



March 11, 2020

Gerald Steen, Board President
Madison County Board of Supervisors
Services requested by Danny Lee
danny.lee@madison-co.com

SUBJECT: Proposal/Authorization for Valuation and Consulting Services
Vacant Fred's, North Union St, Canton, MS

Dear Mr. Steen:

Integra Realty Resources – Jackson, appreciates the opportunity to provide this proposal for valuation and counseling services to the undersigned (the “Client”) for the Subject Property.

It is our mutual understanding that the purpose of this appraisal is to provide an opinion of the **market value** of the **fee simple** interest in the Subject Property and that the intended use of the appraisal is for **tax purposes**. The appraisal and report will be prepared in conformance with and subject to, the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute and the *Uniform Standards of Professional Appraisal Practice* (USPAP) developed by the Appraisal Standards Board of the Appraisal Foundation. The Ethics Rule of USPAP requires us to disclose to you any prior services we have performed regarding the Subject Property within a three year period immediately preceding the acceptance of this assignment, either as an appraiser or in any other capacity. We represent that we have not performed any services that require disclosure under this rule.

In accordance with our correspondence, the scope of this assignment will require IRR – Jackson to consider all relevant and applicable approaches to value as determined during the course of our research, property analysis and preparation of the report.

Federal banking regulations require banks and other lending institutions to engage appraisers where FIRREA compliant appraisals must be used in connection with mortgage loans or other transactions involving federally regulated lending institutions. Given that requirement, this appraisal may not be accepted by a federally regulated financial institution.

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The appraisal will be communicated in an **Appraisal Report-Standard Format**. Our fee for this assignment will be \$2,750. The report(s) will be completed and delivered to you within 3 weeks from our receipt of this fully executed engagement letter and the information requested in Attachment II.

Additional fees will be charged on an hourly basis for any work which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party which exceed the time allotted for an assignment of this nature.

In order to complete this assignment in the designated time, we will require as much of the available information as possible, as identified in Attachment I, within 5 business days after the execution of this engagement letter. Any delays in the receipt of this information or in the access to the property(ies) will automatically extend the final delivery date of the report(s) as proposed. Furthermore, the appraisal report and conclusions therein will be predicated upon the accuracy and completeness of the information provided by the Client and set forth in Attachment I. In the absence of some of this information, the appraisers will attempt to obtain this information from other sources and/or may require the use of Extraordinary Limiting Conditions and Assumptions within the appraisal report.

The appraisal report will be limited by our standard Assumptions and Limiting Conditions and any Extraordinary Assumptions and Limiting Conditions, which become apparent or necessary during the course of the assignment. A copy of the standard Assumptions and Limiting Conditions is set forth in Attachment II.

In addition, this engagement letter is subject to the following terms:

1. Duration of Quote. This proposal and fees quoted are valid for a period of fourteen (14) calendar days from the date hereof. If we do not receive a signed copy of this engagement letter from you within such 14 days, the fact that we made the foregoing proposal of professional services will not preclude us from performing professional services for another client on the Subject Property.
2. Completion Date. The delivery date of the report will be 21 days from your acceptance of this engagement letter. The foregoing delivery date is contingent upon the absence of events outside our control such as illness, lack of specific necessary data and/or Acts of God, timely access for inspection of the Subject Property, as well as our receipt of all requested information necessary to complete the assignment.
3. Information. Both parties acknowledge that real estate appraisal requires current and historical market data to competently analyze the Subject Property. Accordingly, the Client agrees that: (i) the data collected by us in this assignment will remain our property; and (ii) with respect to any data provided by the Client, Integra and its partner companies may utilize, sell and include such data (either in the aggregate or individually), in the Integra database and for use in derivative products so long as the identity of the Client and its financial condition is not disclosed. The Client agrees that all data already in the public domain may be utilized on an unrestricted basis. Finally, the Client agrees that we may use commercially available as well as proprietary software programs to perform your assignment (web based and others).
4. Litigation. In the event one or more Integra Parties (defined below), is called upon to provide testimony or receives a subpoena concerning any suit or proceeding or otherwise becomes

involved in any litigation relating to, in which the Integra Party is not a party, the Integra Parties will make every reasonable effort to assist Client and provide such testimony. Client agrees to compensate the Integra Parties at their then current rates, on an hourly basis, plus reimbursement for all expenses incurred as a result of said litigation. In addition to the foregoing, the following terms are applicable:

- Review and trial preparation (if applicable) in-office, will be billed at standard hourly rates; outside office rates may apply to conferences, depositions and testimony.
- All reports for which testimony is required must be disclosed prior to report authorization.
- All fees for reports, conferences and depositions must be paid prior to hearings and trial.
- Scheduling of casework and appearances will be made with due consideration for the time of all persons involved. Every effort to comply with reasonable requests for appearances will be made. Once an appointment, deposition or appearance is scheduled, that time is set aside. Therefore, if the appearance is canceled, or the reserved time is abandoned for whatever reason, the following cancellation charges will apply:

1. More than one week	No Charge
2. 48 hours prior	[\$250.00]
3. Less than 48 hours prior	[\$600.00]
4. Stand-by Charge	[\$250.00 per day]

- Due to the difficulty associated with accurately forecasting the number of hours which may be required for the research, hearing and/or trial preparation, deposition time, client/expert conferences, etc., the Integra Parties will maintain contemporaneous time and expense records and will provide Client with invoices on a 30 day billing cycle. Client agrees to pay the Integra Parties at the time the invoice is submitted and further agrees that such payment is not contingent upon any set outcome or result of such litigation.
5. **Limitations of Liability.** IRR – Jackson is an independently owned and operated company. The parties hereto agree that Integra Realty Resources, Inc. (“Integra”) shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Jackson. In addition, it is expressly agreed that in any action which may be brought against IRR – Jackson and/or any of its officers, owners, managers, directors, agents, subcontractors or employees (the “Integra Parties”), arising out of, relating to, or in any way pertaining to this engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.
6. **Proprietary Software.** Client acknowledges that Integra’s MarketPoint and DataPoint software is proprietary and confidential. Accordingly, Client agrees not to use such software other than in

furtherance of the purposes of this engagement letter. Client further agrees not to make such software available for the use of any third party.

7. Fees. Unless arrangements are made otherwise, a late charge of 15% per annum, commencing thirty (30) days after the receipt of invoice will be charged on any balance not paid; however, in no event shall this delinquency rate of interest exceed the maximum rate permitted by law. The Integra Parties shall also be entitled to recover their costs (including attorneys' fees), associated with collecting any amounts owed or otherwise relating to this engagement. Upon default by you, we shall be permitted to file a lien against the Subject Property for any amounts owed pursuant to this engagement letter.
8. Cancellation. In the event the assignment is canceled prior to completion, an invoice will be prepared reflecting the percentage of work completed as of that date. Any credits to Client will be promptly refunded or any remaining balances will be indicated on the invoice.
9. Purpose; Reliance. The purpose of the appraisal is to develop an opinion of the market value of the Subject Property on behalf of the Client as the intended user of the appraisal. The intended use of the appraisal is to assist the Client, as the intended user of the appraisal, in evaluating the Subject Property for a buy/sell decision. The use of the appraisal by anyone other than the Client is prohibited. Accordingly, the appraisal report will be addressed to and shall be solely for the Client's use and benefit unless IRR - Local Office provides its prior written consent. IRR - Local Office expressly reserves the unrestricted right to withhold its consent to your disclosure of the appraisal report (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless the prior written consent of IRR - Local Office is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable). In the event the Client provides a copy of this appraisal to, or permits reliance thereon by, any person or entity not authorized by IRR - Jackson, the Client agrees to indemnify and hold harmless the Integra Parties from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the review appraisal by any such unauthorized person or entity. If the appraisal is referred to or included in any offering material or prospectus, the appraisal shall be deemed referred to or included for informational purposes only and the Integra Parties shall have no liability to such recipients. IRR - Jackson disclaims any and all liability to any party other than the Client which retained IRR – Jackson to prepare the appraisal.
10. Special Experts. Any out-of-pocket expenses incurred during this assignment will be billed at cost and included on the invoice. Should the Client request the assistance of any of the Integra Parties in hiring a special expert to contribute to any assignment (including but not limited to, a surveyor, environmental consultant, land planner, architect, engineer, business, personal property, machinery and equipment appraiser, among others), the Client agrees to perform their own due diligence to qualify said special expert. The Client agrees and acknowledges it is solely responsible in paying for the services of said special expert. Furthermore, the Client acknowledges that the Integra Parties, are not responsible for the actions and findings of the special expert and agrees to hold the Integra Parties harmless from any and all damages that may arise out of the Client's reliance on the special expert.

11. Responding to Review. We agree to respond to your review of our report within five (5) business days of your communication to us. Correspondingly, you will have twenty-one (21) days from receipt of our report to communicate your review. We reserve the right to bill you for responding to your review beyond this time period.

12. Choice of Law/Submission to Jurisdiction/Separate Legal Representation. The law of the State of Mississippi shall govern, construe, and enforce all of the rights and duties of the parties arising from or relating in any way to the subject matter of this engagement letter. Any action commenced for the purpose of enforcing the terms and provisions of this engagement letter or any accepted assignment and in any way related to the subject matter of this engagement letter shall be brought in the state in which IRR - Local Office is located. In executing this engagement letter, each party agrees to submit to the personal jurisdiction of the courts of the state in which such IRR - Local Office is located. In case any one or more of the provisions or parts of a provision contained in this engagement letter shall, for any reason, be held to be invalid, illegal or unenforceable in any respect in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this engagement letter or any other jurisdiction, but this engagement letter shall be reformed and construed in any such jurisdiction as if such invalid or illegal or unenforceable provision or part of a provision had never been contained herein and such provision or part shall be reformed so that it would be valid, legal and enforceable to the maximum extent permitted in such jurisdiction. Each party acknowledges and agrees that he has been advised and encouraged to consult an attorney in connection with this engagement letter, that he fully understands his right to discuss all aspects of this engagement letter with a private attorney, that he has carefully read and fully understands all of the provisions of this engagement letter, and that he is voluntarily and knowingly entering into this engagement letter.

13. Third Party Beneficiaries. Integra and each other Local Office of Integra is an intended third party beneficiary of this engagement letter.

If this proposal is acceptable, please authorize us to proceed by executing this engagement letter where noted below and returning one copy to the undersigned. You may also be interested in visiting our web site at www.irr.com . Thank you for considering us for this assignment and we look forward to working with you. Please call if you wish to discuss this proposal or the assignment any further.

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Sincerely,

INTEGRA REALTY RESOURCES – JACKSON



Jim Turner, MAI
Managing Director

AGREED & ACCEPTED THIS _____ DAY OF _____, 2020.

BY:

AUTHORIZED SIGNATURE

NAME (PRINT)

ATTACHMENT I

REQUEST FOR INFORMATION

Please forward the following information to our office so we can provide the proposed services within the agreed upon time frame as discussed above. If you care to send the information as you gather it if you like, please forward the physical data such as the site plan, previous engineering reports and/or property reports describing the physical attributes of the property and all financial information such as rent roll and income and expense statements first as these items are the most time sensitive and should be received immediately to meet the time requirements of this assignment. If, at this time, you are certain you will not be providing any specific items noted below, please cross out the item and mark "NA" next to the item so that we will be notified that the information is not available and will not be forthcoming.

1. Site plan, if available. (Preferably, an AS BUILT PLAN showing an outline of building/s drawn to scale. Please do not send reductions so original scale may be used for measurement purposes.
2. Building plans, if available.
3. Prior engineering report or physical descriptions from prior appraisals or asset management report, if available.
4. Leasing brochures and/or other marketing materials, if available.
5. If the property has been offered for sale within the last two years, a copy of the offering memorandum or investment book.
6. Past feasibility or market studies and economic impact studies as well as any relevant information collected from third party sources.
7. Agreements of Sale/Options to Buy (current or during last three years), if any.
8. Income and expense statements for the past three years plus year-to-date income and expense statements. *Please sign and date.*
9. Operating budget for 2005, if available.
10. Management contracts.
11. Copy of most recent real estate tax bill. Please advise if there has been a recent assessment increase.
12. Title report, Legal Description, or copy of deed. Provide a written statement of five year history of legal property owner. *Please advise, if there any deed restrictions or encumbrances, easements or cross easements.*
13. Personal property inventory, if available.
14. Occupancy rates for the last three years, if not revealed in the financial statements.
15. Ground leases, if any.
16. Approximate actual construction costs, if built during the past three years.
17. Environmental audits and studies disclosing any wetlands, hazardous wastes or other environmental conditions such as asbestos or radon.
18. List of any known major repairs and improvements needed.
19. Aerial photos, if available.
20. Three year history of capital improvements.

21. Name of contact person for the on-site physical inspection.

For Apartment Property

22. Unit mix showing rentable area and asking rent by unit type

23. Scaled apartment unit plans showing layouts and measurements so that rentable area can be confirmed, if available.

24. Rent roll showing tenant name, apartment number, dates of leases and the type of apartment, asking/market rents for each apartment, and contractual rent for each apartment unit. *Please sign and date the rent roll for certification purposes.*

25. Terms of leases and/rent roll for leased commercial space or roof top rentals. Copies of commercial leases are desirable. If any commercial leases provide for pass through of operating expenses over a base year stop, please provide the dollar amount of the base year stop.

For Industrial, office, retail property

26. Rent Roll (please sign and date) and copies of leases, including addenda and all amendments. Please indicate which leases may have early termination provisions, expansion and/or purchase options. Please identify any tenants who have initiated discussions to renew, terminate or renegotiate/modify their lease(s), or who have given notice to terminate. Proposed terms for such re-negotiations should be revealed.

27. Provide letters of intent to lease or other any outstanding lease proposals that have a reasonable likelihood of being finalized into executed leases.

28. Prior Argus files, if any.

29. List of outstanding leasing commissions brokers and terms of future payments.

30. Financial information such as Annual Statements or credit report/ratings on any major tenant in the building.

31. CAM and real estate tax reimbursement worksheets or listing of base year operating expenses, if applicable.

32. Three-year history of tenant retail sales, if available.

For lodging property:

33. Terms of leases if any and/rent roll for leased commercial space or roof top rentals.

34. ADR and Occupancy rates for the last three years, if not revealed in the financial statements.

35. Business Plan and Marketing Strategy, if any for the upcoming fiscal year.

36. Terms of franchise agreement and management agreement, if any.

ATTACHMENT II
STANDARD ASSUMPTIONS & LIMITING CONDITIONS

The appraisal report and any work product related to this engagement will be limited by the following standard assumptions:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

The appraisal report and any work product related to the engagement will be subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.

7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations, such as soils and seismic stability, and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the property at the time these leases expire or otherwise terminate.
14. Unless otherwise stated in the report, no consideration has been given to personal property located on the property or to the cost of moving or relocating such personal property; only the real property has been considered.
15. The current purchasing power of the dollar is the basis for the value stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.
18. The *Americans with Disabilities Act (ADA)* became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the *ADA* accessibility guidelines. We claim no expertise in *ADA* issues, and render

no opinion regarding compliance of the property with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

19. The appraisal report is prepared for the exclusive benefit of you, your subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the property or in the improvements, and our valuation is predicated upon the assumption that the property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the property. IRR – Jackson and Integra Realty Resources, Inc. ("Integra") and their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties") shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the property is located in an identified Special Flood Hazard Area. However, we are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. We are not a building or environmental inspector. The Integra Parties do not guarantee that the property is free of defects or environmental problems. Mold may be present in the property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assumes the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
- 24. IRR – Jackson is an independently owned and operated company. The parties hereto agree that Integra shall not be liable for any claim arising out of or relating to any appraisal report or any information or opinions contained therein as such appraisal report is the sole and exclusive responsibility of IRR – Jackson. In addition, it is expressly agreed that in any action which may be brought against the Integra Parties arising out of, relating to, or in any way pertaining to the engagement letter, the appraisal reports or any related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further expressly agreed that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the assignment (unless the appraisal was fraudulent or prepared with intentional misconduct). It is expressly agreed that the fees charged herein are in reliance upon the foregoing limitations of liability.**

- (b) IRR – Jackson is an independently owned and operated company, which has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client’s use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
- (c) The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of the property.
- (d) All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

As will be determined during the course of the assignment, additional extraordinary or hypothetical conditions may be required in order to complete the assignment. The appraisal shall also be subject to those assumptions.