



435 South Broadway / Wichita, Kansas 67202  
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## **Real Estate Appraisal**

**of:**

**The Bluff Flats at Sleepy Hollow  
644-646 N. Bluff Street  
Wichita, Kansas 67208**

**Prepared For:**

**Meritrust Credit Union  
151 N. Main Street  
Wichita, Kansas 67202**



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November 30, 2023

Meritrust Credit Union  
Attn: Ms. Carolyn Prester  
151 N. Main Street  
Wichita, Kansas 67202

RE: 2023-288  
The Bluff Flats at Sleepy Hollow  
644-646 N. Bluff Street  
Wichita, Kansas 67208

Dear Ms. Prester:

In response to your request, I have personally inspected and appraised the above referenced property. The subject of this report is currently an 8 unit apartment building, containing approximately 5,600 SF of rentable area and is situated on 13,996 SF of land.

The purpose of the inspection and following appraisal report is to estimate the Market Value, "As-Is" of the fee simple and leased fee interests on the subject of this report. The intended use of the report is for underwriting for mortgage financing. The intended user is Meritrust Credit Union.

The value contained within the following report applies to the date of value of November 20, 2023 ("As-Is"). Value is also set forth by certain definitions, limiting conditions, and certifications contained within the following report. Based on data in the report, and contained within the appraiser's work file, the estimated Market Value is determined as follows:

"As-Is" as of November 20, 2023	\$1,100,000
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The following report complies with the standards and regulations outlined in Title XI of the Federal Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). In addition, the report conforms to the Office of the Comptroller of Currency's (OCC) appraisal standards. This includes compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Institute as promulgated by the Appraisal Standards Board of the Appraisal Foundation; compliance with USPAP includes the ethics and competency provisions.

Thank you for the opportunity to be of service and please let me know if you have any questions.

Respectfully submitted,

Cody James Foster  
Kansas State Certified Appraiser G-3471

Commercial Real Estate Specialists  
Appraisal & Consulting

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## Section One - Executive Summary



**Type of Property:** 8 Unit Apartment Building

**Property Address:** 644-646 N. Bluff Street  
Wichita, Kansas 67208

**Legal Description:** Lots 629, 630, 631 and 632 Overlook Addition to the City of  
Wichita, Sedgwick County, Kansas

**Tax Key No.:** 00153271

**Site Area:** 13,996 SF  
0.32 acres

**Improvements:** GBA: 6,552 SF Per Sedgwick County Data  
NRA: 5,600 SF Estimated

**Zoning:** B – Multi-Family

**Appraised Value:**

Tax Year	2023
County Appraised Value	
Land	\$24,500
Improvements	\$207,700
Total	\$232,200
Assessment Ratio	11.5%
Assessed Value	\$26,704
Taxable Value	\$26,704
Tax Rate	115.114
General Taxes	\$2,747.61
Special Assessments	\$67.04
Total Taxes	\$2,814.65
Payment Status	Current
Amount Due	\$0
Source: County records.	



**Highest and Best Use:** As-If Vacant: Multi-family  
As Improved: Continued Use as Multi-family

**Property Rights Appraised:** Fee Simple & Leased Fee

**Date of Inspection:** November 20, 2023

**Date of Valuation:** November 20, 2023 "As-Is"

**Furniture, Fixtures & Equipment:** None. No personal property or intangible items are included in this valuation. Removable fixtures such as the kitchen appliances and hot water heaters are considered to be real estate fixtures that are essential to the use and operation of the complex. Supplemental income typically obtained in the operation of an apartment complex is included; which may include minor elements of personal and business property. As immaterial components, no attempt is made to segregate these items.

**Estimated Market Exposure Time:** 6-12 months

## Value Opinions and Conclusions

### Fee Simple Estate:

Income Approach .....	\$1,100,000
Sales Approach .....	\$1,050,000
Cost Approach .....	Not Processed

**Final Indicated Market Value:** ..... **\$1,100,000**

*\*Please refer to the Special Assumptions and Limiting Conditions noted in Sections 1 and 9.*



## Definitions and Concepts

**Property Rights Appraised:** Property rights appraised are the fee simple and leased fee interests.

*A fee simple interest* is defined as an absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.<sup>1</sup>

In the case of the subject property, leased fee interest is effectively equivalent to fee simple interest.

Property rights appraised include the leased fee interest. *Leased fee interest* is defined as the ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.<sup>2</sup>

**Purpose of the Appraisal:** To estimate *Market Value* of the subject property as of the effective date of the appraisal.

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their 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.<sup>3</sup>

**Intended Use of the Appraisal:** The intended use of this appraisal is to document the collateral value for a federally related transaction.

**Intended Users of the Appraisal Report:** Meritrust Credit Union

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<sup>1</sup> The American Institute of Real Estate Appraisers *The Dictionary of Real Estate Appraisal, Fourth Edition*, (copyright by the Appraisal Institute, 2002.)

<sup>2</sup> Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

<sup>3</sup> FIRREA 12 CFR 34, Sections 323, 564, 722.



## Scope of Work

The *Scope of the Work Rule* of USPAP states, that for each appraisal, an appraiser must:

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclosure of the scope of work in the report.

USPAP does not require a scope of work section, but requires the scope of work to be disclosed throughout the report. This section is presented as an outline to the scope of work performed, but the user should read the entire report to fully understand the scope of work.

Inspection	Cody James Foster and Angela Baysinger observed the property's interior and exterior on November 20, 2023 accompanied by Ms. Heather, with the property management company.
Income Approach	The income approach compared market rents to contract rent. A stabilized income and expense statement was estimated after analyzing historical income and expenses, and a value estimate was developed through direct capitalization. At a minimum, a drive-by inspection was made of each of the comparable leases.
Sales Comparison Approach	The sales comparison approach consisted of an analysis of comparable sales, which were adjusted for differences in physical and/or economic characteristics. A drive-by inspection was made of each of the comparable sales.
Cost Approach	Not processed. Given the age and degree of physical depreciation, the typical buyer would not consider the cost approach in their decision purchase process. Appraiser believes inclusion of this approach could be misleading and therefore was not processed.

Public information was obtained from the local county courthouse and city and state offices. Market data including land and improved sales and lease data was obtained from a variety of sources including:

- Monthly sales reports from Sedgwick County Appraiser
- Martens Appraisal Market Outlook
- The Martens Companies Research Reports, published in-house on a quarterly basis
- The files of Martens Appraisal, LLC
- Local brokerage offices, appraisal offices and other market participants;
- *Korpacz Real Estate Investor Survey* – This is a quarterly publication published by PriceWaterhouseCoopers. Data gathered from this resource includes discount rates (IRR), overall capitalization rates, and residual capitalization rates for four market segments;

### Information Requested by the Appraiser:

- Real estate purchase contract and listing agreement/marketing material
- Financing terms (interest rate, amortization schedule, LTV, DCR)
- Site survey
- Environmental site assessment
- Legal description
- Title policy
- Copy of Restrictive Covenants
- Building plans/unit layouts





- Unit mix and square footage of units
- Current lease terms
  - Current asking rents
  - Application fees
  - Deposits
  - Lease terms (6, 12 months)
  - Utilities included with rent
  - Move-in specials
  - Other miscellaneous charges to tenants
- Current tenant rent roll
- Detailed income/expenses for past three years
- Year-to-date income/expense schedules
- Historical occupancy figures
- Major capital repairs and costs during the past 2-3 years
- Planned capital repairs and costs during the next 2-3 years
- Known items of deferred maintenance
- If out of town property
  - Copies of most recent real estate tax bills
- If HUD property
  - HUD Section 8 current market rent levels and terms of Section 8 contract
  - Copy of PCNA Report with replacement schedule (Building engineer's report)
- If LIHTC property
  - Copy of Kansas application for tax credits;
  - Kansas award notice/agreement for reservation of LIHTC specifying annual amount of credit, beginning and end date of compliance period;
  - LP agreement or LP letter of intent for tax credits;
- Any other pertinent information.

**Information Provided to the Appraiser:**

- Real Estate Purchase Agreement
- Pro-Forma/Rent Roll
- Leases

**Special Assumptions and Limiting Conditions:**

The value opinion reported is qualified by certain definitions, limiting conditions, and certifications which are set forth in this report. Due to the nature of the appraisal problem, the appraiser had to use the following extraordinary assumptions and hypothetical conditions, as per Standards Rule 1-2 and 2-2 of USPAP.

- FF&E is included in the opinion of value contained in this report.
- Three units at the subject property were inspected. The condition, finishes, and layouts of the units inspected are assumed to be representative of all units in the property.
- As part of this appraisal, I assume there are no environmental conditions that would negatively impact the marketability of the property. If such conditions exist, it could negatively impact my opinion of market value.

Should the special assumptions and limiting conditions summarized above and on the preceding page prove to be false, it is likely there would be an impact on the market value conclusions contained herein.



## History of the Property

According to county records, the owner is Miago, LLC. According to county records Miago LLC purchased the subject property from Dennis L. Gillen on September 30, 2020 for a reported purchase price of \$250,000. Since the 2020 purchase, extensive renovations have been completed to the subject property. To the best of our knowledge there have been no transfers of ownership within the past three years.

## Offers to Purchase

As part of this assignment, we were provided with an executed Real Estate Purchase Agreement, dated November 3, 2023, between Kenneth & Mallory Mitchem (buyer) and Miago, LLC (seller) for a purchase price of \$1,100,000. A copy of the Real Estate Purchase Agreement is located within the addendum of this appraisal report.

## Taxes, Assessments and County Valuation Analysis

Current general property taxes for the subject property are \$2,747.61, based on a Sedgwick County appraised value of \$232,200. The property also has special assessments of \$67.04 per year, which are for solid waste fees, resulting in a total tax obligation of \$2,814.65.

Real estate taxes are paid in arrears and are typically paid twice per year, with one-half of the payment made in December and the second half of the payment made in May of the following year. According to the on-line services of Sedgwick County, there are no past due taxes noted for the subject.

As noted in the table to follow, the 2023 appraised value of the subject property through the Sedgwick County Appraiser's Office is less than the pending sale price of the real estate of \$1,100,000. Since by definition, the market value estimate of the subject property assumes a sale of the real estate, real estate taxes on a stabilized basis have been estimated for the subject as noted below.

Real Estate Tax Estimate		County Valuation	Pending Sale Price
Value		\$ 232,200	\$ 1,100,000
Assessment Rate	x	11.5%	11.5%
Assessed Value	=	\$ 26,704	\$ 126,500
	÷	\$ 1,000	\$ 1,000
Taxable Value	=	\$ 26.70	\$ 126.50
Tax Rate per \$1,000	x	115.114	115.114
General Taxes	=	\$2,747.61	\$14,561.92
Special Assessments	+	\$67.04	\$67.04
Total Tax Estimate	=	\$2,814.65	\$14,628.96

As a test of reasonableness to the real estate tax estimate noted above, we researched apartment properties throughout Sedgwick County that have recently sold, comparing the sale price of each property to the Sedgwick County appraised value at the time of sale, and then to the County appraised value following the sale. This comparison was made to determine whether or not properties, in general, are reassessed at 100.0 percent of the sale price following a transaction.

In general, of the 19 sales researched during the past few years, 15 sales indicate an increase to the county appraised value after the date of sale. Additionally, nine sales, or 47.4 percent of the transactions analyzed, have a county appraised value after the date of sale equal to 80.0 percent or more of the sale price reported for each property. Thus, providing support to the expectation that the Sedgwick County appraised value for the subject property would increase if

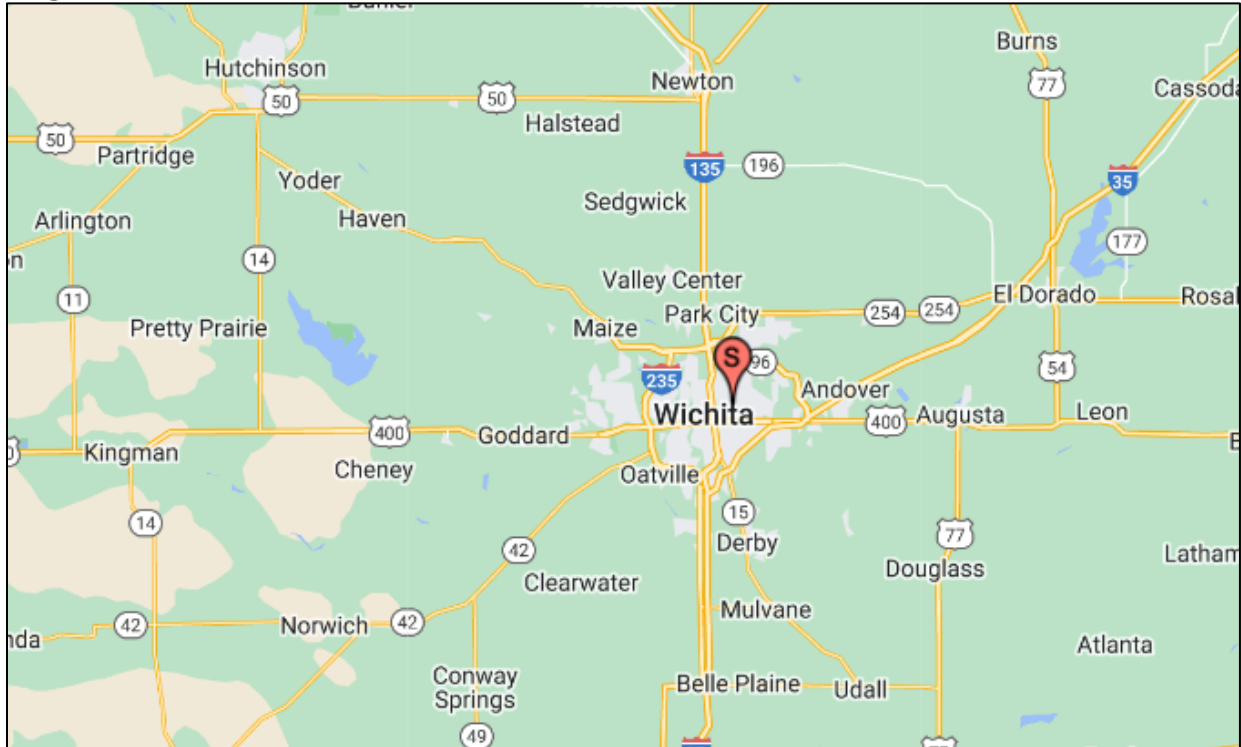


the property were to sell. If the property were taxed at 85.0 percent of the pending sale price of \$1,100,000, general real estate taxes would increase to \$12,377.63. Adding to the special assessments of \$67.04 for solid waste fee, the estimated tax obligation for the subject totals \$12,444.67, as illustrated in the chart below. Again, since the definition of market value assumes a sale of the real estate, and the premise under which the subject property is being valued, this estimated tax liability has been incorporated into the analyses to follow.

Real Estate Tax Estimate		Based on 85% of Sale Price
Market Value Estimate		\$ 1,100,000
	x	85.0%
Estimated Taxable Value	=	\$ 935,000
Assessment Rate	x	11.5%
Assessed Value	=	\$ 107,525
	÷	\$ 1,000
Taxable Value	=	\$ 107.53
Tax Rate per \$1,000	x	115.114
General Taxes	=	\$ 12,377.63
Special Assessments	+	\$67.04
Total Tax Estimate	=	\$ 12,444.67

## Section Two - Wichita MSA Analysis

### Regional Map



### Market Area Map

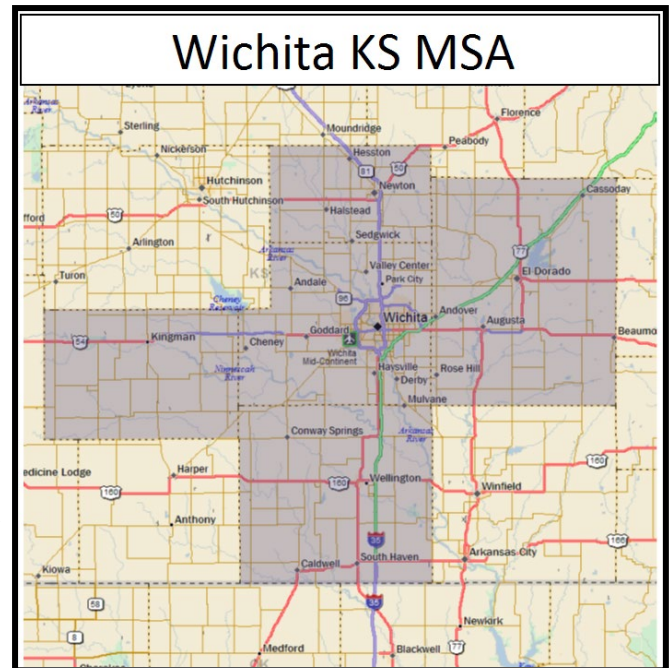


## Wichita MSA Summary Area Analysis

The Wichita Metropolitan Statistical Area (MSA) is comprised of the following five counties: Butler, Harvey, Sumner, Sedgwick, and Kingman. According to Esri, the 2020 estimated population is 651,374 persons. Between 2020 and 2025, the Wichita MSA is expected to grow about 2.1%, slightly more than the projected population growth for the state of Kansas, but below the projected 3.7% growth expected nationally.

Sedgwick County (pop. 516,042) is the central county of the MSA (80% of MSA population). In addition to Wichita, Sedgwick County contains twenty smaller cities ranging in population from Derby (pop. 23,847) to Viola (pop. 128). Sedgwick County's population has increased by 16,914 persons (3.4%) since 2010. CEDBR projects the MSA's population to grow by 17.3% to 605,262 by 2040.

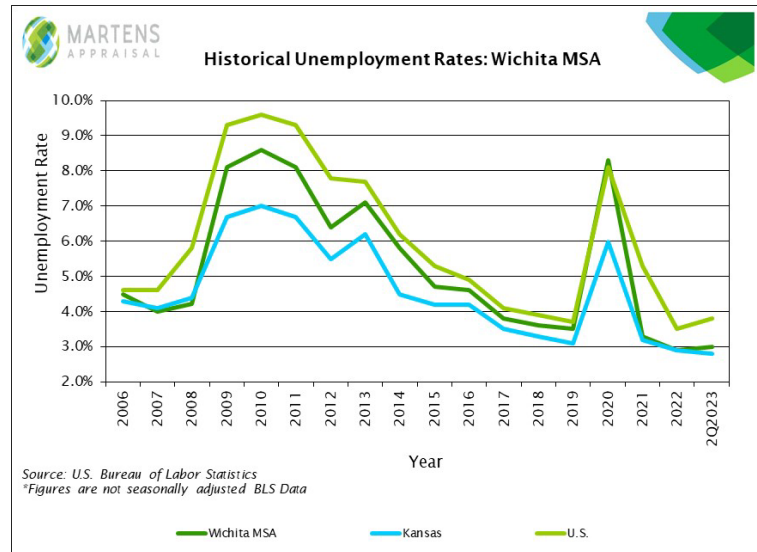
The city of Wichita is the economic hub of southcentral Kansas and northern Oklahoma, and the economy is anchored by a large manufacturing sector, including four aircraft assembly plants. In addition to aircraft manufacturers, the local economy is also supported by healthcare and education. These sectors account for nearly 45 percent of jobs in the area. In February 2023, Governor Kelly announced that Integra Technologies is bringing a semiconductor manufacturing plant to Wichita that will create at least 2,000 jobs. According to Governor Kelly, this will be the second largest private investment in Kansas history. The top ten employers in the city as of 2Q2023 include:



Wichita MSA Top 10 Employers		
Company	Primary Services	Full-Time Local Employment
1 Spirit AeroSystems	Aircraft Assemblies	11,500
2 Textron Aviation (Beechcraft and Cessna)	Aircraft Manufacturer	9,600
3 McConnell Air Force Base	Air Force Base	5,917
4 Unified School District 259 -- Wichita	Public School District	5,556
5 Steven Enterprises	Automotive Dealership and Service	3,529
6 Ascension Via Christi	Health Care	3,239
7 Koch Industries	Global HQ -- Diversified	2,987
8 City of Wichita	Municipal Government	2,791
9 Sedgwick County	County Government	2,556
10 Wichita State University	Higher Education	2,465

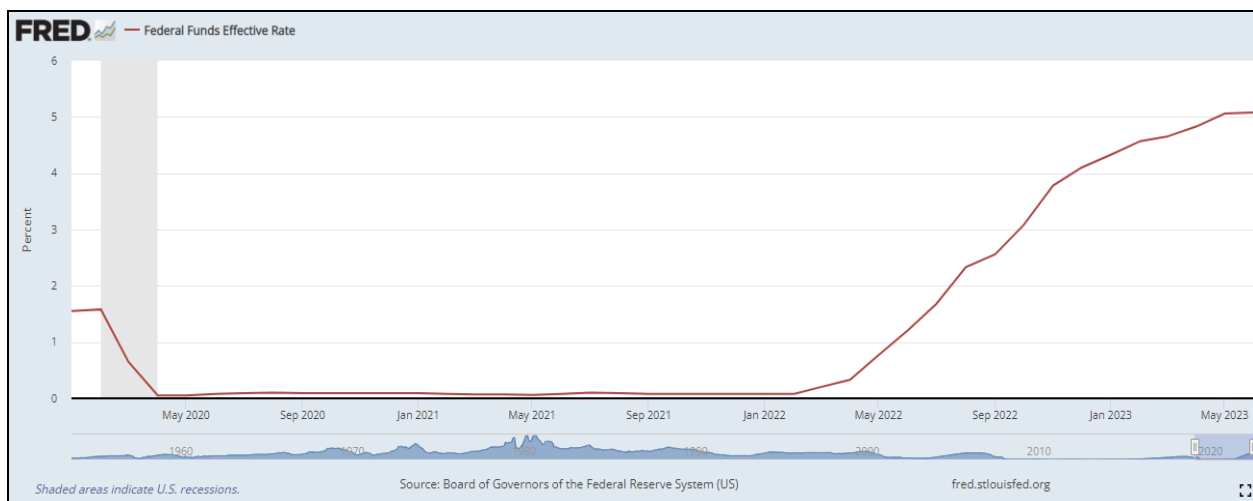
Source: Wichita Business Journal 07-July-2023

According to the U.S. Bureau of Labor Statistics, the Wichita MSA had a civilian labor force of 321,900 in May 2023. As the graph illustrates, unemployment rates have primarily fluctuated between the national and state rates for the previous several years. Unemployment rates spiked amid the COVID-19 pandemic, but at year-end 2021 had normalized to pre-pandemic levels. The Paycheck Protection Program served to stabilize professional services, employment, and other government stimulus programs, including the unemployment supplement, and temper the impact on the service and blue-collar worker segment. All employment sectors are expected to improve into 2023 with retail, leisure, and hospitality leading the way as restaurant and travel return to pre-pandemic levels.



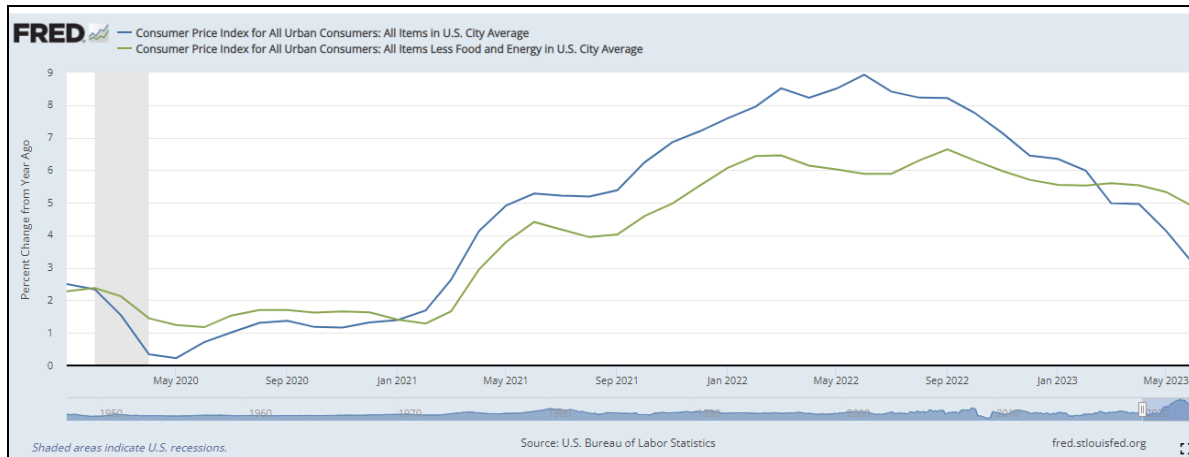
Several factors will continue to influence the economy in 2023, testing the Fed's ability to maintain price stability and GDP growth. There are signs of nascent optimism, and the growth outlook has picked up across all regions. However, policymakers, businesses and households continue to face headwinds, including persistent inflationary pressures and tighter financial conditions. Inflation, still a primary concern, is quickly moderating as a result of numerous rate hikes throughout 2022. On 23-July-2023, the Fed raised its benchmark interest rate by an additional quarter of a percentage point to 5.25%, within a target rate range of 5.00% to 5.25%. The increases that started in March 2020 from a point of near-zero — mark the most aggressive Fed tightening since it started using the overnight funds rate as its principal policy tool in 1990.

## Federal Funds Effective Rate



## Personal Consumption Inflation & CPI Inflation

The hikes also come with the hopes that headline inflation will continue its downward drift this year, as measured by the Fed's preferred personal consumption expenditures price index, which showed inflation at 3.08% as of July 2023. This compares very favorably to the 8.26% inflation rate one year ago, and is now lower than the long-term average (1960 to 2022) rate of 3.8% per year. Investors are hopeful this marks the end of the Fed's ongoing rate increases.



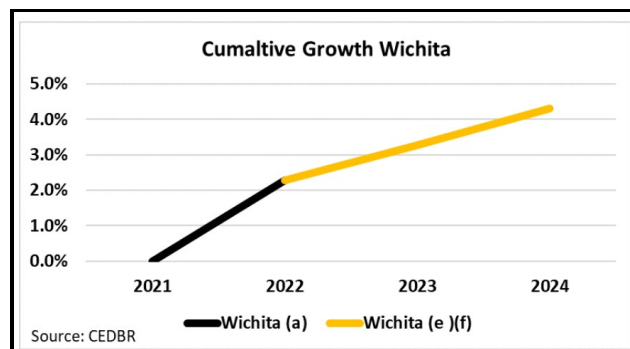
## Local Market Economic Overview

Wichita State University's Center for Economic Development and Business Research released their May 2023 Wichita Employment and January 2023 Economy Forecast, which is summarized below and on the following pages.

Average annual employment in the Wichita metropolitan area increased by 4,917 workers in 2021, a growth of 1.7%. In the first half of 2022, the regional economy added 5,325 employees as employers scrambled to add talent to the payroll.

While the U.S. and global economies were plagued with recession and inflation fears, the Wichita economy had slightly more optimism. Current and expected growth within manufacturing led to increased employment and wages. As of November 2022, manufacturing added 2,600 jobs. The growth has spilled over into the services sectors, particularly within leisure and hospitality.

The Wichita area recovery is expected to moderate into 2023, as both tightening monetary policy and labor conditions will dampen the outlook. Although global and national market conditions are slowing, the Wichita metropolitan area is expected to have one of the most robust growths within the state, adding 2,900 jobs at an annualized increase of 1.0%. That same growth is also projected to continue into 2024.





The production sector is expected to experience a steady increase in employment over the next two years, with an estimated growth rate of 2.2% in 2023 and 1.6% in 2024. The growth is driven by the rebound in aerospace and continued manufacturing expansions. The trade sector is also projected to see a slight increase in employment, with a growth rate of 0.6% in 2023 and 0.5% in 2024. As employment continues to increase and wages are expected to inch up faster than inflation, consumption is expected to help drive the retail side of the trade sector.

The services sector, which makes up Wichita's most significant share of employment, is also projected to see modest growth in 2023 and 2024. Professional and business services are expected to increase by 0.4% and 0.7%, respectively, while education and health services are projected to grow by 0.4% and 0.8%. The leisure and hospitality sector is expected to see the largest growth rate in employment, with a projected increase of 0.7% in 2023 and 1.5% in 2024.

The government sector is also expected to see employment growth, with an estimated increase of 1.1% in 2023 and a total of 43,424 jobs by 2024.

"The Wichita labor market is showing promising signs of growth, with increasing employment rates and a decline in unemployment," said Jeremy Hill, the Director of CEDBR. "The manufacturing sector is leading the way as firms continue to invest in keeping up with growing demand. We expect continued growth in the coming years, which is great news for the Wichita economy."

Wichita Employment by Industry*							
	2021 (a)	2022 (e)	2023 (f)	2024 (f)	2022	2023	2024
<b>Production</b>	<b>62,775</b>	<b>67,015</b>	<b>68,470</b>	<b>69,585</b>	<b>6.8%</b>	<b>2.2%</b>	<b>1.6%</b>
Nat. Resources, Mining & Cons.	17,058	18,241	18,542	18,823	6.9%	1.6%	1.5%
Durables	37,917	40,750	41,892	42,577	7.5%	2.8%	1.6%
Non-Durables	7,800	8,024	8,037	8,185	2.9%	0.2%	1.8%
<b>Trade</b>	<b>49,717</b>	<b>51,198</b>	<b>51,483</b>	<b>51,722</b>	<b>3.0%</b>	<b>0.6%</b>	<b>0.5%</b>
<b>Services</b>	<b>139,083</b>	<b>138,822</b>	<b>139,515</b>	<b>140,779</b>	<b>-0.2%</b>	<b>0.5%</b>	<b>0.9%</b>
Information	3,275	3,383	3,389	3,388	3.3%	0.2%	0.0%
Financial Activities	11,758	11,800	11,883	11,957	0.4%	0.7%	0.6%
Professional & Business Services	34,500	33,453	33,571	33,804	-3.0%	0.4%	0.7%
Education & Health Services	46,133	46,104	46,271	46,663	-0.1%	0.4%	0.8%
Leisure & Hospitality	31,792	32,307	32,545	33,020	1.6%	0.7%	1.5%
Other	11,625	11,776	11,857	11,947	1.3%	0.7%	0.8%
<b>Government</b>	<b>41,300</b>	<b>42,536</b>	<b>42,990</b>	<b>43,424</b>	<b>3.0%</b>	<b>1.1%</b>	<b>1.0%</b>
<b>Total</b>	<b>292,875</b>	<b>299,572</b>	<b>302,459</b>	<b>305,510</b>	<b>2.3%</b>	<b>1.0%</b>	<b>1.0%</b>

\*Annual values are derived from average quarterly observations and projections.  
 (a) actual (e) estimated (f) forecasted  
 Source: CEDBR, BLS - CES

The Wichita labor market is expected to continue its positive trajectory in 2023 and 2024. The unemployment rate is projected to drop to 3.2% in 2023 and 2.6% in 2024, down from 4.6% in 2021. This decrease is due to an estimated increase in employment, which is expected to reach 312,886 in 2023 and 316,586 in 2024.

Wichita Labor Market					
	2020 (a)	2021 (a)	2022 (e)	2023 (f)	2024 (f)
<b>Rate</b>	<b>8.8%</b>	<b>4.6%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>2.6%</b>
<b>Unemployment</b>	<b>25,960</b>	<b>13,876</b>	<b>10,180</b>	<b>9,875</b>	<b>8,334</b>
<b>Employment</b>	<b>294,764</b>	<b>304,592</b>	<b>310,609</b>	<b>312,886</b>	<b>316,586</b>
<b>Labor Force</b>	<b>320,724</b>	<b>318,468</b>	<b>320,788</b>	<b>322,761</b>	<b>324,920</b>

(a) actual (e) estimated (f) forecasted  
 Source: CEDBR, BLS - LAUS



## Wichita Multifamily Housing Market Outlook

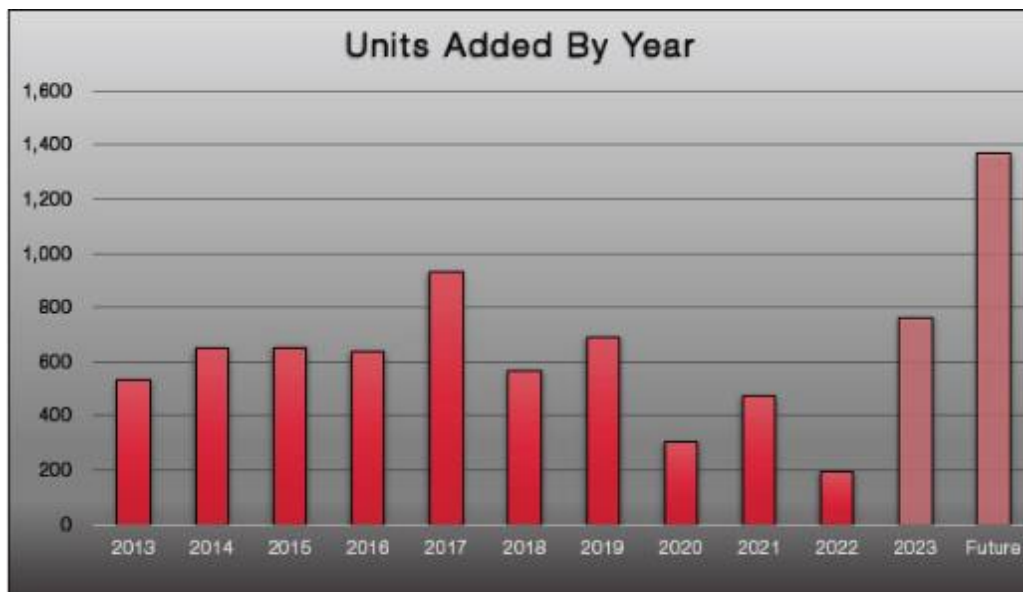
Since 2013, a number of new complexes have entered the Wichita market, offering a gamut of different housing options suitable for everyone's needs and location preferences. However, with regards to development potential and investment opportunities, market dynamics began to shift. Deal flow started decreasing as fewer properties became available for sale, and fewer units were being added to the market. However, beginning in 2018, deal flow once again began to increase, reaching near record levels in 2020 despite the pandemic.

Historically, the demand for apartment units was employment-driven and met with significant supply-side pressure. However, with working from home becoming more prevalent during the pandemic, many people have reevaluated their ideal conditions. Units with larger floor plans have become more popular with tenants, prioritizing space and privacy. High unemployment among lower-wage earners has impacted the Class C market, while the Class A segment was less impacted by job losses as many tenants were able to work remotely. However, as new Class A units were completed, absorption suffered amid limited move-ins during the pandemic. Demand for Class A units should once again increase along with an economic recovery. Despite the eviction moratorium, vacancy rates for Class A and Class B units increased somewhat during the past year, while vacancy rates for Class C properties decreased.

Overall, activity in the local apartment market has generally mirrored the national market with some exceptions, as discussed below and on the following pages.

## New Developments

According to data obtained through the brokerage firm NAI Martens, and verified through primary research conducted by Martens Appraisal, LLC, new development in the Wichita market began expanding in 2013 and continued through 2019, with approximately 650 units added during each of these years, with over 900 units added during 2017. However, development experienced a sharp decline from 2020 through 2022 with under 1,000 units completed. This decline is mostly attributed to the COVID-19 pandemic, with construction plans initially delayed due to work shutdowns, combined with uncertainty of the pandemic's impact on the market, as well as price increases on materials. Based on projects that are planned for the upcoming year and are currently under construction, it appears the rate of development will return to pre pandemic numbers.



The largest project completed in was the 150-unit Aspen Heights community, located near the Wichita State University campus. This continued the trend in recent years of new housing development near or on campus. From 2013 to 2022, nearly 1,000 student housing units have been completed near WSU, accounting for around one-third of the total units built in the Northeast section of the Wichita market during that time.

From 2016 to 2018, most of the units added to the market came from the Northwest and Central Business District (CBD). In 2019 and 2020 however, due to developments surrounding WSU and the completion of the Cottages at Crestview, the Northeast quadrant saw the most activity. The Northeast quadrant will likely continue to lead in new development, with additional construction planned for Uptown Landing in College Hill and Stoney Pointe Apartments near K-96 & Greenwich.

New development in 2022 was down from last year, with approximately 200 units completed by year end. The largest development, 225 Sycamore, was completed in the spring and added 204 Class A units to the Delano neighborhood in the CBD. This property opened with high praises and strong pre-leasing due to its high-end finishes and Class A amenities. Development in the CBD is expected to drop in the near future. While the construction of new units was planned within the WaterWalk development, there have been no recent announcements regarding the future of this project.

Overall, 2023 is expected to increase from 2022 in terms of new development in Wichita, with several large projects under construction or announced. The second phase of Uptown Landing will begin within the next year along with The Dumont, located in the Delano District which will feature 96 units. Avante Apartments Homes will add 132 units to Northwest Wichita and is projected to be completed in 2023. With the shock of rising interest rates and high construction costs slowing development in 2020-2022, investors appear to be adapting with an increase in multi-family development for the 2023 year. Multifamily is seen as a solid investment as investors shy away from the retail and office sectors and instead choose to develop or buy existing affordable housing, due to solid rents and strong occupancy. As a result, development is expected to increase in 2023 and beyond as construction material costs stabilize, remaining concerns from the pandemic diminish, and developers announce new projects.

### **Absorption**

For the most recently completed multifamily properties constructed or renovated during the past seven years, units are being absorbed at a rate of about 10 to 20 units per month, however select properties have leased their units at a much quicker pace. In addition to the absorption rates realized locally, property owners and developers were surveyed and indicated that an average absorption rate of 8 to 14 units per month would be anticipated for larger market-rate properties.

### **Occupancy and Rents**

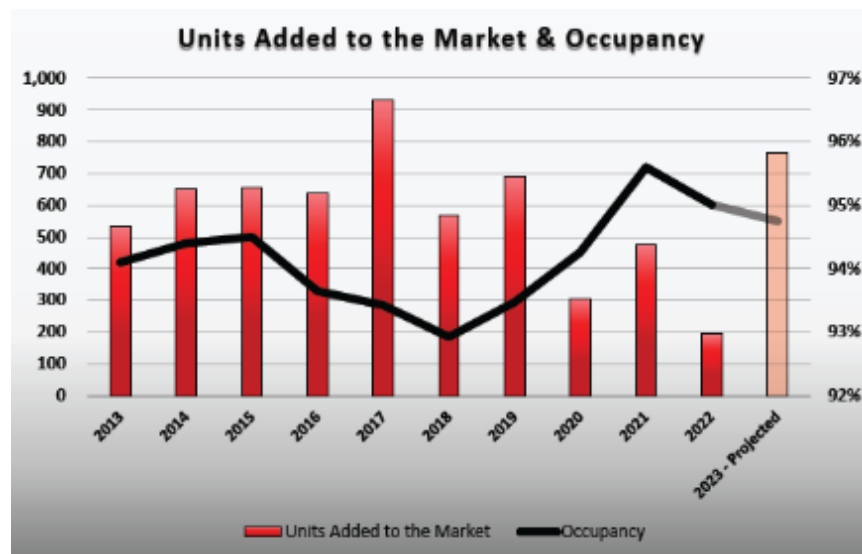
The occupancy rate hovered in the 93 percent to 94 percent range from 2016 through 2020, but climbed to 95.5 percent in 2021 and 95.0 percent in 2022. Fluctuation in occupancy is usually tied to development trends, as occupancy often lowers following years with a large number of units added to the market. For example, in 2017 there were 900 units added to the market, the most recorded in a single year. The following year, occupancy dipped below 93 percent. Class A properties are primarily impacted as new construction creates more options. In 2018, Class A occupancy dropped below 90 percent, but jumped back to nearly 95 percent in 2019 as new units were absorbed. This trend continued in 2020 and 2021 as 2020 saw a record low number of units added, while occupancy is now at a historical high. Increases in occupancy were across the board in virtually all quadrants of the market and throughout Class A, B and C properties.

The highest increase was in the CBD, which had about 1,000 units added from 2016 to 2019, keeping occupancy during those years hovering around 90 percent. By contrast, no new projects opened in the downtown area in 2020, allowing the occupancy rate to climb to nearly 95 percent.

Occupancy rates in both Class A and B properties increased roughly 125 basis points, and Class C outperformed both of those segments with a 180-basis point increase. This would be expected since the Class C market has been the most volatile in recent years, fluctuating from 88 percent to 93 percent from 2019 to 2020, and increasing to 95 percent in 2021.

While the development/occupancy trend is a large variable, the decline in units added and increase in occupancy are also partially attributed to the pandemic. The eviction moratorium and concerns surrounding COVID-19 led to fewer people relocating and have kept occupancies strong. Additionally, federal government stimulus checks, increased unemployment benefits and PPP loans allowed for rent collections to remain constant. A slight decrease in the market occupancy average was seen in 2022 and is also likely to occur in 2023, predominantly in the Class C segment, as life returns to normal post-pandemic and allows for a basic market correction.

Data specific to vacancy rates and rental rates for Wichita are summarized below and on the following page.



Rental rates were virtually flat from 2019 through mid-year 2020, with a less than 1 percent increase. Landlords were reluctant to push rents due to economic uncertainty during the initial stages of the pandemic. This changed dramatically from mid-2020 through 2Q2021, when the average monthly rent increased 9.4 percent from \$697 to \$763.

This was a trend experienced across the country. According to Yardi Matrix, nationally asking rents for non-leased apartments grew 6.3 percent from June 2020 to June 2021, the highest annual increase since it began tracking data. The national average apartment rent in June was a record \$1,482. This comes after sluggish apartment rental rate growth, and even declines in some metros through much of 2020. Rent growth has since stabilized in 2022 with 1.8 percent in overall rent increases. This is below the typical 2.5 percent to 3.0 percent due to offsetting the strong increase seen in 2021. The overall increase from 2020 through 2022 is over 5.5 percent.



Class A experienced the largest increase in rents in both 2021 and 2022. This was expected as Class A rates had the lowest increase during the previous year and lack of development over the past couple years. Class B is the largest segment of the market and monthly rents increased on average \$10 to \$20 per month which is more standard compared to the \$60 to \$70 increase experienced in 2021.

Class C increases were mostly flat with less than 0.5 percent increase from 2021 which saw increases of over 6.0 percent from 2020. Class C rents tend to be more volatile, from 2019 to 2020 they actually decreased 2 percent, which contributed to the larger increase in 2021. Class C rents are trending closer to Class B rents which could lead to lower occupancy rates in Class C units. Still, Class C rates kept the occupancy rate at 95% for 2021 and 2022.

Rental Rates			
	Studio (\$/ SF)	One-Bedroom (\$/ SF)	Two-Bedroom (\$/ SF)
Class A	\$1.79	\$1.35	\$1.18
Class B	\$1.28	\$0.99	\$0.86
Class C	\$1.07	\$0.91	\$0.81
Overall Market	\$1.21	\$1.04	\$0.90
Total Wichita Market	\$0.97		

### Transaction Activity

Multifamily sales in Wichita have remained strong over the past decade, with over 2,000 units sold per year (with the exception of 2016 and 2017), and transaction volume averaging over \$100,000,000 per year. In mid-2020 a sharp decline in transactions was expected due to the uncertainties created by the pandemic. However, by 3Q2020 it had become fairly evident that there was little to no negative impact from COVID-19 on the Wichita multifamily market.

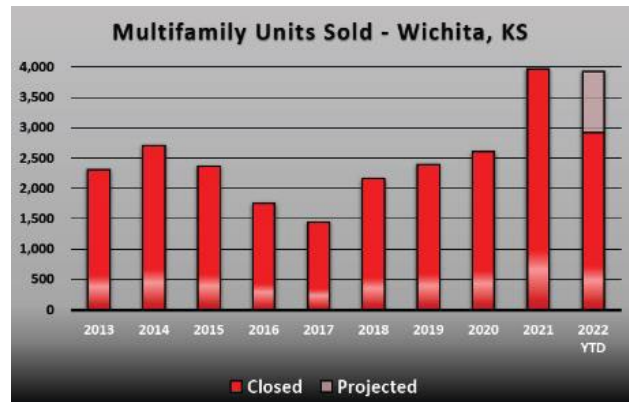
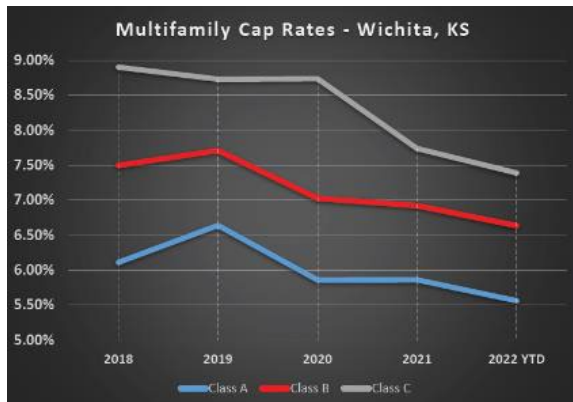
2021 was a record year for multifamily transactions within the Wichita market with nearly 4,000 units sold. Up from 2,500 units sold in 2020. 2022 is projected to match or surpass the number of units sold in 2021 with nearly 3,000 units sold as of August 2022. Transactions slowed in Q2 2022 with rising interest rates, however, was boosted by the sale of a large portfolio which consisted of nearly 1,000 units.

Most of the properties sold year-to-date are smaller, mid-size properties. Activity is expected to continue throughout the remainder of the year in the mid-size property segment, along with a few transactions involving larger properties and/or portfolios, thus leading to approximately 4,000 units sold by year-end.

Year-To-Date transactions include:

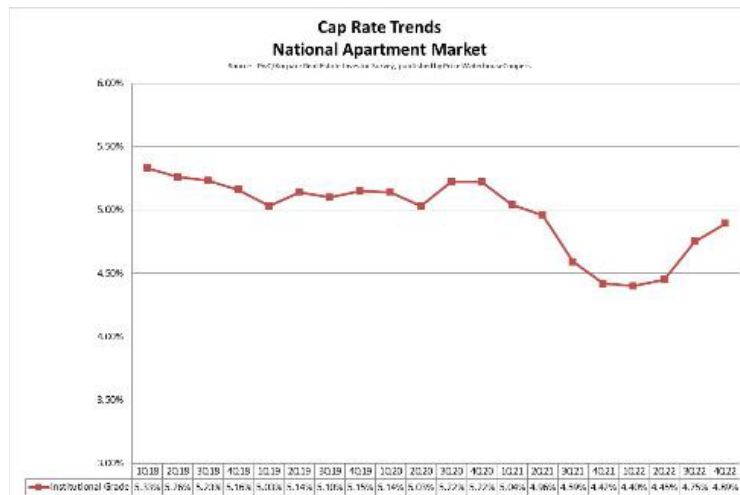
- Broadmoor at Chelsea
- Pinnacle Lofts & Apartments
- The Landing at Woodlawn Towner
- Westport Apartments
- The Eaton Place
- Lacrosse Apartments
- 10-property Portfolio
- Main Street Residences

As demand has remained strong, capitalization rates have declined. Capitalization rates trended upward in 2018 and 2019, which correlates with the time period in which fewer units were sold in the market. With increases in the number of units sold, capitalization rates declined. For the first time, the average capitalization rate for Class B in 2021, the largest segment of the market, dropped below 7 percent.



Due to high demand, cap rates continued to decline in 2022. With the increase in interest rates, it is likely that cap rates start to level off and potentially experience a slight increase in 2023. However, property values are expected to remain stable due to increased rental rates.

Nationally, capitalization rates average 4.89 percent for institutional grade investments, as reported in the 4Q2022 *PwC Real Estate Investor Survey*, published by PriceWaterhouseCoopers.





### **Townhouse Market Summary**

During the past ten years there has been a substantial increase in townhouse rental housing within the Wichita MSA, particularly in duplex style housing. New units have been added in all quadrants of the MSA and within the communities of Wichita, Andover, Derby, Bel Aire, Goddard, Maize and Colwich. At present, there is no sign of slowing in new development. New construction is in process, along with an additional 500 plus two-family lots in the development stages. Most of the new units added in this investment submarket feature three-bedrooms and two-bathrooms, most are built slab on grade, while some units also feature basements.

Despite the influx of new units, occupancy within the townhouse market continues to remain strong, with most planned developments reporting occupancies of 100.0 percent. Vacancies typically are only found in older housing stock with less appeal, or new units just added to the market which are still in the lease up stage. Rents continue to grow at a rapid pace. One year ago, the average rental rate for a three-bedroom/two-bath unit was about \$1,150 per month, but has increased to \$1,450 per month and up, with some properties achieving rents as high as \$1,700 per month. However, most rents still fall within a range from about \$1,300 to \$1,600. Not surprisingly, as rents have increased, selling prices have also increased. Initially, selling prices started at about \$110,000 per dwelling unit, but are now exceeding \$185,000 per unit.

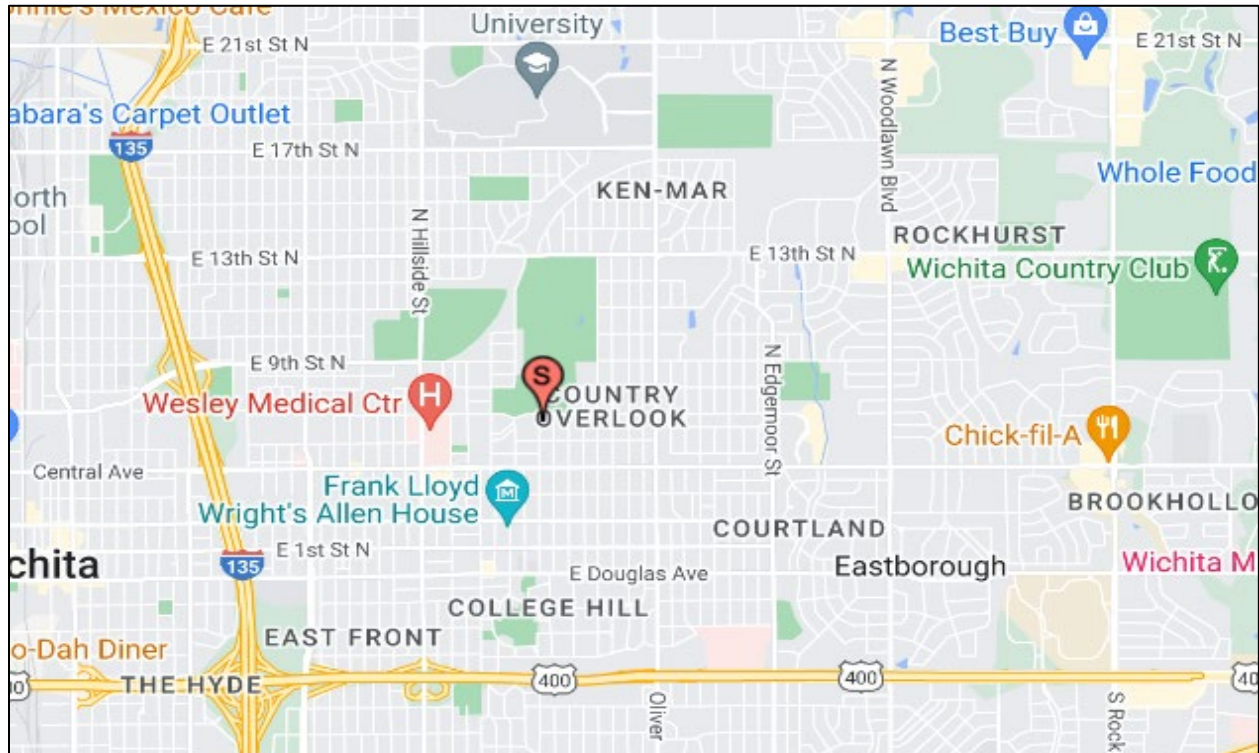
Given the continuing development in this investment market segment, property developers and investors remain optimistic. There continues to be strong demand by tenants in this housing market segment with strong occupancies and increasing rents. Additionally, there continues to be significant interest from investors looking to acquire properties. However, despite this strong demand, overall sales activity has been somewhat slower than expected and is due primarily to the reluctance of owners to sell their portfolios, citing the strong rental market for their build and hold strategy.

### **Conclusion**

The Wichita multifamily market remains strong despite rising rental rates and rising interest rates. Class C properties were impacted the most due to higher rates of furloughs, however owners indicated less than 10 percent of tenants asked for rent relief due to federal stimulus payments. Overall, the Wichita multifamily market has remained steady over the past year and has not seen any indications of a downturn. There continues to be strong demand by investors in this investment market.



## Location Map



## Neighborhood Analysis

### Location

The subject site is located in the northeast quadrant of the City of Wichita, Kansas. The primary site is more specifically located southeast of E. Murdock Avenue and N. Bluff street. The subject is about .1/2 mile east of N. Hillside Street, approximately .2 miles north of Central Avenue and 1.5 miles east of Interstate 135 (I-135). I-135 provides direct access to K-96 with connection to arterials within the city of Wichita that include I-35, I-235, and US-54. The subject is located about 1.1 miles north of the US-54 and benefits from featuring convenient accessibility to several major thoroughfares.

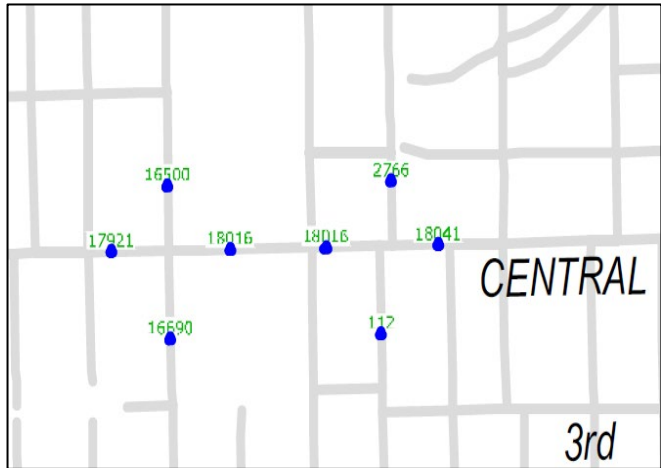
### Neighborhood Characteristics

The neighborhood is generally defined by 13<sup>th</sup> Street to the north, I-135 to the west, N. Woodlawn Boulevard to the west and US 54 to the south. The subject property has good frontage and visibility along N. Bluff Street. The general area consists primarily of single and multi-family properties with of various commercial users located along the main arterials, including primarily office, retail use. Commercial users in the area include; Wesley Medical Center, Wesley Family Medicine, Panera Bread, Domino's Pizza, Spangles, College Hill Pediatrics, The Violet Closet, Georges French Bistro, Wesley Inn, Doc Greens, Starbucks, Chipotle, McDonalds, Prost, Hibachi Boy and Athens Gyros Express. The subject had good accessibility to major thoroughfares, all sections of Wichita and surrounding communities are easily accessible.

## Traffic

The nearest available traffic count is for the intersection N. Hillside Street and E. Central Avenue. Central Avenue is a two-way minor arterial running east/west through central Wichita. N. Hillside Street is a north/south bound minor arterial providing two lane movement throughout east Wichita.

According to the 2019 Traffic Volume Flow Map produced by the City of Wichita, there are 34,563 vehicles per day (VPD) passing through the intersection of N. Hillside Street and E. Central Avenue. These arterials appear to be adequate to handle the traffic volume indicated by the traffic volume map. This is the most recent count for the subject intersection.





## Section Three - Property Description

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### Site Description

<b>Legal Description:</b>	Lots 629, 630, 631 and 632 Overlook Addition to the City of Wichita, Sedgwick County, Kansas
<b>Site Area:</b>	13,996 SF or 0.32 acre(s), per Sedgwick County Records.
<b>Zoning:</b>	"B" Multi- Family
<b>Easements &amp; Restrictions:</b>	Typical setbacks and easements assumed. See plat map
<b>Encroachments:</b>	None Noted
<b>Flood Zone:</b>	The subject site appears to be located in FEMA Flood Zone "X" according to FEMA Map #20173C0358G (December 22, 2016), which is an area of minimal flooding. A qualified surveyor should determine exact flood elevation.
<b>Shape:</b>	Rectangular
<b>Topography:</b>	The site is generally level, with a sloping grade to the west.
<b>Drainage:</b>	Assumed to be adequate for the site.
<b>Utilities:</b>	All municipal utilities available.
<b>Environmental Considerations:</b>	None noted.
<b>Nuisances or Hazards:</b>	None noted.
<b>Accessibility / Visibility:</b>	There is one ingress/egress' to the site on the west property line via N. Bluff Avenue. Visibility of the subject property is good from N. Bluff Avenue.

GIS Aerial

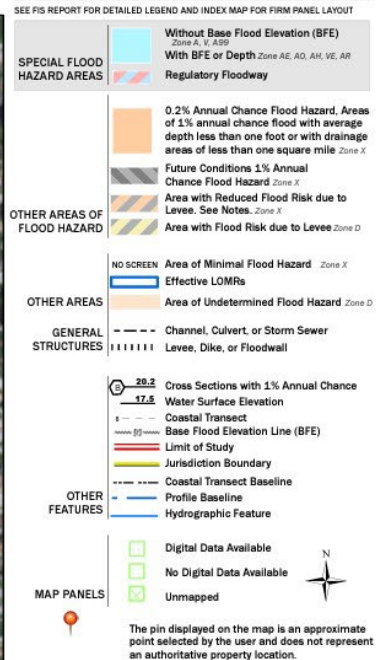


## Floodscape Flood Hazard Map

### National Flood Hazard Layer FIRMette



#### Legend



This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards.

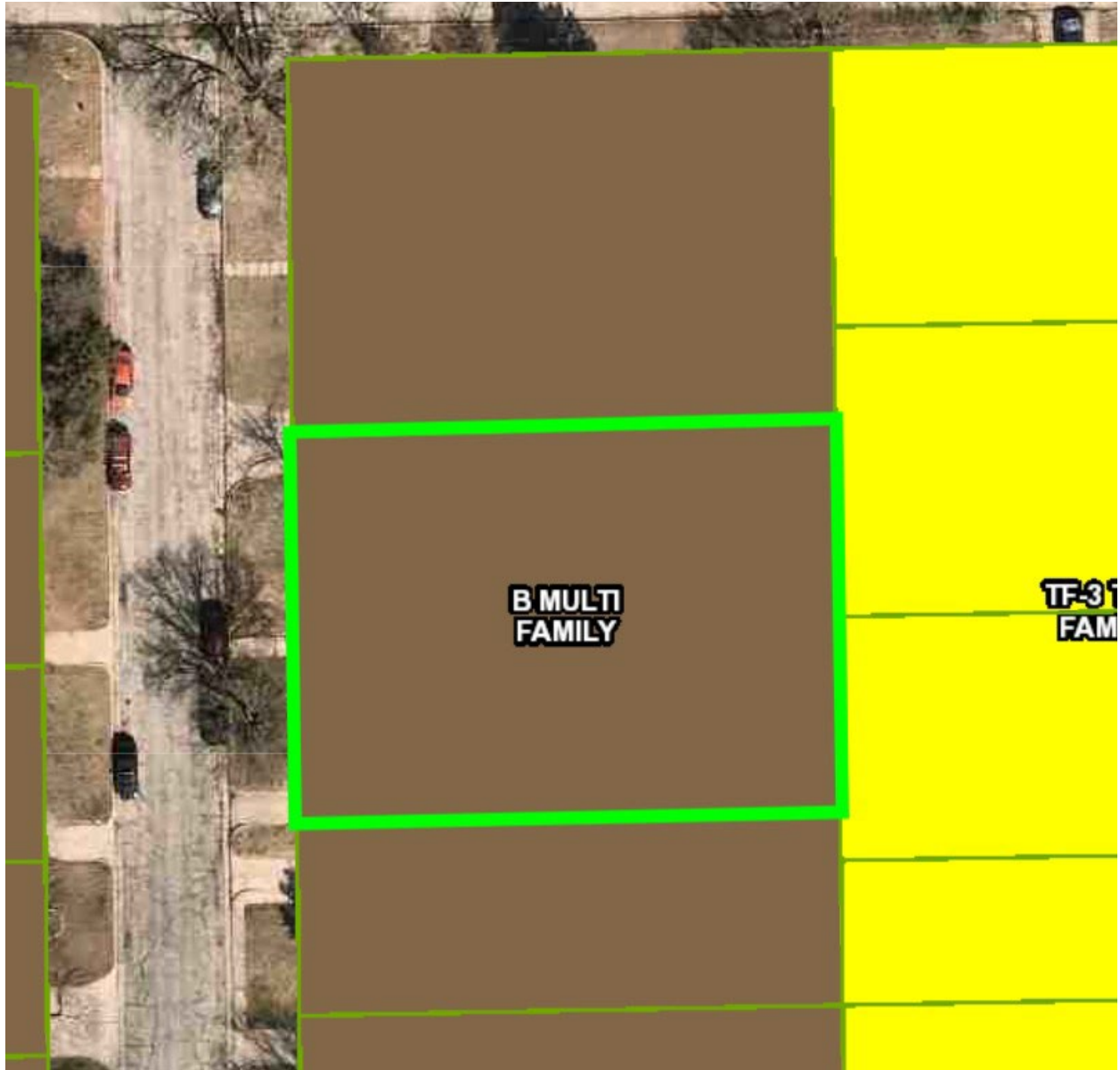
The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 11/14/2023 at 4:14 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

This map image is void if the one or more of the following map elements do not appear: basemap imagery, flood zone labels, legend, scale bar, map creation date, community identifiers, FIRM panel number, and FIRM effective date. Map images for unmapped and unmodernized areas cannot be used for regulatory purposes.





## Zoning Map





Plat Map

25'	25'	636	140'	140'	553	50'
	25'	635			554	
	"	634			555	
	"	633			556	
	"	632			557	
	"	631			558	
	"	630			559	
	"	629			560	
	"	628			561	
	"	627			562	
	"	626			563	
	"	625			564	
	"	624			565	
	"	623			566	
	"	622			567	





## Description of the Improvements

**Property Type:** Multi-family

**Number of Stories:** Two-story Apartment Building

**Gross Area:** 6,552 SF Per Sedgwick County Data

**Net Rentable Area:** 5,600 SF Estimated

**General Description:**

Property Summary - Unit Mix The Bluff Flats At Sleepy Hollow As of November 20, 2023				
Unit Type		Size SF	No. of Units	Total SF
BR	BA			
1	1	600	4	2,400
2	1	800	4	3,200
Totals		700	8	5,600

**Year Built:** 1954, with extensive renovations in 2022 and 2023.

**Economic Life:** 50 Years

**Effective Age:** 10 years

**Remaining Life:** 40 years

**Condition:** Good



## **Construction Features**

<b>Foundation/ Floor Structures:</b>	Poured concrete basement
<b>Exterior Walls:</b>	Solid Brick.
<b>Roof Structure:</b>	Roof with asphalt shingles.
<b>Doors:</b>	All interior doors are wood.
<b>Windows:</b>	Vinyl windows.

## **Interior Construction Features**

<b>Interior Finishes:</b>	
Walls:	Painted drywall.
Floors:	Hard wood, hard tile
Ceilings:	Painted, drywall
Lighting:	Lighting in the units is provided predominantly by overhead incandescent fixtures.
Kitchens:	Oven/range, dishwasher, and refrigerator.
Laundry Area:	There are two washer and dryers located in the basement for tenant use.

## **Mechanical / Electrical Features**

<b>Fire Sprinklers:</b>	None.
<b>Plumbing:</b>	Kitchen sink, dishwashers, and bathroom fixtures.
<b>Electrical:</b>	Adequate for the use.
<b>HVAC:</b>	Central HVAC.

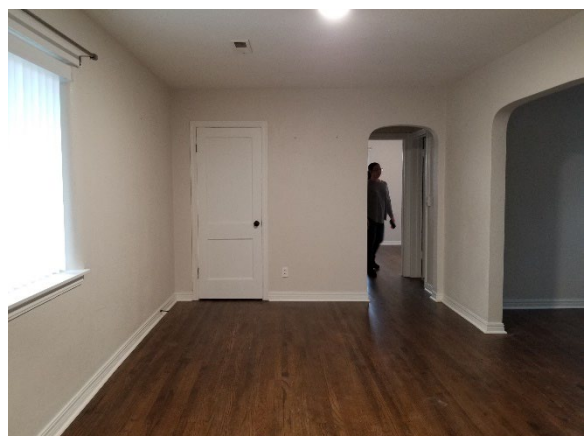
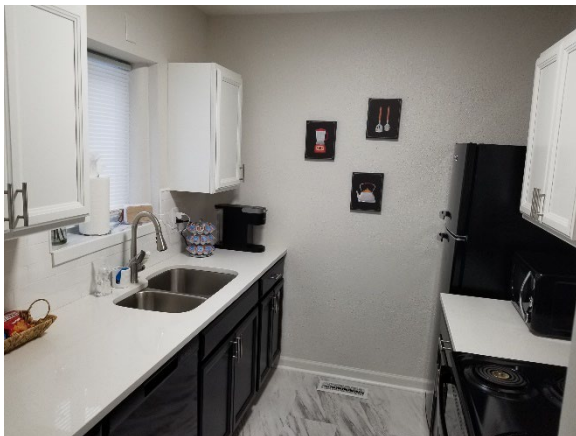
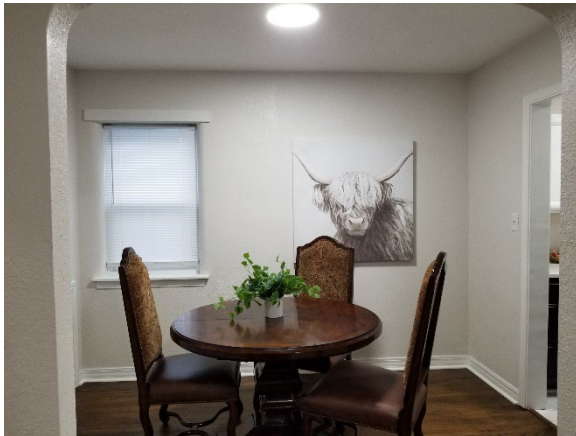
## **Site Improvements**

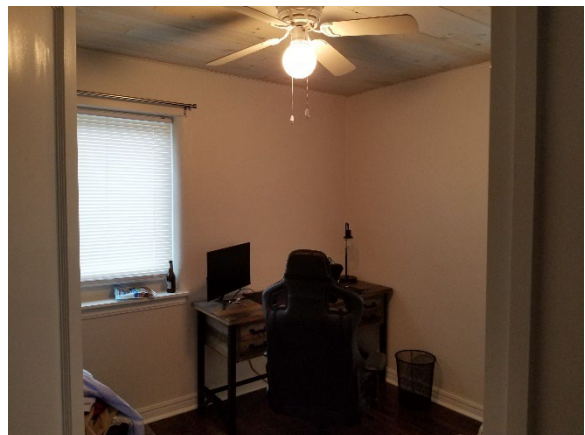
<b>Parking:</b>	Concrete paved parking lot to the south of the building, in excellent condition.
<b>Landscaping:</b>	The site is landscaped with grass and bushes/shrubs and trees and is typical for similar type properties in the market area. Lawn maintenance is professionally maintained by the property owner.
<b>Other:</b>	To the east of the building is a paved patio area with pickleball court.

Photographs -















## **Section Four - Highest and Best Use / The Appraisal Process**

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### **Highest and best use is defined as follows:**

“The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”<sup>1</sup>

The highest and best use of the land as though vacant and/or property as improved must meet the following four criteria:

- 1. Legally Permissible:**  
What uses are permitted of the site and/or improvements in question? Private restrictions, zoning, building codes, historic district controls, and environmental regulations must be investigated because they may preclude many potential highest and best uses.
- 2. Physically Possible:**  
What uses of the site and/or building in question are physically possible? The size, layout, and other physical factors can affect the possible uses of the land/or improvements.
- 3. Financially Feasible:**  
Which possible and permissible uses produce a return to the owner of the site? Uses that meet the first two criteria are analyzed further to determine which are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All uses that are expected to produce a positive return are regarded as financially feasible.
- 4. Maximally Productive:**  
Of the financially feasible uses, the use that produces the highest price, or value, consistent with the rate of return warranted by the market for that use is the highest and best use.

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<sup>1</sup> *The Dictionary of Real Estate Appraisal*, Appraisal Institute, Chicago, 2015, page 109.



## Highest and Best Use Analysis as Vacant

Highest and best use is that reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal. Alternatively, it is that use, from among legally permissible, physically possible and reasonably probable uses, found to be economically and financially feasible, and which results in the most profitable of the alternatives.

Four questions must be answered in determining Highest and Best Use:

### Highest and Best Use as Vacant:

Physically Possible Uses – To what uses is it physically possible to use the subject site?

- The site is mostly rectangular in shape having approximately 100 feet of frontage along N. Bluff Avenue, approximately 140 feet along the north and south lot lines and approximately 100 feet along the east lot line.
- Access to the site is average for the area, with one ingress/egress' along the west property line, via N. Bluff Avenue.
- The total area of the site is 13,996 square feet or approximately .32 acres according to Sedgwick County records and is located within Flood Zone X. Flood Zone X is an area of minimal flooding. The site is generally level, sloping to the west and above street grade. There are no significant physical limitations that would impact the opinion of highest and best use.

Legally Permissible Uses – What uses are permitted by zoning and deed restrictions on the subject site?

- The site is zoned "B" – Multi-Family District. This zoning district very high density multi-family residential development and other complementary land uses.

Financially Feasible Uses – Which possible and permissible uses will produce any net return to the owner of the subject site?

- The financial feasibility of a specific property is market driven and is influenced by surrounding land uses. Based on the subject's specific location and physical characteristics, development of the site into a commercial site or related use would conform with surrounding land uses.
- Surrounding land users are single-family and multi-family users.
- The site is large enough to be used by either a single user or multiple users.
- If properly planned and designed, most physically possible uses are financially feasible. Financial feasibility is also determined in part by the owner/developer's intent for use, be it for owner occupancy, speculative development, or build-to-suit development.

Maximally Productive – Among the feasible uses, which use will produce the highest net return or result in the highest present worth?

- It is our opinion that the highest and best use of the subject site is continuation of multi-family use, consistent with the surrounding area.



## Highest and Best Use Analysis as Improved

- The subject is an existing two-story building, totaling (8) units featuring 5,600 SF of rentable area, built in 1954, with major renovations completed in 2022 and 2023. The building's exterior is solid brick of average quality and good durability.
- All improvements are considered to be in good physical condition due to recent renovations. The site layout and building layout is functional for their intended use.
- Conversion to another use would not be financially feasible.
- There is no conceivable use that would justify razing the existing improvements in favor of an alternate use.

## The Appraisal Process

An appraisal is an estimate or opinion of value. This appraisal report sets forth the opinion of value of the described property as of a specified date, supported by the presentation and analysis of relevant data. The date of the appraisal is the specified date as of which the value opinion is applicable and valid. The date of the appraisal identifies the market conditions that existed when the appraisal was made. Three basic approaches to value are used. They are the income approach, sales comparison approach, and the cost approach.

### Income Approach

The income approach is the process by which anticipated benefits (dollar income or amenities) are discounted to a present worth estimate through capitalization. Income capitalization is the process of converting into present value a series of periodic installments of net income. The steps in this approach include estimating potential gross income by comparison with competing properties and subtracting applicable operating expenses estimated from historical and/or market experience to reach a projected net income stream. Capitalization rates are extracted from competitive properties in the market or are developed by a consideration of interest rates currently offered on similar properties and the returns that investors require on similar real estate investments in the current marketplace. The resulting rates are then used to capitalize the income stream into an opinion of value.

### Sales Comparison Approach

The sales comparison approach involves the comparison with the subject property of similar properties that have recently been sold or similar properties currently on the market. Differences in time of sale, age, location, physical characteristics (including amenities offered), and conditions influencing sale, including market conditions and any special financing conditions are analyzed. Differences in the comparable properties are adjusted to the subject property to indicate a range of value for the property being appraised. These adjustments are extracted from the market, based on actions of typical buyers and sellers in the subject's market. The value range is then correlated into an opinion of value for the subject property.

### Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. In this approach, the appraiser must first develop an opinion of value for the subject site by comparison with similar sites that have recently sold or are currently on the market. Replacement cost new of improvement is estimated by comparison to similarly constructed properties through use of cost tables prepared by a valuation service such as *Marshall Valuation Service*, published by Marshall & Swift Company. Depreciation from all sources is estimated and subtracted from replacement cost new to arrive at the present worth of the improvements, including depreciated value of the site improvements. The depreciated cost of the improvements is then added to the value of the land to reach an opinion of value by the cost approach.



**MARTENS**  
APPRAISAL

### **Reconciliation and Final Value Opinion**

The value opinions, as indicated by the three approaches, are then correlated into a final opinion of the worth of the property. Reconciliation is the process by which the appraiser weighs the relative significance, defensibility, and applicability of each approach as it pertains to the type of property being appraised. By this process, the appraiser selects from among the alternative conclusions or indications to reach a final value opinion.

It should be noted that while all applicable approaches should have some reasonable correlation, specific adjustments will not be exactly the same in each approach. This is because each approach provides market value of the property being appraised by measuring different types of market data and different market participants. For example, the location adjustment for the subject site in the cost approach may not be the same amount of adjustment (dollar or percentage) as in the sales comparison approach. This is because the purchasers of vacant land look at the land as having a larger choice of potential improvements or uses; it has greater possible utility as a vacant site. The purchaser of an existing improved property is limited to a smaller number of choices as defined by the existing improvements. And in the income approach, a prospective tenant will have a different interpretation of location based on his or her own desires and the particular leasable space, not the whole improvement or the consideration of the site as vacant. Detailed explanations and processes for each reliable approach to value follow in this report.

## Section Five - Income Approach

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The income approach is that procedure in appraisal analysis that converts anticipated benefits (dollar income or amenities) to be derived from the ownership of the property into an opinion of value. Anticipated future income and/or reversions are discounted to a present worth figure through the capitalization process. The income approach is generally selected as the preferred technique for income-producing properties because it most closely reflects the investment rationale and strategies of typical buyers. To use the income approach, the appraiser must:

1. Project net income;
2. Select an appropriate capitalization rate;
3. Apply the proper discounting procedure.

### **Potential Gross Income - Market Rent and Contract Rent**

To develop a supportable opinion of value using the income approach, a realistic projection of income and expenses must be formulated. Current rents on properties in similar use have been used in estimating market rent. Market rent is the rental income that a property would most probably command in the open market. It is indicated by current rents paid and asked for comparable space as of the date of the appraisal.

Market rent may differ from contract rent, which is the actual income that may be specified in a current lease on the subject property. If additional income is produced from other profit centers contained in the subject property, this additional income is added to the rental income to reach potential gross income.

Potential gross income is the income attributable to real property at full occupancy. Because some rent collection costs will be applicable even if the property is occupied under a long-term lease and because the appraiser must consider the operation of the property under subsequent competent management, vacancy and rent collection costs must be considered.

### **Effective Gross Income - After Vacancy and Credit Loss**

A reasonable amount for vacancy and/or rent collection is subtracted from the potential gross income to indicate effective gross income. Effective gross income represents the actual collected rent that may be anticipated under prudent management.

### **Fixed and Variable Expenses**

The expenses of operating a property include both fixed and variable expenses. Fixed expenses include those, such as real estate taxes and insurance, that do not vary with occupancy and must be paid whether or not the property is occupied. Variable expenses are operating expenses that usually vary with the level of occupancy or the intensity of property operation. Variable expenses may include management, utilities, repairs and maintenance, painting and decorating, and janitorial services. Based on the terms of the typical leases for similar properties, not all of these variable items may be applicable to all properties. These operating expenses are subtracted from the effective gross income to reach net operating income.

### **Net Operating Income**

Net operating income is that actual or anticipated net income remaining after deducting all operating expenses from effective gross income, but before deducting mortgage debt service. The final function is to process the net income stream into an indication of value by the capitalization process. This capitalization process involves dividing the net income by an appropriate rate developed from historical data involving sales of similar types of buildings.





## Analysis of Market Rent and Contract Rent

### Contract Rent

Contract rent is that rental rate specified in a lease agreement or that is currently being received on a property.

Rent Roll Summary  
The Bluff Flats At Sleepy Hollow  
As of November 20, 2023

Total Square Foot of Units: 5,600  
Number of Units: 8  
Average Unit Size: 700

Unit No.	Unit Type	Sq.Ft.	Current Rent
644 # 1	2BR/1 BA	800	Airbnb
644 # 2	1BR/1 BA	600	Airbnb
644 # 3	2BR/1 BA	800	\$ 1,195.00
644 # 4	1BR/1 BA	600	\$ 1,095.00
646 # 1	2BR/1 BA	800	\$ 1,195.00
646 # 2	1BR/1 BA	600	\$ 1,025.00
646 # 3	2BR/1 BA	800	\$ 1,095.00
646 # 4	1BR/1 BA	600	\$ 1,095.00
8		5,600	\$ 6,700.00
Annualized			\$ 80,400.00

The subject is currently 75% occupied with two vacant units that are being utilized as income producing Airbnb units. Typical historical occupancy for the subject is high due to high demand according to the property manager. Actual rents range from \$1,025 up to \$1,095 per unit per month for the 1Br/1Ba units and \$1,195 per unit per month for the 2Br/1Ba units. Landlord is responsible for lawn maintenance, trash and utilities in vacant units. The tenants are responsible for electric, gas and water/sewer utility along with cable/internet access.

Individual unit amenities within the units include kitchen appliances (refrigerator, dishwasher, garbage disposal and range oven), and central HVAC. Units have access to free washer/dryers within the basement of the building.

### Market Rent

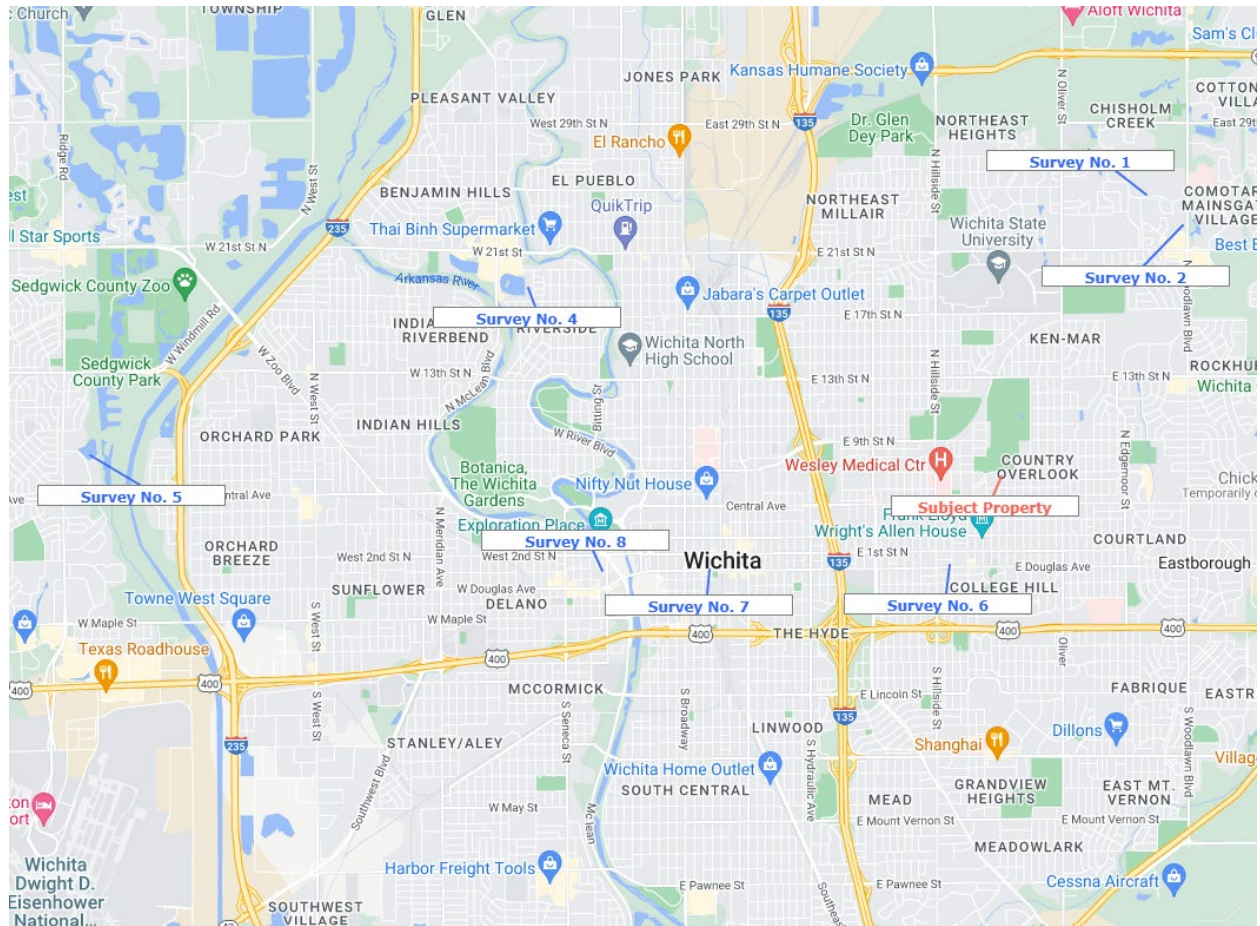
Market rent is the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract;
5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.<sup>1</sup>

<sup>1</sup> The Dictionary of Real Estate Appraisal, Fifth Edition, (copyright by the Appraisal Institute, 2010).



## Location Map





## Comparable Leases

### Apartment Survey No. 1



#### Property Identification

**Property Name:** Willow Creek  
**Address:** 5700 E Mainsgate, Wichita, Kansas  
**Property ID:** 67602

#### Description of Improvements

<b>Year Built:</b>	1984	<b>Rentable Area:</b>	98,940 SF
<b>Year Renovated:</b>		<b>Total Units:</b>	138
<b>Stories:</b>	Two	<b># of Buildings:</b>	27
<b>Condition:</b>	Average		

#### Lease Information

<b>Contact Name:</b>	Property Website and Jess	<b>Survey Date:</b>	08-21-2023
	316.682.3180	<b>Average Rent</b>	
<b>Rent Range</b>	\$700.00-\$850.00	<b>LIHTC ?:</b>	No
		<b>Subsidized:</b>	No
<b>Occupancy:</b>	96.4%	<b>Subsidy Descr.:</b>	

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
1Br - 1st Floor	1 Bd 1.0 Ba	68	580	39,440			\$0.00	49%
1Br - 2nd Floor	1 Bd 1.0 Ba	0	580	0			\$0.00	0%
2Br - 1st Floor	2 Bd 2.0 Ba	70	850	59,500			\$0.00	51%
2Br - 2nd Floor	2 Bd 2.0 Ba	0	850	0			\$0.00	0%
* Totals *		138	717	98,940	\$0	\$0	\$0.00	100%

#### Property Features

**Unit Amenities:** fireplaces in select units.  
**Kitchen Appliance:** microwaves in select units  
**Property Amenities:** Garages (\$), laundry room, pool, playground  
**Owner-Paid Utilities:** Water, sewer, trash

#### Remarks

1BR - \$700 - 2 available (97.1% occupancy)  
2BR - \$850 - 3 available (95.7% occupancy)  
Survey confirmed with Jess. 1BR last rented August 2023 for \$700. Jess did not confirm overall occupancy or occupancy by unit type. However, per property website, it appears the 1BR units are 100% occupancy, with at least one 2BR unit available.

Dogs, cats, birds, and fish are the only pets accepted at our property. Pets must be at least one (1) year of age. No pets over thirty (30) pounds when fully grown. Pet deposit is \$300.00 plus a non-refundable \$100.00 pet fee per pet. Apartments with NEW CARPET may require additional deposits. Two (2) pets per



apartment will be allowed with a proper deposit. Rent \$30.00 per pet. All units have either a patio or balcony, with only those units located on the 2nd floor having a fireplace. Window coverings consist of mini blinds and floor coverings consist of carpet and vinyl tile in the bathrooms and kitchens. All of the appliances are electric. There is no additional storage for the tenants on the property. There are a total of 12 garages, with 11 leasable units.

PID #67602

## Apartment Survey No. 2



### Property Identification

**Property Name:** Brickstone at Woodlawn/Olde English Manor  
**Address:** 2323 N. Woodlawn, Wichita, Kansas  
**Property ID:** 67604

### Description of Improvements

<b>Year Built:</b>	1973	<b>Rentable Area:</b>	214,936 SF
<b>Year Renovated:</b>		<b>Total Units:</b>	264
<b>Stories:</b>	Three	<b># of Buildings:</b>	9
<b>Condition:</b>	Average		

### Lease Information

<b>Contact Name:</b>	Property website and Tracy	<b>Survey Date:</b>	08-21-2023
	316.202.7575	<b>Average Rent</b>	
<b>Rent Range</b>	\$675.00-\$1,400.00	<b>LIHTC ?:</b>	No
		<b>Subsidized:</b>	No
<b>Occupancy:</b>	96.6%	<b>Subsidy Descr.:</b>	None

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
1 Br	1 Bd 1.0 Ba	92	550	50,600			\$0.00	35%
1 Br	1 Bd 1.0 Ba	0	633	0			\$0.00	0%
1 Br	1 Bd 1.0 Ba	0	738	0			\$0.00	0%
2 Br	2 Bd 1.5 Ba	148	932	137,936			\$0.00	56%
3 Br	3 Bd 2.0 Ba	24	1,100	26,400			\$0.00	9%
* Totals *		264	814	214,936	\$0	\$0	\$0.00	100%

### Property Features

**Unit Amenities:** Central HVAC, balcony/patio  
**Kitchen Appliance:** Microwaves in all units  
**Property Amenities:** Business Center, Sand Volley Ball Court, and Breakfast Bar, Tennis Courts, 2 Pools, Laundry  
**Owner-Paid Utilities:** Water, sewer, trash

*The Bluff Flats At Sleepy Hollow*  
 644-646 N. Bluff Avenue, Wichita, Kansas

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### **Remarks**

1BR - 550 SF - \$675-\$800  
1BR - 633 SF - \$750-\$900  
1BR - 738 SF - \$895-\$995  
7 - 1BR units available (92.4% occupancy)  
2BR - 932 SF - \$950-\$1075 - 0 Available  
3BR - 1100 SF - \$1195-\$1400 - 2 Available (91.7% occupancy)  
Confirmed with Tracy 8/21. 1BR last rented August 2023 at \$700

The management company for this property is DBC Living. The heating, water tank, and range/oven are all electric. Only the large one bedrooms have a balcony/patio available depending upon the floor location in the complex. Floor coverings consist of vinyl in the bathroom and kitchen areas with carpet throughout the rest of the apartment. Window covering in the apartments are vertical and mini-blinds.

The complex only offers market-rate units.

\$300 Security Deposit

\$50 Application Fee

\$100 admin fee

No Move in Specials

PID #67604

### **Apartment Survey No. 3**



### **Property Identification**

**Property Name:** Highland House  
**Address:** 1400 N Woodlawn, Wichita, Kansas  
**Property ID:** 67615

### **Description of Improvements**

<b>Year Built:</b>	1963	<b>Rentable Area:</b>	69,785 SF
<b>Condition:</b>			

### **Lease Information**

<b>Contact Name:</b>	Website	<b>Survey Date:</b>	08-11-2023
<b>Rent Range</b>	\$745.00-\$1,600.00	<b>Average Rent</b>	
		<b>LIHTC ?:</b>	
		<b>Subsidized:</b>	No
<b>Occupancy:</b>		<b>Subsidy Descr.:</b>	

### **Unit Mix**

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644-646 N. Bluff Avenue, Wichita, Kansas*

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Unit Description	Unit Type	Units	Avg Unit SF	Total SF	Avg Rent/Mo	Total Rent	Rent/SF	% of Total
	3 Bd 3.0 Ba	4	1,886	7,544	\$1,789	\$7,156	\$.95	
	1 Bd 1.0 Ba	19	745	14,155	\$812	\$15,428	\$1.09	
	2 Bd 1.0 Ba	19	1,094	20,786	\$1,006	\$19,114	\$.92	
	2 Bd 2.0 Ba	21	1,300	27,300	\$951	\$19,971	\$.73	
* Totals *		63	1,108	69,785	\$979	\$61,669	\$.88	0%

### **Property Features**

**Unit Amenities:** Range/oven, Refrigerator, Dishwasher, Disposal

### **Remarks**

Was not able to confirm unit mix totals or occupancy. Tried calling 316.712.4704 multiple times.

Studio - 320 SF

1BR 1BA - 500-822 SF - \$745-925

2BR 1BA - 1020-1106 SF - \$1060-1120 - 1 Available

2BR 2BA - 1240-2187 SF - \$1190-1600 - 2 Available

2BR 2.5BA - 1786 SF

3BR 2BA - 1466 SF

Three of the four three-bedroom units are penthouse suites located on the 11th and 12th floors of the building. The security deposit for the three-bedroom units is \$350, all other units are \$200. The building is a non-smoking, adult-only community. No pets are allowed on site. Professional dry cleaning and laundry services are available to residents, with coin-operated laundry facilities located in the basement. The HVAC is provided through a central boiler/chiller system, with these costs included with rent. However, the tenant is responsible for electricity charges specific to lighting, appliance operation the other electrical usage within their respective unit. Currently, there are no rent concessions being offered. There are no subsidies for the property or income restrictions. However, prospective tenants will be placed through an extensive credit check and background check.

For security purposes, the building has complete access control. Each resident is provided a secure access key. Visitors to the building must call the unit they are wishing to visit, and the tenant can then remotely give them access to the building. All units have a large balcony with storage closet. The typical floor coverings consist of vinyl or tile in the kitchen and bathroom areas and carpet throughout the rest of the apartment. Window coverings in the apartments include drapes and vertical blinds.

Additional amenities include an attached parking garage, with parking stalls available with additional rent of \$45 per month. A guest suite is also available for rental on a nightly basis for \$55 per night. One storage locker is provided for each unit at no additional charge. The storage lockers are located in the basement. Shorter lease terms are available after the initial 12-month lease with additional rent of \$50 per month above the then market rental rate.

PID #67615





## Apartment Survey No. 4



### Property Identification

**Property Name:** Twin Lakes  
**Address:** 1915 N Porter, Wichita, Kansas  
**Property ID:** 67620

### Description of Improvements

<b>Year Built:</b>	1965	<b>Rentable Area:</b>	251,999 SF
<b>Year Renovated:</b>		<b>Total Units:</b>	293
<b>Stories:</b>	Four	<b># of Buildings:</b>	22
<b>Condition:</b>	Good		

### Lease Information

<b>Contact Name:</b>	website and Brandi 316.838.1972	<b>Survey Date:</b>	08-09-2023
<b>Rent Range</b>	\$790.00-\$1,505.00	<b>Average Rent</b>	
		<b>LIHTC ?:</b>	No
		<b>Subsidized:</b>	No
<b>Occupancy:</b>	98.0%	<b>Subsidy Descr.:</b>	Adult only community

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
See Remarks	1 Bd 1.0 Ba	136						46%
See Remarks	1 Bd 1.0 Ba							0%
See Remarks	2 Bd 1.0 Ba	142						48%
See Remarks	2 Bd 2.0 Ba							0%
See Remarks	3 Bd 2.5 Ba	15	2	30				5%
* Totals *		293	0	30	\$0	\$0	\$0.00	100%

### Property Features

**Unit Amenities:** Only two buildings have elevator access to upper level units; units in two of the buildings are all bills paid; fireplaces are in select units only.  
**Property Amenities:** See comments  
**Owner-Paid Utilities:** Water/sewer, trash

### Remarks

1 Bedroom: 1 Available  
 \$790-\$970 - 670-724 SF  
 \$915-\$1070 - 824-872 SF  
 2 Bedroom: 5 Available  
 1BA - \$870-\$1140 - 943-1179 SF (54 units)  
 1.5BA - \$1185 - 1118 SF (17 units)  
 2BA - \$920-\$1375 - 936-1253 SF (71 units)  
 3 Bedroom:  
 \$1425-\$1505 - 1,690 SF  
 1 specific 2BR apt is half off for 1st mo rent and free storage unit for 6 months  
 Last rented apartment was July 2023, it was a 1BR for \$920



Two of the buildings are 'all bills paid.' Exact breakdown on the number of units was not available. Only some units have w/d hookups. This complex features 5 heated pools and a library; activities include sailing, boating, fishing, and scenic lakeside paths throughout the 64 acre complex. This is an adult-only community. According to the leasing agent, there are over 100 different floor plans at Twin Lakes.

Tenants pay electric most are metered but some units are billed to the tenant \$20/mo 1BR and \$30/mo 2BR

There are 23 laundry facilities available on the property. Some units feature fireplaces. Additional storage is available for all tenants for \$40/mo. The management company for this property is Weigand Omega. There are no subsidies for the property. The complex is gated, and two buildings have elevators and intercom systems for security. There is a 21 passenger social bus for the property that is used by the tenants every Thursday night for dinner gatherings. Hot water, heating, cooling and cooking are all electric and paid by the tenant. About half of the complex utilizes the aforementioned HVAC and the other half uses chillers and boilers for the heating and cooling system. Floor coverings consist of vinyl in the kitchen areas and in some of the baths, with carpet throughout the rest of the apartment. Window covering in the apartments are drapes.

\$35 Application Fee

\$200 Security Deposit

PID #67620

### Apartment Survey No. 5



#### Property Identification

**Property Name:** Crown Chase Apartments  
**Address:** 1010 N Ridge Road, Wichita, Kansas  
**Property ID:** 67540

#### Description of Improvements

<b>Year Built:</b>	1998	<b>Rentable Area:</b>	329,472 SF
<b>Year Renovated:</b>		<b>Total Units:</b>	384
<b>Stories:</b>	Three	<b># of Buildings:</b>	17
<b>Condition:</b>	Average to Good		

#### Lease Information

<b>Contact Name:</b>	website and Ashley	<b>Survey Date:</b>	08-09-2023
	316.844.1046	<b>Average Rent</b>	
<b>Rent Range</b>	\$869.00-\$1,109.00	<b>LIHTC ?:</b>	
		<b>Subsidized:</b>	
<b>Occupancy:</b>	94.3%	<b>Subsidy Descr.:</b>	

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
1BR - low rent	1 Bd 1.0 Ba	192	738	141,696	\$869	\$166,848	\$1.18	50%
2 BR - low rent	2 Bd 2.0 Ba	192	978	187,776	\$1,069	\$205,248	\$1.09	50%
2 BR - high rent	Bd Ba		978		\$1,089		\$1.11	

*The Bluff Flats At Sleepy Hollow*  
 644-646 N. Bluff Avenue, Wichita, Kansas

Section 5-9



lake view  
\* Totals \*

384      858      329,472      \$969      \$372,096      \$1.13      100%

### Property Features

**Unit Amenities:** W/D HU, Central AC, patio/balcony, vaulted ceilings (some), fireplaces  
**Property Amenities:** Fitness center, swimming pool, clubhouse, business center, trails, bbq/picnic area  
**Owner-Paid Utilities:** Trash

### Remarks

1 Bed: 738 SF - \$869 - 2 available  
2 Bed: 978 SF - \$1029-\$1109 - 4 available  
2 Bed with water view: 978 SF - \$1089 - 0 available  
The complex last rented an apartment in August 2023, it was a 1BR for \$869

Apartments feature balconies or patios with storage closets and some have vaulted ceilings. There are no current move-in specials. All units have washer and dryer hookups. Tenants can rent a washer / dryer for \$45-50 per month from a company the complex partners with. The complex has a gated entry and a 24hr fitness center. Pets are accepted with an 80 lb. weight limit. There is a deposit of half a month's rent and \$30/ month fee.

Website:  
[www.crownchaseapartmentswichita.com](http://www.crownchaseapartmentswichita.com)  
Survey 8/9/2023  
Occupancy: 94.3%

PID #67540

### **Apartment Survey No. 6**



### Property Identification

**Property Name:** Uptown Landing  
**Address:** 3252 East Douglas, Wichita, Kansas 67214  
**Property ID:** 107292

### Description of Improvements

<b>Year Built:</b>		<b>Rentable Area:</b>	76,088 SF
<b>Year Renovated:</b>		<b>Total Units:</b>	51
<b>Stories:</b>	Four	<b># of Buildings:</b>	1
<b>Condition:</b>	Excellent		

### Lease Information

<b>Contact Name:</b>		<b>Survey Date:</b>	08-07-2023
<b>Rent Range</b>	\$1,065.00-\$1,965.00	<b>Average Rent</b>	
<b>Occupancy:</b>	100.0%	<b>LIHTC ?:</b>	
		<b>Subsidized:</b>	
		<b>Subsidy Descr.:</b>	



Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
1A	1 Bd 1.0 Ba		734	0	\$1,050	\$0	\$1.43	
1A-1	1 Bd 1.0 Ba		748	0	\$1,100	\$0	\$1.47	
1A-2	1 Bd 1.0 Ba		765	0	\$1,100	\$0	\$1.44	
1B	1 Bd 1.0 Ba		807	0	\$1,100	\$0	\$1.36	
2D	2 Bd 1.0 Ba		883	0	\$1,300	\$0	\$1.47	
2C	2 Bd 1.0 Ba		954	0	\$1,350	\$0	\$1.42	
2A	2 Bd 2.0 Ba		999	0	\$1,400	\$0	\$1.40	
2-A-2	2 Bd 2.0 Ba		1,015	0	\$1,600	\$0	\$1.58	
2A-1	2 Bd 2.0 Ba		1,023	0	\$1,650	\$0	\$1.61	
2A-3	2 Bd 2.0 Ba		1,036	0	\$1,650	\$0	\$1.59	
2B	2 Bd 2.0 Ba		1,077	0	\$1,650	\$0	\$1.53	
3	3 Bd 2.0 Ba		1,381	0	\$1,800	\$0	\$1.30	
* Totals *		0	0	0	\$0	\$0	\$0.00	0%

### Remarks

As of 08-07-2023

Security Deposit \$500

Application Fee \$50

Redecoration Fee - \$150

Garages \$90 a month

Carports \$50 a month

Assigned Parking \$10 a month

1 BR units 734-807sf --\$1,065-\$1,175

2 BR units 999-1077sf \$--1,285- \$1,510

3 BR units 1,259- 1,381sf --\$1,850 - \$1,965

Started leasing in October of 2018. As of 3/11/2019 50% of units have been leased. There are 16 garages, of which 8 have leased for \$75/month. There are also 18 carports for \$35/month of which 6 have leased.

PET POLICY: Pets are welcome at Uptown Landing up to a maximum weight of 50lbs each and a maximum of two (2) pets in total with a nonrefundable fee of \$200 per pet at the time of move-in, a \$200, fully refundable pet deposit and a \$35 per month pet rent, for each pet. Some breed restrictions do apply.

PID #107292

### **Apartment Survey No. 7**



### Property Identification

Property Name: Eaton Place

Address: 517 E. Douglas, Wichita, Kansas 67202

Property ID: 67557

### Description of Improvements

Year Built: 1887

Rentable Area: 80,850 SF

*The Bluff Flats At Sleepy Hollow  
644-646 N. Bluff Avenue, Wichita, Kansas*

*Section 5-11*



Year Renovated: 2000  
 Stories: Six  
 Condition:

Total Units: 118  
 # of Buildings:

### Lease Information

Contact Name:

Survey Date: 07-18-2023

Rent Range -

Average Rent

LIHTC?: No

Occupancy: 96.6%

Subsidized:

No

Subsidy Descr.:

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
1BR See	1 Bd 1.0 Ba	79	537	42,423	\$0	\$0	\$0.00	67%
Remarks								
1BR See	1 Bd 1.0 Ba		1,086	0	\$0	\$0	\$0.00	0%
Remarks								
2BR See	2 Bd 1.0 Ba	39	888	34,632	\$0	\$0	\$0.00	33%
Remarks								
2BR See	2 Bd 1.0 Ba		1,131	0	\$0	\$0	\$0.00	0%
Remarks								
2BR See	2 Bd 2.0 Ba		995	0	\$0	\$0	\$0.00	0%
Remarks								
2BR See	2 Bd 2.0 Ba		1,282	0	\$0	\$0	\$0.00	0%
Remarks								
* Totals *		118	653	77,055	\$0	\$0	\$0.00	100%

### Property Features

Owner-Paid Utilities: water/sewer, trash

### Remarks

79 - 1Br units range from 537-1100 SF with rents of \$795-\$1,132

39 - 2Br units range from 888-1282 SF with rents of \$895-\$1,341

There are 42 different floor plans, 118 units

79 - 1Br units range from 537-1100 SF

39 - 2Br units range from 888-1282 SF

\$400 security deposit

\$12 application fee per adult

Each unit has a washer and dryer in the apartment. Pet policy consists of \$300 pet deposit, apartment is only allowed one pet and every pet must be spayed/neutered, under 35 lbs and any cats de-clawed. The property previously had 26 units leased under the LIHTC program. This program has now gone away and all units are rented under normal market terms.

PID #67557



## Apartment Survey No. 8



### Property Identification

**Property Name:** 225 Sycamore  
**Address:** 225 N Sycamore Street, Wichita, Kansas 67203  
**Property ID:** 146452

### Description of Improvements

<b>Year Built:</b>	2020	<b>Rentable Area:</b>	SF
<b>Year Renovated:</b>		<b>Total Units:</b>	204
<b>Stories:</b>	Five	<b># of Buildings:</b>	1
<b>Condition:</b>	Good		

### Lease Information

<b>Contact Name:</b>		<b>Survey Date:</b>	07-18-2023
<b>Rent Range</b>	-	<b>Average Rent</b>	
		<b>LIHTC ?:</b>	No
<b>Occupancy:</b>	86.8%	<b>Subsidized:</b>	No
		<b>Subsidy Descr.:</b>	

Unit Description	Unit Type	Units	Unit Mix		Avg Rent/Mo	Total Rent	Rent/SF	% of Total
			Avg Unit SF	Total SF				
Studio	0 Bd 1.0 Ba	24						12%
1BR	1 Bd 1.0 Ba	36						18%
1BR	1 Bd 1.5 Ba	84						41%
2BR	2 Bd 2.0 Ba	48						24%
4BR	4 Bd 2.0 Ba	12						6%
* Totals *		204	0	0	\$0	\$0	\$0.00	100%

### Property Features

**Kitchen Appliance:** Stainless steel appliances, solid surface counters.  
**Property Amenities:** Amenity rich community

### Remarks

Studio units range in size from 448 sf to 565 sf, rents range from \$1,367 to \$1,552, there are 7 studio units currently available for rent.  
 1BR units range in size from 651 sf to 1,153 sf, rents range from \$1,530 to \$2,030, there are 12 1BR units currently available for rent.  
 2BR units range in size from 999 sf to 1,508 sf, rents range from \$1,865 to \$2,199, there 8 2BR units currently available for rent.  
 4BR units contain 1,458 sf and rent for \$2,795, the 4BR units are reporting 100% occupancy.  
 Unable to verify upper end of rental rates for the 1BR, 2BR and 4BR units. When calling, the leasing agent requested we email. Two emails were sent but no one responded.

Additional community amenities include a sundeck, hammock garden and turf game lawn, golf simulator, indoor and outdoor lounges, bike storage, secured access to the building and parking garage.

PID #146452

*The Bluff Flats At Sleepy Hollow*  
 644-646 N. Bluff Avenue, Wichita, Kansas

Section 5-13





## Conclusion

Included eight comparable rentals adequately bracket the subject in overall locational demands. All rentals would appeal to similar potential tenants. Based upon included comparable rentals, the subject's market rate is determined at the current rates to follow. According to the rent roll provided by the property manager, the asking rate for the vacant Airbnb units is shown below. These asking rates are supported by the comparable rentals.

## Rent Roll

Rent Roll Summary  
The Bluff Flats At Sleepy Hollow  
As of November 20, 2023

Total Square Foot of Units: 5,600  
Number of Units: 8  
Average Unit Size: 700

Unit No.	Unit Type	Sq.Ft.	Current Rent	Market Rent
644 # 1	2BR/1BA	800	Airbnb	\$ 1,195.00
644 # 2	1BR/1BA	600	Airbnb	\$ 1,095.00
644 # 3	2BR/1BA	800	\$ 1,195.00	\$ 1,195.00
644 # 4	1BR/1BA	600	\$ 1,095.00	\$ 1,095.00
646 # 1	2BR/1BA	800	\$ 1,195.00	\$ 1,195.00
646 # 2	1BR/1BA	600	\$ 1,025.00	\$ 1,025.00
646 # 3	2BR/1BA	800	\$ 1,095.00	\$ 1,095.00
646 # 4	1BR/1BA	600	\$ 1,095.00	\$ 1,095.00
8		5,600	\$ 6,700.00	\$ 8,990.00
Annualized			\$ 80,400.00	\$ 107,880.00

## Direct Capitalization Analysis

### Potential Gross Income

#### Base Rental Income

Current contract rental rates are used for occupied units while market rental rates are used for vacant units. The base rental income to the property is estimated at 100% occupancy: \$107,880.

#### Other Income

Other income is included for income from other miscellaneous sources, such as pet rents, application fees, appliance fees, utility fees, forfeited security deposits, and an occasional late fee.

Other income is estimated at \$250 per unit or \$2,000 annually.

### Potential Gross Income

Rental income and other income total \$109,880.

#### Vacancy Estimates

This category represents both the rent loss caused by physical vacancy and credit loss projected for the subject. Demand for rentals within the Wichita area is high. The subject is well located and of good appeal. All comparable rentals have strong occupancies. The subject property has historically operated at a high occupancy. Occupancy is anticipated to be strong.

Subject's stabilized vacancy is determined at 5.0%.



## Effective Gross Income Estimate

The resulting effective gross income (EGI), recognizing income from all sources and a deduction of 5.0% for vacancy and credit loss from the apartment units calculates to \$104,386.

<b>Stabilized Revenue &amp; Expense Schedule</b> <b>The Bluff Flats At Sleepy Hollow</b> <b>644 N Bluff Ave</b> <b>Wichita, Kansas</b> <b>As of November 20, 2023</b>					
<b>Total Square Footage of Units:</b>	5,600	SF			
<b>Number of Units:</b>	8	units			
<b>Average Unit Size:</b>	700	SF			
				<b>Per Unit</b>	<b>Per SF</b>
					<b>% of E.G.R.</b>
<b>Potential Gross Revenue</b>					
Rental Income	\$ 107,880			\$ 13,485	\$ 19.26
Other Income	\$ 2,000			\$ 250	\$ 0.36
<b>Total Potential Gross Revenue</b>		\$ 109,880		\$ 13,735	\$ 19.62
<b>Vacancy &amp; Credit Loss</b>					
Vacancy, Turnover & Credit Loss	5.00%	\$ (5,494)		\$ (687)	\$ (0.98)
<b>Effective Gross Revenue</b>		\$ 104,386		\$ 13,048	\$ 18.64
					100.00%
<b>Expenses</b>					
Real Estate Taxes	\$ 12,445			\$ 1,556	\$ 2.22
Insurance	\$ 4,000			\$ 500	\$ 0.71
Management Fees	\$ 8,351			\$ 1,044	\$ 1.49
Utilities	\$ 3,600			\$ 450	\$ 0.64
Repairs & Maintenance	\$ 7,307			\$ 913	\$ 1.30
<b>Total Expenses</b>		\$ 35,703		\$ 4,463	\$ 6.38
					34.20%
<b>Stabilized Net Operating Income</b>		\$ 68,683		\$ 8,585	\$ 12.26
					65.80%
<b>NOTE:</b> Some numbers may not foot due to rounding. The comments and assumptions in the accompanying report are an integral part of the prospective financial analysis.					
Source: Martens Appraisal					



## Analysis of Operating Expenses

Historical operating income/expense data was requested but none was provided. A pro-forma was provided and listed below.

<b>644-646 N Bluff</b>		<b>6,652 sf 8 unit apt</b>					
Property		Floorplan	Monthly Rent	Annual Rent	Lease effective date	Lease end date	Notes
644 #1		2 Bedroom, 1 Bath	\$1,195.00	\$14,340.00			Air BnB
644 #2		1 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			Air BnB
644 #3		2 Bedroom, 1 Bath	\$1,195.00	\$14,340.00			
644 #4		1 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			
646 #1		2 Bedroom, 1 Bath	\$1,195.00	\$14,340.00			
646 #2		1 Bedroom, 1 Bath	\$1,025.00	\$12,300.00			Military Discount
646 #3		2 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			
646 #4		1 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			
			\$8,990.00	\$107,880.00			
<b>Current NOI</b>							
Total Income	\$107,880.00						
<b>Expenses: Annual</b>							
Utilities	\$3,300.00						
Trash	\$720.00						
Taxes	\$2,814.65						
Insurance	\$4,400.00						
Maintenance/Repairs	\$3,600.00						
Management 5%	\$5,394.00	<b>Value</b>	<b>Cap Rate</b>				
Lawn/Grounds	\$1,200.00	\$1,440,855.83	6%				
Total Expenses	\$21,428.65	\$1,235,019.29	7%				
		\$1,080,641.88	8%				
<b>NOI</b>	<b>\$86,451.35</b>	\$960,570.56	9%				

## Comparable Operating Expense Data

Wichita Comparable Operating Expense Data - Townhouse/Duplex Properties										
	< 15 Units Age < 5 Years Median per Unit	< 20 Units Age < 5 Years Median per Unit	< 25 Units Age 10 - 20 Years Median per Unit	25 - 50 Units Age - Varies Median per Unit	< 20 Units Renovated 2008 Median per Unit	Low	High	Median		
	GPI	% of GPI	% of GPI	% of GPI	% of GPI					
<b>Gross Revenue</b>										
Rental Income	\$ 11,700	111.1%	136.2%	100.0%	106.2%	\$ 6,215	\$ 14,340	\$ 12,219	\$ 6,215	\$ 14,340
Garage/Parking	-	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-
Other Income	-	0.0%	0.7%	0.0%	1.1%	-	-	-	-	-
Loss to Vacancies	(1,170)	-11.1%	0.0%	0.0%	-7.4%	(1,170)	-	-	(1,170)	-
<b>Effective Gross Revenue</b>	\$ 10,530	100.0%	100.0%	100.0%	100.0%	\$ 6,215	\$ 14,410	\$ 12,219	\$ 6,215	\$ 14,410
<b>Expenses</b>										
Real Estate Taxes	1,219	11.6%	21.7%	5.3%	9.8%	209	2,289	1,219	209	2,289
Insurance	550	5.2%	5.5%	6.2%	4.2%	251	576	550	251	763
Management Fee	737	7.0%	6.3%	4.0%	5.9%	602	660	660	489	776
Utilities	100	0.9%	8.7%	1.7%	0.8%	840	919	212	100	919
Repairs & Maintenance	842	8.0%	3.8%	9.1%	5.5%	561	398	722	398	1,109
General & Administrative	-	0.0%	0.0%	0.4%	3.6%	-	-	-	-	480
Salaries & Payroll	-	0.0%	0.0%	0.0%	0.0%	-	-	-	-	-
<b>Total Expenses</b>	3,448	32.7%	46.0%	26.8%	29.7%	2,463	4,842	3,448	2,463	4,842
<b>Net Operating Income</b>	\$ 7,082	67.3%	54.0%	73.2%	70.3%	\$ 3,752	\$ 9,568	\$ 8,947	\$ 3,752	\$ 9,568



### Analysis of Individual Operating Expense Line Items

In estimating the individual operating expenses at the property, recognition was given to the comparable market data as well as the historical expenses. A brief analysis of the individual expenses follows.

#### Real Estate Taxes -

County Appraiser's Office has the subject assessed at \$232,200, with a tax amount of \$2,814.65. This amount is well below the pending purchase price. Utilizing conclusions from pending purchase price in conjunction with other recent sales and actual County Appraiser's Office valuation, the subject's real estate taxes are stabilized.

Subject's real estate taxes are determined at 85% of its pending purchase price. Tax levy rate on county appraised value is 115.114% or total tax of \$12,444.67.

Real Estate Tax Estimate		Based on 85% of Sale Price
Market Value Estimate		\$ 1,100,000
	x	85.0%
Estimated Taxable Value	=	\$ 935,000
Assessment Rate	x	11.5%
Assessed Value	=	\$ 107,525
	÷	\$ 1,000
Taxable Value	=	\$ 107.53
Tax Rate per \$1,000	x	115.114
General Taxes	=	\$ 12,377.63
Special Assessments	+	\$67.04
Total Tax Estimate	=	\$ 12,444.67

#### Insurance -

Market wide, comparable operating expenses insurance costs range from \$251 to \$763 having an average of \$550 per unit. The upper end reflect properties that have recent claims, primarily for hail damage or fire damages or are smaller complexes of few units per building. The pro-forma provided estimates an annual insurance expense of \$3,600 or \$450/unit. With insurance costs on the rise, the subject's stabilized insurance premium is determined at \$500/ unit or \$4,000 annually.

#### Management Fee -

Typical management costs are based on a percentage of effective gross income (EGI), and generally range from about 4.00% to 10.00% of the EGI. The comparable set of operating expenses have a range from 4.0% to 9.7% or \$489/unit to \$776/unit.

The subject at 8 units is considered too small for on-site manager. The subject does not have on-site manager.

Subject's management fee is determined at 8.00% of the EGI or \$8,351.

#### Utilities -

This expense is heavily dependent upon the design and efficiency as well as landlord vs. tenant costs. The subject has the tenants responsible for all utilities including electric, gas, water/sewer, and cable/internet utility while the landlord is responsible for trash and utilities in vacant units. The projected pro-forma provided estimates of \$3,300 annually for utility expenses.

With utility expenses continuing to rise, utilities are estimated at \$450/unit or \$3,600 annually.



### Repairs & Maintenance Expense -

Comparable townhome properties exhibit repair & maintenance expenses of 3.8% to 9.1% of EGI, or approximately \$398 to \$1,109 per unit. The lower end is a recently completed townhome and duplex style property while the upper end reflects a significantly older property compared to the subject.

The provided pro-forma estimates \$720 annually for trash expense, \$3,600 annually for maintenance/repairs and \$1,200 annually for lawn/ground maintenance for a total of \$5,520 annually or \$690/unit. With the additional maintenance/cleaning of the vacant units being used as Airbnb's, repairs and maintenance is determined at 7.00% of EGI or \$913/unit or \$7,307 annually.

### Summary of Operating Expenses -

The total operating expenses for the property are estimated on a stabilized basis at \$4,463 per unit, or 34.20% of EGI. Typical townhome properties have operating expense ratios of approximately 25% to 45% of EGI, depending upon the landlord vs. tenant utility costs and if property has specials or if those are payoff. The subject's operating expense ratio is well bracketed and supported by typical townhome properties.

### Net Operating Income

On a stabilized basis, net operating income is estimated to be \$68,683, or \$8,585 per unit. The discussion of the capitalization rate selected to value the property is provided below.

### Capitalization of Income

The overall capitalization rate ( $R_o$ ) reflects the relationship between a point estimate of net operating income and value. The selection of the appropriate  $R_o$  is based on the analysis of comparable market data, which is then compared to published industry data. The most reliable method in selecting an appropriate  $R_o$  is based on the analysis of comparable market data derived through comparable sales analysis.

The chart to follow summarizes data relating to  $R_o$ s on the most influential sales from three of the six sales that will be discussed within the next section, Section 6, Direct Sales Comparison Approach to value. Note, included sales well bracket the subject in expense ratio.

Income Analysis	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
NOI (stabilized)	\$68,683.43		\$26,665.00	\$436,546.00	\$43,766.00		
NOI Per Unit (stabilized)	\$8,585.43		\$6,666.00	\$6,236.00	\$7,294.00		
Expense Ratio (stabilized)	34.20%		31.20%	38.11%	32.88%		
EGIM (stabilized)			10.32	12.69	9.51		
OAR (stabilized)			6.67%	4.88%	7.06%		

The above capitalization rates range from 4.88 % up to 7.06% with an average of 6.20% on a stabilized basis.

The subject property has good historical occupancy. The subject property benefits from being recently renovated and having good overall condition/appeal. Townhome types of properties remain in high demand by investors.

Final indicated market capitalization rate is determined at 6.25%.





Overall Capitalization Rate Summary:

**Direct Capitalization Analysis  
The Bluff Flats At Sleepy Hollow  
644 N Bluff Ave  
Wichita, Kansas  
As of November 20, 2023**

			<u>Market Value</u>
Stabilized Net Operating Income			\$ 68,683
Overall Capitalization Rate	(Ro)	÷	6.25%
			<u>\$ 1,098,935</u>
<b>Rounded</b>			<b>\$ 1,100,000</b>
Indicated Value per Unit			\$ 137,500.00

Source: Martens Appraisal

## **Section Six - Sales Comparison Approach**

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The sales comparison approach is that approach in appraisal analysis based on the proposition that an informed purchaser would pay no more for a property than the cost to him of acquiring an existing property with the same utility. The sales comparison approach is relatively unreliable in developing an opinion of value for properties for which no real comparable sales data are available.

This sales comparison approach is an appraisal procedure in which the opinion of market value is based upon prices paid in actual market transactions and current listings. An indication of the most probable sales price of the property being appraised may be derived by analyzing recent sales of similar properties. The reliability of this technique is dependent upon the availability of comparable sales data, verification of the sales data, the degree of comparability or extent of the adjustments necessary, and the absence of non-typical conditions affecting the sale price.

The comparative analysis used in this approach focuses on the similarities and differences among properties that affect value. These may include differences in property rights appraised, the motivations of buyers and sellers, financing terms, market conditions at the time of sale, size, location, physical characteristics, and, if the properties produce income, economic characteristics. These elements of comparison are tested against market evidence to determine what effect, if any, they have on value.

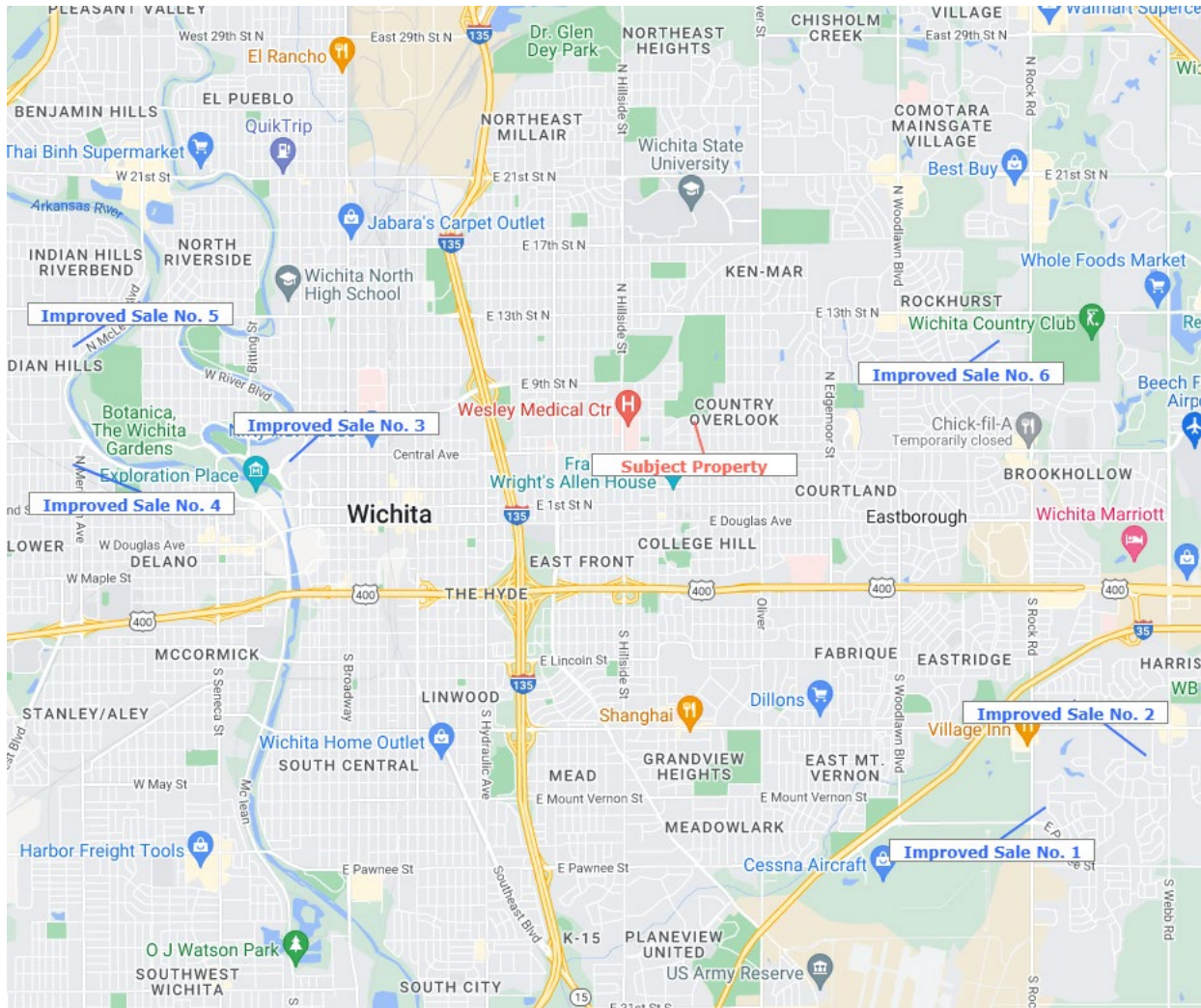
### **Selection of the Comparables**

Detailed search of comparable multi-family properties or similar type properties that have been purchased as one economic unit were researched and included herein. Sales were limited to sales which have occurred within the Wichita MSA market area over the last three years. Six sales were chosen as the most influential to value the subject. Combined, these sales provide strong evidence to value the subject.

The comparative analysis of the six market rate transactions follows. The local market analyzes this type of property on a per dwelling unit basis, and the sales have been analyzed accordingly. Included sales would attract similar buyers, if all properties were available. A map of the sales and the comparable data sheets may be found on the following pages.



## Comparable Sales Map



*The Bluff Flats At Sleepy Hollow  
644-646 N. Bluff Avenue, Wichita, Kansas*

*Section 6-2*



## Comparable Sales

Improved Sale No. 1

Property ID: 163211



**Property Type:** Multifamily  
**Address:** 2013 S. White Oak Drive, etal  
Wichita, Sedgwick County, Kansas 67207

**Grantor:** NNC Investments, LLC  
**Grantee:** Boanerge Cruz

### Recording Data

<b>Instrument:</b>	Joint Tenancy Warranty Deed	<b>Recording Date:</b>	12-06-2022
<b>Film/Page:</b>	30208688		
<b>Date of Sale:</b>	December 6, 2022		
<b>Sale Price:</b>	\$1,900,000	<b>Price/Unit:</b>	\$118,750
<b>Adjusted Price:</b>	\$1,900,000	<b>Adj. Price/Unit:</b>	\$118,750
<b>Price/SF (GBA):</b>	\$115.07	<b>Price/SF (NRA):</b>	\$95.15

**Property Rights:** Leased Fee

### Site Data

**Land Size:** 41,237 sq. ft.  
0.95 acres  
**Zoning:** Multi Family- MF-29  
**Tax ID No.:** 183775, 183776, 183777, 183778  
**Visibility:** Average  
**Parking:** Attached Garage, 1 per unit  
**Topography:** Gently Sloping  
**Utilities:** All public are available at site

### Improvements

**Gross Building Area:** 16,512 sq. ft.  
**Net Rentable Area:** 19,968 sq. ft.  
**Number of Units:** 16  
**Year Built:** 1978

### Income/Expense Data-

#### **Occupancy at DOS:**

11-15-2022 ABaysinger  
Lat: 37.656262 Long: -97.242664



Improved Sale No. 2

Property ID: 162921



**Property Type:** Multifamily  
**Address:** 9242 E Funston  
Wichita, Sedgwick County, Kansas 67207

**Grantor:** Alex Nesterishin and Sophia Zinkovsky  
**Grantee:** WC Enterprise Group LLC

**Recording Data**

<b>Instrument:</b>	Statutory Warranty Deed	<b>Recording Date:</b>	08-10-2022
<b>Film/Page:</b>	30184407		
<b>Date of Sale:</b>	August 5, 2022		
<b>Sale Price:</b>	\$400,000	<b>Price/Unit:</b>	\$100,000
<b>Adjustments:</b>	\$0		
<b>Adjusted Price:</b>	\$400,000	<b>Adj. Price/Unit:</b>	\$100,000
<b>Price/SF (GBA):</b>	\$105.93	<b>Price/SF (NRA):</b>	\$83.33

**Property Rights:** Leased Fee

**Site Data**

**Land Size:** 16,601 sq. ft.  
0.38 acres  
**Zoning:** Multi Family 29- MF-29  
**Tax ID No.:** 30018809, 186618, 186619, 186620, 186621  
**Visibility:** Fair  
**Parking:** garages and surface parking  
**Utilities:**

All Available

**Site Comments:** Site area is estimated using the GIS measuring tool as the property report card for the underlying land isn't currently available..

**Improvements**

**Gross Building Area:** 3,776 sq. ft.  
**Net Rentable Area:** 4,800 sq. ft.  
**Number of Units:** 4  
**Year Built:** 1984

**Income/Expense Data-**

<b>NOI (actual):</b>	<b>NOI (stabilized):</b>	\$26,665
<b>Actual NOI per Unit:</b>	<b>Stab. NOI per Unit:</b>	\$6,666
<b>Cap Rate (actual):</b>	<b>Cap Rate (Stabilized):</b>	6.67%
<b>EGIM (actual):</b>	<b>EGIM (stabilized):</b>	10.320
<b>OER (actual):</b>	<b>OER (stabilized):</b>	31.20%
<b>Occupancy at DOS:</b>	100.0%	

**Comments:**

Property was split as four condo units and a parcel encompassing the underlying land at the time of sale. The property, in its entirety, was purchased by a single buyer. As such, Sedgwick County is in process of combining the individual parcel numbers into a single parcel. As a result, the PRCs for each individual unit and the underlying land are not currently available as of 09/23/2022. County records note the PRCs would be available in March 2023.

Data provided by the selling broker notes square footages for only two of the four units, at 1,344 SF and 1,000 SF. Contract rents at the time of sale ranged from \$750 to \$850, with a total of \$3,200 per month.

Deed and SVQ, NAI Martens-Patrick Ahern

**Verification:**

09-21-2022 RSchlittenhardt

Lat: 37.661809 Long: -97.229309

**Improved Sale No. 3**

Property ID: 162860

**Property Type:**

Multifamily

**Address:**

429 W. Central Ave.  
Wichita, Sedgwick County, Kansas 67202

**Grantor:**

Pinnacle, LLC

**Grantee:**

Swaying Oaks Equity Partners, LLC

**Recording Data****Instrument:**

Warranty Deed

**Film/Page:**

30179477

**Recording Date:**

07-21-2022

**Date of Sale:**

July 13, 2022

**Sale Price:**

\$8,950,000

**Price/Unit:**

\$127,857

**Adjustments:**

\$0

**Adjusted Price:**

\$8,950,000

**Adj. Price/Unit:**

\$127,857

**Price/SF (GBA):**

\$161.28

**Price/SF (NRA):**

\$178.22

**Property Rights:**

Leased Fee

**Site Data****Land Size:**

68,459 sq. ft.  
1.57 acres

**Zoning:**

Central Business District- CBD

**Tax ID No.:**

087-124-20-0-12-02-001.05-; 30004979

**Ingress/Egress:**

Adequate





**Visibility:** Good  
**Parking:** surface parking and carports  
**Topography:** Generally level  
**Improvements**

**Gross Building Area:** 55,493 sq. ft.  
**Net Rentable Area:** 50,220 sq. ft.  
**Number of Units:** 70  
**Year Built:** 2015  
**Description:** On-site parkingOn-site parking

**Income/Expense Data-**

<b>NOI (actual):</b>	\$173,835	<b>NOI (stabilized):</b>	\$436,546
<b>Actual NOI per Unit:</b>	\$2,483	<b>Stab. NOI per Unit:</b>	\$6,236
<b>Cap Rate (actual):</b>	1.94%	<b>Cap Rate (Stabilized):</b>	4.88%
<b>EGIM (actual):</b>	17.552	<b>EGIM (stabilized):</b>	12.689
<b>OER (actual):</b>	65.91%	<b>OER (stabilized):</b>	38.11%

**Occupancy at DOS:**

**Comments:** Stabilized information based on broker's proforma - primary difference in vacancy. Actual T12 had unusually high vacancy.

**Verification:** Confidential source, informed party  
**Data Source:** Monthly CTR Import

09-14-2022 ZLonghofer  
Lat: 37.692839 Long: -97.343350



Improved Sale No. 4

Property ID: 163850



**Property Type:** Multifamily  
**Address:** 534-544 N. Richmond Avenue  
Wichita, Sedgwick County, Kansas 67203

**Grantor:** Dobbs Real Estate, LLC  
**Grantee:** TigerCat Properties, LLC

**Recording Data**

<b>Instrument:</b>	Warranty Deed	<b>Recording Date:</b>	05-26-2022
<b>Film/Page:</b>	30166626		
<b>Date of Sale:</b>	May 26, 2022		
<b>Sale Price:</b>	\$620,000	<b>Price/Unit:</b>	\$103,333
<b>Adjusted Price:</b>	\$620,000	<b>Adj. Price/Unit:</b>	\$103,333
<b>Price/SF (GBA):</b>	\$131.97	<b>Price/SF (NRA):</b>	\$68.89

**Property Rights:** Leased Fee

**Site Data**

**Land Size:** 22,552 sq. ft.  
0.52 acres  
**Zoning:** Two - Family- TF3  
**Tax ID No.:** 205051, 205049 and 205050  
**Visibility:** Average  
**Topography:** Generally level

**Improvements**

**Gross Building Area:** 4,698 sq. ft.  
**Net Rentable Area:** 9,000 sq. ft.  
**Number of Units:** 6  
**Year Built:** 1968

**Income/Expense Data-**

<b>NOI (actual):</b>	<b>NOI (stabilized):</b>	\$43,766
<b>Actual NOI per Unit:</b>	<b>Stab. NOI per Unit:</b>	\$7,294
<b>Cap Rate (actual):</b>	<b>Cap Rate (Stabilized):</b>	7.06%
<b>EGIM (actual):</b>	<b>EGIM (stabilized):</b>	9.508
<b>OER (actual):</b>	<b>OER (stabilized):</b>	32.88%

**Occupancy at DOS:**

**Comments:**

Units feature full basements with large recreational room, bonus room, and utility room with washer/dryer hookups

**Verification:** Purchase Contract

04-03-2023 ABaysinger Lat: 37.692430 Long: -97.372151



Improved Sale No. 5

Property ID: 162349



**Property Type:** Multifamily  
**Address:** 1120-1136 N. Richmond Ave. and 1133-1137 N. Meridian  
Wichita, Sedgwick County, Kansas 67203

**Grantor:** ICT Earthbenders, LLC  
**Grantee:** Valkyrie Properties, LLC

**Recording Data**

<b>Instrument:</b>	Warranty Deed		
<b>Film/Page:</b>	30151957	<b>Recording Date:</b>	04-01-2022
<b>Date of Sale:</b>	March 31, 2022		
<b>Sale Price:</b>	\$1,600,000	<b>Price/Unit:</b>	\$106,667
<b>Adjusted Price:</b>	\$1,600,000	<b>Adj. Price/Unit:</b>	\$106,667
<b>Price/SF (GBA):</b>	\$108.40	<b>Price/SF (NRA):</b>	\$108.40

**Property Rights:** Leased Fee

**Site Data**

**Land Size:** 42,769 sq. ft.  
0.98 acres  
**Zoning:** - TF-3  
**Tax ID No.:** 087-136-13-0-14-01-004.00-A; 210910  
**Parking:** 11200 SF Paved

**Improvements**

**Gross Building Area:** 14,760 sq. ft.  
**Net Rentable Area:** 14,760 sq. ft.  
**Number of Units:** 15  
**Year Built:** 1998

**Income/Expense Data-**

**Occupancy at DOS:**  
**Data Source:** Monthly CTR Import

06-07-2022 ZLonghofer  
Lat: 37.704896 Long: -97.372230



Improved Sale No. 6

Property ID: 147969



**Property Type:** Multifamily  
**Address:** 7676 E Polo St  
Wichita, Sedgwick County, Kansas

**Grantor:** Polo Club Apartments LP  
**Grantee:** Polo Club ACIG LLC

**Recording Data**

<b>Instrument:</b>	Warranty Deed	<b>Recording Date:</b>	11-15-2021
<b>Film/Page:</b>	30115710		
<b>Date of Sale:</b>	November 12, 2021		
<b>Sale Price:</b>	\$6,500,000	<b>Price/Unit:</b>	\$135,417
<b>Adjusted Price:</b>	\$6,500,000	<b>Adj. Price/Unit:</b>	\$135,417
<b>Price/SF (GBA):</b>	\$104.41	<b>Price/SF (NRA):</b>	\$116.07

**Property Rights:** Fee Simple

**Site Data**

**Land Size:** 143,625 sq. ft.  
3.30 acres  
**Zoning:** - GO  
**Tax ID No.:** 087-114-18-0-11-01-002.11-; 334925

**Improvements**

**Gross Building Area:** 62,254 sq. ft.  
**Net Rentable Area:** 56,000 sq. ft.  
**Number of Units:** 48  
**Year Built:** 1998

**Income/Expense Data-**

**Occupancy at DOS:**  
**Data Source:** Monthly CTR Import

01-25-2022 ZLonghofer  
Lat: 37.705465 Long: -97.248908



## Comparable Sales Grid

	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
Property ID	165033	163211	162921	162860	163850	162349	147969
Property Name	The Bluff Flats At Sleepy Hollow	(4) Quadplexes	Quadplex	Pinnacle Lofts	Tigercat Properties Duplexes	5-INDIAN HILLS TOWNHOMES	Polo Club Apartments
Address	644 N Bluff Ave	2013 S. White Oak Drive, etal	9242 E Funston	429 W. Central Ave.	534-544 N. Richmond Avenue	1120-1136 N. Richmond Ave. and 1133-1137 N. Meridian	7676 E Polo St
City State	Wichita, Kansas	Wichita, Kansas	Wichita, Kansas	Wichita, Kansas	Wichita, Kansas	Wichita, Kansas	Wichita, Kansas
Property Sub Type	Garden, Low-Rise	Multifamily Other	Townhouse	Garden, Low-Rise	Townhouse	Garden, Low-Rise	Garden, Low-Rise
<b>Sales Data</b>							
Sale Date	11/20/2023	12/6/2022	8/5/2022	7/13/2022	5/26/2022	3/31/2022	11/12/2021
Time from DOS		12 month(s)	16 month(s)	17 month(s)	18 month(s)	20 month(s)	25 month(s)
Property Rights Conveyed		Leased Fee	Leased Fee	Leased Fee	Leased Fee	Leased Fee	Fee Simple
Financing Terms		New Loan, IRS 1031 Exchange	New Loan(s) from a Financial Institution	New Loan, IRS 1031 Exchange	New Loan(s) from a Financial Institution	New Loan(s) from a Financial Institution	New Loan(s) from a Financial Institution
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length		Arms Length
Sale Price		\$1,900,000	\$400,000	\$8,950,000	\$620,000	\$1,600,000	\$6,500,000
Property Rights Adj. \$		\$0	\$0	\$0	\$0	\$0	\$0
Financing Terms Adj. \$		\$0	\$0	\$0	\$0	\$0	\$0
Conditions of Sale Adj. \$		\$0	\$0	\$0	\$0	\$0	\$0
Atypical Costs after Sale \$		\$0	\$0	\$0	\$0	\$0	\$0
Expenditures After Purchase \$		\$0	\$0	\$0	\$0	\$0	\$0
Excess Land Value		\$0	\$0	\$0	\$0	\$0	\$0
Market Conditions/Time Adj.		\$55,258	\$15,733	\$369,188	\$28,055	\$79,867	\$399,750
Adjusted Sale Price		\$1,955,258	\$415,733	\$9,319,188	\$648,055	\$1,679,867	\$6,899,750
<b>Site Data</b>							
Land Sq Ft	13,996 SF	41,237 SF	16,601 SF	68,459 SF	22,552 SF	42,769 SF	143,625 SF
Land Acres	0.32 AC	0.95 AC	0.38 AC	1.57 AC	0.52 AC	0.98 AC	3.30 AC
Land to Building Ratio	2.14:1	2.50:1	4.40:1	1.23:1	4.80:1	2.90:1	2.31:1
Zoning Code	8	MF-29	MF-29	CBD	TF3	TF-3	GO
Location	Average	Average	Average	Average to Good	Average	Average	Average
<b>Improvement Data</b>							
Number of Units	8 units	16 units	4 units	70 units	6 units	15 units	48 units
Rentable Area	5,600 SF	19,968 SF	3,776 SF	50,220 SF	9,000 SF	14,760 SF	54,060 SF
Average Unit Size	700 SF	1,248 SF	944 SF	717 SF	1,500 SF	984 SF	1,126 SF
Year Built	1954	1978	1984	2015	1968	1998	1998
Effective Age	10 years	20 years	20 years	5 years	25 years	20 years	10 years
Building Condition	Good	Average	Average	Good to Excellent	Fair to Average	Average	Good
<b>Unit Mix</b>							
Studio/Efficiency	0 units	0 units	0 units	0 units	0 units	0 units	0 units
One Bedroom	4 units	0 units	0 units	53 units	0 units	0 units	6 units
Two Bedroom	4 units	16 units	4 units	17 units	6 units	15 units	42 units
Three Bedroom	0 units	0 units	0 units	0 units	0 units	0 units	0 units
Four Bedroom	0 units	0 units	0 units	0 units	0 units	0 units	0 units
Adjusted Price/Unit		\$122,203.65	\$103,933.33	\$133,131.25	\$108,009.17	\$111,991.11	\$143,744.79
Adjusted Price/SF of GBA		\$97.92	\$110.10	\$185.57	\$72.01	\$113.81	\$127.63
<b>Income Analysis</b>	Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6
NOI (stabilized)	\$68,683.43		\$26,665.00	\$436,546.00	\$43,766.00		
NOI Per Unit (stabilized)	\$8,585.43		\$6,666.00	\$6,236.00	\$7,294.00		
Expense Ratio (stabilized)	34.20%		31.20%	38.11%	32.88%		
ECIM (stabilized)			10.32	12.69	9.51		
OAR (stabilized)			6.67%	4.88%	7.06%		
<b>Property Adjustments</b>							
Land to Building Ratio		0%	0%	0%	0%	0%	0%
Location		0%	0%	-10%	0%	0%	0%
Building Size - Number of Units		0%	0%	10%	0%	0%	10%
Project Amenities		0%	0%	0%	0%	0%	0%
Age/Condition		20%	20%	-10%	30%	20%	0%
Other		-10%	0%	0%	-10%	0%	-10%
Net Property Adjustments		10%	20%	-10%	20%	20%	0%
Total Adjusted Price/Unit		\$134,424.01	\$124,720.00	\$119,818.13	\$129,611.00	\$134,389.33	\$143,744.79
Total Adjusted Price/SF (GBA)		\$107.71	\$132.12	\$167.01	\$86.41	\$136.57	\$127.63

## Analysis of the Comparable Sales

The elements of comparison for the subject property and the sales analyzed include property rights conveyed, financing terms, conditions and terms of the sale, expenditures made after the date of sale, changes in market conditions, land-to-building ratios (L:B), location, building size, project amenities, age/condition, and other. Each of these adjustments is discussed individually below and on the following page.



### **Property Rights Conveyed**

All sales were leased under relatively short-term leases, under 12-months. Leased Fee is considered equal to fee simple. No adjustment is required for property rights conveyed.

### **Financing Terms**

Financing terms account for the impact on value that is produced by favorable financing. Cash equivalency calculations, if required, are included in the reported sales price per unit. Therefore, further adjustments are not required since all sales are based on cash or a cash equivalency basis.

### **Conditions of Sale/Atypical Costs/Expenditures after Date of Sale**

All sales are considered based upon their actual physical condition at time of sale.

### **Market Conditions/Time from Date of Sale**

Sale dates range from 12 up to 25 months from date of value. General market conditions for the south-central Kansas market area continues to strengthen. Rental rates continue to show modest increases while capitalization rates have continued to decline – both places upward pressure on prices. All Sales indicate a modest 3.0% annual appreciation since its purchase date.

### **Land-to-Building Ratio (L:B)**

The land-to-building adjustment factors in any added benefits of additional or excess land areas that may provide additional parking, could be used for future expansion or sold off to another user. Conversely, if a property has an insufficient L:B ratio, the adjustment reflects the potential discounted value associated with the site.

While the L:B ratios of the comparable sales do vary, each property has adequate tenant and visitor parking with no adjustments noted.

### **Location**

Included comparable sales best match the subject in overall locational appeal. The subject is located on the east side of N. Bluff Street just south of E. Murdock Avenue amongst a collection of mostly single-family and multi-family users along with the MacDonald Golf Course. All comparable sales are located within the Wichita MSA and feature similar locational demands and are located within proximity to the subject along major thoroughfares featuring average visibility and access.

Sale # 3 is located on the south side of Central Avenue amongst a collection of multi-family and office users located near downtown Wichita. Sale # 3 benefits from being located near downtown Wichita with convenient access to strong complimentary retail users. Overall locational demands of Sale # 3 are considered superior to the subject property and a negative adjustment is applied.

### **Building Size/Number of Units**

Included sales range in number of units from 4 units to 70 units. Sales # 3 and # 6 feature significantly more units than the subject property and require an upward adjustment. This is attributed to the economy of scale theory.

### **Age / Condition of the Improvements**

Each sale is adjusted 2% per year in difference of effective age between the subject and the comparable property.



### Market Value Estimate

The following table summarizes adjusted values for the comparable sales.

Adjusted Price Indications (Unit)	
Minimum Adj. Price / Unit	\$119,818
Maximum Adj. Price / Unit	\$143,745
Average Adj. Price / Unit	\$131,118
Median Adj. Price / Unit	\$132,000

Included six sales well bracket the subject in several attributes for good indication of value. Included influential sales bracketed the subject in location and overall age/condition. Included sales range from \$119,818 per unit up to \$143,745 per unit having an average from all sales of \$131,118 per unit and a median of \$132,000 per unit. The subject's indicated market value, per unit, is determined near the middle of the range at \$131,500 per unit.

Indicated Market Value	
Units	8 Units
Indicated Unit Value	\$131,500
Indicated Value	\$1,052,000
<b>Rounded</b>	<b>\$1,050,000</b>





## Section Seven - Cost Approach

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The cost approach is that approach in appraisal analysis, which is based on the proposition that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements which represent the highest and best use of the land or when relatively unusual or specialized improvements are located on the site and for which no comparable properties exist in the marketplace.

In case of the subject property, the cost approach is not considered influential to value. The typical buyer would not consider this approach in their purchase decision making process. Inclusion of the cost approach may be misleading. Therefore, this approach was not processed for purposes of this appraisal report.



## Section Eight - Reconciliation and Final Value Estimate

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Reconciliation is the process by which the appraiser weighs the relative significance, defensibility, and applicability of each approach as it pertains to the type of property appraised. The detailed analysis of all pertinent facts and data that were assembled and verified and considered to influence the value of the subject property have led to the following value indications:

### Fee Simple Estate:

Income Approach .....	\$1,050,000
Sales Approach .....	\$1,100,000
Cost Approach.....	Not Processed

**Final Indicated Market Value:** ..... **\$1,100,000**

*\*Please refer to the Special Assumptions and Limiting Conditions noted in Sections 1 and 9.*

### Income Approach

Eight competitive multi-family properties that compete with the subject as well as the subject's actual rent were surveyed. These properties helped to support the subject's indicated market rental rates.

The subject's pro-forma is well supported by other market operating expenses for strong indication of net operating income. Market extracted capitalization rates provides strongest evidence to value a property. In case of the subject, good, influential data was obtained to extracted actual market rates. These included rates well bracketed for the subject.

The income approach reflects typical investors' expectations based upon subject's anticipated operating potential. This method provides strongest evidence to value.

### Sales Comparison Approach

Six sales of comparable properties were analyzed in the sales comparison approach to estimate the market value of the subject property. Included sales provide good evidence from actual buyers and sellers in the subject's immediate market area. Adjustments were made to each of the comparable improved properties based upon paired analysis. Included sales well bracket the subject in several attributes for good indication of value.

This approach helps to support the primary approach to value - income approach.

### Cost Approach

Not processed.

### Final Opinion of Value

Based on the analyses contained herein and the market data presented, the final opinion of the 'as-is' valuation is determined by the income approach which is well supported by the direct sales comparison approach to value. Both approaches provide primary market evidence to value the subject.

**\$1,100,000**



## Estimated Market Exposure Time

The market exposure time is presumed to precede the effective date of appraisal. Exposure time may be defined as follows: *estimated length of time that 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; exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.*<sup>1</sup> Exposure time is a function of price, time and use. It must be noted that the concept of reasonable exposure time encompasses not only adequate, sufficient and reasonable time, but adequate, sufficient and reasonable effort.

The estimated exposure time presented herein is based on analysis of the following factors:

- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews with market participants; and
- Anticipated changes in market conditions.

Based on the data presented in this report, and the fact that the market value estimated herein is representative of a price based on current acceptable returns indicated by market participants, the reasonable exposure time for the subject property would be approximately 6-12 months, given adequate marketing efforts on a regional level.

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<sup>1</sup>Uniform Standards of Professional Appraisal Practice - 2020-2021 Edition, © The Appraisal Foundation, p. 4.



**MARTENS**  
APPRAISAL

## **Section Nine - Certification/Limiting Conditions/Qualifications**

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### **CERTIFICATION**

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I affirm that I have the knowledge and expertise to complete the assignment competently.
- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- 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 results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, and with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report in the development of the approaches to value and report writing.
- As of the date of the report, I have completed the requirements of the continuing education program of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As noted within the engagement letter, I have not performed appraisal services on subject of this report over last 3 years.

-----  
**Cody James Foster**

State Certified Appraiser - General No. G-3471

November 30, 2023  
Date

2023-384  
Appraisal Number



## Contingent and Limiting Conditions

The certification of the appraiser appearing in the report is subject to the following conditions and to such other specific and limiting conditions as set forth in the report.

- 1) No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- 2) The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- 3) Unless otherwise stated, the opinion of value pertains to the property's surface rights only.
- 4) Responsible ownership and competent property management is assumed.
- 5) Information, estimates, and opinions furnished to the appraiser, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. All information furnished regarding property for sale, rental, financing, or projections of income and expense is from sources deemed reliable. No warranty or representation is made as to the accuracy thereof, and it is submitted subject to errors, omissions, change of price, rental or other conditions, prior sale, lease, financing, or withdrawal without notice.
- 6) All engineering studies are assumed to be correct. Any plot plans and illustrative material in this report are included only to help the reader visualize the property. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property.
- 7) It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
- 8) It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated in the appraisal report.
- 9) It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been described in the appraisal report.
- 10) It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
- 11) It is assumed that the use of the land and improvements (if any) is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

- 12) Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
- 13) Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- 14) Possession of this report, or a copy thereof, does not carry with it the right of publication. Disclosure of the contents of the appraisal report is governed by the regulations of the Appraisal Institute with which the appraiser is affiliated. Possession of this report or any copy thereof does not carry with it the right of publication nor may the same be used for any other purpose by anyone without the previous written consent and approval of the appraiser or the client for whom it is written and, in any event, only in its entirety. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the authors, particularly regarding the valuation conclusions and the identity of the appraiser or the firm with which he is associated or any of his associates.
- 15) The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless other arrangements have been previously made.
- 16) Any value estimates provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
- 17) Any conclusions based on the assumed completion of public or private improvements will have clearly defined conditions, extent, and effects of such assumptions stated.
- 18) The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
- 19) Forecasts of effective demand for the highest and best use or the best fitting and most appropriate use were based on the best available data concerning the market and are subject to conditions of economic uncertainty about the future.
- 20) The appraiser has referred to flood zone maps established under the Flood Disaster Protection Act of 1973.



- 21) On all analysis, subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.
- 22) The Americans with Disabilities Act (ADA) became effective January 26, 1992. I have not made a specific compliance survey and analysis of the building improvements to determine whether or not they are in conformity with the various detailed requirements of the ADA, nor am I an expert in determining what is in compliance with the ADA.

Based on the analysis of market transactions, informed buyers recognize the fiscal impact of the ADA in their purchase decisions; thus remodeling or renovation of older buildings will require a portion of that budget dedicated to curing ADA deficiencies. As such, potential ADA non-compliance is reflected in market transactions utilized in developing the opinion of market value.

Properties constructed subsequent to this act should have minimal, if any, areas of non-conformity.

- 23) With regard to the appraiser-client relationship, USPAP does not require a release from the named client in order to reappraise the property that is the subject of this report for another client. If asked to appraise this property by another party, I reserve the right to do so, without consent, so long as the confidentiality provisions of USPAP are met.
- 24) "The Appraisal Standards Board revised the definition of assignment results in order to allow appraisers to share subject property information that is not identified as confidential by the client. If the client identifies the information as confidential and the appraiser could not obtain the information from another source, the information must be kept confidential. Unless the client has requested information be kept confidential, some data specific to the subject property may be shared, or used in future assignments, without the consent of the client so long as the confidentiality provisions of USPAP are met.
- 25) Use of or reliance on this appraisal or appraisal report, regardless of whether such use or reliance is known or authorized by the appraiser, constitutes acknowledgment and acceptance of these general assumptions and limiting conditions, any extraordinary assumptions or hypothetical conditions, and any other terms and conditions stated in this report.





## **Qualification Sheet – Cody James Foster**

### **Education:**

Bachelor of Business Administration Degree – Finance-Real Estate  
Wichita State University – May 2018

Associate of Arts Degree - Criminal Justice  
Community College of the Air Force - 2012

### **Professional Memberships:**

Member of Appraisal Institute, Member Number 609152  
Currently certified under the Appraisal Institute Continuing Education Program

### **Professional License / Certification**

Certified General Real Property Appraiser - Kansas (No. G-3471)

### **Academic Real Estate and Related Coursework:**

Business Practices and Ethics, Appraisal Institute - General Appraiser Market Analysis and Highest & Best Use, Appraisal Institute - Real Estate Finance Statistics and Valuation Modeling, Appraisal Institute - General Appraiser Report Writing and Case Studies, Appraisal Institute - General Appraiser Sales Comparison Approach, Appraisal Institute - General Appraiser Income - Approach – Part 2, Appraisal Institute - General Appraiser Income Approach – Part 1, Appraisal Institute - General Appraiser Site Valuation and Cost Approach, Appraisal Institute - National Uniform Standards of Professional Appraisal Practice, Appraisal Institute - Basic Appraisal - Procedures, Appraisal Institute - Basic Appraisal Principles, Appraisal Institute - Real Estate Appraisal, Wichita State University - Urban Land Development, Wichita State University - Real Estate Finance, Wichita State University - Appraisal Internship/Cooperative Education, Wichita State University - Principles of Real Estate, Wichita State University

### **Employment:**

05/2017 to 12/2019 – Martens Appraisal Assistant  
01/2019 to 12/2021 – Staff Appraiser with Martens Appraisal.  
11/2021 to Present– Certified General Real Property Appraiser – Kansas

### **Experience:**

Multi-family housing, including single-family investment portfolios; Office buildings, including multi-tenant and corporate single tenant offices and medical facilities; Industrial buildings, including office/warehouses, storage condos and automobile service facilities; Retail buildings, including neighborhood centers, and retail strip centers; Vacant commercial land; Proposed construction of multi-family, retail strip center, general office, and small to medium size industrial properties. Cody's geographic coverage primarily focuses on Wichita and Sedgwick County but has experience throughout Kansas.



**MARTENS**  
APPRAISAL

State of Kansas



# Real Estate Appraisal Board

*This is to certify that*

**Cody J. Foster**

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

**Certified General Real Property Appraiser**

*in the State of Kansas*

License #: G-3471

Effective Date: 07/01/2023

Expiration Date: 06/30/2024

KREAB Chairman



## Section Ten - Addenda

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### Appraisal Engagement Letter



# MARTENS APPRAISAL

## COMMERCIAL REAL ESTATE APPRAISAL REQUEST

**TO:** Martens Appraisal

**DATE:** November 13, 2023

**CHARGE:** Meritrust Credit Union  
151 N Main St  
Wichita, KS 67202

**PROPERTY ADDRESS:** 644-646 North Bluff, Wichita, KS 67208

**LEGAL DESCRIPTION:** Lots 629, 630, 631, 632 Overlook Addition

**BORROWER/BUYER:** Kenneth Mitchem & Mallory Mitchem

**OWNER/SELLER:** Miago LLC.

**CONTACT:** Nela Bayouth, ReeceNichols South Central Kansas  
\*\* Cell: 316-393-5259, Office: 316-978-9777

**SELLING BROKER:** N/A **PHONE:**

**LISTING BROKER:** N/A **PHONE:**

**SALE PRICE**

**Additional Information:** We agree with quoted fee of \$2,800 (As is – Sales and Income). Turn-Time: 10 business days from engagement.

☒ PLEASE SEND ORIGINAL WITH ONE SET OF COPIES  
☒ COPY OF SALES CONTRACT ATTACHED  
☐ PLANS & SPECS ATTACHED (IF NEW CONSTRUCTION)

**DELIVER TO:** MERITRUST CREDIT UNION  
151 N Main St  
Wichita, KS 67202  
ATTN: Carolyn Prester  
[carolyn.prester@meritrustcu.org](mailto:carolyn.prester@meritrustcu.org)  
PHONE: 316-651-5159  
FAX: 316-651-5148

## **Zoning**

## 9. - B Multi-Family Residential District ("B")

a. **Purpose.** The purpose of the B Multi-Family Residential District is to accommodate very high density, Multi-Family residential development and complementary land uses. The B District is generally compatible with the "Urban Residential" and "Urban Development Mix" designations of the *Wichita-Sedgwick County Comprehensive Plan*. It is intended for application within the City of Wichita.

b. **Permitted Uses.** The following Uses shall be permitted by-right in the B District.

(1) **Residential Uses**

Single-Family

Duplex

Multi-Family

Accessory Apartment, subject to Sec. III-D.6.a

Assisted Living

Group Home

Group Residence, Limited

(2) **Public and Civic Uses**

Cemetery

Church or Place of Worship College or University

Community Assembly

Day Care, Limited and General, subject to Sec. III-D.6.i

Golf Course

Hospital

Library

Nursing Facility

Parks and Recreation

Recycling Collection Station, Private, subject to Sec. III-D.6.q

School, Elementary, Middle and High



Utility, Minor

**(3) Commercial Uses**

Marine Facility, Recreational

Medical Service

Wireless Communication Facility, subject to Sec. III-D.6.g

**(4) Industrial, Manufacturing and Extractive Uses**

Asphalt or Concrete Plant, Limited, subject to Sec. III-D.6.d

**(5) Agricultural Uses**

Agriculture, subject to Sec. III-D.6.b

- c. **Conditional Uses.** The following Uses shall be permitted in the B District if reviewed and approved by the Planning Commission in accordance with the procedures and standards of Sec. V-D.

**(1) Residential Uses**

Group Residence, General

**(2) Public and Civic Uses**

Correctional Placement Residence, Limited, subject to Sec. III-D.6.h

Government Service

Neighborhood Swimming Pool, subject to Sec. III-D.6.aa

Safety Service

Utility, Major

**(3) Commercial Uses**

Bed and Breakfast Inn

Heliport

Parking Area, Ancillary, subject to Sec. III-D.6.p

**(4) Industrial, Manufacturing and Extractive Uses**

Mining or Quarrying

Oil and Gas Drilling

Rock Crushing



Solid Waste Incinerator, subject to Sec. III-D.6.v

(5) **Agricultural Uses**

None allowed by Conditional Use

- d. **Property development standards.** Each Site in the B District shall be subject to the following minimum property development standards except, however, that any Lot of Record located within the City of Wichita that existed at the time of adoption of Wichita Ordinance No. 10-107 on October 1, 1928, having a width of 40 feet or less and held under a distinct ownership from Contiguous Lots, shall not be required to provide any Side Yard Setback of greater than three feet. Setbacks and heights are for Principal Structures. See Sec. III-D.7.e for Setbacks and heights for Accessory Structures. See Secs. III-E.2.e(2) and III-E.2.e(3) for Front Setbacks on unplatted tracts or major roadways. Compatibility standards in Secs. IV-C.4 and IV-C.5 may take precedence.

- (1) **Minimum Lot Area:** 2,500 square feet for Single-Family; 2,000 square feet per Dwelling Unit for Duplex; 580 square feet per Dwelling Unit for Multi-Family (maximum 75.1 Dwelling Units per acre); 5,000 square feet for nonresidential uses
- (2) **Minimum Lot Width:** No minimum
- (3) **Minimum Front Setback:** 20 feet
- (4) **Minimum Rear Setback:** 15 feet
- (5) **Minimum Interior Side Setback:** five feet
- (6) **Minimum Street Side Setback:** five feet
- (7) **Maximum Height:** 55 feet, plus one foot of additional height for each foot of Setback beyond the minimum required Setbacks for all property lines

- e. **Special B District regulations.** The following special regulations shall apply to property in the B District.

- (1) None

## **Rent Roll**



Property		Floorplan	Monthly Rent	Annual Rent	Lease effective date	Lease end date	Notes
644 #1		2 Bedroom, 1 Bath	\$1,195.00	\$14,340.00			Air BnB
644 #2		1 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			Air BnB
644 #3		2 Bedroom, 1 Bath	\$1,195.00	\$14,340.00			
644 #4		1 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			
646 #1		2 Bedroom, 1 Bath	\$1,195.00	\$14,340.00			
646 #2		1 Bedroom, 1 Bath	\$1,025.00	\$12,300.00			Military Discount
646 #3		2 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			
646 #4		1 Bedroom, 1 Bath	\$1,095.00	\$13,140.00			



## **Purchase Agreement**



## REAL ESTATE PURCHASE AGREEMENT

**THIS Agreement** (the "Agreement") is made and entered into between Miago, LLC (**Seller**) and Kenneth Mitchem & Mallory Mitchem (**Buyer**).

WITNESSETH: That for and in consideration of the mutual promises, covenants and payments hereinafter set out, the parties hereto do hereby contract to and with each other as follows:

1. **Property.** Seller agrees to sell and convey to Buyer by a good and sufficient special warranty deed, the following described real property:

**Lots 629, 630, 631, 632, Overlook Addition, Sedgwick County, Kansas, more commonly known as 644-646 North Bluff, Wichita, Kansas.**

Such real estate, together with all existing improvements located thereon (including all permanently attached equipment and fixtures not specifically excluded below) and all rights, privileges and easements, appurtenant thereto, and any items of personal property specifically included below, are collectively referred to herein as the "Property."

The legal description for the Property is to be confirmed by the title evidence required to be provided by Seller. See **Exhibit "A"** attached hereto and made a part hereof, for a visual depiction of the Property.

2. **Purchase Price.** Buyer agrees to purchase, and to pay to Seller, as consideration for the conveyance of the Property, the sum of One Million One Hundred Thousand and No/100 Dollars (\$1,100,000.00) in the following manner: Twenty-Five Thousand and No/100 Dollars (\$25,000.00) in the form of earnest money, which shall be applied to the purchase price at closing, if such closing occurs, with the balance to be paid in cash or immediately available funds at closing.

This contract is contingent upon Buyer securing financing, satisfactory to Buyer, for Buyer's intended use. Buyer shall notify Seller, in writing, within thirty (30) days after the full execution of this contract that said financing has been obtained. In the event Buyer is unable to secure satisfactory financing within said time frame, this contract shall be rendered null and void and Buyer's earnest money shall be returned in full.

3. **Title Evidence.** Seller agrees to share equally with Buyer the closing agent costs and the cost of a title insurance company's commitment and policy to insure the Property, showing a merchantable title vested in Seller, subject to easements and restrictions of record that are acceptable to Buyer. The title evidence shall be sent to Buyer for examination by Buyer. Buyer shall have ten (10) days after the receipt of the title evidence to examine and notify Seller in writing of any objections by Buyer to the title evidence. If Seller fails to satisfy all such title requirements (and Seller shall use reasonable efforts to do so) within a reasonable time after receipt of Buyer's title requirements, Buyer may, at Buyer's election, either: (a) cancel this Agreement and receive a return of Buyer's earnest money and, in that event, this Contract will be canceled and the parties will have no further obligations to each other; or (b) accept such title as Seller can deliver.
4. **Delivery.** A duly executed copy of this Agreement shall be delivered to the parties.
5. **Earnest Money and Default.** Buyer shall deposit, within five (5) business days of the full execution of this Agreement, with Security 1<sup>st</sup> Title the sum of Twenty-Five Thousand and No/100 Dollars (\$25,000.00), earnest money, as a guarantee that the terms and conditions of this Agreement shall be fulfilled by Buyer, said deposit to be applied on the purchase price at closing upon acceptance of title by Buyer and delivery of deed by Seller. If Buyer fails to fulfill its obligations under this Agreement, Buyer shall be in default and if such default continues for more than three (3) business days following the date written notice specifying such default is delivered by Seller to Buyer, Seller shall be entitled either: a) to cancel this Agreement and the earnest money deposit shall then become the property of Seller, not as a penalty, but as liquidated damages and Buyer and Seller shall have no further obligations to each other under this Agreement except as specifically stated otherwise in this Agreement; or, alternatively, b) to pursue such other remedies against Buyer available to Seller at law or in equity, including but not limited to specific performance.



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However, if Seller is unable to furnish merchantable title, the earnest money deposited shall be returned to Buyer, and this Agreement shall be null and void and of no further force and effect, or Buyer may elect to waive the title objections and close. If Seller fails to comply with this Agreement, Seller shall be in default and if such default continues for more than three (3) business days following the date written notice specifying such default is delivered by Buyer to Seller, Buyer shall be entitled either (a) to receive the return of the earnest money deposit, which return shall operate to terminate this Agreement and Buyer and Seller shall have no further obligations to each other under this Agreement except as specifically stated otherwise in this Agreement; or, alternatively, b) to pursue such other remedies against Seller available to Buyer at law or in equity, including but not limited to specific performance.

Notwithstanding any of the other terms of this Agreement providing for forfeiture or refund of the earnest money deposit, the parties understand that applicable Kansas real estate laws prohibit the escrow agent from distributing the earnest money, once deposited, without the consent of all parties to this Agreement or a court order.

6. **Proration.** All rentals, security deposits, taxes, installments for special assessments, insurance (if policies acceptable to Buyer), and interest, if any, shall be adjusted and prorated through the date of closing. Taxes shall be prorated for the calendar year in which the closing occurs on the basis of taxes levied. If taxes have not been levied, then they will be prorated based upon taxes for the previous year, adjusted for the most recent mill levy, if known.
7. **Closing Date.** Time is of the essence of this Agreement, thus, closing for this transaction shall be consummated on or before December 31, 2023.
8. **Possession.** Possession shall be given to Buyer at closing, subject to current tenant's rights, if any. Seller further agrees to convey the Property with all the improvements located thereon and deliver possession of the same in the same condition as they now are, reasonable wear and tear excepted.
9. **Casualty Loss.** If the improvements, if any, are damaged by casualty before closing and the estimated cost of repair is less than 10% of the purchase price, then Seller shall repair the damage. If the estimated cost of repair is greater than 10% of the purchase price, or if repairs cannot be completed by closing, then the parties will bargain in good faith to renegotiate this Agreement. If the renegotiation is unsuccessful, either Buyer or Seller may cancel this Agreement.
10. **Insurance.** Seller shall maintain current insurance in force until the closing date. The Buyer at closing shall furnish Buyer's own insurance policy on the Property.
11. **Agency Disclosures and Representations.**
  - a. ReeceNichols South Central Kansas (ReeceNichols) is functioning as a transaction broker in this transaction with Nela Bayouth acting as designated buyer's agent.
  - b. It is hereby agreed and acknowledged by the parties hereto that unless otherwise stated in writing, neither ReeceNichols, its brokers or salespersons have made, on their own behalf, any representations or warranties, express or implied, with respect to any element of the Property, including, but not limited to, the legal sufficiency, legal effect, or tax consequences of this transaction. Any information furnished to either party or in any property condition report should be independently verified by that party before that party relies on such information. Buyer hereby agrees to hold ReeceNichols, its brokers or salespersons harmless if Seller has failed to disclose any known defect or material fact regarding the Property.

Any representations made herein have been made by ReeceNichols, its brokers or salespersons based on information supplied by sources believed to be reliable, and ReeceNichols, its brokers or salespersons have not assumed any responsibility, directly or indirectly, with respect to any representations or warranties which have been made, if any. Since ReeceNichols is acting as broker only, neither ReeceNichols, its brokers or salespersons shall, under any circumstances, be held liable to either Seller or Buyer for performance or lack of performance of any other terms or conditions of this Agreement, or for damages arising out of or relating to the contents of this Agreement over the performance or





nonperformance of either of the parties to this Agreement. ReeceNichols recommends that both Buyer and Seller consult their attorney and/or accountant regarding the terms and conditions of this Agreement and that Seller satisfy itself as to the financial ability of the Buyer to perform. No representation or recommendation is made by broker, its agents or employees, as to the legal sufficiency, legal effect, or tax consequences of this transaction.

12. **Examination and Condition of Premises.** Buyer has carefully examined, or will have examined before closing, the Property and the improvements located thereon and, in making the decision to buy the Property, Buyer is relying wholly and completely on Buyer's own judgment and the judgment of any contractors or inspectors Buyer may have selected. Buyer agrees that the purchase price was negotiated after consideration of all possible defects in the Property, and Buyer purchases the Property in its present condition, "as is" and without warranties or representations of any kind, concerning the condition or value of the Property. Buyer acknowledges that neither Seller nor any broker or salesperson involved in this transaction is an expert at detecting or repairing physical defects in the Property.
13. **Environmental Conditions.** Buyer and Seller agree that ReeceNichols and ReeceNichols' brokers and salespersons do not have any expertise in evaluating the environmental condition of the Property and that ReeceNichols and ReeceNichols' brokers and salespersons have made no representation concerning environmental condition except as may be noted in writing as a part of this Agreement. Buyer or Seller may retain an environmental inspection firm to inspect the Property.
14. **Special Assessments.** In compliance with Kansas law, Seller hereby discloses to Buyer that the Property is subject to special assessments, see Exhibit "B" attached hereto and made a part hereof.
15. **Due Diligence.** Closing of this contract is subject to Buyer completing and approving, within thirty (30) days of acceptance of this contract by the Seller, any tests, inspections, and site feasibility studies Buyer deems necessary to satisfy Buyer as to the suitability of the property for Buyer's intended use. If Buyer is not satisfied, in Buyer's sole judgment with the above inspections, tests, or site feasibility studies then the Buyer, at its option, may terminate this contract by giving notice of termination to Seller, in writing, before expiration of the thirty (30) days, and in that event Buyer's earnest money shall be returned in full, and the parties shall have no further obligations to each other.  
  
Seller agrees to provide Buyer with reasonable access to the Property to conduct such inspections, testing, and site feasibility studies as Buyer may require. All such inspections, testing, and studies shall be conducted at Buyer's sole cost and expense. Buyer agrees to indemnify and hold harmless Seller from and against all damages, costs, liabilities or expenses suffered or incurred as a result of Buyer's inspections and testing.
16. **Existing Leases and Tenant Applications.** This Agreement is contingent upon Buyer's review and approval of the existing leases and tenant applications on the subject property. Seller shall provide Buyer with a copy of said leases within five (5) days of the full execution of this Agreement. Buyer shall have thirty (30) days in which to review and approve said leases and tenant applications. In the event Buyer, in Buyer's sole opinion, does not approve the existing leases and tenant applications, this Agreement shall be rendered null and void and Buyer's earnest money shall be returned in full. In the event Buyer does approve said leases and tenant applications, then the leases shall be assigned to Buyer at closing.
17. **Rent Roll.** Seller shall provide to Buyer upon the full execution of this Agreement, the previous 2-months rent roll on the subject property.
18. **Security and Pet Deposits.** All security and pet deposits, if any, along with prorated rents and prepaid rents shall be credited on the settlement statement and transferred to Buyer at closing.
19. **Operating Statements and Financial Records.** This Agreement is contingent upon Buyer's review and approval of Seller's financial statements on said Property for 2023 and year to date. Seller shall provide Buyer with copies of said operating statement and financial records upon the execution of this contract. Buyer shall have ten (10) days in which to approve said operating statements and financial records. In the event Buyer, in Buyer's sole opinion, does not approve the operating statements or financial records, this Agreement shall be rendered null and void and Buyer's earnest money shall be returned in full.





20. **Warranties and Maintenance Contracts/Records.** Seller shall provide to Buyer upon the full execution of this Agreement with copies of all warranties, maintenance contracts and records for Buyer's review. Buyer shall have ten (10) days to review and approve all warranties, maintenance contracts and records. In the event Buyer does not approve said warranties, maintenance contracts or records, this Agreement shall be rendered null and void and Buyer's earnest money shall be returned in full. Should Buyer approve the warranties, maintenance contracts and records, Seller shall transfer to Buyer at closing, all warranties on all building equipment located in the subject property and all maintenance contracts/records on the subject property.
21. **Personal Property.** All personal property, including furnishings in units, appliances, etc. and exterior amenities such as bikes, games, etc. shall be included in the purchase price of this Agreement and shall transfer with the sale of the Property.
22. **1031 Exchange.** A material part of the consideration to Buyer for purchasing the Property from Seller and Seller selling the Property to Buyer is that both Buyer and Seller have the option to qualify this transaction a part of a tax-deferred exchange under Section 1031 of the Internal Revenue Code of 1986.
23. **Federal Tax Requirements.** If Seller is a "foreign person," as defined by Internal Revenue Code and its regulations, or if Seller fails to deliver an affidavit or a certificate of non-foreign status to Buyer that seller is not a "foreign person," then Seller shall withhold from the sales proceeds an amount sufficient to comply with applicable tax law and deliver the same to the Internal Revenue Service together with appropriate tax forms. Internal Revenue Service regulations require filing written reports if currency in excess of specified amounts is received in the transaction.
24. **Radon.** Every Buyer of residential real property is notified that the property may present exposure to dangerous concentrations of indoor radon gas that may place occupants at risk of developing radon-induced lung cancer. Radon, a class-A human carcinogen, is the leading cause of lung cancer in non-smokers and the second leading cause overall. Kansas law requires sellers to disclose any information known to the seller that shows elevated concentrations of radon gas in residential real property. The Kansas department of health and environment recommends all home-buyers have an indoor radon test performed prior to purchasing or taking occupancy of residential real property. All testing for radon should be conducted by a radon measurement technician. Elevated radon concentrations can be easily reduced by a radon mitigation technician. For additional information go to <http://www.kansasradonprogram.org>.
25. **Megan's Law.** Kansas law requires persons who are convicted of certain crimes, including certain sexually violent crimes, to register with the sheriff of the county in which they reside. If you, as the buyer, desire information regarding those registrants, you may find information on the homepage of the Kansas Bureau of Investigations (KBI) at <http://www.Kansas.gov/kbi> or by contacting the local sheriff's office.
26. **Lead Based Paint Disclosure.** See Exhibit "C", attached hereto and made a part hereof.
27. **Groundwater.** See Exhibit "D", attached hereto and made a part hereof.
28. **Notices.** All notices provided for herein shall be in writing and shall be deemed to have been sufficient and given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally, or when deposited in the United States mail, registered or certified, return receipt requested postage prepaid, addressed as follows:
- |                     |                           |
|---------------------|---------------------------|
| If to Seller at:    | If to Buyer at:           |
| Miago, LLC          | Kenneth & Mallory Mitchem |
| 1144 N. St. Francis | 11502 E Brookview Circle  |
| Wichita, KS 67214   | Wichita, KS 67226         |
- or addressed to any such party at such other address as such party shall hereafter furnish by five (5) days' prior written notice to the other party hereto in the same manner above described.
29. **Acceptance Deadline.** Seller shall have five (5) days from the receipt of this Agreement in which to accept or reject said Agreement. In the event said Agreement is not accepted, in writing, within said time frame, this Agreement shall be deemed null and void and Buyer's earnest money shall be returned in full.



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30. **Effective Date.** The Effective Date of this Agreement will be the last date in which this Agreement is accepted and fully executed by Buyer and Seller.
31. **Computation of Time Periods.** All periods of the time referred to in this Agreement shall include all Saturdays, Sundays and state or national holidays, unless the period of time specifies business days, provided that if the date or last date to perform any act or give any notice or approval shall fall on a Saturday, Sunday or state or national holiday, such act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.
32. **Commission.** Seller agrees to pay to ReeceNichols South Central Kansas a 3% real estate commission based upon the gross purchase price in cash at closing. Seller hereby represents and warrants that there are no other real estate brokers involved in the transaction contemplated herein.
33. **Good Faith.** Each party to this Agreement shall use good faith and reasonably commercial efforts to accomplish the actions provided for in this Agreement in due time and to cooperate with all other parties in doing so.
34. **Agreement to Terms.** Buyer and Seller acknowledge that they have read the entire Agreement and that by signing below agree to all terms contained herein.
35. **Authority to Bind.** Each individual who executes this Agreement on behalf of a party represents that he or she is duly authorized to execute this Agreement on behalf of that party and is operating within the scope of his or her authority.
36. **Binding Effect.** This Agreement shall be binding upon Buyer, Seller, and their respective heirs, successors, and assigns. Seller may assign this Agreement, but any such assignment shall not relieve Seller of its obligations hereunder.
37. **Signatures.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. For purposes of executing or amending this Agreement, or delivering a Notice pursuant hereto, an approved standard form or other written document which is signed and transmitted by any electronic method deemed valid in accordance with the Kansas Uniform Electronic Transaction Act, including but not limited to by facsimile machine, digital signature or a scanned image, such as a pdf via e-mail, is to be treated as an original signature and document.

BUYER:

DocuSigned by:  
**Kenneth Mitchem** 11/2/2023  
41B97DACF8E6A8A  
Kenneth Mitchem Date  
DocuSigned by:  
**Mallory Mitchell** 11/2/2023  
Mallory Mitchell Date

SELLER:

Miago, LLC

By  11-3-23  
Date  
 11/3/23  
Date

Federal Tax I.D. No. 85-338107



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EXHIBIT "A"



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**Kenneth Mitchem**  
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11/2/2023

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11/2/2023

Page 6

Revised 11/1/23





# MARTENS APPRAISAL

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## Property Taxes and Appraisals | Sedgwick County, Kansas

Year	Class	Land	Improvements	Total	Change
2017	Residential	\$2,818	\$15,054	\$17,872	
2016	Residential	\$2,818	\$15,054	\$17,872	
2015	Residential	\$2,818	\$15,054	\$17,872	+4%
2014	Residential	\$2,818	\$14,352	\$17,170	

### 2022 Tax Year Special Assessments

Project	Description	Principal	Interest	Total
2639 F	COUNTY SOLID WASTE SOLID WASTE USER FEE	\$0.00	\$0.00	\$67.04
Totals:		\$0.00	\$0.00	\$67.04

### 2023 Tax Year Special Assessments

Project	Description	Principal	Interest	Total
2639 F	COUNTY SOLID WASTE SOLID WASTE USER FEE	\$0.00	\$0.00	\$67.04
Totals:		\$0.00	\$0.00	\$67.04

### Tax Billings

Tax Year	Tax Rate	General Tax	Specials Tax	Interest	Fees	Total	Paid	Balance
2022	115.114000	\$2,747.61	\$67.04	\$0.00	\$0.00	\$2,814.65	\$2,814.65	\$0.00
2021	116.142000	\$2,415.63	\$63.20	\$37.18	\$0.00	\$2,516.01	\$2,516.01	\$0.00
2020	116.599000	\$2,425.32	\$62.40	\$9.33	\$0.00	\$2,497.05	\$2,497.05	\$0.00
2019	116.788000	\$2,058.62	\$62.40	\$19.44	\$0.00	\$2,140.46	\$2,140.46	\$0.00
2018	117.213000	\$2,066.30	\$47.04	\$0.00	\$0.00	\$2,113.34	\$2,113.34	\$0.00
2017	117.293000	\$2,050.27	\$47.04	\$0.00	\$0.00	\$2,097.31	\$2,097.31	\$0.00
2016	117.201000	\$2,048.62	\$39.04	\$0.00	\$0.00	\$2,087.66	\$2,087.66	\$0.00
2015	119.847000	\$2,095.91	\$39.04	\$0.00	\$0.00	\$2,134.95	\$2,134.95	\$0.00
2014	117.365011	\$1,969.17	\$51.84	\$0.00	\$0.00	\$2,021.01	\$2,021.01	\$0.00
2013	120.600691	\$1,944.27	\$51.84	\$0.00	\$0.00	\$1,996.11	\$1,996.11	\$0.00

### Tax Authorities

#### Tax Authority

0101 STATE  
0201 COUNTY  
0518 CITY OF WICHITA  
0602 USD 259  
0602 USD 259 SC  
0602 USD 259 SG  
0754 USD 259 BOND

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*Mally Nyl*  
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11/2/2023

DocuSigned by:

**Kenneth Mitchem**  
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11/2/2023

Tax Rate

1.500000

29.368000

32.762000

15.802000

8.000000

20.000000

7.682000

Total: 115.114000

*[Signature]* 11/3/23  
*[Signature]* 11/3/23

<https://ssc.sedgwickcounty.org/propertytax/realpropertyprint.aspx?pin=00153271>

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# MARTENS APPRAISAL

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## EXHIBIT "B"

11/1/23, 9:58 AM

Property Taxes and Appraisals | Sedgwick County, Kansas

### Property Taxes and Appraisals

644 N BLUFF AVE WICHITA

#### Property Description

**Legal Description** LOTS 629-630-631-632 OVERLOOK ADD.  
**Owner** MIAGO LLC  
**Mailing Address** 1144 N SAINT FRANCIS AVE WICHITA KS 67214-2814  
**Geo Code** C 08632  
**PIN** 00153271  
**AIN** 126140430400300  
**Tax Unit** 6702 001 WICHITA U-259  
**Land Use** 1170 Garden Apartment  
**Market Land Square Feet** 13,996  
**2023 Total Acres** .32  
**2023 Appraisal** \$232,200  
**2023 Assessment** \$26,704

DocuSigned by:

Kenneth Mitchem

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11/2/2023

DocuSigned by:

Mally Nil

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11/2/2023

#### Commercial Buildings

Building	Units	Build	Sq. Ft.
1-GILLEN APTS (Multiple Res (Low Rise))	8	1954	6,532

More Details

View the Property Record Card for full property details

#### Appraisal Values

Year	Class	Land	Improvements	Total	Change
2023	Residential	\$24,500	\$207,700	\$232,200	+8%
2022	Residential	\$24,500	\$190,000	\$214,500	+16%
2021	Residential	\$24,500	\$159,800	\$184,300	
2020	Residential	\$24,500	\$159,800	\$184,300	+18%
2019	Residential	\$24,500	\$132,200	\$156,700	
2018	Residential	\$24,500	\$132,200	\$156,700	+1%
2017	Residential	\$24,500	\$130,900	\$155,400	
2016	Residential	\$24,500	\$130,900	\$155,400	
2015	Residential	\$24,500	\$130,900	\$155,400	+4%
2014	Residential	\$24,500	\$124,800	\$149,300	

#### Assessment Values

Year	Class	Land	Improvements	Total	Change
2023	Residential	\$2,818	\$23,886	\$26,704	+8%
2022	Residential	\$2,818	\$21,850	\$24,668	+10%
2021	Residential	\$2,818	\$18,377	\$21,195	
2020	Residential	\$2,818	\$18,377	\$21,195	+18%
2019	Residential	\$2,818	\$15,203	\$18,021	
2018	Residential	\$2,818	\$15,203	\$18,021	+1%

<https://scc.sedgwickcounty.org/propertytax/realproperty/print.aspx?pin=00153271>

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**EXHIBIT "C"**

Property Address: 644-644 N. Bluff, Wichita, KS


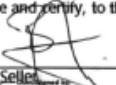
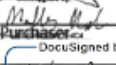
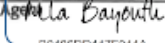
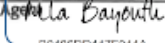
Disclosure of Information on Lead-Based Paint and/or Lead-Based Paint Hazards	
<b>Lead Warning Statement</b>	
Every purchaser of any interest in residential real property on which a residential dwelling was built prior to 1978 is notified that such property may present exposure to lead from lead-based paint that may place young children at risk of developing lead poisoning. Lead poisoning in young children may produce permanent neurological damage, including learning disabilities, reduced intelligence quotient, behavioral problems, and impaired memory. Lead poisoning also poses a particular risk to pregnant women. The seller of any interest in residential real property is required to provide the buyer with any information on lead-based paint hazards from risk assessments or inspections in the seller's possession and notify the buyer of any known lead-based paint hazards. A risk assessment or inspection for possible lead-based paint hazards is recommended prior to purchase.	
<b>Seller's Disclosure</b>	
(a) Presence of lead-based paint and/or lead-based paint hazards (check (i) or (ii) below):	
(i) <input type="checkbox"/> Known lead-based paint and/or lead-based paint hazards are present in the housing (explain).	
(ii) <input checked="" type="checkbox"/> Seller has no knowledge of lead-based paint and/or lead-based paint hazards in the housing.	
(b) Records and reports available to the seller (check (i) or (ii) below):	
(i) <input type="checkbox"/> Seller has provided the purchaser with all available records and reports pertaining to lead-based paint and/or lead-based paint hazards in the housing (list documents below).	
(ii) <input checked="" type="checkbox"/> Seller has no reports or records pertaining to lead-based paint and/or lead-based paint hazards in the housing.	
<b>Purchaser's Acknowledgment (Initial)</b>	
(c) <input checked="" type="checkbox"/> KM Purchaser has received copies of all information listed above.	
(d) <input checked="" type="checkbox"/> KM Purchaser has received the pamphlet <i>Protect Your Family from Lead in Your Home</i> .	
(e) Purchaser has (check (i) or (ii) below):	
(i) <input checked="" type="checkbox"/> KM received a 10-day opportunity (or mutually agreed upon period) to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards; or	
(ii) <input type="checkbox"/> waived the opportunity to conduct a risk assessment or inspection for the presence of lead-based paint and/or lead-based paint hazards.	
<b>Agent's Acknowledgment (Initial)</b>	
(f) <input checked="" type="checkbox"/> Agent has informed the seller of the seller's obligations under 42 U.S.C. 4852d and is aware of his/her responsibility to ensure compliance.	
<b>Certification of Accuracy</b>	
The following parties have reviewed the information above and certify, to the best of their knowledge, that the information they have provided is true and accurate.	
Signed by: 	Date: 11/3/23
Purchaser: Kenneth Mitchem	Date: 11/2/2023
Signed by: 	Date: 11/2/2023
Seller: 	Date: 11/2/2023
Signed by: 	Date: 11/3/2023
Agent: 	Date: 11/3/2023



EXHIBIT "D"



**GROUNDWATER / ENVIRONMENTAL ADDENDUM**

1 THIS ADDENDUM to Contract for Sale and Purchase of Real Estate between and among the undersigned is  
2 entered into effective on the last date set forth below.

3 Groundwater contamination has been detected in several areas in and around Sedgwick County.  
4 Licensees do not have any expertise in evaluating environmental conditions.

5 The parties are proposing the sale and purchase of certain property, commonly known as:  
6 644-646 N. Bluff, Wichita, KS

7 The parties are advised to obtain expert advice in regard to any environmental concerns.

8 **SELLER'S DISCLOSURE (please complete both a and b below)**

9 (a) Presence of groundwater contamination or other environmental concerns (initial one):

10 ☒ Seller has no knowledge of groundwater contamination or other environmental concerns;  
11 or  
12 \_\_\_\_\_ Known groundwater contamination or other environmental concerns are:  
13  
14

15 (b) Records and reports in possession of Seller (initial one):

16 ☒ Seller has no reports or records pertaining to groundwater contamination or other  
17 environmental concerns; or  
18 \_\_\_\_\_ Seller has provided the Buyer with all available records and reports pertaining to  
19 groundwater contamination or other environmental concerns (list document below):  
20  
21

22 **BUYER'S ACKNOWLEDGMENT (please complete c below)**

23 (c) ☒ KM ☒ Buyer has received copies of all information, if any, listed above. (Initial)

24 **CERTIFICATION**

25 Seller certifies, to the best of Seller's knowledge, that the information Seller has provided is true and  
26 accurate, and that Buyer and all licensees involved are relying on Seller's information. Buyer certifies that  
27 Buyer has reviewed Seller's responses and any records and reports furnished by Seller.

28 [Signature] 11/3/23  
29 Seller Date  
30 [Signature] 11/3/23  
31 Seller Date

\_\_\_\_\_  
Kenneth Mitchem 11/2/2023  
\_\_\_\_\_  
Date  
\_\_\_\_\_  
11/2/2023  
\_\_\_\_\_  
Date

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Rev. 6/16

Form #1210



## **Capital Expenditures**



Miago, LLC major up grades

1. Roof less then 5yrs old
2. Gutters 2yr old
3. low e windows 2023
4. Outside paint 2023
5. Inside paint 2023
6. Electrical 2023
7. HVAC units 2023, expect 5 furnaces, rebuild any worn parts.
8. Double shut of switches on all furnaces in addict
9. Plumbing 2023
10. Kitchens 2023
11. Bathrooms2023
12. Appliances 2023
13. Smoke and C2 detecors 2023
14. Fire extinguishers 2023
15. Concrete 2022
16. 9 new water meters 2023
17. 4 main steel doors 2023
18. Sprinkler system 2023
19. Fencing & gating 2023
20. Porchs and railing structure 2023
21. Gazebo 2023
22. Outside lighting 2023
23. Ceiling insulation 2023
24. Lighting Led inside 2023
25. Building WiFi 644 & 646 boost 2023