

IMPACT STUDY

***Single Family Residence
6309 Hawfield Road
Indian Trail, Union County,
NC 28079***

Type Report: Impact Study

***Date of Study
October 7, 2016***





October 18, 2016

Mr. & Mrs. Mark D. Ramige
6309 Hawfield Road
Indian Trail, NC 28079

RE: Impact Study – Proposed Heritage Senior Housing Development and the Ramige Single-Family House.

Dear Mr. & Mrs. Ramige:

T.B. Harris, Jr. & Associates has completed an impact study relating to a proposed development which is planned for an assemblage of 272.86 acres of vacant land which surrounds your property. The property includes an Indian Trail mailing address, although lies within the zoning jurisdiction of Wesley Chapel. The study considers plans provided which indicate a 435-lot subdivision spanning both Wesley Chapel and Indian Trail. As part of the proposed development, the owner of the surrounding land has requested a zoning change from R-40, which is designed for a minimum lot size of 40,000 square feet, to a higher density zoning allowing for greater density and the allowance of senior housing or age-restricted housing.

According to our client and representing counsel, the zoning which allowed the adjacent proposed development has now been revoked indicating the subject land, if vacant, could not be developed to the same density or include the same allowances as that allowed for the adjacent development. Based on this consideration, any existing or future use would likely be inconsistent with surrounding uses. The analysis to follow considers two measures of analysis. The first analysis considers land similarly zoned to the subject, allowing for low density, detached single-family development. We compare these land values to those for land which has a similar zoning or planned use to that of the surrounding development. The variance between the two land values can be attributed to a loss in value to the subject property as a result of limited or inconsistent zoning allowances.

A second analysis pairs improved residential property that is adjacent to or near a different property use (commercial, multi-family, senior housing) to improved residential property adjacent to similarly developed property. The difference between these two development patterns is attributed to inconsistent development patterns and how it can affect property value.

As shown in the analysis to follow, both measures of comparison support a negative impact on the subject property.

The opinion of impact is supported by the data and reasoning set forth in the attached narrative. Your attention is invited to the Assumptions and Limiting Conditions section of this report. The appraisers certify that we have no present or contemplated future interest in the property, and that our fee for this assignment is in no way contingent upon the value estimate concluded.

Since the appraisers are commenting as to value, all appropriate USPAP standards and requirements are included.

EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS: Details regarding the impact study are based on plans and specifications for a proposed development. It is an extraordinary assumption of this report that the information provided is consistent with what is actually developed. If final plans or development details differ from what was provided, we reserve the right to amend our conclusions.

In addition the property owner has indicated that the zoning which was allowed for site plan approval of the adjacent proposed senior housing development has since been revoked, indicating that the subject owner cannot develop her property to the same allowances provided on the adjacent land. It is an extraordinary assumption that this is true and correct and if information is presented which contradicts this, we reserve the right to amend our conclusions.

Thomas B. Harris, Jr., MAI, CRE®, FRICS reviewed the contents of this report and concurs with the conclusions. Mr. Harris has not provided the primary analyses; however, he reviewed the technique and methodology and concurs with the information in the report. Mr. Harris has not made a physical inspection of the property.

The content and conclusions of this report are intended for our client and for the specified intended uses only. They are also subject to the assumptions and limiting conditions as well as the specific extraordinary assumptions and hypothetical conditions set forth in this report.

Thank you for the opportunity to be of service. If you have any questions or comments, please let us know.

Sincerely yours,

A handwritten signature in black ink that reads "T.B. Harris, Jr. & Assoc." The signature is written in a cursive, flowing style.

T.B. HARRIS, JR. & ASSOCIATES, INC.

SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

Property and Location: Single-Family Home
6309 Hawfield Road
Wesley Chapel, NC 28

Tax Map Reference: 07120007

Property Owner: Mark D. & Jill M. Ramige

Study Date: October 7, 2016

Purpose of Study: Consideration by client in potential damages as a result of the proposed development.

Zoning: R-40, Single-Family & Agricultural

Land Area: 4.00 Acres

Improvements: 3,928 SF Single Family House

Present Use: Single Family House

Results of Study: 15-24% Reduction in Value based on Study

Appraisers: Allan E. Reich
Thomas B. Harris, Jr., MAI, CRE®, FRICS

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SCOPE OF THE ASSIGNMENT

This report is prepared at the request of the client and is based on information gathered by the appraiser and contained both in the report and within the appraiser's workfile. The appraiser has no contemplated interest or future interest in the property and our fee for this assignment is in no way contingent on the results.



- At the request of the client, we have been asked to prepare an impact study which considers the potential impact, if any, that a proposed development will have on the owner's property.
- The subject property includes a 4-acre tract improved with a 3,928 square foot house built in 1983. The house is located in the jurisdiction of Wesley Chapel. Currently the house is surrounded by several large tracts of vacant land.
- Our analysis considers plans provided by the owner which show the surrounding vacant land planned for development of a 435-lot residential development to include both traditional, detached homes and age-restricted houses. Houses planned for land immediately surrounding the subject are planned for age-restricted use only.
- The subject property will be the only single-family house within the proposed development that is not part of the development itself. The inconsistency in development patterns is a focus of our impact study.
- Our study includes an analysis of the impact of the development on land value and on the value of real estate as it is currently developed, a single-family house. Two analysis are provided and contained within the study to follow.

PREMISES OF THE STUDY

Identification of Subject Single Family House
6309 Hawfield Road
Indian Trail, NC 28079 (Wesley Chapel jurisdiction)

Tax Parcel ID: 07120007

**Client, Purpose, and
Intended Use and Intended
Users** Mr. & Mrs. Ramige
6309 Hawfield Road
Indian Trail, NC 28079

The client and intended users are Mr. & Mrs. Ramige and their counsel, Mr. Steven Starnes. The intended use is for consideration by the client in estimating potential damages to their real property value as a result of the proposed development. The study is not intended for any other use or users.

Appraiser

Allan E. Reich

Thomas B. Harris, Jr., MAI, CRE®, FRICS

T.B. HARRIS, JR. & ASSOCIATES, INC.
1430 South Mint Street, Suite 102
Charlotte, North Carolina 28203

704-334-4686
www.tbharrisjr.com

For definitions of all other technical terms in this report, the reader is referred to the most recent edition of *The Dictionary of Real Estate Appraisal* published by the Appraisal Institute.

**Extraordinary
Assumptions/Hypothetical
Conditions of Appraisal**

Details regarding the impact study are based on plans and specifications for a proposed development. It is an extraordinary assumption of this report that the information provided is consistent with what is actually developed. If final plans or development details differ from what was provided, we reserve the right to amend our conclusions.

In addition the property owner has indicated that the zoning which was allowed for site plan approval of the adjacent proposed senior housing development has since been revoked,

indicating that the subject owner cannot develop her property to the same allowances provided on the adjacent land. It is an extraordinary assumption that this is true and correct and if information is presented which contradicts this, we reserve the right to amend our conclusions.

Date of Report October 18, 2016

Type Report Impact Study

BACKGROUND DATA

Ownership and History of the Property Owner of record:

Mark D. & Jill M. Ramige
6309 Hawfield Road
Indian Trail, NC 28079

It is important to note that the owner of record may not be the current owner. The actual owner may be different depending on recent transfers or lack of updated records at the county.

History

The Ramige's have owned the subject property for several years. The property was originally constructed in 1983 and has been well maintained and updated since it was purchased by the owners in 2008. The property is located off Hawfield Road, a gravel state maintained road. Hawfield is accessed from Wesley Chapel Road and south of Old Monroe Road and Highway 74 in western Union County.

Ms. Ramige indicated the property was purchased based on its privacy and seclusion in an area planned for low density development.

Although the property carries an Indian Trail mailing address it is within the zoning jurisdiction of the Village of Wesley Chapel. Properties on the south side of Hawfield is located in Wesley Chapel, while those on the north side are in Indian Trail.

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ZONING MAP

Zoning and Other Restrictions

R-40, Single Family and Agricultural

Based on information contained in the Village of Wesley Chapel’s zoning ordinance the subject carries the R-40 zoning designation. This district is established to accommodate agricultural uses and low-density single family residential development at low densities consistent with suitability of the land and the rural character of the Village. The minimum lot size is 40,000 square feet.

Surrounding zonings include those from the Indian Trail jurisdiction and include RSF, Rural Single Family and SF-4, Single Family, Medium/High Density.

HIGHEST AND BEST USE ANALYSIS

**Highest and Best Use,
As Vacant**

The highest and best use as vacant, which considers the existing zoning of R-40, is Residential

**Highest and Best Use,
As Improved**

The highest and best use as improved, is for continued use as single-family residence.

Most Likely Buyer

The most likely buyer of this property is an owner/user interested in a larger lot in a private setting.

ANALYSIS

Our impact study considers two sources of analysis in determining how the proposed development would impact the subject property. The intent of the analysis is to isolate a single variable as the cause for the difference in value. In our first analysis, which includes land sales, the isolation of zoning as a variable is relatively easy, as less variables are in play for vacant land. In the second analysis, which includes improved property, more variables come in to play, making isolation of a single variable slightly more difficult. In both analyses we make our best effort to isolate a single variable and, if necessary adjust for other known variances.

Analysis 1

In our first analysis we used paired sales. Paired sales analysis is defined by The Dictionary of Real Estate as “a quantitative technique used to identify and measure adjustments to the sales prices or rents of comparable properties. To apply this technique, sales data on nearly identical properties are analyzed to isolate a single characteristics’ effect on value.” Land sales are included which are planned for senior housing and/or a higher density than currently allowed for the subject. These sales are paired with lower density sales, more representative of the subject’s land, which carries the R-40 zoning. The comparison is shown below.

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Land Comparison											
Mid Density											
Parcel	Location	City	Zoning	Land Area	Sales Price	Price/Ac	Proposed Use	Note	Adjust.	Adj. Value	
08324003	Lawyers Rd	Stallings	CZ	35	\$1,478,000	\$42,229	90-Unit Senior Housing			\$42,229	
07066007	Unionville-Indian Trl	Indian Trail	SF-1	69.45	\$2,380,500	\$34,276	Active Adult	Larger	25%	\$42,846	
07075006	Stevens Mill	Mathews	R-20	30	\$1,800,000	\$60,000	58 Lot Res.	Sup. Loc	-30%	\$42,000	
Adj. Avg										\$42,358	
Low Density											
Parcel	Location	City	Zoning	Land Area	Sales Price	Price/Ac	Proposed Use	Note	Adjust.	Adj. Value	
07039034A&B	Faith Church Rd	Indian Trail	SF-1	32.98	\$825,000	\$25,015	Residential			\$25,015	
8270009	Ridge Rd	Indian Trail	CD	96.21	\$2,105,108	\$21,880	Residential	Larger	15%	\$25,162	
0609011C	Antioch Ch. Rd.	Weddington	SF-1	9.8	\$475,000	\$48,469	Church	Small & Sup. Loc.	-40%	\$29,082	
06042001A	Beulah Church	Mathews	R-40	113.77	\$4,950,000	\$43,509	Residential	Large/Sup. Loc.	-10%	\$39,158	
06021007	Hudson Church	Indian Trail	R-40	104.09	\$3,484,000	\$33,471	Residential	Large	10%	\$36,818	
06006010	Potter Rd	Monroe	R-40	67	\$2,345,000	\$35,000	Residential	Large	5%	\$36,750	
Adj. Avg										\$31,998	
										Diff	% Decrease
										\$10,361	24%

The sales are first adjusted for variances in size and location. After adjustments the analysis above shows an average price for mid density zoned land of \$42,358 per acre. Low density land supports a value of \$31,998 per acre. This calculates to a difference of \$10,361 per acre or a value 24% lower than the mid density land. Based on this analysis and considering the assumption that the subject property would not be allowed to be developed to a density consistent with the adjacent tract, a decrease in value, measured at 24% is supported. Based on the allowed density increase and greater demand for a higher density zoned land, this measure of variance appears reasonable and appropriate.

Analysis 2

In addition to the analysis included above, we also include an analysis of improved property. The analysis includes house sales that were adjacent to the Rosewood condominium development in south Charlotte and similar homes from within the same neighborhood, which are not adjacent to the development. Every effort is made to include sales with similar characteristics, so that the location adjacent to an inconsistent development pattern is the primary variable affecting value. Based on the primary variable between the two grouping of sales, being the inconsistent development patterns, we are able to measure a decrease in value to the homes adjacent to Rosewood, of 15%.

Improved Comparison							
Homes Adjacent to Inconsistent Development Pattern							
Parcel	Location	City	Home Size	Sales Price	Price/SF	Year Built/Condition	Note
181-111-21	Ferncliff Rd	Charlotte	2,770	\$585,000	\$211	1956	2011 Remodel
181-111-23	Ferncliff Rd	Charlotte	2,376	\$645,000	\$271	1955	2005 Remodel
181-111-24	Ferncliff Rd	Charlotte	2,289	\$630,000	\$275	1956	2008 Remodel
Average					\$253		
Homes with Consistent Development Patterns							
Parcel	Location	City	Home Size	Sales Price	Price/SF	Year Built/Condition	Note
181-103-09	Danbury St	Charlotte	2,380	\$685,000	\$288	1953	2005 Remodel
181-121-05	Tyng Wy.	Charlotte	1,970	\$644,500	\$327	1954	2005 Remodel
181-114-07	Andover	Charlotte	2,391	\$667,000	\$279	1956	2002 Remodel
Average					\$298		
					Diff	% Decrease	
					\$45	15%	

Summary

The two analyses provided above support impacts to value between 15-24%. The subject property is planned to remain a single-family residential house, however will be restricted from being redeveloped in a consistent pattern to surrounding development and also not include a consistent design and use as that planned for the surrounding development. Based on the study, we conclude a negative impact on value to the subject property between 15-24%.

In addition to these market studies, we have also interviewed area brokers familiar with selling houses and the influence of external factors on sales price. Aubrey Grier is a realtor with Dickens-Mitchener & Associates, a residential brokerage firm. Mrs. Grier was interviewed regarding the subject property. She has not visited the property, however is familiar with the local market and has sold houses with similar, external influences. Mrs. Grier likened the situation to being next to a shopping mall or fire station, both situations she had dealt with previously. Based on the subject situation she indicated a loss in value likely between 10-15%.

Mac Barksdale is a commercial broker with NAI Southern Real Estate. Mr. Barksdale was also interviewed about his thoughts on the influence of the proposed adjacent development. Mr. Barksdale has not dealt with a situation in a residential setting, however was familiar with zoning issues and influences on existing developments. Mr. Barksdale

specializes in retail development and leasing. He has had issues with industrial users and heavy traffic volume affecting several of his retail developments and had to offer discounts to tenants when leasing between 10-20% and also had to lower pricing on assets when selling for certain situations in a similar fashion.

Both broker interviews support similar impacts relating to external factors between 10-20%. Our paired sales analyses provides market sales supporting a similar variances and helps to provide consistent support for how the proposed development will negatively impact the subject property.



Allan E. Reich
Appraiser



Thomas B. Harris, Jr., MAI, CRE®, FRICS

ADDENDA

Certifications

CERTIFICATION OF THE APPRAISER

I, Allan E. Reich, 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. I have performed no services, as an appraiser or in any other capacity, 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 the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
9. As of the date of this report, I have completed the Standards and Ethics Education Requirements for Candidates of the Appraisal Institute.
10. 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.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. I have made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the person(s) signing this certification other than those individuals having signed the attached report.



Allan E. Reich

Allan E. Reich
 (NC State Certified General Real Estate Appraiser #A6368)
 (SC State Licensed Appraiser #L5772)

October 18, 2016

Date

(Rev: 01/1/13)

Assumptions and Limiting Conditions

ASSUMPTIONS AND LIMITING CONDITIONS

Limit of Liability

The liability of T.B. HARRIS, JR. & ASSOCIATES and employees is limited to the client only and to the fee actually received by our firm. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. Further, client will forever indemnify and hold T.B. HARRIS, JR. & ASSOCIATES, its officers, and employees harmless from any claims by third parties related in any way to the appraisal or study which is the subject of the report. Third parties shall include limited partners of client if client is a partnership and stockholders of client if client is a corporation, and all lenders, tenants, past owners, successors, assigns, transferees, and spouses of client. T.B. HARRIS, JR. & ASSOCIATES will not be responsible for any costs incurred to discover or correct any deficiencies of any type present in the property, physically, financially, and/or legally.

Copies, Distribution, Use of Report

Possession of this report or any copy of this report does not carry with it the right of publication, nor may it be used for other than its intended use; the physical report remains the property of T.B. HARRIS, JR. & ASSOCIATES for the use of the client, the fee being for the analytical services only.

The bylaws and regulations of the Appraisal Institute require each member and candidate to control the use and distribution of each report signed by such member or candidate; except, however, the client may distribute copies of this report in its entirety to such third parties as he may select; however, selected portions of this report shall not be given to third parties without the prior written consent of the signatories of this report. Neither all nor any part of this report shall be disseminated to the general public by the use of advertising media, public relations, news, sales or other media for public communication without the prior written consent of T.B. HARRIS, JR. & ASSOCIATES.

Confidentiality

This report is to be used only in its entirety and no part is to be used without the whole report. All conclusions and opinions concerning the analysis as set forth in the report were prepared by T.B. HARRIS, JR. & ASSOCIATES whose signatures appear on the report. No change of any item in the report shall be made by anyone other than T.B. HARRIS, JR. & ASSOCIATES. T.B. HARRIS, JR. & ASSOCIATES shall have no responsibility if any such unauthorized change is made.

T.B. HARRIS, JR. & ASSOCIATES may not divulge the material contents of the report, analytical findings or conclusions, or give a copy of the report to anyone other than the client or his designee as specified in writing except as may be required by the Appraisal Institute as they may request in confidence for ethics enforcement, or by a court of law or body with the power of subpoena.

Trade Secrets

This report was obtained from T.B. HARRIS, JR. & ASSOCIATES and consists of "trade secrets and commercial or financial information" which is privileged and confidential and exempted from disclosure under 5 U.S.C. 552 (b) (4) of the Uniform Commercial Code. T.B. HARRIS, JR. & ASSOCIATES shall be notified of any request to reproduce this report in whole or in part.

Information Used

No responsibility is assumed for accuracy of information furnished by or work of others, the client, his designee, or public records. We are not liable for such information or the work of subcontractors. The comparable data relied upon in this report has been confirmed with one or more parties familiar with the transaction or from affidavit or other sources thought reasonable; all are considered appropriate for inclusion to the best of our factual judgment and knowledge. An impractical and uneconomic expenditure of time would be required in attempting to furnish unimpeachable verification in all instances, particularly as to engineering and market-related information. It is suggested that the client consider independent verification as a prerequisite to any transaction involving sale, lease, or other significant commitment of funds for the subject property.

Financial Information

Our value opinion(s) have been based on unaudited financials, and other data provided to us by management and/or owners. If these reports are found to be inaccurate, we reserve the right to revise our value opinion(s). It is noted we are depending on these accounting statements as being accurate and our interpretation of these statements as being accurate as well. If these assumptions later prove to be false, we reserve the right to amend our opinions of value.

Testimony, Consultation, Completion of Contract for Report Services

The contract for report, consultation, or analytical service is fulfilled and the total fee payable upon completion of the report, unless otherwise specified. T.B. HARRIS, JR. & ASSOCIATES or those assisting in preparation of the report will not be asked or required to give testimony in court or hearing because of having made the report, in full or in part, nor engage in post report consultation with client or third parties except under separate and special arrangement and at an additional fee. If testimony or deposition is required because of any subpoena, the client shall be responsible for any additional time, fees, and charges, regardless of issuing party.

Exhibits

The illustrations and maps in this report are included to assist the reader in visualizing the property and are not necessarily to scale. Various photographs, if any, are included for the same purpose as of the date of the photographs. Site plans are not surveys unless so designated.

Legal, Engineering, Financial, Structural or Mechanical Nature, Hidden Components, Soil

No responsibility is assumed for matters legal in character or nature, nor matters of survey, nor of any architectural, structural, mechanical, or engineering nature. No opinion is rendered as to the title, which is presumed to be good and marketable. The property is appraised as if free and clear, unless otherwise stated in particular parts of the report. The legal description is assumed to be correct as used in this report as furnished by the client, his designee, or as derived by T.B. HARRIS, JR. & ASSOCIATES.

T.B. HARRIS, JR. & ASSOCIATES has inspected as far as possible, by observation, the land and the improvements; however, it was not possible to personally observe conditions beneath the soil, or hidden structural, mechanical or other components, and T.B. HARRIS, JR. & ASSOCIATES shall not be responsible for defects in the property which may be related.

The report is based on there being no hidden, unapparent, or apparent conditions of the property site, subsoil or structures or toxic materials which would render it more or less valuable. No

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responsibility is assumed for any such conditions or for any expertise or engineering to discover them. All mechanical components are assumed to be in operable condition and status standard for properties of the subject type. Conditions of heating, cooling, ventilation, electrical, and plumbing equipment are considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. We are not experts in this area, and it is recommended, if appropriate, the client obtain an inspection of this equipment by a qualified professional.

If T.B. HARRIS, JR. & ASSOCIATES has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranties are made concerning obtaining the above mentioned items.

T.B. HARRIS, JR. & ASSOCIATES assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for The Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.

Legality of Use

The report is based on the premise that there is full compliance with all applicable federal, state and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building and use regulations, and restrictions of all types have been complied with unless otherwise stated in the report. Further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or may be obtained or renewed for any use considered in the value estimate.

Component Values

The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other report and are invalid if so used.

Auxiliary and Related Studies

No environmental or impact studies, special market study or analysis, highest and best use analysis, study or feasibility study has been required or made unless otherwise specified in an agreement for services or in the report.

Dollar Values, Purchasing Power

The market value estimated and the costs used are as of the date of the estimate of value, unless otherwise indicated. All dollar amounts are based on the purchasing power and price of the dollar as of the date of the value estimate.

Inclusions

Furnishings and equipment or personal property or business operations, except as specifically indicated and typically considered as a part of real estate, have been disregarded with only the real estate being considered in the value estimate, unless otherwise stated. In some property types, business and real estate interests and values are combined.

Proposed Improvements, Conditional Value

Improvements proposed, if any, onsite or offsite, as well as any repairs required, are considered for purposes of this report to be completed in a timely, good and workmanlike manner, according to information submitted and/or considered by T.B. HARRIS, JR. & ASSOCIATES. In cases of proposed construction, the report is subject to change upon inspection of property after construction is completed.

Value Change, Dynamic Market, Influences, Alteration of Estimate

The estimated value, which is defined in the report, is subject to change with market changes over time. Value is highly related to exposure, time, promotional effort, terms, motivation, and conditions surrounding the offering. The value estimate considers the productivity and relative attractiveness of the property physically and economically in the marketplace.

In cases of reports involving the capitalization of income benefits, the estimate of market value or investment value or value in use is a reflection of such benefits and T.B. HARRIS, JR. & ASSOCIATES' interpretation of income and yields and other factors derived from general and specific client and market information. Such estimates are as of the date of the estimate of value; thus, they are subject to change as the market and value is naturally dynamic.

The "estimate of market value" in the report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.

Report and Value Estimate

Report and value estimate are subject to change if physical or legal entity or financing differ from that envisioned in this report.

Management of the Property

It is assumed that the property which is the subject of this report will be under prudent and competent ownership and management.

Hazardous Materials

Unless otherwise stated in this report, the existence of hazardous substances, including without limitation, asbestos, polychlorinated biphenyls, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of nor did T.B. HARRIS, JR. & ASSOCIATES become aware of such during their inspection. T.B. HARRIS, JR. & ASSOCIATES had no knowledge of the existence of such materials on or in the property unless otherwise stated. T.B. HARRIS, JR. & ASSOCIATES, however, is not qualified to test such substances or conditions. If the presence of such substances such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimate is predicated on the assumption that there is no such condition on or in the property or in the proximity that it would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

Soil and Subsoil Conditions

Unless otherwise stated in this report, T.B. HARRIS, JR. & ASSOCIATES does not warrant the soil or subsoil conditions for toxic or hazardous waste materials. Where any suspected materials

might be present, we have indicated in the report; however, T.B. HARRIS, JR. & ASSOCIATES are not experts in this field and recommend appropriate engineering studies to monitor the presence or absence of these materials.

Americans with Disabilities Act (ADA)

“T.B. HARRIS, JR. & ASSOCIATES has 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 Americans with Disabilities Act (ADA), which became effective January 26, 1992. It is possible that a compliance survey of the property together with a detailed 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 fact could have a negative effect upon the value of the property. Since T.B. HARRIS, JR. & ASSOCIATES has 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.”

Appraiser Licenses

NORTH CAROLINA APPRAISAL BOARD

APPRAISER QUALIFICATION CARD

Expires June 30, 2017

REGISTRATION / LICENSE / CERTIFICATE HOLDER

ALLAN E REICH

16

17

A6368

G

Y

APPRAISER NUMBER

TYPE

NATIONAL REGISTRY

APPRAISER'S SIGNATURE

EXECUTIVE DIRECTOR

Qualifications of the Appraisers

QUALIFICATIONS OF THE APPRAISER
Allan E. Reich

T.B. Harris, Jr. & Associates, Inc.
1430 South Mint Street, Suite 102
Charlotte, North Carolina 28203
(704) 334-4686
FAX (704) 334-2759

EDUCATION AND CREDENTIALS

- **Appalachian State University**
 Bachelor Degree in Business Administration, 2001
- **NC School of Real Estate Education, Inc. / Central Piedmont Community College**
 - Commercial Real Estate Appraisal Courses G-1, G-2 & G-3
 Course include: Introduction to Income Capitalization (2004)
 Advanced Income Capitalization Procedures (2006)
 Applied Income Property Valuation (2006)
- **American School of Real Estate Appraisal**
 - Introductory Real Estate Appraisal Courses R-1, R-2, R-3 & USPAP
 Courses include: Introduction to Real Estate Appraisal (2003)
 Valuation Principles and Procedures (2003)
 Applied Residential Property Valuation (2003)
 Uniform Standards of Professional Appraisal Practice (2003)

AFFILIATIONS AND ACTIVITIES

- **Association Memberships**
 Appraisal Institute Member, Candidate
 North Carolina Certified General Real Estate Appraiser, License No. A6368
 South Carolina Licensed Appraiser, License No. L 5772
 Urban Land Institute (ULI) Young Leader, February 2005

RECENT/RELEVANT COURSE WORK

Report Writing	June, 2012
Appraisal Case Law III	May, 2011
7-Hour National USPAP	February, 2011
Analyzing Tenant Credit Risk	January, 2011
Introduction to Valuation for Financial Reporting	October, 2009

RELATED EXPERIENCE

- **T.B. Harris, Jr. & Associates, Inc.** Charlotte, North Carolina
 January 2003-Present – NC/SC General Certified Real Estate Appraiser participating in all aspects of the appraisal process, concentrating in multifamily, mixed-use, multi-tenant office and retail, industrial and golf related property types.

- **Auto Owners Insurance Company.** Charlotte, North Carolina
August 2001 – January 2003 – Certified Independent Firm Adjuster, with a concentration in Auto and Property claims. Handled both personal and commercial lines with the assistance of the Boeck estimating system.

APPRAISAL EXPERIENCE

Apartment Complexes
Childcare Facilities
Churches
Condemnation Cases
Condominiums (Office and Flex)
Convenience Stores
Drugstores
Fast-Food Restaurants
Golf Courses
Industrial Properties
Institutional Properties
LEED Specialization
Medical Office Properties
Mini-Storage Facilities
Mixed-Use Properties
Office Properties
Restaurants
Retail Buildings
Shopping Centers
Service Stations
Townhouse Complexes
Vacant Land
Veterinary Clinics

CLIENTELE

Attorneys, Investors, and Individuals
Bank of America
Bank of North Carolina
BB&T
Carolinas Healthcare Systems
Capmark Finance
Catawba Land Conservancy
Charlotte Douglas International Airport
Char/Meck Board of Education
City of Charlotte
Duke Energy Company
Fifth Third Bank
First Citizens
First National
GVA Lat Purser & Associates Incorporated
Lincoln Harris

6309 HAWFIELD RD. INDIAN TRAIL, NC 28079

North Carolina Bank & Trust

PNC

Regions Bank

SouthTrust Bank

Wells Fargo Corporation