



**Valbridge**  
PROPERTY ADVISORS

## Appraisal Report

Beaty Street Tract  
Beaty Street  
Davidson, Mecklenburg County, North Carolina 28036

Report Date: 08-09-2017



FOR:

Save Davidson  
PO Box 16  
Davidson, North Carolina 28036

**Valbridge Property Advisors |  
John Bosworth and Associates**

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Valbridge File Number:  
NC01-17-1230-000



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08-09-2017

Save Davidson  
PO Box 16  
Davidson, North Carolina 28036

RE: Appraisal Report  
Beaty Street Tract  
Beaty Street  
Davidson, Mecklenburg County, North Carolina 28036  
Borrower: Save Davidson

To whom it may concern:

In accordance with your request, we have performed an appraisal of the above referenced property. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property, as referenced above, is located on Beaty Street, and contains six parcels with a gross acreage of 20.825 acres and usable acreage of 15.335. The proposed development will contain 8.54 acres of multi-family land, 2.12 acres of retail land, 1.14 acres of hotel land, and the remaining 9.025 acres is considered undevelopable (either open space or unusable) based on water quality buffers, retention ponds, and required open space as shown on the provided site plan. It is further identified as Assessor's Parcel Number (APN) 00326302, 00326303, 00326398, 00328402, 00328403, & 00328406. The subject is a 20.825 acre planned development in northern Davidson and will include multi-family apartment and townhomes; retail and mixed use developments, and a hotel.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them.

The client in this assignment is Save Davidson and the intended users of this report are Save Davidson and/or affiliates and no others. The intended use is to estimate market value of the property, based on proposed use as outlined in the development plan. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

#### Extraordinary Assumptions:

- It is assumed the estimated land areas, which were based on the provided site plan, are correct. If not the appraisers reserve the right to amend the report.
- It is further assumed the planned development is a legal use, as the largest parcel of the subject was sold to the town of Davidson with the verbal agreement that the land be used for park or public use. However this was not recorded as a deed restriction or covenant. Therefore, for the purposes of this appraisal, the proposed use is assumed to be a legal use. The value is further based on the assumption of an approved development plan, as provided to the appraisers.

#### Hypothetical Conditions:

- There are no hypothetical conditions associated with the subject.

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

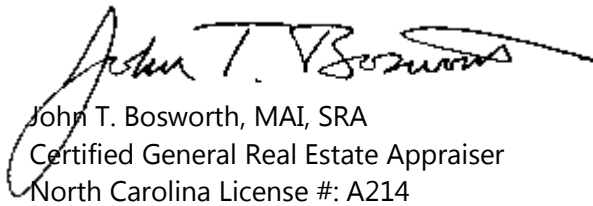
#### Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	August 7, 2017
<b>Value Conclusion</b>	<b>\$4,600,000</b>
	<b>\$299,967 per acre</b>

Respectfully submitted,  
Valbridge Property Advisors | John Bosworth and Associates



Scott Carlisle  
Trainee Real Estate Appraiser  
North Carolina License #: T5386



John T. Bosworth, MAI, SRA  
Certified General Real Estate Appraiser  
North Carolina License #: A214



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# Summary of Salient Facts

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## Property Identification

Property Name	Beaty Street Tract
Property Address	Beaty Street Davidson, Mecklenburg County, North Carolina, 28036
Latitude & Longitude	35.507921, -80.843906
Tax Parcel Numbers	00326302, 00326303, 00326398, 00328402, 00328403, & 00328406
Property Owners	Town of Davidson

## Site

Zoning	Neighborhood Commercial (NC-1)
FEMA Flood Map No.	3710465400K
Flood Zone	Zone X
Primary Usable Land Area	15.335 acres

## Valuation Opinions

Highest & Best Use - As Vacant	Develop into mixed use project as demand warrants
Reasonable Exposure Time	6 to 12 months
Reasonable Marketing Time	6 to 12 months

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## Value Indications

Approach to Value	As Is
Sales Comparison	\$4,600,000
Cost	Not Developed
Income Capitalization	Not Developed

## Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	August 7, 2017
<b>Value Conclusion</b>	<b>\$4,600,000</b>
	<b>\$299,967 per acre</b>

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# Aerial and Front Views

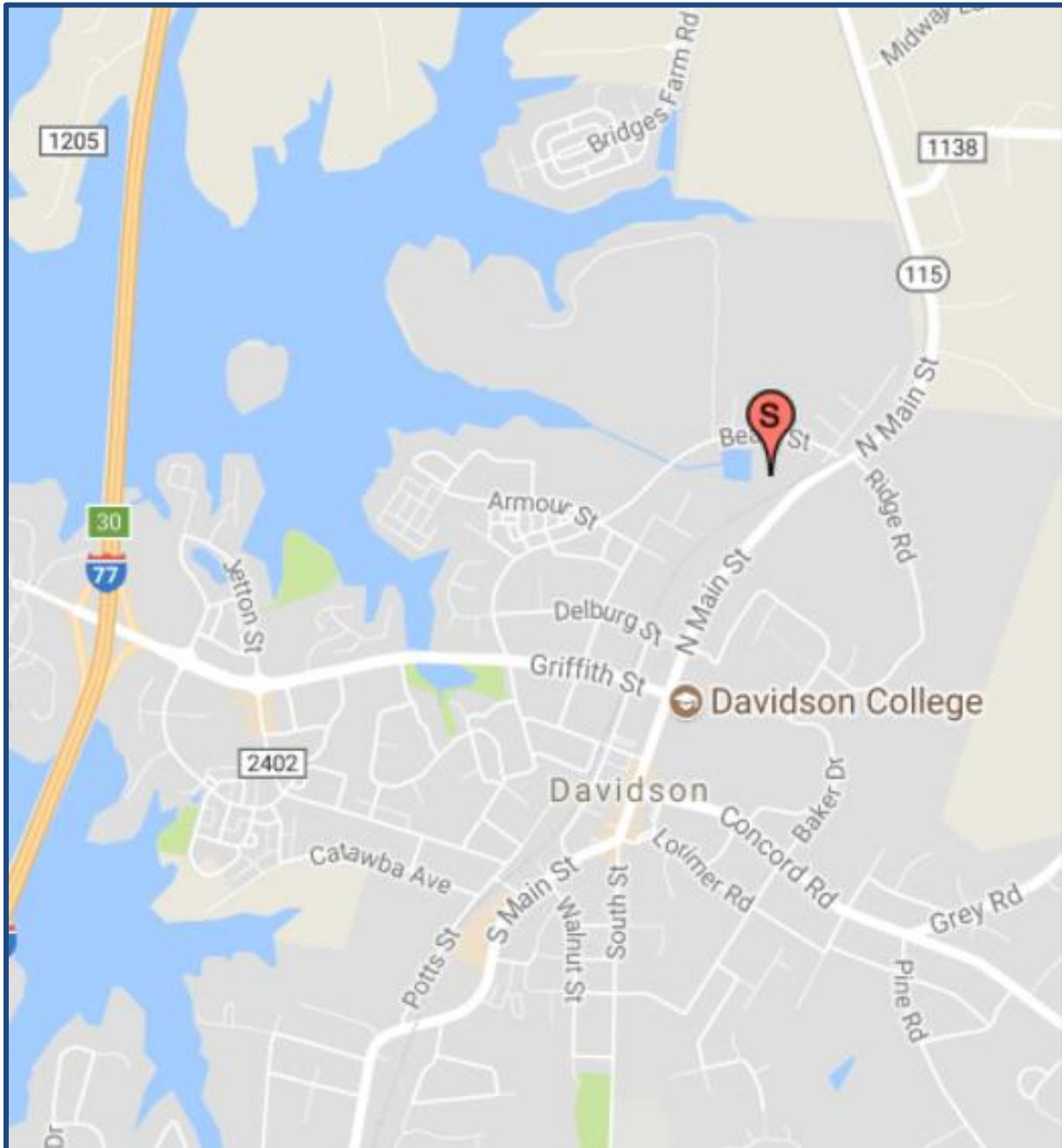
## AERIAL VIEW



## FRONT VIEW



# Location Map





# Introduction

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## Client and Intended Users of the Appraisal

The client in this assignment is Save Davidson and the intended users of this report are Save Davidson and/or affiliates and no others.

## Intended Use of the Appraisal

The intended use of this report is estimate market value of the property, based on proposed use as outlined in the development plan.

## Real Estate Identification

The subject property is located at Beaty Street, Davidson, Mecklenburg County, North Carolina 28036. The subject property is further identified by Assessor Parcel Number 00326302, 00326303, 00326398, 00328402, 00328403, & 00328406. The subject is a 20.825 acre planned development in northern Davidson and will include multi-family apartment and townhomes; retail and mixed use developments, and a hotel.

## Legal Description

As the subject is made up of six parcels with four different deeds, a single legal description was not available. A copy of the largest parcels legal description can be found within the deed contained in the Addenda. A copy of all other deeds are retained within the appraisers work file.

## Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject was a commercial land property.

## Use of Real Estate as Reflected in this Appraisal

The subject is a mixed use land property.

## Ownership of the Property

According to Deed, title to the subject property is vested in Town of Davidson.

## History of the Property

Ownership of the subject property has not changed within the past three years.

The subject was acquired by Town of Davison on 03/11/1987 for an undisclosed amount. The grantor was Ralph Clontz according to Deed Book / Page 5466-189. This is the prior sale of the largest parcel (15.95 acres or 77% of the total). It appears this parcel was sold to the town of Davidson with the verbal agreement that the land would be used as a park or public area. However, there was no deed restriction or covenant recorded restricting the land use. When appropriate, we have considered and analyzed the known history of the subject in the development of our opinions and conclusions.

## Listings/Offers/Contracts

The subject is not currently listed for sale or under contract for sale. The property is being appraised for a possible future transaction.

## Type and Definition of Value

The appraisal problem (the term “Purpose of Appraisal” has been retired from appraisal terminology) is to develop an opinion of the market value of the subject property. “Market Value,” as used in this appraisal, is defined as “the most probable price that 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:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.”<sup>1</sup>*

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date(s) of value.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

## Valuation Scenarios, Property Rights Appraised, and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
Current As Is Market Value of the Fee Simple Interest	August 7, 2017

We completed an appraisal inspection of the subject property on 08-06-2017.

## Date of Report

The date of this report is 08-09-2017, which is the same as the date of the letter of transmittal.

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<sup>1</sup> Source: *Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions*

## Assumptions and Conditions of the Appraisal

The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are subject to the General Assumptions and Limiting Conditions contained in the report. The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

### Extraordinary Assumptions

- It is assumed the estimated land areas, which were based on the provided site plan, are correct. If not the appraisers reserve the right to amend the report.
- It is further assumed the planned development is a legal use, as the largest parcel of the subject was sold to the town of Davidson with the verbal agreement that the land be used for park or public use. However this was not recorded as a deed restriction or covenant. Therefore, for the purposes of this appraisal, the proposed use is assumed to be a legal use. The value is further based on the assumption of an approved development plan, as provided to the appraisers.

### Hypothetical Conditions

- There are no hypothetical conditions associated with the subject.

## Scope of Work

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The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

### Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via six parcels along the south side of Beaty Street, north of the rail road tracks.
- Economic Characteristics - Economic characteristics of the subject property were identified via public records, The Site To Do Business, local brokers that specialize in land transaction, other appraisers, and data retained in the appraisers files for this property type, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via a complete inspection of the property and neighborhood was made by the appraisers.

### Extent to Which the Property Was Inspected

We inspected the subject on 08-06-2017. The improvements were not measured during the course of the inspection, as all improvements are considered to be at the end of their economic life and therefore has no contributory value.

### Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions. We also interviewed people familiar with the subject market/property type.

### Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures that reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. One or more of these approaches are used in all estimations of value.

- Cost Approach - In the cost approach, the value indication reflects the sum of current depreciated replacement or reproduction cost, land value, and an appropriate entrepreneurial incentive or profit.
- Sales Comparison Approach - In the sales comparison approach, value is indicated by recent sales and/or listings of comparable properties in the market, with the appraiser analyzing the impact of material differences in both economic and physical elements between the subject and the comparables.



- Income Capitalization Approach - In the income capitalization approach, value is indicated by the capitalization of anticipated future income. There are two types of capitalization: direct capitalization and yield capitalization, more commonly known as discounted cash flow (DCF) analysis.
- Approaches Applied - All of these approaches to value were considered. We assessed the availability of data and applicability of each approach to value within the context of the characteristics of the subject property and the needs and requirements of the client. Based on this assessment the Sales Comparison and Income Capitalization Approaches were developed. Further discussion of the extent of our analysis and the methodology of each approach is provided later in the respective valuation sections.

### Appraisal Conformity and Report Type

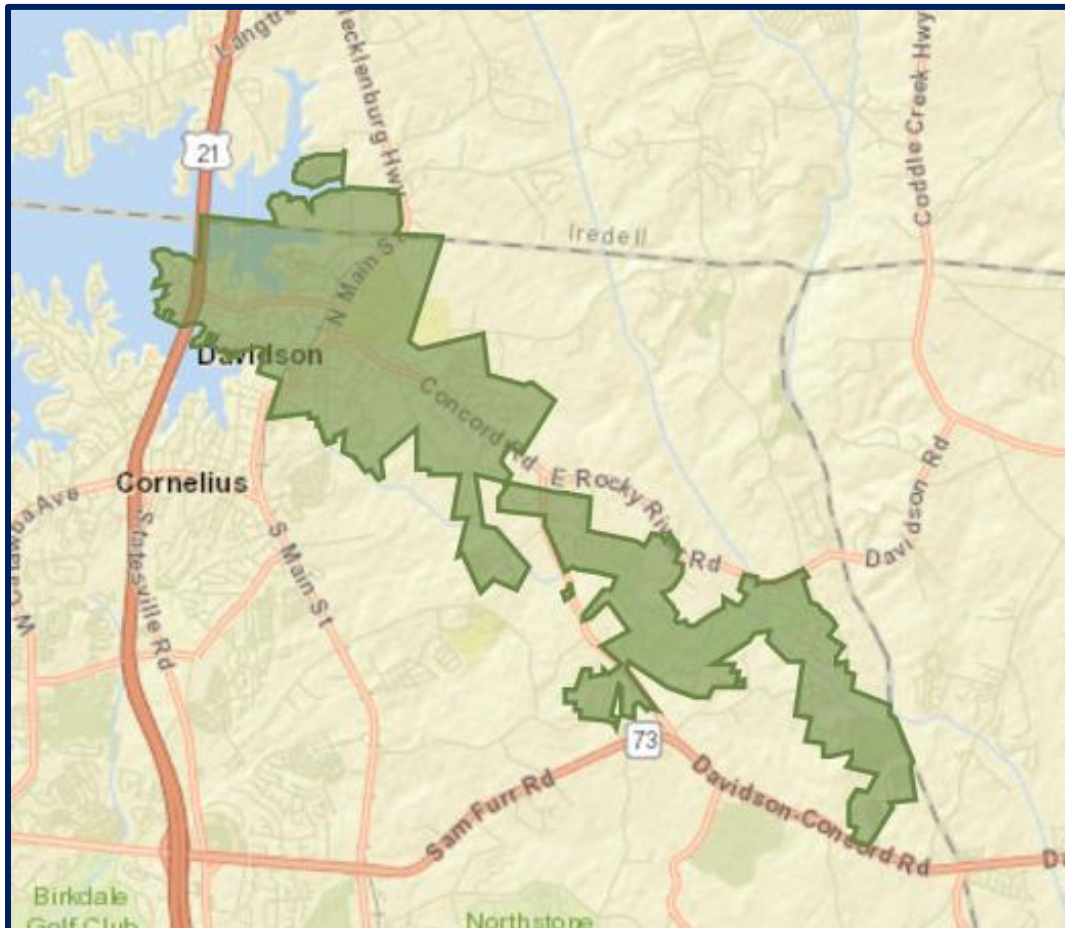
We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

### Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

# Regional and Market Area Analysis

**REGIONAL MAP**



## Overview

The subject is located in Davidson, in Mecklenburg County. It is part of the Charlotte-Gastonia-Rock Hill, NC-SC MSA.

## Population

Population characteristics relative to the subject property are presented in the following table.

### POPULATION

Population		2000	2010	Annual % Change 2000 - 10	Estimated 2017	Projected 2022	Annual % Change 2017 - 22
United States of America		281,421,906	308,745,538	1.0%	327,514,334	341,323,594	0.8%
North Carolina		8,049,313	9,535,483	1.8%	10,304,250	10,882,629	1.1%
Charlotte MSA		1,717,490	2,217,012	2.9%	2,499,116	2,720,580	1.8%

Source: Site-to-Do-Business (STDB Online)

## Transportation

Major transportation routes in the larger area include I-77, I-85, and I-485.

## Employment

### EMPLOYMENT BY SECTOR

#### Employment by Industry - Charlotte MSA

Industry	2017 Estimate	Percent of Employment
Agriculture/Mining	6,170	0.50%
Construction	86,386	7.00%
Manufacturing	144,388	11.70%
Wholesale trade	38,257	3.10%
Retail trade	138,217	11.20%
Transportation/Utilities	66,641	5.40%
Information	23,448	1.90%
Finance/Insurance/Real Estate Services	123,408	10.00%
Services	575,083	46.60%
Public Administration	32,086	2.60%
<b>Total</b>	<b>1,234,084</b>	<b>100.0%</b>

*Source: Site-to-Do-Business (STDB Online)*

## Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts one of the lowest unemployment rates for metropolitan statistical areas in the country at 4.1 percent.

#### Unemployment Rates

Area	YE 2010	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	2017 YTD
United States of America	9.3%	8.5%	7.9%	6.7%	5.6%	5.0%	4.7%	4.3%
North Carolina	10.3%	9.7%	8.9%	6.8%	5.7%	5.4%	5.2%	4.7%
<u>Charlotte MSA</u>	<u>10.0%</u>	<u>9.1%</u>	<u>8.4%</u>	<u>6.2%</u>	<u>5.0%</u>	<u>4.7%</u>	<u>4.5%</u>	<u>4.1%</u>

*Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted*

## Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare favorably to the state and the country.

### Median Household Income

Area	Estimated 2017	Projected 2022	Annual % Change 2017 - 22
United States of America	\$56,124	\$62,316	2.2%
North Carolina	\$48,918	\$53,833	2.0%
Charlotte MSA	\$55,278	\$62,476	2.6%

*Source: Site-to-Do-Business (STDB Online)*

### Conclusions

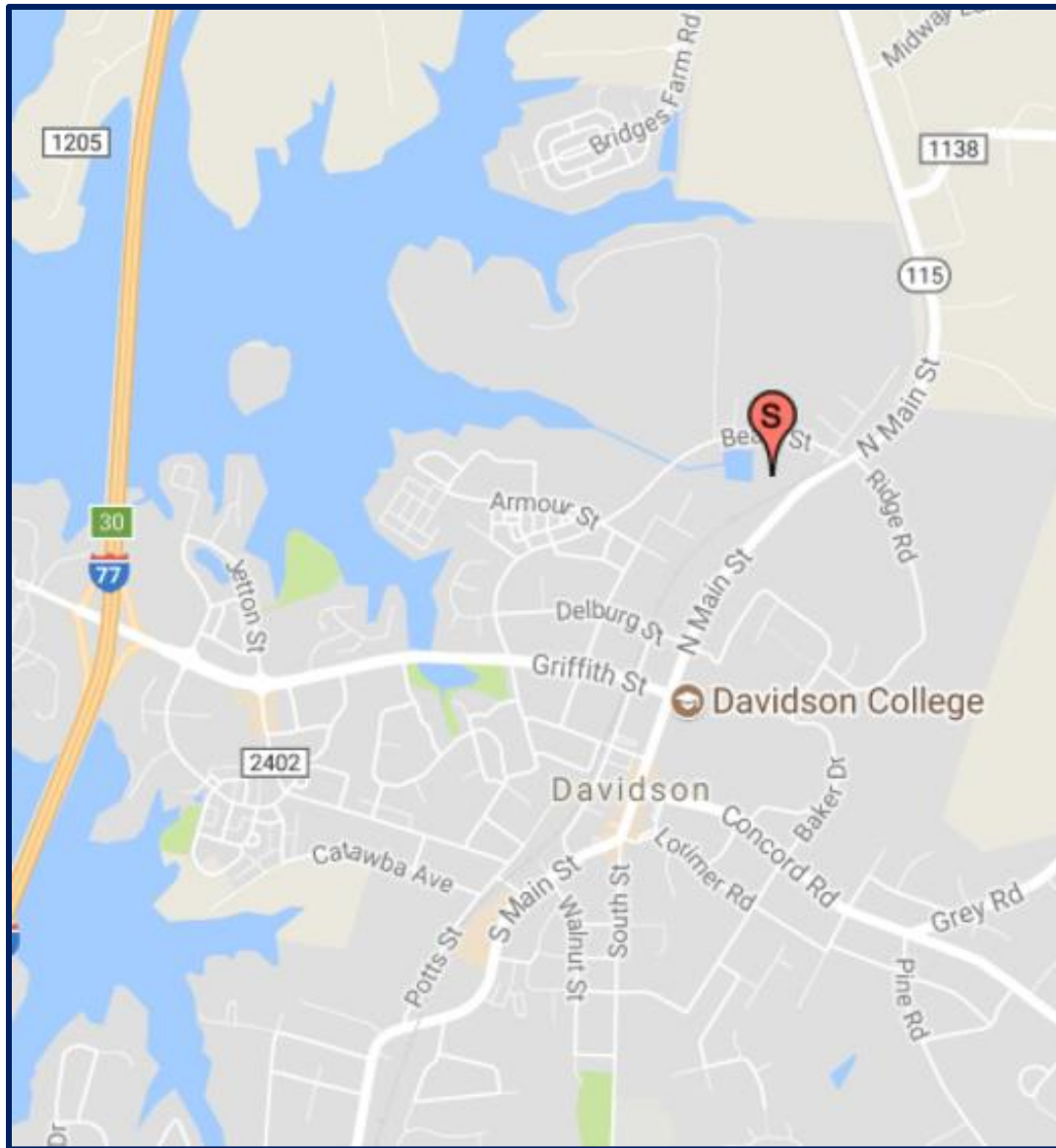
Charlotte is the economic powerhouse of the region, positively affecting the surrounding communities including Davidson. Davidson has historically been a smaller suburb of within the Charlotte MSA, and includes features as waterfront property along the shores of Lake Norman; Davidson College, one of the most prestigious private universities in the state; and a historic downtown that attracts visitors from all over to its quiet atmosphere and quaint village stores.

Davidson has seen a lot of growth in the past decade with new subdivisions, commercial properties and several mixed use projects being developed, or proposed for development. Davidson has benefited from its close proximity to Charlotte and I-77, and should continue to see growth throughout the foreseeable future.



# City and Neighborhood Analysis

## NEIGHBORHOOD MAP



### Overview

The subject is located in the City of Davidson in Mecklenburg County. As presented in the table in the previous section, the city's population as of 2017 was 4,140, within 1 mile of the subject.

### Neighborhood Location and Boundaries

The subject neighborhood is located in the Davidson College section of Davidson. The area is suburban in nature. The neighborhood is bounded by Mecklenburg/Iredell County Line to the north, Hwy 115 to the east, Griffith Street to the south, and Beaty Street to the west.

## Demographics

The following table depicts the area demographics in Davidson within a one-, three-, and five-mile radius from the subject.

### Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
<b>Population Summary</b>			
2000 Population	3,168	17,024	40,990
2010 Population	3,841	24,032	66,231
2017 Population	4,140	28,592	78,044
2022 Population Estimate	4,412	31,664	86,856
Annual % Change (2017 - 2022)	1.3%	2.1%	2.2%
<b>Housing Unit Summary</b>			
2000 Housing Units	721	7,058	17,300
% Owner Occupied	63.7%	68.6%	69.3%
% Renter Occupied	29.3%	21.5%	21.4%
2010 Housing Units	1,084	10,353	28,821
% Owner Occupied	56.3%	64.0%	63.9%
% Renter Occupied	33.9%	25.0%	26.4%
2017 Housing Units	1,209	12,223	33,687
% Owner Occupied	51.0%	62.3%	61.4%
% Renter Occupied	38.8%	27.8%	30.0%
2022 Housing Units	1,337	13,590	37,431
% Owner Occupied	50.6%	62.9%	61.5%
% Renter Occupied	39.1%	27.3%	30.2%
Annual % Change (2017 - 2022)	2.0%	2.1%	2.1%
<b>Income Summary</b>			
2017 Median Household Income	\$66,732	\$78,528	\$80,201
2022 Median Household Income Estimate	\$78,968	\$87,335	\$88,212
Annual % Change	3.4%	2.1%	1.9%
2017 Per Capita Income	\$35,822	\$44,915	\$44,350
2022 Per Capita Income Estimate	\$39,944	\$49,998	\$49,247
Annual % Change	2.2%	2.2%	2.1%

Source: Site-to-Do-Business (STDB Online)

## Transportation Access

Within the immediate area of the subject property, transportation access helps define the character of its development. Major travel and commuter routes within the area of the subject property include Griffith Street and Hwy 115 (N. Main Street). Access to the area is considered average.

## Neighborhood Land Use

The subject neighborhood is located in an area with primarily residential land uses. An approximate breakdown of the development in the area is as follows:

### LAND USES

Residential:	50%
Retail:	20%
Office:	5%
Industrial:	10%
Vacant:	15%

## Conclusions

Overall, the subject neighborhood is in the growth stage of its life cycle.

## Site Description

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The subject site is located on Beaty Street, and contains six parcels with a gross acreage of 20.825 acres and usable acreage of 15.335. The proposed development will contain 8.54 acres of multi-family land, 2.12 acres of retail land, 1.14 acres of hotel land, and the remaining 9.025 acres is considered undevelopable (either open space or unusable) based on water quality buffers, retention ponds, and required open space as shown on the provided site plan. The characteristics of the site are summarized as follows:

### Site Characteristics

Location:	Beaty Street, Davidson, Mecklenburg County, NC
Gross Land Area:	20.82500 Acres or 907,137 SF
Usable Land Area:	15.33500 Acres or 667,993 SF
Usable Land %:	73.6%
Shape:	Irregular
Average Depth:	705.00 feet
Topography:	Rolling
Drainage:	Adequate
Grade:	At street grade
Utilities:	All public
Interior or Corner:	Mid-Block
Signalized Intersection:	No: No traffic signal at, or near, the site
Excess Land:	None
Surplus Land:	Considered to be part of the undevelopable land

The following chart is a breakdown of the six parcels:

<b>Parcel ID</b>	<b>Acres</b>	<b>Sqaure Feet</b>
00326302	2.450	106,722
00326303	0.165	7,200
00326398	1.430	62,291
00328402	0.230	10,019
00328403	0.600	26,136
00328406	15.950	694,782
<b>Total:</b>	<b>20.825</b>	<b>907,150</b>



The following chart is a breakdown of the land uses for the whole subject:

#### Land Use Breakdown

Land Use	Acres	Sqaure Feet
Multi-Family Land	8.54	372,002
Retail Land	2.12	92,347
Hotel Land	1.14	49,658
Undevelopable	3.535	153,985
Unusable	5.49	239,144
<b>Total:</b>	<b>20.825</b>	<b>907,137</b>

#### Street Frontage / Access

Frontage Road	Primary
Street Name:	Beaty Street
Street Type:	Two lane asphalt paved
Frontage (Linear Ft.):	2,528.00
Number of Curb Cuts:	2
Traffic Count (Cars/Day):	8900

#### Additional Access

Alley Access:	No
Water or Port Access:	No
Rail Access:	No

#### Flood Zone Data

Flood Map Panel/Number:	3710465400K
Flood Map Date:	03-02-2009
Flood Zone:	Zone X
Site Area in Flood:	The subject does not lie within any known flood plain

#### Other Site Conditions

Soil Type:	Typical
Environmental Issues:	The subject is raw land, therefore contamination is unlikely.
Easements/Encroachments:	2.11 acres in the SWIM buffer, 1.94 acres of an existing retention pond, and 1.45 acres in the Railroad right of way (ROW) for a total of 5.49 acres.
Earthquake Zone:	The subject does not lie within any known earthquake zone

### Adjacent Land Uses

North:	Residential, commercial, retail
South:	Residential, commercial, retail
East:	Residential, commercial, retail
West:	Residential, commercial, retail

### Site Ratings

Access:	Average
Visibility:	Average

### Zoning Designation

Zoning Jurisdiction:	Town of Davidson
Zoning Classification:	NC-1, Neighborhood Commercial
General Plan Designation:	Commercial
Permitted Uses:	Multi-family, single family, commercial, retail, and office
Zoning Comments:	The subject is well suited for a commercial/mixed use

### Analysis/Comments on Site

The site is well suited for a large commercial mixed use development just north of Davidson College. There are currently two small single family residences, one of which is abandoned, located on the two northeastern parcels. They are older and nearing the end of the remaining economic life. Given the planned development and return of income on the land, these residences are considered to have no contributory value and will be excluded.

**AERIAL MAP**

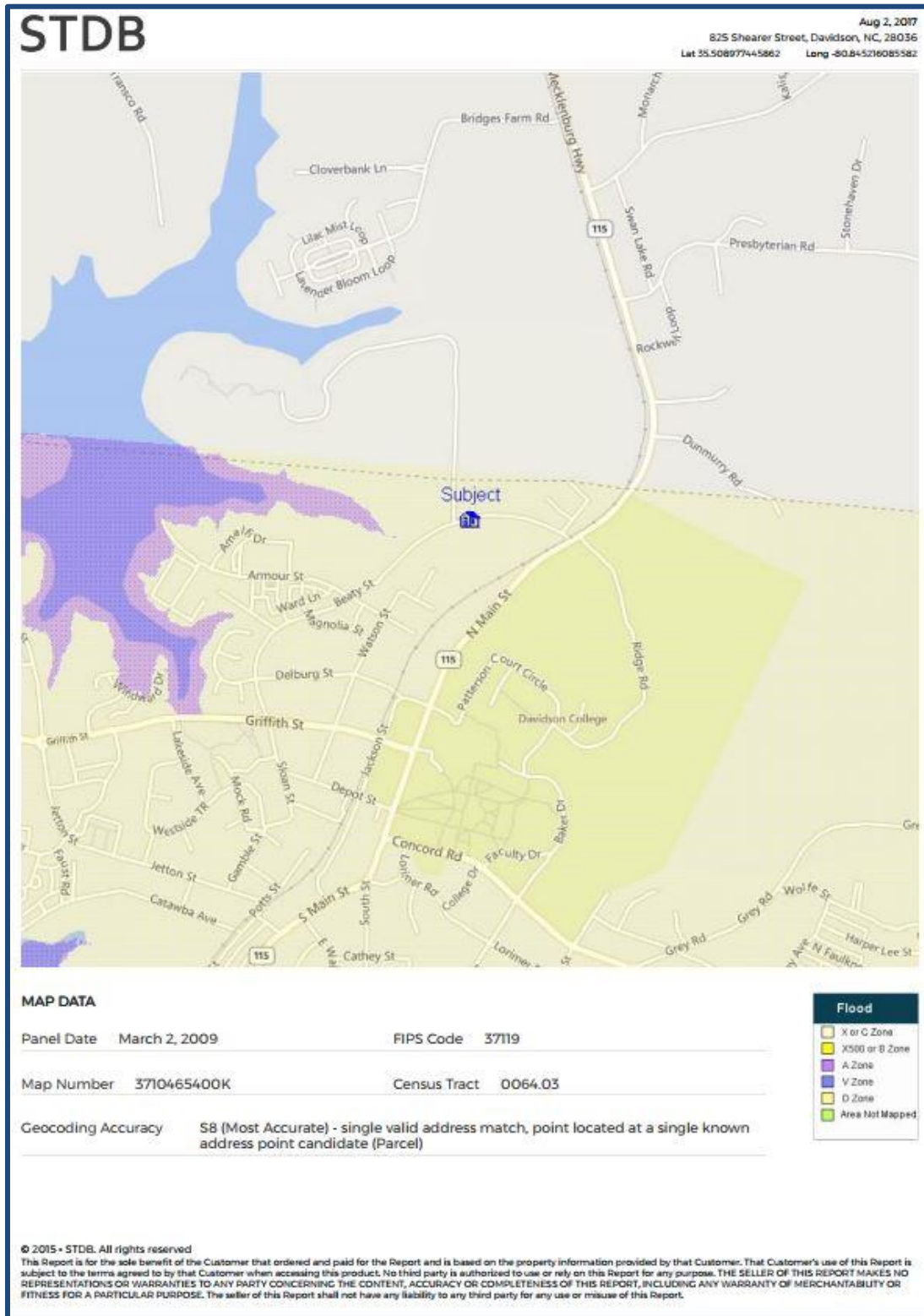




**SITE PLAN**

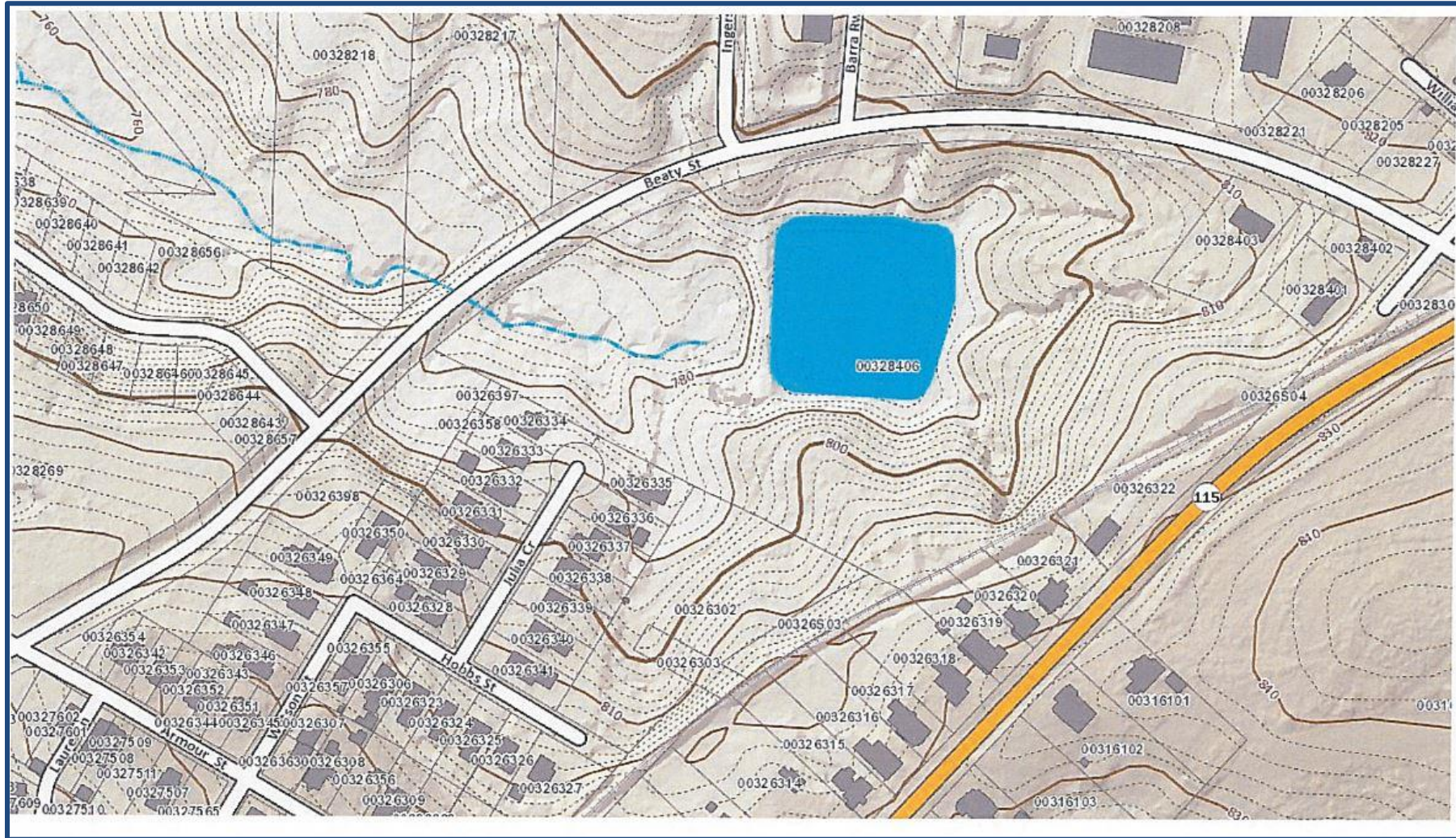


**FLOOD MAP**





**TOPO MAP**





**TAX PLAT MAP**





**UNUSABLE AREA**





# Subject Photos

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## Primary Street Scene Photographs



***BEATY STREET FACING EAST***



***BEATY STREET FACING WEST***





***SUBJECT FROM ROAD***



***RETENTION POND***





***SUBJECT FROM RAILROAD RIGHT OF WAY***



***VIEW OF RAILROAD ROW***

## Zoning Overview

According to our research the subject property is zoned NC-1 which is commonly referred to as "Neighborhood Commercial" within the zoning regulations.

*"The Neighborhood Center / Planning Area is established to provide employment opportunities and commercial and retail services to our citizens and regional travelers along and near major thoroughfares. Development is encouraged to be compact and provide off-road pedestrian and bicycle facilities. These commercial nodes will accommodate the high volume of regional traffic along the corridors. The design of a required frontage parkway through developments along the NC 115 corridor will provide safe access between neighborhoods and destinations."*

A list of the more common uses allowed in the district is included in the table below. In some cases conditional uses may be allowed after review and approval from the governing body. An overview of the zoning characteristics and requirements is provided in the tables that follow:

### ZONING DESCRIPTION

Zoning Overview	
Jurisdiction:	Town of Davidson
Zoning Code:	NC-1
Description/Category:	Neighborhood Commercial
Permitted Uses:	Multi-family, single family, commercial, retail, and office
Current/Proposed Use Permitted:	Yes

Lot, yard and bulk requirements for the subject zoning district are stated in the table below. These restrictions are detailed further within the zoning ordinance; however, are included to analyze the conformity of the subject improvements to the zoning code.

### ZONING REQUIREMENTS

Category	Regulation	Requirement/Minimum	Subject Complies
<b>Lot Regulations</b>	Min. Lot Size (SF):	N/A	Yes
	Min. Lot Width (Ft):	N/A	Yes
<b>Bldg. Regulations</b>	Max. Height (Ft):	N/A	Yes
	Max. Ground Floor (SF):	N/A	Yes
	Max. FAR:	90%	Yes
<b>Setbacks</b>	Front (Ft):	5	Yes
	Rear (Ft):	5	Yes
	Side (Ft):	5	Yes
	Side @ Street (Ft):	N/A	Yes



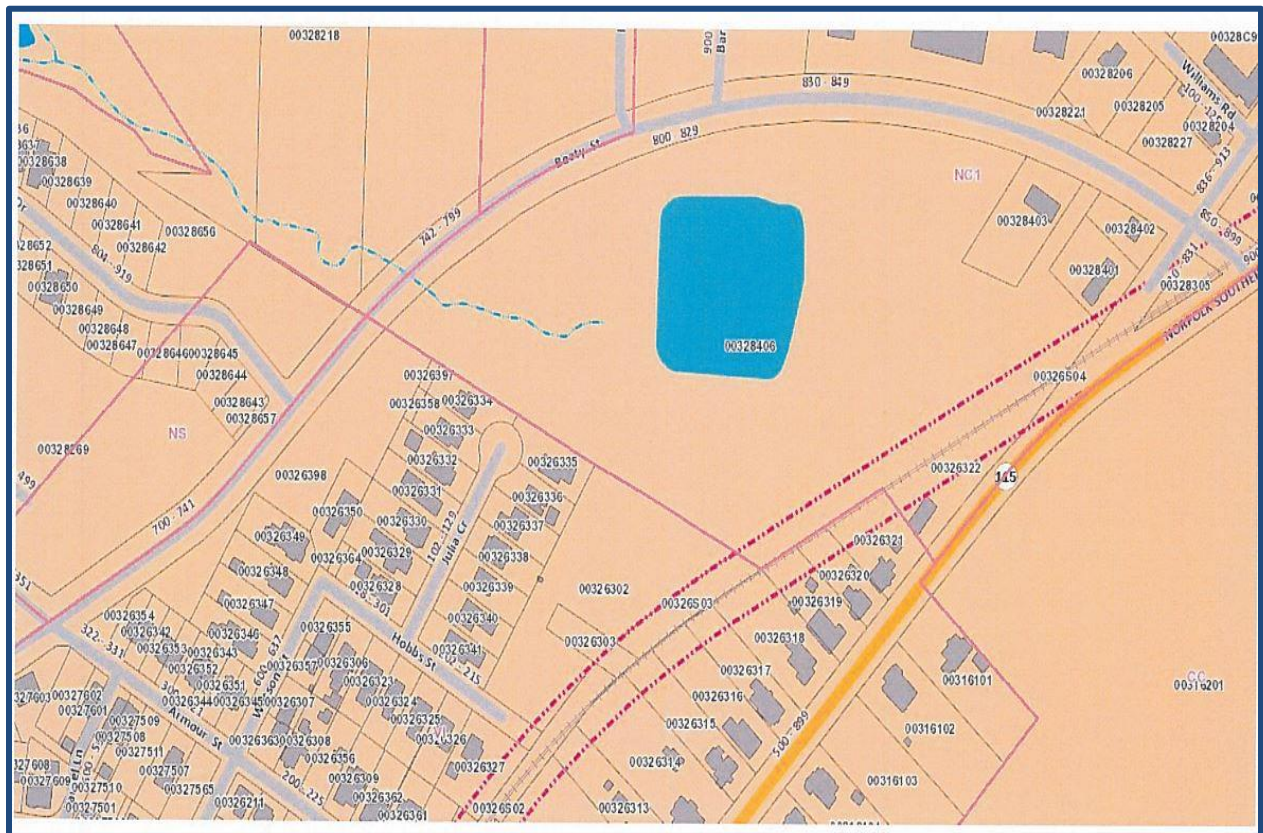
## Conclusion

The use potential of the subject governed by the NC-1 zoning classification. Based on the existing zoning regulations, the proposed use of the subject property is judged to be a legal, conforming use.

## Limitations

Zoning regulations are often complex and a number of factors can impact the compliance of a property. The data presented and the conclusions reported are not intended to be an absolute statement of compliance (or non-compliance) as that is beyond the scope of this assignment. If the intended user requires a more in-depth analysis of the zoning, an expert in that field should be consulted.

## ZONING MAP



# Assessment and Tax Data

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## Assessment Methodology

The subject is located within the city limits of Davidson in Mecklenburg County. The city and county set real estate tax rates and the county establishes the market value of all real estate. Counties in North Carolina are required to re-assess all properties on a periodic basis. The 2017 combined tax rate is \$1.165700 per \$100 of assessed value.

## Assessed Values and Property Taxes

The subject's assessed values, applicable tax rates and total taxes, including direct assessments, are shown in the following table:

### Ad Valorem Tax Schedule

**Tax Parcel Numbers: 00326302, 00326303, 00326398,  
00328402, 00328403, & 00328406**

Mecklenburg County Year	Actual 2017
<b>Appraised Value</b>	
Land:	\$542,700
Improvements:	\$64,000
Total:	\$606,700
Per Square Foot:	\$0.91
% Change:	N/A
<b>Assessment Ratio</b>	100.00%
<b>Assessed Value</b>	
Land:	\$542,700
Improvements:	\$64,000
Total:	\$606,700
% Change:	N/A
<b>Tax Rate</b>	\$1.165700
% Change:	N/A
<b>Millage Rate</b>	per \$100
<b>Tax Expense</b>	
Total:	Actual 2017 \$7,072
Per Square Foot:	\$0.01

**Tax Schedule**

	Parcel Number	Assessor's Appraised Value - Land	Assessment Ratio	Assessor's Appraised Value - Imp.	Assessment Ratio	Assessor's Total Appraised Value	Assessed Value	Tax Rate	Millage Rate	Tax Expense
1	00326302	\$85,500	100.00%	\$0	100.00%	\$85,500	\$85,500	\$1.165700	per \$100	\$997
2	00326303	\$15,000	100.00%	\$0	100.00%	\$15,000	\$15,000	\$1.165700	per \$100	\$175
3	00326398	\$54,000	100.00%	\$0	100.00%	\$54,000	\$54,000	\$1.165700	per \$100	\$629
4	00328402	\$30,000	100.00%	\$39,600	100.00%	\$69,600	\$69,600	\$1.165700	per \$100	\$811
5	00328403	\$30,000	100.00%	\$24,400	100.00%	\$54,400	\$54,400	\$1.165700	per \$100	\$634
6	00328406	\$328,200	100.00%	\$0	100.00%	\$328,200	\$328,200	\$1.165700	per \$100	\$3,826
<b>Total</b>		<b>\$542,700</b>		<b>\$64,000</b>			<b>\$606,700</b>			<b>\$7,072</b>

The assessed value of the subject is less than the market value of the subject. An appeal of the assessed value is not recommended.

According to the Mecklenburg County Tax Office the subject's property taxes are current as of the date of value, due to the property being exempt from taxes, as it is owned by the town of Davidson.

## Highest and Best Use

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The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

### Analysis of Highest and Best Use As If Vacant

The primary determinants of the highest and best use of the property as if vacant are the issues of (1) Legal permissibility, (2) Physical possibility, (3) Financial feasibility, and (4) Maximum productivity.

#### Legally Permissible

The subject site is zoned NC-1, Neighborhood Commercial which controls the general nature of permissible uses but is appropriate for the location and physical elements of the subject property, providing for a consistency of use with the general neighborhood. The location of the subject property is appropriate for the uses allowed, as noted previously, and a change in zoning is unlikely. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development.

#### Physically Possible

The physical attributes allow for a number of potential uses. Elements such as size, shape, availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. There are no items of a physical nature that would materially limit appropriate and likely development.

#### Financially Feasible

The probable use of the site for multifamily and mixed use development conforms to the pattern of land use in the market area. A review of published yield, rental and occupancy rates suggest that there is an undersupply and demand is sufficient to support construction costs and ensure timely absorption of additional inventory in this market. Therefore, near-term speculative development of the subject site is financially feasible.

#### Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is to develop into mixed use project as demand warrants.

#### Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is to develop into mixed use project as demand warrants.

### Analysis of Highest and Best Use as Improved

In determining the highest and best use of the property as improved, the focus is on three possibilities for the property: (1) continuation of the existing use, (2) modification of the existing use, or (3) demolition and redevelopment of the land.

The proposed improvements meet the tests for physical possibility, legal permissibility and financial feasibility. The improvements will be in excellent condition and any alternative use of the existing improvements is unlikely to be economically feasible. The market value of the property as improved exceeds the combination of vacant site value plus cost of demolition of the improvements. The proposed use will provide a greater financial return on the land, than the existing two homes. Therefore these homes have reached the end of their economic life and have no contributory value.

### Conclusion of Highest and Best Use As Improved

The highest and best use of the subject property, as improved, is the proposed use for a mixed use development.

### Excess/Surplus Land

There is no excess or surplus land associated with the subject, as all open spaces are need to allow the higher level of density for the developed areas.

### Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is a mixed use developer.

# Land Valuation

## Methodology

Site Value is most often estimated using the sales comparison approach. This approach develops an indication of market value by analyzing closed sales, listings, or pending sales of properties similar to the subject, focusing on the difference between the subject and the comparables using all appropriate elements of comparison. This approach is based on the principles of supply and demand, balance, externalities, and substitution, or the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership.

## Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is per usable acre.

## Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The primary elements of comparison considered in sales comparison analysis are as follows: (1) property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location, and (7) physical characteristics.

## Comparable Sales Data

To obtain and verify comparable sales of vacant land properties, we conducted a search of public records, field surveys, interviews with knowledgeable real estate professionals in the area, and a review of our internal database.

We included six sales in our analysis, as these sales were judged to be the most comparable to develop an indication of market value for the subject property. Sales 1, 2, and 3 will be used to analyze the multi-family, hotel and undevelopable land. Sales 4, 5, and 6 will be used to analyze the retail land. The hotel land and undevelopable land will be valued at a less percentage of the market value given their use. This will be demonstrated later in this section. The values are based on the assumption of an approved site plan.

The following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable follow the location map.

**Land Sales Summary**

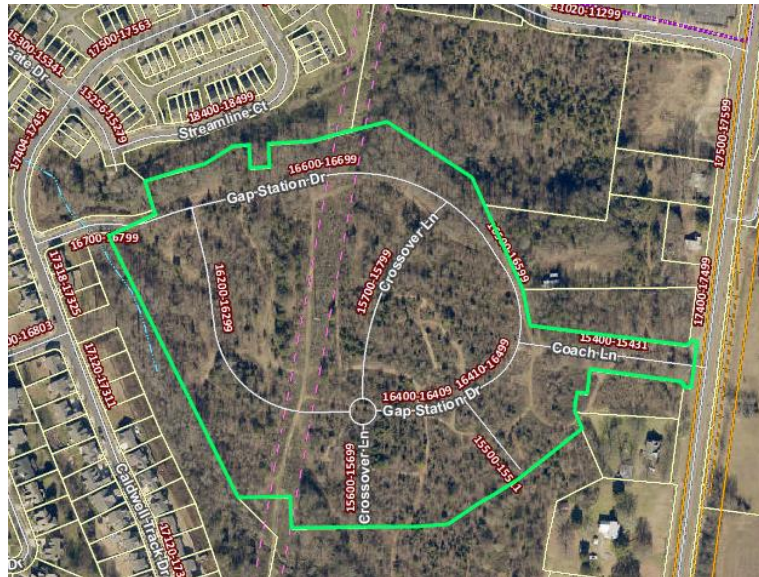
Comp. No.	Date of Sale	Usable		Location	Proposed Use	Sales Price		Per Acre
		Acres				Actual		
1	November-15	18.830		17355 Old Statesville Road	Huntersville, North Carolina	Apartments	\$3,800,000	\$201,806
2	February-15	8.659		Morrison Plantation Pkwy	Mooresville, North Carolina	Apartments	\$2,484,000	\$286,869
3	March-14	15.630		Northlake Centre Parkway	Charlotte, North Carolina	Apartments	\$3,200,000	\$204,734
4	February-16	3.640		18418 Statesville Road	Cornelius, North Carolina	Mixed Use	\$1,700,000	\$467,033
5	February-16	1.630		18336 Statesville Road	Cornelius, North Carolina	Mixed use	\$700,000	\$429,448
6	December-14	1.551		Southwest corner of Boren Street and Kinsey Avenue	Huntersville, North Carolina	Mixed Use	\$580,000	\$373,976



**COMPARABLE SALES MAP**



### LAND COMPARABLE 1



#### Property Identification

<b>Property/Sale ID</b>	16180/4853
<b>Property Type</b>	Multi-Family
<b>Property Name</b>	Caldwell Station
<b>Address</b>	17355 Old Statesville Road
<b>City, State Zip</b>	Huntersville, North Carolina 28078
<b>County</b>	Mecklenburg
<b>MSA</b>	Charlotte-Gastonia-Rock Hill, NC-SC
<b>Submarket</b>	Huntersville
<b>Latitude/Longitude</b>	35.448770/-80.845190
<b>Tax ID</b>	005-443-77

#### Transaction Data

<b>Sale Date</b>	11-12-2015	<b>Financing</b>	Cash to Seller
<b>Sale Status</b>	Closed	<b>Conditions of Sale</b>	Arm's length
<b>Grantor</b>	Cheryl L Venarge Trust	<b>Deed Book/Page</b>	30411-400
<b>Grantee</b>	Summit Management Services, Inc.	<b>Sale Price</b>	\$3,800,000
<b>Property Rights</b>	Fee Simple	<b>Adjusted Price</b>	\$3,800,000

#### Property Description

<b>Gross Acres</b>	20.76000	<b>Visibility</b>	Poor
<b>Gross SF</b>	904,306	<b>Corner/Interior</b>	Mid-Block
<b>Usable Acres</b>	18.83000	<b>Shape</b>	Irregular
<b>Usable SF</b>	820,235	<b>Topography</b>	Rolling
<b>Front Feet</b>	138.00	<b>Utilities</b>	All Public
<b>No. of Lots</b>	1	<b>Drainage</b>	Adequate
<b>Proposed Use</b>	Apartments	<b>Flood Hazard Zone</b>	Zone X
<b>Street Access</b>	Poor	<b>Zoning Jurisdiction</b>	Huntersville
<b>Rail Access</b>	No	<b>Zoning Code</b>	R-120
<b>Water/Port Access</b>	No	<b>Zoning Description</b>	Multi-Family

**Indicators**


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<b>\$/Gross Acre</b>	\$183,044	<b>\$/Usable SF</b>	\$4.63
<b>\$/Gross SF</b>	\$4.20	<b>\$/FF</b>	\$27,536.23
<b>\$/Usable Acre</b>	\$201,806	<b>\$/Lot</b>	\$3,800,000

**Verification**


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**Confirmed With** Richard Montana, Marcus & Millichap Inc.

**Remarks**


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Limited access through a single 138 foot arm of the parcel. Bought for the proposed building of Caldwell Station. There is also a 1.93 acres are unusable due to a Duke Power ROW.

## LAND COMPARABLE 2



### Property Identification

<b>Property/Sale ID</b>	16181/4854
<b>Property Type</b>	Multi-Family
<b>Address</b>	Morrison Plantation Pkwy
<b>City, State Zip</b>	Mooresville, North Carolina 28117
<b>County</b>	Iredell
<b>MSA</b>	Charlotte-Gastonia-Rock Hill, NC-SC
<b>Submarket</b>	Mooresville
<b>Latitude/Longitude</b>	35.586591/-80.880983
<b>Tax ID</b>	4647-07-7737

### Transaction Data

<b>Sale Date</b>	02-17-2015	<b>Conditions of Sale</b>	Arm's length
<b>Sale Status</b>	Closed	<b>Deed Book/Page</b>	2341-2054
<b>Grantor</b>	FFC Capital Corporation	<b>Days on Market</b>	469
<b>Grantee</b>	DD Morrison, LLC	<b>Sale Price</b>	\$2,484,000
<b>Property Rights</b>	Fee Simple	<b>Adjusted Price</b>	\$2,484,000
<b>Financing</b>	Cash to Seller		

### Property Description

<b>Gross Acres</b>	8.65900	<b>Visibility</b>	Average
<b>Gross SF</b>	377,186	<b>Corner/Interior</b>	Mid-Block
<b>Usable Acres</b>	8.65900	<b>Shape</b>	Irregular
<b>Usable SF</b>	377,186	<b>Topography</b>	Rolling
<b>Front Feet</b>	903.00	<b>Utilities</b>	All Public
<b>No. of Lots</b>	1	<b>Drainage</b>	Adequate
<b>Proposed Use</b>	Apartments	<b>Flood Hazard Zone</b>	Zone X
<b>Street Access</b>	Average	<b>Zoning Jurisdiction</b>	Mooresville
<b>Rail Access</b>	No	<b>Zoning Code</b>	CUCMX
<b>Water/Port Access</b>	No	<b>Zoning Description</b>	Mixed Use

**Indicators**

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<b>\$/Gross Acre</b>	\$286,869	<b>\$/Usable SF</b>	\$6.59
<b>\$/Gross SF</b>	\$6.59	<b>\$/FF</b>	\$2,750.83
<b>\$/Usable Acre</b>	\$286,869	<b>\$/Lot</b>	\$2,484,000

**Verification**

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<b>Confirmed With</b>	Buyers Representative
<b>Confirmation Date</b>	09-20-2016

**Remarks**

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Bought for an apartment development.



LAND COMPARABLE 3



Property Identification

<b>Property/Sale ID</b>	16182/4855
<b>Property Type</b>	Multi-Family
<b>Property Name</b>	Vanguard Northlake
<b>Address</b>	Northlake Centre Parkway
<b>City, State Zip</b>	Charlotte, North Carolina 28216
<b>County</b>	Mecklenburg
<b>MSA</b>	Charlotte-Gastonia-Rock Hill, NC-SC
<b>Submarket</b>	Northlake
<b>Latitude/Longitude</b>	35.365001/-80.855719
<b>Tax ID</b>	025-281-06, 21 & 99

Transaction Data

<b>Sale Date</b>	03-11-2014	<b>Property Rights</b>	Fee Simple
<b>Sale Status</b>	Closed	<b>Financing</b>	Cash to Seller
<b>Grantor</b>	Pearlmark Real Estate Partners, LLC	<b>Conditions of Sale</b>	Arm's length
<b>Grantee</b>	Vanguard Northlake Apartments, LP	<b>Deed Book/Page</b>	29045-167
		<b>Sale Price</b>	\$3,200,000
		<b>Adjusted Price</b>	\$3,200,000

Property Description

<b>Gross Acres</b>	15.63000	<b>Visibility</b>	Average
<b>Gross SF</b>	680,843	<b>Corner/Interior</b>	Corner
<b>Usable Acres</b>	15.63000	<b>Shape</b>	Irregular
<b>Usable SF</b>	680,843	<b>Topography</b>	Rolling
<b>Front Feet</b>	1,649.00	<b>Utilities</b>	All Public
<b>No. of Lots</b>	3	<b>Drainage</b>	Adequate
<b>Proposed Use</b>	Apartments	<b>Flood Hazard Zone</b>	Zone X
<b>Street Access</b>	Average	<b>Zoning Jurisdiction</b>	Charlotte
<b>Rail Access</b>	No	<b>Zoning Code</b>	R17MF
<b>Water/Port Access</b>	No	<b>Zoning Description</b>	Multi-Family



**Indicators**

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<b>\$/Gross Acre</b>	\$204,734	<b>\$/Usable SF</b>	\$4.70
<b>\$/Gross SF</b>	\$4.70	<b>\$/FF</b>	\$1,940.57
<b>\$/Usable Acre</b>	\$204,734	<b>\$/Lot</b>	\$1,066,667

**Verification**

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<b>Confirmed With</b>	Buyers Representative
<b>Confirmation Date</b>	09-20-2016

**Remarks**

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Purchase of vacant land for apartment use.

### LAND COMPARABLE 4



#### Property Identification

<b>Property/Sale ID</b>	15417/4322
<b>Property Type</b>	Retail
<b>Address</b>	18418 Statesville Road
<b>City, State Zip</b>	Cornelius, North Carolina 28031
<b>County</b>	Mecklenburg
<b>MSA</b>	Charlotte-Gastonia-Rock Hill, NC-SC
<b>Submarket</b>	Cornelius, NC
<b>Latitude/Longitude</b>	35.465010/-80.870668
<b>Tax ID</b>	00514108

#### Transaction Data

<b>Sale Date</b>	02-29-2016	<b>Financing</b>	Cash to Seller
<b>Sale Status</b>	Closed	<b>Conditions of Sale</b>	Arm's length
<b>Grantor</b>	Bridgeport Fabrics, Inc.	<b>Deed Book/Page</b>	30637-444
<b>Grantee</b>	Old Swan Development, LLC	<b>Sale Price</b>	\$1,700,000
<b>Property Rights</b>	Fee Simple	<b>Adjusted Price</b>	\$1,700,000

#### Property Description

<b>Gross Acres</b>	3.64000	<b>Visibility</b>	Average to good
<b>Gross SF</b>	158,558	<b>Corner/Interior</b>	Corner
<b>Usable Acres</b>	3.64000	<b>Shape</b>	Irregular
<b>Usable SF</b>	158,558	<b>Topography</b>	Rolling
<b>Front Feet</b>	615.00	<b>Utilities</b>	All Public
<b>No. of Lots</b>	1	<b>Drainage</b>	Assumed Adequate
<b>Proposed Use</b>	Restaurant	<b>Flood Hazard Zone</b>	Zone X
<b>Street Access</b>	Good	<b>Use Designation</b>	Commercial
<b>Rail Access</b>	No	<b>Zoning Jurisdiction</b>	Town of Cornelius, NC
<b>Traffic Count</b>	20520	<b>Zoning Code</b>	HC
<b>Water/Port Access</b>	No	<b>Zoning Description</b>	Highway Commercial

**Indicators**


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<b>\$/Gross Acre</b>	\$467,033	<b>\$/Usable SF</b>	\$10.72
<b>\$/Gross SF</b>	\$10.72	<b>\$/FF</b>	\$2,764.23
<b>\$/Usable Acre</b>	\$467,034	<b>\$/Lot</b>	\$1,700,000

**Verification**


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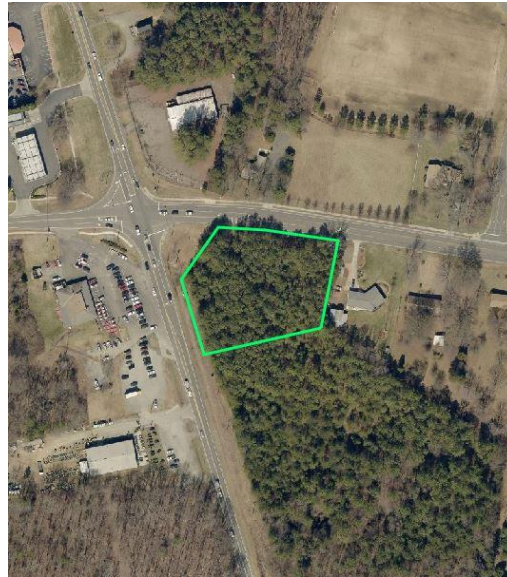
<b>Confirmed With</b>	Terri Mayhew, Remax Executive Realty
<b>Confirmation Date</b>	03-22-2016

**Remarks**


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Broker Terri Mayhew confirmed sale date of 3-3-2016 and sale price of \$1,700,000 for 3.74 acres formerly occupied by Anchorage Marine. The building and property has been vacant for 12 years. The buyer intends to develop the property into a restaurant and bar, featuring local breweries, with an area for food trucks and a kids' play area. The plan is up for review by the town. According to Ms. Mayhew, the building was considered of little value.

### LAND COMPARABLE 5



#### Property Identification

<b>Property/Sale ID</b>	15416/4321
<b>Property Type</b>	Commercial
<b>Address</b>	18336 Statesville Road
<b>City, State Zip</b>	Cornelius, North Carolina 28031
<b>County</b>	Mecklenburg
<b>MSA</b>	Charlotte-Gastonia-Rock Hill, NC-SC
<b>Submarket</b>	Cornelius, NC
<b>Latitude/Longitude</b>	35.464035/-80.870165
<b>Tax ID</b>	00508112

#### Transaction Data

<b>Sale Date</b>	02-29-2016	<b>Financing</b>	Cash to Seller
<b>Sale Status</b>	Closed	<b>Conditions of Sale</b>	Typical
<b>Grantor</b>	Bridgeport Fabrics, Inc.	<b>Deed Book/Page</b>	30626-07
<b>Grantee</b>	MVP JKM Cornelius Real Estate Holdings, LLC	<b>Sale Price</b>	\$700,000
<b>Property Rights</b>	Fee Simple	<b>Adjusted Price</b>	\$700,000

#### Property Description

<b>Gross Acres</b>	1.63000	<b>Visibility</b>	Average to good
<b>Gross SF</b>	71,003	<b>Corner/Interior</b>	Corner
<b>Usable Acres</b>	1.63000	<b>Shape</b>	Irregular
<b>Usable SF</b>	71,003	<b>Topography</b>	Mostly level to rolling
<b>Front Feet</b>	229.00	<b>Utilities</b>	All available
<b>No. of Lots</b>	1	<b>Drainage</b>	Assumed Adequate
<b>Proposed Use</b>	Mixed use	<b>Flood Hazard Zone</b>	Zone X
<b>Street Access</b>	Average	<b>Use Designation</b>	Commercial
<b>Rail Access</b>	No	<b>Zoning Jurisdiction</b>	Town of Cornelius, NC
<b>Traffic Count</b>	20520	<b>Zoning Code</b>	HC
<b>Water/Port Access</b>	No	<b>Zoning Description</b>	Highway Commercial



**Indicators**


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<b>\$/Gross Acre</b>	\$429,448	<b>\$/Usable SF</b>	\$9.86
<b>\$/Gross SF</b>	\$9.86	<b>\$/FF</b>	\$3,056.77
<b>\$/Usable Acre</b>	\$429,447	<b>\$/Lot</b>	\$700,000

**Verification**


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<b>Confirmed With</b>	Terri Mayhew, Remax Executive Realty
<b>Confirmation Date</b>	03-22-2016

**Remarks**


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Broker Terri Mayhew confirmed sale date of 2-29-2016 and sale price of \$700,000 for 1.63 acres of land zoned commercial. Ms. Mayhew described the property as wooded, fairly level, with frontage on Statesville Road (US Hwy 21) and Westmoreland Road, Cornelius, NC. She said that the buyers, who own a restaurant across the road, intend to build on the purchased property when a highway widening project, projected to take some of the business property, will make a new building necessary. She said that all utilities are available in this area. Ms. Mayhew thought the sale price was market value.

### LAND COMPARABLE 6



#### Property Identification

<b>Property/Sale ID</b>	14633/3870
<b>Property Type</b>	Commercial
<b>Property Name</b>	Lot 22 - Gilead Center at The Park
<b>Address</b>	Southwest corner of Boren Street and Kinsey Avenue
<b>City, State Zip</b>	Huntersville, North Carolina 28078
<b>County</b>	Mecklenburg
<b>MSA</b>	Charlotte-Gastonia-Rock Hill, NC-SC
<b>Latitude/Longitude</b>	35.403439/-80.866349
<b>Tax ID</b>	01716527

#### Transaction Data

<b>Sale Date</b>	12-18-2014	<b>Property Rights</b>	Fee Simple
<b>Sale Status</b>	Closed	<b>Financing</b>	Cash to Seller
<b>Grantor</b>	Bank of America, N.A. as Trustee for Bank of America Pension Plan	<b>Conditions of Sale</b>	Arm's length
<b>Grantee</b>	RHGC Huntersville, LLC	<b>Deed Book/Page</b>	29642/237
		<b>Sale Price</b>	\$580,000
		<b>Adjusted Price</b>	\$580,000

#### Property Description

<b>Gross Acres</b>	1.55090	<b>Corner/Interior</b>	Corner
<b>Gross SF</b>	67,557	<b>Shape</b>	Slightly irregular
<b>Usable Acres</b>	1.55090	<b>Topography</b>	Rolling
<b>Usable SF</b>	67,557	<b>Utilities</b>	All public
<b>Front Feet</b>	226.00	<b>Flood Hazard Zone</b>	Zone X
<b>Proposed Use</b>	Medical office	<b>Zoning Jurisdiction</b>	Huntersville
<b>Street Access</b>	Average	<b>Zoning Code</b>	HC (CD)
<b>Traffic Count</b>	8800	<b>Zoning Description</b>	Highway Commercial, Conditional District
<b>Visibility</b>	Average		

**Indicators**

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<b>\$/Gross Acre</b>	\$373,976	<b>\$/Usable SF</b>	\$8.59
<b>\$/Gross SF</b>	\$8.59	<b>\$/FF</b>	\$2,566.37
<b>\$/Usable Acre</b>	\$373,978		

**Verification**

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<b>Confirmed With</b>	Marshall Williamson, agent
<b>Confirmed By</b>	James Owens
<b>Confirmation Date</b>	02-02-2015

**Remarks**

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Lot 22 is a recombination of Lots 20-22. Buyer plans to develop the site with a Davita Dialysis Center.

## Land Sales Comparison Analysis

When necessary, adjustments were made for differences in various elements of comparison, including property rights conveyed, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, and other physical characteristics. If the element in comparison is considered superior to that of the subject, we applied a negative adjustment. Conversely, a positive adjustment was applied if inferior. A summary of the elements of comparison follows.

### Transaction Adjustments

Transaction adjustments include (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, and (4) expenditures made immediately after purchase. These items, which are applied prior to the market conditions and property adjustments, are discussed as follows:

### Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable. The appraised value and sale comparables all reflect the fee simple interest with no adjustments required.

### Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms. A cash equivalency procedure discounts the atypical mortgage terms to provide an indication of value at cash equivalent terms. All of the sale comparables involved typical market terms by which the sellers received cash or its equivalent and the buyers paid cash or tendered typical down payments and obtained conventional financing at market terms for the balance. Therefore, no adjustments for this category were required.

### Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value. The sale comparables do not indicate any condition of sale adjustments were warranted for atypical conditions or for-sale listings.

### Expenditures Made Immediately After Purchase

A knowledgeable buyer considers expenditures required upon purchase of a property, as these costs affect the price the buyer agrees to pay. Such expenditures may include: costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, and/or costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison. The parties to these transactions did not anticipate expenditures were required immediately after purchase; therefore, no adjustments were warranted.



## Market Conditions Adjustment

Market conditions change over time because of inflation, deflation, fluctuations in supply and demand, or other factors. Changing market conditions may create a need for adjustment to comparable sale transactions completed during periods of dissimilar market conditions.

Discussions with market participants and a review of market data indicated overall market conditions for vacant land properties have been improving with recent transactions confirming this trend. As such, we applied an adjustment to each comparable based on a factor of 3.00% per year.

## Property Adjustments

Property adjustments are usually expressed quantitatively as percentages or dollar amounts that reflect the differences in value attributable to the various characteristics of the property. In some instances, however, qualitative adjustments are used. These adjustments are based on locational and physical characteristics and are applied after transaction and market conditions adjustments.

Our reasoning for the property adjustments made to each sale comparable follows. The discussion analyzes each adjustment category deemed applicable to the subject property.

### Location

Location adjustments may be required when the locational characteristics of a comparable are different from those of the subject. These characteristics can include general neighborhood characteristics, freeway accessibility, street exposure, corner- versus interior-lot location, neighboring properties, view amenities, and other factors.

The subject site is located along Beaty Street with average access and average visibility.

Sale 1: an upward adjustment of 10.0% was warranted.

Sale 2: no adjustment was warranted.

Sale 3: an upward adjustment of 10.0% was warranted.

Sale 4: an upward adjustment of 5.0% was warranted.

Sale 5: an upward adjustment of 10.0% was warranted.

Sale 6: an upward adjustment of 15.0% was warranted.

### Size

The size adjustment addresses variance in the physical size of the comparables and that of the subject, as a larger parcel typically commands a lower price per unit than a smaller parcel. This inverse relationship is due, in part, to the principle of "economies of scale." The multi-family land will be adjusted based on its area of 7.41 acres; and the retail land will be adjusted based on its area of 2.52 acres.

Sale 1: an upward adjustment of 5.0% was warranted.

Sale 2: no adjustment was warranted.

Sale 3: an upward adjustment of 5.0% was warranted.

Sale 4: no adjustment was warranted.

Sale 5: no adjustment was warranted.

Sale 6: no adjustment was warranted.

### Zoning

The highest and best use of sale comparables should be very similar to that of the subject property. When comparables with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning, but a highest and best use similar to that of the subject may be used as comparables. These comparables may require an adjustment for differences in utility if the market supports such adjustment.

The subject site is zoned Neighborhood Commercial.

Sale 1: an upward adjustment of 10.0% was warranted.

Sale 2: no adjustment was warranted.

Sale 3: an upward adjustment of 10.0% was warranted.

Sale 4: no adjustment was warranted.

Sale 5: no adjustment was warranted.

Sale 6: no adjustment was warranted.

### Traffic Counts

Higher traffic counts are considered a premium for retail land, but is given little to no consideration for multi-family land. Therefore, only Sales 4, 5 and 6 were adjusted.

Sale 1: no adjustment was warranted.

Sale 2: no adjustment was warranted.

Sale 3: no adjustment was warranted.

Sale 4: a downward adjustment of 5.0% was warranted.

Sale 5: a downward adjustment of 5.0% was warranted.

Sale 6: no adjustment was warranted.

### Summary of Adjustments

Presented on the following page is a summary of the adjustments made to the sale comparables. As noted earlier, these quantitative adjustments were based on our market research, best judgment, and experience in the appraisal of similar properties.

**LAND SALES ADJUSTMENT GRID**

Subject	Sale # 1	Sale # 2	Sale # 3	Sale # 4	Sale # 5	Sale # 6	
Sale ID	4853	4854	4855	4322	4321	3870	
Date of Value & Sale	August-17	November-15	February-15	March-14	February-16	February-16	December-14
Unadjusted Sale Price	\$3,800,000	\$2,484,000	\$3,200,000	\$1,700,000	\$700,000	\$580,000	
Usable Acres	15.335	18.830	8.659	15.630	3.640	1.630	1.551
<b>Unadjusted Sales Price per Usable Acre</b>	<b>\$201,806</b>	<b>\$286,869</b>	<b>\$204,734</b>	<b>\$467,033</b>	<b>\$429,448</b>	<b>\$373,976</b>	
<b>Transactional Adjustments</b>							
<b>Property Rights Conveyed</b>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	<i>Fee Simple</i>	
Adjusted Sales Price	\$201,806	\$286,869	\$204,734	\$467,033	\$429,448	\$373,976	
<b>Financing Terms</b>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	<i>Cash to Seller</i>	
Adjusted Sales Price	\$201,806	\$286,869	\$204,734	\$467,033	\$429,448	\$373,976	
<b>Conditions of Sale</b>	<i>Arm's length</i>	<i>Arm's length</i>	<i>Arm's length</i>	<i>Arm's length</i>	<i>Arm's length</i>	<i>Arm's length</i>	
Adjusted Sales Price	\$201,806	\$286,869	\$204,734	\$467,033	\$429,448	\$373,976	
<b>Expenditures after Sale</b>							
<b>Adjusted Sales Price</b>	<b>\$201,806</b>	<b>\$286,869</b>	<b>\$204,734</b>	<b>\$467,033</b>	<b>\$429,448</b>	<b>\$373,976</b>	
<b>Market Conditions Adjustments</b>							
<b>Elapsed Time from Date of Value</b>	<i>1.74 years</i>	<i>2.47 years</i>	<i>3.41 years</i>	<i>1.44 years</i>	<i>1.44 years</i>	<i>2.64 years</i>	
Market Trend Through	August-17	5.2%	7.4%	10.2%	4.3%	4.3%	7.9%
<b>Adjusted Sales Price</b>	<b>\$212,222</b>	<b>\$307,995</b>	<b>\$225,584</b>	<b>\$486,955</b>	<b>\$447,767</b>	<b>\$403,392</b>	
<b>Physical Adjustments</b>							
<b>Location</b>	<i>Beaty Street</i>	<i>17355 Old Statesville Road</i>	<i>Morrison Plantation Pkwy</i>	<i>Northlake Centre Parkway</i>	<i>18418 Statesville Road</i>	<i>18336 Statesville Road</i>	<i>Southwest corner of Boren Street and Kinsey Avenue</i>
	<i>Davidson, North Carolina</i>	<i>Huntersville, North Carolina</i>	<i>Mooresville, North Carolina</i>	<i>Charlotte, North Carolina</i>	<i>Cornelius, North Carolina</i>	<i>Cornelius, North Carolina</i>	<i>Huntersville, North Carolina</i>
Adjustment		10.0%	-	10.0%	5.0%	10.0%	15.0%
<b>Size</b>	<i>15.335 acres</i>	<i>18.830 acres</i>	<i>8.659 acres</i>	<i>15.630 acres</i>	<i>3.640 acres</i>	<i>1.630 acres</i>	<i>1.551 acres</i>
Adjustment		5.0%	-	5.0%	-	-	-
<b>Zoning</b>	<i>NC-1</i>	<i>R-120</i>	<i>CUCMX</i>	<i>R17MF</i>	<i>HC</i>	<i>HC</i>	<i>HC (CD)</i>
Adjustment		10.0%	-	10.0%	-	-	-
<b>Traffic Counts</b>	<i>8900</i>				<i>20520</i>	<i>20520</i>	<i>8800</i>
Adjustment		-	-	-	-5.0%	-5.0%	-
Net Physical Adjustment		25.0%	-	25.0%	-	5.0%	15.0%
<b>Adjusted Sales Price per Usable Acre</b>	<b>\$265,278</b>	<b>\$307,995</b>	<b>\$281,980</b>	<b>\$486,955</b>	<b>\$470,155</b>	<b>\$463,901</b>	

## Conclusion

From the market data available, we used six land sales in competitive market areas which were adjusted based on pertinent elements of comparison. The following table summarizes the unadjusted and adjusted unit prices:

### Land Sale Statistics

Metric	Unadjusted	Adjusted
Minimum Sales Price per Usable Acre	\$201,806	\$265,278
Maximum Sales Price per Usable Acre	\$467,033	\$486,955
Median Sales Price per Usable Acre	\$330,423	\$385,948
Mean Sales Price per Usable Acre	\$327,311	\$379,377

The most comparable was Sale #2 is most similar to the multi-family land, with an adjusted sale price of \$307,955 per usable acre. Sale #4 is most similar to the retail land, with an adjusted sale price of \$486,955 per usable acre.

The following land use value break down is provided to explain the value differences based on the differing proposed land uses. The multi-family, hotel, and retail land were given 100% of the estimated value. The undevelopable land is was given 50% of the market value. Finally the unusable land was given 10% of the market value. Even though it cannot be developed in any way, it still adds value to the site as open space, which allows a higher density on the usable area. The chart below denotes the land value calculations:

### Land Value Breakdown

Land Use	Acres	Square Feet	\$/Acre	%of Value	Total Value
Multi-Family Land	8.54	372,002	\$300,000	100%	\$2,562,000
Retail Land	2.12	92,347	\$475,000	100%	\$1,007,000
Hotel Land	1.14	49,658	\$300,000	100%	\$342,000
Undevelopable	3.535	153,985	\$300,000	50%	\$530,250
Unusable	5.49	239,144	\$300,000	10%	\$164,700
<b>Total:</b>	<b>20.825</b>	<b>907,137</b>			<b>\$4,605,950</b>
<b>Average:</b>	<b>4.165</b>	<b>181,427</b>			<b>\$300,355</b>

Based on this analysis, the land value indication is summarized as follows:

### Land Value Indication

<b>Market Value Opinion</b>				(Rounded)
15.335 acres	x	<b>\$300,355 per acre</b>	=	<b>\$4,600,000</b>



# Reconciliation

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## Summary of Value Indications

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

<b>Value Indications</b>	
<b>Approach to Value</b>	<b>As Is</b>
Sales Comparison	\$4,600,000
Cost	Not Developed
Income Capitalization	Not Developed
<b>Value Conclusions</b>	
<b>Component</b>	<b>As Is</b>
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	August 7, 2017
<b>Value Conclusion</b>	<b>\$4,600,000</b>
	<b>\$299,967 per acre</b>

To reach a final opinion of value, we considered the reliability and relevance of each value indication based upon the quality of the data and applicability of the assumptions underlying each approach. Given the availability and reliability of data within the Sales Comparison Approach, we gave this approach primary weight in arriving at our final value conclusions. Furthermore, land properties such as the subject property are typically purchased by Commercial Developers, who primarily rely upon the methods employed by the Sales Comparison Approach.

## Exposure Time and Marketing Periods

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 6 to 12 months and 6 to 12 months, respectively, are considered reasonable and appropriate for the subject property.

## General Assumptions and Limiting Conditions

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This appraisal is subject to the following limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | John Bosworth and Associates will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | John Bosworth and Associates is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.

9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.
11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | John Bosworth and Associates and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | John Bosworth and Associates.

17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, 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 conclusion contained in this report is based unless specifically stated to the contrary.



24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.
28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.

29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

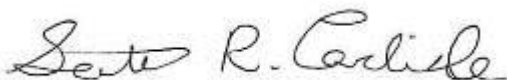
35. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by John Bosworth and Associates. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
36. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
37. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

## Certification – Scott Carlisle

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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 conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Scott Carlisle has personally inspected the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.



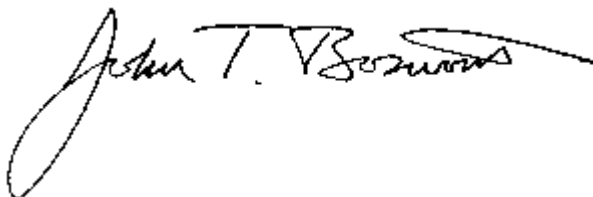


## Certification – John T. Bosworth

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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 conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. The undersigned has not performed services regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. The report was reviewed by John T. Bosworth who also made a personal inspection of the subject property.
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, the undersigned has completed the continuing education program for Designated Members of the Appraisal Institute.



# Addenda

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Engagement Letter

Previous Deed

Glossary

Qualifications

- Scott Carlisle, - Trainee Real Estate Appraiser
- John T. Bosworth, MAI, SRA - Certified General Real Estate Appraiser

Information on Valbridge Property Advisors

Office Locations

## Engagement Letter

Page 1 of 2


**ENGAGEMENT FOR VALUATION SERVICES**

This agreement is made between Valbridge Property Advisors | John Bosworth and Associates, LLC and the "client" identified below.

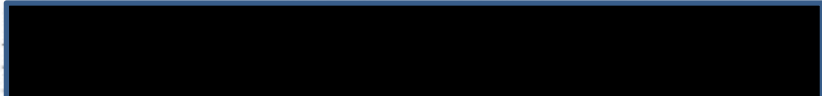
**Property Information:**

The undersigned agrees to provide professional services related to the real estate located at:

 Location: Beaty Street Tract Name: Land - Mixed Use  
 City: Davidson State: NC  
 Property Type: Land Approx. land area: 20.86 acres
**Appraisal Information:**

 The appraisal will be made: As is  
 Type of appraised value: Market Value  
 Property rights to be appraised?: Fee Simple  
 Appraisal valuation date shall be: As of the date of inspection  
 Intended Use: Establish value for decision making purposes  
 Anticipated Scope: Sales Comparison  
 Report Type: Appraisal Report

 The appraisal shall be developed and reported in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) and the Code of Ethics of the Appraisal Institute. The appraisal shall also comply with any assignment conditions imposed by the client. The most recent USPAP is available on-line at [www.appraisalfoundation.org](http://www.appraisalfoundation.org)
**Client Information:**

 Client/Intended User:  
 Address:  
 City, State, Zip:  
 Telephone:

**Appraisal Report Delivery:**

 Report to be delivered to: 2 weeks from engagement acceptance  
 Appraisal Fee: \$2,800 Retainer: \$1,400  
 Appraisal Fee Due: Upon completion of the appraisal assignment. Fee excludes testimony or depositions.  
 Late fee: For outstanding balances over 20 days, a charge of 1.5% per month shall be charged.  
 Number of report copies: 3  
 Reports shall be delivered to: Report will be addressed to and delivered to the client.
**Conditions and Additional Information:**

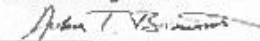
 No work will commence until client signs this agreement. The report will be completed based on general Assumptions and Limiting Conditions, a sample of which is attached for your reference. Information deemed confidential by the client or property contact shall not be disclosed to anyone. For the qualifications of the appraisers, please visit our website: [www.johnbosworth.com](http://www.johnbosworth.com)
**Acceptance:**

Valbridge Property Advisors | John Bosworth &amp; Assoc.

Client:

Authorized Signature:

Signature:



 Date: July 25, 2017

Date:

**Professional Rates and Fees:**

		Appraiser / Consultant	Per hour	1/2 day	Full Day
Cost per additional original copy:	\$75	John T. Bosworth, MAI, SRA	\$275	\$600	\$1,100
Administrative rate	\$50	Keri Stroud, MAI	\$250	\$500	\$1,000
		Scott Cartale	\$200	\$400	\$800
		John Powell	\$200	\$400	\$800
		Tina Stricker	\$200	\$400	\$800

\* The delivery date is contingent upon the appraiser receiving any and all information pertinent to the assignment within 3 days of this engagement

4530 Park Road, Suite 100, Charlotte, North Carolina 28209 704-376-5400 (fax) 704-376-1095

**ASSUMPTIONS AND LIMITING CONDITIONS**

This report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plan plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described, and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, permits, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. Unless otherwise stated in this report, the appraiser did not observe the existence of hazardous materials, which may or may not be present on the property. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

This report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. 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 the prior written consent and approval of the appraiser.
5. We do not have the required expertise for determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants, contaminants (including, but not limited to, asbestos, PCB, UFFI, Radon, lead-based paints, or other raw materials, chemicals, or gases) used in construction, or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances. We do not assume responsibility for loss as a result of the presence of such substances.
6. The American with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of ADA could reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

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4530 Park Road, Suite 100, Charlotte, North Carolina 28209 704-376-5400 (fax) 704-376-1095



Previous Deed (Parcel 7, the largest)

DEED BOOK PAGE <del>5452-0543</del>	DEED BOOK PAGE 5466 0189
PRESENTED FOR REGISTRATION Mar 1 1 53 PM '87 CHARLES E. CROWDER REGISTER OF DEEDS MECKLENBURG CO. N.C.	PRESENTED FOR REGISTRATION 123 Mar 20 11 47 AM '87 CHARLES E. CROWDER REGISTER OF DEEDS MECKLENBURG CO. N.C. 299
State Tax	Recording Time, Book & Page
Tax Lot No. 003-284-04,00	Parcel Identifier No. <>
Verified by 003-263-02	County on the day of 77121 06551 000 19
by	04/01/87
Mail after recording to Richard J. Kline P.O. Box 37146, Charlotte, NC 28237	
This instrument was prepared by Richard J. Kline	
Brief description for the Index	
<b>NORTH CAROLINA GENERAL WARRANTY DEED</b>	
THIS DEED made this 11 <sup>th</sup> day of MARCH, 19 87, by and between	
GRANTOR	GRANTEE
RALPH C. CLONTZ, JR., individually and as Executor of the Estate of Venie W. Clontz and CHRISTINE H. CLONTZ, his Wife  225 South McDowell Street Charlotte, N.C. 28204-2294	THE TOWN OF DAVIDSON, a North Carolina municipal corporation  Town Hall Davidson, NC 28036
Enter in appropriate block for each party's name, address, and, if appropriate, character of entity, e.g. corporation or partnership.	
The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.	
WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Deeweese Township, Mecklenburg County, North Carolina and more particularly described as follows:	
SEE EXHIBIT A HERETO ANNEXED	
This is a Correction Deed to amend the property description to include a 1.68 acre tract, more or less, that was inadvertently omitted from the Deed from Venie W. Clontz to the Town of Davidson recorded on February 8, 1985 in Deed Book 4969 at page 444 of the Mecklenburg County Public Registry.	
This Deed is being re-recorded to correct a minor error in the legal description on attached Exhibit A.	
Richard J. Kline Richard J. Kline April 1, 1987	FEE 8.00 <> 8.00 CRSH 8.00
15127 02920 000 03/20/87	

5452-0544

DEED BOOK PAGE

5466 0190

The property hereinabove described was acquired by Grantor by instrument recorded in Book 2126, Page 63 of the Mecklenburg County Public Registry; also see deed references in attached Exhibit A.

A map showing the above described property is recorded in Plat Book \_\_\_\_\_ PAGE \_\_\_\_\_ TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging in the Grantor in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is subject to the following exceptions:

BY WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officer and its seal to be hereunto affixed by authority of its Board of Directors, this day and year first above written.

By: \_\_\_\_\_  
President  
ATTEST:  
\_\_\_\_\_  
Notary Public

USE MECKLENBURG ONLY

*Ralph C. Clontz* (REAL)  
Ralph C. Clontz Individually and as  
Executor of the Estate of Venie W.  
Clontz (REAL)  
*Christine H. Clontz* (REAL)  
CHRISTINE H. CLONTZ (REAL)



NORTH CAROLINA, \_\_\_\_\_ County.  
I, a Notary Public of the County and State aforesaid, certify that Ralph C. Clontz, Individually and as Executor of the Estate of Venie W. Clontz and Christine H. Clontz personally appeared before me this day and acknowledged the execution of the foregoing instrument. Witness my hand and official stamp of seal, this 11th day of March, 1987.  
My commission expires March 10, 1990 *Lenora B. McGee* Notary Public

SEAL-STAMP

NORTH CAROLINA, \_\_\_\_\_ County.  
I, a Notary Public of the County and State aforesaid, certify that \_\_\_\_\_ personally came before me this day and acknowledged that \_\_\_\_\_ be he \_\_\_\_\_ Secretary of \_\_\_\_\_ a North Carolina corporation, and that by authority duly given and in the act of the corporation, the foregoing instrument was signed in its name by the President, stated with its corporate seal and attested by \_\_\_\_\_ as its Secretary, Witness my hand and official stamp of seal, this \_\_\_\_\_ day of \_\_\_\_\_ 19\_\_\_\_.  
My commission expires \_\_\_\_\_ Notary Public

The foregoing Certificate of Lenora B. McGee, a Notary Public for said County and State

is hereby attested to be correct. This instrument and this certificate are duly registered at the date and time and in the Book and Page shown on the first page hereof.

By: *Mary H. Percy* \_\_\_\_\_  
Register of Deeds

This 20th day of March, 1987 See Page 545



5466 0191

DEED BOOK - PAGE

EXHIBIT A

5452 0545

**First Tract**  
BEGINNING at a stake, the northeastern corner of Lot #3 in Block E in Armour Heights in The Town of Davidson; thence N. 29° E. 399.08 feet, more or less, to a stake in Arthur Armour's (now or formerly) line; thence with said line about S. 63° E. 396.00 feet, more or less, to a stake in the center line of the A.T. & O. Railroad; thence S. 64° W. 387.75 feet, more or less, to a stake in the northeastern corner of Lot #1, Block E of Armour Heights; thence with the northern line of Lot Nos. 1 & 2 in Block E N. 61° W. 185 feet to the BEGINNING, containing 2 acres, more or less. For back reference, see "First Tract" in Deed from Ivory Moore Hamrick (Widow) to Ralph C. Clontz, Sr. and wife, Venie W., recorded in Book 2126, Page 63, Mecklenburg County Public Registry.

EXCEPTING THEREFROM a certain tract of land conveyed to Mrs. E.L. Foster by M.W. Cranford and wife, by deed dated August 19, 1928 and recorded in Book 710, Page 152, and more particularly described as follows:

BEGINNING at an iron stake on A.B. Williams' (now or formerly) line N. 62° W. 39 feet from the center of the A.T. & O. railroad track; thence N. 62° W. 150 feet to a stake on A.B. Williams (now or formerly) line; thence S. 30 1/2° W. 50 feet to an iron stake; thence S. 66 1/2° E. 137 feet to an iron stake; thence N. 43 1/2° W. 50 feet to the BEGINNING, containing 7200 square feet.

**Second Tract**  
Being all of Lots 1 & 2 in Block E of Armour Heights, as shown in Map Book 230, Page 53, Mecklenburg County Public Registry. For back reference, see "Second Tract" in Deed from Ivory Moore Hamrick (widow) to Ralph C. Clontz, Sr. and wife, Venie W., recorded in Book 2126, Page 63, Mecklenburg County Public Registry.

**Third Tract**  
BEGINNING at a point in the center line of Beaty Street (formerly General Time Road), said point being in the southerly line of Tract 7, Map Book 15, Page 625, Mecklenburg County Public Registry, and being located S. 63°08' E. 15.0 feet from the common southern corner of Tracts 7 and 8; and running thence with the center line of Beaty Street (formerly General Time Road) the following courses and distances: (1) N. 50°03' E. 100.00 feet to a point; (2) N. 54°40' E. 100.00 feet to a point; (3) N. 57°18' E. 100.00 feet to a point; (4) N. 81°11' E. 100.00 feet to a point; (5) N. 68°02' E. 108.00 feet to a point; (6) N. 70°14' E. 100.00 feet to a point; (7) N. 73°38' E. 100.00 feet to a point; (8) N. 77°28' E. 100.00 feet to a point; (9) N. 81°18' E. 100.00 feet to a point; (10) N. 85°20' E. 100.00 feet to a point; (11) S. 89°21' E. 100.00 feet to a point; (12) S. 86°32' E. 100.00 feet to a point; (13) S. 82°13' E. 100.00 feet to a point; (14) S. 79°38' E. 100.00 feet to a point; (15) S. 74°34' E. 62.8 feet to a point; thence leaving the center line of Beaty Street and running N. 40°28' E. 91.1 feet to an old iron pipe; thence S. 49°32' E. 100.00 feet to a point in the right of way of Beaty Street; thence S. 40°28' W. 38.00 feet to a point in the center line of Beaty Street; thence S. 40°28' W. 44.1 feet to a point in the southerly margin of Beaty Street; thence S. 40°28' W., with the westerly boundary of lots 1, 2 and 3, Block A of the A.E. Armour Northside Addition as shown on a map thereof recorded in Map Book 230, Page 53, Mecklenburg County Public Registry, 157.80 feet, more or less, to an iron pipe, the western most corner of Lot 1, Block A of said subdivision; thence with the southwestern line of said Lot 1 S. 49°32' E. 175.00 feet to an iron pipe in the northeastern margin of S.R. #2488 and on or near the northern boundary of the Southern Railroad right of way; thence parallel with the center line of the Southern Railroad right of way S. 64°29' N. 81.9 feet, more or less, to a point; thence N. 24°23' W. 120.00 feet to an iron pipe; thence N. 63°08' W. 873.45 feet to the BEGINNING, containing 16,799 acres, more or less. Being a portion of the property conveyed to Ralph C. Clontz (R.C.) and wife, Venie W., in Deed recorded in Book 1724, Page 17, Mecklenburg County Public Registry, and in Deed recorded in Book 1153, Page 169, Mecklenburg County Public Registry.

EXCEPTING THEREFROM certain tract of land conveyed to Edmund A. Liles by Venie W. Clontz (widow) in Correction Deed dated June 24, 1874, recorded in Book 3728, Page 474, Mecklenburg County Public Registry, and more particularly described as follows:

BEGINNING at an iron in the southerly right of way margin of General Time Road (said road having an 80 foot wide right of way at said point), said beginning point being 41.52 feet along the said southerly right of way margin of General Time Road in a westerly direction from the intersection of the said southerly right of way margin of said road with the westerly line of the property of Lucy Katherine Thompson as described in Book 1439 at page 345 in the Mecklenburg County Public Registry; and running thence from said beginning point S. 39°00'00" W. 229.0 feet to an iron; thence N. 70°04'55" W. 124.81 feet to an iron; thence N. 39°00'00" E. 229.0 feet to an iron in the southerly right of way margin of General Time Road; thence with the southerly right of way margin of General Time Road (having an 80 foot wide right of way) and with the arc of a circular curve to the right having a radius of 970.00 feet, 123.8 feet to the point or place of beginning, and containing 0.80 acres, more or less, all according to survey made by R.B. Pharr & Associates, dated June 13, 1873, and referred to as File No. 3-83-A.

## Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6<sup>th</sup> Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

### Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

### Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

### As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

### Base Rent

The minimum rent stipulated in a lease. (Dictionary)

### Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

### Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

### Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

### Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

### Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4<sup>th</sup> Ed.)

### Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

### Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

### Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)



### Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

### Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

### Depreciation

- 1) In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.
- 2) In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

### Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and
- 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. (Dictionary)

### Easement

The right to use another's land for a stated purpose. (Dictionary)

### EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

### Effective Date

- 1) The date on which the appraisal or review opinion applies. (SVP)
- 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

### Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

### Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

### EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

### Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

### Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

### Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

### Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

### Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

### Exposure Time

- 1) The time a property remains on the market.
- 2) The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

### Extraordinary Assumption

An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.)

### Fee Simple Estate

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. (Dictionary)

### Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

### Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's operating and fixed expenses; also called a *full service lease*. (Dictionary)

### Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

### Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

### Gross Building Area (GBA)

- 1) Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and

basements if and when typically included in the market area of the type of property involved.

- 2) Gross leasable area plus all common areas.
- 3) For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

### Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

### Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

### Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

### Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

### Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

### HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

### Highest and Best Use

- 1) The reasonably probable use of property that results in the highest value. The four criteria that the highest

and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

- 2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)
- 3) [The] highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

### Hypothetical Condition

- 1) A condition that is presumed to be true when it is known to be false. (SVP – Standards of Valuation Practice, effective January 1, 2015)
- 2) A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2016-2017 ed.) (Dictionary)

### Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

### Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

### Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

### Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

### Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

### Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

### Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

### Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

### Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
- 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. (Dictionary)

### Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

### Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and

similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

### Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

### Market Value

The most probable price that 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:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 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.

(Dictionary)

### Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) (Dictionary)

### Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for

a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

### Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

### Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

### Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

### Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

### Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

### Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)



### Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

### Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

### Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

### Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

### Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of

the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

### Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

### Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

### Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

### Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

### Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *net net net lease*, or *fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

### Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

### Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

## Qualifications

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## Professional Experience:

- **John Bosworth & Associates, LLC.** May 2011 - present, Charlotte, N.C. Commercial real estate consulting and appraisal. Providing commercial appraisal services, financial analyses, and highest and best use studies to commercial real estate owners, developers, and financial clients.
  - **Hochstetter & Associates, LLC.** January 2011 – May 2012, Charlotte, N.C. Researched and analyzed market and comparable data in order to formulate value conclusions for commercial real estate appraisals. Daily activities included: Assisting supervisory appraiser on inspections, collecting and analyzing property data, report writing, and handling client relations pertaining to specific appraisal assignments.
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## Education & Relevant Course Work:

- University of North Carolina at Charlotte - Charlotte, NC- Bachelor's degrees in History and Criminal Justice, Minor in Political Science.
- Appraisal Education:
  - Basic Principles**- August 2010
  - Basic Procedures**- September 2010
  - Market Analysis & Highest and Best Use**- November 2010
  - USPAP**- December 2010
  - USPAP Update** – March 2014
  - General Appraiser Income Approach Part 1** – March 2013
  - General Appraiser Income Approach Part 2** – April 2013
  - General Appraiser Sales Comparison Approach** – February 2014
  - General Appraiser Site Valuation & Cost Approach** – March 2014
  - General Appraiser Market Analysis and Highest & Best Use** – May 2015

## State Certification/Licensure:

State Registered Trainee, North Carolina Real Estate Appraisal Board, Raleigh, Certificate Number T5386





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Professional Experience:

- **Valbridge Property Advisors | John Bosworth & Associates**, Senior Managing Director (2013-Present)
- **John Bosworth & Associates, LLC**, 1993–2013, Charlotte, North Carolina. Commercial real estate consulting and appraisal. Provide commercial appraisal services, financial analyses, and highest and best use studies to commercial real estate owners, developers, and financial clients. Assignments include retail development, offices, industrial properties, apartments, and subdivisions.
- **T. B. Harris, Jr. & Associates**, 1989–1993, Charlotte, North Carolina. Commercial real estate consulting and appraisal assignments of commercial, industrial and special use property types.
- **Bosworth Appraisal Services**, 1986–1989, New Orleans, Louisiana. Formed company in 1986. Actively engaged in the appraisal of residential and small income properties.

Career Highlights and Achievements:

- President (2006) of the North Carolina Chapter of the Appraisal Institute.
- Instructor for the Appraisal Institute. Approved for Courses 400, 410 and 420
- Mingle School of Real Estate of the Charlotte Regional Realtors Association. Instructor from 1990 to 2006. Created R and G series courses in 1990-91
- Charlotte Appraisers Market Data Associates (CAMDA), Charlotte, North Carolina, President from 1996-1999.
- 1996 Member of the Year, Metrolina Sub-Chapter of the Appraisal Institute
- 1997 Chairman of the Metrolina Sub-Chapter of the Appraisal Institute
- 1999, 2000 & 2001 Leadership Development and Advisory Council delegate, Appraisal Institute.

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Education:

- Louisiana State University, Baton Rouge, Louisiana, Bachelor of Science, Marketing
- Appraisal Institute, Chicago, Illinois

- SRA designation, (RM member #2240)
- MAI designation, member #9967
  
- Relevant Course Work Completed – Appraisal Institute

**Courses:**

Highest & Best Use and Market Analysis, 1999  
Advanced Income Capitalization, 1995  
Basic Income Capitalization, 1994  
Advanced Income Capitalization, 1994  
Report Writing & Valuation Analysis, 1992  
Case Studies in R.E. Valuation, 1990  
Cap Theory & Tech, Part B, 1989  
Cap Theory & Tech, Part A, 1989  
Basic Valuation Procedures, 1988  
R.E. Appraisal Principles, 1986  
Residential Valuation, 1984

**Recent Courses Taught:**

7-Hour National USPAP Update Course—North Carolina Chapter  
  
Business Practices and Ethics—North Carolina Chapter  
15-Hour National USPAP Course

**Seminars:**

Real Estate Valuation Conference, 2015  
Business Practices and Ethics, 2014  
Real Estate Valuation Conference, 2013  
2012 Real Estate Valuation Conference: Retrench/Recovery, 2012  
Appraisal Curriculum Overview (2-day General), 2011  
Analyzing Tenant Credit Risk and Commercial Lease Analysis, 2011  
2010 Real Estate Valuation Conference, 2010  
Appraising Distressed Commercial Real Estate: Here We Go, 2009  
Legislative and Regulatory Update, 2009  
Office Building Valuation: A Contemporary Perspective, 2008  
Analytics with the Site to Do Business, 2007  
AQB USPAP Instructor Recertification Course, 2007  
What Clients Would Like Their Appraisers to Know, 2007  
Yellow Book-Uniform Apr. Standards for Fed. Land Acquisition, 2006  
Advanced Training & Development Conference, 2005  
Real Estate Finance, Value, and Investment Performance, 2005  
How to Increase Profits Using Your Appraisal Skills, 2005  
Rates and Ratios: Making sense of GIMs, OARs, and DCFs, 2005  
Business Practices and Ethics, 2004  
Cool Tools: New Technology for Real Estate Appraisers, 2004  
Land Valuation Adjustment Procedures, 2004  
Effective Appraisal Writing, 2003

Advanced Training & Development Conference, 2003  
Appraisal Consulting: A Solutions Approach for Professionals, 2003  
Real Estate Fraud: The Appraiser's Responsibilities & Liabilities, 2001  
Dynamics of Office Building Valuation, 1995  
Advanced Income Capitalization Faculty Training Workshop, 1994  
Appraisal Practices for Litigation, 1993

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Courses Taught and Written (for Mingle School of Real Estate)

- Using the HP-12C financial calculator 1991-1993
  - Residential Applications 1994-1996
  - Income Valuation Fundamentals 1995-1998
  - NC Board Rules & USPAP 1996-2001
  - NC Appraisal Board Rules 1999-2001
  - Is This A Commercial Appraisal? 2001
  - Role of the Supervisory Appraiser 2001
- 

State Certification/Licensure:

- AQB Certified USPAP Instructor #10242
  - North Carolina Real Estate Appraisal Board, Raleigh, North Carolina, State Certified General Real Estate Appraiser, Certificate Number A214
  - South Carolina Real Estate Appraisers Board, Columbia, South Carolina, State Certified General Real Estate Appraiser, Certificate Number CG2589
  - State of Georgia Real Estate Appraisal Board, Atlanta, Georgia, State Certified Real Property Appraiser, Certificate Number 5328
  - North Carolina Real Estate Commission, Raleigh, North Carolina, Real Estate Broker, license number 127865
- 

Expert Witness Experience:

- US Bankruptcy Court, Charlotte, NC
  - North Carolina Property Tax Commission, Raleigh, NC
-

**Renewal Cards**

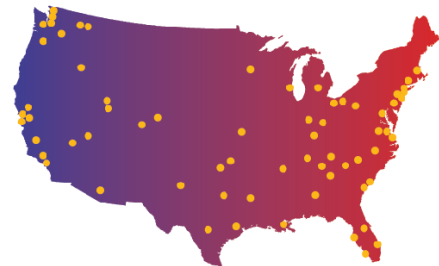
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## Company Information on Valbridge Property Advisors

- ▮ Valbridge is the largest national commercial real estate valuation and advisory services firm in North America:
  - Total number of MAIs (200 on staff)
  - Total number of office locations (68 across the U.S.)
  - Total number of staff (675 strong)
  
- ▮ Valbridge covers the U.S. from coast to coast.
  
- ▮ Valbridge services all property types, including special-purpose properties.
  
- ▮ Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
  
- ▮ Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
  
- ▮ Valbridge is owned by our local office leaders.
  
- ▮ Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.





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