

REQUEST FOR BOARD ACTION
HENDERSON COUNTY
BOARD OF COMMISSIONERS

MEETING DATE: September 19th, 2024

SUBJECT: Reappraisal of Real Property--- Reduction of Assessed Valuation

PRESENTER: Harry Rising, Tax Administrator

ATTACHMENTS:

1. Deed for parcel number 9568-74-6451
2. DOT parcel map with color coding
3. NCDOT Right of Way Unit Review Certification
4. DOT Contingent Offer of Purchase

SUMMARY OF REQUEST: The DOT bought Rights of Way along White Street in Hendersonville for the purpose of expanding the road. The owner of the subject parcel, AKITA PROPERTIES, chose to sell only the portion of the parcel that consists of the right of way and retain ownership of the remainder, which constitutes approximately 0.18 acres and has a structure which was built has a home but was since converted to a business office. The DOT chose to purchase the structure without the land underneath it with the intent of demolishing it so it would not interfere with the Right of Way. The new deed reflects the purchase of the land, but no mention was made of the structure.

As of the assessment date of 1 January 2024, the structure was present and intact on property owned by AKITA PROPERTIES and was taxed according to NCGS §105-274. After receiving their tax bill in August, AKITA PROPERTIES notified this office that the structure on the tax bill was sold to the DOT as part of the Right of Way purchase even though it is not physically on that purchased land except for a small edge. Contact with the DOT resulted in them producing the attached documents proving their purchase of the structure. Except for the deed which only addresses the land, none of the other documents were recorded by the Register of Deeds and hence not known to the Assessor. IAW NCGS §105-325(a)(6), The Assessor must request any change of property assessments to the Board of Commissioners once the Board of Equalization and Review has adjourned. Therefore, the Assessor requests the Board of Commissioners approve the assessment of the structure on the subject property be adjusted from \$61,400 to \$0.

BOARD ACTION REQUESTED: Request Board approve revaluation of subject property structure to \$0.

SUGGESTED MOTION:

Whereas a Right of Way located at 160 White Street, parcel 9568-74-7416 has been purchased by the NC Department of Transportation (DOT) and,

Whereas the DOT has determined that the structure on the parcel outside of the purchased portion will interfere with Right of Way activities and was purchased for the purpose of demolition and,

Whereas the purchase of said structure was transacted and not recorded on the Deeds of either DOT or the Grantor, AKITA PROPERTIES and,

Whereas the Henderson County Tax Assessor was not aware of the transaction until after the adjournment of the Henderson County Board of Equalization and Review,

Be it Resolved, In Accordance with North Carolina General Statute 105-325 (a)(6) ,The assessed value of the structure located on parcel 9568-74-7416 and owned by AKITA PROPERTIES, is hereby reassessed at a value of \$0.

1001004504



This document presented and filed:
10/03/2023 01:21:19 PM

WB

WILLIAM LEE KING, Henderson COUNTY, NC
Transfer Tax: \$600.00

Revenue Stamps \$ 600.00

DEED FOR HIGHWAY RIGHT OF WAY

THIS INSTRUMENT DRAWN BY Jake Day CHECKED BY R.D. Tuttle

The hereinafter described property Does Does not include the primary residence of the Grantor

RETURN TO: Carolina Land Acquisitions
7021 Albert Pick Rd. Suite B
→ Greensboro, NC 27409

NORTH CAROLINA
COUNTY OF Henderson
TAX PARCEL 9568-74-6451

TIP/PARCEL NUMBER: U-5886 024
WBS ELEMENT: 44710.2.1
ROUTE: SR 1170 (White St.) from SR 1171
(Willow Rd) to US 176

THIS FEE SIMPLE DEED, made and entered into this the 22nd day of August 2023
by and between Akita Properties, LLC
18999 North Bay Road
Sunny Isles Beach, FL 33160-2318

hereinafter referred to as GRANTORS, and the Department of Transportation, an agency of the State of North Carolina, 1546 Mail Service Center, Raleigh, NC 27611, hereinafter referred to as the Department;

WITNESSETH

That the GRANTORS, for themselves, their heirs, successors, and assigns, for and in consideration of the sum of \$ 300,000.00 agreed to be paid by the DEPARTMENT to the GRANTORS, do hereby give, grant and convey unto the DEPARTMENT, its successors and assigns, in FEE SIMPLE that certain property located in Hendersonville Township, Henderson County, North Carolina, which is particularly described as follows:

Point of beginning being S 30°29'44.2" E, 44.929 feet from -L- Sta 27+00 thence to a point on a bearing of N 16°3'0.0" E 29.620 feet thence to a point on a bearing of N 75°27'0.0" W 73.994 feet thence to a point on a bearing of S 16°0'9.9" W 30.218 feet thence to a point on a bearing of S 75°54'47.2" E 19.450 feet thence to a point on a bearing of S 75°54'47.2" E 54.537 feet returning to the point and place of beginning. Having an area of approximately 2212.716 Sqr feet being approximately 0.051 acres.

COUNTY: Henderson WBS ELEMENT: 44710.2.1 TIP/PARCEL NO.: U-5886 024

IN ADDITION, and for the aforesaid consideration, the GRANTORS further hereby convey to the DEPARTMENT, its successors and assigns the following described areas and interests:

Permanent Drainage/Utility Easement described as follows:

Point of beginning being S 67°4'37.6" W, 53.160 feet from -L- Sta 27+00 thence to a point on a bearing of S 16°0'9.9" W 16.050 feet thence to a point on a bearing of S 16°0'9.9" W 40.580 feet thence to a point on a bearing of S 77°31'8.2" E 21.352 feet thence to a point on a bearing of N 14°5'12.8" E 27.000 feet thence to a point on a bearing of N 14°5'12.8" E 29.000 feet thence to a point on a bearing of N 75°54'47.2" W 19.450 feet returning to the point and place of beginning. Having an area of approximately 1148.050 Sqr feet being approximately 0.026 acres.

Said Permanent Drainage/Utility easement in perpetuity is for the installation and maintenance of drainage facilities and/or utilities, and for all purposes for which the DEPARTMENT is authorized by law to subject same. The Department and its agents or assigns shall have the right to construct and maintain in a proper manner in, upon and through said premises a drainage facility and/or utility line or lines with all necessary pipes, poles and appurtenances, together with the right at all times to enter said premises for the purpose of inspecting said drainage facility and/or utility lines and making all necessary repairs and alterations thereon; together with the right to cut away and keep clear of said drainage facility and/or utility lines, all trees and other obstructions that may in any way endanger or interfere with the proper maintenance and operation of the same with the right at all times of ingress, egress and regress. It is understood and agreed that the Department shall have the right to construct and maintain the cut and/or fill slopes in the above-described permanent drainage/utility easement area(s). It is further understood and agreed that Permanent Drainage/Utility Easement shall be used by the Department for additional working area during the above described project. The underlying fee owner shall have the right to continue to use the Permanent drainage/Utility Easement area(s) in any manner and for any purpose, including but not limited to the use of said area for access, ingress, egress, and parking, that does not, in the determination of the Department, obstruct or materially impair the actual use of the easement area(s) by the Department of Transportation, its agents, assigns, and contractors.

Permanent Utility Easement described as follows:

Point of beginning being S 10°12'56.4" E, 73.700 feet from -L- Sta 27+00 thence to a point on a bearing of N 16°3'0.0" E 35.190 feet thence to a point on a bearing of N 75°54'47.2" W 54.537 feet thence to a point on a bearing of S 14°5'12.8" W 29.000 feet thence to a point on a bearing of S 69°18'53.8" E 53.687 feet returning to the point and place of beginning. Having an area of approximately 1732.312 Sqr feet being approximately 0.040 acres.

Said Permanent Utility easement in perpetuity is for the installation and maintenance of utilities, and for all purposes for which the DEPARTMENT is authorized by law to subject same. The Department and its agents or assigns shall have the right to construct and maintain in a proper manner in, upon and through said premises a utility line or lines with all necessary pipes, poles and appurtenances, together with the right at all times to enter said premises for the purpose of inspecting said utility lines and making all necessary repairs and alterations thereon; together with the right to cut away and keep clear of said utility lines, all trees and other obstructions that may in any way endanger or interfere with the proper maintenance and operation of the same with the right at all times of ingress, egress and regress. It is understood and agreed that the Department shall have the right to construct and maintain the cut and/or fill slopes in the above-described Permanent Utility Easement area(s). It is further understood and agreed that Permanent Utility Easement shall be used by the Department for additional working area during the above described project. The underlying fee owner shall have the right to continue to use the Permanent Utility Easement area(s) in any manner and for any purpose, including but not limited to the use of said area for access, ingress, egress, and parking, that does not, in the determination of the Department, obstruct or materially impair the actual use of the easement area(s) by the Department of Transportation, its agents, assigns, and contractors.

Temporary Construction Easement described as follows:

Point of beginning being S 4°36'27.5" E, 92.450 feet from -L- Sta 27+00 thence to a point on a bearing of N 16°3'0.0" E 20.415 feet thence to a point on a bearing of N 69°18'53.8" W 53.687 feet thence to a point on a bearing of S 14°5'12.8" W 27.000 feet thence to a point on a bearing of S 76°22'44.1" E 52.634 feet returning to the point and place of beginning. Having an area of approximately 1256.758 Sqr feet being approximately 0.029 acres.

The above-described temporary construction easement(s) shall expire upon completion and acceptance of the aforementioned project. The underlying fee owner shall have the right to continue to use the Temporary Easement area(s) in any manner and for any purpose, including but not limited to the use of said area for access, ingress, egress, and parking, that does not, in the determination of the Department, obstruct or materially impair the actual use of the easement area(s) by the Department of Transportation, its agents, assigns, and contractors.

COUNTY: Henderson WBS ELEMENT: 44710.2.1 TIP/PARCEL NO.: U-5886 024

SPECIAL PROVISIONS. This deed is subject to the following provisions only:

The undersigned property owners request that the Department enter upon our lands outside the right of way to the extent necessary for the reconnection of our driveway and we will have no further claim as a result of said reconnection.

It is understood and agreed that the total consideration set forth above shall be made payable to **W. Daniel Grist, PLLC** and after satisfaction of all taxes, liens, encumbrances on this parcel, the remaining balance shall be disbursed in accordance with the Grantors' directions, and the Grantors shall have no claim against the Department as a result thereof.

The property hereinabove described was acquired by the GRANTORS by instrument(s) recorded in the Henderson County Registry in Deed Book 1561 Page 101.

The final right of way plans showing the above described right of way are to be certified and recorded in the Office of the Register of Deeds for said County pursuant to N.C.G.S. 136-19.4, reference to which plans is hereby made for purposes of further description and for greater certainty.

The Grantors acknowledge that the project plans for Project # 44710.2.1 have been made available to them. The Grantors further acknowledge that the consideration stated herein is full and just compensation pursuant to Article 9, Chapter 136 of the North Carolina General Statutes for the acquisition of the said interests and areas by the Department of Transportation and for any and all damages to the value of their remaining property; for any and all claims for interest and costs; for any and all damages caused by the acquisition for the construction of Department of Transportation Project # 44710.2.1, Henderson County, and for the past and future use of said areas by the Department of Transportation, its successors and assigns for all purposes for which the said Department is authorized by law to subject the same.

TO HAVE AND TO HOLD the aforesaid premises and all privileges and appurtenances thereunto belonging to the DEPARTMENT, its successors and assigns in FEE SIMPLE, or by easement as indicated, for the past, present and future use thereof and for all purposes which the said Department is authorized by law to subject the same.

And the GRANTORS covenant with the DEPARTMENT, that the GRANTORS are seized of the premises in fee simple, have the right to convey the same in fee simple, or by easement as indicated, that the title thereto is marketable and free and clear of all encumbrances, and that the GRANTORS will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated. Title to the property hereinabove described is hereby conveyed subject to the following exceptions:

Restrictive covenants and easements of record, government regulations, and the lien of property taxes for the current year

COUNTY: Henderson WBS ELEMENT: 44710.2.1 TIP/PARCEL NO.: U-5886 024

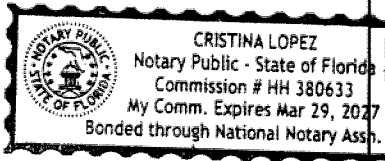
IN WITNESS WHEREOF, the GRANTORS have hereunto set their hands and seals (or if corporate, has caused the instrument to be signed in its corporate name by its duly authorized officers and its seal to be hereunto affixed by authority of its Board of Directors) the day and year first above written.

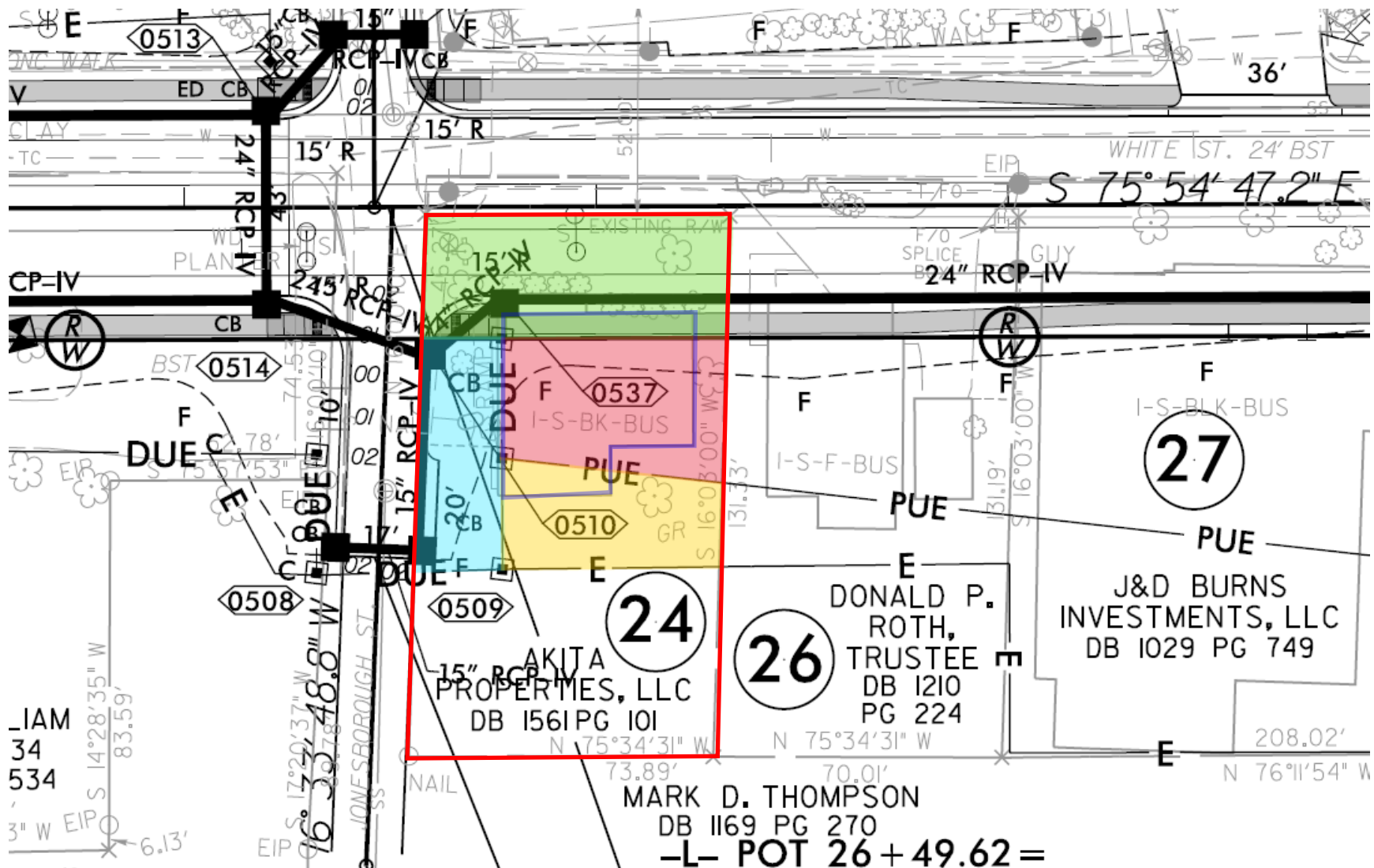
This instrument does not transfer the herein described interests unless and until this document is accepted by an authorized agent of the Department of Transportation.

AKITA PROPERTIES, LLC

BY: Elaine Prats
Elaine Prats (President)

ACCEPTED FOR THE DEPARTMENT OF TRANSPORTATION BY: Anthony R. R. L.

 <p>(Official Seal)</p>	<p>Florida <u>MIAMI-DADE</u> County</p> <p>I, <u>CRISTINA LOPEZ</u>, a Notary Public for <u>MIAMI-DADE</u> County, Florida, do hereby certify that <u>Elaine Prats, President</u> of <u>Akita Properties, LLC</u>, a limited liability company, personally came before me this day and acknowledged the due execution of the foregoing instrument on behalf of the company.</p> <p>Witness my hand and official seal this the <u>22nd</u> day of <u>AUGUST</u>, 20<u>23</u>.</p> <p><u>[Signature]</u> Notary Public</p> <p>My commission expires: <u>03/29/2027</u>.</p>
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North Carolina Department of Transportation-Right of Way Unit REVIEW CERTIFICATION

TIP/Parcel No.: U-5886/024 WBS Element: 44710.2.1 County: Henderson
 Owner(s): Akita Properties, LLC FedAid Project: N/A

I HEREBY CERTIFY THAT, to the best of my knowledge and belief the facts and data reported by me and used in the review process are true and correct.

I understand that this estimate of value is to be used in connection with a highway project and/or NCDOT Real Estate transaction. The analyses, opinions, and conclusions in the **Review Report** are limited only by the critical assumptions and limiting conditions stated in the **Review Report** and are my personal, unbiased professional analyses, opinions, and conclusions. I have no direct or indirect, present or prospective interest in the subject property or in any benefit from the acquisition of the subject property and I have no personal interests or bias with respect to the parties involved. I have , have not , performed an appraisal and / or any other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three year period immediately preceding acceptance of the assignment. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, the **Review Report**.

My estimate of the value of all items which are Compensable under State law but not eligible for Federal Aid reimbursement is \$ N/A

I personally inspected the subject parcel. I did did not personally inspect all sales/rentals considered to be comparable to the subject parcel.

My analyses, opinions, and conclusions were developed and the **Review Report** was prepared in compliance with **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice**. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice** and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto. No one provided me with significant professional assistance with the **Review Report**.

The value opinion stated in the appraisal report is adequately supported as the estimate of just compensation. The difference indicated, if any, in the "**Market Value**" of the entire tract **Before the Acquisition** and the "**Market Value**" of the remaining property immediately **After the Acquisition** is \$217,050, as allocated:

Allocation

Right of Way	\$26,775
Permanent Easements	\$3,125
Temporary Easements	\$450



Total Value of Land Acquired	\$30,350
Value of Improvements Acquired	\$97,425
Damage to Remainder	\$89,275
Benefits to Remainder	\$0
DIFFERENCE	\$217,050

May 8, 2023
DATE OF CERTIFICATION

Laura A. Gourlay
REVIEW APPRAISER

Un-Economic Remnant to the Owner is a Factor Yes No
 Area 0.172 acres Amount \$5,450

Administrative Approval

Laura A. Gourlay
APPROVED BY:

May 8, 2023
DATE:

North Carolina Department of Transportation Right of Way Branch Appraisal Summary Sheet

1. TIP/Parcel No: U-5886/024 WBS Element: 44710.2.1 County: Henderson

2. Owner(s): Akita Properties, LLC Fed Aid Project: N/A

3. Plan Sheet No.: 5 Survey Stations: SS 26+50 to SS 27+50, SL L

4. Land Areas:	AREA LT. of R/W	AREA IN R/W	AREA RT. of R/W	TOTAL
	0.000 AC	0.051 AC	0.172 AC	0.223 AC
5. Less: Land Area in Existing R/W:	0.000 AC	0.000 AC	0.000 AC	0.000 AC
6. Appraise Net Areas	0.000 AC	0.051 AC	0.172 AC	0.223 AC

7. Easements: TCE: 0.029 AC DRAINAGE: Temp 0.000 AC Perm 0.000 AC
PUE: 0.040 AC OTHER: AUE 0.000 AC; DUE 0.026 AC

8. Improvements Lt. of R/W	Improvements to be Acquired	Improvements Rt. of R/W
N/A	One Story Masonry Office Building, Misc. Landscaping, Gravel Parking Area	Portion of gravel parking area

9. Rights and Interests to be Appraised: **Unencumbered Fee Simple Interest**
(Subject to Existing Easements and Restrictions as Affected by Highway Acquisition.)

10. Estimated "MARKET VALUE" of Property Immediately Before:

Land	\$117,075	
Improvements	\$105,425	
		TOTAL \$222,500

11. Estimated "MARKET VALUE" of Property Immediately After:

Land	\$5,450	
Improvements	\$0	
		TOTAL \$5,450

12. "DIFFERENCE" Between Before and After Value (If Benefited, Type "BENEFITS") \$217,050

Joshua R Marr

Signed

As of April 26, 2023

Date of Appraisal

Name: Joshua R Marr
Address: 6 Roberts Road, Suite 102
Asheville, NC 28803

Phone: (828) 274-8449

E-Mail Address: Jrmarr1@ncdot.gov



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Addenda

- Allocation
- Photographs of Subject/Photo Location Map
- Subject Property Information
- NCDOT Map
- Certificate(s) of Appraiser (Form FRM5-J)

TIP No: U-5886
WBS Element: 44710.2.1
Parcel No.: 024
County: Henderson
Owner: Akita Properties, LLC

OBJECTIVE OF APPRAISAL AND PURPOSE OF REPORT

The objective of this appraisal is to estimate the market value of the subject property. The purpose of this report is to present data and analyses which support the opinion of market value. This appraisal is prepared for the North Carolina Department of Transportation under the guidelines of the NCDOT Right-of-Way Manual and the Uniform Standards of Professional Appraisal Practice. This report is to be reviewed and utilized by the North Carolina Department of Transportation as the basis for payment of just compensation under the laws of Eminent Domain.

PROPERTY INTEREST TO BE APPRAISED – FEE SIMPLE ESTATE

The property rights appraised include the fee simple estate. These rights are the legal and economic properties of the separate entities which may rightfully be exchanged for money or equivalent goods.

Fee simple interest is defined in *The Appraisal of Real Estate*, 15th edition, (Pg.5), as:

“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.”

DEFINITION OF MARKET VALUE

As defined in *The Appraisal of Real Estate*, 15th Edition, “MARKET VALUE is the most probable price, as of a specified date, in cash or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a “Fair Sale”, with the Buyer and Seller each acting prudently, knowledgeable, and for self-interest, and assuming that neither is under duress.”

CLIENT/INTENDED USER/INTENDED USER OF REPORT

Client: North Carolina Department of Transportation.

Intended User: The intended users of this appraisal report are the North Carolina Department of Transportation (NCDOT), the North Carolina Department of Justice (NCDOJ), the Federal Highway Administration (FHWA), and the judge and jury associated with condemnation proceedings for the parcel that is the subject of the appraisal. Other than the intended users named above, there are no other intended users of this report.

Intended Use: The intended use of the appraiser’s opinions and conclusions is for estimating the market values, both *before* and *after*, of the subject property for partial or total acquisition as part of a road construction project.

APPRAISAL DATES

Date of Inspection: April 26, 2023
Effective Date of Value: April 26, 2023
Appraisal Report Date: May 4, 2023

PROPERTY IDENTIFICATION

Owner: Akita Properties, LLC
Deed Book/Page: The subject property is identified in Deed Book 1561, Page 101 of the Henderson County public records.
PIN(s): 9568-74-6451
Address: 160 White Street, Hendersonville, NC 28739
Located approximately 650' west of the intersection of White Street and Greenville Hwy
Land Size: 0.223 acres
Existing Use: Commercial Office Use
Occupancy: Vacant – Existing lease expired 4/30/23

SITE SIZE

The reported property size prior to the taking is based on information provided by the North Carolina Department of Transportation. Per the appraisal request/summary sheet provided by the NCDOT, the subject property consists of 0.223 acres.

Size(s) of any areas within existing R/W, proposed R/W, easements, and remainders are taken from information provided by the North

Carolina Department of Transportation. When possible, I have verified the reported size(s). However, I am not qualified as a surveyor and I reserve the right to alter the opinions and estimates of value should more accurate tract size data be made available. Further, in instances in which significant portions of tracts are unusable, and in the absence of surveys identifying net usable areas, reliance was placed on my best estimates.

It should be noted that current tax records indicate a land size of 0.200 acres. NCDOT performed a detailed CADD analysis of the property and determined a tract size of 0.223 acres. As such, this appraisal is based on the assumption that the property includes 0.223 acres.

PERSONAL PROPERTY, TRADE FIXTURES, OR INTANGIBLE ITEMS

The opinion(s) of market value include real estate only. There are no items of personal property included in the value estimate(s).

REPORT OPTION

This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it presents sufficient information to enable the client and other intended users, as identified, to understand it properly.

STATEMENT OF COMPETENCY

The signing appraiser is competent to perform the requested assignment. The appraiser has completed appraisals of similar properties, are familiar with, and knowledgeable of, the geographical market as well as the nuances of the subject's competitive market.

EXTRAORDINARY ASSUMPTIONS/LIMITING CONDITIONS

The following Extraordinary Assumption(s) have been made as part of this analysis. Using an Extraordinary Assumption may affect assignment results.

The appraisal report is written in compliance with, and according to, the *North Carolina Department of Transportation Division of Highways – Right of Way Branch: NCDOT Real Estate Appraisal Standards and Legal Principles*. Please note that in accordance with the referenced document, property characteristics specifically identified as *non-compensable damages* have not been considered as damages in this report.

These include:

- Decrease in traffic volume in front of the premises which might be caused by moving the main travel lanes away from a business or by rerouting or diversion of traffic or by one-way streets.
- Circuity of travel to achieve access to main traveled lanes or roads.
- One-way street; median strips which prevent turning; fences; and trees and shrubbery erected or planted on the right of way by the Department of Transportation.
- Lowering or raising the grade of an existing street or highway within the old right of way where access is not controlled.
- Cul-de-sac which results when an existing rural highway is dead-ended.
- Loss of use and occupation of the property caused by the construction of the project.
- Personal annoyance due to interference with peaceful living conditions caused by traffic noise, fumes, and vibrations; however, the appraiser may consider the use to which the condemnor will put any portion of the subject property, but not other property obtained by the condemnor, in arriving at a market value of the subject premises after the taking, in so far as it concerns damage to the subject property.
- Moving expenses including the expense of removal of or relocation of personal property and trade fixtures; breakage or other injury to such property caused by removal.
- Loss of business, good will, or other interruption of business.
- Anticipated loss from intended uses or purposes, which the owner has in mind, and all other speculative losses.
- This analysis is made under the assumption that the road improvement project will be completed as described and identified in the plans provided.

This appraisal report is subject to the following additional extraordinary assumptions:

1. Current tax records indicate a land size of 0.200 acres. NCDOT performed a detailed CAD analysis of the property and determined a tract size of 0.223 acres. As such, this appraisal is based on the assumption that the property includes 0.223 acres. If it is determined by qualified parties that the subject's size is materially different than 0.223 acres it could affect the results of this assignment.

Extraordinary Assumption, as defined in *The Appraisal of Real Estate, 15th Edition*, is "something that is believed to be true on the effective date of the appraisal for the sake of the appraisal but that may or may not in fact be true as of the effective date of the appraisal".

HYPOTHETICAL CONDITION

In compliance with *Uniform Standards of Professional Appraisal Practice*, this section identifies a hypothetical condition(s) required for the completion of the appraisal assignment.

A **hypothetical condition** is defined, in *The Appraisal of Real Estate* (15th ed.), as that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions and trends; or about the integrity of the data used in the analysis. A hypothetical condition may only be used in an assignment if:

- Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison;
- Use of the hypothetical condition results in credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (*USPAP*, 2022-2023 ed., pages 13 & 285-291).

Hypothetical Conditions:

1. The appraisal involves estimating the value of a property before and after the proposed project with additional consideration for damages, benefits, or both. The property is appraised “as is” before consideration of the proposed taking and assumes no knowledge or influence of the proposed project. Next, the property is appraised under the hypothetical condition that the proposed project is complete as of the appraisal date. Consideration is given to the impact on value for the use of the easement area and any benefits or damages resulting from the project.

The hypothetical condition(s) are used in this instance to properly develop credible opinions and conclusions for purposes of reasonable analysis, and the use of the hypothetical conditions results in a credible analysis consistent with the intended use of the appraisal report. The hypothetical condition(s) are prominently displayed and explained in accordance with the requirements set forth in USPAP for hypothetical conditions. Using a Hypothetical Condition may affect assignment results.

SCOPE OF WORK

Per USPAP, the Scope of Work is “the type and extent of research and analyses in an appraisal or appraisal review assignment” and for each appraisal and appraisal review assignment, an appraiser must: Identify the problem to be solved; Determine and perform the scope of work necessary to develop credible assignment results; and disclose the scope of work in the report.

Scope of work includes, but is not limited to:

- the extent to which the property is identified;
- the extent to which tangible property is inspected;
- the type and extent of data researched;
- the type and extent of analyses applied to arrive at opinions or conclusions.

Appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work for an appraisal or appraisal review assignment. Credible assignment results require support by relevant evidence and logic. The credibility of assignment results is always measured in the context of the intended use.”

In addition to the property inspection, an analysis of the market area and neighborhood was performed with focus on the four forces which affect property value: social, economic, governmental, and environmental. The analysis led to an opinion of highest and best use both as vacant and as improved (when applicable). The highest and best use conclusions dictated the type of data gathered and used in the development of the appraisal. Data sources included public records, MLS, Loopnet, local brokers and appraisers, and data retained in the appraiser’s files for this property type

The level of analysis was determined to meet the needs of the client and was consistent with the level of work and analysis performed by knowledgeable appraisal professionals given the level of risk associated with the subject property type, the current and anticipated market conditions, and the intended use of the conclusions. Lastly, the appraisal report is written in compliance with, and according to, the Uniform Standards of Professional Appraisal Practice, the NCDOT Real Estate Appraisal Standards and Legal Principles, and the NCDOT Right of Way Manual.

The level of analysis was determined to meet the needs of the client and was consistent with the level of work and analysis performed by knowledgeable appraisal professionals given the level of risk associated with the subject property type, the current and anticipated market conditions, and the intended use of the conclusions. Lastly, the appraisal report is written in compliance with, and according to, the North Carolina Department of Transportation Division of Highways – Right of Way Branch: NCDOT Real Estate Appraisal Standards and Legal Principles, Uniform Standards of Professional Appraisal Practice (2022/2023 Edition), and the NCDOT Right of Way Manual.

SCOPE OVERVIEW

The NCDOT project is located in Henderson County, North Carolina. The project will improve NC 191 from NC 280 to SR 1381. The subject is located at the intersection of NC 191 and Mountain Road.

The subject of this assignment is a 0.223-acre parcel located at 160 White Street, Hendersonville, NC. The parcel is improved with an approximately 1,138 square foot office building. Per public records, the building was originally constructed in 1952. The current owner's representative indicated the property was in the final month of a lease, but it appeared the tenant had vacated the property. The representative indicated they are currently marketing the property for lease, but the effects of the project are proving an obstacle to attracting a new tenant.

The subject property's primary improvements will be acquired. The three valuation approaches are the Cost Approach, Sales Comparison Approach and Income Approach. The Cost Approach was utilized since it allows for the allocation of value between the land and improvements. The Sales Comparison Approach was applied as there were adequate sales in the market of properties similar to the subject. Additionally, the appraiser was able to locate comparable lease data for properties similar to the subject. As such, the Income Approach was developed.

INSPECTION OF THE PROPERTY

As of the date of appraisal, April 26, 2023, the subject property is owned by Akita Properties, LLC. I contacted Ms. Elaine Prats, the owner's representative, in an effort to gain access to the subject property and provide them the opportunity to accompany me during inspection. Eventually, I was connected with Ms. Pratts son, Michael, and we set up the inspection for April 26, 2023 at 1:00 pm.

I met with Mr. Pratts on April 26, 2023, at 1:00 PM at the subject property. At that time, I inspected the subject property, and all photos were taken.

The owners main concern was the property is an income producing property and their ability to attract a new tenant has been hindered by the fact DOT will be acquiring the building as part of the project. Most prospective tenants don't want to rent a location knowing they will have to relocate at some point in the near future. At the time of inspection, Mr. Pratts said the property was leased until the end of the month, but it appeared the property had been vacated. Mr. Pratts was very nice and cordial and gave me all of the information I needed.

When used herein, the term *inspection* or *property inspection* relates to my visual observation of the subject property as a real estate appraiser for the purposes of estimating market values. The term does not imply that I am an architect, building contractor, engineer, or certified property inspector, or have knowledge or expertise in structural or mechanical engineering, and I am not licensed or qualified to make such inspections.

Valuation Methodology

The appraisal process begins by determining data needed to complete the assignment and includes the processes and methods of collecting and analyzing the data and developing a meaningful conclusion. Traditionally, three approaches to value are considered to include the Cost, Sales Comparison, and Income Approaches. The valuation process using these three approaches leads to a supportable conclusion of value.

The **Cost Approach** estimates the value of the real property. When developing the Cost Approach the reproduction/replacement costs of any improvements are estimated, and then, if the improvements are not new, accrued depreciation is estimated. The depreciation is deducted from the cost new, and the resulting depreciated improvement value is added to the land value for a value estimated by this approach. For eminent domain valuation, this approach is most often applicable as it allows more precise presentation of the allocations between parts acquired and the remainder property.

The **Sales Comparison Approach** is a readily recognized valuation technique and based on the principle of substitution which states that a knowledgeable purchaser will not pay more for a given property than for an equally desirable substitute property. This approach involves a direct comparison between the subject and recently sold similar properties when adequate sales data is available. These comparisons are typically made on a unit basis such as price per acre, price per square foot, or price per unit.

The **Income Approach to Value** is based primarily on the principle of anticipation that affirms that value is created by the anticipation of future benefits received due to ownership. The capitalization process in the Income Approach is the means of discounting future income into an estimate of present value. Estimates of income and expenses are typically based on actual historic data from the subject and from similar type properties.

Applicability of Approaches

Valuation Methodology	
<p>The purpose of this portion of the appraisal report is to analyze the information previously described with that obtained from the real estate market to estimate a value for the subject property. Traditionally, three basic approaches may be used to arrive at an estimate of market value: the Cost Approach, the Sales Approach, and the Income Approach.</p>	
Cost Approach	<p><i>The Cost Approach is utilized</i> for support of the other approaches and to allocate values. The appraiser has determined the Cost Approach to be a reliable indicator of value in this assignment.</p>
Sales Approach	<p><i>The Sales Approach is utilized</i> in the following analysis. I have been able to locate sales of similar properties in the market on which to base the Sales Approach. I believe the Sales Approach to be an applicable approach and a reliable indicator of value in this assignment.</p>
Income Approach	<p><i>The Income Approach is utilized</i> in the following analysis. At the time of inspection, the subject property was in the final days of an existing lease. I was not provided with a copy of the lease, but the subject's representative indicated they are trying to lease the property for \$1,400 to \$1,500 per month. However, I have been able to locate comparable lease data for similar properties in the subject's local market. I believe the income approach to be an applicable approach and a reliable indicator of value in this assignment.</p>
<p>The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.</p>	

Acquisition

The acquisition is a total take and includes:

Fee Simple Right of Way	0.051 Ac.
Permanent Utility Easement (PUE)	0.040 Ac.
Dual Use Easement (DUE)	0.026 Ac.
Temporary Construction Easement (TCE)	0.029 Ac.

The property rights to be acquired consist of fee simple right of way, permanent utility easement (PUE), dual use easement (DUE), and a temporary construction easement (TCE). The acquisition is a total take and includes all of the subject's improvements. The reported property size prior to the taking, size(s) of any areas within existing R/W, proposed R/W, easements, and remainders are based on information provided by the North Carolina Department of Transportation.

Valuation After

Only a cost approach will be used in the after valuation. The subject's primary improvements will be acquired and the remainder will be damaged and have a highest and best use for assemblage use.

The level of analysis was determined to meet the needs of the client and was consistent with the level of work and analysis performed by knowledgeable appraisal professionals given the level of risk associated with the subject property type, the current and anticipated market conditions, and the intended use of the conclusions. Lastly, the appraisal report is written in compliance with, and according to, the Uniform Standards of Professional Appraisal Practice, the NCDOT Real Estate Appraisal Standards and Legal Principles, and the NCDOT Right of Way Manual.

In appraisals where only building or site improvements ‘affected’ by the project are included in the valuation, the total before and after values listed in *Appraisal Summary Sheet* (Form FRM5-H) and report may not reflect the total value of the existing improvements and may not provide an indication of the actual Market Value of the entire subject property. Further, NCDOT methodology requires that easement values be deducted from the remainder land value. Thus, the after value indicated in the report may not be indicative of the actual Market Value ‘after’ of the subject property when easements are included.

EXPOSURE TIME AND MARKETING TIME

Exposure time is defined in USPAP as follows:

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.

Exposure time is a retrospective opinion based on analysis of past events assuming a competitive and open market. In this instance, the estimated exposure time is estimated to be approximately three to six months. The primary basis of the estimate is the average days on the market of sales as reported by the Multiple Listing Service, the marketing times of the other sales data, and conversations with owners of properties similar to the subject, real estate agents, brokers, and others familiar with the local real estate market.

The marketing time for the subject property is considered to be consistent with the exposure time and is estimated to be approximately three to six months, priced appropriately. The definition of market value implies a “reasonable exposure in a competitive market” and buyers and sellers acting in their own self-interest assuming that neither are under “undue stimulus.”

PERSONAL PROPERTY, TRADE FIXTURES, OR INTANGIBLE ITEMS

The opinion(s) of market value include real estate only. There are no items of personal property included in the value estimate(s).

PRIOR PROFESSIONAL SERVICES

I have not performed 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 the acceptance of this assignment.

HAZARDOUS MATERIALS

Unless otherwise stated in this report, the existence of hazardous material and/or contamination which may or may not be present on the property was 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 or other potentially hazardous materials may affect the value of the property. The value estimate 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 any such conditions, or for any expertise or engineering knowledge required to discover them. The client/property owner is urged to retain an expert in this field, if desired. That is, the subject property is appraised “as clean”.

AMERICAN WITH DISABILITIES ACT

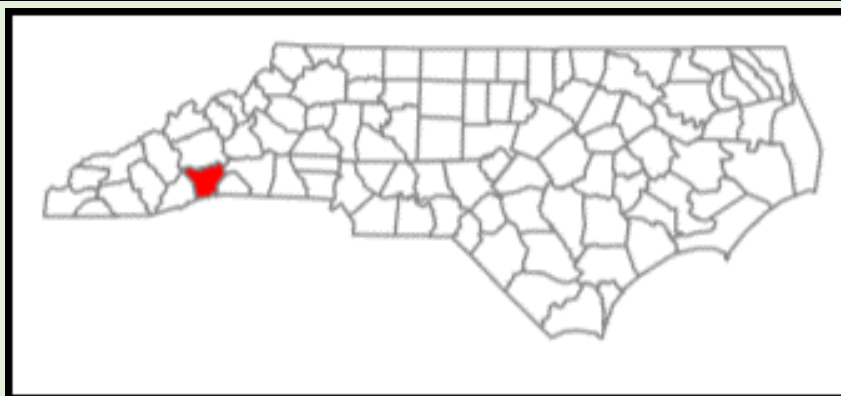
The appraiser has not made a specific compliance survey and analysis of the subject parcel to determine whether or not it is in conformity with the various detailed requirements of the American with Disabilities Act (ADA). It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the subject parcel 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 appraiser has no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the subject.

Market Analysis

This section presents data pertinent to the valuation of the subject by identifying and analyzing the influencing forces of the region and localized market. The following analysis considers four forces: social, economic, governmental, and environmental, which affect property value. These forces are interactive, and each affects the economic climate of the area, particularly the behavior patterns of typical buyers and seller in the subject's market.

Area Description & Boundaries

The subject is located in Henderson County. Henderson County is one of the twenty-three counties comprising what is referred to as the Western North Carolina region by the NC Department of Commerce. Henderson County is the second most populous county in the region and second to only Buncombe County in terms of commercial development, employment centers, and medical facilities. The four market forces influence these two counties differently compared to the other twenty-one counties in the region. Less Buncombe County, the other twenty-one counties in the region are more rural and lack the same degree of development, employment opportunities, and/or professional services offered by Henderson County. Based on these factors, the regional area analysis for the subject property will focus on the subject's Henderson County location as opposed to WNC region as a whole.



<https://www.mapsof.net/henderson-county>

NC Department of Commerce, May 2021

Social Forces

Social forces including population trends and education levels/trends, can impact the value of real estate. For example, areas with above average population growth typically experience an increase in the need/demand for housing and services. Further, areas where education levels are increasing typically see a corresponding growth in real estate values stemming from its populace's increased ability to pay higher prices for housing.

Population Trends

Population growth will be uneven across the Carolinas
Projected population growth, 2010-2020

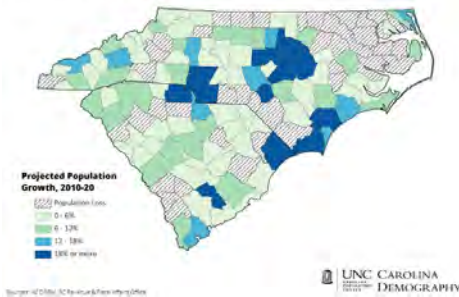


Figure PT. 12 Henderson County Population Projections 2000-2020

Townships	2000	2005	2010	2015	2020	% Increase 2000-2020
Blue Ridge	8,487	10,350	12,500	14,050	15,800	86.2%
Clear Creek	4,616	5,450	6,600	7,300	8,200	77.6%
Crab Creek	4,109	4,850	5,950	6,450	7,100	72.8%
Edneyville	3,454	4,050	4,450	5,000	5,400	56.3%
Green River	3,948	4,350	4,750	5,100	5,300	34.3%
Hendersonville	43,697	47,550	49,000	52,200	54,150	23.9%
Hoopers Creek	9,994	11,550	12,850	14,350	15,650	56.6%
Mills River	10,868	12,750	14,400	16,150	17,750	63.3%
County Total	89,173	100,900	110,510	120,600	129,350	45.1%

Source: Martin - McGill Associates



County Profile

Henderson County (NC)

May 2022

Demographics

Population & Growth

2019 Est Population
2020 Census Total Population
Jul2020 NC Certified Population Estimate

Population

114,913
116,281
116,495

% Annual Growth

1.1%
0.9%
(0.8%)

As shown in the tables above Henderson County's population growth has been paced slightly ahead of the other counties in Western North Carolina (Less Buncombe & Swain County). Additionally, the county's recent annual growth rate of around 1% is consistent with the state's 10-year average, which is just below 1%, but almost doubles the nationwide rate. It can be inferred that the pace of Henderson County's growth in population should provide for an increase in the demand for residential housing and services.

Education Trends

Educational attainment

90.5%

High school grad or higher

about the same as the rate in North Carolina: 88.6%

about the same as the rate in United States: 88.6%

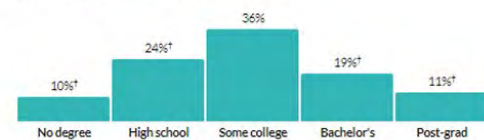
30%

Bachelor's degree or higher

about 90 percent of the rate in North Carolina: 32.3%

about 90 percent of the rate in United States: 33.1%

Population by minimum level of education



Population by minimum level of education (Table B15002) [View table](#)

Column	Henderson County		North Carolina		United States							
No degree	9.5% [†]	±2.2%	8,428	±1,968.3	11.4%	±0.2%	818,924	±16,979.7	11.4%	±0.1%	25,618,541	±104,872.1
High school	24.3% [†]	±2.6%	21,545	±2,291	25.6%	±0.3%	1,839,042	±23,545.4	26.9%	±0.1%	60,482,353	±151,858
Some college	36.2%	±3.3%	32,102	±2,929.2	30.7%	±0.3%	2,207,926	±24,299.4	28.6%	±0.1%	64,296,023	±151,612.5
Bachelor's	18.8% [†]	±2.3%	16,647	±2,051.1	20.5%	±0.3%	1,471,420	±17,889.2	20.3%	±0.1%	45,730,479	±127,271.1
Post-grad	11.2% [†]	±1.5%	9,891	±1,326.6	11.8%	±0.2%	849,765	±14,857.3	12.8%	±0.1%	28,771,172	±101,618.5

The population of the Henderson County area consists having approximately 90% having attained a high school education and 30% having attained a bachelor degree or higher. This is similar to total US education levels at 88.6% and 33.1% respectively.

Economic Forces

Economic forces in the form of employment, wage levels and the availability of real estate and new construction, affect the value of real estate. Areas with low unemployment rates tend to have stable or growing real estate markets. Further, real estate values are buoyed in areas with increasing wages which allow the area's populace to spend more for housing. However, areas with low unemployment and increasing wages can still see stagnant or declining real estate values if the market is oversupplied.

Employment Trends



The bottom table displays the historic unemployment rate for Henderson County. At the onset of the pandemic, Henderson County experienced a spike similar to that of Buncombe County only to see the unemployment rate drop back down to 4.5% by October of 2021. The county's unemployment rate continued to decline until hitting 2.6% in January 2021. As of January 2023, the county's unemployment rate was 2.8%. Henderson County's unemployment rate is lower than that of the state and country as a whole indicating a Henderson county's labor market is stronger than both the state and country.

Wage/Income Trends

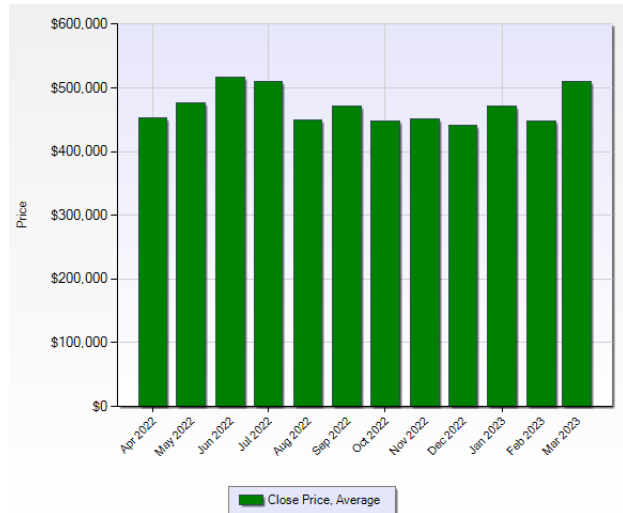


The bottom table above shows the annual change in the median household income for Henderson County. The 2021 median household income for Henderson County was \$60,384, which is slightly below the state average of \$62,891. The top table shows the historical median household income for Henderson County and the bottom table shows the same for the state. The state's median income is trending upward while Henderson County's is stagnant or slightly declining.

Economic Forces cont'd

Supply/Development Trends - Residential

Month	Close Price, Average
Apr 2022	\$453,217
May 2022	\$476,509
Jun 2022	\$516,940
Jul 2022	\$510,861
Aug 2022	\$450,164
Sep 2022	\$471,523
Oct 2022	\$448,058
Nov 2022	\$451,890
Dec 2022	\$442,018
Jan 2023	\$471,902
Feb 2023	\$447,894
Mar 2023	\$510,875



Henderson County

North Carolina

Key Metrics	March			Year to Date		
	2022	2023	Percent Change	Thru 3-2022	Thru 3-2023	Percent Change
New Listings	226	192	- 15.0%	510	459	- 10.0%
Pending Sales	208	172	- 17.3%	497	434	- 12.7%
Closed Sales	186	130	- 30.1%	479	337	- 29.6%
Median Sales Price*	\$380,000	\$400,000	+ 5.3%	\$367,750	\$404,900	+ 10.1%
Average Sales Price*	\$435,967	\$487,994	+ 11.9%	\$421,583	\$469,036	+ 11.3%
Percent of Original List Price Received*	101.1%	96.7%	- 4.4%	100.1%	96.0%	- 4.1%
List to Close	97	81	- 16.5%	90	90	0.0%
Days on Market Until Sale	29	39	+ 34.5%	29	39	+ 34.5%
Cumulative Days on Market Until Sale	36	42	+ 16.7%	34	41	+ 20.6%
Average List Price	\$486,367	\$561,104	+ 15.4%	\$452,315	\$535,297	+ 18.3%
Inventory of Homes for Sale	176	257	+ 46.0%	--	--	--
Months Supply of Inventory	0.9	1.7	+ 88.9%	--	--	--

* Does not account for sale concessions and/or downpayment assistance. | Percent changes are calculated using rounded figures and can sometimes look extreme due to small sample sizes.

The tables above, produced by Canopy MLS, shows that the average sales prices of 2BR & 3BR SFRs within 10 miles of Hendersonville, NC. The top tables show the average sales prices rose between January and June of 2022 and then began to decline July-October before recovering in March 2023 to levels consistent the peak in June. Based on the limited data available, it can be inferred that the changing market conditions due to increasing interest rates has cooled the subject's residential market. The bottom table, also taken from Canopy MLS, details residential market data for whole of Henderson County. Year to date the average sales price has increased 11.3% and the median sales price has increased 10.10%. Inventory of homes, however, increased from 0.90 months supply in 3/2022 to 1.7 months supply in 3/2022..

Economic Forces cont'd

Supply/Development Trends - Commercial

NAR Commercial Real Estate Metro Market Report | 2022.Q1 Asheville, NC

Core-Based Statistical Area Code: 11700

The Asheville, NC commercial real estate market is stronger compared to the overall U.S. market. NAR Commercial Real Estate Market Conditions Index* 68.0

Overall economic conditions are stronger than nationally.
The apartment property market is stronger than nationally.
The office property market is stronger than nationally.
The industrial property market is stronger than nationally.
The retail property market is stronger than nationally.
The hotel/lodging property market is not as strong than nationally.

As evidenced by the data above taken from National Association of Realtors 2022 Quarter 1 Metro Market Report, the commercial market in Asheville, NC is stronger compared to the overall US market. Asheville outperformed the US for all of the sectors surveyed except for the hotel sector, which was weaker than the national market. It can be inferred that the local commercial market has outperformed the regional and national markets due to the hot residential market driving the need for commercial services. As the residential market cools, the need for commercial services should stagnate.

V. Retail

Demand indicators	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1
Vacancy rate	2.0%	2.5%	3.1%	4.5%	4.7%	5.1%
Absorption in sq.ft. over the quarter	153,754	96,422	(75,177)	24,405,304	24,416,072	3,996,477
Absorption in sq.ft. over 12 months	313,872	84,941	(89,334)	94,035,968	73,627,144	(22,757,808)
Absorption in past 12 months as % of inventory	1.0%	0.3%	-0.3%	0.8%	0.7%	-0.2%
Market rent per sq.ft.	\$17.2	\$16.9	\$16.3	\$22.9	\$22.6	\$22.0
Market rent growth, y/y % chg.	5.5%	4.2%	2.5%	3.9%	3.1%	1.1%
Y/Y chg.in retail trade payroll employment ('000) <i>(as of latest available month of the quarter)</i>	0.40	(0.70)	0.10	570.90	382.90	(187.70)

III. Office

Demand indicators	2022 Q1	2021 Q4	2021 Q1	2022 Q1	2021 Q4	2021 Q1
Vacancy rate	2.9%	3.3%	3.1%	12.2%	12.1%	11.7%
Absorption in sq.ft. over the quarter	51,674	(11,309)	35,238	3,410,230	11,127,334	(43,926,356)
Absorption in sq.ft. over 12 months	39,667	23,231	(17,465)	5,610,472	(41,726,112)	(119,807,672)
Absorption in past 12 months as % of inventory	0.3%	0.2%	-0.1%	0.1%	-0.6%	-1.7%
Market rent per sq.ft.	\$23.3	\$23.2	\$22.8	\$34.7	\$34.6	\$34.4
Market rent growth, y/y % chg.	2.4%	4.0%	2.0%	0.8%	0.4%	-2.1%
Y/Y chg.in professional/business services jobs ('000) <i>(as of latest available month of the quarter)</i>	1.2	1.2	1.3	1,153	1,161	(283)

The two tables above taken from the NAR Asheville Metro Market Report, detail market retail and office data for Asheville on the left and the entire US on the right. Asheville's Vacancy rate for both sectors is lower than than the country as a whole. Additionally, Asheville's growth in market rent for both retail and office properties outpaces the country's growth in market rent. Based on the above, it is reasonable to conclude that the Asheville commercial real estate market is stronger than that of the country as a whole.

Governmental Forces

Governmental forces include zoning, public services, taxation, and building codes and regulations. Each affects real estate values in that they reflect the land use plans for the area.

Zoning	Henderson County has a county wide zoning ordinance. Most of Henderson County's incorporated towns have adopted their own zoning ordinances as well. Zoning changes are handled through various Planning and Zoning Boards who have shown flexibility in accommodating some zoning change requests and indications are they will continue to hear and consider appeals.
Taxation	Real property tax rates are levied based on county and, in some instances, city assessments. Real property tax rates often include alternative school rates and fire district rates and tax incentives are typically granted to industries considering expansion, or companies considering relocation to the area. These tax incentives include tax deferment, or exemption during a start-up period.
Gov't Services	Local governmental services include law enforcement, fire protection, public schools and transportation. Area law enforcement is provided by the Henderson County Sheriff's Department and the City of Hendersonville Police Department and each town has their own police force. Several strategically located fire stations provide fire protection services for the city, towns, and county.

In summary, governmental forces in the area help facilitate the continued growth pattern of the area. Existing zoning ordinances increase development opportunities and help maintain the integrity of existing residential neighborhoods while allocating land for future residential development. Governmental taxation levels have begun to increase but appear to be not prohibitive to continue economic development and tax incentives are used to attract business to the area. Investments in governmental services such as law enforcement, public education, and transportation have been made in response to population needs.

Environmental Forces

Environmental Forces include the quality of an areas infrastructure, the availability of public utilities, climate, and other natural or manmade features that affect a geographic location

Infrastructure	<p>The area infrastructure affects property value and the availability of utilities and roadways will dictate development direction. Area utilities providers include: electricity by Duke Energy Progress; natural gas by Dominion Energy Company of North Carolina, water by the Asheville-Buncombe Water Authority, and sewer/waste management by Metropolitan Sewer District. Utility costs are regulated and are competitive with the rest of the state.</p> <p>Area roadways are predominantly asphalt or concrete paved and are either city or state maintained. The North Carolina Department of Transportation – Division of Highways regularly has projects ongoing in the county which results in improved access to the area ultimately promoting both tourist and commercial traffic into the area. The increasing traffic in the area elevates demand for most property types.</p>
Climate	Henderson County has a moderate/mild climate. The average high in the summer is below the national average and the average low in the winter is above the national average.

Regional Linkages & Transportation

Henderson County is centrally located within the southeast United States at the I-40/I-26 intersection. Interstate 26 is a four-lane limited access highway which runs through Henderson County in a north/south direction. Interstate 26 is part of the national interstate system linking North Carolina to the South Carolina coast to the south and to Tennessee to the north. Hendersonville Road (US-25), NC 191 (Brevard Rd), and Hwy 64 are considered primary commercial corridors in the area. There are also numerous secondary roadways designed for light commercial or residential traffic.

The Asheville Regional Airport is located within approximately 10.0 miles of the subject's Hendersonville, NC location. The airport is serviced by Allegiant, American Airlines, Delta, and United. Greyhound Bus Line provides daily bus service to the area. The Southern Railway also serves the area.

Conclusion

Henderson County is one of the primary growth areas within western North Carolina. Data indicates population continues to grow and outpace most areas in the region and generally consists of people with above-average education levels and rising earnings. Due to the growing population, the real estate market in the area has been strong. However, market conditions are changing in response to inflationary pressures/rising interest rates and the local market's property values either stagnated or slightly declined since the peak in June. As such, the outlook for the county is neutral.

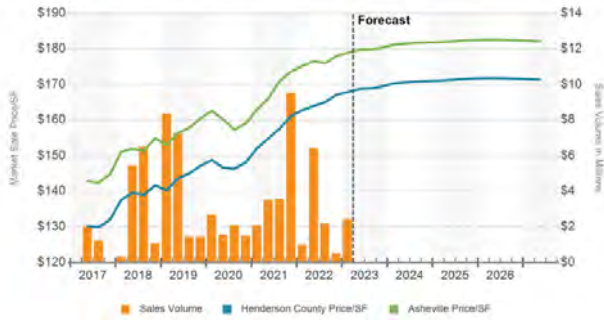
COVID Statement

Please note: The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic on March 11, 2020 by the World Health Organization (WHO) and a national state of emergency was declared on March 13, 2020. It is currently unknown what long-term direct, or indirect, effect this event may have on the national economy, the local economy or the market in which the subject property is located. However, the local residential market has seen an increase in demand since the advent of the pandemic. The greater Asheville area offers low population density, isolation, high quality health care, and outdoor recreation. These qualities have made the greater Asheville area an attractive destination for those looking for either a temporary or permanent safe haven from the pandemic. The increased demand, due to the factors described above, has seen residential property values appreciate at rates greater than is typical for the area. Conversations with local Realtors have revealed that large tracts of land and/or homes on large lots have seen the greatest increase in demand. This has in turn kept the demand for commercial properties, like the subject high, as the commercial sector tries to capture the revenue from the increase in residential demand. It is unclear if this trend will continue considering the development and eventual nationwide distribution of effective vaccines to mitigate the impact of the pandemic. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraisers make no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

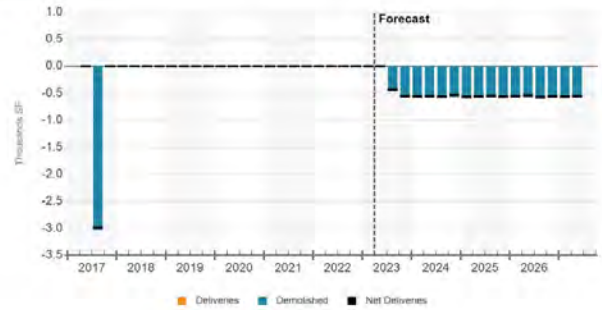
Submarket Analysis

Supply/Demand Analysis - Office

SALES VOLUME & MARKET SALE PRICE PER SF



DELIVERIES & DEMOLITIONS



12 Mo Deliveries in SF

0

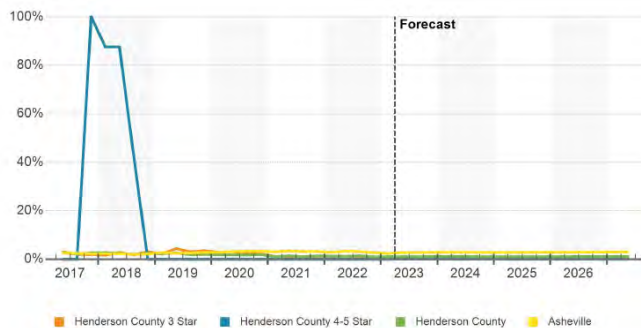
12 Mo Net Absorption in SF

3.2K

The tables above were taken from the CoStar Office report for the Henderson County CoStar submarket area. The tables above indicate a decline sales volume, plateauing sales prices psf, and non-existent deliveries of office properties. The fact that the sales volume, a demand side indicator, is slowing while the supply of new units remains stagnant, is likely contributing to the slowing in the appreciation of +C14 office property values.

Supply/Demand Analysis - Office Properties - Vacancy/Availability Rates

VACANCY RATE



Henderson County Office

Vacancy Rate

1.1%

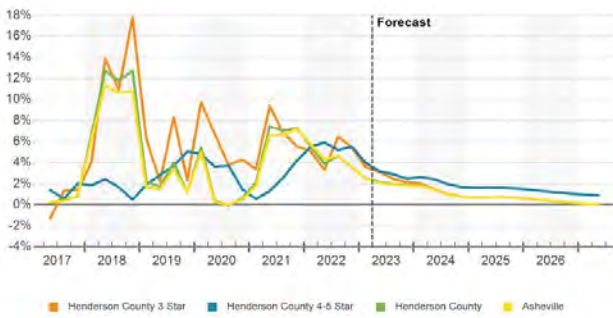
12 Mo Rent Growth

2.3%

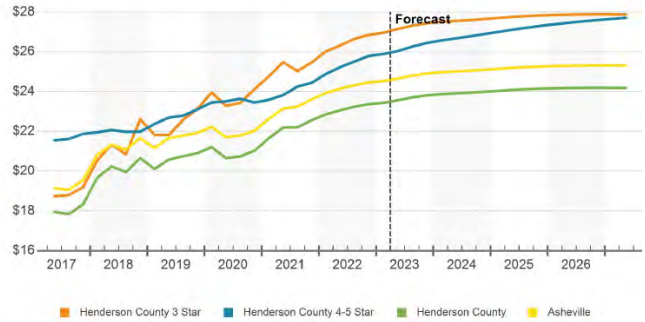
The table above on the illustrates the historical vacancy rate for the Hendersonville office market compared to that of Asheville. The current vacancy rate, per CoStar, is 1.1% and as shown above the vacancy rate has been steady and in tune with Asheville's.

Supply/Demand Analysis - Office - Rental Rates

MARKET RENT GROWTH (YOY)



MARKET RENT PER SQUARE FEET



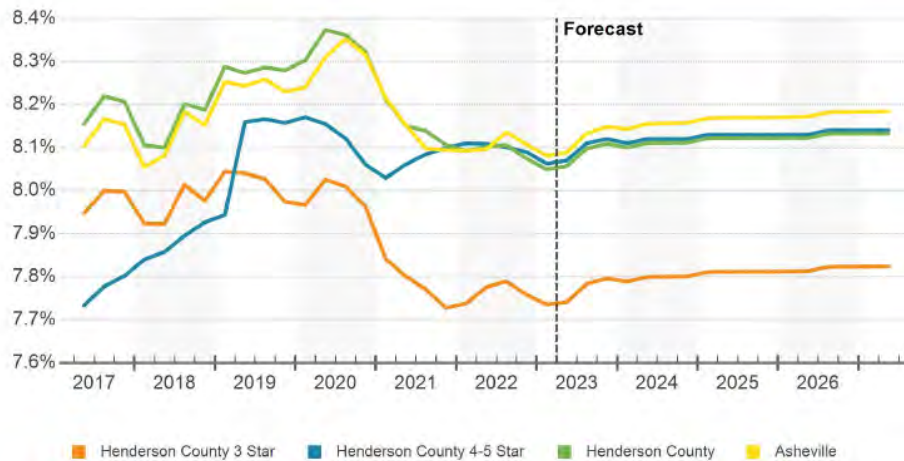
The table on the left shows that Henderson County's office rental rates have increased since the advent of the pandemic and CoStar reports a 2.3% year over year increase in office rental rates. The table on the right illustrates the PSF office lease rates have steadily increased in Henderson County between 2016 and 2022. Rates are forecasted to be stagnant through the year 2025. .

Supply/Demand Analysis - Office - Cap Rates

Sales

Henderson County Office

MARKET CAP RATE



Capitalization rates reflect, at least in part, the risk/reward analysis of investments. Favorable market conditions, such as those present in Henderson County's office market, reduce the amount of risk associated with an investment. Investors typically will accept a lower return on their investment if the investment comes with less risk. As such, one would expect the local office cap rates to be declining based on the market characteristics described herein. The table above illustrates that rates declined between the start of 2019 and the end of 2021. However, rates were stable throughout 2022. The current market cap rate for 3-Star office properties in Henderson County is just under 7.75%.

Subject Neighborhood Analysis

A neighborhood is defined in the Dictionary of Real Estate Appraisal, 5th Edition, as “a group of complementary land uses; a congruous grouping of inhabitants, buildings, or business enterprises”.

Neighborhood analysis is defined as “the objective analysis of observable and/or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. The subject’s neighborhood is shown below. The neighborhood’s boundaries are Willow Road to the west, Spartanburg Hwy to the east, S King Street to the north, and Erkwood Dr and State Street to the south. Most of the neighborhood’s commercial development is located on or between Kanuga Rd and Spartanburg Hwy. The subject is located on White St, between Kanuga Rd and Greenville Hwy, and near the neighborhood’s center.



Access/Linkages

The primary access to the subject’s neighborhood is via Greenville Hwy, Spartanburg Hwy, Kanuga Road, and Willow Rd. The primary thoroughfares through the neighborhood are Greenville Hwy and Spartanburg Hwy which both traverse through the neighborhood in a N/S direction.

The subject’s neighborhood has proximity to numerous state highways, downtown Hendersonville, and I-26 making it attractive businesses/employers. In recent years several large companies, including Amazon and Ingles, have established locations near the neighborhood, which has brought jobs to the area. Additionally, real estate professionals indicated the local real estate market has seen a dramatic increase in development as workers seek to live close to their work and buyers from outside the area are attracted to the rural feel and proximity to amenities offered by the area.

In conclusion, the changing market conditions will likely slow the neighborhood’s growth. However, low inventory and the neighborhood’s desirability to employers and home buyers will buoy the market and limit its decline.

PROPERTY DATA

SITE DESCRIPTION

An analysis of the subject site is particularly important in estimating the highest and best use and for separate valuation of the improvements (when applicable). Below, the subject is delineated in a copy of the Henderson County GIS Map.



Location

The subject is located Located approximately 650' west of the intersection of White Street and Greenville Hwy. The street address of the property is 160 White Street, Hendersonville, NC.

Size/Shape

As discussed earlier, the subject property consists of 0.223 acres.

It should be noted that current tax records indicate a land size of 0.20 acres. NCDOT performed a detailed analysis of recorded documents for the property and determined a tract size of 0.223 acres. As such, this appraisal is based on the assumption that the property contains 0.223 acres.

The subject property has a roughly rectangular shape with approximately 68' front feet on White Street and an average depth of approximately 125'. The subject's shape should not limit its development.

Frontage/Depth/Access

Per measurements taken from the Henderson County GIS, the subject has approximately 68 front feet along White Street and approximately 125' front feet along Jonesborough St. The subject has an average depth of approximately 125'.

The subject access is via Jonesborough St. Overall, access to the subject property is average.

Topography

The topography is nearly level to gently sloping and level.

Soil Conditions

No soil tests were available to the appraiser; however, the soil appears to be suitable for most construction purposes. There were no apparent environmental, soil or sub-soil conditions which would hinder development, as evidenced by the existing improvements in the area.

Zoning

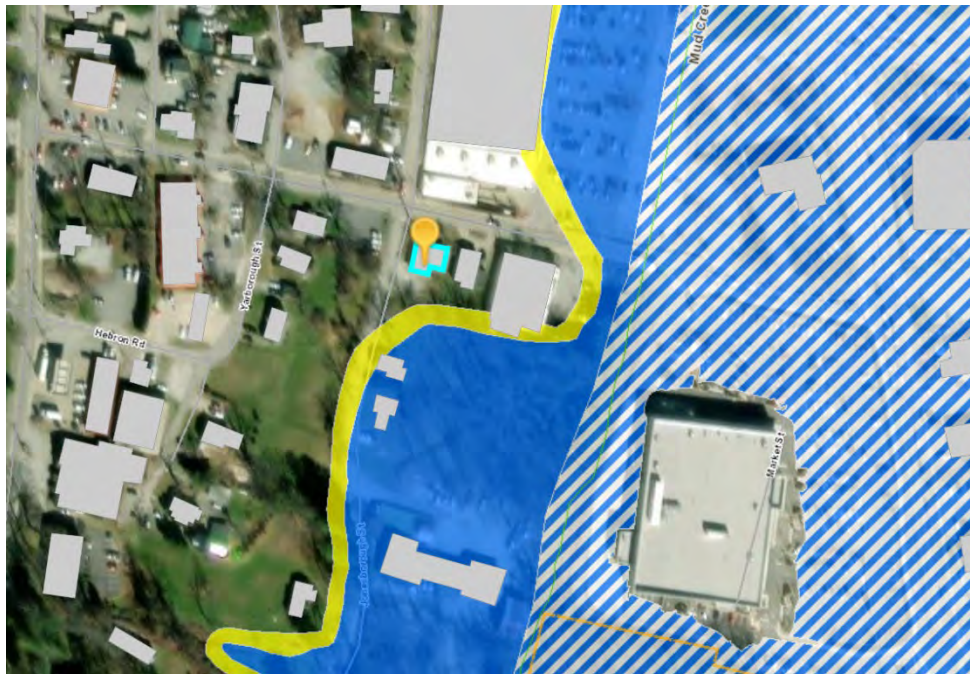
According to the City of Hendersonville's planning department, the subject is in an area zoned C-2 Secondary Business District, which allows for a variety of commercial and residential uses.

This zoning district classification is designed primarily to accommodate a) existing developments of mixed commercial and light industrial uses, and b) certain commercial and light industrial uses compatible with one another but inappropriate in certain other zoning district classifications.

The subject's existing use is a legal use.

Flood Zone

Per FIRM/FEMA Map Number 3700956800J, dated October 2, 2008, a portion of the subject is located within flood zone AE, whereby base flood elevations have been determined. The following is a copy of the FEMA Map:



Utilities

Public utilities including telephone, electricity, public water, and public sewer are currently available and connected to the site.

Easements/Restrictions

Standard utility easements are assumed to be located on the property; however, these easements are assumed to be confined to narrow areas along the frontage and development is not considered to be hindered by this factor. No other easements are known to exist on the subject property.

There are no other known deed restrictions associated with the subject property that would adversely affect its highest and best use. Deed restrictions are a legal matter and only a title examination by an attorney would normally uncover such restrictive covenants. Thus, an examination by a title attorney is recommended on the subject property if any questions regarding such restrictions arise. As of the date of inspection, there were no adverse easements or encroachments affecting the subject property of which this appraiser is aware.

Environmental

I have not been provided with an environmental audit of the subject site. I am not qualified by training or experience to conduct an environmental inspection of the subject property. I am unaware of any potential environmental hazards; however, they could exist, and I recommend consulting a professional in environmental proficiency.

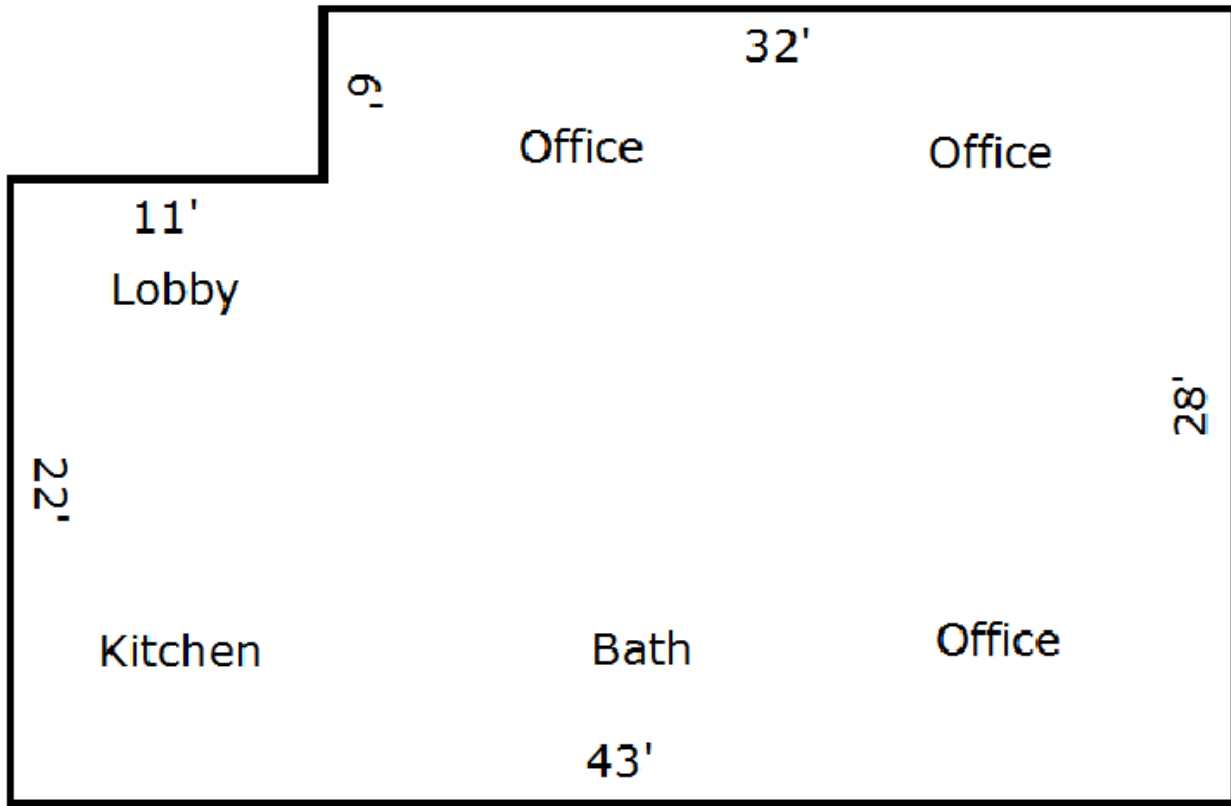
Analysis and Conclusions

The overall physical characteristics for the subject tract are considered to be average for the neighborhood. The subject has developable topography and full OR typical utilities, as well as good access and exposure and is similar to other parcels in the area. While the presence of the flood plain is not a positive factor, it does not necessarily preclude development on the site, as evidenced by the existing improvements.

DESCRIPTION OF THE IMPROVEMENTS

Description of Improvements			
Building Size:	Approximately 1,138 SF of finished space	Year Built:	1952 (per public records)
Unfin SF:	None	Actual / Eff Age:	71 years / 35 years
Condition:	Average	Est. Useful Life:	50 Years
Quality:	Average/Good	Remaining Economic Life:	15 Years
Exterior			
Framing:	Wood	Siding/Exterior:	Masonry
Roof/Foundation:	Metal / Crawl Space	Drainage:	Metal gutters w/downspouts
Windows / Doors:	The subject has wood entrance doors at the front and rear of the building. Windows are double pane throughout.		
Comments:	The subject property's exterior appeared to be in average condition for a building its age in the market. The owner's representative indicated they had recently replaced some of the exterior trim, fascia, and soffit. The subject has a 24'x13' covered carport area which includes a 6'x13' enclosed storage room. The appraiser did not detect any exterior deferred maintenance.		
Interior			
Layout:	The subject is an approximately 1,138 square foot office building. The interior layout consists of a reception area, three private offices, a two-piece bathrooms and a small kitchen.		
Office Walls:	Painted Drywall		
Office Floors:	Tile, Carpet		
Office Ceilings:	Drywall/Sheetrock, Approximately 7.75' to 8' in height.		
Lighting:	Assumed typical and adequate for the subject's use.		
Electrical:	Assumed typical and adequate for the subject's use.		
Restrooms:	The subject has one (1) two-piece HCA bathroom with a commode and sink.		
Life Safety:	Lighted Exit Signs, Fire Extinguisher		
Comments:	The interior of the subject property is in average condition and has been well maintained by the current owner. The appraiser did not detect any interior deferred maintenance. The subject's actual age is 71 years and the appraiser estimates it has an effective age of 35 years. Based on a life expectancy of 50 years, the appraiser estimates the subject has a remaining economic life of 15 years.		

Floor Plan



TOTAL Sketch by a la mode, Inc.

Area Calculations Summary

Living Area	
First Floor	1138 Sq ft
Total Living Area (Rounded):	1138 Sq ft

Property Taxes and Assessments

PIN Number		Assessment	Per 100	Tax Rate	Taxes
9568-74-6451	Land	\$43,600			
	Building	\$61,400			
Total - County		\$105,000	/ 100	x \$0.5610	= \$589.05
Total - City		\$105,000	/ 100	x \$0.5200	= \$546.00
Total					\$1,135.05
Comments	<p>According to the Henderson County Tax Department's website, the taxes are current and the most recent reevaluation was done in 2019 with the next scheduled assessment coming in 2023. Based on the valuation estimate herein, the assessed value IS in favor of the owner. Given my research in the market and based on recent sales, I believe the estimated value in this report accurately reflects the current market value.</p>				

Based on my research, the assessment is consistent with surrounding properties. Significant increases and decreases in the tax rate and assessment level are infrequent and no significant changes that would positively or negatively impact the subject's market value are anticipated. A copy of the subject property card is included within the addenda.

PROPERTY HISTORY

PIN Number	Date	Grantor	Grantee	Bk/Pg	Ind Price
9658-74-6451	1/8/2014	First Citizen Bank & Trust Co.	Akita Properties, LLC	1561/101	\$78,000

Note: A search of county deed records has failed to indicate any additional deed transfers within the previous five years. Should the client/reader have any questions about the deed transfers, they are urged to consult appropriate legal counsel. The legal description of the subject property can be read as written in the deed, a copy of which is included in the Addenda. No current title report was provided to review. The appraiser does not guarantee the history or ownership of the property or the appropriateness of deeds referenced on the tax card. The appraiser is not qualified to perform a title opinion on the subject property and the information within this report is obtained to the best of the appraiser’s ability. This information is in no way to be considered a history of title for the subject property and this report is not to be considered a title opinion regarding the subject property. This is a legal matter beyond the scope of work of this appraisal and the client is urged to have a title report performed.

Listed for Sale or Lease	Based on a search of the local MLS, the owner occupied subject property has not been listed for sale within the previous twelve months. The subject property is currently being marketed for lease. The subject's representative indicated they were trying to rent the property for \$1,400 to \$1,500 per month.
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Previous Transactions	As shown above, the subject property has not been sold or transferred within the five year period preceding the effective date of value. The current owner acquired the property from First Citizen Bank in an off market sale.
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The most recent deed referencing the subject property is recorded in Deed Book 1561, Page 101 of the Henderson County Register of Deeds (January 8, 2014).

HIGHEST AND BEST USE

Highest & Best Use

According to The Appraisal of Real Estate, 15th Edition, © by The Appraisal Institute, 2020, page 305, the highest and best use is defined as "The reasonably probable use of property that results in the highest value."

In order for a use to be "reasonably probable" it must be legally permissible, physically possible, and financially feasible. All uses that are deemed to be reasonably probable are examined for economic productivity and the reasonably probable use that is maximally productive is the "highest and best use."

The procedure to estimate a site's highest and best use is to consider, in sequence, the sites legally permissible uses, the physically possible uses, the financially feasible uses, and finally the maximally productive use. The highest and best use of the subject property must be analyzed both "as vacant" and "as improved." A discussion of each type of highest and best use follows.

As Vacant

Legally Permissible

Legal restrictions as they apply to a property include both private restrictions and public restrictions. The subject site is subject to typical right of way restrictions. In addition, typical utility easements may exist but these are not prohibitive to the development of the subject site. A portion of the subject is in the flood plain. However, surrounding developments and the subject's existing improvements indicate development is possible.

Per public records, the subject is in an area zoned C-2 Secondary Business District, which permits a variety of commercial and residential uses. Given the subject's zoning and surrounding land use patterns only commercial use is given further consideration in determining highest and best use of the site, as though vacant.

Physically Possible

Site size, topography, availability of utilities, access, street frontage, and environmental factors are important determinants of physically possible uses. The size of the subject site and the availability of utilities make the site suitable for commercial/industrial use. Existing structures on nearby sites provides additional evidence for the physical possibility of development.

Financially Feasible

From a financial standpoint, any property development that would produce a positive rate of return is considered a financially feasible use. Based on information contained in this report, my analysis of the market, and conversations with realtors and other professionals active in the subject area real estate market, there is some demand for additional commercial development. Thus, commercial development is considered financially feasible.

Maximally Productive

The final test of highest and best use of the site as if vacant is that the use be maximally productive, yielding the highest return to the land. Under the current economic conditions, there does not appear to be any reasonably probable use of the site that would generate a higher residual land value than development of a commercial use.

Highest & Best Use As Vacant - Conclusion

Given the subject's location, size, and the type of utilities currently available the Highest & Best Use of the subject property as vacant is:

Commercial Use

Highest and Best Use – As Improved

When looking at the question of the highest and best use of an improved site, the four tests apply. However, these generally do not provide a sufficient framework for answering the highest and best use question. Rather, I will consider three possible scenarios regarding the improvements, and which of the three makes the most sense. From an investment standpoint, what would the most probable buyer of this improved site do with the improvements?

1. Keep using them the way they exist?
2. Make modifications to what exists?
3. Demolish the existing improvements to obtain a vacant site?

First, however, it is illustrative to note that the improvements are in fact a legal use and it is obvious the improvements are physically possible.

Option 1 is straightforward and self-explanatory. A buyer would purchase the property and utilize the improvements, as they exist. This is very likely to happen.

Option 2, modifying the existing property, implies re-developing or renovating the property/improvements to offer a different configuration from what exists. This is not required.

In view of the foregoing, in my opinion Option 3 is not reasonable. It would not be prudent to demolish the existing buildings to start over with a vacant site.

Based on my analysis, it is my conclusion that the existing improvements provide a value above land value as vacant. The maximally productive use and highest and best use of the subject property is for the continued use of the property for commercial office use.

VALUATION OF PROPERTY BEFORE THE TAKING

VALUATION OF PROPERTY BEFORE THE TAKING

COST APPROACH

The Cost Approach is based on the assumption that the value of the property tends to reflect the value of the site, plus the current cost to produce the improvements, less any existing depreciation. It is based on the principle of substitution stating that an informed and prudent buyer would pay no more for a property than the cost to acquire a similar site and construct improvements of equivalent desirability and utility without undue delay. The steps taken are as follows:

1. Estimate the value of the site (land) as if vacant.
2. Estimate the reproduction (or replacement) cost new of all of the improvements.
3. Estimate accrued depreciation from all causes: physical deterioration, functional obsolescence and economic obsolescence.
4. Deduct accrued depreciation from the cost new of the improvements to arrive at a depreciated improvement value.
5. Add the site value to the depreciated improvement value for a final value estimate.

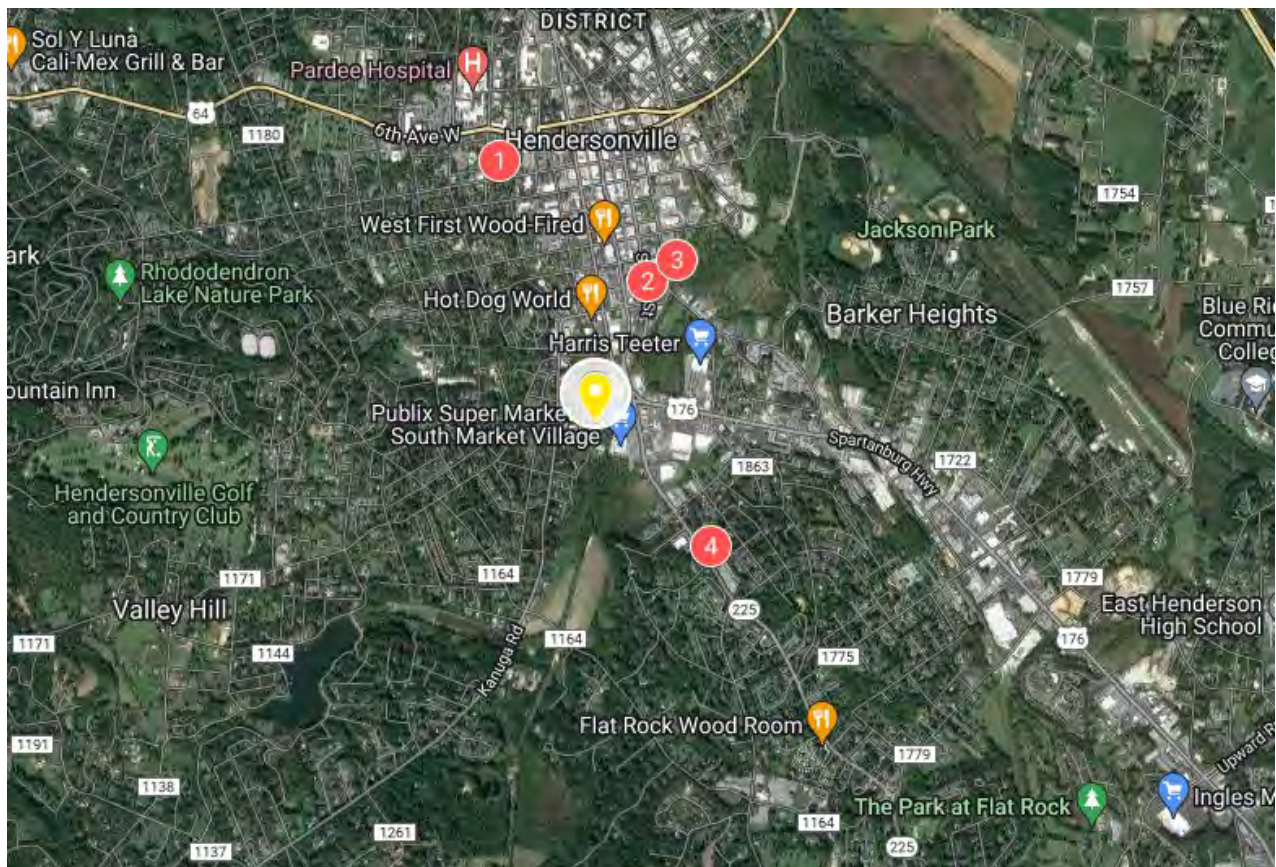
Land Valuation

In order to estimate the value of the site as if vacant and available for development to its highest and best use, I researched recent sales of similar land tracts in the market area. Each sale utilized in this analysis is compared to the subject tract with respect to such factors as conditions of sale, time, location, size, shape, physical characteristics, zoning, utilities, and functional utility.

The appraiser was able to locate sales from the subject's market of vacant parcels similar to the subject site. The following sales represent the best local data available.

Following are comparable sales sheets, sales map, and a chart summarizing the relevant sales details and physical features of each sale. The chart also demonstrates the adjustments made to the comparable sales as each relates to the subject tract. An explanation of the adjustments follows the chart

Subject Property & Land Sales Map



North Carolina Department of Transportation

Right of Way Branch

Land Comparable #1

Address	524 Fleming Street	Tax ID	9568-68-2752
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28739

Transaction Details

Sales Price	\$250,000	Date of Sale	9/10/2021
Grantor	Bobby Wright & Michael Wright	Grantee	LJAC Holdings, LLC
Financing Terms	Cash to Seller	Book/Page, ExTx	3782/3, \$500 ExTx
Conditions of Sale	Market	Adjustments	None
Verification	Realtor, GIS, MLS, PR	Adj. Sales Price	\$250,000
Verified By	Joshua R Marr	Sales History	Deed Trans 7/27/17 via 3083/610 for \$92,500

Site

Location	Average	Size (Acres)	0.43
Topography	Gently Sloping	Frontage	92' on Fleming St
Access	Fleming Street	Shape	Roughly Rectangular
Zoning	MIC	Views/Aesthetics	Typical
Flood Zone	Not in Flood Hazard Area	Utilities	All Public
Soil / Drainage	Typical / Adequate	Present Use	Vacant
Ex R/W Areas (Ac)	0.000	HBU	Commercial Development
Net R/W Areas (Ac)	0.430	Cleared / Wooded	100% / 0%

Indicators

Sales Price p/Ac	\$581,395.35	Sales Price p/Ac Adj.	\$581,395.35
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Remarks

Approximately 0.43 acre unimproved parcel located on the edge of Hendersonville's medical district. Buyer's intended use is to develop a dental office on the site.

Photos



Taken By : Josh Marr



Date Inspected: 11/2/2022

North Carolina Department of Transportation

Right of Way Branch

Land Comparable #2

Address	Intersection of S King & E Barnwell St	Tax ID	9568-86-6563, 9568-86-5592
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28792

Transaction Details

Sales Price	\$355,000	Date of Sale	5/24/2022
Grantor	Baker Construction, Inc.	Grantee	Cabin Dream Homes, Inc.
Financing Terms	Cash to Seller	Book/Page, ExTx	3921/278, \$710 ExTx
Conditions of Sale	Market	Adjustments	\$0
Verification	Realtor, GIS, MLS, PR	Adj. Sales Price	\$355,000
Verified By	Joshua R Marr	Sales History	No Deed Transfers Previous Three Years

Site

Location	Average	Size (Acres)	0.48
Topography	Mostly Level	Frontage	135' on E Barnwell, 145' on S King St
Access	Via E Barnwell & S King St	Shape	Roughly Rectangular
Zoning	CMU - Central Mixed Use	Views/Aesthetics	Typical
Flood Zone	Not in Flood Hazard Area	Utilities	All Public
Soil / Drainage	Typical	Present Use	Vacant Land
Existing R/W Areas	0.00	HBU	Commercial Development
Net R/W Areas	0.48	Cleared / Wooded	90% / 10%

Indicators

Sales Price p/Ac	\$739,583.33	Sales Price p/Ac Adj.	\$739,583.33
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Remarks

Almost a half acre of unimproved land located just a block from Main St in downtown Hendersonville. Zoned CMU, or Central Mixed Use, which permits a variety of commercial uses.

Photos



Taken By : JRM

Date Inspected: 11/2/2022

North Carolina Department of Transportation

Right of Way Branch

Land Comparable #3

Address	TBD Pine St	Tax ID	9568-97-1118, 9568-97-1121
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28792

Transaction Details

Sales Price	\$210,000	Date of Sale	8/6/2021
Seller	James & Joann Doyle	Grantee	Tristan Patterson
Financing Terms	Conventional	Book/Page	3761/582
Conditions of Sale	Market	Adjustments	None
Verification	Attorney, GIS, MLS	Adj. Sales Price	\$210,000
Verified By	Joshua R Marr	Sales History	Deed Trans on 5/23/19 via 3337/515 for \$120k

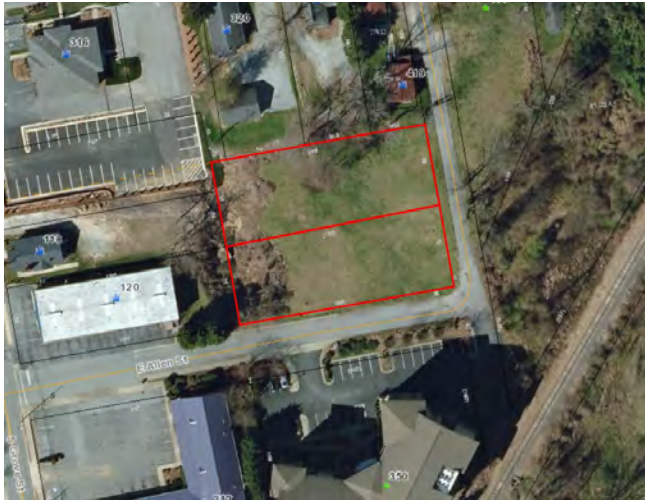
Site

Location	Average	Size (Acres)	0.66
Topography	Mostly Level	Frontage	140' on Pine St, 190' on E Allen St
Access	Average	Shape	Roughly Rectangular
Zoning	CMU	Views	Average
Flood Zone	Not in FZ	Utilities	All Public Available
Sales Price p/Ac	\$318,181.82	Sales Price p/Ac	\$318,181.82

Indicators

Sales Price p/Ac	\$318,181.82	Sales Price p/Ac Adj.	\$318,181.82
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Comments	Two separate adjacent lots located at the corner of E Allen St and Pine St. Lots sold in May 2019 for \$120,000. The 2021 sales price of \$210,000 indicates an annual increase of 33.33%.		
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North Carolina Department of Transportation
Right of Way Branch

Listed Land Comparable #4

Address	1002 & 1004 Greenville Hwy	Tax ID	9568-92-3348, 9568-92-4311
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28792

Transaction Details

List Price	\$435,000	Date of Sale	N/A
Grantor	Edwin Weaver, et al	Grantee	N/A
Financing Terms	Cash	Book/Page, ExTx \$	1532/213, \$125 ExTx
Conditions of Sale	Market	Adjustments	\$0
Verification	Realtor, MLS, GIS, PR	Adj. Sales Price	\$435,000
Verified By	Joshua R Marr	Sales History	No Deed Transfers Prev Three Years

Site

Location	Average	Size (Acres)	0.68
Topography	Mostly Level	Frontage	210' on Greenville Hwy
Access	Greenville Hwy	Shape	Irregular
Zoning	GHMU	Views/Aesthetics	Typical
Flood Zone	Not in Flood Plain	Utilities	All Public
Soil	Typical	Drainage	Appears Adequate
Present Use	Vacant	HBU	Commercial Development
Exist R/W Areas	N/A	Cleared/Wooded	100% / 0%

Indicators

Sales Price p/Ac	\$639,705.88	Sales Price p/Ac Adj.	\$639,705.88
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Remarks

Two Parcels combined for approximately 0.62 acres of unimproved land with frontage along Greenville Hwy. Was placed on the market on 3/13/23.

Photos



Taken By : JRM

Date Inspected: 4/26/2023

Comparable Sales Analysis Grid					
	Subject	Sale #1	Sale #2	Sale #3	Listed Sale #4
Property Address	160 White Street	524 Fleming Street	Intersection of S King & E Barmwell St	TBD Pine St	1002 & 1004 Greenville Hwy
City	Hendersonville	Hendersonville	Hendersonville	Hendersonville	Hendersonville
Date of Sale	4/26/2023	9/10/2021	5/24/2022	8/6/2021	Listing
Property Rights	Fee Simple	Similar	Similar	Similar	Similar
Financing		Similar	Similar	Similar	Similar
Conditions of Sale	Assumed Market	Similar	Similar	Similar	Superior
Market Conditions	Average	Inferior	Inferior	Inferior	Similar
Expenditures After Sale		None	None	None	None
Location	Average	Superior	Superior	Similar	Superior
Size (Acres)	0.223	0.430	0.480	0.660	0.680
Topography	Mostly Level	Similar	Similar	Similar	Similar
Frontage/Access	Average	Similar	Similar	Similar	Similar
Visibility	Average	Similar	Similar	Inferior	Similar
Shape/Utility	Roughly Rectangular /Average	Similar	Similar	Similar	Similar
Easements/Encroachments	Typical	Similar	Similar	Similar	Similar
Zoning	C2 - Secondary Business	Similar	Similar	Similar	Similar
Views/Aesthetics	Typical	Similar	Similar	Similar	Similar
Flood Zone	Portion in FZ	Superior	Superior	Superior	Superior
Utilities	All Public	Similar	Similar	Similar	Similar
Sales Price		\$250,000	\$355,000	\$210,000	\$435,000
Sales Price/Acre		\$581,395	\$739,583	\$318,182	\$639,706
Adjustments					
Property Rights		0.00%	0.00%	0.00%	0.00%
Financing		0.00%	0.00%	0.00%	0.00%
Conditions of Sale		0.00%	0.00%	0.00%	-8.00%
Expenditures After Sale		0.00%	0.00%	0.00%	0.00%
Market Conditions		8.12%	4.62%	8.60%	0.00%
Net Adjustments (%)		8.12%	4.62%	8.60%	-8.00%
Indicated Dollar Adjustments		\$20,308	\$16,388	\$18,066	-\$34,800
Indicated Value per Acre		\$628,624	\$773,726	\$345,554	\$588,529
Location		-15.00%	-20.00%	0.00%	-15.00%
Size (Acres)		5.00%	5.00%	10.00%	10.00%
Topography		0.00%	0.00%	0.00%	0.00%
Frontage/Access		0.00%	0.00%	0.00%	0.00%
Visibility		0.00%	0.00%	15.00%	0.00%
Shape/Utility		0.00%	0.00%	0.00%	0.00%
Easements/Encroachments		0.00%	0.00%	0.00%	0.00%
Zoning		0.00%	0.00%	0.00%	0.00%
Views/Aesthetics		0.00%	0.00%	0.00%	0.00%
Flood Zone		-5.00%	-5.00%	-5.00%	-5.00%
Utilities		0.00%	0.00%	0.00%	0.00%
Net Adjustments (%)		-15.00%	-20.00%	20.00%	-10.00%
Indicated Dollar Adjustments		-\$94,294	-\$154,745	\$69,111	-\$58,853
Adjusted Value per Acre		\$534,330	\$618,981	\$414,665	\$529,676
Indicated Value Range:	\$414,665	to	\$618,981		
Mean:	\$524,413				
Median:	\$532,003				
Total Acres:	0.223				
Value per Acre:	\$525,000				
Value Indication:	\$117,075				
Final Value Indication:	\$117,075				

Units of Comparison

When comparing the adjusted sales to the subject property, the unit of comparison given the most consideration is the sales price per acre. After an inspection of the subject property, inspections of each of the comparable sales, and an analysis of the sales data, the price per acre was considered reflective of market conditions and the attitudes of local market participants. This method of analysis is considered to provide a reasonable method of comparison between the subject and comparable sales.

Explanation of Adjustments

The preceding sales taken from the local market represent the most current and best data available. Each of the sales was compared to the subject tract and adjusted, as necessary, for differences reflected in market sales price. Those properties with characteristics considered superior received downward adjustments reducing the indicated

value of the subject property. Conversely, those properties with inferior characteristics received upward adjustments, thus increasing the indicated subject value. Adjustments are made in percentage of sales price increments. The following is a discussion of the comparisons used in the analysis. The first set of adjustments represent transactional adjustments to account for features of the transaction, while the second set of adjustments are intended to account for the physical features of each of the properties.

Analysis

Transactional Adjustments

Market Conditions

As discussed in the market analysis section, over the last two years residential property values have appreciated at rates between 5% and 20%. Real estate professionals indicate commercial property values have appreciated at rates between 2% and 10%. As such the appraiser made a 5.0% market conditions adjustment to the comparables from their date of sale thru 7/1/2022. As shown in the market analysis section, market data indicates local real estate values peaked in June 2022 and have been stagnant ever since. As such, no market conditions adjustment was made 7/1/22 through the date of value.

No adjustments were necessary for Property Rights, Financing, Conditions of Sale, or Expenditures after the Sale.

Location

Sale 1 and Sale 2 are located within the downtown Hendersonville area are superior. They were adjusted downward. Sale 3 is also in the downtown area, but at its boundary and in a low trafficked area. It was similar for location. Sale 4 is located on Greenville Hwy in an area with a higher average daily traffic count than the subject's traffic count. It was superior and adjusted downward.

Size

Based on economies of scale, larger tracts of land typically sale at a lower per unit value than smaller tracts. All of the sales are materially larger than the subject making them all inferior. Upward adjustments were made.

Visibility

Sale 3 sits below surrounding development and at the extreme of a developmental zone making it inferior for visibility. It was adjusted upward.

Flood Zone

A portion of the subject is in the flood plain. None of the Sales are not affected by the flood plain making them superior. They were adjusted downward.

Summary:

Unadjusted Range: \$318,182/Acre to \$739,583/Acre, Average \$569,717/Acre

Adjusted Range: \$414,665/Acre to \$618,981/Acre, Average \$524,413/Acre

Conclusion

The appraiser could not locate any sales of properties characteristically like the subject property. The appraiser placed equal weight on all sales and a value of \$525,000 per acre is estimated and considered appropriate for the subject property.

The calculations for the value estimate are follows:

Land Value Estimate: \$117,075 (0.223 AC x \$525,000/Acre)

Improvement Valuation

The next step in the process is the estimate of value for the existing improvements on the subject property. In this instance, the reproduction cost new of the improvements was used. Reproduction Cost is defined as follows:

“...the estimated cost to construct, at current prices as of the effective appraisal date, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design layout, and quality of workmanship, and embodying all the deficiencies, super-adequacies, and obsolescence of the subject building.”¹

Information regarding cost for the subject’s building and site improvements was taken from the *Marshall Valuation Service Cost Handbook*, a national cost service localized to the Asheville MSA. This cost estimate is also supported from estimates provided by local builders and tradesmen, contractors, well and septic tank installers, graders, landscapers, and local retailers.

Cost Guide

The *Marshall Valuation Service* costs provide per-square foot unit costs of comparison, which includes certain soft costs such as architectural and engineering fees as well as all financing costs associated with the construction loan. Furthermore, since the *Marshall Handbook* addresses all base improvement costs on the basis of national averages, multipliers are provided to adjust for variances in time and location, and any other specific parameters that may be necessary according to the specific construction criteria of the subject. A summary of the cost guide data is provided as follows.

COST ESTIMATE DATA	
Marshall and Swift Cost Handbook	
Reference	Section 15, Page 17
Building Type	Office
Class of Construction	D
Quality	Average/Good
Base Cost/Square Foot	\$167.00
No. Stories	0.00
Front Porch	2.25
Deck/Walk-way	0.74
Carport	6.63
Other	0.00
Adjusted Base Cost	\$176.62
Multipliers:	
Floor Area	1.235
Story Height	0.900
Current Costs	1.070
Local Costs	0.950
Adjusted Costs	\$199.55

Adjustments and Refinements

In addition to the base costs for the subject, refinements are applied to account for the time that has passed since the guide was published (Current Costs), the region in which the property is located (Local Costs) and the shape of the dwelling (Shape Multiplier). These adjustments result in an estimated cost per square foot of \$199.55 psf. A local building contractor for Perkins Brothers Builder’s in Bryson City, NC indicated current costs for average to good quality office space would likely range between \$150 and \$250 per square foot of building area. As such, \$199.55 per square foot seems reasonable.

Reconciliation of Direct Costs

In reconciliation of the direct cost estimates, the cost information provided by local builders and developers is considered generally more reliable than the valuation service. However, the estimate from the *Marshall Valuation Service* was generally in line with and fall within the range provided by local builders and will be used in this analysis.

In addition, the subject property has an approximately 11’ x 6’, 66 sf, covered front porch Marshall & Swift estimated at \$38.79 PSF or approximately \$2,560 to construct. For the subject’s 1,138 sf, the front porch will add \$2.25 psf.

¹ The Appraisal of Real Estate. 14th Edition, page 569

The subject property has an approximately 84 sf wood access ramp Marshall & Swift estimated at \$9.99 PSF or approximately \$839 to construct. For the subject's 1,138 sf, the access ramp will add \$0.74 psf.

The subject property has an approximately 24' x 13', or 312 sf, carport Marshall & Swift estimated at \$24.18 PSF or approximately \$7,544 to construct. For the subject's 1,138 sf, the carport will add \$6.63 psf.

Indirect Costs

Indirect or "soft" costs typically include land holding costs of property taxes and interest, entrepreneurial profit, and professional fees.

- Property taxes on the vacant land for the first year are estimated based on the tax rates discussed within the report. While the construction period may be less, the majority of developers use the additional expense as a buffer against rising taxes, new assessments, etc. Though the current use is exempt from property taxes, the appraiser applied the current rates to the land value to estimate the land taxes at approximately \$493.
- In line with local developer estimates, professional fees and Legal/Finance/Contingencies are estimated at 5.0% each of cumulative direct and indirect costs and cover lawyer's fees, points on loans, application fees, appraisal fees, interest on land loans, closing costs and a standard contingency to allow for market variation in costs or unexpected increases.
- Entrepreneurial Incentive is not included in the cost per square foot estimate. Entrepreneurial incentive is defined as follows:

"the amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called developer's profit) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement." (Appraisal of Real Estate, 15th Edition, page 573)

Incentive differs from an actual measure of profit, which is most easily measured as the difference between the total costs and sales price of a speculatively constructed property. In the absence of cost data and sales of speculatively built properties which were immediately sold, entrepreneurial profit is difficult to estimate. Further, it is also reflected in use value (owner-occupied properties) and in greater than normal returns in leased properties that are retained by the owner or developer. In both cases, entrepreneurial profit becomes obscured by appreciation if measured at a sale which occurs at a later date. The concept of incentive relies on the expected, or anticipated, profit rather than the actual profit obtained.

In the case of the subject property, entrepreneurial profit is estimated to be 10%.

Explanation of Depreciation

The estimate of depreciation may be defined as the differential between the reproduction cost new at the date of the appraisal and the current market value of the improvements. Depreciation results in a decrease in value over time due to physical forces, functional obsolescence and/or external (economic or locational) obsolescence.

With respect to the building, the depreciation is estimated using the *Breakdown Method* which isolates all forms of depreciation.

Physical deterioration to the structure is based on the age/life method. Reproduction cost estimates for the short-lived items are based on contractor's quotes which are supported by the *Marshall Valuation Service Handbook*. Economic life estimates and depreciation estimates are based on market derived data and analysis, observations made during the inspection, conversations with the owners, and observation of similar components in similar improvements.

Physical deterioration is generally considered as normal wear of the improvements through age, use and other forces. This form of deterioration can be either curable or incurable. Curable physical deterioration is typically referred to as deferred maintenance, as it often results from improper maintenance or delayed repairs. Physical deterioration is considered curable only when the cost to cure is less than the value contribution derived from resolving the deferred maintenance. When the cost to cure physical deterioration exceeds the benefit derived from the renovations, this form of deterioration is labeled incurable as it is not financially feasible to cure the components as of the date of the appraisal. Incurable physical deterioration can be subdivided into short-lived and long-lived components.

Short-lived components include all building and site improvements which have useful lives of shorter term than the main infrastructure of the building such as roof, floor coverings, water heater(s), appliances, paint, HVAC components and more. It should be noted that some of the listed items are minor in nature and would typically be replaced in the normal course of building maintenance (items such as water heaters, minor appliances, and paint). The chart below displays short-lived items that are large enough expenses to be depreciated and accounted for in the analysis.

Physical Incurable Short Lived Depreciation									
Office Building Component:	No.	x	Item Cost =	Cost New	x	Effective Age /	Economic Life	=	Accrued Depreciation
Heating	Lump Sum @		=	\$10,000	x	10 /	20	=	\$5,000
Roof Cover	1,500	x	7 =	\$10,500	x	10 /	30	=	\$3,500
Floor Cover	1,138	x	6 =	\$6,828	x	10 /	20	=	\$3,414
Totals				\$27,328					\$11,914

As noted, tax records indicate the subject building was constructed in 1952 and is 71 years old as of the appraisal date. Its effective age is estimated to be 35 years. The total economic life of the improvements is estimated to be approximately 50 years. As such, the building has approximately 15 years of remaining life. Incurable physical depreciation (long-lived components) is therefore estimated at 70.00% (35 years effective age/50 years economic life), accordingly. No additional economic or functional obsolescence was noted.

Miscellaneous & Site Improvements

Value estimates for the site improvements are included based on their estimated depreciated contributory values. Reproduction costs for the site improvements are based upon the actual price quotes provided by those active in the local market, local contractors, the *Marshall Valuation Service Handbook*, and cost information maintained in the appraiser's files.

The following chart details the miscellaneous and site improvements, cost new, and estimated depreciation.

Description	Quantity	Unit	\$/Unit	=	Cost New	x	Dep. Estimate	=	Total Dep.	=	Total Dep. Value
Gravel	3000	EA	\$2.00	=	\$6,000	x	50.00%	=	\$3,000	=	\$3,000
Landscaping/Grass	1	EA	\$5,000.00	=	\$5,000	x	0.00%	=	\$0	=	\$5,000
Total					\$11,000				\$3,000		\$8,000
									Rounded,		\$8,000

Using Henderson County's GIS measurement tool, the appraiser estimates the subject has approximately 3,000 square feet of gravel parking area and driveway. Data in the appraiser's files and estimates from local contractor's indicate gravel paving costs around \$2.00 per square foot in the subject's area, which is used in the following analysis. The gravel appeared to be in average condition and was depreciated 50%.

The subject has a grass area and landscaping, which the appraiser estimates has a contributory value of approximately \$5,000.

Cost Approach Conclusion

The Cost Approach – Before indicated a value of \$214,875, as shown in the following table.

Summary of Cost Approach to Value - Before

House

Direct Costs:

Office	1,138	x	\$199.55	=	\$227,088	
Total Direct costs						<u>\$227,088</u>

Indirect Costs:

Property Taxes (Land)				=	\$493	
Professional Fees		@	5.0%	=	\$11,354	
Legal/Finance/Contingencies		@	5.0%	=	\$11,354	
Entrepreneurial Incentive		@	10.0%	=	\$25,029	
Total Indirect Costs						<u>\$ 48,231</u>

Estimated Reproduction Cost New

\$ 275,319

Less: Accrued Depreciation

A. Physical Depreciation:

i. Deferred Maintenance Items: Lump Sum \$0

ii. Curable Physical Deterioration (Short Lived):

<u>Item:</u>	<u>Cost New</u>	<u>% Deprec</u>	<u>Amount</u>
Heating	\$10,000	50%	\$5,000
Roof Cover	\$10,500	33%	\$3,500
Floor Cover	\$6,828	50%	\$3,414
Short Lived Totals:	<u>\$27,328</u>		<u>\$11,914</u>

iii. Incurable Physical Deterioration (Long Lived):

1. Effective Age (years)	35			
2. Remaining Physical Life (Years)	15			
3. Estimated Total Life (Years)/%	<u>50</u>	70%		
4. Reproduction Cost New			\$275,319	
5. Less: Deferred Maintenance and Short Lived Items			<u>\$27,328</u>	
6. Proportionate Cost New of Remaining Components			\$247,991	
7. Estimated Physical Depreciation of Remaining Components				
8. Thus,	\$247,991	x	70%	= <u>\$173,594</u>

Total Physical Depreciation \$185,508

B. Functional Obsolescence: \$0

C. Economic Obsolescence \$0

Total Depreciation Estimate

\$185,508

Depreciated Reproduction Cost New

\$89,811

Plus: Site Improvements (Contributory Value)

\$8,000

Plus: Estimated Land Value

\$117,075

Total Indicated Value via the Cost Approach

\$214,886

Rounded, \$214,875

Sales Approach

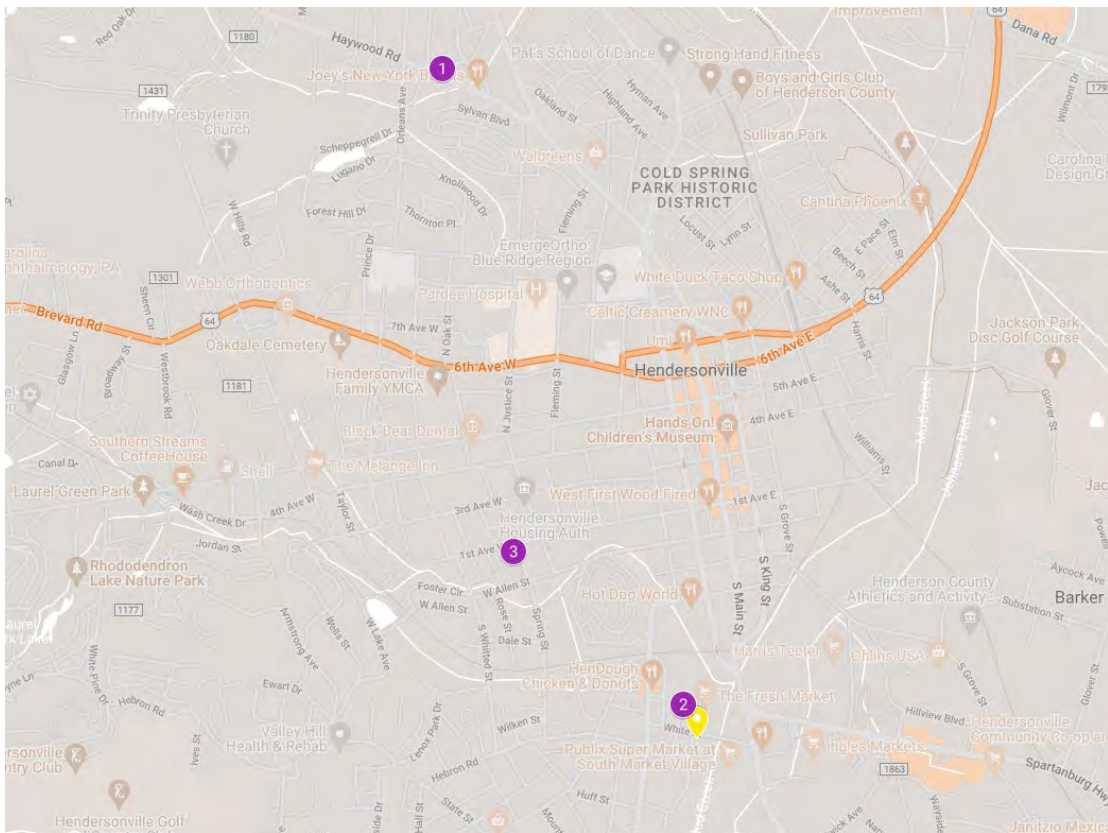
The value of the subject property will be estimated using the Sales Comparison Approach to Value by comparing the subject property to similar improved properties and making the necessary adjustments to the comparable sales considering factors such as: 1) Property Rights Conveyed, 2) Financing, 3) Conditions of Sale, 4) Market Conditions, 5) Expenditures after the Sale, 6) Location/Access, and 7) Physical Characteristics.

The appraiser made a careful survey of the area and found several sales within the subject area, which are comparable to the subject property. All comparable sales are in areas with similar property characteristics and zoning, if any. The appraiser believe that the quantity and quality of the following sales data, after proper adjustments, produce a sound estimate of value for the subject property. The improved property sales considered comparable to the subject follow on the immediate pages. This valuation is valid only for the uses defined in this report.

Improved Comparables Sales Summary

No.	Location	Sales Date	Price	Size (SF)	Price/SF
1	1538 Haywood Rd	3/2/2020	\$290,000	1,875	\$154.67
2	604 Yarborough St	6/9/2022	\$275,000	868	\$316.82
3	726 1st Ave W	2/15/2023	\$215,000	1,440	\$149.31

Subject Property and Sales Comparable Location Map



NC Department of Transportation

Right of Way Branch

Sales Comparable #1

Address	1538 Haywood Rd	Tax ID	9569-42-8528
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28792

Transaction Details

Sales Price	\$325,000	Date of Sale	3/2/2020
Grantor	Joyce Malia	Grantee	Wig-In-Out Salon, LLC
Financing Terms	OF @ Market Rates & Terms	Book/Page	3457/685
Conditions of Sale	Market	Adjustments	(\$35,000)
Verification	Gary Jones,	Adj. Sales Price	\$290,000
Verified By	Joshua R Marr	Sales History	Trans on 11/15/17 via 3129/374 for \$240k

Site

Land Acres	0.29	Topography	Level
Frontage	180' on Haywood Rd, 165' on Ashwood	Utilities	All Public
Zoning	C-3	Shape	Irregular
Traffic Count	9,200	Flood Plain	Not in FP

Improvements

Building Type	Single Tenant Retail/Office Building	Year Built	1960 (per public records)
Size (SF)	1,875	Age	62 Years
Construction	Wood	Condition	Good
Roof/Foundation	Fiberglass Shingle / Slab	Quality	Average
Parking	Onsite, Adequate	HVAC	Central Heat & A/C

Indicators

Sales Price / SF	\$173.33	Sales Price / SF Adj.	\$154.67
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Remarks

Property sold with some equipment valued at \$35,000 which as deducted from the sales price. Interior has been remodeled in 2018.

Photos



Inspected by Appraiser on 9/7/2022

NC Department of Transportation

Right of Way Branch

Sales Comparable #2

Address	604 Yarborough St	Tax ID	9568-74-5814
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28739

Transaction Details

Sale Price	\$275,000	Date of Sale	6/9/2022
Grantor	Benzinger Properties, LLC	Grantee	Michael Miconi & Kelly Roper
Financing Terms	Conventional	Book/Page	3924/289
Conditions of Sale	Market	Adjustments	None
Verification	Realtor, GIS, MLS	Adj. Sales Price	\$275,000
Verified By	Joshua R Marr	Sales History	No Deed Transfers Prev 3 Years

Site

Land Acres	0.15	Topography	Mostly Level
Frontage	75' on Yarborough St, 110' on Davis St	Utilities	All Public
Zoning	C-2	Shape	Slightly Irregular
Traffic Count	7,300 on Kanuga Rd	Flood Plain	Not in Flood Plain

Improvements

Building Type	Single-Tenant Office/Retail Bldg	Year Built	1939, Renovated in 2020
Size (SF)	868	Age	83 Years
Construction	Masonry	Condition	Average
Roof/Foundation	Comp Shingle / Slab	Quality	Average
Parking	Onsite, Adequate	HVAC	Central

Indicators

Sales Price / SF	\$316.82	Sales Price / SF Adj.	\$316.82
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Remarks

Approximately 868 square foot office property located on Asheville Hwy and in close proximity to Kanuga Rd & S Main St.

Photos



Inspected by JRM on 4/26/2023

NC Department of Transportation

Right of Way Branch

Sales Comparable #3

Address	726 1st Ave W	Tax ID	9568-56-5713
City	Hendersonville	State	North Carolina
County	Henderson	Zip Code	28739

Transaction Details

Sale Price	\$215,000	Date of Sale	2/15/2023
Grantor	Betty R Johnson	Grantee	Lighten the Attic, LLC
Financing Terms	Market	Book/Page	4013/639
Conditions of Sale	Market	Adjustments	\$0
Verification	Realtor, CoStar, GIS, Public Records	Adj. Sales Price	\$215,000
Verified By	Appraiser	Sales History	Deed Trans 8/2021 via 2021CT/990 for \$0

Site

Land Acres	0.31	Topography	Mostly Level
Frontage	75' 1st Ave W, 140' on Spring St	Utilities	Typical
Zoning	C-4	Shape	Flag Shaped
HBU	Commercial	Flood Plain	Not in the Flood Plain

Improvements

Building Type	Freestanding Masonry Building	Year Built	1961
Size (SF)	1,440	Age	62 Years
Construction	Masonry	Condition	Fair
Roof/Foundation	Shingle / Slab	Quality	Average
Parking	Onsite, Adequate	HVAC	Propane Ht, Window AC

Indicators

List Price / SF	\$149.31	List Price / SF Adj.	\$149.31
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Remarks

Approximately 1,440 square foot masonry office building located in an area of transition with both commercial and residential use properties.

Photos



Inspected by JRM on 4/26/23

Comparable Sales Analysis Grid

Unit of Comparison
 When comparing the adjusted sales to the subject property, the unit of comparison given the most consideration is the sales price per sq ft. After inspection of the subject property, inspections of each of the comparable sales and the analysis of the sales data, the appraiser believes the price per sq ft was considered reflective of the market conditions and the attitudes of the local market participants. This method of analysis is considered to provide a reasonable method of comparison between the subject and the comparable sales.

	Subject	Sale #1	Sale#2	Sale #3
Property Address	160 White Street	1538 Haywood Rd	604 Yarbrough St	726 1st Ave W
City	Hendersonville	Hendersonville	Hendersonville	Hendersonville
Date of Sale	4/26/2023	3/2/2020	6/9/2022	2/15/2023
Property Rights	Fee Simple	Similar	Similar	Similar
Financing	Assumed Market	Similar	Similar	Similar
Conditions of Sale	Assumed Market	Similar	Similar	Similar
Expenditures After Sale	Assumed None	Similar	Similar	Similar
Market Conditions	Average	Inferior	Inferior	Similar
Location/Access	Average	Similar	Similar	Similar
Improvement Size	1,138	1,875	868	1,440
Age	71 Years	62 Years	83 Years	62 Years
Condition	Average	Superior	Superior	Inferior
Quality	Average	Inferior	Superior	Inferior
Site Size (Acres)	0.223 (per public records)	0.29	0.15	0.31
Utilities	All Public	Similar	Similar	Similar
Parking	On-site, Adequate	Similar	Similar	Similar
Located in Flood Plain	Sm Portion in the FP	Similar	Similar	Similar
Sales Price		\$290,000	\$275,000	\$215,000
Sales Price/Sq Ft		\$154.67	\$316.82	\$149.31
Adjustments				
Property Rights		0.00%	0.00%	0.00%
Financing		0.00%	0.00%	0.00%
Conditions of Sale		0.00%	0.00%	0.00%
Expenditures After Sale		0.00%	0.00%	0.00%
Market Conditions		11.67%	0.42%	0.00%
Net Adjustments (%)		11.67%	0.42%	0.00%
Indicated Dollar Adjustments		\$33,833	\$1,146	\$0
Indicated Value per Sq Ft		\$172.71	\$318.14	\$149.31
Location/Access		0.00%	0.00%	0.00%
Improvement Size		10.00%	-5.00%	5.00%
Age / Condition		-5.00%	-10.00%	10.00%
Quality		5.00%	-10.00%	5.00%
Site Size (Acres)		0.00%	0.00%	0.00%
Utilities		0.00%	0.00%	0.00%
Parking		0.00%	0.00%	0.00%
Located in Flood Plain		0.00%	0.00%	0.00%
Net Adjustments (%)		10.00%	-25.00%	20.00%
Indicated Dollar Adjustments		\$17.27	-\$79.54	\$29.86
Indicated Value per Sq Ft		\$189.98	\$238.61	\$179.17
Indicated Value Range:	\$179.17	to	\$238.61	
Mean:	\$202.58			
Median:	\$189.98			
Total Sq Ft:	1,138			
Value per Sq Ft:	\$195.00			
Value Indication:	\$221,910			
Final Value Indication:	\$221,900 Rounded			

Note: The Calculations above are rounded based on internal Excel functions. Attempts to recreate the calcs above without the benefit of the original Excel worksheets may result in incorrect calculations. Should the client have questions, they should contact the appraiser.

Explanation of Adjustments

The preceding sales represent the most current and best data available. Each of the sales was compared to the subject and adjusted, as necessary, for differences reflected in market sales price. Those properties with characteristics considered superior received downward adjustments reducing the indicated value of the subject property. Conversely, those properties with inferior characteristics received upward adjustments, thus increasing the indicated subject value. Adjustments are made in percentage of sales price increments. The following is a discussion of the comparisons used in the analysis. The first set of adjustments represent transactional adjustments, while the second set of adjustments are intended to account for the physical features of each of the properties.

Transaction Adjustments

Property Rights

Adjustments for property rights account for the transfer of different portions of the bundle of property rights associated with each property. Each of the sales used in this report was transferred in a manner equivalent to a fee simple estate and was similar to the subject, thus no adjustments for this factor were required.

Financing

Adjustments for financing account for the potential impact of owner financing or non-market terms for financing. Each of the sales used in this analysis were cash transactions or occurred under prevailing market terms, thus no adjustments are necessary for this factor.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. This adjustment considers unusual features of the transaction, such as whether or not the sale took place under open market conditions. Sale #1 included FF&E valued at \$35,000, which was deducted from the sales price. The other sales included within this report included conditions of sale that mirrored normal market conditions, thus these sales did not require adjustment.

Expenditures After Sale

A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures may include costs to cure deferred maintenance, costs to demolish and remove any portion of the improvements, costs to petition for a zoning change, costs to remediate environmental contamination, etc.

These costs are often quantified in price negotiations and can be discovered through verification of transaction data. The relevant figure is not the actual cost that was incurred but the cost that was anticipated by the buyer and seller.

In this instance, no additional adjustments were made for expenditures after the sale.

Market Conditions/Time

Market Conditions

As discussed in the market analysis section, over the last two years residential property values have appreciated at rates between 5% and 20%. Real estate professionals indicate commercial property values have appreciated at rates between 2% and 10%. As such the appraiser made a 5.0%, or 0.0042 per month, market conditions adjustment to the comparables from their date of sale thru 7/1/2022. As shown in the market analysis section, market data indicates local real estate values peaked in June 2022 and have been stagnant or slightly declining in July and August. As such, no market conditions adjustment was made 7/1/22 through the date of value.

Physical Adjustments

Location

No adjustments for location were necessary.

Improvement Size

Based on economies of scale, larger improvements typically sell for less per unit than similar smaller improvements. Sale #1 and #3 are both larger than the subject making them both inferior. They were adjusted upward. Sale #2 is smaller than the subject making them superior. It was adjusted downward.

Age/Condition

Sale 1 and Sale 2 had effective ages that were lower than the subject's effective age. They were superior and adjusted downward. Sale 3's effective age was higher than the subject's effective age making it inferior. It was adjusted downward.

Quality

The subject has a masonry brick exterior, a superior characteristic, and average quality interior finishes. Sale 1 is a wood framed building with modern interior finishes. Overall, it was slightly inferior for quality. Sale 2 is a wood framed building but it had higher quality finishes than the subject, additional fixtures/partitioning, an outbuilding for storage, and an approximately 400 sf deck. Overall, it was superior for quality and adjusted downward. Sale 3 was a masonry block building, but it had little to no interior partitioning and below average interior finishes. It was inferior and adjusted upward.

Flood Plain

A portion of the subject is in the flood zone. However, the appraiser does not believe this impacts the subject's value as improved. No adjustments were made.

The subject and sales were all considered comparable with respect to all other measurable factors and no further adjustments were required.

Summary

Unadjusted Range: \$149.31/SF to \$316.82/SF, Average \$206.93/SF
Adjusted Range: \$179.17/SF to \$238.61/SF, Average \$202.58/SF

Conclusion

Sales are considered to provide the best value indications for the subject property. The appraiser gave equal weight to the sales. A value of \$195.00 per sf is estimated and considered appropriate for the subject property.

The calculations for the value estimate are follows:

Sales Comparison Approach Value: \$221,900 (1,138 sf x \$195.00/sf, rounded)

Income Approach to Value

The Income Approach to Value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property.

At the time of inspection, the subject's representative indicated the property was in the final month of a lease which was set to expire at the end of April. It appeared the tenant had already vacated the property and there was signage in the subject's front yard advertising the place for lease. The subject's representative indicated they were trying to lease the property for \$1,400 or \$1,500 per month, which equates to roughly \$15 to \$16 per square foot. However, the subject's representative indicated that attracting a tenant was made more difficult due to the project as most tenants prefer to not have to relocate.

The appraiser will bring in market rates and terms in the following analysis.

Direct Capitalization Analysis

The steps involved in capitalizing the subject's net operating income are as follows:

- Develop the subject's Potential Gross Income (PGI) through analysis of the subject's actual historic income and an analysis of competitive current market income rates.
- Estimate and deduct vacancy and collection losses to develop the Effective Gross Income (EGI).
- Develop and subtract operating expenses to derive the Net Operating Income (NOI).
- Develop the appropriate capitalization rate (R_o).
- Divide the net operating income by the capitalization rate for an estimate of value through the income approach.

It is the opinion that the Direct Capitalization Analysis is the most appropriate valuation method to utilize.

Discounted Cash Flow Analysis (DCF)

Discounted Cash Flow is a detailed analysis, which is utilized when future annual income is expected to be irregular. The methodology of this technique is:

- Estimate Net Operating Income for each year of a projection period.
- Estimate a selling price, known as a reversion, for the end of the projection period.
- The periodic cash flows and the reversion are then discounted to a present value estimate.

The Discounted Cash Flow Analysis is not utilized in this appraisal due to there not being long-term irregular leases in place on the property.

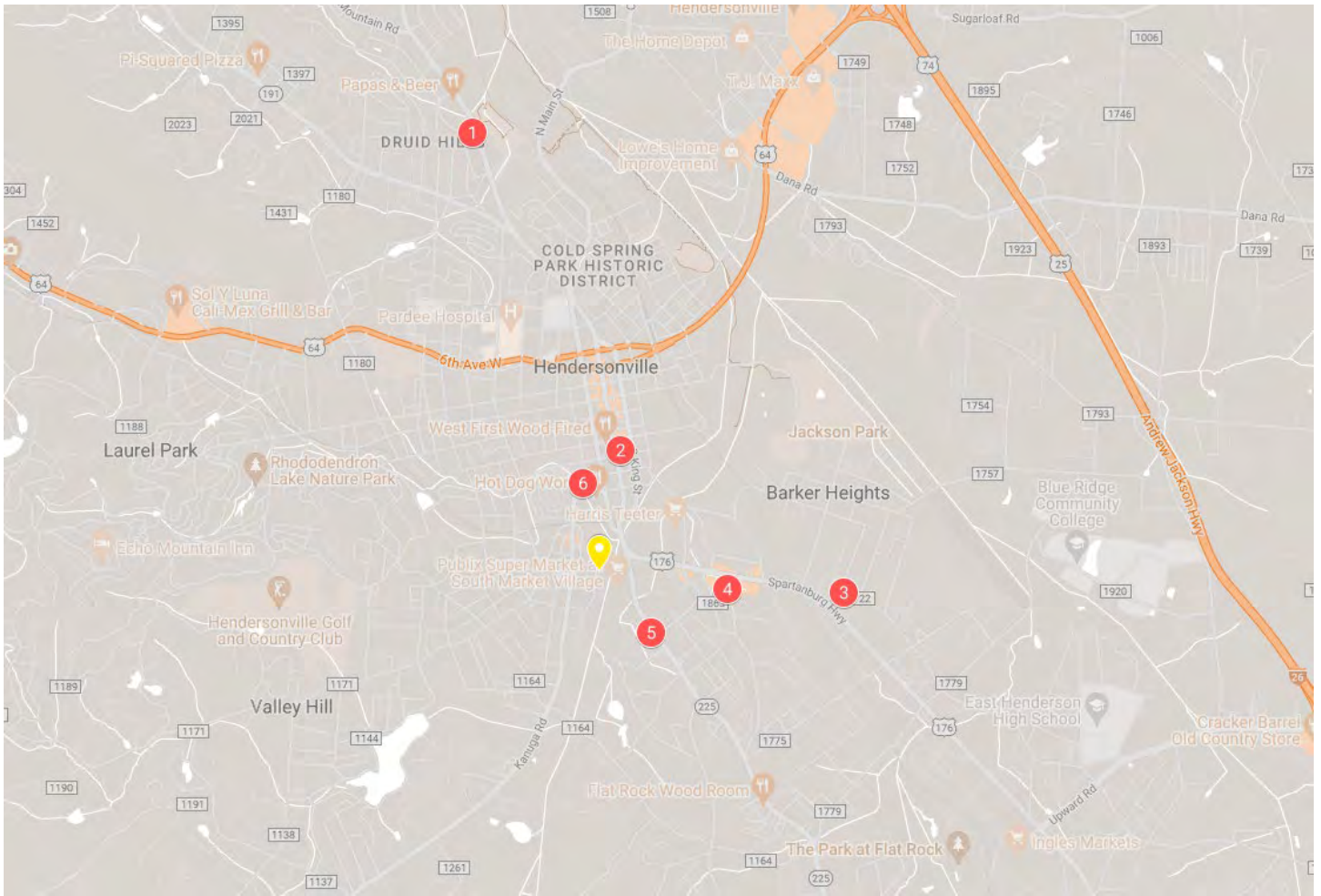
Estimate of Income and Absorption Rates

The Income Approach to Value begins with a reliable estimate of rental income to be generated by the subject property. Such an estimate is made by a survey of market conditions, both historical and forecasted, when available, giving due consideration to current and future competition for similar properties. The following summary of the subject's current income and expenses and projected at completion income expenses was compiled by the owner and provided to the appraiser.

Comparable Market Lease Data

The appraiser has searched the subject's local market area for leased properties similar to the subject. The following analysis was made of comparable leased properties that are located within the subject's market area. These comparables are considered a good indicator of the market rent the subject could expect if placed on the open market for rent.

Subject Property & Lease Comparables Map



Lease Comparables - Office														
#	Address	Picture	Terms	Lease Date	Term	Size (SF)	Rate PSF	3% MC Adj	Location	Quality/Cond	Terms	Size	Adj. Rent	
Sub	160 White Street, Hendersonville, NC		NNN			1,138			Average	Average				
1	1705 Asheville Hwy, Hendersonville, NC		NNN	4/1/2021	5 Yrs	1,042	\$13.81	\$14.64	Similar	Superior	Similar	Similar	\$13.91	
									0%	-5%	0%	0%	-5%	
Comments			Small retail/office building located at the intersection of NC 25 and Meadowbrook Terrace and in close proximity to Patton Park. Per the Realtor, the property had been updated and well-maintained											
2	132 S Main St, Hendersonville, NC		MG	1/1/2021	3 Yrs	1,104	\$17.29	\$18.50	Superior	Similar	Superior	Similar	\$16.65	
									-5%	0%	-5%	0%	-10%	
Comments			Multi-tenant masonry office building located in the heart of downtown Hendersonville, NC. Property has frontage on Main St. Interiors are a bit dated. Leased to a healthcare consulting business.											
3	1012 Old Spartanburg Rd, Hendersonville, NC		MG	7/1/2021	2 Yrs	1,800	\$16.50	\$17.41	Similar	Similar	Superior	Similar	\$15.68	
									0%	0%	-5%	0%	-5%	
Comments			Well maintained former bank building located within 5 minutes of downtown Hendersonville ans I-26. Masonry construction in good condition. Leased to an Attorney.											
4	825 Spartanburg Hwy, Hendersonville, NC		NNN	6/1/2022	5 Yrs	1,700	\$14.60	\$14.97	Similar	Similar	Similar	Similar	\$14.97	
									0%	0%	0%	0%	0%	
Comments			1,700 sf unit located in a heavily trafficked strip center with retail and office units. Class B Masonry construction in average condition.											
5	110 Chadwick Ave, Hendersonville, NC		NNN	3/1/2021	2 Yrs	1,217	\$14.00	\$14.88	Similar	Similar	Similar	Similar	\$14.88	
									0%	0%	0%	0%	0%	
Comments			Second level office unit measuring approximately 1,217 sf. Masonry construction. Interiors has not been updated since the building was built in 2002.											
6	307 S Washington St, Hendersonville, NC		NNN	9/1/2022	NAV	1,584	\$20.73	\$21.14	Similar	Similar	Similar	Similar	\$21.14	
									0%	0%	0%	0%	0%	
Comments			Converted SFR for office/retail use. Leased by Dog Grooming Place.											
								Minimum	\$14.64				Minimum	\$13.91
								Average	\$16.92				Average	\$16.20
								Maximum	\$21.14				Maximum	\$21.14

Lease rates in the market typically increase at an annual rate of 2% to 5%. CoStar data for the subject's market indicated lease rates for properties similar to the subject have increased at a rate of approximately 2.30% over the last twelve months. As such the appraiser adjusted the lease rates 3% annually, or 0.0025 per month, from the date of lease through the date of value.

The above analysis office lease comparables indicates an unadjusted range of \$14.64 per square foot to \$21.14 per square foot with an unadjusted average rate of \$16.92 per square foot. The appraiser adjusted the lease comparables for location, quality/condition, terms, and size which indicated an adjusted range of \$13.91 to \$21.14 with an adjusted average of \$16.20 per square foot.

Based on the subject's location and condition the appraiser believes it reasonable to expect the subject would lease at a rate consistent with the adjusted average. Therefore, the appraiser will use a rate of **\$15.75** per square foot in the following proformas.

Market rent is the rental income a property would have commanded had it been exposed to the market prior to the date of appraisal. It is indicated by the current rents that are either paid or asked for comparable space with the same treatment of expenses as of the date of value. (*The Appraisal of Real Estate*. 15th Ed. Published by the Appraisal Institute).

<u>Income & Expenses</u>	
Potential Gross Income	The Income Approach to Value begins with a reliable estimate of gross rental income to be generated by the subject property. This estimate is made by a survey of market conditions, both historical and forecasted, when available, giving due consideration to current and future competition for similar properties. Gross income is comprised of the rents paid by existing tenants as of the date of valuation, plus the estimated market rent for the remaining vacant space, plus any operating expense reimbursements, and miscellaneous other income. The potential gross income is shown on the following proforma.
Vacancy & Credit Losses	Vacancy and credit losses are the loss of potential income due to a portion of the subject that could not be rented during the year, or the vacancy levels created during the periods of tenant turnover between rental terms. CoStar indicated the vacancy rate in Henderson County for office properties is 1.1%. To account for both vacancy and credit losses, the appraiser will use a rate of 2.00% in the following analysis.
Effective Gross Income	Effective Gross Income is Gross Income less the Vacancy and Credit Losses
Expense Items	The subject's representative did not disclose the terms which they planned to lease the subject at. As such, the appraiser is assuming the subject property would be leased under triple net, or NNN, terms requiring the tenant to pay for all of the operating expenses.
<i>Management Fees</i>	Management fees are usually based on a percentage of gross income derived from the property and is based on the type of property and the complexity of the management. The appraiser has included a management fee of 3% in the following analysis.
<i>Reserve for Replacement</i>	Reserves have been estimated using information obtained from local Realtors and information contained in the appraiser's files.
Net Income	Effective Gross Income less Expense Items equal Net Income.

Income and Expense Proforma Calculations					
Net Income Calculations					
	Size (SF)	x	Rent	=	Total Rents
160 White St	1,138	x	\$15.75	=	\$17,924
Potential Gross Income					\$17,924
Less: Vacancy Rate & Credit Loss		@	2.00%	=	\$358
Effective Gross Income					\$17,565
Operating Expenses					
Management		@	3.00%	=	\$527
Reserve for Replacement		@	2.00%	=	\$351
Total Expense					\$878
Net Income					\$16,687

Direct Capitalization

Direct Capitalization is the final step used in the Income Approach. This step involves using market overall capitalization rate from different sources and using it to convert the net operating income into an estimate of value. The Direct Capitalization formula is: *Net Operating Income/Overall Rate = Value*

Market

The rates below were taken from sales of similar medical offices located in North Carolina and within either medical office parks or medical campuses.

<i>Market Rates</i>				
Property	Size	Sale Date	Sale Price	Cap Rate
10 Ridgelawn Rd	4,300	3/23/2021	\$950,000	7.88%
101 Chadwick Square Ct #101 C	1,364	8/2/2019	\$224,000	7.50%
1270 Hendersonville Rd	12,000	12/16/2021	\$1,862,500	6.93%
7 Glenn Bridge Rd	12,530	9/1/2022	\$2,100,000	7.20%
231 Haywood St	5,612	4/27/2021	\$995,000	8.50%
2100 Ridgefield Blvd	8,958	3/1/2021	\$262,000	7.29%
			<i>Average</i>	7.55%

Surveyed Rates

<i>Survey Rates</i>			
Source	Minimum	Maximum	Average
Henderson County 3-Star Market Cap Rate	N/A	N/A	7.75%
Realty Rates National Survey	5.68%	13.23%	10.03%

Band of Investment Technique

Additionally, a band of investment technique was used which includes mortgage and equity components. As most properties are purchased with debt and equity capital, the overall capitalization rate must meet investor requirements for both positions. The overall capitalization rate is the weighted average of the mortgage constant (RM) and the equity dividend rate (RE).

The formula for deriving an overall capitalization rate is as follows:

Overall Rate (Ro) = (M x Rm) + (E x Re) where,

M = loan-to-value ratio

Rm = mortgage constant

E = the equity ratio, and

Re = equity dividend rate

The loan-to-value ratio (M) is the percentage of the total value a lender will lend on a property. A survey of lenders in the subject's market indicates loan-to-value ratio of 70% to 85% with variances based on loan amounts and credit histories. However, the loan to value ratio for properties not owner occupied is typically 75% to 25%. The higher ratios are typically for owner-occupied loans which carry less risk to the lender. Market loan rates vary and range from 5.0% to 10.0% percent. The current prime commercial lending rate is 8.00%. The lenders surveyed indicated a competitive rate in the market would range from 6.0% to 7.00%. Given the current environment and the subject's condition and location the appraiser will use a rate of 6.50% in this analysis. Loan terms range from 15 to 30 years in the market, but 20 and 25 years are the most common. A term of 25 years is used in this analysis.

The capitalization rate for the debt position is called the mortgage constant (RM). It is the ratio of the annual debt service to the principal amount of the mortgage loan. It is a function of the market interest rate, amortization schedule or term, and the frequency of the payments.

The equity ratio (E) is calculated as (1-M). The equity ratio and the loan ratio must total 100%.

The rate utilized to capitalize the equity income is the equity dividend rate (RE). It is the ratio of the annual pretax cash flow to the equity investment. The equity dividend rates are calculated from comparable sales where sufficient purchase, loan, and payment information can be gathered such that a pre-tax cash flow is divided by the equity investment. This information is typically extremely difficult to acquire as investors are frequently reluctant to provide this information. However, a review of files of appraised properties contained within the office is a reliable source of data. Further, conversations with individual investors and local lenders provide insight into equity dividend rates. Considering these factors, I have selected an equity dividend rate of 7.25%.

The overall rate is calculated as follows:

Band of Investment Technique			
Mortgage Interest Rate	=		6.50%
Mortgage Term	=		25 Years
Mortgage Ratio (M)	=		75.00%
Mortgage Constant (Rm)	=		0.08102
Equity Dividend Rate (Re)	=		7.25%
Mortgage (LTV) Ratio (M)	x	Mortgage Constant (Rr)	= Mortgage Component
75.00%		0.08102	0.06077
1 - Mortgage Ratio (1-M)	x	Equity Dividend Rate	= Equity Component
25.00%		7.25%	0.01813
Overall Rate (Ro)			7.89%

Debt Coverage Ratio

The last method used in estimating an overall capitalization rate is by the use of a debt coverage ratio (DCR). The debt coverage ratio is the ratio of net operating income to the annual debt service, which includes the payment that covers interest on, and retirement of the outstanding principal of the mortgage loan.

The formula shown below is used in estimating the overall rate by the debt coverage ratio (DCR). Where R_o is the Overall Capitalization Rate, DCR is the Debt Coverage Ratio, M is the Percentage of Mortgage, and R_m is the Mortgage Capitalization Rate.

$$R_o = DCR \times R_m \times M$$

Surveyed lenders indicated the typical debt coverage ratio ranges from 1.20 to 1.50 but that for properties similar to the subject a ratio at the lower end of the range was likely. Based on the preceding conclusions in regard to the current financial marketplace, an overall capitalization rate utilizing a debt coverage ratio formula is as follows:

Debt Coverage Ratio	
Debt Coverage Ratio	1.20000
Mortgage Constant (R_m)	0.08102
Percentage of Mortgage	0.75000
	<u>0.07292</u>
Overall Rate	7.29%

The overall capitalizations rate indications are as follows:

- Market Average: 7.55%
- CoStar Market Avg Rate: 7.75%
- Realty Rates Investors National Average: 10.03%
- Band of Investment: 7.89%
- Debt Coverage Ratio: 7.29 %

Overall Capitalization Rate Conclusion

Based on the above analysis, an overall capitalization rate consistent with the Band of Investment and DCR indications would be appropriate for the subject property. Therefore an OAR capitalization rate of 7.50% is used in the following proforma.

Income and Expense Proforma Calculations					
Net Income Calculations					
	Size (SF)	x	Rent	=	Total Rents
160 White St	1,138	x	\$15.75	=	\$17,924
Potential Gross Income					\$17,924
Less: Vacancy Rate & Credit Loss		@	2.00%	=	\$358
Effective Gross Income					\$17,565
Operating Expenses					
Management		@	3.00%	=	\$527
Reserve for Replacement		@	2.00%	=	\$351
Total Expense					\$878
Net Income					\$16,687
Direct Capitalization Calculation					
Estimated Value	=	$\frac{NOI}{OAR}$	=	$\frac{\$16,687}{7.50\%}$	= \$222,490
				Rounded	\$222,500

Income Approach to Value Conclusion

In the Income Approach to Value, the estimate of market value is based on the Direct Capitalization Analysis. The process included projecting income, vacancy, and collection losses, and expenses to arrive at the net income for the subject. An overall rate was then extracted from various sources and applied to the subject's estimated net income. The estimated value indication derived in the Income Approach is as follows:

Estimated Value of the Subject Property via the Income Approach: \$222,500

RECONCILIATION AND FINAL BEFORE VALUE ESTIMATE

Final reconciliation is defined as the process of evaluating alternative conclusions and selecting a final estimate of value from the approaches used in the report. The appraiser weighs the relative significance, applicability, and defensibility of the indication of value estimated by each approach and places most credence on the one that, in his professional judgment, best approximates the value being sought in the appraisal.

Cost Approach	\$214,875
Sales Comparison Approach	\$221,900
Income Capitalization Approach	\$222,500
Final Value Estimate:	\$222,500

Reconciliation Summary

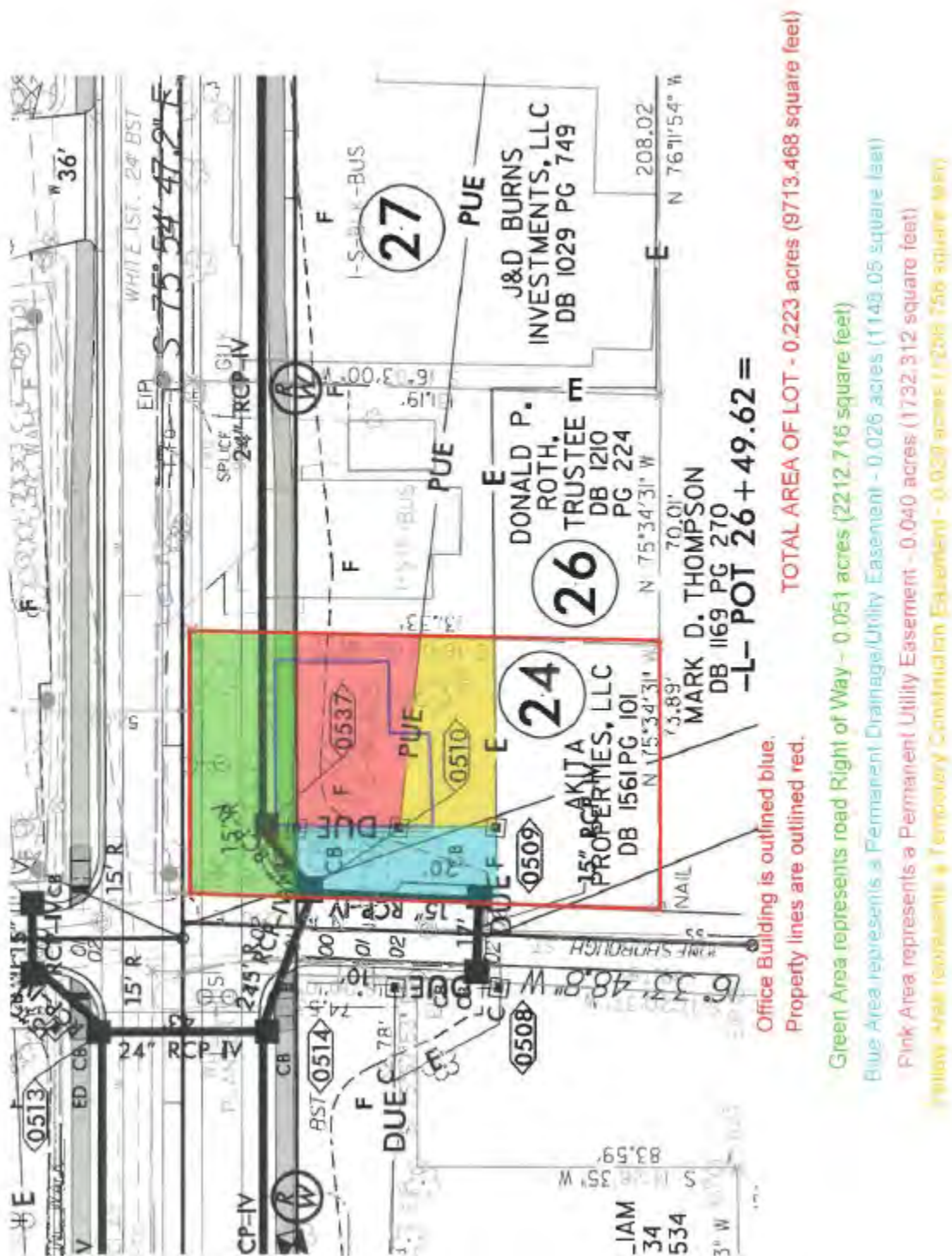
In reconciliation, given the subject is an income producing property, primary emphasis is placed on the Income Approach with support from the Sales and Cost Approaches. As such, a value estimate of \$222,500 is considered appropriate. To allocate value to the improvements the appraiser subtracted the subject's estimated land value from the estimated value of the subject via the Income Approach.

The value estimate is allocated with \$117,075 to the land and \$105,425 to the improvements.

DESCRIPTION OF THE TAKING (ACQUISITION)

The pending NCDOT project is referred to as North Carolina State Project Number U-5886. The project will require the acquisition of the subject property's primary improvements, approximately 0.051-acres of right of way (green), approximately 0.029-acres of Temporary Construction Easement (yellow), approximately 0.026-acres of Dual Use Easement (Blue), and approximately 0.040-acres of Permanent Utility Easement (red).

NCDOT Project Map



Improvements

The acquisition results in the removal of the subject's primary improvement and a portion of its site improvements. The remaining site improvements will be misplaced in the after.

DESCRIPTION OF THE REMAINDER AND THE EFFECTS OF THE TAKING

Land

The following section provides a description of the land, after the proposed taking.

Location:	Similar to the before.
Size:	Approximately 0.172 acres (0.223 acres before – 0.051 acres of right of way)
Shape/Utility:	In the after the subject will have approximately 0.106-acres of land not encumbered by permanent easements. However, a significant portion of the 0.106-acres is in the flood plain. Additionally, an overhead power line crosses the unencumbered remainder. As such, the remainder's utility is poor.
Frontage/Access:	Similar as in the before
Topography:	Similar as in the before
Flood Zone:	Same as in the before.
Soil Conditions:	Same as in the before.
Off-Site Improvements:	Same as in the before.
Zoning/Restrictions:	Same as in the before.
Easements:	Approximately 0.029-acres of Temporary Construction Easement, approximately 0.026-acres of Dual Use Easement, and approximately 0.040-acres of Permanent Utility Easement.
Utilities:	Same as in the before.
Improvements	The subject's primary improvements will be acquired and the remaining site improvements will be misplaced after the taking.

HIGHEST AND BEST USE OF THE REMAINDER (AFTER THE TAKING)

As Vacant

After the acquisition, the remainder will include an area of 0.172 acres. In the after the subject will have approximately 0.106-acres of land not encumbered by permanent easements. However, a significant portion of the 0.106-acres is in the flood plain. Additionally, an overhead power line crosses the unencumbered remainder. Given the size of the subject site after the taking, the additional permanent easements encumbering the site, and the proportion of the remainder in the flood plain it is unlikely the site could be redeveloped. As such, the highest and best use of the remainder is considered to be assemblage.

As Improved

There subject's improvements will be acquired or misplaced in the after.

VALUATION OF PROPERTY AFTER THE TAKING

As discussed above, the subject will be approximately 0.172 acres after the project. However, in the after the subject will only have approximately 0.106-acres of land not encumbered by permanent easements. A significant portion of the 0.106-acres is in the flood plain. Additionally, an overhead power line crosses the unencumbered remainder. As such, the remainder's utility is poor. As such, its value will be less than if there were no use limitations. To what extent less requires first estimating what the value would be without the use limitations. The before value is considered appropriate for an indicated per acre value of \$525,000 per acre as if there were no limitations on access.

The estimated amount of diminution of the \$525,000 per acre value due to access as well as potential use limitations is based on an historical data and available information pertaining to properties with use limitations and/or a highest and best use of assemblage. Although information for properties that have sold with use limitations resulting from various factors is difficult to isolate, the following examples (though somewhat dated and from different areas of the state) represent what the typical market reaction to limited use damage reflects, notwithstanding location and time. The following data is derived from NCDOT files. In all instances the damages are stated as a percentage of the difference between the total sales prices.

- Located in Trinity, NC (Randolph County) is a tract of land that was split by Interstate 85. The two tracts were sold to A.L. Honbarrier who purchased the adjoining land. The tracts were vacant of improvements and the sale of one was not contingent upon the sale of the other. The negotiations for the landlocked tract came after the sale and the price of the 14.90-acre tract was agreed to. Tract 1 contains 14.90 acres and approximately 200 feet of access on NC Hwy 62 that was sold and recorded in Deed Book 1459, Page 715 in the Randolph County Registry for \$253,000 (\$17,013/acre. Tract 2 contains 31.26 acres that as isolated by the I-85 project and it was sold and recorded in deed Book 1459, Page 717 for \$50,000 (\$1,599/acre). In this example, Tract 2 with no access and a highest and best use of assemblage sold for **90.6%** less than a similar property with access.
- A comparison is made between two similar tracts in Guilford County. Tract 1 is recorded in Deed Book 2729 at Page 186 in the Guilford County Registry. It sold for \$3,125/acre with no access with highest and best use as assemblage. Tract 2 is recorded in Deed Book 2729, Page 183, and sold for \$17,045/acre with access. In this case, Tract 1 sold for **81.7%** less than Tract 2.
- A comparison has been analyzed between two parcels on Long Shoals Road, in Asheville (Buncombe County). Parcel 1 had 0.214 acres and was sold for \$9,000 or approximately \$42,000/acre, recorded in Deed Book 2847, Page 51 in the Buncombe County registry. The parcel had 267 feet of frontage on Long Shoals Road, but due to the shape and size, the property had insufficient depth to meet minimum setback requirements, and its highest and best use was assemblage. Parcel 2 was a 0.64-acre parcel at 23 Long Shoals Road sold for \$165,000, or approximately \$257,800/acre, as recorded in Deed Book 2324, Page 387. While Parcel 2 is considered slightly superior due to its location to Hendersonville Road, the sales price of Parcel 1 was **83.7%** less than that of the developable Parcel 2.
- In Ashe County, a comparison was made between two similar tracts. Tract 1 is recorded in Deed Book S-5, Page 277 of the Ashe County Registry and sold for \$368/acre with no access. Tract 2, recorded in Deed Book V-5, Page 362, had access and sold for \$1,582/acre. Highest and best use for Tract 1 was assemblage. It sold for **76.7%** less than Tract 2.
- Located in Davidson County, a comparison is made between two similar parcels. Parcel 1 is recorded in Deed Book 606, Page 639 of the Davison County Register of Deeds. It had no access and sold for \$4,864/acre. Highest and best use for this parcel was for assemblage. Parcel 2, with access, is recorded in Deed Book 606, Page 636. It sold for \$16,446 per acre. In this example, Parcel 1 sold for **70.5%** less than Parcel 2.

As seen from these examples, use limitation damages (in these examples, most cases due to access) range from approximately 70 percent to approximately 90 percent. Some of the factors considered in estimating the value of property with use limitations and/or a highest and best use of assemblage include development potential given the size and shape, reduction in utility, the number of potential buyers, the ease of acquiring an access easement, adjacent property uses and physical obstacles related to property isolation.

Consideration must also be given to the subject in the after, especially as it pertains to potential development scenarios. Sales of parcels which can't be developed are rare. The few sales that have been researched over the past several years show discounts as high as 90% where the utility in the parcel was very low. In this case, the excess parcel in the after will have development limitations it would not have in the before scenario.

In summary, and with consideration to all factors, it is concluded that the subject is diminished by an estimated **90%**, which results in a per acre after value of **\$52,500 /acre** (\$525,000/acre x 10%).

The same methodology used in the Cost Approach before the taking is applied for the after analysis.

Land Analysis - After

The sales used to analyze the subject tract prior to the taking are considered to be the best sales available for the analysis of the tract after the taking. As discussed above, there is damage to the after-land tract and the per acre value of \$52,500 will be applied after the acquisition.

- Unencumbered fee area of 0.172 AC x \$52,500/AC x 100% = \$9,030

Additional Land Compensation

The Dual Use Easement (DUE) is placed on the land for the installation and ongoing maintenance of utility infrastructure. These easements are permanent in nature and compensation is estimated at 90%. The calculation for the subject’s 0.026 acres of DUE is as follows:

- Dual Use Easement area of 0.026-acre x \$52,500/AC x 90% = \$1,229.

Permanent Utility Easement (PUE) - The 0.040-acre permanent utility easement is to provide for the installation and maintenance of public utilities. The easements are in perpetuity which gives the utility provider(s) the right to utilize the property for an unlimited time. The permanent transfer of the right of use is very restrictive in the PUE area and the compensation is 90%.

- Permanent Utility Easement area of 0.040-acre x \$52,500/AC x 90% = \$1,890.

The temporary construction easement will revert in full fee simple to the property owner after the construction period. Comparable land leases and conversations with property owners who lease land tracts indicate an annual rate of return of 10.0 percent to 20.0 percent of the property value per year. In this instance, the value of the area encumbered by the temporary easement is reduced by approximately 30.0 percent.

- Temporary Construction Easement area of 0.029 AC x \$52,500/AC x 30.0% = \$457

The following is a summary of the land value of the remainder:

Unencumbered Fee Area	0.172	AC x	\$52,500	/AC x	100%	=	\$9,030
Less: Permanent Utility Easement	0.040	AC x	\$52,500	/AC x	90%	=	-\$1,229
Less: Dual Use Easement	0.026	AC x	\$52,500	/AC x	90%	=	-\$1,890
Less: Temporary Construction Easement	0.029	AC x	\$52,500	/AC x	30%	=	-\$457
Net Amount							\$5,454
					Rounded,		\$5,450

This results in a land value of **\$5,450** after the acquisition.

Improvement Analysis - After

To arrive at a value of the subject property in the after condition, the Cost Approach is utilized. The calculations show the effect of the taking on the estimated value of the subject and are based on the same figures as used in the before analysis, less the items that were acquired as part of the right-of-way acquisition.

All of subject’s improvements will be acquired or will be misplaced after the project. The table below shows the site improvements (& amounts) to be acquired or those that will be misplaced.

Description	Quantity	Unit	\$/Unit	Cost New	Dep. Estimate	Total Dep.	Total Dep. Value
Gravel	3000	EA	\$2.00	= \$6,000	x 50.00%	= \$3,000	= \$3,000
Landscaping/Grass	1	EA	\$5,000.00	= \$5,000	x 0.00%	= \$0	= \$5,000
Total				\$11,000		\$3,000	\$8,000
						Rounded,	\$8,000

Conclusion

The Cost Approach after indicated a value of \$5,450.

Reconciling Remainder Value Indications

Cost Approach	\$5,450
Sales Comparison Approach	N/A
Income Approach	N/A

In reconciliation, sole emphasis is placed on the Cost Approach to value in the after analysis. The Sales Comparison Approach and Income Approach were not applied as there is not enough direct market evidence in the local market for potential damages to the property or for the effect of proximity on rental rates. Based upon the strengths and weaknesses considered, as well as the foregoing general assumptions, limiting conditions, and facts, a value estimate of \$5,450 is considered appropriate.

The value estimate is allocated with \$5,450 to the land and \$0 to the improvements.

DIFFERENCE IN BEFORE AND AFTER VALUE

DIFFERENCE IN BEFORE AND AFTER VALUE		
Before Value (Rounded)		
Land	\$117,075	
Improvements	\$105,425	
Total		\$222,500
After Value (Rounded)		
Land	\$5,450	
Improvements	\$0	
Total		\$5,450
Difference		\$217,050
		Rounded, \$217,050

ALLOCATION

Value of Land Acquired (Includes Easements if Applicable)	\$30,350
Value of Improvements Acquired (Structural & Site Improvements)	\$97,425
Damages to Remainder	\$89,275
Benefits to Remainder	\$0
Total	\$217,050
	Rounded, \$217,050

ADDENDA

Breakdown of Allocation				
Value of Land Acquired				
R/W	0.051 AC	x \$525,000	per Acre	x 100% = \$26,775
DUE	0.026 AC	x \$52,500	per Acre	x 90% = \$1,229
PUE	0.040 AC	x \$52,500	per Acre	x 90% = \$1,890
TCE	0.029 AC	x \$52,500	per Acre	x 30% = \$457
				\$30,350
				\$30,350
				(Rounded)
Value of Improvements Acquired				
Site Improvements				<u>\$97,425</u>
				\$97,425
				(Rounded)
Damages to Remainder				
Land				\$89,275
Improvements				<u>\$0</u>
				\$89,275
				\$89,275
				(Rounded)
Benefits to Remainder				
				\$0
Total Allocation				\$217,050
Rounded,				\$217,050

Subject Property Photos

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	1	Direction	SE



Front side of subject's improvements

Photo No.	2	Direction	E
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West side of subject's improvements

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	3	Direction	NE



Southwest corner of subject's improvements

Photo No.	4	Direction	N
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South side of subject's improvements

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	5	Direction	N



East side of subject's improvements

Photo No.	6	Direction	NW
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East side of subject's improvements

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	7	Direction	W



Front of Subject's Improvements

Photo No.	8	Direction	E
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Parking

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	9	Direction	N



Street view of Jonesborough St from the subject property facing N

Photo No.	10	Direction	S
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Street view of Jonesborough St facing S

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	11	Direction	E



Street view of White St from the subject property facing E

Photo No.	12	Direction	W
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Street view of White St from the subject property facing W

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	13	Direction	



Interior

Photo No.	14	Direction	
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Interior

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	15	Direction	



Interior

Photo No.	16	Direction	
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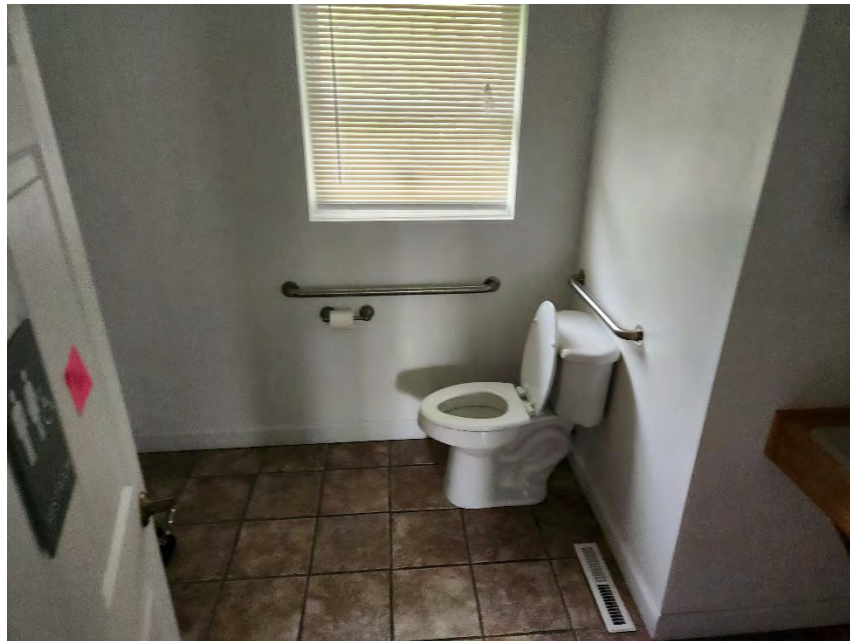
Interior

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	17	Direction	



Interior

Photo No.	18	Direction	
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Bathroom #1

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	19	Direction	



Interior

Photo No.	20	Direction	
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Interior

I.D. No./WBS Element	U-5886	Taken By	JRM
County	Henderson	Date Taken	4/26/2023
Parcel	024	Owner	Akita Properties, LLC
Photo No.	21	Direction	



Interior

Photo No.	22	Direction	
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Storage Room

Subject Photograph Locations Map



Subject Tax Card

Property Summary

Tax Year: 2023

REID	101816	PIN	9568-74-6451	Property Owner	AKITA PROPERTIES LLC
Location Address	160 WHITE ST	Property Description	WHITE & JONESBOROUGH/1LOT	Owner's Mailing Address	18999 NORTH BAY RD SUNNY ISLES BEACH FL 33160

Administrative Data		Transfer Information		Property Value	
Plat Book & Page		Deed Date	1/8/2014	Total Appraised Land Value	\$43,600
Old Map #		Deed Book	001561	Total Appraised Building Value	\$61,400
Market Area	C113A	Deed Page	00101	Total Appraised Misc Improvements Value	
Township	NA	Revenue Stamps	\$156	Total Cost Value	\$105,000
Planning Jurisdiction	HENDERSONVILLE	Package Sale Date	1/8/2014	Total Appraised Value - Valued By Cost	\$105,000
City	HENDERSONVILLE	Package Sale Price	\$78,000	Other Exemptions	
Fire District		Land Sale Date		Exemption Desc	
Spec District		Land Sale Price		Use Value Deferred	
Land Class	COMMERCIAL	Improvement Summary		Historic Value Deferred	
History REID 1		Total Buildings	1	Total Deferred Value	
History REID 2		Total Units	0	Total Taxable Value	\$105,000
Acreage	0.2	Total Living Area	0		
Permit Date		Total Gross Leasable Area	1,110		
Permit #					

Building Summary

Card 1 160 WHITE ST

Building Details	
Bldg Name	
Primary Occupancy Type	OFFICES
Primary Occupancy	CONV OFFICE
Primary Class	D
Primary Quality	GRADE C
Year Built	1952
Effective Year	1975
Physical Depreciation (Rating)	AVERAGE
Physical Depreciation (% Bad)	48
Economic Depreciation (% Bad)	0
Functional Depreciation (% Bad)	0
Gross Leasable Area (SQFT)	1,110
Remodeled Year	0
Total Stories	1

Building Total & Improvement Details	
Total Adjusted Replacement Cost New	\$118,134
Physical Depreciation (% Bad)	AVERAGE 48
Depreciated Value	\$61,430
Economic Depreciation (% Bad)	0
Functional Depreciation (% Bad)	0
Total Depreciated Value	\$61,430
Market Area Factor	1
Building Value	\$61,400
Misc Improvements Value	
Total Improvement Value	\$61,400
Assessed Land Value	\$43,600
Assessed Total Value	\$105,000

Section 1 Details	
Occupancy Type	OFFICES
Air Conditioning	100% CENTRAL A/C
Baths	ADEQUATE
Class	D
Depreciation	48%
Depreciation	AVERAGE
FIREPLACE OPENINGS	0
FIREPLACE STACKS	0
Heat	100% HEAT PUMP
Occupancy	CONV OFFICE
Quality	GRADE C

Addition Summary			
Story	Type	Code	Area
1.00	OPEN PORCH (MAIN)	MAIN	168
1.00	UT (MAIN)	MAIN	72
1.00	OPEN PORCH (MAIN)	MAIN	192

Ownership History

	Owner Name	Deed Type	% Ownership	Stamps	Sale Price	Book	Page	Deed Date
Current	AKITA PROPERTIES LLC	SWD	100	156	\$78,000	001561	00101	1/8/2014
1 Back	FIRST CITIZENS BANK & TRUST COMPANY	TRUSTEES DEED	100	170	\$85,000	001527	00115	3/15/2013
2 Back	TAYLOR-MCGUINN LLC	DEED	100	0		001270	00420	4/19/2006
3 Back	MCGUINN, KATHERINE	GWD	100	212		001101	00411	6/5/2002
4 Back	MCGUINN, KATHERINE	GWD	100	212		001101	00411	6/5/2002
5 Back	MCMINN, JULIA M	GWD	100	0		000828	00807	9/10/1993
6 Back	MCMINN, FRED M	GWD	100	60		000713	00839	2/15/1988
7 Back	GREER, BETTY T	GWD	100	60		000668	00178	11/8/1985

Notes Summary

Building Card	Date	Line	Notes
No Data			

Deed

BOOK 1561 PAGE 101 (3)

796984



This document presented and filed:
01/08/2014 09:56:55 AM

NEDRA W. MOLES, Henderson COUNTY, NC
Transfer Tax: \$156.00

NORTH CAROLINA SPECIAL WARRANTY DEED

Excise Tax: \$156.00

Parcel Identifier No. 0101816 Verified by _____ County on the ____ day of _____, 20____
By: _____

➔ Mail/Box to: Hogan & Brewer, PLLC - 229 North Main Street, Hendersonville, NC 28792 - File No. 13-4722

This instrument was prepared by: Sherri L. Brewer

Brief description for the Index: Lot on White Street

THIS DEED made this 3rd day of January, 2014, by and between

GRANTOR	GRANTEE
FIRST-CITIZENS BANK & TRUST CO.	AKITA PROPERTIES, LLC a North Carolina Limited Liability Company
PO Box 27131 Raleigh, NC 27611	18999 North Bay Road Sunny Isles Beach, FL 33160

Enter in appropriate block for each Grantor and Grantee: name, mailing 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 Hendersonville, Henderson County, North Carolina and more particularly described as follows:

SEE ATTACHED EXHIBIT A.

The property hereinabove described was acquired by Grantor by instrument recorded in Book 1527 page 115.

All or a portion of the property herein conveyed _____ includes or X does not include the primary residence of a Grantor.

A map showing the above described property is recorded in Plat Book _____ page _____.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor has done nothing to impair such title as Grantor received, and Grantor will warrant and defend the title against the lawful claims of all persons claiming by, under or through Grantor, other than the following exceptions:

Subject to City of Hendersonville ad valorem taxes.
Subject to Henderson County ad valorem taxes.
Subject to Restrictions, Easements, and Rights of Way of Record.

IN WITNESS WHEREOF, the Grantor has duly executed the foregoing as of the day and year first above written.

FIRST-CITIZENS BANK & TRUST CO.
(entity name)

SELLER (SEAL)

By: Matthew J. Clawson
Print Name and Title / Matthew J. Clawson
Vice President

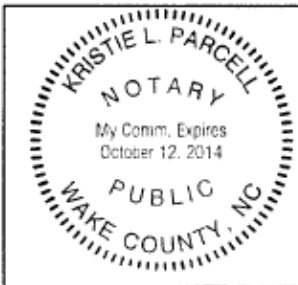
(SEAL)

By: _____
Title: _____

(SEAL)

By: _____
Title: _____

(SEAL)



(Affix Seal)

State of NORTH CAROLINA - County of Wake

I, the undersigned Notary Public of the County and State aforesaid, certify that Matthew J. Clawson personally came before me this day and acknowledged that he is the VP of First-Citizens Bank & Trust Co., a North Carolina or _____ corporation/limited liability company/general partnership/limited partnership (strike through the inapplicable), and that by authority duly given and as the act of such entity, he signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 3rd day of January, 2014.

My Commission Expires:
10-12-14

Kristie L Parcell
Kristie L Parcell Notary Public
Notary's Printed or Typed Name

EXHIBIT A

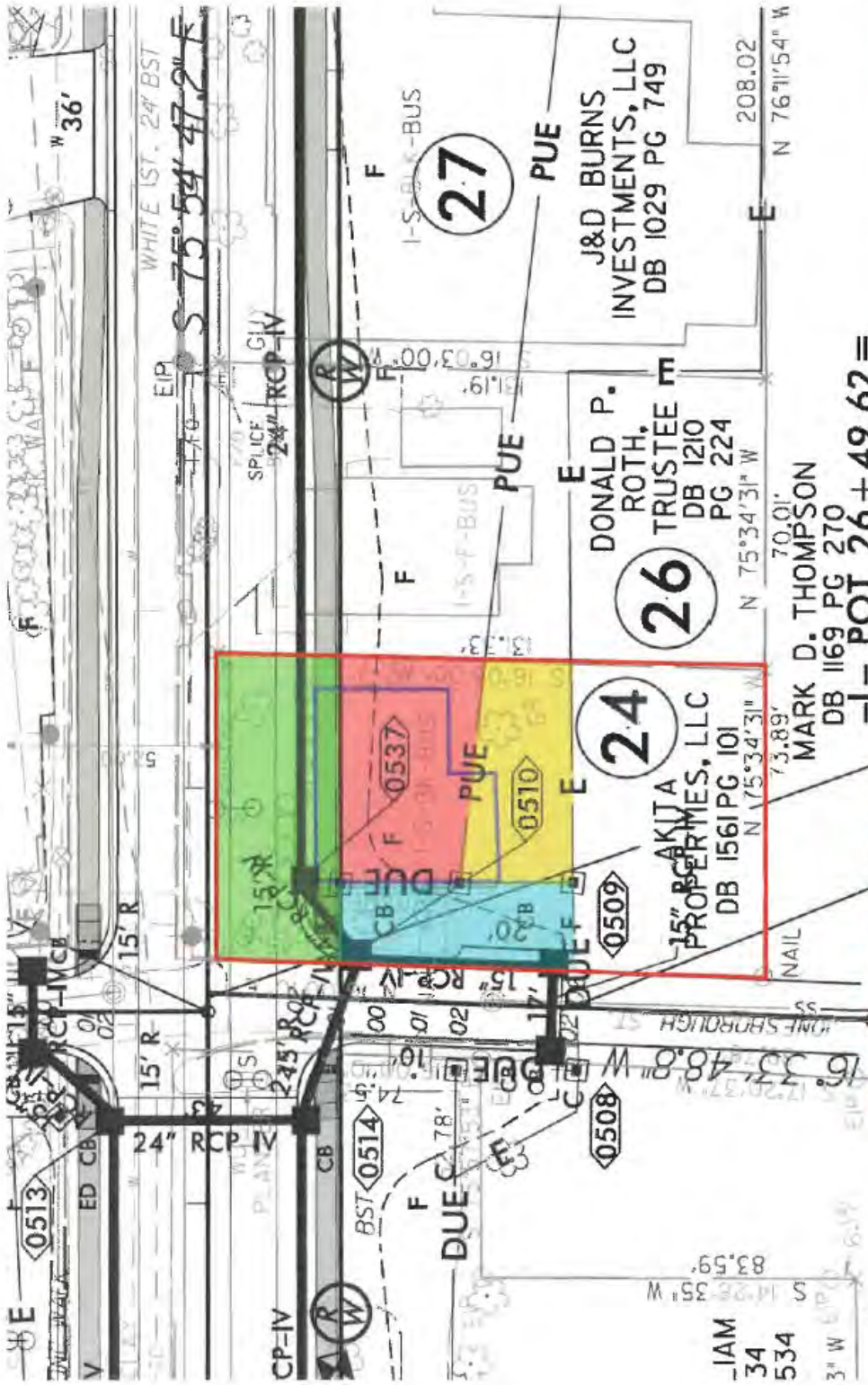
BEGINNING on a stake marking the point of intersection of the south margin of White Street with the east margin of Jonesboro Street (also known as Jonesborough Street) and running thence from said BEGINNING point with the south Margin of White Street, South 76 deg. 30 min. East 70 feet to an existing iron pin marking the northwest corner of the McCrary land described by deed recorded in Book 429 at Page 465 of the Henderson County Registry; thence with the west line of the McCrary property South 15 deg. West 140 feet to a stake; thence North 76 deg. 30 min. West 74 feet to a stake in the west margin of Jonesboro Street; thence with the west margin of Jonesboro Street North 19 deg. 15 min. East 40.2 feet to a point and North 15 deg. East 100 feet to a stake in the point of BEGINNING.

AND BEING that same property conveyed by deed from Julia M. McMinn to Katherine McGuinn duly recorded in Deed Book 1101 at Page 411 in the Office of the Register of Deeds for Henderson County, North Carolina.

Flood Map



NC DOT Plan Sheet



Office Building is outlined blue.

Property lines are outlined red.

TOTAL AREA OF LOT - 0.223 acres (9713.468 square feet)

Green Area represents road Right of Way - 0.051 acres (2212.716 square feet)

Blue Area represents a Permanent Drainage/Utility Easement - 0.025 acres (1148.05 square feet)

Pink Area represents a Permanent Utility Easement - 0.040 acres (1732.312 square feet)

Yellow Area represents a Temporary Construction Easement - 0.029 acres (1256.756 square feet)

$-L - POT 26 + 49.62 =$

ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraisers is subject to the following conditions and to such other specific conditions as are set forth by the appraisers in this report.

1. Unless otherwise stated, the value appearing in this appraisal represents the opinion of the Market Value or the Value Defined AS OF THE DATE SPECIFIED. Market Value of real estate is affected by national and local economic conditions and consequently will vary with future changes in such conditions.
2. The value estimated in this appraisal report is gross, without consideration given to any encumbrance, restriction or question of title, unless specifically defined.
3. This appraisal report covers only the property described and any values or rates utilized are not to be construed as applicable to any other property, however similar the properties might be.
4. It is assumed that the title to the premises is good; that the legal description is correct; that the improvements are entirely and correctly located on the property described and that there are no encroachments on this property, but no investigation or survey has been made.
5. This appraisal expresses our opinion, and employment to make this appraisal was in no way contingent upon the reporting of predetermined value or conclusion.
6. No responsibility is assumed for matters legal in nature, nor is any opinion of title rendered. In the performance of our investigation and analysis leading to the conclusions reached herein, the statements of others were relied on. No liability is assumed for the correctness of these statements; and, in any event, the appraisers' total liability for this report is limited to the actual fee charged.
7. Neither all nor any part of the contents of this report (especially any conclusions, the identity of the appraiser or the firm with which he is connected, or any reference to the Appraisal Institute or any of its 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 our prior written consent and approval.
8. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. The Appraiser assumes no responsibility for such conditions or the engineering which might be required to discover these factors.
9. Unless otherwise stated in this report, the existence of hazardous substances, including without limitation asbestos, polychlorinated biphenyl's, petroleum leakage, or agricultural chemicals, which may or may not be present on the property, or other environmental conditions, were not called to the attention of, nor did the appraiser become aware of such during the appraiser's inspection. The appraiser has no knowledge of the existence of such materials on or in the property unless otherwise stated. The appraiser, however, is not qualified to test for such substances or conditions. If the presence of such substances, such as asbestos, urea formaldehyde foam insulation, or other hazardous substances or environmental conditions, may affect the value of the property, the value estimated is predicated on the assumption that there is no such proximity thereto that would cause a loss in value. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.
10. 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 the ADA in estimating the value of the property has not been considered.
11. This is an Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it includes summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.

CERTIFICATION – Joshua R Marr

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, conclusions and recommendations.
3. I have no present or prospective interest in the property that is the subject of this report; and I have no personal interest with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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 (estimate), the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. Joshua R Marr made an inspection of the subject property and no other person provided significant real property appraisal assistance in the preparation of this report.
8. The reported analyses, opinions, and conclusion were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Foundation.
9. The reported analyses, opinions, and conclusion 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.
10. The use of this report is subject to the requirements of the State of North Carolina relating to review by the Appraisal Board.
11. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
12. As of the date of this report, I have completed the requirements of the continuing education program of the State of North Carolina.
13. I have not provided prior professional services concerning the subject property over the past three years.
14. By virtue of my education, training, and experience, I am qualified to appraise the subject property.



Joshua R Marr
Certified-General Real Estate Appraiser #A8732

Date: May 4, 2023



North Carolina Department of Transportation – Right of Way Unit
Certificate of Appraiser

TIP/Parcel No.: U-5886/024 **WBS Element:** 44710.2.1 **County:** Henderson

Description: Improve SR 1170 (White St) from SR 1171 (Willow Rd) to US 176

Property Owner's Name: Akita Properties, LLC **Fed Aid Project:** N/A

I HEREBY CERTIFY THAT:

I have , have not , performed AN appraisal and NO other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the **three-year** period immediately preceding acceptance of this assignment. If "Have" box is marked, please see Scope of Appraisal Section for details.

I have personally inspected the property herein appraised and that I have also made a personal field inspection of the comparable sales/rentals relied upon in making said appraisal. The subject and the comparables relied upon in making said appraisal were as represented by the photographs contained in said appraisal.

I have given the owner or his designated representative the opportunity to accompany me during my inspection of the subject property.

Any decrease or increase in the "Market Value" of real property prior to the date of valuation caused by the public improvement for which such property is acquired or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, is disregarded in determining the compensation for the property.

The statements of fact contained in this appraisal report are true and correct, and the reported analyses, opinions and conclusions, subject to the critical assumptions and limiting conditions herein set forth, are my personal, unbiased, professional analyses, opinions and conclusions.

I understand such appraisal may be used in connection with the acquisition of or disposal of right-of-way for a highway to be constructed by the State of North Carolina, and that such appraisal has been made in conformity with appropriate State laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes, and that to the best of my knowledge, no portion of the value assigned to such property consists of items which are "Non-Compensable" under established laws of the State of North Carolina.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in compliance with NCDOT Real Estate Appraisal Standards and Legal Principles and the Uniform Standards of Professional Appraisal Practice. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the NCDOT Real Estate Appraisal Standards and Legal Principles and the Uniform Standards of Professional Appraisal Practice and shall also comply with all applicable Local, State, and Federal laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto.

Neither my employment nor my compensation for making this appraisal is in any way contingent on the values reported herein.

I have no direct or indirect, present or prospective interest in neither the subject property nor any benefit from the acquisition of this property nor any bias with respect to the parties involved.

In addition to the undersigned, those persons duly noted in this report and under my direct supervision and responsibility, in so far as this particular appraisal is concerned, have contributed to the production of this appraisal. The analyses, conclusions or value estimates set forth in this appraisal are those of the undersigned.

I will not reveal the findings and results of such appraisal to anyone other than the proper officials of the State of North Carolina or officials of the Federal Highway Administration until authorized by State officials to do so, or until I am required to do so by due process of law, or until I am released from this obligation by having publicly testified as to such findings or to a duly authorized professional peer review committee.

My independent opinion of the difference in Market Value as of the 26 day of April, 2022, is \$217,050 based upon my independent appraisal and the exercise of my professional judgment.

Joshua R Marr

May 4, 2023

Specified Appraiser/Date signed/sealed



**SUMMARY STATEMENT/CONTINGENT OFFER TO PURCHASE REAL PROPERTY
DUE TO THE ACQUISITION OF RIGHT OF WAY AND DAMAGES**

TO: Akita Properties, LLC
160 White Street
Hendersonville, NC, 28739

DATE: May 15th, 2023
TO: Lessee, if Applicable

TIP/PARCEL NO.: U-5886 024
COUNTY Henderson
DESCRIPTION: SR 1170 (White St.) from ST 1171 (Willow Rd) to US 176

WBS ELEMENT: 44710.2.1

Dear Property Owner:

The following contingent offer of just compensation is based on the fair market value of the property and is not less than the approved appraised value for the appropriate legal compensable interest or interests. The approved value disregards any increase or decrease in the fair market value of the property acquired due to influence caused by public knowledge of this project. The contingent offer of just compensation is based on an analysis of market data, comparable land sales, and, if applicable, building costs in the area of your property. **Please retain this form as it contains pertinent income tax information.**

Value of Right of Way to be Acquired	\$ <u>26,775.00</u>
Value of Permanent Easements to be Acquired	\$ <u>3,125.00</u>
Value of Temporary Easement (Rental of Land) to be Acquired	\$ <u>450.00</u>
Value of Improvements to be Acquired	\$ <u>97,425.00</u>
Damages, if any, to Remainder	\$ <u>89,275.00</u>
Benefits, if any, to Remainder	minus \$ <u>0.00</u>
TOTAL CONTINGENT OFFER	\$ <u>217,050.00</u>

The total contingent offer includes all interests other than leases involving Federal Agencies and Tenant owned improvements.

(A) Description of the land and effects of the acquisition

Subject property described in Deed Book 1561, page 101, Henderson County Registry, contains approximately 0.223 acres of which 0.051 acres is being acquired as right of way, leaving 0.172 acres remaining on the right with access to Jonesborough Street. Also being acquired is a permanent utility easement containing approximately 0.040 acres, a Permanent Drainage/Utility Easement (DUE) containing approximately 0.026 acres, and a Temporary Construction Easement containing approximately 0.029 acres.

(B) The TOTAL CONTINGENT OFFER includes payment for the improvements and appurtenances described below: One Story Masonry Office Building, Misc. Landscaping, Gravel Parking Area.

Provided there is sufficient time remaining in the project schedule, you may repurchase these improvements for a retention value, with the stipulation that you remove them from the acquisition area at no expense to the Department.

(C) Should you desire to sell the Department the portion of your property considered to be an uneconomic remnant or buildable lot, as explained to you by the Right of Way Agent, the total contingent offer would be: \$ 222,500.00. Please note that any contingent offer to purchase a remnant/buildable lot is conditioned upon the remnant/buildable lot being environmentally clean prior to the conveyance to the Department. You may be required to provide the Department with a release from the appropriate environmental agency stating that all contaminants have been remediated and/or removed to their standards.

The original of this form was mailed and emailed, if out of state owner, to Elaine Prats on May 15th 20 2023. Owner was furnished a copy of the Right of Way Brochure/Owner's Letter.

I will be available at your convenience to discuss this matter further with you. My telephone number is 336-813-5266

Please be advised that the agent signing this form is only authorized to recommend settlement to the North Carolina Department of Transportation, and any recommended settlement is not a binding contract unless and until accepted by the North Carolina Department of Transportation by its formal execution of documents for conveyance of Right of Way, Easements, and/or other interests.

(Signed) 
Ritchie Tuttle - Right of Way Agent