APPRAISAL REPORT

APPRAISAL OF

Residential Lot
NW 9th Street
Hallandale Beach, Florida 33009

PREPARED FOR

Community Redevelopment Agency
City of Hallandale Beach
400 South Federal Highway
Hallandale Beach, Florida 33009

PREPARED BY

The Ernest Jones Company
1890 North 68th Avenue
Hollywood, Florida 33024

The Ernest Jones Company REAL ESTATE APPRAISERS · CONSULTANTS

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June 6, 2014

Diana M. Wolfson, MSM
Community Redevelopment Agency
City of Hallandale Beach
400 S Federal Highway
Hallandale Beach, Florida 33009

Ms. Wolfson:

As requested, we have personally inspected and appraised the single-family residential lot located on NW 9th Street, within the municipal limits of the City of Hallandale Beach, Broward County, Florida. The purpose of this assignment is to give our opinion of the market value of the fee simple interest of the Subject Property as of June 2, 2014 which was the date of inspection. The intended use of the appraisal will be to assist the Hallandale Beach CRA in determining market value for a possible acquisition. The only intended users are the Hallandale Beach Community Redevelopment Agency (CRA). We have prepared the appraisal in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Foundation effective January 1, 2014.

It is our opinion and conclusion that the market value of the fee simple interest of the herein described Subject Property, as of June 2, 2014, is **$14,400**.

This transmittal letter is followed by the certification of the appraisal and the Appraisal Report #140602-1LS containing 30 pages further describing the subject property and containing the reasoning and pertinent data leading to the estimated value. Your attention is directed to the "Scope of Work" section of this report which details the steps taken in reaching our value opinion.

Respectfully submitted,

THE ERNEST JONES COMPANY

LAWRENCE R. PENDLETON, MAI
PRESIDENT
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ725

CERTIFICATION

This report was made for and certified only to the Hallandale Beach Community Redevelopment Agency. In accordance with USPAP Standards Rule 2-3; The undersigned do hereby certify that to the best of our knowledge and belief:

The statements of fact contained in this report are true and correct.

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.

We 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.

We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our 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.

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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice.*

The following person(s) signing this report has(have) made a personal inspection of the property that is the subject of this report on June 2, 2014, which is also the effective date of valuation:
Lawrence R. Pendleton

No one provided significant real property appraisal assistance to the person(s) signing this certification.

The use of this report is subject to the requirements of the Appraisal Institute and the State of Florida relating to review by duly authorized representatives of the Appraisal Institute, and the Florida Real Estate Appraisal Board.

As of the date of this report, Lawrence R. Pendleton, MAI, has completed the continuing education program of the Appraisal Institute.

Lawrence R. Pendleton has the necessary education, knowledge and experience to perform this assignment in a competent manner.

THE ERNEST JONES COMPANY

LAWRENCE R. PENDLETON, MAI
PRESIDENT
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ725

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CONDITIONS OF THE APPRAISAL

GENERAL UNDERLYING ASSUMPTIONS

Legal Matters:

The legal description used in this report is assumed to be correct, but it may not necessarily have been confirmed by survey. No responsibility is assumed in connection with a survey or for encroachments or overlapping or other discrepancies that might be revealed thereby. Any sketches included in the report are only for the purpose of aiding the reader in visualizing the property and are not necessarily a result of a survey.

No responsibility is assumed for an opinion of legal nature, such as to ownership of the property or condition of title.

The appraisers assume the title to the property to be marketable; that, unless stated to the contrary, the property is appraised as an unencumbered fee which is not used in violation of acceptable ordinances, statutes or other governmental regulations.

Unapparent Conditions:

The appraisers assume that there are no hidden or unapparent conditions of the property, subsoil or structures which would render it more or less valuable than otherwise comparable property. The appraisers are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, waste, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property.

The appraisers assume no responsibility for the studies or analysis which would be required to conclude the presence or absence of such substances or for loss as a result of the presence of such substances. The client is urged to retain an expert in this field, if desired. The value estimate is based on the assumption that the subject property is not so affected.

Information and Data:

Information, estimates, and opinions furnished to the appraisers and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, no responsibility for accuracy of such items furnished the appraisers can be assumed by the appraisers.

All mortgages, liens, encumbrances, and servitudes have been disregarded unless so specified within the appraisal report. The subject property is appraised as though under responsible ownership and competent management.

Zoning and Licenses:

It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconforming use has been stated, defined and considered in the valuation.

It is assumed that the subject property complies with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the valuation.

GENERAL UNDERLYING ASSUMPTIONS (CONT.)

It is assumed that the information relating to the location of or existence of public utilities that has been obtained through a verbal inquiry from the appropriate utility authority, or has been ascertained from visual evidence is correct. No warranty has been made regarding the exact location or capacities of public utility systems.

It is assumed that all licenses, consents or other legislative or administrative authority from 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 estimate contained in the valuation report is based.

Flood Insurance Zone

The Flood Insurance Zone has been obtained from the Flood Insurance Rate Map published by the Federal Emergency Management Agency. The map number and effective date from which the flood zone information was taken is indicated in the appraisal. In some cases, the subject property is located close to the boundary of two different flood zones and it is not possible to determine within which zone the subject property is located. In such a case, the most hazardous zone will be indicated. If there is any question, the appraisers urge that an elevation survey be obtained from a professional land surveyor to determine exactly what flood hazard exists.

GENERAL LIMITING CONDITIONS

The appraisers will not be required to give testimony or appear in court due to preparing the appraisal with reference to the subject property in question, unless prior arrangements have been made.

Possession of the report does not carry with it the right of publication. Out-of-context quoting from or partial reprinting of this appraisal report is not authorized. Further, neither all nor any part of this appraisal report shall be disseminated to the general public by the use of media for public communication without the prior written consent of the appraisers signing this appraisal report.

Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the appraisal designations) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the author.

The distribution of the total valuation in this report, between land and improvements, is applicable only as a part of the whole property. The land value, or the separate value of the improvements, must not be used in conjunction with any other appraisal or estimate and is invalid if so used.

GENERAL LIMITING CONDITIONS (CONT.)

No environmental or concurrency impact studies were either required or made in conjunction with this appraisal report. The appraisers, thereby, reserve the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental or concurrency impact studies, research or investigation.

The Americans with Disabilities Act ("ADA") became effective January 26, 1992. The appraisers 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 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 the appraisers have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.

An appraisal related to an estate in land that is less than the whole fee simple estate applies only to the fractional interest involved. The value of this fractional interest plus the value of all other fractional interests may or may not equal the value of the entire fee simple estate considered as a whole.

The appraisal report related to a geographical portion of a larger parcel is applied only to such geographical portion and should not be considered as applying with equal validity to other portions of the larger parcel or tract. The value of such geographical portions plus the value of all other geographical portions may or may not equal the value of the entire parcel or tract considered as an entity.

If the appraisal is subject to any proposed improvements or additions being completed as set forth in the plans, specifications, and representations referred to in the report, then all work being performed is presumed to be in a good and workmanlike manner. The appraisal is further subject to any proposed improvements or additions being constructed in accordance with the regulations of the local, county, and state authorities. The plans, specifications, and representations referred to are an integral part of the appraisal report when new construction or new additions, renovations, refurbishing, or remodeling applies.

If this appraisal is used for mortgage loan purposes, the appraisers invite attention to the fact that (1) the equity cash requirements of the sponsor have not been analyzed, (2) the loan ratio has not been suggested, and (3) the amortization method and term have not been suggested.

The intended use of this report is <u>not</u> for use in conjunction with a syndication of real property. This report cannot be used for said purposes and, therefore, any use of this report relating to syndication activities is strictly prohibited and unauthorized. If such an unauthorized use of this report takes place, it is understood and agreed that The Ernest Jones Company has no liability to the client and/or third parties.

Acceptance of and/or use of this appraisal report constitutes acceptance of the foregoing General Underlying Assumptions and General Limiting Conditions. The appraisers' duties, pursuant to the employment to make the appraisal, are complete upon delivery and acceptance of the appraisal report. However, any corrections or errors should be called to the attention of the appraisers within 60 days of the delivery of the report.

SUMMARY OF SALIENT FACTS & CONCLUSIONS

Subject Property:	One (1) Platted Residential Lot
Property Address:	NW 9th Street, Hallandale Beach, FL 33009
Location:	South side of NW 9th Street, just west of NW 7th Terrace
Parcel ID Number:	5142-21-34-0180
2014 Assessment:	$14,400 (Market/Assessed)
Purpose of the Assignment:	Opinion of market value
Property Rights Appraised:	Fee simple
Zoning:	CF, Community Facility, Hallandale Beach
Site Size:	±4,800 SF or ±.11 Acres (per Public Records & Plat)
Flood Zone:	Zone X, 12011C0316F, 8/18/92
Highest and Best Use:	Single Family Residential Development
Valuation Date:	June 2, 2014

Value Estimate By:

Sales Comparison Approach:	$14,400

Opinion of Fee Simple Market Value : $14,400

PURPOSE OF THE ASSIGNMENT

The purpose of this assignment is to provide an opinion of the market value of the certain property rights as delineated below, of the herein described premises, subject to the assumptions and limiting conditions stated, as of June 2, 2014 which is also the date of physical inspection.

PROPERTY RIGHTS APPRAISED

The property rights being appraised consist of the **fee simple estate**, absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of eminent domain, escheat, police power, and taxation. An inheritable estate.

INTENDED USE/USERS OF THE REPORT

The intended user of this appraisal report is our client, Hallandale Beach CRA. They will rely upon this appraisal for purchase decisions. In accordance with our employment agreement, our findings and conclusions are being presented an **Appraisal Report** format. As such, it presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the Appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses may be retained in the Appraiser's office file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The Appraisers are not responsible for unauthorized use of this report. This report is intended to comply with the reporting requirements set forth under Standards Rule 2-2 of the Uniform Standards of Professional Appraisal Practice -effective January 1, 2014 through December 31, 2015.

DEFINITION OF MARKET VALUE

A current economic definition agreed upon by agencies that regulate federal financial institutions in the United States of America is [1] : The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

(1) Buyer and seller are typically motivated;

(2) Both parties are well informed or well advised, and acting in what they consider their own best interests;

(3) A reasonable time is allowed for exposure in the open market;

(4) Payment is made in terms of cash in U.S. Dollars or in terms of financial arrangements comparable thereto; and

(5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

REASONABLE EXPOSURE TIME

Reasonable exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal, assuming adequate, sufficient and reasonable effort. We estimate an exposure time of 9-12 months based on the location, property type, information gathered through sales verification and discussions with market participants.

[1] 12 CFR 225.62

SCOPE OF WORK

Our client, **Hallandale Beach CRA** has engaged us to give our opinion of the current market value of the subject property "as-is" as of the valuation date. **The following steps were taken in performing this assignment and preparing this report:**

- The subject property was inspected by Lawrence Pendleton on June 2, 2014. Photographs were taken and data was collected pertinent to the appraisal problem and noted in the work file.
- The site was inspected and photographed, and a general survey of the surrounding property uses, street improvements, and market was performed.
- An analysis of the local residential market which included interviews of local brokers and reference to demographic/economic reports was developed. This data helped to determine that a Highest & Best of the subject property is most likely to be developed with a single family residence. Other steps which included confirmation of existing zoning district and allowable uses were taken in reaching the Highest & Best Use opinion.
- We researched the Broward County Public Records, MLS, and Realquest for sales of similar residential land in the subject market area. The data was confirmed to the best of our abilities with online copies of the actual deeds as well as phone interviews with knowledgeable parties involved with each transaction, when possible.
- The primary and secondary market data collected was used to develop The Sales Comparison Approach, which was felt to be most pertinent to the appraisal problem.
- All land sales were inspected from the curbside. These sales were compared to the subject property and reconciled into a value opinion via the Sales Comparison Approach.

PROPERTY IDENTIFICATION

The Subject Property has no local street address, but is located on the south side of NW 9th Street. The property can be further identified on the Broward County Property Appraiser's records under property ID number 5142-21-34-0180. The Subject's legal description is as follows:

> THOMPSON & STIRRUP ADDITION, Lot 18, Block 1, according to the plat thereof, as recorded in Plat Book 32, Page 3, of the Public Records of Broward County, Florida

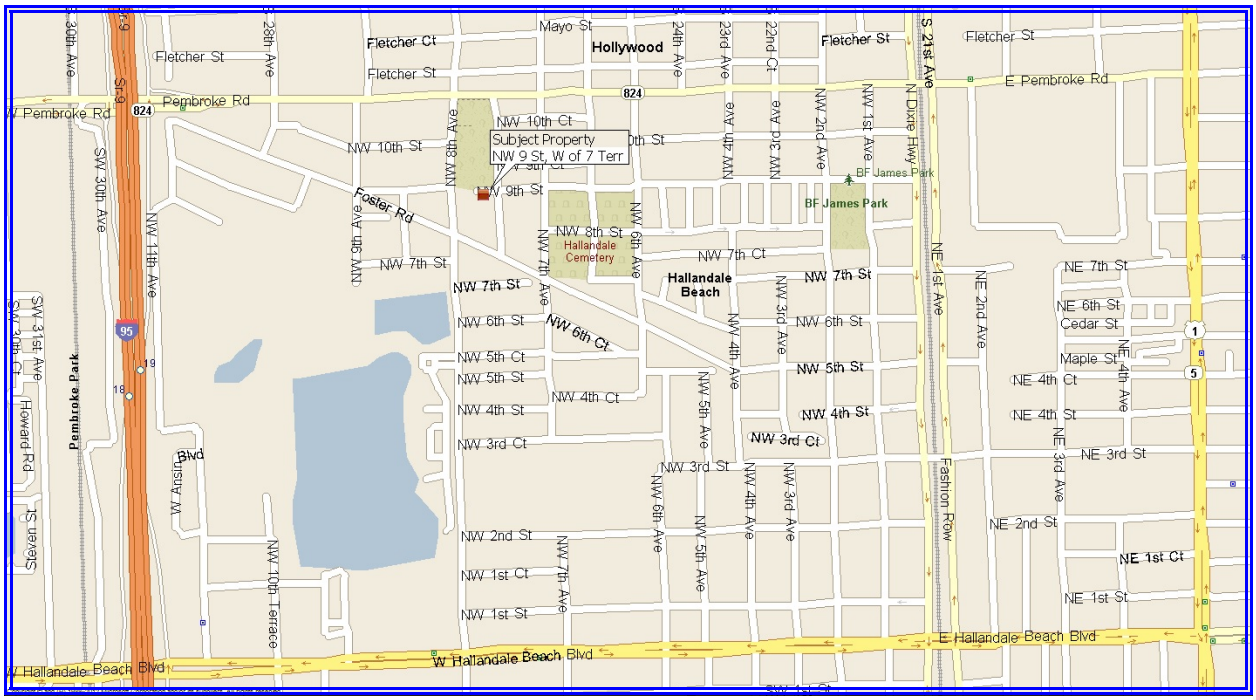
OWNERSHIP

We have not been provided with an authoritative title report to ascertain current ownership. However, the public records list title to the Subject Property in the name of *Elijah Alford*, with a mailing address of 635 NW 3 Court, Hallandale Beach, FL 33009.

PROPERTY HISTORY

According to the public records, the Subject Property was last transferred April 1, 1971 for the consideration of $1,750. There has been no other known transactions of the subject property in the past five years. To own knowledge, the Subject is not currently listed for sale, nor had any offers to purchase within the past 3 years.

LOCATION MAP



In ***The Appraisal of Real Estate, Twelfth Edition***, a Market Area is defined as:

> *"The defined geographic area in which the Subject competes for the attentions of market participants; the term broadly defines an area containing diverse land uses."*

We have inspected the areas surrounding the Subject Property, examined the land uses, locational attributes and identified external factors that may impact market value to determine appropriate delineation of a market area. The Subject Property is located along the south side of NW 9th Street, north of Foster Road and west of NW 7th Terrace. The market area in which the Subject Property lies is generally bounded by **Hallandale Beach Blvd** to the south, **Interstate 95** to the west, **Pembroke Road** to the north and **Dixie Highway** to the east. The boundaries outlined above are within the City of Hallandale Beach. This market area is located roughly half-way between the downtown Miami central business district and the Port of Miami to the south and the downtown Fort Lauderdale central business district, Port Everglades, and the Hollywood/Ft. Lauderdale International Airport to the north.

The market area was primarily developed throughout the 20th century and is mostly built out although some parcels of developable land remain. The retail and services shopping areas in Hallandale Beach are predominantly located along Federal Highway, the primary commercial corridor in the area, and Hallandale Beach Boulevard. Most of the land use in the market area follows the typical South Florida pattern of commercial uses along the major thoroughfares with supportive residential pockets in between. The major corridors have a mix of retail, office, and light industrial uses. Residential subdivisions are prevalent east and west of the Subject.

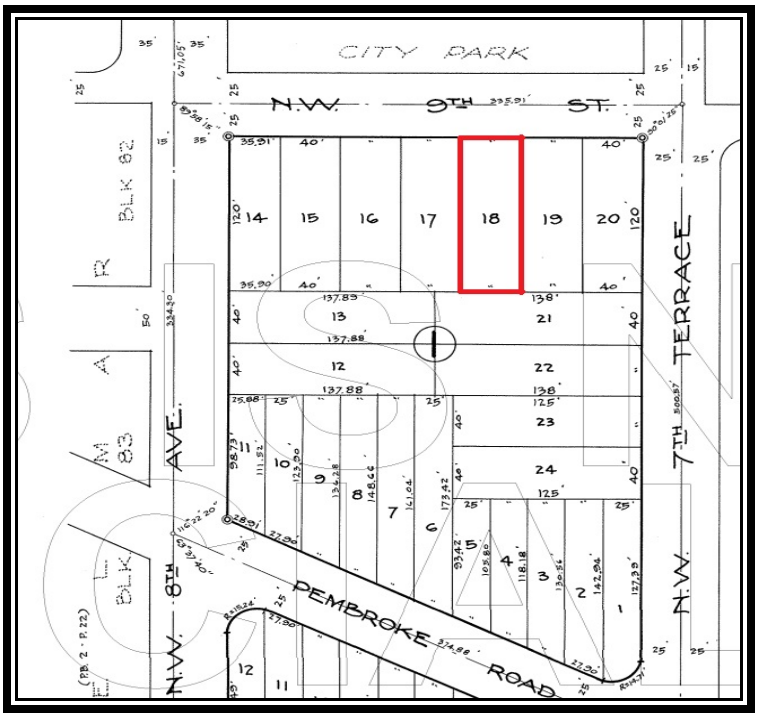
The subject property is located just north of Foster Road which is a residential connector running west from Dixie Highway. Dixie Highway acts as a north-south connector between Hallandale Beach Boulevard, Pembroke Road, Hollywood Boulevard, and Sheridan Street. To the west of the Subject is a City park and recreation facility. To the south of the Subject along Foster Road, there are a mixture of some neighborhood commercial and multi-family uses, as well as a cemetery. To the north of the Subject is primarily low density multifamily and single family residential buildings.

NW 7th Terrace at the Subject is low trafficked, two-lane thoroughfare that runs north south with some sidewalks, storm sewers, and pole-mounted street lights. There is a stop sign for vehicular traffic at Foster Road and at NW 9th Avenue. NW 9th Street dead-ends at the subject, with the adjacent City facility being on the west.

Considering the market area and surrounding neighborhood, the Subject is typically suited for its location in the area. It is provided with the necessary public utilities, services, and transportation. Electricity is provided by Florida Power & Light. Water, sewer and trash services are available as well as police and fire rescue services. There are several schools within the market area and a major hospital is located within a ten minute drive. The subject market area is convenient to the interstate system allowing relatively easy tenant commute. In summary, the subject property and its current use are typical of the area with neither the subject or the neighborhood having characteristics which are detrimental to the other.

SITE ANALYSIS

Aerial View showing Subject Location



Subject Plat Map

SITE ANALYSIS (Cont.)

No survey of the site was supplied. The following data pertains to the physical features of the site and is based on the plat, personal inspection and data published with the Broward County Property Appraiser.

Site area:	4,800 SF	Shape:	Rectangular
Dimensions:	±40.00' x 120.'	Topography:	Level, at road grade
Frontage:	40' on NW 9th Street	Access:	Direct from street
FEMA flood zone:	X	Utilities:	All available
Site Improvements:	Grass and fencing	Easements/ Encroachments:	No adverse conditions apparent, typical utility easements assumed
Site exposure:	Typical interior residential lot	View Amenity:	Residential/Park
Site Condition:	Cleared and filled	Soil/Subsoil:	Appears to be adequate for a small building.
Functional Adequacy:	The subject site has an adequate size and shape to allow for functional development of a single family residence commensurate with the local market.	Environmental Conditions:	We know of no environmental study of the subject property. **The presence of hazardous environmental conditions may impact our value opinion.**

ZONING

Generally, zoning looks to the future as a result of planning. Its purpose is to promote and maintain a degree of homogeneity in the use of real estate within the confines of a given geographic, political subdivision. The Appraisal Institute, in its book, "The Dictionary of Real Estate Appraisal," Fourth Edition, has defined zoning as:

> *"The public regulation of the character and extent of real estate use through police power; accomplished by establishing districts or areas with uniform restrictions relating to improvements; structural height, area, and bulk; density of population; and other aspects of the use and development of private property."*

The subject site is currently zoned **CF,** Community Facility, by the City of Hallandale Beach. According to the City Code this district is intended to "provide suitable sites for the development of community facilities of both public and quasi-public nature to serve surrounding residential neighborhoods in areas consistent with the city's comprehensive land use plan". Uses permitted under this zoning include cemeteries, houses of worship, day care centers, governmental administration buildings, hospitals, libraries, museums, nursing homes, parks & playgrounds, police and fire stations, public work facilities, transportation facilities, and other public facilities. Site development standards under this zoning include 7,500 SF minimum lot area, 75 ft minimum lot width, and minimum landscape area of 25 percent. Setbacks are 30 ft front, 25 ft rear, 15 ft interior side, 25 ft corner side, and 25 ft adjacent residential.

The CF zoning is typically placed on a parcel "after the fact" and is only utilized for public and government facilities. It is restrictive in terms of allowable uses. The Subject site is currently vacant land and is privately owned.

Z O N I N G (Cont.)

The Subject has a land use designation of RAC, Regional Activity Center, in the Broward County Land Use Plan. The Regional Activity Center (RAC) designation is intended to encourage development or redevelopment of areas that are of regional significance. The major purposes of this designation are to facilitate mixed-use development, encourage mass transit and non-motorized transportation, reduce the need for automobile travel, provide incentives for quality development, and give definition to the urban form. The designation is intended to be applied only to areas that are of regional significance. Examples of areas which may be appropriate for this designation include downtown and redevelopment areas, regional employment centers, centers for tourism, and areas surrounding regional community facilities.

The Subject falls within the Hallandale Beach Regional Activity Center. This area is approximately 637.6 acres and is generally located east of Interstate 95 between Pembroke Road and the Miami-Dade County line. Density and Intensity of Land Uses include 4,241 dwelling units, 235.86 gross acres of commercial, 49.03 gross acres of commercial recreation, 22.47 gross acres of community facilities, 19.56 gross acres minimum of recreation and open space, 13.31 gross acres of industrial, and 4.42 gross acres of employment center-high.

Despite the Subject's zoning, the underlying land use designation is very liberal, allowing a variety of uses. The CF zoning designation is typically only given to parcels that are government owned. The Subject is owned by an non-governmental agency, we do not know how it was rezoned to the current zoning, but believe it would be rather easy to use the property for residential use if desired. When we contacted the City of Hallandale Beach Planning and Zoning Department regarding the likelihood of zoning change, they were non-committal but indicated that the possibility was there. For a complete description of the RAC land use consult the Broward County Land Use Plan.

SUBJECT PHOTOGRAPHS

View of Subject's North Side from NW 9th Street

View of Subject street looking west from NW 7th Terrace

SUBJECT PHOTOGRAPHS (CONT.)

View of Subject Lot looking North

View of Subject Lot looking South

TAX AND ASSESSMENT DATA

The Subject Property is assessed by the Broward County Property Appraiser's office. The 2014 assessment and last years taxes are as follows:

Property ID Number	2014 Land Assessment	2014 Building Assessment	2014 Total Assessment SOH Value	2013 Gross Taxes
5142-21-34-0180	$14,400	$0	$14,400	$291.19

The Subject's 2014 land assessment equates to $3.00/SF based on 4,800 SF. Based on our survey, it appears that the subjects' land assessment is commensurate with neighboring parcels.

Assessments are not necessarily considered indicative of market value and are provided solely for informative purposes.

HIGHEST AND BEST USE

A valuation concept that can be applied to either the land or improvements. The Highest and Best Use is that use of a parcel of land (without regard to any improvements upon it) that will bring the greatest net return to the land over a given period of time. The concept of highest and best use can also be applied to a property that has some improvements upon it that have a remaining economic life. In this context, highest and best use can refer to that use of the existing improvements which is most profitable to the owner. It is possible to have two different highest and best uses for the same property, one for the land ignoring the improvements, and another that recognizes the presence of the improvements.

Inherent in reaching any conclusion as the Highest and Best Use of a property is the consideration of the many principles related to valuation. The Principle of Anticipation is predicated on the foundation that value is created by the anticipation of future benefits. It is not based on historical costs, but on what current market participants believe the future benefits of the purchaser will be.

The Principle of Conformity addresses itself to the issue that property achieves its optimum value when the use to which it is put, and the design and layout of any structure situated on the land, blends well with its environs.

The purpose of this appraisal is to give an opinion of market value. The Highest and Best Use analysis identifies the most profitable, competitive uses to which the property can be put. Therefore, the Highest and Best Use of a property is a critical factor of market value.

The Highest and Best Use of a property as improved focuses on the current use of the property and what return it can be expected to produce for each dollar of capital invested.

> *"The Highest and Best Use of both land as though vacant and property as improved must meet four criteria. The Highest and Best Use must be*
>
> 1. *Physically possible;*
> 2. *Legally permissible;*
> 3. *Financially feasible; and*
> 4. *Maximally productive."*[2]

Physically Possible

The factors which are pertinent to physically possible uses of the site as include the size, shape, topography, exposure, access, frontage, orientation, depth, the availability of public utilities, and surrounding properties. The subject lot is a basically rectangular shaped parcel with adequate access to major highway systems, shopping, schools, and other essential services. The lot has adequate size, width, and depth for development of a single family residential development. All necessary utilities are available to the Subject site.

Legally Permissible

The subject lot is zoned CF Community Facility by the City of Hallandale Beach. This is principally a municipal use district. It is not clear how a private property got rezoned for municipal use. The Subject lot, as currently vacant, appears to be a legally permissible use. It is assumed that a single-family residence could be constructed on the site.

Financially Feasible

The focus of this criteria is which uses are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. Any use of the subject site that produces an adequate rate of return on investment capital is financially feasible. It is our opinion that single-family residential home is a feasible use of the subject lot.

Maximally Productive

The maximally productive use of the property is that use which should have the highest rate of return on the investment. It is our opinion that developing the site with a single-family residential home is the highest and best use of the lot in the private sector. However, as it is adjacent to the existing park and community center, it would most likely be used in the future for public use.

THE VALUATION PROCESS

There are three traditional approaches to the valuation of real estate:

The first is the **Cost Approach**. In the Cost Approach, the cost to develop a property is compared with the value of the existing property or similarly developed property. The appraiser estimates the cost to construct a replacement for, the existing structure and site improvements (including direct costs, indirect costs, and an appropriate entrepreneurial incentive), and then deducts all accrued depreciation from the replacement cost of the structure. The land value is added to this figure, resulting in an indication of value of the fee simple estate in the property.

The **Sales Comparison Approach** is the process in which a market value estimate is derived by analyzing the market for similar properties and comparing these properties to the subject property. Data is analyzed from properties that have recently sold. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The comparative analysis performed in the approach focuses on similarities and differences among properties and transactions that affect value. These may include differences in the property rights appraised, the motivations of buyers and sellers, financing terms, market conditions at time of sale, size, location, physical features, and, if the properties produce income, economic characteristics.

The third is the **Income Capitalization Approach.** Income-producing real estate is typically purchased as an investment, and from an investor's point of view, earning power is the critical element affecting property value. One basic investment premise is that the higher the earnings the higher the value. An investor who purchases income-producing real estate is essentially trading present dollars for the right to receive future dollars. The Income Capitalization Approach to value consists of methods, techniques and mathematical procedures that an appraiser uses to analyze a property's capacity to generate benefits (i.e., usually the monetary benefits of income and reversion), and convert these benefits into an indication of present value.

For this assignment, we have been asked to value a vacant residential lot. Per our employment agreement, the vacant lot will be valued via the Sales Comparison Approach, which is typically the only pertinent valuation method for a single residential lot.

SALES COMPARISON APPROACH

The valuation of vacant land is typically accomplished by the Sales Comparison Approach. This approach involves the direct comparison of the subject property with other similar parcels of vacant land that have been sold within a reasonable time period from the effective date of the appraisal or that are currently listed for sale, in order to derive a value indication for the subject property. This approach is based primarily on the Principle of Substitution, which holds that a prudent purchaser would pay no more for real property than the cost of acquiring an equally desirable substitute on the open market.

The basic steps in the process involve:

1. Research the market to identify similar/almost similar properties for which pertinent sales, listings, offerings, and/or rental data is available.

2. Qualify the prices as to terms, motivating forces, and a bona fide nature.

3. Compare each of the comparable property's important attributes to the corresponding ones of the property being appraised under the general categories of time, location, physical characteristics and conditions of sale.

4. Consider all dissimilarities and their probable effect on the price of each sale property and derive individual market value indications for the property being appraised.

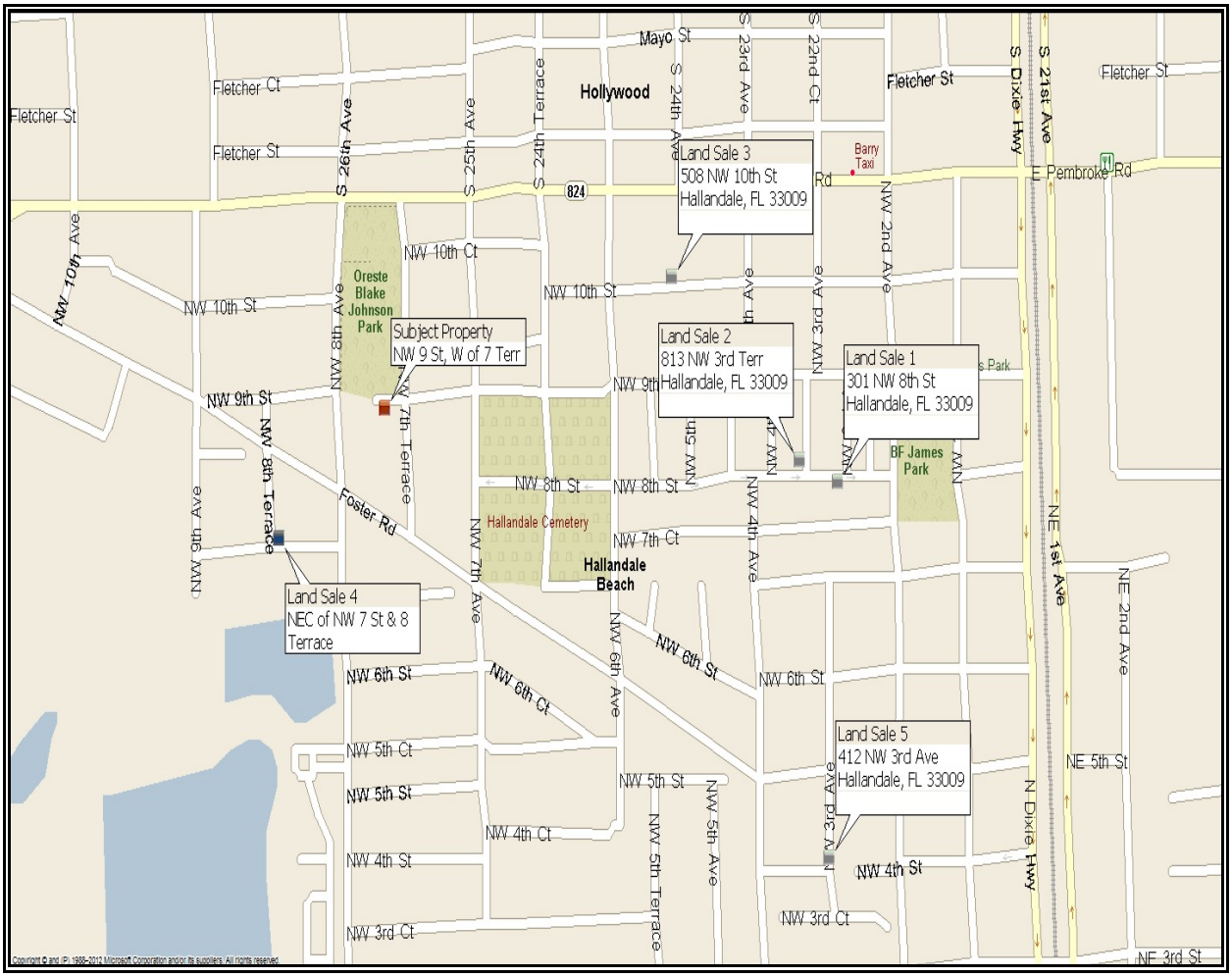
5. From the pattern developed, formulate an opinion of market value for the property being appraised.

In this approach, sales and/or listings of similar properties in the market are analyzed and compared with the subject property. After thorough analysis, appropriate units of comparison are selected that are commonly utilized in the subject property's market; then these units of comparison are used to arrive at a valid value indication.

We researched the subject's market area and surrounding area for similar residential zoned land with similar development potential. The following five sales represent the best available comparisons to the subject property. They are summarized on the following pages, followed by our analysis and reconciliation.

COMPARABLE LAND SALES SUMMARY CHART

	SALE #1	SALE #2	SALE #3	SALE #4	SALE #5
Location	301 NW 8th Street, Hallandale Beach	819 NW 3rd Terrace, Hallandale Beach	±508 NW 10th Street, Hallandale Beach	NEC of NW 7nd St & 8th Terr, Hallandale Beach	±412 NW 3rd Avenue, Hallandale Beach
Sale Date	1/2014	4/2013	5/2014	1/2013	5/2013
Consideration	$17,500	$13,300	$14,500	$20,000	$16,000
Record Number	112073524	111468392	112286853	111289883	111581909
Previous Sale-3 yrs	N/A	N/A	N/A	N/A	4/2013-$15,000
Property ID #(s)	5142-21-07-0043	5142-21-09-0400	5142-21-16-0160	5142-21-02-0261	5142-22-04-0260
Site Size	±5,825 SF	±3,940 SF	±6,840 SF	±7,252 SF	±7,500 SF
Zoning	RS-7	RS-7	RD-12	B-L	B-L
Shape	Basically rectangular	Basically rectangular	Basically rectangular	Basically rectangular	Basically rectangular
Site Conditions & View Amenity	Vacant w/small bldg	Vacant	Vacant	Vacant	Vacant
ANALYSIS					
Price per SF	$3.00	$3.37	$2.12	$2.76	$2.13
COMPARISONS TO SUBJECT					
Rating to Subject	**1**	**2**	**4**	**3**	**5**



Map showing Location of the Subject and the Comparable Sales

An in depth search of vacant home sites within the subject's neighborhood revealed five recent sales that occurred within the past seventeen months. These sales are felt to be most representative of the market for residential land in the Subject's market area. These sales are considered the best available comparisons. The Subject Property is a ±4,800 SF residential lot located in a residential community in the City of Hallandale Beach. The Subject is within close proximity to shopping and highway access. All of the sales are similarly located in the same development area.

Sale #1 ($3.00/SF) is a sale of a ±5,825 SF residential lot located along the north side of NW 8th Street, at about 3rd Avenue. This lot is considered very similar in terms of a comparable or a substitute home site. This is a 2014 sale, and it appears that it was resold by Wells Fargo who took ownership in December, 2010. The recent sale was marketed by a local Realtor through the MLS System for 305 days for the asking price of $19,000 and sold in January 2014 for $17,500. It has the same 40' frontage as the subject lot. It had a small shed building that had no contributory value when purchased.

Sale #2 ($3.37/SF) is a ±3,940 SF residential site located on the west side of NW 3rd Court, at about 8th Street. This lot is considered similar in terms of a comparable or a substitute home site. It was purchased at a tax deed auction in April 2013, and was not marketed by a Realtor. This was a cash sale and an arms length transaction. It previously sold in 2008 for $15,500. It has 50' of frontage, but has a shallow depth.

Sale #3 ($2.12/SF) is a ±6,840 SF residential lot located on the north side of NW 10th Street, at about 5th Avenue. This lot is considered similar in terms of a comparable or substitute home site. It was not marketed by a Realtor, and was purchased from a church by a local investor. This was a cash sale and appears to be an arms length transaction. This lot has 48' of frontage and more depth than the subject lot.

Sale #4 ($2.76/SF) is a ±7,252 SF residential lot located on the NEC of NW 7th Street and 8th Terrace. This lot is considered similar in terms of a comparable or substitute home site. It was not marketed by a local Realtor. This was a cash sale and appears to be an arms length transaction. The lot has about 50" of frontage and more depth than the subject.

Sale #5 ($2.13/SF) is a ±7,500 SF residential site located along the east side of NW 3rd Avenue at about 4th Street. It was purchased from an estate for $15,000 and flipped the next month for $16,000. . It was not marketed by a local Realtor. This was a cash sale and appears to be an arms length transaction. The lot has about 50" of frontage and more depth than the subject.

Reconciliation

The sales were analyzed and reconciled in order to arrive at the current estimate of market value. Sale #1 is considered the most similar **Sale** to the subject with regard to its location, size and physical characteristics. Sales #2 & #4 are also good comparisons, ranging in sales price from $2.76 to $3.37 per square foot. Sale #2 is the highest in the data set and is also the smallest site. Sales #3 & #5 are larger sites that have more depth, and we attribute this to some of the reasoning why they sold for less per square foot. The subject compare more favorably with Sales #1, #2 ans #4, which reflect an average of $3.04/SF. Based on the scope of work of this report and subsequent data presented, we feel that a value of $3.00/SF was reasonable for the Subject Property as of June 2, 2014, the effective date of valuation. It is calculated as follows:

4,800 SF of area at $3/SF = $14,400

FINAL OPINION OF MARKET VALUE OF SUBJECT PROPERTY AS OF JUNE 2, 2014

$14,400

LAWRENCE R. PENDLETON, MAI
Qualifications

Presently:

President, The Ernest Jones Company
Hollywood, Florida

Education:

University of Florida - Warrington School of Business
Bachelor of Science Degree, 1972
Major - Real Estate and Urban Land Studies

Courses/Seminars:

University of Florida

Real Estate Law, Real Estate Finance,
Real Estate Management, Real Estate Investment Analysis
Urban Land Utilization, Real Estate Appraising
Valuation of Special Purpose Properties

Appraisal Institute / Society of Real Estate Appraisers

Course 101-Principles of Real Estate Value
Course 201-Valuation of Income-Producing Properties
Course R-2-Residential Case Study
Course 202-Applied Income Property Valuation
Litigation Valuation
Standards of Professional Practice (SPP)
Course 430-SPP Part C
Comprehensive Examination
National Association of Independent Fee Appraisers
Course 1-Techniques of Capitalization
Course 2-Residential Real Estate Valuation

Seminars

Narrative Report Writing
Americans w/Disabilities Act(ADA)
Uniform Residential Appraisal Report
Rates, Ratios and Reasonableness
Appraising Nursing Homes
Valuation of Wetlands
Environmental Considerations
National USPAP
Analyzing Operating Expenses
Business Practices & Ethics
Houses to Hotels: The Income Approach
Forecasting Revenue
Cash Equivalency
Understanding Limited Appraisals
How to Verify Market Data
Florida Commercial Construction
Special Purpose Properties/Limited Markets
Regression Analysis
Appraising 2-4 family properties
Subdivision Valuation
Small Hotel/Motel Valuation
Assessment Appeals in Florida
Lease Abstracting & Analysis

LAWRENCE R. PENDLETON, MAI
Qualifications

Affiliations:

The Appraisal Institute:
MAI Designated Member #9442

State of Florida:
Licensed Real Estate Broker Since 1973, BK #68118
National Association of Realtors, Realtor member
South Broward Board of Realtors, Realtor member
State-Certified General Real Estate Appraiser #RZ725

Experience:

Chief Appraiser
The Ernest Jones Company
1972 to Present

Appraised various types of properties including:

Vacant Land
Shopping Centers
Hotels/Motels
Nursing Homes
Medical Buildings
Condominium units
Car Dealerships
Industrial Buildings
Cold Storage Plants
Gasoline Stations
Schools
Mobile Home Parks
Cellular Towers
Subdivisions
Apartment Buildings
Condominium Complexes/Conversions
Hospitals
Residences
Automotive Buildings
Office Buildings
Self-Storage Facilities
Special Purpose Properties
Churches
Camps
Golf Courses, Country Clubs
Marinas

Course Instructor:

Barry College, Miami, Adjunct
Professor of Real Estate Appraising
Instructor for Residential and Capitalization Courses

Instructor -University of Pittsburgh, PA
Residential Real Estate Appraising , NAIFA

Instructor - Freehold, New Jersey
Residential Real Estate Appraising, NAIFA

University of Missouri, St. Louis
NAIFA Instructor's Certification, 1977
(National Instructor 1977-1980)

University of Illinois, Champaign - Urbana
Appraisal Institute/SREA Instructor's Clinic, 1987

Instructor - Miami, Florida
Appraisal Institute/SREA Course 101, 1988

LAWRENCE R. PENDLETON, MAI
Qualifications

Lenders:

Admiralty Bank
BankAtlantic
BB&T
Chase
Citibank
Equitable Bank
First Southern Bank
Hancock Bank
Hemisphere National Bank
Horizon Bank
InterBank Savings & Loan
Mercantile Bank
National Bank of St. Petersburg
Optimum Bank
PNC Bank
Regent Bank
River Oaks Bank (Illinois)
SunTrust
State Bank of India
Teachers Insurance Company of America
TD Bank
US Century Bank
Wells Fargo Bank
Atico Savings Bank
Biscayne Bank
Citrus Bank
Carolina First Bank
City National Bank
Executive Bank of Fort Lauderdale
Floridian Community Bank
Gulf Coast Bank
Home Federal Bank
Independent Bankers
International Finance Bank
M&T Bank (NY)
Ocean Banks
Park National Bank
Premier Community Bank
Riggs National Bank (Washington, DC)
St. Paul Insurance Company
Space Coast Credit Union
TransAmerica Small Business Capital
TransAtlantic Bank
Tropical Credit Union
Wachovia
Zions First National Bank

Companies:

Amerada Hess Corporation
Burger King Corporation
Dade County PBA
Merrill Lynch Relocation Management
Knights of Columbus
DeMatteo Monness, LLC
Southern States Utilities
Suburban Propane
Triarc- R.C. Cola
Victoria's Secret
YMCA
Broward County PBA
Coca-Cola Bottling Company
Employee Transfer Corporation
Prudential Real Estate
The Jockey Club
Glenview Capital
Shell Oil Company (Motiva)
Seminole Tribe of Florida
Star Enterprise (Texaco)
Western Electric

LAWRENCE R. PENDLETON, MAI
Qualifications

Government & Municipal:

Federal Deposit Insurance Corporation (FDIC)
Federal National Mortgage Association (FNMA)
Federal Home Loan Mortgage Corporation (FHLMC)
National Oceanic & Atmospheric Administration (NOAA)
Miami-Dade County - H.U.D.
City of North Miami
City of Hialeah
Trust for Public Lands
City of Aventura
City of Hialeah Gardens
City of Hollywood
Town of Hallandale Beach
City of Miramar
North Bay Village
City of Oakland Park
City of Parkland
Broward County, Florida
Orange County, Florida
Village of Miami Shores
Volusia County, Florida
State of Florida
City of Miami Gardens
Town of Davie
City of Miami Springs
Town of Sunny Isles Beach
St Johns Water Management District
South Florida Water Management District
School Board of Broward County
School Board of Palm Beach County
United States Postal Service

Litigation Experience:

Has previously qualified as an expert witness on Real Estate Evaluation in Federal Bankruptcy & State District Courts

International Experience:

Completed assignments throughout the Bahama Islands, Puerto Rico, Costa Rica, Dominican Republic and Nicaragua

Recertification:

I am currently certified under the Appraisal Institute Continuing Education Program