

APPRAISAL OF

VACANT TRACT

LOCATED AT

NORTHWEST CORNER OF US 15/501 AND SUMAC ROAD
CHAPEL HILL, NORTH CAROLINA

AS OF

NOVEMBER 30, 2018

FOR

TOWN OF CHAPEL HILL
405 MARTIN LUTHER KING JR., BLVD
CHAPEL HILL, NC 28514

#

BY

DAVID A. SMITH, MAI, SRA
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PART ONE - INTRODUCTION



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December 3, 2018

Town of Chapel Hill
405 Martin Luther King Jr. Blvd
Chapel Hill, NC 28514

##

As requested, I have inspected and appraised a parcel of real estate located at the northwest corner of US 15/501 and Sumac Road in Chapel Hill, North Carolina. At time of inspection, the property was a vacant 2.3 acre site.##

The purpose of the appraisal is to develop an opinion of the market value, as defined, of the fee simple estate of the property if placed for sale on the open market. The intended use of the appraisal is for internal purposes. The intended users of this report are officers and employees of the Town of Chapel Hill.

As requested, a standard appraisal report has been prepared.

The property was inspected on November 30, 2018 which is the effective date of this appraisal. The effective date of this report is December 3, 2018. I made all necessary investigations and analyses. Based on an inspection of the property, an analysis of data gathered and facts and conclusions as contained in the following report of 30 pages, and subject to the assumptions and limiting conditions as stated, it is my opinion that the market value of the fee simple estate of the property as of November 30, 2018 is:

ONE MILLION, EIGHT HUNDRED THOUSAND DOLLARS
(\$1,800,000.00)

This value assumes the property has been rezoned to Community Commercial. This value does not include any personal, non-real property or equipment. It also does not include the business value of any operations that may be associated with the property.

I certify that I have personally inspected the property. I further certify that I have no interest either present or contemplated in the property and that neither the employment to make the appraisal nor the compensation is contingent upon the amount of valuation reported.

Respectfully submitted,

David A. Smith

David A. Smith, MAI, SRA
NC State-Certified General Real Estate Appraiser #A281



TABLE OF CONTENTS

	PAGE
PART ONE-INTRODUCTION	
Letter of Transmittal	1
Table of Contents	2
Certification	3
Summary of Important Conclusions	4
Scope of Work	5
PART TWO-PREMISES OF THE APPRAISAL	
Statement of Competence	7
Identification of Type of Appraisal and Type of Report	7
Special and Extraordinary Assumptions and Hypothetical Conditions	7
General Assumptions and Limiting Conditions	8
Purpose, Intended Use and Intended Users of the Appraisal	11
Definition of Value	12
Date of the Report and Opinions of Value	12
Property Rights Appraised	13
PART THREE-PRESENTATION OF DATA	
Identification of the Property	14
Identification of Any Personal or Non-Realty Property	14
History of the Property	14
Neighborhood Description	14
Land Description	16
Taxes and Assessment Data	16
Zoning and Other Legal Restrictions	17
PART FOUR-ANALYSIS OF DATA AND CONCLUSIONS	
Highest and Best Use	19
Opinions of Value	21
Summary of the Appraisal	24
Exposure Time and Marketing Time	25
Qualifications of the Appraiser	26
ADDENDA	
Photographs of the Property	
Flood/Topo Map	
Aerial Map	
Plat	
Deed	
Location Map of Comparables	
Comparable Forms	

CERTIFICATION

I certify that, to the best of my 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 my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

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

I have performed no services, as an appraiser or in other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

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

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

My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

I have made a personal inspection of the property that is the subject of this report.

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

The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

As of the date of the report, I have completed the continuing education program of the Appraisal Institute.

This appraisal assignment was not made, nor was the appraisal rendered on the basis of a requested minimum valuation, specific valuation, or an amount, which would result in approval of a credit transaction.

David A. Smith

David A. Smith, MAI, SRA

SUMMARY OF IMPORTANT CONCLUSIONS

Location: Northwest corner of US 15/501 and Sumac Road
Chapel Hill, North Carolina

Report type: Standard appraisal report

Special and Extraordinary assumptions or
hypothetical conditions: None

Effective date of the appraisal: November 30, 2018

Date of the report: December 3, 2018

Type property: Vacant

Property ownership: Town of Chapel Hill

Purpose of the appraisal: The purpose of the appraisal is to develop an opinion of
the market value, as defined, of the fee simple estate of
the property if placed for sale on the open market.

Land Area: 2.3 acres

Tax Parcel Reference Number: 9777-93-7966 (part)

Zoning: R-1 (assumed to be changed to CC)

Highest and best use: Commercial

OPINION OF VALUE:

Total \$1,800,000

SCOPE OF WORK

Scope of work is the most critical decision in an appraisal assignment. Appraisal assignments are really about finding a solution to a particular problem. They answer a question usually involving an opinion of value. Scope of work is divided into three major steps: identify the problem, determine the right solution and apply the solution. Following is the disclosure of the scope of work.

Identifying the problem means determining the following:

- A. client
- B. intended users other than the client
- C. intended use
- D. objective or type of value in an appraisal
- E. effective date
- F. relevant property characteristics
- G. assignment conditions

For the subject the client and intended users are the officers and employees of the Town of Chapel Hill. The intended use of the appraisal is for internal purposes. The type of value requested is the fee simple interest of the market value. The effective date of the appraisal is the date of inspection, November 30, 2018. There are no atypical assignment conditions. This information was from the client.

To determine the solution and perform the scope of work necessary to develop credible assignment results, I gathered information about the property and the real estate market. Information about the property was provided by employees of the Town of Chapel Hill. I inspected the property on November 30, 2018 alone.

Public records were researched for tax, deed, plat, zoning, topographical, floodplain information and an aerial view of the site. Area and neighborhood information was gathered from a variety of sources including the chamber of commerce, city and county websites and other internet sites. Information about the real estate market was gathered from local and national multiple listings services, surveys, public records and information from appraisers, brokers, property managers, buyers, seller and other associated with real estate. From the information gathered, a highest and best use is selected and appropriate valuation techniques selected. The highest and best use of the subject property is for commercial use. An opinion of the fee simple value is developed using the sales comparison approach only.

PART TWO – PREMISES OF THE APPRAISAL

STATEMENT OF COMPETENCE

I have completed all of the requirements to become a state certified-general appraiser for the State of North Carolina and all of the requirements for the MAI designation. In addition I have successfully completed USPAP courses and continuing education seminars for over thirty years. More detailed information about these courses and seminars are in the qualifications section of this report. I have appraised a variety of properties including those of a similar type to the subject and feel competent to appraise the subject property.

IDENTIFICATION OF TYPE OF APPRAISAL AND TYPE OF REPORT

The client requested a standard appraisal report. The most recent *Uniform Standards of Professional Appraisal Practice* (USPAP) is for 2018 - 2019. This allows for two types of written appraisal reports: appraisal report and restricted appraisal report.

Generally appraisal reports are used. A restricted appraisal report is prepared when the intended user does not need the level of information required in an appraisal report and when the client is the only intended user.

SPECIAL AND EXTRAORDINARY ASSUMPTIONS AND HYPOTHETICAL CONDITIONS

An extraordinary assumption is an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which if found to be false, could alter the appraiser's opinions or conclusions. A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis. Either of these may affect value. This appraisal assumes that the property has been rezoned to community commercial. No other special or extraordinary assumptions or hypothetical conditions are made.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non-conformity has been identified, described, and considered in the appraisal report.

9. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

11. It is assumed that there are no structural problems with the buildings and that all of the systems (HVAC, electric, plumbing, etc.) are in good working order unless otherwise stated.

12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on or in the property, were not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation, lead paint, mold, and other potentially hazardous materials may affect the value of the property. The opinion of value is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

13. I have researched the property for zoning, zoning overlays and other restrictions from the state and local authorities. This appraisal assumes that all of these restrictions have been considered in the valuation of this report. If any additional restrictions are discovered, the value may need to be adjusted.

14. The subject property may also be subject to tree protection and tree coverage, stream buffers, reservoir buffers, steep slopes buffers, wetland protection, Neuse or Cape Fear River basin regulations or inventory of natural areas and rare species. For purposes of this appraisal, none of these items affect the value of the property unless otherwise stated.

15. The land and improvements descriptions are based on a personal inspection of the site, public records and information supplied by those associated with the property. I assume that all information gathered and supplied is correct.

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

1. Any allocation of the total opinion of value in this report between the land and improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser by reason of this appraisal is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraiser.
5. In estimating the value of the subject property, a computer was used to calculate some of the value indications. For display purposes, these calculations are generally rounded off to the nearest dollar or the nearest 100th of a percent on the calculation pages. The computer, however, retains considerably more significant digits and the result is that some of the calculations appear to be off by small amounts. These amounts are, however, more accurate since they reflect more precise amounts internal to the computer. These amounts are not rounded off at each stage since doing so could result in a significant rounding error at the end of all the calculations.
6. Definitions used in this report have been taken from *The Dictionary of Real Estate Appraisal*, 5th ed., published by the Appraisal Institute, copyright 2010.

7. Any opinions of value provided in the report apply to the entire property, and any proration or division of the total into fractional interests will invalidate the value reported, unless such proration or division of interests has been set forth in the report.

8. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.

9. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would 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 impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

10. Unless otherwise stated in this report, the value reported is not a fractional interest, physical segment or partial holding.

PURPOSE, INTENDED USE AND INTENDED USERS OF THE APPRAISAL

The purpose of the appraisal is to develop an opinion of the market value, as defined, of the fee simple estate of the property if placed for sale on the open market. The intended use of the appraisal is for internal purposes. The intended users of this report are officers and employees of the Town of Chapel Hill.

DEFINITION OF VALUE

The opinion of value in this appraisal is the market value. The definition of market value is that used by federally regulated financial institutions

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 United States 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.

DATE OF THE REPORT AND OPINIONS OF VALUE

The effective date of the opinion of value is November 30, 2018. The date of the report is December 3, 2018.

PROPERTY RIGHTS APPRAISED

The ownership interest appraised is that of the Town of Chapel Hill who owns the property according to public records. To my knowledge the property is not leased and no property rights have been transferred. For this reason the property rights appraised is the fee simple estate. The definition of fee simple estate as used in this report is:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

PART THREE – PRESENTATION OF DATA

IDENTIFICATION OF THE PROPERTY

The subject is identified as a 2.3 acre property located at the northwest corner of US 15/501 and Sumac Road in Chapel Hill, North Carolina. According to public records, it is owned by the Town of Chapel Hill. The tax property identification number for the property is 9777-93-7966.

IDENTIFICATION OF ANY PERSONAL OR NON-REALTY PROPERTY

The value reported does not include any personal or non-realty property. It also does not include the business value of any operations that may be associated with the property.

HISTORY OF THE PROPERTY

According to public records, the property is owned by the town of Chapel Hill. There have been many deeds in this area that may affect the property but there are no recent recorded plats. It appears that most if not all of the property was acquired by the Town of Chapel Hill from Ruby Hunt Merritt on March 1, 1990 according to a deed recorded in real estate book 842, page 164. This was for a 28.8705 acre tract and revenue stamps were \$678.50.

I am not aware of any more recent transfers of the property and it is not for sale on the open market.

NEIGHBORHOOD DESCRIPTION

The subject is located at the southern end of the city limits of Chapel Hill about three miles south of the downtown central business district. The neighborhood is generally that area south of NC 54, north of the Chatham County line, east of Smith Level Road and west of Old Lystra Road. Some of this area is in the city limits of Chapel Hill and some is outside but within the jurisdictional limits of the Town. A location map of the neighborhood is on the following page.

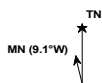
Area Map



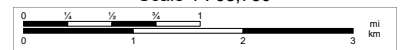
Data use subject to license.

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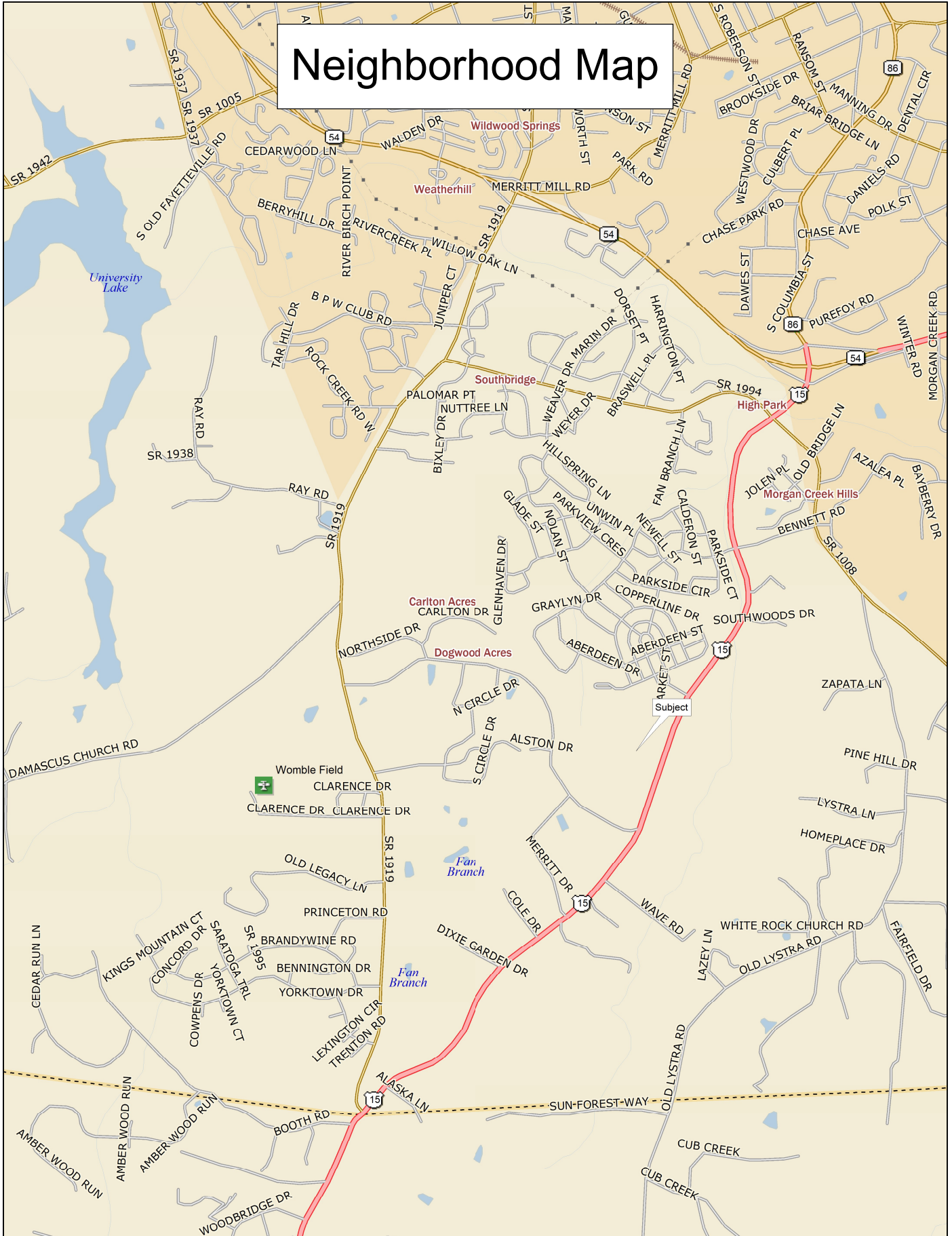
Scale 1 : 68,750



1" = 1.09 mi

Data Zoom 11-5

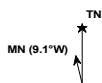
Neighborhood Map



Data use subject to license.

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Scale 1 : 25,000



1" = 2,083.3 ft

Data Zoom 13-0

This area is primarily residential and undeveloped. The main influence in the area is the Southern Village development. This is a mixed use community located on 312 acres with residential located around a central core of commercial. There are 550 single family homes, 375 townhouses and 250 apartments. The commercial area contains 350,000 square feet of area and includes several restaurants, a movie theater, church, daycare center, cleaners, salon and spa, fitness center and pharmacy. Southern Village is one of the most desirable areas in the Triangle. Also in the area is a Hyatt Hotel with 110 rooms, Scroggs Elementary School and Southern Community Park.

West of Southern Village is an older residential subdivision, Dogwood Acres. North are three older subdivisions: Cobble Ridge, Culbreth Ridge and Kent Woodlands. To the south and east are tracts of undeveloped land and large lot single family dwellings. A proposed mixed use development, Obey's Creek, is in the planning stage in the eastern area.

The primary route of access through the neighborhood is US 15/501 which connects the area with downtown Chapel Hill and the NC 54 bypass to the north. Smith Level Road is also a major north/south connector. NC 54 bypass north of the neighborhood along with US 15/501 is one of the main transportation routes for Chapel Hill. It has limited access and forms an east, south, west arc through the town. Both lead eastward to I-40 and Durham. The nearest interstate is I-40 which connects Chapel Hill with Durham, the Research Triangle Park, the RDU airport and Raleigh.

Public transportation is available by way of the city bus service, but the primary mode of transportation is by private automobile for which there is ample parking. There is internal pedestrian traffic in Southern Village but elsewhere is light.

In summary, the neighborhood is a mostly residential area with some commercial and other uses. It is quite popular due to the Southern Village development which has an excellent reputation. Development is slow due to the requirements and concerns of the Town of Chapel Hill. Property values should continue to increase at a rate higher than the area as a whole.

LAND DESCRIPTION

No recent survey or metes and bounds description of the property is available. I located a plat showing a 21.829 acre tract that includes the subject and a copy is in the addenda. I was supplied an aerial with a development plan over the subject and given an area of 2.3 acres. A copy of this aerial is on the following page and for purposes of this appraisal is assumed to be correct.

The property is regular in shape and would be a rectangle except for a curved area at the southeast corner. Its eastern boundary fronts US 15/501 and its southern and western boundaries border Sumac Road. US 15/501 is a four lane limited access highway and Sumac Road is a two lane public street. All city utilities are available.

The site is completely wooded. The topography of the site has a gradual slope downward from southeast to northwest and none is low or in the floodplain. A floodplain/topography map is in the addenda.

There are no known easements or encroachments on the site. There are no known adverse soil or sub-soil conditions, nuisances or hazards environmental or otherwise located on the site.

TAXES AND ASSESSMENT DATA

The subject is part of a 22.38 acre tax parcel, 9777-93-7966. The value, land only, of the parcel is \$478,000 and the combined city county tax rate is 0.015802 indicating a tax burden of \$1,553.36. However since the property is owned by a municipality it is not subject to real estate taxes.

I am not aware of any current or future assessments.



SUMAC RD.

18' SOLAR SETBACK (MIN)

10' STREET SETBACK (MIN)

15-501

13,000 SF SCHEMATIC BUILDING FOOTPRINT

10 PARKING SPACES

10 PARKING SPACES

10 PARKING SPACES

8 PARKING SPACES

5 PARKING SPACES

5 PARKING SPACES

5 PARKING SPACES

5 PARKING SPACES

5 PARKING SPACES

5 PARKING SPACES

10 PARKING SPACES

10 PARKING SPACES

8 PARKING SPACES

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8 PARKING SPACES

10 PARKING SPACES

8 PARKING SPACES

8 PARKING SPACES

10 PARKING SPACES

10 PARKING SPACES

5 PARKING SPACES

5 PARKING SPACES

9 PARKING SPACES

10 PARKING SPACES

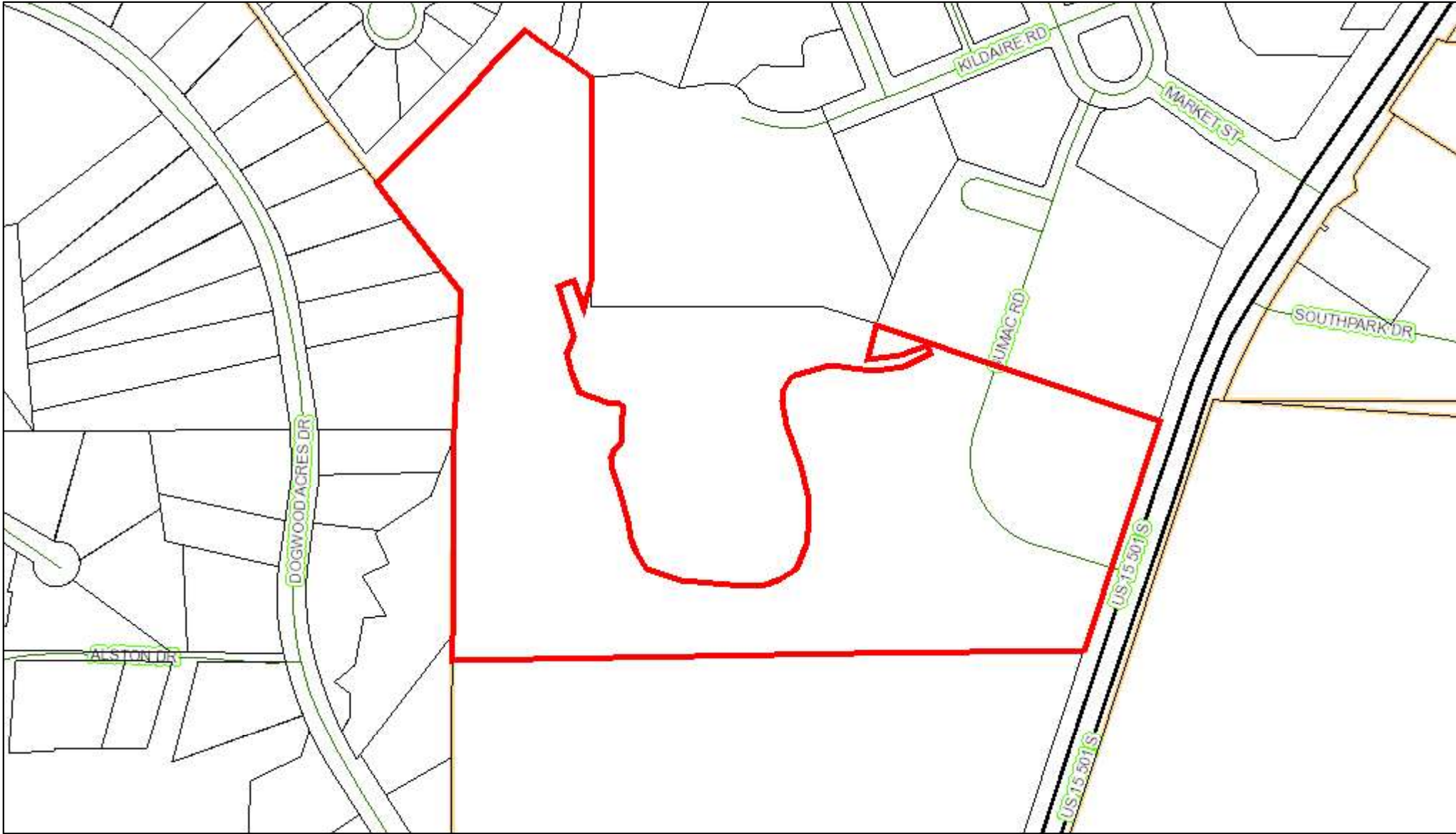
6 PARKING SPACES

EXISTING SOUTHERN VILLAGE COMMUNITY PARK

UNDERGROUND STORMWATER MANAGEMENT WILL BE REQUIRED

14' INTERIOR SETBACK (MIN)

Tax Info



November 29, 2018 This map contains parcels prepared for the inventory of real property within Orange County, and is compiled from recorded deed, plats, and other public records and data. Users of this map are hereby notified that the aforementioned public primary information sources should be consulted for verification of the information contained on this map.

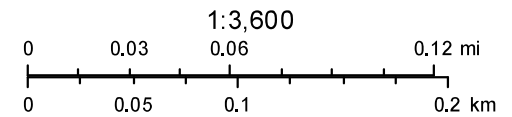
The county and its mapping companies assume no legal responsibility for the information on this map.

PIN: 9777937966

OWNER 1: CHAPEL HILL TOWN OF
 OWNER 2:
 ADDRESS 1: 405 MARTIN LUTHER KING JR BLVD
 ADDRESS 2:
 CITY: CHAPEL HILL
 STATE, ZIP: NC 27514
 LEGAL DESC: W/S US HWY 15-501

SIZE: 22.38 A
 DEED REF: 1536/123
 PARCELCODE: 22
 TOWNSHIP: CHAPEL HILL
 BLDG SQFT:
 YEAR BUILT:

BUILDING COUNT:
 LAND VALUE: \$478,700
 BLDG_VALUE: \$
 USE VALUE: \$
 TOTAL VALUE: \$478,700
 DATE SOLD: 04/05/2001
 TAX STAMPS:



ZONING AND OTHER LEGAL RESTRICTIONS

The Chapel Hill Zoning Atlas shows the property located in an R-1 Residential zoning district. However, this appraisal assumes that the zoning has been changed to CC, Community Commercial. The following CC description is a general one and is not meant to be an exhaustive discussion of all of the zoning regulations. According to the land use management ordinance:

The community commercial (CC) district is intended to provide for the development of high-intensity commercial and service centers that serve community-wide or regional commercial and service needs..

This zoning generally allows for residential, office and commercial uses. Also allowed are special uses such as schools, churches, daycare centers and public uses such are parks. Not allowed are industrial uses.

Physical requirements are as follows:

Minimum lot area	5,500 Square Feet
Maximum density	15.0 units per acre
Minimum frontage	40 feet
Minimum lot width	50 feet
Maximum building height, setback	34 feet
Maximum building, core	60 feet
Minimum street setback	22 feet
Minimum interior setback	8 feet
Minimum solar setback	9 feet
Impervious surface ratio	.5/.7
Maximum floor area ratio	.429

Parking: Parking is required, but is dependent upon the use. However, for general retail businesses one space is required per 300 square feet of floor area with a maximum of 1 per 200 square feet.

According to the watershed map, the subject site is located in the Jordan Lake Protected area. According to the land use management ordinance:

The watershed protection district (herein sometimes WPD) is intended to be applied to a portion of the New Hope Watershed draining to Jordan Lake in order to ensure long-term water quality of the Jordan Lake Reservoir, to protect possible future sources of drinking water for the town and surrounding localities, and to control pollution sources affecting water quality.

All uses allowed by the underlying zoning are not prohibited but those with hazardous material must meet additional standards. Under the high density option non-development cannot exceed 70% built upon area.

The property is not located in any other overlay zone.

The subject currently conforms to the requirements of the zoning.

PART FOUR – ANALYSIS OF DATA AND CONCLUSIONS

HIGHEST AND BEST USE

Highest and best use is defined as follows:

The reasonably probable and legal use of vacant land or an improved property, that 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. Alternatively, the probable use of land or improved property - specific with respect to the user and timing of the use – that is adequately supported and results in the highest present value.

To estimate the highest and best use of a property normally two conditions are considered, as though vacant and as improved. However the site is vacant only one highest and best use is necessary. As stated in the definition above a property is analyzed on four criteria. A use must pass one criteria in order be considered for the next one. A discussion of each criterion and the uses that do and do not pass it follows.

Legal Permissibility - Legal restrictions to the site are those from the Town of Chapel Hill. As more thoroughly discussed in the zoning section, the property is located in an R-1 residential district but this appraisal assumes the zoning can be changed to CC, Community Commercial. This zoning generally allows for residential, office and commercial uses. Also allowed are special uses such as schools, churches, daycare centers and public uses such are parks. Not allowed are industrial uses.

Physical Possibility - As discussed in the Land Data section, the property has access to a publicly maintained street and all city utilities are available. All of the legally permissible uses are physically possible.

Financial Feasibility - The test of financial feasibility is whether a use would produce a positive return to the land. All of the legally permissible uses would be financially feasible.

Maximum Profitability - The use that produces the highest return to the land is the use with the maximum profitability. In this area, land for commercial use sells for more per square foot than the other uses. No one type of commercial use is the most profitable as long as the site is utilized to its maximum potential.

OPINIONS OF VALUE

To develop an opinion of the value of the property I will use the sales comparison approach only since there is insufficient data for use in a cost or income capitalization approach. The sales comparison approach is defined as:

The process of deriving a value indication for the subject property by comparing market information for similar properties with the property being appraised, identifying appropriate units of comparison, and making qualitative comparisons with quantitative adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison.

As stated, the highest and best use of the site as though vacant is for some type of commercial use. In order to value the property I located sales of land with a similar highest and best use. Of those found, the most comparable are analyzed on an analysis and adjustment chart on the following page. Further information about the comparables is in the addenda.

Adjustments are considered for any significant differences, however, for appraisal purposes they are grouped into 10 categories. These categories are considered in a specific order. A discussion of the categories and the order in which they are adjusted follows the chart.

Real property rights conveyed - All of the comparables are fee simple transfers and no adjustments are made for this factor.

Financing terms - All of the comparables are cash to seller or had market rate financing and financing had no effect on the sales prices.

Conditions of sale – All of the comparables are arms-length transactions and no adjustments are needed.

DAVID A. SMITH, MAI, SRA

ANALYSIS AND ADJUSTMENT CHART OF VACANT COMMERCIAL LAND SALES						
Comparable		1	2	3	4	5
Reference #		2016-10	2016-11	2017-05	2017-06	2016-118
Location	US 15/501	Fr2anklin	Fordham	Fordham	Fordham	Barbee Chapel
Tax Ref		9799047988	9799366631 & 9799461235	9799368876 & 9799461879	9799782879	140346
Zoning	CC	NB	CC	WX-7	CC	R-5-C
Date		12/16/2016	9/30/2016	1/20/2017	1/23/2017	11/30/2016
Sales Price		\$1,275,000	\$6,071,000	\$2,375,000	\$11,929,500	\$2,200,000
Size (Acres)	2.300	1.770	6.500	2.040	12.930	2.340
Property Rights Conveyed		Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing Terms		Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller	Cash to Seller
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Expenditures		\$0	0.00%	0.00%	0.00%	0.00%
Including Expenditures		\$1,275,000	\$6,071,000	\$2,375,000	\$11,929,500	\$2,200,000
Market Condition Adjustment		4.00%	4.00%	3.00%	3.00%	4.00%
Adjusted for Market Condition		\$1,326,000	\$6,313,840	\$2,446,250	\$12,287,385	\$2,288,000
Adjusted for						
Location		-10.00%	-30.00%	-30.00%	-30.00%	-10.00%
Size		-1.00%	6.00%	0.00%	16.00%	0.00%
Access		0.00%	0.00%	0.00%	0.00%	0.00%
Utilities		0.00%	0.00%	0.00%	0.00%	0.00%
Topography		0.00%	0.00%	0.00%	0.00%	0.00%
Net Adjustment		-11.00%	-24.00%	-30.00%	-14.00%	-10.00%
Adjusted Value		\$1,180,140	\$4,798,518	\$1,712,375	\$10,567,151	\$2,059,200
Economic Characteristics		Similar	Similar	Similar	Similar	Similar
Use		Similar	Similar	Similar	Similar	Similar
Non-Realty Items		None	None	None	None	None
INDICATED PER SQUARE FOOT VALUE OF SUBJECT						
		\$15.31	\$16.95	\$19.27	\$18.76	\$20.20

Expenditures made immediately after purchase – No expenditures were made on any of the comparables and no adjustments are necessary.

Market Conditions (Time) – Upward adjustments are made on all of the comparables since market conditions are better now than when they sold.

Location – All of the comparables are located in more desirable areas and downward adjustments are made.

Physical Characteristics - For the subject, four physical characteristics are significant.

Size – Two of the comparables are significantly larger and upward adjustments are made since smaller parcels will sell for more on a per square foot basis. Another is smaller and is adjusted downward. The others are close in size and are not adjusted.

Access – The subject and comparables have access to paved public streets and no adjustments are made.

Utilities – The subject and comparables have access to all city utilities and no adjustments are made.

Topography – The subject and comparables do not have topographies that would adversely affect value and no adjustments are made.

Economic characteristics – The subject and comparables have similar economic characteristics and no adjustments are needed for this factor.

Use – All of the comparables were purchased for similar uses and no adjustments are needed.

Non-realty components of value – No non-realty components transferred with any of the comparable properties or the subject and no adjustments are made.

The comparables give indicated values of \$15.31, \$16.95, \$19.27, \$18.76 and \$20.20 per square foot after adjusting. Based on this, the per square foot value of the subject is selected at \$18.00. My opinion of the land value of the subject land is therefore:

100,188 square feet (2.3 Acres) @ \$18.00 per Sq Ft = \$1,803,384
Rounded \$1,800,000

SUMMARY OF THE APPRAISAL

Since the only method available is the sales comparison approach the value from this approach is selected. The final estimate of value is therefore:

ONE MILLION, EIGHT HUNDRED THOUSAND DOLLARS
(\$1,800,000.00)

EXPOSURE TIME AND MARKETING TIME

The definition of exposure time as used in this report is that as defined by the Appraisal Foundation and found in a publication entitled, *Uniform Standards of Professional Appraisal Practice*, 2018-2019 Ed. This definition is:

Exposure Time: estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Marketing Time: an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.

Exposure time occurs before the effective date of the appraisal, whereas marketing time occurs after the effective date. Exposure time answers the question, “If the property sold on the effective date of the appraisal, how long was it on the market?” Marketing time answers the question, “How long will it take the property to sell if placed for sale on the market as of the effective date of the appraisal?”

The average time on the market for properties in the Triangle area is about twelve months according to statistics from the commercial listing service and from discussions with local market participants. Based on this historical data, the exposure time of the subject is selected at twelve months. Marketing time is more difficult to estimate since it is a projection into the future. However, the general economy appears to be improving. Days on the market in the future should be the same or less than in the recent past and the marketing time, if the property is correctly priced and actively marketed is also selected at twelve months.



DAVID A. SMITH, MAI, SRA

DAVID A SMITH & ASSOCIATES, INC.
P.O. BOX 51597
DURHAM, NORTH CAROLINA 27717-1597
PHONE (919) 493-1534
smithappraiser@frontier.com



QUALIFICATIONS OF DAVID A. SMITH, MAI, SRA

The appraiser, David A. Smith, has been involved in the appraisal of real estate for over thirty years. He worked with his father, Charles W. Smith, from 1976 to 2003. After the retirement of Charles W. Smith in 2003 he formed Smith & Whitfield, Inc. and later David A. Smith & Associates. In 1988 he was awarded the RM designation. With the merger of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers in January of 1991, the RM designation was changed to the SRA designation. In 1991 he was awarded the MAI designation of the Appraisal Institute. He became a state-certified real estate appraiser in 1991 the year the state first began licensing real estate appraisers and his certification number is A281.

He has also trained and supervised several appraisers and has prepared all types of appraisal reports. His primary focus is Durham County and the adjoining counties of Orange, Person, Granville and Chatham.

EDUCATION: Graduate Episcopal High School, Alexandria, VA, 1976
A.B., Duke University, Durham, NC, 1981

APPRAISAL INSTITUTE COURSES:

Real Estate Appraisal Principles (Exam 1A-1/8-1), University of North Carolina, 1981
Residential Valuation (Exam 8-2), University of North Carolina, 1981
Basic Valuation Procedures (Exam 1A-2), University of North Carolina, 1983
Standards of Professional Practice (Exam SPP), University of North Carolina, 1983
Capitalization Theory & Techniques, A (Exam 1B-A), University of Colorado, 1984
Capitalization Theory & Techniques, B (Exam 1B-B), University of Colorado, 1984
Valuation Analysis and Report Writing (Exam 2-2), University of North Carolina, 1987
Case Studies in Real Estate Valuation (Exam 2-1), University of North Carolina, 1987
Advanced Sales Comparison & Cost Approaches, Atlanta, Georgia, 2002
General Appraiser Market Analysis and Highest and Best Use, Atlanta, Georgia, 2007
Online Business Practices and Ethics, Chicago, Illinois, 2007
Appraisal Curriculum Overview, 2009
Condemnation Appraising: Principles & Applications, Greensboro, NC, 2011

APPRAISAL INSTITUTE SEMINARS:

Highest and Best Use, 1988
Industrial Valuation, 1988
Rates, Ratios and Reasonableness, 1988
Valuation of Leased Fee Interests, 1989
Current Problems in Industrial Valuation, 1989
Methods of Subdivision Analysis, 1989
Expert Witness in Litigation, 1989
Discounted Cash Flow, 1990
RTC Appraisal Standards, 1990
Preparation and Use of the UCIAR Form, 1990
Standards of Professional Practice Update, 1990
Commercial Construction Overview, 1991
Appraising Troubled Properties, 1991
Appraisal Regulations of the Federal Banking Agency, 1992
Real Estate Law for Appraisals, 1992
Appraising Apartments, 1993
Discounted Cash Flow Analysis, 1994
Appraiser's Legal Liabilities, 1994
Understanding Limited Appraisals, 1994
Analysis Operating Expenses, 1995
Future of Appraisals, 1996
Highest and Best Use Applications, 1996
Standards of Professional Practice, Parts A & B, 1997
Litigation Skills for the Appraiser, 1997
Eminent Domain & Condemnation Appraising, 1998
Matched Pairs/Highest & Best Use/Revisiting Report Options, 1998
Valuation of Detrimental Conditions, 1998
Appraisal of Nonconforming Uses, 2000
How GIS Can Help Appraisers Keep Pace with Changes in R E Industry, 2001
Feasibility Analysis, Market Value and Investment Timing, 2002
Analyzing Commercial Lease Clauses, 2002
Standards of Professional Appraisal Practice, 2002
Effective Appraisal Writing, 2003
Supporting Capitalization Rates, 2004
National USPAP Update, 2004
Rates and Ratios: Making Sense of GIMs, OARs, and DCFs, 2005
The Road Less Traveled: Special Purpose Properties, 2005
National USPAP Update, 2006
Appraisal Consulting: A Solutions Approach for Professionals, 2006
What Clients Would Like Their Appraisers to Know, 2007
Valuation of Detrimental Conditions, 2007
Business Practice and Ethics, 2007
Office Building Valuation: A Contemporary Perspective, 2008
Subdivision Valuation, 2008
National USPAP Update, 2009
Effective Appraisal Writing, 2009
Appraisal Curriculum Overview, 2009
Discounted Cash Flow Model: Concepts, Issues and Apps, 2010
National USPAP Update, 2010

Rates and Ratios: Making sense of GIMs, OARs and DCFs, 2011
National USPAP Update, 2012
Business Practices and Ethics, 2012
Marketability Studies: Advanced Considerations & Applications, 2013
Real Estate Valuation Conference, 2013
2014 Real Estate Valuation Conference, 2014
7-Hour National USPAP Update Course, 2014
2014 Real Estate Valuation Conference, 2014
Analyzing the Effects of Environmental, 2015
7-Hour National USPAP Update Course, 2016
Online Business Practices and Ethics, 2017
Commercial Real Estate Finance, 2017
Spring 2017 Real Estate Valuation, 2017
7-Hour National USPAP Update Course, 2018

OTHER SEMINARS AND COURSES:

Commercial Segregated Cost Seminar, Marshall & Swift, 1988
Appraisal Guide and Legal Principles, Department of Transportation, 1993
The Grammar Game, Career Track, 1994
Property Tax Listing and Assessing in NC, 2014

MEMBERSHIPS:

Appraisal Institute, MAI #09090
Appraisal Institute, SRA/RM #2248
Durham Board of Realtors
North Carolina Association of Realtors
National Association of Realtors

CERTIFICATION:

State Certified General Real Estate Appraiser for North Carolina, #A281

OTHER:

Durham Civilian Police Review Board, 2009 - Present, Past Chair
Durham County Board of Equalization and Review, 2013 – Present, Current Chair
Durham Public Schools Budget Advisory Committee, 2013 - Present
NC Property Tax Commission, 2013 – 2017
City of Durham Audit Oversight Committee, 2002 – 2006
Durham Board of Adjustment, 1994 - 2002
Durham City/County Zoning Commission, 1990 – 1995
John Avery Boys and Girls Club, 1994-2002
Historical Preservation Society, 1992 - 1995
Vice President of the Candidates, 1989, NC Chapter 40
President of the Candidates, 1990, NC Chapter 40
Candidate of the Year, 1990, NC Chapter 40

RECENT CLIENTS:

LENDING INSTITUTIONS

American National Bank & Trust Company
AMEX Financial
BB&T
Citizens National Bank
CommunityOne Bank NA
Fidelity Bank
Live Oak Banking Company
Mechanics & Farmers Bank
Pacific International Bank
PNC Bank
RBC Bank
Self-Help
State Farm Bank
SunTrust Bank
Wells Fargo Bank

MUNICIPALITIES AND OTHER GOVERNMENT AGENCIES

Chapel Hill Transit
City of Durham
NC Department of Administration
Durham County
Durham Public Schools
Durham Technical Community College
Housing Authority of the City of Durham
NCDOT
Orange County
Orange Water and Sewer Authority
Person County
Town of Chapel Hill

OTHER

Allenton Management
AND Associates
Barcosnic
Builders of Hope
BCG Properties
Blanchard, Miller, Lewis & Styers Attorneys at Law
Blue Cross & Blue Shield of NC
Boulevard Properties
Bugg & Wolf Attorneys at Law
Carolina Land Acquisitions
CRC Health Corporation
Development Ventures Inc.
Duke Energy
Durham Academy

Durham Rescue Mission
Durham Technical Community College
Edward Jones Trust Company
Farrington Road Baptist Church
Forest History Society
GBS Properties of Durham, LLC
Hayden Stanziale
Georgia Towers, LLC
Hawthorne Retail Partners
Integral
Investors Title Insurance
IUKA Development
Joelepa Associates LP
John and Mary Hebrank
LCFCU Financial Partners
Manor Associates
McDonald's USA
Mt. Gilead Baptist Church
Northgate Realty, LLC
Property Advisory Services, Inc.
Rand Enterprises
Research Triangle Foundation
Sehed Development Corporation
Simba Management
Southwest Durham Partners, LLC
Stirling Bridge Group, LLC
Styers, Kemeraite & Mitchell, PLLC
Talbert & Bright Attorneys at Law
Teer Associates
Thalle Construction
The Bogey Group
TKTK Accountants
Treyburn Corporate Park, LLC
Trinity Properties
UNC Hospitals
Voyager Academy
Wilhekan Associates

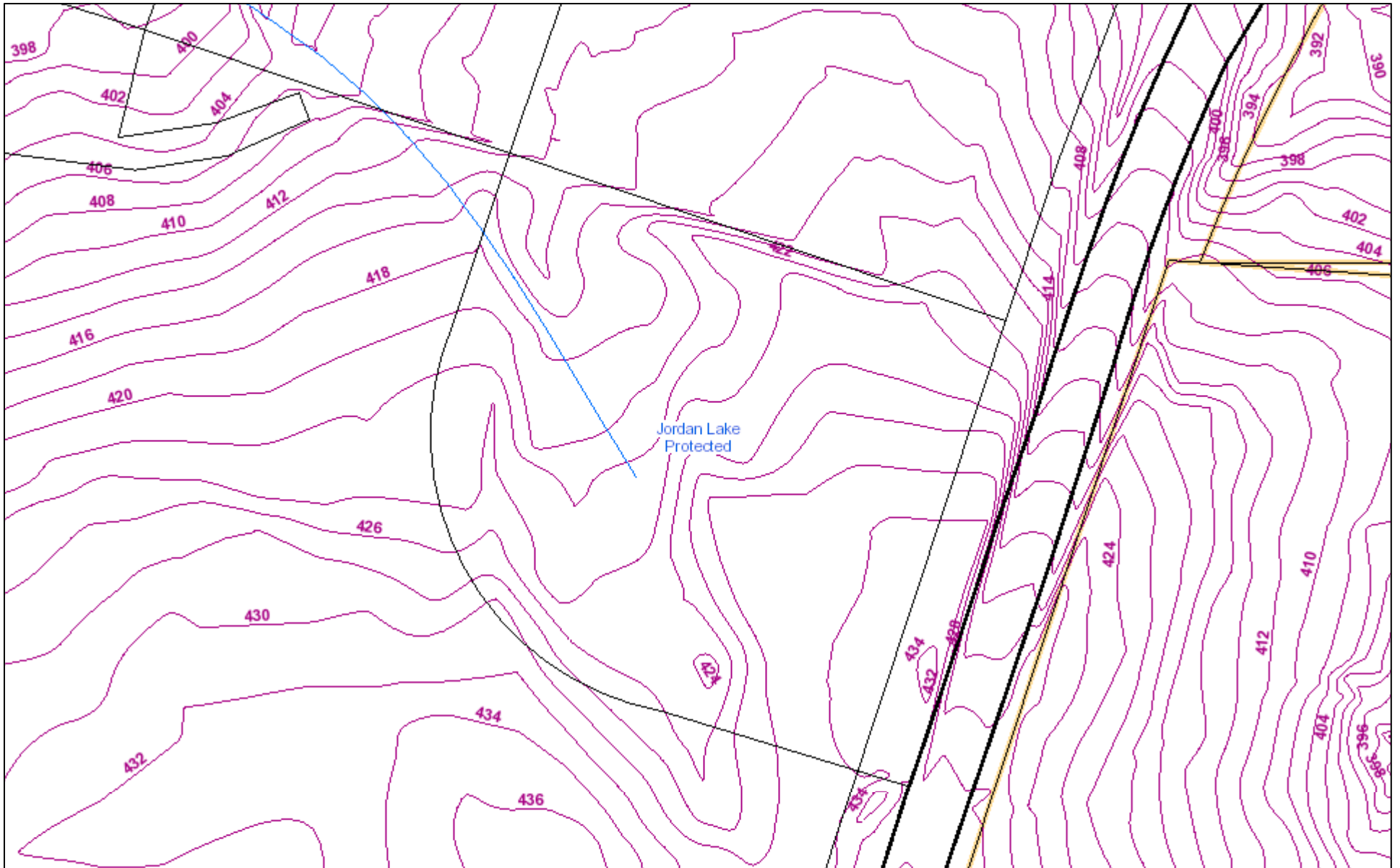
In addition, Mr. Smith has made appraisals for other lending institutions, municipalities, individuals, corporations, estates and attorneys. Appraisal assignments have been made throughout the Triangle, North Carolina, and South Carolina.

Properties appraised include all types of single family residential, multi-family residential, office, retail, commercial, industrial, churches, schools and other specialty type uses, vacant and improved, existing and proposed.

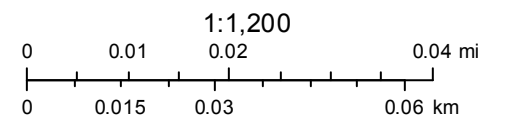
Appraisal assignments were for a variety of purposes including: mortgage loans, estate planning, condemnation, bankruptcy, equitable distribution and impact analyzes.

ADDENDA

Flood & Topo Map



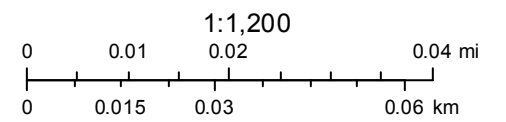
November 29, 2018



Aerial



November 29, 2018



STATE OF NORTH CAROLINA
 Real Estate Excise Tax
 MAR 12 '90 PB. 11224
 678.50

(1)

FILED
 BOOK ~~XXXXXX~~ 842 PAGE #164
 MAR 12 5 15 PM '90
 BETTY JUNE HAYES
 REGISTER OF DEEDS
 ORANGE COUNTY, N.C.

BOOK 842 PAGE 164

Excise Tax a/s Paid 678.50

Recording Time, Book and Page

Tax Lot No. 7.126.A.45 Parcel Identifier No. 9777-94-5146 A
 Verified by _____ County on the _____ day of _____, 19____
 by _____

Mail after recording to David R. Frankstone, Atty., PO Box 2869, Chapel Hill, NC 27514

This instrument was prepared by James H. Johnson III, Atty., PO Box 3357, Chapel Hill, NC 27515-3357

Brief description for the Index

NORTH CAROLINA GENERAL WARRANTY DEED

THIS DEED made this 1st day of March, 1990, by and between

GRANTOR

GRANTEE

RUBY HUNT MERRITT (Widow)

TOWN OF CHAPEL HILL, a North Carolina
 Municipal, 306 North Columbia Street,
 Chapel Hill, NC 27514

ORANGE CTY. LAND RECORDS

1990 MAR 12 PM 4:12

RECEIVED

Enter in appropriate block for each party: name, address, and, if appropriate, character of entity, e.g. corporation or partnership.

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Chapel Hill Township,

Orange County, North Carolina and more particularly described as follows:

See Exhibit A as attached hereto and incorporated by reference herein for a more particular description of the subject property conveyed by this deed.



19900312000029150 DEED
Bk: RB842 Pg: 164
 3/12/1990 1/3



842 166 3 / 3

BOOK 842 PAGE 166

EXHIBIT A

LEGAL DESCRIPTION IN WARRANTY DEED FROM RUBY HUNT MERRITT TO THE TOWN OF CHAPEL HILL DATED MARCH 1, 1990.

BEGINNING at an iron pipe located in the western right of way line of US Highway 15-501, said point of beginning being located by measuring along the western right of way line of US 15-501 1099.97 feet north from the intersection of the northern right of way line of Dogwood Road with the western right of way line of US 15-501; running thence from said point of beginning South 88 degrees 51 minutes 31 seconds West 1439.04 feet to an iron pipe; running thence North 01 degrees 06 minutes 37 seconds West 473.85 feet to a concrete monument, North 04 degrees 40 minutes 25 seconds East 302.51 feet to an aluminum pipe, North 36 degrees 16 minutes 01 seconds West 348.29 feet to an iron pipe, and North 45 degrees 38 minutes 35 seconds East 274.20 feet to a new iron pipe set in the southern line of a proposed 110 feet right of way of Laurel Hill Parkway; running thence along and with the southern line of said right of way as same curves to the left in a curve having a radius of 1951.72 feet along the arc of said curve 924.48 feet to a new iron pipe; continuing along the southern line of said proposed right of way South 71 degrees 29 minutes 47 seconds East 852.97 feet to a new iron pipe set in the western right of way line of US 15-501; running thence South 71 degrees 29 minutes 47 seconds East 30.10 feet to a point in the centerline of US 15-501; running thence down the centerline of US 15-501 South 18 degrees 10 minutes 25 seconds West 475.62 feet to a point in the centerline of the highway; running thence South 88 degrees 51 minutes 31 seconds West 31.89 feet to an iron pipe, the point and place of beginning, and containing 28.8705 acres and being as shown on plat and survey by Dewberry and Davis dated November 12, 1989 and revised March 6, 1990 entitled "Survey for Town of Chapel Hill, Southern Community Park", and reference being hereby made to said plat and survey for a more particular description.

Location Map of Comparables



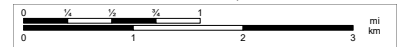
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www.delorme.com



Scale 1 : 68,750



1" = 1.09 mi

Data Zoom 11-5