

APPRAISAL REPORT

APPRAISAL OF

Commercial Land
located at
219 NE 3rd 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
7090 Taft Street
Hollywood, Florida 33024

August 4, 2015

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 property located at 219 NE 3rd Street in the City of Hallandale Beach. The property is currently improved with an older single family residence, however due to the property's zoning and the condition of the improvements the highest an best use is as a redevelopment site. The purpose of this assignment is to form an opinion of the market value of the fee simple interest in the Subject Property as of July 29th, 2015, which is our date of inspection (exterior only). The intended use of the appraisal will be to assist the Hallandale Beach CRA in determining market value for 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 through December 31, 2015.

It is our opinion and conclusion that the market value of the fee simple property interest in the Subject Property was :**\$173,000**, as of July 29th, 2015.

This transmittal letter is followed by the certification and the appraisal report (our file #150729-1LS) containing 50 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


RYAN L. PENDLETON
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ2928

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 (exterior only) of the property that is the subject of this report on July 29th, 2015, which is also the effective valuation date: Ryan L. 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, MAI and Ryan Pendleton have 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



RYAN L. PENDLETON
STATE-CERTIFIED GENERAL REAL
ESTATE APPRAISER #RZ2928

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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.

CONDITIONS OF THE APPRAISAL (CONT.)

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.

CONDITIONS OF THE APPRAISAL (CONT.)

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 not 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:	Commercial Site for Redevelopment
Location:	North side of NE 3 rd Street approximately 157 feet west of NE 3 rd Avenue, City of Hallandale Beach, Broward County, Florida
Property ID Number:	51-42-22-31-0090
Purpose of the Assignment:	Opinion of Market Value
Property Rights Appraised:	Fee simple interest
Intended Use:	Market Value for possible acquisition
Intended Users:	Hallandale Beach CRA
Marketing time:	6 -12 months
Zoning:	Central RAC, Transit Core Subdistrict
Site Size:	±8,640 SF (±0.198 Acres) per Public Records
Frontage:	±75 feet along north side of NE 3 rd Street
Census Tract:	1002.01, Broward County
2014 Assessment/Taxes:	\$106,030 \$2,206.87 (Gross Taxes)
Flood Zone:	Zone X, FEMA MAP 12011C0732H, Dated 8/18/14
Highest and Best Use:	Multi-family/Mixed Use Redevelopment
Valuation Date:	July 29, 2015
Inspection Date:	July 29, 2015
Date of Report:	August 4, 2015

Value Opinion By:

Sales Comparison Approach: \$173,000

Final Value Opinion: \$173,000

PURPOSE OF THE ASSIGNMENT

The purpose of the assignment is to give an opinion of the market value of the certain property rights as delineated below, of the herein described Subject Property, subject to the assumptions and limiting conditions stated, as of the inspection date of July 29, 2015. The only intended user of this report is Hallandale Beach CRA.

SCOPE OF WORK

Our client, Hallandale Beach Community Redevelopment Agency, has requested that the Subject Property be valued to assist them in market value determination. The effective date of this report is July 29, 2015, which is also the date of inspection. The following steps were taken in performing this assignment and preparing this report:

- The subject property was inspected by Ryan Pendleton on July 29, 2015. Only an exterior site inspection was performed as the appraisers were not given access to the interior of the house. Photographs were taken and data was collected pertinent to the appraisal problem and noted in the work file.
- An analysis of the local market which included reference to economic/land use data was developed. A survey of current competitive listings using *Costar*, *MLS* and *Loopnet* was developed as well. This data helped to determine that the Highest & Best of the subject property is for future redevelopment.
- Other steps which included confirmation of the existing zoning district and regulations were taken in reaching our Highest & Best Use opinion.
- We researched the Broward County Public Records for sales of similar sites. Commercial research services such as *Costar*, *MLS*, and *Loopnet* were used as well. 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. Phone confirmations were not successful in most instances.
- All sales were inspected from the curbside. These sales were compared to the subject property and reconciled into our final value opinion via the Sales Comparison Approach.
- The Income Capitalization and Cost Approach were not considered appropriate for vacant land valuation and thus not developed.

PROPERTY RIGHTS APPRAISED

The property rights being appraised consist of the *fee simple interest* in the real property. Please refer to the following page for definitions.

DEFINITIONS

Fee Simple - an 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.

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.

¹ 12 CFR 225.62

INTENDED USE OF THE REPORT

The only intended user of this report is the Hallandale Beach Community Redevelopment Agency (CRA). It is our understanding that this appraisal assignment will be used to assist our client with market value determination. In accordance with our employment agreement, our findings and conclusions are being presented in an **Appraisal Report** format. The Appraiser(s) 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.

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. Exposure time is deemed to expire as of the effective date, so it examines the time frame *leading up* to the valuation date. This estimates how long the property would have required market exposure in order to sell at our appraised value. We estimate an exposure time of 6 to 12 months based on the property type, listing periods of land in Broward County, information gathered through sales verification, and discussions with market participants.

PROPERTY IDENTIFICATION

The Subject Property is located along the north side of NE 3rd Street approximately 157 feet west of NE 3rd Avenue in the City of Hallandale Beach, Florida. The property is identified by the Broward County Property Appraiser under the Property ID number 51-42-22-31-0060.

LEGAL DESCRIPTION

The Subject's legal description is as follows:

Lot 3 & the East half of Lot 4, of HALLANDALE HEIGHTS, according to the Plat thereof, as Recorded in Plat Book 23, Page 19, of the Public Records of Broward County, Florida.

STATEMENT OF OWNERSHIP

We have not been provided with an authoritative title report to ascertain current ownership. However, the Broward County Property Records shows title in the name of CSMA FT, LLC c/o First Key Mortgage, LLC, with the mailing address of 875 3rd Avenue, New York, NY 10022.

PROPERTY HISTORY

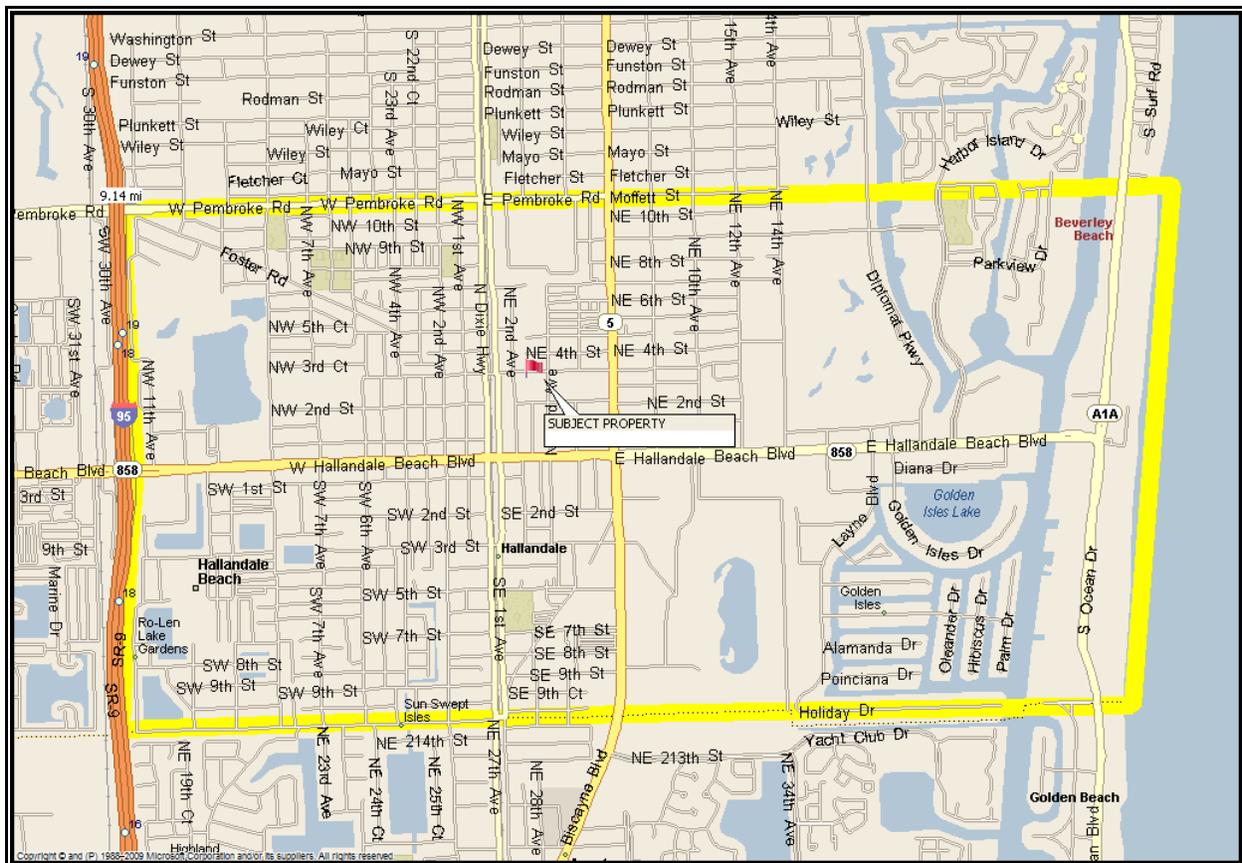
The Subject Property is currently improved with an older (1958) single family residence containing ±1,392 SF of Net Livable Area. There is additional square footage of covered porches, utility room, and carport. The current back yard is fenced with an old pool (appears in disrepair) and concrete paving. At the time of inspection the Subject house's roof was being repaired, however the majority of the improvements visible to us suffered from major deferred maintenance. According to the public records, the last transaction involving the Subject was a bulk folio transaction (27 properties) in April 2015 for \$4,522,500 (CIN 113010085). The property previously sold in October 2013 for \$120,000 (50237/840) and in June 2013 (reported as a distressed sale) for \$50,000 (49963/141). There has been no other known transactions of the subject property in the past five years. To our knowledge, the Subject Property is not currently marketed for sale or lease or under contract for sale.

MARKET AREA ANALYSIS

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 area 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 north side of NE 3rd Street approximately 157 feet west of NE 3rd Avenue in the City of Hallandale Beach. The broader market area is generally bounded by the **Miami-Dade/Broward County Line** to the south, **Interstate 95** to the west, **Pembroke Road** to the north and the **Atlantic Ocean** to the east. The boundaries outlined above are roughly the City of Hallandale Beach but also encompass a portion of the City of Hollywood. 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.



MARKET AREA ANALYSIS (CONT.)

The Market Area's supportive residential population is the Hallandale Beach, Hollywood, and North Miami-Dade populations and seasonal tourism. Like many areas in South Florida, the subject market area has varying degrees of both income levels and property values. Generally, higher median income and property values are located to the east nearer the Intracoastal Waterway and Beaches. Overall, the subject market area has a good economic base.

The market area was 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. A good portion of this development occurred over the past twenty years and reflects a wide range of quality and value. Properties east of Federal Highway are mostly upscale and include oceanfront and waterfront communities.

The subject property is located along the north side of NE 3rd Street approximately 157 feet west of NE 3rd Avenue, a four-way stop sign intersection. NE 3rd Avenue is relatively low trafficked, connecting Hallandale Beach Boulevard to the immediate neighborhood. NE 3rd Street has a higher traffic count than NE 3rd Avenue and is one of the few non-corridor streets that connects Federal Highway with Dixie Highway (due to FEC railroad tracks). Dixie Highway, three blocks west of the Subject, is a north-south connector between Hallandale Beach Boulevard, Pembroke Road, Hollywood Boulevard, and Sheridan Street and is lined with mostly older auto related and other light industrial-commercial uses. Federal Highway, two blocks east of the Subject, is the primary commercial corridor in eastern Broward and lined with a variety of commercial developments. To the east of the Subject there is a planned three block project called Hallandale Art Square, which is a proposed mixed use development with 358 residential units, 12,755 SF of commercial space, and a 2 story parking garage (project approved March 2015). To the north of the Subject is a small single family neighborhood and the Sea Esta mobile home park.

MARKET AREA ANALYSIS (CONT.)

Development along NE 3rd Street is primarily low density multi-family developments and a few single family houses near the Subject. There are commercial developments at the Federal Highway intersection and between NE 2nd Avenue and Dixie Highway. At the Subject, NE 3rd Street is two-lane, bidirectional (east-west) street with sidewalks and pole-mounted street lights (south side of street only). Vehicular access to the Subject Property can be accessed from NE 3rd Street. The Subject is considered to have good access and average exposure.

Hallandale Beach, like much of eastern South Florida, relies heavily on tourism as a main source of revenue, which is reflected in the commercial uses geared toward entertainment, hotels/resorts, dining, and retail. Employment stability in the area appears average and access to employment centers in Miami-Dade and Broward Counties is good via the Interstate system or US Hwy-1. Public transportation, public utilities, hospital, schools, parks & recreational facilities, police, fire rescue and other typical municipal services are available.

Considering the market area and surrounding neighborhood, the Subject is well suited for its location. It has average exposure along at a four-way stop intersection. 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.

AREA PHOTOGRAPHS



View of NE 3rd Street looking west, Subject to right



View of NE 3rd Street looking east, Subject to left

SITE ANALYSIS

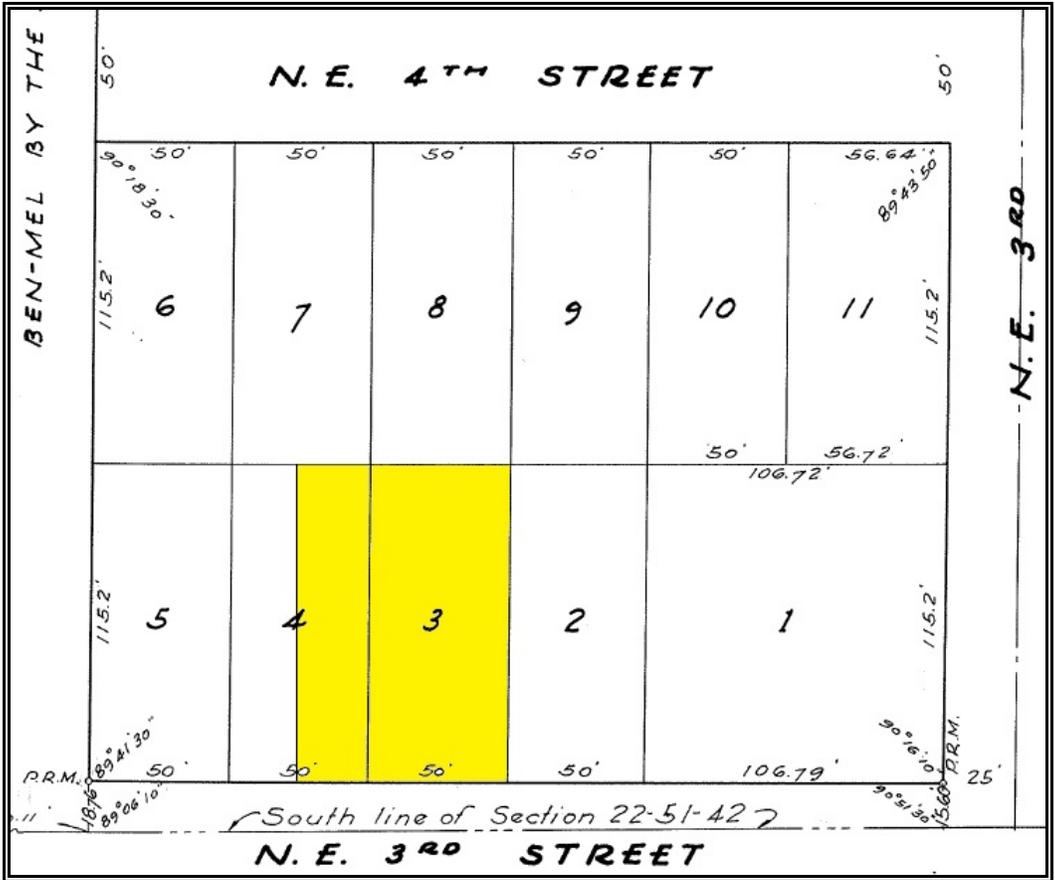
The following data is based on published data and our personal inspection, no survey was provided. The Subject site is located along the north side of NE 3rd Street approximately 157 feet west of NE 3rd Avenue within the municipal limits of the City of Hallandale Beach. The Subject site is identified under the property ID number 51-42-22-31-0060 by the Broward County Property Appraiser. The following data pertains to the physical features of the site.

Site area:	±8,640 SF or ±0.198 Acres (per Public Records)
Shape:	Basically rectangular, interior orientation site
Frontage:	±75 feet along the north side of NE 3 rd Street
Lot Depth:	±115.2 feet (per Plat)
Topography:	Basically flat and level at or slightly above road grade
Site Conditions:	At time of inspection, the site was improved with an older (1958), ±1,392 SF single family residence with carport, covered porches, pool, concrete paving, and chain link fencing.
Drainage:	Appears adequate via natural percolation. No on-site catch basins observed.
Site Access:	Access (both vehicular and pedestrian) from both NE 3 rd Street (no curbing).
Site Exposure:	Exposure is considered average.
Utilities:	Water, sewer, telephone, and electric service are available to the Subject site

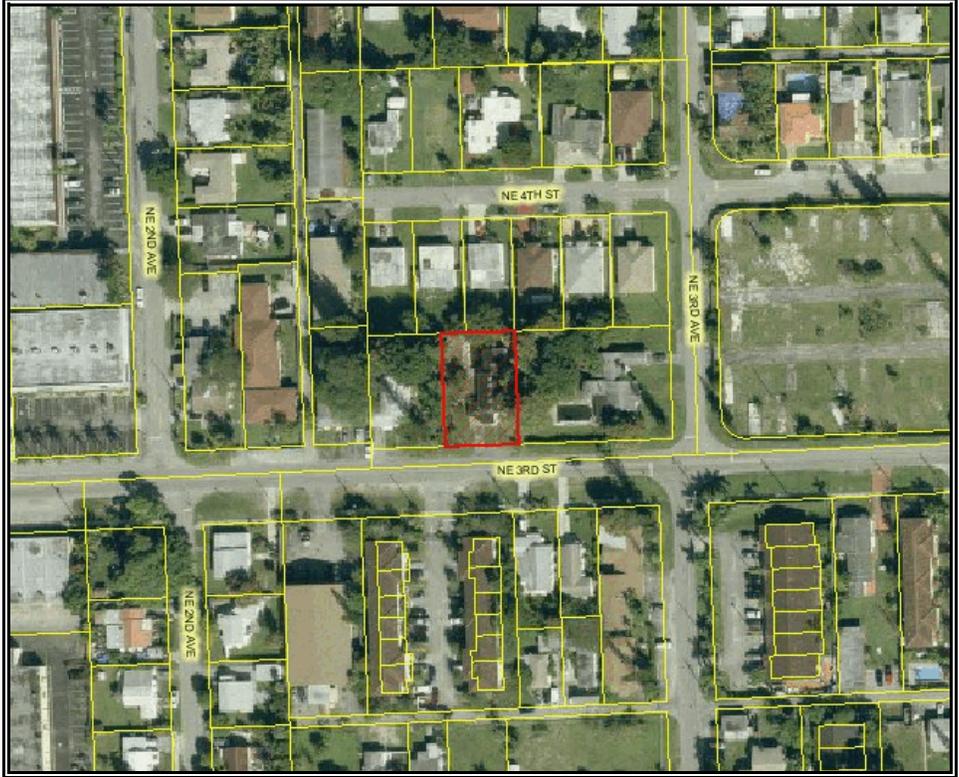
SITE ANALYSIS (CONT.)

Restrictions/Easements:	No known detrimental easements or restrictions.
Encroachments:	No detrimental encroachments known.
Locational Attributes:	The Subject site has an interior orientation with frontage along NE 3 rd Street. It has average exposure for most commercial/multi-family uses. The site has good access and good compatibility with surrounding sites and land uses.
Soil/Subsoil:	No soil boring tests or engineering reports were submitted to the appraisers.
Soil Condition:	It is beyond the scope of this appraisal to comment on the existence of below ground soil contamination. <i>We are unaware of any soil contamination on the Subject Property. Any existing site contamination could have a serious negative affect on the market value and marketability of the subject property.</i>
Flood Zone:	Appears to be located in Zone X, FEMA Flood Zone Map Panel #12011C0732H, 8/18/14
Functional Adequacy:	The site shape, location, and access are considered adequate for most small scale commercial development.

PLAT MAP & AERIAL VIEW

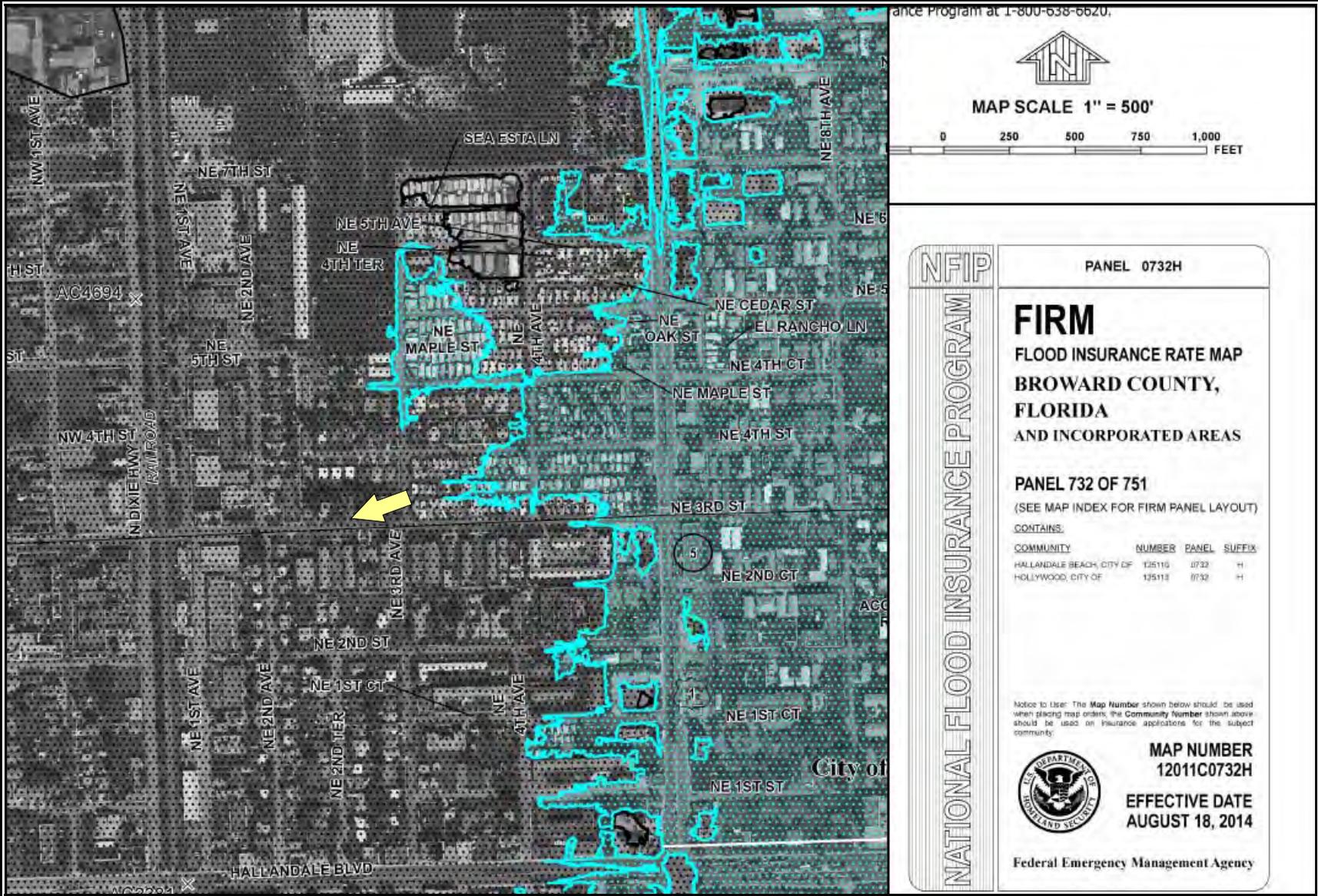


Plat Map showing Subject Location



Aerial View showing Subject Location

FLOOD ZONE MAP



Flood Zone Map showing Subject Location (Subject appears to lie within Zone X, Map 12011C0732H, rev 8/18/14)

SUBJECT PHOTOGRAPHS



View of Subject front (south side) looking northerly from across NE 3rd Street



View along Subject's western boundary looking southerly from northwest corner of site

SUBJECT PHOTOGRAPHS (CONT.)



View of along Subject's eastern boundary looking southerly from northeast corner of site



View along Subject's northern boundary looking westerly from northeast corner of site

SUBJECT PHOTOGRAPHS (CONT.)



View of northwestern portion of site currently improved with old swimming pool looking northerly from site interior



View of old house and pool looking southeasterly from northwest corner of site

ZONING

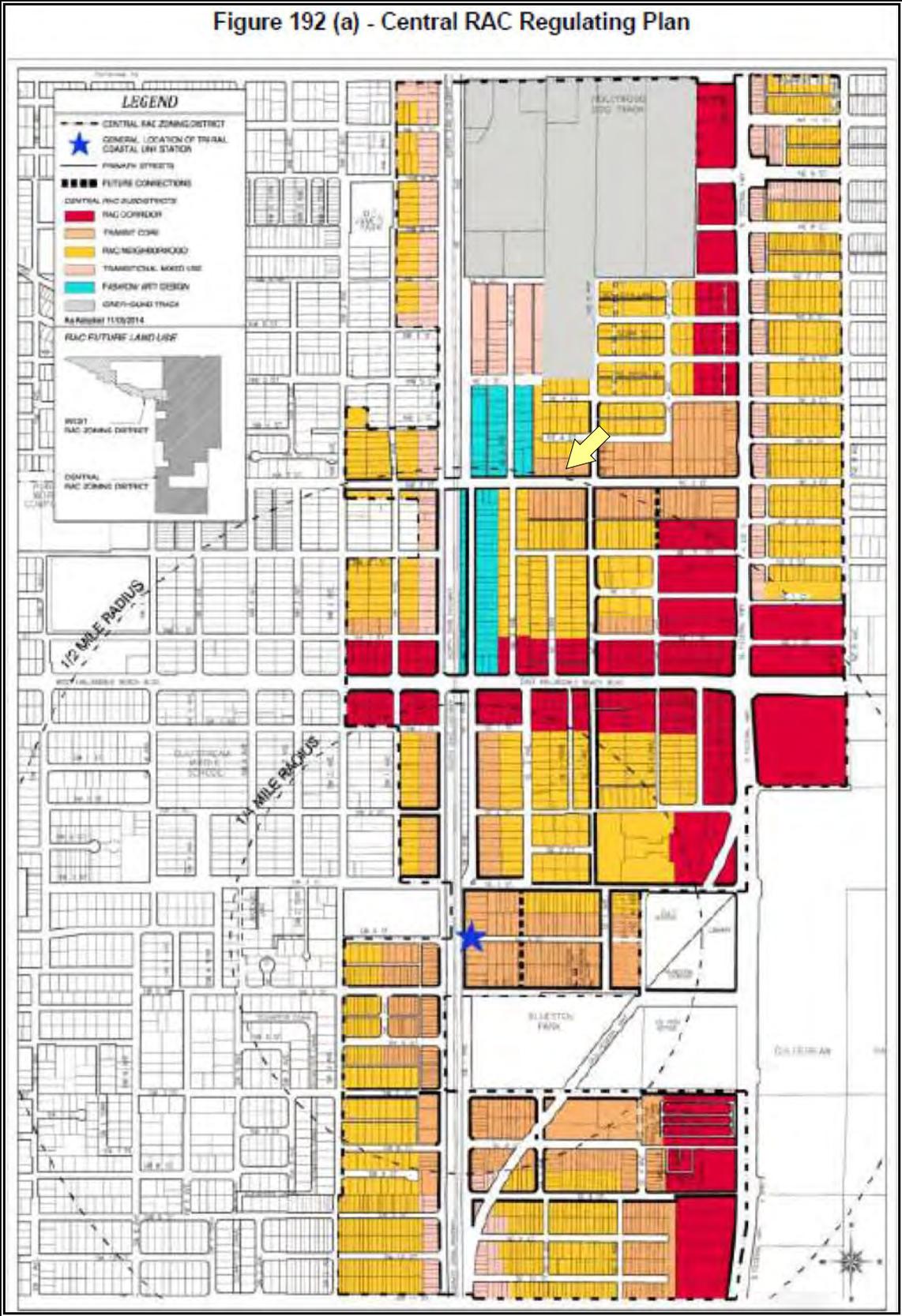
Generally, zoning looks to the future as a result of planning. Its purpose is to promote and maintain a degree of homogeneity in the use of real estate within the confines of a given geographic, political subdivision. The Appraisal Institute in its book, "*The Appraisal of Real Estate*", Twelfth Edition, 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, bulk, density of population, and other aspects of the use and development of private property."

We were informed by the City of Hallandale Beach Planning and Zoning Department that the Subject has recently been rezoned to Central RAC district within the Transit Core Sub-district. Previously, the Subject was zoned RM-18, a primarily multi-family zoning. According to the City's Ordinance No. 2014-31 the purpose and intent of the Central RAC district *"is to guide the redevelopment of land within the boundaries of the RAC land use category and the surrounding properties into a vibrant area that (a) provides a mix of uses within a pedestrian-friendly environment to meet the daily needs of workers, residents, and visitors; (b) encourages higher densities and intensities within a half-mile of the planned commuter rail station; (c) establishes a desirable residential location with a variety of housing types to accommodate a diverse population; (d) promotes the optimum use of transit by maintaining and enhancing a continuous inter-connected network of pedestrian and bicycle friendly streets; (e) provides public open space in the form of parks, plazas, and greens; and (f) encourages investment by accommodating new development at a range of scales including individual infill buildings and large redevelopment projects."*

The Ordinance describes the Transit Core Subdistrict as *"compact and appropriate for mid-rise multi-story, mostly attached buildings accommodating a wide range of uses, including employment, shopping, civic, and entertainment destinations as well as residential uses. The subdistrict will create a vibrant, pedestrian-friendly, mixed-use district around the planned Tri-Rail Coastal Link station and along main transit routes."*

ZONING (CONT.)



Central RAC Zoning Map showing Subdistricts and Subject Location

ZONING (CONT.)

CENTRAL RAC SUBDISTRICTS						
	RAC Corridor	Transit Core	RAC Neigh- borhood	Trans. Mixed Use	Fashion Art Design	Grey- hound Track
RESIDENTIAL						
Single-family dwellings	-	-	P	-	P	-
Two-family (duplex) dwellings	-	P	P	-	P	C
Townhouse dwellings	P	P	P	P	P	C
Multi-family dwellings	P	P	P	P	P	C
Live/work units	P	P	C	P	P	C
Work/live units	P	P	-	P	P	C
Assisted living facilities	P	P	C	C	-	-
Nursing homes	P	P	C	C	-	-
Other residential care facilities	see section 32-594					
LODGING						
Bed-and-breakfast inns	P	C	C	P	P	P
Hotels and motels	P	P	-	P	-	P
BUSINESS						
Offices, limited	P	P	C	P	P	P
Offices	P	P	-	P	P	P
Stores & services, general	P	P	-	P	P	P
Stores & services, large format	P	P	-	P	-	P
Drive-through facilities (for any use)	C	-	-	C	C	C
Contractor & trade operations	P	-	-	P	P	P
Garage, public parking	C	C	-	C	-	P
Parking Lot	C	C	-	C	C	P
Parking lot, interim	C	C	-	C	C	C
Alcoholic beverage establishments	P	C	-	P	P	P
Racing and casino complexes	-	-	-	-	-	P
Restaurants	P	P	-	P	P	P
Studio or workshop	P	P	-	P	P	P
Vehicle sales, repair, or service	-	-	-	C	-	P
CIVIC & EDUCATION						
Civic open spaces	P	P	P	P	P	P
Day care centers	P	P	C	P	P	P
Government uses	P	P	-	P	-	-
Places of worship	P	P	C	P	-	-
Schools, public and private	P	P	C	P	P	-
P = Permitted Use C = Conditional Use - = Use Not Permitted						

ZONING (CONT.)

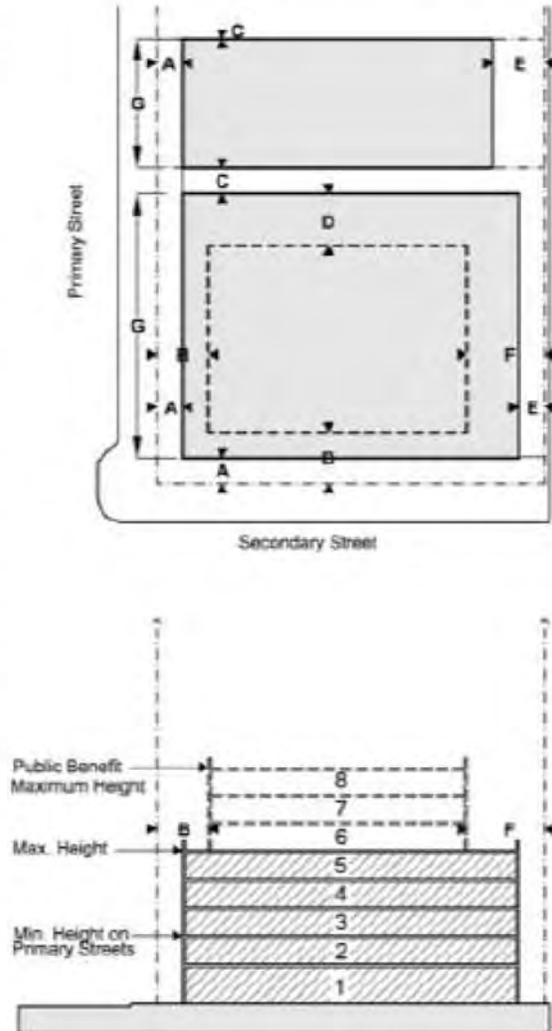
EXHIBIT B: CENTRAL RAC FORM-BASED ZONING DISTRICT

11/5/2014

SECTION 32-196 TRANSIT CORE SUBDISTRICT

Table 32-196(a) Transit Core Subdistrict Dimensional Requirements		
Lot Size		
Lot Width		50 ft. min.
Lot Area		5000 sf. min./ 100,000 max.
Lot Coverage		95% max.
Minimum Landscape Area		5%
Building Placement		
A	Primary Street Setback ²	10 ft. min./ 15 ft. max.
	Secondary Street Setback	10 ft. min.
B	Street Above the 5 th Story	20 ft.
C	Interior Side Setback ²	0 ft. min. ³
D	Side Above the 5 th Story	30 ft. min.
E	Rear Setback	10 ft. min.
F	Rear Above the 5 th Story	20 ft. min.
G	Building Frontage on Primary Streets	75% min.
Building Size & Height		
Min. Height Primary Streets		2 Stories, or 1 Story 20 ft. high
Base Building Height Limit		5 Stories
Maximum Height Limit		8 Stories
Density		
Base Density		18 du/ac
Max. Density		50 du/ac
Civic Open Space Requirement		
Sites Greater than 40,000 sq. ft.		5%
All Sites Exceeding Base Density or Base Height Limit		7.5%
¹ Side lot lines facing streets are regulated by front setback requirements. ² All light and air shafts shall be provided within the lot See Section		

**Figure 32-196(a)
Transit Core Building Placement & Height**



ZONING (CONT.)

As can be seen above, the Central RAC Transit Subdistrict is a relatively liberal zoning district with allowable uses that include duplex, townhouse, multi-family, assisted living facilities, hotel/motels, office, stores and services, restaurants, and civic and education uses. **Single-family dwellings are not permitted.** The base building height limit is 5 stories with maximum height limit being 8 stories. The base density for this district is 18 dwelling units (du) per acre and the maximum density is 50 du per acre. The maximum height and density allowance is based on performing criteria and approval processes.

The Central RAC, Transit subdistrict zoning is considered liberal and in no way appears to be restrictive to functional development of the site. Any future use of the subject site must meet all physical requirements (setbacks, building height etc) and would still be subject to site plan approval from the City of Hallandale Beach. As presently improved, the Subject is a non-conforming use that is grand-fathered in as an existing use. For a complete description of the zoning district, including all permitted uses and development standards, consult Ordinance No. 2014-31 or the City of Hallandale Beach Planning and Zoning Department.

TAX AND ASSESSMENT DATA

The 2014 & 2015 assessment and tax information for the Subject is as follows:

YEAR	LAND ASSESSMENT	BUILDING ASSESSMENT	TOTAL ASSESSMENT	GROSS TAXES
2014	\$51,840	\$54,190	\$106,030	\$2,206.87
2015	\$51,840	\$53,990	\$105,830	N/A

The land assessment of \$51,840 reflects \$6/SF based on the published site size of ±8,640 SF. The 2015 building assessment equates to \$33.02/SF based on the County’s adjusted building size of 1,635 SF. We found that land assessments for residential and multi-family use properties in the immediate area were also around \$6/SF. The parcel east of the Subject (east of NE 3rd Ave) which is planned for the new Hallandale Art Square development is assessed at \$15/SF. Commercial properties along NE 3rd Street between NE 1st and 2nd Avenue have land assessments around \$11/SF. We would expect the assessment to increase on any new development consistent with surrounding similar land uses.

The Broward County Real Estate Tax Information site shows that the Subject has no unpaid taxes. Assessed value is for ad valorem taxation and does not necessarily represent or reflect the current market value of the Subject Property.

HIGHEST AND BEST USE

A valuation concept that can be applied to either the land or improvements. It normally is used to mean 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.

HIGHEST AND BEST USE (CONT.)

The use need not be the same as all surrounding properties, but it must be homogeneous with those uses. All of these factors must be considered in arriving at a conclusion as to the Highest and Best Use of a property.

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.

Definition

Highest and Best Use may be defined as

The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.^[1]

As vacant, it is among all reasonable alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

[1] The Dictionary of Real Estate Appraisal, Fourth Edition. The Appraisal Institute. Page 135.

HIGHEST AND BEST USE (CONT.)

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. Legally permissible;
2. Physically possible;
3. Financially feasible; and
4. Maximally productive.

1) Legally Permissible

Factors which may preclude possible uses include private restrictions, zoning, building codes, historic district controls, and environmental regulations. As discussed in the zoning section, the Subject Property is zoned Central RAC, Transit Core Subdistrict by the City of Hallandale Beach. This relatively liberal district gives the site much flexibility in development potential. The district permits retail, office, personal services, hotel/motel, multi-family, and several other general commercial uses. The base density is 18 du per acre in this zoning district. Any of these are legally permissible uses for the subject **as vacant**. The current improvements, older single family residence, appear to be a legally permissible (non conforming) use **as improved**.

2) Physically Possible

The factors which are pertinent to physically possible uses of the site include the size, area, topography, frontage, access, depth, exposure and the availability of public utilities, and immediately surrounding improvements. The subject property is an interior parcel with frontage along NE 3rd Street, a local neighborhood use thoroughfare with good access to commercial corridors and to major highway systems. Exposure is adequate for most of the allowable commercial uses, however high exposure uses may not be feasible. The site has adequate size, width, and depth for development of commensurate small scale commercial/multi-family developments, however assembling a larger parcel may maximize the potential development opportunities. All necessary utilities are available to the site. **As improved**, the existing structure is physically possible by virtue of it's existence.

3. 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 the investment capital is financially feasible. It is our opinion that some sort of legally permissible multi-family or mixed use development is the most financially feasible use of the Subject at this time. The site is not located along a high exposure commercial corridor which may limit some possible commercial developments. **As improved**, the subject house does not appear to be financially feasible. Although we were not given interior access, the improvements appeared in poor condition with many noticeable deferred maintenance issues. Given the improvement's condition/size and zoning, it appears that the most feasible use is redevelopment of the site.

4) 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 a multi-family or mixed use building with retail/service components that could serve the needs of the immediate neighborhood and benefit from the relatively modest exposure is a Highest and Best Use of the site **as vacant**. Due to the site's small size, assembling a larger parcel with neighboring properties may increase the feasible, potential development opportunities.

As improved, the subject reflects an older single family residence considered in poor condition. Typically, the more flexible a building design, the more prospective buyers it will attract and accommodate. The house has many noticeable deferred maintenance issues. Considering the site zoning and the improvements' condition and size, it is our opinion that redevelopment of the site is the highest and best use of the Subject Property.

DISCUSSION OF 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 reproduction of, or replacement for, the existing structure and site improvements (including direct costs, indirect costs, and an appropriate entrepreneurial profit), and then deducts all accrued depreciation in the property being appraised from the reproduction or replacement cost of the structure as of the effective appraisal date. When the value of the site is added to this figure, the result is an indication of value of the fee simple interest 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, are listed for sale, or are under contract (i.e., recently drawn up purchase offers accompanied by a cash or equivalent deposit). 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.

DISCUSSION OF THE VALUATION PROCESS (CONT.)

Elements of comparison are tested against market evidence to determine which elements are sensitive to change and how they affect value.

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.

Since we are valuing land, the Sales Comparison Approach to value will be solely utilized to form an opinion of the market value of the fee simple interest in the Subject Property. This is the typical method utilized for vacant land and will produce an accurate and defensible opinion of value.

SALES COMPARISON APPROACH

The valuation of commercial land is typically accomplished by utilizing the Sales Comparison Approach. This approach involves the direct comparison of the subject property with other similar parcels that have been sold recently, 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.

SALES COMPARISON APPROACH (CONT.)

In this approach, sales 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.

The Sales Comparison Approach assumes that the market will determine a price for the subject property in the same manner it determines prices of similar properties in the marketplace. This assumption conforms with the definition of market value and with the principle of substitution in real estate appraising.

The Sales Comparison Approach has its greatest validity when there are a sufficient number of comparable properties closely similar to the subject property to develop a valid, reliable value conclusion. We researched in and around the Subject's Market area in an attempt to find similar multi-family and commercial land sales and current listings which could be compared to the Subject. The resultant land sales are presented on the following pages.

SALES COMPARISON APPROACH (CONT.)

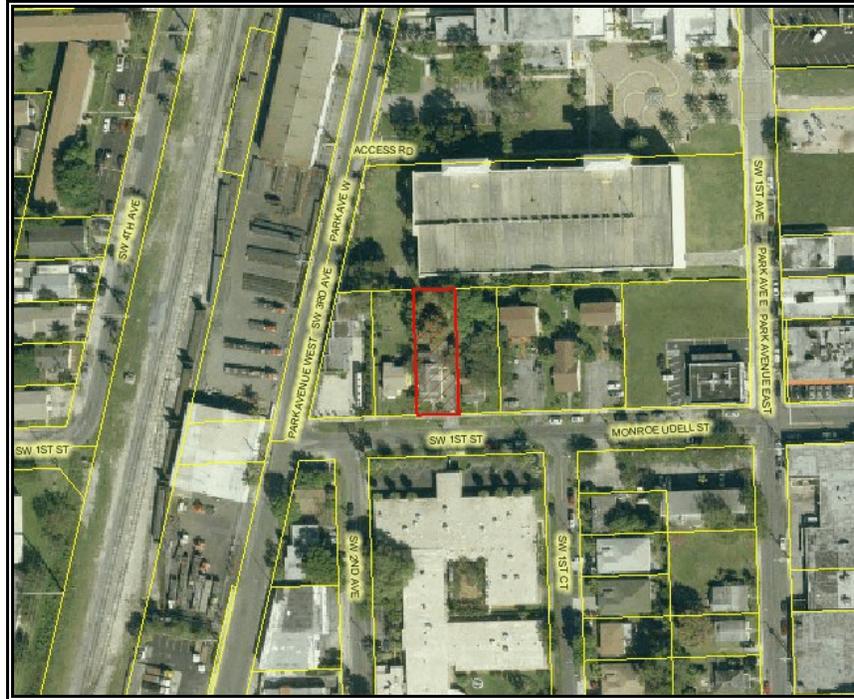


Land Sale 1

Location:	118 SE 7 th Street, Hallandale Beach
Sale Date:	4/2015
Consideration:	\$2,375,000
Terms:	Cash Equivalent
CIN:	112955120
Grantor:	Hallandale Crossings, LLC
Grantee:	Crossings at Hallandale, LLC
Property ID #:	51-42-27-15-0050 & 51-42-27-28-0010
Size:	±74,288 SF or ±1.71 Acres Total
Shape:	Irregular
Utilities:	All available
Zoning:	Central RAC Transit Core Subdistrict
Site conditions:	Large Parcel vacant & fenced, small parcel has small building which has been razed
Prior sales:	Small parcel only - 3/13 - \$27,500 (49637/1125)

Sales price per SF Site:	\$31.97
Sales price per Unit:	\$76,613 per allowable (base)/ \$32,095 per planned
Comments:	Site is located approximately 0.8 miles south of the Subject and has a double corner orientation. The site was sold with entitlements as the seller has plans submitted to the City for a 7-story, 74 unit multi-family development. The application (122-13-DB) is pending DRC review.

SALES COMPARISON APPROACH (CONT.)



Land Sale 2

Location: 130 SW 1st Street (aka Monroe Udell Street), Dania Beach, Florida
Sale Date: 2/2015
Consideration: \$110,000
Terms: Cash
CIN: 112817906
Grantor: Barbara Sharief
Grantee: E & M Investments of South Florida Inc.
Parcel ID #: 50-42-34-01-3140
Size: ±7,495 SF or ±0.172 Acres
Shape: Rectangular
Utilities: All available
Zoning: CC, Dania Beach
Site conditions: Improved with older (1936), ±1,490 SF, frame house
Prior sales: Last sold 9/09 for \$40,000 (46566/478)

Sales price per SF Site:

\$14.68

Sales price per Unit:

\$13,750 based on base of 50du/acre

Comments:

Site is located approximately 4.2 miles north in Dania Beach. It is currently improved with an older, frame construction house. The seller's broker informed us that the property was marketed and sold as a redevelopment site. The buyer (an adjacent parcel owner) informed us that he purchased the property to increase the site size of a future redevelopment project. This parcel has a similar RAC zoning but has a higher maximum base density than the Subject's zoning.

SALES COMPARISON APPROACH (CONT.)



Land Sale 3

Location:	11 NE 1 st Avenue, Hallandale Beach
Sale Date:	9/2014
Consideration:	\$80,000
Terms:	Cash Equivalent
ORB/PG:	51114/659
Grantor:	Nicks Restaurant Inc.
Grantee:	Dream Team Developers LLC
Property ID #:	51-42-27-00-0040
Size:	±4,345 SF or ±0.1 Acres
Shape:	Rectangular
Utilities:	All available
Zoning:	B-L with overlays at time of sale, has been rezoned to Central RAC Fashion Arts Design Subdistrict
Site conditions:	Paved parking lot
Prior sales:	No sales within past five years

Sales price per SF Site:

\$18.41

Comments:

Site is located just north of Hallandale Beach Boulevard along NE 1st Avenue, a one-way north street that parallels Dixie Highway on the east side of the tracks. We were informed that the site is planned to be developed with a ±3,891 SF, 2-story retail development. The project is presently under review with the City.

SALES COMPARISON APPROACH (CONT.)



Land Sale 4

Location:	Northwest corner of South Dixie Highway and SW 7 th Street, Hallandale Beach
Sale Date:	7/2014
Consideration:	\$350,000
Terms:	Cash Equivalent
ORB/Page:	50988/26
Grantor:	690 S Dixie Hwy Inc.
Grantee:	BSHM Holdings Corp.
Property ID #:	51-42-27-21-0590 & -0591
Size:	±14,426 SF or ±0.331 Acres
Shape:	Basically rectangular
Utilities:	All available
Zoning:	B-G, B-L & South Dixie Corridor Overlay at time of sale, has been rezoned to Central RAC Transit Core
Site conditions:	Vacant and clear
Prior sales:	No known sales within past 5 years

Sales price per SF Site:

\$24.26

Comments:

This is a corner parcel along South Dixie Highway in Hallandale Beach approximately 0.8 miles south of the Subject. This site has been rezoned to the same Central RAC Transit Core district as the Subject. The listing broker informed us that the site has been on the market for a couple of years.

SALES COMPARISON APPROACH (CONT.)



Land Sale 5

Location:	±301-413 N Federal Highway, Hallandale Beach
Sale Date:	1/2014
Consideration:	\$8,500,000
Terms:	Cash Equivalent (Bank Sale)
ORB/PG:	50528/387
Grantor:	Everbank
Grantee:	Hallandale Land Ventures LLLP
Property ID #s:	51-42-22-35-0060, -0070, -0080, -0100, & -0110
Size (SF):	±288,965 SF or ±6.634 Acres (per Public Records)
Shape:	Three basically rectangular blocks
Utilities:	All available
Zoning:	B-G along Federal Hwy & RM-HD-2 elsewhere at time of sale, has been rezoned to Central RAC Transit Core Subdistrict
Site conditions:	Mostly vacant and cleared, vacant commercial buildings still along Federal Hwy
Prior sales:	Foreclosure 3/2013 (49686/522)

Sale Price per SF Site:

\$29.42

Comments:

This site, located just to the east of the Subject across NE 3rd Ave, was approved for a 6 story, 372 unit mixed used project with 20,200 SF of commercial. The bank took back the property from the developer and resold to current owner. The new owners plan the site with Hallandale Art Square, a mixed use project with 358 residential units, 12,755 SF of commercial space, and a two story parking garage (approved March 2015).

SALES COMPARISON APPROACH (CONT.)



Land Sale 6

Location: 2327-2339 Lincoln Street, Hollywood, Florida
Sale Date: 8/2013
Consideration: \$600,000
Terms: Cash Equivalent
ORB/PG: 50072/1529
Grantor: GFK Investments, LLC
Grantee: Lincoln West LLC
Property ID #(s): 51-42-16-01-4540, -4550, & -4570
Size: ±27,508 SF or ±0.631 Acres (per Public Records)
Shape: L-shaped parcel
Utilities: All Available
Zoning: RM-18
Site conditions: Vacant and cleared
Prior Sales: 6/2012 \$450,000 (48870/238), Foreclosure 9/10 (47511/368)

Sales price per SF Site:

\$21.81/SF

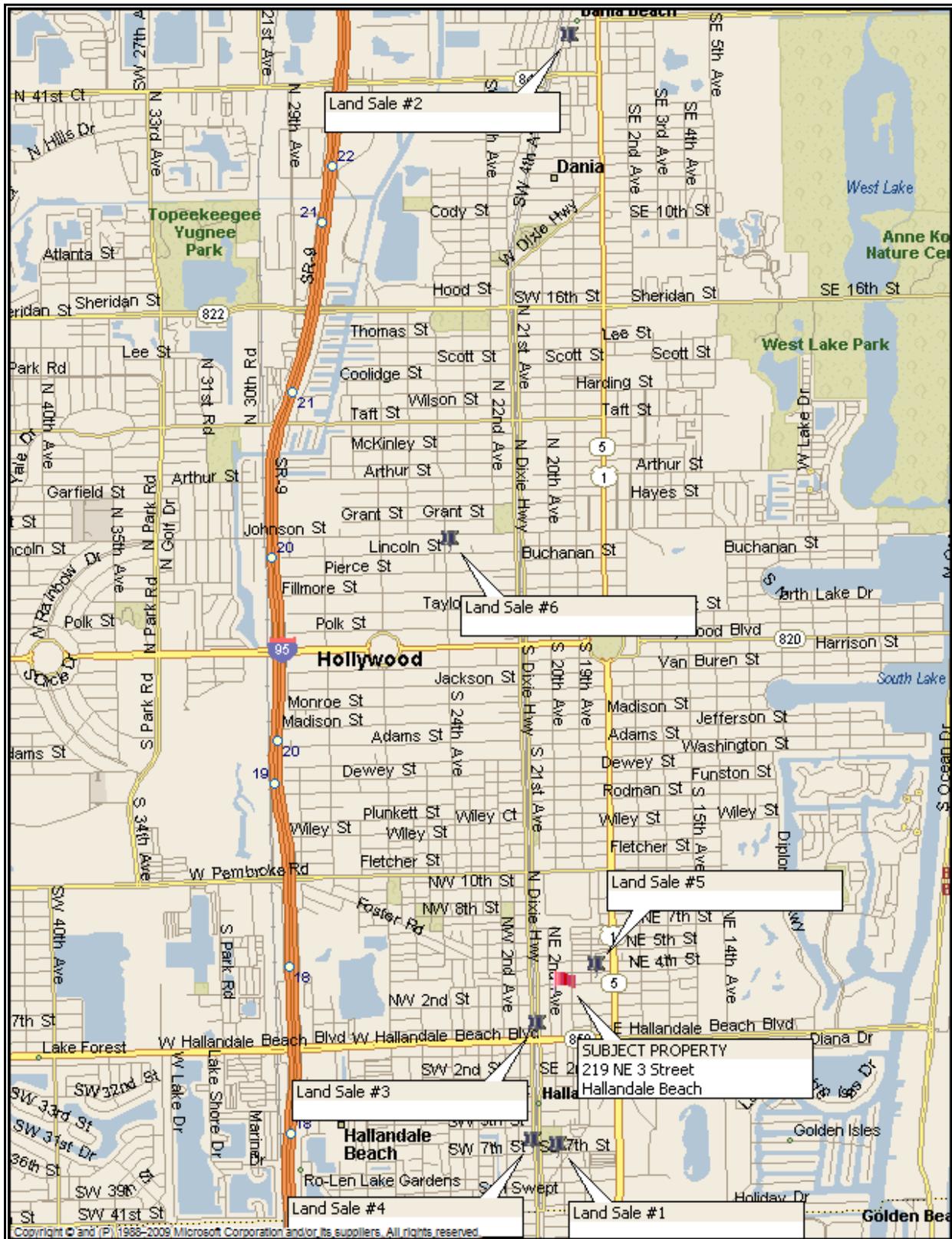
Sales price per Unit:

\$50,000/allowable unit

Comments:

Site consists of three RM-18 parcels planned to be developed with Lincoln Park West Townhomes, a 12 unit townhouse project. This site has a RAC land use with multi-family zoning. Although it does not allow commercial, it has the same based density of the Subject Property.

SALES COMPARISON APPROACH (CONT.)



Map showing Location of the Subject and the Six Comparable Land Sales

SALES COMPARISON APPROACH (CONT.)

	SUBJECT	SALE 1	SALE 2	SALE 3	SALE 4	SALE 5	SALE 6
Location	219 NE 3 rd Street, Hallandale	118 SE 7 th Street, Hallandale	130 SW 1 st St, Dania Beach	NE 1 st Ave N of HBB, Hallandale	NWC S Dixie Hwy & 7 th St, Hallandale	301-413 N Federal Hwy, Hallandale	2327-39 Lincoln St, Hollywood
Sale Date		4/2015	2/2015	9/2014	7/2014	1/2014	8/2013
Consideration		\$2,375,000	\$110,000	\$80,000	\$350,000	\$8,500,000	\$600,000
Site size	±8,640 SF	±74,288 SF	±7,495 SF	±4,345 SF	±14,426 SF	±288,965 SF	±27,508 SF
Zoning	Was RM-18, now Central RAC - Transit	Central RAC Transit	CC	Was B-L, now Central RAC-Fashion Arts	Was B-G/B-L, now Central RAC-Transit	Was B-G/RM-HD-2, now Central RAC - Transit	RM-18
Orientation	Interior	Double Corner	Interior	Interior	Corner	[3] 4-Corner sites	Corner
Shape	Rectangular	Irregular	Rectangular	Rectangular	Rectangular	3 Rectangular blocks	L-Shape
Site condition	Improved with SFR	Mostly clear/vacant	Improved w/ old house	Paved Parking lot	Vacant & Clear	Partially improved	Vacant & Clear
Exposure	Average	Average	Average	Good	Average	Very Good	Average
Location	Good	Good	Good	Good	Good	Good	Good
Dev. potential	Average	Good	Average	Average	Good	Good	Good
ANALYSIS							
Price/SF		\$31.97	\$14.68	\$18.41	\$24.26	\$29.42	\$21.81
Price/Unit		\$76,613 per allow \$32,095 per plan	\$13,750 per allow				\$50,000 per allow
COMPARISONS TO SUBJECT							
Orientation		Superior	Similar	Similar	Superior	Superior	Superior
Zoning		Same	Similar	Similar	Similar	Similar	Inferior
Exposure		Similar	Similar	Superior	Similar	Superior	Inferior
Location		Similar	Similar	Similar	Similar	Similar	Similar
Dev. Potential		Superior	Similar	Similar	Similar	Superior	Similar

SALES COMPARISON APPROACH (CONT.)

COMPARABLE SALES ANALYSIS

Sale #1 (\$31.97/SF, \$76,613/allowable unit, \$32,095/planned unit) is a ±74,288 SF property located ±0.8 miles south of the Subject. This property consists of an irregularly shaped primary parcel containing ±70,619 Sf and a small (±3,669 SF) triangular parcel across SE 2nd Avenue to the east. We were informed that the small parcel had a ±1,534 older commercial building on it at time of sale which has subsequently been razed. The property has plans to be developed with a 7-story, 74 unit multifamily development. These plans are under review at the City. Therefore, the sale included the entitlements (i.e. plans and preliminary approval work). We were unable to confirm the buyer's plans, but it appears that they plan to continue with the proposed project. This site has the same zoning as the Subject and similar location in Hallandale Beach. The site has superior orientation and development potential (due to larger size and orientation).

Sale #2 (\$14.68/SF, \$13,750/allowable unit) is a ±7,495 SF interior parcel located 4.2 miles north of the Subject in Dania Beach. This property is currently improved with an older frame construction house. The seller's broker informed us that the property was marketed and sold as a redevelopment site. The buyer, the owner of the adjacent parcel, informed us that he purchased the property to increase the size of his property for a possible future redevelopment project. In the meantime, there is interim use in renting the house. This property has a similar site size, site condition, and orientation as the Subject. The location in Dania Beach is considered similar and the site has similar RAC zoning (however the base density is higher 50 compared to 18 for the Subject).

Sale #3 (\$18.41/SF) is a ±4,345 SF rectangular parcel located along NE 1st Avenue just north of Hallandale Beach Boulevard approximately 0.3 miles southwest of the Subject. This parcel is a paved parking area. The site was zoned B-L with Overlays at time of sale but has been rezoned to Central RAC - Fashion Arts Design Subdistrict which is similar to the Subject's new zoning. This site is similar in terms of location but is considered to have slightly superior exposure due to visibility from Hallandale Beach Boulevard. Since the site is so small the development potential is limited. We were informed that the site is planned to be developed with a ±3,891 SF, 2-story retail development. The project is presently under review with the City.

SALES COMPARISON APPROACH (CONT.)

Sale #4 (\$24.26/SF) is a ±14,426 SF corner site located at the northwest corner of South Dixie Highway and SW 7th Street in Hallandale Beach, approximately 0.8 miles southwest of the Subject. This site was zoned B-G & B-L with an overlay at time of sale, however it has been recently rezoned to Central RAC Transit subdistrict like the Subject. The site is a larger corner site, but it appears to have a similar exposure. We were unable to confirm the buyer's plans for the site. The listing broker informed us that this property was on the market for a couple of years before the sale.

Sale #5 (\$29.42/SF) is a land sale of a three block parcel located across NE 3rd Avenue east of the Subject. This is a larger tract (±288,965 SF) encompassing three city blocks. The eastern portion of this parcel fronts along Federal Hwy. The previous owner obtained site plan approval to develop the site with a 6-story mixed use project with 372 units and ±20,200 SF of commercial space. The property was foreclosed on in March 2013. This transaction is a bank sale from Everbank. The new owner is planning to develop the site with Hallandale Art Square (#151-14-DB), a mixed use development with 358 residential units, ±12,755 SF of commercial space, and a two story parking garage (approved March 2015). This site was zoned B-G and RM-HD-2 at time of sale but has been rezoned to Central RAC Transit Core subdistrict like the Subject. This site is much larger than the Subject and has superior exposure at a traffic light intersection of Federal Highway. However, this site is in the Subject's immediate area with same mixed use zoning. We feel that this project (if completed) could help drive the redevelopment of the entire immediate area

Sale #6 (\$21.81/SF, \$50,000/allowable unit) is a ±27,508 SF site located at the northeast corner of Lincoln Street and 24th Avenue in Hollywood, approximately 2 miles northwest of the Subject. This site has a RAC land use designation with RM-18 zoning (18du/acre). The density is the same as the Subject's base density, however RM-18 is a primarily multifamily use zoning. We were informed that the buyer intends to develop the site with Lincoln Park West Townhomes, a 12 unit townhouse project (13-DPV-61). This site is larger than the Subject with a corner location. The exposure is considered inferior to the Subject. This sale was included to show the market for similar density multi-family land in the area.

SALES COMPARISON APPROACH (CONT.)

The preceding sales were researched and inspected from the curbside, and the sales information was verified to our best ability. The sales must now be analyzed and compared with the Subject Property based on a unit of comparison. We examined both the price per SF and the price per allowable unit (when appropriate). The six sales in our analysis ranged from \$14.68/SF to 31.97/SF on the price per SF indicator and \$13,750/unit to \$76,613 per unit on the price per allowable unit indicator. (Note: we did not include price per allowable unit for sites that were commercial sites at time of sale).

There was insufficient amounts of market data to support making quantitative adjustments, so qualitative adjustments were applied instead. Applying quantitative adjustments without supportive market data may jeopardize a credible value opinion and thus constitute a violation of USPAP. We analyzed each sale with regard to real property rights conveyed, financing terms, conditions of sale, date of sale/market conditions, site size, location, exposure, and zoning/development potential. All six sales were market transactions with cash or cash equivalent to the seller. The six sales transacted within 23 months of the effective valuation date and are felt to be the best indicators of the current market.

Since the Subject has liberal mixed use zoning, we believe the highest and best use of the site could include both multi-family development and/or mixed use development. Therefore we included both commercial and multi-family land sales. The price per SF indicator range is basically from \$15 to \$32 per SF. Sale #1 (\$31.97/SF) is the highest in the price per SF indicator, however it is deemed superior for the entitlements it included. Sale #5 (\$29.42/SF) is the second highest on the price per SF indicator, however it is deemed superior due to exposure at a signaled Federal Highway intersection. The other four sales range from \$14.68/SF to \$24.26/SF on the price per SF indicator.

When we examined the price per allowable unit, the range was relatively large, between \$13,750 and \$76,613 per unit (based on three sales). Sale #2 (\$13,750/unit) is low because it's zoning base density is much higher than the Subject, 50 du per acre. Sale #1 (\$76,613/unit) has the same zoning same zoning as the Subject with 18 du per acre base density. However, the planned development is greater than the base and reflects \$32,095 per planned unit. Sale #6 (\$50,000/unit) is an older sale of multifamily land, however it has the same base allowable density as the Subject. Although the Subject site is probably too small (without assemblage) for feasible, multi-family development, we believe the data shows an indicated value around \$50,000 per unit.

SALES COMPARISON APPROACH (CONT.)

When we eliminated the two highest and deemed superior sales, the remaining four sales ranged from basically between \$15 and \$25 per SF. We feel that the Subject could command a price somewhere in that range. The mid-point of that range (\$20/SF) applied to the Subject indicates a value of \$173,000 ($\$20/\text{SF} \times 8,640 \text{ SF} = \$172,800$ rounded to \$173,000). The price per allowable unit indicator has a wider range. When we average the three the result is roughly \$47,000 per allowable unit. We believe the Subject could command a price around \$50,000 per unit. Based on the Subject's base density of 18 du per acre, it could be developed with a 3.57 unit property. At \$50,000 per allowable unit and 3 allowable units, the indicated value for the Subject is \$150,000, and with four units the indicated value is \$200,000. This range \$150,000 to \$200,000 appears to support the value estimated from the price per SF indicator.

The two price indicators in our comparable land sales analysis indicate reasonably similar values for the Subject. Due to the smaller site size, we feel that commercial development may be more feasible than multifamily (unless a larger parcel is assembled) for the Subject. Therefore, we will give more emphasis on the price per SF indicator. Therefore, it is our opinion that the market data indicates a market value for the subject property of \$173,000 as of the effective date of valuation, July 29, 2015. (Note: We did not deduct the cost of razing the current improvements since half of our comparable land sales were improved at time of sale.)

**FINAL OPINION OF MARKET VALUE INDICATED BY
THE SALES COMPARISON APPROACH**

\$173,000

(ONE HUNDRED SEVENTY THREE THOUSAND DOLLARS)

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
Appraisal of Self-Storage Facilities

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
Residential Appraisal Review

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	Subdivisions
Shopping Centers	Apartment Buildings
Hotels/Motels	Condominium Complexes/Conversions
Nursing Homes	Hospitals
Medical Buildings	Residences
Condominium units	Automotive Buildings
Car Dealerships	Office Buildings
Industrial Buildings	Self-Storage Facilities
Cold Storage Plants	Special Purpose Properties
Gasoline Stations	Churches
Schools	Camps
Mobile Home Parks	Golf Courses, Country Clubs
Cellular Towers	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	Atico Savings Bank
BankAtlantic	Biscayne Bank
BB&T	Citrus Bank
Chase	Carolina First Bank
Citibank	City National Bank
Desjardins Bank	Executive Bank of Fort Lauderdale
First Southern Bank	Floridian Community Bank
Hancock Bank	Gulf Coast Bank
Hemisphere National Bank	Home Federal Bank
Horizon Bank	Independent Bankers
InterBank Savings & Loan	International Finance Bank
Mercantile Bank	M&T Bank (NY)
National Bank of St. Petersburg	Ocean Banks
Optimum Bank	Park National Bank
PNC Bank	Premier Community Bank
Regent Bank	Riggs National Bank (Washington, DC)
River Oaks Bank (Illinois)	St. Paul Insurance Company
SunTrust	Space Coast Credit Union
State Bank of India	TransAmerica Small Business Capital
Teachers Insurance Company of America	TransAtlantic Bank
TD Bank	Tropical Credit Union
US Century Bank	Wachovia
Wells Fargo Bank	Zions First National Bank

Companies:

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

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

RYAN L. PENDLETON

Qualifications

State Certified General Real Estate Appraiser, FL Licence #RZ2928

PRESENTLY: **The Ernest Jones Company**
Senior Appraiser
Hollywood, Florida

EDUCATION: Florida State University
Master of Arts, 2003
Anthropology

Florida State University
Certificate in Museum Studies, 2003

University of Florida
Bachelor of Arts, 1996
Anthropology

COURSES: **AB1 - FREAB Licensed Residential Appraisal Course I**
Appraisal Institute Course:
■ **310 - Basic Income Capitalization**
■ **520 - Highest & Best Use and Market Analysis**
■ **Residential Market Analysis and Highest & Best Use**

EXPERIENCE: **Chief Research Assistant/Appraiser**
The Ernest Jones Company
2003 to Present

Research and Appraisal of various types of properties including:

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