Chudnow Druck Valuation, Inc.
6373 North Jean Nicolet Road
Suite 201
Milwaukee, WI 53217
Phone: (414) 540-1100
Fax: (414) 540-9905

Before and After Report of a Single-Family Residence

655 Oldfield Avenue,
Mukwonago, Waukesha County, Wisconsin

Effective Date	September 11, 2015
Date of the Report	October 1, 2015
Inspection Date	September 11, 2015

The use of this report is limited to the client as the Intended User. No other Intended Users have been identified.

Prepared For:
Village of Mukwonago
625 S Rochester Street
Mukwonago, Wisconsin 53149

Chudnow Druck Valuation, Inc.
6373 North Jean Nicolet Road
Suite 201
Milwaukee, WI 53217
Phone: (414) 540-1100
Fax: (414) 540-9905

October 1, 2015

Village of Mukwonago
Attn: John Weidl
625 South Rochester Street
Mukwonago, Wisconsin 53149

Re: Before and After Market Values of the property at 655 Oldfield Avenue, Mukwonago, Wisconsin 53149 as a result of the hypothetical completion of the Fountain Park Apartment Homes.

As you have requested, I have appraised the improved residential property located at 655 Oldfield Avenue in Mukwonago, Wisconsin to develop an opinion of the Before and After Market Values of the fee simple interest in the property as of September 11, 2015, the Inspection Date and Effective Date of this Appraisal Report. The After Value is based upon the hypothetical completion of the Fountain Park Apartment Homes and will reflect External Obsolescence, if any, as result of this hypothetical completion.

The accompanying appraisal report, including addenda, describes the valuation procedures employed. All analysis and conclusions in this report are subject to the Assumptions and Limiting Conditions, the definition of Market Value, and other premises stipulated in this report. It is prepared in conformance with the Scope of Work. Please refer to this section to understand the complexity and important facts affecting the final value opinion. This appraisal is prepared in conformance with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.

The purpose of this appraisal is to estimate the "as is" current Market Value of the subject property, as improved, as well as the Market Value "subject to" the hypothetical condition that the Fountain Park Apartment Homes have been built as of the effective date of this Appraisal Report.

Based on the analyses and conclusions developed in this report, it was determined that no damages specific to the subject property are incurred as a result of the hypothetical completion of the Fountain Park Apartment Homes as of September 11, 2015. The Before and After Market Values of the property located at 655 Oldfield Avenue in Mukwonago, Wisconsin are:

TWO HUNDRED EIGHT-EIGHT THOUSAND DOLLARS ($288,000).

It is a pleasure to serve you. If you have any questions concerning this report or if I may be of further service, please contact me.

Sincerely,

Donna L. Matti
Wisconsin Certified Residential Appraiser #557-9

Residential Appraisal Report

Client/Intended User:	Village of Mukwonago
	No other Intended Users are identified.
Intended Use:	Develop an opinion of market value of the fee simple interest in the subject before and after construction of a proposed apartment complex, to determine whether that construction will have an effect on the market value of the subject property. The opinion of just compensation arrived at in this value finding Appraisal Report reflects the appraiser's opinion of the difference between the Before and After Values of the identified subject property. This report is not intended for any other use.
Identification of the Subject	
Location:	655 Oldfield Avenue, Mukwonago, Waukesha County, Wisconsin, 53149-8938
Current Use:	Single-family Residence
Tax Key:	MUKV 196 0066
Legal Description:	(Per Wiredata) Lot 66 and Undivided Interest in Outlots 2-5, Fairwinds, part of the SE1/4 of Section 22 and part of the SW1/4 of Section 23, T5N, R18E, Village of Mukwonago, Waukesha County, Wisconsin, Doc# 4097112.
Zoning:	R-1, Single-family Community Residential District. This district requires a lot size minimum of 15,000 square feet and a minimum width of 100 feet for an interior lot. Minimum floor area required is 1,800 square feet. (Floor area includes the total horizontal area computed from the outside building walls of each floor.) The subject is considered to be a legal and conforming use. It is noted that the appraiser has not made a

detailed comparison of every property characteristic relative to local zoning and/or building ordinances.

Highest and Best Use: Per The Dictionary of Real Estate Appraisal, Fifth Edition, Highest and Best Use is defined as : "the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value." As improved, the residential use exceeds the value of the land, as if vacant. In addition the subject is in conformance with current general zoning requirements and represents a legal and conforming use. In consideration of the existing use, current zoning and the surrounding uses, it is the appraiser's opinion that the Highest and Best Use of the subject property is as improved.

Characteristics: Slightly irregular-shaped parcel located on the south side of Oldfield Avenue, an interior subdivision street. It is located in a newer and still developing subdivision of single family homes surrounded by the local high school, other subdivisions, commercial and institutional uses along the main roadways including NN to the south and STH 83 to the east. Overall, it is located in an area of compatible land uses. The subject is a 2013 constructed, ranch style home having 1,626 square feet of GLA; 6 rooms, 3 bedrooms and 2 bathrooms. The lot is 15,523 square feet with residential landscaping including a concrete side drive, grassy lawn, ornamental plantings around the improvements, walled rear yard patio and fenced yard area.

Condition: Newer and very good condition overall. Finishes appear to be somewhat above standard builder quality, including upgraded kitchen cabinets, granite counters, vaulted ceilings, crown molding and upgraded flooring per prior MetroMLS listing. No deferred maintenance noted.

Inspection of Subject: On September 11, 2015, the appraiser inspected the exterior only of the subject property. The owners were home at the time of the exterior viewing. The village assessor was relied upon for the building and site sizes. A prior MLS listing provided interior detail.

Sales History	According to MetroMLS, the subject sold on 08/20/2014 at a price of $286,900 as a conventionally financed, arm's length transaction. This was a sale as a newly completed construction. The seller credited the buyer with $1,625 at closing, not uncommon in this market segment. No other sales, listings, options, or contracts affect the subject at this time or in the past three years.
Real Property Interest Valued:	Fee Simple
Market Value Definition:	Market Value is defined by the Appraisal Institute, in *The Dictionary of Real Estate Appraisal*, Fifth Edition, 2010, published by the Appraisal Institute, as well as in 12CFR34.42(g); 55 FR 34696, August 24, 1990; as amended at 57 FR 12202, April 9, 1992; 59 FR 29499, June 7, 1994, as follows: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeable and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: a. The buyer and seller are typically motivated. b. The buyer and seller are well informed and/or well advised, and acting in what they consider their best interests. c. A reasonable time is allowed for exposure in the open market. d. Payment in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and e. 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."
Effective Date of Appraisal:	September 11, 2015
Date of Report:	October 1, 2015
Scope of Work:	On September 11, 2015, I inspected the subject exterior and surrounding area. The owners were home at the time of the inspection, but other than a greeting, no other exchange was

made. The assessor record was relied upon for the site and building sizes. MLS provided data for the interior features of the improvement. Wiredata and RealQuest data services were relied upon for the sale/transfer history of the property. Comparable sales from MLS were researched. An internet search was undertaken to research related area apartment development, general growth and traffic patterns. Other related area was also considered. While consideration was given to all approaches to value, only the Sales Comparison was determined to be necessary to the development of credible appraisal results.

Competency: In compliance with the requirements of USPAP, I state that I have the knowledge and experience to complete the appraisal assignment as requested. I have appraised a number of similar properties in the subject's geographical area over my 25+ years in this field and am qualified to appraise the subject. Please see the licensure of the appraiser included in the addenda of this report for additional information.

Description of the Project: In the After Condition, a hypothetical condition is made that a proposed construction of Fountain Park Apartment Homes on vacant land that was part of the Chapman Farm is complete. The Fountain Park Apartment Homes will be a planned apartment community with 410 residential units in 8 buildings, a combination of underground parking, garage stalls and surface parking totaling 879 stalls, a clubhouse, pool, sport courts, park area, and two ponds. There is to be an auxiliary development of 2 story side by side condominium homes to act as a buffer with berms between each development. Fairwinds Boulevard, servicing the subject subdivision, will be extended into a round-about that will intersect with the proposed Chapman Boulevard. This boulevard will access future commercial uses and STH 83 to the east. Construction will require that a portion of land currently zoned as R-1 be rezoned to R-10 for multi-family use with the remaining land close to STH 83 zoned to commercial use. It is noted that approximately half of the site planned for apartment

development has been zoned for multi-family use since 2006. Currently full completion of the project is planned for 6 years in the future.

Summary of Analysis, Methods, Techniques:

The subject is located in a market with enough activity to find several reasonable sales. Overall, the considerations of buyers and sellers were accurately reflected in the Sales Comparison Approach. Therefore, full consideration is given to the Sales Comparison Approach. The Income Approach was not applied as single-family homes in the area are typically not bought and sold for their income-generating potential. The Cost Approach is not necessary for the development of credible appraisal results and also is not applied.

Reconciliation: As discussed, most weight is placed on values indicated by the Sales Comparison Approach.

Report Option: This report is an Appraisal Report prepared in narrative format in accordance with Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. Some findings and analysis of the appraiser are summarized in this report. However, the basis of the summaries is included in the appraiser work file.

Extraordinary Assumption: None

Hypothetical Condition: *The Dictionary of Real Estate Appraisal, Fifth Edition* defines Hypothetical Condition as; "That which is contrary to what exists but is supposed for the purpose of analysis."

In the After Condition, the hypothetical full completion of the proposed apartment complex is assumed as instructed by the client as of the effective date of this appraisal report.

Opinion of Value: $288,000 (Before); $288,000 (After)

Indicated Exposure Time: 3-4 Months

Certification:

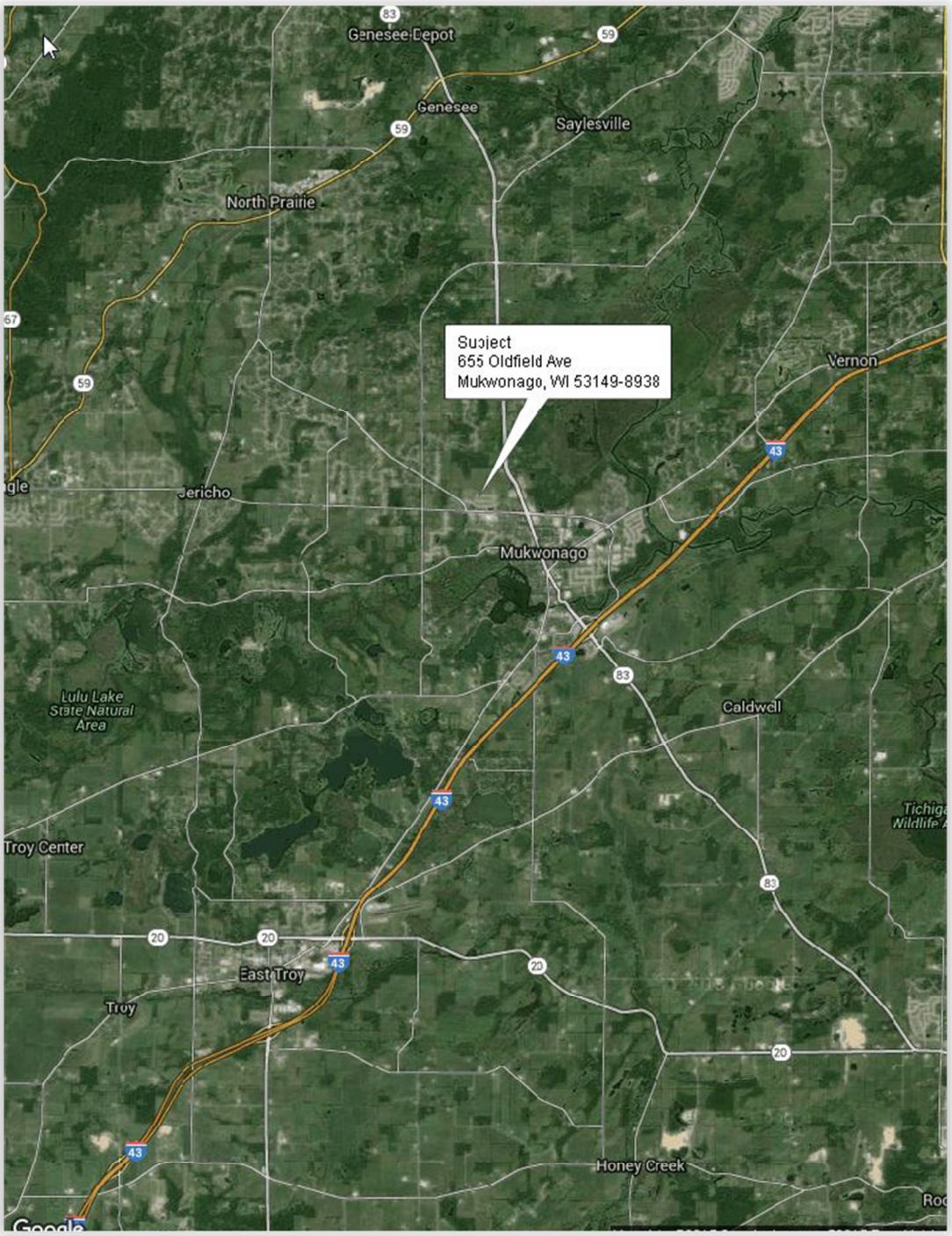
I certify that, to the best of my knowledge and belief:

- 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 have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined 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*.
- I have made a personal inspection of the exterior of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- In accordance with the Ethics Rule of the Uniform Standards of Professional Appraisal Practice, I disclose that I have not provided an appraisal or any other service for the subject property.

October 1, 2015

Donna L. Matti
Wisconsin Certified Residential Appraiser #557-9

AREA ANALYSIS



Introduction

The subject is located on the northwest side of the Village of Mukwonago in a newer and still developing subdivision identified as Fairwinds, in southwestern Waukesha County. Waukesha County is included in the Milwaukee-Waukesha-West Allis, WI Metropolitan Statistical Area by the US Census Bureau. Waukesha County has a total area of 581 square miles of which 31 square miles is water. The county is bounded by Racine County to the south, Walworth and Jefferson Counties to the west, Washington County to the north and Milwaukee County to the east. Interstates 94 and 43 provide access to the larger cities of Waukesha and Milwaukee. Many other north-south and east-west arterial roads run through the Village of Mukwonago, making access to the surrounding areas convenient. The village is part of the region of southeast Wisconsin with Milwaukee County as the major economic hub and the City of Milwaukee as the largest population center both in the region and the state. Mukwonago was featured in the 2015 Niche Rating as one of the best towns in Wisconsin to raise a family.

Population

The Village of Mukwonago had a population of 7,507 per 2014 census data. The village is located mostly within Waukesha County with a small portion extending into Walworth County. Of the 2014 population 7,390 were in Waukesha County and 117 were in Walworth County. The population has been relatively stable, showing an increase of only 2% over the 2010 population of 7,355. The estimated median household income in 2013 was $57,696.

Education

Public schools serving the city are Mukwonago High School, Park View Junior High School, and Rolling Hills, Section Elementary, Big Bend Elementary, Eagleville, Prairie View, and Clarendon Avenue Elementary Schools.

Parochial schools include St. John's Lutheran School.

Housing

At the 2010 census**, t**here are a total of 3,104 housing units at a density of 392.9 per square mile in the Village of Mukwonago. The homeownership rate is 65.3% and the median value of owner-occupied housing units was $223,200 considering the years from 2009-2013.

Commerce

According to the Village of Mukwonago Business Development, higher than average income, education level and housing values provide a base of disposal income to stimulate commerce. There is a mix of big box retail and main street village shops, along with existing and business/industrial park expansion. A major company, Gearbox Express, has recently relocated to the village. Planned expansion illustrates the intention of the village to create and maintain jobs locally.

Transportation

Travel is considered convenient to and from Milwaukee and the entire metro area via Interstate Highways 94 and 43, both within an easy drive. In addition State Highway 83 bisects the Village and several county highways serve the village and immediate surrounding area.

The City of Milwaukee is approximately 23 miles from the Village with the mean travel time to work at 24.5 minutes.

Conclusion

The populations of the village and surrounding county are stable to modestly rising along with a strong presence of businesses, helping unemployment rates remain low. Property values are above average for the county. The village education system is strong, and transportation throughout the area is convenient. In summary, the Village of Mukwonago is considered a desirable suburban community with a good and growing economic base and a stable population.

NEIGHBORHOOD ANALYSIS

Location

The subject is located in the northwestern portion of the Village of Mukwonago in a newer and still developing subdivision known as Fairwinds. The subdivision is being developed by Bielinski Homes. Phases 1 and 2 of the subdivision are mostly complete with construction in the remaining 3 phases underway. Mukwonago High School lies to the south of CTH NN, within view of the subdivision. Field Park is located within walking distance to the east at the intersection of CTH NN and STH 83 for recreational access. Additional recreation is noted in Minor Park to the south, which accesses Lower Phantom Lake. Local shopping is available along STH 83 and in the village center with additional big box stores available near the Interstate 43 corridor at the south end of the village. The Teronomy Builders project, Fountain Park Apartment Homes, is planned for a parcel that lies directly north of the subject subdivision. Fairwinds Boulevard, currently the main linking subdivision street will be extended to a round-about to serve this new development along with a proposed street linking to STH 83. Additional commercial development is planned along the STH 83 corridor and

future expansion of single family homes is planned for the remaining vacant land to the north and west of Fairwinds Subdivision.

Boundaries

Because of the size of the Village of Mukwonago and the nature of newer development of single family homes, the entire Village is considered competitive. The boundaries of the Village are approximately:

North	Vernon Marsh and Village limits
South	Maple Avenue and the Interstate 43 corridor
West	County Highway I and Upper/Lower Phantom Lake
East	Fox River corridor and Village limits.

Land Use

Sale prices in the village range from $65,000 to $408,000 for single-family homes, with an average sale price over the past year of $238,993. Though distressed properties (REO and short sales) did influence this market from 2008 through 2012, the numbers have dropped significantly. The majority of the real estate market in the village is single family homes, but there are newer condominium homes, scattered duplex and multi-family buildings in the area, particularly in the long developed areas of the village, near its center. The majority of rental rates vary from $500 to $1,200 per month depending on the size, condition of the unit and utilities furnished.

Availability of commercial development is average with needs met on numerous arterials bisecting the area. In addition, there is business/industrial park expansion in the planning stages. Localized business development is planned along STH 83, with a rezoning of the land to the east and north of the subject subdivision and extension of Black Bear Boulevard, as an access road.

Access and Linkages

Accessibility to the subdivision is good via Fairwinds Boulevard, which currently links with CTH NN on the south. Street layout is well planned and the interstate system is easily accessible via STH 83. The village has good access to the rest of the Milwaukee metro area. The subject

has approximately 85 feet of frontage on Oldfield Avenue, an interior residential subdivision street with a fully residential view. The subject street accesses Fairwinds Boulevard to the east, as the main entry street to the subdivision. This street currently dead ends to the north, but links with CTH NN to the south. At the completion of the Fountain Park Apartment Homes project, Fairwinds Boulevard will link with Chapman Boulevard (an extension to the west of Black Bear Boulevard) via a round-about, which ultimately will link with STH 83. The subject subdivision is serviced by public water and sewer.

Conclusion The subject is located in a developing subdivision of single homes. After a period of overall single family home price declines from 2008 through 2012, prices showed an increase in 2012 to 2013 and stable market times at a cumulative average of 93 days. The location near major highways provides ready access to the available amenities offered by the entire Milwaukee metro area. The existing and expanding commercial and services base in the village and adjacent communities provide varied employment opportunities, increasing the appeal of this suburban location.

EXPOSURE AND MARKETING TIME

Exposure time defined by the Appraisal Institute, in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as: "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal."

Marketing time defined by the Appraisal Institute, in *The Dictionary of Real Estate Appraisal*, Fourth Edition, as: "An estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool

of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal."

Discussion

Current global economic conditions are affecting the real estate markets; however it is difficult to determine the future of the tightening credit markets. A search of single family home sales in MLS over the previous 2 years have revealed 81 sales in the period from 09/09/2013 to 09/08/2014 with an average of 93 cumulative days on the market (cumulative days allows consideration of concurrent listings of the same property). From 09/09/2014 to 09/08/2015, there were a total of 112 sales with a stable average of 93 days. Current listings are showing a slight increase to 131 days, which is not unexpected due to the onset of the traditionally less active fall sale season. Based upon the sales in the Village of Mukwonago exposure time for the subject is estimated at 3 months. Based upon active listings, marketing time is estimated to be 3-4 months.

Market Sales, Before Value

Introduction

The Sales Comparison Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property.

Developing a Sales Comparison Approach involves four major steps.

1. Research the market and find information about comparable property sales.
2. Analyze the comparable sales to derive market-supported adjustments that reflect the significant differences between the sales and the subject.
3. Apply the adjustments to the comparable sale or unit prices.
4. Reconcile the adjusted sale or unit prices into an indication of value for the subject.

The appraiser researched MetroMLS sales from 09/12/2014 to 09/11/2015 of 1 story homes that were constructed between 1995 and 2015 in the Village of Mukwonago to arrive at the value opinion of the subject by the Sales Comparison Approach in the before condition. Three sales that were felt to be of similar size, quality, condition, and location to the subject were directly analyzed in the following grid.

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	655 Oldfield Ave Mukwonago, WI 53149	1430 Fox River Run Mukwonago, WI 53149		430 Eagle Lake Ave Mukwonago, WI 53149		426 Eastern Trl Mukwonago, WI 53149	
Proximity to Subject		2.32 miles SE		0.73 miles SE		2.17 miles SE	
Sales Price	$		$ 307,500		$ 273,000		$ 325,000
Data Source	Prior MLS;AssrRcrd	MLS#1390922;AssrRcrd		MLS#1386404;AssrRcrd		MLS#14273372;AssrRcrd	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) $ Adjustment	DESCRIPTION	+ (-) $ Adjustment	DESCRIPTION	+ (-) $ Adjustment
Date of Sale/Time		04/2015	0	03/2015	0	08/2015	
Location	Res/15,507 SF lot	Res/19,832 SF lot	-1,300	Res/1.38 Ac/Busy	20,600	Cnsrv/16,408 SF lot	-9,800
Age	2 years	1 year	0	9 years	3,500	15 years	6,500
Condition	Very good/Vinyl	Very good/Vinyl		Very good/Vinyl		Very good/Alum	0
GLA	1626 SF/3Br;2Bt	1731/3Br;2Bt	-3,700	1540 SF/3Br;2Bt	3,000	1940/3Br;2Bt	-11,000
Basement	Full/No finish	Full/Bsmt.5Bt	-2,000	Full-WO/RR+Br+Bt	-16,000	Full-WO/RRw/Kt;2Br;Bt	-20,000
Features	FP;Prch;Pt;2Cr	FP;3Cr	0	FP;Pat;Dck;2car	0	FP;Dck;Balc;2Cr	0
Conditions of Sale		DOM-146		DOM-178		DOM-66	
Special Financing		Conv/NoSellerPd		Conv/SellerPaid	-3,000	Conv/SellerPaid	-3,000
Total Adjustments		☐ + ☒ -	$ 7,000	☒ + ☐ -	$ 8,100	☐ + ☒ -	$ 37,300
Indicated Value of Subject			$ 300,500		$ 281,100		$ 287,700

Adjustments

The sales presented bracket the subject location, lot size, age and features. All three sales are similar quality, newer construction homes. No adjustments for date of sale are warranted as the Village of Mukwonago has been experiencing stable prices over the past 2 year period after a gain from lows caused by the market correction that occurred from 2007 through 2012 While the sales are arm's length transactions, Comps #2 and #3 included seller paid concessions and were adjusted downward. Adjustments at 100% of the concession amounts are applied as sellers give preference to those offers without concessions in this market segment. The subject is located in a newer residential subdivision. Comps #1 and #3 are in similar subdivisions. It is noted that Comp #3 is in close proximity to an industrial/commercial park with no apparent adverse effect on marketability. Comp#1 has a somewhat larger lot, adjusted at a contributory rate of $0.30 per square foot for common residential subdivision lots in this market. Comp #2, while outside of a subdivision, is in close proximity. This property has a long and narrow site fronting on a busier roadway. The site size difference was adjusted downward at a reduced rate of $0.15 per square

foot to reflect surplus land and adjusted upward at 10% to reflect the increased exposure to traffic. This resulted in a net upward adjustment for location. Comp #3 has a similarly sized lot but backs up to conservancy land on the rear, resulting in a downward adjustment of 3%. Upward adjustments to reflect more wear and tear due to the newer age of the subject improvement are given to Comps #2 and #3 at a rate of $500 per year. All properties are considered to be in very good condition overall with modern décor and no significant deferred maintenance. Adjustments to reflect differences in GLA are given at a contributory rate of $35 per square foot with below grade finish adjustments based upon utility, as appropriate. Adjustment for a walkout feature is given at a rate of $5,000. Adjustments are given for other market feature differences which resulted in no net adjustments for any of the comparable sales when compared to the subject. No other adjustments are necessary.

Conclusion

Based on the subject's age and quality, the conclusion of market value for the subject property is more heavily weighted toward the adjusted value of Comp #1, with some consideration given to both Comps #2 and #3 due to sale dates, similar overall quality, similar style and similar condition.

Therefore, the opinion of Market Value in the Before Condition, via the Sales Comparison Approach, is:

Two Hundred Eighty-Eight Thousand Dollars ($288,000).

Market Sales, After Value

Introduction

In the After Condition, the appraiser has been directed by the client to consider the Hypothetical Condition that the proposed Fountain Park Apartment Homes, a 410 unit apartment complex built and managed by Teronomy Builders of Elkhorn, has been completed. The proposed completion date is approximately 6 years into the future; however the appraiser is considering the current effective date of this appraisal in order to reach an estimate of potential diminution of market value, if any, caused by the development of this project. The appraiser is specifically considering only the development of the Teronomy-built apartment project with the condominium buffer and the supporting public road with roundabout. No consideration has been given to proposed commercial development along STH 83 or any future development of the remaining vacant land to the north and west of the subject subdivision. The appraiser has examined the proposed development project, current and proposed zoning in the Village of Mukwonago, areas with apartment projects developed by the same developer in East Troy, Whitewater and Beloit, Wisconsin, changes to traffic volume as it relates to Fairwinds Boulevard in the subject subdivision and market conditions in a developed subdivision in close proximity to a multi-building apartment complex in the Village of Mukwonago. In addition, the appraiser examined an article published in the Word Press and researched other sources for general information regarding development on properties adjacent to existing and dissimilar development.

Once effect of the project on market value, if any, has been determined the Sales Comparison Approach will be used to provide a hypothetical market value assuming full completion of the proposed Fountain Park Apartment Homes. As previously discussed, the Sales Comparison Approach is based upon the principle of substitution; that is, when a property is replaceable in the market, its value tends to be set at the cost of acquiring an equally desirable substitute property.

To restate, developing a Sales Comparison Approach involves four major steps.

1. Research the market and find information about comparable property sales.
2. Analyze the comparable sales to derive market-supported adjustments that reflect the significant differences between the sales and the subject.

3. Apply the adjustments to the comparable sale or unit prices.
4. Reconcile the adjusted sale or unit prices into an indication of value for the subject.

Supporting Data: Zoning for the eastern portion of the prior Chapman Farms parcel is currently R-10, which does allow for multi-family use. This area of zoning extends north and east from Fairwinds Boulevard. A portion of this eastern area along STH 83 is under consideration for rezoning to business and a portion of the western part of the parcel is proposed to be rezoned from R-1 to R-10 to allow for development of Fountain Park Apartment Homes. With the current R-10 zoning in place, it is this appraiser's opinion that property owners in Fairwinds Subdivision could reasonably expect that some sort of multi-family construction would be accessed by the eventual extension of Fairwinds Boulevard.

The appraiser considered other Teronomy planned developments in other southern Wisconsin communities including the Waters Edge Apartments in Whitewater, the Honey Creek and Wildwood Apartments in East Troy and the Hawk's Ridge Apartments in Beloit. All complexes were considered apartment communities with on-site amenities similar to those proposed for the Fountain Park Apartment Homes. However, those communities in Whitewater and Beloit were self-contained with additional condominium and single family subdivision areas as part of the planned community and did not border existing development. These apartment communities are not considered similar to the subject in this respect. The Wildwood Apartments border on a busier street with apartment style condominium development directly to the east. This project also does not border single family residential development and is not considered similar to the subject in this respect. The Honey Creek Apartments, while located in a less developed area of East Troy, do have exposure to some existing single family homes along Honey Creek Road. The appraiser noted by a search of MLS that the community of East Troy followed similar market price trends since the complex was built in 2006 with a downturn in the market due to market corrections from 2007 through 2012, an increase in prices in 2013 and relatively stable market conditions in 2014 to date, with a return to prices similar to those on average before the area market downturn. With that, a single family property located just to the north of the project at W2031 Honey Creek Road had sold prior to construction of the Honey Creek Apartments (MLS#679967) at a price of $170,000. It is currently listed in MLS #1415218 at an asking price of $175,000. It appears to have been maintained and is considered to be similar in condition to the previous sale. This appears to support the conclusion

that there is no adverse influence to this single family home caused by the proximity to the apartment development.

In addition, the appraiser looked at other existing multi-building apartment developments in the Village of Mukwonago, with the most similar considered to be River Park Place Apartments managed by Bielinski Management. While a smaller and established project, there are multiple buildings with an established single family subdivision sharing access along River Park Circle West and Eastern Trail. Since the project was in existence before the market correction noted, adverse influence caused by the project would be apparent in an examination in market trends for the single family subdivision over time. It is noted that the River Park Subdivision has followed the general market trends noted for the entire village with a downturn in market prices from 2008 through 2012, an improvement in average prices in 2012-2013 and a stabilization of prices to date. These statistics appear to support the conclusion that the proximity to the River Park Place Apartments does not adversely impact the prices in the River Park Subdivision.

Traffic trends were also examined through a traffic study performed by Traffic Analysis & Design, Inc. that specifically addressed proposed Chapman Property development with studies of existing traffic volumes, initial buildout and full buildout projections. It is acknowledged that development will result in a significant increase in new trips both into and out of Fairwinds Boulevard. However, an article that appeared through WordPress dealing with ARC Land Matters (found at https://landmatters.wordpress.com) notes that: "the courts call increased traffic a condition incident to urban living." and further states "It is merely the result of normal urban growth and development. … It would result in materially slowing, if not completely stopping, the inevitable and necessary growth of large modern cities." These statements from a noted court decision coupled with the reasonable assumption that Fairwinds Boulevard would be expected to be extended as any development of the Chapman property proceeds, lends support to the expectation that an increase in traffic would occur as a normal course of maturation of this area of the village. It is not unique to the proposed Fountain Park Apartment Homes development.

Market Sales

The appraiser researched MetroMLS sales from 09/12/2014 to 09/11/2015 of 1 story homes that were constructed between 1995 and 2015 were examined in the Village of Mukwonago to arriving at the value opinion of the subject by the Sales Comparison Approach in the After Condition. Three sales that were felt to be of similar size, quality,

condition, and location to the subject were directly analyzed in the following grid.

ITEM	SUBJECT	COMPARABLE NO. 1		COMPARABLE NO. 2		COMPARABLE NO. 3	
Address	655 Oldfield Ave Mukwonago, WI 53149	1430 Fox River Run Mukwonago, WI 53149		430 Eagle Lake Ave Mukwonago, WI 53149		426 Eastern Trl Mukwonago, WI 53149	
Proximity to Subject		2.32 miles SE		0.73 miles SE		2.17 miles SE	
Sales Price	$		$ 307,500		$ 273,000		$ 325,000
Data Source	Prior MLS;AssrRcrd	MLS#1390922;AssrRcrd		MLS#1386404;AssrRcrd		MLS#14273372;AssrRcrd	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) $ Adjustment	DESCRIPTION	+ (-) $ Adjustment	DESCRIPTION	+ (-) $ Adjustment
Date of Sale/Time		04/2015	0	03/2015	0	08/2015	
Location	Res/15,507 SF lot	Res/19,832 SF lot	-1,300	Res/1.38 Ac/Busy	20,600	Cnsrv/16,408 SF lot	-9,800
Age	2 years	1 year	0	9 years	3,500	15 years	6,500
Condition	Very good/Vinyl	Very good/Vinyl		Very good/Vinyl		Very good/Alum	0
GLA	1626 SF/3Br;2Bt	1731/3Br;2Bt	-3,700	1540 SF/3Br;2Bt	3,000	1940/3Br;2Bt	-11,000
Basement	Full/No finish	Full/Bsmt.5Bt	-2,000	Full-WO/RR+Br+Bt	-16,000	Full-WO/RRw/Kt;2Br;Bt	-20,000
Features	FP;Prch;Pt;2Cr	FP;3Cr	0	FP;Pat;Dck;2car	0	FP;Dck;Balc;2Cr	0
Conditions of Sale		DOM-146		DOM-178		DOM-66	
Special Financing		Conv/NoSellerPd		Conv/SellerPaid	-3,000	Conv/SellerPaid	-3,000
Total Adjustments		☐ + ☒ -	$ 7,000	☒ + ☐ -	$ 8,100	☐ + ☒ -	$ 37,300
Indicated Value of Subject			$ 300,500		$ 281,100		$ 287,700

Adjustments

The sales presented bracket the subject location, lot size, age and features. All three sales are similar quality, newer construction homes. No adjustments for date of sale are warranted as the Village of Mukwonago has been experiencing stable prices over the past 2 year period after a gain from lows caused by the market correction that occurred from 2007 through 2012 The subject is located in a newer residential subdivision. No adverse effect upon the location of subject by the hypothetically completed apartment complex, Fountain Park Apartment Homes, is apparent. Comps #1 and #3 are in similar subdivisions. It is noted that Comp #3 is in close proximity to an industrial/commercial park with no apparent adverse effect on marketability. Comp#1 has a somewhat larger lot, adjusted at a contributory rate of $0.30 per square foot for common residential subdivision lots in this market. Comp #2, while outside of a subdivision, is in close proximity. This property has a long and narrow site fronting on a busier roadway. The site size difference was adjusted downward at a reduced rate of $0.15 per square foot to reflect surplus land and adjusted upward at 10% to reflect the increased exposure to traffic. This resulted in a net upward adjustment for location. Comp #3 has a similarly sized lot but backs up to conservancy land on the rear, resulting in a downward adjustment of 3%. Upward adjustments to reflect more

wear and tear due to the newer age of the subject improvement are given to Comps #2 and #3 at a rate of $500 per year. All properties are considered to be in very good condition overall with no modern décor and no significant deferred maintenance. Adjustments to reflect differences in GLA are given at a contributory rate of $35 per square foot with below grade finish adjustments based upon utility, as appropriate. Adjustment for a walkout feature is given at a rate of $5,000. Adjustments are given for other market feature differences which resulted in no net adjustments for any of the comparable sales when compared to the subject. While the sales of Comps #2 and #3 are arm's length transactions, Comps #2 and #3 included seller paid concessions. Downward adjustments at 100% of the concession amounts are applied as sellers give preference to those offers without concessions in this market segment. No other adjustments are necessary.

Conclusion

Based on the subject's age and quality, the conclusion of market value for the subject property is more heavily weighted toward the adjusted value of Comp #1, with secondary consideration given to Comp #3 due to similar subdivision location, sale dates, similar overall quality, similar style and similar condition. Comp #2 provides additional support.

Therefore, the opinion of value in the After Condition, via the Sales Comparison Approach, is:

Two Hundred EightyEight Thousand Dollars ($288,000).

Reconciliation and Conclusion

Overall, the Sales Comparison Approach is most reliable in analyzing the market value of the subject property. Based on this, the final opinion of value of the subject property, Before Construction, in fee simple interest, is **$288,000**. The After Value, assuming hypothetical completion in fee simple interest, is **$288,000**.

The data researched and analyzed determined that there is no measurable effect upon the Market Value of the subject property directly caused by the hypothetical completion of the proposed development of the Fountain Park Apartment Homes that would be distinct from those generally experienced by all property owners in the area; including increased traffic, perceived crime threats, potential for increased stress on existing municipal utilities and local support facilities.

EXHIBITS

SUBJECT PHOTOGRAPHS

Subject Front View

Subject Rear View

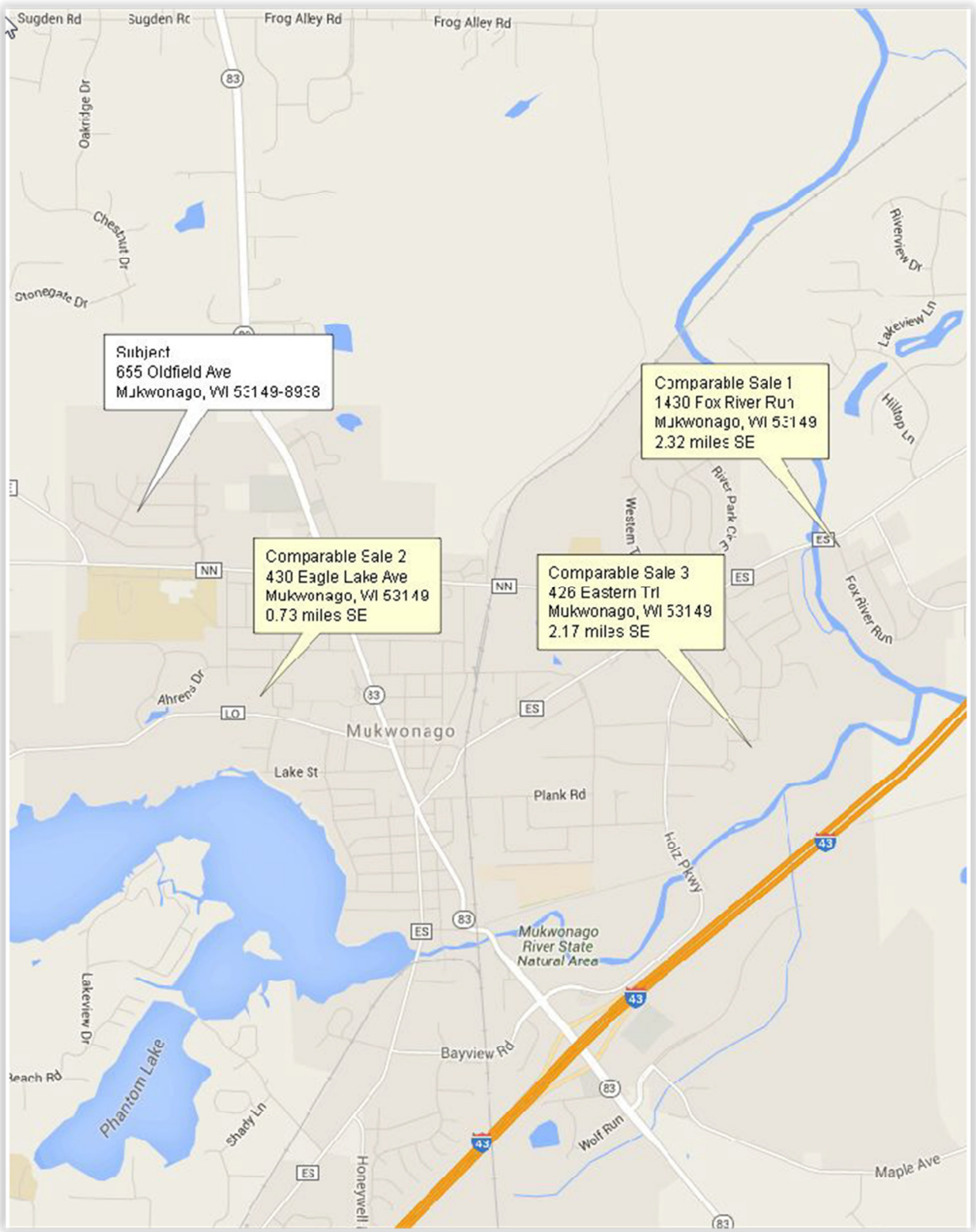
Street Scene Looking East

Street Scene Looking West

View to Front - North

View to Rear - South

LOCATION MAP



Sale #1 – 1430 Fox River Run

Sale 2 – 430 Eagle Lake Avenue

Sale 3 – 426 Eastern Trail

Appraiser Licensure

EXPIRES: 12/14/2015

NO. 557 - 9

The State of Wisconsin
Department of Safety and Professional Services

Hereby certifies that

DONNA L MATTI

was granted a certificate to practice as a

CERTIFIED RESIDENTIAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT

in the State of Wisconsin in accordance with Wisconsin Law on the 4th day of January in the year 1993.

The authority granted herein must be renewed each biennium by the granting authority.

In witness thereof, the State of Wisconsin Department of Safety and Professional Services has caused this certificate to be issued under its official seal.

STATE OF WISCONSIN DEPT. OF SAFETY AND PROFESSIONAL SERVICES

State of Wisconsin

DEPARTMENT OF SAFETY AND PROFESSIONAL SERVICES

COMMITTED TO EQUAL OPPORTUNITY IN EMPLOYMENT AND LICENSING

CERTIFIED RESIDENTIAL APPRAISER ELIGIBLE TO APPRAISE FEDERALLY RELATED TRANSACTIONS IS AQB COMPLIANT

No. 557-9 Expires: 12/14/2015

DONNA L MATTI
6373 N JEAN NICOLET RD #201
MILWAUKEE WI 53217
UNITED STATES

Secretary

This certificate was printed on the 21st day of November in the year 2013