

SUMMARY APPRAISAL

**Homeless Shelter Property
1203 N Federal Highway (Hayes/Arthur St)
Hollywood, FL 33020**

PREPARED FOR:

Fred Hopkins, Real Estate Director
City of Hollywood, FL - Office of the City Mgr.
2600 Hollywood Blvd.
Hollywood, Florida 33019

PREPARED BY:

AMES APPRAISAL SERVICES
Ronald Ames, MAI, SRA
17221 Hampton Boulevard
Boca Raton, Florida 33496

**DATE OF REPORT - August 14, 2014
DATE OF VALUE – July 21, 2014**

FILE #: C16-14

THIS PAGE WAS INTENTIONALLY LEFT BLANK

Letter of Transmittal

August 14, 2014

Fred Hopkins, Real Estate Director
City of Hollywood, FL - Office of the City Mgr.
2600 Hollywood Blvd.
Hollywood, FL 33020

Re: Homeless Shelter Property
1203 N Federal Highway (Hayes/Arthur St)
Hollywood, FL 33020

At your request, I have made an inspection, investigation and analysis of a parcel of real estate, located at 1203 N Federal Highway (Hayes/Arthur St), Hollywood, Broward County, Florida 33020, and more specifically described elsewhere in this report, for the purpose of reaching an opinion of the Market Value of the Fee Simple Estate. Market Value means the most probable price in terms of money 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, knowledgeably and assuming the price is not affected by undue stimulus.

The scope of this appraisal is to estimate the market value of a 19,614 sf, or 0.45 acres parcel currently developed with a 12,603 sf building with additional covered area, built in 1988. The property is currently operating as a homeless shelter but the appraisal report will appraise the property at its highest and best use.

The appraisal is reported in a Narrative Summary Appraisal Report format, that relies exclusively upon the sales comparison approach to value. The intended use of this appraisal is to serve as a basis of value for the purpose of supporting internal decisions by the client. The intended user is City of Hollywood, FL - Office of the City Manager.

As a result of my investigation and analysis, my final Market Value estimate of the fee simple estate, as-is, as of July 21, 2014, is:

**NINE HUNDRED AND THIRTY FIVE THOUSAND DOLLARS
(\$935,000)**

Letter of Transmittal

Page Two

Your attention is invited to the following pages of data and discussion that form the basis for this conclusion. Information and statements furnished to the appraiser and contained in this report were obtained from sources considered reliable and believed to be true and correct. However, the appraiser can assume no responsibility for accuracy of such items furnished the appraiser.

The By Laws and Regulations of the professional appraisal organization with which the appraiser is affiliated govern disclosure of the contents of this report. Neither all nor any part of the content of this report or copies thereof shall be used for any purpose by anyone but the client specified in this report.

This appraisal is premised upon the Assumptions and Limiting Conditions presented within the appraisal. The appraiser is not required to give testimony or appear in court because of having made this report unless arrangements have been previously made for it.

The appraisal has been prepared in accordance with the appraisal regulations issued by the Office of Thrift Supervision (OTS) regarding the enactment of the Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The appraisal conforms to the current Uniform Standards of Professional Appraisal Practice (USPAP).

I am an MAI and an SRA and State-Certified General Real Estate Appraiser in the state of Florida and I have complied with the USPAP competency provision.

This report is comprised of 53 pages. No part of this report is valid or to be relied upon unless it is a part of and joined together with the balance of the report.

Respectfully submitted,

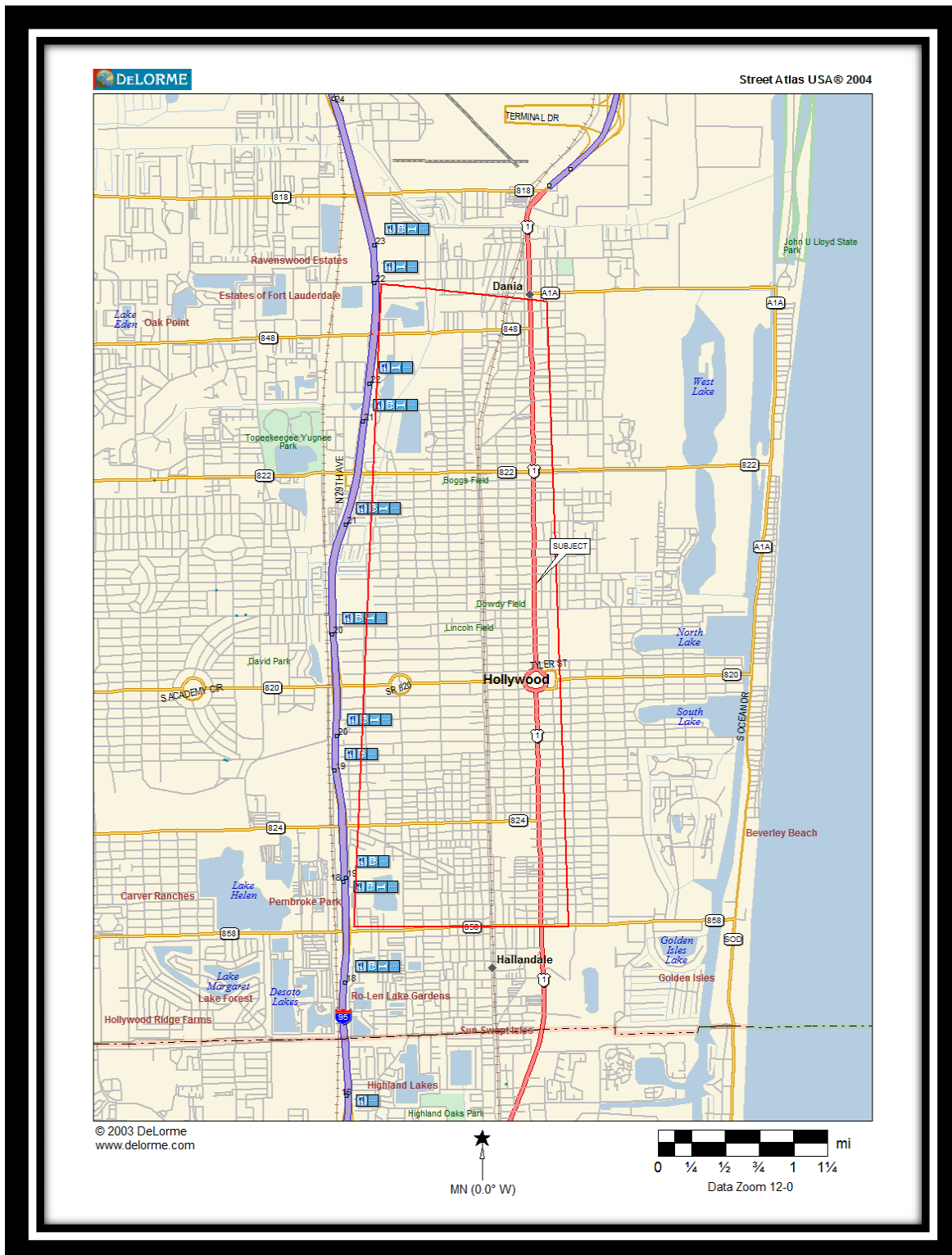


Ronald Ames, MAI, SRA,
State-Certified General Real Estate Appraiser
Number RZ 0000001

TABLE OF CONTENTS

EXECUTIVE SUMMARY	7
GENERAL ASSUMPTIONS AND LIMITING CONDITIONS.....	9
EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS	11
CERTIFICATION.....	12
IDENTIFICATION OF SUBJECT PROPERTY.....	13
REAL ESTATE TAX ANALYSIS.....	14
HISTORY/OWNER OF RECORD:	14
INTENDED USE OF APPRAISAL	15
PROPERTY RIGHTS APPRAISED	15
DEFINITION OF MARKET VALUE.....	15
SCOPE OF WORK.....	16
NEIGHBORHOOD DISCUSSION.....	19
SITE DISCUSSION.....	21
SALES COMPARISON APPROACH	33
DISCOUNT FOR HOLDING PERIOD TO REMODEL AND RENT UP TO STABILIZED OCCUPANCY:	43
ADDENDUM.....	45
GLOSSARY AND ABBREVIATIONS	46
QUALIFICATIONS OF RONALD AMES, MAI, SRA.....	50

LOCATION MAP (Cont)



Subject location in Hollywood

EXECUTIVE SUMMARY

PROPERTY TYPE:

Homeless Shelter Property.

LOCATION:

The location is on the E side of North Federal Highway, at 1203 N Federal Highway (Hayes/Arthur St), Hollywood, Broward County, Florida 33020.

PARCEL SIZE:

According to the Broward County Property Appraiser this property is 19,614 sf or 0.45+/- acres. I have not been provided with a survey for direct verification. If you require greater accuracy I recommend that you retain the services of a surveyor.

IMPROVEMENTS:

According to the Broward County Property Appraiser this 2 story CBS 16,481 adj sf 1988 vintage building that has covered areas that are open for access. After adjusting for the covered area the enclosed area is 12,603 sf.

ZONING AND LAND USE:

North Federal Highway Commercial NFHC-2 by the City of Hollywood: Most retail, office and other non-noise producing commercial uses are permitted, as well as residential use on the second floor. Non-permitted disturbing uses are such uses as day care, schools, recreational, flea market, gun sales, liquor store. According to Karina da Luz, in Hollywood City Planning the Land Use allows Regional Activity Center which includes any of the downtown uses and mixed uses. The zoning appears to comply with the Land Use Plan.

PARCEL ACCESS:

The site is accessible via the east side of N Federal Highway.

UTILITIES:

There is water, sewer, electricity, and telephone to the site.

HIGHEST AND BEST USE:

Remodel as need for first floor retail and second floor residential.

DATES:

Date of Report: August 14, 2014
Date of Inspection: July 29, 2014
Date of Value: July 21, 2014

VALUE ESTIMATE "AS-IS":

Sales Comparison Approach: \$935,000

Final Value Estimate:

\$935,000

SUBJECT PHOTO



Front of the Property Viewed from the West
(North Federal Highway lies between the immediate parking lot and the front of the building)

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

LEGAL RESPONSIBILITY: The appraiser assumes no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor does the appraiser render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.

EXHIBITS IN REPORT: Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. The appraiser has made no survey of the property and is not qualified to provide such professional services; therefore, it is assumed that all improvements and uses of the property are within its legal boundaries and that there are neither encroachments nor trespasses unless otherwise noted within this report.

EXPERT WITNESS TESTIMONY: The appraiser is not required to give testimony or appear in court or provide any post-appraisal consultation because of having made the appraisal with reference to the property in question, unless arrangements have been previously made therefore and additional professional fees have been agreed to.

LAND AND IMPROVEMENT VALUE DISTRIBUTION: If there are improvements on the property, any distribution of the valuation in the report between land and improvements applies only under the existing program of utilization. The separate valuation for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

SOIL AND SUBSOIL CONDITION: The appraiser assumes that there are no hidden or unapparent conditions of the property, subsoil, or structures, which would render it more or less valuable except for the contamination referred to under "Special Assumptions and Limiting Conditions," and elsewhere in this report. Notwithstanding the foregoing the appraiser assumes no responsibility for such conditions, or for engineering which might be required to discover such factors.

STRUCTURAL, MECHANICAL, OR OPERATIONAL CONDITIONS: If there are improvements on the property, the description of the physical condition of the improvements was based on visual inspection. A brief walk-through inspection of this property was completed by the appraiser(s) who is not a qualified inspector for component operation, structural integrity, or potential environmental hazards. No liability is assumed for the soundness of structural members, since no engineering tests were made of same. No liability is assumed for the condition of mechanical equipment, plumbing, electrical components, or structural members, as complete tests were not made of same. The appraiser(s) assume that there are no hidden or unapparent conditions of the equipment, buildings, or structures, which would render it either more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them. Any determination as to building component operation, structural integrity, or potential environmental hazards should be determined by a qualified licensed inspector.

All mechanical components were assumed to be in an operable condition and their status was assumed to be standard for properties of the subject's type. Conditions of heating, cooling, ventilating, electrical, and plumbing equipment were assumed to be similar to the apparent condition of the balance of the improvements, unless otherwise stated. No judgment was made as to the appropriateness of type, the accuracy of installation, or the relative energy efficiency of any insulations in place.

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

CONFIDENTIALITY OF WORK PRODUCT: Disclosure of the contents of the appraisal report is governed by the By-Laws and Regulations of the Professional Appraisal Organizations with which the appraiser is affiliated. The appraiser(s) may not divulge the material (evaluation) contents of this report, any analytical findings or conclusions, nor may he give a copy of the report to anyone other than the client or his designee as specified in writing, except that which might be required in confidence by the Appraisal Institute for ethics enforcement, or by a court of law or body by the power of subpoena.

USE OF REPORT: Neither all, nor any part of the contents of the report or copy thereof (including conclusions as to the property value, the identity of the appraiser, professional designations, reference to any professional organizations, or the firm with which the appraiser is connected), shall be used for any purposes by anyone but the client specified in the report, without the previous written consent of the appraiser; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without written consent and approval of the appraiser.

AD VALOREM TAXES, LIENS, ENCUMBRANCES: Any liens for ad valorem taxes which may exist or other liens or encumbrances have been disregarded and the property has been appraised as though no delinquency in the payment of ad valorem taxes or special assessments exist and as though free and clear of indebtedness, except where specified.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS (Cont)

HAZARDOUS WASTES AND OTHER CONTAMINANTS: Except as otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property, was not observed by the appraiser. Except as referred to under "Special Assumptions and Limiting Conditions," and elsewhere in this report 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 and can be shown that they do affect the value of the property. This similarly applies to contaminants such as petroleum, calcium, and manganese chloride if they exceed allowable levels or a landfill that leaches and creates contamination of the water. The value estimate in the first instance is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. After the aforementioned valuation of the property "unimpaired" a subsequent valuation "As Impaired" follows. No responsibility, however, is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them.

RADON: Radon is a naturally occurring radioactive gas that, when it has accumulated in a building in sufficient quantities, may present health risks to persons who are exposed to it over time. Levels of radon that exceed federal and state guidelines have been found in buildings in Florida. The appraiser(s) is not an expert in testing to determine whether there is a health risk at the subject location. Unless otherwise specifically stated in this report, no testing has been done. Additional information regarding radon and radon testing may be obtained from my county public health unit.

GROWTH MANAGEMENT - CONCURRENCY - PLATTING: We acknowledge that the state- mandated Growth Management Act ("Act"), as implemented by local government, may have an effect upon the development of this property. This Act applies primarily to vacant property which must be platted or replatted prior to development. According to the criteria of the Act, support services required by the proposed development must be available at or above the minimum Level of Services (LOS) as of the date of the need. The extent and cost of these services, if they must be provided totally or in part by the property owner, may have an adverse effect on the development and/or value of the property.

ENDANGERED SPECIES: The appraiser has not been provided a Habitat Survey, Endangered Species Survey, or analysis by a qualified environmental specialist indicating the presence of or proximity to environmentally sensitive and/or protected land or protected species which could affect the use and, possibly, value of the appraised property. The appraiser is not qualified to identify these factors. We recommend that an expert be hired where there may be reasonable cause to expect the presence of any of the cited items.

FLOOD ZONE INFORMATION: We are not experts at ascertaining Flood Zone information. We rely primarily upon information taken off of flood zone maps. We can not, therefore certify as to the accuracy of this information. If absolute accuracy must be certified I recommend that you check with companies who normally issue such certifications.

PERSONAL PROPERTY AND BUSINESS INCLUSION: This real estate appraisal does not include any existing movable personal property, specialized trade fixtures, equipment, or business going concern value, unless those items are specifically stated to be included and are described in the Property Description section of this appraisal report.

THE AMERICANS WITH DISABILITIES ACT (ADA): This act became effective January 26, 1992. I have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property unless specifically mentioned in this report.

LIMIT OF LIABILITY: Liability for this appraisal assignment is limited to the fee collected.

REPORT ACCEPTANCE: Acceptance and/or use of this appraisal report C16-14 constitutes acceptance of the previous assumptions and limiting conditions.

UNITY OF TITLE: If this appraisal involves the valuation of part of a whole property, the appraiser did not locate any indication of a Unity of Title that would preclude the sale of part of the property separate from the whole. It is strongly recommended that the client verify whether this assumption is correct since the appraiser is not qualified to state this with absolute certainty.

CRIME AUDIT: This appraisal does not consider the potential effect of crime, if any, on the valuation of the property. We were not provided with, nor did we search for, a crime audit of the neighborhood. Such a report may or may not reveal information about crime in the area which could have an impact on value. We are not qualified to comment in the absence of such a report.

EXTRAORDINARY ASSUMPTIONS AND LIMITING CONDITIONS

An extraordinary assumption is an assumption that is 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. An extraordinary assumption may be used in an assignment only if:

1. It is required to properly develop credible opinions and conclusions;
 2. The appraiser has a reasonable basis for the extraordinary assumption;
 3. Use of the extraordinary assumption results in a credible analysis; and
 4. The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.
- (USPAP, 2002 ed.)

PROPERTY SIZE: According to the Broward County Property Appraiser this property is 19,614 sf or 0.45+/- acres. This is probably accurate, however, I have not been provided with a survey for direct verification. If you require greater accuracy I recommend that you retain the services of a surveyor.

BUILDING SIZE: According to the Broward County Property Appraiser this 1 story CBS 16,481 adj sf 1988 vintage building that has covered areas that are open for access. After adjusting for the covered areas the enclosed area is estimated at 12,603 sf. This calculation, while believed to be correct, was arrived at without the aid of either a survey or architectural plans. If you require greater accuracy consult with a surveyor or architect.

EASEMENTS, RIGHTS OF WAY OR OTHER ENCUMBRANCES: Although there are probably utility easements without a boundary survey, it could not be certain. Such easements have no apparent adverse effect on the property. I have not searched for matters of record as this does not reflect my area of expertise. If you require greater accuracy I recommend that you hire qualified experts to do it.

SOIL AND SUBSOIL CONDITIONS: No study of the condition of the soil or subsoil was provided to me. The fact that this site and adjacent and nearby sites have been developed to the north, south, east and west of the subject site is evidence that the subject is suitable for development. If there are soil problems this could impact value. If you require greater accuracy consult an appropriate expert. The current facility on the site is a 2 story building.

REMODELING AND DEFERRED MAINTENANCE: The interior area will have to be remodeled so that the 2nd flr is converted to 10-12 apartments with kitchens, and the 1st flr must be updated for appealing retail use. The building needs paint and cleaning inside and out. Air conditioning must be converted to all central units and all other systems must be checked for functional use and Code compliance. Conservatively the cost of this work should equate to about \$30-\$40/sf of enclosed area for building and vegetation. I am not a cost estimator so if you require a more reliable estimate I recommend that you engage a cost estimator or contractor to assist you with that. The 1st flr is 2,760 sf. Parking at 1/250 sf equates to 11 parking spaces. The 2nd flr is 10,143 sf less 300 sf for open porch and less 882+/- sf for hallway leaves about 8,961 sf, or between 750-900 sf/unit. At 1.5 spaces/unit this equates to 15-18 spaces for a total of 26-29 spaces. I am uncertain whether the parking area is ample.

FLOOD HAZARD/DRAINAGE: Flood Zone "X": This represents minimal flood zone constraints. Comm. Panel # 12011CO317G, effective date July 21, 1995. Drainage appears gravity driven into street catch basins. This information is not part of my area of expertise, so if you need to rely on it first check with someone who has the appropriate expertise.

CERTIFICATION

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

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

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

-- I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved. The "Estimate of Market Value" in this appraisal report is not based in whole or in part upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the properties appraised.

-- My compensation is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, a requested minimum valuation, a specific valuation, an approval of a loan, or the occurrence of a subsequent event; nor is it contingent on an action or event resulting from the analyses, opinions, or conclusions that were developed.

-- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Practice and with the requirements of the State of Florida for state certified appraisers. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives and is subject to the requirements of the State of Florida relating to review by the Real Estate Appraisal Subcommittee of the Florida Real Estate Commission.

--I, Ronald Ames have made a personal inspection of the property that is the subject of this report and the comparable sales. I have reviewed photos, maps and other documentation and have been involved in every aspect of the Appraisal Process.

-- To the best of our knowledge and belief, all statements and information in this report are true and correct, and I have not knowingly withheld any significant information. **All contingent and limiting conditions are contained herein.**

-- No one provided significant professional assistance to the persons signing this report. All conclusions and opinions concerning the real estate that are set forth in the appraisal report were prepared by me and my signatures appears on the appraisal report, unless indicated as "Review Appraiser."

-- The appraiser has performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.

-- The appraiser currently hold the appropriate state certification allowing the performance of real estate appraisals in connection with federally related transactions in the state in which the property is located.

-- The appraisal recognizes the definition of value as defined in the Market Value section of this report.

-- No change of any item in this appraisal report shall be made by anyone other than me, and I shall have no responsibility for any such unauthorized change.

-- As of the date of this report, I, Ronald Ames, MAI, SRA, have completed the requirements under the continuing education program of the Appraisal Institute and/or the State of Florida.

August 14, 2014

Date



Ronald Ames, MAI, SRA
State-Certified General Real Estate
Appraiser #RZ 0000001

IDENTIFICATION OF SUBJECT PROPERTY

<u>PROPERTY TYPE:</u>	Homeless Shelter Property.
<u>LOCATION:</u>	The location is on the E side of North Federal Highway, at 1203 N Federal Highway (Hayes/Arthur St), Hollywood, Broward County, Florida 33020.
<u>PARCEL SIZE:</u>	According to the Broward County Property Appraiser this property is 19,614 sf or 0.45+/- acres. I have not been provided with a survey for direct verification. If you require greater accuracy I recommend that you retain the services of a surveyor.
<u>IMPROVEMENTS:</u>	According to the Broward County Property Appraiser this 2 story CBS 16,481 adj sf 1988 vintage building that has covered areas that are open for access. After adjusting for the covered area the enclosed area is 12,603 sf.
<u>ZONING AND LAND USE:</u>	<u>North Federal Highway Commercial NFHC-2 by the City of Hollywood:</u> Most retail, office and other non-noise producing commercial uses are permitted, as well as residential use on the second floor. Non-permitted disturbing uses are such uses as day care, schools, recreational, flea market, gun sales, liquor store. According to Karina da Luz, in Hollywood City Planning the Land Use allows Regional Activity Center which includes any of the downtown uses and mixed uses. The zoning appears to comply with the Land Use Plan.
<u>PARCEL ACCESS:</u>	The site is accessible via the east side of N Federal Highway.
<u>UTILITIES:</u>	There is water, sewer, electricity, and telephone to the site.
<u>HIGHEST AND BEST USE:</u>	Remodel as need for first floor retain and second floor residential.
<u>LEGAL DESCRIPTION:</u>	Lot 5, 6 & 7 less the W 7', St James Park South Addition, PB 2, Page 49, Broward County, Florida
<u>OWNER OF RECORD:</u>	COSAC Homeless Assistance Center, Inc 4611 S University Dr, PMB 157 Davie, FL 33328

IDENTIFICATION OF SUBJECT PROPERTY (Cont)

FLOOD HAZARD/DRAINAGE: Flood Zone "X": This represents minimal flood zone constraints. Comm. Panel # 12011CO317G, effective date July 21, 1995. Drainage appears gravity driven into street catch basins. This information is not part of my area of expertise, so if you need to rely on it first check with someone who has the appropriate expertise.

REAL ESTATE TAX ANALYSIS

BROWARD COUNTY 2014 ASSESSMENT				
REAL ESTATE TAX FOLIO #: 514210050030				
Year	Land	Building	Total	Tax
2014	\$353,050	\$597,860	\$950,910	N/A
2013	\$353,050	\$597,860	\$950,910	\$322
2012	\$353,050	\$597,860	\$950,910	\$322

HISTORY/OWNER OF RECORD:

According to data from the Broward County Property Appraiser, the subject property has been purchased on February 22, 2002 at a price of \$1,350,000. I am not aware of any other contracts, offers, options or listings of the subject property currently or in recent years. According to the Palm Beach County Property Appraiser and Tax Collector the current owner of record is on the prior page.

EXPOSURE TIME AND MARKETING TIME

EXPOSURE TIME is always presumed to precede the effective date of the appraisal. It is the estimated time that the property would have been offered on the market prior to the hypothetical consummation of a sale on the effective appraisal date at market value. Based on the sales and market, the estimated exposure time assumed in my valuation is no more than 12 months.

MARKETING TIME is that period immediately following the effective date of appraisal during which the subject property could sell at my appraised value. Based upon a review of the marketing times for the comparable sales, and based upon current market conditions, the subject can be marketed and sold within a 1 year period, assuming it were continually marketed at a price reflecting market value. No significant market changes are expected and the marketing time is estimated at 12 months or less.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the Market Value “As-Is”, as of July 21, 2014.

INTENDED USE OF APPRAISAL

The intended use of this appraisal is to serve as a basis of value for the purpose of supporting internal decisions by the client. The intended user is City of Hollywood, FL - Office of the City Manager.

PROPERTY RIGHTS APPRAISED

A fee simple estate is the fullest type of private ownership possible, subject to all public limitations (police power, taxation, escheat and eminent domain.)

DEFINITION OF MARKET VALUE

"Market Value" is defined as:

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 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 Ill informed or Ill advised, and acting in what they consider their best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

SOURCE: The Dictionary of Real Estate Appraisal, Fifth Edition, Page 123.Appraisal Institute, 2010

SCOPE OF WORK

This section outlines the extent of investigation involved that supports the analysis and conclusions. The objective of the investigation is to identify, examine and define the market factors that affect the value of the property appraised. The scope is the extent of that investigation outlined as follows:

ASSIGNMENT & BACKGROUND

The scope of this appraisal is to estimate the market value of a 19,614 sf, or 0.45 acres parcel currently developed with a 12,603 sf building with additional covered area, built in 1988. The property is currently operating as a homeless shelter but the appraisal report will appraise the property at its highest and best use. I will also consider whether the existing building improvement adds value to the land.

SALES DATA

Sales of similar properties were found in Broward County, between Stirling Road on the north, Hallandale Beach Blvd on the south, I-95 on the west to a few blocks east of North Federal Highway on the east. Adjustments to sales comparables, analyses and conclusions were derived from comparison of the various sales to each other and to extensive discussions with parties to the transactions and active players in this market.

SITE AND IMPROVEMENT DISCUSSION

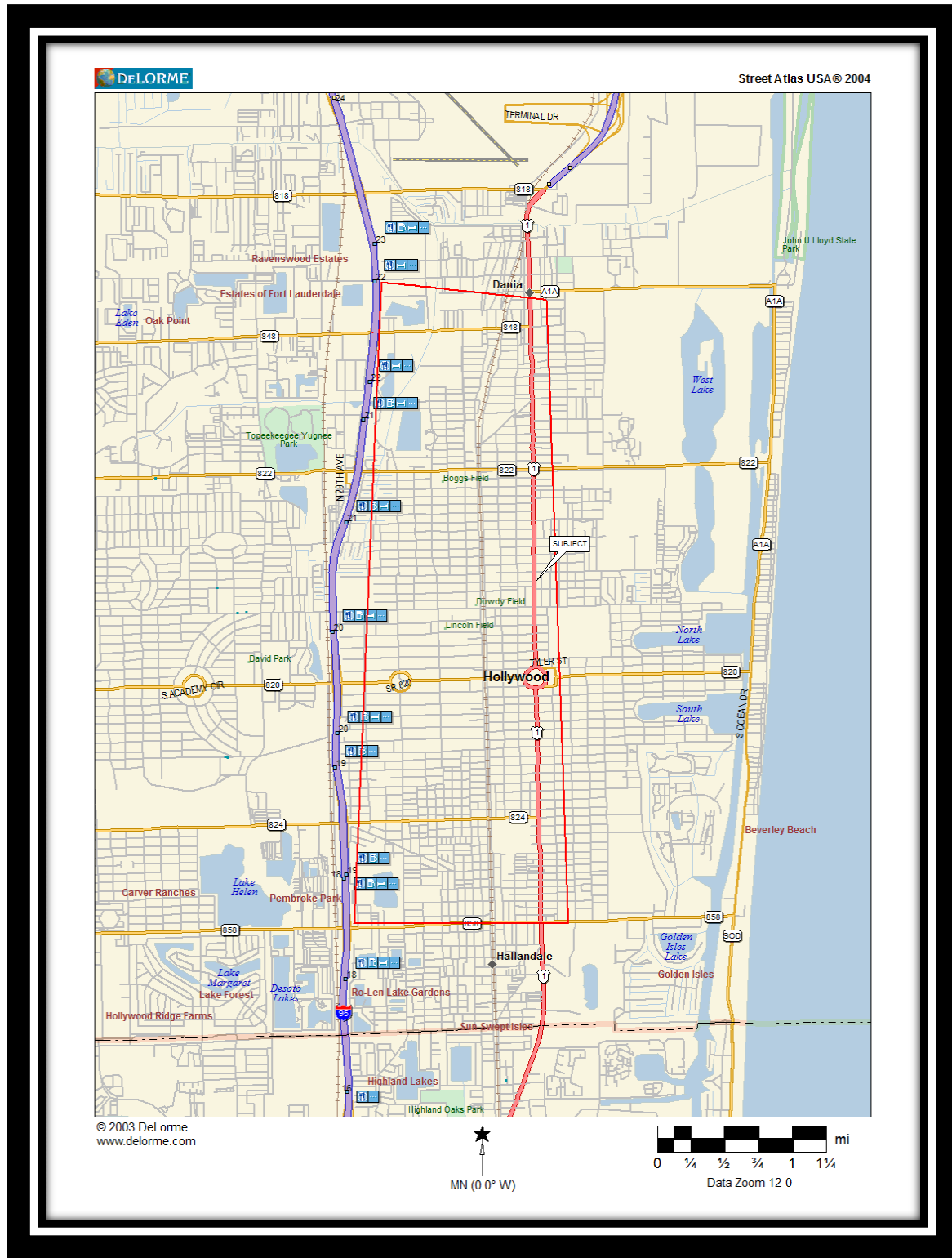
The information for the site discussion was based upon a review of the plats, physical inspection and information provided by the City of Hollywood, FL - Office of the City Manager as well as the City Planning Office.

NEIGHBORHOOD DISCUSSION:

The information relied upon in the Neighborhood Discussion was obtained from various sources including area real estate professionals, The City of Hollywood, U.S. Census Bureau, First American Real Estate Solutions, aerial photographs and plat maps, street maps and physical inspection of the area as well as prior experience and retained data regarding this locale.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

NEIGHBORHOOD ANALYSIS



Neighborhood Map

NEIGHBORHOOD DISCUSSION

BOUNDARIES:

The subject is located at 1203 N Federal Highway (Hayes/Arthur St), Hollywood, Florida 33020. This area represents a commercial strip extending north of the downtown area. This neighborhood area is roughly bounded as follows:

North	Stirling Road
South	Hallandale Beach Boulevard
East	A Few Blocks east of North Federal Highway
West	I-95

DOWNTOWN HOLLYWOOD:

Hollywood is located at the center of Dade, Broward and Palm Beach Counties in South Florida. It encompasses 27 square miles along the Atlantic Ocean and extending inland. Downtown Hollywood is located between Miami and Fort Lauderdale, 1.5 miles from the beach and 1.5 miles from I-95. Within a 5 mile radius of Downtown Hollywood, the population grew by over 50,000 residents between 1990 and 2003.

In 1994 the City adopted a Historic Preservation Ordinance and appointed a Historic Preservation Board to preserve the examples of Joseph Young's original Hollywood. A conservation effort was instituted to protect those properties that have historical, architectural and archeological merit by designation local historic districts and sites. The historic Hollywood Business District, Harrison and Tyler Streets Historic District, Historic Lakes Section, and six individual sites have been designation as historical resources. The Historic Hollywood Business District now encompasses Hollywood Boulevard from 21st Ave west of Young Circle.

The Historic Hollywood Business District functions as Main Street for the residents. Unlike suburbs where one residential street may comprise a neighborhood, the traditional neighborhood has important ties to downtown and all shops are within a 15 minute walk. The revitalization of Harrison Street as a hub of art and music and young Circle's growing popularity for organized events help to enhance the neighborhood's appeal. This has promoted more street-side dining, strolling along the sidewalk, and window shopping.

Downtown Hollywood has also had significant redevelopment. There have been both city projects as well as residential mixed-use projects. One such project is the Young Circle Park which has been a \$15,000,000 transformation into Broward County's first Arts Park. In addition to open spaces the park provides a 2,000 seat open-theater, indoor theater, working artist's studios and education and play areas for children. Other committed projects have been 1,200 residential units, 95,000 sf of new retail space, 55,000 sf of new office space, a new Academy of Arts, a new Holocaust Center, and a new Live Performance Theater.

NEIGHBORHOOD DISCUSSION (Cont)

ACCESS:

Major North-South access to Hollywood is primarily via US #1 in front of the property, I-95 about 1+ miles west and the Florida Turnpike about 3-4 miles west (both of which can be accessed at Hollywood Blvd. All the east-west roads cross the intra-coastal waterway and, except for Dania Beach Blvd, the east-west roads continue west to the western extremities of the County.

SUMMARY:

In summary the real estate activity in this neighborhood has been reflected by the sales transactions reported within this appraisal report as well as the period prior to those sales; and has reflected a slow upswing in prices and activity since early 2011. Those transactions reflect sales prices that have previously responded to lower demand and lower revenue. At the same time the demand for product has increased supporting the demand that fuels some newer developments. This neighborhood, has good access and linkages to the major roadways and adjoining municipalities. The population base appears to be stable with long term continued growth potential on the vacant sites as well as those that can be updated. Commercial growth in the neighborhood has slowed down due to the prior uncertain economic state of affairs but has shown increases with the uptick in hospitality and the plans to incorporate it into some of the new planned developments.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

SITE DISCUSSION

Aerial View of Subject



SITE DISCUSSION (Cont)

LOCATION:

The location is on the E side of North Federal Highway, at 1203 N Federal Highway (Hayes/Arthur St), Hollywood, Broward County, Florida 33020.

SIZE, SHAPE AND TOPOGRAPHY:

According to the Broward County Property Appraiser this property is 19,614 sf or 0.45+/- acres. I have not been provided with a survey for direct verification. If you require greater accuracy I recommend that you retain the services of a surveyor. The site appears level and at road grade. The site is almost rectangular.

UTILITIES:

The subject is serviced by all utilities including water, sewer, electric and telephone.

EASEMENTS, RIGHTS OF WAY OR OTHER ENCUMBRANCES:

Although there are probably utility easements I have not been provided with a boundary survey for conformation and location. Such easements have no apparent adverse effect on the property. I have not searched for matters of record as this does not reflect my area of expertise. If you require greater accuracy to determine whether any further easements exist that may affect value I recommend that you hire qualified experts to do it.

ZONING/LAND USE:

North Federal Highway Commercial NFHC-2 by the City of Hollywood: Most retail, office and other non-noise producing commercial uses are permitted, as well as residential use on the second floor. Non-permitted disturbing uses are such uses as day care, schools, recreational, flea market, gun sales, liquor store. According to Karina da Luz, in Hollywood City Planning the Land Use allows Regional Activity Center which includes any of the downtown uses and mixed uses. The zoning appears to comply with the Land Use Plan.

SOIL AND SUBSOIL CONDITIONS:

No study of the condition of the soil or subsoil was provided to me. The fact that this site and adjacent and nearby sites have been developed to the north, south, east and west of the subject site is evidence that the subject is suitable for development. If there are soil problems this could impact value. If you require greater accuracy consult an appropriate expert. The current facility on the site is a 2 story building.

SITE DISCUSSION (Cont)

FLOOD HAZARD & DRAINAGE:

Flood Zone “X”: This represents minimal flood zone constraints. Comm. Panel # 12011CO317G effective date July 21, 1995. Drainage appears gravity driven into street catch basins. This information is not part of my area of expertise, so if you need to rely on it first check with someone who has the appropriate expertise.

CONCURRENCY UNDER THE GROWTH MANAGEMENT ACT:

According to the Broward County Property Appraiser this 1 story CBS 16,481 adj sf 1988 vintage building that has covered areas that are open for access. After adjusting for the covered area the enclosed area is 12,603 sf. This building is vested for development rights. This means if this building were demolished a similar building up to the same size could be constructed without concurrency compliance issues.

ACCESS:

The site is accessible via the east side of N Federal Highway.

RELATION TO SURROUNDING PROPERTIES:

The subject use is a service facility that services the neighborhood. Any alternative commercial or mixed use commercial/residential development would conform well to the surrounding area

NUISANCES AND HAZARDS:

Although I am not an expert at determining the presence of hazardous wastes, a visual inspection did not reveal apparent hazards on or around the subject, which would impact use or development. I also did not observe any nuisances on or around the subject. For a more reliable determination I recommend you consult with the appropriate experts, since the presence of such problems could adversely impact value.

OFF SITE IMPROVEMENTS:

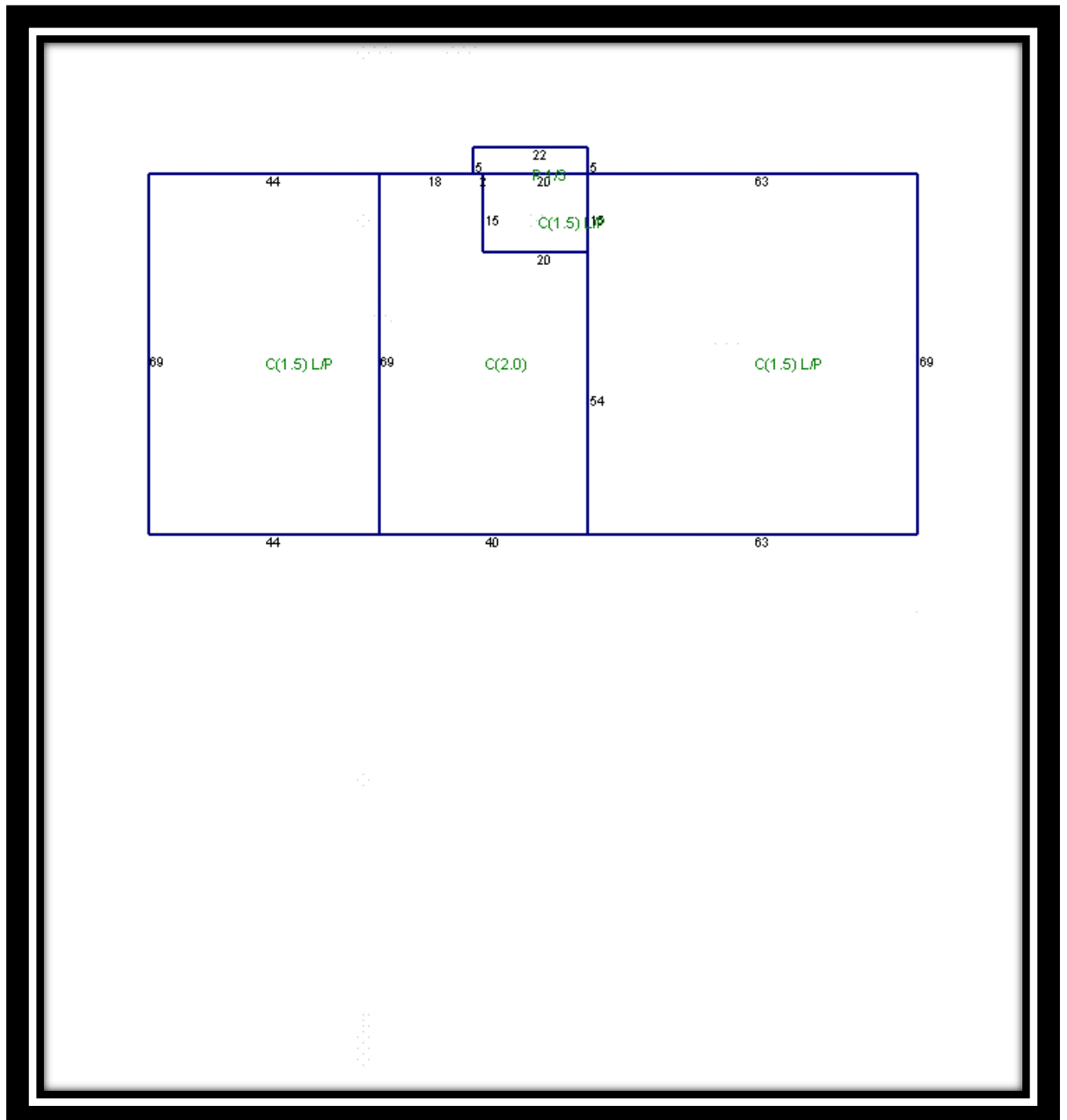
North Federal Highway is a 4 lane roadway plus 1 turn-lane. It lies partway between Arthur and Hayes Streets. N Federal Highway has sidewalks and street lights. Storm sewers are also evident.

SUMMARY:

The site offers good exposure and access to and from North Federal Highway. A mixed-use concept fits well with the retail and residential orientation of the neighborhood.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

IMPROVEMENT DISCUSSION:



SKETCH OF BUILDING FROM PROPERTY APPRAISER

IMPROVEMENT DISCUSSION (Cont)

According to the Broward County Property Appraiser this 2 story CBS 12,603 sf 1988 vintage building of enclosed area also has porches, utility area and covered parking area. The sketch on the prior page is from the Broward County Property Appraiser's website. The first floor enclosed area has a reception desk and a television room and kitchen. The second floor has 21 very small units, each with a bathroom but no kitchen facilities. There is a long hallway from north to south that is at least 6' wide.

SPECIFICATIONS:

<u>Foundation:</u>	Reinforced concrete.
<u>Exterior Walls:</u>	Concrete block & stucco exterior finish walls
<u>Interior Walls:</u>	Generally plaster and tile in the bathrooms
<u>Roof System:</u>	Built-Up Roof flat tar roof. I saw no evidence of leaks but I have no idea of the roof's age or condition.
<u>Exterior Doors:</u>	Front glass entry door
<u>Windows:</u>	Windows are in each room and fixed in place glass on the first floor
<u>Flooring:</u>	Floors are primarily tile covered concrete
<u>Ceilings:</u>	Basic drop ceilings
<u>Lighting:</u>	Standard use of light bulbs
<u>HVAC:</u>	Central air on first floor and second floor hallway and wall units in each unit.
<u>Electricity:</u>	Very basic and apparently to Code
<u>Plumbing:</u>	Very basic and apparently to Code
<u>Bathroom:</u>	One bathroom is in each unit as well as common baths on the first floor
<u>Kitchen:</u>	There is a kitchen on the first floor for common use.
<u>Quality of Construction:</u>	Average basic design
<u>Two Covered Parking:</u>	Concrete and asphalt on each side of the first floor with additional uncovered parking in the rear.

SUMMARY:

This 26 year old structure offers basic design appeal for a mixed-use facility with retail on the 1st flr and apartments on the 2nd. The interior area will have to be remodeled so that the 2nd flr is converted to 10-12 apartments with kitchens, and the 1st flr must be updated for appealing retail use. The building needs paint and cleaning inside and out. Air conditioning must be converted to all central units and all other systems must be checked for functional use and Code compliance. Conservatively the cost of this work should equate to about \$30-\$40/sf of enclosed area for building and vegetation. I am not a cost estimator so if you require a more reliable estimate I recommend that you engage a cost estimator or contractor to assist you with that. The 1st flr is 2,760 sf. Parking at 1/250 sf equates to 11 parking spaces. The 2nd flr is 10,143 sf less 300 sf for open porch and less 882+/- sf for hallway leaves about 8,961 sf, or between 750-900 sf/unit. At 1.5 spaces/unit this equates to 15-18 spaces for a total of 26-29 spaces. I am uncertain whether the parking area is ample.

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

HIGHEST AND BEST USE

HIGHEST AND BEST USE is defined as: The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, and financially feasible and results in the highest value. In analyzing the highest and best use of the appraised property as improved and as if vacant, consideration has been given to:

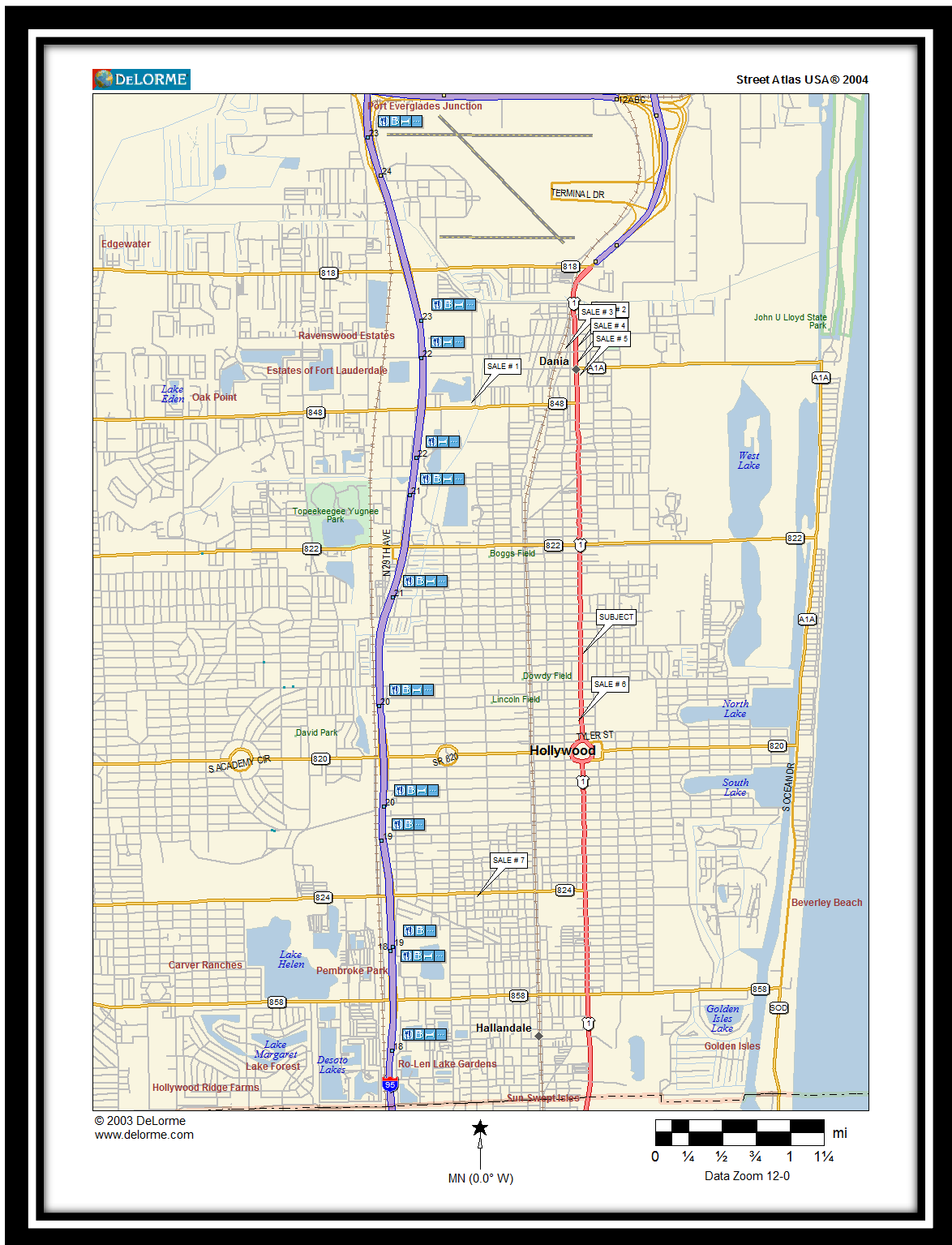
- (a) the **LEGALLY PERMISSIBLE USE**, or that use or uses which are legally permissible under the existing zoning regulations, deed restrictions, building codes, land use plan designations, concurrency requirements, and environmental controls. The proposed plan of development has not yet gone through the approval process so we cannot state unequivocally that approval will follow. The presumption is a significant contingency to the value estimated.
- (b) the **PHYSICALLY POSSIBLE USE**, or that use or uses which are physically possible under the size and shape limitations and such other physical constraints as topography, soil quality, grade, legal access and availability of utilities.
- (c) the **MARKETABLE AND FEASIBLE USE**, or that use or those alternative uses which are physically possible and legally permissible and which are marketable or salable at a price which yields a sufficient net return to the owner during the existing and projected future market conditions as to justify its existence i.e. value equals or exceeds cost plus entrepreneur's profit.
- (d) the **MOST PROBABLE AND HIGHEST AND BEST USE**, or that use or uses which is most likely for the property, given the alternate possible uses as well as the variation in investor types and which will result in a level of income, which when capitalized into value, will result in the highest net present value from among the assortment of alternate uses.

HIGHEST AND BEST USE SUMMARY:

North Federal Highway Commercial NFHC-2 by the City of Hollywood: Most retail, office and other non-noise producing commercial uses are permitted, as well as residential use on the second floor. Non-permitted disturbing uses are such uses as day care, schools, recreational, flea market, gun sales, liquor store. According to Karina da Luz, in Hollywood City Planning the Land Use allows Regional Activity Center which includes any of the downtown uses and mixed uses. The zoning appears to comply with the Land Use Plan. The site is level, at or near grade, and its soil characteristics appear adequate for the existing 2 story structure. As the chart on the next page will show the land is worth more with the building on it. **The highest and best use for this site would most likely be for a mixed use retail/residential development** with retail on the first floor and apartments on the second floor. The market indicates a far greater demand for apartments than for office space. Office projects still have more than reasonable vacancies and rent increases have been very moderate, while apartment demand and pricing is firm.

HIGHEST AND BEST USE SUMMARY (Cont):

LAND SALES MAP



HIGHEST AND BEST USE SUMMARY (Cont):

LAND SALES SUMMARY CHART 1203 N. FEDERAL HIGHWAY HOLLYWOOD, FL 33020								
Land Sale	Comparable	Sale Date	Sale Price	Land Size	Seller Buyer	Book Page	Verif-ication	Comments
1	NWC Stirling/Bryan	Contract	\$ 728,500	29,140	N/A	N/A	Broker, Jeffrey	Blended
	Dania Beach				N/A	N/A	Williamson	Estimate
2	158 N Federal Hwy	Jan, 2014	\$ 515,000	18,600	158 N Fed Hwy LLC	50514	Broker,	Cash to
	Dania Beach				158 Dania LLC	955	Pat Hart	Seller
3	105 NW 1 St	Jun, 2013	\$ 278,000	14,985	N.J. Terris	49922	Broker,	Cash to
	Dania Beach				Parkash Kour	842	Pat Hart	Seller
4	16-18 N Fed Hwy	Dec, 2013	\$ 450,000	18,600	Warsowe Holdings VLLC	50427	Broker, Doug	Cash to
	Dania Beach				CTKO Dania Venture, LLC	1888	Coller	Seller
5	48 S Federal Hwy	Jun, 2014	\$1,800,000	40,400	Griffin Ranches Dev, LLC	50897	Broker,	Cash to
	Dania Beach				N&S Properties, LLC	1761	Pat Hart	Seller
6	NWC Taylor/N Fed	Oct, 2013	\$1,100,000	35,516	White Leaf Dev, LLC	50321	Seller: Total	Cash to
	Hollywood				Jed Equities, LLC	1953	Bank	Seller
7	633 Pembroke Rd	Dec, 2013	\$ 575,000	32,670	Choice One Mortgage	50486	Buyer, Daniel	Cash to
	Hallandale				Pembroke Rd FD, LLC	917	Abreu	Seller
S	1203 N Federal Hwy			19,614				
	Hollywood							

LAND SALES ADJUSTMENT CHART 1203 N. FEDERAL HIGHWAY HOLLYWOOD, FL 33020									
Land Sale	Comparable	Sale Date	Sale Price	Land Size	Price/sf	Sale Date	Loca-tion	Site Cond	Adj Price
1	NWC Stirling/Bryan	Contract	\$ 728,500	29,140	\$25.00	\$ -	\$ -	\$ -	\$25.00
	Dania Beach								
2	158 N Federal Hwy	Jan, 2014	\$ 515,000	18,600	\$27.69	\$0.55	\$ -	\$ -	\$28.24
	Dania Beach								
3	105 NW 1 St	Jun, 2013	\$ 278,000	14,985	\$18.55	\$0.74	\$ 5.00	\$ -	\$24.29
	Dania Beach								
4	16-18 N Fed Hwy	Dec, 2013	\$ 450,000	18,600	\$24.19	\$0.73	\$ -	\$ -	\$24.92
	Dania Beach								
5	48 S Federal Hwy	Jun, 2014	\$1,800,000	40,400	\$44.55	\$ -	\$(10.00)	\$ -	\$34.55
	Dania Beach								
6	NWC Taylor/N Fed	Oct, 2013	\$1,100,000	35,516	\$30.97	\$0.93	\$ (5.00)	\$ -	\$26.90
	Hollywood								
7	633 Pembroke Rd	Dec, 2013	\$ 575,000	32,670	\$17.60	\$0.35	\$ 10.00	\$ -	\$27.95
	Hallandale								
S	1203 N Federal Hwy		\$ 549,192	19,614					\$28.00
	Hollywood								

Since the value indicated by the comparable land sales reveals a land value that is a good deal lower than the as-is value of the land with building improvements the building improvements obviously contribute value to the land and support a highest and best use indication as improved.

THE APPRAISAL PROCESS

The valuation process begins with identification of the appraisal problem and ends with reporting a conclusion to the client. Each appraisal is unique and the process involves various specific steps, the number of which depends on the nature of the assignment and the availability of data. The ultimate goal is a well-supported value conclusion that reflects all the factors influencing the market value of the property being appraised. Traditional appraisals involve three approaches that are applied to derive value indications.

The cost approach is based on the principle of opportunity cost, or substitution. The premise of the cost approach is that the value of a property is highly affected by the cost to develop a property of equal utility. It is effective in valuing new improvements and properties not frequently exchanged in the market. In this approach a separate land value is added to the current cost to construct the improvements. Entrepreneurial profit is added. From this estimated depreciation and obsolescence from all causes is deducted, if applicable. *I did not consider this approach since the building is 26 years old thus complicating the analysis via this approach because of the inherent weaknesses in the estimate of the various forms of depreciation.*

The income capitalization approach is based on the principle of anticipation. The premise of the income approach is that value is created by the expectation of future benefits (income) produced by a property. This approach is effective for income-producing properties and when market data are available. A property's income streams and its resale value upon reversion may be capitalized into a present, lump-sum value. *This approach to value is not relied upon in this appraisal both because it is currently earning business income and not real estate rental income and because this small property does not appear to lend itself to greater exactitude by its inclusion.*

The sales comparison approach is also based on the principle of substitution. The premise of the sales comparison approach is that the value of a property is directly related to the prices of substitute comparable properties. This approach is useful when data concerning recently sold or currently offered properties similar to the subject property are available. Data are adjusted to reflect the difference between the comparable sales and the subject property. *This approach to value is applicable and has been relied upon in this appraisal report, with a careful review of both retail buildings and apartment buildings.*

The three approaches are interrelated with each requiring collection and analysis of income, sales, and cost data relevant to the assignment. Each approach provides an indication of value, however one or more may not be reliable or may be less reliable based on the assignment, availability of data, or needs of the client. The valuation process is complete when the appraiser reconciles the value indications into a single dollar figure or value range. In this process the reliability of the approaches and applicability to the property being appraised has been discussed above.

SALES COMPARISON APPROACH

INTRODUCTION:

The Sales Comparison Approach relies on the analysis and comparison of the characteristics of sales of properties most comparable to the subject. The objective of this approach is to recognize the similarities and the differences between the characteristics of the sale and those of the subject. In this way, I can estimate the price for which the comparable property would have sold had it possessed characteristics identical to those of the subject at the time of sale.

The sales of properties most comparable to the subject are the ones most desirable to analyze since they will present the strongest evidence of value for the subject.

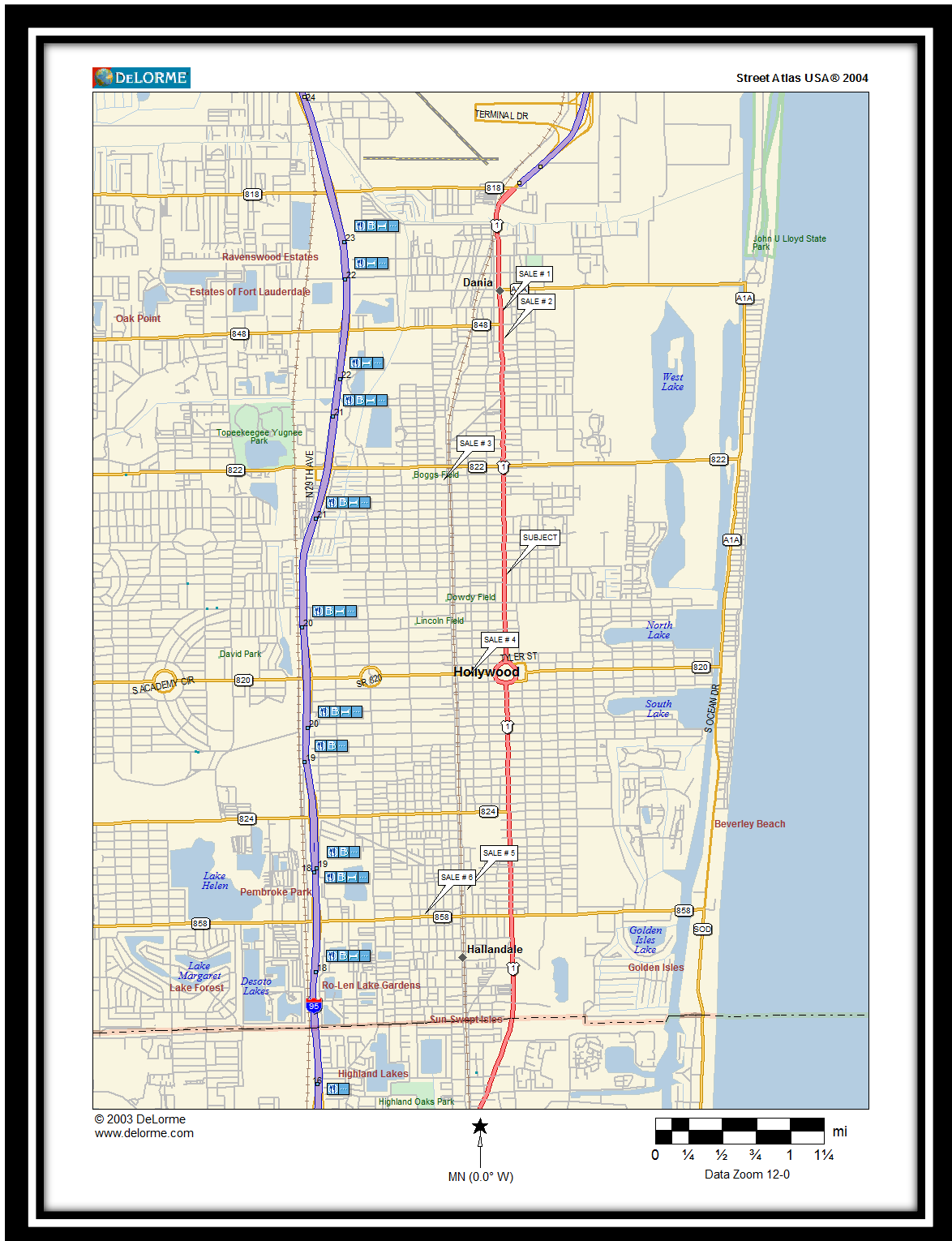
As indicated in the highest and best use section of this appraisal report **The highest and best use for this site would most likely be for a mixed use retail/residential development** with retail on the first floor and apartments on the second floor. In consideration of this observation it is necessary to rely on two sets of sales comparables, one being retail property sales, and the other being apartment house sales comparables.

Following is a detailed description of each of the sales considered most comparable to the subject and, therefore, included in this report for comparison to the subject for the specific purpose of arriving at an estimate of value via the Sales Comparison Approach. As indicated in the prior paragraph there are two sets of sales that have been relied upon and that will be included in the following pages and then blended into one uniform value estimate.

Please note further that the building needs paint and cleaning inside and out. Air conditioning must be converted to all central units and all other systems must be checked for functional use and Code compliance. Conservatively the cost of this work should equate to about \$30-\$40/sf of enclosed area for building and vegetation. I have adjusted the comparable sales downward \$35/sf to account for this estimated cost. I am not a cost estimator so if you require a more reliable estimate I recommend that you engage a cost estimator or contractor to assist you with that. The 1st flr is 2,760 sf. The 2nd flr has an estimated net rentable area of about 8,961 sf. I have also attempted to estimate the sales prices/sf on the basis of net rentable area as well.

SALES COMPARISON APPROACH (Cont)

(RETAIL PROPERTY SALES MAP):



RETAIL SALES CHARTS

RETAIL SALES SUMMARY CHART 1203 NORTH FEDERAL HIGHWAY HOLLYWOOD, FL 33020												
Comm Sale	Comparable	Age	Sale Date	Land Size	LTB Ratio	Sale Price	Bldg Size	Seller Buyer	Book Page	Verif- ication	Comm- ents	
1	105 S Federal Hwy	1978	May, 2014	8,085	1.50	\$ 577,500	5,400	Andrew Blade	50831	Broker, Yana	Cash to	
	Dania Beach							Harnik Mgmt LLC	1663	Franz	Seller	
2	265 S Federal Hwy	1976	Oct, 2013	34,848	2.51	\$1,125,000	13,884	Dania Shop Plaza LLC	50249	Buyer, Raffi	Cash to	
	Dania Beach							Anac Solutions LLC	1912	Anac	Seller	
3	2300-60 N Dixie Hwy	1973	Feb, 2014	45,541	2.97	\$1,325,000	15,327	Lipman& Lipman Inc	50602	Buyer, Jose	Cash to	
	Hollywood							Valezala LLC	1740	Zelaya	Seller	
4	2028 Hollywood Blvd	1988	May, 2012	6,050	1.12	\$ 900,000	5,382	Mao Te Buddhist Ass/SF	48750	N/A	N/A	
	Hollywood							2028 Hollywood LLC	1470	(Co-Star)	N/A	
5	200-24 NE 1 Ave	1970	Apr, 2013	42,001	1.80	\$2,100,000	23,300	ASTI Enterprises Inc	49824	Seller, Esther	Cash to	
	Hallandale							IVREF Investments Corp	578	Goldberg	Seller	
6	409-29 W Hallandale	1975	May, 2012	50,743	2.02	\$2,650,000	25,173	Dade Rentals N Inc	48784	N/A	Cash to	
	Hallandale							409 Hallandale Inc	419	(Co-Star)	Seller	
S	1203 N Federal Hwy	1988					2,760					
	Hollywood			19,614	1.56		12,603					

RETAIL SALES ADJUSTMENT CHART 1203 N FEDERAL HIGHWAY HOLLYWOOD, FL 33020														
Ret Sale	Comparable	Age	Sale Date	Land Size	LTB Ratio	Sale Price	Bldg Size	Price/ sf	Sale Date	Loca- tion	LTB Ratio	Age & Cond	Qual- ity	Adj Price
1	105 S Federal Hwy	1978	May, 2014	8,085	1.50	\$ 577,500	5,400	\$106.94	\$ -	\$ -	\$ -	\$ 5.00	\$ -	\$111.94
	Dania Beach													
2	265 S Federal Hwy	1976	Oct, 2013	34,848	2.51	\$1,125,000	13,884	\$ 81.03	\$ 3.24	\$ -	\$ (8.00)	\$ 10.00	\$10.00	\$ 96.27
	Dania Beach													
3	2300-60 N Dixie Hwy	1973	Feb, 2014	45,541	2.97	\$1,525,000	15,327	\$ 99.50	\$ 1.99	\$ 10.00	\$ (12.00)	\$ 10.00	\$10.00	\$119.49
	Hollywood													
4	2028 Hollywood Blvd	1988	May, 2012	6,050	1.12	\$ 900,000	5,382	\$167.22	\$11.71	\$ (75.00)	\$ 4.00	\$ -	\$10.00	\$117.93
	Hollywood													
5	200-24 NE 1 Ave	1970	Apr, 2013	42,001	1.80	\$2,100,000	23,300	\$ 90.13	\$ 4.51	\$ 15.00	\$ (2.00)	\$ 10.00	\$10.00	\$127.64
	Hallandale													
6	409-29 W Hallandale	1975	May, 2012	50,743	2.02	\$2,650,000	25,173	\$105.27	\$ 7.37	\$ -	\$ (4.00)	\$ 10.00	\$ -	\$118.64
	Hallandale													
S	1203 N Federal Hwy	1988				\$ 220,800	2,760	\$ 80.00				\$ (35.00)		\$115.00
	Hollywood			19,614	1.56	\$1,008,240	12,603							

SALES COMPARISON APPROACH (Cont)

ANALYSIS:

I considered differences between the sales and the subject in terms of property rights sold, financing, conditions of sale, market conditions (trend or time adjustment), location, size, and site condition. Because the properties vary in size, I used a standardized unit of measure, the price per square foot of building area, as a basis for comparison. The sales chart shows all significant categories and whether there were differences between the sales and the subject. The property rights conveyed were fee simple in all cases, since there was no evidence of non-market rentals. Sale conditions were market and financing was market oriented. All estimates were a general attempt at quantifying differences based upon investor behavior as evidenced by a comparison between the comparable sales and/or input received by way of verifications of data.

Property Rights

All the sales were transfers that were fee simple since they were either purchased by an owner user or sold with market rentals in place. No adjustment was warranted.

Financing

All sales appeared to be cash to the seller. No adjustment was necessary.

Conditions of sale

Sales 1-3 and 5 were confirmed as arm's length transactions. I was unable to confirm sales 4 & 6 with a party to the transactions, but I am presuming they were arms length as they appear by name. All sales were found through costar, who has verified sale 6 but was unable to verify 4. Sale 4 was the least important sale and required the largest adjustment based on its difference from the other comparable sales. It was included for additional information only.

Market Conditions:

The market appears to have stopped declining in 2011 and then to rise thereafter. All of the sales were between 2012-2014. A best estimate was a 4% rise during the past year and 3% during the prior year.

Location:

Sales 1, 2 & 6 were at comparable locations. Sales 3 & 5 were at inferior locations and sale 4 was at a far superior location. The amount of the adjustment was a function of familiarity, judgment, comparison between the sales and discussions.

SALES COMPARISON APPROACH (Cont)

Land to Building Ratio:

The larger the land to building ratio the greater the potential parking area, vegetation area and ability to add development rights, if possible. While there was evidence of an impact from this trait, the impact was not large so I estimated a 50% of pro-rata adjustment based on the land value at the subject as factored into the building.

Age & Condition and Quality:

Adjustment for these factors is based on observation, discussions and judgment. In some cases it is extracted from the comparable sales after adjusting for all other factors.

Final Adjusted Sales Price:

After adjusting for all of the foregoing considerations, in the same manner an investor would, the indicated adjusted range is from about \$96.27/sf to \$127.64/sf. Excluding the high and low indicators narrows the range to from \$111.94/sf to \$119.49/sf, supporting an estimated \$115.00/sf for the subject. The building needs paint and cleaning inside and out. Air conditioning must be converted to all central units and all other systems must be checked for functional use and Code compliance. Conservatively the cost of this work should equate to about \$30-\$40/sf (round to \$35/sf) of enclosed area for building and vegetation. I am not a cost estimator so if you require a more reliable estimate I recommend that you engage a cost estimator or contractor to assist you with that. The adjusted price/sf is therefore reduced to \$80/sf and the value estimated for the first floor retail portion of the property is rounded to:

$$2,760 \text{ sf} \quad \times \quad \$80/\text{sf} \quad = \quad \$220,800 \text{ (rnd)}$$

This estimate has to be reduced further to account for the loss of the alternative opportunity cost of the overall investment for a period of at least 6-12 months during remodeling and rent up. In addition there are rental commissions, real estate taxes and insurance to account for during that period.

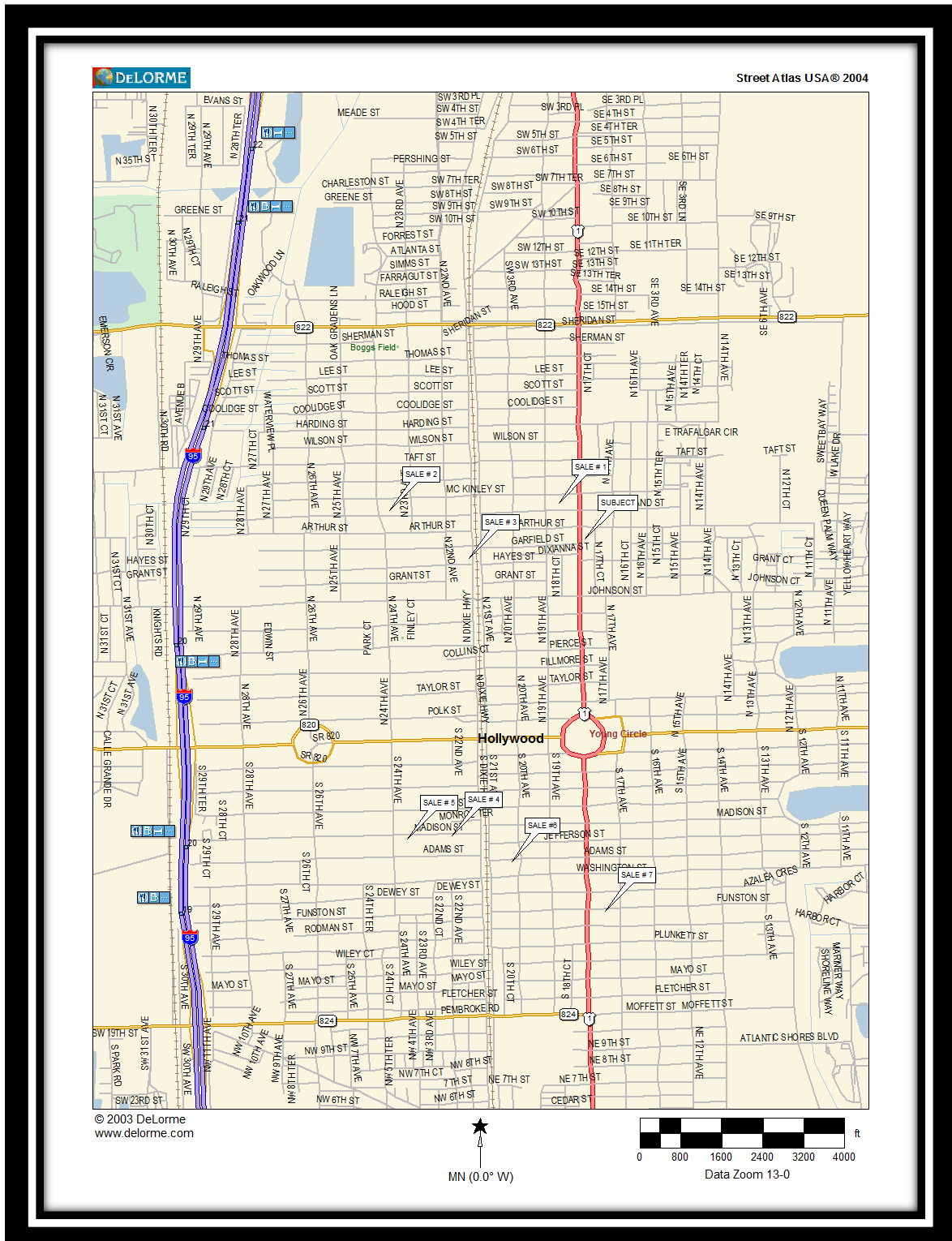
The value estimated via the Sales Comparison Approach to Value, of the first floor retail portion of the building and pro-rata land, but before adjusting for the holding period, as of July 21, 2014, is estimated to be:

**TWO HUNDRED AND TWENTY THOUSAND EIGHT HUNDRED DOLLARS
(\$220,800)**

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

SALES COMPARISON APPROACH (Cont)

(APARTMENT BUILDING SALES MAP):



APARTMENT BUILDING SALES CHARTS

APARTMENT BUILDING SUMMARY CHART 1203 NORTH FEDERAL HIGHWAY HOLLYWOOD, FL 33020												
Apt. Sale	Comparable	Age	Sale Date	Land Size	LTB Ratio	Sale Price	Bldg Size	Seller Buyer	Book Page	Verif-ication	Comm-ents	
1	1826 Cleveland St Hollywood	1974	May, 2012	14,140	2.46	\$ 500,000	5,744	Louis Konefal Shafi Enterprise LLC	48725 648	Atty, Steven Rosenthal	Cash to Seller	
2	2325 Arthur St Hollywood	1979	Jul, 2013	11,173	1.33	\$1,095,000	8,384	Charles Dickerson Pirita Hollywood LLC	49987 763	Broker, Rod Schinke	Cash to Seller	
3	2137 Hayes St Hollywood	1973	Jan, 2013	20,659	2.67	\$ 870,000	7,747	Trust RE Ventures LLC 2137 Hayes Inc	49515 1999	N/A N/A	N/A N/A	
4	2204-14 Madison St Hollywood	1973	Jun, 2012	10,245	0.88	\$ 750,000	11,582	C.J. & Mary E Towey 2202&14 Madison St LLC	48807 1618	Broker, Rich Spado	Cash to Seller	
5	2220 Madison St Hollywood	1973	Nov, 2012	20,495	1.94	\$ 810,000	10,560	Helmuth&Gru Rothke Tr 2220 Dagan-Madison Hldgs LLC	49292 970	Broker, Rich Spado	PMM @ Market	
6	2022 Adams St Hollywood	1968 & 1973	Nov, 2013	31,799	1.90	\$2,215,000	16,762	Washington & Adams LLC ORTSAC Invs MF 10 LLC	50436 1223	N/A N/A	N/A N/A	
7	1740 Funston St Hollywood	1977	Nov, 2013	10,799	1.22	\$ 820,000	8,864	Bayview Loan Serv LLC 1740 Funston St && LLC	50349 429	Broker, John Crotty	Cash to Seller	
S	1203 N Federal Hwy Hollywood	1988		19,614	1.56		9,843 12,603					

APARTMENT BUILDING ADJUSTMENT CHART 1203 N FEDERAL HIGHWAY HOLLYWOOD, FL 33020																
Apt Sale	Comparable	Age	Sale Date	Land Size	LTB Ratio	Sale Price	Bldg Size	Price/ sf	Sale Date	Loca- tion	LTB Ratio	Age & Cond	Qual- ity	Mkt. Adj.	Adj Price	
1	1826 Cleveland St Hollywood	1974	May, 2012	14,140	2.46	\$ 500,000	5,744	\$ 87.05	\$6.09	\$ -	\$ (7.50)	\$ 5.00	\$ 10.00	\$ -	\$100.64	
2	2325 Arthur St Hollywood	1979	Jul, 2013	11,173	1.33	\$ 1,095,000	8,384	\$130.61	\$5.22	\$ -	\$ 2.00	\$(10.00)	\$(10.00)	\$ -	\$117.83	
3	2137 Hayes St Hollywood	1973	Jan, 2013	20,659	2.67	\$ 870,000	7,747	\$112.30	\$5.62	\$ -	\$(10.00)	\$ -	\$ -	\$ -	\$107.92	
4	2204-14 Madison St Hollywood	1973	Jun, 2012	10,245	0.88	\$ 750,000	11,582	\$ 64.76	\$4.53	\$25.00	\$ 5.50	\$ 10.00	\$ 10.00	\$16.40	\$119.79	
5	2220 Madison St Hollywood	1973	Nov, 2012	20,495	1.94	\$ 810,000	10,560	\$ 76.70	\$4.60	\$25.00	\$ (3.00)	\$ 5.00	\$ -	\$ -	\$108.31	
6	2022 Adams St Hollywood	1968 & 1973	Nov, 2013	31,799	1.90	\$ 2,215,000	16,762	\$132.14	\$3.96	\$ -	\$ (3.00)	\$ -	\$ (5.00)	\$ -	\$128.11	
7	1740 Funston St Hollywood	1977	Nov, 2013	10,799	1.22	\$ 820,000	8,864	\$ 92.51	\$2.78	\$ -	\$ 3.00	\$ 5.00	\$ 5.00	\$ -	\$108.28	
S	1203 N Federal Hwy Hollywood	1988		19,614	1.56	\$ 787,440 \$ 1,008,240	9,843 12,603	\$ 80.00				\$(35.00)			\$115.00	

SALES COMPARISON APPROACH (Cont)

ANALYSIS:

I considered differences between the sales and the subject in terms of property rights sold, financing, conditions of sale, market conditions (trend or time adjustment), location, size, and site condition. Because the properties vary in size, I used a standardized unit of measure, the price per square foot of building area, as a basis for comparison. The sales chart shows all significant categories and whether there were differences between the sales and the subject. The property rights conveyed were fee simple in all cases, since there was no evidence of non-market rentals. Sale conditions were market and financing was market oriented. All estimates were a general attempt at quantifying differences based upon investor behavior as evidenced by a comparison between the comparable sales and/or input received by way of verifications of data.

Property Rights

All the sales were transfers that were fee simple since they were either purchased by an owner user or sold with market rentals in place. No adjustment was warranted.

Financing

All sales appeared to be cash to the seller except sale 4 that had a less than 70% loan/price at a market rate and terms. No adjustment was necessary.

Conditions of sale

Sales 1, 2, 4, 5 & 7 were confirmed as arm's length transactions. I was unable to confirm the other sales with a party to the transactions, but I am presuming they were arms length as they appear by name. All sales were found through costar, who verified all but sale 1 with a party to the transaction.

Market Conditions:

The market appears to have stopped declining in 2011 and then to rise thereafter. All of the sales were between 2012-2014. A best estimate was a 4% rise during the past year and 3% during the prior year.

Location:

All sales except #4 & #5 appeared to be in comparable apartment house locations but #4 & #5 were adjusted upward to the subject for what appear to be their inferior location. The amount of the adjustment was a function of familiarity, judgment, comparison between the sales and discussions.

SALES COMPARISON APPROACH (Cont)

Land to Building Ratio:

The larger the land to building ratio the greater the potential parking area, vegetation area and ability to add development rights, if possible. While there was evidence of an impact from this trait, the impact was not large so I estimated a 50% of pro-rata adjustment based on the land value at the subject as factored into the building.

Age & Condition and Quality:

Adjustment for these factors is based on observation, discussions and judgment. In some cases it is extracted from the comparable sales after adjusting for all other factors.

Other:

Sale 4 was adjusted upward to represent the higher price that the broker believed he could have achieved had the seller not been under duress to make a rapid sale due to health considerations.

Final Adjusted Sales Price:

After adjusting for all of the foregoing considerations, in the same manner an investor would, the indicated adjusted range is from about \$100.64/sf to \$128.11/sf. Excluding the high and low indicators narrows the range to from \$107.92/sf to \$119.79/sf, supporting a \$115.00/sf estimate. The building needs paint and cleaning inside and out. Air conditioning must be converted to all central units and functionality and Code compliance of all systems must be checked. Conservatively the work cost is estimated at \$30-\$40/sf (round to \$35/sf) of building and vegetation. I am not a cost estimator so if you require a more reliable estimate I recommend that you engage a cost estimator or contractor to provide this. The adjusted price/sf is reduced to \$80/sf and the value estimated for the second floor apartment building portion of the property is rounded to:

$$9,843 \text{ sf} \quad \times \quad \$80/\text{sf} \quad = \quad \$787,400 \text{ (rnd)}$$

The value estimated via the Sales Comparison Approach to Value, of the second floor apartment building portion of the building and pro-rata land, but **before adjusting for the holding period**, as of July 21, 2014, is estimated to be:

SEVEN HUNDRED AND EIGHTY-SEVEN THOUSAND FOUR HUNDRED DOLLARS
(\$787,400)

The value estimated via the Sales Comparison Approach to Value, of the aggregate value of the first and second floor as well as all of the land, but **before adjusting for the holding period**, as of July 21, 2014, is estimated to be:

ONE MILLION AND TEN THOUSAND DOLLARS
(\$1,010,000)

SALES COMPARISON APPROACH (Cont)

DISCOUNT FOR HOLDING PERIOD TO REMODEL AND RENT UP TO STABILIZED OCCUPANCY:

The aforementioned value estimated is before adjusting for the holding period. This estimate has to be reduced further to account for the loss of the alternative opportunity cost of the overall investment for a period of at least 6-12 months during remodeling and rent up (the holding period). In addition there are rental commissions, real estate taxes and insurance to account for during that period.

According to the 2014 first quarter PWC Real Estate Investor Survey the annual discount rate for apartment properties is about 6.5% and for retail about 8.0% (assume 7.0% blended). Including carrying costs the total can aggregate 10-15%/year. I will estimate 7.5% for a partial year as a blended total rate of discount. Therefore, the following represents a conservative discount for the loss during the indicated period:

Total Before Adjustment for Holding Period:	\$1,010,000.
Adjustment for Holding Period:	\$ <u>75,750.</u>
Total After Adjustment for Holding Period:	\$ 934,250.
Round to:	\$ 935,000.

Therefore:

The final value estimated via the Sales Comparison Approach to Value, of the aggregate value of the first and second floor as well as all of the land, **after adjusting for the holding period**, as of July 21, 2014, is estimated to be:

**NINE HUNDRED AND THIRTY FIVE THOUSAND DOLLARS
(\$935,000)**

RECONCILIATION AND FINAL VALUE ESTIMATE

FEE SIMPLE ESTATE:

Reconciliation is the application of the process of evaluating alternative conclusions and selecting from the indicators of value derived from each of the approaches utilized in the appraisal problem to arrive at a final estimate of value. The relative significance, applicability and defensibility of the indication of value derived from each approach are weighed, and most weight and reliance is placed upon the approach which, in this appraiser's professional judgment best approximates the value being sought in the appraisal.

COST APPROACH VALUE ESTIMATE:

N/A

The Cost Approach to Value is most reliable when the property appraised is a site improved to its highest and best use with a new improvement. The subject property is improved with a community facility that will have to be demolished to allow for development of the property to its highest and best use.

INCOME APPROACH TO VALUE:

N/A

The Income Approach to Value is a reliable indication of value for income producing properties. Although the property may be developed into a rental/income producing property (or condominium development) it is currently viewed as land with a community facility that will have to be demolished to allow for development of the property to its highest and best use.

SALES COMPARISON APPROACH VALUE ESTIMATE:

\$935,000

The data relied upon proved to be reliable and verifiable with parties involved in the transactions. They were compared to the subject based upon their physical comparability. I had good sales data, which gave good support to the final opinion of value.

OPINION OF MARKET VALUE:

As a result of my investigation and analysis, my final Market Value estimate of the fee simple estate, as-is, as of July 21, 2014, is:

**NINE HUNDRED AND THIRTY FIVE THOUSAND DOLLARS
(\$935,000)**

ADDENDUM

GLOSSARY AND ABBREVIATIONS

Absorption Period - The actual or expected period required from the time a property is initially offered for purchase or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved. Although marketing may begin before the completion of construction, most forecasters consider the absorption period to begin after the completion of construction.

Acre (Ac) - A land measurement equal to 43,560 square feet.

Actual Age - The number of years that have elapsed since construction of an improvement was completed; also called historical or chronological age.

Ad Valorem tax - 1. A tax levied in proportion to the value of the property being taxed. (USPAP, 2002 ed.). 2. A tax levied in proportion to the value of the thing(s) being taxed; generally refers only to property taxes, although technically the term is applicable to income taxes, ad valorem tariffs, special property taxes, etc. Exclusive of exemptions, use value assessment provisions, and the like, the property tax is an ad valorem tax. (IAAO)

Air Rights - The right to undisturbed use and control of designated air space above a specific land area within stated elevations. Such rights may be acquired to construct a building above the land or building of another or to protect the light and air of an existing or proposed structure on an adjoining lot. See also transferable development right (TDR).

Area - The surface extent of a building, a site, a neighborhood, a section of a city, a tract, or a region, measured in square units.

Assessed Value - 1. A value set on real estate and personal property by a government as a basis for levying taxes. (IAAO). 2. The monetary amount for a property as officially entered on the assessment roll for purposes of computing the tax levy. Assessed values differ from the assessor's estimate of actual (market) value for three major reasons: fractional assessment ratios, partial exemptions, and decisions by assessing officials to override market value. The process of gathering and interpreting economic data to provide information that can be used by policymakers to formulate tax policy. (IAAO)

Base Rent - The minimum rent stipulated in a lease. See also rent.

Capitalization Rate or Cap Rate (R) - Any rate used to convert income into value.

Cash Equivalence - A price expressed in terms of cash, as distinguished from a price expressed totally or partly in terms of the face amounts of notes or other securities that cannot be sold at their face amounts. Calculating the cash-equivalent price requires an appraiser to compare transactions involving atypical financing to transactions involving comparable properties financed at typical market terms.

Current Yield - In finance, the current dividend on an investment; current yield is the percentage of annual cash income to the investment cost; similar to a capitalization rate. See also yield to maturity.

Common Area - The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.

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. See also common area.

CBS Construction - Concrete Block and Stucco construction.

Discount Rate - An interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis. See also risk rate; safe rate; yield rate (Y).

DCF - Discounted cash flow analysis.

Discounted Cash Flow (DCF) Analysis - The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis.

Economic Life - The period over which improvements to real property contribute to property value.

Effective Age - The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (USPAP, 2002 ed.)

Effective Gross Income (EGI) - The anticipated income from all operations of the real property after an allowance is made for vacancy and collection losses. Effective gross income includes items constituting other income, i.e., income generated from the operation of the real property that is not derived from space rental (e.g., parking rental or income from vending machines).

GLOSSARY AND ABBREVIATIONS (Cont)

Effective Gross Income Multiplier (EGIM) - The ratio between the sale price (or value) of a property and its effective gross income; a single year's EGI expectancy or an annual average of several years' EGI expectancies ($EGIM = V/EGI$).

Equity Yield Rate - A rate of return on equity capital as distinguished from the rate of return on debt capital; the equity investor's internal rate of return. The equity yield rate considers the effect of debt financing on the cash flow to the equity investor.

Expense Ratio - The ratio of total expenses, excluding debt service, to either potential or effective gross income. See also operating expense ratio.

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. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions")

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.

FF&E - Furniture, fixtures, and equipment. The movable property of a business enterprise not classified as stock or inventory or leasehold improvements; frequently found in the ownership of hotels or motels, restaurants, assisted-living facilities, service stations, car washes, greenhouses and nurseries, and other service-intensive properties. Furniture, fixtures, and equipment frequently wears out much more rapidly than other components of those properties.

Financial Management Rate Of Return (FMRR) - A measure of investment performance; a specialized after-tax version of the modified internal rate of return that takes into account the prevailing rate of return on representative real estate projects of a particular risk class. See also internal rate of return (IRR); modified internal rate of return (MIRR).

GLA - Gross Leasable Area. Also gross living area. The total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of interior partitioning to outside wall surfaces; the standard measure for determining the size of shopping centers where rent is calculated based on the GLA occupied. The area for which tenants pay rent. See also area.

Gross Lease - A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes. See also lease.

Gross Leasable Area (GLA) - The total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines, and measured from the center of interior partitioning to outside wall surfaces; the standard measure for determining the size of shopping centers where rent is calculated based on the GLA occupied. The area for which tenants pay rent. See also area.

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

Holding Period - The term of ownership of an investment. See also projection period.

Internal Rate Of Return. (IRR) - The annualized yield rate or rate of return on capital that is generated or capable of being generated within an investment or portfolio over a period of ownership. The IRR is the rate of discount that makes the net present value of the investment equal to zero. The IRR discounts all returns from the investment, including returns from its reversion, to equal the original capital outlay. This rate is similar to the equity yield rate. As a measure of investment performance, the IRR is the rate of discount that produces a profitability index of one and a net present value of zero. It may be used to measure profitability after income taxes, i.e., the after-tax equity yield rate. See also equity yield rate; financial management rate of return (FMRR); modified internal rate of return (MIRR); yield rate (Y).

Lease - A written contract in which the rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.

Leased Fee Interest - An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Leasehold Interest - The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. See also negative leasehold; positive leasehold.

GLOSSARY AND ABBREVIATIONS (Cont)

Loan-To-Value Ratio (M) - The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. Also called loan ratio.

Marketing Time - 1. The time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. 2. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal 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.) See also exposure time.

Modified Internal Rate Of Return (MIRR) - A measure of investment performance; similar to the internal rate of return except that negative cash flows, if any, are discounted to present value at a specified safe rate and positive cash flows are presumed to be reinvested to grow with compound interest at either the same specified safe rate or at a specified market rate until the termination of the investment; also called adjusted internal rate of return. See also financial management rate of return (FMRR); internal rate of return (IRR).

Negative Leasehold - A lease situation in which the market rent is less than the contract rent.

Net Floor Area - The occupied area of a building not including hallways, elevator shafts, stairways, toilets, and wall thicknesses. The net floor area is used for determining rental space and fire-code requirements. (R.S. Means)

Net Lease - Generally a lease in which the tenant pays for utilities, janitorial services, and either property taxes or insurance, and the landlord pays for maintenance, repairs, and the property taxes or insurance not paid by the tenant. Sometimes used synonymously with single net lease but better stated as a partial net lease to eliminate confusion. Also called single net lease; modified gross lease. See also lease.

Net Operating Income (NOI) - The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted; may be calculated before or after deducting replacement reserves.

Net Present Value (NPV) - The difference between the present value of all expected investment benefits, or positive cash flows, and the present value of capital outlays, or negative cash flows. For purposes of real property valuation, negative cash flows include the initial cash outlay required to purchase the property. Generally, when NPV is positive, the investment is acceptable; if NPV is zero, the investment is neutral; and when NPV is negative, the investment is unacceptable. Also called dollar reward.

Net Reversionary Interest - The lump-sum benefit that an investor receives at the termination of an investment after the deduction of sales commissions and outstanding mortgage debt. See also reversion.

Overall capitalization rate (OAR) - An income rate for a total real property interest that reflects the relationship between a single year's net operating income expectancy and the total property price or value; used to convert net operating income into an indication of overall property value.

Positive Leasehold - A lease situation in which the market rent is greater than the contract rent.

Potential Gross Income (PGI) - The total income attributable to real property at full occupancy before vacancy and operating expenses are deducted.

Potential Gross Income Multiplier (PGIM) - The ratio between the sale price of a property and its potential gross income ($PGIM = V/PGI$).

Projection Period - A presumed period of ownership; a period of time over which expected net operating income is projected for purposes of analysis and valuation.

Remaining Economic Life - The estimated period during which improvements will continue to contribute to property value; an estimate of the number of years remaining in the economic life of the structure or structural components as of the date of the appraisal; used in the age-life method of estimating depreciation.

Rent - An amount paid for the use of land, improvements, or a capital good.

Replacement Cost - The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

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 the deficiencies, superadequacies, and obsolescence of the subject building.

GLOSSARY AND ABBREVIATIONS (Cont)

Reversion - A lump-sum benefit that an investor receives or expects to receive at the termination of an investment; also called reversionary benefit. See also net reversionary interest.

Risk Rate - The annual rate of return on capital that is commensurate with the risk assumed by the investor; the rate of interest or yield necessary to attract capital. See also safe rate.

Safe Rate - The minimum rate of return on invested capital. Theoretically, the difference between the total rate of return and the safe rate is considered a premium to compensate the investor for risk, the burden of management, and the illiquidity of the capital invested; also called riskless rate or relatively riskless rate.

Speculative Building - A structure that is built with the expectation that it will be sold or rented when completed.

Square Foot Cost - The cost of one square foot of an improvement; obtained by dividing the actual, or estimated, cost of a building by its gross floor area or by dividing the actual, or estimated, cost of a land improvement by its square foot area; can be multiplied by the number of square feet in a building or land improvement to produce the actual or estimated cost.

Stabilized Occupancy - Occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; the optimum range of long-term occupancy that an income-producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings. See also stabilized income.

Stabilized Income - Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income. See also stabilized occupancy.

Transferable development right (TDR) - A development right that cannot be used by the landowner, or that the owner chooses not to use, but can be sold to landowners in another location; generally used to preserve agricultural land; may also be used to preserve historic sites or buildings and open space or to protect scenic features. TDRs are said to be transferred from a landowner in a sending district to the use of a landowner in a receiving district.

Undivided Fee Rule - In condemnation appraisal, a rule that states that property is to be valued as if the title were held by a single entity, even if the real estate is divided into more than one estate owned by more than one individual or entity. See also unit rule.

Unit Rule - In condemnation appraisal, a valuation rule with two aspects, the first dealing with ownership interests and the second dealing with physical components. The first aspect of the rule, also referred to as the undivided fee rule, requires that property be valued as a whole rather than by the sum of the values of the various interests into which it may have been carved (such as lessor and lessee, life tenant and remainderman, and mortgagor and mortgagee, etc.). This is an application of the principle that it is the property, not the interests, that is being acquired. The second aspect of the rule is that different physical elements or components of a tract of land (such as the value of timber and the value of minerals on the same land, irrigated cropland and dry cropland on the same parcel, etc.) are not to be separately valued and added together.

Unity Of Title - The rule that states that, to be considered part of the remainder property, a parcel must be held by the condemnee under the same quality of ownership as the parcel from which the taking occurs; applied in both federal and state courts. See also undivided fee rule.

Yield To Maturity - In finance, the total rate of return that would be realized on an investment such as a bond if purchased at the current market price, held as an investment, and redeemed for the principal amount at maturity.

Yield Rate (Y) - A rate of return on capital, usually expressed as a compound annual percentage rate. A yield rate considers all expected property benefits, including the proceeds from sale at the termination of the investment. See also current yield; yield to maturity. See also current yield; yield to maturity.

QUALIFICATIONS OF RONALD AMES, MAI, SRA

rames@amesappraisal.com

President, Ames Appraisal Services

(A division of The Ames Organization, Inc)

Federal Tax I.D. # 59-1432314

(Since 1973)

www.amesappraisal.com

Boca Raton Office:	17221 Hampton Boulevard, Boca Raton, Florida 33496
---------------------------	----------------------------------------------------

PREVIOUS POSITIONS:

Executive Vice President, Chief Real Estate Appraiser

Transcontinental Mortgage Company and Parent Company,
Metropolitan Mortgage Company (1967 to 1973)

Real Estate Appraiser & Mortgage Loan Officer

Financial Federal Savings and Loan Association,
Miami Beach, Florida (1964 to 1967)

PROFESSIONAL AFFILIATIONS:

MAI & SRA Member of the Appraisal Institute, Member #6289

Member of the Florida Assoc. of Mortgage Brokers

CERTIFICATIONS:

Certified General Appraiser - State of Florida RZ 0000001

PROFESSIONAL POSITIONS:

Past President:

Society of Real Estate Appraisers, Greater Fort Lauderdale Chapter 204, SREA Designation (1974-75).

Fla. Assoc. of Mortgage Brokers, State of Fla., Miami Chapter **Society of Mortgage Consultants**

National Association of Mortgage Brokers

Current or Prior Professional Positions:

Member: Chapter Board of Directors, Appraisal Institute

Chairman: Chapter Public Relations Committee, Appraisal Institute; also Candidates Guidance Committee

Captain: Chapter Admissions Committee, Appraisal Institute

Member: Southeast Regional Panel, Appraisal Institute

LICENSES:

Registered Real Estate Broker: Licensed in the State of Florida

Licensed Mortgage Broker: State of Florida, Ames Mortgage Associates

INSTRUCTOR OF REAL ESTATE COURSES:

Instructor - **Real Estate Course #2** - University of Florida

Extension Division - Gainesville, Florida

Instructor - **Principle of Mortgage Lending** - Florida

International University - Miami, Florida

QUALIFICATIONS OF RONALD AMES, MAI, SRA (Cont)

Recent and Specified Courses and Seminars Taken			
Program Title	End Date	Type	Hours
Fundamentals of Going Concerns	7/16/2014	On Line	2
Marina Valuation Overview	7/10/2013	On Line	2
Excel as an Appraisal Professional	6/26/2013	On Line	2
Practical Regression Using Microsoft Excel	4/18&19/2013	Program	14
Real Estate Forecast 2013	1/25/2013	Program	4
Marketability Studies: 6 Step Process & Basic Applications	9/14/2012	Program	7
Florida Appraisal Laws and Regulations	9/11/2012	On Line	3
2012-2013 National USPAP Update Equivalent	4/8/2012	On Line	7
2012 Capitalization Rates and Values (Peter Korpacz)	3/16/2012	Program	N/A
An Appraiser's Intro/Overview of the U.S. Hotel Industry (Stephen Rushmore)	2/15/2012	Program	3
Hotel Market Studies & Valuations Using HV Software	2/15/2012	Program	4
Lessons from the Old Economy: Working on the New	1/20/2012	Program	3
Appraisal Curriculum Overview	5/19-20/2011	Program	15
Real Estate Industry Perspectives on Lease Accounting	4/7/2011	On Line	2
Introduction to Conservation Easement Valuation	12/10/2010	Program	7
Business Practices and Ethics	12/3/2010	Program	7
Property Tax Assessment	5/14/2010	Program	4
Small Hotel/Motel Valuation	4/28/2010	On Line	7
Florida Supervisor/Trainee Roles and Relationships	4/9/2010	On Line	3
Argus Valuation - DCF	12/28/2009	On Line	10
Inspecting the Residential "Green House"	4/3/2009	Program	3
An Introduction to Valuing Green Buildings	3/6/2009	Program	7
Energy Star and the Appraisal Process	11/7/2008	On Line	3
Real Estate Investing & Development - A Valuation Perspective	7/15/2007	Program	7
Making Sense of the Changing Landscape of Valuation: Cool Tools	7/17/2007	Program	4
Online Residential Design & Functional Utility	12/15/2006	On Line	7
Online Analyzing Distressed Real Estate 12/15/2006 Online 4.0	12/15/2006	On Line	4
The Canary in the Coal Mine: Energy Star & the Appraisal Proc	10/20/2006	Program	3
Mathematical Modeling (Seattle Ed. Session)	7/9/2005	Program	3.5
Internet Research	7/9/2005	Program	3.5
Lost in Translation: Role of Technology in Comm. RE	7/8/2005	Program	3
Site To Do Business	7/8/2005	Program	3
Art & Science of Real Estate Feasibility	7/7/2005	Program	7
Computer Concepts & Effective Email for RE Appraisers	8/13/2004	Program	10
Uniform Appraisal Standards for Federal Land Acquisitions	3/29/2003	Program	16
Separating Real & Personal Property from Intangible Bus. Assets	3/22/2002	Program	15
Eminent Domain Related Topics	2/xv/2003	Program	7
Online Appraisal of Nursing Facilities	12/31/2001	On Line	7
Introduction to GIS Applications for Real Estate Appraisal	12/31/2001	On Line	7
Condemnation Appraising: Advanced Topics and Applications	6/25/1999	Program	16
The Impact of Contamination on Real Estate Value (By Ronald Ames)	7/18/1998	Program	3
Appraisal of Nursing Facilities	November-96	Program	7
Analysis, Shopping Centers	June-95	Program	7
Environment, Wetlands	May-95	Program	7
Power Line Easements & Electro Magnetic Fields Effect on People/Value	April-94	Program	7
American with Disabilities Act (ADA Seminar)	February-94	Program	7

QUALIFICATIONS OF RONALD AMES, MAI, SRA (Cont)

APPRAISAL ARTICLES PUBLISHED:

1. Appraisal and Feasibility Analysis of Bowling Centers
2. Appraising Environmentally Sensitive Land
3. The Appraisal of a Business

EDUCATION:

B.A., Rutgers University, New Brunswick, New Jersey

APPLICATION OF APPRAISALS	
Arbitration	Gift and Estate Tax Matters
Bankruptcy	Litigation
Condemnation/Eminent Domain	Mortgage Loan Underwriting
Feasibility Analysis	Purchase or Sale
Foreclosure Proceedings	Real Estate Tax Appeals

EXPERT WITNESS TESTIMONY:

Federal Court - Dade Broward & Palm Beach Counties,
Bankruptcy Courts in Dade and Broward Counties
Circuit Courts in Dade, Broward, Palm Beach & Sarasota Counties
Real Estate Tax Hearings

TYPES OF PROPERTIES APPRAISED AND/OR FEASIBILITY STUDIES PREPARED	
Agricultural Lands	Leasehold and Leased Fee Interests
Auto Dealerships	Mobile Home Parks
Bowling Centers	Office Buildings (Single User, Rental & Condominium)
Churches, Synagogues & Mosques	Rental Apartments
Condemnation/Eminent Domain	Residential Subdivision
Condominium	Schools for Child Care and Older
Environmentally Sensitive Lands	Shopping Centers & Store Buildings
Feasibility Analysis of Bowling Facilities	Single Family Residential Developments
Flex Buildings	Special Use Properties
Free Standing Office	Time Share Facilities
Funeral Homes & Mortuaries	Townhouses (Condominium & Rental)
Ground Leases, Recreational Leases, etc.	Truck Terminals
Hotels, Motels & Restaurants	Vacant & Developed Land - all uses
Industrial & Manufacturing Buildings	Warehouses (Condominium & Rental)

QUALIFICATIONS OF RONALD AMES, MAI, SRA (Cont)

Client List	
Akermann, Senterfitt	Gutter, Josepher, Ruffin & Sheehy, P.A., Attys.
Alvarez, Armas & Borron	Home Federal Bank
American National Bank	Andrew W. Horn, P.A.
Arvida/JMB Partners	Hunt & Gross
BAC Bank	Katz, Barron, Squitero & Faust, Attys.
Becker & Polliakoff	Kaufman, Miller, Dickstein, Grunspan, Attys.
Business Capital Group (Div. of Bank of Alabama)	Kluger, Kaplan, Silverman, Katzen & Levine, P.L.
Carlton, Fields	Lowe's Home Center, Inc.
Children's Home Society of Florida	Mercantile Commerce Bank Bank
City of Fort Lauderdale	Ocean Bank
City of Hollywood	Ocean Capital
City of Lauderdale Lakes	Office Depot
City of North Miami	Palm Beach Community Bank
City of Oakland Park	Ubaldo J. Perez, Jr, PA
City of Pembroke Pines	Ramco-Gershenson
City of Pompano Beach	Regions Bank
City of Wilton Manor	Richman, Greer
Cole, Scott & Kissane	Sabadell Bank United
Commerce Bank	Sawgrass Property Investments
Crown Bank	Shell Oil Co.
Dubosar , Howard	Shook, Hardy & Bacon
Evangelical Christian Credit Union	South Florida Water Management District
Fieldstone Lester Shear & Denberg LLP	Stearns, Weaver, Miller
First National Bank of South Miami	Summit Realty and Development Corp.
Florida Dept. of Environmental Prot	Tarmac
Florida Dept. of Transportation	The Nature Conservancy
Fromberg, Perlow	(Tri-Rail) S Florida Transportation Authority
General Services Administration	Weitz & Luxenberg
Gray, Robinson, P.A.	White & Case LLP