

1997

Mahlon Peck & Family Inc., Plaintiff and Appellant,
v. Lloyd R. Brooks, et. al., Defendants and
Appellees: Addendum to Appellant\'s Brief

Utah Court of Appeals

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Gordon W. Duval; Shawn M. Guzman; Duval Hansen Witt & Morley; Attorneys for Plaintiff.

Robert C. Keller; Snow, Christensen & Martineau; Attorneys for Defendant.

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GORDON W. DUVAL, Bar No. 6532
DUVAL HANSEN WITT & MORLEY, P.C.
110 South Main Street
Pleasant Grove, Utah 84062
Telephone: (801) 785-5350
Facsimile: (801) 785-0853

Attorneys for Plaintiff

THE UTAH COURT OF APPEALS

450 South State Street, Salt Lake City, Utah 84114

MAHLON PECK & FAMILY, INC.,

Plaintiff and Appellant,

v.

LLOYD R. BROOKS, et. al.,

Defendants and Appellees.

**ADDENDUM TO APPELLANT'S
BRIEF - SECTION TWO**

Appellate Ct No. 970588-CA

10. Deposition of Carl J. Mellor (without exhibits).
11. Deposition of I. Mahlon Peck (without exhibits).
12. Appraisal Report by Kent J. Carpenter.
13. Appraisal Report of Don Gurney, SRA.

MAR 20 1998

COURT OF APPEALS

CERTIFIED COPY

IN THE FOURTH JUDICIAL DISTRICT COURT
IN AND FOR THE STATE OF UTAH, UTAH COUNTY

MAHLON PECK & FAMILY,)	
INCORPORATED,)	
)	
Plaintiff,)	Case No. 940400145
)	
vs.)	
)	Judge Howard H. Maetani
LLOYD R. BROOKS,)	
)	
Defendant.)	
)	

DEPOSITION UPON ORAL EXAMINATION OF:

CARL J. MELLOR

TAKEN AT: 110 South Main St., Pleasant Grove, Utah

DATE: July 26, 1996

REPORTED BY: Shauna Black, RPR

CAPITOL REPORTERS

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A P P E A R A N C E S

FOR THE PLAINTIFF: GORDON W. DUVAL &
SHAWN M. GUZMAN
DUVAL HANSEN WITT & MORLEY
110 South Main Street
Pleasant Grove, Utah 84062
(801) 785-5350

FOR THE DEFENDANT: ROBERT C. KELLER
SNOW, CHRISTENSEN & MARTINEAU
10 Exchange Place
Eleventh Floor
Salt Lake City, Utah 84145
(801) 521-9000

Others Present: Lloyd Brooks

* * *

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1 Friday, July 26, 1996; 2:00 p.m.

2

3 P R O C E E D I N G S

4 CARL J. MELLOR,

5 called as a witness, having been first duly

6 sworn, was examined and testified as follows:

7

8 DIRECT EXAMINATION

9

10 BY MR. DUVAL:

11 Q I appreciate you being here today. Would
12 you please state your full name for the record?

13 A Carl J. Mellor.

14 Q And have you ever had your deposition taken
15 before?

16 A No.

17 Q As you can tell, you're under oath at this
18 point. We're going to present some questions to you
19 and ask you to answer them to the best of your
20 ability. And if you don't understand a question or
21 you need clarification, please feel free to ask for
22 that clarification. After I've directed some
23 questions to you, Mr. Keller will have the opportunity
24 to also ask some questions of you, and then I may
25 follow up with some follow-up questions. After this

1 is done, the court reporter will send you a copy of
2 the transcript so that you can read through it, and if
3 you feel there was an inaccurate transcription of it
4 or you want to clarify a statement, you'll have that
5 opportunity to do so in writing, and you can review
6 the transcript at that time. If there's any question
7 that you don't understand, please feel free to ask for
8 a clarification. Do you have anymore questions before
9 we get started?

10 A No.

11 Q Okay, thank you. You were served with a
12 subpoena to come here, and it requested certain
13 documents. Did you bring those documents with you?

14 A To the best of my ability, I did.

15 Q Okay. Do you have any documents, a file, or
16 any documents relating particularly to the transaction
17 of the property we refer to as the Peck property that
18 you purchased from the Peck family?

19 A Yes.

20 Q Would you be able to let us look at those
21 documents briefly?

22 A Okay. You don't need the bank's. There are
23 what's left of the documents that I have of the
24 dealing with the Pecks. Most of them were burned.

25 Q Could you go ahead and explain, for the

1 record, how they were burned and how that came about?

2 A In December the 4th, 1994, my home and
3 business and everything I owned was burned. At that
4 point, I was preparing to review all my financial
5 records for the last 14 years. I had them stacked out
6 on the tennis table, so what I produced is just
7 partial. Now, you do get the sales agreements, most
8 of them are not readable, but to the best of my
9 ability -- the highway purchases from UDOT was the
10 best.

11 And then when you asked for all of the
12 records pertaining to all the transactions dealing
13 with Lloyd Brooks -- I am in a quandary, that's a very
14 generic thing. And it then involved personal business
15 relationships with banks and other people other than
16 Lloyd that I'm very reluctant -- even if I did have
17 them, I don't think -- unless they pertained to the
18 Peck transaction -- I think the request was unfair.

19 Q Okay. We appreciate that, and very likely,
20 we're not going to need any of those documents. Would
21 you mind if Mr. Guzman, one of our associates, looked
22 through these files relating to the Peck property and
23 the UDOT property? Thank you. Could you please
24 explain what your occupation is?

25 A Now?

1 Q Yes, currently.

2 A I'm retired, self-employed. I own a
3 catering business.

4 Q Okay. Were you involved with that catering
5 business when you were not retired?

6 A Yes.

7 Q Did you have other employment or occupation
8 as well as owning the catering business during the
9 last --

10 A I was a school teacher in Orem, elementary
11 principal.

12 Q How long did you own your catering business?

13 A Started out as a hobby approximately 20
14 years ago. It turned into a bonafide business maybe
15 20, 15.

16 Q Where was that business located at?

17 A In my home.

18 Q And where was that address?

19 A 895 North 940 East.

20 Q Is that in Lehi?

21 A Yes.

22 Q And did the business remain at that
23 location? Is it currently there?

24 A No, it burned.

25 Q That's the building that burned?

1 A Yeah, in '94.

2 Q What kind of education do you have?

3 A A masters plus.

4 Q A masters in what field?

5 A Elementary instruction.

6 Q Have you purchased real property before?

7 A Yes.

8 Q About how many different parcels of real

9 property do you think you've purchased in your

10 lifetime?

11 A Probably four. I mean, I'm not absolutely

12 sure.

13 Q And do you currently own those four pieces

14 of property?

15 A No, sir.

16 Q How many pieces of property do you currently

17 own?

18 A Two. I own a piece that was given to me by

19 my mother that I did not purchase. Let's see, we own

20 four of them because my wife was given a piece, too.

21 Q How many times have you sold real property?

22 A About four times.

23 Q Of those four properties, were any of them

24 commercial properties?

25 A Yes.

1 Q How many were commercial properties?

2 A Two.

3 Q Do you have addresses or general
4 descriptions of those two commercial properties?

5 A The other one would be approximately 1200
6 East State, Peck property, and the other one was 850
7 East Main in Lehi.

8 Q Did that have a building on it as well?

9 A Which one?

10 Q The 850 East Main.

11 A Yeah, it has Wendy's and Walker's. It's
12 probably 825 -- well, it wouldn't be that.
13 Approximately 8th East and Main Street.

14 Q And you currently do not own that property;
15 is that correct?

16 A No.

17 Q In --

18 A Let's see, back to your other question on
19 how many times have I sold. I sold that to two
20 different entities, so it would have been counted --
21 there would have been one other sale other than the
22 four.

23 Q Okay. In your four purchases of real
24 property, did you use a realtor to assist you?

25 A In some cases we did, in some cases we

1 didn't.

2 Q Of those four purchases, how many did you
3 enlist the services of a realtor to help you?

4 A Three.

5 Q And in the five --

6 A No, no, two. The State didn't require a
7 realtor.

8 Q And in the five sales of property, did you
9 enlist the services of a realtor to assist you there?

10 A Now, you're talking about purchases before?

11 Q Yes.

12 A Let's see, I bought two pieces down there,
13 and I just bought the one direct through the bank.
14 Two of them has been through a realtor -- three,
15 three.

16 Q And who were the realtors?

17 A Lloyd.

18 Q In all three cases?

19 A Uh-huh.

20 Q And in the five sales of real property, was
21 the realtor involved in any of those sales on your
22 behalf?

23 A I think Lloyd was involved, yes.

24 Q In all five?

25 A Not in all five. I sold some back in North

1 Carolina.

2 Q Would that be four? How many was he
3 involved with?

4 A In sales?

5 Q Yes.

6 A One, two -- I think two. Now, see, in one
7 case, there were two pieces that were combined, and so
8 there was more buying than sales, you know.

9 Q Okay. So, have you also negotiated for the
10 purchase or sale of real property on your own without
11 the assistance of a realtor, then?

12 A Yes.

13 Q How long have you known Mr. Brooks?

14 A I don't know. I've lived in Lehi for 40
15 some years, and I've known the Brooks family just
16 about most of that time.

17 Q When was your first business dealing with
18 Mr. Brooks?

19 A When I purchased the property at 800 East
20 Main.

21 Q About when was that, roughly?

22 A I don't know. It was in the '80s, possibly
23 '83. I could be wrong on that.

24 Q Did you have any business dealings with him
25 30 years ago?

1 A No.

2 Q You mentioned various purchases and sales of
3 real property involving Mr. Brooks. Have you ever
4 been involved in any other types of business deals
5 with Mr. Brooks?

6 A No business deals.

7 Q Any other kind of deals with him?

8 A Church service.

9 Q And what kind of church service might that
10 be?

11 A Activities committee, he was on the high
12 council. I don't know if he was on the high council
13 when I was bishop or not.

14 Q Are you in the same ward?

15 A No.

16 Q Same stake?

17 A Yes.

18 Q Are you social acquaintances as well?

19 A Well, I certainly don't ignore him when I
20 see him. We're not, what you would say, close.

21 Q Has he ever been to your house, for example,
22 for dinner or you at his house?

23 A No. One of the few that hasn't. In our
24 catering business, we serve everybody as often as we
25 can. I don't recall him ever accepting the

1 invitation.

2 Q Do I understand correctly that you've been
3 involved, then, in three real estate sales with him
4 and two real estate purchases with Mr. Brooks?

5 A I think only two sales.

6 Q Okay. And no other business dealings
7 besides those?

8 A No.

9 Q Approximately what were the years of those
10 business dealings? When was your first business
11 dealing with him, for example?

12 A Like I say, I don't know, but I assume it
13 was in '82 or '83, the first one.

14 Q And that was the purchase of 8th East and
15 Main?

16 A Part of that property, just part of it.

17 Q And did you have any business dealings with
18 him in 1990 or 1991?

19 A I think that's about the time that the Pecks
20 sold the 1200 East property.

21 Q Besides the involvement with the Peck
22 property, were you involved with him with any other
23 purchases of property at that time?

24 A We were looking at other properties, but as
25 far as getting done -- there was a piece up around the

1 point of the mountain that I put earnest money on.
2 That was somewhat later.

3 Q In the same year, approximately, as you put
4 the earnest money --

5 A I don't know. It would not have been the
6 same year as we originally started with Pecks.

7 Q Okay. You say sometime thereafter; might it
8 have been 1991 or '92, do you know?

9 A Right, I don't know. '92, '93.

10 Q Okay. You mentioned looking for other
11 property, did he show you other pieces of property
12 besides the Peck property and the property at the
13 point of the mountain?

14 A I asked him to check on several pieces of
15 property, and I'm not exactly sure, you know, whether
16 it was at the same time or not, but there were three
17 different pieces that we did look at.

18 Q Three different pieces besides the Peck
19 property?

20 A Yeah, in a period of time. It may not have
21 been exactly the same time.

22 Q So, did you ask him to look for the Peck
23 property?

24 A Yes, I did ask him to look. And I said,
25 "I'd like to see if this property is for sale."

1 Q Did you know who the owners were at that
2 time?

3 A Yes.

4 Q And did you approach Mr. Brooks to assist
5 you in finding out the details of that property?

6 A Yes.

7 Q And that conversation, where did that occur?

8 A I don't know.

9 Q In your business dealings, would you have
10 maybe stopped by his office or did he stop by your
11 business at all?

12 A No, it would have been someplace where I saw
13 him.

14 Q Why did you approach Mr. Brooks about
15 contacting that property?

16 A Because I'd purchased the property on East
17 Main. And in oral conversations with the state road
18 department, they had said they may put a clover leaf
19 in, which would take most of the property that I had
20 planned on there for using as a business. But it was
21 an oral conversation, there's no written documents
22 pertaining to it. They just said, "We may take it
23 all."

24 Q Did they subsequently purchase your property
25 from you, then?

1 A They purchased a small part of it.

2 Q A small part of it. Was that property ever
3 listed for sale to the general public?

4 A Yes.

5 Q Who was it listed with?

6 A It was listed with -- who's the associates
7 up in -- well, let's see, it was listed with two
8 places. I don't recall who.

9 Q Was Mr. Brooks the listing agent for that
10 property ever?

11 A I don't think directly, no.

12 Q How did you first become aware that the Peck
13 property might be for sale?

14 A I didn't know that it might be for sale, I
15 just knew that I would like that property for my
16 business if the other was not -- you know, I wasn't --

17 Q Okay. I might have a document marked here.

18 **(Deposition Exhibit 1 marked for identification.)**

19 Q I'm going to hand you a document that's been
20 marked as Exhibit 1 and ask you if you recognize that
21 document.

22 A It's got my signature on it.

23 Q Is this your handwriting or not?

24 A My signature?

25 Q On the document, generally.

1 A No, that's not my handwriting.

2 Q But your signature, you're talking about
3 page 2 there?

4 A Yes.

5 Q Do you recognize this as the earnest money
6 on the Peck property?

7 A How much is it?

8 Q It lists 16,000 per acre for \$136,000.

9 A Yeah, but what was the earnest money?

10 Q \$500.

11 A 500, okay. We did pay them, I think, 3,000
12 before we got through with earnest money.

13 Q So, do you believe this is that earnest
14 money that started that transaction?

15 A I think that is.

16 Q You'll note down there where it says total
17 purchase price of 136,000 at 16,000 per acre; do you
18 know how that figure was arrived at?

19 A Yes. I told Lloyd that I would not pay more
20 than 15,000 an acre, told him to try to get it for 12,
21 and that I would not go over 15. And he came and said
22 that they were asking for 16. And I was -- it was
23 over my figure.

24 Q So your figure was 15,000 then?

25 A That was what I had programed myself to go.

1 Q On the second page of that document under
 paragraph the handwritten notation (I believe says,
 "Buyer take this [unclear] [unclear] [unclear]
 4 exchange this closing is subject to the closing on
 -- [unclear] [unclear] [unclear] [unclear]

6 Could you please explain why that provision might have
 7 [unclear] [unclear] [unclear] [unclear] transaction?

8 Because it was a business transaction
 9 between the property that I had that [unclear] and I would
 10 roll the money [unclear] sold on the one into this
 one.

11 [unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
 looking at?

12 A Well I mean UDOT is what you refer to
 13 UDOT refer to it as the 800 East Main property.
 Okay thank you.

14 Or the East Main. That's easier to --

15 Q Okay then in losing the sale was to
 16 occur in paragraph I believe it was, I, II, III
 How did that date come to be to you know?

A [unclear] [unclear] [unclear] [unclear] [unclear] [unclear] [unclear] [unclear] [unclear] [unclear]
 22 started I thought by then UDOT would have made up
 their mind if they were going to take it all or
 4 partial.

25 Q And at the [unclear] [unclear] the earnest money was

1 signed, did you need time to close that UDOT deal?
2 Was that close to being finished?

3 A I didn't have a firm offer from UDOT. It
4 was just in the preliminary planning stages.

5 Q And so were you looking to put your business
6 on this property?

7 A I was.

8 Q Was it zoned for business use, do you know?

9 A We got it zoned from the city. It was
10 county property. We got it in the city zoned for
11 business property.

12 Q Okay. Do you know whose handwriting this is
13 on the general portion of this document?

14 A I couldn't be absolutely sure. I assume
15 it's Lloyd Brooks'.

16 Q Were you present when this was filled out?

17 A I could have been. I can't say that I was.

18 Q Do you remember if there was a conversation
19 between you and Mr. Brooks about some of these details
20 about what should go in?

21 A I think there's details in the whole thing,
22 yes.

23 Q Okay, thank you. You mentioned you wanted
24 to purchase property for 15,000 an acre, the amount
25 came back at 16,000 an acre. Were there any

1 discussions between you and Mr. Brooks about whether
2 or not you were going to accept that 16,000 as opposed
3 to the 15,000 requested?

4 A No, he just said that the Pecks had made an
5 offer for 16,000.

6 Q And before you accepted this offer or made
7 this offer, did you discuss that sales price any
8 further with Mr. Brooks other than that conversation
9 that you mentioned?

10 A I don't recall. I just knew that was more
11 than I had planned on.

12 Q Okay I'm going to ask that another
13 document be marked here.

14 (Deposition Exhibit 2 marked for identification.)

15 Q I'm going to hand to you a document that's
16 been marked as Deposition Exhibit No. 2 and ask if you
17 recognize that document.

18 A I remember the situation.

19 Q Could you please describe that situation?

20 A The situation is that this was after the
21 original or just before the original date, and I
22 didn't have money at that point, had not made any
23 transactions to pay for the property other than
24 borrowing it. And so I did offer \$2,000 more of a
25 deposit.

1 Q Okay. For an extension of time?

2 A Yes, both for me, I think, and Mr. Peck.

3 Q Okay. For Mr. Peck, do you know why for
4 Mr. Peck?

5 A Around this point, he seemed to be agreeable
6 to postponing it because he wanted to work out an
7 agreement so that he didn't get all his money at one
8 year.

9 Q And at this time, had the land been annexed
10 into the City of Lehi?

11 A I don't know. I think it had, but I
12 couldn't be for sure.

13 Q Do you know if it was zoned, rezoned?

14 A It was zoned. It wasn't rezoned because it
15 hadn't been zoned before, so it came in as business
16 property, zoned as business, commercial.

17 Q Okay, thank you. If I could have another
18 document marked as an exhibit here.

19 (Deposition Exhibit 3 marked for identification.)

20 Q Before we leave Deposition Exhibit No. 2,
21 why did you offer, pursuant to that, a \$2,000 deposit?

22 A Because I was still in a quandary as to what
23 I needed. I didn't know whether I was going to have
24 the other property, and I wanted some property. So, I
25 said that I would offer \$2,000 down.

1 Q Here's another document, it's been marked
2 Deposition Exhibit No. 3. Do you see your signature
3 on that document?

4 A Yes, right here.

5 Q And do you remember the circumstances
6 surrounding the signing of this document?

7 A Okay, this is the -- evidently between and
8 before this one. This is first and this is second and
9 this is third. Or is it? Oh, they're the same day.
10 No, a year later. This is the one year, this is the
11 initial offer, this is the second, and then this is
12 later in the year on the third.

13 Q So, this could be the first extension, and
14 this --

15 A No -- oh, yes.

16 Q Exhibit No. 2 the first extension, Exhibit
17 No. 3 the second extension; is that correct?

18 A Yeah, and this one is the payment of the
19 first earnest money.

20 Q So, just to clarify, then, the first Exhibit
21 No. 1 set a closing date of May 31st; is that correct?

22 A Yeah.

23 Q Of '91.

24 A This is the second one.

25 Q Extended that closing date to -- when was

1 the closing date extended in Exhibit No. 2?

2 A September the 30th, 1991.

3 Q '91. And then Deposition Exhibit No. 3
4 extended that closing date I believe an additional
5 time; is that correct? In paragraph 1 it says,
6 "Extend closing for up to six months."

7 A What's interesting is this is dated October
8 of '91, and it says September 30th, '91 should be
9 closed on or before. So there's evidently an error in
10 dates here.

11 Q I think that top date may just refer to the
12 date of the original earnest money.

13 A Oh, okay.

14 Q So Deposition Exhibit No. 3 there, if you
15 would please refer to paragraph No. 1, could you
16 follow along with me, and I believe this is what it
17 says. It says, "Extend closing for up to six months
18 allowing seller time to make modifications in title,
19 family corporation, etc., as deemed necessary by
20 seller. Also allowing seller time to work out tax
21 implications which may be created through this sale."
22 Do you remember the events surrounding this extension
23 here?

24 A All that I know is the main impact was
25 developing a family organization, a family

1 corporation. And he wanted to make the details, the
2 details of which I interpreted to be he didn't want
3 all his money at one year.

4 Q And did you learn that through conversations
5 directly with Mr. Peck?

6 A No.

7 Q How did you learn that?

8 A Mr. Brooks.

9 Q Okay. Was the property, as far as you know,
10 rezoned and annexed at that time?

11 A I don't know.

12 Q Had you sold your East Main property on the
13 date this Exhibit 3 was signed in 9 of '91?

14 A No.

15 Q If you could follow along with me in
16 paragraph No. 2, I believe -- and correct me if I'm
17 not reading this correctly -- "Reference item 1e and
18 counteroffer of original EM offer. Buyer to share
19 with seller plans for development and work with seller
20 on said development plans." That sentence there, what
21 were your development plans at that time?

22 A My development plans at that time was, if I
23 didn't sell the other property -- if I did sell the
24 other property, then I would basically subdivide the
25 land. And we did agree that we would use the side

1 closest to the railroad track first, and then any
2 subsequent after that, we would let them know what we
3 planned on doing. It was for their purposes because
4 the irrigation came in from the north, and they
5 needed -- wanted to irrigate.

6 Q And so you mentioned --

7 A Now --

8 Q Go ahead.

9 A Go ahead.

10 Q You mentioned development along the railroad
11 tracks, what kind of development were you anticipating
12 at that time?

13 A At that time, I was anticipating
14 approximately two and a half acres for my business and
15 some type of business related in the rear, which
16 they'd have no access across the railroad tracks, they
17 would be back off something that was not offensive.
18 This point here that we would agree with them on their
19 development plans was mainly to accommodate them for
20 irrigation purposes for farming for which they were
21 going to pay me 450 a year, of which they only paid
22 once.

23 Q Okay. And so did you have any plans for
24 building fourplexes on any of that property?

25 A Not fourplexes, at that time I didn't. I

1 was very open about what we were going to do, you
2 know, every night I'd have a different dream. So, you
3 know, you asked me what I planned on doing with it --

4 Q Okay. And then I believe it's paragraph 4,
5 "Buyer to place an additional \$500 down payment with
6 seller. These funds will be deducted from total
7 purchase price at time of closing." Did you, in fact,
8 pay an additional \$500 down?

9 A If it says that, and I signed it, I did.

10 Q Thank you. I'm now going to ask that
11 another document be marked as an exhibit.

12 **(Deposition Exhibit 4 marked for identification.)**

13 Q I'm handing to you a document marked as
14 Exhibit No. 4. Have you seen this document at all?

15 A I probably have seen it, but I don't --

16 Q In the process of getting the property
17 rezoned or annexed to the city, did you participate
18 in --

19 A No.

20 Q -- any planning commission meetings or city
21 council meetings?

22 A Not at this time. Not getting it into the
23 city, no.

24 Q Did you enlist the services of any agents or
25 professionals to assist you to do that?

1 A No.

2 Q If I might refer you to page 3 there, it
3 talks about Mr. Chest -- the first sentence under,
4 "I. Mahlon and Marie Peck." It says, "Bruce Chestnut
5 was representing Mahlon and Marie M. Peck." Do you
6 know Bruce Chestnut?

7 A The name sounds familiar, but I couldn't
8 place him.

9 Q About the middle of that first paragraph, it
10 says, "GC-2 zoning had been requested to allow for
11 commercial development along State Street with the
12 possibility of fourplexes on the north end of the
13 property next to the current residential area. The
14 plan was not for a development of fourplexes but
15 rather one or two constructed as a buffer between the
16 commercial and residential zones." Does that reflect
17 your development plans as you --

18 A That reflects my thinking. Whether it was
19 my plans or not, I didn't want to build anything on
20 the north end of the property that would be offensive
21 to residents there.

22 Q Did you actually prepare development plans
23 that were submitted to the city?

24 A Not at this time, that I recall.

25 Q Did you ever make any payments to Bruce

1 Chestnut --

2 A No.

3 Q -- in processing this zoning change?

4 A No.

5 Q If I might refer you to page 1 of that
6 document again, the front page. I believe at the top
7 it mentioned January 9th of 1992. So, at the time the
8 first and second extension times were granted, do you
9 believe that property had been rezoned or annexed into
10 the city?

11 A I don't know. You've asked me that question
12 already, and I don't know the exact period of time in
13 the process. I was just working on the assumption
14 that when the property became mine, that it would be
15 in a commercial area.

16 Q Okay. What would have happened if the city
17 had not approved the rezone or the commercial use of
18 that property? Would you have continued forward with
19 the transaction?

20 A I don't know.

21 Q You were --

22 A You're getting into, you know, dealing with
23 Lehi City, that means you don't work on any
24 assumption, you know. You're working with parameters
25 that may or may not be.

1 Q Uh-huh.

2 A And so I was looking -- I was planning on
3 using the property, if other things worked out, for
4 commercial, but that's -- and I didn't worry about it
5 at that time.

6 Q Okay.

7 A I had too many other worries.

8 Q You eventually purchased the Peck property,
9 correct?

10 A Right.

11 Q And did you pay the entire purchase price at
12 the time of closing?

13 A No, I paid part of it down, I think, about
14 \$43,000 down, and the rest was on a four or five year
15 contract.

16 Q And do you know what interest rate that
17 contract carries?

18 A I think it was 8 percent. I could be wrong.

19 Q And how did you arrive at that 8 percent
20 figure?

21 A I had borrowed money for every transaction
22 I'd done up to that point, and I was paying at least
23 10, and I offered 8, I think.

24 Q Did you consult with Mr. Brooks regarding
25 that amount?

1 A Not "consult" with him. I think I told him,
2 you know, that that's what I would like to do, pay.
3 Now, when you say "consult" --

4 Q Talk to him at all about --

5 A Well, I think he probably asked me what I
6 would carry the contract on and what it would go at.

7 Q Okay.

8 A We did make arrangements for Wasatch Bank to
9 handle it, then they went to Zions, and they sold it
10 to another.

11 Q If I might --

12 A Now, was I right on the 8 percent? It was
13 either 8 or 10, but I think it's 8.

14 Q I'll have a document marked here, and we'll
15 provide that to you.

16 **(Deposition Exhibit 5 marked for identification.)**

17 Q Do you recognize this document I'm handing
18 you, Exhibit No. 5?

19 A It looks, I think -- I think there's one in
20 there that's burned that looks something like that.

21 Q Do you see your signature on that document?

22 A Yes, and my wife's.

23 Q And do you see the 8 percent figure there in
24 the middle of the page?

25 A Yes.

1 Q So I believe you're correct, that was 8
2 percent. And you mentioned the money that you used at
3 the time of closing was about \$43,000; is that
4 correct?

5 A Right.

6 Q Could it have been 43,500, do you know?

7 A What?

8 Q Could it have been 43,500?

9 A Could have been.

10 **(Deposition Exhibit 6 marked for identification.)**

11 A I borrowed it also, mortgaged the other
12 piece for --

13 Q I'm handing you a document marked Exhibit
14 No. 6. Do you see near the center there, it states
15 equity before expenses, 43,500?

16 A Right.

17 Q Does that ring a bell? Could that have been
18 the price that you might have paid in cash at the time
19 of closing?

20 A I never saw the money because it was all
21 handled with -- Wasatch Bank had to release the money
22 on the other property, and I think that was sent to
23 Mrs. Mecham from Wasatch Bank.

24 Q A date of 3/30/92, does that appear to be
25 the date you closed?

1 A Yeah.

2 Q And you mentioned a transaction with Wasatch
3 Bank. I'm going to hand a document to the reporter
4 and ask that that be marked as an exhibit.

5 (Deposition Exhibit 7 marked for identification.)

6 Q Do you recognize this document at all,
7 Exhibit No. 7?

8 A I think I do.

9 Q Could you explain what that is?

10 A That's this 43,500 plus expenses, which goes
11 to 44,535.

12 Q And what was the date that that was
13 recorded, can you tell?

14 A Looks like April the 1st, 1992.

15 Q And what was the security for this deed of
16 trust?

17 A The property that I had purchased on East
18 Main.

19 Q 850 East Main Street, is that the address?

20 A Right.

21 Q Had the UDOT sale been accomplished at this
22 time?

23 A I don't know. It would be in that folder
24 there.

25 Q Was it the Utah Department of Transportation

1 that purchased a portion of that property, then?

2 A Did they what?

3 Q Was it the Utah Department of Transportation
4 that purchased a portion of that East Main property?

5 A Yes.

6 Q I'm going to ask that this document be
7 marked as an exhibit here.

8 **(Deposition Exhibit 8 marked for identification.)**

9 Q I'm handing you a document marked as Exhibit
10 No. 8. Do you recognize that document at all?

11 A I must, I signed the second page. But it
12 doesn't look familiar.

13 Q It indicates in the first paragraph --

14 A Is it the same as in that folder? I don't
15 have copies, and those are the only sources I have.

16 Q It appears to be the same as this document
17 right --

18 A Since I signed it, obviously -- well, that's
19 not the same.

20 Q Was there more than one sale to the Utah
21 Department of Transportation?

22 A No, sir.

23 Q This appears to be a transaction conveying
24 property from you to the Utah Department of
25 Transportation. Can you tell from these legal

1 descriptions what property that might be?

2 A Oh, it takes a strip of about -- I don't
3 know how many feet wide, somewhere between 10, 20 feet
4 wide on the east side of the property, and then a
5 controlled use on the north side of the property.

6 Q Okay. So, is this the transaction we've
7 referred to as the sale to UDOT?

8 A This is the transaction that I kept, the
9 extent of what -- you know, even if I could understand
10 it, I wouldn't. I mean, I don't, so --

11 Q Sure. May we make copies of these documents
12 you've produced regarding the Utah Department of
13 Transportation sale?

14 A Yes.

15 Q Did Mr. Brooks help in the sale of the
16 property to UDOT?

17 A No.

18 Q At some later point, did you then list the
19 property we've referred to as the Peck property for
20 sale?

21 A Yes.

22 Q And who did you list that with?

23 A I'm not sure whether we listed it through
24 Lloyd or the associates, the -- I don't know what
25 their names are.

1 Q When did you decide that you wanted to sell
2 the property purchased from Pecks?

3 A When I found property which was the same
4 size that I could get for \$11,500.

5 Q And I'm going to ask that this document be
6 marked as an exhibit here.

7 **(Deposition Exhibit 9 marked for identification.)**

8 A That wasn't necessarily -- my main reason
9 was that I had paid both the Pecks and the bank
10 interest rates that were amounting to \$40 a day for
11 the whole period of time, and I wasn't moving any of
12 my property. At that point, I had to unload
13 something.

14 Q Okay. I'm going to hand you a document
15 marked as Exhibit No. 9. Do you see your signature on
16 that document?

17 A Yes, sir.

18 Q And what's the date on that?

19 A 24th of October, 1992.

20 Q Can you see in the upper right-hand corner a
21 list price?

22 A Yes.

23 Q And is that \$425,000?

24 A That was the listing price at the -- and
25 this was the man from -- I think it was the guy

1 from -- I can't even remember his name. But he said
2 that's what they were going to list it as because they
3 were going to publish it in the -- all across the
4 country.

5 Q If I might refer you to the third block
6 down. It lists there, I believe, the owner name,
7 Mellor. Is that your name? It appears to be.

8 A Yes.

9 Q And then it says, "Occupant/Appointment:
10 Lloyd Brooks." Did you meet with Mr. Brooks for the
11 listing of this property?

12 A I'm not sure whether it's Lloyd Brooks or
13 whether it was another man.

14 Q Another man from Mr. Brooks' office or from
15 a different office?

16 A No, it was a brokerage firm of which they
17 were going to publish it in a book.

18 Q And if I might refer you to the very bottom
19 just above your signature there, it says, "Firm Name:
20 Robinson Wilson."

21 A Yes.

22 Q And under that, "List Agent Name: Lloyd
23 Brooks."

24 A Yeah.

25 Q Did you, at some time, list your property

1 with Mr. Brooks?

2 A Lloyd Brooks knew what I was doing, yeah.
3 What I'm saying is there was someone else involved
4 in -- you know. And I did see one or two other
5 people.

6 Q Do you know if you ultimately ended up
7 enlisting Mr. Brooks' services to help you sell that
8 property?

9 A I just always counted on him.

10 Q Okay. And so how did you arrive at the
11 \$425,000 figure mentioned in this document?

12 A I don't recall.

13 Q Were you planning on putting any utilities
14 in the property?

15 A Yes.

16 Q Were you planning on selling it for any
17 particular use? It appears to have been zoned
18 commercially at this time. Were you selling it as
19 commercial property?

20 A I don't know if it was at this time or
21 shortly after this time that we planned on a public
22 community development.

23 Q Did you enter into an agreement to pay
24 Mr. Brooks a commission to sell your property?

25 A I don't know whether it was on this document

1 or later, but yes.

2 Q And how much was that commission, do you
3 remember?

4 A I understand the commission was a 10 percent
5 figure to be divided among -- he was to get half, and
6 someone else part of it.

7 Q Okay. Do you have a copy of the agreement
8 wherein you agreed to pay 10 percent to Mr. Brooks?

9 MR. KELLER: I don't believe his testimony
10 was 10 percent to Mr. Brooks.

11 Q (BY MR. DUVAL) Excuse me, 10 percent
12 commission to Mr. Brooks. You don't believe you have
13 a document to that effect?

14 A Unless it's in those papers there, I don't.

15 Q I'm going to have another document marked as
16 an exhibit here.

17 (Deposition Exhibit 10 marked for identification.)

18 Q I'm handing you a document marked as Exhibit
19 10. It's entitled, "Sales Agency Contract." Do you
20 know if you ever entered a contract like that with
21 Mr. Brooks for the sale of the property purchased from
22 Pecks?

23 A I think I did. I think it was clear,
24 though, that he was representing the seller when we
25 purchased the property.

1 Q The seller --

2 A Yeah, that he was representing the Peck
3 family.

4 Q Oh, okay. I'm thinking of when he sold the
5 property for you after the transaction in 1992 when
6 you listed it for sale. Did you enter into a sales
7 agency contract to --

8 A I could have done, I don't recall it. And I
9 don't remember seeing any in what was left of the
10 documents I have.

11 Q Okay. Did you subsequently advertise your
12 property or have your property advertised for sale for
13 \$425,000?

14 A For what?

15 Q The Peck property advertised for sale, was
16 it subsequently advertised for sale?

17 A Not to my knowledge it wasn't. I didn't do
18 it, I didn't advertise it for sale.

19 Q Did you have many offers on the property
20 purchased from Pecks?

21 A Quite a few people that were interested in
22 the property.

23 Q Do you remember Roger Young?

24 A Not by name, I don't. Is he the one that
25 was in the Kaydee Kay or Kaydee something realty or

1 developers?

2 Q I'm not sure. How many offers do you
3 remember receiving on that?

4 A Well, I received several inquiries relative
5 to partial amounts of the property, then we played
6 around with this CD Kay -- or I don't know what, but
7 there was a K in the company -- that wanted to put a
8 planned unit development there. And we worked around
9 with them for most of a year.

10 Q Did you receive an offer from the Citadel
11 Group?

12 A That was the Citadel Group.

13 Q Do you remember how much that offer was for?

14 A I think it was -- I think they offered us,
15 as I recall it, 320,000, but it was probably 280,000.
16 276 -- it was right around 280,000, I think,
17 originally.

18 Q Okay.

19 A That's just --

20 Q Sure. We could provide some documents that
21 may assist you in helping you remember that, so I'll
22 provide those to you.

23 **(Deposition Exhibit 11 marked for Identification.)**

24 Q I'm handing you a document marked
25 Exhibit 11. You'll notice at the top it says, "Buyer,

1 Roger Young." And under one property description, it
2 says property is owned by Carl Mellor in Lehi. Looks
3 like the total purchase price is \$275,000. Did you
4 ever receive this earnest money sales agreement?

5 A Yes.

6 Q Did you accept this offer?

7 A I did, conditional as it had to have the
8 approval of the project by Lehi City, and Lehi City
9 never approved the project.

10 Q Okay, thank you.

11 A Over a period of time.

12 Q Here's a document I would like to have
13 marked as well.

14 **(Deposition Exhibit 12 marked for identification.)**

15 Q I'm handing you a document marked
16 Exhibit 12. This is from the Citadel Group at the
17 top. It has an offer for \$260,000, it appears to
18 say. Do you see your signature on page 2 of that
19 document?

20 A Yes.

21 Q Did you accept this offer?

22 A I did under the conditions that they had on
23 their addendum.

24 Q Were those conditions ever complied with by
25 the city or did the city --

1 A No.

2 Q -- meet those? Okay. And that price was
3 260,000. What was the date of that acceptance?

4 A Looks like it's the 31st of August, 1993.

5 Q If I might have another document marked as
6 an exhibit here.

7 **(Deposition Exhibit 13 marked for identification.)**

8 Q I'm handing you a document marked as
9 Exhibit 13. Do you see your signature on that
10 document?

11 A Yes.

12 Q And what document is that?

13 A That was my requesting that we would not --
14 that it was subject to their agreeing to a 1031
15 exchange. At this time, I was negotiating for the
16 property on the other side of the point that we had.
17 And at this point, I think we had sold the East Main
18 property, so we had four pieces of property that we
19 wanted in a 1031 exchange selling to and buying to.

20 Q And number one there, "Offer accepted with a
21 sales price of \$269,800.00," how did you arrive at
22 that number?

23 A Obviously it was from the 260 plus -- I
24 don't know what the other -- the 9,800 was.

25 Q How much was the earnest money that you were

1 willing to accept on that transaction?

2 A I don't know. I don't recall, probably
3 \$2,500. That's right.

4 Q Did you feel that was adequate security for
5 the transaction?

6 A I felt it was.

7 Q Okay.

8 A In fact, they offered, I think, 500 to begin
9 with, and I told them it had to be 2,500.

10 Q And why did you ask for a higher amount than
11 \$500?

12 A I think it goes back to the fact that I had
13 paid Pecks 3,000. And I thought, you know, if I paid
14 that much to retain it, someone else ought to pay the
15 same.

16 Q If I might have this document --

17 A But I don't know.

18 Q Okay, that's fine. If I might have this
19 document marked as an exhibit here.

20 **(Deposition Exhibit 14 marked for identification.)**

21 Q I'm handing you Exhibit 14. Do you see your
22 signature on that document?

23 A Yes.

24 Q And explain this document, please.

25 A It looks like the -- they were anxious to

1 get going, and they wanted Lehi City to approve it,
2 and they were going to wait until March the 23rd,
3 '94. The sales price would be adjusted from 2-2-6-9
4 to 311,000 because of the fact we hadn't been able to
5 transact it. I had lost my ability to -- for a
6 taxation transaction. And so they said they would pay
7 me what I had lost on taxes.

8 Q Had the property appreciated at all during
9 this time, do you know?

10 A Had what?

11 Q Had the property appreciated in value during
12 this time?

13 A I don't know. Obviously it hadn't or they
14 wouldn't have offered more.

15 Q Did you eventually sell the property to a
16 Citadel Group?

17 A No.

18 Q Who did you sell that property to?

19 A I think it was an Allred and others.

20 Q A Jon Allred?

21 A Yes.

22 Q If I might have this marked as an exhibit
23 here.

24 **(Deposition Exhibit 15 marked for identification.)**

25 Q I'm handing you an exhibit marked 15. Could

1 you please indicate if you see your signature on that
2 document?

3 A Yes.

4 Q Could you please describe what this document
5 is?

6 A It looks like it's a real estate purchase
7 contract with Jon B. Allred.

8 Q And what's the total sales price?

9 A Looks like \$320,000.

10 Q And the earnest money, I believe, indicates
11 \$3,000?

12 A Right.

13 Q Did you have any involvement in establishing
14 that earnest money amount?

15 A Obviously I did, and it relates back to what
16 I had paid back for the property, what I paid
17 eventually before I got it.

18 Q Okay. And is that how much you ultimately
19 sold the property for?

20 A Yes, sir.

21 Q And when did that transaction close?

22 A I don't know when it closed. Let's see, it
23 closed in November of '94 -- was it '94? They were in
24 a hurry to buy it, evidently. November is when we
25 signed the thing, and it was within -- I think it was

1 the 27th. I could be wrong on the date when they
2 closed.

3 Q But sometime in November of '94, you
4 believe?

5 A Right.

6 Q You indicated that you paid additional
7 deposits to the Pecks at the various extensions. If
8 the sale had not gone through, did you believe that
9 that money would come back to you or was that
10 nonrefundable?

11 A No, I don't know as I'd -- I don't know.
12 You're asking a question after the fact. If I hadn't
13 of gotten the property, I would have counted it as a
14 loss. But that, you know -- for me to tell what
15 exactly, specifically I thought at the time, I can't.

16 Q Okay, that's fine. You mentioned you felt
17 that \$15,000 was the appropriate amount for the
18 property you wanted to purchase. How did you arrive
19 at that figure?

20 A Basically arrived at something that I could
21 afford, which was related to what I had in savings;
22 and if I did, in fact, sell the other, what money
23 would be able to buy it.

24 Q Okay.

25 A I knew that the property was not as valuable

1 with the railroad track there running the full length
2 of the one side as otherwise would be.

3 Q Okay.

4 A Knowing that there was no sewer under the
5 highway, counting on all of the costs it was going to
6 take to develop it, I arrived at that figure.

7 Q If the city council had not approved the
8 rezoning for commercial use, were you looking at other
9 properties in case the city council denied the rezone
10 for your business?

11 A I don't know as I was looking at
12 specifically -- because the city council -- I was just
13 looking.

14 Q Okay. In the documents you provided to us,
15 it indicates an earnest money from a James Gaddis
16 investment company for property in Lehi. It doesn't
17 indicate --

18 A Yes.

19 Q It's hard to read this burned copy.

20 A And that is not related to the Peck
21 property, that's the James Gaddis property that was
22 interested in the property down at East Main. Jim
23 Gaddis is a developer of shopping malls and many
24 places in the United States. And we did have an offer
25 on that property, which is not related to the Peck

1 property.

2 Q Okay. Who ultimately bought that property?

3 A Walker's.

4 Q That's where Walker's --

5 A That's where Walker's entered. And you will
6 find some documents there are not related. All of
7 that type, when I was sorting them out before the
8 fire, I just put all those together, I didn't put them
9 in order. That's what survived the fire. So what
10 you're reading there, don't interpret everything
11 pertaining to the Peck property.

12 Q Why did you repeatedly use Mr. Brooks'
13 services when you were dealing with real estate?

14 A I think mainly because I had confidence in
15 him, and that, you know, I asked him to go look for a
16 piece of property, and he would. He was efficient and
17 effective. And I had -- you know, that's the type of
18 person I like to deal with is you ask somebody to do
19 something and they do it.

20 Q Did you expect him to protect your
21 interests?

22 A Not when he told me he was selling -- that
23 he was representing the seller at that time.

24 MR. DUVAL: If we might take a brief recess
25 just so I can see if there's any further questions we

1 need to follow up on, and I think we're about done
2 here.

3 (Short break taken.)

4 Q Just in way of clarification, the original
5 earnest money agreement, I believe, was entered into
6 in October of '90. How long had you had feelers out
7 trying to find some potential property or been looking
8 for some potential commercial property?

9 A How long?

10 Q Yes.

11 A I would say ever since I started the
12 catering business, I had my eyes open. And that was a
13 good 20 years ago.

14 Q And the potential property purchased by
15 Gaddis, subsequently purchased by Walker and Wendy's,
16 when was that transaction consummated?

17 A I don't know, but you can look through
18 those.

19 Q Was Mr. Brooks involved in that transaction?

20 A Yes.

21 Q As a listing agent for your property?

22 A What's that?

23 Q As the listing agent for your property?

24 A Yes.

25 Q Did he list the property for you? Do you

1 know when you listed that property with him?

2 A I don't.

3 Q Do you know even the year, approximate year
4 that that property was listed for sale?

5 A It obviously was about the time -- I'm not
6 even sure that I had listed it when Gaddis came and
7 talked about it, but it would have been either just
8 before or just after it, and I realized the property
9 was worth more than my business.

10 Q And did Mr. Brooks bring this offer to your
11 attention from Gaddis?

12 A I'm not sure whether he did or -- you know,
13 Gaddis came to me -- I mean, the agent for Gaddis came
14 to me several times, and I'm not sure.

15 Q Since January 1st of 1990, how many real
16 estate transactions have you been involved with with
17 Mr. Brooks?

18 A I had only purchased the property at -- part
19 of the property on East Main.

20 Q So one time where he represented you in the
21 purchase of the property?

22 A What's that?

23 Q So one time he represented you in the
24 purchase of property?

25 A I don't know if he represented me in the

1 purchase of property then or not. I just wanted the
2 property, and I found out that -- I don't think I went
3 to him at that time because I hadn't had any dealings
4 with him. I knew that his brother had some property
5 for sale, and I wanted it. So, whether his brother
6 got together with me and got Lloyd with me or I sought
7 Lloyd, I don't know. I found out who owned the
8 property, though. Well, I guess you'll want to know
9 when that property was handled. Looks like it was the
10 1st of 11 of '94 when I completed the transactions
11 with Walker investments, '94.

12 Q And that was on the East Main property?

13 A East Main property.

14 Q And did Mr. Brooks receive a commission from
15 the sale of that property?

16 A Yes, I think he did.

17 Q Do you know how much?

18 A I think Allpro Realty did. How they divided
19 it with him -- I think it was -- I can check, but I
20 think it was 10 percent.

21 Q Okay. And the sale was finalized January of
22 '94. Do you know how many years it was for sale?
23 Was it for sale for a couple years or longer, shorter?

24 A It obviously had to be for sale when I
25 signed the first agreements with Peck because it was

1 for that reason that I was, you know, waiting on UDOT
2 or I'd have to sell it.

3 Q Oh, okay.

4 A So I don't know.

5 Q So the agreement with Peck I believe was
6 signed in October of '90; so the East Main property
7 may have been for sale at that same time in October
8 of '90?

9 A May have been. I do not know.

10 Q Okay. So, if we might just refer to Exhibit
11 No. 1 once again --

12 A Here we are.

13 Q On page 2 of that exhibit, paragraph 7, when
14 it refers to that tax deferred exchange, did that have
15 to do with the sale with UDOT, that transaction?

16 A No.

17 Q This had to do with the sale of the property
18 that was eventually sold to Walker's, then, at the
19 East Main property?

20 A No, this -- like I said, there were four
21 pieces of property originally involved in that. What
22 was your question again?

23 Q This paragraph 7 refers to a tax deferred
24 exchange, and I'm just wondering what other piece of
25 property is involved in this tax deferred exchange.

1 A The Ashworth property, which is 800 North
2 100 East.

3 Q Okay.

4 A Bluffdale property, the East Main property,
5 and the 1200 East, the Peck property.

6 Q Okay.

7 A But eventually, only two pieces ever were
8 involved in the tax deferred exchange.

9 Q Which two pieces were those?

10 A The Ashworth property and the East Main
11 property.

12 Q The East Main property, Mr. Brooks
13 represented you in a sale to Walker, correct?

14 A Right.

15 MR. KELLER: In 1994.

16 Q (BY MR. DUVAL) In '94. The Ashworth
17 property, was Mr. Brooks involved in that sale?

18 A Yes, I think so.

19 Q And when did that sale occur?

20 A I don't know when it was closed. It was
21 before the '94 or just shortly after.

22 Q Okay. And the Bluffdale property, was
23 Mr. Brooks ever involved in the Bluffdale property?

24 A He was involved in soliciting, getting the
25 property for me, but then that -- we couldn't get --

1 we didn't work things out with Lehi City relative to
2 the Citadel Group, so we lost those two pieces as a
3 tax exchange.

4 Q So, as of March of '92 when the closing on
5 the Peck property occurred, how many different
6 transactions --

7 A Now, wait --

8 Q The Peck property I believe closed in March
9 of --

10 A Okay.

11 Q '92.

12 A Yes.

13 Q As of that time, how many different other
14 real estate transactions were you involved in with
15 Mr. Brooks?

16 A Those are the only two.

17 Q Ashworth and East Main?

18 A No, the Ashworth was not until after.

19 Q Oh, okay.

20 MR. KELLER: East Main was, too.

21 THE WITNESS: The Ashworth and Bluffdale was
22 not involved at that time when we closed with Peck.

23 MR. KELLER: I want to help clarify that he
24 listed the East Main property with someone else first
25 and then listed it with Lloyd, and it was then sold

1 in '94.

2 MR. DUVAL: That's my confusion. Thank you
3 for that clarification.

4 Q And you don't have copies of that listing
5 agreement with Mr. Brooks regarding the Ashworth
6 property or the East Main property, do you?

7 A I have some, maybe. Those are the tax
8 deferred things. I evidently don't have the Ashworth.

9 MR. DUVAL: Could you provide those to us?

10 MR. KELLER: I don't know that we have them.

11 MR. DUVAL: We just need to find out when
12 the properties were listed with Mr. Brooks on the
13 Ashworth and East Main properties

14 (Discussion held off the record.)

15 Q (BY MR. DUVAL) You don't know that you have
16 a copy of the listing for East Main?

17 A Copy of the listing, I don't.

18 Q Okay.

19 A It would be something like this?

20 Q I suspect.

21 A Obviously -- I may have it, but --

22 Q Okay, that's fine. I'm just trying to
23 clarify what other business dealings you had
24 with Mr. Brooks at the time of the closing in March
25 of '92.

1 A I think, at that point, he -- I had bought
2 the East Main property, and this was the next one.

3 Q Okay.

4 A We hadn't gotten involved in these others.

5 Q Okay. That's all I have. No further
6 questions from me.

7 CROSS EXAMINATION

8 BY MR. KELLER:

9 Q Mr. Miller, I just have a few follow-up
10 questions.

11 A You've got to talk louder, I don't hear very
12 well.

13 Q Does it help if I move around the table?

14 A Or get closer.

15 Q Okay. In this Peck transaction, do you feel
16 like you got any special favors from Mr. Brooks?

17 A No.

18 Q Do you feel like he represented the Peck's
19 interests as he should have?

20 A I felt that he did. In fact -- and I
21 adjusted my agreements with the Pecks to go on. I
22 would have borrowed money for the whole thing had the
23 Pecks not wanted to pay separately. And I felt
24 that --

25 Q Now, one of the claims that the Pecks are

1 making in this lawsuit is that Lloyd should have got a
2 higher price than 16,000 an acre for that property.
3 In fact, they're saying he should have got \$22,000 an
4 acre.

5 A 22?

6 Q Would you have paid \$22,000 an acre?

7 A No, no way.

8 Q Why is that?

9 A Because 22,000 would have taken 7,000 per
10 acre more, which would have been \$56,000, and I just
11 wouldn't have gone that much more.

12 Q Did you think the property was worth more
13 than 16 when you bought it?

14 A No.

15 Q Why did you think it wasn't worth more
16 than 16?

17 A Because for business development, the fact
18 they would take -- I think my son, who is an engineer,
19 figured that it would take, you know, as much as the
20 property's worth to get the sewer functioning
21 underneath the railroad tracks and State Street, and
22 the fact that the railroad tracks prevented the lower
23 part of the property from being highly valuable for
24 commercial development. At that time, the trains were
25 going through there on a daily basis, and we had no

1 idea it would be different. And then the drainage
2 problems with the railroad track at that point, you
3 had to take water uphill to get it away from there.
4 And so, for all of those reasons, and, you know, I
5 just didn't -- and my problem is when you ask a
6 question, my mind keeps going. Have I answered your
7 question?

8 Q That's fine. I didn't want to interrupt if
9 you had more to say. Your motivation in buying this
10 Peck property was to relocate your business?

11 A Right.

12 Q And as I understand it, you needed to do
13 that because you thought UDOT might take the property
14 the business was on?

15 A No -- that and I thought the property was
16 worth more than my business, an acre and a fourth.
17 Does everything have to be recorded?

18 Q You can request to go off the record.

19 A Okay, request to go off the record.

20 (Discussion held off the record.)

21 Q Let's go back on the record. I've just got
22 a couple more questions. So your motivation, just to
23 summarize, was that you just wanted to relocate that
24 business?

25 A I wanted to relocate it in the most

1 convenient place for me as a business. Catering
2 business doesn't require freeway exit property, I need
3 more room. And so here was eight acres for sale. I
4 could possibly sell part of it and recoup part of it
5 and help pay for the building, particularly since I
6 was being offered as much -- you know, since I had
7 reached the conclusion of what the -- and what's
8 interesting, I did my research for UDOT, and they
9 didn't question me at all.

10 Q When you say research, you were trying to
11 get a purchase price to sell to UDOT?

12 A Yes.

13 Q Well, as I understand your testimony, after
14 you purchased that Peck property, you hadn't moved
15 your business yet. You then found another piece of
16 property that was cheaper than that Peck property.

17 A Yes.

18 Q And where was that?

19 A That was approximately a mile from the Peck
20 property. It was on freeway where we would have
21 freeway visibility as far as advertising from a sign.
22 And it was isolated more than the -- it was between
23 the railroad and the freeway, but it was right in the
24 center of Lehi. And it --

25 Q Was it commercial property?

1 A Yes. And the city -- go ahead.

2 Q It was in the city?

3 A It was in the city, and the city had it
4 commercial. The city had just denied the Ashworth's
5 putting 115 apartments on it. Then the Ashworth
6 brother died, and so the other brother said he didn't
7 want to deal with that property, and I made an offer.

8 Q And you eventually acquired that property?

9 A Yes.

10 Q Was that 11,000 an acre that you bought that
11 for?

12 A I think it was eleven five.

13 Q Did you eventually relocate your business to
14 that property?

15 A Right.

16 Q Did you check on the cost of utilities on
17 that property, on the Ashworth property?

18 A Definitely. I knew that the sewer went in
19 front of it and the culinary water, and the irrigation
20 water. And I got gas lines going three ways. And it
21 was all to a greater advantage.

22 Q When you say "greater advantage," it was
23 less expensive to put the utilities there than it
24 would have been the Peck property?

25 A Much, much less.

1 Q You mentioned, the last thing I wanted to
2 ask you about, after you --

3 A The what?

4 Q When you got in an agreement with the
5 Citadel Group to sell the Peck property, there was an
6 extension given, and they paid you some more money.
7 That first extension, even the second extension, was
8 that to compensate you for the loss of the tax
9 deferred exchange?

10 A No, the price that we were asking for was
11 for the loss.

12 Q Okay.

13 A And it was basically -- we just told them
14 that we had lost it on a deal, and they said they
15 wanted the property so bad they would compensate me if
16 I would extend the agreement. I was ready to break
17 the agreement. And so that's the change.

18 Q Now, during the time you had this Peck
19 property under agreement where you'd agreed to buy it
20 in October of '90, and then there was an extension six
21 months later that you asked for, and there was an
22 extension six months later that Mr. Peck asked for,
23 did you have the impression that that property was
24 going up in value?

25 A No.

1 Q Were you aware of any other sales in the
2 area that were high that would make you think it was
3 more valuable?

4 A Not that I --

5 Q Did you have, at any time in that period, an
6 idea to use the property for investment purposes
7 rather than for your business?

8 A I did. See, Jon Fondell, who's a cabinet
9 maker, very much wanted that property, and he was
10 willing to take the part down below if I would put the
11 infrastructure in. And then, as we studied that out,
12 we could not put the infrastructure in without going
13 deeply in debt, even if we sold him all that he
14 wanted. And it was just prohibitive even though he
15 begged and met me everyday and every Sunday in church
16 and said he wanted it.

17 Q What do you mean when you talk about
18 infrastructure?

19 A I'm talking about the roads and the sewer
20 and the water. See, only the culinary water was
21 serving the property, and the sewer would had to have
22 been taken 800 feet a different direction or
23 underneath the railroad tracks and State Street. And
24 the curb and gutter and everything I had to put to
25 every piece that I sold. Once you divide it into more

1 than one piece, then it's a subdivision, and you have
2 to -- and I had to put the infrastructure back into
3 the back part before I could develop the front part or
4 I would be doubling the cost.

5 MR. KELLER: Okay. I think that's all I
6 have. Let me just look at these documents.

7 MR. DUVAL: While we're doing that. There
8 are three documents here on the Peck property that we
9 didn't have access to before. Do you mind if we make
10 copies of those?

11 THE WITNESS: I don't want you to lose any
12 of those originals. Some of them I might ask for
13 again, and I'm not going to laminate them.

14 (Discussion held off the record.)

15 MR. KELLER: I don't think I have anything
16 else.

17 REDIRECT EXAMINATION

18 BY MR. DUVAL:

19 Q Mr. Mellor, there was some discussion of an
20 offer you got from -- let me show you the document.
21 There was some discussion of this offer you got from
22 Roger Young.

23 A That was the Citadel Group, yeah. And I
24 didn't -- you know, I just knew there was this high
25 powered group of important people wanting the

1 property.

2 Q Now, just so the record's clear, let me find
3 it in here. This offer is marked as Exhibit 11 to
4 your deposition. This is just a copy of what you've
5 got there. As I understand it, Mr. Mellor, this offer
6 was never accepted; is that correct?

7 A That's right.

8 Q This was just an offer that came in? I just
9 wanted to make that clarification.

10 A It lasted a long time and many stormy
11 sessions with the city.

12 Q But you never accepted that Roger Young
13 offer?

14 A Well, we never closed on it.

15 Q Well, this is different than --

16 A Oh, this is different than Citadel.

17 Q Citadel's a different one, and that was an
18 offer in acceptance. But this is that Roger Young
19 offer, and I don't think that was ever accepted.
20 Thanks. That's all I have.

21 (Discussion held off the record.)

22 (Deposition Exhibit 16 marked for identification.)

23 Q I'm handing you a document referred to as
24 Exhibit 16. We pulled that from your files. Do you
25 recognize that document?

1 A Yes.

2 Q Could you please describe that for us?

3 A That is a page that was to appear in -- I
4 don't know whether it was statewide, but -- those
5 associates, what are their first -- the real estate?
6 They wanted it included in their book.

7 Q Multiple listing service?

8 A Wallace Associates. But they were the ones
9 that developed the page, and Lloyd merely brought the
10 page to me to show me.

11 Q So, at the bottom there it mentions Lloyd
12 Brooks, listing agent?

13 A Listing agent, and that -- but he just
14 showed me that they were going to -- that this other
15 company -- and I don't know who it was -- was going to
16 be included in commercial listings available in Utah,
17 and it was going to be distributed.

18 Q Who prepared this document, do you know?

19 A I think the company -- the Wallace
20 Associates. Now, it may not have been Wallace, that
21 may have been -- I don't know.

22 Q Did they get that information from you or
23 Mr. Brooks, do you know?

24 A I don't know where they got that
25 information.

1 Q Did you talk to them directly?

2 A They asked me if I would mind if they'd list
3 it at that price.

4 Q Okay.

5 A And I said, "It won't sell." And they
6 wanted to list it at that because it was a broad
7 base. But that was the page from their booklet.

8 Q And just for the record, you mentioned that,
9 in addition to the previous transactions with
10 Mr. Brooks, there was another transaction involving
11 your daughter, was that correct?

12 A I purchased a home for her, and we bought it
13 on -- in a foreclosure situation. And Lloyd brought
14 it to my attention. I think that was the extent of
15 his -- and I bought it. Then I sold it to my daughter
16 a year later as a \$10,000 gift to her.

17 Q Did Mr. Brooks represent you as a listing
18 agent or selling agent in that transaction?

19 A I don't know. I think it was directly from
20 the -- we told them we were looking for a home, and he
21 said that he knew the bankrupt situation, knew someone
22 that had this home. So, it was a bankruptcy sale. Is
23 that it?

24 MR. GUZMAN: Yes, this is it.

25 Q (BY MR. DUVAL) Did that property involve

1 the Osborn's --

2 A Yes.

3 Q -- property in Pleasant Grove? Is that the
4 where the property was located?

5 A Yes.

6 Q And when did that closing occur, do you
7 know?

8 A April of -- I shouldn't have brought that
9 up, should I?

10 MR. KELLER: No, you shouldn't.

11 THE WITNESS: I really didn't even think of
12 this one. It closed 12/15/92. No relationship other
13 than I was handling the property for my daughter.

14 Q (BY MR. DUVAL) Did you have the property in
15 your name?

16 A At the beginning I did. The seller was
17 Kenneth Rustin, trustee.

18 Q And did you subsequently sell that property
19 to your daughter?

20 A Yes.

21 Q Approximately a year later, you mentioned?

22 A Yeah. Since I hadn't been able to move
23 these other two pieces, I was paying interest again on
24 \$50,000. And so I took a \$10,000 loss to get it --

25 MR. DUVAL: Okay, all right. That's all we

1 have.

2 MR. KELLER: Let's just have the record
3 reflect that that earnest money agreement we're
4 talking about is dated November 3rd, '92, for the sale
5 of that property.

6 (The deposition concluded at 4:00 p.m.)

7 --oOo--

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C E R T I F I C A T E

STATE OF UTAH)

COUNTY OF SALT LAKE)

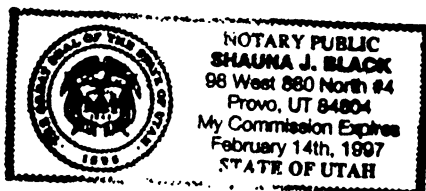
THIS IS TO CERTIFY that the deposition of CARL J. MELLOR, the witness in the foregoing deposition named, was taken before me, SHAUNA J. BLACK, a Certified Shorthand Reporter and Notary Public in and for the State of Utah, residing at Salt Lake City, Utah.

That the said witness, was by me, before examination, duly sworn to testify the truth, the whole truth and nothing but the truth in said cause.

That the testimony of said witness was reported by me, and thereafter caused by me to be transcribed, and that a full, true and correct transcription of said testimony so taken and transcribed, is set forth in the foregoing pages numbered from 4 to 68, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

WITNESS MY HAND and official seal at Salt Lake City, Utah, this 2nd day of August, 1996.



Shauna J. Black
SHAUNA J. BLACK

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CERTIFIED COPY

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Be it remembered that on the 20th day of May, 1994, the above-entitled matter was taken pursuant to notice, commencing at the hour of 9:00 a.m. of said day at the law offices of Harding & Associates, 110 South Main Street, Pleasant Grove, Utah, before Jennifer L. Nazer, a Certified Shorthand Reporter and Notary Public in and for the State of Utah.



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~~Jennifer L. Hellberg, C.S.R., R.P.R.~~

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A P P E A R A N C E S

For the Plaintiff: DAVID H. SHAWCROFT
HARDING & ASSOCIATES
ATTORNEYS AT LAW
110 South Main Street
Pleasant Grove, Utah 84062

For the Defendant: ROBERT C. KELLER
SNOW, CHRISTENSEN & MARTINEAU
ATTORNEYS AT LAW
10 Exchange Place, 11th Floor
P.O. Box 45000
Salt Lake City, Utah 84145

Also Present: Wayne Peck
Buck Farley
ImaJean Farley

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I N D E X

The Witness: I. MAHLON PECK

<u>Examination by</u>	<u>Page</u>
MR. KELLER	4

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E X H I B I T S

<u>No.</u>	<u>Description</u>	<u>Page</u>
1	Verified Complaint	4
2	Earnest Money Sales Agreement	4
3	Sales Agency Contract	4
4	Addendum/Counter Offer to Earnest Money Sales Agreement	4
5	Copy of Check Dated 5-29-91	4
6	Miltiple Listing Service Sheet	4
7	Addendum/Counter Offer to Earnest Money Sales Agreement	4
8	Copy of Check Dated 9-27-91	4
9	Multiple Listing Service Sheet	4

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May 20, 1994

9:00 a.m.

P R O C E E D I N G S

I. MAHLON PECK,

called as a witness, having been duly sworn,
was examined and testified as follows:

(Defendant's Exhibits 1 through 9
were marked for identification.)

EXAMINATION

BY MR. KELLER:

Q. Mahlon, as I indicated, my name is
Robert Keller. I'm an attorney representing the
defendants in this litigation. Would you state
your full name for the record.

A. Isaac Mahlon Peck.

Q. Mr. Peck, tell me what your address
is.

A. 6800 West 10171 North, Highland.

Q. How long have you lived there?

A. Since '69.

Q. Have you had a chance to talk to
Mr. --

1 MS. FARLEY: Dad, it was before that,
2 it was '60.

3 THE WITNESS: It was 1960 when we
4 went, yes, 1960, right.

5 Q. Have you had a chance to talk to Mr.
6 Shawcroft about what we're doing here today?

7 A. Yes.

8 Q. And you understand what these
9 proceedings are?

10 A. Yes.

11 Q. If there's anything that I ask you
12 that you don't understand, will you tell me?

13 A. Yes.

14 Q. She's taking down what we say, and if
15 I ask a question and you answer it, it will
16 appear that you understood it even if you
17 didn't. So if you don't understand, you stop
18 me, will you?

19 A. I surely will.

20 Q. Mr. Peck, what do you do?

21 A. What do I do?

22 Q. What is your occupation?

23 A. Dairy farmer.

24 Q. How long have you been a dairy
25 farmer?

EXAMINATION BY MR. KELLER

1 A. Since 1922.

2 Q. How old are you now?

3 A. 80.

4 Q. Why don't you give me your birth
5 date.

6 A. November the 15th, 1913.

7 Q. And you're married?

8 A. Yes.

9 Q. What's your wife's name?

10 A. Marie.

11 Q. Mr. Peck, I understand there's an
12 entity called the Mahlon Peck & Family,
13 Incorporated.

14 A. Right.

15 Q. Can you tell me what that is?

16 A. Our family's incorporated just as
17 it's stated. Members of the family have stock
18 in the corporation.

19 Q. When did that incorporation take
20 place?

21 MR. FARLEY: August the 2nd, 1974.

22 THE WITNESS: August the 2nd, 1974.

23 MR. SHAWCROFT: Let's just let him
24 answer according to what he recalls.

25 THE WITNESS: Buck and ImaJean have

1 been going over my records to get things
2 straightened out, so I might have to ask them
3 for the correct answer.

4 Q. That's fine. What I'd like you to
5 do, Mr. Peck, is tell me as best you can, but if
6 you don't remember the answer, just tell me you
7 don't remember and if you want to, you can ask
8 someone else, but we need to know what you
9 know.

10 A. Okay.

11 Q. Just so I'm clear, it was sometime in
12 1974 that you incorporated?

13 A. Yes.

14 Q. Did you file articles of
15 incorporation with the state?

16 A. Yes.

17 Q. Did you do that yourself?

18 A. No.

19 Q. Who did that?

20 A. Harding --

21 Q. Your attorneys?

22 A. Yes.

23 Q. Who are the shareholders in the
24 corporation?

25 A. Should I name them all?

1 Q. If you can.

2 A. There's Dan --

3 Q. Who is Dan?

4 A. Dan is my oldest son. Kathleen, my
5 oldest daughter, ImaJean who is here, Wayne, who
6 is here, and Doug, Douglas and Mahleen.

7 Q. What was the purpose for the
8 incorporation, why did you incorporate?

9 A. To give the family equal rights at
10 our death and for tax protection.

11 Q. Who are the officers of the
12 corporation?

13 A. My wife and Wayne. Right now I think
14 Wayne and Doug are the officers.

15 Q. What title do they hold?

16 A. Directors I guess.

17 Q. Does the corporation have a
18 president?

19 A. Yes, I'm the president.

20 Q. Does it have a vice president?

21 A. My wife.

22 Q. And then the others that you
23 mentioned are directors?

24 A. Right.

25 Q. Do you have regular -- by regular I

1 mean once a year do you meet, do you keep
2 minutes of your meetings, things like that?

3 A. Yes.

4 Q. Does the corporation hold any assets
5 or title to property?

6 A. Yes.

7 Q. Real estate?

8 A. Yes.

9 Q. Has it has held title to real estate?

10 A. Yes.

11 Q. What real estate does it own?

12 A. Farmland.

13 Q. What is the business of the
14 corporation? Does it have a particular business
15 or is it just to hold assets?

16 A. Dairy farm.

17 Q. Do you have employees other than the
18 shareholders?

19 A. Yes.

20 Q. Who are they?

21 A. They change every year.

22 Q. Seasonal?

23 A. Yes.

24 Q. Do you do any other business besides
25 dairy farming and holding farmland?

1 A. No.

2 Q. Mr. Peck, what education have you
3 had, formal education?

4 A. High school.

5 Q. Any college?

6 A. No, just correspondence.

7 Q. How long ago was that?

8 A. You mean high school or the
9 correspondence?

10 Q. The correspondence.

11 A. Well, it was during the '30s.

12 Q. Nothing recent?

13 A. No.

14 Q. Where did you go to high school?

15 A. Lehi High School.

16 Q. Here in Utah Valley?

17 A. Yes.

18 Q. Have you lived here in Utah Valley
19 your whole life?

20 A. Yes.

21 Q. How long have you known Lloyd Brooks?

22 A. Gosh, I don't remember when I first
23 became acquainted with him. I really don't
24 remember when.

25 Q. Has it been a long time?

1 A. Yes.

2 Q. You knew him before this transaction
3 that we're going to be talking about later
4 today?

5 A. Yes.

6 Q. Do you recall how you first became
7 acquainted with him?

8 A. Just with his location, where he
9 lived.

10 Q. Is he a neighbor?

11 A. No.

12 Q. How did that help you get to know
13 him?

14 A. I just know of him.

15 Q. Where does he live?

16 A. He lives in -- I think it's called
17 the Bull River area.

18 Q. Is that area where you live?

19 A. Several miles away.

20 Q. Mr. Peck, let me hand you what I've
21 marked as Exhibit 1 to your deposition. I'm
22 going to have you look at some documents today
23 and ask you if you've seen them before. You can
24 look through it. I notice it has several
25 pages.

1 A. Can I ask anybody else about this?

2 Q. Sure, if you need to. Just tell me
3 what you know first, and if you need to ask
4 someone else, you can ask.

5 MR. SHAWCROFT: Take a minute and
6 look through it all.

7 Q. Mr. Peck, there's page numbers down
8 at the bottom of the page. Let's go to page
9 number 29, toward the back. Why don't you look
10 through that page for a minute.

11 A. Okay.

12 Q. Let me ask you, is that your
13 signature in the middle of page 29 on Exhibit 1?

14 A. Yes.

15 Q. Did you sign it on or about March
16 8th, 1994?

17 A. That's right.

18 Q. According to this affidavit, you've
19 read this complaint; is that right?

20 A. Uh-huh (affirmative).

21 Q. And you understand what's stated in
22 there?

23 A. Uh-huh (affirmative), yes.

24 Q. I'll come back to that. Let me hand
25 you now what's been marked as Exhibit 2 to your

1 deposition and ask if you've seen that before or
2 if you can tell me what that is.

3 A. I don't remember this.

4 MR. SHAWCROFT: Look through it
5 first.

6 Q. Take what time you need, and you
7 don't have to read everything, but just look
8 through it to see if it looks familiar to you.

9 A. Okay.

10 Q. Can you tell me what that is?

11 A. That was a sales agreement.

12 Q. Is this your signature, Mr. Peck, on
13 page 3 of that agreement?

14 A. Yes.

15 Q. It says seller's signature. Is that
16 your signature?

17 A. Yes.

18 Q. Do you recognize the other seller's
19 signature?

20 A. Yes.

21 Q. Who is that?

22 A. Carl Mellor.

23 Q. I'm talking about the signature right
24 below yours.

25 A. There isn't one.

1 Q. Let me point for you here under your
2 signature where it says seller's signature.

3 A. Yes, I'm sorry, that's my wife's
4 signature. I was looking down below here.

5 Q. Under the seller's signature blanks,
6 that's your signature and your wife's signature?

7 A. Yes.

8 Q. And then you indicated that this is
9 your signature down at the bottom where it says
10 document receipt?

11 A. Yes.

12 Q. Tell me how this came about, how did
13 you come to sign this document, do you recall?

14 A. At that time, we figured everything
15 was in order.

16 Q. How did you first hear about Carl
17 Mellor?

18 A. The first I've ever heard of him?

19 Q. Well, in relation to this piece of
20 property, in buying this piece of property.
21 Tell me how this transaction came about.

22 A. Well, during conversations sometime
23 or another his name came up that he was the
24 buyer.

25 Q. Was that in conversation with Mr.

1 Brooks?

2 A. Yes.

3 Q. Did Mr. Brooks come over to your
4 house and tell you about that?

5 A. Yes.

6 Q. Then what happened?

7 A. Well, in due time we signed the
8 agreement.

9 Q. Why did you sign the agreement?

10 A. At that time we decided to sell.

11 Q. About the time you signed the
12 agreement?

13 A. Yes.

14 Q. Do you recall when that was?

15 A. It was the date of the agreement.

16 Q. About October 25th of 1990?

17 A. Yes.

18 MR. SHAWCROFT: I think the 24th.

19 Q. The signature is the 25th. But at
20 some time around that, October 24 or 25?

21 A. Yes.

22 Q. Did you write in October 25th right
23 there? Is that your handwriting?

24 A. Uh-huh (affirmative).

25 Q. Now, you say at this time you wanted

1 to sell the property?

2 A. Well, we decided to.

3 Q. Tell me why you decided to sell it.

4 A. Well, we'd been on a mission, my wife
5 and I, and during that time they got in debt.

6 Q. Who is "they"?

7 A. The farm got in debt, so we decided
8 to sell it to get out of debt.

9 Q. Was it in debt for equipment or other
10 real estate, or what kind of debt was it?

11 A. A little bit of everything.

12 Q. Did there come a time when you
13 decided not to sell it, when you didn't want to
14 sell it?

15 A. Does anybody sell anything that they
16 don't have regrets for afterwards?

17 Q. Probably not. So you had some regret
18 at some point?

19 A. Uh-huh (affirmative).

20 Q. When did you first have regrets about
21 selling it?

22 A. When we found out we could have sold
23 it for more.

24 Q. Can you tell me when that was?

25 A. No.

1 Q. How did you find that out?

2 A. My son told me about it, and then
3 somebody else, but I don't remember who the
4 other one was. It was during a conversation.

5 Q. Do you recall which son it was?

6 A. Yes, it was Wayne.

7 Q. Do you recall where that conversation
8 was? Was it just in your home or somewhere, you
9 just had this conversation with Wayne?

10 A. No, I don't remember where it was,
11 whether it was my place or his place or whether
12 we was in the car or what, I don't remember.

13 Q. Was there anyone there with you, do
14 you recall?

15 A. I don't remember whether my wife was
16 with me or whether I was alone.

17 Q. Can you tell me whether it was later
18 than let's say the summer of '93? Was it last
19 summer or before?

20 A. When you want me to give dates --

21 Q. That's tough.

22 A. I don't know.

23 Q. That's fine. If you can't remember,
24 that's fine, just tell me. I have a couple of
25 other things for you to look at here. Let me

1 hand you what's been marked as Exhibit 3 to your
2 deposition and ask you to look at that.

3 A. Boy, I don't remember anything about
4 that.

5 Q. Let me ask you this, Mr. Peck, would
6 you look at the bottom of the document that's
7 been marked as Exhibit 3? Do you recognize
8 those signatures?

9 A. Yes.

10 Q. Who are they?

11 A. My wife and mine.

12 Q. You do recognize the signatures?

13 A. Uh-huh (affirmative).

14 Q. But as I understand your testimony,
15 you don't remember seeing it before?

16 A. No, I don't remember this, I don't
17 remember this document. The only one I remember
18 was the other one you showed me that showed 8.5
19 acres. This one is 3.5, or is that a misprint?

20 Q. I think that's a misprint. I think
21 it should be 8.5.

22 A. Okay.

23 Q. It's not copied very well. I should
24 ask you this, Mr. Peck, I know this is sort of
25 obvious but you can read, can't you?

1 A. Yes.

2 Q. You don't have any trouble reading?

3 A. No.

4 Q. You'd be surprised how many people
5 you ask that and they say no, I can't read at
6 this point.

7 A. I'm surprised at that too.

8 Q. That's all I have on that.

9 Let's look at this next document.

10 This has been marked as Exhibit 4 to your
11 deposition. Let me ask you to look at that for
12 a minute and read it over.

13 A. Okay.

14 Q. Do you recall that document?

15 A. Yes.

16 Q. I notice there are some signatures on
17 that page where it says acceptance/counteroffer
18 sort of the bottom middle. Is that your
19 signature?

20 A. Yes.

21 Q. Can you tell me how this document
22 came to be signed? Do you recall the
23 circumstances?

24 A. I don't.

25 Q. Looking up in the printed handwritten

1 portion, Mr. Peck, there's a line where it says
2 "Buyer to deposit \$2,000 with seller's down
3 payment."

4 A. Yes.

5 Q. Does that refresh your recollection
6 about --

7 A. Yes, that took place.

8 Q. You got the \$2,000?

9 A. Yes.

10 Q. Looking above where it says "Modify
11 item number 8 of earnest money agreement," do
12 you see that part?

13 A. Yes.

14 Q. It says "Change closing of sale to
15 read: This agreement shall be closed on or
16 before September 30, 1991." Do you recall that?

17 A. Not specifically, no, but if it's
18 there, I probably read it at the time and signed
19 it.

20 Q. Do you recall why the closing was
21 extended?

22 A. No, I don't.

23 Q. Let me hand you what we've marked as
24 number 5 to your deposition.

25 A. Oak.

1 Q. Can you tell me what that is?

2 A. That's just a statement saying I
3 received the \$2,000.

4 Q. And that was the down payment?

5 A. Yes.

6 Q. Do you recall signing that?

7 A. Yes.

8 Q. We've got a stack of them here. Let
9 me hand you what's been marked as Deposition
10 Exhibit 6 to your deposition and ask you if your
11 signature appears on that document.

12 A. Yes.

13 Q. Is that your wife's signature as
14 well?

15 A. Yes.

16 Q. Why were you and your wife signing
17 these documents? Were you signing on behalf of
18 the corporation?

19 A. Yes, and that corporation should have
20 been included in these statements I guess to
21 start with.

22 Q. Did the corporation hold title to the
23 property?

24 A. Yes, the deed has a corporation title
25 on it.

1 Q. When did the corporation first get
2 title to the property?

3 A. When we incorporated.

4 Q. Back in 1974?

5 A. Yes.

6 Q. Let me hand you what's been marked as
7 Exhibit 7 to your deposition. Would you look
8 that over, Mr. Peck?

9 A. Yes.

10 Q. Do you recall this document?

11 A. Yes.

12 Q. Can you tell me what it is?

13 A. It was an extension of time.

14 Q. It was another extension?

15 A. Yes.

16 Q. Why was this extension done?

17 A. Well, according to my understanding,
18 the property that Mr. Mellor was selling hadn't
19 been sold at this time, and so he had to make
20 other arrangements. To my memory, that's what
21 happened.

22 Q. The best you recollect at this point?

23 A. Yes.

24 Q. Let me ask you, did you sign this
25 document?

1 A. Yes.

2 Q. Looking at this first paragraph there
3 in the handwritten part, there's one thing I
4 wanted to ask you about. This says "Extended
5 closing for up to six months, allowing the
6 seller," and that would be Mahlon Peck & Family,
7 Inc.; is that correct?

8 A. I don't remember why we had to do
9 that.

10 Q. You don't remember what modifications
11 in the title you needed to make?

12 A. No, I don't.

13 Q. Do you recall you signing the addenda
14 as the seller?

15 A. Yes.

16 Q. Would that have been about 6:30 on
17 September 27th? Is that your handwriting?

18 A. I just see the date.

19 Q. Let me point it out to you and just
20 see if this is your writing. I'm looking right
21 here, it looks like signature of the seller.

22 A. Okay, yes, I was looking at my
23 signature down there again. I'll have to look
24 up, right.

25 Q. That's about the time it was signed?

1 A. Right.

2 Q. Let me go back to the document we
3 marked as Exhibit 4. This document was signed
4 by Mr. Mellor as the buyer?

5 A. Yes.

6 Q. This addenda?

7 A. Yes.

8 Q. Is it possible that this is the one
9 that was prepared by Mr. Mellor because of the
10 sale he needed to do? Does that refresh your
11 recollection?

12 A. It doesn't, I wouldn't know.

13 Q. Was there any more money that you
14 were going to receive on this second extension,
15 do you recall?

16 A. No, I don't, I don't know whether he
17 made -- it would be in the records if he did.

18 Q. And I've got a document. Let me show
19 you this, and this may refresh your
20 recollection. This has been marked as Exhibit 8
21 to your deposition.

22 A. This is that extra \$500.

23 Q. Tell me what that is.

24 A. Well, as I recall, it was a payment
25 in respect to the extension that he wanted

1 approval on, and it would have been deducted
2 from the year's payment.

3 Q. And you received the \$500?

4 A. Yes.

5 Q. About September 27th, 1991, on that
6 date, is that about the time?

7 A. Yes.

8 Q. That's your handwriting I guess?

9 A. Yes.

10 Q. And then the last document I've got
11 to show you, does your signature appear on that
12 document?

13 A. Yes.

14 Q. And your wife's signature as well?

15 A. Yes.

16 Q. At that time, Mr. Peck, were you the
17 president of the I. Mahlon Peck & Family, Inc.?

18 A. Yes.

19 Q. And your wife was the vice president?

20 A. Yes.

21 Q. Does any of your family work full
22 time for the company?

23 A. No.

24 Q. Do you work now?

25 A. A little bit.

1 Q. What kinds of things are you doing?

2 A. Milking mostly, when I work.

3 Q. Can you tell me about how much that
4 is, how many hours a day or a week?

5 A. It's just for exercise. It's
6 approximately four hours.

7 Q. When you do this?

8 A. Yes.

9 Q. Does anybody else in the family work
10 in the corporation at all?

11 A. Oh, yes.

12 Q. Who is that?

13 A. Wayne.

14 Q. What does Wayne do?

15 A. He irrigates on the Lehi farm and
16 Doug keeps records of the dairy and he teaches
17 school and he milks, and then part of his family
18 milks.

19 Q. What does Wayne do other than that?
20 Does he teach school as well?

21 A. No, he works at Hill Field.

22 Q. Did you eventually close on this sale
23 that these documents reflect?

24 A. What do you mean by closing?

25 Q. Did you transfer title?

1 A. No.

2 Q. That never happened?

3 A. No, because it hadn't been paid for
4 yet.

5 Q. It's being paid for on payments?

6 A. Yes.

7 Q. Do you know when the final payment is
8 due?

9 A. March of '96.

10 Q. Right now Mr. Mellor is still making
11 payments on that?

12 A. Yes.

13 Q. Are you still farming any portion of
14 the parcel that was sold?

15 A. Well, we was until this year, and
16 then we could never get any definite answer as
17 to whether it's going to be sold, used or not.

18 Q. Who would have been talking about
19 that?

20 A. Mr. Mellor.

21 Q. Have you had any other conversations
22 with Mr. Mellor?

23 A. No.

24 Q. When is the last time you spoke with
25 him?

1 A. About 10 days ago.

2 Q. Can you tell me what you talked to
3 him about?

4 A. Yes, I just talked to him about when
5 he was going to dispose of it, whether we should
6 farm it or not.

7 Q. What did he tell you?

8 A. He says I'll let you know in a couple
9 of days.

10 Q. Have you heard anything back?

11 A. No.

12 Q. Since the sale that we've been
13 talking about, have you had any conversations
14 with Mr. Brooks?

15 A. No, not since the last date of the
16 documents.

17 Q. Do you know of anybody else in your
18 family that's had any conversations with him?

19 A. It seems like, but I'm not sure. It
20 seems like one of them said they talked to him
21 but I'm not sure. There's been so much
22 conversation.

23 Q. Are you unhappy with the sale?

24 A. There's a lot of things I'm unhappy
25 about.

1 Q. I just want to talk about the ones
2 dealing with the sale.

3 A. I've always made the statement that
4 the ground all around us has been going at a
5 much higher price.

6 Q. Have you had an appraiser look at it
7 to see what it was worth back then?

8 A. I haven't, but I think members of my
9 family have.

10 Q. Do you know what the name of the
11 appraiser is?

12 A. No.

13 Q. Do you know what he thinks?

14 A. No, I don't know what he thinks.

15 Q. You don't know what his opinion is?

16 A. No.

17 Q. You just think somebody has had an
18 appraiser look at it?

19 A. Right.

20 Q. Do you think Mr. Brooks should have
21 prevented you from selling the property?

22 A. I can't answer that, I don't know.

23 Q. Do you think he did anything wrong in
24 helping you sell the property?

25 A. I don't know that either.

1 Q. As you sit here today, you don't know
2 of anything he did wrong?

3 A. I don't know the laws, I don't know
4 the circumstances of whether he did or he
5 didn't.

6 Q. I don't want you to tell me what the
7 law is, I just want you to tell me what you
8 think.

9 A. That's what I think.

10 Q. That the land was going for a higher
11 price around you?

12 A. Right.

13 Q. How do you know that?

14 A. Hearsay. I want to ask you about
15 that hearsay.

16 Q. Who has told you that?

17 A. In conversations, and I don't
18 remember when it was given and where it was
19 given, but I know it was given, that's all I
20 know.

21 Q. Somebody told you that it was going
22 for a better price?

23 A. Right.

24 Q. And you didn't find out about that
25 until after the closing?

1 A. That's right.

2 Q. If you had found out about it before
3 the closing, what would you have done?

4 A. I probably wouldn't have signed all
5 these documents.

6 Q. Do you know anything about the
7 property being annexed into the city?

8 A. Yes.

9 Q. When did you first hear about that?

10 A. Well, at the time it was done.

11 Q. When was that?

12 A. I don't remember the date.

13 Q. You didn't know about it until it was
14 done?

15 A. No.

16 Q. Did Mr. Mellor know about it before
17 it was done?

18 A. I don't know.

19 Q. You didn't have any conversations
20 with him about that?

21 A. No, I didn't.

22 Q. Do you know of any property like
23 yours that was selling for \$16,000 an acre in
24 1990?

25 A. No, I don't. I just know of property

1 that was sold, but I don't have personal
2 knowledge of that.

3 Q. How did you come to the purchase
4 price of \$16,000 an acre?

5 A. From Mr. Brooks.

6 Q. Tell me about that. What did he say?

7 A. He said that that's the top price.

8 Q. And you were willing to sell it at
9 that time at that price?

10 A. At that time, yes.

11 Q. Why?

12 A. To get the money to pay off the debt.

13 Q. Did you ever tell Mr. Brooks about
14 the debt?

15 A. Yes.

16 Q. When was that?

17 A. During conversations in connection
18 with the agreement.

19 Q. What did you tell him?

20 A. Just that one reason why I'm selling
21 it is to pay the debt off.

22 Q. Did you pay the debt off?

23 A. Yes.

24 Q. Have you ever bought and sold
25 property before?

1 A. Yes.

2 Q. When was that?

3 A. All during the years.

4 Q. What have you sold?

5 A. I've sold ground, bought ground.

6 Q. You understand that values go up and
7 down?

8 A. Right.

9 Q. Do you ever remember Mr. Brooks
10 telling you that you were legally obligated to
11 go forward with the closing?

12 A. No. He was always there with the
13 papers.

14 Q. And you read them before you signed
15 them I guess?

16 A. Yes.

17 Q. Mr. Peck, do you know anything about
18 Mr. Mellor's plans to sell the property? Other
19 than that there's some notion of that, do you
20 know what the particulars are?

21 A. Yes.

22 Q. What are they?

23 A. Well, as I understand it, his plan
24 was to build an establishment of his own there,
25 and then he was going to develop it little by

1 little, and we was to farm what wasn't developed
2 as in the agreement that I signed and he signed.

3 Q. That was the plan?

4 A. That was the plan.

5 Q. Then did that change?

6 A. Well, to my knowledge, it did.

7 Q. Tell me what that knowledge is.

8 A. Well, that it was being sold for all
9 rights to another developer at an extra, higher
10 price.

11 Q. Do you know who that developer is?

12 A. No, I don't.

13 Q. How do you know that?

14 A. Well, my son has been investigating
15 this business.

16 Q. Is that Wayne?

17 A. Yes, that's Wayne.

18 Q. Has Wayne told you that?

19 A. Yes.

20 Q. Let me go back, Mr. Peck, just
21 briefly and have you look at these two
22 documents. This is the document we've marked as
23 Exhibit 4 to your deposition. Let me have you
24 read that again. I just have another question
25 about that.

1 A. Just to myself?

2 Q. Yes, just read it to yourself, just
3 go over it.

4 A. Okay.

5 Q. As I understand it, the handwritten
6 part says that this addendum is going to modify
7 number 8 to change the date of the closing, and
8 as I understand your prior testimony, you signed
9 this document; is that right?

10 A. Yes.

11 Q. Did you have some understanding
12 different than that at the time you signed it?

13 A. Well, the understanding I had was
14 that the closing had to be extended because of
15 him not having the money.

16 Q. He wanted to sell some other property
17 to extend it?

18 A. Yes.

19 Q. And you also understood that he was
20 going to give you \$2,000 as down payment?

21 A. Yes.

22 Q. Let me direct your attention, Mr.
23 Peck, to this other one, this is a little
24 longer. I'm going to have the same questions
25 about that, if you'd just look through that.

1 A. Okay.

2 Q. As I understand what that document
3 says, and you correct me if I'm wrong, it's
4 saying that --

5 MR. SHAWCROFT: I object. For the
6 record, I think the document says what it says.

7 MR. KELLER: For foundational
8 purposes, I'll read it if you want me to. This
9 document says the seller, and that's you, wants
10 to extend the closing for up to six months so
11 you can make modifications in the title and get
12 it in a family corporation or something like
13 that.

14 A. I don't recall and I don't know of
15 anything having to be done.

16 Q. How about tax implications, was there
17 some question about how you wanted to take title
18 for tax purposes? Do you recall anything like
19 that?

20 A. No.

21 Q. Now, look at number 2. "Buyer to
22 share with seller plans for development and work
23 with seller on said development plans." Do you
24 recall that?

25 A. Yes.

1 Q. And then number 3, "Seller reserves
2 the right to have a portion of his funds placed
3 in escrow with time payment." Do you remember
4 that?

5 A. Yes.

6 Q. And then you recall the buyer to
7 place an additional \$500 down payment?

8 A. Yes.

9 Q. Do you have any understanding that's
10 different from what's written on this document?

11 MR. SHAWCROFT: Other than what he's
12 already described.

13 MR. KELLER: He doesn't recall, but
14 as I understand it --

15 THE WITNESS: Number one, I don't
16 recall any differences there.

17 Q. But do you recall signing it on 27
18 September?

19 A. Uh-huh (affirmative).

20 Q. And you would have read it before you
21 signed it?

22 A. Hopefully. I do recall the items,
23 but I don't recall --

24 Q. That first one?

25 A. Yes.

1 Q. That's fine. If I can just have a
2 minute to talk to Mr. Brooks, I think we're
3 done.

4 (A short recess was taken.)

5 Q. Mr. Peck, I just have a couple more
6 questions. I'll just tell you by way of
7 background, I'm not trying to suggest anything,
8 I'm just trying to refresh your recollection
9 that Mr. Brooks remembers a time last summer
10 when he stopped and talked to you out on 12th
11 East, maybe when you were irrigating or
12 something. Do you recall that? If you don't,
13 that's okay.

14 A. Well, he talked to me several times
15 in several places, so it's possible that he did
16 talk to me at that time.

17 Q. But you don't remember it, as I
18 understand it, you don't recall the
19 conversation?

20 A. No, I don't remember the
21 conversation.

22 Q. Mr. Peck, we've looked at a number of
23 documents that you signed. Did he ever tell you
24 you had to sign any of these documents?

25 A. No, he just says here's these

1 documents for you to sign.

2 Q. He didn't tell you were legally
3 obligated to?

4 A. No, I didn't think he needed to tell
5 me that. He just said here's a document that
6 needs to be signed at this time because of this,
7 whatever.

8 Q. Whatever it says on the document?

9 A. Yes, whatever came up at that time.

10 MR. KELLER: Okay, I don't have
11 anything else. Thanks for coming in.

12 MR. SHAWCROFT: I have no questions.

13 (Whereupon the deposition proceedings
14 were concluded at 10:15 a.m.)
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I, Jennifer L. Nazer, Certified Shorthand
Reporter and Notary Public for the State of
Utah, do hereby certify:

That the foregoing pages contain a true and correct transcription of my said notes so taken.


Notary Public

40

[illegible]

**APPRAISAL REPORT
of
Vacant Land
located at the
Northeast Corner of State Street and 1200 East
Lehi, Utah 84043**

APPRAISED FOR

**Mr. Robert C. Keller, Attorney
Snow, Christensen & Martineau
10 Exchange Place, 11th Floor
Salt Lake City, Utah 84145-5000**

Dates of Valuation

October 25, 1990

May 1, 1991

September 27, 1991

March 30, 1992

Date of Report

December 31, 1995

Appraised By

Kent J. Carpenter, MAI

December 31, 1995

**Mr. Robert C. Keller, Attorney
Snow, Christensen & Martineau
10 Exchange Place, 11th Floor
Salt Lake City, Utah 84145-5000**

**RE: Appraisal of vacant land located at the northeast corner of 1200 East and State St.
Lehi, Utah 84043**

Dear Mr. Keller:

In accordance with your request and authorization, I have personally examined and appraised the above referenced property for the purpose of reporting my opinion of its market value.

Based on the data and analysis included in the report that follows, it is concluded that the market value of the fee simple interest of the above referenced property, as of the dates requested are as follows:

October 25, 1990 - \$118,000
May 1, 1991 - \$124,000
September 27, 1991 - \$129,000
March 30, 1992 - \$135,000

A summary of pertinent information is presented on the facing page. The following pages contain the data upon which my opinion of value is predicated. This report was prepared in conformance with the Uniform Standards of Professional Practice (USPAP), the Standards of Professional Appraisal Practice of the Appraisal Institute, and the Code of Professional Ethics and Supplemental Standards of the Appraisal Institute. This appraisal is also subject to the specific limiting conditions listed in the addendum of this report.

Respectfully submitted,


Kent J. Carpenter, MAI

SUMMARY OF FACTS AND CONCLUSIONS

Location of Property:	Northeast corner of State Street and 1200 East Lehi, Utah 84043
Dates of Valuation:	October 25, 1990 May 1, 1991 September 27, 1991 March 30, 1992
Type of Property:	Vacant Land
Land Area:	8.43 acres (367,211 sf)
Zoning:	RR-5 (October 25, 1990) RR-5 (May 1, 1991) RR-5 (September 27, 1991) GC-2 (March 30, 1992)
Highest and Best Use:	October 25, 1990 - Low/medium density resid. development; hold for future comm. development May 1, 1991 - Low/medium density residential development; hold for future comm. development September 27, 1991 - Low/medium density resid. development; hold for future comm. development March 30, 1992 - Hold for future comm. develop.; rezone for low/medium density resid. development
Value Indications by:	
Sales Comparison Approach:	October 25, 1990 - \$118,000 (\$14,000/acre) May 1, 1991 - \$124,000 (\$14,700/acre) September 27, 1991 - \$129,000 (\$15,300/acre) March 30, 1992 - \$135,000 (\$16,000/acre)

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ADDENDUM

- Certification
- General Assumptions & Limiting Conditions
- Specific Assumptions & Limiting Conditions
- Zoning Map
- Legal Description
- Appraiser's Qualifications

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property on a retrospective basis. The four dates of value requested are October 25, 1990, May 1, 1991, September 27, 1991, and March 30, 1992.

DEFINITION OF MARKET VALUE

According to the Office of Thrift Supervision (OTS), under 12 CFR, Section 564.4, Appraisals, the term "Market Value" as used in this report is defined as being:

"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 Buyer and seller are typically motivated.
- B. Both parties are well informed or well advised, and each acting in what they consider their own best interest.
- C. A reasonable time is allowed for exposure in the open market.
- D. Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto.
- E. The price represents the normal consideration for the property sold unaffected by special creative financing or sales concessions granted by anyone associated with the sale.

RETROSPECTIVE VALUE ESTIMATES

Due to the uniqueness of this appraisal assignment, which is estimating values on a retrospective basis, comments on retrospective value estimates as provided by USPAP (Uniform Standards of Professional Appraisal Practice) are summarized as follows:

Data subsequent to the date of value may be considered in estimating a retrospective value as a confirmation of trends that would reasonably be considered by a buyer or seller as of that date. The appraiser should determine a logical cut-off since, at some point distant from the date of value, the subsequent data will not reflect the relevant market. Studying the market conditions as of the date of the appraisal assists the appraiser in judging where he or she should make this cut-off.

PROPERTY RIGHTS APPRAISED

The property rights to be appraised are the fee simple interest. The definition of the fee simple interest is as follows:

“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.”

Source: The Appraisal of Real Estate, 10th Edition

IDENTIFICATION OF THE PROPERTY

The property which is the subject of this appraisal, is an 8.43 acre undeveloped parcel, located at the northeast corner of 1200 East and State Street in the City of Lehi. On the first three dates of value, the property was located in the unincorporated portion of Utah County, and was

zoned RR-5, a rural residential zone. As of the last date of value, and as of the date of this report, the property has been re-zoned to a commercial zone, and annexed into the City of Lehi. The property remains undeveloped, and is bounded on the north by residential development (SFR's), on the south (across State Street) by older industrial development, and on the east and west by various farm houses, outbuildings and undeveloped land.

USE OF THE APPRAISAL

The use of this appraisal is to assist the client in resolving a dispute over the value of the property at its time of sale on March 30, 1992. Because the transaction involved two extensions of the originally agreed upon closing date, value estimates at other points in time have also been included to assist in this use.

APPRAISAL DEVELOPMENT AND REPORTING

This appraisal report is intended to be performed in such a manner that the results of the analysis, opinion, or conclusion be that of a disinterested third party. It is my intent that all appropriate data deemed pertinent to the solution of the appraisal problem be collected, confirmed, and reported in conformity with the Standards of Professional Practice and Ethics of the Appraisal Institute.

This development of this appraisal is intended to result in a complete appraisal, with the reporting format being self-contained. Specifically, a complete appraisal means that no departures from Standard 1 of the USPAP were invoked, with a self-contained report implying that the report contains all of the appraiser's data, analyses, and conclusions that were utilized in concluding to

the estimate or estimates of value.

In preparing this appraisal, I have gathered and reviewed information from the City of Lehi pertaining to the annexation and re-zone of the subject property . Additionally, information pertaining to the location of utilities, zoning maps, and tax information has also been obtained and reviewed. I have inspected the subject site as well as the comparable sales that have been utilized in the valuation of the subject property. To the extent possible, I have confirmed and analyzed the data utilized in the Direct Sales Comparison Approach, on which the values in this appraisal are based. Due to the type of property being appraised (undeveloped acreage), both the Cost Approach and the Income Approach are not considered valid methods of valuation. The opinions of value are subject to the assumptions and limiting conditions that are included in this report. I have also attempted to familiarize myself with the market conditions and sales activity that existed during the time periods in question, through conversations with brokers, property owner's and city officials.

OWNERSHIP /SALES HISTORY

Ownership of the subject property is currently vested in the names of John B. & Carol G. Allred et al., and Mark Dee Robbins, et al. However, as of the dates of value, ownership of the property was vested in the name of Issac Mahlon Peck Family , Inc. who sold the property to Carl J. & Dimple A. Mellor, who then sold the property to Allred and Robbins. The Peck Family Trust sold the property at a reported price of \$134,880 (\$16,000/acre) on March 30, 1992, with Carl J. Mellor, et ux. selling the property at a reported price of \$320,000 (38,000/acre), in November of 1994.

TAX DATA

Assessor's Parcel No:	Land	Improvements	Total	Taxes
<u>1990</u>				
13-002-0002	\$3,448	\$0	\$3,448	\$51.18
13-002-0003	\$3,038	\$0	\$3,038	\$45.09
<u>1991</u>				
13-002-0002	\$3,448	\$0	\$3,448	\$48.36
13-002-0003	\$3,038	\$0	\$3,038	\$42.61
<u>1992</u>				
13-002-0002	\$3,448	\$0	\$3,448	\$47.20
13-002-0003	\$3,038	\$0	\$3,038	\$41.59

Note: The taxes during the years 1990-1992 were exceptionally low due to the property's greenbelt status which existed until rezone and annexation into the City of Lehi occurred in 1992. At that time the property was assigned a different assessor's parcel number (13-002-0058), was assessed at a value of \$90,399, and taxed at \$1,148.07. When the property again resold in 1994, the property was again assigned a different parcel number (13-002-0071), which is its current parcel number. The 1995 assessed value for the property was reported at \$162,718, with annual taxes being \$1,768.58.

LEGAL DESCRIPTION

Due to the length of the subject's legal description, please refer to the addendum portion of the report, where a complete legal description has been included.

REGIONAL DESCRIPTION (UTAH COUNTY)

The subject property is located in Lehi, Utah, which is one of several municipalities in north Utah County. While the Provo-Orem area represents the center of most the county's business activity, the recent announcement and on-going development of the Micron facility in northern Lehi has resulted in an increase in both economic and real estate activity in this portion of the county. Nearly all of the cities within the County are within 30-45 miles of Salt Lake City, with the primary access route into and out of the County being the Interstate 15 freeway (I-15).

Elevations in the area range from 4,400 feet at Utah Lake, to over 11,000 feet in the mountains to the east. The climate is typical of a high desert environment, with the area generally experiencing four distinct seasons, without temperature extremes. Rainfall averages 17 inches per year, and falls mostly in the form of snow during the winter months.

The economic base of the County centers on education, government, industrial/manufacturing, high technology, and agriculture. In recent years, the employment opportunities have been good, with Utah County being home to several high-tech research and manufacturing firms that have been expanding. A recent survey showed the county to have the highest rate of job creation per capita of any area in the United States. It is projected that the on-going economic forces affecting Utah County will have a positive effect on future real estate values.

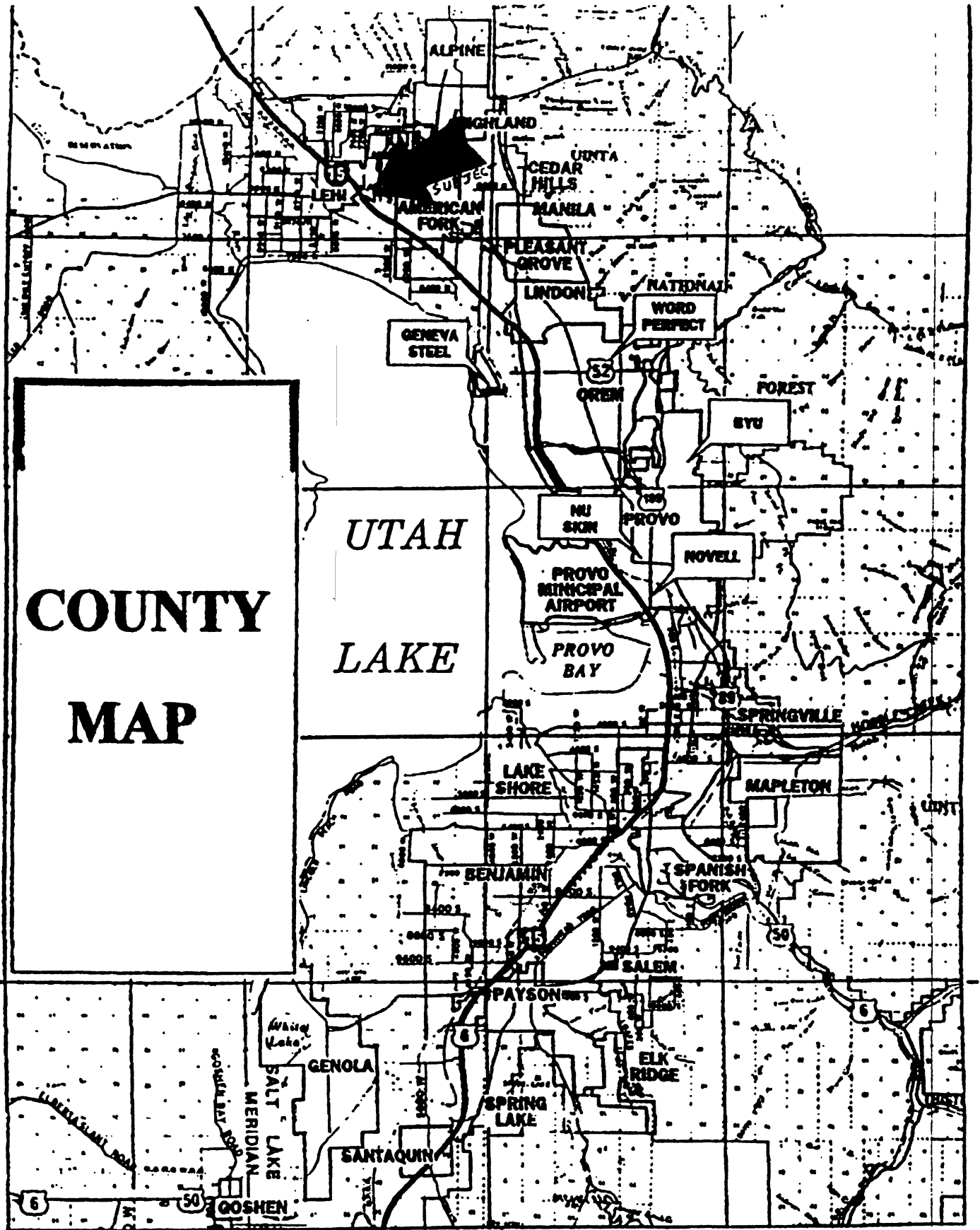
Apartment, office, and industrial vacancy rates are low, with new construction taking place in all types of real estate. Additionally, average daily rates and occupancies at area hotels have increased to the point that new construction is occurring in this facet of the real estate sector as well.

Brigham Young University is located in Provo, and is the largest private university in the nation, with an enrollment of approximately 30,500. Utah Valley State College, located northwest of Brigham Young University in the city of Orem, has an enrollment of approximately 14,000.

Crime levels in Utah County are relatively low, and the quality of life is considered good. Utah County has an estimated population of 298,400, with the growth rate in the County averaging 2.55%/year from 1980 to 1994.

Air transportation is facilitated by Salt Lake International Airport located in Salt Lake City, as well as the Provo and Spanish Fork municipal airports. Vehicular transportation relies primarily on the Interstate 15 freeway, which runs in a north/south direction, and connects most major metropolitan areas with Nevada and Arizona to the south, and Idaho to the north. Additional highways providing access to the County include State Highways 89 and 189, which along with other smaller arteries provide the area with good automobile, bus, and truck access.

Recently it was announced that Micron will locate a satellite facility at the north end of Utah County near Lehi. This will bring in about 3,500 new jobs of approximately \$30,000/year per job. At the present time, the majority of the employment in the County centers around retail/wholesale trade, manufacturing, and government, with the rate of unionization being just over five percent. The unemployment rate in Utah county is now in the area of 2.7% and has often been near 3% or less. The major employers in the area (over 1,000 employees) include Brigham Young University, Public Schools, Geneva Steel, Regional Medical Center, Novell, Sears Telecatalog, Utah Valley State College, and Nuskin. Nonfarm employment grew at a 6.5% rate from March 1994 to March 1995. During this time period, there were about 7,400 jobs created in the County. Most of the new jobs created were in the service industry.



NEIGHBORHOOD DATA

Due to the relatively small size of the city of Lehi, the subject property is not located in a specifically defined neighborhood. Rather, the city itself is considered a neighborhood which incorporates a variety of complementary land uses. While it is recognized that this appraisal report focuses on retrospective values and conditions, with some growth, development and changes having occurred during the past five years, it is nonetheless concluded that a brief summary of the general characteristics of the city of Lehi is appropriate.

The city of Lehi is located in the northern portion of Utah County, just north of Utah Lake. The city offers a rural type lifestyle, but also allows residents to access Salt Lake City, approximately 30 miles to the north, and Provo/Orem, approximately 16 miles to the south.

Primary access into the city is provided by the Interstate 15 freeway, which runs north and south along the Wasatch Front, and provides access to other metropolitan areas as well. The Utah Transit Authority (UTA) provides public bus transportation between the various cities in Utah County and Salt Lake County. The Union Pacific, Denver, and Rio Grande railroads utilize facilities running through portions of Lehi to transport freight and cargo.

Lehi City is governed by a Mayor and five council members. Bi-monthly council meetings are held in the council chambers of the administration building, which was constructed in 1991.

Medical facilities serving the city are located in American Fork (American Fork Hospital), with the hospital being a 72-bed facility that is staffed with approximately 51 doctors. This facility provides medical services to other communities of northern Utah County as well.

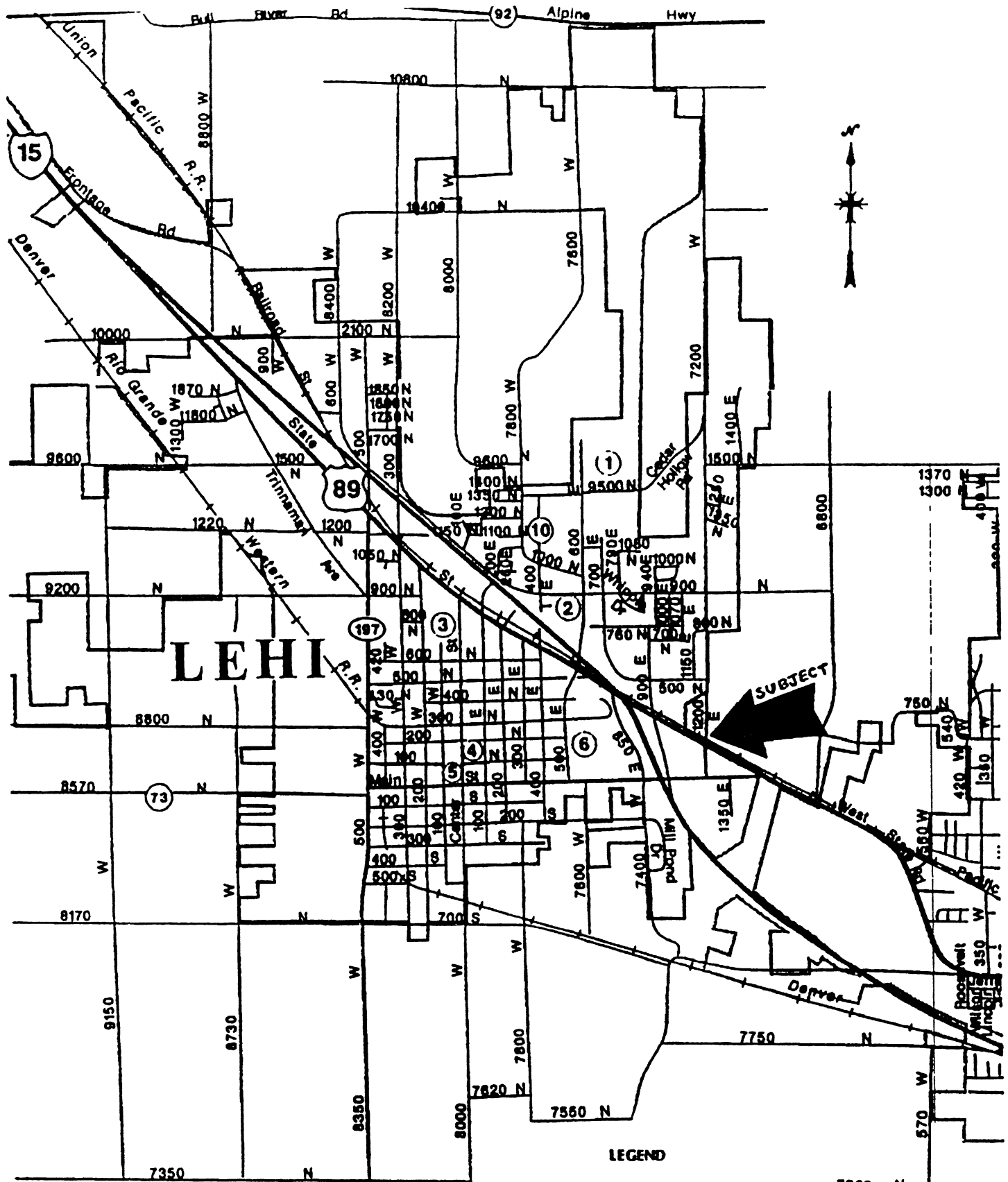
Lehi City is in the Alpine School District, which consists of three elementary schools, one junior high, and one senior high school. Secondary education opportunities are available to area

residents through Utah Valley State College, approximately 12 miles from Lehi, Brigham Young University, approximately 16 miles to the south, and the University of Utah, which is located approximately 30 miles to the north in Salt Lake City.

Lehi is supplied with culinary water from a spring source located in the Wasatch Mountains, northeast of the city. Additionally, large wells supplement this source to provide adequate water to city residents. A 500,000 gallon storage tank has also been constructed to increase the city's culinary water storage capacity.

Lehi residents also enjoy the benefits of a city wide pressurized irrigation system installed in 1989. Along with wells, this system supplies water to open reservoirs for storing irrigation water for use outside of the home and for fire protection. Other utilities readily available to city residents include natural gas (Mountain Fuel Supply), electricity (Utah Power & Light), telephone service (US West Communications, and cable television service (Insight Cablevision.).

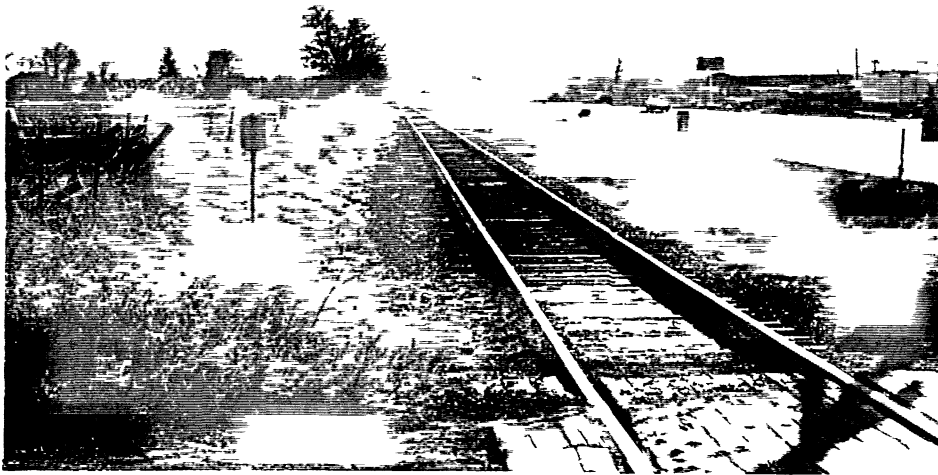
The city also contains several industrial and commercial parks that contribute to a modest economic base. Additionally, in recent months, the construction of a modern freeway interchange (I-15 at Highway 73), the announcement and construction commencement of the Micron Computer facility in northern Lehi, and the overall increase in economic and real estate activity in northern Utah County municipalities, has resulted in increased commercial and residential development in various locations within the City. Of particular note, is the commercial development which has and continues to occur on the west side of I-15 at Highway 73. To date, the development consists of fast food establishments, small retail buildings, and a motel, with future plans including an office building, a restaurant, a gas station/convenience store, and a general merchandise store. This area possesses exceptional access and exposure to and from the Interstate 15 freeway.



1. Lehi Junior High
2. Sego Lily Elementary
3. Lehi Elementary
4. Lehi City Offices
5. Memorial Bldg. - Town Hall, Police, Library
6. Lehi High
10. Cemetery

NEIGHBORHOOD MAP

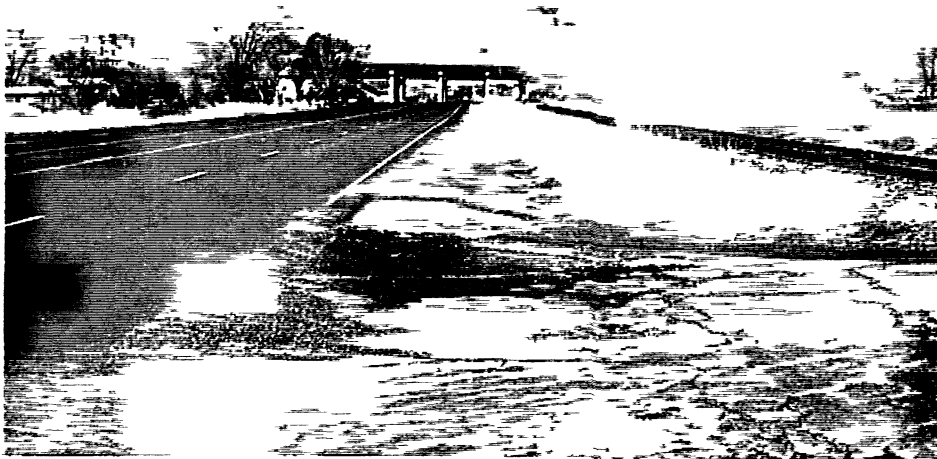
SUBJECT PROPERTY PHOTOGRAPHS



**Looking east along State Street and railroad tracks from
1200 East (subject property at left)**



**Looking southeast across subject property
from the property's northwest corner near 1200 East**



**Looking west along State Street from the 1200 East/
State Street intersection (note I-15 overpass in the distance)**



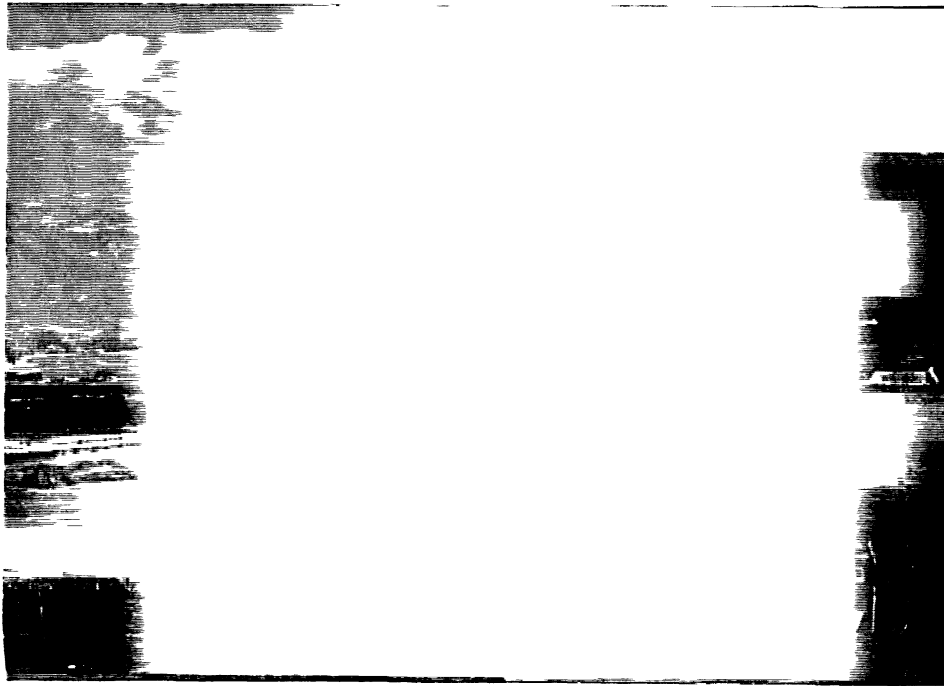
**Looking north along 1200 East from point near
State Street (subject property at right)**



**Looking south along 1200 East from point near southwest corner
of subject property (State Street in foreground)**



Looking east along State Street from the Interstate 15 freeway



**Distant view of subject property from northbound I-15
on-ramp at Hwy. 73**



**Looking north along the subject's eastern property line
from the railroad tracks**

SUBJECT PROPERTY HISTORY

Due to the nature of this appraisal assignment (four retrospective dates of value between the 1990 and 1992 time period), a summary of the history of the subject property during this time period would assist the reader in more fully understanding the circumstances surrounding the valuation of the subject property.

On October 25, 1990 (1st date of value), the subject was listed and a purchase agreement entered into at a price of \$16,000/Acre, with the marketing and value premise being that the property, which was then zoned RR-5 (Utah County Rural Residential zone), could be annexed into the City of Lehi, and rezoned to a GC-2 (General Commercial) zone.

At or near May 1, 1991 (2nd date of value), an extension of the scheduled close of escrow (on or before September 30, 1991) was requested by the buyer, which was mutually agreed upon by the buyer and seller. In actuality, the records show that the extension request was written on May 17, 1991, and accepted by the seller on May 29, 1991. However, as requested in this valuation assignment, the date of value to reflect this agreement between buyer and seller shall be May 1, 1991. In consideration of this extension, the buyer agreed to pay directly to the seller \$2,000, which would be applied to the down payment. The property continued to be zoned RR-5, with no annexation or rezone of the property having occurred.

On September 27, 1991 (3rd date of value), another extension of the scheduled close of escrow (up to six months) was requested by the seller, which was mutually agreed upon by both the buyer and seller. This extension was intended to allow for the seller to consider and address tax implications of the sale of the property. Additionally, the extension would allow the seller to modify title to the property and to retain farming rights during the extension period. A additional \$500 was paid directly by the buyer to the seller, and was to be applied to the down payment. The property continued to be zoned RR-5, with no annexation or rezone of the property having occurred.

On March 30, 1992, the sale of the property occurred at a price of \$134,880 (\$16,000 X 8.43 acres). The property had at this time obtained a rezone to a GC-2 commercial zone, and had been annexed into the City of Lehi (City Council approved annexation on February 11, 1992)..

SITE DATA

LOCATION:	The subject property is located at the northeast corner of State Street and 1200 east, in Lehi, Utah. The site is approximately 1/4 mile east of the Interstate 15 freeway, and on the eastern fringe of the city limits.
SIZE & SHAPE:	The parcel is irregular in shape (see plat map), and contains 8.43 acres, according to an engineer's survey.
EASEMENTS:	A recent title report was not submitted for review. This valuation assumes there are no easements that would adversely effect the value or marketability of the site. There appears to be a power pole/line easement and a telephone line easement running east and west along the northern property line.
SOILS:	A soils report was not submitted for review. The appraisal assumes that there are no detrimental soil characteristics and/or adverse conditions that would have a negative impact on the marketability or value of the subject property.
TOPOGRAPHY:	The subject site is generally level and at street grade.
UTILITIES:	The location and suppliers of public utilities are summarized as follows:
GAS:	Mountain Fuel (6" pressure gas line in 1200 east)
CUL. WATER:	City of Lehi (existing 6" line in 1200 east)
IRRIGATION:	City of Lehi (existing 8" pressure line terminates at 500 north; 7 shares of Mitchell Hollow Irrigation and 7 shares of American Fork Irrigation were turned over to the city of Lehi at the time of annexation)
SEWER:	City of Lehi (existing 8" line on 1200 East terminates approximately 325' south of subject, between Main Street & State Street)
ELECTRICITY:	City of Lehi (Immediately available along the northern property line)

TOXICS: A toxic/hazard site assessment report was not submitted for review and it is assumed that there are no toxic hazards on site that would inhibit development of the property to its highest and best use.

ZONING: The subject property possessed the following zoning designations on the respective dates of value: October 25, 1990 - (RR-5 Rural Residential); May 1, 1991 - (RR-5 Rural Residential); September 27, 1991 - (RR-5 Rural Residential); March 30 1992 - (GC-2 General Commercial). The RR-5 zoning is a Utah County classification, and is applied to agricultural, grazing, and open space areas of the unincorporated portions of the county which have been designated in the master plan for low-density residential development and hobby farms. The GC-2 zoning is a Lehi City classification, and is applied to land where the primary use is for commercial establishments. Uses in this zone generally consist of wholesale establishments, plumbing, carpentry, and other craft shops. Industrial and multi-family residential uses are not allowed.

STREETS: State Street is a four-lane, asphalt paved public road, with no curbs, gutters, or sidewalks. In addition to the four traffic lanes is a center turn-out lane which facilitates exiting and merging traffic. 1200 East Street is a two-lane, paved public street, with no curbs, gutters, and sidewalks in the vicinity of the subject property.

INFLUENCES: The existence of the Union Pacific Railroad tracks along the subject's southern property line exerts an adverse influence on the subject's marketability and developability. Reportedly, the presence of the tracks requires that additional costs be incurred (boring rather than trenching) to extend the sewer line that exists south of the subject.

LAND USES:

North: - SFR's (tract/ estate size lots), hobby farms, undeveloped acreage

South: - Railroad tracks, industrial bldgs./storage yards (across State Street).

East: - Hobby farms, undeveloped acreage, farm houses.

West: - SFR's, farm houses, undeveloped acreage, Mt. Fuel Pump Station.

scale 1" = 200'



HIGHEST AND BEST USE

The highest and best use is briefly defined as:

"That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.

Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value."

The highest and best use analysis for an improved property includes the consideration of the site as vacant, and secondly, as it is currently improved. Given that the subject property is unimproved, only an "as vacant" analysis is necessary in this appraisal assignment. Additionally, due to the multiple dates of value which are being requested in this appraisal assignment, a highest and best use conclusion for each of the dates of value is necessary.

Physically Possible

The subject site is irregular in shape, and contains 8.43 acres. The site is basically level at street grade and has approximately 480 feet of frontage on 1200 East. The 625 feet along the subject's southern border does not have frontage on State Street due to the presence of railroad tracks, which run along the north side of State Street.. As of the dates of value, as well as the date of this appraisal report, access to the subject would most naturally be provided by 1200 East Street. While no soils report was provided for the property, it is assumed that there are no hidden or unapparent conditions of the subsoil, and that the existing soils would be sufficient to accommodate any legally and financially viable development. The availability of utilities to the site are at various

levels of accessibility. Electricity and telephone are readily available along the northern boundary of the property, while sewer is located south of the subject along 1200 East, midway between State Street and Main Street. According to city maps and Lehi City officials, culinary water facilities (6" underground line) is located along 1200 east, with pressurized irrigation facilities terminating north of the subject property along 1200 east, at its intersection with 500 north.

While many of the physical characteristics of the property (size, shape, topography) do not appear to limit the developability of the property, there are other physical characteristics, which while potentially curable at some expense and time, do impact the desirability and development potential of the property. Specifically, the presence of the railroad tracks along the southern boundary of the subject impact the access, frontage and exposure to and from State Street, that would be desired for many types of commercial/retail development. Reportedly, both the State Highway Department and the Union Pacific Railroad do not allow trenching for utility installation across either the highway or the railroad tracks. This would necessitate boring underneath these areas to extend, in the case of the subject property, the sewer line which is located on the south side of State Street. Additionally, depending on the use of the property the existing culinary water, irrigation, and gas would need to be upgraded at additional expense.

Summarily, from a physical standpoint, the subject site could accommodate a variety of uses, depending on the economic feasibility of the end product, which must consider the costs associated with the extension and expansion of the various utilities.

HIGHEST & BEST USE (Continued)

Legally Permissible

One of the most important criterion for a highest and best use conclusion is the legally permissible uses of a site. Generally, the legally permissible uses of a site are governed by the jurisdictional zoning designation (City, County, etc.), and any private deed restrictions which may affect the uses to which a property may be put. No preliminary title report was provided for the subject, and it is assumed that there is no deed restriction that would impact the subject's potential uses. City and County records indicated that on the first three dates of value (October 25, 1990, May 1, 1991, September 27, 1991), the subject was zoned RR-5, a rural residential zone of Utah County, while on the fourth date of value (March 30, 1992), the subject had been annexed into the city of Lehi, and was zoned GC-2, a general commercial zone. It should be noted that despite the RR-5 zone in existence on the first three dates of value, research undertaken by the property owner and listing broker, as well as the verbal assurance of Lehi City officials, revealed that a commercial re-zone of the property and annexation into the City was virtually assured. Thus, potential development of the property with a commercial use would influence a buyer's motivation to purchase the property.

The RR-5 zone is a transitional or holding zone, that is generally designated for properties with a high probability of re-zone in the near future. This zone allows primarily for a variety of agricultural uses, as well as low density residential development, with one unit allowed on a minimum 5 acre parcel. The GC-2 zone allows for a variety of commercial uses, which include drug stores, restaurants, hotels, variety stores, banks, grocery stores, etc. Industrial and multi-unit residential uses are not permitted in the zone, with automotive sales and service establishments requiring review and

HIGHEST & BEST USE (Continued)

approval by the Site Plan Committee and the Planning Commission.

On the first three dates of value, the legally permissible uses of the site were low density residential and agricultural in nature, with the potential of commercial uses upon re-zone and annexation into the City of Lehi. Because of the preliminary discussions that were reportedly engaged in between Lehi City officials, the property owner, and the broker, and the reasonable assurance that a re-zone to a commercial use could be obtained, the significance of the legally permissible uses on these dates of value (rural residential) is somewhat diminished. On the fourth date of value, when re-zone and annexation into the City of Lehi had occurred, the legally permissible uses for the property were the commercial uses previously stated.

Financially Feasible

In determining a financially feasible use for the subject property, not only are the surrounding properties and land uses taken into consideration for compatibility, but the development costs (site and improvements) are also assessed to ascertain whether the end product can economically justify the required development costs. As discussed in the physically possible section of the report, the subject is affected by both the location of utilities and the presence of railroad tracks along the southern property line. Another consideration which impacts the subject property is the surrounding land uses which display a very different land use character when comparing the north side of State Street with the south side of State Street. The north side of State Street where the subject is located, is characterized by various hobby ranches, farm houses and outbuildings, large estate-type lots, vacant land, and scattered single-family, tract -type homes. The south side of State

HIGHEST & BEST USE (Continued)

Street is characterized by older industrial buildings, warehouses and storage yards. Mention is made of this contrast in land uses to illustrate the fact that notwithstanding the subjects anticipated and actual re-zone to a commercial designation, there was not at the dates of value, and continues to be an absence of commercial/retail development on the north side of State Street. While from a legal standpoint commercial development approval was anticipated and eventually achieved, there is no commercial development (adjacent or nearby the subject on the north side of State Street) to support commercial/retail development. It appears that a primary factor in this land use contrast is the existence of the railroad tracks on the north side of State Street, which curtails and inhibits access *to north side properties, as well as the costs associated with the extension of the utilities.* The issue of utility extension is significant only to the extent that the subject's condition varies considerably from that of competing properties. No engineering study or cost analysis of bringing utilities to the site has been provided. However, information obtained on utility installation within Lehi city limits indicated the following general guidelines:

- * The sewer would have to be extended from its existing location not just to the southern property line of the subject, but all along 1200 East to the northern property line. This is approximately 800 lineal feet, 700 feet of which could be traditionally trenched and 100 feet would likely have to be bored. According to bond estimates provided by the City, an 8" sewer line could be installed at \$12.00 per lineal foot, with the portion requiring boring being installed at an approximate cost of \$160.000 per lineal foot. This would result in an installation cost of \$24,500 (R).

- * Depending on the intended development plans for the site (single use, subdivision/multiple use, etc.) and the site plan submitted for approval, there is a strong possibility that a cul-de-sac creation extending east onto the property from 1200 east would have to be created, and a sewer line installed in this street as well. This would be similar to the existing sewer line configuration that exists south of the subject property, on 1200 East between Main and State Street (please see sewer map in addendum section of the report). Based on an estimated 200 lineal feet of 8" sewer line @ \$12.00 plf, an additional cost of \$2,400 would be incurred.

HIGHEST & BEST USE (Continued)

* The pressure irrigation line currently terminates at the 1200 East/500 north intersection, which if extended south to State Street along 1200 East, is approximately 1,760 lineal feet. Installing an 8" line at an estimated cost of \$10.00 plf results in a cost of \$17,600.

* It was reported that the existing culinary water line would also require upgrading to provide adequate service to a commercial development, as well as adequate fire protection. Considering upgraded and/or new water lines in both 1200 East and a cul-de-sac (680 lf @ \$8.00 psf) results in a cost of \$5,400.

* Development of the subject site would also require street widening (1200 east), street installation (cul-de-sac), curbs, gutters, sidewalks, fire hydrants, storm drains, and manholes which to a certain extent are required in the comparable sales. However, it appears that the subject site would experience a higher degree of costs for these items than that experienced in the comparable sales.

Based on the above considerations (\$50,000+ for off-site improvements), it is my opinion that the financial feasibility of the subject site would be ascertained on a case by case basis, an analysis which is above and beyond the scope of this report. However, specific mention is made of the subject's potential off-site improvement costs (\$6,000 - \$8,000/acre) to illustrate this impact on value over and above the comparable sales. Certainly any feasible development on the subject site would have to consider the market demand for the product (income-producing or user), the anticipated growth and development for the area over the long-term, and the risk and reasonableness of installing said off-site improvements in a "locational pocket" (north side of State Street), where *no commercial presence has been established.*

Maximally Productive

Based on the financially feasible conclusion (development feasibility for the subject property would have to be considered on a case by case basis to consider off-site development costs), a maximally productive use for the subject cannot be concluded to.

HIGHEST & BEST USE (Continued)

Highest and Best Use Conclusion

Upon considering the above observations, factors, and analyses, it would appear that while the subject property had a high probability for re-zone from a rural residential use to a commercial use, which was eventually obtained, there are many physical and financial considerations related to development which also must be recognized. While a potential purchaser may elect to pursue a rezone and annexation of a property (as was the case with the subject), this does not necessarily guarantee a higher and better use. While it is acknowledged that a re-zone and annexation into a municipality should theoretically enhance the utility and potential uses of a property, it is the demand for the end use as evidenced by existing land uses and on-going development, which exerts the greatest influence on value. Considering the land use patterns in existence on the dates of value, which are reported to be similar to the patterns existing today, the actual and anticipated legally permissible uses, the physical limitations on development (location of the utilities needed to service the site, location of railroad tracks), my opinions of the highest and best use of the subject site on the various dates of value are as follows:

October 25, 1990 - Low density residential uses as dictated by the RR-5 zone, and consistent with adjacent land uses. Possible rezone to R-1 (City of Lehi) and development with single family homes, consistent with other "municipality fringe" property. If commercial rezone is obtained (GC-2 zone), hold for future commercial development as demand dictates.

May 1, 1991 - Low density residential uses as dictated by the RR-5 zone, and consistent with adjacent land uses. Possible rezone to R-1 (City of Lehi) and development with single family homes, consistent with other "municipality fringe" property. If commercial rezone is obtained (GC-2 zone), hold for future commercial development as demand dictates.

HIGHEST & BEST USE (Continued)

September 27, 1991 - Low density residential uses as dictated by the RR-5 zone, and consistent with adjacent land uses. Possible rezone to R-1 (City of Lehi) and development with single family homes, consistent with other “municipality fringe” property. If commercial rezone is obtained (GC-2 zone), hold for future commercial development as demand dictates.

March 30, 1992 - Hold for commercial development as demand dictates. Rezone for low/medium density residential development consistent with adjacent land uses as well as other “municipality fringe” property.

INTRODUCTION TO VALUATION

The valuation process involves several steps. The first step is to define the appraisal problem. In this report, the appraisal problem is to estimate the market value of the property located at the northeast corner of State Street and 1200 East in Lehi, Utah on a retrospective value basis. The dates of value are October 25, 1990, May 1, 1991, September 27, 1991 and March 30, 1992.

After the problem is defined, preliminary analysis is undertaken which involves the selection and collection of general and specific data pertaining to the subject property and potential comparable properties. In this stage, all data relevant in solving the problem are assembled.

The third step in the process is the analysis of the highest and best use. As previously discussed, highest and best use studies are typically performed for the property "as if vacant" and, in the case of an improved property, "as presently improved". Since the subject is an unimproved property, only an "as vacant" analysis is necessary in this appraisal. Following the highest and best use analysis is the valuation of the whole property using the three traditional approaches to value: the cost approach, the direct sales comparison approach, and the income approach. Due to the nature of the property being appraised (unimproved property) neither the cost approach nor the income approach are considered valid approaches in estimating value. Only the direct sales comparison approach will be utilized in valuing the subject property.

Typically, when multiple valuation methodologies are employed in an appraisal assignment, a reconciliation of the various value indicators is undertaken. However, since only one approach to value is being undertaken in this assignment, the reconciliation will consist of discussion and analysis of the various sales comparables, and their respective strengths and weaknesses. The last step is to produce a report which conveys the logic and analysis used throughout the process.

SALES COMPARISON APPROACH TO VALUE

In the valuation of land, this approach is generally the most common method of valuation utilized, and is based on a comparative analysis of the subject property with other comparable sales. An investigation was made for the purpose of gathering sales data on properties with similar development potential and physical characteristics as that of the subject property. A search was made in the subject neighborhood (Lehi), as well as surrounding neighborhoods in an effort to locate sales of undeveloped land which occurred during the 1990-1992 time period. A summary of sales thought to be comparable to the subject in one form or another, is located on the following page, with analysis, summary and individual data sheets thereafter.

SUMMARY OF LAND SALES

<u>Sale #</u>	<u>Date</u>	<u>Size</u>	<u>\$/Acre</u>	<u>Zone</u>	<u>Use</u>
R-1	4/2/92	5.0	12,770	R-1	SFR Tract
R-2	4/15/92	5.36	9,515	T-R5	SFR Tract
R-3	6/29/92	14.1	8,071	A-1	SFR Tract
R-4	12/12/91	8.0	10,500	R-1	SFR Tract
R-5	6/20/90	8.51	9,846	RA-1	SFR;Speculation
R-6	12/19/89	3.8	9,211	RA-1	SFR;Speculation
R-7	12/15/91	3.2	12,000	R1-40	SFR Tract
R-8	12/15/91	6.44	13,975	RM-7	Multi-Family
R-9	1/29/91	13.965	5,500	A-1	Speculation
R-10	6/15/92	6.8	11,765	TR-5	SFR;Speculation
C-1	11/90	13.517	25,000	GC-2	Fwy. Commercial
C-2	6/5/90	7.277	20,000	A-1	Fwy. Commercial
C-3	1/92	5.0	25,000	GC-2	Neigh. Commercial
C-4	1/8/91	4.95	10,808	GC-1	Neigh. Commercial

ANALYSIS AND SUMMARY OF SALE COMPARABLES

The land comparables summarized on the preceding page are analyzed as follows.

RESIDENTIAL LAND SALES

Land Sale #1 (R-1)

This comparable is located approximately 2.5 miles northwest of the subject, in an area that has experienced single family subdivision development since the dates of value. This sale was part of a land assemblage, and was located in the center of the land acquired for development. The sale price of this property represents a premium price (see land comparables R-2, R-3, R-4), because of its “key” role in the overall development. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Superior (Plottage Value)
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior (For SFR development)
Size:	Similar
Zoning:	Superior
Utilities:	Superior

Land Sale #2 (R-2)

Located in the immediate vicinity of comparable #1, this comparable was also purchased for development of single family homes. Similar to the subject’s RR-5 zoning, this comparable was zoned TR-5, which is a transitional holding zone designated for properties within the unincorporated portions of Utah County. The property has since been rezoned and annexed into the City of Lehi, and has been developed with single family residences on 8,000 - 10,000 sf lots. This sale compares

SALES COMPARISON APPROACH (CONTINUED)

with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior (For SFR development)
Size:	Similar
Zoning:	Similar
Utilities:	Superior

Land Sale #3 (R-3)

This comparable was purchased by the same buyer as comparable #1 for the purpose of single family residential development. At the time of sale, the property was zoned A-1, a Utah County agricultural zone. The property was subsequently rezoned and annexed into the City of Lehi, and has been developed with single family dwellings. The property is slightly larger than the subject, and is considered somewhat inferior in this respect (larger size properties generally sell for less per acre than smaller properties). While some seller financing was involved in this sale, the sale price was not affected according to the broker. While sales of land that involve seller financing are generally structured at .50 - 1.0% below conventional interest rates, the terms are equally beneficial to both the seller (tax considerations) and buyer (slightly lower interest rate), and do not require a cash equivalent adjustment. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior (For SFR development)
Size:	Inferior
Zoning:	Similar
Utilities:	Superior

SALES COMPARISON APPROACH (CONTINUED)

Land Sale #4 (R-4)

This comparable is located in the same general area as comparables #1, #2, and #3, and was purchased for the development of single family homes. Because the property had been annexed into the City of Lehi and rezoned for residential development at the time of sale, its zoning is considered slightly superior to the subject property. While the terms of sale and parcel size are considered similar to the subject property, like comparables #1, #2, and #3, both the location and accessibility of utilities are considered superior. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior (For SFR development)
Size:	Similar
Zoning:	Superior
Utilities:	Superior

Land Sale #5 (R-5)

This comparable is located approximately 1.5 miles northwest of the subject property in the City of Lehi. This property is zoned RA-1, which is intended for the development and use of properties as exclusive single family residences and for part-time farming. True to the zoning's characterization, the property is improved with a single family dwelling and has room for raising agricultural produce and a limited number of domestic animals. This sale compares with the subject

SALES COMPARISON APPROACH (CONTINUED)

property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior (For SFR development)
Size:	Similar
Zoning:	Similar
Utilities:	Superior

Land Sale #6 (R-6)

This comparable is located adjacent and to the south of comparable #5, and represents similar characteristics with the exception of its smaller size. While these two comparables are located within the City limits of Lehi, their location is on the fringe of the incorporated area, similar to the subject property. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior (For SFR development)
Size:	Superior
Zoning:	Similar
Utilities:	Superior

Land Sale #7 (R-7)

This property is located in the City of Highland, which is the municipality adjacent and northeast of the City of Lehi. While this parcel continues to be undeveloped, and is currently listed for sale, it appears to have been purchased for residential development in conjunction with the SFR development which has occurred on adjacent parcels. Zoned R1-40 in the City of Highland, this

SALES COMPARISON APPROACH (CONTINUED)

zoning allows for the development of 1 residential unit for every 40,000 sf of land area. According to city officials, further subdivision of this property would require the property owner to be responsible for the installation of curbs, gutters, sidewalks, and street widening along Ashby Lane (5800 West). This added development cost could partially explain the reason why this parcel has not been rezoned and developed under a higher density zone, similar to the R1-20 zoning which exists along the south side of 9600 North. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior
Size:	Superior
Zoning:	Superior
Utilities:	Superior

Land Sale #8 (R-8)

This property is located in the City of Pleasant Grove, which is the municipality adjacent and east of the City of American Fork and approximately six miles east of the City of Lehi. This parcel was zoned RM-7, which is a multi-family, one and two dwelling zone allowing for the development of 1 residential unit for every 7,000 sf of land area (multi-family development requires an additional 2,500 sf of land area for each additional unit). The southwest portion of this parcel has been developed with a condominium complex, with another portion of the property currently under construction with another multi-family structure. This sale compares with the subject property in the following manner:

SALES COMPARISON APPROACH (CONTINUED)

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior
Size:	Similar
Zoning:	Superior
Utilities:	Superior

Land Sale #9 (R-9)

This property is located at the northern boundary of the City of Lehi, and at the time of sale was zone A-1 by the County of Utah. Subsequent to the sale, the property was annexed into the City of Lehi and rezoned to an A-1 zone. This parcel is much larger than the subject property, is located in a much more remote location, and represents the market value of an agricultural piece of property on a “municipality fringe”, with potential for rezone and annexation. Since the time of purchase, Micron Computers purchased acreage directly to the north along Highway 92, and are developing the production facility mentioned in the neighborhood description section of the report. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Inferior
Size:	Inferior
Zoning:	Similar
Utilities:	Superior

Land Sale #10 (R-10)

This property is located approximately ½ mile northeast of the subject, just outside the Lehi

SALES COMPARISON APPROACH (CONTINUED)

City Limits. Zoned TR-5, this property has been developed with a luxury single family residence, and continues to be located in a transitional zone (TR-5), similar to that of the subject property before its rezone to a commercial zone. For residential development, this property is considered slightly superior, due to the non-existence of the State Street automobile traffic and the railroad tracks. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior
Size:	Similar
Zoning:	Similar
Utilities:	Superior

COMMERCIAL LAND SALES

Land Sale #1 (C-1)

This property is located adjacent and west of the Interstate 15 freeway, just south of the Highway 73 interchange. The site has excellent exposure and access to and from the freeway and is intended for freeway commercial type development (restaurant, office building, fast food, etc.) At the time of sale and at the present time, the parcel continues to be zoned GC-2, which is the same zoning that the subject was rezoned to. Development adjacent and to the north of this site includes a motel, a fast food restaurant and a table serve restaurant. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)

SALES COMPARISON APPROACH (CONTINUED)

Location:	Superior
Size:	Inferior
Zoning:	Superior (1st three dates of value)
Utilities:	Superior

Land Sale #2 (C-2)

This property is located across the street to the west from comparable #1, at the northeast corner of 850 East and 100 South. At the time of sale the property was zoned A-1 in the County of Utah, with a rezone to GC-2 and an annexation into the City of Lehi occurring subsequent to the sale. Topographically, there were some recessed areas at the time of sale, which have been filled to date, and have produced a relatively level site. While the access and exposure of this site is slightly inferior to comparable #1, it is still considered superior to the subject property, and is capable of accommodating freeway commercial development. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior
Size:	Similar
Zoning:	Similar
Utilities:	Superior

Land Sale #3 (C-3)

This property is located on the south side of State Street, west of the Interstate 15 freeway approximately 3.25 miles west of the subject property. This sale was the partial sell-off of a larger 13.91 acre parcel purchased by the seller at the same point in time at considerably less per acre. The

SALES COMPARISON APPROACH (CONTINUED)

site has superior frontage, development potential, and utilities than does the subject property, and has been developed with three industrial buildings and a 6-unit apartment building to date. This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Superior
Size:	Similar
Zoning:	Superior (1st three dates of value)
Utilities:	Superior

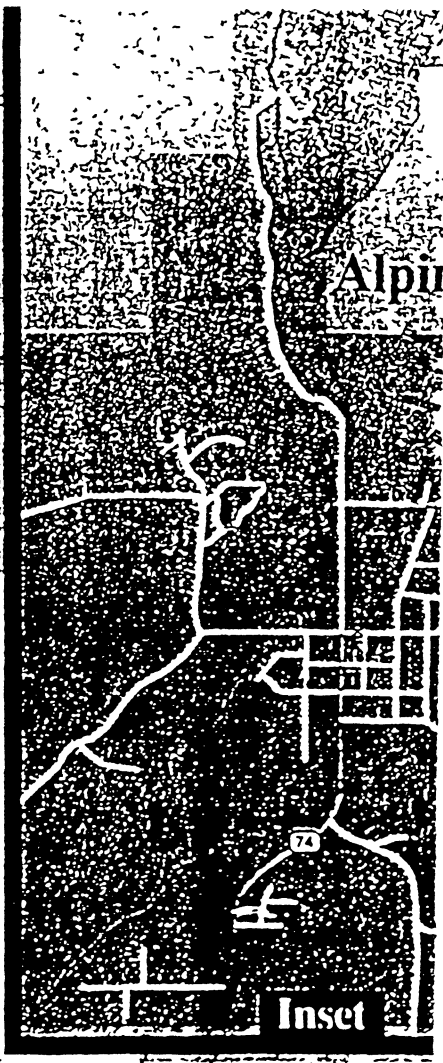
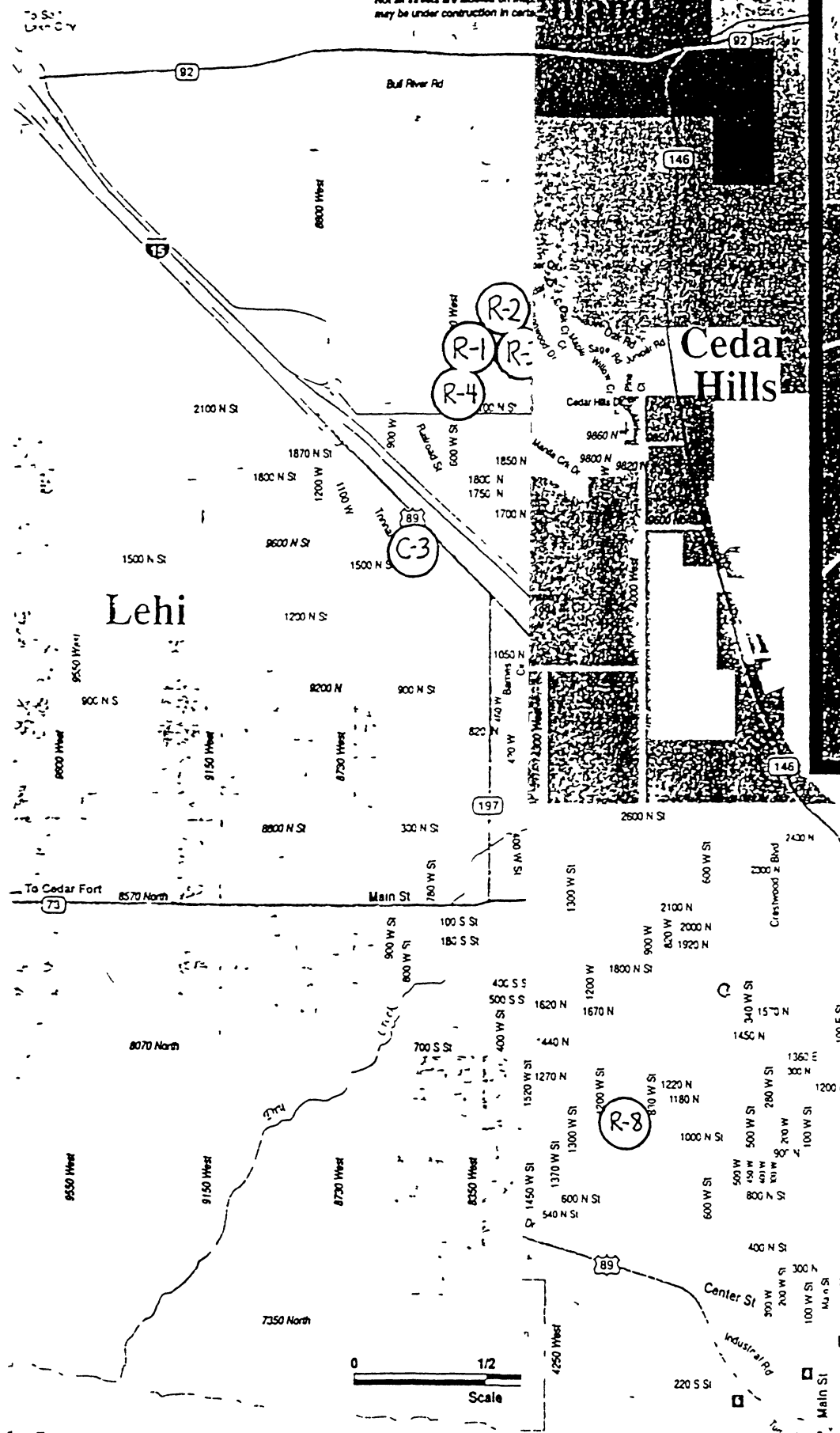
Land Sale #4 (C-4)

This property is located on the north side of State Street, approximately four miles east of the subject property, in the City of American Fork. Similar to the subject, this parcel possesses similar access and exposure characteristics, as well as the presence of railroad tracks along the southern property line. The property continues to be undeveloped and is considered similar to the subject in zoning (GC-1 commercial rezone anticipated at time of sale). This sale compares with the subject property in the following manner:

Interest Conveyed:	Similar (Fee Simple)
Financing:	Similar (Cash Equivalent)
Conditions:	Similar
Market Conditions:	(Addressed in Value Reconciliation)
Location:	Similar
Size:	Slightly Superior
Zoning:	Similar
Utilities:	Similar

COMPARABLE SALES

Not all streets are labeled on map.
may be under construction in center



Highland Points of Interest

- City Hall
- Elem School
- Jr High School

Alpin Point of Interest

- City Hall, Police
- Alpine School
- Jewelry

Not all streets are labeled
may be under construction

Pleasant Grove

To North
200 N St

- City Hall
- Courthouse
- Library
- Post Office
- Municipal Bldg
- Armory
- Cemetery
- Museum
- High School
- Elem School
- Jr High School
- Segr Elem School

- City Hall
- Police
- Post Office
- Library
- Armory
- Hospital
- Rodeo Grounds

- Junior Hi
- Forbes E
- Greenwa
- Utah Sta
- High Sch
- Barratt E

1/2
1 mile
Scale

Li

RESIDENTIAL LAND SALE NO. 1 (R-1)

LOCATION:	7215 North 600 West Lehi, Utah
SELLER:	J. Mark Grant
BUYER:	John Hadfield
TRANSACTION:	Grant Deed
RECORDED:	April 2, 1992
DOCUMENT NO.:	7084 (MLS)
SALES PRICE:	\$63,850 or \$12,770 per acre
TERMS:	Cash to Seller
APN:	12-021-0028
SHAPE & AREA:	Nearly Rectangular; 5.0 acres
TOPOGRAPHY:	Level at street grade
UTILITIES:	Electricity, Natural Gas, Culinary Water (City of Lehi)
STREET IMPROVEMENTS:	Both 2100 North and 600 west are two-lane, asphalt paved public roads.
ZONING:	R-1 (City of Lehi)
COMMENTS:	This sale was part of a land assemblage being acquired for development of a residential subdivision. As indicated by the sales prices of the surrounding parcels (Residential Comps 2,3 & 4) and as reported by the listing agent, this seller held out and was able to achieve a premium for the property due to its “key” role in developing the subdivision.

RESIDENTIAL LAND SALE NO. 2 (R-2)

LOCATION: 2250 North 600 West Lehi, Utah

SELLER: Vera Bullock

BUYER: Mike Dubois

TRANSACTION: Grant Deed

RECORDED: April 15, 1992

DOCUMENT NO.: 5566 (MLS)

SALES PRICE: \$51,000 or \$9,515 per acre

TERMS: Cash to Seller

APN: 12-022-0009

SHAPE & AREA: Irregular; 5.36 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Electricity, Natural Gas, Culinary Water, Irrigation (6 shares of Lehi Irrigation; 4 shares of Deer Creek).

STREET IMPROVEMENTS: Both 2100 North & 600 West are two-lane, paved public streets.

ZONING: T-R5 (Utah County)

COMMENTS: The property has been developed with single family homes on 8,000-10,000 sf lots.

RESIDENTIAL LAND SALE NO. 3 (R-3)

LOCATION: North of 2250 North & South of 2350 North Lehi, Utah

SELLER: Jack Roberts

BUYER: John Hadfield

TRANSACTION: Grant Deed

RECORDED: June 29, 1992

DOCUMENT NO.: 10784 (MLS)

SALES PRICE: \$113,801 or \$8,071 per acre

TERMS: Cash to Seller Trust Deed. \$22,760 down; \$91,041 carried by seller at 9% interest - four annual payments of \$28,101.50.

APN: 12-021-0024

SHAPE & AREA: Irregular; 14.1 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Electricity, Natural Gas, Culinary Water, Irrigation (6 shares of Lehi Irrigation; 21 shares of Deer Creek).

STREET IMPROVEMENTS: 2100 North is a two-lane, paved public street.

ZONING: A-1 (Utah County)

COMMENTS: The site was purchased for development of a residential subdivision.

RESIDENTIAL LAND SALE NO. 4 (R-4)

LOCATION: 2140 & 2180 North @ Sunset Drive Lehi, Utah

SELLER: Bech Property

BUYER: John Hadfield

TRANSACTION: Grant Deed

RECORDED: December 12, 1991

DOCUMENT NO.: 5565 (MLS)

SALES PRICE: \$84,000 or \$10,500 per acre

TERMS: Cash to Seller

APN: 12-021-0014

SHAPE & AREA: Irregular; 8.0 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Sewer, Culinary Water, Irrigation (Water shares had been turned over to the city as condition of annexation.

STREET IMPROVEMENTS: 2100 North is a two-lane, asphalt paved public street.

ZONING: R-1 (City of Lehi)

COMMENTS: Well located site with good exposure and visibility. This is one of the “entry” parcels into the subdivision, which has been developed since time of purchase. Total number of lots in this subdivision is 143.

RESIDENTIAL LAND SALE NO. 5 (R-5)

LOCATION: 1600 No. 300 E. Lehi, Utah

SELLER: V. & U. Taft

BUYER: Mike Dubois

TRANSACTION: Grant Deed

RECORDED: June 20, 1990

DOCUMENT NO.: 98253 (MLS)

SALES PRICE: \$83,790 or \$9,846 per acre

TERMS: Cash to Seller Trust Deed. \$31,000 down; Seller carried \$52,790 at 10% with annual payments over five years.

APN: 12-013-0002

SHAPE & AREA: Irregular; 8.51 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Culinary Water (easement through property), Irrigation (14 shares of Lehi Irrigation).

STREET IMPROVEMENTS: 300 East is a two-lane, asphalt paved public street.

ZONING: R-A1 (City of Lehi)

COMMENTS: None.

RESIDENTIAL LAND SALE NO. 6 (R-6)

LOCATION: 1460 No. 300 E. Lehi, Utah

SELLER: V. & U. Taft

BUYER: David Holland

TRANSACTION: Grant Deed

RECORDED: December 19, 1989

DOCUMENT NO.: 97823 (MLS)

SALES PRICE: \$35,000 or \$9,211 per acre

TERMS: Cash to Seller Trust Deed. \$9,000 down; Seller carried \$26,000 at 8% interest with five annual payments.

APN: 12-046-0025

SHAPE & AREA: Irregular; 3.8 acres

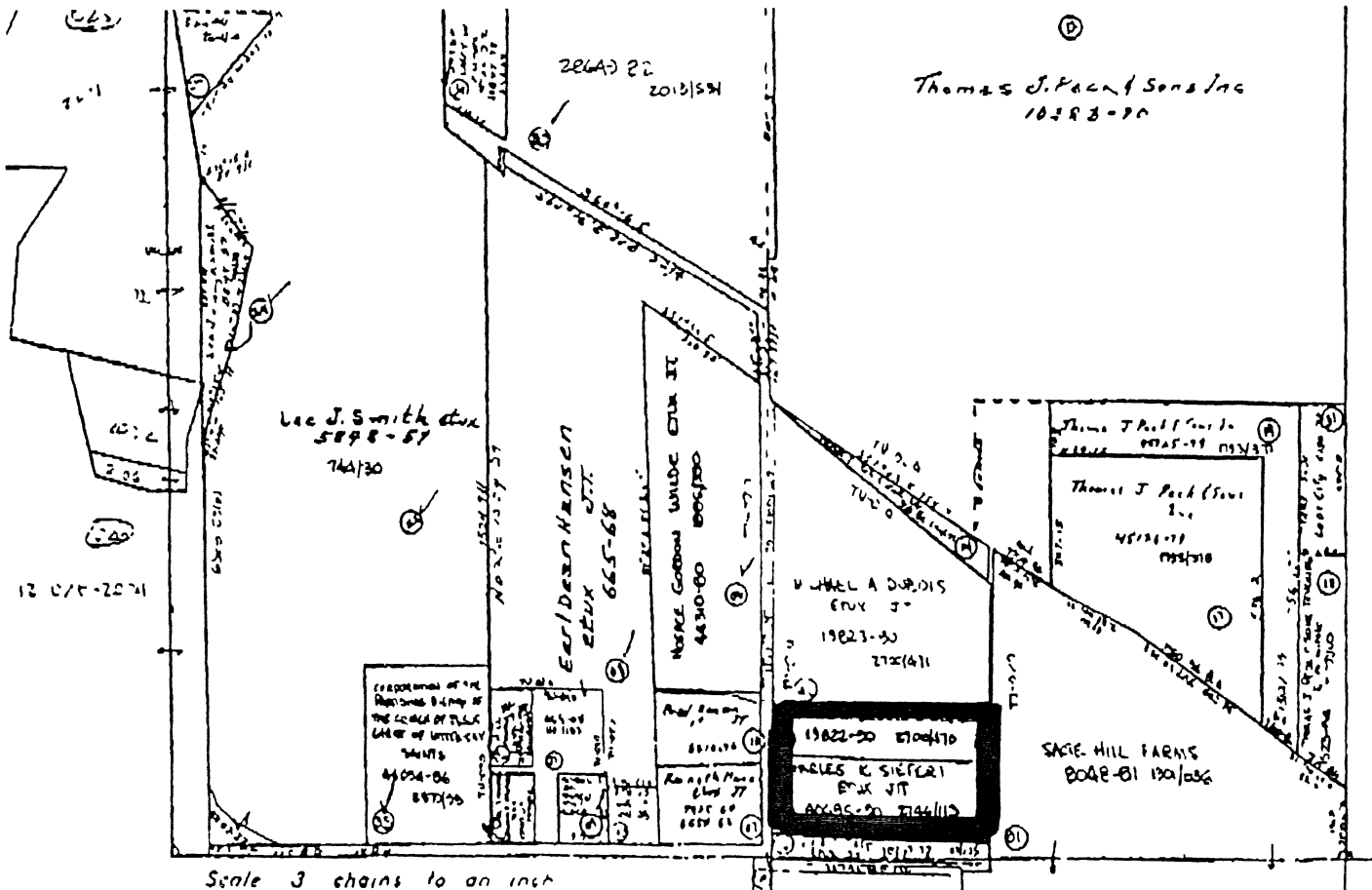
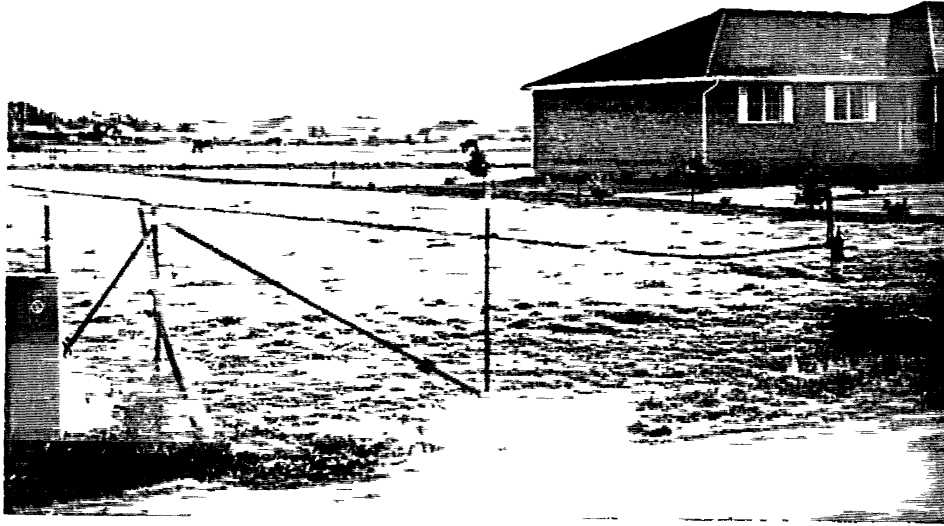
TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Culinary Water (easement through property), Irrigation (9 shares of Lehi Irrigation).

STREET IMPROVEMENTS: 300 East is a two-lane, paved public street.

ZONING: R-A1 (City of Lehi)

COMMENTS: None.



UTAH COUNTY PLAT

NW 1/4 section 4 township 5 south , range 1 east

Ser No: book-page-par

Highest

RESIDENTIAL LAND SALE NO. 7 (R-7)

LOCATION: 5800 West 9600 North Highland, Utah

SELLER: LDS Church

BUYER: Westwood

TRANSACTION: Grant Deed

RECORDED: December 1991

DOCUMENT NO.: 6415 (MLS)

SALES PRICE: \$38,400 or \$12,000 per acre

TERMS: Cash to Seller

APN: 12-008-0039

SHAPE & AREA: Irregular; 3.2 acres

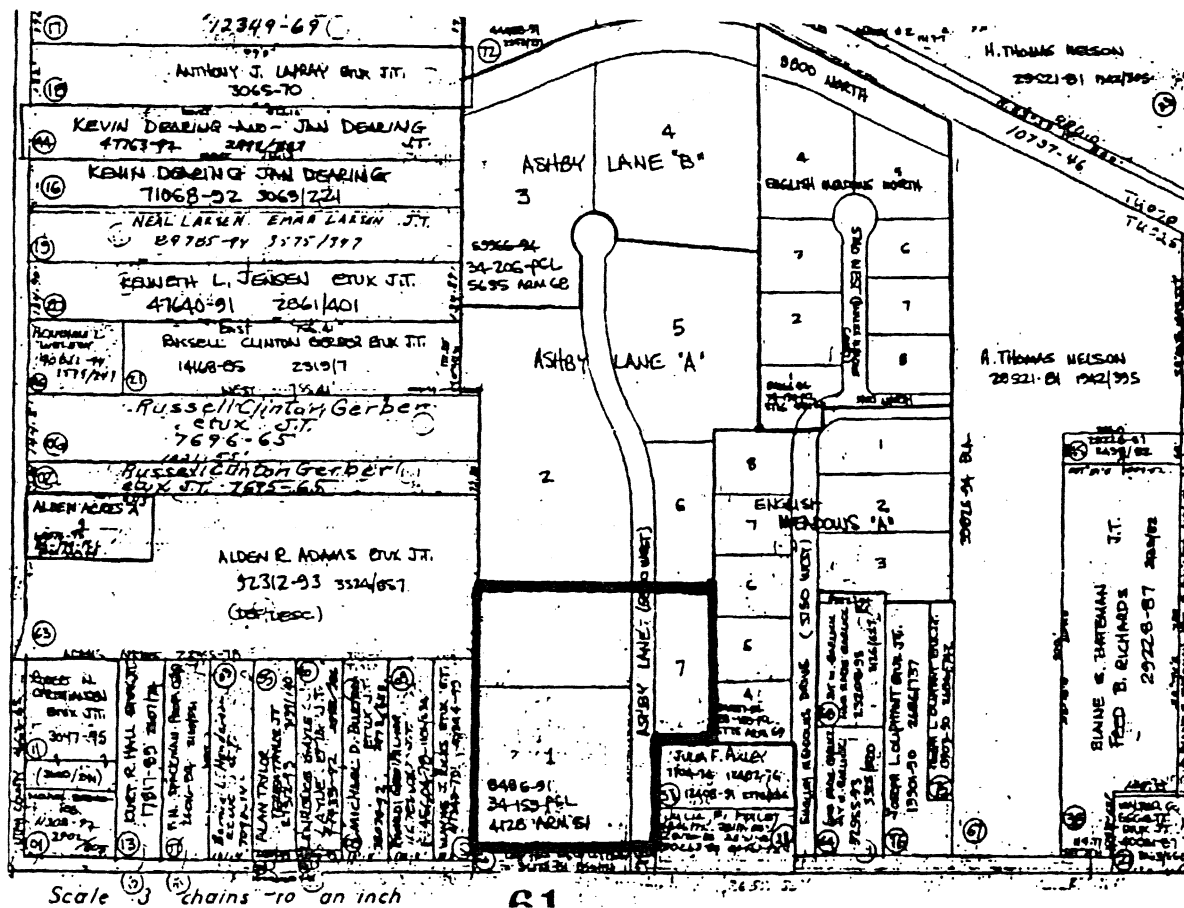
TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Sewer, Culinary Water, Irrigation

STREET IMPROVEMENTS: Based on the age of the surrounding developments, it is assumed that both 5800 West and 9600 North were 2-lane improved public roads at the time of sale.

ZONING: R1-40 (City of Highland)

COMMENTS: This site appears to be purchased in conjunction with the residential development on adjacent parcels. As of the date of this report, the site remains undeveloped and is listed for sale.



RESIDENTIAL LAND SALE NO. 8 (R-8)

LOCATION: Approximately 1200 West 1100 No. Pleasant Grove, Utah

SELLER: Allen

BUYER: Davencrest

TRANSACTION: Grant Deed

RECORDED: December 1991

DOCUMENT NO.: 7736 (MLS)

SALES PRICE: \$90,000 or \$13,975 per acre

TERMS: Cash to Seller

APN: 14-023-0014

SHAPE & AREA: Irregular; 6.44 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Sewer, Culinary Water, Irrigation

STREET IMPROVEMENTS: Based on the age of the surrounding improvements, it appears that both 1300 West and 1100 North were paved, 2-lane public streets at the time of sale.

ZONING: RM-7 (City of Pleasant Grove)

COMMENTS: At the time of inspection, the southwest portion of the site has been developed with a condominium complex, with another multi-family structure under construction at the south portion of the property.

RESIDENTIAL LAND SALE NO. 9 (R-9)

LOCATION: 7300 West 10800 No. Lehi, Utah

SELLER: D. Carter

BUYER: Dean Macintosh

TRANSACTION: Grant Deed

RECORDED: January 29, 1991

DOCUMENT NO.: 94620 (MLS)

SALES PRICE: \$76,800 or \$5,500 per acre

TERMS: Cash to Seller Trust Deed. \$19,200 down; Seller carried \$57,600 @ 8.5% with three annual payments of \$22,552.66.

APN: 11-035-0016

SHAPE & AREA: Rectangular; 13.965 acres

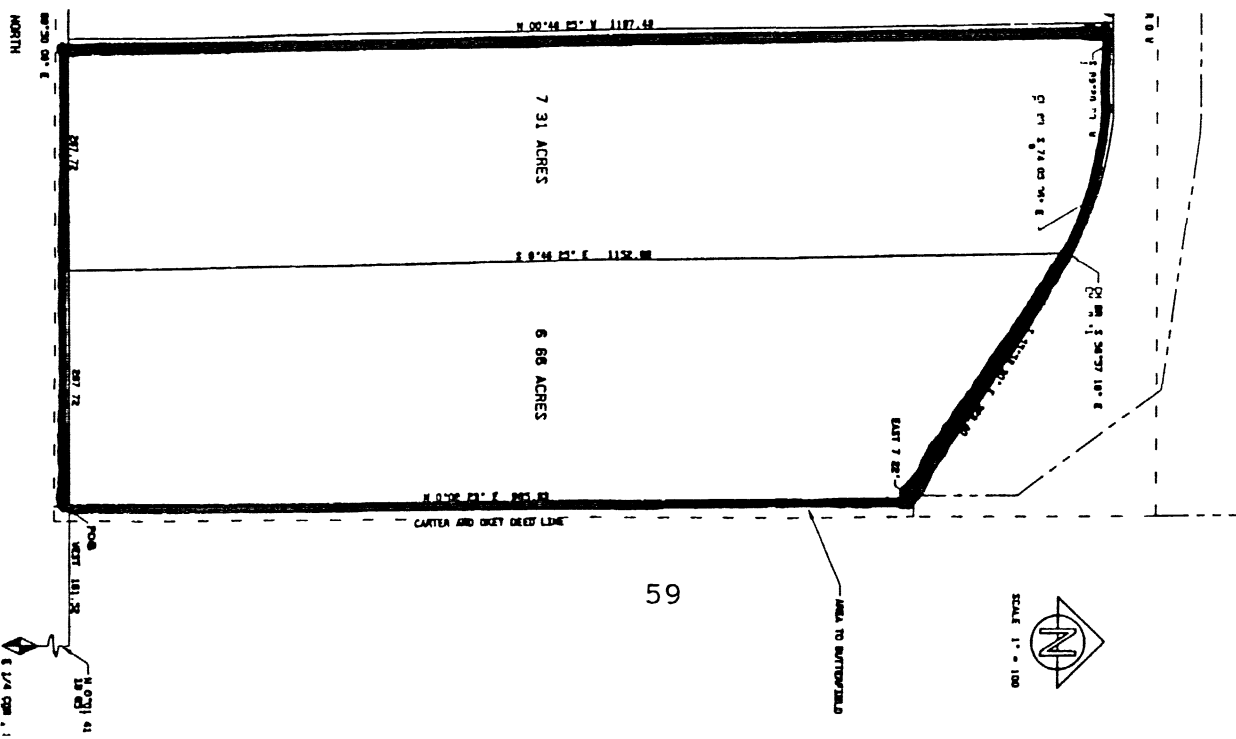
TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Irrigation (Open ditch - 18 shares of North Bench Irrigation).

STREET IMPROVEMENTS: 10800 North is a two-lane, asphalt paved street.

ZONING: A-1 (Utah County)

COMMENTS: This property has since been re-zoned and annexed into the city of Lehi, and is located directly south of the Micron facility which is currently under construction.



RESIDENTIAL LAND SALE NO. 10 (R-10)

LOCATION: 9085 No. 6800 West Lehi, Utah

SELLER: Kenneth Hall

BUYER: Clark Metcalf

TRANSACTION: Grant Deed

RECORDED: June 15, 1992

DOCUMENT NO.: 8938 (MLS)

SALES PRICE: \$80,000 or \$11,765 per acre

TERMS: Cash to Seller

APN: 12-053-0038

SHAPE & AREA: Rectangular; 6.8 acres

TOPOGRAPHY: Gently sloping west from 6800 West

UTILITIES: Elect., Natural Gas, Irrigation (7 shares of American Fork Irrigation,; 6 shares of Mitchell Hollow Irrigation).

STREET IMPROVEMENTS: Both 6800 West and 9000 North are paved, public streets.

ZONING: T-R5 (Utah County)

COMMENTS: Similar zoning to that of the subject before re-zone. Since the time of sale, the site has been improved with a single-family residence.

COMMERCIAL LAND SALE NO. 1 (C-1)

LOCATION: Approximately 405 So. Mill Pond Dr. Lehi, Utah

SELLER: Don Guymon

BUYER: Haruo Miyagi

TRANSACTION: Grant Deed

RECORDED: November 1990

DOCUMENT NO.: 100971 (MLS)

SALES PRICE: \$337,925 or \$25,000 per acre

TERMS: Cash to Seller Trust Deed. \$35,000 down; Seller carried \$473,095 over 10 year period at 8.148% interest and annual payments.

APN: 13-016-0333

SHAPE & AREA: Irregular; 13.517 acres

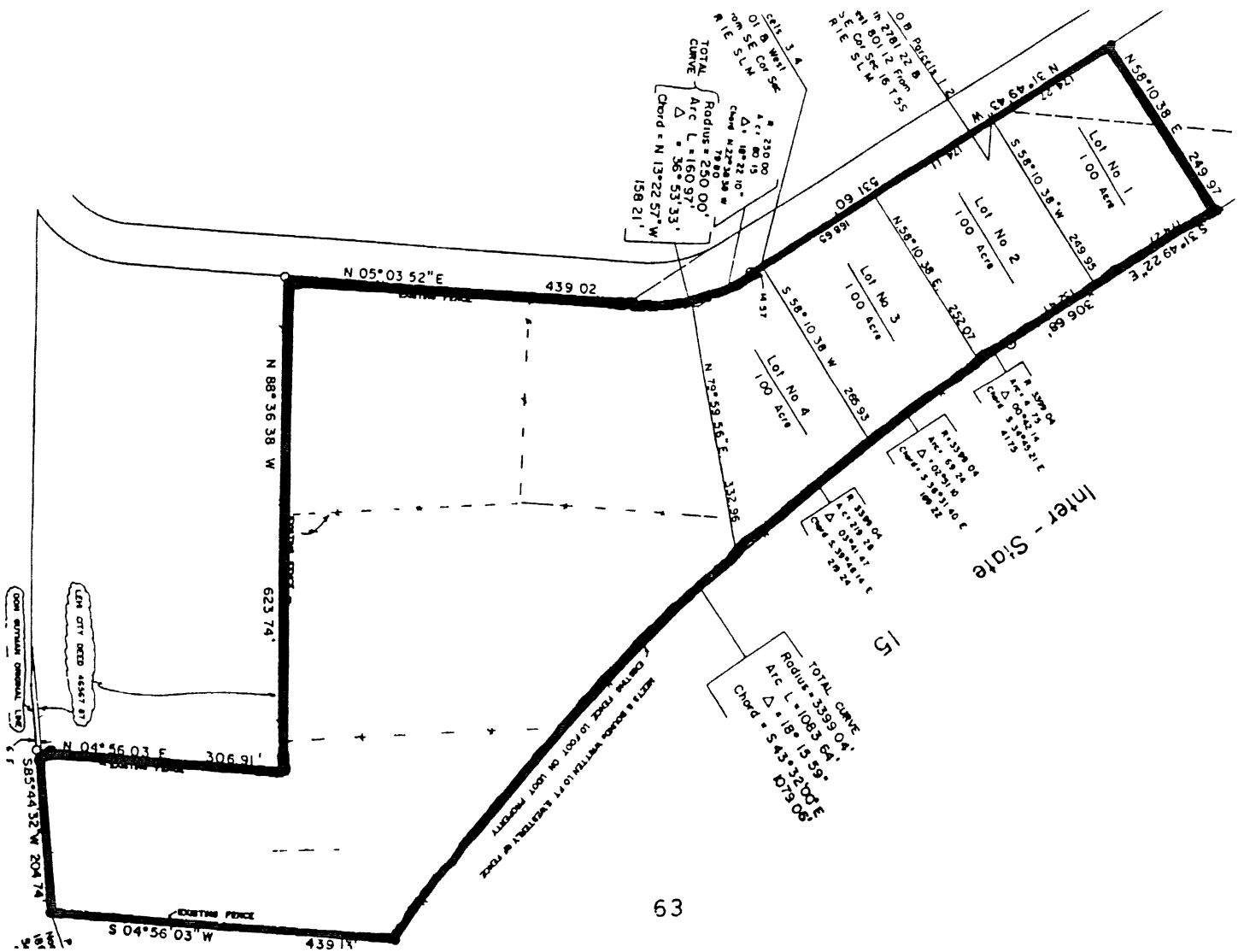
TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Sewer, Culinary Water, Pressure Irrigation (All in Mill Pond Drive). Sewer and water have been stubbed to the property, and fire hydrants are on the site.

STREET IMPROVEMENTS: So. Mill Pond Drive is a paved, public road, with curb/gutter.

ZONING: GC-2 (City of Lehi)

COMMENTS: This parcel is located adjacent west of I-15, with exceptional exposure and access. The site is still undeveloped, with the buyer planning on developing the site with an office building, restaurant, and perhaps a theater.



COMMERCIAL LAND SALE NO. 2 (C-2)

LOCATION: 100 South 850 East Lehi, Utah

SELLER: Peteco Inc.

BUYER: John Hadfield

TRANSACTION: Grant Deed

RECORDED: June 5, 1990

DOCUMENT NO.: 100719 (MLS)

SALES PRICE: \$145,540 or \$20,000 per acre

TERMS: Cash to Seller Trust Deed. \$50,000 down; Seller carried \$90,450 @ 9% with annual payments.

APN: 13-012-0007

SHAPE & AREA: Nearly Rectangular; 7.277 acres

TOPOGRAPHY: Pasture land with generally level terrain at time of sale. Subsequent to the sale some fill has occurred in recessed areas.

UTILITIES: Elect., Natural Gas, Sewer, Culinary Water, Irrigation (3 flowing wells producing 37.2 acre feet of water; 14.5 shares of Lehi Irrigation). Utilities are in 850 East).

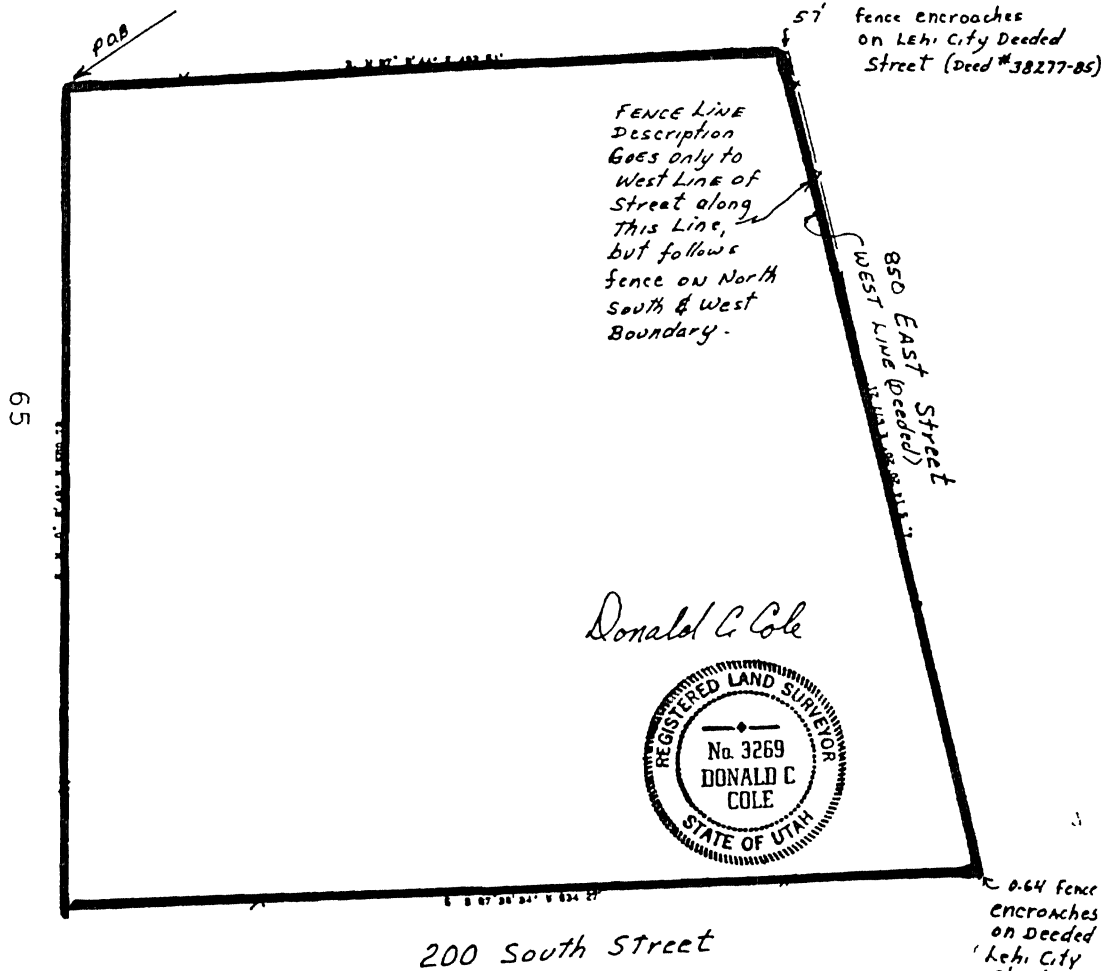
STREET IMPROVEMENTS: 850 East is a 2-lane paved, public street.

ZONING: A-1 (Utah County).

COMMENTS: Subsequent to the purchase, the property was annexed into the City of Lehi and re-zoned GC-2. Buyer was responsible for stubbing utilities to the site, as well as installing curb and gutter and extending pavement. 29.11 acre feet of water was required for annexation into the City of Lehi.

FENCE LINE SURVEY

DESCRIPTION FOR DON PETERSON
LEHI, UTAH



65

DONALD C COLE SURVEYING & ENGINEERING

SCALE: 1"=

80.00'



COMMERCIAL LAND SALE NO. 3 (C-3)

LOCATION: Approximately 1600 North & Trinnamin Ln. Lehi, Utah

SELLER: Jim Yates

BUYER: Les Barber

TRANSACTION: Grant Deed

RECORDED: January , 1992

DOCUMENT NO.: Unknown

SALES PRICE: \$125,000 or \$25,000 per acre

TERMS: Cash to Seller

APN: 12-17-36,37,38

SHAPE & AREA: Irregular; 5.0 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas

STREET IMPROVEMENTS: Trinnamin Lane & 1500 North are two-lane, paved public streets. State Street is a four-lane, paved public street.

ZONING: GC-2 (City of Lehi)

COMMENTS: This was the partial sell off of a 13.91 acre parcel purchased by the seller in January of 1992, for \$125,000 (\$8,986 per acre). This 5 acre sale was done so on a finished basis, with the seller being responsible for on-site fill, drainage, sewer installation, curbs/gutters/sidewalks, utility laterals, and street paving. The site has frontage on three public streets, and has been improved to date with three industrial buildings and a 6-unit apartment building.

COMMERCIAL LAND SALE NO. 4 (C-4)

LOCATION: 150 South 800 East American Fork, Utah

SELLER: Reed, Barth Robinson

BUYER: Charles Lebaron

TRANSACTION: Grant Deed

RECORDED: January 8, 1991

DOCUMENT NO.: 1712 (MLS)

SALES PRICE: \$53,500 or \$10,808 per acre

TERMS: Cash to Seller Trust Deed. \$10,700 down; Seller carried \$42,800 @ 10% over 5 years, with annual payments being \$11,290.53.

APN: 13-058-0041

SHAPE & AREA: Rectangular; 4.95 acres

TOPOGRAPHY: Level at street grade

UTILITIES: Elect., Natural Gas, Irrigation (8 shares of American Fork Irrigation).

STREET IMPROVEMENTS: 700 East is a two-lane, paved public street. State Street is a four-lane, paved public street.

ZONING: Utah County transitional zone (Intended for GC-1 rezone)

COMMENTS: This site is similar to the subject in that it is bounded on the south by the presence of railroad tracks, and is improved with electricity and natural gas only. At the present time, the property remains undeveloped.

RECONCILIATION OF VALUE

As discussed and concluded in the highest and best use analysis, the subject property possesses some unique physical, legal and economic characteristics, that resulted in a three fold highest and best use conclusion for each of the dates of value (low/medium density residential development allowed in Utah County's RR-5 zone or Lehi City's R-1 zone, or hold until sufficient demand exists for commercial development allowed in the GC-2 zone). It is recognized that a portion of these conclusions (SFR development allowed in the R-1 zone) would require a rezone not anticipated at the time. However, this conclusion was based on the demand characteristics and behavior of buyers of "municipality fringe" property as of the dates of value. Additionally, this conclusion appeared to be more market based (development would actually occur within a reasonable time period), than the anticipated rezone of the property to allow for somewhat unprecedented, speculative commercial development. The sales will be discussed and a value for the subject reconciled by addressing the three fold highest and best use conclusion summarized on the following pages. As discussed in the "retrospective value" comments of the report, sales occurring subsequent to the dates of value have been used in the sales analysis. While a time adjustment has been handled in a separate analysis, no attempt has been made to group certain sales transactions (according to date) with the various dates of value.

Low Density Residential Development

As of the first three dates of value, the subject property was zoned in Utah County's RR-5 zone, which allowed for one residential unit for every 5 acres (low density residential). Additionally, this is the predominant land use on the north side of State Street in the immediate environs of the subject property and extending east along the railroad tracks into the City of American Fork. The sales representing this use (R-5, R-6, R-9, and R-10) indicated a price range of \$5,500 - \$11,765/acre, with the upper end of the range (R-10) being the sale of a prime residential site in a quiet secluded area, and the lower end of the range (R-9) being the sale of agricultural land in the northern, remote area of Lehi City. While other sales were gathered which had similar zoning as these comparables, their intended use was not for low density residential and thus are omitted from this discussion.

For this type of use, the negative characteristics of the subject are its proximity to the noise and nuisance of State Street and the railroad tracks, with the positive characteristics being the site's good access and central location. Additionally, with minimal development, the costly extension of utilities could probably be mitigated. Upon considering the various site characteristics discussed previously, the subject is considered superior to R-9, inferior to R-10 and similar or slightly superior to R-5 and R-6. A value in the range of \$10,000 - \$10,500 is indicated for the subject.

Medium Density Residential Development

Much of the "municipality fringe" property being held in Utah County's transitional or agricultural zones, upon annexation into the City of Lehi, was rezoned R-1 and developed with single family tracts. Comparables #1 - #4 were representative of this development strategy, and

indicated a price range of \$8,071 - \$12,770 per acre. The upper end of the range (R-1) reflected a “premium” hold out price because of the parcels integral role in the overall subdivision development. The remaining three sales indicated a more consistent range of \$8,071 to \$10,500/acre. As an SFR subdivision, the subject is considered slightly superior to these comparables in terms of its central location and convenient access to the I-15 freeway and neighborhood commercial, but inferior to the comparables in terms of availability of utilities and the negative influence of State Street and the railroad tracks. Because of the considerable costs that would likely be incurred in the extension of utilities to the subject for SFR tract development, and the superiority of utility availability at the comparables, a value at the lower end of the range (\$8,500 - \$9,000 per acre) is indicated for the subject property.

Future Commercial Development

On the first three dates of value, an annexation into the City of Lehi and a rezone to a GC-2 commercial zone was anticipated, with these anticipations being a reality on the fourth date of value. Despite the legal permissibility of commercial development obtained with the annexation and rezone, neither the land use patterns in the subject’s immediate area (north side of State Street) or the physical characteristics of the property (availability of utilities and presence of railroad tracks) appeared to support the economic feasibility of commercial development. Nevertheless, the anticipated (first three dates of value) and achieved commercial zoning (4th date of value) certainly warrants the consideration of commercial development as a potential use of the property on the respective dates of value. Therefore, while no sales of speculative commercial land sales were

uncovered, actual sales of land either zoned for commercial development or possessing a strong likelihood for rezone to commercial use were obtained and analyzed. Two of the comparables (C-1 & C-2 @ \$25,000 and \$20,000/acre) were representative of freeway commercial land prices for parcels with excellent access and exposure. Additionally, these sites had utility availability and accessibility that was much superior to the subject property. Commercial Land Sale #3 also reflected a similar price per acre (\$25,000), due in part to its good access/exposure and seller installation of utilities, characteristics which are considered superior to those possessed by the subject property. The price paid for this property in its original purchase (\$8,986/acre) sheds some light on the upside potential for a small parcel sell-off, that has good development potential and utilities installed. The fourth commercial land sale (C-4 @ \$10,808/acre) was the sale of a parcel that exhibited similar development obstacles and considerations (railroad tracks, no direct access from State Street, extension of utilities, etc.) as that of the subject property, and is considered a strong indicator of value.

Considering the costs of extending utilities to the subject property (see highest and best use analysis), the considerable superiority of the two freeway commercial sales, the price paid for C-4, and the apparent lack of demand or feasibility for commercial development along the north side of State Street (where railroad tracks exist), a speculative commercial land value for the subject of \$11,000 - \$13,000/acre is estimated.

Another value indicator for the subject on a commercial land use premise that must be considered is the purchase contract that existed as of the dates of value (\$16,000/acre). With the purchase agreement premised upon commercial development of the property, this purchase contract

exposes the premium (over & above residential land prices) that one purchaser of the property was willing to pay for its potential commercial development (upon annexation & rezone). Additionally, on the first three dates of value, this purchase contract represents an open escrow price that along with the other comparable sales should be considered, and on the fourth date of value (March 30, 1992), this closed sale represents another item of market data that should be considered.

Value Conclusions

Along with the above discussion which considers three different use scenarios for the subject property, two additional factors should be considered in the final value conclusions: (1) Was there an overall increase in land value (City or County-wide) from the first date of value (October 25, 1990) to the last date of value (March 30, 1992) for properties with similar development potential as that of the subject? (2) Was value accruing to the subject property during this time period as a result of progress being made in obtaining the commercial rezone and annexation into the City of Lehi?

Insufficient sales volume and reporting practices prohibits an isolation of “transitional” type acreage into a meaningful “market conditions” analysis. However, since it is generally acknowledged that changing values in one sector of the real estate market affects other sectors of the market as well, statistics published by the Utah County Board of Realtors for acreage (rural residential, agricultural, commercial/industrial, etc.) and single family homes were gathered, summarized and analyzed as follows:

Acreage			1989	Single Family		
<u>Qtr.</u>	<u>Sales</u>	<u>Avg \$</u>	<u>Days</u>	<u>Sales</u>	<u>Avg\$</u>	<u>Days</u>
1	12	59,928	285	204	68,968	91
2	13	101,333	106	311	68,103	83
3	11	78,913	136	395	75,357	97
4	7	43,757	70	391	74,858	106

Acreage			1990	Single Family		
<u>Qtr.</u>	<u>Sales</u>	<u>Avg \$</u>	<u>Days</u>	<u>Sales</u>	<u>Avg\$</u>	<u>Days</u>
1	7	148,314	75	269	74,818	88
2	14	58,522	120	345	73,366	83
3	10	34,555	205	411	80,730	93
4	9	76,058	202	391	77,669	93
				<u>1,582,085.921</u>		

Acreage			1991	Single Family		
<u>Qtr.</u>	<u>Sales</u>	<u>Avg \$</u>	<u>Days</u>	<u>Sales</u>	<u>Avg\$</u>	<u>Days</u>
1	11	46,119	133	249	81,066	78
2	18	76,484	121	435	78,244	76
3	8	40,912	66	416	80,284	87
4	11	43,907	128	415	84,887	99
				<u>1,501,577.225</u>		

Acreage			1992	Single Family		
<u>Qtr.</u>	<u>Sales</u>	<u>Avg \$</u>	<u>Days</u>	<u>Sales</u>	<u>Avg\$</u>	<u>Days</u>
1	17	69,289	94	309	89,032	88
2	28	65,641	83	504	85,039	70
3	12	118,991	153	442	93,076	74
4	16	90,115	104	<u>475</u>	93,687	87
				<u>1,500,132.5</u>		

Acreage			1993	Single Family		
<u>Qtr.</u>	<u>Sales</u>	<u>Avg \$</u>	<u>Days</u>	<u>Sales</u>	<u>Avg\$</u>	<u>Days</u>
1	11	162,104	75	318	98,659	76
2	23	79,206	69	479	103,748	72
3	21	81,903	75	<u>544</u>	107,127	63
				<u>1,301,356.2</u>		

The figures appear to indicate that during the years 1989 through the first half of 1992, there was moderate increase in both sales volume and sale prices, as well as a decrease in average marketing times for both acreage and single family homes. The increase appeared to be more pronounced starting in the second half of 1992. Specifically, the number of transactions for acreage went from 43 in 1989 to 55 during the 1st three quarters of 1993, while during the same time period average transaction amounts increased and marketing times decreased from 75-205 days to 69-75 days. In similar fashion the number of single family transactions increased from 1,416 in 1989 to 1,314 during the first 3 quarters of 1993, while during the same time period average homes prices increased from \$74,818 to \$107,127 and marketing times decreased from 88 - 63 days.

Summarily, these figures illustrate a general improvement in these sectors of the real estate market, and give some support for a value increase in the subject property during this time period. Because a purchaser of property would consider future market conditions 12-18 months hence from the time of purchase, the figures through the 3rd quarter of 1993 are taken into consideration. Considering the 55% increase in single family home prices over a 19 quarter period (2.9%/quarter), and the 37% increase in average transaction amounts for acreage over the same time period (2.0%/quarter), a quarterly increase of 2.5% will be applied to the time period covered by the subject's dates of value.

Information obtained from Lehi City officials indicated that annexation into the City of Lehi and a commercial rezone was not enhanced by the passage of time. This is primarily due to the agreement made early on between the subject's purchaser and City officials that an annexation and rezone would be approved. Unlike development climates and approval processes that make

entitlements costly and difficult to obtain, the subject property reportedly could have obtained these approvals in a timely manner at any time, reducing the value difference between the anticipated approval and the obtained approval. Therefore, no value adjustment for this issue is warranted.

Considering these factors, the concluded value estimates for the subject property are as follows:

October 25, 1990	\$14,000/acre	\$118,000 (8.43 X \$14,000)
May 1, 1991	\$14,700/acre	\$124,000 (8.43 X \$14,700 - +5%)
September 27, 1991	\$15,300/acre	\$129,000 (8.43X \$15,300 - +4%)
March 30, 1992	\$16,000/acre	\$135,000 (8.43 X \$16,000 - +5%)

REASONABLE MARKETING TIME

The Uniform Standards of Professional Appraisal Practice (S.R. 1-2b) states that an appraisal should be specific as to the estimate of exposure time linked to a market value estimate. “Exposure time” is a retrospective phenomenon, and is the marketing time period which occurred before a sale actually closed. Additionally, many public agencies and client groups also require an estimate of “marketing time”, which is a prospective phenomenon, and is the estimated time required from first exposure to achieve a sales contract, going forward from a date of value. It does not include an escrow period, which could be extended depending on the transaction.

If a value as of the current date were being requested in this appraisal assignment, a marketing time estimate for the subject would be provided, with the most reliable method being the examination of the exposure periods of recent comparable sales. However, since the values being requested in this appraisal assignment are retrospective in nature, with the current or future sales performance of the subject property being irrelevant, no analysis of the comparables’ exposure time or estimate of a marketing time for the subject is deemed necessary.

ADDENDUM

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. I have no present or contemplated future interest in the real estate that is the subject of this appraisal report nor do I have any personal interest or bias with respect to the subject matter of this appraisal report or the parties involved.
2. To the best of my knowledge and belief, the statements of fact contained in this appraisal report, upon which the analysis, opinions and conclusions expressed herein are based, are true and correct.
3. This appraisal report sets forth all of the limiting conditions (imposed by the terms of the assignment or by the undersigned) affecting the analysis, opinions and conclusions contained in this report.
4. This appraisal report has been made in conformity with and is subject to the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the Uniform Standards of Professional Practice of the Appraisal Foundation.
5. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
6. The compensation for this appraisal is not contingent on an action or event resulting from the analysis, opinions, or conclusions in, or the use of, this report.
7. Kent J. Carpenter, MAI has personally inspected the subject property.
8. No one other than the undersigned provided significant professional assistance in the preparation of this appraisal report.
9. The appraisal assignment was not based on the requested minimum value, valuation, a specific valuation, or the approval of the loan.
10. As of the date of this appraisal report, I, Kent J. Carpenter, have completed the requirements under the continuing education program of the Appraisal Institute.



Kent J. Carpenter, MAI

GENERAL ASSUMPTIONS & LIMITING CONDITIONS

1. That I assume no responsibility for matters legal in character, nor do I render any opinion as to the title which is assumed to be good.
2. That legal description, as furnished, is correct.
3. No survey of the boundaries of the property has been made. All areas and dimensions furnished this appraiser are deemed to be correct.
4. That information obtained for use in this appraisal is believed to be true and correct to the best of my ability, however; no responsibility is assumed for errors and omissions, or information not disclosed which might otherwise affect the valuation estimate.
5. That no soil report concerning the subject property was made available to the appraiser. The valuation assumes that soil conditions are adequate to support standard construction consistent with highest and best use.
6. The appraiser, by reason of this appraisal, shall not be required to give testimony or to be in attendance in court or at any governmental or other hearing with reference to the subject property, without prior arrangements having been made with the appraiser relative to such additional employment.
7. Disclosure of the contents of this appraisal report is governed by the By-Laws and Regulations of the Appraisal Institute.
8. 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 he is connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the author.
9. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event only with proper written qualification and only in its entirety.

SPECIFIC ASSUMPTIONS & LIMITING CONDITIONS

1. The values reported in this appraisal are done so on a retrospective basis, and reflect market conditions and values which differ from conditions that exist as of the date of this report. The narrative portions of the report (highest and best use, valuation analysis) address differences in the real estate market between the date of this report and the requested dates of value.
2. The appraiser assumes no responsibility for any hazardous or toxic waste substances that are on the site and this appraisal assumes that there are no such influences unless otherwise stated within the body of this report. It should be clearly understood that adverse toxic or hazardous waste conditions found on the site could dramatically impact the indicated value. The appraiser reserves the right to reanalyze the value conclusions should these hazardous conditions be determined at a later date.
3. Off-site improvement cost estimates made by the appraiser are included in the report only as general guidelines, and were provided by the City of Lehi. These figures are not to be interpreted as detailed information from actual bids.
4. Based on the subject property's surrounding land uses, and the historical land use patterns of properties impacted by railroad tracks, the land uses allowed under the subject's current zoning do not represent the highest and best use of the property. While holding the property for future commercial development has been accounted for in the highest and best use conclusions, the more probable, immediate use of the property would involve residential development.

Lehi Planning Zone Map



No Scale
Plot Created: September 29, 1995

Map Legend

R-1-8
Residential



T-M
Technical
Manufacturing

R-1-12
Residential

R-2
Residential

R-3
Residential

RA-1
Residential Agriculture

A-1
Agricultural



GC-1
General Commercial

GC-2
General Commercial

I&M-1
Industrial & Manufacturing

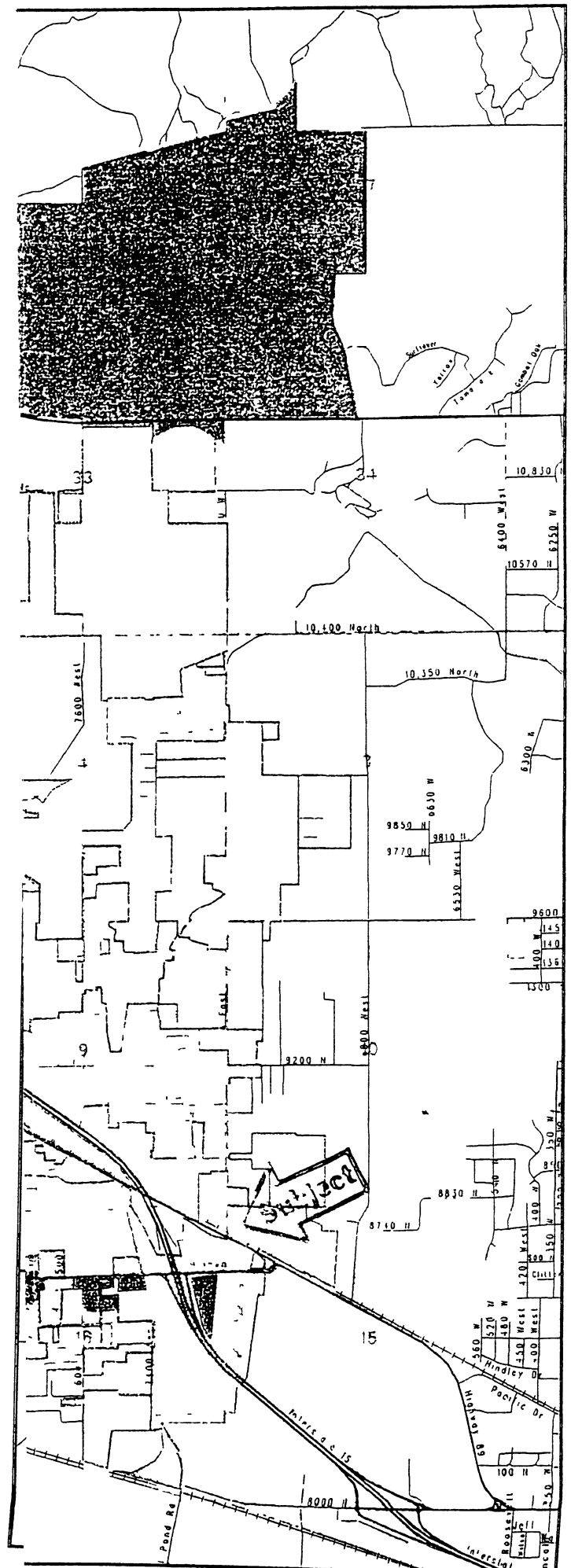
PR-1
Parks & Recreational

H/I
Historical Industrial

LEHI



Lehi City Planning Department
99 West Main, Suite 100
Lehi, Utah 84043
(801) 768-7120



NEW PECK DESCRIPTION
INCLUDING FENCED AREA EXCEPT ON THE SOUTH,
THE DESCRIPTION FOLLOWS THE EXISTING PECK DEED

BEGINNING AT A FENCE CORNER SAID POINT IS N 0° 23' 09" E ALONG THE SECTION LINE 36.40 FEET AND EAST 45.32 FEET FROM THE NORTHWEST CORNER OF SECTION 15 T5S, R1E SLB&M; THENCE S 84° 19' 07" E ALONG A FENCE LINE 152.93 FEET; THENCE S 86° 30' 04" E ALONG A FENCE LINE 232.19 FEET; THENCE S 85° 59' 13" E ALONG A FENCE LINE AND FENCE LINE EXTENDED 197.02 FEET TO A FENCE LINE; THENCE S 0° 26' 51" W ALONG A FENCE LINE 648.98 FEET; THENCE S 2° 43' 47" W ALONG A FENCE LINE AND FENCE LINE EXTENDED 119.67 FEET; THENCE N 62° 30' 00" W ALONG DEED #19949 AS RECORDED AT UTAH COUNTY 213.73 FEET; THENCE N 0° 02' 24" E 10.00 FEET; THENCE N 62° 30' 00" W ALONG DEED #19949 AS RECORDED AT UTAH COUNTY 429.50 FEET TO A FENCE LINE ON THE EAST SIDE OF 1200 EAST STREET; THENCE N 0° 27' 54" E ALONG A FENCE LINE ON THE EAST SIDE OF 1200 EAST STREET 45.68 FEET; THENCE N 0° 07' 26" W ALONG A FENCE LINE ON THE EAST SIDE OF 1200 EAST STREET 323.94 FEET; THENCE N 0° 29' 33" E ALONG A FENCE LINE ON THE EAST SIDE OF 1200 EAST STREET 134.97 FEET TO THE POINT OF BEGINNING. CONTAINS 8.43 ACRES

QUALIFICATIONS OF KENT J. CARPENTER

UTAH STATE CERTIFIED GENERAL APPRAISER

LICENSE # CG00046876

EDUCATION:

B.S. Degree, 1981 - Financial & Estate Planning, Brigham Young University

Professional Real Estate Courses Completed (Appraisal Institute):

Real Estate Appraisal Principles	1982
Basic Valuation Procedures	1983
Capitalization Theory & Technique (Part A)	1985
Capitalization Theory & Technique (Part B)	1985
Standards of Professional Practice (Part A&B)	1995
Report Writing & Valuation Analysis	1988
Case Studies In Real Estate Valuation	1991
Comprehensive Appraisal Workshop	1991
Valuation of Hotels & Motels	1989
Rates, Ratios & Reasonableness	1990
Appraisal of Retail Properties	1995
Appraisal of Special Purpose Properties	1995
Reviewing Appraisals	1995

PROFESSION AFFILIATIONS

Member of the Appraisal Institute (MAI) - No. 9746

Certified General Real Estate Appraiser - State of California (No. AG003087)

EXPERIENCE:

- 1/95 - 12/95 Review Appraiser for Zions First National Bank. Primarily responsible for the technical review of commercial properties with loan requests in excess of \$1,500,000. Additional responsibilities included bid solicitation and engagement of fee appraisals, appraisal policy setting, appraisal related consultation with lending officers, etc.
- 1/94 - 10/94 Sr. Commercial Appraiser for First Fidelity Thrift & Loan in San Diego, Calif. Assisted in both administrative and managerial duties which included policy setting, monitoring of outside fee appraisals/in-house production, and desk/field review of outside and in-house appraisal reports.

- 9/92 - 12/93 Staff Appraiser for the San Diego appraisal division of Wells Fargo Bank. Performed appraisal reviews on fee appraisal reports; wrote narrative appraisals on a variety of commercial, industrial, and residential properties.
- 9/83 - 9/92 Staff Appraiser for the San Diego appraisal division of Security Pacific National Bank. Primary responsibilities consisted of writing narrative and form appraisal reports on various types of commercial, industrial, residential and special purpose properties on both a local and national level. Also involved in the review of staff appraisal reports. During the years 1986-1987, served as assistant district chief appraiser which involved management of staff and general appraisal operations.
- 7/82 - 8/83 Associate Appraiser in San Diego, California with Ronald D. Ohrmund, MAI. Engaged primarily in data collection, verification and writing of major sections of narrative appraisal reports. Property types included a variety of commercial, industrial, and undeveloped parcels.

OTHER PERTINENT DATA:

California State "Certified General Real Estate Appraiser" license valid to September 26, 1996.
Utah State "Certified General Appraiser" license valid to January 31, 1997.



DON GURNEY, SRA

REAL ESTATE APPRAISER

MAILING ADDRESS

2712 N. FOOTHILL DRIVE PROVO, UTAH 84604
TELEPHONE: (801) 375-1588

October 2, 1995

Robert C. Keller, Attorney
SNOW, CHRISTENSEN & MARTINEAU
P.O. Box 45000
Salt Lake City, Utah 84145

Gordon Duvall, Attorney
HARDING & ASSOCIATES, P.C.
110 South Main Street
Pleasant Grove, Utah 84062

Dear Sirs:

Pursuant to your request, I have performed an appraisal analysis of the vacant 8.43 Acres of land located as follows:

**Approx. 1200 East State Road (Northeast Corner)
Lehi, Utah 84043**

The purpose of this appraisal is to estimate the Market Value as of three specific dates in 1991 and 1992.

The property is more particularly defined by the legal description that is included herein (as recently obtained from the Utah County Assessor). The current County Parcel number is 13-2-71; however, the subject land formerly consisted of two deeded parcels that were identified on County records as #13-2-2 and #13-2-3.

Please find attached the documentation and supportive exhibits that comprise the appraisal report. This report has been prepared according to the most current revision of the USPAP guidelines. According to said guidelines, this report is defined as a Complete Appraisal, Restricted Report. It is intended to comply with your engagement letters dated June 12, 1995 and July 5, 1995 (copies included herein).

Based on the results of my analysis, I estimate the Market Values of the subject property, as of the effective dates requested to be as follows:

May 1, 1991:	\$22,000/Acre X 8.43 = \$185,500
September 27, 1991:	\$22,500/Acre X 8.43 = \$189,500
March 30, 1992:	\$23,000/Acre X 8.43 = \$194,000

NOTE: These values are based on the subject property being classified as commercial (GC-2 Zone) within the Lehi City limits.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read 'Don Gurney'.

DON GURNEY, SRA

DG:jb
Attachments

Utah State-Certified General Appraiser
Certificate CG37644 Expires 6-30-97

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Exhibits and Addenda

(No page numbers, but listed in order below):

Utah County Map
Comparable Location Map
Neighborhood Map
City Zone Map
County Plat Map/Legal Description
Current Subject Photos
Engagement Letters
Property Observation Checklist (3 Pages)
Information from Peck
Appraiser Qualifications

IDENTIFICATION OF THE PROPERTY:

The subject consists of an 8.43 acre vacant site that is located along a developing business sector and has good corner lot exposure; however, it is also bordered by nearby residential development as well. The current owners of record are reported to be Allred and Robbins, but the prior owners who were involved as of the effective dates of this appraisal are Peck and Mellor.

REAL PROPERTY INTEREST:

The property rights are referred to as Fee Simple. The definition is as follows:

"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."

Source: The Appraisal of Real Estate, 10th Edition

PURPOSE AND INTENDED USE OF THE APPRAISAL:

The purpose of the appraisal is to estimate the Market Value of the subject property as defined herein. The intended use of the appraisal is to assist the clients in ascertaining the value of the subject property as part of an attempt to resolve a dispute between two former owners.

DEFINITION OF MARKET VALUE:

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

- (1) buyer and seller are typically motivated;
- (2) both parties are well informed or well advised, and acting in what they consider their own best interests;
- (3) a reasonable time is allowed for exposure in the open market;
- (4) payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- (5) the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [f]).

DATE OF APPRAISAL:

The date of this report is October 2, 1995

EFFECTIVE DATES OF VALUE:

As requested, the effective dates of the appraised values are as follows:

May 1, 1991
September 27, 1991
March 3, 1992

REASONABLE MARKETING PERIOD:

A generally accepted definition of a normal or reasonable marketing period is as follows:

Normal Marketing Period is the amount of time necessary to expose a property to the open market in order to achieve a sale. Implicit in this definition are the following characteristics:

- * The property will be actively exposed and aggressively marketed to potential purchasers through marketing channels commonly used by buyers and sellers of similar type properties.
- * The property will be offered at a price reflecting the most probable markup over market value used by sellers of similar type properties.
- * A sale will consummate under terms and conditions of the definition of market value required by the regulation.

A reasonable marketing period is generally considered the time (e.g. number of months) from the date the property is listed to the date a contract for purchase and sale is executed. In this case, the marketing period is applicable for the dates in 1991 and 1992 listed above. Although a more detailed explanation of market conditions for those time periods will be provided later in this report, it is concluded that a reasonable marketing period was 9 months in all three cases.

EXPOSURE TIME:

The Appraisal Standards Board of the Appraisal Foundation recently adopted a formal definition of Exposure Time. Exposure Time is defined 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 upon an analysis of past events assuming a competitive and open market".

In order to estimate exposure time for the subject, it is prudent to analyze the periods of sales in the area. The comparable sales and listing used in the Sales Comparison approach of this report for which exposure times were available indicated periods ranging from zero to several months.

In conclusion, it is estimated that an appropriate exposure time for the subject would have been up to twelve months for all three time frames.

APPRAISAL DEVELOPMENT AND REPORTING PROCESS:

In preparing this appraisal, the appraiser:

- * reviewed current and prior appraisal files as part of the research conducted to become familiar with the subject property and market conditions that existed during the 1991-92 time period;
- * reviewed information from Lehi City available to the public relating to the annexation and re-zoning of the subject property that took place in 1992;
- * inspected the subject site;
- * gathered information on comparable land sales;
- * confirmed and analyzed the data and applied the Sales Comparison Approach. The Income Approach and Cost Approaches do not apply.

An explanation of the Sales Comparison Approach to value is provided later in this report.

The sources of information are identified -- both they and the data are considered reliable. When conflicting information was provided, the source deemed most reliable has been used. Data believed to be unreliable was not included in the report nor used as a basis for the value conclusion.

In addition to the written correspondence regarding this appraisal assignment that I have had with Mr. Keller and Mr. Duvall, I also received an unsolicited envelope in the mail from Mr. Wayne Peck that contained a letter and other documentation relating to the subject property. I have included a copy of his entire correspondence (22 pages) in the Exhibits and Addenda Section of this report (all printed on pink-colored paper). Mr. Peck also called me on the phone a couple of times to inquire as to my availability and whether I had received the formal request to complete the appraisal work.

Despite the fact that I have had no contact with the other side on this matter, I understand the nature of the conflict between the two parties. It is my firm conviction that neither the information provided by Mr. Peck, nor the brief telephone conversations, had any influence whatsoever on my independent valuation judgments in this appraisal.

To develop the opinion of value, the appraiser performed a complete appraisal process, as defined by the Uniform Standards of Professional Appraisal Practice. This means that no departures from Standard 1 were evoked.

This Complete, Self-Contained Appraisal Report includes all of the appraiser's data, analyses, and conclusions.

See Property Observation Checklist attached to this report which relates to environmental issues.

AREA DESCRIPTION AND ECONOMIC BACKGROUND:

The local real estate market is within Utah County and is situated in north-central Utah south of Salt Lake City. Utah Valley is semi-arid and is surrounded by mountain ranges, including the Wasatch. Provo and Orem are Utah's third and fourth largest cities, respectively, and together they represent nearly 60 percent of the County's estimated population of 304,300 persons as of October 1994. The County has several smaller cities within easy commuting distance to the employment centers of Provo and Orem -- the city of Lehi is one of these and is also convenient to Salt Lake County as well.

The economy is primarily based on post-secondary education, computer software services and steel manufacturing. Provo is home to Brigham Young University (BYU), the nation's largest private university, and Utah Valley State College (UVSC). Students and their dependents account for about 14 percent of the County's population and households. The presence of BYU and the development of two research parks have stimulated development of a strong computer industry. Utah Valley has been dubbed "software valley" because of the location of Novell, Inc. Many related spinoff companies have located in the area to support this large software company. Geneva Steel Works boasts one of the most efficient steel plants in the world.

Employment growth has been very strong, averaging 5 to 6 percent a year since 1990. Growth in computer software services, advanced technology manufacturing, health services, post-secondary school enrollment, school district employment and immigration stimulated the strong performance. All employment sectors have grown, but the strongest gains were in construction, trade, services and government.

The East Bay Business Center in Provo and Timpanogos Research Park in Orem were developed in the mid-1980s. Because Novell, Inc. and WordPerfect Corporation anchored these parks, many other related, smaller computer companies have moved to the area. In 1994, Novell purchased WordPerfect and has a work force of 4,500 persons. This is following the recent cutbacks and consolidation layoffs. In total, the advanced technology industry employs of 12,000 workers in Utah County, more than 50 percent greater than in 1990. The advanced technology industry has been the driving force behind the economy during the past several years.

The immediate subject location is at the east end of town where surrounding land uses include some commercial, together with considerable residential development. Also, over one-third of the land is still undeveloped (partially used for agricultural purposes). The property has a suburban geographic location rating within the town of Lehi along the south end of Utah's populated Wasatch Front region. It affords convenient access to the adjoining business and residential districts of the Lehi area as well as to an Interstate 15 interchange (where new on-ramps have been recently completed).

As noted, the economic climate has been healthy since 1990; however, the 1980's were a period of generally stable to declining real estate values as economic conditions were not nearly as favorable. The time frame of 1991-92 as applicable in this appraisal was the beginning of the economic upsurge that has continued to the present. Major value increases took place between the middle of 1992 and mid 1994, but this was clearly after the time periods being considered in this analysis.

ZONING HISTORY:

Prior to February of 1992, the subject land was situated just outside the city limits of Lehi (zoned RR-5) within the jurisdiction of Utah County. An annexation request was approved by Lehi City on February 11, 1992 and the subject was annexed into the city under a GC-2 Zone (that had been previously approved).

The RR-5 Zone in Utah County is a residential classification requiring a minimum land area of 5 acres per homesite.

The GC-2 Zone in Lehi City is a "General Commercial" Zone. The objective is to allow the creation of business uses that are not as restrictive as within the shopping and financial center of the city. It applies to areas located near traffic arteries, but convenient to residential as well. Uses characteristic of this zone include convenience stores, gas stations, restaurants, mechanical shops and various other commercial uses offering a wide variety of services.

SALES HISTORY:

According to the Utah County Board of Realtors and County Records, the subject land was purchased from Peck by Mellor on March 30, 1992 at a purchase price of \$134,880 (\$16,000 per acre). The same data sources indicate that Mellor subsequently sold to Allred and Robbins in November, 1994 at a purchase price of \$320,000 (\$38,000 per acre).

COMPETENCY PROVISION:

In this appraisal report, the Competency Provision and its relationship to the appraiser and subject property justify some discussion. The appropriate steps have been taken to complete this appraisal assignment competently. Additionally, the appraiser has appraised several similar properties over the past several years -- a detailed list of these other assignments can be provided upon request. The appraiser has been appraising full-time for 20 years (including the time period involved in this analysis).

HIGHEST AND BEST USE:

INTRODUCTION

The Highest and Best Use is the most critical determinant of value in the marketplace. The estimated market value of the subject property is arrived at under the assumption that the potential purchasers will pay prices that reflect the most profitable use of the land under the zoning ordinances.

DEFINITION

By definition, it is "that reasonable and probable use that supports the highest present value, as defined, as of the effective date of the appraisal. Alternatively, that use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and which results in highest land value."

Source: Real Estate Appraisal Terminology (Revised Edition)

in estimating highest and best use, there are essentially four stages of analysis:

1. **Legally Permissible** - what uses are permitted by zoning and deed restrictions on the site.
2. **Physically Possible** - from the permissible uses what uses are physically possible when considering all aspects of the site's size, shape, terrain or any other physical aspect.
3. **Financially Feasible** - which possible and permissible uses will produce any net return to the owner of the site considering existing and projected market conditions.
4. **Maximally Productive or Highest and Best Use** - among the financially feasible uses, which use will produce the highest net return or the highest present worth.

AS VACANT AND AS IMPROVED

Since it is understood that the subject annexation and zone change were contemplated as of the two valuation dates in 1991, the same Highest and Best Use conclusion is applicable for all three dates. Based on the commercial zoned location and development trends in Lehi, the subject land is best suited as a site for some type of commercial use (as allowed by zoning).

While demand was increasing for land such as the subject during the May 1991 to March 1992 time period, the growth rate was much less than what took place after the middle of 1992.

APPROACHES TO VALUE:

The appraisal analysis involves considerable research into the real estate market of the subject property in order to secure comparable data. This data is then used to arrive at value conclusions, based upon three traditional approaches to value --namely, the **Cost**, the **Sales Comparison**, and the **Income** Approaches.

In the case of the subject vacant land, the only applicable appraisal method is the Sales Comparison Approach.

The **Sales Comparison Approach** is the process in which a Market Value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property.

To apply the sales comparison approach, the following basic procedure is follows:

1. Research the market to obtain information on sales transactions, listings, and offers to purchase or sell properties that are similar to the subject property in terms of characteristics such as property type, date of sale, size, location, and zoning.
2. Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arm's-length market considerations.
3. Select relevant units of comparison (e.g., income multipliers or dollars per square foot) and develop a comparative analysis for each unit.
4. Compare comparable sale properties with the subject property using the elements of comparison and adjust the sale price of each comparable appropriately to the subject property.
5. Reconcile the various value indications produced from the analysis of comparables into a single value indication of a range of values. In an imprecise market subject to varying occupancies and economies, a range of values may be a better conclusion than a single value estimate.

There are nine basic elements of comparison that should always be considered in sales comparison analysis:

Real Property Rights Conveyed

Financing Terms

Conditions of Sale

Market Conditions

Location

Physical Characteristics

Economic Characteristics

Use

Non-Realty Components of Value

SALES COMPARISON APPROACH

On the next few pages are recited the pertinent details of similar land sales used for comparison in this approach.

COMMERCIAL LAND SALE #1

Address: Approx. 100 South 850 East
Lehi, Utah
Assessor's Tax Parcel No: 13-12-7
Real Property Rights: Fee Simple

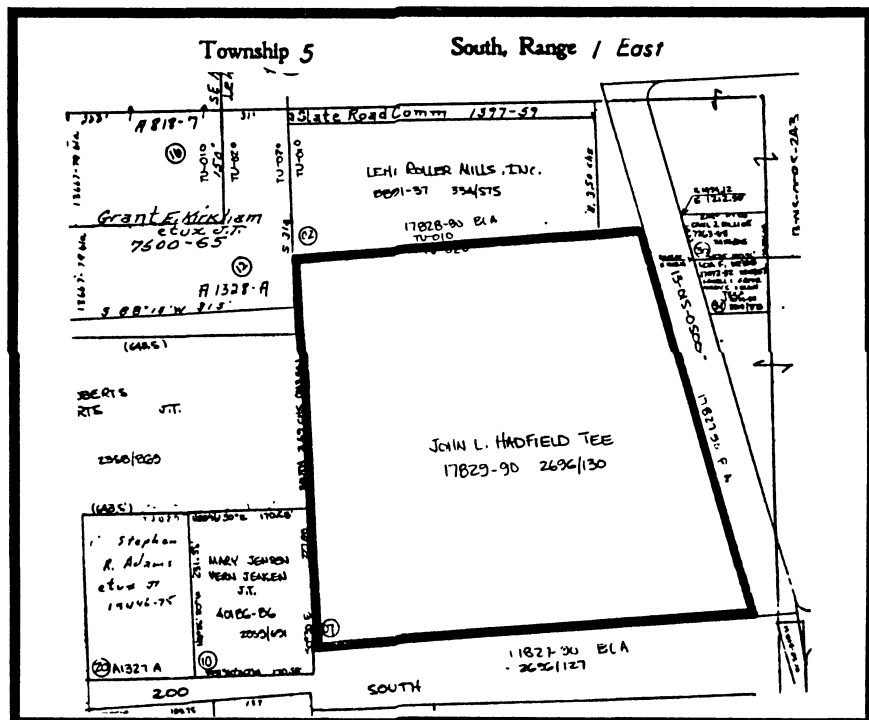
SALES DATA:

Date of Sale: June 1990
Sales Price: \$145,540
Financing Terms: Cash Equivalent
Conditions of Sale: No Concessions
Market Conditions: Stable Values
Seller: Peteco, Inc.
Buyer: Hadfield
Confirmation Data: Public Records/MLS #100719
Prior Sales (Three Years): None Known
Location Description: East Lehi along I-15 Commercial District

SITE DATA:

Shape: Slightly Irregular
Area: 7.50 Acres
Current Zoning: GC-2
Access: Via 850 East
Visibility: Good
Topography: Level
Utilities Available: All
Site Utility: Average
Highest and Best Use: Commercial
Sale Price/Sq.Ft.: N/A
Sale Price/Acre: \$19,405
Sale Price/Unit: N/A

INVESTOR EXPECTATIONS: Retail Development



COMMERCIAL LAND SALE #2

Address: Approx. 405 So. Mill Pond Drive
Lehi, Utah
Assessor's Tax Parcel No: 13-16-1 (At Sale) 13-16-333 (Now)
Real Property Rights: Fee Simple

SALES DATA:

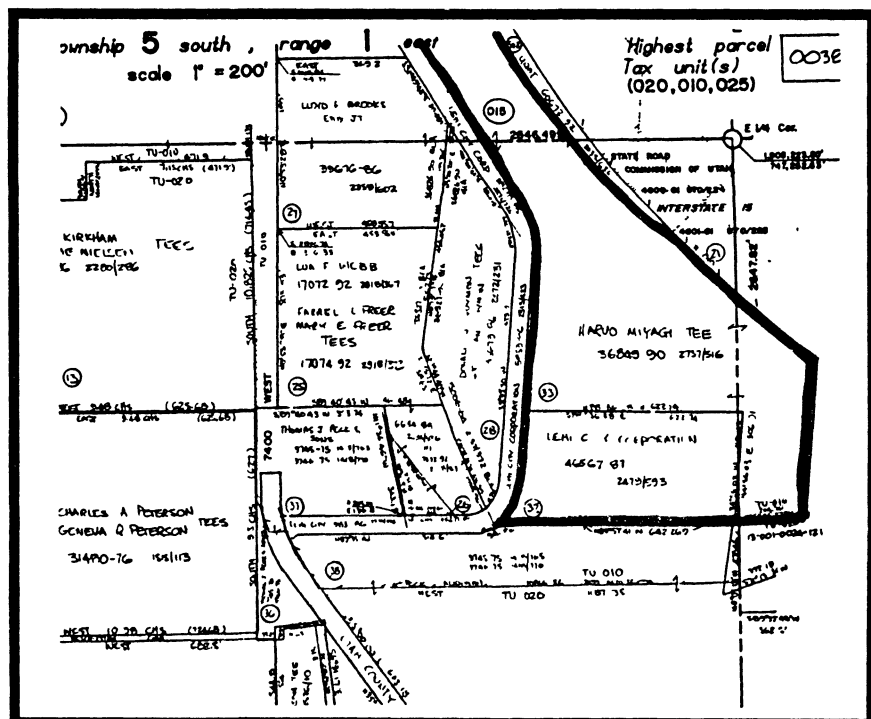
Date of Sale: November 1990
Sales Price: \$337,925
Financing Terms: Cash Equivalent
Conditions of Sale: No Concessions
Market Conditions: Stable to Increasing Values
Seller: Guymon
Buyer: Miyagi
Confirmation Data: Public Records/MLS #100971
Prior Sales (Three Years): None Known
Location Description: East Lehi along I-15 Commercial District

SITE DATA:

Shape: Irregular
Area: 13.65 Acres
Current Zoning: GC-2
Access: Via Mill Pond Drive
Visibility: Good
Topography: Level
Utilities Available: All
Site Utility: Average
Highest and Best Use: Commercial
Sale Price/Sq.Ft.: N/A
Sale Price/Acre: \$24,756
Sale Price/Unit: N/A

INVESTOR EXPECTATIONS:

Retail Development



COMMERCIAL LAND SALE #3

Address: Approx. 1600 No. Trinnamin Lane
Lehi, Utah
Assessor's Tax Parcel No: 12-17-36,38,39 (At Sale)
Real Property Rights: Fee Simple

SALES DATA:

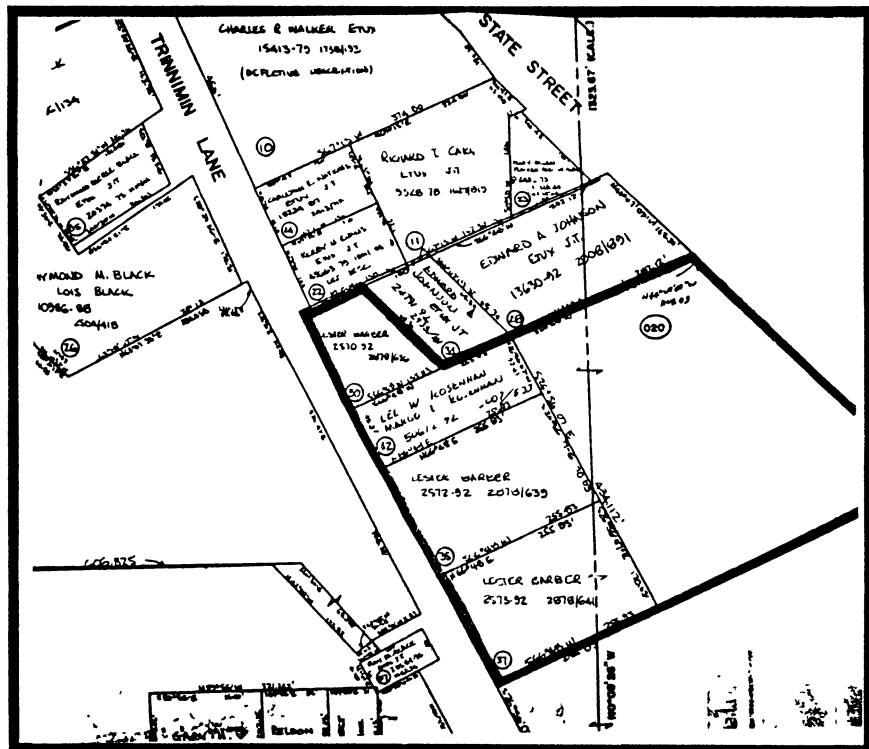
Date of Sale: January 1992
Sales Price: \$325,000
Financing Terms: Cash Equivalent
Conditions of Sale: No Concessions
Market Conditions: Stable to Increasing Values
Seller: Yates
Buyer: Barber
Confirmation Data: Buyer
Prior Sales (Three Years): None Known
Location Description: North Lehi along State Street
Commercial District

SITE DATA:

Shape: Irregular
Area: 13 Acres
Current Zoning: CG-2
Access: Via Trinnamin and State
Visibility: Good
Topography: Level
Utilities Available: All Nearby
Site Utility: Average
Highest and Best Use: Commercial
Sale Price/Sq.Ft.: N/A
Sale Price/Acre: \$25,000
Sale Price/Unit: N/A

INVESTOR EXPECTATIONS:

Commercial/Light Industrial



RESIDENTIAL LAND SALE #1

Address: 5800 West 9600 North
Highland, Utah
Assessor's Tax Parcel No: 12-8-39 (At Sale)
Real Property Rights: Fee Simple

SALES DATA:

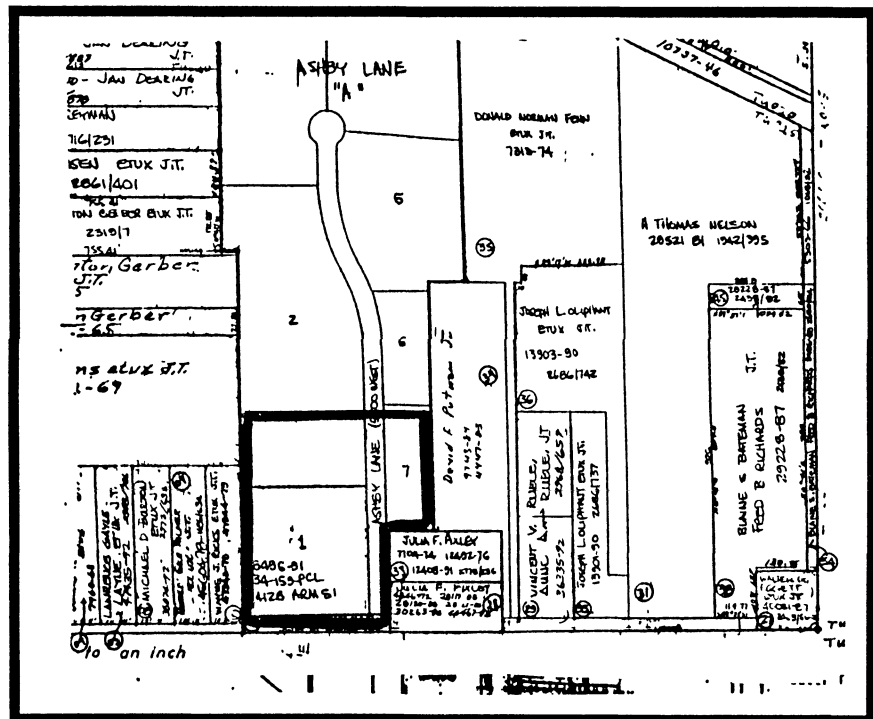
Date of Sale: December 1991
Sales Price: \$38,400
Financing Terms: Cash Equivalent
Conditions of Sale: No Concessions
Market Conditions: Increasing Values
Seller: LDS Church
Buyer: Westwood
Confirmation Data: MLS #6415/Public Records
Prior Sales (Three Years): None Known
Location Description: Highland Residential District

SITE DATA:

Shape: Near Rectangular
Area: 3.2 Acres
Current Zoning: R1-40
Access: Via 9600 North
Visibility: Average
Topography: Level
Utilities Available: Near site, but some not fully available.

Site Utility: Average
Highest and Best Use: Residential
Sale Price/Sq.Ft.: N/A
Sale Price/Acre: \$12,000
Sale Price/Unit: N/A

INVESTOR EXPECTATIONS: Residential Subdivision



RESIDENTIAL LAND SALE #2

Address: Approx. 1200 West 1100 North
Pleasant Grove, Utah
Assessor's Tax Parcel No: 14-23-14 (at Sale)
Real Property Rights: Fee Simple

SALES DATA:

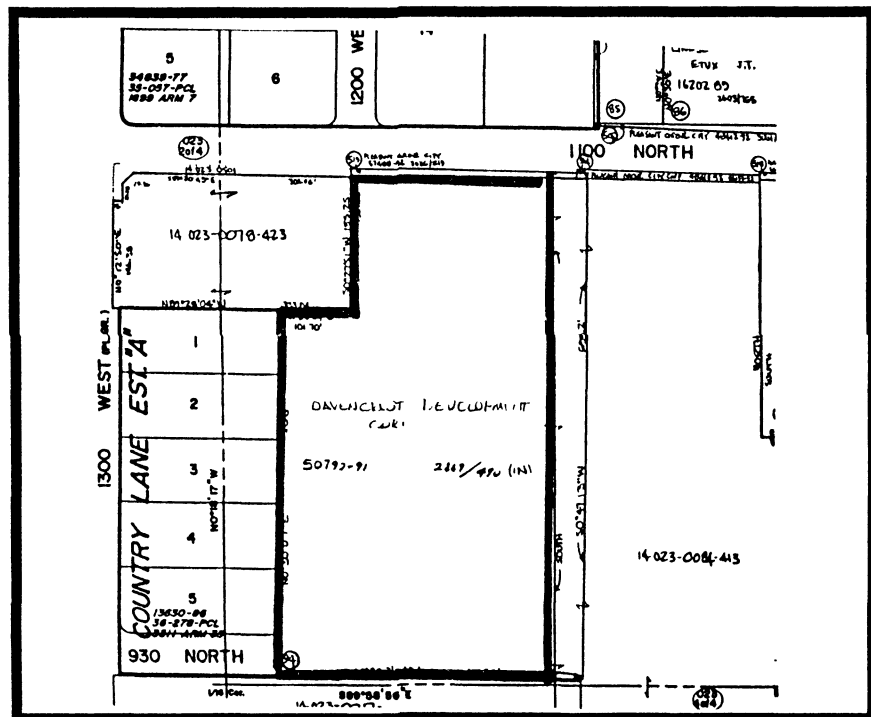
Date of Sale: December 1991
Sales Price: \$90,000
Financing Terms: Cash Equivalent
Conditions of Sale: No Concessions
Market Conditions: Increasing Values
Seller: Allen
Buyer: Davencrest Development
Confirmation Data: MLS #7736/Public Records
Prior Sales (Three Years): None Known
Location Description: Pleasant Grove Residential District

SITE DATA:

Shape: Slightly Irregular
Area: 6.44 Acres
Current Zoning: RM-7
Access: Via 1100 North
Visibility: Average
Topography: Level
Utilities Available: All
Site Utility: Average
Highest and Best Use: Residential
Sale Price/Sq.Ft.: N/A
Sale Price/Acre: \$14,000
Sale Price/Unit: N/A

INVESTOR EXPECTATIONS:

Unknown, but future residential is likely.



RESIDENTIAL LAND SALE #3

Address: 2250 North 600 West
Lehi, Utah
Assessor's Tax Parcel No: 12-22-9 (At Sale)
Real Property Rights: Fee Simple

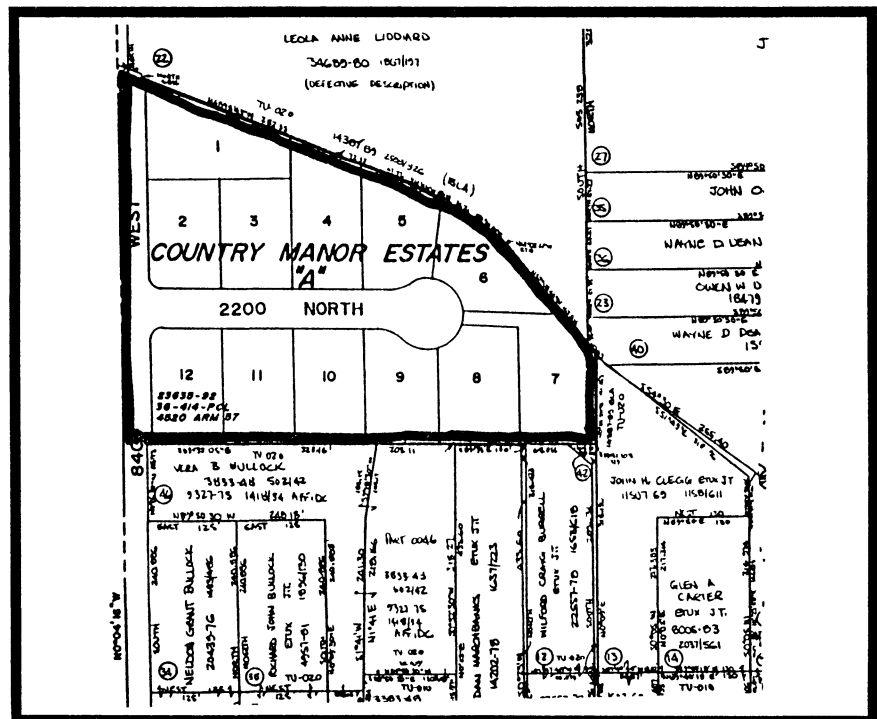
SALES DATA:

Date of Sale: April 1992
Sales Price: \$51,000
Financing Terms: Cash Equivalent
Conditions of Sale: No Concessions
Market Conditions: Increasing Values
Seller: Bullock
Buyer: Dubois
Confirmation Data: MLS #5566/Public Records
Prior Sales (Three Years): None Known
Location Description: Lehi Residential District

SITE DATA:

Shape: Near Rectangular
Area: 5.36 Acres
Current Zoning: R-1 (TR-5 in County at Sale)
Access: Via 600 West
Visibility: Average
Topography: Level to Sloping
Utilities Available: Near site, but some not full available.
Site Utility: Average
Highest and Best Use: Residential
Sale Price/Sq.Ft.: N/A
Sale Price/Acre: \$9,500
Sale Price/Unit: N/A

INVESTOR EXPECTATIONS: Residential Subdivision



RESIDENTIAL LAND SALE #4

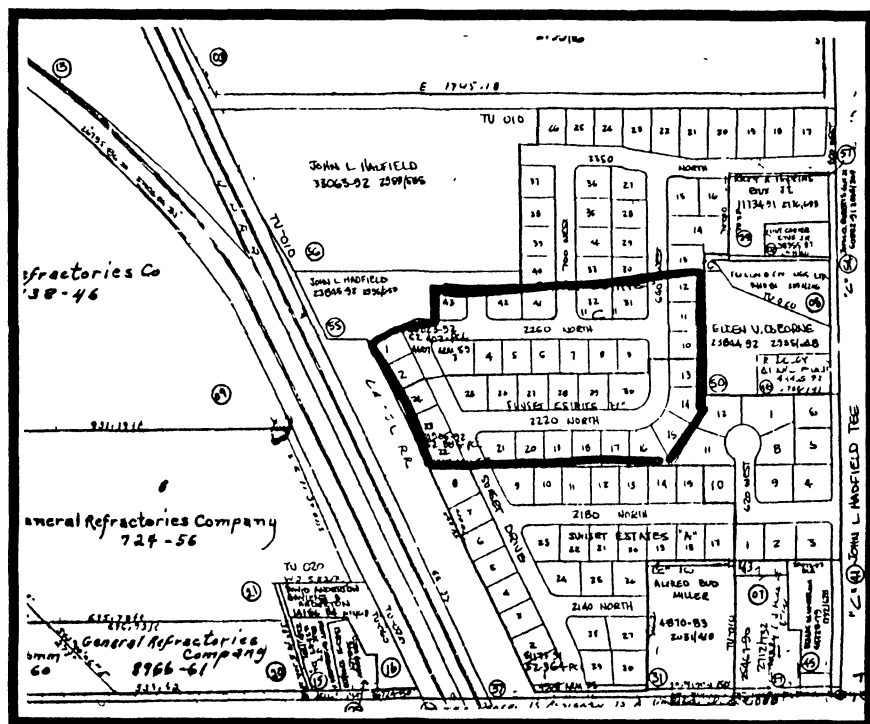
Address:	2215 North 600 West Lehi, Utah
Assessor's Tax Parcel No:	12-21-28 (At Sale)
Real Property Rights:	Fee Simple
<u>SALES DATA:</u>	
Date of Sale:	April 1992
Sales Price:	\$63,850
Financing Terms:	Cash Equivalent
Conditions of Sale:	No Concessions
Market Conditions:	Increasing Values
Seller:	Grant
Buyer:	Hadfield
Confirmation Data:	MLS #7084/Public Records
Prior Sales (Three Years):	None Known
Location Description:	Lehi Residential District

SITE DATA:

Shape:	Near Rectangular
Area:	5 Acres
Current Zoning:	R-1 (TR-5 in County at Sale)
Access:	Via Railroad Street
Visibility:	Average
Topography:	Level to Sloping
Utilities Available:	Near site, but some not full available.
Site Utility:	Average
Highest and Best Use:	Residential
Sale Price/Sq.Ft.:	N/A
Sale Price/Acre:	\$12,800
Sale Price/Unit:	N/A

INVESTOR EXPECTATIONS:

Residential Subdivision



SALES COMPARISON APPROACH CONCLUSION:

The seven sales just recited are the most representative ones that could be found for the time period involved in this appraisal. A summary of the results are as follows:

	SALE DATE	PRICE PER ACRE
Commercial Land Sale #1	6-90	\$19,405
Commercial Land Sale #2	11-90	\$24,756
Commercial Land Sale #3	1-92	\$25,000
AVERAGE:		\$23,000

	SALE DATE	PRICE PER ACRE
Residential Land Sale #1	12-91	\$12,000
Residential Land Sale #2	12-91	\$14,000
Residential Land Sale #3	4-92	\$ 9,500
Residential Land Sale #4	4-92	\$12,800
AVERAGE:		\$12,000

After evaluating the physical differences between the subject and comparables, it is my opinion that they are quite similar on an overall basis (for those factors that would require a measurable adjustment). Although market values were generally rising over the time period between May of 1991 and March of 1992, the data for comparable land sales similar to the subject is not sufficient to ascertain a precise rate of increase.

It is quite clear that, for the time period in question, that commercial land values were nearly double those of residential parcels. It is also apparent that any value differences between Spring of 1991 and Spring, 1992 is a relatively minimal amount -- other market data evaluated for this time period suggests that values were increasing in the local real estate market at a rate that averages around 5% annually on an overall basis.

In conclusion, the only factor which had significant major impact for the 1991-92 time period was the zoning and annexation issue. Thus, it is my opinion that the applicable Market Values for the Subject property were as follows:

	AS COMMERCIAL	AS RESIDENTIAL
May 1, 1991	\$22,000	\$11,500
September 27, 1991 (2% Higher)	\$22,500	\$11,750
March 30, 1992 (4% Higher)	\$23,000	\$12,000

RECONCILIATION AND FINAL ESTIMATE OF VALUE:

Since the premise of this analysis assumes that "annexation and zone change were contemplated" as of all of the valuation dates, the commercial values are emphasized in bold print on the previous page. Thus, the final estimates of Market Value are reconciled and rounded to be as follows, as determined by the Sales Comparison Approach:

May 1, 1991	\$22,000 X 8.43 Acres = \$185,500
September 27, 1991	\$22,500 X 8.43 Acres = \$189,500
March 30, 1992	\$23,000 X 8.43 Acres = \$194,000

It is noted that, since the dates of these appraisal, interest rates reached a 20-year low and Micron Technologies announced and began construction of a multi-billion dollar computer chip manufacturing facility in Lehi. These factors, together with other positive economic news in the area, have resulted in major real estate value increases; accordingly, recent sales transactions have no resemblance whatsoever to these that took place 3-4 years ago.

ASSUMPTIONS AND LIMITING CONDITIONS

1. This is a Complete Appraisal Report which is intended to comply with the reporting requirements set forth under the Uniform Standards of Professional Appraisal Practice. As such, it includes full discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
2. No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
3. The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
4. Responsible ownership and competent property management are assumed unless otherwise stated in this report.
5. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
6. All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing 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 arranging for engineering studies that may be required to discover them.
8. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
9. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, or other legislative or administrative authority from any local, state, or national governmental, or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.

ASSUMPTIONS & LIMITING CONDITIONS

(Continued)

11. Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for reader reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
12. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.
13. The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
14. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
15. Any proposed improvements are assumed to be completed in a good workmanlike manner in accordance with the submitted plans and specifications.
16. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
17. Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
18. 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 disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

CERTIFICATION

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusion are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusion.
3. 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.
4. My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. My analyses, opinions, and conclusion were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. I have made a personal inspection of the property that is the subject of this report.
8. No one provided significant professional assistance to the person signing this report.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute.
12. Based on a combination of experience and education, I am fully competent to appraise the subject property.
13. The estimates of Market Value in this report are as of the following effective dates: May 1, 1991, September 27, 1991, and March 30, 1992.

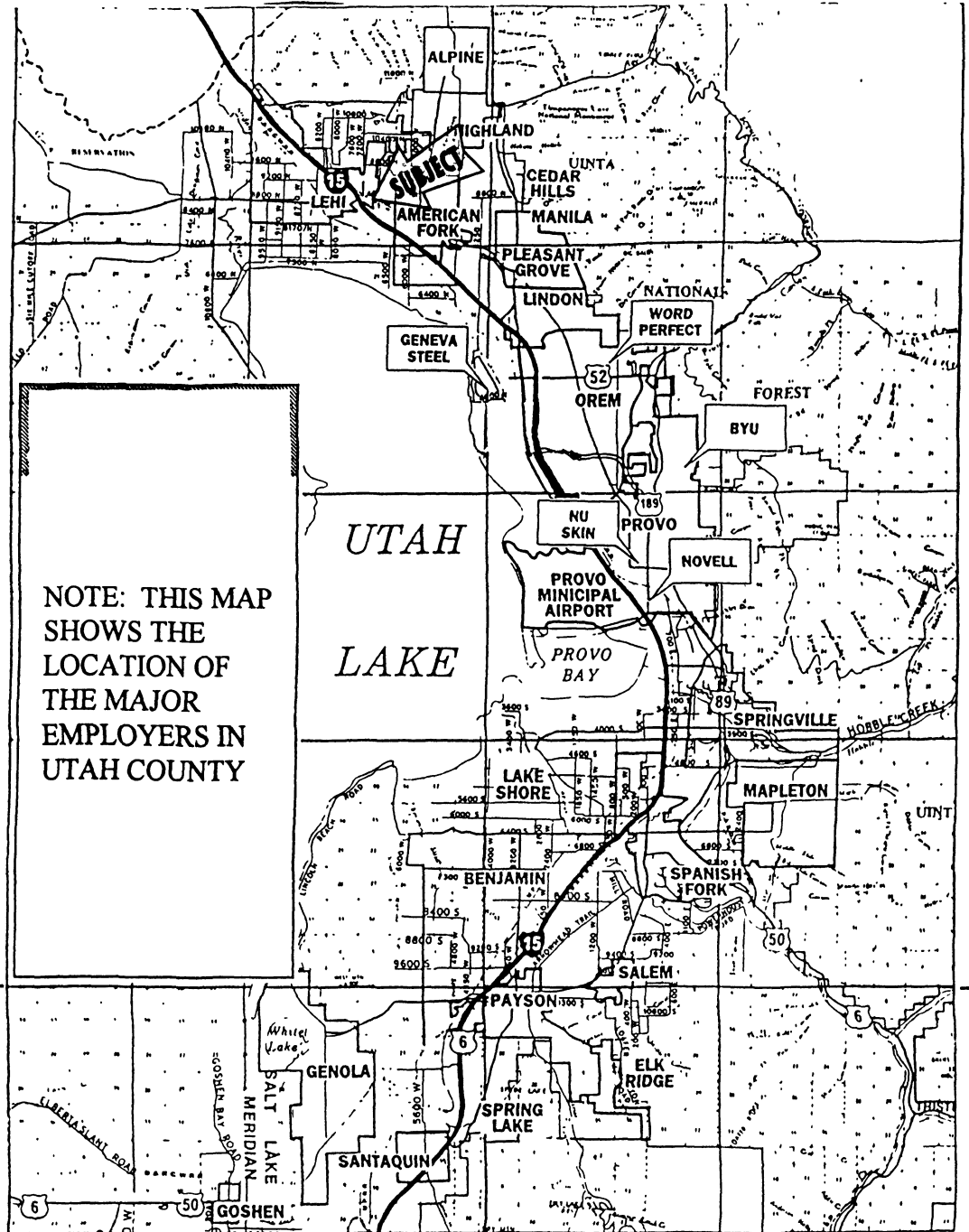
October 2, 1995

DATE

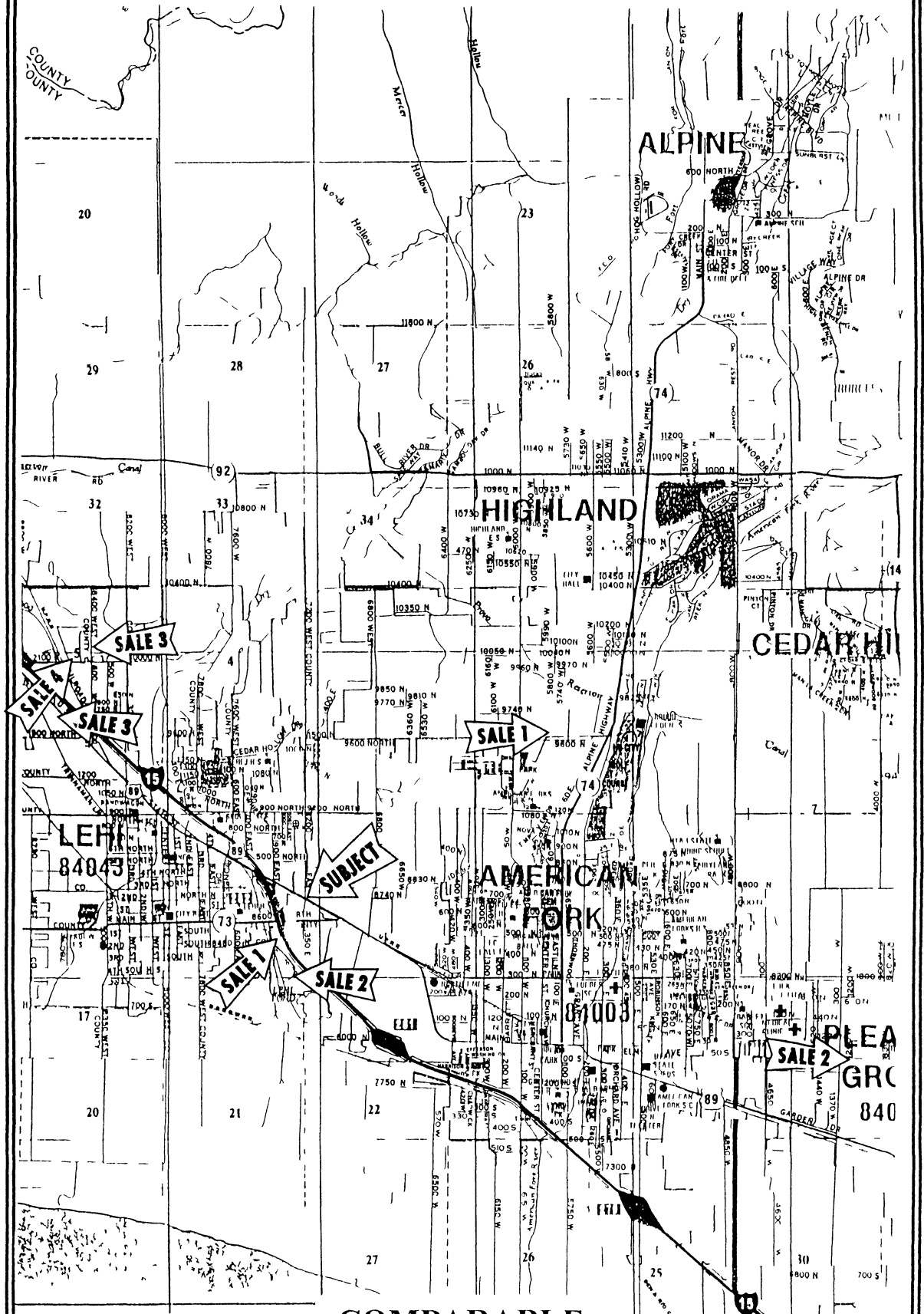

DON GURNEY, SRA

Utah State-Certified General Appraiser Certificate CG37644 Expires 6-30-97

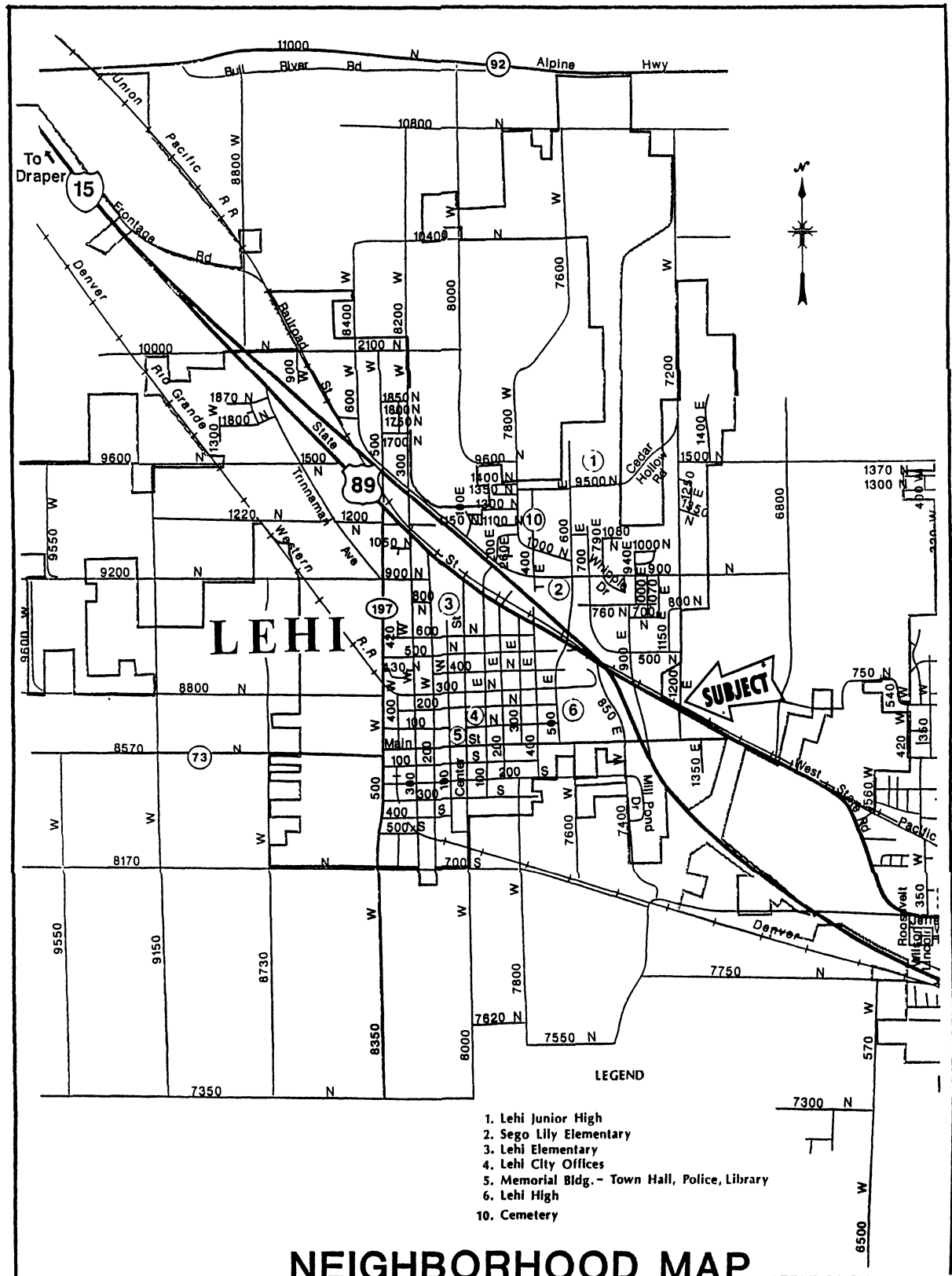
COUNTY MAP

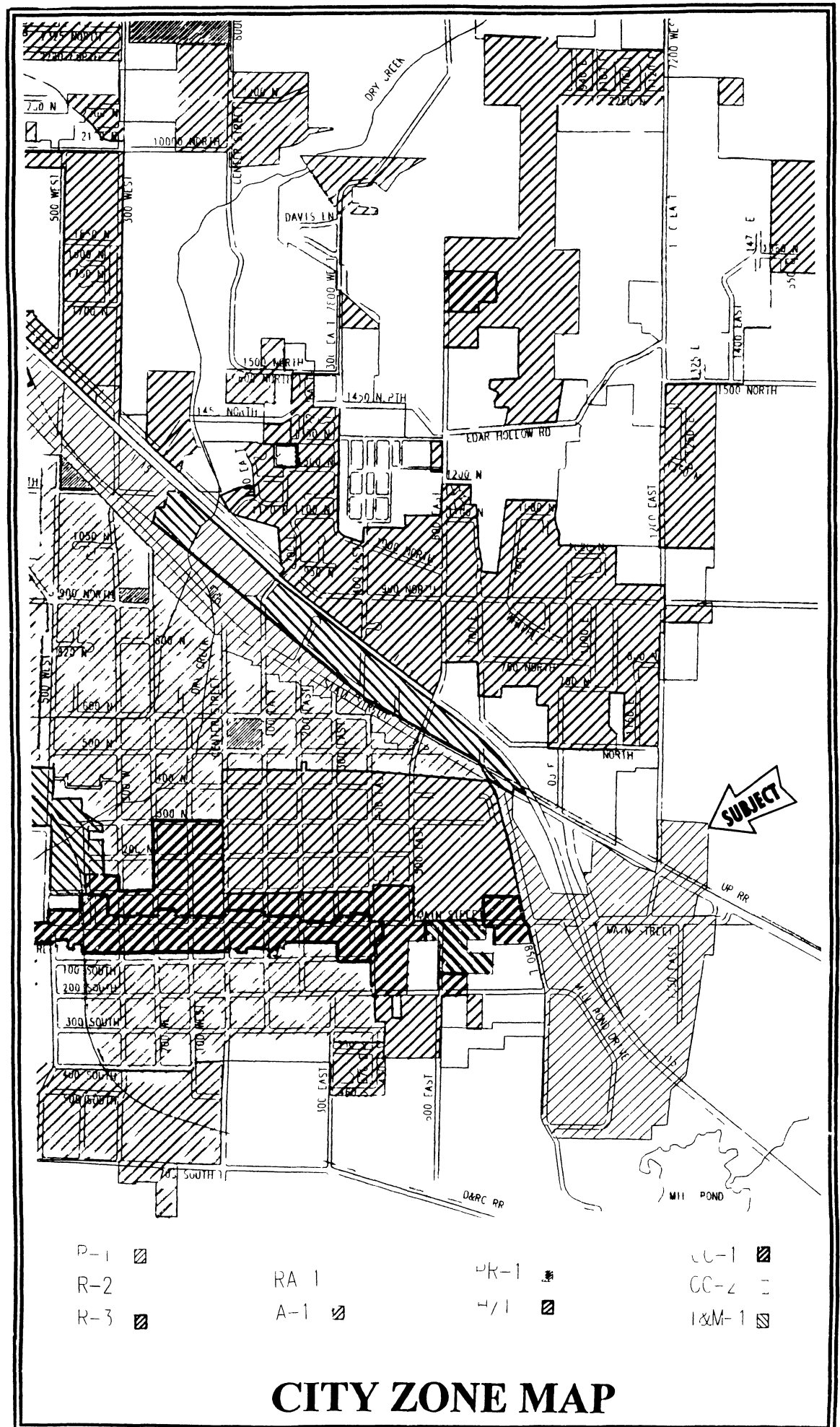


CODE: ○ COMMERCIAL ○ RESIDENTIAL



COMPARABLE
LOCATION MAP



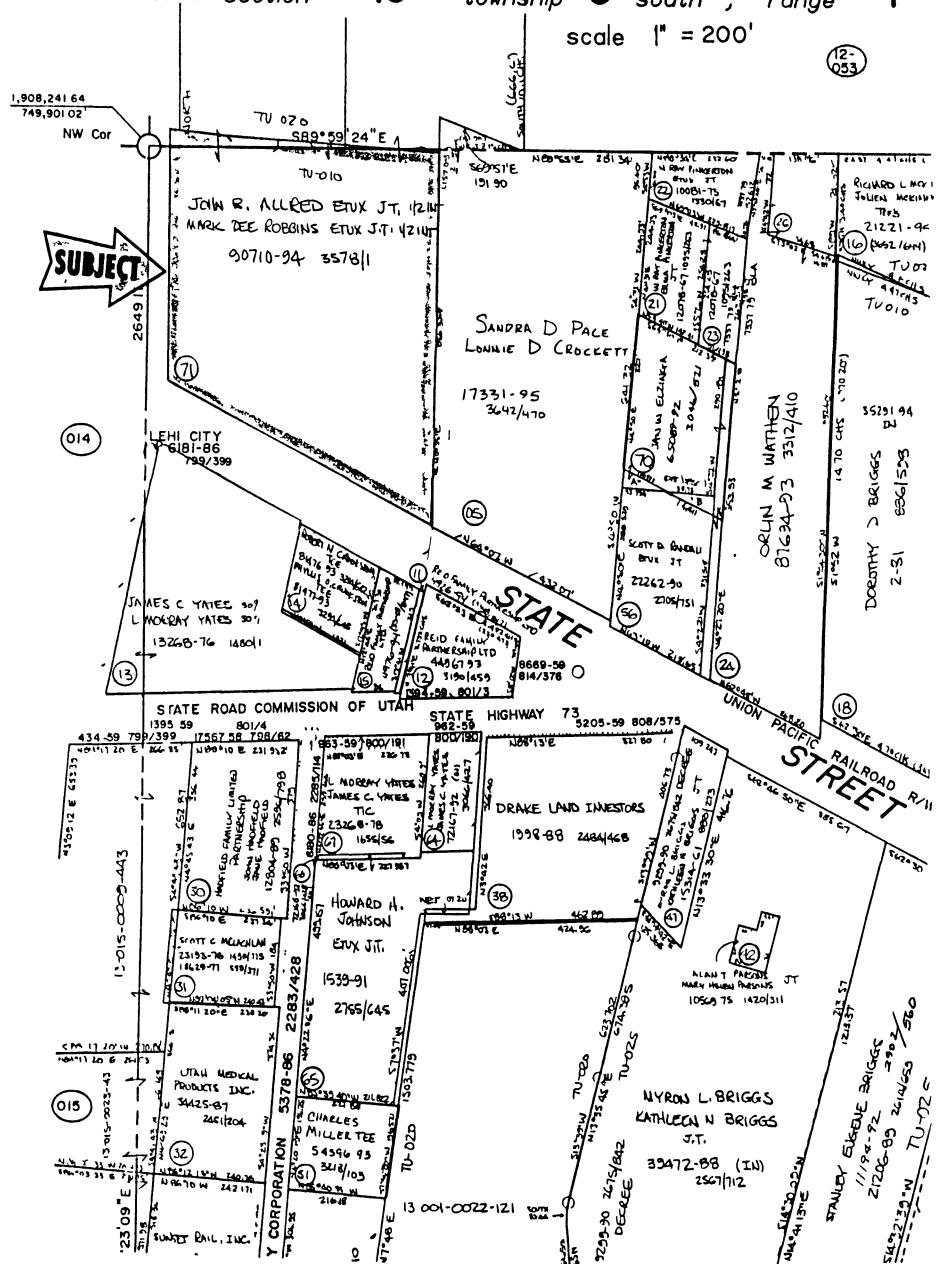


COUNTY PLAT MAP

UTAH COUNTY PLAT

NW 1/4 section 15 township 5 south, range 1

scale 1" = 200'



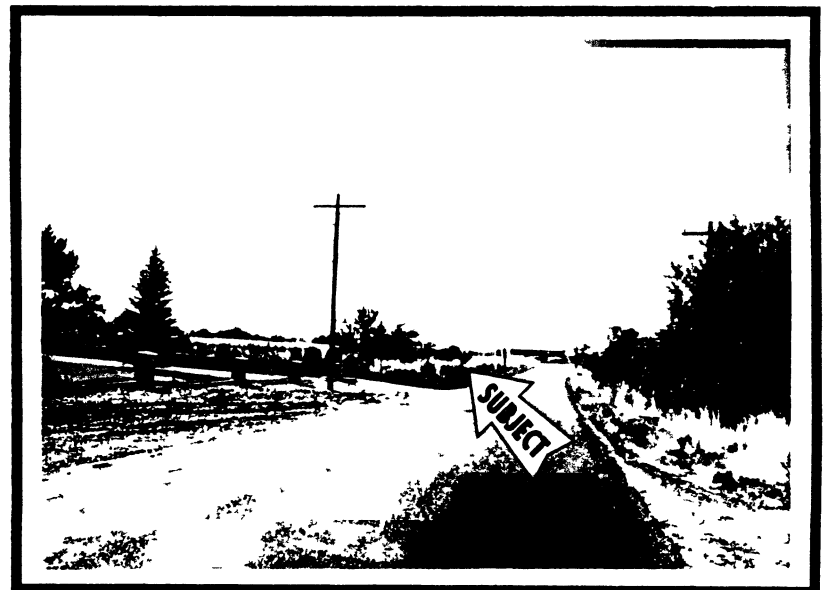
LEGAL DESCRIPTION(S)

COM N 0 DEG 13'21"W 36.4 FT & E 45.71 FT FR NW CORNER SEC 15, T5S, R1E, SLM; S 84 DEG 19'7"E 152.93 FT; S 86 DEG 30'4"E 232.19 FT; S 85 DEG 59'13"E 197.02 FT; S 0 DEG 26'51"W 648.98 FT; S 2 DEG 43'47"W 134.21 FT; N 62 DEG 34'42"W 291.36 FT; N 62 DEG 34'39"W 350.86 FT; N 0 DEG 27'57"E 71.45 FT; N 0 DEG 7'26"W 323.94 FT; N 0 DEG 29'33"E 134.97 FT TO BEG. AREA 8.718 AC.

PHOTOGRAPHS



**CURRENT
VIEWS OF
SUBJECT
SITE AND
VIEWS
ALONG
1200 EAST
STREET**



PHOTOGRAPHS

**CURRENT VIEWS OF
SURROUNDING COMMERCIAL LAND USES**



June 12, 1995

Don Gurney
2712 North Foothill Drive
Provo, Utah 84604

Re: Historical Appraisals

Dear Mr. Gurney:

We represent separate parties in a dispute involving an issue as to the value of a parcel of ground. We have determined it might help the parties resolve their dispute if we had an independent, historical appraisal done on the fair market value of the parcel as of three different dates in 1991 and 1992.

This is to request that you assist us in providing the historical appraisals. The property consisted generally of 8.43 acres located at 1200 East State Street in Lehi, Utah, and included six shares of Mitchell Hollow and six shares of American Fork Irrigation Company water. The tax I.D. numbers of the parcel are #13-002-0002 and #13-002-0003. We would like you to consider all factors you deem relevant to the market value of the property, and provide us your professional opinion of the market value of the property as of May 1, 1991, as of September 27, 1991, and again as of March 30, 1992. Please be aware that an annexation and zone change occurred between those dates. The annexation and zone change were contemplated as of the earlier valuation dates.

We would anticipate paying your fees at your standard rate. We request that you communicate your acceptance, as well as any questions or discussions regarding the appraisal, to both of us in writing, and that you communicate with us simultaneously.

Thank you for your consideration of this matter.

Very truly yours,

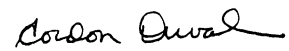
~~SNOW, CHRISTENSEN & MARTINEAU~~



Robert C. Keller
P.O. Box 45000
Salt Lake City, Utah 84145

Don Gurney
June 12, 1995
Page 2

HARDING & ASSOCIATES, P.C.

A handwritten signature in cursive script that reads "Gordon Duval".

Gordon Duval
110 South Main Street
Pleasant Grove, Utah 84062

RCK:sh

SH\RCK\16346.035\GURNEY.LET

July 5, 1995

Don Gurney
2712 North Foothill Drive
Provo, Utah 84604

Re: Historical Appraisals

Dear Mr. Gurney:

We have received your letter of June 29, 1995, and this will provide our response and retainer fee. We enclose two checks representing the amounts due upon acceptance of the terms.

With respect to your question about the owner of the property, we would prefer you frame any questions to the owners in writing and address the questions to us, and we will then provide the answers to the questions. This may take slightly more time and extend the date of completion, but it is more acceptable to the parties.

We are certainly prepared to help you in any way we can as you begin the actual appraisal process.

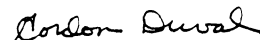
Very truly yours,

SNOW, CHRISTENSEN & MARTINEAU



Robert C. Keller
P.O. Box 45000
Salt Lake City, Utah 84145

HARDING & ASSOCIATES, P.C.



Gordon Duval
110 South Main Street
Pleasant Grove, Utah 84062

RCK:sh
Enclosures
SH\RCK\16346.035\GURNEY2.LTR

PROPERTY OBSERVATION CHECKLIST

LIMITED SCOPE ANALYSIS

The property Observation Checklist is a limited scope analysis voluntarily prepared by the appraiser during the normal course of his/her inspection of the subject property in the preparation of a real estate appraisal. In completing the checklist, only visual observations are recorded. The intent of the checklist is to identify possible environmental factors that could be observable by a non-environmental professional. The appraiser did not search title, interview the current or prior owners, or do any research beyond that normally associated with the appraisal process, unless otherwise stated.

The user of this checklist is reminded that all responses to the questions are provided by an appraiser who is not an environmental professional and is not specifically trained or qualified to identify potential environmental problems, therefore, it should be used only to assist the appraiser's client in determining whether an environmental professional is required. The checklist was not developed for use with single-family residential or agricultural properties.

The appraiser is not liable for the lack of detection or identification of possible environmental factors. The appraisal report and/or the Property Observation Checklist must not be considered under any circumstances to be an environmental site assessment of the property as would be performed by an environmental professional.

SECTION 1 EXTENT OF APPRAISERS INSPECTION OF THE PROPERTY

Describe the appraiser's on-site inspection of the subject property and, as applicable, the adjoining properties.

A typical appraisal inspection was made as part of the appraisal process.

Adjoining properties were visually inspected as of the effective date of the appraisal as well.

SECTION 2 POSSIBLE ENVIRONMENTAL FACTORS OBSERVED BY THE APPRAISER

Indicate below if any of the following possible environmental factors were observed during the appraiser's visual inspection(s) of the subject property and, as applicable, the adjoining properties. A written description of possible environmental factors should be provided for all questions where "Yes" is checked.

- 1 Did the appraiser observe an indication of current or past industrial/manufacturing use on the subject property or adjoining properties?

☐ Yes ☒ No If observed, describe below:

- 2 Did the appraiser observe any containers, storage drums, or disposal devices not labeled or identified as to contents or use on the subject property?

☐ Yes ☒ No If observed, describe below:

- 3 Did the appraiser observe any stained soil or distressed vegetation on the subject property?

☐ Yes ☒ No If observed, describe below:

- 4 Did the appraiser observe any pits, pond, or lagoons on the subject property?

☐ Yes ☒ No If observed, describe below:

- 5 Did the appraiser observe any evidence of above-ground or underground storage tanks (e.g., tanks, vent pipes, etc.) on the subject property?

☐ Yes ☒ No If observed, describe below:

6. Did the appraiser observe any flooring, drains, or walls associated with the subject property that are stained or that emit unusual odors?

☐ Yes ☒ No If observed, describe below:

7. Did the appraiser observe any water being discharged on or from the subject property?

☐ Yes ☒ No If observed, describe below:

8. Did the appraiser observe any indication of dumping, burying, or burning on the subject property?

☐ Yes ☒ No If observed, describe below:

9. Did the appraiser observe any chipped, blistered, or peeled paint on the subject property?

☐ Yes ☒ No If observed, describe below:

10. Did the appraiser observe any sprayed-on insulation, pipe wrapping, duct wrapping, etc. on the subject property?

☐ Yes ☒ No If observed, describe below:

11. Did the appraiser observe any transmission towers (electrical, microwave, etc.) on the subject property or adjoining properties?

☐ Yes ☒ No If observed, describe below:

12. Did the appraiser observe any coastal areas, rivers, streams, springs, lakes, swamps, marshes, or water-courses on the subject property or adjoining properties?

☐ Yes ☒ No If observed, describe below:

13. Did the appraiser observe any other factors that might indicate the need for investigation(s) by an environmental professional?

☐ Yes ☒ No If observed, describe below:

SECTION 3 POSSIBLE ENVIRONMENTAL FACTORS REPORTED BY OTHERS

Indicate below if in completing this assignment the appraiser was informed -- verbally or in writing -- of any information concerning possible environmental factors reported by others. "Others" may include the client, the property owner, the property owner's agent, or any other person conveying such information. Documentation should be provided for all instances where "Yes" is checked. If the information was presented verbally, then a written description of the source and circumstance of the communication should be attached to this checklist and/or the appraisal report. Copies of printed reports provided to the appraiser should be attached to this checklist and/or the appraisal report.

- 14 Has the appraiser been informed about federal or state maintained records indicating that environmentally sensitive sites are located on the subject property or adjoining properties?
☐ Yes ☒ No If yes, provide documentation.
- 15 Has the appraiser been informed about past or current violations (e.g., liens, government notifications, etc.) of environmental laws concerning the subject property?
☐ Yes ☒ No If yes, provide documentation.
- 16 Has the appraiser been informed about past or current environmental lawsuits or administrative proceedings concerning the subject property?
☐ Yes ☒ No If yes, provide documentation.
- 17 Has the appraiser been informed about past or current tests for lead-based paint or other lead hazards on the subject property?
☐ Yes ☒ No If yes, provide documentation.
- 18 Has the appraiser been informed about past or current tests for asbestos-containing materials on the subject property?
☐ Yes ☒ No If yes, provide documentation.
- 19 Has the appraiser been informed about past or current tests for radon on the subject property?
☐ Yes ☒ No If yes, provide documentation.
- 20 Has the appraiser been informed about past or current tests for soil or groundwater contamination on the subject property?
☐ Yes ☒ No If yes, provide documentation.
- 21 Has the appraiser been informed about other professional environmental site assessment(s) of the subject property?
☐ Yes ☒ No If yes, provide documentation.

Signature

DON GURNEY, SRA

Name

10-2-95

Date Checklist Signed

CG-37644

State Certification or State License #

UTAH

State

Utah State-Certified General Appraiser
Certificate CG37644 Expires 6-30 97

May 15, 1995

Don Gurney
15 North 300 East
Provo, UT 84606

Re: Historical Appraisals

Dear Mr. Gurney:

We represent separate parties in a dispute involving an issue as to the value of a parcel of ground. We have determined it might help the parties resolve their dispute if we had an independent, historical appraisal done of the fair market value of the parcel as of three different dates in 1991 and 1992.


This is to request that you assist us in providing the historical appraisals. The property consisted generally of 8.43 acres located at 1200 East State Street in Lehi, Utah, and included six shares of Mitchell Hollow and six shares of American Fork Irrigation Company water. The tax I.D. numbers of the parcel are #13-002-0002 and #13-002-0003. We would like you to consider all factors you deem relevant to the market value of the property, and provide us your professional opinion of the market value of the property as of May 1, 1991, as of September 27, 1991, and again as of March 30, 1992. Please be aware that an annexation and zone change occurred between those dates. The annexation and zone change were contemplated as of the May 1991 valuation date.

We would anticipate paying your fees at your standard rate. We request that you communicate your acceptance, as well as any questions or discussions regarding the appraisal, to both of us in writing, and that you communicate with us simultaneously.

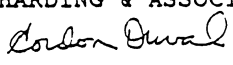
Thank you for your consideration of this matter.

Very truly yours,

SNOW, CHRISTENSEN & MARTINEAU


Robert C. Keller
P.O. Box 45000
Salt Lake City, UT 84145

HARDING & ASSOCIATES, P.C.


Gordon Duval
110 South Main Street
Pleasant Grove, UT 84062

Increase in price due
to inflation, if any.

GD:skh

ANNEXATION

FEBRUARY 11, 1992

LEHI CITY COUNCIL MEETING, FEBRUARY 11, 1992

FEBRUARY 11, 1992

7:00 p.m.

COUNCIL CHAMBERS

CONDUCTING: Mayor Guy W. Cash
PRESENT: Johnny Barnes, John Hadfield, Knollin Haws,
Carolyn Player, Ronald Smith
PRAYER: John Hadfield
PRESS: Lehi Free Press - Betty Fowler

PUBLIC HEARING

1. PAUL PETERSON - ANNEXATION OF APPROXIMATELY 31 ACRES TO A-1 LOCATED AT ABOUT 1800 WEST 900 NORTH

Mayor Cash opened the Public Hearing at 7:05 p.m., and announced to those present that the Council would now receive public input.

No one from the community appeared to oppose the annexation. It was reported that the annexation had received the approval of the Planning Commission.

Mayor Cash closed the Hearing at 7:45 p.m.

2. V. BULLOCK ANNEXATION - OF APPROXIMATELY 5.36 ACRES TO RA-1 AT ABOUT 2305 NORTH 600 WEST

Mayor Cash opened the Public Hearing at 7:06 p.m., and announced to those present that the Council would now receive public input.

No one from the community appeared to oppose the annexation. It was reported that the annexation had received the approval of the Planning Commission.

Mayor Cash closed the Hearing at 7:46 p.m.

3. DEAN MACINTOSH ANNEXATION - OF APPROXIMATELY 29 ACRES TO A-1 LOCATED AT ABOUT 1050 EAST 3100 NORTH

Mayor Cash opened the Public Hearing at 7:07 p.m., and announced to those present that the Council would now receive public input.

No one from the community appeared to oppose the annexation.

FEBRUARY 11, 1992

It was reported that the Planning Commission made no recommendation on this annexation, because of the possibility of the property being brought in as 6 parcels, rather than 2 parcels.

Mayor Cash closed the Hearing at 7:47 p.m.

4. I. MAHLON AND MARIE PECK ANNEXATION - OF APPROXIMATELY 9 ACRES TO GC-1 LOCATED AT ABOUT 300 NORTH 1200 EAST

2

Mayor Cash opened the Public Hearing at 7:08 p.m., and announced to those present that the Council would now receive public input.

No one from the community appeared to oppose this annexation.

It was reported that this annexation had received approval of the Planning Commission.

Mayor Cash closed the Hearing at 7:48 p.m.

REGULAR SESSION

1. CITIZEN INPUT

1. Ken Greenwood appeared before the Council to inquire if he had to go through the subdivision process to develop two lots at 900 North and Wathen Estates. He was told that he must go to the Planning Commission to start the process.

2. ORDINANCE ADOPTING THE 1991 CODES

Councilmember Hadfield made a motion to adopt the Ordinances adopting the following codes: 1991 Uniform Building Code, 1991 Uniform Mechanical Code, 1990 National Electrical Code, 1991 Uniform Plumbing Code, the 1991 Uniform Sign Code, and the 1991 Uniform Code for the Abatement of Dangerous Buildings. Seconded by Councilmember Smith. Motion passed unanimously.

3. ADOPTION OF BUILDING PERMIT FEE AS OUTLINED IN THE UNIFORM BUILDING CODE

Councilmember Smith made a motion to adopt the building permit fee schedule at the list 75% rate for this area. Seconded by Councilmember Haus. Motion passed unanimously.

4. AMBULANCE DEPARTMENT APPOINTMENTS

Mayor Cash made the following appointments:
Mark Loveridge - Captain

FEBRUARY 11, 1992

Charles Walker - 1st Lieutenant
Jerry Lund - 2nd Lieutenant
Lily Southwick - Treasurer
Burdette Powell - Secretary

Seconded by Councilmember Barnes. Motion passed unanimously.

5. DECLARATION OF SURPLUS PROPERTY

Councilmember Haus made a motion declaring the following as surplus property, and to offer it for sale:

1982 Chev. Malibu Ser. #1G1AW69K9CR152863
2 Chain link dog runs
Chain link fence from old Jr. High property

Seconded by Councilmember Player. Motion passed unanimously.

6. COUNCIL ACTION ON PAUL PETERSON ANNEXATION

Councilmember Haus made a motion to approve the annexation, subject to the terms of the Annexation Agreement, and that it be completed within 90 days. Seconded by Councilmember Hadfield. Motion passed unanimously.

7. COUNCIL ACTION ON BULLOCK ANNEXATION

Councilmember Barnes made a motion to approve the annexation, subject to the terms of the Annexation Agreement, and that it be completed within 90 days. Seconded by Councilmember Player. Motion passed unanimously.

8. COUNCIL ACTION ON MACINTOSH ANNEXATION

Councilmember Smith made a motion to approve the annexation, subject to the terms of the Annexation Agreement, that it be completed within 90 days, and that it be limited to four (4) building lots. Seconded by Councilmember Haus.
ROLL CALL VOTE: 4 - yes. Hadfield abstained. Motion passed.

9. COUNCIL ACTION ON MAHLON PECK ANNEXATION

Councilmember Smith made a motion to approve the annexation, subject to the terms of the Annexation Agreement, and that it be completed within 90 days. Seconded by Councilmember Haus. Motion passed unanimously.

10. MINUTES APPROVED OF PREVIOUS MEETING

Councilmember Barnes made a motion to approve the minutes of the January 28, 1992 meeting. Seconded by Councilmember Smith. Motion passed unanimously.

11. CITY BUSINESS

1. Councilmember Hadfield made a motion to approve a Purchase Order to Geneva Rock for asphalt in the amount of

LEHI CITY ANNEXATION PETITION
APPLICATION FOR AN AMENDMENT TO THE ZONING MAP

<u>I. Mahlon & Marie M. Peck</u> Applicant	<u>10171 N. 6800 W. Highland, UT</u> Address	<u>768-9891</u> Phone
<u>Approx. 300 N. on 1200 E.</u> Property Address	<u>County RR5</u> Present Zone	<u>City GC-2</u> Proposed Zone

Complete information for adjoining property owners:

Name_____	Name_____
Address_____	Address_____
Phone_____	Phone_____
Name_____	Name_____
Address_____	Address_____
Phone_____	Phone_____
Name_____	Name_____
Address_____	Address_____
Phone_____	Phone_____

Proposed use of land:_____

How will the proposed change promote the general welfare of Lehi City?_____

Legal Description of property: Approx 9 acres in SW Cor Sec 10, T5S,
R1E. SLB&M

SEE ATTACHED PLAT Survey is forthcoming

We hereby certify that all of the undersigned together constitute a majority of the owners of said real property to be annexed and also are the owners of more than one-third in value of said real property as shown by the last assessment rolls for taxes, and that said land is contiguous to the Corporate limits of Lehi City. The requested zoning is GC-2.

Name	Phone	Address
X <u>J. Mahlon Peck</u>	<u>768-9891</u>	<u>1017 N 6800 W HIGHLAND UT</u>
X <u>Maice M. Peck</u>	<u>768-9891</u>	<u>1017 N 6800 W HIGHLAND UT</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

Each owner and signer for himself says: I have personally signed this petition; I am an owner of a portion of the property above mentioned and located at or near Lehi, Utah County, State of Utah, and my post office address is correctly written after my name.

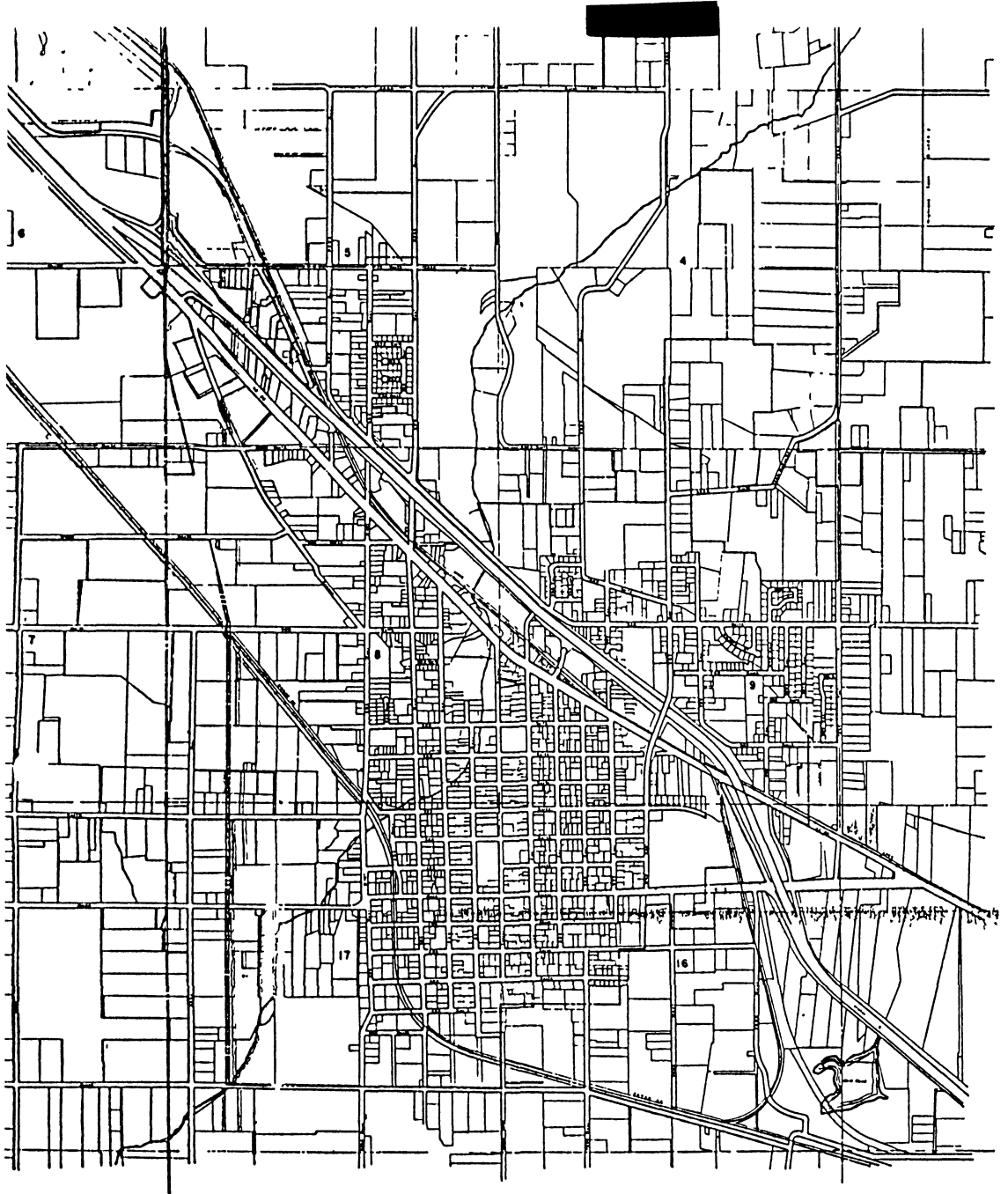
NOTE: The Planning Commission shall be allowed 30 days to evaluate and approve or disapprove this application. An additional 30 days are required to post notice of and to conduct a public hearing for this Zoning Map Amendment.

PLANNING COMMISSION COMMENTS:

Date: 1/9/92 Approved: ✓ Disapproved: Robert Barch
Planning Com. Chairman

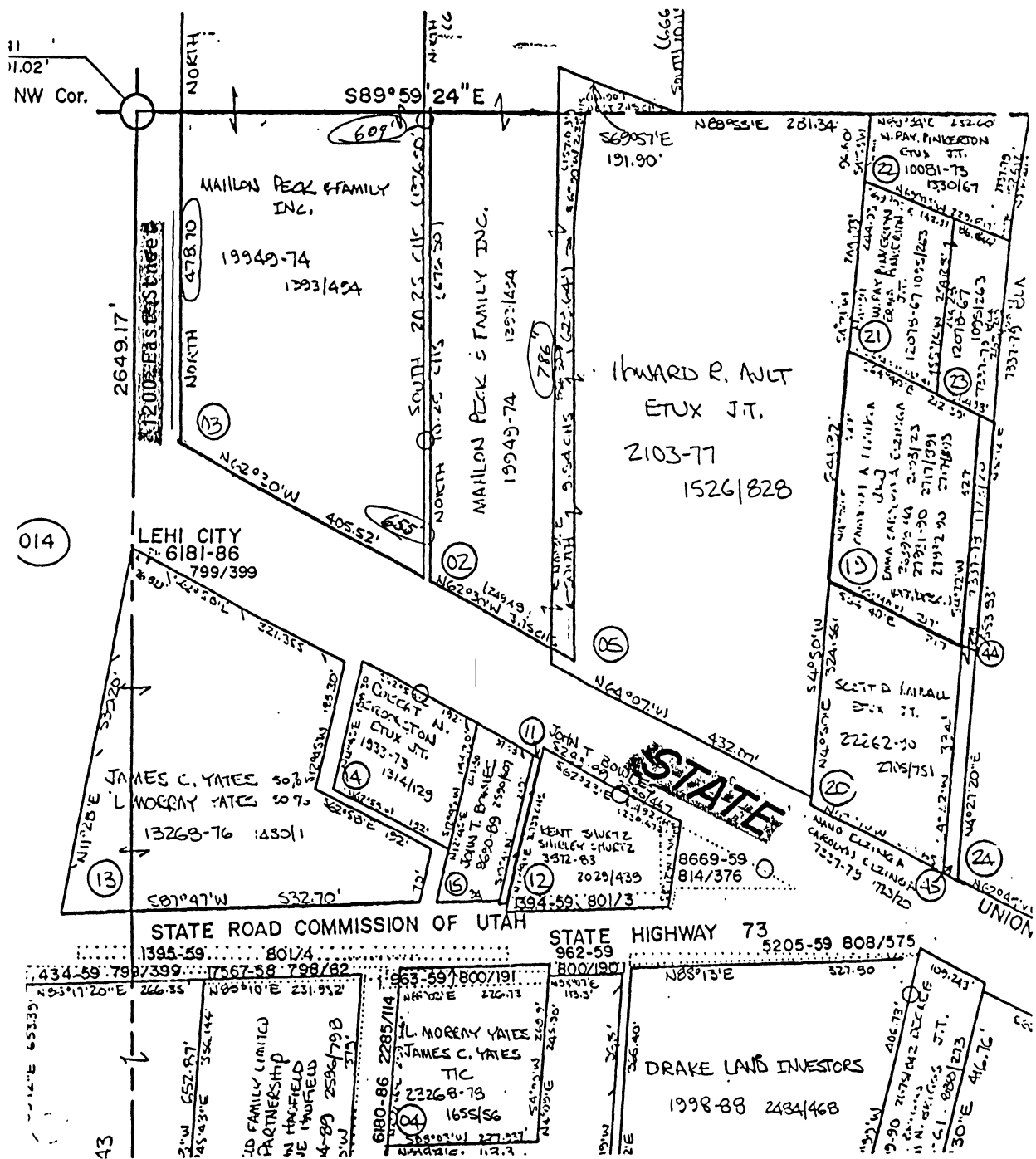
CITY COUNCIL COMMENTS:

Date: _____ Approved: _____ Disapproved: _____
Mayor



MAHLON PECK ANNEXATION
ZONE GC

Lehi City, Utah



ANNEXATION AGREEMENT

THIS AGREEMENT made and entered into this 11 day of Feb,
1992, by and between LEHI CITY CORPORATION, a municipal
corporation of the State of Utah and I. Mahlon Peck and Marie M. Peck

hereinafter referred to as Owners.

WHEREAS, the Owners desire to annex certain property to the
City of Lehi which property is described on Attachment A and
incorporated by reference herein; and

WHEREAS, Owners have specifically requested that said property
be annexed to the City, and the City Council having considered the
matter is willing to annex the said property only upon certain
conditions to be met and fulfilled by the Owners, their heirs,
executors, assigns and successors in interest in the event said
property is developed for residential, commercial, or industrial
use; and

WHEREAS, it is expressly agreed and understood by and between
the parties that but for the said performance by the Owners, the
City of Lehi would not, 'under any circumstances, annex the said
property within its corporate boundaries nor would it be willing to
serve the said property with utilities and other municipal services
which it will serve upon said property being annexed and developed;
and

WHEREAS, the conditions, performances and obligations of the
Owners set forth herein are expressly understood to be independent
and in addition to compliance with all of the laws, ordinances,
requirements and regulations of the City of Lehi; and

WHEREAS, it is further agreed that this Agreement in no way and under no circumstances infers sketch plan, preliminary plan or final plan approval of any subdivision or development, nor does it assure or represent that the Owners and/or developers have complied with all of the requirements set forth by ordinance and statute as pertains to the proposed improvement or development;

NOW THEREFORE, for and in consideration of the City of Lehi's Agreement to annex said property into the corporate limits of the City of Lehi and to serve such services, governmental and utility, as may be ordinary and necessary for its orderly development, the Owners agree to the following:

1. This Agreement shall be and is hereby expressly made binding upon all of the heirs, executors, assigns and any and all other successors in interest of the parties hereto.

2. Any improvements stated herein as required to be performed by the Owners prior to annexation shall be and are expressly understood and set forth herein as conditions precedent to annexation; and any requirement which is to be performed after annexation shall be subject to specific performance by the Owner and/or developer, and shall be considered to be a condition subsequent to the annexation and is a requirement to the continued status of the property as having a right to the services, governmental and utility of the City of Lehi.

3. It is agreed that the Owners and/or developers shall pay unto the City of Lehi at such times and places as required by the ordinance, rules and regulations existing at the time of this Agreement, or as subsequently changed by ordinance, rules or

regulations, such sums as are required by the said ordinances, rules and regulations pertaining to development of subdivisions, connection fees, park fees, water dedication fees and any and all other such fees as are so made and provided. Such fees include but are not limited to the following:

A. Public Property Dedication: Dedication of .75% of an acre for each proposed dwelling unit within the development will be required to be used for parks, recreational centers and/or public uses. The dedicated parcel must be of such dimension and location so as to render it suitable for public use as determined by the Planning Commission. Where the required dedication is less than one (1) acre, the developer will be required to combine his dedicated property with that of an adjacent land owner in order to achieve the one (1) acre minimum. If such combined dedication is not feasible, the developer may petition the Planning Commission for permission to make an equivalent cash contribution based upon the fair market value of the undeveloped land as determined by the assessed valuation of said land.

B. Water Dedication: The property owner must deed water rights relating to either culinary or irrigation water to the City upon annexation. The City shall hold the signed water stock certificates in trust and shall not record the same thereby

allowing said owner to continue to use such dedicated water until connections to the City's culinary water system are made. At that time the City will begin recording the dedicated water at the rate of one-third (1/3) share per dwelling unit connected to the City water system or the equivalent thereof in the case of commercial or industrial connections. Owners must continue to pay all annual water taxes on dedicated shares of water during the time they are allowed to use them prior to connection to the City culinary system. Failure to pay said taxes will result in a termination of the right to use the dedicated water. The amount of water to be dedicated will be based upon the zone designation upon annexation as indicated below. Should the zone be changed subsequent to annexation, an adjustment will be made in order to conform to the schedule listed below:

<u>Zone</u>	<u>Number of required shares of Lehi Irrigation Company water *per acre annexed</u>
A-1	.34
RA-1	.84
R-1	1.42
R-2	2.92
R-3	3.67
All others	1.50
Mobile Home Parks	2.00

Partial shares will be rounded up to the next full share.

*The Lehi Irrigation Company shall be used as the standard in determining the number of shares of other water stock to be dedicated as follows:

<u>Water Company</u>	<u>Shares Required to Equal 1 Lehi Share</u>
Deer Creek Water	2.6
Provo Late Water	1.0
Provo Full Shares	.75
North Bench	2.0

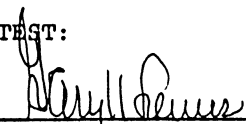
C. Other requirements as listed below:

~~8.87~~ 8.87 @ 1.50 Shares/acre = 13.30
14 Shares of Lehi Irrigation or Equiv.

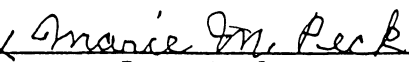
IN WITNESS WHEREOF, the said parties to this Agreement have hereunto signed their names the day and year first above written.


Lehi City Mayor

ATTEST:


Lehi City Recorder

X 
Property Owner

X 
Property Owner

Property Owner

Property Owner

AFFIDAVIT OF PUBLICATION

STATE OF UTAH

ss.

County of Utah

Lehi public hearing slated

Notice is hereby given that a public hearing will be held Feb. 1, 1992, at 7:00 p.m. in the Lehi City Council Chambers located at 53 North 100 East to allow public input on the following proposals:

1. Paul Peterson Annexation - request for annexation of approximately 31 acres to A-1

at about 1800 West 900 North.

2. V. Bullock Annexation - request for annexation of approximately 5.36 acres to RA-1 at about 2305 North 600 West.

3. Dean A. Mackintosh Annexation - request for annexation of approximately 29 acres to A-1 at about 1050

East on 3100 North.

4. I. Mahlon and Marie M. Peck Annexation - request for annexation of approximately 9 acres to GC-2 at about 300 North on 1200 East.

Published in the Lehi Free Press Dec. 31, 1991.

I, Brett R. Bezzant, being first duly sworn, depose and say that I am the publisher of the LEHI FREE PRESS, a newspaper of general circulation published once a week at LEHI, Utah County, UTAH; that the notice attached hereto and which is a:

LEHI PUBLIC HEARING SLATED

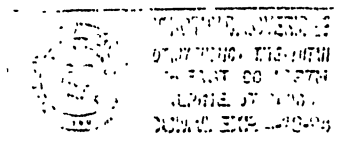
was published in said Newspaper for ONE consecutive issue(s), the first publication having been made on the 31ST day of DECEMBER, 1991 and the last on the 31ST day of DECEMBER, 1991, that said notice was published in the regular and entire issue of every number of the paper during the period and times of publication and the same was published in the newspaper proper and not in the supplement.

Brett R. Bezzant

Subscribed and sworn before me this 2ND, day of JANUARY, 1992.

Dorothy D. ...
Notary Public

My commission expires 4/18/94.



ZONING

Minutes of the Lehi City Planning and Zoning Meeting held January 9, 1992, at 7:00 p.m. in the City Council Chambers.

Members Present: Bob Park, Ron Smith, Brent Loveridge, Mont Peterson, Marlin Peterson

Members Absent: Ted Rampton

Others Present: Bob Kunz, Don Pinkham, Dianna Webb, Craig Gibbs, Shawn Anderson, Robert M. Anderson, Elaine B. Talley, David W. Talley, Reed Sunderland, Wayne Carlton, Howard H. Johnson, Deane Lindstrom, Larry Lindstrom, LaVar Bateman, Tamra Jones, Dale C. Jones, Margaret Russon, Brad Sunderland, Jim Yates, Morray Yates, Lester Barber Sr., Mayor Guy Cash, Bruce Chesnut, Doug Hall, Johnny Barnes

A motion was made by Brent Loveridge to approve the minutes of the December 26, 1991, Planning and Zoning Meeting as recorded; seconded by Ron Smith. Voting was unanimous in the affirmative.

Jim Yates - Preliminary approval for a Commercial Subdivision

Jim Yates and Morray Yates were present to request preliminary approval for a commercial subdivision of approximately 15 acres at about 1500 North Trinnaman Lane in an existing GC-1 zone. (It was noted that under changes in the master plan soon to be implemented, the GC-1 zoning would be reclassified as GC-2.)

Bob Kunz explained that under state law, up to 10 lots on this commercial property could be sold by metes and bounds as long as preliminary subdivision approval had been given by the planning commission and the city council.

Morray Yates stated that lots 1, 2, 3, & 4 as shown on the preliminary plat had been sold to Lester Barber. This included approximately 3.5 acres. One additional lot had been sold to Johnson Medical by the previous owner of the property, Mr. Mulcock. The remaining unplatted property has drainage problems that need to be worked out and would not be developed at the present time. Approximately 23 feet of property along 1500 North would have to be deeded to the city to widen the street to required specifications. An 80 foot access was also necessary to square up the junction of 1500 North and State Street. The developers agreed to deed this property to the city for the streets. City services were available to the property.

Several citizens were present to express concerns about allowable uses in the GC-2 zone, increased traffic problems, and protecting the integrity of their neighborhood.

Bob Kunz explained that because lot #1 is adjacent to residential zoning, this lot would have to meet residential setback requirements as well as fencing and screening requirements. A 6

foot light-obscuring fence would be required along the property line separating it from the Evans property. All lots would be subject to site plan review and city ordinance requirements, including curb, gutter and sidewalk.

Bob Park called for a motion to approve or disapprove the request. He cautioned the commission that no action constitutes approval in 30 days.

A motion was made by Brent Loveridge to give preliminary approval for a commercial subdivision of approximately 15 acres at about 1500 North Trinnaman Lane in an existing GC-1 zone with the stipulations that there would be no development on the unplatted lands until drainage problems were solved and that the property necessary for widening the roads as discussed be deeded to the city; seconded by Mont Peterson with the comment that uses on the property should be screened carefully by the site plan committee. Voting was as follows: Brent Loveridge - yes, Mont Peterson - yes, Ron Smith - yes, Marlin Peterson - no.

V. Bullock - Annexation

Bruce Chesnut was representing Vera Bullock in requesting annexation of approximately 5.36 acres to RA-1 at about 2305 North 600 West. This property had been part of the John Roberts Annexation that was considered at the previous planning commission meeting. John Roberts and Elden Osborne had withdrawn their petitions for annexation, leaving Mrs. Bullock as the only applicant. The property was contiguous to an R-1 zone. Plans for the property included a subdivision of approximately twelve 15,000 square foot lots. Sewer was at 2100 North 600 West. The developer would be required to extend the sewer to the development. Other services were available. The impact statement was read by Bob Park. The developer understood that although an RA-1 zoning had been requested, no animal rights would be included because of the planned 15,000 square foot lot sizes.

A motion was made by Ron Smith to approve the V. Bullock Annexation of approximately 5.36 acres to RA-1 at about 2305 North 600 West with the stipulation that the required water shares be dedicated to the city; seconded by Marlin Peterson. Voting was unanimous in the affirmative.

Dean A. Mackintosh - Annexation

Bruce Chesnut was representing property owners Dean Mackintosh, Jane Hadfield and John Hadfield in requesting annexation of approximately 29 acres to A-1 at about 1050 East on 3100 North. Approximately 3 acres of city owned property was also included in this request. There was presently no sewer available to the property. Any development would have to be done on septic tanks.

Present city ordinances regulating the minimum lot size allowed for septic tanks was discussed. There was some confusion as to whether

or not the grace period for allowing septic tanks on lots of less than 3 acres extended by the city council to existing properties would also cover new annexations. Mayor Cash suggested that Ron Smith talk with city attorney, Ken Rushton, for clarification on the matter.

The planning commission felt that this question needed to be answered before approval could be given for the annexation. A motion was made by Marlin Peterson to table the Mackintosh Annexation request until the next meeting; seconded by Ron Smith. Voting was unanimous in the affirmative.

I. Mahlon and Marie M. Peck - Annexation

Bruce Chesnut was representing I. Mahlon and Marie M. Peck in requesting annexation of approximately 9 acres as GC-2 at about 300 North on 1200 East. Mr. Chesnut stated that by including the railroad tracks and State Street to make the Peck property contiguous with the city boundary to the south, the annexation would total approximately 11 acres. GC-2 zoning had been requested to allow for commercial development along State Street with the possibility of fourplexes on the north end of the property next to the current residential area. The plan was not for a development of fourplexes, but rather one or two constructed as a buffer between the commercial and residential zones.

Bob Kunz explained that any fourplex built in a GC-2 zone would have to be approved by the planning commission and the city council as a buffer between zones.

All city services were available across State Street to the south of the proposed annexation. It would be possible to extend some services from the north of the property if desired by the developer.

A motion was made by Marlin Peterson to approve the Peck Annexation of approximately 11 acres to GC-2 at about 300 North on 1200 East; seconded by Ron Smith. Voting was unanimous in the affirmative.

Bob Park suggested that the developer consider putting a road on the north side of the tracks for access to the property rather than crossing the tracks for access.

Sunny Wen - Annexation

Craig Gibbs was representing Sunny Wen in requesting annexation of approximately 1 acre to RA-1 at about 1250 East on 900 North.

Bob Park explained that this annexation request had been considered by both the planning commission and the city council. By failing to take action on the request, the planning commission had, in fact, approved the annexation and passed it on to the city council. The city council had voted to deny the request. Mr. Park asked Mr. Gibbs to explain any changes or new information that had caused Mr.

Wen to reapply for annexation.

Mr. Gibbs stated that since the denial by the city council, he had obtained legal counsel on the matter. The attorney had read all minutes of the meetings and all documents that had been submitted. Minutes from other city meetings dealing with annexations had been read. The opinion of his attorney was that the Sunny Wen Annexation request received scrutiny not common to other annexation requests. The State Attorney General's Office had also been contacted because Mr. Gibbs did not believe the action by the council had been fair. He had been advised by his attorney to reapply for annexation.

Doug Hall, attorney for neighbors of the Wen property, argued that the annexation should not be reconsidered because nothing had been done to change the property or the conditions existing when it was denied previously.

Mr. Gibbs stated that the only options available to Mr. Wen were to buy back the 4 acres sold off of the original parcel by Mr. Edwin Gibbs, get a zoning lot agreement, or annex to the city. He had been refused on the first two options, and in order to allow the existing home to be occupied, the property would have to be annexed.

Bob Kunz clarified that the home could not be occupied under ... county zoning ordinances. The city council had stipulated earlier that in order to annex, Mr. Gibbs (acting for Mr. Wen) would have to obtain a certificate of occupancy and proper inspection from the county. Documents had been presented previously to show that both of these stipulations had been met. The certificate of occupancy stated that the home met all standards for occupancy, but because of zoning problems, it could not be occupied.

Mr. Gibbs also stated that he felt that the real issue was the possibility of a group home. The Federal Fair Housing Act did not allow discrimination toward the handicapped, and the State would be anxious to see the outcome of annexation request.

Bob Park stated that the planning commission had, in fact, approved the annexation at an earlier date through lack of action. He reminded the commission that no action would again constitute approval.

Brent Loveridge stated that he felt that the planning commission should make a recommendation either for or against the proposal. Mr. Loveridge made a motion to approve the Sunny Wen annexation request of approximately 1 acre to RA-1 located at about 1250 East 900 North. The motion died from lack of a second.

Mr. Park again reminded the planning commission that failure to make a recommendation would constitute approval in 30 days. No further motions were made. The matter would be referred to the city council.

Because of recent changes adopted in the city master plan and zoning ordinances, home occupation permits would be considered by the planning commission beginning in February. Bob Kunz suggested that the commission might want to schedule a work session to discuss changes and receive training concerning conditional use permits. A training/work session would be scheduled for January 23, 1992, at 7:00 p.m.

Brent Loveridge, a planning commission member who also serves on the board of adjustment, commented that he thought the city might need to consider tightening the guidelines for home occupations.

A motion was made by Brent Loveridge to adjourn the meeting; seconded by Marlin Peterson. Voting was unanimous in the affirmative.

Minutes approved 1/23/92

Chairman *B. Butler*

Secretary *Dianna Webb*

10 July 95

Dear Mr Gurney,

I,m pleased you have accepted to provide us with a professional appraisal to help us solve this matter. You were highly recommended by several realtors. I'm representing my father, Mahlon Peck, in this dispute.

There has been a lot of research done on this property. I went through my file and made copies of information that may assist you in the appraisal. Under the circumstances, you would want to verify any information that I have provided.

Concerning utilities, towards the end of 1993 I contacted the Lehi Building Inspector about the cost of running a sewer line under railroad tracks and the highway at my dads property. He was very familiar with the property, stating "it was 88 Ft from the existing sewer to the property line and you could figure about \$100/Ft. to run the sewer under the tracks and highway". I called a Lehi contractor, Gary Adams, who installs sewer lines. He said \$100/Ft was probably a little high.

If I can assist you in any way, I can be reached at

Daytime 775-0956
Eve 768-3979

P.S. I will be out of town from July 29 thru Aug 5

Thanks

A handwritten signature in cursive script, appearing to read "Wayne Peck".

Wayne Peck
420 N. 1200 E.
Lehi, UT. 84043

VALUE OF PROPERTY AS OF May 1, 1991

- 1200 E. State St. (HWY 89) Lehi City
- Tax ID# 13-002-0002 & 13-002-0003
- 8.43 Acres
- 6 Shares Mitchell Hollow and 6 Shares American Fork Irrigation
- Zoned Commercial (GC-2) Approved for large MFG, some retail, storage & multi-residential.
- All city services are available North & South of the property except Sewer. The Sewer would have to be run from the south under HWY 89 and railroad tracks (Approx. 88 Ft.) at a cost of approx. \$8,000.
- Borderlines Am Fork-Lehi City
- Close to I-15 Interchange
- Corner lot
- 625 Ft frontage State St. (HWY 89)
- 479 Ft frontage 1200 E.

APPRAISER QUALIFICATIONS



DON GURNEY, SRA
2712 North Foothill Drive
Provo, Utah 84604
(801) 375-1588

CERTIFIED GENERAL APPRAISER
(Utah State License #37644 Expires 6-30-95)

EDUCATION

Granger High School	1960-63
University of Utah	1963-64
Brigham Young University (B S Degree in Accounting)	1967-69
Brigham Young University (Post-Graduate Study)	1971-72

APPRAISAL COURSES SPONSORED BY PROFESSIONAL ORGANIZATIONS AND INSTITUTIONS

Course 101 "Appraising Real Property"	1977
Applications of Market Extractions	1981
Cash Equivalency & Creative Financing	1982
Course 201 "Principles of Income Property"	1984
Expert Testimony in Condemnation Trials	1984
Regulation R41-b	1985
Capitalization Overview	1986
Uniform Residential Appraisal Report Form	1987
FNMA Guidelines	1988
Professional Practice	1988
FNMA 2-4 Family Appraisal Report	1990
Review Appraising	1992
Subdivision Analysis	1992
Standards of Professional Practice Parts A & B	1993
Course 550 Advanced Applications	1993
Understanding Limited Appraisals	1994

PROFESSIONAL AFFILIATIONS

Appraisal Institute (SRA)
Appraisal Institute (MAI candidate)
Utah County Board of Realtors
Utah County Appraisers Data Pool

APPRAISAL PROFESSION SERVICE

- Chapter Officer (in various other capacities) from 1982-87 Society of Real Estate Appraisers
- Chapter President for 1987-88 term of Salt Lake/Utah Chapter No 41 Society of Real Estate Appraisers
- Appointed in July 1990 to serve a 2-year term as a member of the newly created Real Estate Appraiser Registration and Certification Board for the State of Utah

APPRAISAL EXPERIENCE

Real Estate Selling and Appraising	1972-75
Chief Appraiser - Southern Division of Commercial Security Bank	1975-77
Independent Fee and Staff Appraiser	1975-Present

- Appraisals performed at the request of numerous clients including many lending institutions, government agencies, and relocation companies
- Appraisals have been done for local city and county agencies, as well as for Realtors, Certified Public Accountants, and Attorneys
- Served as expert witness in U S District Court and local jurisdictions
- Appraisal "reviews completed on behalf of many institutional clients
- Appraisal experience has included a broad variety of valuation assignments on undeveloped land, building lots, residential single family housing, multiple unit residential, commercial and industrial properties
- Over 12,500 appraisals completed with total valuation in excess of 950 million dollars

STATE OF UTAH DEPARTMENT OF COMMERCE DIVISION OF REAL ESTATE	
License Number CG00037644	Expiration Date 06 30-97
THIS IS TO CERTIFY THAT	
DONALD A. GURNEY 2712 N FOOTHILL DR PROVO UT 84604	
IS A <u>CERTIFIED GENERAL APPRAISER</u> UNTIL THE EXPIRATION DATE ABOVE UNLESS SOONER REVOKED, SUSPENDED, CANCELED OR RESTRICTED	
SEALED AND ATTESTED	
<i>Steven H. Stewart</i> Director	<i>Donald A. Gurney</i> Not Valid Unless Signed By Licensee