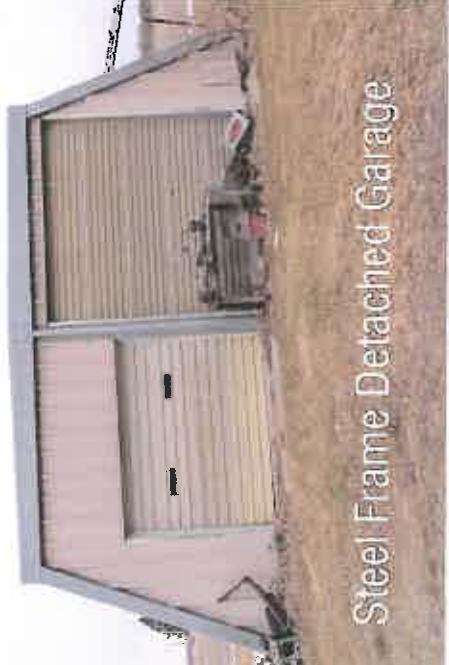
Pictures of
Subject Property

South View
West Side



SE Corner West View





Pictures of
Subject Property



Pictures of
Subject Property



North Side



West & South Side



Storage
Only Entry



SW
2384 120th Street



Pictures of
Subject Property



Hydrants



Soffits-->



Pictures of
Subject Property



500 Gallon LP Tank



Pictures of
Subject Property

Bedroom # 2 North -- 2nd Level



Bath - 2nd Level



Bedroom # 1 South -- 2nd Level



Pictures of
Subject Property



Pictures of
Subject Property



Pictures of
Subject Property

Outside Entry



1St Level Storage ONLY



Pictures of
Subject Property



North Side



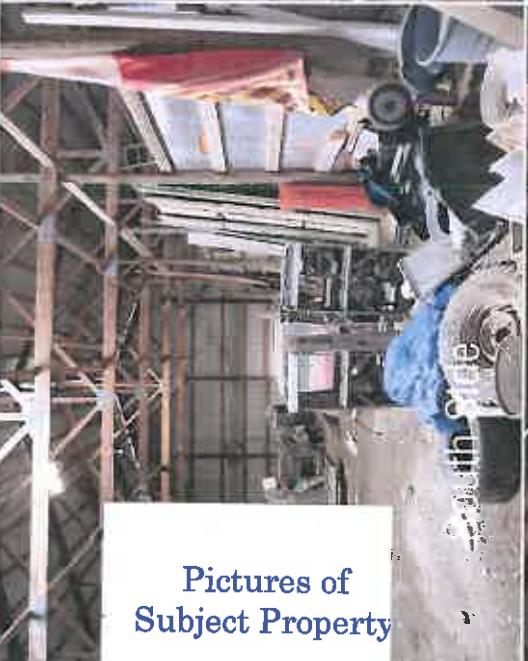
NW



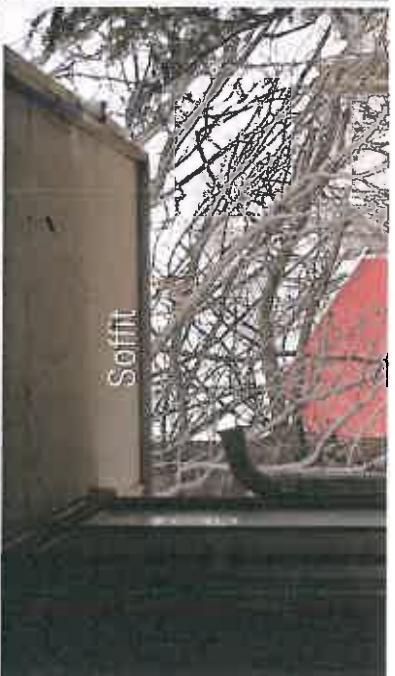
West Side



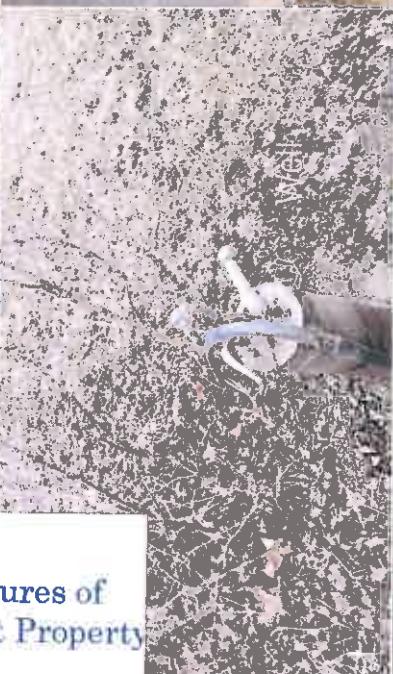
NW - South & East Sides



Pictures of
Subject Property



Pictures of
Subject Property



Pictures of
Subject Property

Typical Window



Pictures of
Subject Property



Pictures of
Subject Property



Pictures of
Subject Property



Bedroom-->



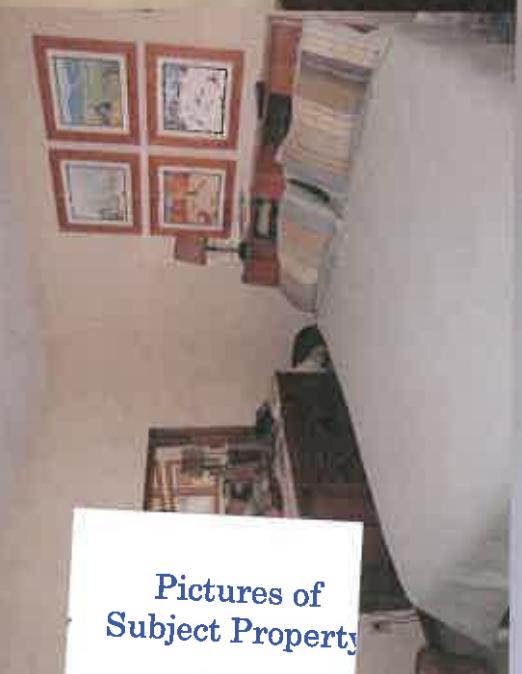
Living Room-->



Bedroom-->



Bedroom-->



Pictures of
Subject Property



UNIFORM APPRAISAL DATASET (UAD) DEFINITIONS ADDENDUM

(Source: Fannie Mae UAD Appendix D: UAD Field-Specific Standardization Requirements)

Condition Ratings and Definitions

C1

The improvements have been recently constructed and have not been previously occupied. The entire structure and all components are new and the dwelling features no physical depreciation.

Note: Newly constructed improvements that feature recycled or previously used materials and/or components can be considered new dwellings provided that the dwelling is placed on a 100 percent new foundation and the recycled materials and the recycled components have been rehabilitated/remanufactured into like-new condition. Improvements that have not been previously occupied are not considered "new" if they have any significant physical depreciation (that is, newly constructed dwellings that have been vacant for an extended period of time without adequate maintenance or upkeep).

C2

The improvements feature no deferred maintenance, little or no physical depreciation, and require no repairs. Virtually all building components are new or have been recently repaired, refinished, or rehabilitated. All outdated components and finishes have been updated and/or replaced with components that meet current standards. Dwellings in this category are either almost new or have been recently completely renovated and are similar in condition to new construction.

Note: The improvements represent a relatively new property that is well maintained with no deferred maintenance and little or no physical depreciation, or an older property that has been recently completely renovated.

C3

The improvements are well maintained and feature limited physical depreciation due to normal wear and tear. Some components, but not every major building component, may be updated or recently rehabilitated. The structure has been well maintained.

Note: The improvement is in its first-cycle of replacing short-lived building components (appliances, floor coverings, HVAC, etc.) and is being well maintained. Its estimated effective age is less than its actual age. It also may reflect a property in which the majority of short-lived building components have been replaced but not to the level of a complete renovation.

C4

The improvements feature some minor deferred maintenance and physical deterioration due to normal wear and tear. The dwelling has been adequately maintained and requires only minimal repairs to building components/mechanical systems and cosmetic repairs. All major building components have been adequately maintained and are functionally adequate.

Note: The estimated effective age may be close to or equal to its actual age. It reflects a property in which some of the short-lived building components have been replaced, and some short-lived building components are at or near the end of their physical life expectancy; however, they still function adequately. Most minor repairs have been addressed on an ongoing basis resulting in an adequately maintained property.

C5

The improvements feature obvious deferred maintenance and are in need of some significant repairs. Some building components need repairs, rehabilitation, or updating. The functional utility and overall livability is somewhat diminished due to condition, but the dwelling remains useable and functional as a residence.

Note: Some significant repairs are needed to the improvements due to the lack of adequate maintenance. It reflects a property in which many of its short-lived building components are at the end of or have exceeded their physical life expectancy but remain functional.

C6

The improvements have substantial damage or deferred maintenance with deficiencies or defects that are severe enough to affect the safety, soundness, or structural integrity of the improvements. The improvements are in need of substantial repairs and rehabilitation, including many or most major components.

Note: Substantial repairs are needed to the improvements due to the lack of adequate maintenance or property damage. It reflects a property with conditions severe enough to affect the safety, soundness, or structural integrity of the improvements.

Quality Ratings and Definitions

Q1

Dwellings with this quality rating are usually unique structures that are individually designed by an architect for a specified user. Such residences typically are constructed from detailed architectural plans and specifications and feature an exceptionally high level of workmanship and exceptionally high-grade materials throughout the interior and exterior of the structure. The design features exceptionally high-quality exterior refinements and ornamentation, and exceptionally high-quality interior refinements. The workmanship, materials, and finishes throughout the dwelling are of exceptionally high quality.

Q2

Dwellings with this quality rating are often custom designed for construction on an individual property owner's site. However, dwellings in this quality grade are also found in high-quality tract developments featuring residence constructed from individual plans or from highly modified or upgraded plans. The design features detailed, high quality exterior ornamentation, high-quality interior refinements, and detail. The workmanship, materials, and finishes throughout the dwelling are generally of high or very high quality.

UNIFORM APPRAISAL DATASET (UAD) DEFINITIONS ADDENDUM

(Source: Fannie Mae UAD Appendix D: UAD Field-Specific Standardization Requirements)

Quality Ratings and Definitions (continued)

Q3

Dwellings with this quality rating are residences of higher quality built from individual or readily available designer plans in above-standard residential tract developments or on an individual property owner's site. The design includes significant exterior ornamentation and interiors that are well finished. The workmanship exceeds acceptable standards and many materials and finishes throughout the dwelling have been upgraded from "stock" standards.

Q4

Dwellings with this quality rating meet or exceed the requirements of applicable building codes. Standard or modified standard building plans are utilized and the design includes adequate fenestration and some exterior ornamentation and interior refinements. Materials, workmanship, finish, and equipment are of stock or builder grade and may feature some upgrades.

Q5

Dwellings with this quality rating feature economy of construction and basic functionality as main considerations. Such dwellings feature a plain design using readily available or basic floor plans featuring minimal fenestration and basic finishes with minimal exterior ornamentation and limited interior detail. These dwellings meet minimum building codes and are constructed with inexpensive, stock materials with limited refinements and upgrades.

Q6

Dwellings with this quality rating are of basic quality and lower cost; some may not be suitable for year-round occupancy. Such dwellings are often built with simple plans or without plans, often utilizing the lowest quality building materials. Such dwellings are often built or expanded by persons who are professionally unskilled or possess only minimal construction skills. Electrical, plumbing, and other mechanical systems and equipment may be minimal or non-existent. Older dwellings may feature one or more substandard or non-conforming additions to the original structure.

Definitions of Not Updated, Updated, and Remodeled

Not Updated

Little or no updating or modernization. This description includes, but is not limited to, new homes. Residential properties of fifteen years of age or less often reflect an original condition with no updating. If no major components have been replaced or updated, those over fifteen years of age are also considered not updated if the appliances, fixtures, and finishes are predominantly dated. An area that is 'Not Updated' may still be well maintained and fully functional, and this rating does not necessarily imply deferred maintenance or physical/functional deterioration.

Updated

The area of the home has been modified to meet current market expectations. These modifications are limited in terms of both scope and cost. An updated area of the home should have an improved look and feel, or functional utility. Changes that constitute updates include refurbishment and/or replacing components to meet existing market expectations. Updates do not include significant alterations to the existing structure.

Remodeled

Significant finish and/or structural changes have been made that increase utility and appeal through complete replacement and/or expansion. A remodeled area reflects fundamental changes that include multiple alterations. These alterations may include some or all of the following: replacement of a major component (cabinet(s), bathtub, or bathroom tile), relocation of plumbing/gas fixtures/appliances, significant structural alterations (relocating walls, and/or the addition of) square footage. This would include a complete gutting and rebuild.

Explanation of Bathroom Count

Three-quarter baths are counted as a full bath in all cases. Quarter baths (baths that feature only a toilet) are not included in the bathroom count. The number of full and half baths is reported by separating the two values using a period, where the full bath count is represented to the left of the period and the half bath count is represented to the right of the period.

Example:

3.2 indicates three full baths and two half baths.