Muscatine Reinvestment District

Iowa Reinvestment District program
Final Application

EXHIBITS

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Exhibit A:
Land Appraisals

A.1: 119 W. Mississippi Drive

APPRAISAL OF

119 MISSISSIPPI DR. W.

MUSCATINE, IOWA 52761

PREPARED FOR

Rebecca Howe, President

Riverview Hotel Development

6635 Chelsea Gardens Way

Cumming, GA 30040

DATE OF VALUATION:
September 22, 2014

DATE OF APPRAISAL REPORT:
October 3, 2014

PREPARED BY

RICHARD J. KOESTNER

KOESTNER, MCGIVERN & ASSOCIATES
2208 E. 52nd Street
Davenport, IA 52807

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KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

October 3, 2014

Ms. Rebecca Howe, President
Riverview Hotel Development
6635 Chelsea Gardens Way
Cumming, Georgia 30040

Re: 119 Mississippi Dr. W., Muscatine, Iowa

Dear Ms. Howe:

According to your request, I am enclosing an appraisal of the building located at 119 Mississippi Dr. W., Muscatine, Iowa. This property is more fully described in the body of this report.

The purpose of this report is to estimate the market value of the fee simple interest of the property. This report does not value the equipment or fixtures located on the premises. This is a complete appraisal report in a summary format and is completed in conformance with USPAP January 1, 2014.

Please be advised that I have personally inspected the site and believe all information provided to me by others to be reliable.

The subject property consists of a steel frame/metal building with 8,750 sq. ft. above grade. This building is situated on a lot with 19,458 sq. ft. or 0.45 acres. The building is zoned C-2 Central Commercial District.

As of September 22, 2014, it is my opinion that the subject property warrants a market value of:

Three Hundred Eighty Thousand Dollars

$ 380,000

Sincerely,

Richard J. Koestner

General Real Property Appraiser
Certification #: IA CG01608
Expiration date: 06/30/2016

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ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the ensuing limiting conditions:

1. The legal description is assumed to be correct.

2. I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be free and clear of mortgage and under responsible ownership and competent management.

3. The plat of the property in this report may be included to assist the reader in visualizing the property. I have made no survey and assume no responsibility for its accuracy.

4. I believe that the information in this report which was furnished to me by others is correct and from reliable sources. A reasonable effort has been made to verify such information, but no responsibility is assumed for its accuracy.

5. That there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable is assumed. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

6. Full compliance with all applicable federal, state and local environmental regulations and laws is assumed unless noncompliance is stated, defined and considered in the appraisal report.

7. Full compliance with all applicable zoning and use regulations and restrictions are assumed unless nonconformity has been stated, defined and considered in the appraisal report.

8. That all required licenses, consents or other legislative or administrative authority from any local, state or national government, private entity or organization have been obtained or renewed for any use on which the value estimated contained in this report is assumed.

9. Possession of this report or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the Appraiser and in any event, only with proper qualifications.

10. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute of Real Estate Appraisers. No part of the contents of this report (especially any conclusions as to value, the identity of the Appraiser or the firm with which he is connected, or any reference to the Appraisal Institute of Real Estate Appraisers and or its designations) shall be disseminated to the public through advertising media or any other public means of communication without the prior written consent and approval of the Appraiser.

11. I am not required to give testimony or attendance in court by reason of this appraisal with reference to the property being appraised unless arrangements and proper notification have been previously made.

12. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

APPRAISER'S CERTIFICATE

1. That I have no interest, present or contemplated, in the subject property. I have not appraised this property in the past three years.
2. That neither the employment nor the compensation is contingent upon the value reported.
3. That I have personally inspected the property.
4. That to the best of my knowledge and belief, all statements contained in this report are true and correct and no important facts have been withheld or overlooked.
5. That this appraisal has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute of Real Estate Appraisers.
6. That no one other than those undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal.
7. That the Appraisal Institute of Real Estate Appraisers conduct a voluntary program of continuing professional education for its designated members under which I am certified.
8. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USAPAP"), except that the Department Provision of the USPAP does not apply.
9. My compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
10. This appraisal assignment was not based on a requested minimal valuation, specific valuation or the approval of a loan.
11. The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would effect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental inspector would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.
12. I have not appraised this property or provided any real estate related services in the last three years.
13. I was assisted in the development of this appraisal by Jason Meyer, an associate appraiser.

That as of September 22, 2014, I have estimated the Market Value of the property to be:

$ 380,000

Richard J. Koestner

SUMMARY OF FACTS AND CONCLUSIONS

Type of Property:	Steel frame/metal Commercial Building
Location:	119 Mississippi Dr. W. Muscatine, Iowa
Date of Appraisal: Date Prepared:	September 22, 2014 October 3, 2014
Building Size:	8,750 Sq. Ft.
Land Size:	19,458 Sq. Ft. or 0.45 Acres
Zoning:	C-2 Central Commercial District
Ownership Interest Appraised:	Fee Simple

Value Indications:

Value by Cost Approach	Not Developed
Value by Income Approach	$ 392,000
Value by Market Approach	$ 376,000
Final Estimate of Value	$ 380,000

Subject Parcel

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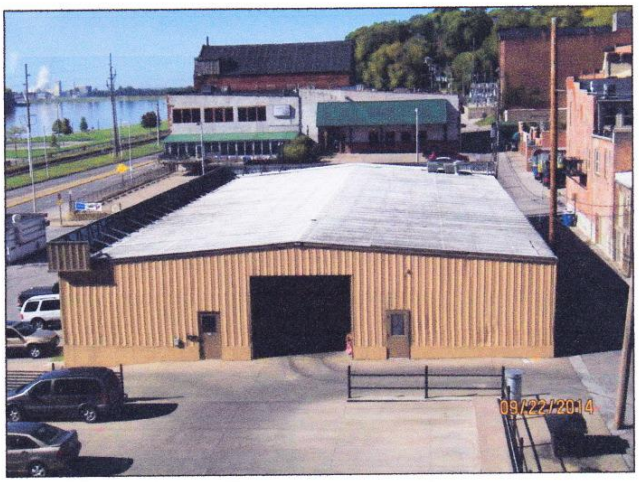
Front



Aerial View

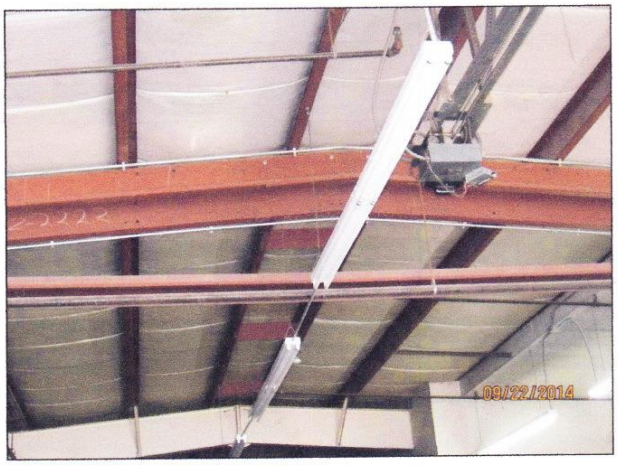
Entrance to Office Space
1 0f 2 Offices

Bath in Office
1 of 2

Kitchenette – Office Space

Office Space Finish
Typical Finish – Sprinkler System

Interior - Shop



Shop – Steel frame, Insulated, Mechanicals

THE ASSIGNMENT

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OBJECTIVE OF APPRAISAL

AND DEFINITION OF MARKET VALUE

Market Value is defined as:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own 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.

* This example definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated October 27, 1994.

PROPERTY RIGHTS APPRAISED

The property rights appraised are Fee Simple Interest.

Fee Simple Interest is defined as:

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. This is an inheritable estate.

PURPOSE AND FUNCTION OF APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property. The function of the appraisal is to determine market value for investment and inventory purposes. This is a summary report. The intended user of this report is Rebecca Howe, President; Riverview Hotel Development.

SCOPE OF APPRAISAL

The appraiser will consider all factors that influence Market Value of the subject property and will determine Market Value by using the Market Approach to value. The appraisal will comply with U.S.P.A.P. and FIRREA.

The following data will be considered:

1) Recent land sales
2) Recent commercial building sales
3) Lease information
4) Study of absorption rates
5) Vacancy rates
6) Analysis of recent sales

EXTENT OF APPRAISAL PROCESS

The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of the comparable sales within the subject market area. The original source of the comparables is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.

The Reproduction Cost is based on Marshall and Swift Cost Handbook and local data supplemented by the appraiser's knowledge of the local market.

Physical depreciation is based on the estimated effective age of the subject property. Functional and/or external depreciation, if present, is specifically addressed in the appraisal report or other addenda. In estimating the site value, the appraiser has relied on personal knowledge of the local market. This knowledge is based on prior and/or current analysis of site and/or sales abstraction of site values from sales of improved properties. For income producing properties, actual rents, vacancies and expenses have been reported and analyzed. They have been used to project future rents, vacancies and expenses.

THE DATA

NEIGHBORHOOD DATA

Boundaries:

Subject property is located in the central section of the downtown business district of Muscatine, approximately 1 block north of the Mississippi River. Neighborhood could best be described as urban.

Neighborhood is bounded by the Muscatine Bypass on the north and west, by the Mississippi River on the south, and by Park Avenue on the east. Neighborhood is 45% commercial, 35% single family, 5% multi-family and 15% industrial. Surrounding use includes a mixture of retail, small commercial shops, light industrial buildings, trending toward residential as you move north and west. There are numerous restaurants, bar & grills and small retail or service businesses in the immediate area. The residential properties bordering the downtown business district are in the $45,000 to $80,000 range.

Access and Utilities:

There is public water, electricity, gas and public sewer to the lot. At the time of the inspection the utilities were in working order.

Zoning:

There are a number of zonings in the area. Most have a residential; multi-family, commercial, or light industrial zoning. The commercial zoning is mostly along the heavily traveled thoroughfares and the central business district. The multi-family zoning tends to buffer the single family properties from this use.

Trends:

Subject property is located in the central section of the downtown business district of Muscatine. The commercial market has been relatively soft in the Muscatine area. The absorption rate has been increasing over the last two years. The subject property is inside the Highway 61 bypass. The traffic count along the subject street is less than it had been in the past because through traffic in the area mostly uses the bypass. The past several years have seen increased investment in the downtown business district in an attempt to draw additional traffic into the immediate area. Most of the newer commercial development has taken place on the northeast side of Muscatine. Muscatine has also seen additional commercial investment along the Highway 61 bypass, with newer commercial buildings and higher rents. Because of this over-supply and anxious sellers, there has been downward pressure on the rents and values in many of the older, less desirable commercial buildings, with increasing absorption rates.

SITE DATA

Legal Description:

Lots 1, 2 & W 16' of Lot 3 Block 11; I have reviewed the Muscatine Assessor information.

Parcel # 1302226031

Utilities and Zoning:

According to the city of Muscatine, the property is currently zoned C-2 Central Commercial District. This district is intended to provide for development of retail, service and light industrial activities of a more general nature, and of service facilities serving a larger community trade. The size and location of the district shall be based on the relationship to the total community need and economy. There has been no survey completed on the property.

Taxes and Assessed Value:

The taxes on the property are $ 6,374.00. This is based on the 2013 assessment of $192,360. There are concrete streets, curbs and gutters. There are street lights and public sidewalks. No special assessments per the Muscatine County Courthouse.

Access:

Access to subject is from Mississippi Dr. W. and Chestnut St. The downtown business district is generally accessed via either Park Ave. or Grandview Ave. Most of the higher value range single family houses are on the north side of Muscatine, with most of the new development taking place in that area. The subject neighborhood has seen increased investment over the past several years in an effort to revitalize the downtown business district and draw additional traffic to the immediate area.

Property History:

The subject last sold on 05/15/2003 for $200,000; there were transfers between family members for $0.00 twice in 2010.

Bearing Quality and Deed Restrictions:

No bearing quality survey has been provided to the appraiser. Appraiser makes no warranties on the bearing quality of the lot.

It would appear that the subject property is not in a H.U.D. Special Flood Hazard Area. The flood map number is 19139C0191C, zone X, dated 07/18/2011. A copy of the flood map is included in this appraisal.

DESCRIPTION OF IMPROVEMENTS

Type of Property	Steel Frame/Metal Light Industrial/ Office Building
General Class of Construction:	Class S Average Grade Office or Light Industrial Building
Building Summary	
Gross Building Area	8,750 Sq. Ft.
Net Rental Area	8,750 Sq. Ft.
Basement	None
Actual Age	1975
Effective Age	25 Years
Fencing	None
Landscaping	Minimal
Signage	Building & Front
Parking	Front & Side parking lot 9,660 Asphalt parking/1967
Visible Contaminants	No Warranties implied
Land to Building Ratio	2.29
Functional Utility:	Average

Remodeling, Repairs, Deferred Maintenance: No repairs or modernization needed.

The property includes no furniture, fixtures or personal property.

Overall Rating

	Good	Average	Fair	Poor
Quality of Construction		X		
Design/ Layout		X		
Exterior Condition		X		
Interior Condition		X		
Site Improvement		X		

The subject property is currently used as 2 offices and a shop/warehouse. This report only addresses the 8,750 sq. ft. building that is located on .45 acres. The property has a number of possible uses. Office, retail/service or warehouse use is possible.

REASONABLE EXPOSURE OR MARKETING TIME

When appropriate, a reasonable exposure time for the subject property must be estimated. Reasonable exposure time is defined within the 2014 Uniform Standards of Professional Appraisal Practices, Statement number 6, page U-2 as:

"the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market"

The Uniform Standards of Professional Appraisal Practice also requires the estimate of a reasonable marketing time for the subject property when appropriate. Reasonable marketing time is defined in Advisory Opinion A0-7, page A-13 as:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal"

The subject property is considered a class "B" commercial use. That is, it is situated adjacent to major commercial corridors, which obtain the greatest demand. Within the immediate market area, there are four multiple listing services (Muscatine, Davenport, Illinois Quad City Association, and a Commercial Overlay system). In addition to these services, a large percentage of commercial agents utilize LoopNet, a commercial listing site found at www.loopnet.com. I have reviewed data from these sites, as well as interviewed many commercial brokers and property managers. Given the characteristics of the subject improvements, the estimated marketing time and exposure time is 24 to 36 months. This absorption rate has increased over the last two years.

HIGHEST
& BEST USE

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HIGHEST AND BEST USE

The highest and best use of the property is defined as:

That reasonable and probable use that will support the highest present value as defined, as of the effective date of this appraisal. That use from among reasonable, probable and legal uses found to be physically possible, appropriately supported, financially feasible and which results in the highest land value.

After considering this property's zoning, topography and nearby land use and general location, it is my opinion that the subject's use as a commercial or industrial development will be its highest and best use.

When estimating the highest and best use of a property, four basic questions must be addressed. Is the use physically possible, is it legal, is it financially feasible and is it maximally productive. The analysis includes consideration of the highest and best use as if vacant and as improved.

Physical Analysis:

The subject size, shape and topography should be considered. Lot is slightly sloping. The lot is adequate size. The site has the necessary access and zoning for retail/commercial use. All public utilities are available and the subject is proximate to most amenities necessary to support retail/commercial use. There is adequate visibility with the main access to the immediate area provided by Park and Grandview avenues. The surrounding area indicates retail/service or light industrial use.

Legal Analysis:

This lot is zoned C-2 Central Commercial District. This is defined under the site section of the report. Proposed uses include a number of commercial, light industrial or retail/service/office uses. Demand for well located commercial or retail space is soft at the current time, but this would still be a legally acceptable use.

Feasibility:

The subject property could be used for a retail/office or light industrial. In reviewing land use in the neighborhood, there has been increased investment in the downtown retail/commercial district over the past several years in an attempt to revitalize the neighborhood and increase traffic flow to the downtown commercial district. The subject is currently configured as retail/office space with basic amenities, and shop/warehouse space. This use is feasible, but the market is limited.

Maximally Productive:

The maximally productive use would be as retail/commercial or light industrial use. Marketing the property to retail/service or light industrial providers would result in the use that is maximally productive.

APPROACHES TO VALUATION

Common in the valuation of real estate, three approaches to value are used: the Cost Approach, the Income Approach, and the Sales Comparison Approach. From the indications of these, and the weight accorded to each, an opinion of value is reached based upon the judgment outlined throughout the appraisal process.

My methodology involving the appraisal of the subject property will include the following:

COST APPROACH

The Cost Approach is devoted to an analysis of the physical value of the property; that is, the current market value of the land (assuming it is vacant) to which the depreciated value of the improvements present on the site. The latter is derived based upon my estimate of the cost of the improvements, from which must be deducted accrued depreciation in terms of physical deterioration, functional obsolescence, and external obsolescence, if any. Physical deterioration measures the physical wearing out of the property as observed during my field inspection. Functional obsolescence reflects a lack of desirability by reason of layout, style, or design. External obsolescence denotes a loss in value from causes outside the property itself.

Given the age of the subject property and the overall condition, the Cost Approach lends little credible support for valuation purposes. The exclusion of this approach will not weaken the final conclusions nor mislead the user of the report.

INCOME APPROACH

The Income Approach involves an analysis of the property in terms of its ability to provide a net annual income in dollars. The estimated net annual income is then capitalized at a rate commensurate with the relative certainty of its continuance and the risk involved in ownership of the property.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. Since no properties are ever identical, the necessary adjustment for differences in quality, location, size, services, market appeal, etc. are a function of appraisal experience and judgment.

THE INCOME APPROACH

ESTIMATE OF VALUE BY THE INCOME APPROACH

The Income Approach is a method of estimating the Market Value of a property based upon its estimated income producing capabilities over its estimated remaining life.

The Income Approach gives consideration to the net income expectancy from rental of the property. This income is capitalized in accordance with prevailing returns on properties or investments of similar risks to determine the amount at which ownership would be justified by a prudent investor.

Forecasting the gross earning potential of the property under prevailing and foreseeable market conditions, future benefits can be estimated. Appropriate allowances for operating expenses, based on the prevailing and foreseeable market, are then deducted from gross earnings. This process will result in an estimate of net monetary benefits to ownership, which will then be capitalized into a present worth.

The procedure used in the Income Approach is summarized as follows:

1. Estimate the Annual Gross Potential Rental Income, by market analysis, which the property is capable of producing.
2. Deduct an appropriate Vacancy Loss Factor and Rental Concessions to arrive at an Estimated Effective Gross Income.
3. Estimate and stabilize the annual expense incurred by the property by utilizing historical operating statements and projected budgets. The annual expenses are then deducted from the Estimated Effective Gross Income to arrive at the Estimated Net Operating Income.
4. Capitalize the Estimated Net Operating Income before recapture at an appropriate rate to reflect interest and recapture (return on and return of the investment) to yield a value indication.

ANALYSIS OF MARKET RENT

To develop this approach, the economic rent of the property must be determined. The subject property is owner occupied and has no rental history. As noted earlier in the report, there has been downward pressure on leases. I have reviewed what is currently on the market and what has been leased. It is my opinion the office spaces would lease for $1500 to $2000 per month; the shop warehouse space would rent from $700 - $1000 per month. It should be noted that this property could be used by multiple tenants.

EXPENSE PROJECTIONS

Economic Vacancy:

A survey of property managers, real estate brokers and commercial lenders, indicates vacancy rates vary from six to ten percent for class "S" or "C" commercial use. Since the subject property is in a smaller community, I will use the upper portion of the range, say 10%.

Management:

The management fee is the cost of having a professional management company manage the day-to-day operations of the subject property. According to several property managers as well as financials of similar properties, these fees vary from 3% to 7% of the effective gross income. I will use 5%.

Operating Expenses:

This category includes utilities such as water and common electric and heat, as well as other expenses. These expenses vary as some properties have common utilities paid by the landlord. Historical data, as well as pro-formas from competing buildings, are considered. If required, the operating expenses are included in overall expenses. In this instance it would be assumed that if the property is rented, the tenants would pay the operating expenses.

Real Estate Taxes:

Income Approach is based on the economic rent that would have the tenant pay 100% of the taxes. The real estate taxes of $6,374.00 would be paid by the tenant. This would be about $.75 per sq. ft.

Replacement Reserves:

Typically, a reserve for replacement account should be between 2% and 6% of the projected income. I have utilized four percent (4%). $1,944 placed in a reserve for twenty years at 5% would yield $ 64,280 at the end of the term. This could be used for replacements or tenant improvements.

CAPITALIZATION ANALYSIS

In estimating the value of the subject property by the Income Approach, I utilized the Band of Investment Capitalization technique, predicated upon a 75% loan to value ratio, with a twenty year amortization. After interviewing several commercial lenders, I believe an appropriate rate for a commercial building like the subject property would be six percent (6%). A mortgage rate of six percent has a mortgage constant of .08597. It is my opinion that this property would command a 14% return to equity to attract capital. This is slightly higher than the typical building, but since it is a single user building and it is in a smaller community, I feel the higher rate is appropriate. I have also reviewed sales in the area and compared it to their potential gross income and feel an 11% cap rate is accepted in the market. The capitalization rate is calculated as follows:

.08597 x 75% = .06448
.14000 x 25% = .03500
.09948

Say 10.0%

SUMMARY OF THE INCOME APPROACH

The following worksheet calculates the Income Approach for the property. The Potential Gross Income for the building has been established through a review of the lease and is supported by comparisons of competing properties and leases. The vacancy rates have been applied as appropriate. Expenses for management and reserves have also been deducted.

The appropriate capitalization rate has been applied to the anticipated Net Operating Income. The indicated value of the Income Approach is $ 392,000.

		Income Approach			
Economic Rent:					
Market Rent/Office	2,875	$ 1,800.00	=	$21,600	
Market Rent/Office	2,875	$ 1,800.00	=	$21,600	
Market Rent/Shop	3,000	$ 900.00	=	$10,800	
Gross Annual Rent					$ 54,000.00
Less Vacancy & Credit Loss		10%			$ 5,400.00
Gross Effective Income					$ 48,600.00
Expenses:					
Taxes				C.A.M.	
Repairs				$2,500.00	
Reserves		4%		$1,944.00	
Management		5%		$2,430.00	
Insurance				C.A.M.	
Landscape/Sno				C.A.M	
Misc.				$2,500.00	
Total Expensed					$ 9,374.00
Net Operating Income					$ 39,226.00
Cap Rate	10.00%				
Value by Income Approach		$392,260			

Say

$392,000

THE SALES COMPARISON APPROACH

THE SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of estimating the market value of a property by comparison of actual sales of similar properties to the property under appraisement. The major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The Appraisal of Real Estate, 13th Edition, pages 367 and 368, sponsored by the Appraisal Institute, states:

"The concepts of anticipation and change, together with the principles of supply and demand, substitution, balance, and externalities, are basic to the sales comparison approach. Guided by these principals, an appraiser attempts to consider all issues relevant to the valuation problem in a manner that is consistent and reflects local market conditions".

SUPPLY AND DEMAND:

"Property prices are determined by the market; they result from negotiations between buyers and sellers. Buyers constitute market demand and properties offered for sale make up the supply. If the demand for a particular type of property is high, prices tend to increase; if demand is low, prices tend to decline. Shifts in the supply of improved properties frequently lag behind shifts in demand because supply is created by time-consuming construction and reduced by conversion to other uses, while satisfiable demand can be changed rapidly. The analysis of real estate markets at a specific time may seem to focus on demand, but the supply of properties must also be considered…."

SUBSTITUTION

"As applied in the sales comparison approach, the principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of a similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market"

BALANCE

"The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never attained. The balance between supply and demand changes continually. Due to shifts in population, purchasing power, and consumer tastes and preferences, demand varies greatly over time. The construction of new buildings, conversion to other uses, and demolition of old buildings cause supply to vary as well…"

EXTERNALITIES

"Positive and negative external forces affect all types of property. A period of economic development or economic depression influences property values…"

The appraiser has made a survey to obtain sales and offerings of improved properties which were similar to the subject property in improvement, age, style and design, quality of workmanship, materials of construction, building construction, utility and amenities. Of the sales compiled during the appraiser's market survey, the following sales were considered the most comparable to the subject and have been utilized in the following market analysis of the subject property.

Comparable Building Sales

	Address	City	Date of Sale	Sq. Ft.	Sale Price	S.P./S.F.
1)	116 Harrison St	Muscatine	7/16/2014	4,032	$ 250,000	$ 62.00
2)	603 Grandview	Muscatine	8/19/2013	4,920	$ 137,500	$ 27.95
3)	1601 Plaza Pl	Muscatine	8/20/2012	5,000	$ 320,000	$ 64.00
4)	1140 E. 9th St	Muscatine	3/08/2011	4,000	$ 82,500	$ 20.63
5)	1501 Plaza Pl	Muscatine	1/21/2010	7,520	$ 230,000	$ 30.59
6)	929 Lucas St	Muscatine	12/8/2010	4,160	$ 136,000	$ 32.69

Say $43.00/sq.ft.

$43.00 X 8,750 = $ 376,250

Say $ 376,000

31

COMPARABLE BUILDING SALE

116 Harrison St. Muscatine, Iowa 52761

SALE PRICE: $250,000
DATE SOLD: 7/16/2014
BUILDING AREA: 4,032 Sq. Ft.

ASSESSED VALUE: $211,380
LOT SIZE: 13,948 .13 Acre
LAND TO BLDG. RATIO: 3.45

PRICE PER SQ. FT.: $62.00

Doc. #: E14-00828

GRANTOR: Harrison St. Real Estate
GRANTEE Kay Chapman

LEGAL DESCRIPTION: Lot 18 & 19 E. 56.47' Lot 20 Blk Park Place Add. 83.5'
PROPERTY TYPE: Office
ZONING: C-1
CONSTRUCTION: Good Brick
YEAR BUILT: 1982
CONDITION: Good
HEATING/COOLING: HVAC
:

COMMENTS: Two HVAC Systems Newer roof parking for 23 cars

SOURCE OF VERIFICATION: Muscatine Assessor

COMPARABLE BUILDING SALE

603 Grandview Muscatine, Iowa 52761

SALE PRICE: $137,500
DATE SOLD: 8/19/2013
BUILDING AREA: 4,920 Sq. Ft.

ASSESSED VALUE: $112,800
LOT SIZE: 16,800 Sq. Ft.
LAND TO BLDG. RATIO: 3.41

PRICE PER SQ. FT.: $27.95

Doc. #: 2013-04231

GRANTOR: Genesis
GRANTEE: Carlson

LEGAL DESCRIPTION: Parcel 1303477011
PROPERTY TYPE: Show room office
ZONING: C-1
CONSTRUCTION: Metal
YEAR BUILT: 1973
CONDITION: Average
HEATING/COOLING:
PLUMBING: Adequate

COMMENTS: 10,000 sq. ft. parking lot. One overhead door

SOURCE OF VERIFICATION: Muscatine MLS Muscatine Courthouse

COMPARABLE BUILDING SALE

1601 Plaza Pl. Muscatine, Iowa 52761

SALE PRICE: $320,000
DATE SOLD: 8/20/2012
BUILDING AREA: 5,000 Sq. Ft.

PRICE PER SQ. FT.: $64.00

ASSESSED VALUE: $257,410
LOT SIZE: 17,500 Sq. Ft. .4 Acre
LAND TO BLDG. RATIO: 3.50

Doc. #: 2012-04008

GRANTOR: Basul
GRANTEE: Leavitt

LEGAL DESCRIPTION: Lot 4 Park Plaza 1st Addition
PROPERTY TYPE: Multi-tenant retail office
ZONING: C-1
CONSTRUCTION: Average
YEAR BUILT: 1984
CONDITION: Average
HEATING/COOLING: F.Air/CAC
PLUMBING: Each unit

COMMENTS: two of the six units have acceptable build out the remainder need much work.

SOURCE OF VERIFICATION: Agent

COMPARABLE BUILDING SALE

1140 E 9TH ST Muscatine, IA 52761
MLS #10-296

Commercial building available for purchase or lease. Excellent location and high traffic area for commercial business. Previously was Muscatine Electric for many years. There are 6 offices, conference room, large open storage area, and 29 x 42 rear entrance workshop with overhead door. HVAC and roof recently replaced. Contact listing agent for all showings.

Contract Information

Approved by MLS	Yes	Listing Member	GERI STUART
Listing Office	REAL ESTATE RESOURCE ASSOCIATES	Selling Member	GERI STUART
Selling Office	REAL ESTATE RESOURCE ASSOCIATES	Days On Market	335
Book Section	Commercial	Begin Date	04/07/2010
Original List Price	129,900	List Price	99,900
CSO%	3%	Owner	Mardell O'Brien Estate
Realtor.COM Type	Commercial	Sold Date	03/08/2011
Under Contract Date	02/25/2011	Status	Closed
Status Change Date	03/08/2011	Sold Price	82,500
Financing	CONV	Amount of Concession	0
Contract Terms	No		

General Property Description

Property Type	Commercial	Date Built	1950
Total SqFt. Above Grade	4,000	Total Bathrooms	1
Stories	1	Exterior	Green
Lot Size	9585 Sq. Ft.	Lot Acres	0.22
Zoning	Commercial	Gross Taxes	1,830
Dock	N/A	Garage/Parking	3/4 stalls
Garage Remarks	N/A	Type of Business	Previous-Electrical
Occupant	Vacant		
Legal	140 VACATED BROOK ST. EX TRI TRACT SE COR TRI TRACT NW COR LOT 1 BLK 3 MAD CREEK ADD		
Directions	Front of building faces Washington St. Legal address is 9th St. Building was Muscatine Electric for many years.		

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Address

County Muscatine

Property Identification

Book Msg 2 *** PRICE REDUCED ***

Details

Miscellaneous:	Building; Land; Rest Rooms: 1; SqFt Floor: 4000; Stories: 1	**Utilities/Providers:**	Air Conditioning: Central; Amps: 200 Amp; Heat: GFA; Sewer: City; Water: City
Who Pays:	Electric: Tenant; Gas: Tenant; Insurance: Owner; Taxes: Owner; Water: Tenant		

Information is deemed to be reliable, but is not guaranteed. © 2014 MLS and FBS. Prepared by KOESTNER, MCGIVERN & ASSOCIATES on Thursday, October 02, 2014 10:06 AM. The information on this sheet has been made available by the MLS and may not be the listing of the provider.

COMPARABLE BUILDING SALE

1501 Plaza Place, Muscatine, Iowa

SALE PRICE: $230,000
DATE SOLD: 01/21/2010
BUILDING AREA: 7,520 sq. ft.
GRANTOR: Leavitt
GRANTEE: GTM Properties

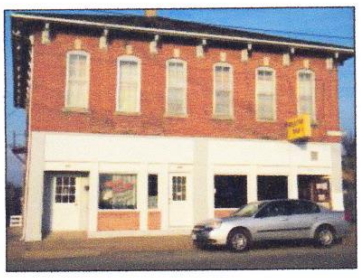
ASSESSED VALUE: $270,250
LOT SIZE: 17,500 Sq. Ft.
LAND TO BLDG RATIO: 2.32
SALE PRICE / SQ. FT. 30.59
Doc NUMBER 2010-00568

LEGAL DESCRIPTION: Lot 5 Park Plaza 1st Addition

PROPERTY TYPE: Commercial Office & Shop
ZONING: C-1 Neighborhood shopping
CONSTRUCTION: Average Quality
YEAR BUILT: 1974
CONDITION: Average
HEATING/COOLING: 4 F. Air/CAC
PLUMBING:

COMMENTS:

COMPARABLE BUILDING SALE



929 LUCAS ST Muscatine, IA 52761
MLS #10-502

Historic brick building home to popular local tavern & longtime beauty salon. Also includes 3- 1 bedroom apartments above (2 currently rented). Excellent investment opportunity. Sale subject to court approval. Property being sold as is, no warranties. Additional lot north of building is also listed for sale.

Contract Information

Approved by MLS	Yes	Listing Member	LYNN ALLISON
Listing Office	RUHL & RUHL REALTORS	Selling Member	STEVE WELK
Selling Office	RUHL & RUHL REALTORS	Days On Market	193
Book Section	Commercial	Begin Date	05/29/2010
Original List Price	178,000	List Price	178,000
CSO%	3	Owner	Patricia Caple Estate
Realtor.COM Type	Commercial	Sold Date	12/08/2010
Under Contract Date	11/05/2010	Status	Closed
Status Change Date	12/08/2010	Sold Price	136,000
Financing	conv	Amount of Concession	0
Contract Terms	No		

General Property Description

Property Type	Commercial	Date Built	1880
Total SqFt. Above Grade	4,160	Total Bathrooms	6
Stories	2	Exterior	Brick
Lot Acres	0.19	Zoning	Commercial
Gross Taxes	2,846	Garage/Parking	Gravel Lot
Garage Remarks	none	Type of Business	Tavern/Beauty Salon
Occupant	Multiple		
Legal	Lot 6 Blk 1 Whicher's Addition Lot 5 Blk 5 Whicher's Addition& W. 20' Lot A Whicher's Addition		

Address

County	Muscatine

Details

Miscellaneous:	Building; Basement; Rent$: $2,250 total 5 units; Stories: 2
Who Pays:	Electric: Tenant; Gas: Tenant; Insurance: Tenant; Taxes: Owner; Water: Tenant

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CONCLUSIONS

CORRELATION OF VALUE

Value by Cost Approach	Not Developed
Value by Income Approach	$ 392,000
Value by Sales Comparison Approach	$ 376,000
Final Estimate of Value	$ 380,000

Conclusion:

In this instance the Cost Approach will not be developed. As mentioned earlier, the Cost Approach is most reliable when the subject property is newer, cost figures can be verified and there is little functional or external depreciation. The cost approach was not developed due to the age of the subject and the number of assumption required.

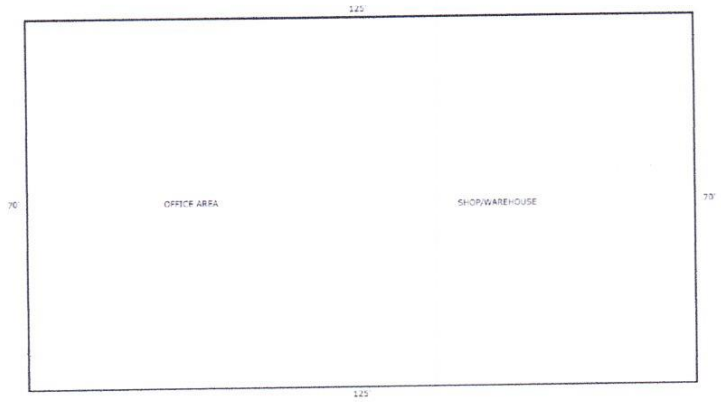
The Income Approach should give a good indication of value. The lease value used was well within the economic rent range of the area. The economic rents were based on a net lease with the owner paying the management and basic repairs and maintenance. Many potential purchasers would consider the quality, quantity and durability of the income stream as a major factor of their purchase decision.

The Sales Comparison Approach will be considered. The comparables used indicate a value of approximately 43.00 per sq. ft., which is well within the indicated range for this type of property. This approach will be given the most consideration. The comparables had similar utility and a like highest and best use.

Based on the above approaches to value, it is my opinion that the subject property warrants a market value in the fee simple estate of:

Final Estimate of Market Value **$380,000**

ADDENDA



TOTAL Sketch by a la mode, inc.

Area Calculations Summary

		Calculation Details
Living Area		
First Floor	8750 Sq ft	125 × 70 = 8750
Total Living Area (Rounded):	**8750 Sq ft**	

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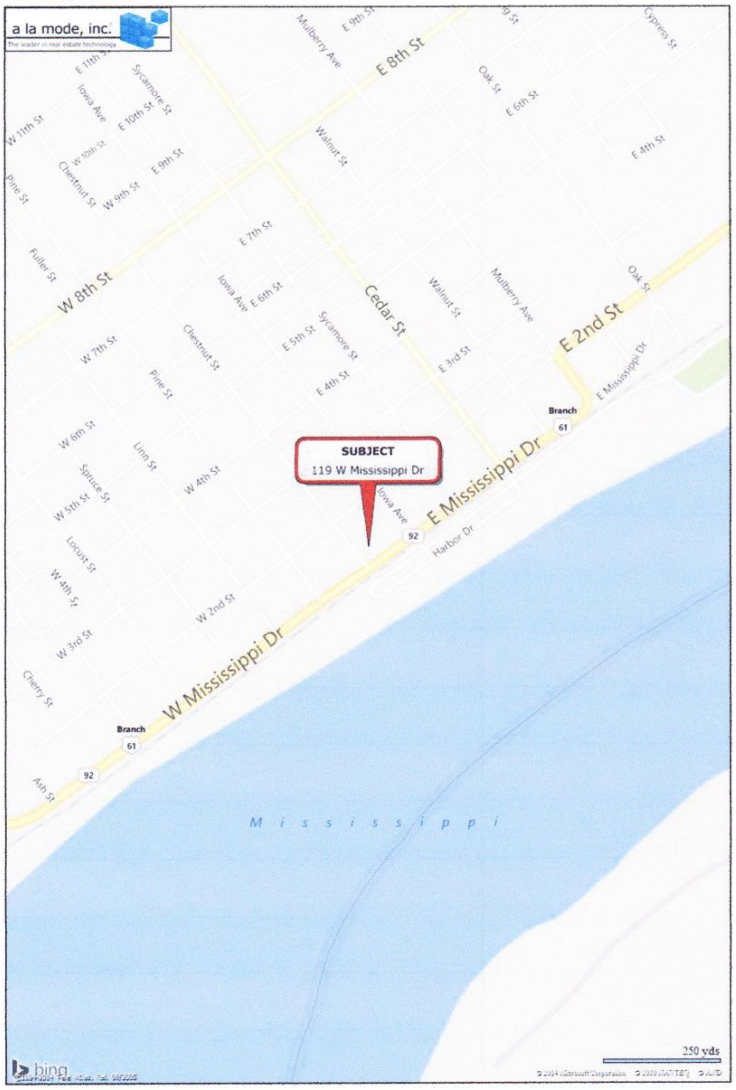
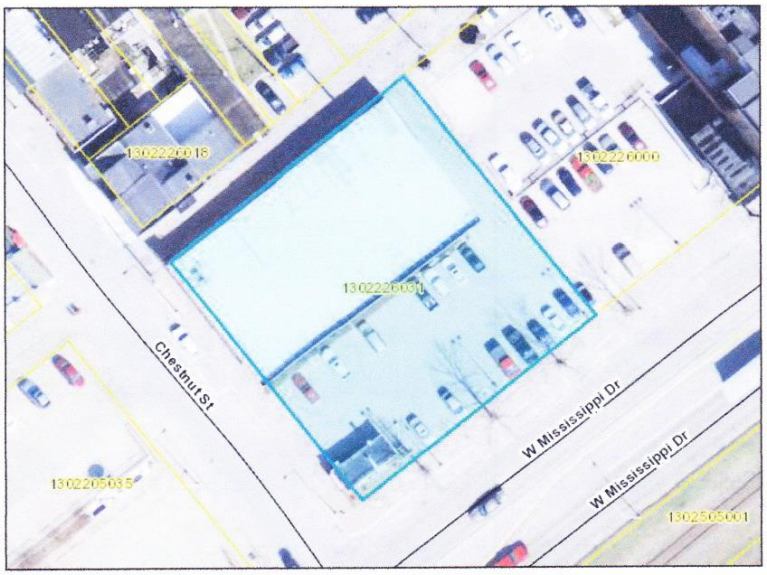
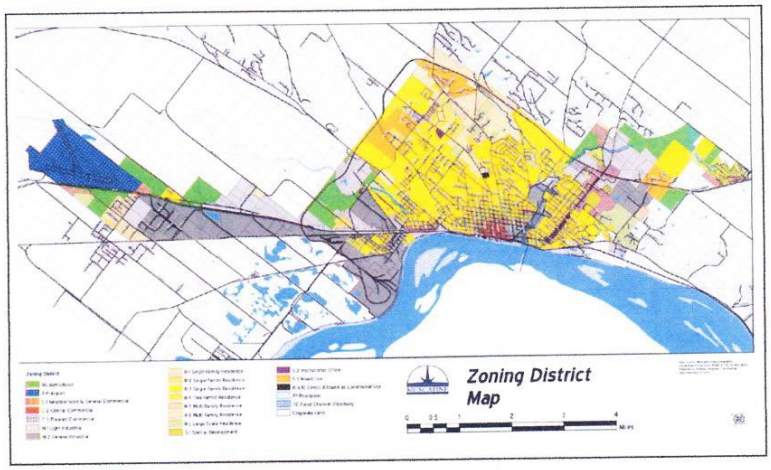

a la mode, inc.
SUBJECT
119 W Mississippi Dr
E Mississippi Dr
W Mississippi Dr
E 2nd St
W 8th St
E 8th St
Cedar St
Iowa Ave
Harbor Dr
Branch
61
92
M i s s i s s i p p i
250 yds

43


1302226018
1302226000
1302226001
Chestnut St
W Mississippi Dr
W Mississippi Dr
1302205035
1302505001

44

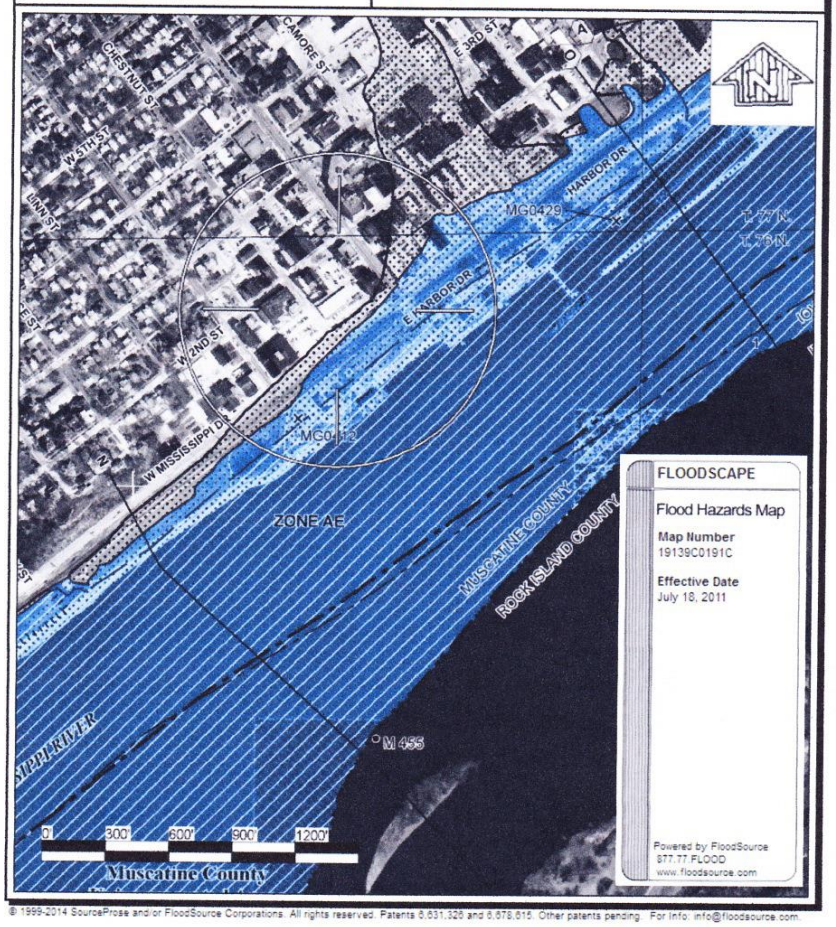

Zoning District
Map

InterFlood by a la mode

www.interflood.com • 1-800-252-6633

Prepared for:
Koestner, McGivern & Associates

119 W Mississippi Dr
Muscatine, IA 52761



© 1999-2014 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 8,631,326 and 8,678,615. Other patents pending. For Info: info@floodsource.com

>
> Mr. Koestner:
>
> I left a message with your secretary yesterday afternoon. Dan Stein
> of Central State Bank in Muscatine recommended you as a commercial
appraiser.
>
> This email provides more details on the project.
>
> Riverview Hotel Development is building a hotel/conference center and
> parking garage in the heart of downtown Muscatine on the riverfront.
> We are in the process of purchasing 3 parcels in this area which
> require appraisals. The parcels are as follows:
>
> 1. Parking Lot: 112 W. 2nd Street. Parcel ID: 1302226009 Brief tax
> description: Lot 8 Block 11
>
> 2. Building that will be converted into conference center: 129 W.
> 2nd Street. Parcel ID: 0835463014 Brief tax description: E 1/3 lot
> 1 and lot
> 2 Block 34
>
> 3. Lot were hotel will be built: 119 W. Mississippi Drive. Parcel ID:
> 1302226031. Brief tax description: Lots 1,2 & W 16' lot 3 Block 11
>
> I would like to get appraisals done of these parcels as soon as possible.
>
> In addition, we have one other property we are looking at. It is the
> old button factory. Address is 215 W. Mississippi Drive, Iowa 52761.
> I believe it is know called the Pearl City Chop House. There was an
> appraisal done in
> 2010 by another appraisal company which I should be able to get access
> to in the next few days. Is there a way to high level (rough) review
> of the appraisal without entering the facility? We are not sure we
> are going to buy this parcel and don't want to get the buyer's hopes
> up if we choose not to. In 2010 as I understand it it was appraised
> at $950K which appears high to me.
>
> Please contact me at your earliest convenience to schedule the
> appraisals and so that I can answer any questions you may have
> regarding
this project.
>
> I look forward to working with you.
>
> Thanks in advance,
>
>
> Rebecca Howe
> President
> Riverview Hotel Devlopment
> www.riverhoteldev.com
> 877-331-3109
>

KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

RICHARD J. KOESTNER, S.R.A.
Davenport, Iowa 52807

STATE LICENSING:

IOWA:
General Residential Real Estate Property Appraiser
Certificate # CG01608
FHA approved
Real Estate Broker/Office # B05091000

ILLINOIS:
Certified General Real Estate Appraiser
License # 553.001427
FHA approved

MEMBERSHIP:

Membership in professional and technical organizations related to appraisal activities.

REALTOR: State of Iowa Realtor of the Year 1999
Omega Tia Ro 1999
Iowa Association of Realtors, State President 1997-98
Greater Davenport Board of Realtors, President 1987
Iowa Appraiser Examining Board Chair 2005
NAR Appraisal Committee Chair 2008

APPRAISAL: Appraisal Institute - 1987 to present
S.R.A.-Senior Residential Appraiser Designation
2006 Board of Director of Iowa Chapter Appraisal Institute
2008 Iowa Chapter President
- Served on Professional Standards Committee and Candidate Guidance
- Approved Instructor for the Appraisal Institute

EDUCATION:

Formal Education:

University of Iowa, Iowa City, Iowa BBA in Marketing and Real Estate	1973-1977
Assumption High School, Davenport, Iowa	1969-1973

NEIGHBORHOOD DATA

Boundaries:

Subject property is located in the central section of the downtown business district of Muscatine, approximately 1 block north of the Mississippi River. Neighborhood could best be described as urban.

Neighborhood is bounded by the Muscatine Bypass on the north and west, by the Mississippi River on the south, and by Park Avenue on the east. Neighborhood is 45% commercial, 35% single family, 5% multi-family and 15% industrial. Surrounding use includes a mixture of retail, small commercial shops, light industrial buildings, trending toward residential as you move north and west. There are numerous restaurants, bar & grills and small retail or service businesses in the immediate area. The residential properties bordering the downtown business district are in the $45,000 to $80,000 range.

Access and Utilities:

There is public water, electricity, gas and public sewer to the lot. At the time of the inspection the utilities were in working order.

Zoning:

There are a number of zonings in the area. Most have a residential; multi-family, commercial, or light industrial zoning. The commercial zoning is mostly along the heavily traveled thoroughfares and the central business district. The multi-family zoning tends to buffer the single family properties from this use.

Trends:

Subject property is located in the central section of the downtown business district of Muscatine. The commercial market has been relatively soft in the Muscatine area. The absorption rate has been increasing over the last two years. The subject property is inside the Highway 61 bypass. The traffic count along the subject street is less than it had been in the past because through traffic in the area mostly uses the bypass. The past several years have seen increased investment in the downtown business district in an attempt to draw additional traffic into the immediate area. Most of the newer commercial development has taken place on the northeast side of Muscatine. Muscatine has also seen additional commercial investment along the Highway 61 bypass, with newer commercial buildings and higher rents. Because of this over-supply and anxious sellers, there has been downward pressure on the rents and values in many of the older, less desirable commercial buildings, with increasing absorption rates.

Appraisal Conferences and Seminars:

Iowa Appraisal Examining Board	
Peer Review Training	May 2005
Culver Group	
New Fannie Mae Forms	April 2005
Appraisal Institute Iowa Chapter	
Evaluating Residential Construction	March 2005
Culver Group	
USPAP	February 2005
Appraisal Institute-Iowa:	
The Ugly House-Counting the Cost	March 2002
Appraisal Institute-Chicago Chapter:	
Appraisal of Local Retail Properties	May 1999
Appraisal Institute-Iowa Chapter:	
Appraisal Sales Comparison Grid	
Adjustments for Residential Properties	May 1999
Appraisal Institute-Rockford, Illinois:	
Board of Realtors:	
Fair Lending & The Appraiser	April 1999
Des Moines Area Association of Realtors:	
Iowa Commercial Real Estate Expo	October 1998
Iowa Association of Realtors:	
Fundamental of Investments	May 1998
Drive-By Appraisals	May 1998
Appraisal Institute-Iowa Chapter:	
Eminent Domain & Condemnation Appraising	May 1998

Numerous conferences and seminars from 1982-1997

EMPLOYMENT HISTORY:

Koestner Realty Ltd., President 1975 to Present
Koestner Realty Ltd., is a family owned business established in 1951.
Koestner, McGivern and Associates, partnership established on January 1, 1994.

31 Years appraisal experience
Extensive in-house files and databases
Over 8,800 residential reports completed
Over 600 commercial reports - $100,000 to $6.1 million
100% of income is attributed to Real Estate Appraisal

MEMBERSHIP AND COMMITTEE WORK:

State of Iowa -
Real Estate Appraiser Examining Board- 5/1/2001 to 4/2007
- Chairman- 2 years
- Chairman of Disciplinary Committee- 4 years

National Association of Realtors-
- Director 1996-2001
- Appraisal Committee 2005-2006
- Appraisal Committee Chair 2008
- Chair of Small Board Sub-forum 2001
- Research Committee 1997-1999

Iowa Association of Realtors-
- Realtor of the Year 2010
- Realtor of the Year 1999
- Appraisal Committee Chair
- Mediation Chair
- Chaired six other committees and tasks forces
- State President 1998

American Institute of Real Estate Appraisers-
- Chapter Level-
  - Candidate Guidance Committee
- National Level-
  - Professional Standards Committee
  - Residential Demonstration Appraisal Reports
  - Grading Committee
  - Chapter President 2009

Society of Real Estate Appraisers-
- Chapter Level-
  - Research Committee
  - Candidate Guidance Committee
  - Vice President 1989-1990
  - President 1991

Greater Davenport Board of Realtors-
- Chaired or Co-chaired nine committees
- President 1987
- Realtor of the Year 1988 and 1999
- Quad City Area Association Realtors Vice Chair 2009

Iowa Mortgage Bankers Association
- Co-chaired the Appraisers Ad Hoc committee 1996-1997

University of Northern Iowa-
- Member of Real Estate Education Program Advisory Council 2001-2006

Realtor Foundation-
- Vice President of Realtors Foundation 2004-2006
- President 2009

Fannie Mae-
- Iowa Partnership Advisory Committee

OUTSIDE INTERESTS AND ACTIVITIES:

- Council on Children at Risk (Board Member)
- East Davenport Little League (Board Member)
- Junior Achievement (11 years teacher)
- Habitat for Humanity- Quad Cities
- St. Paul the Apostle Church-
  - Education Board 1996-1998
  - Church Building Committee 1997
  - Parish Council 2001 / Parish Council president 2003

SOURCES OF INFORMATION:

Koestner, McGivern & Associates belongs to 8 regional MLS systems in eastern Iowa, western Illinois, and western Iowa. These include the Greater Davenport Board of Realtors, Illinois Quad City Area Realtor Association, DeWitt Board of Realtors, Muscatine Board of Realtors, Burlington Board of Realtors, Fort Madison Board of Realtors, Council Bluffs Board of Realtors, and the Greater Omaha Association of Realtors. In addition to the MLS sources listed above, a database of 20+ years includes land, rental, and re-sale trends for most of our areas. In addition to these databases, memberships in the local Homebuilders, Chamber of Commerce, and other social/local charitable organizations are held. Both residential and commercial Marshall & Swift Cost Services are held, as well.

Additional information regarding our company, areas of coverage, services offered and other pertinent data can be found at our corporate web page:

WWW.MARKETVALUE.COM

Dick's e-mail address is: Dick@marketvalue.com

STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A CERTIFICATE AS A
GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. CG01608 EXPIRES: 6/30/2016

KOESTNER, RICHARD J
KOESTNER MCGIVERN ASSOC.
2208 E 52ND ST. SUITE B
DAVENPORT, IA 52807

53

STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

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KOESTNER MCGIVERN ASSOC.
2208 E 52ND ST. SUITE B
DAVENPORT, IA 52807

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KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

Jason Meyer
1619 Hickory Bend Ct.
Dewitt, Iowa 52742

STATE LICENSING:

Iowa: Associate Real Estate Appraiser
Certification: AG03088 issued October 19th, 2010

Real Estate Broker #B32389000 Inactive (1991-1995)

PROFESSIONAL EDUCATION:

August 2010	Principles of Real Estate Appraisal	30 hours
August 2010	Real Estate Appraisal Procedures	30 hours
September 2010	National Uniform Standards of Professional Appraisal Practice (USPAP)	15 hours
March 2011	National Uniform Standards of Professional Appraisal Practice (USPAP)	7 hours
March 2011	The Value of Communication (Report Writing)	7 hours
July 2011	The Uniform Appraisal Dataset	7 hours
Aug. 2011	Real Estate Finance	15 hours
Aug/Nov 2011	General Appraiser Sales Comparison	30 hours
Nov 2011	Public Finance Crisis & the effect on Real Estate	4 hours
July 2012	General Appraiser Income Appr. Part 1	30 hours
Sept. 2012	General Appraiser Income Appr. Part 2	30 hours
March 2013	National Uniform Standards of Professional Appraisal Practice (USPAP)	7 hours
April 2013	General Appraiser Mkt. Analysis and Highest and Best Use	30 hours

May 2013	General Appraiser Site Valuation And Cost Approach	30 hours
July 2013	Residential Report Writing	15 hours
Nov. 2013	Property Tax, Property Tax Reform and Real Estate Valuation	4 hours
March 2014	National Uniform Standards of Professional Appraisal Practice (USPAP)	7 hours
March 2014	Appraising Condos, Coops & PUDS	7 hours

EDUCATION:

1981-1985	BA – Marketing Management University of Northern Iowa
1989-1991	MBA – Finance Emphasis University of Iowa

EMPLOYMENT:

2010-Present	Koestner, McGivern & Associates Associate Appraiser
1995-2010	CEO/General Manager Dewitt Hardware Inc./U.S.Cellular-Dewitt

Organizations:

1997-Present	Treasurer – Dewitt Nite Lions
1996-1999 & 2009-2013	Board Member – Dewitt Chamber & Development Co.
2008 – Present	Board Member – Dewitt DIDD Board
2011 – Present	Board of Trustees (Chairperson) – United Methodist Church, Dewitt
Dec. '12- Present	Parish Relations – United Methodist Church, Dewitt

Fields of Opportunities

STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A REGISTRATION AS AN
ASSOCIATE GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. AG03088 EXPIRES: 6/30/2015

MEYER, JASON T.
KOESTNER MCGIVERN & ASSOCIATES
2208 EAST 52ND STREET
DAVENPORT, IA 52807

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Exhibit A.2: 112 Second Street

APPRAISAL OF

112 2ND STREET W.

MUSCATINE, IOWA

PREPARED FOR:

Rebecca Howe, President

RIVERVIEW HOTEL DEVELOPMENT

6635 CHELSEA GARDENS WAY

CUMMING, GEORGIA 30040

DATE OF VALUATION:
Sept. 22, 2014

DATE OF APPRAISAL REPORT:
Oct. 3, 2014

PREPARED BY:

Koestner, McGivern & Associates

2208 E. 52nd Street Suites B & D

Davenport, Iowa 52807

KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

Oct. 3, 2014

Ms. Rebecca Howe, President
Riverview Hotel Development
6635 Chelsea Gardens Way
Cumming, GA 30040

Re: 112 2nd Street W., Muscatine, IA (4 Parcels – Parking lot)

Dear Ms. Howe:

Pursuant to your request, I have inspected and appraised the above captioned property for the purpose of estimating the Market Value of its fee simple estate. I have been instructed to provide an estimate in the "AS IS" condition, which is fully described later in the report. This is a Complete Appraisal report in a Summary Format, and was completed in accordance with the Uniform Standards of Professional Appraisal Practice as of January 1, 2014.

The property under assignment consists of a parking lot that is, part or all of, 4 separate parcels. The total lot consists of approx. 22,433 sq. ft. or .515 acres MOL.

Please be advised that I have personally inspected the improvement and believe all information provided to Koestner, McGivern & Associates to be reliable. As of September 22, 2014, it is my opinion that the subject property warrants a market value of:

$250,000

Two Hundred Fifty Thousand Dollars

Respectfully submitted,

Richard J. Koestner
Certified General Real Property Appraiser
Certificate No. CG01608 (IOWA)
Expires 06/30/2014

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APPRAISER'S CERTIFICATE

REQUESTED BY: Rebecca Howe, President
Riverview Hotel Development
6635 Chelsea Gardens Way
Cumming, GA 30040

DATE OF VALUATION: Sept 22, 2014

FINAL ESTIMATE OF MARKET VALUE: **$250,000**

The undersigned, representing KOESTNER, McGIVERN & ASSOCIATES, LLC, do hereby certify that to the best of my knowledge and belief:

The statements of fact contained in this report are true and correct.

The report analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, impartial and unbiased professional analysis, opinions and conclusions.

I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.

I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined values.

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result or the occurrence of a subsequent event directly related to the intended user of this appraisal.

My analyses, opinions and conclusions were developed, and this report has been prepared in conformity with the *Uniform Standards of Professional Appraisal Practice*.

Richard Koestner has made an inspection of the property that is the subject of this report. As of the date of this report, I, Richard J. Koestner, SRA, have completed the requirements under the continuing education program of the Appraisal Institute.

Jason Meyer, an associate appraiser, provided significant input in the development of this report.

The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions, unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of, and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would affect the property negatively, unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental inspector would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.

I have not appraised this property in the last three years.

Respectfully submitted,

Richard J. Koestner

KOESTNER, McGIVERN & ASSOCIATES, LLC

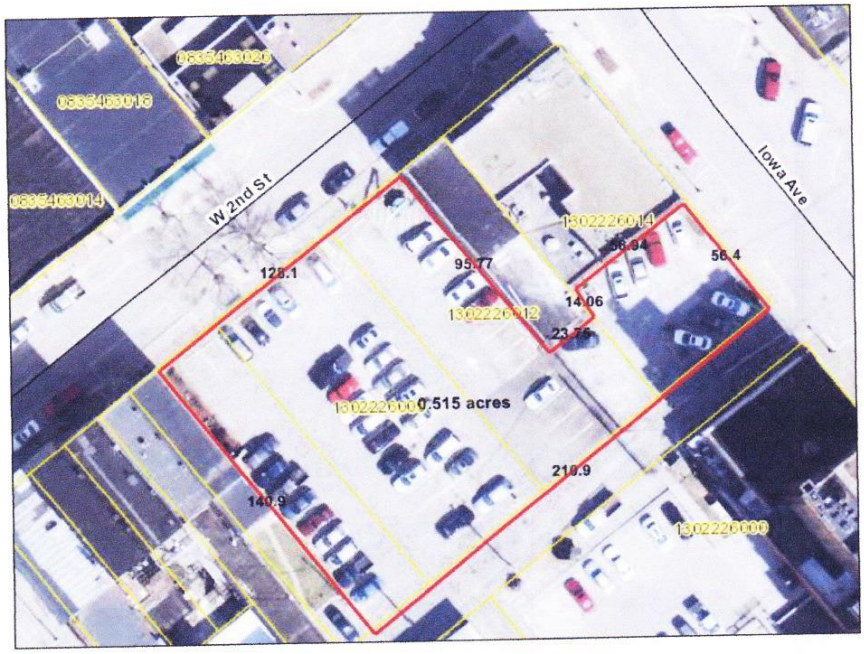
SUMMARY OF FACTS AND CONCLUSIONS

LOCATION:	All or part of 4 parcels in downtown, Muscatine, IA (112 2nd St. W.)
PURPOSE OF THE REPORT:	Estimate market value
OWNERSHIP INTEREST APPRAISED:	Fee Simple Estate
IMPROVEMENTS:	Asphalt Parking Lot
SITE AREA:	.515 Acres MOL
YEAR BUILT:	Asphalt 1981
ZONING:	C-2 Central Commercial District
HIGHEST AND BEST USE:	Present use; Parking Lot

APPROACHES TO VALUE

COST APPROACH		$245,500
INCOME APPROACH		$254,000
SALES COMPARISON APPROACH		$246,000

FINAL ESTIMATE OF VALUE: $250,000


0535403020
0535403016
0535403014
W 2nd St
Iowa Ave
1302226014
56.4
95.77
14.06
1302226012
0.515 acres
210.9
140.9
1302226009

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Parking Lot

ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the ensuing limiting conditions:

The legal description is assumed to be correct.

I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be free and clear of mortgage and under responsible ownership and competent management.

The plat of the property in this report may be included to assist the reader in visualizing the property. A survey was not provided or completed by the appraiser and no responsibility for its accuracy is assumed.

I believe that the information in this report, which was furnished to me by others, is correct and from reliable sources. A reasonable effort has been made to verify such information, but no responsibility is assumed for its accuracy.

The physical condition of any improvement described herein was based on visual inspection only. Electrical, heating, cooling, plumbing, sewer and/or septic system, mechanical equipment, and water supply were not specifically tested but were assumed to be in good working order, and adequate, unless otherwise specified. No liability is assumed for the soundness of structural members, since no engineering tests were made or presented to the appraiser. The roof of the structure described herein is assumed to be in good repair unless otherwise noted. The existence of potentially hazardous material used in the construction or maintenance of the building, such as formaldehyde foam insulation and/or asbestos insulation, which may or may not be present on the property, has not been considered. In addition, no deposit of toxic waste or contamination of the subsoil or structure has been considered, unless specifically mentioned. The appraiser is not qualified to detect such substances and suggests the client seek an expert opinion, if desired.

In addition, if the client has any concern regarding the structural, mechanical, or protective components of the improvement described herein, or the adequacy of sewer, water, or other utilities, it is suggested that said client retain independent contractors or experts in these disciplines before relying upon this appraisal.

Full compliance with all applicable federal, state and local environmental regulations and laws is assumed unless noncompliance is stated, defined and considered in the appraisal report.

Full compliance with all applicable zoning and use regulations and restrictions are assumed unless nonconformity has been stated, defined and considered in the appraisal report.

That all required licenses, consents or other legislative or administrative authority from any local, state or national government, private entity or organization have been obtained or renewed for any use on which the value estimated contained in this report is assumed.

ASSUMPTIONS AND LIMITING CONDITIONS (CONT'D)

Possession of this report, or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the Appraiser, and in any event, only with proper qualifications.

Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute of Real Estate Appraisers. No part of the contents of this report (especially any conclusions as to value, the identity of the Appraiser, or the firm with which he is connected, or any reference to the Appraisal Institute of Real Estate Appraisers and or its designations) shall be disseminated to the public through advertising media or any other public means of communication without the prior written consent and approval of the Appraiser.

I am not required to give testimony or attendance in court by reason of this appraisal with reference to the property being appraised, unless arrangements and proper notification have been previously made. If the appraiser is subpoenaed pursuant to court order, the client will be required to compensate said appraiser for his time at regular hourly rates plus expenses.

The separate allocation between land and improvements, if applicable, represents my judgment only under the existing utilization of the property. A re-evaluation should be made if the improvements are removed or substantially altered, and the land utilized for another purpose. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

All information and comments concerning the location, neighborhood, trends, construction quality and cost, loss in value from whatever cause, condition, rents or any other data for the property appraised herein, represents the estimates and opinions of the appraiser formed after an examination and study of the property. Further, some of the assumptions made can be subject to variation depending upon evolving events. I realize some assumptions may never occur and unanticipated events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those in my report.

Any valuation analysis of the income stream has been predicted upon financing conditions as specified herein, which I have reason to believe are currently available for this property. Financing terms and conditions other than those indicated may alter the final value conclusions.

Expenses shown in the Income Approach, if used, are estimates only, and based on past operating history, if available. These are generally stabilized over a reasonable time period.

THE ASSIGNMENT

OBJECTIVE OF APPRAISAL

DEFINITION OF MARKET VALUE

Market Value is defined as:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own 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.

* This example definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated October 27, 1994.

IDENTIFICATION AND LOCATION OF THE SUBJECT PROPERTY

The subject site is presently improved to an asphalt parking lot with painted lines. The property is located at 112 2nd Street W., Muscatine, Iowa. The property is situated on the southeast side of 2nd Street, approximately 2 blocks north of the Mississippi River.

DATE OF VALUATION

The date of valuation reflected in this appraisal report is September 22, 2014 which represents the physical inspection date of the property. The report was completed on October 3, 2014.

IDENTIFICATION OF THE PROPERTY RIGHTS OF VALUATION

The property rights appraised are Fee Simple Interest.

Fee Simple Interest is defined as:

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. This is an inheritable estate.

INTENDED USE AND USERS OF THE APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property. The function of the appraisal is to determine market value for investment purposes. The intended user of this report is Rebecca Howe, President; Riverview Hotel Development. It should be noted that this is a summary report. This assumes that the intended user of this report is knowledgeable about the appraisal process and the market data in the immediate area.

SCOPE OF APPRAISAL

This report has been prepared for the sole purpose of estimating the market value. In keeping with this function, the value of the real estate has been estimated according to: the limiting instructions, assumptions, and hypothetical conditions that are set forth in this report; the various applicable ordinances, statutes and court decisions establishing the legal parameters for this type of valuation and the local customs, usages and practices relating to this type of valuation.

In preparation of this report I have:

1. Personally inspected the subject property and interviewed representatives associated with this property. The description of the improvements is based upon the appraiser's personal inspection, and information supplied by the owner or its agent.
2. The site data is based upon the appraiser's personal inspection and/or other public records and documents. Appraiser reviewed applicable zoning maps, ordinances and statutes, and applicable flood maps.
3. An investigation and analysis was made to determine the property's Highest & Best Use. This included consideration to the present and anticipated future use, market trends in the surrounding areas, the property's physical characteristics, and economic feasibility factors for various development or redevelopment alternatives for the property.
4. If deemed appropriate and necessary to the valuation assignment, the Cost Approach will be employed. The replacement cost new will be calculated with the assistance of Marshall & Swift Valuation Services. Physical, functional and external obsolescence will be measured and subtracted from the cost new. The estimated market value of the underlying land is based upon a Sales Comparison Approach, using the adjusted sales information of other similar parcels.

SCOPE OF THE APPRAISAL (CONT'D)

5. If deemed appropriate and necessary to the valuation assignment, the Income Approach will be employed. Information of similar properties, which are currently under lease or for rent, has been gathered and analyzed. When necessary, adjustments to the rental rate of these comparable properties are made in order to determine the applicable rental rate for the subject property. This income, less expense, is necessary to maintain the investment and has then been capitalized to determine a value estimate. Capitalization rates have been extracted from the sales of similar properties and/or have been estimated utilizing the band of investment based upon current economic conditions, with consideration given to the amount of risk involved in the ownership of the property.
6. If deemed appropriate and necessary to the valuation assignment, the Sales Comparison Approach will be employed. Information regarding the sales of similar improved properties in similar locations has been gathered and analyzed. When necessary, adjustments to these sales are made in order to compensate for any variances between the sales and the subject property. All sales have been inspected and verified, whenever possible, to ensure the information is correct.
7. The various approaches to value will be analyzed and compared. The most specific factors affecting the marketability of the subject property will allow the appraiser to assign the greatest weight to the most appropriate indication of value. Based upon this process, I have estimated the Market Value of the subject property.
8. Market data, with regard to comparable land, rental, and improved sales, was collected and confirmed by one or more sources, including real estate brokers, buyers, sellers, attorneys, public records, etc. Those comparables most similar were then compared to the appraised property and, where necessary, adjustments were made in order to arrive at an indication of value for the appraised property.

I have not appraised this property in the last three years.

The scope of the Appraisal is subject to all the assumptions and limiting conditions set forth within this appraisal report.

THE DATA

NEIGHBORHOOD DATA

Boundaries:

Subject property is located in the central downtown business district of Muscatine. Neighborhood could best be described as urban.

Neighborhood is bounded by the highway 61 bypass to the north and west, and the Mississippi River to the east and south. Park Ave and Grandview Ave are the main arteries leading to the downtown business district. Neighborhood is 40% commercial, 40% single family, 5% multi family, 5% industrial, and 10% vacant. Surrounding use includes a mixture of retail, light industrial, small commercial - warehouse shops, restaurants, and service oriented businesses. The downtown business district has seen increased investment in past several years in an attempt to revitalize and increase traffic to the immediate area.

The residential properties that border the area are in the $40,000 to $80,000 range.

Access and Utilities:

There is public water, electricity, gas, and public sewer to the lot.

Zoning:

There are a number of zonings in the area. Most have a residential, commercial, light industrial, or multi family zoning. The commercial zoning is mostly along the heavily traveled thoroughfares and the multi family zoning tends to buffer the single family properties from this use.

Trends:

Subject property is located in south central Muscatine. The subject is located near numerous downtown commercial and multi-family residential developments. The commercial use is generally on the first or lower floors, while apartments or lofts have been developed on the upper floors. The subject property meets a definite need of the surrounding properties for off-street parking. There have been a number of remodeling/refurbishing projects in the area over the past several years. Due to general economic conditions, many of the manufacturing companies have seen a drop in activity and have announced layoffs. These layoffs, along with the sale of Bandag, had an adverse effect on the housing market two to three years ago, but values currently appear to be stabilizing.

SITE DATA

Legal Description:

The subject property's legal description is:

E ½ Lot 9, Block 11; Lot 8, Block 11; Part of Lot 7, Block 11 and Part of Lot 6 Block 11. Please see attached Plat

Parcel numbers: 1302226006, 1302226009, Part of 1302226012 and Part of 1302226014

The subject property is in census tract # 0509.00

Zoning:

According to the city of Muscatine, the property is zoned C-2 Central Commercial District. Commercial uses such as offices, retail and restaurants, as well as apartments, lofts and hotels are allowed in this zoning district.

Taxes and Assessed Value:

Taxes on the property are estimated to be $3,630 based on the taxes currently on the individual parcels. The estimated assessed value of the combined parcels is $102,000. No special assessments (per the Muscatine County Courthouse).

Property History:

There are no recorded transactions on the property in the last three years per the Muscatine County Courthouse. The last sale reported was on 01/03/1989 for $292,385 and included two or more separately assessed parcels.

Bearing Quality and Deed Restrictions:

No bearing quality survey has been provided to the appraiser. Appraiser makes no warranties on the bearing quality of the lot. There are no known deed restrictions on the property.

It would appear that the subject property is not in a HUD Special Flood Hazard area. This flood map number is 19139C0191C, zone X, dated 07/18/2011.

DESCRIPTION OF IMPROVEMENTS

Type of Property	**Parking Lot**
Total Parking Spaces	**66 Rentable Spaces**
General Class of Construction	**Asphalt Parking Lot**
Building Summary	
Net Rental Area	**66 Spaces**
Actual Age	**33 Years**
Effective Age	**20 Years**
Structure	
Foundation/Footings	**Asphalt**
Visible Contaminants	**None Apparent**

Functional Utility: This property is a multi-user parking lot. The lot is currently configured for 66 spaces. Lot is asphalt with highly visible markings. There is no external depreciation.

Remodeling, Repairs, Deferred Maintenance; Overall condition of the property is good. There are no repairs or modernization needed at this time. Little functional obsolescence or physical deterioration apparent.

Overall Rating

	Good	Avg.	Fair	Poor
Quality of Construction	X			
Design/ Layout	X			
Exterior Condition				
Interior Condition				
Site Improvement	X			

Site Improvements

Ashpalt, 66 Parking spaces; painted lines. Signage reserving individual lots.

REASONABLE EXPOSURE OR MARKETING TIME

When appropriate, a reasonable exposure time for the subject property must be estimated. Reasonable exposure time is defined within the 2002 Uniform Standards of Professional Appraisal Practices, Statement number 6, page 92 as:

"the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market"

The Uniform Standards of Professional Appraisal Practice also requires the estimate of a reasonable marketing time for the subject property when appropriate. Reasonable marketing time is defined in Advisory Opinion A0-7, page 138 as:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal"

The subject property is considered a class "A" commercial use. That is, it is situated adjacent to major commercial corridors, which obtain the greatest demand. Within the immediate market area, there are three multiple listing services (Muscatine, Quad City Association, & a Commercial Overlay system). In addition to these services, a large percentage of commercial agents utilize LoopNet, a commercial listing site found at www.loopnet.com. I have reviewed data from these sites, as well as interviewed many commercial brokers and property managers. Given the characteristics of the subject improvements, the estimated marketing time and exposure time is 18 to 24 months.

HIGHEST AND BEST USE

HIGHEST AND BEST USE

The principle of Highest and Best Use, as briefly defined by the Appraisal Institute, is:

The reasonable, probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value.

A number of factors within this definition must be considered when analyzing Highest & Best Use. These factors include:

1. The **Legality** of the use
2. The **Physical** possibility of the use
3. The **Financial** feasibility of the use
4. The **Maximum** productivity of the use

Other factors that are also given consideration include the existing improvements within the subject area, the location, size and shape of the site for access and exposure, existing zoning designation, the physical condition of the subject improvement and overall real estate trends in the area.

Further employment of the Highest & Best Use must be considered when the subject real estate is improved, in which case the subject real estate is then analyzed on the basis of:

I. Highest and Best Use **"As Vacant Land"**
II. Highest and Best Use **"As Improved"**

In each situation, the four criteria listed above must be analyzed and considered in arriving at a reasonable conclusion of the Highest and Best Use of the subject real estate. Therefore, the following factors have been considered for the subject real estate on each of the above factors, and have been set forth on the following pages.

Highest & Best Use "As Vacant Land"

Highest and best use of the land (or site), as though vacant, assumes that a parcel of land is vacant or can be made vacant by demolishing the improvements. When a reasonable forecast of a property's highest and best use indicates a change in the near future, the present highest and best use is considered an interim use. That is best illustrated by vacant farmland in the path of urban growth. Consideration is given to the following in my analysis.

Physical Possibility of Use:

No engineering reports or environmental assessments were supplied in conjunction with this assignment. In the absence of same, it is assumed that the site is environmentally clean, and has the load bearing capacity to support the type of construction typically found in the area. The size, shape, and terrain of the site are considered to be adequate. The frontage and egress is adequate and is zoned to allow for construction of a commercial property for general retail, wholesale nature, and/or service facility. All public utilities are available at the site.

Legality of Use:

The subject site is zoned C -2 Central Commercial District. Since the area is mostly retail, service and light industrial in nature, the commercial use is considered to be the most legal and practical zoning.

Financial Feasibility of Use:

The subject site is located in an area that is primarily commercial or multi-family in use. There are a number of different types of commercial uses that could be placed on the property. Office, service, or retail use would be possible.

Maximally Productive Use:

Considering the nature of the area, and the approved development nearby, commercial development is considered to be the maximally productive use. The subject's current use as a parking lot is likely the current highest and best use, with future transition to retail/service or additional parking likely.

CONCLUSION

The Highest and Best Use of the subject property as vacant is for commercial development, according to the present zoning.

THE COST APPROACH

COMMENTS ON COST APPROACH

The Cost Approach to value is based upon the principle of substitution, that is, a purchaser would pay no more for the improved property than the cost of developing a new property. The Cost Approach to value is estimated by the summation of the land, site improvements and the depreciated cost of the improvement.

The accuracy of the Cost Approach is dependent upon the information available in estimating land value, the replacement cost of the improvement and the amount of depreciation accrued on the improvement.

The Cost Approach is most accurate when there is good indication of land value from recent sales and when improvements are newer, represent the highest and best use, and do not suffer from significant functional or external depreciation. The land value is well supported. Cost new figures are derived from Marshall & Swift Cost Handbook and are considered to be accurate. Since the subject property has little apparent depreciation, the Cost Approach should offer a good estimate of current market value.

Replacement cost is the estimated cost to construct, at current prices as of the effective date of the appraisal, a parking lot with utility equivalent to the site being appraised, using modern material, and current standards, design and layout (Appraisal of Real Estate Thirteenth Edition).

Cost Approach - 112 2nd St W.
Parking Lot

	Sq.Ft.	Cost	Total
GBA	22,433	$4.15	$93,096.95

Total Cost New					$93,096.95
Depreciation					
	Physical	10%	$9,309.70		
	Functional	0%	$ -		
	External	0%	$ -		
Total Depreciation					$9,309.70
Dep. Value of Improvement					$83,787.25
Bumpers / Signage				$ 4,750.00	
Land Value				$157,000.00	
Indicated Value by Cost Approach					$ 245,537.25

SAY $ 245,500

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INCOME APPROACH

ESTIMATE OF VALUE BY THE INCOME APPROACH

The Income Approach is a method of estimating the Market Value of a property based upon its estimated income producing capabilities over its estimated remaining life.

The Income Approach gives consideration to the net income expectancy from rental of the property. This income is capitalized in accordance with prevailing returns on properties or investments of similar risks to determine the amount at which ownership would be justified by a prudent investor.

Forecasting the gross earning potential of the property under prevailing and foreseeable market conditions, future benefits can be estimated. Appropriate allowances for operating expenses, based on the prevailing and foreseeable market, are then deducted from gross earnings. This process will result in an estimate of net monetary benefits to ownership, which will then be capitalized into a present worth.

The procedure used in the Income Approach is summarized as follows:

1. Estimate the Annual Gross Potential Rental Income, by market analysis, which the property is capable of producing.
2. Deduct an appropriate Vacancy Loss Factor and Rental Concessions to arrive at an Estimated Effective Gross Income.
3. Estimate and stabilize the annual expense incurred by the property by utilizing historical operating statements and projected budgets. The annual expenses are then deducted from the Estimated Effective Gross Income to arrive at the Estimated Net Operating Income.
4. Capitalize the Estimated Net Operating Income before recapture at an appropriate rate to reflect interest and recapture (return on and return of the investment) to yield a value indication.

ANALYSIS OF MARKET RENT

To develop this approach, the economic rent of the property must be determined.

Based on interviewing participants in the market from throughout the area and having them share with me their income and expense figures, it is my opinion that the subject property would have an economic rent in the $35 to $45 per space per month.

EXPENSE PROJECTIONS

Economic Vacancy:

A survey of property managers, real estate brokers and commercial lenders, indicates vacancy rates vary from four to ten percent for commercial use. The subject property is good condition. A vacancy rate of 5% will be used due to the lack of available parking in the central commercial district.

Management:

The management fee is the cost of having a professional management company manage the day-to-day operations of the subject property. According to several property managers, as well as financials of similar properties, these fees vary from 2 percent to 5 percent of the effective gross income. For the purpose of this report 4% will be used.

Operating Expenses:

This category includes utilities such as water and common electric. Parking lots have limited operating expenses such as liability insurance and basic repairs and maintenance.

Real Estate Taxes:

Real Estate Taxes on the combined parcels is estimated to be $3,630 per year based on the 2013 assessments.

Replacement Reserves:

Typically, a reserve for replacement account should be between 2 percent and 4 percent of the projected income. A $601.92 figure for reserves (2%) will be used. $602 per year set aside at 5% would provide $19,905 at the end of a 20 year period. This could be used for resurfacing, repainting and updated signage.

CAPITALIZATION ANALYSIS

In estimating the value of the subject property by the Income Approach, I utilized the Band of Investment Capitalization technique, predicated upon a 75% loan to value ratio, with a twenty year amortization. Interest rates have been stable to decreasing over the last thirty to sixty days, but appear to be stabilizing, if not slightly moving upwards. After interviewing several commercial lenders, I believe an appropriate rate for a commercial site like the subject property would be five percent (5%). A mortgage rate of five percent has a mortgage constant of .09524. It is my opinion that this property would command a 9.0% return to equity to attract capital. The capitalization rate is calculated as follows:

.09524 x 75% =	.0714
.0900 x 25% =	.02250
	.0939

Say 9.5%

Anticipated income over a period of time is then calculated into present dollars, with a capitalization rate of 9.5%.

Income Approach

Economic Rent:						
Parking Spaces	66	$	480.00	=	$31,680.00	
		$	-		$0.00	
		$	-		$0.00	
Gross Annual Rent						$31,680.00
Less Vacancy & Credit Loss			5%			$ 1,584.00
Gross Effective Income						$30,096.00
Expenses:						
Taxes					$ 3,630.00	
Repairs					$ -	
Reserves			2%		$ 601.92	
Management			4%		$ 1,203.84	
Insurance					$ 500.00	
Total Expensed						$ 5,935.76
Net Operating Income						$24,160.24
Cap Rate	9.50%					
Value by Income Approach		$ 254,318.32				

Say $254,000

THE SALES COMPARISON APPROACH

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THE SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of estimating the market value of a property by comparison of actual sales of similar properties to the property under appraisement. The major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The Appraisal of Real Estate, 13th Edition, pages 367 and 368, sponsored by the Appraisal Institute, states:

"The concepts of anticipation and change, together with the principles of supply and demand, substitution, balance, and externalities, are basic to the sales comparison approach. Guided by these principals, an appraiser attempts to consider all issues relevant to the valuation problem in a manner that is consistent and reflects local market conditions".

SUPPLY AND DEMAND:

"Property prices are determined by the market; they result from negotiations between buyers and sellers. Buyers constitute market demand and properties offered for sale make up the supply. If the demand for a particular type of property is high, prices tend to increase; if demand is low, prices tend to decline. Shifts in the supply of improved properties frequently lag behind shifts in demand because supply is created by time-consuming construction and reduced by conversion to other uses, while satisfiable demand can be changed rapidly. The analysis of real estate markets at a specific time may seem to focus on demand, but the supply of properties must also be considered…."

SUBSTITUTION

"As applied in the sales comparison approach, the principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of a similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market"

BALANCE

"The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never attained. The balance between supply and demand changes continually. Due to shifts in population, purchasing power, and consumer tastes and preferences, demand varies greatly over time. The construction of new buildings, conversion to other uses, and demolition of old buildings cause supply to vary as well…"

EXTERNALITIES

"Positive and negative external forces affect all types of property. A period of economic development or economic depression influences property values…"

The appraiser has made a survey to obtain sales and offerings of properties which were similar to the subject property in improvement, age, style and design, quality of workmanship, materials of construction, building construction, utility and amenities. No verifiable sales of improved parking lots were found. Unimproved commercial land sales were analyzed, and then the estimated cost new to improve the site to the subjects use was added.

INDICATION OF LAND VALUE

The subject site consists of 22,433 square feet MOL or 0.515 acres MOL, zoned C-2 Central Commercial District to allow for commercial use, and is situated in Muscatine Iowa.

In estimating the value of the subject site as though vacant and available for development, the market was researched for sales and current offerings of vacant land in general proximity to the subject. The following sales were reviewed and analyzed in order to estimate the value of the subject land.

Comparable Lot Sales

Date	Address		Sq. Ft.	Sale Price	S.P./S.F.
10/01/2010	3010 University	Muscatine	78,408	$ 500,000.00	$ 6.37
12/4/2002	Oakview Plaza Lot 2	Muscatine	93,654	$ 400,000.00	$ 4.27
5/31/2007	Lot 10 North Port	Muscatine	110,729	$ 490,000.00	$ 4.43
12/21/2004	3604 University	Muscatine	52,754	$ 369,320.00	$ 7.00
9/27/2011	Lot 2 & 3 University Development	Muscatine	50,094	$ 130,000	$ 2.59

SITE VALUATION AND CONCLUSIONS

The subject property is in a good location and supply is extremely limited. The site is located near the center of the downtown central commercial district. The comparable sales listed above, as well as other sales in the appraiser's data file, conclude that the subject site value ranges between $2.59 and $7.00 per square foot. Over the past several years the downtown business district has seen an increase in investment for urban renewal, and available land is in very limited supply in this section of Muscatine. The high end of the range will be used.

22,433 x sq. ft. x $7.00 = $157,031

Say $157,000 Unimproved

Estimated Cost of Improvements; $ 88,535 after depreciation

Total estimated value by the sales comparison approach $245,535

Say $ 246,000

CONCLUSIONS

RECONCILATION OF ANALYSIS

The subject property is an existing parking lot, currently part of 4 separate parcels. The property is zoned C-2 Central Commercial District, with the use as commercial deemed to be the highest and best use.

Analysis of the subject property by the Cost Approach, Income Approach and Sales Comparison Approach has resulted in the following range of value indications for the subject property under the "AS IS" premise.

COST APPROACH	**$245,500**
INCOME APPROACH	**$254,000**
SALES COMPARISON APPROACH	**$246,000**

The Cost Approach is most accurate when the subject property is newer. The subject property was developed as a parking area in 1981. Parking lots depreciate at a slower rate than single-family or commercial buildings due to their lack of mechanicals and structures. This approach should give a good indication of value. The cost figures have been well supported and there have been some recent land sales in the area. This approach will be combined with the income approach as the main indicators of market value.

The Income Approach reflects the value of the subject property based upon its income producing capabilities. The theory of the Income Approach is that the current value of a property is reflected by the present worth of the net income it will produce over its remaining economic life. The value indicated by this approach is therefore based upon an investment analysis and reflects what a purchaser/investor would pay predicated upon the property's net income producing capabilities. Real estate investors base their decisions upon economic factors that are market oriented and are concerned with net income producing capabilities.

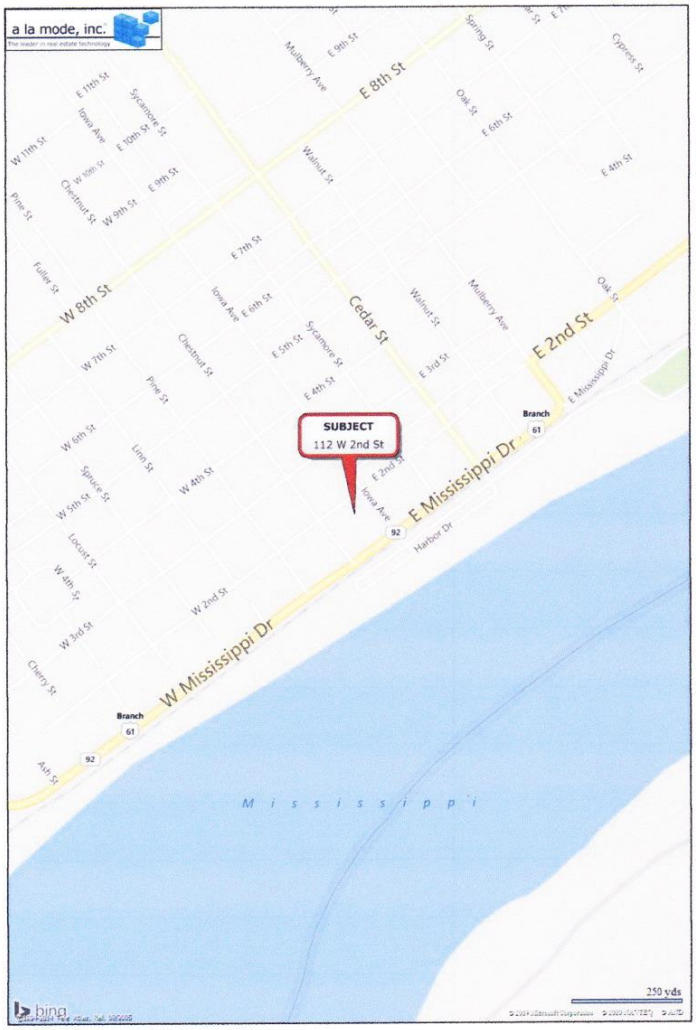
Sales Comparison Approach reflects the value of the subject property based upon an analysis of recent sales of similarly improved properties within the subject area. The Sales Comparison Approach is considered to be the most important approach to value because it reflects the actions of buyers and sellers of comparable properties (both owner/user and investor). The approach to value exemplifies the basic principle of substitution (no purchaser will pay more for a property than the cost of acquiring a comparable property). There were no comparable sales of existing parking lots, so the value of unimproved land was added to the depreciated cost of the improvements to derive the current estimate of market value. Due to the lack of comparable parking lot sales, this approach to value will not be given as much weight.

Based on the analysis of the aforementioned approaches to value and the data contained in this appraisal report, it is my opinion that the Market Value of the fee simple estate, as of September 22, 2014 is:

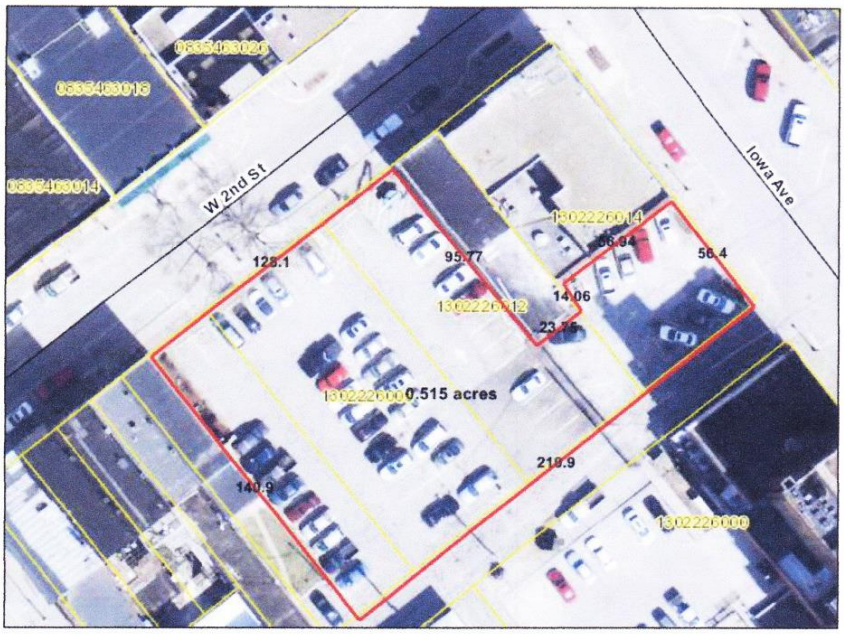
$250,000

Two Hundred Fifty Thousand Dollars

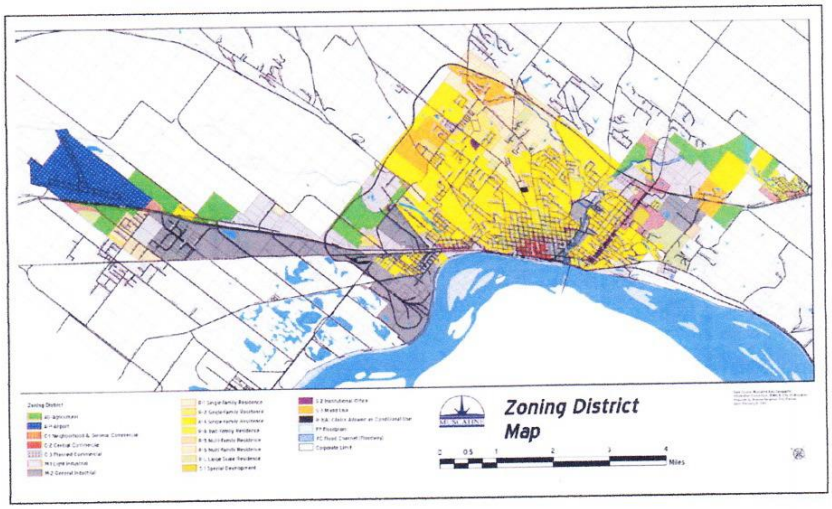
ADDENDA


a la mode, inc.
SUBJECT
112 W 2nd St
E 8th St
W 8th St
Cedar St
E 2nd St
E Mississippi Dr
W Mississippi Dr
Mississippi
Branch
61
92
250 yds

37


0695469020
0695469018
0695469014
W 2nd St
Iowa Ave
1302226014
56.84
56.4
125.1
95.77
14.06
1302226012
23.36
1302226000
0.515 acres
219.9
140.9
1302226000

38

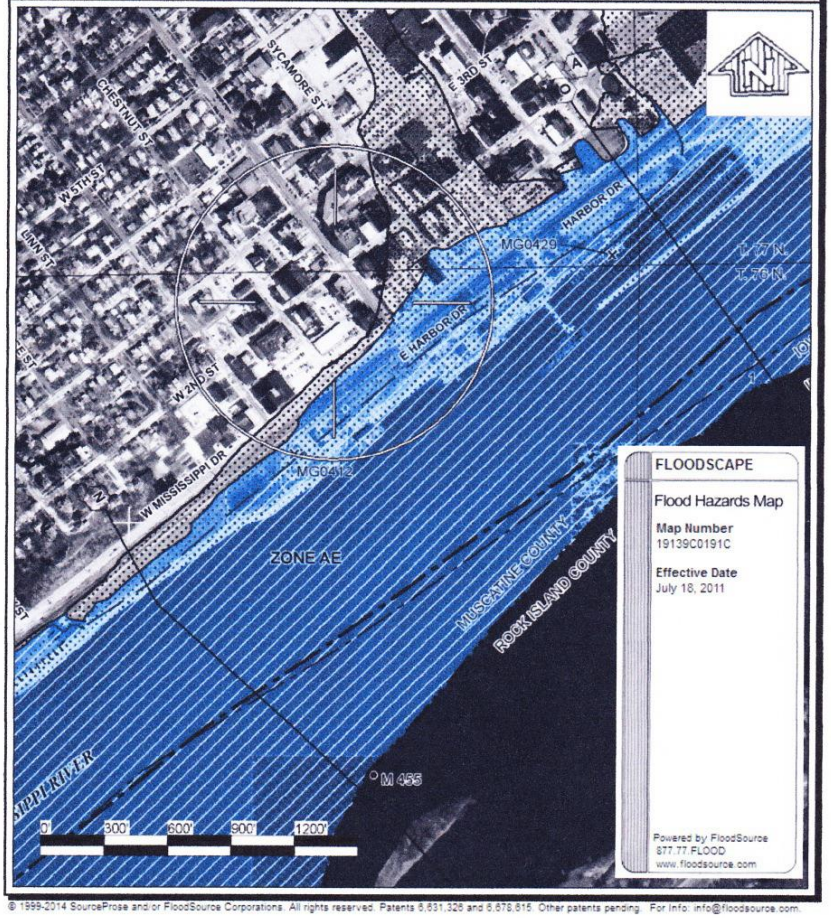

Zoning District
Map
Miles

InterFlood by a la mode

www.interflood.com • 1-800-252-6633

Prepared for:
Koestner, McGivern & Associates

112 W 2nd St
Muscatine, IA 52761



© 1999-2014 SourceProse and/or FloodSource Corporations. All rights reserved. Patents 6,631,326 and 6,678,615. Other patents pending. For Info: info@floodsource.com.

>
> Mr. Koestner:
>
> I left a message with your secretary yesterday afternoon. Dan Stein
> of Central State Bank in Muscatine recommended you as a commercial
appraiser.
>
> This email provides more details on the project.
>
> Riverview Hotel Development is building a hotel/conference center and
> parking garage in the heart of downtown Muscatine on the riverfront.
> We are in the process of purchasing 3 parcels in this area which
> require appraisals. The parcels are as follows:
>
> 1. Parking Lot: 112 W. 2nd Street. Parcel ID: 1302226009 Brief tax
> description: Lot 8 Block 11
>
> 2. Building that will be converted into conference center: 129 W.
> 2nd Street. Parcel ID: 0835463014 Brief tax description: E 1/3 lot
> 1 and lot
> 2 Block 34
>
> 3. Lot were hotel will be built: 119 W. Mississippi Drive. Parcel ID:
> 1302226031. Brief tax description: Lots 1,2 & W 16' lot 3 Block 11
>
> I would like to get appraisals done of these parcels as soon as possible.
>
> In addition, we have one other property we are looking at. It is the
> old button factory. Address is 215 W. Mississippi Drive, Iowa 52761.
> I believe it is know called the Pearl City Chop House. There was an
> appraisal done in
> 2010 by another appraisal company which I should be able to get access
> to in the next few days. Is there a way to high level (rough) review
> of the appraisal without entering the facility? We are not sure we
> are going to buy this parcel and don't want to get the buyer's hopes
> up if we choose not to. In 2010 as I understand it it was appraised
> at $950K which appears high to me.
>
> Please contact me at your earliest convenience to schedule the
> appraisals and so that I can answer any questions you may have
> regarding
this project.
>
> I look forward to working with you.
>
> Thanks in advance,
>
>
> Rebecca Howe
> President
> Riverview Hotel Devlopment
> www.riverhoteldev.com
> 877-331-3109
>

KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

RICHARD J. KOESTNER, S.R.A.
Davenport, Iowa 52807

STATE LICENSING:

IOWA:
General Residential Real Estate Property Appraiser
Certificate # CG01608
FHA approved
Real Estate Broker/Office # B05091000

ILLINOIS:
Certified General Real Estate Appraiser
License # 553.001427
FHA approved

MEMBERSHIP:

Membership in professional and technical organizations related to appraisal activities.

REALTOR: State of Iowa Realtor of the Year 1999
Omega Tia Ro 1999
Iowa Association of Realtors, State President 1997-98
Greater Davenport Board of Realtors, President 1987
Iowa Appraiser Examining Board Chair 2005
NAR Appraisal Committee Chair 2008

APPRAISAL: Appraisal Institute - 1987 to present
S.R.A.-Senior Residential Appraiser Designation
2006 Board of Director of Iowa Chapter Appraisal Institute
2008 Iowa Chapter President
- Served on Professional Standards Committee and Candidate Guidance
- Approved Instructor for the Appraisal Institute

EDUCATION:

Formal Education:

University of Iowa, Iowa City, Iowa BBA in Marketing and Real Estate	1973-1977
Assumption High School, Davenport, Iowa	1969-1973

Professional and Technical Appraisal Courses:

Iowa Chapter of the Appraisal Institute:	
The Value of Communication (Report Writing)	June 2010
Introduction to FHA Appraising	March 2010
Current Governmental Policies Affecting Real Estate	November 2009
Appraising Distressed Commercial Real Estate	October 2009
7-Hour National USPAP Update Course	April 2009
The New Residential Market Conditions Form (P.M.)	April 2009
Appraisal of Residential Property for Foreclosure and Preforeclosure	March 2009
RE Appraising in Response to Financial and Economic Disaster	November 2008
Iowa Real Estate Commission:	
Instructor Development Workshop	June 2007
Appraisal Institute:	
National Uniform Standards of Professional Appraisal Practice	May 2007
FHA and the New Residential Appraisal Forms	March 2007
Basic Appraisal Procedures	October 2006
Real Estate Investment & Development	September 2006
The Road Less Traveled - Special Purpose Properties	March 2006
Course 11530 - Advanced Sales Comparison & Cost Approaches	July 2005
Course 810 Computer-Enhanced Cash Flow Modeling	January 2004
Rates and Ratios	September 2003
Course 420 Business Practices and Ethics	July 2003
Course 400 USPAP	July 2003
Land Valuation Assignments	March 2003
Appraisal Institute:	
Advance Income Capitalization	November 2001
Boca Raton, FL	
Appraisal Institute, Chicago, IL	
General Report Writing, Course IL-VII	April 2001
Appraisal Institute Online Courses	
Online Appraisal Curriculum Overview - Residential	December 2011
Iowa Association of Realtors:	
Appraising Atypical Properties	March 2001
Illinois Real Estate Appraisal Examining Board:	
Appraising in 2011 with New Lending Reforms and Regulations	November 2010
Regression Analysis in Appraisal Practice	October 2000
McKissock:	
USPAP #021-700	September 1999
FHA & Appraiser Process	
AIREA	July 1999
Iowa Chapter Appraisal Institute:	
Supporting Sales comps/Grid Adjustments	May 1999
Appraisal of Local Retail Properties	May 1999
Appraisal Institute:	
Standards of Professional Practice, Part B, IL #$20	December 1996
Appraisal Institute:	
Standards of Professional Practice, Part A	November 1995
Numerous continued education classes from 1978-1994	

Appraisal Conferences and Seminars:

Iowa Appraisal Examining Board	
Peer Review Training	May 2005
Culver Group	
New Fannie Mae Forms	April 2005
Appraisal Institute Iowa Chapter	
Evaluating Residential Construction	March 2005
Culver Group	
USPAP	February 2005
Appraisal Institute-Iowa:	
The Ugly House-Counting the Cost	March 2002
Appraisal Institute-Chicago Chapter:	
Appraisal of Local Retail Properties	May 1999
Appraisal Institute-Iowa Chapter:	
Appraisal Sales Comparison Grid	
Adjustments for Residential Properties	May 1999
Appraisal Institute-Rockford, Illinois:	
Board of Realtors:	
Fair Lending & The Appraiser	April 1999
Des Moines Area Association of Realtors:	
Iowa Commercial Real Estate Expo	October 1998
Iowa Association of Realtors:	
Fundamental of Investments	May 1998
Drive-By Appraisals	May 1998
Appraisal Institute-Iowa Chapter:	
Eminent Domain & Condemnation Appraising	May 1998

Numerous conferences and seminars from 1982-1997

EMPLOYMENT HISTORY:

Koestner Realty Ltd., President 1975 to Present
Koestner Realty Ltd., is a family owned business established in 1951.
Koestner, McGivern and Associates, partnership established on January 1, 1994.

31 Years appraisal experience
Extensive in-house files and databases
Over 8,800 residential reports completed
Over 600 commercial reports - $100,000 to $6.1 million
100% of income is attributed to Real Estate Appraisal

MEMBERSHIP AND COMMITTEE WORK:

State of Iowa -
Real Estate Appraiser Examining Board- 5/1/2001 to 4/2007
- Chairman- 2 years
- Chairman of Disciplinary Committee- 4 years

National Association of Realtors-
- Director 1996-2001
- Appraisal Committee 2005-2006
- Appraisal Committee Chair 2008
- Chair of Small Board Sub-forum 2001
- Research Committee 1997-1999

Iowa Association of Realtors-
- Realtor of the Year 2010
- Realtor of the Year 1999
- Appraisal Committee Chair
- Mediation Chair
- Chaired six other committees and tasks forces
- State President 1998

American Institute of Real Estate Appraisers-
- Chapter Level-
  - Candidate Guidance Committee
- National Level-
  - Professional Standards Committee
  - Residential Demonstration Appraisal Reports
  - Grading Committee
  - Chapter President 2009

Society of Real Estate Appraisers-
- Chapter Level-
  - Research Committee
  - Candidate Guidance Committee
  - Vice President 1989-1990
  - President 1991

Greater Davenport Board of Realtors-
- Chaired or Co-chaired nine committees
- President 1987
- Realtor of the Year 1988 and 1999
- Quad City Area Association Realtors Vice Chair 2009

Iowa Mortgage Bankers Association
- Co-chaired the Appraisers Ad Hoc committee 1996-1997

University of Northern Iowa-
- Member of Real Estate Education Program Advisory Council 2001-2006

Realtor Foundation-
- Vice President of Realtors Foundation 2004-2006
- President 2009

Fannie Mae-
- Iowa Partnership Advisory Committee

OUTSIDE INTERESTS AND ACTIVITIES:

- Council on Children at Risk (Board Member)
- East Davenport Little League (Board Member)
- Junior Achievement (11 years teacher)
- Habitat for Humanity- Quad Cities
- St. Paul the Apostle Church-
  - Education Board 1996-1998
  - Church Building Committee 1997
  - Parish Council 2001 / Parish Council president 2003

SOURCES OF INFORMATION:

Koestner, McGivern & Associates belongs to 8 regional MLS systems in eastern Iowa, western Illinois, and western Iowa. These include the Greater Davenport Board of Realtors, Illinois Quad City Area Realtor Association, DeWitt Board of Realtors, Muscatine Board of Realtors, Burlington Board of Realtors, Fort Madison Board of Realtors, Council Bluffs Board of Realtors, and the Greater Omaha Association of Realtors. In addition to the MLS sources listed above, a database of 20+ years includes land, rental, and re-sale trends for most of our areas. In addition to these databases, memberships in the local Homebuilders, Chamber of Commerce, and other social/local charitable organizations are held. Both residential and commercial Marshall & Swift Cost Services are held, as well.

Additional information regarding our company, areas of coverage, services offered and other pertinent data can be found at our corporate web page:

WWW.MARKETVALUE.COM

Dick's e-mail address is: Dick@marketvalue.com

Fields of Opportunities

STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A CERTIFICATE AS A
GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. CG01608 EXPIRES: 6/30/2016

KOESTNER, RICHARD J
KOESTNER MCGIVERN ASSOC.
2208 E 52ND ST. SUITE B
DAVENPORT, IA 52807

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KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

Jason Meyer
1619 Hickory Bend Ct.
Dewitt, Iowa 52742

STATE LICENSING:

Iowa:	Associate Real Estate Appraiser Certification: AG03088 issued October 19th, 2010
	Real Estate Broker #B32389000 Inactive (1991-1995)

PROFESSIONAL EDUCATION:

August 2010	Principles of Real Estate Appraisal	30 hours
August 2010	Real Estate Appraisal Procedures	30 hours
September 2010	National Uniform Standards of Professional Appraisal Practice (USPAP)	15 hours
March 2011	National Uniform Standards of Professional Appraisal Practice (USPAP)	7 hours
March 2011	The Value of Communication (Report Writing)	7 hours
July 2011	The Uniform Appraisal Dataset	7 hours
Aug. 2011	Real Estate Finance	15 hours
Aug/Nov 2011	General Appraiser Sales Comparison	30 hours
Nov 2011	Public Finance Crisis & the effect on Real Estate	4 hours
July 2012	General Appraiser Income Appr. Part 1	30 hours
Sept. 2012	General Appraiser Income Appr. Part 2	30 hours
March 2013	National Uniform Standards of Professional Appraisal Practice (USPAP)	7 hours
April 2013	General Appraiser Mkt. Analysis and Highest and Best Use	30 hours

May 2013	General Appraiser Site Valuation And Cost Approach	30 hours
July 2013	Residential Report Writing	15 hours
Nov. 2013	Property Tax, Property Tax Reform and Real Estate Valuation	4 hours
March 2014	National Uniform Standards of Professional Appraisal Practice (USPAP)	7 hours
March 2014	Appraising Condos, Coops & PUDS	7 hours

EDUCATION:

1981-1985	BA – Marketing Management University of Northern Iowa
1989-1991	MBA – Finance Emphasis University of Iowa

EMPLOYMENT:

2010-Present	Koestner, McGivern & Associates Associate Appraiser
1995-2010	CEO/General Manager Dewitt Hardware Inc./U.S.Cellular-Dewitt

Organizations:

1997-Present	Treasurer – Dewitt Nite Lions
1996-1999 & 2009-2013	Board Member – Dewitt Chamber & Development Co.
2008 – Present	Board Member – Dewitt DIDD Board
2011 – Present	Board of Trustees (Chairperson) – United Methodist Church, Dewitt
Dec. '12- Present	Parish Relations – United Methodist Church, Dewitt

Fields of Opportunities

STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A REGISTRATION AS AN
ASSOCIATE GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. AG03088 EXPIRES: 6/30/2015

MEYER, JASON T.
KOESTNER MCGIVERN & ASSOCIATES
2208 EAST 52ND STREET
DAVENPORT, IA 52807

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Exhibit A.3: 215 W. Mississippi Dr.

APPRAISAL OF

215 W. MISSISSIPPI DRIVE

MUSCATINE, IOWA 52761

PREPARED FOR

Rebecca Howe, President

Riverview Hotel Development

6635 Chelsea Gardens Way

Cumming, GA 30040

DATE OF VALUATION:
November 7, 2014

DATE OF APPRAISAL REPORT:
November 15, 2014

PREPARED BY

RICHARD J. KOESTNER

KOESTNER, MCGIVERN & ASSOCIATES
2208 E. 52nd Street
Davenport, IA 52807

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KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

November 15, 2014

Ms. Rebecca Howe, President
Riverview Hotel Development
6635 Chelsea Gardens Way
Cumming, Georgia 30040

Re: 215 W. Mississippi Drive Muscatine, Iowa (Muscatine Button Factory)

Dear Ms. Howe:

According to your request, I am enclosing an appraisal of the building located at 215 W. Mississippi Drive, Muscatine, Iowa. This property is more fully described in the body of this report.

The purpose of this report is to estimate the market value of the fee simple interest of the property. This report does not value the restaurant equipment or fixtures located on the premises. This is a complete appraisal report in a summary format and is completed in conformance with USPAP January 1, 2014.

Please be advised that I have personally inspected the site and believe all information provided to me by others to be reliable.

The subject property consists of a 2 story building with 15,720 sq. ft. above grade. The property is currently used as a restaurant, bar and banquet facility with some additional offices on the 2nd floor. This building is situated on a lot with 30,033 sq. ft. or 0.69 acres. The building is zoned M-1 Light Industrial District.

As of November 7, 2014, it is my opinion that the subject property warrants a market value of:

Eight Hundred Ten Thousand Dollars

$810,000

Sincerely,

Richard J. Koestner

General Real Property Appraiser
Certification #: IA CG01608
Expiration date: 06/30/2016

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ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal is subject to the ensuing limiting conditions:

1. The legal description is assumed to be correct.

2. I assume no responsibility for matters legal in character nor do I render any opinion as to the title, which is assumed to be free and clear of mortgage and under responsible ownership and competent management.

3. The plat of the property in this report may be included to assist the reader in visualizing the property. I have made no survey and assume no responsibility for its accuracy.

4. I believe that the information in this report which was furnished to me by others is correct and from reliable sources. A reasonable effort has been made to verify such information, but no responsibility is assumed for its accuracy.

5. That there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable is assumed. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

6. Full compliance with all applicable federal, state and local environmental regulations and laws is assumed unless noncompliance is stated, defined and considered in the appraisal report.

7. Full compliance with all applicable zoning and use regulations and restrictions are assumed unless nonconformity has been stated, defined and considered in the appraisal report.

8. That all required licenses, consents or other legislative or administrative authority from any local, state or national government, private entity or organization have been obtained or renewed for any use on which the value estimated contained in this report is assumed.

9. Possession of this report or copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the Appraiser and in any event, only with proper qualifications.

10. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute of Real Estate Appraisers. No part of the contents of this report (especially any conclusions as to value, the identity of the Appraiser or the firm with which he is connected, or any reference to the Appraisal Institute of Real Estate Appraisers and or its designations) shall be disseminated to the public through advertising media or any other public means of communication without the prior written consent and approval of the Appraiser.

11. I am not required to give testimony or attendance in court by reason of this appraisal with reference to the property being appraised unless arrangements and proper notification have been previously made.

12. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.

APPRAISER'S CERTIFICATE

1. That I have no interest, present or contemplated, in the subject property. I have not appraised this property in the past three years.
2. That neither the employment nor the compensation is contingent upon the value reported.
3. That I have personally inspected the property.
4. That to the best of my knowledge and belief, all statements contained in this report are true and correct and no important facts have been withheld or overlooked.
5. That this appraisal has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute of Real Estate Appraisers.
6. That no one other than those undersigned prepared the analyses, conclusions and opinions concerning real estate that are set forth in this appraisal.
7. That the Appraisal Institute of Real Estate Appraisers conduct a voluntary program of continuing professional education for its designated members under which I am certified.
8. The analyses, opinions and conclusions were developed, and this report was prepared, in conformity with the Uniform Standards of Professional Appraisal Practice ("USAPAP"), except that the Department Provision of the USPAP does not apply.
9. My compensation is not contingent upon the reporting of predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result or the occurrence of a subsequent event.
10. This appraisal assignment was not based on a requested minimal valuation, specific valuation or the approval of a loan.
11. The value estimated is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions unless otherwise stated in this report. The appraiser is not an expert in the identification of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of and inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions which would effect the property negatively unless otherwise stated in this report. It is possible that tests and inspections made by a qualified hazardous substance and environmental inspector would reveal the existence of hazardous substances or detrimental environmental conditions on or around the property that would negatively affect its value.
12. I have not appraised this property or provided any real estate related services in the last three years.

That as of November 7, 2014, I have estimated the Market Value of the property to be:

$810,000
Eight Hundred ten Thousand Dollars

Richard J. Koestner

5

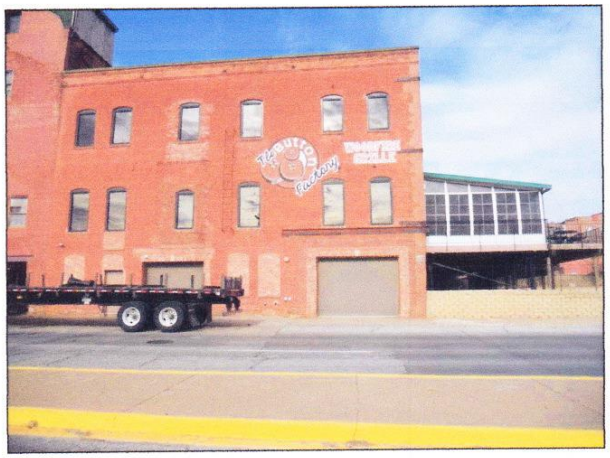
SUMMARY OF FACTS AND CONCLUSIONS

Type of Property:	2-Story Commercial Building
Location:	215 W. Mississippi Drive Muscatine, Iowa
Date of Appraisal: Date Prepared:	November 7, 2014 November 15, 2014
Building Size:	15,720 Sq. Ft. 8,460 Sq. Ft. 1st Floor + 7,260 2nd Floor
Land Size: Land Value	30,033Sq. Ft. or 0.69 Acres $150,000 $5.00/Sq. Ft.
Zoning:	M-1 Light Industrial District
Ownership Interest Appraised:	Fee Simple

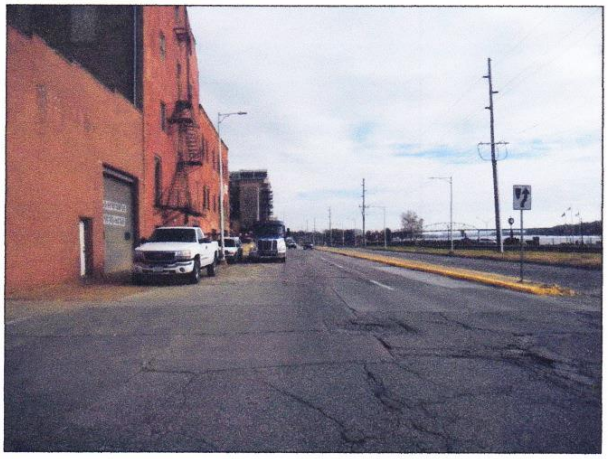
Value Indications:

Value by Cost Approach	$831,500
Value by Income Approach	$815,000
Value by Market Approach	$801,500
Final Estimate of Value	$810,000

East Side Looking Northwest from Chestnut Street



South Side of Subject

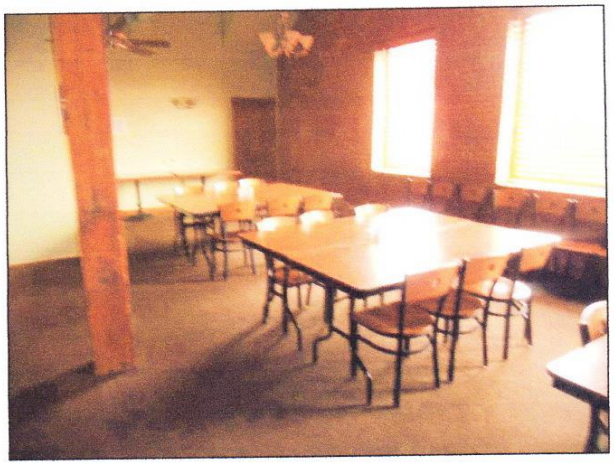


W. Mississippi Drive

Chestnut Street

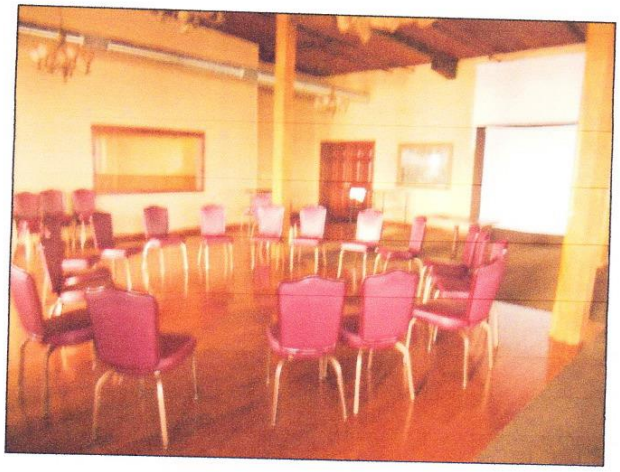
Bar Area

Restaurant



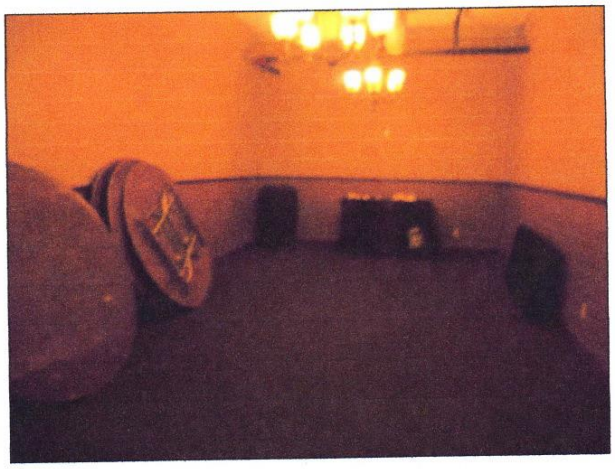
Banquet Room

Kitchen

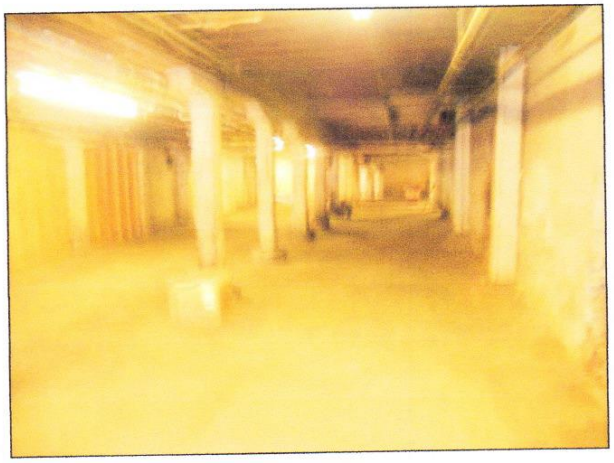


2nd Floor Banquet Room

2nd Floor Banquet Room



Office Area



Basement

Parking Lot

THE ASSIGNMENT

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OBJECTIVE OF APPRAISAL

AND DEFINITION OF MARKET VALUE

Market Value is defined as:

Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised and acting in what they consider their own 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.

* This example definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the *Interagency Appraisal and Evaluation Guidelines*, dated December 10, 2010.

PROPERTY RIGHTS APPRAISED

The property rights appraised are Fee Simple Interest.

Fee Simple Interest is defined as:

An absolute fee; a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation. This is an inheritable estate.

PURPOSE AND FUNCTION OF APPRAISAL

The purpose of the appraisal is to estimate the market value of the subject property. The function of the appraisal is to determine market value for investment and inventory purposes. This is a summary report. The intended user of this report is Rebecca Howe, President, Riverview Hotel Development.

SCOPE OF APPRAISAL

The appraiser will consider all factors that influence Market Value of the subject property and will determine Market Value by using the Market Approach to value. The appraisal will comply with U.S.P.A.P. and FIRREA.

The following data will be considered:

1) Recent land sales
2) Recent commercial building sales
3) Lease information
4) Study of absorption rates
5) Vacancy rates
6) Analysis of recent sales

EXTENT OF APPRAISAL PROCESS

The appraisal is based on the information gathered by the appraiser from public records, other identified sources, inspection of the subject property and neighborhood, and selection of the comparable sales within the subject market area. The original source of the comparables is shown in the Data Source section of the market grid along with the source of confirmation, if available. The original source is presented first. The sources and data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.

The Reproduction Cost is based on Marshall and Swift Cost Handbook and local data supplemented by the appraiser's knowledge of the local market.

Physical depreciation is based on the estimated effective age of the subject property. Functional and/or external depreciation, if present, is specifically addressed in the appraisal report or other addenda. In estimating the site value, the appraiser has relied on personal knowledge of the local market. This knowledge is based on prior and/or current analysis of site and/or sales abstraction of site values from sales of improved properties. For income producing properties, actual rents, vacancies and expenses have been reported and analyzed. They have been used to project future rents, vacancies and expenses.

THE DATA

NEIGHBORHOOD DATA

Boundaries:

Subject property is located in the central section of the downtown business district of Muscatine, 1 block north of the Mississippi River. Neighborhood could best be described as urban.

Neighborhood is bounded by the Muscatine Bypass on the north and west, by the Mississippi River on the south, and by Park Avenue on the east. Neighborhood is 35% commercial, 45% single family, 5% multi-family and 15% industrial. Surrounding use includes a mixture of retail, small commercial shops, light industrial buildings, trending toward residential as you move north and west. There are numerous restaurants, bar & grills and small retail or retail service in the immediate area. The residential properties bordering the downtown business district are in the $45,000 to $80,000 range.

Access and Utilities:

There is public water, electricity, gas and public sewer to the lot. At the time of the inspection the building was occupied and utilities were in working order. The subject is located on W. Mississippi Drive which is also known as business route 61.

Zoning:

There are a number of zonings in the area. Most have a residential, multi-family, commercial, or light industrial zoning. The commercial zoning is mostly along the heavily traveled thoroughfares and the central business district. The multi-family zoning tends to buffer the single family properties from this use.

Trends:

Subject property is located in south central Muscatine. The commercial market has been relatively soft in the Muscatine area. The absorption rate has been increasing over the last two years. The subject property is inside the Highway 61 bypass. The traffic count along the subject's street is less than it had been in the past because through traffic in the area mostly uses the bypass. The past several years have seen increased investment in the downtown business district in an attempt to draw additional traffic into the immediate area. Most of the newer commercial development has taken place on the northeast side of Muscatine. Muscatine has also seen additional commercial investment along the Highway 61 bypass, with newer commercial buildings and higher rents. Because of this over-supply and anxious sellers, there has been downward pressure on the rents and values in many of the older, less desirable commercial buildings, with increasing absorption rates.

SITE DATA

Legal Description:

E 1/2 Lot 2 & Lots 3, 4 & 5 Block 10 Town of Muscatine

I have reviewed the Muscatine Assessor information.

Parcel # 1302205019 & 1302205035

Utilities and Zoning:

According to the city of Muscatine, the property is currently zoned M-1 Light Industrial District. This district is intended to provide for development of retail and service commercial development with light industrial activities of a more general nature, and of service facilities serving a larger community trade. The size and location of the district shall be based on the relationship to the total community need and economy. There has been no survey completed on the property.

Taxes and Assessed Value:

The taxes on the property are $14,326 for both parcels. This is based on the 2013 assessment of $400,590. There are concrete streets, curbs and gutters. There are street lights and public sidewalks. No special assessments per the Muscatine County Courthouse.

Access:

Access to the subject is from Chestnut Street. The downtown business district is generally accessed via either Park Ave. or Grandview Ave. Most of the higher value range single family houses are on the north side of Muscatine, with most of the new development taking place in that area. The subject's neighborhood has seen increased investment over the past several years in an effort to revitalize the downtown business district.

Property History:

The property last transferred in June of 2011. There was no consideration because it was between family members or related parties. There were no arms length transactions in the last three years.

Bearing Quality and Deed Restrictions:

No bearing quality survey has been provided to the appraiser. Appraiser makes no warranties on the bearing quality of the lot.

It would appear that the subject property is not in a H.U.D. Special Flood Hazard Area. The flood map number is 19139C0191C, zone X, dated 07/18/2011. A copy of the flood map is included in this appraisal.

DESCRIPTION OF IMPROVEMENTS

Type of Property	Commercial Restaurant & Office Building
General Class of Construction:	Class C Average Grade Commercial Building

Building Summary

Gross Building Area	15,720 Sq. Ft.
Net Rental Area	15,720 Sq. Ft.
Basement	10,368 Sq. Ft.
Actual Age	1849 - 165 Years
Effective Age	40 Years
Fencing	None
Landscaping	Around Entrance
Signage	Building & Front of Parking Lot
Parking	On Site Parking- 21,300 sq. ft.

Gross Building Area:	
Office	4,860 Sq. Ft.
Restaurant	10,860 Sq. Ft.
Total	15,720 Sq. Ft.
Basement	8,460 Sq. Ft. storage/Garage

Structure

Foundation/Footings	Concrete/Rock
Floor	Concrete
Wall	Concrete & 18' Brick
Roof	Rubber membrane
Number of Buildings	One
Number of Stories	Two

Exterior Wall Finish	Brick
Windows	Thermo Pane Insulated
Exterior Doors	4 Overhead doors, 2 Main doors
Foundation	Concrete/Rock
Rest Rooms	3 baths 19 fixtures Break Room
Insulation	Ceiling, Walls
Equipment & Mechanical	
Heating & Cooling	6 -Forced Air gas fired furnaces with CAC Rooftop
Electrical	Adequate
Sprinkler System	None
Elevator	One
Other	None
Site Improvements	
Paving	Concrete Lot
Fencing	None
Landscaping	Average
Signage	Monument Sign
Visible Contaminants	None Noted
Functional Utility	Average

Visible Contaminants	No Warranties implied
Land to Building Ratio	1.91
Functional Utility:	Average

The first floor restaurant would seat close to 160 and the upper level would be close to 90. The south side of the building has a view of the Mississippi River.

Remodeling, Repairs, Deferred Maintenance: Building is in good condition. Minor repairs and maintenance may be needed. Basic utilities and amenities are in working order.

The property includes no furniture, fixtures or personal property.

Overall Rating

	Good	Average	Fair	Poor
Quality of Construction	X			
Design/ Layout		X		
Exterior Condition		X		
Interior Condition	X			
Site Improvement		X		

REASONABLE EXPOSURE OR MARKETING TIME

When appropriate, a reasonable exposure time for the subject property must be estimated. Reasonable exposure time is defined within the 2014 Uniform Standards of Professional Appraisal Practices, Statement number 6, page U-2 as:

"the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market"

The Uniform Standards of Professional Appraisal Practice also requires the estimate of a reasonable marketing time for the subject property when appropriate. Reasonable marketing time is defined in Advisory Opinion A0-7, page A-13 as:

"An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal"

The subject property is considered a class "B" commercial use. That is, it is situated adjacent to major commercial corridors, which obtain the greatest demand. Within the immediate market area, there are four multiple listing services (Muscatine, Davenport, Illinois Quad City Association, and a Commercial Overlay system). In addition to these services, a large percentage of commercial agents utilize LoopNet, a commercial listing site found at www.loopnet.com. I have reviewed data from these sites, as well as interviewed many commercial brokers and property managers. Given the characteristics of the subject improvements, the estimated marketing time and exposure time is 24 to 36 months. This absorption rate has increased over the last two years.

HIGHEST
& BEST USE

HIGHEST AND BEST USE

The highest and best use of the property is defined as:

That reasonable and probable use that will support the highest present value as defined, as of the effective date of this appraisal. That use from among reasonable, probable and legal uses found to be physically possible, appropriately supported, financially feasible and which results in the highest land value.

After considering this property's zoning, topography and nearby land use and general location, it is my opinion that the subject's use as a commercial or industrial development will be its highest and best use.

When estimating the highest and best use of a property, four basic questions must be addressed. Is the use physically possible, is it legal, is it financially feasible and is it maximally productive. The analysis includes consideration of the highest and best use as if vacant and as improved.

Physical Analysis:

The subject size, shape and topography should be considered. Lot slopes toward the Mississippi River. The lot is adequate size. The site has the necessary access and zoning for retail/commercial/industrial use. All public utilities are available and the subject is proximate to most amenities necessary to support retail/commercial use. Access to the downtown business district is favorable. The surrounding area indicates commercial or light industrial use.

Legal Analysis:

This lot is zoned M-1 Light Industrial District. This is defined under the site section of the report. Proposed uses include a number of commercial or industrial uses. Demand for well located commercial or industrial space is soft at the current time, but this would still be a legally acceptable use.

Feasibility:

The subject property could be used for a retail/service or office use. In reviewing land use in the neighborhood, there has been increased investment in the downtown retail/commercial district over the past several years in an attempt to revitalize the neighborhood. The subject is currently configured as retail/restaurant/office space with basic partitioning, high ceilings and adequate lighting. This use is feasible, but the market is limited. It may also be feasible for the main floor to be leased as retail/commercial and the second floor remodeled as office use.

Maximally Productive:

The maximally productive use would be as retail/service commercial use. Marketing the property to retail, office or service companies would result in the use that is maximally productive. The current use conforms to the highest and best use.

APPROACHES TO VALUATION

Common in the valuation of real estate, three approaches to value are used: the Cost Approach, the Income Approach, and the Sales Comparison Approach. From the indications of these, and the weight accorded to each, an opinion of value is reached based upon the judgment outlined throughout the appraisal process.

My methodology involving the appraisal of the subject property will include the following:

COST APPROACH

The Cost Approach is devoted to an analysis of the physical value of the property; that is, the current market value of the land (assuming it is vacant) to which the depreciated value of the improvements present on the site. The latter is derived based upon my estimate of the cost of the improvements, from which must be deducted accrued depreciation in terms of physical deterioration, functional obsolescence, and external obsolescence, if any. Physical deterioration measures the physical wearing out of the property as observed during my field inspection. Functional obsolescence reflects a lack of desirability by reason of layout, style, or design. External obsolescence denotes a loss in value from causes outside the property itself.

INCOME APPROACH

The Income Approach involves an analysis of the property in terms of its ability to provide a net annual income in dollars. The estimated net annual income is then capitalized at a rate commensurate with the relative certainty of its continuance and the risk involved in ownership of the property.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property, assuming no costly delay in making the substitution. Since no properties are ever identical, the necessary adjustment for differences in quality, location, size, services, market appeal, etc. are a function of appraisal experience and judgment.

THE COST APPROACH

COMMENTS ON COST APPROACH

The Cost Approach to value is based upon the principle of substitution, that is, a purchaser would pay no more for the improved property than the cost of developing a new property. The Cost Approach to value is estimated by the summation of the land, site improvements and the depreciated cost of the improvement.

The accuracy of the Cost Approach is dependent upon the information available in estimating land value, the replacement cost of the improvement and the amount of depreciation accrued on the improvement.

The Cost Approach is most accurate when there is good indication of land value from recent sales and when improvements are new, represent the highest and best use, and do not suffer from significant functional or external depreciation. The property has been renovated but is effectively forty years old. Many estimates would have to be used for cost new and physical depreciation. This approach will be developed but given little consideration

Replacement cost is the estimated cost to construct, at current prices as of the effective date of the appraisal, a building with utility equivalent to the building being appraised, using modern material, and current standards, design and layout (Appraisal of Real Estate Fourteenth Edition).

Marshall and Swift Cost Handbook was used to estimate square footage cost new. This square foot cost was under Commercial Buildings Class C Average Quality. This can be found under Section 13 Page 25. These figures were cross-referenced by local contractors.

External or economic depreciation was taken; this reflects the general economic conditions and the soft demand for industrial property. A simple age/life method of depreciation has been used. Subject had an effective age of 40 years and economic life of 80 years this would make physical depreciation 50%. There is a remaining economic life of 40 years.

There are no functional floor plan inadequacies.

Comparable Land Sales

	Date	Subdivision	Sq. Ft.	Sale Price	S.P./S.F.	Use
1)	12/22/2004	Lot 2 Cedars First Addn	52,708.00	$ 369,320.00	$ 7.01	Culvers
2)	10/1/2010	3010 University	78,408.00	$ 500,000.00	$ 6.38	Office
3)	7/17/2002	Lot 1 Oakview Plaza	57,935.00	$ 380,000.00	$ 6.56	First National Bank
4)	10/1/2010	Lot 1 Blain Farm & Fleet	78,408.00	$ 500,000.00	$ 6.38	Caseys
5)	1/27/2011	Lot 1 Cedar's 2nd Addn.	111,514.00	$ 624,000.00	$ 5.60	Aldi's
6)	6/21/2007	Lot 10 North Port	110,642.00	$ 490,000.00	$ 4.43	Hampton Inn
7)	8/16/2013	Lot 8 Cedar Plaza	33,976.00	$ 150,000.00	$ 4.41	Medical Office
8	9/28/2008	3426 North Port Dr	139,828.00	$ 559,600.00	$ 4.00	Medical Office

Eight land sales in Muscatine were reviewed, there had been no recent land sales in the central business distinct of Muscatine but these sales were used for buildings with similar highest and best use.

Cost Approach

Cost New	Sq. Ft.		Cost			
First Level	8,460	x	$89.40	=	$ 756,324	
Second Level	7,260	x	$59.20	=	$ 429,792	
Basement	8,460	x	$25.60	=	$ 216,576	
Total Cost New						$ 1,402,692.00

Depreciation:				
	Physical	50%	$ 701,346.00	
	Functional	0%	$ -	
	External	10%	$ 140,269.20	
Total Depreciation				$ 841,615.20
Dep. Value of Improvement				$ 561,076.80
Site Improvement	Porch, Parking Lot, Canopy			$ 120,500.00
Lot Value				$ 150,000.00
Indicated Value by Cost Approach				$ 831,576.80

Say $831,500

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THE INCOME APPROACH

ESTIMATE OF VALUE BY THE INCOME APPROACH

The Income Approach is a method of estimating the Market Value of a property based upon its estimated income producing capabilities over its estimated remaining life.

The Income Approach gives consideration to the net income expectancy from rental of the property. This income is capitalized in accordance with prevailing returns on properties or investments of similar risks to determine the amount at which ownership would be justified by a prudent investor.

Forecasting the gross earning potential of the property under prevailing and foreseeable market conditions, future benefits can be estimated. Appropriate allowances for operating expenses, based on the prevailing and foreseeable market, are then deducted from gross earnings. This process will result in an estimate of net monetary benefits to ownership, which will then be capitalized into a present worth.

The procedure used in the Income Approach is summarized as follows:

1. Estimate the Annual Gross Potential Rental Income, by market analysis, which the property is capable of producing.
2. Deduct an appropriate Vacancy Loss Factor and Rental Concessions to arrive at an Estimated Effective Gross Income.
3. Estimate and stabilize the annual expense incurred by the property by utilizing historical operating statements and projected budgets. The annual expenses are then deducted from the Estimated Effective Gross Income to arrive at the Estimated Net Operating Income.
4. Capitalize the Estimated Net Operating Income before recapture at an appropriate rate to reflect interest and recapture (return on and return of the investment) to yield a value indication.

ANALYSIS OF MARKET RENT

To develop this approach, the economic rent of the property must be determined. The restaurant portion of the building is currently leased. The owner indicated that the rent is $4,500/month. This rent is just under $5.00/ per sq. ft. which is in the low range for leases on restaurants, but it does demonstrate concessions that are being made in a soft market. This property had been rented as high as $6,800 per month ($7.81/sq. ft.) to another lessee but that lessee was unable to make the restaurant viable. The current lease does call for increases; this will give the new tenant an opportunity to build the business.

The office area is currently not occupied and not being actively marketed. This office area had been used by the owner and consists of a storage area, three private offices and a work room. The office finish is good but it is on the second level and would require some minor work to separate from the 2nd floor banquet area. Most downtown office rents I have found have been in the $4.00 to $9.00 per sq. ft. range. The owner has indicated that there has been interest in leasing and has had offers of $1,500 a month or about $3.70 per sq. ft. Again, this is on the low side of the range of rental values. It should be noted that there are currently a number of buildings that are currently vacant and offered for lease. I believe most investors would be conservative in their analysis and the lower rent range will be used. For the purpose of this report I will use the actual rents of the property and build an annual increase. The restaurant will start at its current rent of $4.97 and increase over a ten year period to $7.35, and the office will start at $3.70 and increase to $5.06.

EXPENSE PROJECTIONS

Economic Vacancy:

A survey of property managers, real estate brokers and commercial lenders, indicates vacancy rates vary from six to ten percent for class "B" or "C" commercial use. Since the subject property is in a smaller community, I will use the upper portion of the range, say 8%.

Management:

The management fee is the cost of having a professional management company manage the day-to-day operations of the subject property. According to several property managers as well as financials of similar properties, these fees vary from 3% to 7% of the effective gross income. I will use 5%.

Operating Expenses:

This category includes utilities such as water and common electric and heat, as well as other expenses. These expenses vary as some properties have common utilities paid by the landlord. Historical data, as well as pro-formas from competing buildings, are considered. If required, the operating expenses are included in overall expenses. In this instance it would be assumed that if the property is rented, the tenants would pay the operating expenses.

Real Estate Taxes:

Income Approach is based on the economic rent that would have the tenant pay 100% of the taxes. The real estate taxes of $14,326.00 would be paid by the tenant. This would be about $.91 per sq. ft.

Replacement Reserves:

Typically, a reserve for replacement account should be between 2% and 6% of the projected income. I have utilized three percent (3%). $2,420 placed in a reserve for twenty years at 5% would yield $80,019 at the end of the term. This could be used for replacements or tenant improvements.

CAPITALIZATION ANALYSIS

In estimating the value of the subject property by the Income Approach, I utilized the Band of Investment Capitalization technique, predicated upon a 75% loan to value ratio, with a twenty year amortization. After interviewing several commercial lenders, I believe an appropriate rate for a commercial building like the subject property would be six percent (6%). A mortgage rate of six percent has a mortgage constant of .08597. It is my opinion that this property would command a 10% return to equity to attract capital. This is slightly higher than the typical building, but since it is an older building and it is in a smaller community, I feel the higher rate is appropriate. I have also reviewed sales in the area and compared it to their potential gross income and feel a 9% cap rate is accepted in the market. The capitalization rate is calculated as follows:

.08597 x 75% = .06448
.10000 x 25% = .02500
.08948

Say 9.0%

SUMMARY OF THE INCOME APPROACH

The following worksheet calculates the Income Approach for the property. The Potential Gross Income for the building has been established through a review of the lease and is supported by comparisons of competing properties and leases. The vacancy rates have been applied as appropriate. Expenses for management and reserves have also been deducted.

The appropriate capitalization rate has been applied to the anticipated Net Operating Income. The indicated value of the Income Approach is $815,000.

215 W. Mississippi Dr.

Year				1	2	3	4	5	6	7	8	9	10
Income													
C.A.M.	2% Inc.			$ 15,720	$ 16,034	$ 16,355	$ 16,682	$ 17,016	$ 17,356	$ 17,703	$ 18,057	$ 18,418	$ 18,787
Restaurant	$ 4.97	10,860		$ 54,000	$ 54,000	$ 56,700	$ 59,535	$ 62,512	$ 65,637	$ 68,919	$ 72,365	$ 75,983	$ 79,783
Office Area	$ 3.70	4,860		$ 18,000	$ 18,000	$ 18,720	$ 19,469	$ 20,248	$ 21,057	$ 21,900	$ 22,776	$ 23,687	$ 24,634
Total Rentable		15,720											
P.G.I.				$ 87,720	$ 88,034	$ 91,775	$ 95,686	$ 99,775	$ 104,051	$ 108,522	$ 113,198	$ 118,089	$ 123,204
Vacancy			8%	$ 7,043	$ 7,043	$ 7,342	$ 7,655	$ 7,982	$ 8,324	$ 8,682	$ 9,056	$ 9,447	$ 9,856
E.G.I.				$ 80,677	$ 80,992	$ 84,433	$ 88,031	$ 91,793	$ 95,727	$ 99,840	$ 104,142	$ 108,642	$ 113,347
Misc. Mngmnt.			5.0%	$ 4,034	$ 4,050	$ 4,222	$ 4,402	$ 4,590	$ 4,786	$ 4,992	$ 5,207	$ 5,432	$ 5,667
Buildout													
C.A.M.				$ 15,720	$ 16,034	$ 16,355	$ 16,682	$ 17,016	$ 17,356	$ 17,703	$ 18,057	$ 18,418	$ 18,787
Reserves			3.0%	$ 2,420	$ 2,430	$ 2,533	$ 2,641	$ 2,754	$ 2,872	$ 2,995	$ 3,124	$ 3,259	$ 3,400
Expenses				$ 22,174	$ 22,514	$ 23,110	$ 23,725	$ 24,359	$ 25,014	$ 25,691	$ 26,389	$ 27,110	$ 27,855
Net Operating Income				$ 58,503	$ 58,478	$ 61,323	$ 64,306	$ 67,434	$ 70,713	$ 74,150	$ 77,754	$ 81,532	$ 85,493
9.0%													
P.Val. Factor				0.91743	0.84168	0.77218	0.70843	0.64993	0.59627	0.54703	0.50187	0.46043	0.42241
				$ 53,672	$ 49,220	$ 47,353	$ 45,557	$ 43,827	$ 42,164	$ 40,562	$ 39,022	$ 37,540	$ 36,113
										Present Value of Income Stream			$ 435,030
Building Reversion													
Building Value at reversion					$ 900,000								
Factor	9%				0.42241								
Present Value of Reversion					$ 380,169								$ 380,169
				Total Reversion & Present Value of Income Stream									$ 815,199
							Say $815,000						

THE SALES COMPARISON APPROACH

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THE SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of estimating the market value of a property by comparison of actual sales of similar properties to the property under appraisement. The major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The Appraisal of Real Estate, 14th Edition, pages 367 and 368, sponsored by the Appraisal Institute, states:

"The concepts of anticipation and change, together with the principles of supply and demand, substitution, balance, and externalities, are basic to the sales comparison approach. Guided by these principals, an appraiser attempts to consider all issues relevant to the valuation problem in a manner that is consistent and reflects local market conditions".

SUPPLY AND DEMAND:

"Property prices are determined by the market; they result from negotiations between buyers and sellers. Buyers constitute market demand and properties offered for sale make up the supply. If the demand for a particular type of property is high, prices tend to increase; if demand is low, prices tend to decline. Shifts in the supply of improved properties frequently lag behind shifts in demand because supply is created by time-consuming construction and reduced by conversion to other uses, while satisfiable demand can be changed rapidly. The analysis of real estate markets at a specific time may seem to focus on demand, but the supply of properties must also be considered…."

SUBSTITUTION

"As applied in the sales comparison approach, the principle of substitution holds that the value of a property tends to be set by the price that would be paid to acquire a substitute property of a similar utility and desirability within a reasonable amount of time. This principle implies that the reliability of the sales comparison approach is diminished if substitute properties are not available in the market"

BALANCE

"The forces of supply and demand tend toward equilibrium, or balance, in the market, but absolute equilibrium is almost never attained. The balance between supply and demand changes continually. Due to shifts in population, purchasing power, and consumer tastes and preferences, demand varies greatly over time. The construction of new buildings, conversion to other uses, and demolition of old buildings cause supply to vary as well…"

EXTERNALITIES

"Positive and negative external forces affect all types of property. A period of economic development or economic depression influences property values…"

The appraiser has made a survey to obtain sales and offerings of improved properties which were similar to the subject property in improvement, age, style and design, quality of workmanship, materials of construction, building construction, utility and amenities. Of the sales compiled during the appraiser's market survey, the following sales were considered the most comparable to the subject and have been utilized in the following market analysis of the subject property.

SALES COMPARISON APPROACH

VALUATION - Sales Comparison Approach

Characteristic	Subject	Comparable 1		Comparable 2		Comparable 3	
Address	215 W Mississippi Dr Muscatine, IA 52761-3712	2300 Park Ave Muscatine, IA 52761		1415 Grandview Ave Muscatine, IA 52761		417 E 2nd St Muscatine, IA 52761	
Proximity to Subject		2.13 miles NE		1.78 miles SW		0.36 miles NE	
Sale Date	None	12/14/2010		09/29/2011		10/30/2012	
Sale Price	$ None	$ 265,000		$ 144,000		$ 205,000	
Price / Sq. Ft.	$	$ 57.41		$ 45.00		$ 39.88	
Data Source	Inspection	Inspection		Inspection		Inspection	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	ADJ+/(-)	DESCRIPTION	ADJ+/(-)	DESCRIPTION	ADJ+/(-)
Property Rights Conveyed	Fee Simple	Fee Simple		Fee Simple		Fee Simple	
Financing Terms		Conventional		Conventional		Conventional	
Conditions of Sale		Arms Length		REO Sale	+4	Arms Length	
Date of Sale/Time Adjustment		12/14/2010		09/29/2011		10/30/2012	
Adjusted Sale Price		$ 265,000		$ 149,760		$ 205,000	
Adjusted Price Per Sq. Ft.		$ 57.41		$ 46.8		$ 39.88	
Location	Average	Good	-4	Average -	+10	Average	
Age	165 Years	29 Years	-5	61 Years		110 Years	
Condition	Average	Average		Average		Average -	+18
Construction	Good	Good		Good		Good	
Size	15,720 SqFt	4,616 SqFt		3,200 SqFt		5,140 SqFt	
Lot Size	30,033 SqFt	42,253 SqFt		171,626 SqFt	-3	5,600 SqFt	+5
Overall Comparability to Subject							
Net Characteristics Adjustment (in % of C.E. Adj. S.P.)		☐ + ☒ -	-9	☒ + ☐ -	7	☒ + ☐ -	23
Adj. Sale Price of Comparable		$ 52.24/Sq. Ft.		$ 50.08/Sq. Ft.		$ 49.06/Sq. Ft.	

Analysis and Discussion of Sales Comparison Approach/Market Value Conditions: The subject property was the Muscatine Button Factory, a 15,720 sq. ft. factory that was built in the mid 1800s. The property was converted to a restaurant and office use in 2008. This property is well maintained and although it is used as a restaurant now, it could be used as office or retail. There were not many recent comparable sales in the Muscatine area. I have included in the addedum of this report 11 commercial sales in the community. Two restaurant sales are included above; the third is a commercial building in the subject's neighborhood. It wod appear that some of the newer commercial properties sold in the upper $50.00 to low $60.00/ sq. ft. range. The commercial properties in the central business district of Muscatine that recently sold were in inferior condition and sold in the upper $30.00 to low $40.00/ sq. ft. range.
Based on these three sales and taking the additional sales in the addedum into consideration, it would appear the subject warrants a market value of $51.00/ sq. ft.
15,720 Sq. Ft. x $51.00 = $801,720 Say $801,500

RECONCILIATION AND FINAL VALUE ESTIMATE

Exposure Time and Marketing Time: 24 to 36 months

Date of Report	Interest Valued	Effective Date of Value	Market Value
11/15/2014	Fee Simple	11/07/2014	$810,000

$51.00 X 15,720 = $801,720

Say $801,500

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COMPARABLE BUILDING SALE

2300 Park Ave., Muscatine, Iowa 52761

SALE PRICE: $265,000
DATE SOLD: 12/14/2010
BUILDING AREA: 4,616 Sq. Ft.

ASSESSED VALUE: $280,530
LOT SIZE: 42,253 .97 Acre
LAND TO BLDG. RATIO: 9.15

PRICE PER SQ. FT.: $57.41

Doc. #: 2010-06449

GRANTOR: Barrington
GRANTEE: Tulip

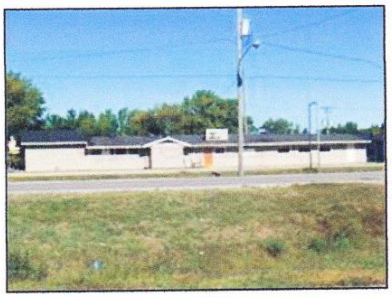
LEGAL DESCRIPTION: Lot 7 & 8 S. 39.2' Lots 5 & 6 North Park
PROPERTY TYPE: Restaurant
ZONING: Commercial
CONSTRUCTION: Brick
YEAR BUILT: 1981
CONDITION: Average
HEATING/COOLING: HVAC
PLUMBING: 2 Baths

COMMENTS: Restaurant converted to office after sale,

SOURCE OF VERIFICATION: Assessor

COMPARABLE BUILDING SALE

1415 Grandview Avenue, Muscatine, Iowa 52761



SALE PRICE: $144,000
DATE SOLD: 9/29/2011
BUILDING AREA: 3,200 Sq. Ft.

PRICE PER SQ. FT.: $45.00

ASSESSED VALUE: $136,360
LOT SIZE: 3.94 Acres, 171,626 Sq. Ft.
LAND TO BLDG. RATIO: 65.41

Doc. #: 2011-04766

GRANTOR: First National Bank, Muscatine.
GRANTEE: VFW

LEGAL DESCRIPTION: Parcel B NE NW & SE NW
PROPERTY TYPE: Restaurant
ZONING: Commercial
CONSTRUCTION: Vinyl
YEAR BUILT: 1959
CONDITION: Good
HEATING/COOLING: HVAC
PLUMBING: 2 Baths

COMMENTS: Restaurant 200 amp

SOURCE OF VERIFICATION: Agent - Assessor

COMPARABLE BUILDING SALE

417 E. 2nd Street, Muscatine, Iowa 52761

SALE PRICE: $205,000
DATE SOLD: 10/30/2012

ASSESSED VALUE: $94,140
LOT SIZE: 40 x 140' 5,600 Sq. Ft.

BUILDING AREA: 5,140 sq. ft.
GRANTOR: Manley
GRANTEE: Honts

LAND TO BLDG RATIO: 1.08
SALE PRICE / SQ. FT. $39.88
DOC NUMBER 2012-05461

LEGAL DESCRIPTION: E. 1/3 Lot 3 W. 1/3 Lot 4 Block 26

PROPERTY TYPE: Commercial Office & Retail Loft Apartment
ZONING: C-2 Commercial
CONSTRUCTION: Average Quality
YEAR BUILT: 1900
CONDITION: Average
HEATING/COOLING: 2 F. Air/CAC
PLUMBING:

COMMENTS:

CONCLUSIONS

FINAL RECONCILIATION

CORRELATION OF VALUE

Value by Cost Approach	$831,500
Value by Income Approach	$815,000
Value by Sales Comparison Approach	$801,500
Final Estimate of Value	$810,000

Conclusion:

In this instance the Cost Approach will be developed, but given little consideration. As mentioned earlier, the Cost Approach is most reliable when the subject property is newer, cost figures can be verified and there is little functional or external depreciation. This was not the case with the subject property. The subject property has an effective age of 40 years and required so many estimates for cost new and depreciation that it would be unreliable.

The Income Approach should give a good indication of value. The lease value used was well within the economic rent range of the area. The actual rents were considered, the rents used were at the lower portion of the value range but in today's market most investors are being conservative on their income estimates. The economic rents were based on a net lease with the tenant paying the property taxes and insurance. Many potential purchasers would consider the quality, quantity and durability of the income stream as a major factor of their purchase decision.

The Sales Comparison Approach will be considered. The comparables used indicate a value in the low $50.00 per sq. ft. range. Sales in Muscatine were considered and most emphasis was placed on the sales that were restaurant use. This approach will be given the most consideration. The comparables had similar utility and a like highest and best use.

Based on the above approaches to value, it is my opinion that the subject property warrants a market value in the fee simple estate of:

Final Estimate of Market Value $810,000

ADDENDA

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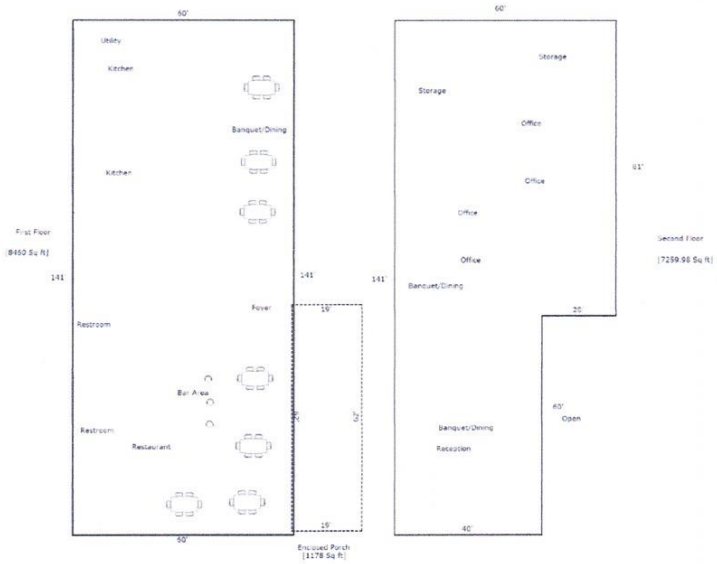
Comparable Building Sales

	Address	City	Date of Sale	Sq. Ft.	Sale Price	S.P./S.F.
1)	710 Grandview Ave.	Muscatine	4/10/2012	2,370	$ 90,000.00	$ 37.97
2)	2300 Park Ave.	Muscatine	12/14/2010	4,616	$ 265,000.00	$ 57.41
3)	1820 Park Ave.	Muscatine	2/18/2013	12,568	$ 400,000.00	$ 31.83
4)	229 E. 2nd St.	Muscatine	12/20/2010	1,761	$ 57,500.00	$ 32.65
5)	215 E. 2nd St.	Muscatine	11/29/2010	2,800	$ 85,000.00	$ 30.36
6)	110 E. 2nd St.	Muscatine	10/18/2013	2,070	$ 75,000.00	$ 36.23
7)	417 E. 2nd St.	Muscatine	10/30/2012	5,140	$ 205,000.00	$ 39.88
8)	1415 Grandview Ave.	Muscatine	9/29/2011	3,200	$ 144,000.00	$ 45.00
9)	1601 Plaza Pl.	Muscatine	8/20/2012	5,000	$ 320,000.00	$ 64.00
10)	128 W. 2nd St.	Muscatine	1/4/2013	5,808	$ 200,000.00	$ 34.44
11)	101 W. Mayne St.	Blue Grass	8/18/2009	3,658	$ 185,000.00	$ 50.57



TOTAL Sketch by a la mode, inc.

Area Calculations Summary

Living Area		**Calculation Details**		
First Floor	8460 Sq ft	141 × 60	=	8460
Second Floor	7259.98 Sq ft	40 × 60	=	2400
		81 × 60	=	4859.95
		0.5 × 81 × 0	=	0.02
Total Living Area (Rounded):	**15720 Sq ft**			
Non-living Area				
Enclosed Porch	1178 Sq ft	62 × 19	=	1178

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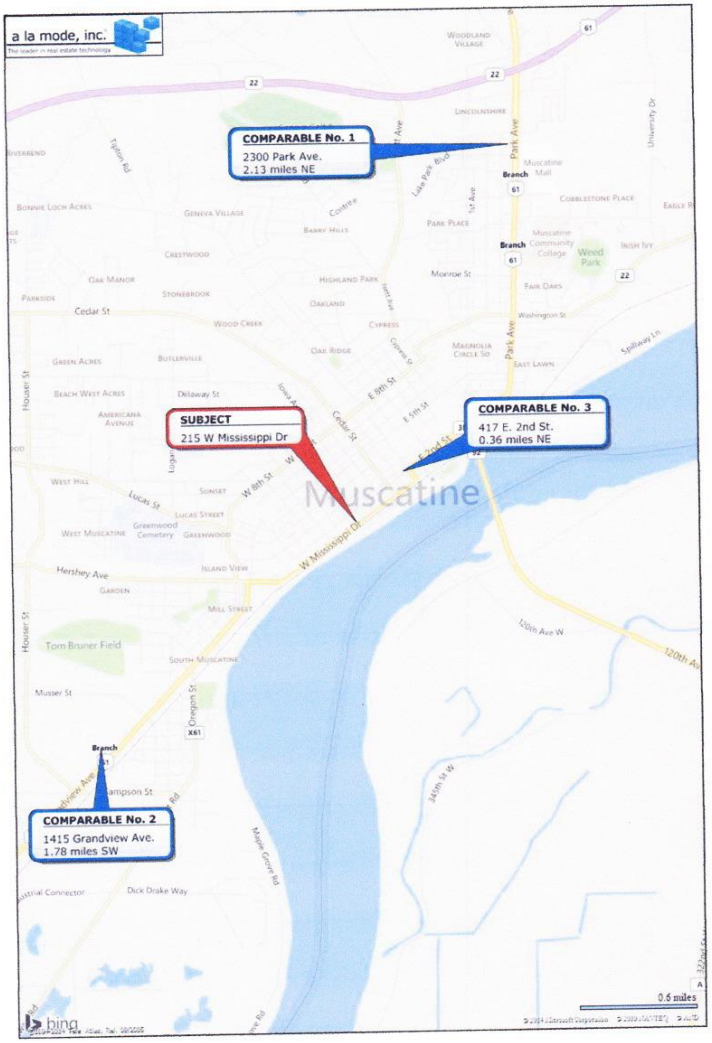
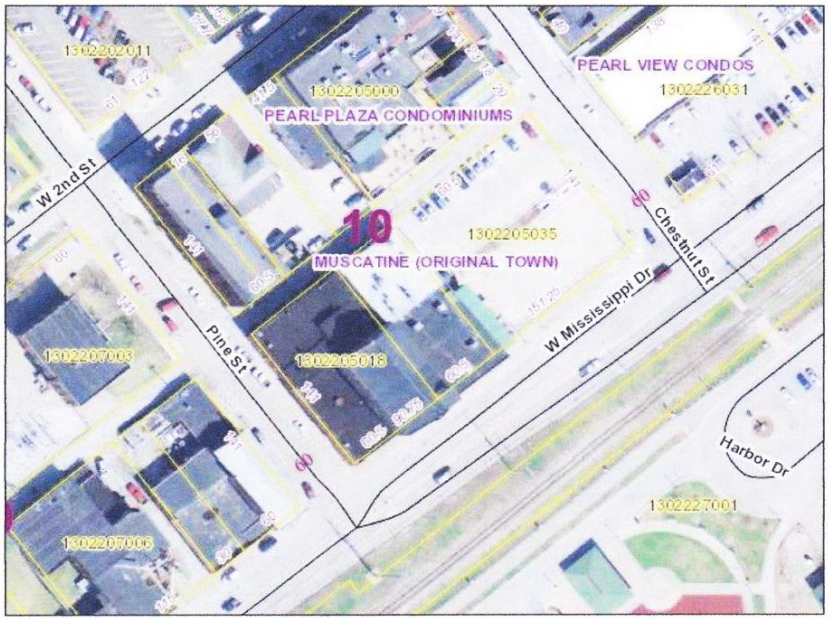
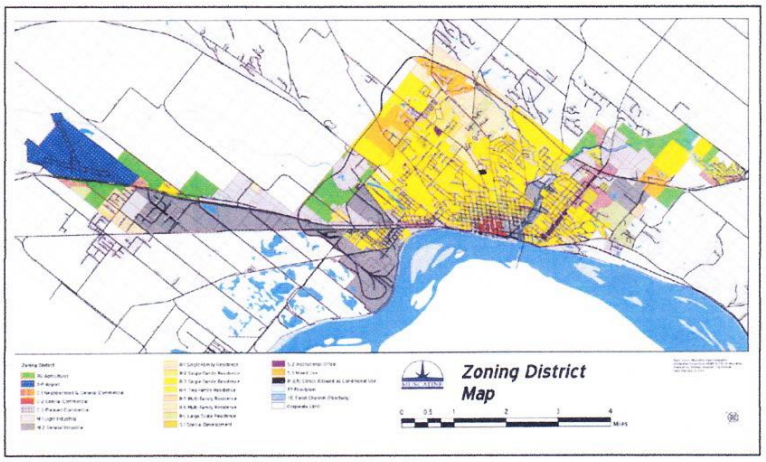

a la mode, inc.
COMPARABLE No. 1
2300 Park Ave.
2.13 miles NE
SUBJECT
215 W Mississippi Dr
COMPARABLE No. 3
417 E. 2nd St.
0.36 miles NE
COMPARABLE No. 2
1415 Grandview Ave.
1.78 miles SW
Muscatine
W Mississippi Dr
Park Ave
Cedar St
Houser St
Oregon St
Musser St
Hershey Ave
Tom Bruner Field
Muscatine Mall
Muscatine Community College
Weed Park
0.6 miles
bing

48


1302202011
1302205000
PEARL PLAZA CONDOMINIUMS
PEARL VIEW CONDOS
1302226031
W 2nd St
10
1302205035
MUSCATINE (ORIGINAL TOWN)
Chestnut St
W Mississippi Dr
Pine St
1302207005
1302205018
Harbor Dr
1302227001
1302207006

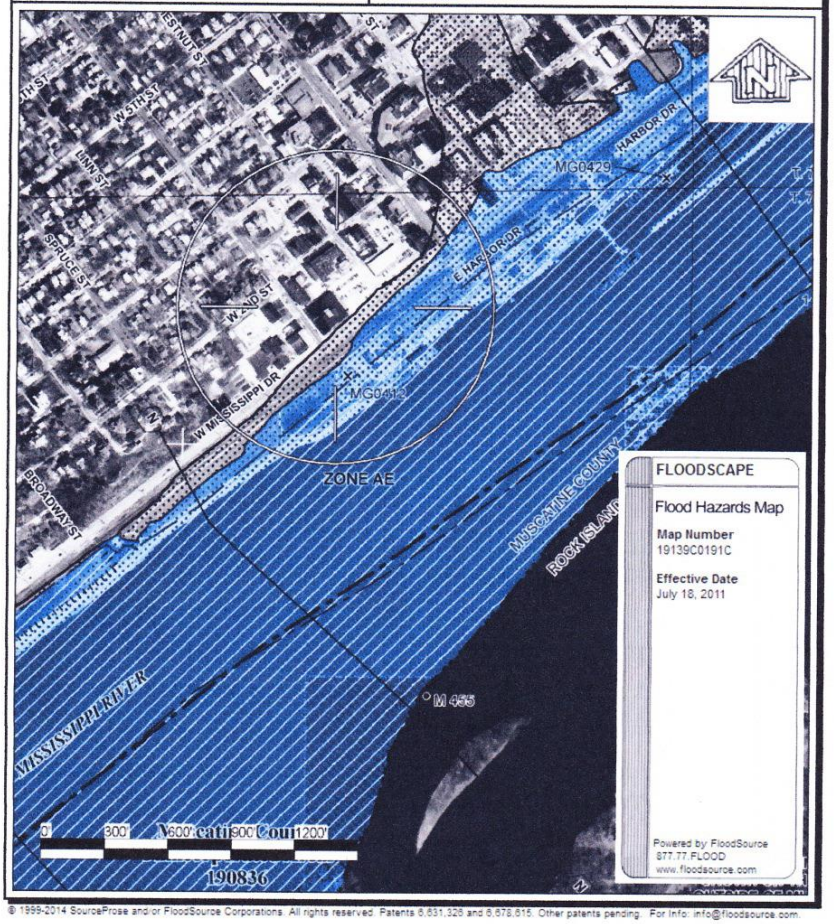

Zoning District
Map

InterFlood by a la mode

www.interflood.com • 1-800-252-6633

Prepared for:
Koestner, McGivern & Associates

215 W Mississippi Dr
Muscatine, IA 52761-3712



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Dick Koestner SRA
2208 E. 52nd St.
Davenport, Iowa 52807
563.355.8572

From: Rebecca Howe [mailto:rhowe@riverviewhoteldev.com]
Sent: Tuesday, October 28, 2014 3:00 PM
To: Ann Meeker
Cc: Dick
Subject: Button Factory Lot

I would like to look at the potential of purchasing the Button Factory lot for the project. Because the appraisal had done is over 24 months old, I will need to do a new appraisal. Dick Koestner of Koestner, McGiven and Associates will be contacting you shortly to begin the process.

Let me know if you have any issues or questions.

Rebecca Howe
Riverview Hotel Development, L.L.C.
770-630-8414
www.riverviewhoteldev.com
Rhowe@signatureshutters.com

KOESTNER, MCGIVERN & ASSOCIATES
Real Estate Appraisals and Consulting

RICHARD J. KOESTNER, S.R.A.
Davenport, Iowa 52807

STATE LICENSING:

IOWA:
General Residential Real Estate Property Appraiser
Certificate # CG01608
FHA approved
Real Estate Broker/Office # B05091000

ILLINOIS:
Certified General Real Estate Appraiser
License # 553.001427
FHA approved

MEMBERSHIP:

Membership in professional and technical organizations related to appraisal activities.

REALTOR: State of Iowa Realtor of the Year 1999
Omega Tia Ro 1999
Iowa Association of Realtors, State President 1997-98
Greater Davenport Board of Realtors, President 1987
Iowa Appraiser Examining Board Chair 2005
NAR Appraisal Committee Chair 2008

APPRAISAL: Appraisal Institute - 1987 to present
S.R.A.-Senior Residential Appraiser Designation
2006 Board of Director of Iowa Chapter Appraisal Institute
2008 Iowa Chapter President
- Served on Professional Standards Committee and Candidate Guidance
- Approved Instructor for the Appraisal Institute

EDUCATION:

Formal Education:

University of Iowa, Iowa City, Iowa BBA in Marketing and Real Estate	1973-1977
Assumption High School, Davenport, Iowa	1969-1973

Professional and Technical Appraisal Courses:

Iowa Chapter of the Appraisal Institute:	
The Value of Communication (Report Writing)	June 2010
Introduction to FHA Appraising	March 2010
Current Governmental Policies Affecting Real Estate	November 2009
Appraising Distressed Commercial Real Estate	October 2009
7-Hour National USPAP Update Course	April 2009
The New Residential Market Conditions Form (P.M.)	April 2009
Appraisal of Residential Property for Foreclosure and Preforeclosure	March 2009
RE Appraising in Response to Financial and Economic Disaster	November 2008
Iowa Real Estate Commission:	
Instructor Development Workshop	June 2007
Appraisal Institute:	
National Uniform Standards of Professional Appraisal Practice	May 2007
FHA and the New Residential Appraisal Forms	March 2007
Basic Appraisal Procedures	October 2006
Real Estate Investment & Development	September 2006
The Road Less Traveled - Special Purpose Properties	March 2006
Course 11530 - Advanced Sales Comparison & Cost Approaches	July 2005
Course 810 Computer-Enhanced Cash Flow Modeling	January 2004
Rates and Ratios	September 2003
Course 420 Business Practices and Ethics	July 2003
Course 400 USPAP	July 2003
Land Valuation Assignments	March 2003
Appraisal Institute:	
Advance Income Capitalization Boca Raton, FL	November 2001
Appraisal Institute, Chicago, IL	
General Report Writing, Course IL-VII	April 2001
Appraisal Institute Online Courses	
Online Appraisal Curriculum Overview - Residential	December 2011
Iowa Association of Realtors:	
Appraising Atypical Properties	March 2001
Illinois Real Estate Appraisal Examining Board:	
Appraising in 2011 with New Lending Reforms and Regulations	November 2010
Regression Analysis in Appraisal Practice	October 2000
McKissock:	
USPAP #021-700	September 1999
FHA & Appraiser Process	
AIREA	July 1999
Iowa Chapter Appraisal Institute:	
Supporting Sales comps/Grid Adjustments	May 1999
Appraisal of Local Retail Properties	May 1999
Appraisal Institute:	
Standards of Professional Practice, Part B, IL #$20	December 1996
Appraisal Institute:	
Standards of Professional Practice, Part A	November 1995
Numerous continued education classes from 1978-1994	

Appraisal Conferences and Seminars:

Iowa Appraisal Examining Board	
Peer Review Training	May 2005
Culver Group	
New Fannie Mae Forms	April 2005
Appraisal Institute Iowa Chapter	
Evaluating Residential Construction	March 2005
Culver Group	
USPAP	February 2005
Appraisal Institute-Iowa:	
The Ugly House-Counting the Cost	March 2002
Appraisal Institute-Chicago Chapter:	
Appraisal of Local Retail Properties	May 1999
Appraisal Institute-Iowa Chapter:	
Appraisal Sales Comparison Grid	
Adjustments for Residential Properties	May 1999
Appraisal Institute-Rockford, Illinois:	
Board of Realtors:	
Fair Lending & The Appraiser	April 1999
Des Moines Area Association of Realtors:	
Iowa Commercial Real Estate Expo	October 1998
Iowa Association of Realtors:	
Fundamental of Investments	May 1998
Drive-By Appraisals	May 1998
Appraisal Institute-Iowa Chapter:	
Eminent Domain & Condemnation Appraising	May 1998

Numerous conferences and seminars from 1982-1997

EMPLOYMENT HISTORY:

Koestner Realty Ltd., President 1975 to Present
Koestner Realty Ltd., is a family owned business established in 1951.
Koestner, McGivern and Associates, partnership established on January 1, 1994.

31 Years appraisal experience
Extensive in-house files and databases
Over 8,800 residential reports completed
Over 600 commercial reports - $100,000 to $6.1 million
100% of income is attributed to Real Estate Appraisal

MEMBERSHIP AND COMMITTEE WORK:

State of Iowa -
Real Estate Appraiser Examining Board- 5/1/2001 to 4/2007
- Chairman- 2 years
- Chairman of Disciplinary Committee- 4 years

National Association of Realtors-
- Director 1996-2001
- Appraisal Committee 2005-2006
- Appraisal Committee Chair 2008
- Chair of Small Board Sub-forum 2001
- Research Committee 1997-1999

Iowa Association of Realtors-
- Realtor of the Year 2010
- Realtor of the Year 1999
- Appraisal Committee Chair
- Mediation Chair
- Chaired six other committees and tasks forces
- State President 1998

American Institute of Real Estate Appraisers-
- Chapter Level-
  - Candidate Guidance Committee
- National Level-
  - Professional Standards Committee
  - Residential Demonstration Appraisal Reports
  - Grading Committee
  - Chapter President 2009

Society of Real Estate Appraisers-
- Chapter Level-
  - Research Committee
  - Candidate Guidance Committee
  - Vice President 1989-1990
  - President 1991

Greater Davenport Board of Realtors-
- Chaired or Co-chaired nine committees
- President 1987
- Realtor of the Year 1988 and 1999
- Quad City Area Association Realtors Vice Chair 2009

Iowa Mortgage Bankers Association
- Co-chaired the Appraisers Ad Hoc committee 1996-1997

University of Northern Iowa-
- Member of Real Estate Education Program Advisory Council 2001-2006

Realtor Foundation-
- Vice President of Realtors Foundation 2004-2006
- President 2009

Fannie Mae-
- Iowa Partnership Advisory Committee

OUTSIDE INTERESTS AND ACTIVITIES:

- Council on Children at Risk (Board Member)
- East Davenport Little League (Board Member)
- Junior Achievement (11 years teacher)
- Habitat for Humanity- Quad Cities
- St. Paul the Apostle Church-
  - Education Board 1996-1998
  - Church Building Committee 1997
  - Parish Council 2001 / Parish Council president 2003

SOURCES OF INFORMATION:

Koestner, McGivern & Associates belongs to 8 regional MLS systems in eastern Iowa, western Illinois, and western Iowa. These include the Greater Davenport Board of Realtors, Illinois Quad City Area Realtor Association, DeWitt Board of Realtors, Muscatine Board of Realtors, Burlington Board of Realtors, Fort Madison Board of Realtors, Council Bluffs Board of Realtors, and the Greater Omaha Association of Realtors. In addition to the MLS sources listed above, a database of 20+ years includes land, rental, and re-sale trends for most of our areas. In addition to these databases, memberships in the local Homebuilders, Chamber of Commerce, and other social/local charitable organizations are held. Both residential and commercial Marshall & Swift Cost Services are held, as well.

Additional information regarding our company, areas of coverage, services offered and other pertinent data can be found at our corporate web page:

WWW.MARKETVALUE.COM

Dick's e-mail address is: Dick@marketvalue.com

Fields of Opportunities

STATE OF IOWA

IOWA DEPARTMENT OF COMMERCE
PROFESSIONAL LICENSING AND REGULATION

THIS IS TO CERTIFY THAT THE BELOW NAMED
HAS BEEN GRANTED A CERTIFICATE AS A
GENERAL REAL PROPERTY APPRAISER

CERTIFICATE NO. CG01608 EXPIRES: 6/30/2016

KOESTNER, RICHARD J
KOESTNER MCGIVERN ASSOC.
2208 E 52ND ST. SUITE B
DAVENPORT, IA 52807