



Old MD Rt. 108
Old Maryland Route 108
Ellicott City, Maryland 21042

Report Date:
March 23, 2020

**LIPMAN
FRIZZELL &
MITCHELL**

Real Estate Consultants

6240 Old Dobbin Lane, Suite 140
Columbia, Maryland 21045
Phone: 410-423-2300
Fax: 410-423-2410
www.LFMvalue.com

APPRAISAL REPORT

Prepared for:

Ms. Melanie Bishop
Chief, Real Estate Service Division
Howard County Department of Public Works
3430 Courthouse Drive Howard Building 2nd Floor
Ellicott City, Maryland 21043
Capital Project No.: C-0360

LFM #: 20-025

RESID Bid No.: 2019-064



March 23, 2020

Ms. Melanie Bishop
Chief, Real Estate Service Division
Howard County Department of Public Works
3430 Courthouse Drive Howard Building 2nd Floor
Ellicott City, Maryland 21043

RE: Old MD Rt. 108
Capital Project No.: C-0360
RESID Bid No.: 2019-064
Old Maryland Route 108
Ellicott City, Maryland 21042

Dear Ms. Bishop:

In accordance with your request, we have prepared an appraisal of the above-referenced property. The subject property is located at the intersection of Columbia Road and Maryland Route 108, and totals 1.087 acres of land area on two noncontiguous parcels. The property is owned by Howard County, Maryland in fee simple. The purpose of this appraisal is to estimate the market value of the ± 1.09 acres and the value of the proposed perpetual easement with no development rights per the instructions of the client. An access easement totaling 42,253 sq.ft. will be conveyed on the subject site as part of Howard County's sale to the adjacent property owner in the second scenario. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions.

The subject property is located at Old Maryland Route 108 in Ellicott City, Maryland 21042. SDAT does not have a recorded tax card for the subject property, and neither an account number(s) nor a tax map identification has been assigned to the property. The subject contains approximately ± 1.09 acres of land area. The property was vacant as of the effective date of value and utilized as part of Old Route 108, that provides access to several existing homes which will be demolished as part of the future multifamily development.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client and sole intended user of the appraisal is the Howard County Department of Public Works, and the intended use is to estimate the market value of portions of Old Maryland Route 108 and Columbia Road. The value opinions reported herein are subject to the definitions, assumptions and limiting conditions, and certification contained in this report.



The acceptance of this appraisal assignment and the completion of the appraisal report submitted herewith are contingent on the following extraordinary assumptions and/or hypothetical conditions:

Extraordinary Assumptions:

1. We assume the subject is not impacted by any detrimental environmental, soil, flood, deed, or easement restrictions other than those identified in this report.
2. We assume the subject is being sold to the adjacent property owner per the instructions from our client.
3. Our appraisal report assumes that there is a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.

Hypothetical Conditions:

1. None were utilized in this appraisal.

Based on the analysis contained in the following report, our value conclusions involving the subject property are summarized as follows:

Fee Simple Market Value

VALUE CONCLUSIONS			
Value Premise	Interest Appraised	Effective Date	Indicated Value
Market Value As Is	Fee Simple	February 20, 2020	\$12,000

Proposed Perpetual Easement

Value Premise	Interest Appraised	Effective Date	Indicated Value
Market Value	Proposed Perpetual Easement	February 20, 2020	\$10,650

This letter of transmittal is not considered valid if separated from this report, and must be accompanied by all sections of this report as outlined in the Table of Contents, in order for the value opinions set forth above to be valid.



Respectfully submitted,
Lipman Frizzell & Mitchell LLC

A handwritten signature in black ink, appearing to read "Michael J. Chicorelli". The signature is fluid and cursive.

Michael J. Chicorelli, MAI
Principal
Maryland License #04-27767
License Expires February 17, 2021

A handwritten signature in black ink, appearing to read "Nina W. Mwangi". The signature is fluid and cursive.

Nina W. Mwangi
Appraiser Trainee
Maryland License #06-32555
License Expires January 29, 2022



Table of Contents

Summary of Salient Facts	1
Aerial and Front Views.....	3
Introduction.....	4
Baltimore Metropolitan Area Analysis.....	8
Howard County, Maryland Analysis.....	11
Neighborhood Analysis	20
Site Description.....	23
Zoning Overview	25
Assessment and Tax Data	29
Highest and Best Use	30
Appraisal Methodology	33
Land Valuation	34
Valuation of the Proposed Perpetual Easement.....	50
General Assumptions and Limiting Conditions	52
Certification.....	57
Certification.....	58
Addenda.....	59



Summary of Salient Facts

Address:	Old Maryland Route 108 Ellicott City, Maryland 21042
Tax Parcel Number:	None
Property Owner:	Howard County, Maryland
Property Rights Appraised:	Fee Simple & Perpetual Easement
Zoning:	R-APT, Residential Apartment and R-20
Site Size:	±1.09 acres (47,480 square feet)
Existing Improvements Property Type:	Land only
Extraordinary Assumptions:	We assume the subject is not impacted by any detrimental environmental, soil, flood, deed, or easement restrictions other than those identified in this report. We assume the subject is being sold to the adjacent property owner per the instructions from our client. Our appraisal report assumes that there is a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.
Hypothetical Conditions:	None were utilized in this appraisal.
Highest and Best Use As Vacant:	Open space or vehicular access only due to a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels
Date of Inspection:	February 20, 2020
Effective Date of Value:	February 20, 2020
Report Date:	March 23, 2020



Fee Simple Market Value

Value Premise	Interest Appraised	Effective Date	Indicated Value
Market Value As Is	Fee Simple	February 20, 2020	\$12,000

Proposed Perpetual Easement

Value Premise	Interest Appraised	Effective Date	Indicated Value
Market Value	Proposed Perpetual Easement	February 20, 2020	\$10,650



Aerial and Front Views

AERIAL VIEW



FRONT VIEW





Introduction

Client and Other Intended Users of the Appraisal

The client in this assignment is Howard County, Maryland, and the sole intended user of this report.

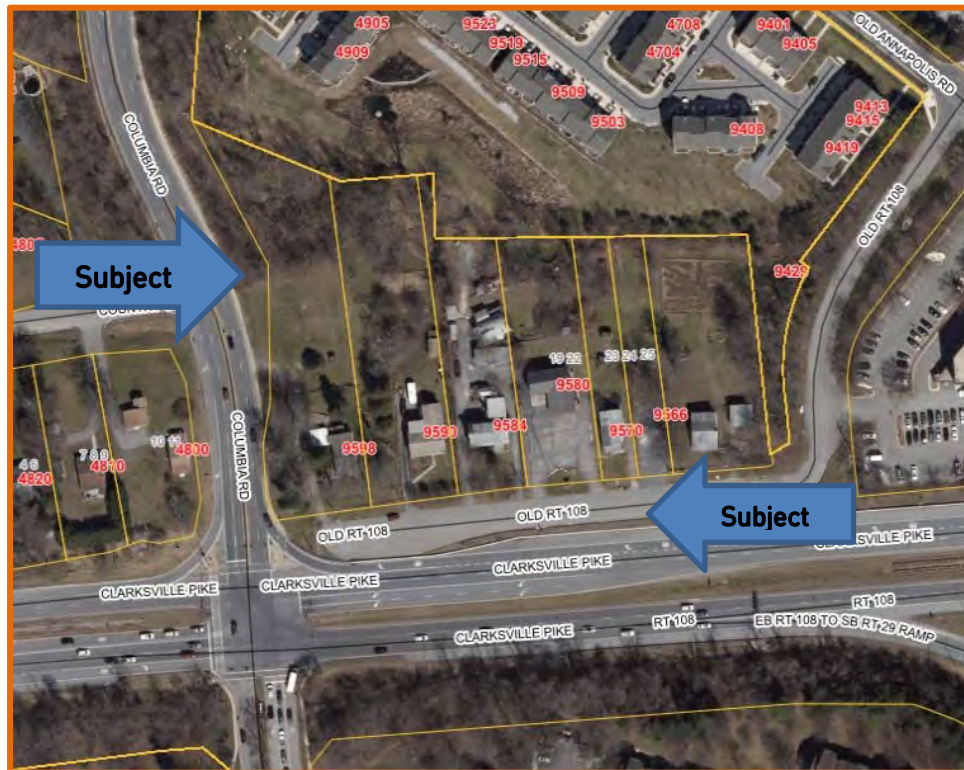
Intended Use of the Appraisal

The intended use of this report is to estimate the value of a portion of Old MD Rt. 108 and Columbia Road adjacent to property owned by Dorsey Overlook LLLP.

Real Estate Identification

The subject property is located at Old Maryland Route 108 and Columbia Road, Ellicott City, Maryland 21042. SDAT does not have a recorded tax card for the subject property, and neither an account number(s) nor a tax map identification has been assigned to the property.

TAX MAP



Real Property Interest Appraised

We have appraised the fee simple interest in the subject property in order to estimate market value of a portion of Old MD Rt. 108 and Columbia Road adjacent to property owned by Dorsey Overlook LLLP.

Date of Report

The date of this report is March 23, 2020, the date of the letter of transmittal.



Type and Definition of Value

The purpose of this appraisal is to develop an opinion of the market value of the subject property. “Market Value,” as used in this appraisal, is defined as “the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.” Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1) Buyer and seller are typically motivated.
- 2) Both parties are well informed or well advised, each acting in what they consider their own best interests;
- 3) A reasonable time is allowed for exposure in the open market;
- 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.”

(Source: The Dictionary of Real Estate Appraisal, Sixth Edition, pg. 142)

The “as is” value is the value of the property in its present condition under market conditions prevalent on the date of the appraisal.

Please refer to the Glossary in the *Addenda* for further definitions of terms employed in this report.

Valuation Scenarios and Effective Dates of Value

We developed opinions of value for the subject property under the following scenarios and corresponding effective dates of value:

Valuation	Effective Date of Value
“As Is”	February 20, 2020.

We completed an appraisal inspection of the subject property on February 20, 2020.

Use of Real Estate as of the Effective Date of Value

The subject property was vacant land used as an access road to several existing homes as of the effective date of appraisal.

Use of Real Estate as of the Date of this Report

Assumed to be the same as above.

Ownership and Sales History

The subject is owned by Howard County, Maryland. To our knowledge, the subject property has not been sold or listed for sale within the past three years. We have considered and analyzed the known history of the subject in the development of our opinions and conclusions. Dorsey Overlook LLLP purchased the adjacent parcels totaling 4.29 acres in February of 2019 for a sum total of \$4,817,000 per land records.



Scope of Work

The scope of work includes all steps taken in the development of the appraisal. These include 1) the extent to which the subject property is identified, 2) the extent to which the subject property is inspected, 3) the type and extent of data researched, 4) the type and extent of analysis applied, and the type of appraisal report prepared. These items are discussed as follows:

Extent to Which the Property was Identified

Legal Characteristics

The subject was legally identified via a plat map provided by Howard County Department of Public Works, tax maps, zoning maps and public records.

Economic Characteristics

Economic characteristics of the subject property were identified via a comparison to properties with similar locational and physical characteristics.

Physical Characteristics

The subject was physically identified via an inspection.

Extent to Which the Property was Inspected

We inspected the subject on February 20, 2020.

Type and Extent of the Data Researched

We researched and analyzed: 1) market area data, 2) property-specific, market-analysis data, 3) zoning and land-use data, and 4) current data on comparable listings and sales in the competitive market area.

Type and Extent of Analysis Applied

We observed surrounding land use trends, demand for the property, and relative legal limitations in concluding a highest and best use. We then valued the subject based on the highest and best use conclusion, relying on the sales comparison approach.

Appraisal Report Type

This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a. Please see the Scope of Work above for a description of the level of research completed.

Appraisal Conformity

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.



Extraordinary Assumptions

1. We assume the subject is not impacted by any detrimental environmental, soil, flood, deed, or easement restrictions other than those identified in this report.
2. We assume the subject is being sold to the adjacent property owner per the instructions from our client.
3. Our appraisal report assumes that there is a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.

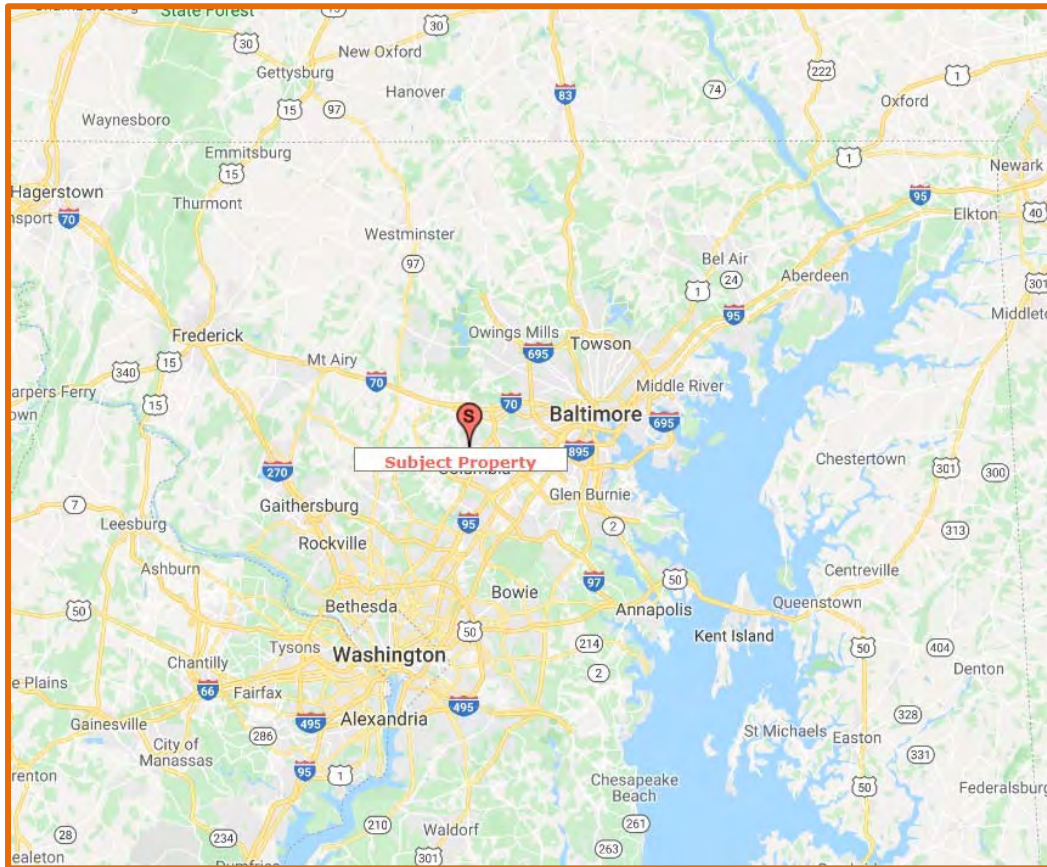
Hypothetical Conditions

1. None were utilized in this appraisal.



Baltimore Metropolitan Area Analysis

The Baltimore MSA is located in the Boston to Richmond Corridor and includes Baltimore City and Baltimore, Anne Arundel, Harford, Carroll, Howard, and Queen Anne’s Counties.¹ Baltimore is within a 40 mile commute of Washington, D.C. and is central to the State of Maryland. The MSA enjoys an orientation to the Chesapeake Bay and the Susquehanna and Patapsco Rivers. Baltimore City’s Inner Harbor and Port have deep-water access to the Chesapeake Bay and Atlantic Ocean and is the most inland port on the East Coast.



Maryland’s State Capital, Annapolis, is located in Anne Arundel County. Maryland has an elected governor and State Legislature. Each of the State’s 47 legislative districts elects one senator and three delegates for four year terms. The local government is centered in the State’s 23 counties and in the City of Baltimore.

¹ Queen Anne’s County is physically and economically separate from the rest of the MSA (Metropolitan Statistical Area). The Baltimore Metropolitan Area for purposes of this report will include Baltimore City and the five contiguous counties.



The Baltimore MSA's population grew by an average annual rate of 0.73% between 1980 (2,173,989) and 2000 (2,512,557), according to the U.S. Census Bureau. This growth was concentrated in the MSA's suburban counties. Conversely, Baltimore City has experienced a population decline of approximately 0.94% on an average annual basis. The bulk of the MSA's population growth occurred in Howard and Carroll Counties.

According to reports from the U.S. Census Bureau, the MSA's population grew from 2,512,557 in 2000, to 2,662,691 in 2010 (Census), an average annual increase of 0.6% and a total change of 6.0%. Baltimore County has the highest number of residents, followed by Baltimore City.

The MSA's population increased from 2,632,756 in 2008 to 2,752,538 in 2018, an average annual increase of 0.4% and a total increase of 4.6%. The MSA's 2018 population increased 0.13% over 2017 at 2,748,920. The MSA's population is projected to increase to 2,897,800 by 2030 and 2,989,250 in 2040, according to the Maryland Department of Planning.

According to reports from the U.S. Census Bureau, estimated average median household income for the Baltimore Region increased from \$71,753 in 2007 to \$83,599 in 2017. The region's 2017 income decreased by 1.0% from 2016, at \$84,453 and was 3.6% higher than the State of Maryland's estimated 2017 income of \$80,711. The Region has experienced an average annual increase of 1.5% and a total change of 16.5% from 2007 to 2017.

The employment market in the Baltimore Metropolitan Area grew rapidly in the 1980's before declining during recessionary periods. The unemployment rate increased in the MSA during the recessions of the early 1990's, 2001 to 2003 and 2008 to 2011. Baltimore City has consistently had the highest rates of unemployment, while Howard County has had the lowest in the MSA.

In 2018, the Baltimore MSA had an average annual estimated labor force of 1,493,498, with an average unemployment rate of 4.0% (not seasonally adjusted), compared to the statewide average annual rate of 3.9% and the U.S. average unemployment rate of 3.9%. During the same period, Baltimore City had the highest unemployment rate of 5.7% and Howard County had the lowest rate at 3.0%.

In April 2019, the MSA had an estimated labor force of 1,499,499 with an unemployment rate of 3.4% (not seasonally adjusted) compared to the statewide rate of 3.4% and the U.S. unemployment rate of 3.6% (seasonally adjusted).

Metropolitan Regional Information Systems, Inc. (MRIS) reported the average annual sale price of a home in the Baltimore Metropolitan Area in 2018 was \$321,820, an increase of 2.8% over 2017, at \$313,014. All counties and Baltimore City had increases in average home sale price in 2018. During the same period, the number of units sold in the MSA decreased from 40,672 in 2017 to 39,300 in 2018, an overall decrease of 3.4%. Decreases in the number of units sold in 2018 in the MSA occurred in Anne Arundel County (2.0%); Baltimore County (3.7%); Carroll County (2.1%); Howard County (6.2%) and Baltimore City (4.9). The only increase occurred in Harford County (0.6%). The following chart shows the annual changes in average home sale prices (by county/city), from 2013 to 2018 in the Baltimore Metropolitan Area:



In April 2019 the average home sale price in the MSA was \$317,849, a decrease of 0.9% from April 2018, at \$320,800. During the same period, the number of units sold in the MSA decreased from 3,349 in April 2018 to 3,266 in April 2019, a decrease of 2.5%. The average year-to-date (YTD) 2019 home sale price in the MSA was \$310,891, an increase of 1.2% over YTD 2018, at \$307,146. The total number of units sold in the MSA (YTD) decreased from 10,893 in 2018 to 10,101 in 2019, a decrease of 7.3%.

In late 2007, financial markets began to deteriorate from a period of rapid growth in real estate prices and economic activity during the early 2000s. What followed was a deep and unprecedented global economic recession which has come to be known as The Great Recession. Real estate markets, in particular, were profoundly affected by this recession in comparison to those in the past. The Great Recession officially lasted from December 2007 to June 2009 and was followed by a period of slow economic recovery over the next several years. Real estate markets have since recovered from The Great Recession, but its effects can still be seen, most notably in stricter lending practices and the unwinding of monetary and fiscal policies enacted during the recession and recovery.

Economic conditions in the Baltimore MSA have largely stabilized in recent years. The decrease in average home sale prices slowed to 3.8% in 2011, from 10.1% in 2009. The average home sale price in the MSA increased in 2012 through 2014, decreased in 2015 and then increased again in 2016 through 2018. Retail sales in the MSA increased in 2012 through 2018, after decreases every year between 2008 and 2010. The average unemployment rate decreased in 2011 through 2018, after two years of increasing unemployment in 2009 and 2010. This recent stabilization indicates a recovery from 2011 to present.

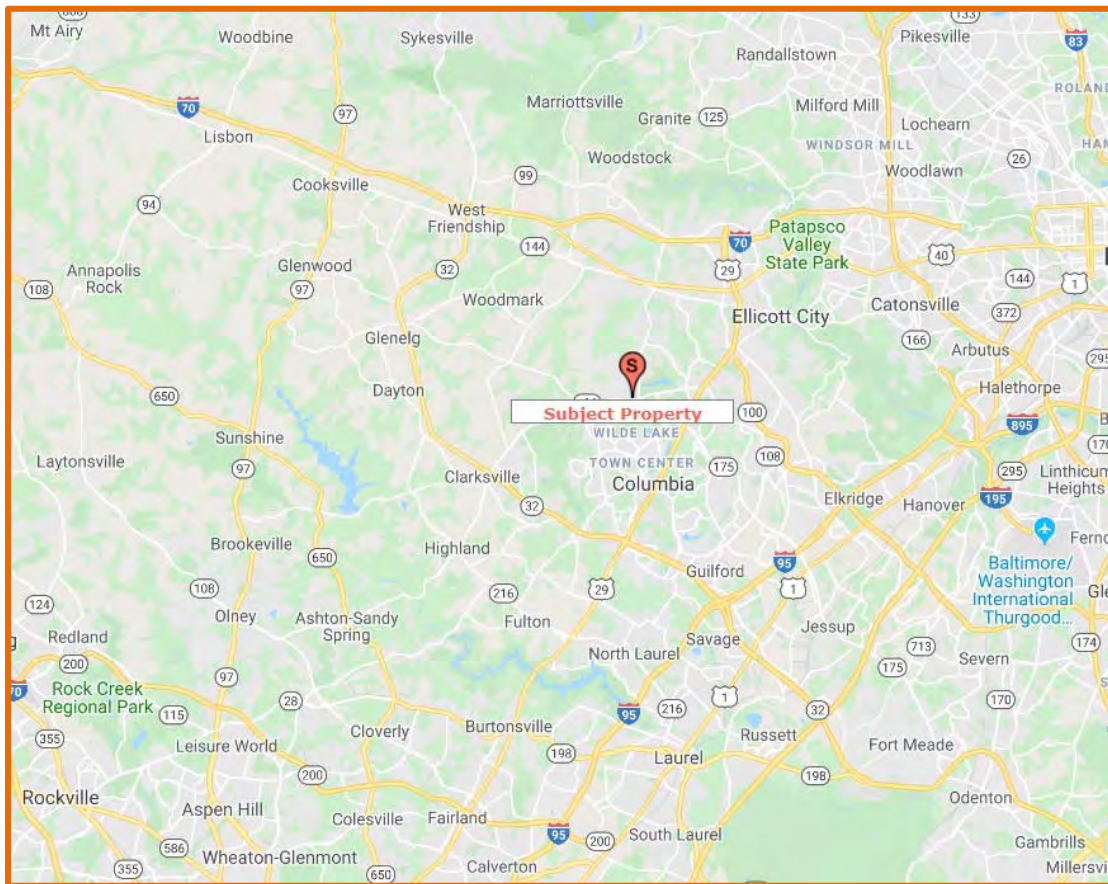
Going forward, the Baltimore MSA's proximity to Washington, D.C. and its economic base will continue to be a positive influence in its growth. Economic growth may not again reach the pace set in the mid-2000s, however, the MSA's favorable demographic trends and location will assist in ultimately, growing its economy.



Howard County, Maryland Analysis

Location

Howard County is part of the Baltimore Metropolitan Region and is the westernmost of the metropolitan counties, extending westward from Baltimore County to Frederick County, and has a land area of 251± square miles. Its boundaries are as follows: Carroll County to the north; Baltimore and Anne Arundel Counties to the east; Prince George’s and Montgomery Counties to the south; and Montgomery and Frederick Counties to the west. Howard County has no incorporated towns and its County seat is Ellicott City. Columbia is the largest town within Howard County and is located in the east central part of the County along the Route 29 corridor. Ellicott City is located 11 miles from Baltimore, MD, 31 miles from Washington, D.C., 106 miles from Philadelphia, PA and 195 miles from New York, NY.





Population

Howard County is the fourth largest County in the Baltimore Metropolitan Area. The U.S. Census Bureau estimated Howard County’s 2000 population at 247,876, which showed an average annual growth rate of 3.8% from 1980, at 118,572. In 2018, the County’s estimated population was 323,196, an increase of 1.2% over 2017, at 319,374. The County experienced an average annual increase in population of 1.5% and a total change of 16.1% from 2008 to 2018. The County’s population is projected to increase to 366,800 in 2030 and 371,850 in 2040, according to reports from the Maryland Department of Planning. A summary of population history and forecast is shown in the following chart:

HISTORICAL AND PROJECTED TOTAL POPULATION FOR THE BALTIMORE REGION

	Average Annual Growth Rates						
	2008	2018	2008-2018	2030	2018-2030	2040	2030-2040
MARYLAND	5,684,965	6,042,718	0.6%	6,518,750	0.6%	6,834,500	0.5%
BALTIMORE REGION	2,632,756	2,752,538	0.4%	2,897,800	0.4%	2,989,250	0.3%
Anne Arundel County	525,304	576,031	0.9%	596,700	0.3%	622,250	0.4%
Baltimore County	798,651	828,431	0.4%	862,200	0.3%	880,750	0.2%
Carroll County	167,433	168,429	0.06%	175,150	0.3%	181,800	0.4%
Harford County	242,779	253,956	0.5%	271,850	0.6%	289,200	0.6%
Howard County	278,405	323,196	1.5%	366,800	1.1%	371,850	0.1%
Baltimore City	620,184	602,495	-0.3%	625,100	0.3%	643,400	0.3%

Sources: 2008 & 2018 - U.S. Census Bureau, Release Date: April 2019; 2030 & 2040 - Projections prepared by the Maryland Department of Planning.

Employment

In the past three decades, Howard County has shifted from a primarily farming community to a combination urban and rural community due to the County’s active promotion of economic development and its close proximity to both Washington, D.C. and Baltimore City. A survey of the County’s total employment broken down by sector of work is shown in the following chart:

SUMMARY OF EMPLOYMENT

SOURCE	Annual 2017	Annual 2018	% Change 2017-18	1 st Qtr. 2019	% Change 2018-19
Government	16,784	16,958	1.0%	17,579	3.7%
Natural Resources & Mining	349	336	-3.7%	280	-16.7%
Construction	11,657	11,947	2.5%	11,214	-6.1%
Manufacturing	8,126	8,215	1.1%	8,247	0.4%
Trade, Transportation & Utilities	34,088	33,929	-0.5%	33,497	-1.3%
Information	3,889	3,717	-4.4%	3,737	0.5%
Financial Activities	10,099	10,167	0.7%	9,722	-4.4%
Professional & Business Services	46,056	46,086	0.1%	46,398	0.7%
Education & Health Services	18,750	19,023	1.5%	19,757	3.9%
Leisure & Hospitality	15,937	16,478	3.4%	16,012	-2.8%
Other Services & Unclassified	4,537	4,510	-0.6%	4,505	-0.1%
Total	170,272	171,366	0.6%	170,948	-0.2%

Source: Maryland Department of Labor, Licensing & Regulation



In June 2019, the estimated civilian labor force for Howard County was 189,136, with an unemployment rate of 3.1% (not seasonally adjusted), compared to a rate of 4.0% for the Baltimore MSA, 4.0% in the State of Maryland, and the U.S. unemployment rate of 3.7% (seasonally adjusted). Howard County has consistently had the lowest unemployment rate in the Baltimore Metropolitan Area. Government accounts for 10% of the County’s work force, with the remaining 90% in the private sector. The top ten private sector employers in the County are listed in the following chart:

TOP TEN EMPLOYERS

Employer	Product-Service/Industry	Employees
Johns Hopkins University Applied Physics Lab.	R&D systems engineering/Professional services	6,400
Howard County General Hospital	Medical services/Health care	1,765
Verizon	Telecommunications/Information	1,700
Howard Community College	Higher Education/Educational services	1,410
Lorien Health Systems	Nursing care/Health care	1,190
The Columbia Association*	Nonprofit civic organizaion	1,180
Coastal Sunbelt Produce	Produce processing/Manufacturing	1,050
Nestle Dreyer's Ice Cream	Frozen desserts	890
Wells Fargo	Securities administration/Finance and insurance	805
Sysco Food Services	Food products distribution	800

Note: Excludes post offices, state and local governments; national retail and national food service; includes higher education.

Sources: Economic development agencies statewide and Maryland Department of Business and Economic Development, 2018.

Income

According to the U.S. Census Bureau, estimated median household income for Howard County increased from \$100,744 in 2007 to \$111,576 in 2017, an average annual increase of 1.0% and a total change of 10.8%. In 2017, the County’s median household income was 6.5% lower than the 2016 median income of \$119,386, 38.2% higher than Maryland’s median income of \$80,711 and 33.5% higher than the Baltimore Region’s estimated median income of \$83,599. Median household income growth from 2007 to 2017 is shown in the following chart:

MEDIAN HOUSEHOLD INCOME

Year	Income	Annual % Change	Total % Change
2007	\$100,744	-	-
2008	\$101,867	1.1%	1.1%
2009	\$101,417	-0.4%	0.7%
2010	\$100,992	-0.4%	0.2%
2011	\$99,040	-1.9%	-1.7%
2012	\$108,234	9.3%	7.4%
2013	\$108,503	0.2%	7.7%
2014	\$106,871	-1.5%	6.1%
2015	\$110,224	3.1%	9.4%
2016	\$119,386	8.3%	18.5%
2017	\$111,576	-6.5%	10.8%
Average Annual % Change		1.0%	

Source: U.S. Census Bureau



Assessable Tax Base

The assessable tax base is affected by physical growth, the economy and market prices. In FY 2018 (as of the November 30, 2018 base estimate date), the County’s estimated tax base was \$51.276 billion, an increase of 3.5% over 2017, at \$49.520 billion. The County experienced an average annual increase of 1.1% and a cumulative growth rate of 11.7% from 2008 to 2018, as set forth in the following chart:

ASSESSABLE TAX BASE			
Year*	Tax Base (In \$Billions)	Annual % Change	Cumulative % Change
2008	\$45.901	-	-
2009	\$48.355	5.3%	5.3%
2010	\$46.289	-4.3%	0.8%
2011	\$43.221	-6.6%	-5.8%
2012	\$42.331	-2.1%	-7.8%
2013	\$42.567	0.6%	-7.3%
2014	\$43.708	2.7%	-4.8%
2015	\$45.505	4.1%	-0.9%
2016	\$47.526	4.4%	3.5%
2017	\$49.520	4.2%	7.9%
2018	\$51.276	3.5%	11.7%
Average Annual % Change		1.1%	

Source: State Department of Assessments and Taxation.

**For Tax Years beginning July 1st.*

Retail Sales

According to reports from the Comptroller of Maryland, Bureau of Revenue Estimates (BRE), Howard County had retail sales totaling \$3.262 billion in 2018, an increase of 3.0% over 2017, at \$3.168 billion. The County experienced an average annual increase of 0.3% and a cumulative growth rate of 3.5% from 2008 to 2018, as shown in the following chart:

RETAIL SALES			
Year*	Retail Sales (In \$Billions)	Annual % Change	Cumulative % Change
2008	\$3.153	-	-
2009	\$2.978	-5.5%	-5.5%
2010	\$2.787	-6.4%	-11.6%
2011	\$2.781	-0.2%	-11.8%
2012	\$2.902	4.3%	-7.9%
2013	\$2.875	-0.9%	-8.8%
2014	\$2.927	1.8%	-7.1%
2015	\$3.059	4.5%	-3.0%
2016	\$3.144	2.8%	-0.3%
2017	\$3.168	0.8%	0.5%
2018	\$3.262	3.0%	3.5%
Average Annual % Change		0.34%	

Source: Comptroller of Maryland - Bureau of Revenue Estimates (BRE) Consolidated Revenue Reports; Sales and Use Tax Summaries.

**Fiscal Years through June 30th.*



Housing

Metropolitan Regional Information Systems, Inc. (MRIS), in their report on housing statistics, stated that the average sale price of an existing home in Howard County in 2018 was \$452,951, an increase of 1.9% over 2017, at \$444,708. The number of units sold in the County decreased from 4,594 in 2017 to 4,309 in 2018, a decrease of 6.2%. Historical changes in average sale price and number of units sold, from 2008 to 2018, are shown in the following chart:

AVERAGE HOME SALE PRICES AND UNITS SOLD

Year	Units Sold	% Change	Avg. Price	% Change
2008	2,688	--	\$438,945	--
2009	2,888	7.4%	\$390,093	-11.1%
2010	2,850	-1.3%	\$402,979	3.3%
2011	2,709	-4.9%	\$404,500	0.4%
2012	3,162	16.7%	\$404,598	0.02%
2013	3,482	10.1%	\$419,407	3.7%
2014	3,472	-0.3%	\$431,300	2.8%
2015	4,136	19.1%	\$430,624	-0.2%
2016	4,570	10.5%	\$436,084	1.3%
2017	4,594	0.5%	\$444,708	2.0%
2018	4,309	-6.2%	\$452,951	1.9%

Source: Metropolitan Regional Information Systems, Inc. (MRIS)

In August 2019 the average home sale price in the County was \$479,423, an increase of 2.9% from August 2018, at \$465,720. During the same period, the number of units sold in the County increased from 437 in August 2018 to 461 in August 2019, an increase of 5.5%. The average year-to-date (YTD) 2019 home sale price in the County was \$450,348, an increase of 0.6% over YTD 2018, at \$447,453. The total number of units sold in the County (YTD) decreased from 2,961 in 2018 to 2,911 in 2019, a decrease of 1.7%. A comparison of 2019 to 2018, for average home sale prices and number of units sold in Howard County on a monthly and YTD basis, is shown in the following chart.

AVERAGE HOME SALE PRICES & NO. OF UNITS SOLD - MONTHLY/YTD COMPARISON

Month	2018	2019	2018-2019 % Change	2018	2019	2018-2019 % Change
	Units Sold	Units Sold		Average Price	Average Price	
January	232	175	-24.6%	\$412,884	\$430,250	4.2%
February	219	201	-8.2%	\$411,538	\$402,490	-2.2%
March	340	302	-11.2%	\$431,827	\$433,484	0.4%
April	381	378	-0.8%	\$459,801	\$427,231	-7.1%
May	427	492	15.2%	\$471,230	\$467,602	-0.8%
June	499	442	-11.4%	\$474,887	\$484,023	1.9%
July	426	460	8.0%	\$451,735	\$478,280	5.9%
August	437	461	5.5%	\$465,720	\$479,423	2.9%
YTD	2,961	2,911	-1.7%	\$447,453	\$450,348	0.6%

Source: SmartCharts, September 2019.

According to reports from the Baltimore Metropolitan Council, in 2018, Howard County issued new residential building permits 2,046 dwelling units (including multi-family), an increase of 67.0% from 2017, at 1,225 units. Of the permits issued in the County in 2018, 808 were for single-



family units, a decrease of 0.7% from 2017, at 814 single-family units. During the same period, the County issued permits for 1,238 multi-family units, an increase of 201.2% from 2017, at 411 multi-family units.

The dollar value of all new residential building permits issued in Howard County in 2018 was \$354.9 million, an increase of 43.0% from 2017, at \$248.2 million. The number of units and construction costs for permits issued in the County from 2008 to 2018 are shown in the following chart:

RESIDENTIAL CONSTRUCTION PERMITS

Year	Number of Units				Construction Costs (\$millions)			
	Single-Family	Multi-Family	Total	% Change	Single-Family	Multi-Family	Total	% Change
2008	681	373	1,054	--	\$166.0	\$55.0	\$221.0	--
2009	890	583	1,473	39.8%	\$192.9	\$68.1	\$261.0	18.1%
2010	936	485	1,421	-3.5%	\$196.3	\$41.5	\$237.8	-8.9%
2011	989	189	1,178	-17.1%	\$231.6	\$17.9	\$249.5	4.9%
2012	518	1,139	1,657	40.7%	\$144.2	\$119.4	\$263.6	5.7%
2013	1,275	1,013	2,288	38.1%	\$280.4	\$71.5	\$351.9	33.5%
2014	931	515	1,446	-36.8%	\$207.2	\$84.3	\$291.5	-17.2%
2015	1,113	476	1,589	9.9%	\$219.4	\$62.0	\$281.4	-3.5%
2016	1,035	833	1,868	17.6%	\$217.3	\$116.7	\$334.0	18.7%
2017	814	411	1,225	-34.4%	\$195.1	\$53.1	\$248.2	-25.7%
2018	808	1,238	2,046	67.0%	\$197.3	\$157.6	\$354.9	43.0%

Commercial/Industrial Markets

According to reports from the Baltimore Metropolitan Council, in 2017, the total value of new, non-residential construction activity in Howard County was \$56.7 million, a decrease of 61.8% from 2016, at \$148.5 million. The total number of non-residential construction permits issued in the County in 2017 was 20, a decrease of 23.1% from 2016, at 26 permits. The number of permits issued and permit values in the County, from 2007 to 2017, are shown in the following chart:

NON-RESIDENTIAL CONSTRUCTION PERMITS

Year	Number of		Permit Value	
	Permits	% Change	(\$millions)	% Change
2007	96	--	\$241.4	--
2008	50	-47.9%	\$106.4	-55.9%
2009	25	-50.0%	\$131.8	23.8%
2010	20	-20.0%	\$95.2	-27.8%
2011	18	-10.0%	\$79.4	-16.5%
2012	43	138.9%	\$102.2	28.6%
2013	28	-34.9%	\$232.6	127.6%
2014	21	-25.0%	\$51.7	-77.8%
2015	37	76.2%	\$175.8	239.9%
2016	26	-29.7%	\$148.5	-15.5%
2017	20	-23.1%	\$56.7	-61.8%

Source: Baltimore Metropolitan Council

Howard County’s commercial market experienced an upturn fueled by office, retail and warehouse development. Retail activity was strong in Columbia and Ellicott City while industrial



development was oriented to U.S. Route 1/I-95. Recently, the office market has weakened and rental rates were not sufficient to support speculative construction.

Howard County has 14 major business parks, of which approximately 21.8 million square feet is devoted to industrial, research and development, and office space, according to The Official Guide to Howard County. Currently, the five largest business parks in the County, in acreage, are Columbia Gateway (625); Emerson Corporate Commons (570); Maple Lawn (506); Maryland Wholesale Food Center (400); Baltimore Washington Industrial Park (250); Waverly Woods (210); and Patapsco Valley Business Center (190).

“Downtown Columbia recently completed projects that include: the Metropolitan, the Columbia Mall expansion, the Ten Three Seventy building, the lakefront restaurants and the Whole Foods/Haven on the Lake building. The approved plans for the Crescent neighborhood includes 313,500 sf of retail, 1.475 million sf of office, 225,000 sf of cultural space, 250 hotel rooms and 2,300 residential units on 37 acres. The first stage of development in the Crescent includes two office buildings totaling 333,500 sf and 20,000 sf of terraced amenity space in addition to a 1,200 space parking deck. Costello Construction’s new building, Little Patuxent Square, will feature 160 luxury apartment units and 135,000 sf of office space,” according to the Howard County Economic Development Authority.

Howard County has nearly 70 million square feet of commercial real estate ideal for a wide range of uses, including corporate headquarters, research and development, and distribution operations, according to the Maryland Department of Business & Economic Development. Many business parks in the County are situated along the I-95 corridor, providing access to Baltimore and Washington, D.C. Two new developments in the County include:

- Emerson Corporate Commons – a 570-acre community just north of MD Route 216 on both sides of I-95 (master-planned by Howard Hughes Corp.). Emerson features a corporate campus setting with I-95 visibility, 1,200 residential units and 215 acres of open space. More than 150 acres have been set aside for employment uses with a potential for 1.8 million square feet of office and 100,000 square feet of retail space.
- Maple Lawn – a 506-acre mixed-use development offering more than 1.3 million square feet of office space, 180,000 square feet of neighborhood oriented retail space and more than 1,300 residential units. The business district at Maple Lawn features multiple Class A office buildings located between Washington and Baltimore, at the intersection of U.S. Route 29 and MD Route 216.



The County also has a Business Incubator, the Maryland Center for Entrepreneurship iCat (Innovation Catalyst) in Columbia. A Market Profile for Howard County’s industrial and office properties is shown in the following chart:

MARKET PROFILE DATA

Land - cost per acre	Low	High	Average
Industrial	\$100,000	\$300,000	\$200,000
Office	\$400,000	\$600,000	\$500,000
Rental Rates - per square foot			
Warehouse / Industrial	\$4.25	\$9.50	\$6.73
Flex / R&D / Technology	N/A	N/A	\$13.04
Class A Office	\$16.00	\$36.00	\$29.15

Source: Howard County Economic Development Authority, 2018

Transportation

Howard County has an excellent transportation network including access to highways, railroad, truck, water, and air transportation. Major arteries include the Baltimore Beltway (I-695), I-95, I-70, U.S. 29, U.S.1, U.S. 40, MD 32, MD 175 and MD 100, which connects I-97 and U.S. 29, and with other major expressways to provide links to most major urban areas in the East. Taking advantage of this highway stem, are 100 local and long distance trucking companies.

In addition to its extensive highway system, the County is served by several major railroads. CSX Transportation serves primarily the east and southeast sections of the County where the majority of the industrial development is located. Commuter service is provided at three MARC train stations in the County with nine daily commuter trains. Amtrak passenger service along the northeast/southeast corridor is available in nearby Baltimore station (20 minute drive). Modern port facilities link with rail facilities to provide one day shipment to about 40 percent of the nation’s industrial markets.

The County is a short distance from Baltimore’s 45-mile long shoreline which comprises one of the largest foreign tonnage ports in the U.S., the Helen Delich Bentley Port of Baltimore (renamed for former Congresswoman, Helen Delich Bentley on June 2, 2006, in celebration of the 300th anniversary of the port), located at Dundalk, Curtis Bay, Locust Point and Canton Yards. The Port is a significant economic engine for the region and a leading U.S. automobile and break-bulk port with six public terminals and a state-of-the-art Intermodal Container Transfer Facility. It is ranked as one of the nation’s top, and the East Coast’s number one, “Ro/Ro” (roll-on/roll-off) ports. It is also the number one port on the East Coast for importing trucks, forest products, and gypsum, according to the MPA. The port is generally ice-free year round and can be approached from the south via the Chesapeake Bay or from the north via the Delaware Bay and Chesapeake-Delaware Canal. Baltimore is the closest East Coast port to the U.S. Midwest. Its geographic advantage allows Midwestern manufacturers significant cost and time savings when transporting their goods to Baltimore rather than other East Coast ports.



Howard County is served by Baltimore/Washington International Thurgood Marshall Airport (BWI), which is only ten miles east of the County near the Baltimore/Washington Parkway. Travelers also are reasonably proximate to Ronald Reagan Washington National Airport, 30 miles away, and Washington Dulles International Airport, which is 50 miles to the south.

Conclusions

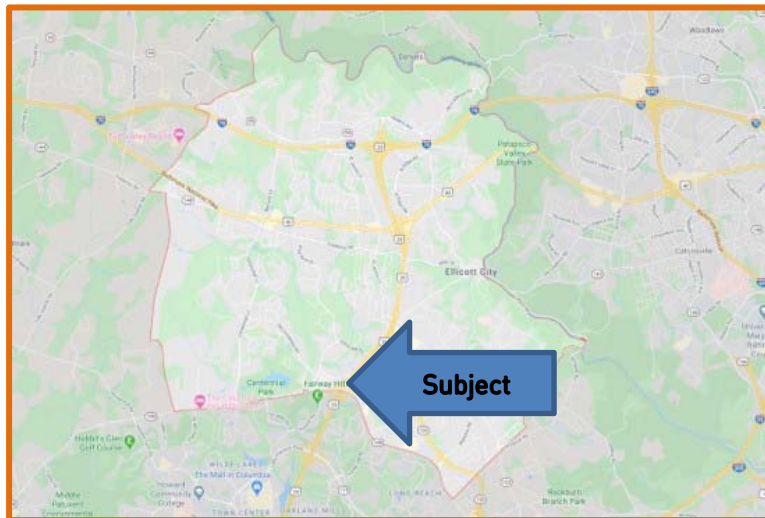
Economic conditions in Howard County have stabilized in recent years. The County's average home sale price increased in 2010, 2012, 2013 and 2015 through 2018, after decreases in 2009, 2011, and 2014. Retail sales in the County increased in 2012 and 2014 through 2018, after decreases in 2009 through 2011 and 2013. The average unemployment rate decreased in 2011 through 2018, after increasing unemployment in 2009 and 2010. Howard County's unemployment rate is the lowest in the Baltimore Metropolitan area. This recent stabilization indicates a recovery from 2011 to present.

Going forward, Howard County's proximity to Washington, D.C. and Baltimore and its economic base will continue to be a positive influence in its growth. Economic growth may not again reach the pace set in the mid-2000s; however, Howard County's favorable demographic trends and location will assist in ultimately growing its economy.



Neighborhood Analysis

NEIGHBORHOOD MAP



The subject property located in Ellicott City. Uses nearby include multifamily and single family detached residential development and a variety of commercial uses including retail and office development along arterial roads.

Residents have access to all necessary amenities. Schools, houses of worship and recreational facilities also are available. Ellicott City is also easily accessible to employment opportunities in the Baltimore Metropolitan area.

Historic Ellicott City which is located a few miles northeast of the subject, is a national historic district in Maryland. The district encompasses a predominantly 19th century mill town whose origins date to 1772, including more than 200 18th and 19th-century buildings. Its charm and abundance of history characterizes the city as a tourist hub frequented by many from all over the world and within the United States borders. It was listed on the National Register of Historic Places in 1978. The 2016 Maryland flood severely impacted the historic district on July 30, 2016, as did another flood on May 27, 2018. As a result, infrastructure, historic properties, numerous local businesses and residential properties located within the historic district were destroyed, subsequently debilitating the area. The destruction brought about by the two subsequent floods has reverberated throughout Ellicott City including areas that are not located within the historic district as access into and out of the historic district is limited thus driving down local and international tourism, the key element that drives the historic district's economy. Needless to say, the local businesses that have enjoyed the benefits of the local and international tourism have been significantly affected. The historic district is currently undergoing rehabilitation and future plans are underway to prevent this catastrophe from reoccurring.



Flood Mitigation

The Howard County Council passed a bill putting a moratorium on development in Ellicott City that went into effect in April 2019, and ended in November of 2019. The act temporarily banned approving of any development plans or zoning changes for property that drains into the Tiber Branch watershed. The bill also studied past, present, and future land uses, drainage infrastructure, stormwater management, and flood mitigation, and all other factors related to flooding in the Tiber Branch Watershed. Recommendations have been made on changes to land uses, drainage infrastructure, stormwater management, and flood mitigation. Design is already underway for some of the projects and construction start date for the majority of the projects is dependent on which flood mitigation scenario is selected. It is expected that, regardless of which scenario is selected, construction will begin for most projects during 2020 and 2021.

Neighborhood Location and Boundaries

The subject neighborhood is located in Ellicott City. The area is suburban in nature. The neighborhood is bounded by Baltimore National Pike to the north, Columbia Pike to the east, Clarksville Pike (Route 108) to the south, and Sykesville Road to the west.

Demographics

The subject is in Zip Code 21042. Demographic data on this area was obtained from ESRI Business Solutions. ESRI estimates the 2019 population in this zip code at 42,471, a 12% increase from the 2010 population of 37,946. ESRI forecasts the population will increase between 2019 and 2024, to 45,635. The number of households grew 11% between 2010 and 2019, from 13,120 to 14,510. The number of households is expected to increase to 15,515 by 2024. The median household income is estimated at \$152,766, above the statewide median of \$79,833 and above the national median of \$58,100.

Transportation Routes

Primary access to the subject's neighborhood is from U.S Route 29 (Columbia Pike) (North/South), U.S Route 100 (East/West), Route 40 (Baltimore National Pike) (East/West), and Interstate 70. Overall access to the area is good.

Neighborhood Land Use

The subject's immediate area consists of multifamily and single family (attached and detached) residential development, and a variety of commercial uses including retail and office development along arterial road. Notable development in the area is the Dorsey Search Village Center. The center is located on Dorsey Hall Drive and houses a variety of retail and office development that serve the local community economically via jobs as well as providing amenities. There also exists a golf course namely the Fairway Hills Golf Course across Route 108, accessed from Columbia Road. Ellicott City is also easily accessible to employment opportunities in the Baltimore Metropolitan area.



Conclusions

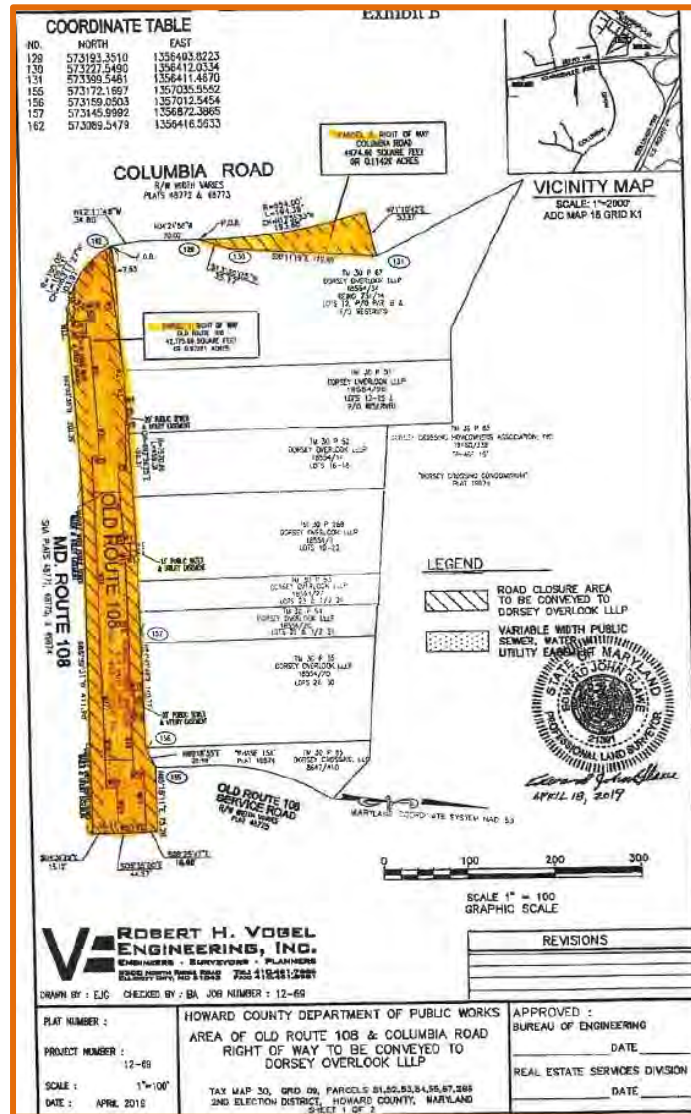
In summary, the subject is located in Ellicott City, Howard County. Demographic data indicates a stable to moderately increasing population and household base, of above average economic means. The area supports a variety of commercial and residential development. The recent 2016 and 2018 flooding events have had detrimental effects on local businesses due to the decline in local and international tourism, which is the driving force of the historic district's economy. The historic district is currently undergoing rehabilitation and business owners are slowly resuming business thus, we anticipate this neighborhood will continue to experience stable to moderately increasing growth over the near future.



Site Description

The following description is based on our inspection of the subject, and information provided by the client.

PLAT MAP



General Data

Street Address: Old Maryland Route 108, Ellicott City, Maryland 21042
Assessor Parcel Number: None

Adjacent Land Uses

North: New townhomes
South: Route 108 and apartments
East: Dorsey Hall Medical Center
West: Detached residential dwellings and Columbia Road



Physical Characteristics

Site Area: ±1.09 gross acres
 Shape: Irregular
 Topography: Generally level

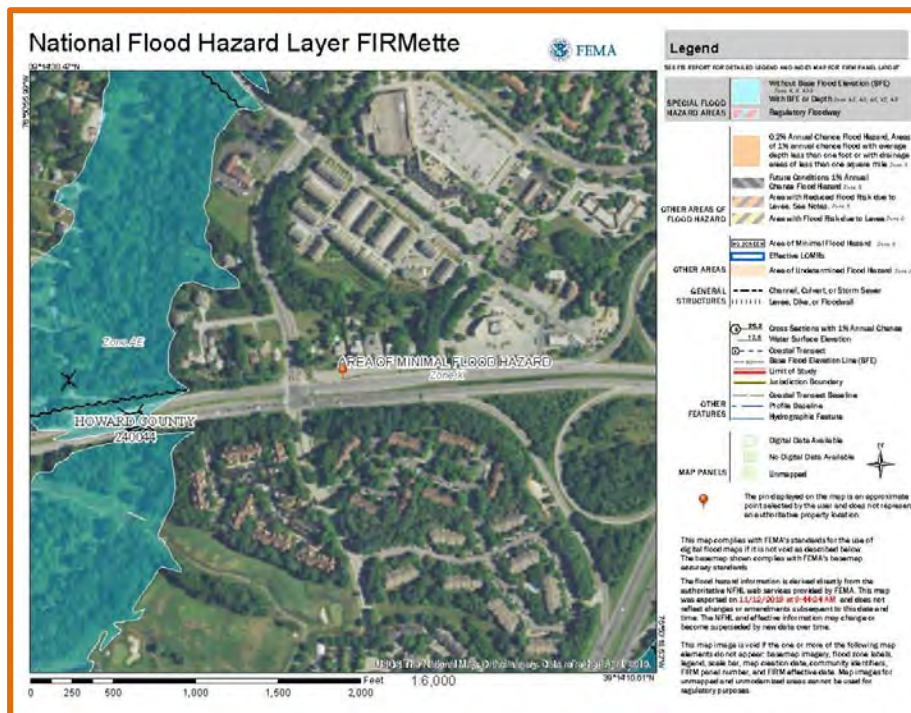
Access

Street Name: Old Route 108
 Street Type: Residential

Flood Zone Data

Flood Map Panel: 24027C0160D dated November 6, 2013
 Flood Zone: Zone X

FLOOD PLAIN MAP



Site Improvements

Off-Site Improvements: Public Road
 Utilities: All available
 On-Site Improvements: None

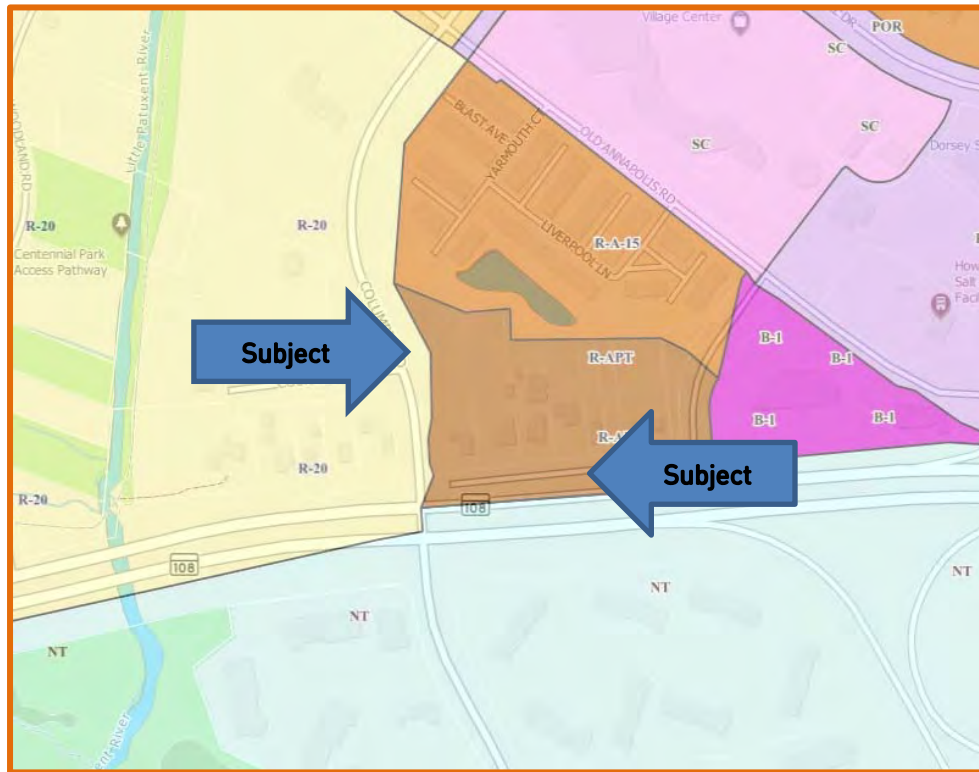
Other Site Conditions

Soils: Assumed adequate. We were not provided with a soil report for the subject properties.
 Environmental Issues: None known
 Easements and Encroachments: None that adversely affects the subject site. A utility easement totaling 23,869 sq.ft. will be conveyed on the subject site.



Zoning Overview

ZONING MAP



Zoning Designation

Jurisdiction: Howard County
Designation: R-APT & R-20
Zoning Description: Residential Apartment District
Purpose(s) of Zone: The R-APT district is established to provide the opportunity for higher density apartments to support adjacent retail areas and services, enhance transportation hubs and provide a land use transition between more intense uses and lower density residential districts. It is intended that R-APT districts will adjoin arterial roadways and should have opportunities for pedestrian and bicycle access to the surrounding areas.

Permitted Uses: One single-family detached dwelling unit per lot, Single-family attached dwelling units Apartment units Farming, provided that on a residential lot or parcel of less than 40,000 square feet no livestock shall be permitted. However, residential chicken keeping is allowed as noted in Section, Conservation areas, including wildlife and forest preserves, environmental management areas, reforestation areas, and similar uses, Convents and monasteries used for residential purposes, Government structures, facilities and uses, including public schools and colleges, Private recreational facilities, such as swimming pools, basketball courts and tennis courts, reserved for the use of on-site residents and their guests. Such facilities may be located within condominium developments as well as within communities where all properties are included within recorded covenants and liens which govern and provide financial support for operations of the facilities, Carnivals and fairs sponsored by and operated on



a nonprofit basis for the benefit of charitable, social, civic or educational organizations subject to the requirements of Section 128.0.D, Seasonal sales of Christmas trees or other decorative plant materials, subject to the requirements of Section 128.0.D, Underground pipelines; electric transmission and distribution lines; telephone, telegraph and CATV lines; mobile transformer units; telephone equipment boxes; and other similar public utility uses not requiring a Conditional Use, Commercial communication antennas attached to structures, subject to the requirements of Section 128.0.E.4. Commercial communication towers located on government property, excluding School Board property, and with a height of less than 200 feet measured from ground level, subject to the requirements of Section 128.0.E.2 and Section 128.0.E.3. This height limit does not apply to government communication towers, which are permitted as a matter of right under the provisions for "Government structures, facilities and uses and Volunteer fire departments.

Bulk Requirements

Minimum Lot Area:	6,000 sq.ft. (single family detached dwellings)
Minimum Setback (Single Family Detached):	20 ft. (front) 7.5 ft (side) 30 ft. (rear of principle structures) 10 ft. (rear of accessory structures)
Maximum Building Height:	55 ft.(principle structure) 15 ft.(accessory structure)
Density:	25 dwelling units per net acre
Maximum Units Per Structure:	8 units per structure (single family attached)

Receiving Parcel for Neighborhood Preservation - A parcel may be developed as a receiving parcel in association with Neighborhood Preservation Parcel sending parcels at a bonus density of up to 10% more dwelling units than permitted by the standard maximum density in the district, in accordance with the Section 128.0.K requirements.

Moderate Income Housing Units. - At least 10% of the dwellings in each R-APT development shall be Moderate Income Housing Units.

Usable Outdoor Space - Single-family attached units shall have a usable outdoor space equal to a 15 foot deep yard. Alternatively, the recreational open space requirement in Section 16.121(a)(4) of the Subdivision and Land Development Regulations shall be increased by 300 square feet per unit.

Overview

Jurisdiction:	Howard County
Designation:	R-20
Zoning Description:	Residential – Single
Purpose(s) of Zone:	To permit single-family detached dwelling units at approximately two units per acre. The District reflects the established single-family neighborhood characteristics of many of the stable residential areas of the county.
Permitted Uses:	One single-family detached dwelling unit per lot. Farming, provided that on a residential lot or parcel of less than 40,000 square feet. Conservation areas.



Convents and monasteries used for residential purposes. Government structures, facilities and uses, including public schools and colleges. Private recreational facilities, such as swimming pools, basketball courts and tennis courts, reserved for the use of on-site residents and their guests. Carnivals and fairs sponsored by and operated on a nonprofit basis. Seasonal sales of Christmas trees or other decorative plant materials. Underground pipelines; electric transmission and distribution lines; telephone, telegraph and CATV lines; mobile transformer units; telephone equipment boxes; and other similar public utility uses not requiring a Conditional Use. Commercial communication antennas attached to structures, subject to the requirements of Section 128.0.E. Commercial communication towers located on government property, excluding School Board property. Volunteer fire departments.

Accessory Uses:

Any use normally and customarily incidental to any use permitted as a matter of right in this District. Accessory apartments, subject to the requirements of Section 128.0.A. Farm tenant houses, caretakers' cottages and similar uses customarily accessory to agricultural and residential estate uses. Housing by a resident family: not more than four non-transient boarders, not more than eight mentally and/or physically disabled persons or persons 62 years of age or older, provided the use is licensed by the State of Maryland. Home care. Storage of recreational vehicles or boats. Farm stand. Snowball stands. Home based contractors on lots larger than two acres. Small Wind Energy System, building mounted. Residential Chicken Keeping. Accessory Solar Collectors.

<i>Bulk Requirements</i>		
	<i>Principal Structure</i>	<i>Accessory Structure</i>
Minimum Lot Area:	20,000 sf.	
Minimum Lot Width:	60 ft.	
Minimum Rear Setback:	50 ft.	10 ft.
Maximum Building Height	34 ft.	15 ft.
Minimum Front & Side Setback:	40 ft. Lots that front a public street constructed after October 18, 1993.	40 ft.
	50 ft. All other lots.	

<i>Parking Requirements</i>	
Hotels, Motels, Bed & Breakfast Inns, Guest Houses, and Country Inns:	1.0 space per guest room. Additional spaces provided shall be as required by this section or as determined by the Director of Planning and Zoning based on a parking needs study provided with the Site Development Plan submission (see Subsection D.8.)
Single-Family Detached, Single-Family Attached:	2 per dwelling unit, plus 0.5 spaces per unit for visitors.
Housing by Resident family:	1 per 3 to 5 persons (other than family members). 2 per 6 to 8 persons (other than family members).
Home-based Contractors:	1 per employee, plus 1 per visitor
Accessory Apartment:	1 per apartment



Legal, Conforming Status

Conformity Conclusion:

The site is vacant land utilized as street access for existing homes. There will be a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.



Assessment and Tax Data

Assessment Methodology

The State of Maryland has enacted a real estate assessment procedure called the Triennial Assessment. Under this procedure, one third of all properties are re-assessed each year. The increase, if any, in assessment is phased-in during a three year period, one third per year. Decreases take effect immediately. Assessments are based on 100% of market value. SDAT does not have a recorded tax card for the subject property and neither an account number(s) nor a tax map identification has been assigned to the property. The property is not subject to state taxes and local (county) taxes, to our knowledge.



Highest and Best Use

The Highest and Best Use of a property is the reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value.

It is necessary to determine the highest and best use of a subject property both As If Vacant, and As Improved. Improved properties may have a highest and best use that is different than the existing use. The existing use will generally continue however, until land value exceeds the total value of the property at its existing use plus demolition costs.

Analysis of Highest and Best Use As If Vacant

In determining the highest and best use of the property as if vacant, we focus on: 1) the existing use, 2) a projected development, 3) a subdivision, 4) an assemblage, or 5) holding the land as an investment.

Legally Permissible

A threshold of highest and best use is what is legally permissible. This analysis considers private restrictions, existing zoning, likely zoning, building codes, historic district controls, urban renewal ordinances, and other encumbrances because they may preclude many potential uses.

LEGALLY PERMISSIBLE	
Characteristic	Conclusion
Classification:	R-APT, Residential Apartment & R-20, Single family
Permitted Uses:	One single-family detached dwelling unit per lot and Apartment units
Regulations:	Typical
Probability of Change	Likely

Physically Possible

Multiple factors affect the uses with which the land may be developed. These factors are considered in the following table, followed by a conclusion of the legally permissible uses that are also physically possible.



PHYSICALLY POSSIBLE

Characteristic	Conclusion
Size	±1.09 acres
Shape	Irregular
Topography	Generally level
Utilities	All available
Visibility	Good
Flood Plain	Zone X
Soil Conditions	Assumed adequate. We were not provided with a soil report for the subject properties.
Environmental/Easements	None that adversely affects the subject site. A utility easement totaling 23,869 sq.ft. will be conveyed on the subject site.
Physically Possible Uses	There will be a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.

Financially Feasible

After determining the uses that are physically possible and legally permissible, an appraiser considers the uses that are likely to produce an adequate return on investment. All uses that yield a positive return are financially feasible. Feasibility is tested through a cost/benefit analysis or through direct market observation.

FINANCIALLY FEASIBLE USES

Open Space	
Demand	Stable
Supply	Stable
Feasibility	Average
Support	Observation

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as if vacant is for open space or vehicular access to adjacent parcels due to a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.



Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant, as analyzed in the previous section, is as follows:

CONCLUSION AS IF VACANT

Characteristic	Conclusion
Use:	Open space or vehicular access to adjacent parcels due to a conveyance restriction that prohibits development on the subject and does not allow for the transfer of development rights from the subject to any other parcels.
Timing:	Current
Participants (User):	Adjacent Property Owner
Participants (Buyer):	Adjacent Property Owner



Appraisal Methodology

Three Approaches to Value

There are three traditional approaches typically available to develop indications of real property value: the cost, sales comparison, and income capitalization approaches.

Cost Approach

The cost approach is based upon the principle of substitution, which states that a prudent purchaser would not pay more for a property than the amount required to purchase a similar site and construct similar improvements without undue delay, producing a property of equal desirability and utility. This approach is particularly applicable when the improvements being appraised are relatively new or proposed, or when the improvements are so specialized that there is little or no sales data from comparable properties.

Sales Comparison Approach

The sales comparison approach involves the direct comparison of sales and listings of similar properties, adjusting for differences between the subject property and the comparable properties. This method can be useful for valuing general purpose properties or vacant land. For improved properties, it is particularly applicable when there is an active sales market for the property type being appraised – either by owner-users or investors.

Income Capitalization Approach

The income capitalization approach is based on the principle of anticipation, or the assumption that value is created by the expectation of benefits to be derived in the future, such as expected future income flows including the reversion, or future re-sale of the property appraised. Its premise is that a prudent investor will pay no more for the property than he or she would for another investment of similar risk and cash flow characteristics. The income capitalization approach is widely used and relied upon in appraising income-producing properties, especially those for which there is an active investment sales market.

Subject Valuation

The subject property is located on the northern side of Maryland Route 108 and eastern side of Columbia Road. The parcels total ±1.09 acres. Due to a conveyance restriction that prohibits development and not allow for the transfer of development rights from the subject to any other parcels, highest and best use of the site is for open space or vehicular access to adjacent parcels. As such only the sales comparison approach was utilized.



Land Valuation

Methodology

Land is most often valued using the Sales Comparison Approach. This approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same utility. In the sales comparison approach, the opinion of market value is based on closed sales, listings and pending sales of properties similar to the subject property, using the most relevant units of comparison. The comparative analysis focuses on the difference between the comparable sales and the subject property using all appropriate elements of comparison.

A systematic procedure for applying the sales comparison approach includes the following steps: (1) researching and verifying transactional data, (2) selecting relevant units of comparison, (3) analyzing and adjusting the comparable sales for differences in various elements of comparison, and (4) reconciling the adjusted sales into a value indication for the subject site.

Unit of Comparison

The unit of comparison depends on land use economics and how buyers and sellers use the property. The unit of comparison in this analysis is price per acre.

Elements of Comparison

Elements of comparison are the characteristics or attributes of properties and transactions that cause the prices of real estate to vary. The main elements of comparison that are considered in sales comparison analysis are as follows: (1) real property rights conveyed, (2) financing terms, (3) conditions of sale, (4) expenditures made immediately after purchase, (5) market conditions, (6) location and (7) physical characteristics.

Comparable Sales Data

A search of data sources and public records, a field survey, interviews with knowledgeable real estate professionals in the area, and a review of our internal database were conducted to obtain and verify comparable sales and listings of vacant land properties.

We used five sales in our analysis, these representing the sales judged to be the most comparable in developing an indication of the market value of the subject property.

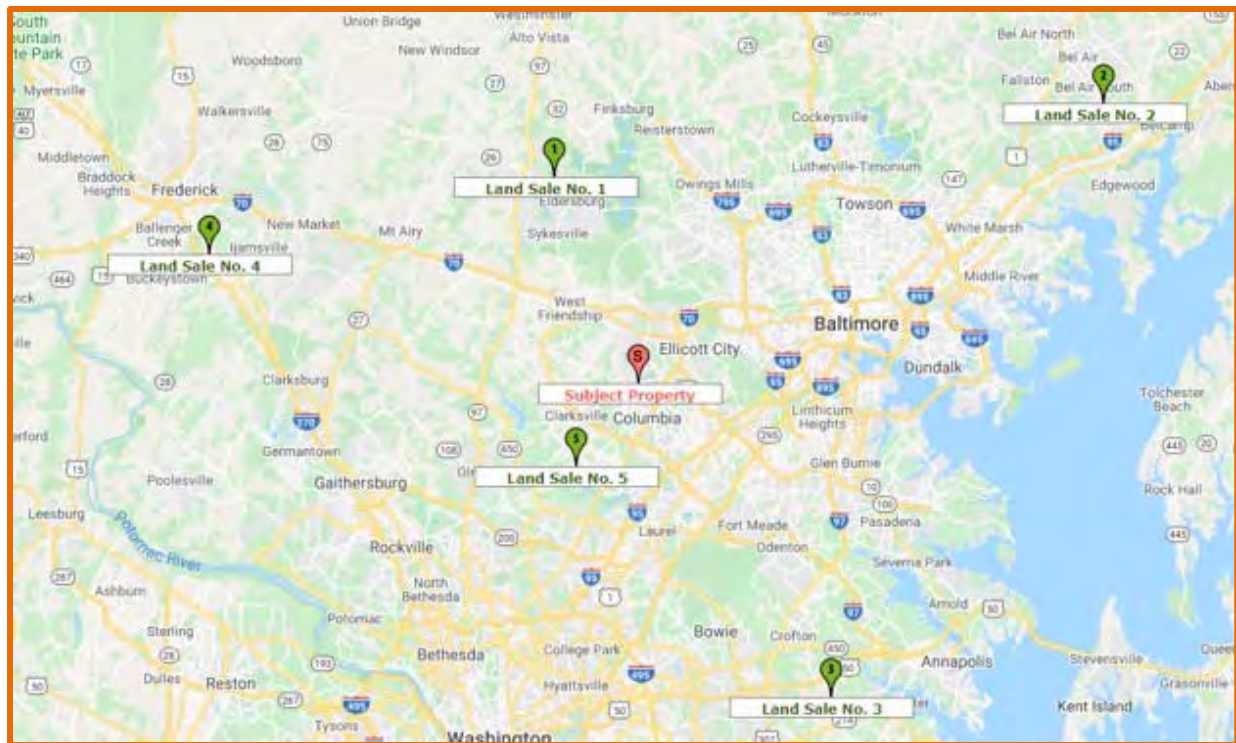
The following table summarizes each of the land sale comparables and is followed by a map displaying the location of each comparable in relation to the subject. Summary sheets detailing each comparable follow the location map.



SUMMARY OF COMPARABLE LAND SALES

Sale No.	Subject	1	2	3	4	5
Address	Old Maryland Route 108	E/S Tanglewood Drive	Wheel Road	Governor Bridge Road	Lafayette St. & Araby Church Road	12484 E Nugget Court
City, State	Ellicott City, MD	Eldersburg, Maryland	Bel Air, Maryland	Davidsonville, Maryland	Frederick, Maryland	Highland, Maryland
Date of Sale	Feb-20	Sep-18	Jul-18	Feb-17	Jun-16	May-16
Sale Price		\$10,000	\$18,000	\$29,000	\$22,900	\$10,000
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Typical	Typical	Typical	Typical	Typical
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Access	Good	Good	Good	Good	Good	Good
Zoning	R-APT	R-20	R-2	R-20	R-1	RR-DEO
Land Area (Acre)	1.09	1.98	1.60	2.39	2.50	0.99
Land Area (Sq.Ft.)	47,480	86,249	69,870	104,108	108,900	43,212
Price/Acre		\$5,051	\$11,222	\$12,134	\$9,160	\$10,081

COMPARABLE LAND SALES MAP





Land Comparable Sale No. 1



Covington Court - map

Property Identification

Property/Sale ID	112693/17857
Property Type	Park, Open Space
Address	E/s Tanglewood Drive
City, State Zip	Eldersburg, Maryland 21784
County	Carroll
MSA	Baltimore
Tax ID	Map 68, Grid 15, Parcel 421, Lot PAR A
Latitude/Longitude	39.425480/-76.971080

Transaction Data

Sale Status	Closed
Sale Date	09-07-2018
Sale Price	\$10,000
Gross Land Acres	1.980
\$/Gross Land Acre	\$5,051
Grantor	John C. Davis
Grantee	Edward & Michelle Bronzert
Property Rights	Fee Simple
Deed Book/Page	9126/429
Financing Terms	Cash

Property Description

Gross Acres	1.980	Utilities	None
Gross SF	86,249	Zoning Code	R-20 Conservation
No. of Lots	1		



Verification

Confirmed With Public Records

Remarks

The parcel is located on the north side of Covington Court and the east side of Tranglewood Drive. This transaction involved sale of a vacant, raw land parcel.



Covington - aerial



Land Comparable Sale No. 2



Wheel Road Aerial

Property Identification

Property/Sale ID	112610/17809
Property Type	Park, Open Space
Address	Wheel Road
City, State Zip	Bel Air, Maryland 21014
County	Harford
MSA	Baltimore
Tax ID	Map 56, Grid 3E, Parcel 126
Latitude/Longitude	39.493407/-76.317588

Transaction Data

Sale Status	Closed
Sale Date	07-19-2018
Sale Price	\$18,000
Gross Land Acres	1.604
\$/Gross Land Acre	\$11,222
Grantor	Mary Elizabeth Archer
Grantee	Htun W. Naing
Property Rights	Fee Simple
Deed Book/Page	12908/10
Days on Market	29
Financing Descrip.	\$14,400 from CAV Capital, LLC (80% LTV)

Property Description

Gross Acres	1.604	Utilities	None
Gross SF	69,870	Zoning Code	R2



Verification

Confirmed With Public Records, MLS

Remarks

This is a wooded parcel with a culvert/stream traversing the length of the site. The property is not connected to public utilities and reportedly may require a mound septic system.

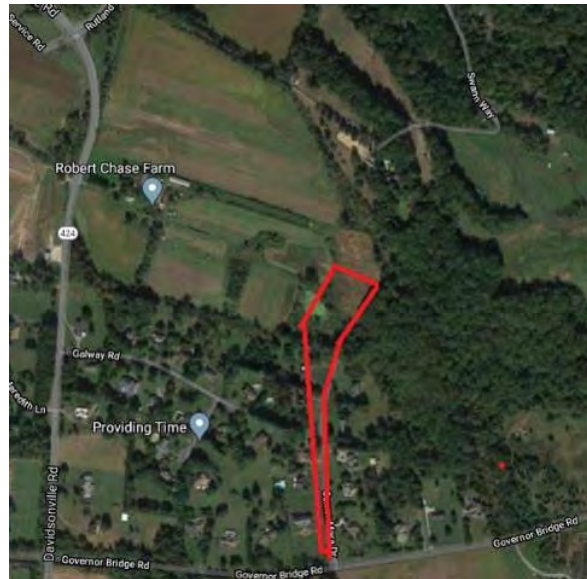
As of the sale date, the parcel was assessed for \$8,000.



Wheel Road Tax Map Outlined



Land Comparable Sale No. 3



Governor Bridge-Aerial

Property Identification

Property/Sale ID	114678/19049
Property Type	Park, Open Space
Address	Governor Bridge Road
City, State Zip	Davidsonville, Maryland 21035
County	Anne Arundel
MSA	Baltimore
Tax ID	Map: 21, Grid: 2, Parcels: 21 & 266
Latitude/Longitude	38.945945/-76.642560

Transaction Data

Sale Status	Closed
Sale Date	02-17-2017
Sale Price	\$29,000
Gross Land Acres	2.390
\$/Gross Land Acre	\$12,134
Grantor	William Tadlock
Grantee	Richard & Kristen Nines
Property Rights	Fee Simple
Deed Book/Page	30616/370
Days on Market	127
Financing Descrip.	Cash
Financing Terms	Conventional



Property Description

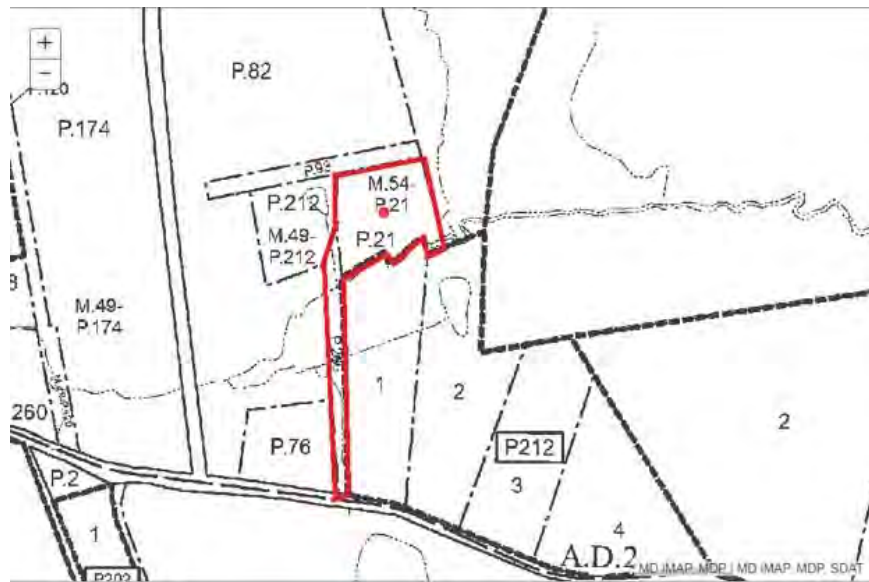
Gross Acres	2.390	Usable SF	104,108
Gross SF	104,108	Proposed Use	Open Space
Usable Acres	2.390	Zoning Code	RA

Verification

Confirmed With Broker & Public Record

Remarks

Sale of two lots totaling 2.39 acres purchased for recreational use.



Governor Bridge Road-Tax Map



Land Comparable Sale No. 4



Lafayette Street and Arby Church Road-Aerial

Property Identification

Property/Sale ID	114679/19050
Property Type	Park, Open Space
Address	Lafayette Street & Araby Church Road
City, State Zip	Frederick, Maryland 21704
County	Frederick
MSA	Washington, DC-MD-VA-WV
Tax ID	Map: 87, Grid: 19, Parcel: 136, Lots: 19, 20, 24 & 25

Sale Status	Closed
Sale Date	06-14-2016
Sale Price	\$22,900
Gross Land Acres	2.500
\$/Gross Land Acre	\$9,160
Grantor	Clear Ridge Developers
Grantee	seme & Evelyne Ndzana
Property Rights	Fee Simple
Deed Book/Page	11189/62
Days on Market	96
Financing Descrip.	CAsh
Financing Terms	Cash

Property Description

Gross Acres	2.500	Usable SF	108,900
Gross SF	108,900	Proposed Use	Open Space
Usable Acres	2.500	Zoning Code	R-1



Verification

Confirmed With Broker & Public Record

Remarks

Sale of four vacant lots totaling 2.5 acres utilized as open space.



Lafayette Street and Arby Church Road-Tax Map



Land Comparable Sale No. 5



Property Identification

Property/Sale ID	111347/16949
Property Type	Park, Open Space
Address	12484 E Nugget Court
City, State Zip	Highland, Maryland 20777
County	Howard
MSA	Baltimore
Tax ID	Map 40, Grid 18, Parcel 241, Lot 12
Latitude/Longitude	39.159318/-76.945535

Transaction Data

Sale Status	Closed
Sale Date	05-27-2016
Sale Price	\$10,000
Gross Land Acres	0.992
\$/Gross Land Acre	\$10,083
Gross Land SF	43,203
\$/Gross Land SF	\$.23
Grantor	Four Parcels, Inc.
Grantee	Rafat, LLC
Property Rights	Fee Simple
Deed Book/Page	16875/61
Days on Market	282
Financing Terms	Cash to Seller



Property Description

Gross Acres	0.992	Zoning Code	RR-DEO
Gross SF	43,203		

Verification

Confirmed With	MLS; Public Records
-----------------------	---------------------

Remarks

The parcel is located in the Highland Acres subdivision. The lot has an existing well, but no septic system. The lot is also reported to lack building ability. It is said that no septic system approval or building permit can be obtained from Howard County.

Property was Bank owned and sold as-is. The site is reported to lack the ability to obtain a building permit and was marketed as non-buildable.





Land Sales Comparison Analysis

All of the sales are analyzed, and adjustments are made for differences in the various elements of comparison, including real property rights, financing terms, conditions of sale, expenditures made immediately after purchase, market conditions, location, size, and other relevant factors. If the comparable sale is considered superior to the subject, a negative adjustment is made to the comparable. A positive adjustment to the comparable is applied if it is considered inferior to the subject. A summary of the elements of comparison follows.

Transaction Adjustments

Transaction adjustments include 1) real property rights conveyed, 2) financing terms, 3) conditions of sale, 4) expenditures made immediately after purchase, and 5) market conditions. Transaction adjustments are made prior to making property adjustments, and are discussed as follows:

Real Property Rights Conveyed

Real property rights conveyed influence sale prices and must be considered when analyzing a sale comparable.

Property rights conveyed for the sales utilized are fee simple, same as the subject property. As such no adjustments are necessary.

Financing Terms

The transaction price of one property may differ from that of an identical property due to different financial arrangements. Sales involving financing terms that are not at or near market terms require adjustments for cash equivalency to reflect typical market terms.

No adjustments necessary.

Conditions of Sale

When the conditions of sale are atypical, the result may be a price that is higher or lower than that of a normal transaction. Adjustments for conditions of sale usually reflect the motivations of either a buyer or a seller who is under duress to complete the transaction. Another more typical condition of sale involves the downward adjustment required to a comparable property's for-sale listing price, which usually reflects the upper limit of value.

No adjustments necessary.

Expenditures Made Immediately After Purchase

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: (1) costs to demolish and remove any portion of the improvements, (2) costs to petition for a zoning change, and/or (3) costs to remediate environmental contamination.

The relevant figure is not the actual cost incurred, but the cost that was anticipated by both the buyer and seller. Unless the sales involved expenditures anticipated upon the purchase date, no adjustments to the comparable sales are required for this element of comparison.



No adjustments necessary.

Market Conditions

Market conditions change over time as a result of inflation, deflation, fluctuations in supply and demand and other factors. Changing market conditions creates the need for adjustments to sale comparables that represent transactions during periods of dissimilar market conditions.

All sales were adjusted upward for inferior market conditions.

Property Adjustments

Property adjustments can be expressed quantitatively as percentages or qualitatively to reflect the increase or decrease in value attributable to the various characteristics of the property. These adjustments are based on locational and physical characteristics and are applied after the application of transaction and market conditions adjustments. The following discussion will analyze each adjustment category deemed applicable to the subject property.

Location

Comparable Nos. 1, 2, 4 & 5 were adjusted upward for inferior location.

Physical Characteristics

If the physical characteristics of a comparable property and the subject property differ, each of the differences may require comparison and adjustment to the comparable. The most notable physical differences for comparable sales in this market include size, shape, utility availability, offsites/onsites, topography, flood hazards, and environmental concerns.

Size

Comparable Nos. 1, 2, 3, & 5 were adjusted downward for larger size.

Summary of Adjustments

Based on the preceding comparative analysis, the adjustments to the comparable sales are presented in the following table. We completed a quantitative analysis. These adjustments are based on our best judgment and experience in the appraisal of similar properties.



SUMMARY OF ADJUSTMENTS TO LAND SALES

Sale No.	Subject	1	2	3	4	5
Address	Old Maryland RT 108	E/S Tanglewood Drive	Wheel Road	Governor Bridge Road	Lafayette St. & Araby Church Road	12484 E Nugget Court
City, State	Ellicott City, MD	Eldersburg, Maryland	Bel Air, Maryland	Davidsonville, Maryland	Frederick, Maryland	Highland, Maryland
Date of Sale	Feb-20	Sep-18	Jul-18	Feb-17	Jun-16	May-16
Sale Price		\$10,000	\$18,000	\$29,000	\$22,900	\$10,000
Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Financing		Typical	Typical	Typical	Typical	Typical
Conditions of Sale		Arms Length	Arms Length	Arms Length	Arms Length	Arms Length
Access	Good	Good	Good	Good	Good	Good
Zoning	R-APT	R-20	R-2	R-20	R-1	RR-DEO
Land Area (Acre)	1.09	1.98	1.60	2.39	2.50	0.99
Land Area (Sq.Ft.)	47,480	86,249	69,870	104,108	108,900	43,212
Price/Acre		\$5,051	\$11,222	\$12,134	\$9,160	\$10,081

Transactional Adjustments

Property Rights		0%	0%	0%	0%	0%
Financing		0%	0%	0%	0%	0%
Conditions of Sale/Motivation		0%	0%	0%	0%	0%
Anticipated Expenditures		0%	0%	0%	0%	0%
Market Conditions/Time		5%	5%	10%	15%	15%
Adjusted Price/Acre		\$5,303	\$11,783	\$13,347	\$10,534	\$11,593

Property Adjustments

Location/Access		20%	10%	0%	10%	5%
Size		-3%	-3%	-5%	-5%	0%
Site Finish		0%	0%	0%	0%	0%
Approval Status		0%	0%	0%	0%	0%
Use		0%	0%	0%	0%	0%
Zoning		0%	0%	0%	0%	0%

Composite Adjustment		23%	12%	5%	21%	21%
Total Adjusted Price/Acre		\$6,205	\$12,608	\$12,680	\$11,061	\$12,172

Minimum Adjusted Price/Acre	\$6,205
Maximum Adjusted Price/Acre	\$12,680
Average Adjusted Price/Acre	\$10,945

Conclusion

From the market data available, three sales in competitive market areas were selected as most comparable to the subject. The unadjusted sale prices for the comparable sales ranged from \$5,051 to \$12,134 per acre.

We adjusted the comparable sales based on pertinent elements of comparison as discussed earlier and summarized the adjustments in the preceding adjustment grid. The final adjusted sale prices reflected a range from \$6,205 to \$12,680 per acre.

Based on this analysis, the indicated value for the land is summarized as follows:



LAND VALUE INDICATION

Land Valuation by Sales Comparison Approach	
Value per Acre	\$11,000
Multiplied by Acreage	1.09
Land Valuation	\$11,990
Rounded To	\$12,000



Valuation of the Proposed Perpetual Easement

The subject property is located at the intersection of Columbia Road and Maryland Route 108 and totals 1.087 acres of land area on two noncontiguous parcels. Per the instructions of the client, ±0.97 acres of the subject located on Old Maryland Route 108, with no development rights, may be granted as an access easement. As such, we have estimated the value of a perpetual easement on ±0.97 acres of land that is to be an ingress and egress easement.

Perpetual easements are considered to be quite similar to fee simple interest as they last forever. The perpetual easement has a major impact on surface use as it prohibits construction of permanent structures and grants the majority of property rights to the adjacent property owner. We believe that this easement represents 90% of the fee simple market value of this land area, which has been estimated at \$0.28/sq.ft. Application of a 90% factor to the fee simple market value of the 42,253 sq.ft. of subject land results in a final value opinion of the perpetual easement \$10,650, rounded. Calculations in this regard are shown as follows:

$$42,253 \text{ sq.ft.} \times \$0.28/\text{sq.ft.} \times 90\% = \$10,650, \text{ rounded}$$

Analysis of Subject's History

To our knowledge, the subject has not transferred in an arms-length transaction within the past five years. Furthermore, we are unaware of any listings, contracts or offers of sale.



Exposure Time and Marketing Periods

Exposure time may be defined as: 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 appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The opinion of exposure time may be expressed as a range and can be based on one or more of the following:

- Statistical information about time on market;
- Information gathered through sales verification; and
- Interviews of market participants.

The reasonable marketing time is an opinion of the amount of time it might take to sell a real property interest at the concluded market value level during the period immediately after the effective date of an appraisal. The opinion of marketing time may be a range and can be based on one or more of the following:

- Statistical information about days on market;
- Information gathered through sales verification;
- Interviews of market participants; and
- Anticipated changes in market conditions.

The marketing time is a function of price, time, use, and anticipated market conditions, such as changes in the cost and availability of funds, and is not an isolated opinion of time alone. It is appropriate to discuss the impact of price/value relationships on marketing time and to contrast different potential prices and their associated marketing times with an appraiser's market value opinion for the subject property.

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of 12 months or less is considered reasonable and appropriate for the subject property.



General Assumptions and Limiting Conditions

This appraisal is subject to the following limiting conditions:

- 1) The legal description – if furnished to us – is assumed to be correct.
- 2) No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
- 3) Unless otherwise noted, the appraisal will value the property as though free of contamination. Lipman Frizzell & Mitchell LLC will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
- 4) The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
- 5) Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
- 6) The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
- 7) Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory, or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Lipman Frizzell & Mitchell LLC is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
- 8) The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
- 9) The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions.
- 10) The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.



- 11) The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
- 12) Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
- 13) No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
- 14) This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Lipman Frizzell & Mitchell LLC and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
- 15) Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
- 16) This appraisal shall be used only for the function outlined herein, unless expressly authorized by Lipman Frizzell & Mitchell LLC.
- 17) This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
- 18) Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- 19) The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject's flood zone classification from a licensed surveyor.



- 20) If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
- 21) 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. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
- 22) Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
- 23) This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
- 24) When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
- 25) We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire a greater level of measuring detail, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer). We reserve the right to use an alternative source of building size and amend the analysis, narrative and concluded values (at additional cost) should this alternative measurement source reflect or reveal substantial differences with the measurements used within the report.



- 26) In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, we reserve the right to amend this appraisal (at additional cost) if substantial differences are discovered.
- 27) If only preliminary plans and specifications were available for use in the preparation of this appraisal, then this appraisal is subject to a review of the final plans and specifications when available (at additional cost) and we reserve the right to amend this appraisal if substantial differences are discovered.
- 28) Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and 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. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
- 29) The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an 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 could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
- 30) This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
- 31) No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
- 32) Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
- 33) Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.



- 34) The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.
- 35) You and Lipman Frizzell & Mitchell LLC both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Lipman Frizzell & Mitchell LLC and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Lipman Frizzell & Mitchell LLC or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Lipman Frizzell & Mitchell LLC for this assignment, and under no circumstances shall any claim for consequential damages be made.
- 36) Lipman Frizzell & Mitchell LLC shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Lipman Frizzell & Mitchell LLC. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Lipman Frizzell & Mitchell LLC and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Lipman Frizzell & Mitchell LLC harmless from and against any liability, loss, cost, or expense incurred or suffered by Lipman Frizzell & Mitchell LLC in such action, regardless of its outcome.
- 37) Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.



Certification

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, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Michael J. Chicorelli, MAI made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, Michael J. Chicorelli, MAI have completed the continuing education program for Designated Members of the Appraisal Institute.

Michael J. Chicorelli, MAI
 Principal
 Maryland License #04-27767
 License Expires February 17, 2021



Certification

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, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of the appraisal within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. Nina W. Mwangi, made a personal inspection of the property that is the subject of this report.
10. No one provided significant real property appraisal assistance to the person signing this certification.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I, Nina W. Mwangi, have completed the Standards and Ethics Education Requirement for Candidates/Practicing Affiliates of the Appraisal Institute.

Nina W. Mwangi
 Appraiser Trainee
 Maryland License #06-32555
 License Expires January 29, 2022
 nmwangi@lfmvalue.com



Addenda

Subject Photos

Plat Map

Glossary

Qualifications

 Michael J. Chicorelli, MAI - Principal

 Nina W. Mwangi, Appraiser Trainee

Client List



Subject Photographs



Old MD Route 108 facing East



Old MD Route 108 facing West



Parcel on Columbia Road



Adjacent Parcel Owned by Dorsey Overlook LLLP



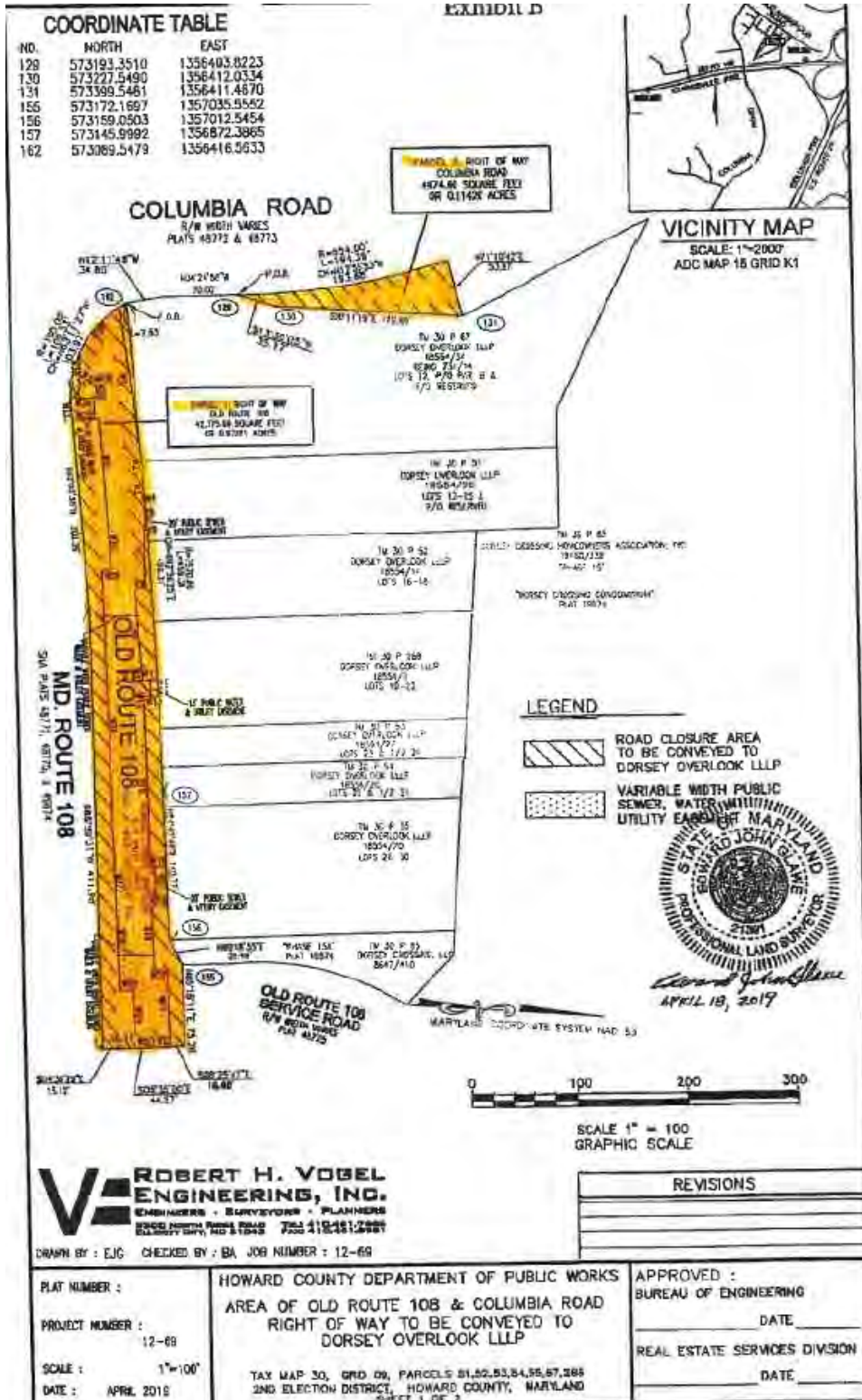
Adjacent Parcel Owned by Dorsey Overlook LLLP



Adjacent Parcel Owned by Dorsey Overlook LLLP



Plat Map





Glossary

Definitions are taken from the Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP) and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Additional Rent

Any amounts due under a lease that is in addition to base rent. Most common form is operating expense increases. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base (Shell) Building

The existing shell condition of a building prior to the installation of tenant improvements. This condition varies from building to building, landlord to landlord, and generally involves the level of finish above the ceiling grid. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

The areas of the building that provide services to building tenants but which are not included in the rentable area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas

food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common areas are; floor common areas, parking spaces, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A statement issued by a local government verifying that a newly constructed building is in compliance with all codes and may be occupied.

Common Area (Public) Factor

In a lease, the common area (public) factor is the multiplier to a tenant's useable space that accounts for the tenant's proportionate share of the common area (restrooms, elevator lobby, mechanical rooms, etc.). The public factor is usually expressed as a percentage and ranges from a low of 5 percent for a full tenant to as high as 15 percent or more for a multi-tenant floor. Subtracting one (1) from the quotient of the rentable area divided by the useable area yields the load (public) factor. At times confused with the "loss factor" which is the total rentable area of the full floor less the useable area divided by the rentable area. (BOMA)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include



management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.

CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings. CAM can refer to all operating expenses.

CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15 percent addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee. (Dictionary)

Condominium

A form of ownership in which each owner possesses the exclusive right to use and occupy an allotted unit plus an undivided interest in common areas.

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real property restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A conservation easement may permit farming, timber harvesting, or other uses of a rural nature to continue, subject to the easement. In some locations, a conservation easement may be referred to as a conservation restriction. (Dictionary)

Contributory Value

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service (DCR = NOI/Im), which measures the relative ability to a property to meet its debt service out of net operating income. Also called Debt Service Coverage Ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraising, the loss in a property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method. (Dictionary)

Disposition Value

The most probable price that a specified interest in real property is likely to bring under the following conditions:

- 1) Consummation of a sale within a exposure time specified by the client;
- 2) The property is subjected to market conditions prevailing as of the date of valuation;
- 3) Both the buyer and seller are acting prudently and knowledgeably;
- 4) The seller is under compulsion to sell;
- 5) The buyer is typically motivated;
- 6) Both parties are acting in what they consider to be their best interests;
- 7) An adequate marketing effort will be made during the exposure time specified by the client;
- 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)



Easement

The right to use another’s land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date at which the analyses, opinions, and advice in an appraisal, review, or consulting service apply. 2) In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

The rental rate net of financial concessions such as periods of no rent during the lease term and above- or below-market tenant improvements (TIs). (Dictionary)

EPDM

Ethylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called an expense recovery clause or stop clause. (Dictionary)

Estoppel Certificate

A statement of material factors or conditions of which another person can rely because it cannot be denied at a later date. In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an estoppel letter. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing improvement. The highest and best use of the excess land may or may not be the same

as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord’s expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. (Dictionary)

Exposure Time

1) The time a property remains on the market. 2) 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; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary)

Fair Market Value

The price at which the property should change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of relevant facts. [Treas. Reg. 20.2031-1(b); Rev. Rul. 59-60. 1959-1 C.B. 237]

Fee Simple Estate

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. (Dictionary)

Floor Common Area

Areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms,



mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property’s operating and fixed expenses; also called a full service lease. (Dictionary)

Going Concern Value

The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the market value of the going concern.

The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value when it exists and is recognizable. (Dictionary)

Gross Building Area

The total constructed area of a building. It is generally not used for leasing purposes (BOMA)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of the same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expense in income-producing properties when less than 100 percent occupancy is assumed. The gross up method approximates the actual expense of providing services to the rentable area of a building given a specified rate of occupancy. (Dictionary)

Gross Retail Sellout

The sum of the appraised values of the individual units in a subdivision, as if all of the units were completed and available for retail sale, as of the

date of the appraisal. The sum of the retail sales includes an allowance for lot premiums, if applicable, but excludes all allowances for carrying costs. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning. A general term encompassing any system designed to heat and cool a building in its entirety.

Highest and Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are 1) legal permissibility, 2) physical possibility, 3) financial feasibility, and 4) maximally profitability. Alternatively, the probable use of land or improved –specific with respect to the user and timing of the use–that is adequately supported and results in the highest present value. (Dictionary)

Hypothetical Condition

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 or trends; or about the integrity of data used in an analysis. (Dictionary)

Industrial Gross Lease

A lease of industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real



estate taxes as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Dictionary)

(Typically this includes replacement cost less basement excavation, foundation, underground piping and architect’s fees).

Investment Value

The value of a property interest to a particular investor or class of investors based on the investor’s specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position as he or she would be if the property had not been taken. (Dictionary)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary)

Leased Fee Interest (Ground Lease)

In the context of a ground lease, the leased fee interest is held by the landowner, who is the landlord under the ground lease. The leased fee interest is entitled to receipt of land rent and other financial benefits during the lease term, plus the reversion of the land and improvements, if any, when the ground lease expires.

Leasehold Interest

The tenant’s possessory interest created by a lease. (Dictionary)

Leasehold Interest (Ground Lease)

The leasehold interest is held by the tenant under the ground lease. The tenant may be the developer of the property, who has leased the land from the landowner, or the developer’s

successor. Unless the developer is also the owner/operator of the improvements, the tenant under the ground lease is also the landlord under the space leases to subtenants of any improvements constructed by the tenant on the land and, as such, is often said to be in the sandwich position.

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in real property should bring under the following conditions:

- 1) Consummation of a sale within a short period.
- 2) The property is subjected to market conditions prevailing as of the date of valuation.
- 3) Both the buyer and seller are acting prudently and knowledgeably.
- 4) The seller is under extreme compulsion to sell.
- 5) The buyer is typically motivated.
- 6) Both parties are acting in what they consider to be their best interests.
- 7) A normal marketing effort is not possible due to the brief exposure time.
- 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.

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

Loan to Value Ratio (LTV)

The amount of money borrowed in relation to the total market value of a property. Expressed as a percentage of the loan amount divided by the property value. (Dictionary)



Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement including permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- a. Buyer and seller are typically motivated;
- b. Both parties are well informed or well advised, and acting in what they consider their own best interests;
- c. A reasonable time is allowed for exposure in the open market;
- d. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- e. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Value As If Complete

Market value as if complete means the market value of the property with all proposed

construction, conversion or rehabilitation hypothetically completed or under other specified hypothetical conditions as of the date of the appraisal. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property as if complete and prepared for occupancy by tenants.

Market Value As If Stabilized

Market value as if stabilized means the market value of the property at a current point and time when all improvements have been physically constructed and the property has been leased to its optimum level of long term occupancy.

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a double net



lease, net net lease, partial net lease, or semi-gross lease. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., OER = 1 – NIR (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the optionee) to buy, sell, or lease real property for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole (a fractional interest). (Dictionary)

Pass Through

A tenant’s portion of operating expenses that may be composed of common area maintenance (CAM), real estate taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

Market value “upon completion” is a prospective future value estimate of a property at a point in time when all of its improvements are fully completed. It assumes all proposed construction, conversion, or rehabilitation is hypothetically complete as of a future date when such effort is projected to occur. The projected completion date and the value estimate must reflect the market value of the property in its projected condition, i.e., completely vacant or partially occupied. The cash flow must reflect lease-up costs, required tenant improvements and leasing commissions on all areas not leased and occupied.

Prospective Future Value Upon Stabilization

Market value “upon stabilization” is a prospective future value estimate of a property at a point in time when stabilized occupancy has been achieved. The projected stabilization date and the value estimate must reflect the absorption period required to achieve stabilization. In addition, the cash flows must reflect lease-up costs, required tenant improvements and leasing commissions on all unleased areas.

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, 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 of the deficiencies, super-adequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., “retrospective market value opinion.” (Dictionary)

Sandwich Leasehold Estate

The interest held by the original lessee when the property is subleased to another party; a type of leasehold estate. (Dictionary)



Sublease

An agreement in which the lessee (i.e., the tenant) leases part or all of the property to another party and thereby becomes a lessor. (Dictionary)

Subleasehold Interest (Ground Lease)

A subleasehold interest is held by any subtenants of the leasehold interest, and usually refers to tenants under space leases of the improvements, although it can also refer to a subtenant of the ground lease.

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Substantial Completion

Generally used in reference to the construction of tenant improvements (TIs). The tenant's premises are typically deemed to be substantially completed when all of the TIs for the premises have been completed in accordance with the plans and specifications previously approved by the tenant. Sometimes used to define the commencement date of a lease.

Surplus Land

Land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does

not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

Triple Net (Net Net Net) Lease

A lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called NNN, triple net lease, or fully net lease. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area or building common area on a floor. The total of all the usable areas on a floor shall equal floor usable area of that same floor. The amount of floor usable area can vary over the life of a building as corridors expand and contract and as floors are remodeled. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)



Qualifications of Michael J. Chicorelli, MAI - Principal

Lipman Frizzell & Mitchell LLC

6240 Old Dobbin Lane, Suite 140
 Columbia, Maryland 21045
www.LFMvalue.com
mchicorelli@LFMValue.com
 410-423-2340 (direct)
 410-423-2300 (main)



Appraisal Licenses Education

State of Maryland	Towson State University -
Commonwealth Of Virginia	Bachelor of Science – Biology, Chemistry
District of Columbia	Johns Hopkins University -
State of Delaware	Master of Science in Environmental Science

Membership/Affiliations

Appraisal Institute	Maryland Chapter Board Member (2009-Present)
Appraisal Institute	Maryland Chapter President (2017-2018)

Experience

Lipman Frizzell & Mitchell LLC (2019-Present)
 Principle Real Estate Consultants, LLC (2016-2019)
 Lipman Frizzell & Mitchell LLC (2005-2016)

Experience as Expert Witness

Courts	U.S. Bankruptcy Court
Tax Assessment Boards & State Tax Court	District of Columbia, RPTAC, Maryland, Prince George’s County, Anne Arundel County

Appraisal Institute & Related Courses

Appraisal Institute Courses for MAI Designation, General Appraiser Income Approach, USPAP, General Market Analysis & Highest and Best Use, Appraiser as an Expert Witness: Preparation & Testimony, Small Hotel/Motel Valuation, Appraisal Principles & Procedures, Uniform Standards for Federal Land Acquisitions, Appraising Small Commercial Properties, Complex Litigation Appraisal Case Studies, general Report Writing & Case Studies, Advanced Concepts & Case Studies, Advanced Income Capitalization, Advanced Sales Comparison & Cost Approaches, Business Practices & Ethics, Appraisal Financing & Math, Advanced Techniques for Commercial & Industrial Properties, Loss Prevention Program for Real estate Appraisers

Competency

Appraisal/valuation and consulting assignments include: office buildings, shopping centers, industrial properties, mixed-use and urban developments, right-of-way projects, subdivisions, distressed real estate, tax appeals, estate planning, easement valuation, feasibility studies, government rent studies, income projections, and going concern appraisals. Assignments have been concentrated in the District of Columbia, Maryland, Northern Virginia and Delaware.



Qualifications of Nina W. Mwangi – Appraiser Trainee

Lipman Frizzell & Mitchell LLC

6240 Old Dobbin Lane, Suite 140

Columbia, Maryland 21045

www.LFMvalue.com

nmwangiLFMValue.com

410-423-2350 (direct)

410-423-2300 (main)

Appraisal License

State of Maryland - Trainee

Education

Worcester State University – Bachelor of Science

Business Administration Concentration in Finance

Membership/Affiliations

Practicing Affiliate - Appraisal Institute

Experience

Appraiser Trainee - Lipman Frizzell & Mitchell LLC (2019-Present)

Associate - Principle Real Estate Consultants (2017-2019)

Associate - Chaney & Associates (2015-2017)

Associate - Weinstein Realty Consultants (2013-2014)

Appraisal Institute & Related Courses

Appraisal Institute – National USPAP Course

Appraisal Institute – Basic Appraisal Principles

Appraisal Institute – Basic Appraisal Procedures

Appraisal Institute – Real Estate Finance Statistics and Valuation Modeling

Appraisal Institute – General Appraiser Income Approach Part I

Appraisal Institute – General Appraiser Income Approach Part II

Appraisal Institute – General Appraiser Site Valuation and Cost Approach

Appraisal Institute – General Appraiser Sales Comparison Approach

Appraisal Institute – General Appraiser Report Writing and Case Studies

Appraisal Institute – General Appraiser Market Analysis and Highest and Best Use

McKissock – Expert Witness for Commercial Appraisers

McKissock – Appraisal Review

Competency

Appraisal/valuation and consulting assignments include: apartment buildings; retail buildings and shopping centers; office buildings; industrial buildings; commercial and residential land and right of way projects. Assignments have been concentrated in the District of Columbia, Maryland and Pennsylvania.

Copy of License (if needed, not necessary)



Representative Clients of Lipman Frizzell & Mitchell LLC

Developers/Investors/Advisors:

A&R Development Corporation
 ATAPCO
 Bavar Properties Group
 Bozzuto Group
 Casey Management, Inc.
 Cignal Corporation
 Clark Enterprises, Inc.
 Continental Realty
 Cordish Companies
 Corporate Office Properties Trust
 Enterprise Homes Inc.
 Federal Realty Investment Trust
 Forest City Enterprises
 FRP Development Corporation
 Greenebaum & Rose
 H & S Properties
 Harrison Group
 Heritage Properties
 Himmelrich Associates, Inc.
 Home Properties
 James Keelty & Co.
 James F. Knott Realty Group
 JBG Smith
 J.P. Morgan Investment
 Jones Lang LaSalle
 Kimco Realty
 KLN Retail
 Lerner Enterprises
 Lubert-Adler Management Inc.
 MacKenzie Commercial
 Manekin Corporation
 Merritt Properties
 Muni Cap, Inc.
 NVR, Inc.
 Riparius
 Ryland Homes
 Shelter Development
 Southern Management Corp.
 St. John Properties
 Time Group
 Toll Brothers
 Trammel Crow
 Whiting Turner

Accounting Firms:

Grant Thornton
 Ernst & Young
 Ellin & Tucker Chartered
 Hertzbach & Company
 PriceWaterhouse Coopers

Corporate:

7-Eleven, Inc.
 Amtrak
 AT&T
 Black & Decker
 Blue Cross/Blue Shield
 Chaney Enterprises
 Costco Wholesale Corp.
 CSX
 Exxon Mobil
 Fort Myer Construction Corp.
 GEICO
 General Electric
 General Motors
 Google
 Home Depot
 Hyatt Hotels
 IBM
 JCPenney
 Kaiser Permanente
 Lockheed Martin
 Lord & Taylor
 Macy's
 Marriott Corporation
 McDonalds Corporation
 Noxell
 Peebles Stores
 PEPCO
 Percontee, Inc.
 Safeway Inc.
 Solo Cup
 Target Corporation
 T. Rowe Price
 Under Armour
 Verizon
 Wal-Mart
 Washington Gas
 Wawa



Lenders/Mortgage Brokers:

Aetna Insurance
 Allstate Investments LLC
 Artisan’s Bank
 AXA Equitable
 Bank of America
 Bank of New England
 BB&T
 CalPERS
 Capital Funding Group
 Cecil Bank
 Chesapeake Bank
 Columbia Bank
 Community Bank of the Chesapeake
 EagleBank
 FCNB Bank
 First Bank Financial Centre
 FNMA
 GE Capital
 GMAC
 Harford Bank
 HSBC
 Key Bank
 M & T Bank
 Money Store
 Morgan Stanley Capital
 New York Life
 NorthMarq Capital Inc.
 Northwest Savings Bank
 Old Line Bank
 PNC Bank
 Revere Bank
 Sandy Spring Bancorp
 Travelers
 Sun Life of Canada
 SunTrust
 TIAA/CREF
 Transamerica
 United Bank
 Walker & Dunlop
 Wells Fargo Bank
 Wilmington Trust

Law Firms:

Abramoff, Neuberger, LLP
 Arent Fox LLP
 Ballard Spahr LLP
 Basik, Bushel and Bushel

Blank, Rome LLP
 DLA Piper (US)
 Eccleston & Wolfe
 Fedder & Garten
 Friedman & Friedman, LLP
 Gallagher, Evelius & Jones LLP
 Gibbs & Haller
 Goodwin Procter LLP
 Gordon Feinblatt LLC
 Hogan Lovells
 Jacobs & Dembert, P.A.
 Lerch Early & Brewer
 Linowes & Blocher LLP
 London & Mead
 McGuire Woods LLP
 Miles & Stockbridge P. C.
 Miller, Miller & Canby
 Niles, Barton & Wilmer LLP
 Paley Rothman
 Pasternak & Fidis, P.C.
 Rosenberg Martin & Greenberg
 Saul Ewing Arnstein & Lehr
 Semmes, Bowen & Semmes
 Shapiro, Sher, Guinot & Sandler
 Shipley & Horne, P.A.
 Shulman Rogers
 Squire Patton Boggs, L.L.P.
 Steptoe & Johnson LLP
 Tydings & Rosenberg LLP
 Venable LLP
 Whiteford, Taylor & Preston LLP
 Wilkes Artis Chartered
 Zuckerman Spaeder LLP

Institutional:

American University
 Archdiocese of Baltimore
 Bon Secours Health System
 Catholic Charities
 Coppin State University
 Franklin Square Hospital
 Greater Baltimore Medical Center
 Good Samaritan Hospital
 Harry & Jeanette Weinberg Foundation
 Johns Hopkins Hospital
 Loyola College
 Mass. Institute of Tech. (MIT)
 Morgan State University



OLD MD RT. 108

Notre Dame of Maryland University
St. Agnes Hospital
St. Joseph Medical Center
St. Paul School
Sinai Hospital/LifeBridge Health
Sisters of Notre Dame
Towson University
University of Maryland
University of MD Medical System

Governmental/Other:

Baltimore City
Baltimore County
Baltimore Development Corp.
Blaustein Family Interests
BOMA
Carroll County
Cecil County
District of Columbia
D.C. Housing Finance Agency
Federal Communication Commission
Federal Deposit Insurance Corp.
Federal Home Loan Bank Board
Frederick County
Harford County
Anne Arundel County
Howard County
Internal Revenue Service
MD Dept. of Natural Resources
MD Economic Development Corp.
Maryland Historical Trust
MNCPPC
Maryland Stadium Authority
Mass Transit Administration

Montgomery County
Prince George's County
MD State Highway Administration
U.S. Army Corps of Engineers
U.S. Dept. of Housing & Urban Development
U.S. Dept. of Justice
U.S. Dept. of the Navy
U.S. General Services Admin.
U.S. Naval Academy Athletic Assoc.
U.S. Postal Service
Washington, D.C. Office of Tax & Revenue
Washington Suburban Sanitary Commission

Recreational:

Argyle Country Club
Baltimore Country Club
Bethesda Country Club
Burning Tree Golf Club
Caves Valley Golf Club
Columbia Association
Country Club of Maryland
Country Club at Woodmore
Elkridge Club
Four Streams Golf Club
Green Spring Valley Hunt Club
Hillendale Country Club
Hunters Oak Golf Course
Lakewood Country Club
Maryland Club
Norbeck Country Club
Suburban Country Club
Woodmont Country Club



LFM-20-025

Old Maryland Route 108

Ellicott City, Maryland 21042

For: Ms. Melanie Bishop
Howard County Department of Public Works

March 23, 2020

MJC/NWM