

B. Carter Kennemur, CCIM
Real Estate Appraiser and Consultant

Wake County Board of Education
c/o Betty Parker, Sr. Director
WCPSS Real Estate Services
1429 Rock Quarry Road, Suite 116
Raleigh, North Carolina 27610

October 24, 2018

Re. Appraisal of 4600-101 New Bern Avenue, Raleigh, North Carolina 27610

Dear Ms. Parker:

As requested, I have examined and appraised the property described above. This appraisal has been prepared for the use of the Wake County Board of Education, for the purpose of estimating the market value of the subject property, to assist in a decision making process. All information pertaining to the subject property is based on an inspection and information gathered from current ownership and the Wake County Tax Office.

This report has been prepared in conformity with the Standards of Professional Appraisal Practice set forth by the Appraisal Standards Board of the Appraisal Foundation, and is transmitted as an Appraisal Report.

As a result of my investigation, I have estimated the fee simple market value of the subject property, as of October 23, 2018, subject to all assumptions and limitations as specifically provided within the narrative report, to be:

FOUR HUNDRED TWENTY SEVEN THOUSAND DOLLARS
(\$427,000)

The following report presents the data and analysis along with the other material on which the estimate of value was predicated. The estimated present value is considered to be the most probable selling price considered reasonably obtainable, with a marketing time not to exceed 12 months under present economic conditions.

Please feel free to contact me should you have any questions concerning these values.

Sincerely,

B. Carter Kennemur



B. Carter Kennemur, CCIM
Certified General
Real Estate Appraiser A4776

SUMMARY OF SALIENT FACTS AND CONCLUSIONS

Effective Date of Appraisal:	<i>October 23, 2018</i>
Date of Last Inspection:	<i>October 23, 2018</i>
Property Identification:	<i>4600-101 New Bern Avenue Raleigh, North Carolina</i>
Highest and Best Use:	<i>Office Use</i>
Zoning:	<i>"IND-1" Industrial by City of Raleigh</i>
Land Area:	<i>Site containing 0.987 acres, according to public records.</i>
Structural Improvements:	<i>2,940 square foot office condominium</i>
Value Indicators:	
Land Value "as though vacant"	<i>Not Developed</i>
Cost Approach to Value	<i>Not Developed</i>
Income Approach to Value	<i>\$396,000</i>
Market Approach to Value	<i>\$437,000</i>
Estimated Market Value - Fee Simple Estate	<i>\$427,000</i>

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THE APPRAISAL REPORT

The appraisal report is the formal written document by which the estimate of market value is transmitted. It contains the interpretations and analyses of assembled data and the final processing of these into the value estimate.

Appraising is not an exact science. Quite frankly, no one knows precisely what a parcel of real estate is worth. The key to value lies in the appraiser's research and analysis. The more comparable market data available to him, the closer to the true value of the subject his estimate will be.

This report has been prepared in conformity with the Standards of Professional Appraisal Practice set forth by the Appraisal Standards Board of the Appraisal Foundation, and is transmitted as an Appraisal Report.

Typical practice for an assignment is measured by the expectations of the participants in the market for appraisal services and what an appraiser's peers' actions would be in performing the same or a similar assignment. In this report, the Market Data and Income Approaches to Value have been utilized, as the property consists of a single tenant office condominium, built in 1988, located in Raleigh, NC. Due to the condominium type ownership of the subject property, the Cost Approach to Value has not been developed.

COMPETENCY RULE

Prior to accepting an assignment or entering into an agreement to perform any assignment, an appraiser must properly identify the problem to be addressed and have the knowledge and experience to complete the assignment competently.

The subject property is located in Raleigh, North Carolina. In recent years I have remained familiar with Real Estate principals of the region as well as development activity in this portion of Wake County, North Carolina. I have consulted with area planning representatives and county officials knowledgeable about the region. In addition, B. Carter Kennemur presently holds a Certified General Real Estate Appraisal Certification.

I, B. Carter Kennemur, do state and affirm that I am competent to appraise the property, which is the subject of this assignment. My appraisal experience and market research ability is extensive in the field of office property. My primary education as well as performance in continuing education courses assists me in technical understanding of the accepted appraisal techniques and reporting formats.

Unless otherwise indicated, I have performed no services regarding the subject property within the prior three years, as an appraiser or in any other capacity.

DATE OF THE APPRAISAL

The valuation date of this appraisal report is October 23, 2018. The production of this report occurred from October 15th through 24th, 2018. My last physical inspection date was October 23, 2018.

PURPOSE OF THE APPRAISAL

The purpose of the appraisal is to present the data and reasoning that the appraiser has used to form the opinion of value. In stating the purpose of the appraisal, the appraiser considers the objective and function of the appraisal assignment:

- | | |
|--------------------------|--|
| Objective of Appraisal - | To estimate the fee simple market value of the subject property "as-is," as of October 23, 2018, in terms of cash or financing terms equivalent to cash. |
| Use of the Appraisal - | To assist the client in evaluating the subject property's value contributions to assist in a decision making process. |
| User of the Appraisal - | Wake County Board of Education |

SCOPE OF THE APPRAISAL

The scope of an appraisal assignment can be defined as the extent of the process of collecting, confirming and reporting the data that the appraiser has used to form an opinion of value. In collecting the data necessary to form an opinion of value regarding the subject property, the appraiser has personally inspected the subject property and checked the Wake County tax records, local multiple listing services, and checked with brokers, developers and other appraisers active in the Wake County market for market information. I have located information on market indicators which have been purchased within the past few years.

Adequate economic and market data was sought and used for a basis of supported market conclusions. It was not intended that research pursuant to this appraisal assignment would be exhaustive, rather that it would produce adequate data representative of the market as it relates to the subject property and the appraisal problem so that a final value estimate would be considered accurate to established standards. I have attempted to confirm all market indicators found and will only use in my analysis those which have supportable confirmation from sources considered to be reliable. This report will contain a summary analysis of all of the information collected on all market indicators used in my analysis.

IDENTIFICATION OF PROPERTY

The property under appraisal is located at 4600-101 New Bern Avenue, in Raleigh, North Carolina. The property is listed as Parcel Identification Number 1734-05-7479, located in the City of Raleigh, North Carolina.

LEGAL DESCRIPTION

The subject property is known as "Unit 1, Hedingham Oaks II Condominiums," whose Declaration of Condominium is recorded in Wake County Deed Book 4383, Page 27. The site is known as Lot 3 on a map recorded in Wake County Book of Maps 1988, Page 1600, being 0.987 acres of land. At present, the site contains one building divided into seven (7) condominium units. The subject property is allocated a 24.7% interest in all common elements.

HISTORY OF OWNERSHIP

The following information regarding the History of Ownership of the subject property was extracted from Public Records. The appraiser, not being a title expert, is unable to render a title opinion, and makes no claims regarding title.

Sale Agreement: The subject property is not currently under any agreement to sell, and has not been listed for sale or sold within the previous three years, to the appraiser's knowledge.

Current Ownership: Sheppard, Inc., Wake County Deed Book 14026, Page 1456, recorded August 4, 2010. Excise tax of \$696.00 was noted, reflecting a \$348,000 sales price.

01 Back: Branch Banking & Trust Company

No additional history of the subject property's ownership is currently known by the appraiser.

ASSESSED VALUATION AND TAXES

From the Wake County Tax Supervisor's Office, the information concerning the assessed valuation of the real property under appraisal is indicated as follows:

The current Wake County Tax Value for the subject property is \$350,086. 2018 Wake County and City of Raleigh combined taxes are reported to be \$3,825.04.

ZONING

The subject property is located within the jurisdiction of the City of Raleigh, in Wake County and is zoned IND-1 Industrial District. The current use of the subject property is a permitted use.

I-1

Of the two industrial zoning districts, this category is more suburban, with 50 foot building setbacks required. A typical application of this district is a suburban industrial park, though I-1 land has been developed for *retail* uses when located adjacent to high-traffic roadways.

Residential Density:	Residences are prohibited.										
Minimum Lot Requirements:	No minimum lot requirements										
Minimum Setback Requirements:	<table><tr><td>Front Yard, Side Yard or Rear Yard fronting a public street</td><td>50 feet</td></tr><tr><td>Side Yard</td><td>0 feet</td></tr><tr><td>Aggregate Side Yards</td><td>40 feet</td></tr><tr><td>Rear Yard</td><td>0 feet</td></tr><tr><td>Aggregate Front/Rear Yards</td><td>70 feet</td></tr></table>	Front Yard, Side Yard or Rear Yard fronting a public street	50 feet	Side Yard	0 feet	Aggregate Side Yards	40 feet	Rear Yard	0 feet	Aggregate Front/Rear Yards	70 feet
Front Yard, Side Yard or Rear Yard fronting a public street	50 feet										
Side Yard	0 feet										
Aggregate Side Yards	40 feet										
Rear Yard	0 feet										
Aggregate Front/Rear Yards	70 feet										
Maximum Height:	Determined by lot depth and building setback. Maximum setback height is 50 feet. Please see illustration on page 102.										
Allowable Ground Sign: (freestanding sign)	<i>High profile ground sign</i> with adequate street frontage										
Common Uses:	Warehousing and distribution, wholesaling Auto service/repair, gasoline sales, carwashes, auto sales/rental Department, discount and home improvement store Shopping centers/areas Outdoor storage yards, billboards, manufacturing and industrial uses, excluding caustic agents made from animal fats, firework or explosives, paints requiring distillation or heating of ingredients, phosphates, turpentine and vinegar (not causing noxious or offensive dust, fumes, gas, noise, odor, smoke or vibration that substantially interferes with other lawful uses)										
Other allowable uses include but are not limited to:	<i>Residential institutions</i> Watchman/caretaker residence Professional/medical/financial office Convenience retail Restaurant Hotel Beauty shop Pawn shop Bank Health club Post office Commercial parking Food store Movie theater Bar, nightclub, tavern, lounge										
Allowable uses requiring a special use permit:	Adult establishment Outdoor recycle center Storage yard for wrecked vehicles Prison Outdoor theater with more than 250 seats										

Source: Raleigh Zoning Handbook

PROPERTY RIGHTS APPRAISED

The fee simple interest in property exists when all the rights of ownership are intact. These rights are referred to as the “bundle of rights.” They consist of the right to use real property, sell it, lease it, keep others from entering it, give it away, and the right to refuse to exercise these rights. Through lease agreement, portions of these rights can be transferred such as right of possession or right of trespass by easement. The local and federal governments also have rights in property through powers of taxation, eminent domain, police power, and escheat.

This appraisal is made with the understanding that the present ownership of the subject property includes all rights lawfully owned and is titled in fee simple estate. The property is also appraised subject to existing easements for public roads and highways, and public utilities. No consideration is given to any liens, defects, or other legal or financial encumbrances, which may or may not exist. The mineral interests, if any, have not been appraised herein and have been considered only to the extent that they may affect the value of the fee property.

Lease interests result when the “bundle of rights” is divided by a lease. The lessor and the lessee each obtain interests, which are usually stipulated in contract form and are subject to contract law. The divided interests resulting from a lease represent two distinct, but related, estates of property - the leased fee estate and the leasehold estate. The leasehold, or tenant, receives the right to use the real estate for specific purposes over a defined period of time.

The leased fee estate is the landlord’s estate. A leased fee estate is an ownership interest held by a landlord with the right to use an occupancy conveyed by lease to others; the right of the lessor (the leased fee owner) and leased fee are specified by contract terms contained within the lease. Although the specific details of the leases vary, a leased fee generally provides the lessor with rent to be paid by the lease under stipulating terms; the rights of repossession at the termination of the lease; default provisions; and the rights to sell, mortgage, or bequeath the property during the lease period. When a lease is legally delivered, the lessor must surrender possession of the property to the tenant for the lease period and abide by the lease provisions.

The Leasehold Estate is the lessee's or tenant’s estate. A leasehold estate is the right to use occupancy of real estate for a stated term under the conditions conveyed in the lease. When a lease is transmitted, a tenant usually acquires the right to possess the property for the lease period, to sublease the property if desired, and occasionally to improve the property under the restrictions specified in the lease. In return, the tenant is obligated to pay rent, surrender possession of the property at the termination of the lease, remove any improvements the lessee has modified or constructed if specified, and abide by the lease provisions.

MARKET VALUE DEFINED

The current definition of market value as defined in the *Uniform Standards of Professional Appraisal Practice* is stated as follows:

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 well informed or well advised, and each acting in what he considers his own best interest;*
- 3. A reasonable time is allowed for exposure in the open market;*
- 4. Payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and*
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale.*

The definition of market value employed for this assignment includes a component of exposure time. Exposure time is the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Based on statistical analysis and the examination of relevant sales history of comparable properties, the reasonable exposure time for the subject property type and value range is 6-12 months.

METHODOLOGY

The appraisal process can be subdivided into four areas: inspection, data accumulation, determination of highest and best use, and application of the appropriate valuation techniques.

The finest functional area consists of the physical inspection of the subject land and improvements, the neighborhood in which the subject is located, the market indicators which were utilized in the analysis of value, and the neighborhoods in which, the market indicators are located, if different from that of the subject.

The data gathering function is even more diverse, ranging from collecting regional demographics to the collection of specific market sales transactions. The type and sources of various elements of information will be subsequently stated.

The most critical function in the appraisal process is the determination of the subject's **Highest and Best Use**. Highest and Best use is first determined for the land -- the question that must be answered is "What use should be made of the site?" There are really two applications of the definition of highest and best use: one applying to the land or site as though vacant and the other applying to the property as presently improved. The first application applied specifically to land and must always be determined. It should be recognized that, in cases where the site has existing improvements on it, the highest and best use of the site may be determined to be different from the existing use. The existing use will continue, however, unless and until the land value, in its highest and best use, exceeds the total value of the improved property in its existing use. When property's highest and best use can be forecast to change in the near future, the prevailing use is considered to be an interim use.

The determination of the site's highest and best use lays the groundwork for the application of the various valuation techniques. The factual information gathered from the first two functional areas is now analyzed in the light of the indicated highest and best use. The result of this function is the appraiser's determination of the market value of the subject. The major techniques used are:

- A. The valuation of the land is the best accomplished by an appraisal technique known as **Land Value by Comparison**. Sales Transactions, in the subject's market area are compared directly to the land being appraised. Land values are affected by many factors. The most significant of these factors are the elapsed time since the date of the sale, the motives of the buyer and seller, and the physical characteristics (location, topography, availability of utilities, accessibility, relative size, and shape) of the tract. These are the factors for which adjustments must be considered in order to reconcile the divergences between the subject site and each of the compared sales. The adjustment process is one of modifying the market indicators based on their divergent factors as compared to the subject site. This is accomplished on an electronic spreadsheet using extracted adjustments expressed as percentages. From the resulting value indications, a final estimate of value is derived.
- B. The application of **The Cost Approach to Value** involves the estimation of the replacement costs new (both direct and indirect), entrepreneurial profit, and value of the land. This value is then reduced by the appraiser's estimate of the loss in value due to the

typical physical deterioration (both curable and incurable) of the existing improvements. All structures suffer from some loss in value from physical deterioration over time. Typically, this product is, in fact, the estimate of value; although there can be additional losses in value due to functional and/or economic obsolescence.

- C. **The Sales Comparison (or Market) Approach to Value** is essentially the same technique as that described for the valuation of the land. The major difference is that it requires transactions of improved properties similar to that being appraised. The major variances are location, size, condition, style, interim time from date of sale to the appraisal date, and the market condition of the sale. As in the valuation of land, the resultant value indications provide the basis of the final value estimate of this approach. In most cases, the lack of similarity of the sales reduces the comparative process to one of weighing common denominators. This process will normally produce a range within which the value indices the Cost and Income Approaches to Value will fall.

Perhaps, the most significant contribution of the Sales Comparison Approach to Value is that it provides the data for the extrapolation of the rates of return for the use in the Income Approach to Value.

- D. **The Income Approach to Value** is often the key approach to the valuation of real properties with income producing characteristics. In the Direct Capitalization Methods, the value estimate is accomplished by either the employment of a rate derived through the Ellwood Formula of the Mortgage Equity Technique or the employment of the rates of return developed in the Market Abstraction Technique. In the Mortgage Equity Technique, instead of considering the property as if free and clear, the mortgage financing is considered as the heart of real estate investment. After deriving a capitalization rate by the Mortgage Equity Technique, the income is converted into value by employing traditional capitalization techniques. The Mortgage Abstraction Technique employs the rates extrapolated from the data collected in the Sales Comparison Approach to Value. The overall Capitalization Rate (R_o), which is the most commonly used rate, is the direct ratio between Net Operating Income (NOI) and the value indicated by the Sales Price. Applying the overall capitalization rates derived from the Sales Comparison Approach to Value to the subject's expected NOI provides a solid indication of value. Discounted Cash Flow (DCF) Analysis is the general process of analyzing period by period cash flows. The cash flows as specified as to quantity, variability, timing, and duration. Each cash flow (including the reversion of the subject's sales price at the end of the projection period) is discounted to present value and all present values summed to obtain the total value of the income streams.
- E. The final, and extremely important, step of the appraisal process of estimating market value is **The Reconciliation of Value**. In this stage, not only the point indications of value, but the ranges of value indicated in each of the three approaches employed are developed into a single value estimate. This final value may or may not coincide with the point value indication of one of the approaches, but it will certainly be within the ranges of value indicated. It represents the best judgement of the appraiser after consideration of all of the available data and the results of the appraisal techniques employed.

AREA DATA

From area weather and population to major cultural assets, here are some at-a-glance facts about Raleigh, N.C., and Wake County.

City of Raleigh Mayor: Nancy McFarlane

Population: Raleigh (2017): 464,758; Wake County (2017): 1,072,203; Raleigh MSA (2017): 1,335,079

Land Area: Raleigh (2014): 146 square miles; Wake County: 857 square miles

Geography: 434 feet above sea level, Raleigh lies in east-central N.C., where the hilly Piedmont region meets the flat coastal plain.

Visitors: 16.45 million to the Raleigh area (2017)

Sales Tax: 4.75-percent state tax; 2.5-percent county tax

Raleigh Facts: Raleigh was founded in 1792 as N.C.'s capital city. It was named for Sir Walter Raleigh, who attempted to establish the first English colony on the shores of the new world in the 1580s. It is the only state capital to have been planned and established by a state as the seat of state government, and it is the largest city in a combined statistical area known as Raleigh-Durham-Chapel Hill (the Research Triangle Region). The city's founding fathers called Raleigh the "City of Oaks" and dedicated themselves to maintaining the area's wooded tracts and grassy parks. Home of the N.C. State Fair, N.C.'s largest annual event.

Wake County Facts: Includes Raleigh and 11 other Wake County municipalities. Sometimes referred to as Raleigh, N.C., Greater Raleigh or the Raleigh area. Home to RDU International Airport and a portion of internationally renowned Research Triangle Park. Accessed by I-40 and four major U.S. highways; I-85 and I-95 pass nearby, with I-95 connected to Raleigh by I-495. Home to 11 principal colleges and universities.

Climate: Springs and summers range from the upper-60s to the upper-80s (degrees Fahrenheit); fall averages in the 70s; winters hit the high-20s to mid-50s. Mean annual rainfall (inches): 45.23. Annual average temperature (°F): 71 (high), 50 (low). Annual average snowfall (inches): 4.7. Average relative humidity (%): 71.3.

Distance from Other Major Cities (in miles)

Asheville, N.C. -- 241

Atlanta, Ga. -- 424

Charlotte, N.C. -- 143

Chicago, Ill. -- 784

Nashville, Tenn. -- 515

New York City, N.Y. -- 489

Orlando, Fla. -- 588

Washington, D.C. -- 251

Wilmington, N.C. -- 123

Parks and Recreation: Raleigh boasts more than 9,000 acres of parkland and almost 1,300 acres of water, offering recreational activities year-round. A nationally-acclaimed greenway system spans more than 180 miles, providing walking, jogging and hiking trails that connect many of the City of Raleigh's 200+ parks and Town of Cary's 30+ parks. Surrounding towns have even more parks and recreational opportunities.

Fauna/Flora: The Raleigh area's hardwood and mixed conifer forests are home to a wide variety of wildlife, including wood ducks, white-tailed deer, Canada geese and wild turkeys.

Sports: Sports and outdoor enthusiasts will find plenty to cheer about. Hockey fans can catch the excitement of the NHL Carolina Hurricanes. Relax outdoors at a Carolina Mudcats Single-A baseball game or at WakeMed Soccer Park watching North Carolina FC men's or North Carolina Courage women's pro soccer. The area is also home to stock car racing and great college athletics.

Arts and Culture: Raleigh has an exceptionally diverse art scene. Visitors can see a touring Broadway show, view original plays in theatres and outside in the parks, listen to the North Carolina Opera or North Carolina Symphony or watch the Carolina Ballet. The Duke Energy Center for the Performing Arts has a suite of facilities for almost any size performance, including a state-of-the-art symphonic music hall.

Museums: Raleigh is home to three major state museums--of art, history and natural sciences (all are free). The North Carolina Museum of Art celebrated its

50th anniversary in April 1997 and opened a \$75 million expansion of iconic gallery and public spaces in April 2010. The North Carolina Museum of History, which moved to its current facility in 1994, provides innovative exhibits that tell the state's history. Across the Bicentennial Plaza, the North Carolina Museum of Natural Sciences moved into a beautiful new facility in April 2000 becoming the Southeast's largest natural history museum: it opened the state-of-the-art Nature Research Center, a new wing of the museum in April 2012. Marbles Kids Museum also gives kids a chance to be hands-on with role-playing and special exhibits. Marbles is also operating N.C.'s only large-screen 3D IMAX theatre next door.

Major Historic Sites in Raleigh

The North Carolina State Capitol, a National Historic Landmark.

The North Carolina Executive Mansion, home to more than 25 governors and their families since 1891.

Historic Oakwood, a neighborhood of 19th-century Victorian homes listed on the National Register of Historic Places.

Shopping: Even the most seasoned shoppers will find an impressive array of well-known retail stores, boutiques and locally-owned shops in and around Raleigh. Browse the Raleigh Flea Market or the more than 30 antique stores spread throughout the area. Major shopping areas and centers include Brier Creek Commons, Beaver Creek Commons, Cameron Village, Cary Towne Center, Crabtree Valley Mall, North Hills, Park West Village, Triangle Town Center and White Oak Crossing. The list of specialty stores and upscale shops in Raleigh is impressive--and just keeps expanding.

Cuisine: Raleigh's array of cuisine serves up something to satisfy almost any craving. Menus range from upscale fine dining to brewpubs to traditional Southern cooking. The area is also home to three wineries, two distilleries and nearly 30 craft breweries.

Nightlife: Enjoy nightlife in downtown Raleigh in the Capital District, Fayetteville Street district, Glenwood South, Moore Square district and the Warehouse District. Listen to live music performed by popular local bands or international superstars at one of the area's major venues, concert venues or entertainment complexes, or simply dance the night away to DJs. The Raleigh area has the

most live music venues concentrated here than anywhere else in the state and has more than 15 percent of the state's craft breweries, making it a capital of craft beer.

Transportation: Raleigh is easily accessible by car, bus, rail or airlines.

Principal Colleges and Universities

Women's Colleges: Meredith College. Culinary School: The Chef's Academy.

Religious Colleges: Shepherds Theological Seminary, Southeastern Baptist

Theological Seminary, Southeastern Free Will Baptist College. Community

College: Wake Technical Community College. Historically Black Universities:

Saint Augustine's University, Shaw University. Major Research University: North

Carolina State University. Law School: Norman Adrian Wiggins School of Law

(Campbell University). Other Private: William Peace University.

Source: <https://www.visitraleigh.com/plan-a-trip/fast-facts/>

NEIGHBORHOOD DATA

The appraisal of any property should contain an adequate neighborhood analysis. This analysis is of paramount importance for the property under appraisal because it sets the property's environment, which can add or detract from market value. The definition of a neighborhood follows:

The area of influence is commonly called a neighborhood. A neighborhood is a group of complementary land uses. A residential neighborhood, for example, may contain single family homes and commercial properties that provide services for the local residents. A clear distinction can be drawn between a neighborhood and a district. A district is a type of neighborhood that is characterized by homogenous land use. Districts are commonly composed of apartments or commercial, industrial, or agricultural properties.

Neighborhood boundaries may consist of well-defined natural or man-made barriers, or they may be more or less well defined by a distinct change in land use or in the character of the inhabitants. The American Institute of Real Estate Appraisers addresses the issue of neighborhood boundaries as follows:

Neighborhood and district boundaries identify the physical area that influences the value of a subject property. These boundaries may coincide with changes in prevailing land use, occupant characteristics, or physical characteristics such as structures, street patterns, terrain, vegetation, and lot sizes. Because changes in natural or physical features often coincide with changes in land use, transportation arteries (e.g., highways, major streets, and railroads), bodies of water (e.g., rivers, lakes, and streams), and changes in elevation (e.g., hills, mountains, cliffs, and valleys) often represent significant boundaries.

The subject's neighborhood is defined as the eastern side of Raleigh, towards Knightdale, NC, part of the US Highway 64 corridor into the City of Raleigh. Area uses include a public school, restaurants, offices, and retail businesses.

Most of the land in the neighborhood is developed as commercial property, bordering on industrial and residential properties. The subject is served with public electricity and telephone, public water and sewer.

The predominant economic influences in the area serving the neighborhood are: the City of Raleigh, North Carolina, US Highway 64, and surrounding areas.

The subject property has a desirable location with good access to all points in the area. It is well located for an office use.

In conclusion, the economic future of the neighborhood is predicted to be a pattern of commercial uses. It is believed that the environment provided by the neighborhood will support the value of the subject property.

SITE ANALYSIS

The subject site is located along New Bern Avenue, in Raleigh, Wake County, North Carolina. The subject site contains approximately 0.987 acres of land. The site is considered to be functional and adequate for the existing improvements.

Size:	0.987 acres, according to public records. The subject condominium unit is allocated a 24.7% interest in common areas.
Shape:	Mostly rectangular
Access:	109' along New Bern Avenue
Topography/Drainage:	Mostly level with no significant drainage problems noticed.
Soil Conditions:	No soil tests were made by the appraiser, but soils appear suitable for building site.
Flood Plain:	The subject property does not appear to be located in a FEMA Special Flood Hazard area.
Utilities:	Public electricity and telephone service, public water and sewer.
Zoning:	"IND-1" Industrial District
Easements/Encroachments:	Typical utility and road right-of-way. No adverse easements or encroachments were noted, though no current survey was provided to the appraiser.
Surrounding Land Usage:	Commercial, office, and municipal uses.

In summary, the subject site is considered to be well located with adequate availability to utilities and access and is considered functionally adequate for the existing improvements.

HIGHEST AND BEST USE

"Highest and best use is not a fact to be found, but rather an opinion which can be expected to vary widely among investors and appraisers."

Each parcel of real estate has the potential for a more valuable and intense use than it might possibly ever be put. Obviously, every heavily traveled intersection cannot be used for a self-service fuel outlet; every farm cannot be subdivided into residential lots; every large acreage suburban tract cannot be a shopping center or multi-family complex. The fact that these sites are not, or may never be used for these specific purposes, does not preclude consideration of the potential use assuming the proper physical, legal and economic attributes can be accommodated so as to induce an investor to that use.

It follows then, that since it is probable that all real property cannot be put to the most intense use imaginable, the appraiser's function is to estimate the most profitable use (to the land), as well as the timing of that use.

Obviously an accurate assessment of the highest and best use of the property under appraisal is crucial to the valuation assignment. The determination of a site's highest and best use requires consideration of many factors and ultimately rests on the appraiser's experience and judgement. Highest and Best Use is defined as:

The reasonable and probable use that supports the highest present value of vacant land or improved property, as defined, as of the date of the appraisal.

The reasonably probable and legal use of land or sites as though vacant, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value.

The most profitable use

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners. Hence, in certain situations the highest and best use of land may be for parks, greenbelts, preservation, conservation, wildlife habitats, and the like.

Highest and best use is first determined for the land -- the question that must be answered is "What use should be made of the site?" There are really two applications of the definition of highest and best use: one applying to the land or site as though vacant and the other applying to the property as presently improved. The first application applies specifically to land and must always be determined. It should be recognized that, in cases where the site has existing improvements on it, the highest and best use of the site may well be determined to be different from the existing use. The existing use will continue, however, unless and until the land value, in its highest and best use, exceeds the total value of the improved property in its existing use. When a property's highest and best use can be reasonably forecast to change in the near future, the prevailing use is considered to be an interim use.

The second application would apply to any existing improvements upon the land, which may or may not be the highest and best use. The subject property is currently improved with one building, divided into seven (7) office condominium units.

From the definition of highest and best use, four areas of concern demand the appraiser's attention. These are:

- a) Is the site physically adaptable to the uses for which the land has a potential?
- b) Can these uses be legally implemented?
- c) More importantly, are the suggested uses financially feasible?
- d) Which of these contemplated uses result in the maximum productivity to the land ?

In arriving at the highest and best use, the subject site must be analyzed:

- a) as though vacant and available for development, and
- b) as presently improved.

Highest and Best Use "As Though Vacant"

The subject property is an improved site containing 0.987 acres, according to tax records. The improvement is an office condominium type building. But, as discussed above, it must first be examined "As Though Vacant". My analysis of each of the four areas of concern begins below:

Physically Possible

The physical aspects of the site impose the first constraints on its possible use. The site's location within a given area and its physical capabilities (size, topography, shape, frontage, depth, soil conditions, and utilities and other community services available) are important determinants of value. While the potential uses indicated by the site's location are also affected by the legal requirements of any zoning attached to the site, location is considered to be a key determinant of use and value as it is the one factor not subject to man-made change. Following the indications from the site's location, there are the considerations of physical capabilities. Of these, size is of paramount importance. The larger the site, the greater its potential to achieve economies of scale and flexibility in development. The site's shape, frontage, and depth, while products of its location and size, also affect its developability. The factors of topography, soil conditions, and utilities and community services available are all readily modified by expenditures for site development.

Legally Permissible

Legal restrictions that may apply to the subject property are private restrictions (easements and/or covenants) and the public restrictions of the various local, state, and federal development regulations. The site is located within the jurisdiction of the City of Raleigh and its development would be guided by the city's planning and zoning ordinances. The subject site is zoned for industrial uses, currently being used as an office condominium facility.

Common restrictions such as easements exist, and do not appear to hamper use of the property. Therefore, the uses indicated as legally permissible support that use identified as physically possible, with some limitations to narrow the relevant range of possibilities.

Financially Feasible

An office use site has presented the best scenario and is indicated as being physically possible and legally permissible by Raleigh Planning and Zoning Ordinances. The physical aspects of the site could support almost any form of commercial use, but office use is considered as the highest and best use.

Maximally Productive and Conclusion of Highest & Best Use of Vacant Land

In the final analysis, a determination must be made as to which of the potential uses is the highest and best use. The development of the subject as an office use is both physically possible and legally permissible, and is considered to be financially feasible. An office use facility would benefit from the site's excellent accessibility. The development of the site as an office use facility is considered to be its Highest and Best Use "As Though Vacant".

VALUATION OF LAND AS THOUGH VACANT

For the purpose of estimating the value of the subject property's site, the land will be considered improved to the point that it is ready for its present use with streets and available public utilities developed on site. The site is also valued as being vacant and available to be put to its highest and best use.

As the Cost Approach to Value has not been developed, the valuation of the land, as though vacant, is not applicable.

DESCRIPTION OF IMPROVEMENTS

The subject improvement consists of a brick veneer exterior office condominium, built in 1988, according to tax records.

The condominium unit located at 4600-101 New Bern Avenue is 2,940 square feet, all located on the ground level. Square footage was calculated from exterior measurements, subtracting 8" for exterior wall depth. Exterior walls are brick veneer. Foundation is concrete slab, with carpet and tile floors. The roof is flat. Ceilings are suspended acoustical tile, with fluorescent lighting. Interior walls are painted drywall. Restroom floors are tile. Electrical service is adequate. Heating and cooling is by a split system, with central air conditioning. Interior space is allocated as a reception area, five offices, an open cubicle area, break and storage rooms, two restrooms, and a mechanical room. Exterior doors are steel and glass. Windows are plate glass. Overall condition is average/well maintained.

On-site parking is asphalt paved, and appears adequate for the space and adjacent condominiums.

The space was originally constructed for a bank, and a covered drive-through window area is attached to the right hand side of the space.

The Wake County Board of Education currently owns the remaining condominiums in the building, and there is not an active owners association, nor are there dues levied for common area maintenance, according to current ownership.

HIGHEST AND BEST USE AS IMPROVED

As was discussed in the Highest and Best Analysis of the site "as though vacant" highest and best use was first determined for the land; but there are two applications of the definition of highest and best use: one applying to the land or site as vacant and the other applying to the property as improved.

It is recognized that, in cases where the site has existing improvements on it, the highest and best use may well be determined to be different from the existing use. The existing use would then continue, however, unless and until the land value, in its highest and best use, exceeds the total value of the property in its existing use.

When a property's highest and best use can be reasonably forecast to change in the near future, the prevailing use is considered an interim use.

The subject site is improved and the Highest and Best Use as vacant was determined to be that of an office use facility. The definition of Highest and Best Use concludes with the determination of maximum productivity to the land.

It should be possible to accurately describe the set of improvements which produces maximum productivity to the land. Thus a description of the ideal improvements must be made.

DESCRIPTION OF THE IDEAL IMPROVEMENT

The determination of the ideal improvements for a site follows the same analytical process as the determination of the highest and best use of the site as though vacant. The fortress of physical and legal possibility, financial feasibility, and maximum productivity must all be considered in describing the ideal improvements for the site.

Physically Possible

As in the analysis of the site as though vacant, the physical aspects of the site impose the first constraints on its possible use. The physical aspects of the site were found to be capable of supporting office use.

Legally Permissible

As previously addressed, the site is located in an area which is zoned for commercial uses. The zoning ordinance also defines site specific requirements (*i.e.*, building set-backs, required parking, *etc.*). The improvements are considered to be a legal and conforming use and they are believed to maximize the physical potential of the site. Therefore, the issue of legal permissibility provides no additional information in describing the ideal improvements.

Financially Feasible

In the analysis "as though Vacant" the site was found to be physically capable of supporting a number of improvements and an even wider range of improvements were found to be legally

permissible.

However, the improvement type believed to be best capable of meeting the test of financially feasible under current market conditions is that of an office use. An analysis of economic forces in the neighborhood indicated that the immediate area of the site was capable of supporting an office use. Given the information currently available it is the appraiser's opinion that the development of an office use is indeed financially feasible.

Maximally productive and Description of the Ideal Improvements

In the final analysis, I believe that an office facility represents the ideal improvements for the subject site. In my opinion, an office use represents the Highest and Best Use "as improved" and the Highest and Best Use of the property.

COST APPROACH TO VALUE

Value by the Cost Approach is found by estimating the reproduction cost of the improvements and deducting the accrued depreciation (physical, functional and economic), which produces the depreciated value of the improvements. The depreciated value is then added to the present value of the land. The Cost Approach to value relies heavily upon the principle of substitution, since a typical buyer would not pay more than the replacement cost of the new improvement less the accrued depreciation of an equal improvement. It can be said that cost is converted to value by depreciation in the Cost Approach.

The Cost Approach is valid if the land value is accurate, the replacement cost of the improvements is correct and if the depreciation has been correctly estimated. The difficulty arrives in estimating the physical deterioration and functional and economic obsolescence. These are judgement factors based upon the appraiser's experience. However, the Cost Approach to value gathers strength when correlated with other approaches to value.

As the subject property is a condominium unit, where structure and common areas are owned jointly with other units, the Cost Approach to Value has not been developed.

THE INCOME APPROACH

The Income Approach to value is one in which the appraiser converts the anticipated future benefits from ownership into present value. The Income Approach can best be used on income producing properties because the investor is motivated by receiving future benefits from his investment. Therefore, it is the present value of future benefits, or income, that has to be estimated. The weakness of this approach is in estimating the correct capitalization rate. A difference of a small percent can make a value difference of thousands of dollars.

Inherent in the Income Approach is the discounting of anticipated net incomes over the investment holding period. The discount process, or the use of an overall rate, are reliable methods of converting future income projections into an estimated value.

The sometimes preferred method, the Discounted Cash-Flow Method (DCF), is a means of isolating differences in the timing of cash flows by discounting these cash flows to their present values.

The Overall Rate, commonly used, is the direct ratio between Annual Net Income (NOI) and Value or Sales Price. This section of the appraisal will investigate both of these techniques of value estimation and present a basis for the assumptions made.

The Income Approach begins with a reliable estimate of rental income to be generated by the subject property. In order to form a reliable estimate of rental income, we must analyze the contract rents generated by the improvements, as well as local market rents. Such an estimate is made by a survey of market conditions, both historical and forecasted, giving due consideration to current and future competition for similar type facilities.

As of the appraisal date, the subject property was a multiple tenant facility, and in all probability, will maintain an occupancy level at 95% for a five year investment holding period. For valuation purposes, the appraiser has estimated 95% occupancy. Not only does this allowance cover the unforeseen losses which are occasionally associated with property management, it also covers those periods of vacancy (maintenance, remodeling, etc.) which are a normal part of operations for a leased property.

The true merits of the Income Approach are that it best provides a process of measuring or estimating the extent of future benefits which might reasonably be expected, translating these benefits into a single value at a particular point in time. This income may be developed and supported by comparisons in the market place. A reliable estimate of the income can then be converted into value. The estimated net income can be converted into an indication of value by the following procedure:

1. Direct Capitalization

- a. Project potential income from all sources that a competent owner could generate from a property.
- b. Deduct an estimate of vacancy and collection allowance to arrive at Effective Gross Income.
- c. Deduct operating expenses and real estate taxes from Effective Gross Income. The result is a stabilized Net Operating Income.

- d. Develop an overall capitalization rate.
- e. Divide the Net Operating Income by the overall capitalization rate, resulting in a value estimate.

2. Discounted Cash Flow Analysis (DCF)

Discounted Cash Flow is a detailed analysis, which is utilized when future annual income is expected to be variable, usually as a result of multi-tenancy or expected escalations. The methodology of this technique is:

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

MARKET RENTAL SUMMARY

An investigation of the subject market was conducted in order to determine the appropriate market rent for the subject. The market indicators which are considered as the "best available" were utilized in arriving at a rental rate per square foot for the subject property. Following these rents is a discussion of Gross Annual Income, Vacancy and Collection Loss, Effective Annual Income, Expenses, and Net Annual Income.

MARKET RENTAL SURVEY

The appraiser investigated the Raleigh office market in order to determine market rents for the subject property. The appraiser was able to locate multiple leases of local office space. Information concerning how this rental rate was arrived at can be found in the following pages. Enclosed are the potential gross annual income, vacancy and collection loss, effective annual income, expenses, and net annual income.

CURRENT SUBJECT LEASE

Type of Property:	Office condominium
Location:	4600-101 New Bern Avenue, Raleigh, NC
Lessor:	Sheppard, Inc.
Lessee:	Latino Communications, LLC dba Que Pasa
Lease Rate:	\$4,300 per month
Term:	Month to month
Use:	Office Use
TICAM:	Tenant is responsible for all maintenance. Landlord is responsible for taxes and insurance.
Verification:	Landlord

Note: As the subject lease is considered to be short-term, and the parties are related, the appraiser will use market lease comparables to establish a potential rental rate for the subject property.

LEASE NO. 1



Type of Property:	Office Space
Location:	123 Sunnybrook Road, Raleigh NC
Unit Size:	2,172 square feet
Landlord:	Colson & Colson LLC
Lessee:	Greater Carolina ENT
Lease Rate:	\$14.00 per square foot (Modified Gross)
TICAM:	Not disclosed.
Lease Terms:	Two year initial term beginning August 2016.
Year Built:	2005
Description:	Office condominium space. Similar up-fit/condition to the subject property.
Tenant Pays:	Utilities
Comments:	Located near Wake Medical Center.
Verification:	CoStar

LEASE NO. 2



Type of Property:	Office Space
Location:	4021 Village Park Drive, Knightdale, NC
Unit Size:	1,500 square feet
Landlord:	BOP Enterprises, LLC
Lessee:	Trinity Martial Arts, Inc.
Lease Rate:	\$15.25 per square foot (Modified Gross)
TICAM:	Not disclosed.
Lease Terms:	Three year initial term beginning August 2018. First Month's rent due October 1, 2018.
Year Built:	2001
Description:	Office condominium space. Similar up-fit/condition to the subject property. Tenant changed up-fit to a more open configuration, at their own expense.
Tenant Pays:	Utilities
Comments:	Located off of Knightdale Boulevard (US 64).
Verification:	CoStar, Landlord

LEASE NO. 3



Type of Property:	Office Space
Location:	3009 Village Park Drive, Knightdale, NC
Unit Size:	3,100 square feet
Landlord:	Gary Slade
Lessee:	Element Analytical, PLLC
Lease Rate:	\$13.55 per square foot (NNN)
TICAM:	\$1.37 per square foot.
Adjusted Gross Rent:	\$14.92 per square foot
Lease Terms:	Three year initial term beginning September 2016.
Year Built:	1999
Description:	Office condominium space. Similar up-fit/condition to the subject property.
Tenant Pays:	Utilities
Comments:	Located off of Knightdale Boulevard (US 64).
Verification:	CoStar

LEASE COMPARABLE ADJUSTMENT ANALYSIS

	<u>SUBJECT</u>	<u>LEASE NO. 1</u>	<u>LEASE NO. 2</u>	<u>LEASE NO. 3</u>
<u>SIZE</u>	2,940 s.f.	2,172 s.f.	1,500 s.f.	3,100 s.f.
<u>LEASE TYPE</u>	Gross	Gross	Gross	Gross
<u>TERM OF LEASE</u>	MtM	2 years	36 months	36 months
<u>LOCATION</u>	Average	Average	Average	Average
<u>PARKING</u>	Adequate	Adequate	Adequate	Adequate
<u>AGE/CONDITION</u>	30/Avg	13/Avg	17/Avg	19/Avg.
<u>UP-FIT/QUALITY</u>	Office/Avg.	Office/Avg.	Office/Avg.	Office/Avg.
<u>LEASE \$/SF</u>	\$17.55	\$14.00	\$15.25	\$14.92

ADJUSTMENTS

<u>Lease No.</u>	<u>Size</u>	<u>Type</u>	<u>Term</u>	<u>Location</u>	<u>Parking</u>	<u>Age/Cond.</u>	<u>Up-Fit Quality</u>
1.	-0-	-0-	-0-	-0-	-0-	-0-	-0-
2.	-0-	-0-	-0-	-0-	-0-	-0-	-0-
3.	-0-	-0-	-0-	-0-	-0-	-0-	-0-

Lease No. 1	100.00% of \$14.00	=	\$14.00 per square foot adjusted value
Lease No. 2	100.00% of \$15.25	=	\$15.25 per square foot adjusted value
Lease No. 3	100.00% of \$14.92	=	\$14.92 per square foot adjusted value

Indicated Mean Lease Value Per Square Foot: \$14.72

Indicated Lease Value Per Square Foot of the Subject Property = \$14.72

ADJUSTMENTS

SIZE - The general rule indicated in the marketplace is that the larger space will rent for less per unit than a similar, but smaller space. This is generally true because a smaller site can be leased or utilized with less monthly or annual cost involved. Consideration for size was reviewed on each lease and no adjustments were deemed necessary.

LEASE TYPE – All comparable leases considered were gross leases, or adjusted to gross, and no adjustments were deemed necessary.

TERM OF LEASE – Typically, shorter term leases allow the ability to negotiate lease terms on a monthly or annual basis, whereas longer leases will cause lease specifics, such as lease rate, to remain stable for a longer period of time. In this instance, no adjustment was deemed necessary.

LOCATION - This area of adjustment must take into consideration of the surrounding neighborhood (i.e. property compatibility and trends). The subject property is located in downtown Raleigh. All comparable leases were considered to be in equally desirable locations.

PARKING – The subject property and all comparable leases have adequate on-site parking, and no adjustments were made.

AGE/CONDITION – The subject property is an office condominium that has been well maintained. No adjustments were deemed necessary for age or condition.

UP-FIT/QUALITY– This adjustment is for overall type and quality of up-fit of leased space. No adjustments were deemed necessary for quality of up-fit.

The three adjusted lease prices produced a range of \$14.00 to \$15.25 per square foot, with an indicated lease rate of \$14.72 per square foot. After consideration of the adjusted leases available, it is the appraiser's opinion that overall the adjusted leases support a per square foot value estimate of \$14.72.

GROSS POTENTIAL ANNUAL INCOME

Subject Building: 2,940 square feet @ \$14.72 per square foot: \$43,277 per year

DISCUSSION OF EXPENSES

As previously mentioned, in order to arrive at a net income estimate, the typical expenses that would be incurred by the subject property to produce the anticipated income stream, as well as any vacancy or collection loss, must be deducted from the potential gross income. The operating expenses are estimated by analyzing the available expenses obtained from the property owner, and calculating the averages over the past three years.

(Vacancy and Collection Loss)

The subject property is considered to be a stable multi-tenant property. However, consideration must be given to space availability within the market area. We realize that all properties, in time, suffer vacancy and collection loss due to variable factors. Availability of rental space of this type and quality is typical in this area. There is adequate demand for space of this type in this zoning district. Therefore, I have estimated the vacancy and collection loss of 5%, which produces a stabilized occupancy of 95%.

(Management)

Management fees are usually based on a percentage of the effective gross income of the particular project and complexes of comparable size to the subject. Typically, management first base their fees on a range of approximately 3 to 6 percent of effective gross income for full management services. The subject property is a single tenant office type facility that should require minimal management time and expense. Management expenses are estimated at 5%, after vacancy allowance, or \$2,055 per year.

(Insurance)

Property insurance cost was reported to be \$1,541.00 for 2018.

(Taxes)

Wake County and City of Raleigh property taxes are reported to be \$3,825 per year for 2018.

(Garbage Collection & Utilities)

Garbage collection and utilities are the responsibility of the tenant. However, any period of vacancy can result in charges to the Landlord, estimated at \$200 per year.

(Maintenance)

Annual maintenance is estimated at \$0.50 per square foot, or approximately \$1,470.00. The Wake County Board of Education currently owns the remaining condominiums in the building, and there is not an active owners association, nor are there dues levied for common area maintenance, according to current ownership.

INCOME/EXPENSE SCHEDULE

The following schedule represents the current pro forma operating income and expense statement for the subject project, as well as valuation by the Direct Capitalization Approach.

Direct Capitalization Approach

<u>Gross Potential Annual Income</u>	\$43,277
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Less Vacancy Allowance @ 5%	\$2,163
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Annual Effective Gross Income	\$41,114
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Annual Expenses (Subtracted from Gross Income)

Management	\$2,055
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Real Estate Taxes	\$3,825
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Property Insurance	\$1,541
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Garbage Collection & Utilities:	\$200
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Maintenance:	\$1,470
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Total Expenses:	\$9,091
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Capitalization Value of the Subject Property

Anticipated Capitalization Rate	8.4689%
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Net Operating Income / Capitalization Rate	\$32,023 / 8.4689%
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Estimated Value by Direct Capitalization Method	\$378,124
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Rounded to:	\$378,000
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TECHNIQUE OF CAPITALIZATION

The overall rate used to capitalize an income stream into an estimate of value can be derived by analyzing sale prices and net operating income of similar properties, or by the Mortgage Equity concept by use of the Ellwood Formula. Although the market abstraction of the overall rate is considered to be best, the Mortgage Equity Method of building the overall rate lends support to the rate abstracted from the market and further analyzes the components of the overall rate.

Through the Principles of Anticipation and Substitution, the motivation for purchase and the basis for price negotiations are established. Value is the present worth of all rights to future benefits arising from ownership. The phrase "present worth" dictates that the future benefits be estimated in dollars and discounted to present worth at rates of investment yield which attracts purchase capital. This is the capitalization process and applies particularity to valuation of properties that produce income in the form of rent and proceeds of resale. There are many kinds of capitalization rates, but the prudent investor of income producing properties considers all aspects of the investment including the risk involved, mortgage money influences the real estate market by the financing term, ratio of loan to value and the interest rate. Therefore, the application of the income approach to value requires that consideration be given to all significant terms of the typical real estate mortgage.

The subject property does produce income and is considered to be an investment type property which will attract investors. The property under appraisement has a short term lease in place, with no cost of living increases in the current lease term.

Therefore, the capitalization rate is based upon the discounted cash flow method as well as the overall capitalization method. Instead of considering the property as if free and clear, the mortgage equity concept considers the mortgage financing as the heart of real estate investment. The typical investor will seek the most favorable financing available to acquire maximum yield on a minimum down payment. After deriving the capitalization rate by the mortgage equity method, the income is converted into value by employing traditional capitalization techniques.

Current financing available for this type property is an 80 to 90 percent loan to value ratio at 4.50 to 6.00 percent interest rate for a fixed rate loan, for an average amortization term of 15 to 20 years. Therefore, I am estimating the interest rate to be 5.25 percent over the loan term. Lending institutions in the area reveal that these terms were available, as of the effective date of the appraisal.

For the purpose of this analysis I have estimated the financing term of the subject investment to have an 80% loan at 5.25% amortized for a twenty year term.

To develop the capitalization rate, the appraiser utilizes the Band of Investment which includes the full cost of debt service and equity requirements. This analysis results in a weighted rate which must be adjusted for equity buildup created by mortgage amortization. The equity buildup is calculated by multiplying the loan ratio by the sinking fund factor for the required equity yield rate for the holding period. This buildup is treated as a credit, which is deducted from the weighted rate, resulting in a basic rate. Equity rate of return is estimated at 10%, considered typical under current market conditions. Additional adjustments are made by further use of the sinking fund factor for land, building or property appreciation or depreciation resulting in an overall capitalization rate applicable to the proper capitalization technique. The capitalization rate was built as follows.

LTV	X	C (Mortgage Constant)		
80%	X	0.080861	=	0.064689
			+	
ETV	X	Equity Dividend Rate		
20%	X	0.100000	=	0.020000
TOTAL			=	0.084689 or 8.4689% Overall Rate

MARKET ABSTRACTION ANALYSIS

The Market Abstraction technique developed from the market (improved sales) is also used in the direct capitalization technique wherein each sale reflects a relationship between net income and sales price. This method of capitalization is applicable when sales are uncovered of properties with similar income streams and similar quality and durability.

An overall rate derived from free market sales is considered to be a strong indicator of value, as these rates are considered to be representative of what an investor would pay for a similar income producing property.

In my search process, I was unable to locate sufficient sales of investment property that would provide current market capitalization rates.

DISCOUNTED CASH FLOW ANALYSIS

Discounted cash flow analysis is based on the compound interest theory that \$1.00 received at some future date is worth less than \$1.00 in hand today. This analysis uses mathematical procedures to translate future income streams into present values. The future benefits of investment consist of the income received during the holding period and the proceeds for resale of the property or reversion of the property interest at the end of the holding period. The discounted cash flow formula allows an appraiser to discount each payment of income separately and to add all present values to obtain the present value of the property being appraised. The formula treats the reversion as a cash flow that can be valued separately from the income stream.

Due to the nature of the income to be generated by this property, we believe that a value estimated on the basis of the discounted cash flow reflects the decision-making process of the knowledgeable investor in such property. This approach to value clearly provides an indication of value where the true measure is cash return (before taxes).

Discounted cash flow, more simply known as DCF, provides yet an alternative method of evaluation. It is the only technique which considers the actual or anticipated lease obligations of a property, reflects the influence of absorption, and demonstrates the impact of releasing during the projection period.

The DCF procedure has been displayed for an anticipated five-year investment holding period, a period of time which has been proved to be typical holding period for an investment.

The discount rate can be viewed as the desired rate of return and includes components such as the cost of capital, opportunity costs and risks. It is used to discount future monetary benefits as they reflect today's present values. Discussions with developers and other participants in the appropriate local market indicated that an annual discount rate of 10.0% is appropriate for the subject. I have estimated my discount rate as follows:

Safe Rate:	.030
Add for additional risk:	.025
Add for burden of management:	.025
Add for lack of liquidity:	<u>.020</u>
Indicated Discounted Rate:	.100

All investments, real estate or other, are in competition. An investor has the choice of bank rate securities such as government bonds, industrial or municipal bonds, debentures, stocks or other securities; selected enterprises; and real estate investments at varying rates of return. Consideration of risk, burden of management, degree of liquidity, and other factors affect the rate of return acceptable to a given investor in a specific real estate investment. An adjustment for risk is an increment added to a base, or safe rate to compensate for the extent of risk involved in the use of capital sum. Additional upward adjustment for the rate because of the need is the increment added to compensate for cost, in time and dollars, involved in managing the investment. The upward adjustment above the safe rate, to compensate for lack of liquidity, results in an increment applying generally to real property because of the time often required to realize cash from resale of the property.

The gross income was derived by the analysis of lease terms and rates currently in effect, and rents are assumed to have a base of \$43,277 annually, and expected to increase at an average market rate of 3.0% per year for the five years after the effective date of this appraisal, subject to 5% deduction for vacancy and collection loss. Expenses are estimated to increase at a rate of 2.5% per year.

Following this discussion is a discounted cash flow analysis for the subject property. Using the following assumptions, an annual net operating income was derived for each year of the projection period.

Discounted Cash Flow Analysis

1. There is a projected 5-year holding period.
2. Gross income projected to increase 3.0% per year, less 5% for vacancy and collection loss.
3. Lessor's expenses are expected to increase 2.5% per year for the investment term.
4. The discount rate (IRR) is estimated at 10.0%
5. Occupancy rate is stabilized at 95%.
6. Reversion is based on the 6th year net operating income capitalization at 8.4689%.

Income Approach - Discounted Cash Flow							
1st Year Eff. Gross Income:			\$41,114				
Rate of Change Per Period:			3.00 %				
1st Year Expense:			\$9,091				
Rate of Change Per Period:			2.50 %				
Overall Rate:			7.96 %				
Resale Overall Rate:			8.4689 %				
Value Increase:			9.65%	5 Year Projection			
Yield Rate (IRR):			10.00 %	Indicated Value		\$402,500	
YEAR:			1	2	3	4	5
							6
Effective Gross Income:		\$41,114	\$42,347	\$43,618	\$44,926	\$46,274	\$47,662
Expense:		9,091	9,318	9,551	9,790	10,035	10,286
Net Income:		32,023	33,029	34,067	35,136	36,239	37,377
Factor @ IRR:		0.909091	0.826446	0.751315	0.683013	0.620921	0.564474
Present Worth:		29,112	27,297	25,595	23,999	22,502	21,098
P.W. Cash Flows:						\$128,504	
Projected Resale Price @:		8.4689 %	Overall Rate =		\$441,341		
Reversion Factor @ IRR:					0.620921		
Present Worth of Equity at Resale:						\$274,038	
Present Worth of Equity Plus Cash Flow:						\$402,542	
Indicated Market Value (Rounded):						\$402,500	
* Resale Price Based on 6th Year NOI							
Inputs are Income, Expense, % Change, Resale Ro, Yo							

INCOME APPROACH CONCLUSION

It is concluded from these techniques of indicating value via the Income Approach, that the values indicated are as follows:

Value Indication from the Direct Capitalization Method	\$378,000
---	-----------

Value Indicated from the Market Abstraction Method	Unsupportable
---	---------------

Value Indicated from the Discounted Cash Flow Technique	\$402,500
--	-----------

The Discounted Cash Flow approach is considered as being reflective of the prudent investor's anticipated present value of incomes plus the contributory reversion. The subject property is an office facility as are other similar facilities within the market place. Given the typical market conditions prevalent for this type of property I have utilized the Discounted Cash Flow technique (75% weight), with support provided by the Direct Capitalization Method (25% weight). It is my opinion that the value derived from the Income Approach for the subject is indicated as follows:

Indicated Value from the Income Approach: \$396,000

DIRECT SALES COMPARISON APPROACH (MARKET APPROACH TO VALUE)

A direct approach to value of an office condominium property is the Market Approach. However, the approach is only applicable when a sufficient number of sales are available to provide a reliable indication of market value. It can be said that the Market Approach considers all factors of supply and demand in the market place.

The Market Approach is defined as follows:

In the direct sales comparison (Market Approach) approach, the subject property is compared to similar properties that have been sold recently or for which listing prices or offering figures are known. The appraiser was able to identify or locate a sufficient number of offices, which have sold. This data was used, and comparisons were made to demonstrate a probable price at which the subject property would sell (as-is) if offered on the market.

The reliability of this technique is dependent upon:

- (a) the degree of comparability of each property,
- (b) the time of the sale,
- (c) the verification of the sale data, and
- (d) the absence of unusual conditions affecting the sale.

From this definition, it is observed that price is converted to value by similarity and adjustment. The Market Approach provides a reasonable indication of value when applicable because the value is derived from the market.

The sales data for this appraisal report is considered adequate to base an estimate of market value for the basic improvements of the subject property.

The subject property is an attached office condominium building. I was able to locate a number of buildings similar in quality to the subject property. None of the available sales provided me with income and expense history necessary to extract market rates. Therefore, I cannot adequately support the gross income multiplier approach to value estimate. I will however, support a comparison by the per square foot price of the improved sales.

Comparison by square foot is more practical and meaningful to investors. The gross rent multiplier is widely recognized as a value indicator when properties are similar in use, size and the information is current. The gross rent multiplier is found by dividing the sales price by the gross income of the property sold. An insufficient amount of gross income multipliers (GIM) was accumulated and I could not provide a range, in order that the correct multiplier may be selected for the property under appraisal.

The strength of the Market Approach lies in that it reflects actual market behavior of typical purchasers and sellers under current market conditions. It is often direct, logical, and understandable. Its weakness lies in the fact that there may be inadequate data in the market place to justify its use, the fact that it is based upon historical data rather than future expectation, and also the fact that the conditions of comparability may not closely conform to the subject property.

The greater the adjustment of the market indicator, the less reliable is the indicated value from the analysis. None of the sales have required adjustment for cash equivalency.

In estimating the market value of the subject property, "as improved," an adequate number of sales of comparable buildings was obtained from the area. The available improved sales were then adjusted for various value-influencing characteristics such as date of sale, quality of construction, improvement size, overall location, age/condition, access, utilities, additional amenities, and condition of sale.

The available improved sales transactions have been utilized in arriving at my value estimate. The sales included in this report were considered the best available and were relatively similar in effective age and condition to that of the subject, the facilities are generally of average quality with a single tenant.

AREA OFFICE SALES CONSIDERED

SALE #1



Location:	4801 Hargrove Road, Unit 102, Raleigh, NC
Date of Sale:	April 28, 2016
Grantor:	Capitol City Homes, LLC
Grantee:	CADA Hargrove, LLC. & Big Oak Ventures, LLC
Recording Data:	Deed Book 16366, Page 2196 Wake County Registry
Building Size:	1,890 square feet
Sales Price:	\$315,000
Price/Sq.Ft.:	\$166.67
Financing/Terms:	Cash to Seller
Year Built:	2006
Utilities:	All public.
Zoning:	IND-1 Industrial District
Description:	Office condominium, divided into offices and cubicle space, first floor unit.
Comments:	Leased for \$2,500 per month.
Verification:	Public Records, CoStar.com

SALE #2



Location:	4011 Village Park Drive, Knightdale, NC
Date of Sale:	March 21, 2016
Grantor:	Hillside, LLC
Grantee:	Johannes W. Lee and Chiew K. Lee
Recording Data:	Deed Book 16324, Page 1440 Wake County Registry
Building Size:	1,875 square feet
Sales Price:	\$290,000
Price/Sq.Ft.:	\$154.67
Financing/Terms:	Cash to Seller
Year Built:	2001
Utilities:	All public.
Zoning:	NMX Neighborhood Mixed Use
Description:	Office condominium, divided into offices, first floor unit. Located one street back from US 64.
Comments:	Leased for 5 years beginning June 2014. \$26,250 per year net income as of the date of sale.
Verification:	Public Records, CoStar.com

SALE #3



Location:	1008 Big Oak Court, Unit D, Knightdale, NC
Date of Sale:	July 29, 2016
Grantor:	Twenty Twenty Development, LLC
Grantee:	Bumgarner & Martin Properties, LLC
Recording Data:	Deed Book 16476, Page 1075 Wake County Registry
Building Size:	3,200 square feet
Sales Price:	\$475,000
Price/Sq.Ft.:	\$148.44
Financing/Terms:	Cash to Seller
Year Built:	1994
Utilities:	All public.
Zoning:	NMX Neighborhood Mixed Use
Description:	Office condominium, divided into offices, first floor unit.
Comments:	Lot fronts of US 64 (Knightdale Boulevard).
Verification:	Public Records, CoStar.com

SALE #4



Location:	502 McKnight Drive, Unit 202, Knightdale, NC
Date of Sale:	February 27, 2017
Grantor:	Ramblue Properties, LLC
Grantee:	Living Well Behavioral Health, Inc.
Recording Data:	Deed Book 16704, Page 732 Wake County Registry
Building Size:	2,115 square feet
Sales Price:	\$280,000
Price/Sq.Ft.:	\$132.39
Financing/Terms:	Cash to Seller
Year Built:	2000
Utilities:	All public.
Zoning:	NMX Neighborhood Mixed Use
Description:	Office condominium, divided into offices, second floor unit.
Comments:	Asking price was \$285,000.
Verification:	Public Records, CoStar.com

IMPROVED SALES ADJUSTMENT ANALYSIS

	<u>SUBJECT</u>	<u>SALE NO. 1</u>	<u>SALE NO. 2</u>	<u>SALE NO. 3</u>	<u>SALE NO. 4</u>
<u>BUILDING SIZE</u>	2,940 sq.ft.	1,890 sq.ft.	1,875 sq.ft.	3,200 sq.ft.	2,115 sq. ft.
<u>SALES PRICE</u>	N/A	\$315,000	\$290,000	\$475,000	\$280,000
<u>DATE OF SALE</u>	N/A	April 2016	March 2016	July 2016	February 2017
<u>ZONING</u>	IND	IND-1	NMZ	NMX	NMX
<u>LOCATION</u>	Average	Average	Average	Average	Average
<u>PRICE PER SQ. FT.</u>	N/A	\$166.67	\$154.67	\$148.44	\$132.39
<u>AGE/CONDITION</u>	30/Avg	10/Superior	15/Average	22/Average	17/Average
<u>UP-FIT/QUALITY</u>	Office/Avg. 1 st Floor	Office/Avg. 1 st Floor	Office/Avg. 1 st Floor	Office/Avg. 1 st Floor	Office/Avg. 2 nd Floor

SALES ADJUSTMENTS

<u>SALE #</u>	<u>SIZE</u>	<u>DATE OF SALE</u>	<u>ZONING</u>	<u>LOCATION</u>	<u>AGE/ CONDITION</u>	<u>QUALITY</u>
1.	-10%	+7.50%	-0-	-0-	-10%	-0-
2.	-10%	+7.75%	-0-	-0-	-0-	-0-
3.	-0-	+6.75%	-0-	-0-	-0-	-0-
4.	-10%	+5.00%	-0-	-0-	-0-	+10%

Sale No.1	87.50% of \$166.67	= \$145.84 per square foot adjusted value
Sale No. 2	97.75% of \$154.67	= \$151.19 per square foot adjusted value
Sale No. 3	106.75% of \$148.44	= \$158.46 per square foot adjusted value
Sale No. 4	105.00% of \$132.39	= \$139.01 per square foot adjusted value

INDICATED VALUE PER SQ. FT. OF THE SUBJECT PROPERTY = \$148.63

2,940 square feet @ \$148.63 per square foot = \$436,972

\$437,000 (Rounded)

EXPLANATION OF ADJUSTMENTS

As indicated in the adjustment analysis, the available market data was adjusted upward or downward in several categories. Equal emphasis was placed on each sale. The following is a short explanation of each adjustment factor:

Date of Sale (time) - The first adjustment is for the date of sale, or for an appreciation/depreciation factor. This adjustment is considered to be one of the most important adjustments. After an analysis of the local market, the appraiser has determined that an annual appreciate rate adjustment of 3% is appropriate.

Location/Access - This adjustment involved many aspects of the subject and each market indicator utilized. Location adjustments are made on the basis of proximity to major thoroughfares and location of the facility within its own neighborhood. In order to arrive at this location adjustment, an analysis was made as to the facilities' location in reference to the above items. The subject property's location was considered to be equal to that of all comparable sales.

Building Size - This adjustment involves the gross area of market indicators used. The compared adjusted properties ranged in area from 1,875 to 3,200 square feet. Generally, the larger the complex, the less per square foot the investor is willing to pay due to the diminishment of reproduction expense required to offer an alternative utility. Negative adjustments were made to Sales #1, #2, and #4 for smaller size.

Age/Condition - This adjustment is for age of buildings at the time of sale. It has been noted from an examination of many sales that age is an important determination of value. There is usually a decline in the value of the facilities older than three years at the time of sale. A negative adjustment was made to Sale #1 for superior age and condition.

Zoning - There was no adjustment for zoning, as all comparable sales had similar commercial zoning in place.

Up-Fit/Quality - The subject property is considered to have typical office up-fit. All comparable sales had similar quality up-fit. Sale #4 received a positive adjustment for its second floor location. The subject property and all other sales utilized were first floor units.

2,940 square feet @ \$148.63 = \$436,972

Indicated Value via Market Approach is \$437,000

Direct Sales Comparison Approach Conclusion

Taking into consideration the available information obtain from the "best available" market indicators I have applied consideration to Sales Price Per Square Foot Analysis methods, and a meaningful indication of value of direct comparison was derived. The value per square foot is considered to be the most reliable indicator of value and it is my opinion that the estimated value of the subject property is as follows:

INDICATED VALUE VIA MARKET APPROACH:	\$437,000
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RECONCILIATION OF VALUE

The reconciliation process consists of reviewing various independently derived valuation methods, weighing respective merits, and correlating the data into a final estimate of value.

In order to estimate the market value of the property under appraisal, proper weight has to be given to each individual approach and its value assigned.

The site value, as if vacant, was estimated by utilizing the market approach based on similar vacant land sales. The weakness of this approach is that no two properties are ever exactly alike, amenities and purchase considerations are intangible qualities and difficult to compare, and the exact condition of each sale is sometimes unknown. The strength of this approach is that it measures the actions of buyers and sellers in the market place. For the land value, vacant land sales were adjusted to the site for date of sale, size, shape, location, frontage, physical characteristics, and the highest and best use. The Market Approach is definitely considered to be the best indicator for the value of the subject, as if vacant.

Site value as though vacant:	Not Developed
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The Cost Approach was utilized to estimate the value of the improvements and added to the land value. The weakness of this approach is that unit cost figures and accrued depreciation are often difficult to estimate. The strength of this approach, in the appraisal, is that unit cost figures were substantiated, not only by using cost estimate services such as *Marshall Valuation Service*, but by conversations with local contractors knowledgeable in market use property in the area. Land value was then added in order to arrive at a value by the Cost Approach. Due to the age of the subject structure, the Cost Approach to Value was not considered applicable, and therefore not developed.

Value Indicated by THE COST APPROACH:	Not Developed
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The Income Approach to value was considered by the Market Abstraction Method, whereby, the net income of market indicators is divided by their cash equivalency adjusted sale prices to indicate a market derived capitalization rate. The appraiser was unable to locate sufficient sales of similar properties with an income history at time of sale to determine a capitalization rate by this method. However, the direct capitalization method was utilized with a capitalization rate derived from the Mortgage Equity Method. The Discounted Cash Flow Analysis was also employed to analyze the project value based on income, expenses, and reversion proceeds. The overall rate utilized in the sixth year NOI capitalization was calculated by comparing the rate to actual rates on alternative types of projects.

The Income Approach to value is based primarily on the principle of anticipation, which affirms that value is created by anticipation of future benefits to be received due to ownership. It is said that the capitalization process in the income approach is the means of discounting anticipated future net income into an estimate of present value. Estimates of income and expenses are dependent upon the judgment of the appraiser, using historical data from the subject property, which assists in predicting the gross and net income of the property. Judgment was involved in estimating the interest rate; however, local lending policy indicates the rate selected is reasonable and applicable to

the subject property. In addition to this, the investor has in mind an equity return.

Value indicated by THE INCOME APPROACH: \$396,000

The Market Approach provides a valuable indicator for estimating market value. This method does, however, lose its reliability where comparisons are not highly similar or data is clouded.

In this instance, there was sufficient similar data to make reliable comparisons.

Value Indicated by THE MARKET APPROACH: \$437,000

After analysis of the three approaches to value and considering the type and reliability of the data upon which each was based, as well as, the general strength of the local market for the subject's type of property, I have deemed the Cost Approach to be least applicable and not supportable, and placed primary emphasis on the Market Approach to Value, supported by the Income Approach.

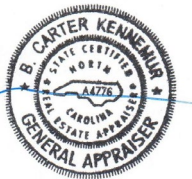
FINAL VALUE ESTIMATE

After an analysis of the approaches to value and considering the type and reliability of the data upon which each was based, as well as, the general strength of the local market for the subject's type of property. I have estimated the fee simple market Value of the subject site and existing improvements, with consideration being given to the "most probable selling price", as of October 23, 2018, with an estimated marketing time of 12 months, to be:

FOUR HUNDRED TWENTY SEVEN THOUSAND DOLLARS
(\$427,000)

Sincerely,

B. Carter Kennemur



B. Carter Kennemur, CCIM
Certified General
Real Estate Appraiser A4776

ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal is subject to the following limiting conditions:

The appraiser assumes no responsibility for matters which are legal in character, and renders no opinion as to the title, which is assumed to be good. The property is appraised as having knowledgeable ownership and management.

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 Americans with Disabilities Act (ADA). It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the 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 I have no direct evidence relating to this issue, I did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.

The firm has made no survey and assumes no responsibility in connection with such matters. The information identified in this report as being furnished by others is believed to be reliable, but no responsibility for its accuracy is assumed. The construction and condition of the improvements mentioned in the body of this report is based on observation and no engineering study was made.

It is assumed that there are no hidden or unapparent conditions of the property, subsoils, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover such factors.

The distribution of the total valuation between land and improvements in this report applies only under the existing utilization. The separate valuations for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.

The appraisers are not required to give testimony or attendance in court by reason of this appraisal with reference to the property in question unless arrangements have been made previously therefore.

Possession of this report or a copy thereof does not carry with it the right of publication. It may not be used for any purpose by anyone other than the addressee without the previous written consent of the appraiser.

The appraisal conducted the value estimate based on the Market Value as defined in the body of this report.

Consideration was given to the estimated market value as it related to the imposed marketing time of 12 months. The estimated market value of the subject property is considered to fall within the 12 month market period as was the value estimated which was weighted to the Market Approach to Value via the Direct Sales Comparison Approach.

The market value, or any other values contained in this appraisal report, cannot be used in a tax claim without prior arrangements and the written approval of the appraiser.

Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media without the written consent and approval of the author, particularly as to valuation conclusions, the identity of the appraiser or the firm which he is connected, or any reference to the Appraisal Institute or its associated appraisal designations.

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

CERTIFICATION

I certify that, to the best of my knowledge and belief, the statements of fact contained in this report are true and correct.

The reported analysis, opinions, and conclusions are limited to only the reported assumptions and limiting conditions, and are my personal, unbiased professional analysis, 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.

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

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

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

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

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

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

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

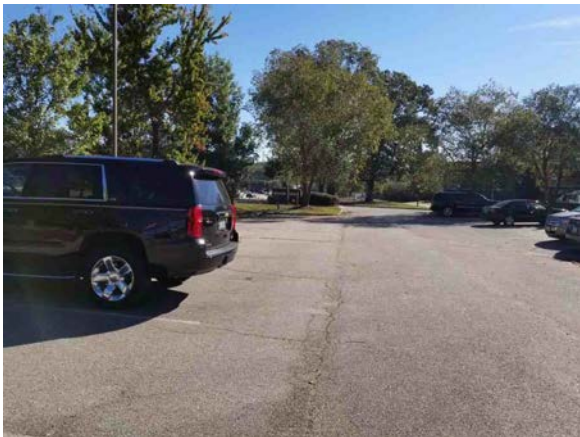



B. Carter Kennemur, CCIM
Certified General
Real Estate Appraiser A4776

ADDENDA

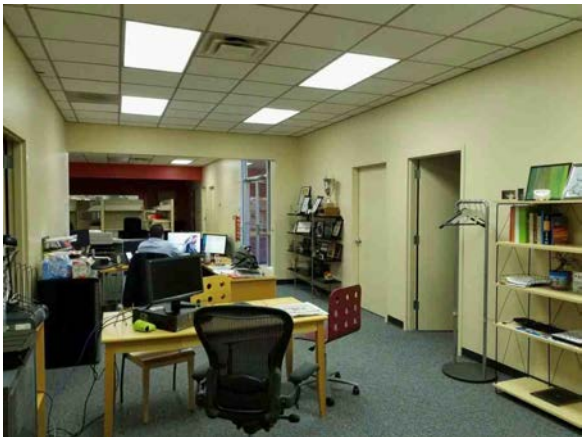
Photograph Addendum

Client	Wake County Board of Education					
Property Address	4600 New Bern Ave					
City	Raleigh	County	Wake	State	NC	Zip Code 27610
Owner	Sheppard, Inc.					



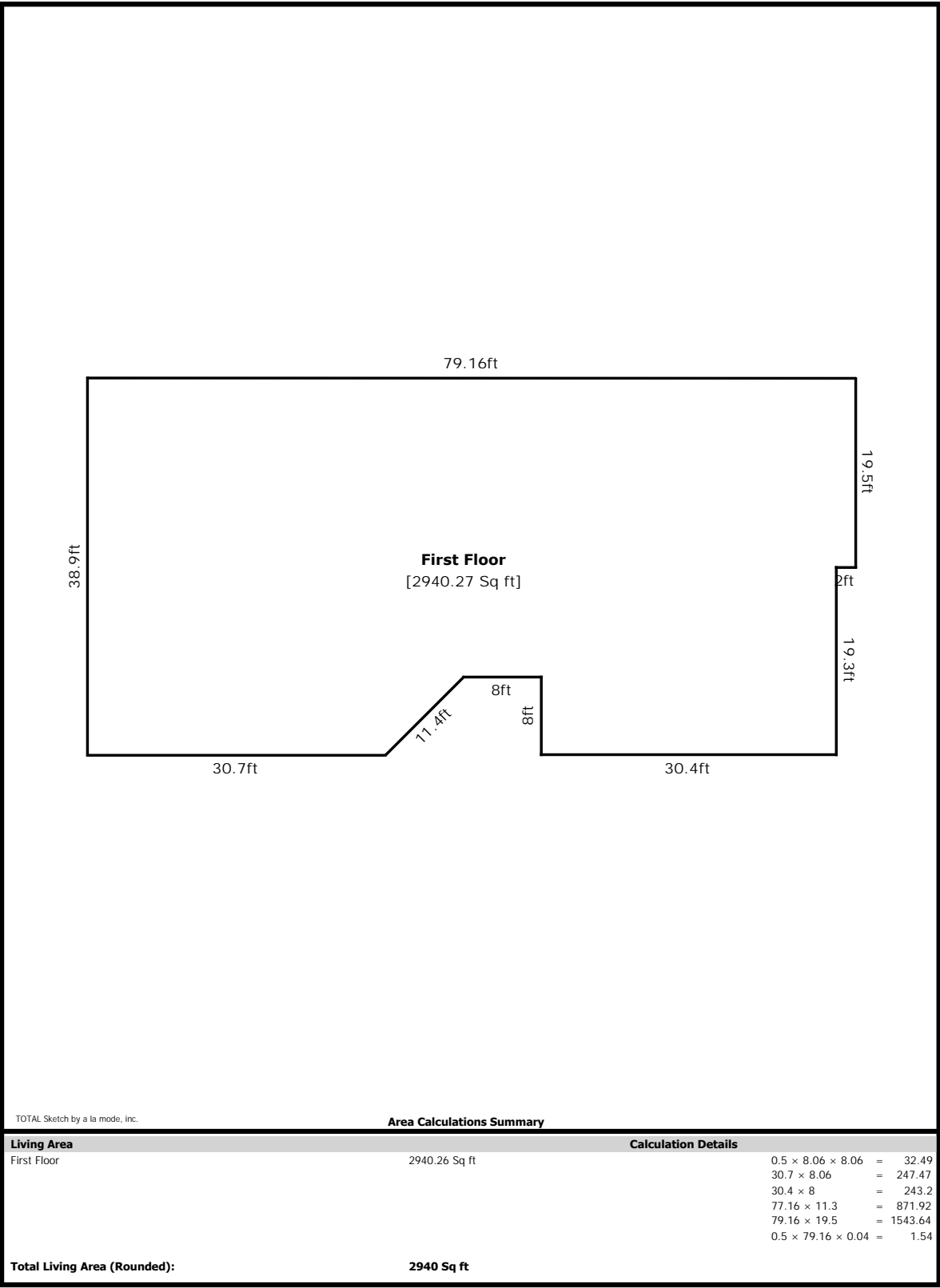
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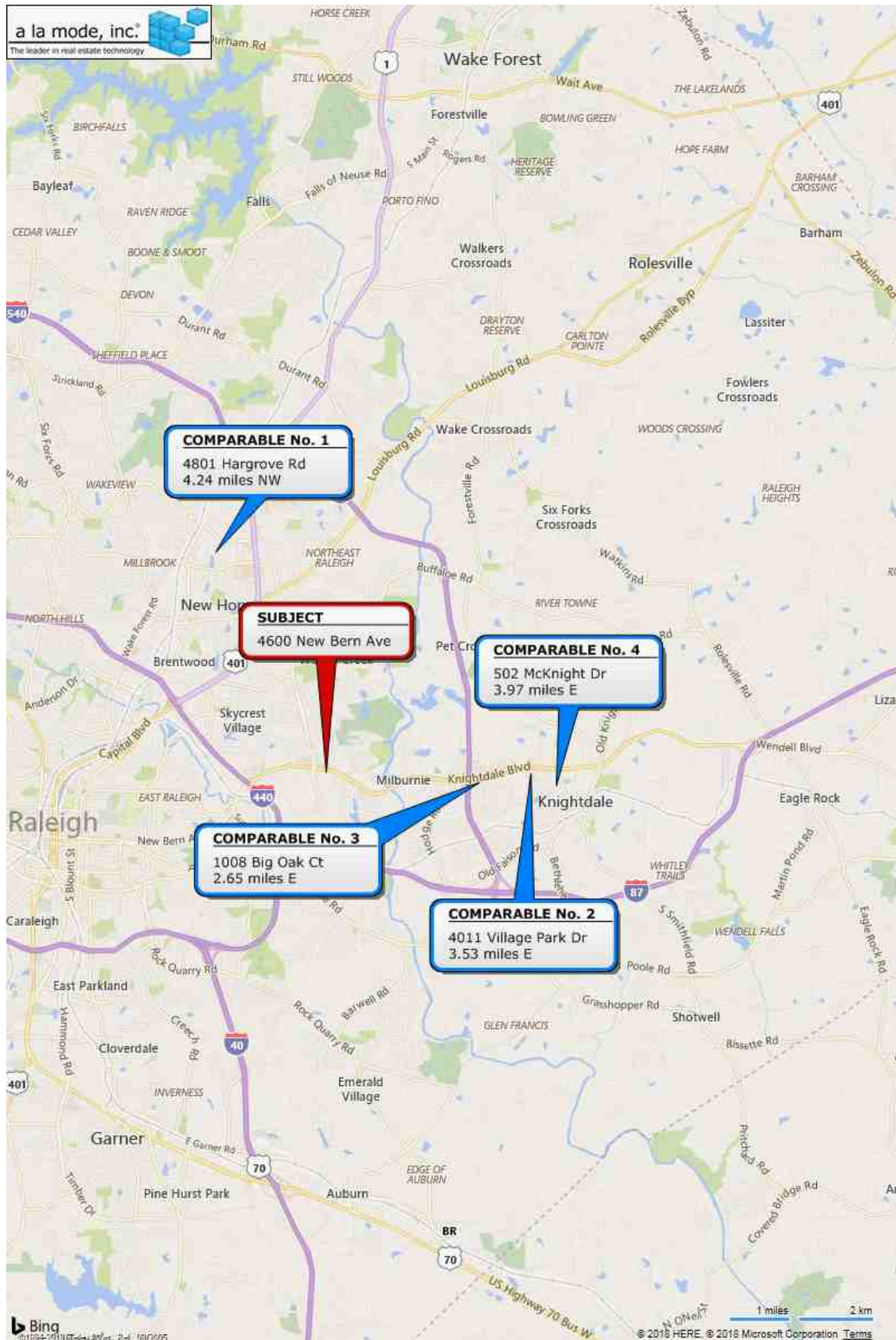
Building Sketch

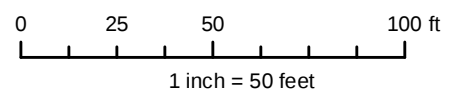
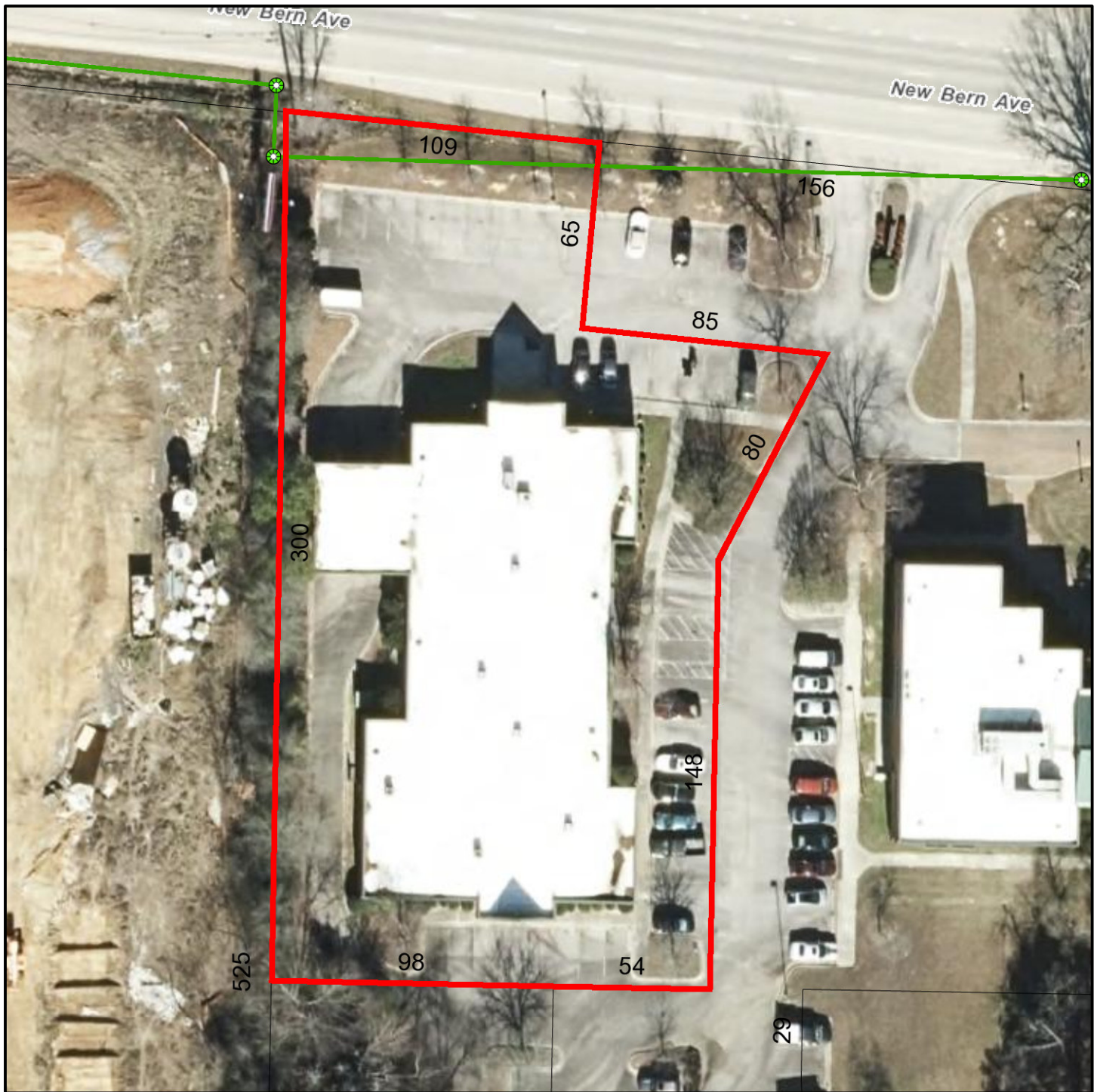
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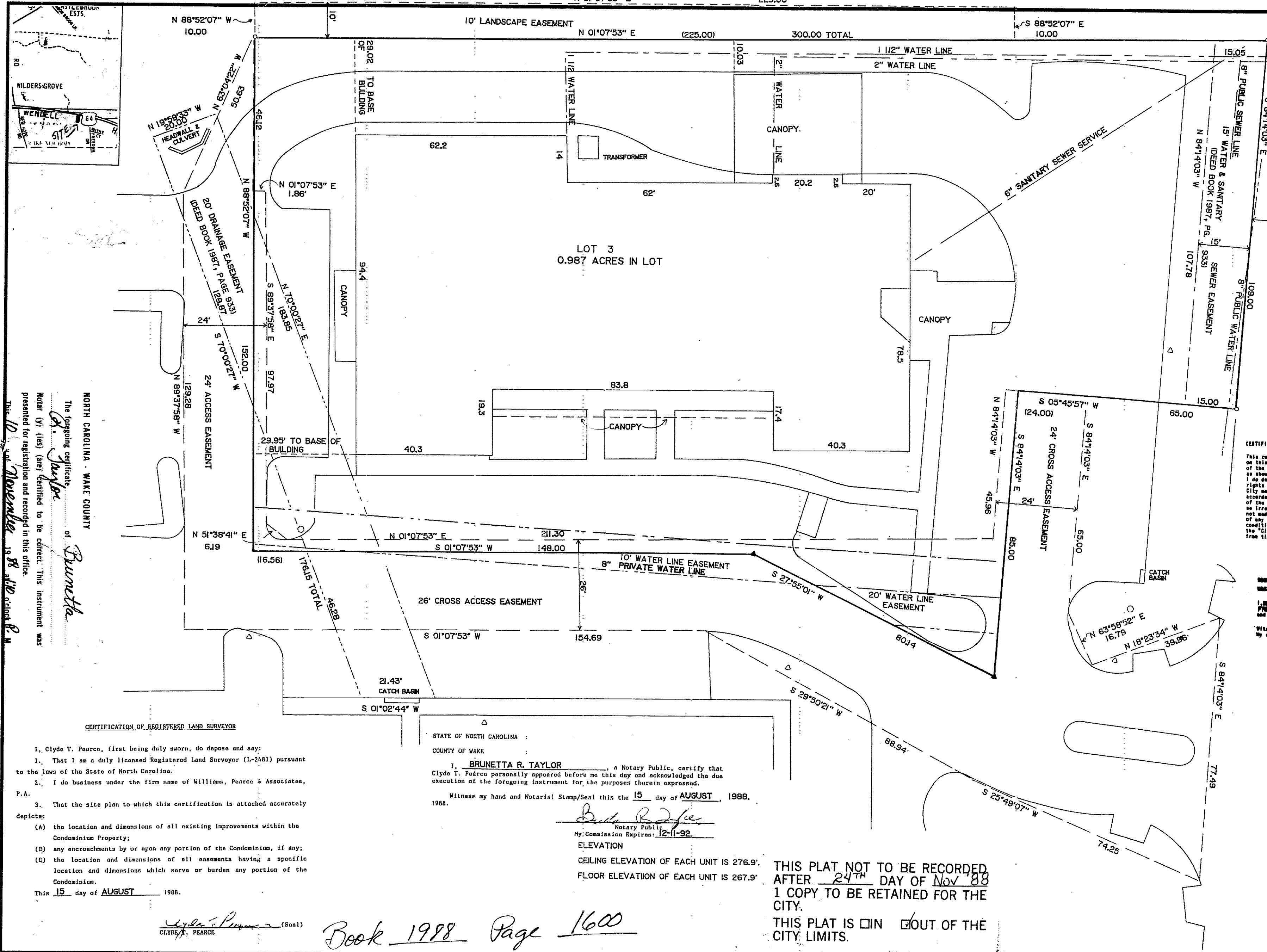
Comparable Sales Location Map

Client	Wake County Board of Education					
Property Address	4600 New Bern Ave					
City	Raleigh	County	Wake	State	NC	Zip Code 27610
Owner	Sheppard, Inc.					





Disclaimer
iMaps makes every effort to produce and publish the most current and accurate information possible. However, the maps are produced for information purposes, and are **NOT** surveys. No warranties, expressed or implied, are provided for the data therein, its use, or its interpretation.



CERTIFICATE OF OWNERSHIP
This certifies that the undersigned is the owner of the property shown on this map having acquired title thereto by deed recorded in the Office of the Register of Deeds of Wake County, North Carolina, or otherwise, as shown below and that by submission of this plat or map for approval I do dedicate to the City of Raleigh for public use all streets, easements, rights of way and parts shown thereon for all lawful purposes to which the City may devote or allow the same to be used and upon acceptance thereof in accordance with all city policies, ordinances and regulations or conditions as irrevocable; provided any dedication of easements for storm drainage are not made to the City of Raleigh but are irrevocably made to the subsequent owner of any and all properties shown hereon for their use and benefit subject to the "City Storm Drainage Policy" (Resolution 1970-762 as the same may be from time to time amended).

James H. Taylor
OWNER

NOTARY PUBLIC
I, BRUNETTA R. TAYLOR, Notary Public for Wake County, do hereby certify that CLYDE T. PEARCE, personally appeared before me this 15th day of AUGUST, 1988, and acknowledged the due execution of the foregoing document.

Witness my hand and official seal this 15th day of AUGUST, 1988.
My commission expires 12-11-92.

Brunetta R. Taylor
NOTARY PUBLIC

EXHIBIT "D"
HEDINGHAM OAKS II CONDOMINIUM
CONDOMINIUM FILE NO. _____
PLATS AND PLANS
PAGE 1 OF _____ PAGES
DECLARATION FILED _____ 1988
IN BOOK _____ PAGE _____
WAKE COUNTY REGISTER OF DEEDS

N C GRID
NOTE: BEING A PORTION OF TAX PARCEL 498-114
ZONED I-OI
S-76-88

CERTIFICATION OF REGISTERED LAND SURVEYOR
I, Clyde T. Pearce, first being duly sworn, do depose and say:
1. That I am a duly licensed Registered Land Surveyor (L-2481) pursuant to the laws of the State of North Carolina.
2. I do business under the firm name of Williams, Pearce & Associates, P.A.
3. That the site plan to which this certification is attached accurately depicts:
(A) the location and dimensions of all existing improvements within the Condominium Property;
(B) any encroachments by or upon any portion of the Condominium, if any;
(C) the location and dimensions of all easements having a specific location and dimensions which serve or burden any portion of the Condominium.
This 15 day of AUGUST 1988.

STATE OF NORTH CAROLINA :
COUNTY OF WAKE :
I, BRUNETTA R. TAYLOR, a Notary Public, certify that Clyde T. Pearce personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.
Witness my hand and Notarial Stamp/Seal this the 15 day of AUGUST, 1988.

Brunetta R. Taylor
Notary Public
My Commission Expires: 12-11-92
ELEVATION
CEILING ELEVATION OF EACH UNIT IS 276.9'.
FLOOR ELEVATION OF EACH UNIT IS 267.9'.
THIS PLAT NOT TO BE RECORDED AFTER 24TH DAY OF Nov 88
1 COPY TO BE RETAINED FOR THE CITY.
THIS PLAT IS ☐ IN ☒ OUT OF THE CITY LIMITS.

<p>LEGEND</p> <ul style="list-style-type: none">▲ EXISTING PK NAIL○ NEW IRON PIPE○ FIRE HYDRANT△ LIGHT	<p>SCALE IN FEET</p> <p>20 10 0 20 40 60</p>	<p>I, CLYDE T. PEARCE, certify that under my direction and supervision this map was drawn from an actual field survey; that the error of closure of the survey as calculated by latitudes and departures is 1: 10,000; that this map was prepared in accordance with G. S. 47-30 as amended.</p> <p>Witness my hand and seal this 15 day of AUGUST, 1988.</p> <p>R.L.S. L-2481 Sworn to and subscribed before me this 15 day of AUGUST, 1988. My commission expires 12-11-92.</p> <p><i>Clyde T. Pearce</i> NOTARY PUBLIC</p>	<p>PROPERTY SURVEY FOR</p> <p>HEDINGHAM OAKS II CONDOMINIUM</p> <p>ST. MATTHEWS TOWNSHIP</p> <p>WAKE COUNTY</p> <p>NORTH CAROLINA</p>	<p>WILLIAMS, PEARCE & ASSOC., P. A. REGISTERED LAND SURVEYORS ZEBULON, NORTH CAROLINA TELEPHONE: (919) 269-9605</p> <p>DRAWN BY: CTP & BGW</p> <p>CHECKED BY: CTP</p> <p>DATE: 8-15-88</p> <p>SCALE: 1"=20'</p>
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WAKE COUNTY, NC 337
LAURA M RIDDICK
REGISTER OF DEEDS
PRESENTED & RECORDED ON
08/04/2010 AT 15:28:35
STATE OF NORTH CAROLINA
REAL ESTATE EXCISE TAX: \$696
BOOK:014026 PAGE:01456 - 01459

NORTH CAROLINA SPECIAL WARRANTY DEED

Excise Tax: \$696⁰⁰
Parcel Identifier No. 175252 Verified by _____ County on the ____ day of _____, 20____
By: _____

Mail/Box to: Sheppard Inc c/o Jure Jasi 3989 Huddington Ct. Winston-Salem, NC 27106

This instrument was prepared by: Anne. H. Shelburne, Esq. (No Title Search Requested or performed)

Brief description for the Index: Unit 1, Hedingham Oaks II Condominium

THIS DEED made this 30th day of July, 2010, by and between

GRANTOR	GRANTEE
BRANCH BANKING AND TRUST COMPANY, a North Carolina banking corporation and successor in interest to Southern National Bank of North Carolina P.O. Box 1220 Winston-Salem, NC 27102	SHEPPARD, INC., a North Carolina corporation 3989 Huddington Ct. Winston-Salem, NC 27106

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

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

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in the City of Raleigh, Wake County, North Carolina and more particularly described as follows:

See Exhibit "A" attached hereto and incorporated herein by reference.

The property described above (the "Property") is conveyed to Grantee in its "as is" condition and without any representations or warranties, expressed or implied, with respect to the physical condition or characteristics of the Property.

The property hereinabove described was acquired by Grantor by instrument recorded in Book _____ page _____.
All or a portion of the property herein conveyed _____ includes or X does not include the primary residence of a Grantor.
A map showing the above described property is recorded in Plat Book _____ page _____.

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

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

Ad valorem property taxes for the current year (prorated through the date of Closing), easements, rights of way, restrictions and conditions of record and matters visible from an inspection of the Property or reflected on an accurate survey of the Property and zoning ordinances and land use regulations.

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

GRANTOR:

BRANCH BANKING AND TRUST COMPANY, a
North Carolina banking corporation and successor in
interest to Southern National Bank of North Carolina
By: Karl Bullard (SEAL)
Sr. Vice President

State of NC - County of Forsyth

I, the undersigned Notary Public of the County and State aforesaid, certify that Rod Bullard personally came before me this day and acknowledged that he/she is the Sr. VP of Branch Banking and Trust Company, a North Carolina banking corporation and successor in interest to Southern National Bank of North Carolina, and that by authority duly given and as the act of such entity, he/she signed the foregoing instrument in its name on its behalf as its act and deed. Witness my hand and Notarial stamp or seal, this 30th day of July, 2010.

My Commission Expires: 7/18/2011
(Affix Seal)

Lori D. Williams
Notary Public
Notary's Printed or Typed Name

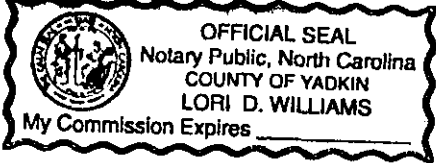


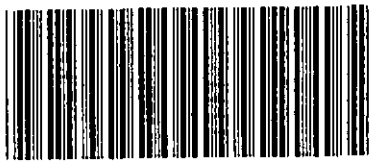
EXHIBIT A

Unit 1 of Hedingham Oaks II Condominium located on that land described on Exhibit A (which description is specifically incorporated herein by reference) to that Declaration of Condominium filed pursuant to the provisions of Chapter 47C of the North Carolina General Statutes dated the 1st day of November, 1988 and recorded on the 9th day of November, 1988 in Book 4383, page 27, in the Office of the Register of Deeds, Wake County, North Carolina, as supplemented by those Exhibits to the Declaration and building plans located in Unit Ownership File No. 145 recorded in the Wake County Registry, together with its allocated interest in the Limited and Common Elements declared therein to be appurtenant to said Unit.

Together with any and all rights as a Unit Owner under that instrument recorded in Book 4383, page 17, Wake County Registry.

Grantee by accepting this deed does hereby expressly assume and agree to be bound by and to comply with, all of the covenants, terms, provisions, restrictions and conditions set forth in the Declaration of Condominium and the Articles of Incorporation, Bylaws and any Rules and Regulations of the Hedingham Oaks II Condominium Owners Association, Inc., including, but not limited to, the obligations for prompt payment of assessments which may be levied against the Unit conveyed herein.

BEING the same property conveyed to Southern National Bank of North Carolina by deed dated November 10, 1988 from A & S 64 East Associates and recorded on November 10, 1988 in the Office of the Register of Deeds for Wake County, North Carolina, in Deed Book 4384 page 0167. Southern National Bank of North Carolina merged with Branch Banking and Trust Company on or about May 27, 1995.



BOOK:014026 PAGE:01456 - 01459

Yellow probate sheet is a vital part of your recorded document.
Please retain with original document and submit for rerecording.



Wake County Register of Deeds
Laura M. Riddick
Register of Deeds

This Customer Group
_____ # of Time Stamps Needed

This Document
_____ New Time Stamp
_____ # of Pages

22/06

WAKE COUNTY PUBLIC SCHOOL SYSTEM
CONTRACT FOR APPRAISAL SERVICES
Fee Simple Residential Appraisal for River Oaks Condo Unit 1
Wake County PIN 1734-05-7479, REID 175252

This contract for Appraisal Services (the "Contract") is made and entered into this 12th day of September, 2018, between the Wake County Board of Education (the "Owner"), 1429 Rock Quarry Road, Suite 116, Raleigh, NC 27610, and **B. Carter Kennemur** (the "Provider"), 4209 Yadkin Drive, Raleigh, NC 27609.

For and in consideration of the mutual promises set forth in the Contract the parties do mutually agree as follows:

1. **Obligations of Provider – Fee Simple Appraisal.** The Provider hereby agrees to provide services to Owner as follows:
 - 1.1. Provider will provide Complete Summary Appraisal Report on a condo unit as described above located at 4600 New Bern Avenue, Raleigh, Wake County, North Carolina.
 - 1.2. Draft report of value to be delivered to Owner prior to completion of a full and final written appraisal report.
 - 1.3. Two paper copies and one electronic (pdf) copy of full written appraisal report to be delivered to Owner should such a full and final report be requested by Owner.
2. **Obligations of Owner.**
 - 2.1. The Owner hereby agrees to compensate Provider in the amount of Three Thousand and 00/100 Dollars (\$3,000.00) for services rendered as described in Paragraph 1.1 above. If a full and final written report is requested by Owner, then the total compensation due the Provider shall not exceed Three Thousand and 00/100 Dollars (\$3,000.00) for services rendered.
 - 2.2. In the event of inclement weather, fire, power failure, or other similar occurrence, which may necessitate the cancellation of the delivery of the service(s), and an alternate date cannot be agreed upon, Owner will be under no obligation to compensate the Provider for services not rendered.
 - 2.3. The parties acknowledge that the Owner has authorized the Superintendent or his designee to enter into service contracts involving expenditures of up to \$100,000. The parties further acknowledge that the Owner may perform all or part of its obligations pursuant to this Agreement through the Superintendent or his designee.
3. **Term.** The services described in the Contract will be provided on or before 30 days from Notice to Proceed. Time is of the essence.
4. **Termination for Convenience.** The Owner may terminate this Contract at any time at its complete discretion upon twenty (20) calendar days' notice in writing from the Owner to the Provider prior to the date of termination. In addition, all finished or unfinished documents and other materials produced by the Provider pursuant to this contract shall, at

the request of the Owner be turned over to it and become its property. If the contract is terminated by the Owner in accordance with this section, the Owner will pay the Provider at the hourly rate for all services performed as of the date of termination.

5. **Termination for Default.** At any time, the Owner may terminate this contract immediately and without prior notice if provider is unable to meet goals and timetables or if the Owner is dissatisfied with the quality of services provided.
6. **Terms and Methods of Payment.** Provider shall submit to the Owner monthly invoices itemized by service provided, the number of hours worked and by whom, the date(s) that services were provided, and the amount owed. Such invoices shall be submitted within thirty (30) days of the rendering of services. The Owner shall process payments to Provider within forty-five (45) days of submission of such invoices. Invoices should be sent to WCPSS Real Estate Services, Attn: Betty L. Parker, 1429 Rock Quarry Road, Ste., 116, Raleigh, N.C., 27610 for review and approval.
7. **Contract Funding.** It is understood and agreed between the Provider and the Owner that the Owner's payment obligation under this Contract is contingent upon the availability of appropriated funds from which payment for Contract purposes can be made.
8. **Insurance.** The Provider agrees to maintain \$1,000,000 in general liability, \$1,000,000 in automobile liability, and other appropriate insurance, as well as Workers Compensation in the required statutory amount, for all employees participating in the provision of services under this Contract. The Owner, Wake County Board of Education, shall be named by endorsement as additional insureds on the General Liability policy. Certificates of such insurance shall be furnished by the Provider to the Owner and shall contain an endorsement that the Owner be given at least 10 days' written notice of any intent to cancel or terminate by either the Provider or the insuring company. Failure to furnish insurance certificates or maintain such insurance shall be a default under this contract and shall be grounds for immediate termination of this Contract.
9. **Taxes.** The Provider shall pay all federal, state and FICA taxes for all employees participating in the provision of services under this Contract.
10. **Monitoring and Auditing.** The Provider shall cooperate with the Owner, or with any other person or agency as directed by the Owner, in monitoring, auditing, or investigating activities related to this Contract. The Provider shall permit the Owner to evaluate all activities conducted under this contract as dictated by the Owner. The Provider shall provide auditors retained by the Owner with access to any records and files related to the provision of services under this Contract. The Owner agrees that its auditors will maintain the confidentiality of any trade secrets of Provider accessed during an audit conducted under this Contract.
11. **Records and Confidentiality of Student Information.** The Provider agrees that all student records obtained in the course of providing services to the Owner under this contract shall be subject to the confidentiality and disclosure provisions of applicable federal and state statutes and regulations, and the Owner's policies. All student records shall be kept in a secure location preventing access by unauthorized individuals. Provider will maintain an access log delineating date, time, agency, and identity of individual accessing student records who is not in the direct employ of the Provider. Provider shall not forward to any

person other than parent or the Owner any student record, including, but not limited to, the student's identity, without the written consent of the parent and the Owner. Upon termination of this Agreement, Provider shall turn over to the Owner all student records of The Owner's eligible students to whom Provider has provided services under this agreement.

12. Lunsford Act/Criminal Background Checks. The Contractor also acknowledges that G.S. § 14-208.18 prohibits anyone required to register as a sex offender under Article 27A of Chapter 14 of the General Statutes from knowingly being on the premises of any school. The Contractor shall conduct or arrange to have conducted, at its own expense, sexual offender registry checks on each of its employees, agents, ownership personnel, or contractors ("contractual personnel") who will engage in any service on or delivery of goods to school system property or at a school-system sponsored event, except checks shall not be required for individuals who are solely delivering or picking up equipment, materials, or supplies at: (1) the administrative office or loading dock of a school; (2) non-school sites; (3) schools closed for renovation; or (4) school construction sites. The checks shall include at a minimum checks of the State Sex Offender and Public Protection Registration Program, the State Sexually Violent Predator Registration Program, and the National Sex Offender Registry ("the Registries"). For the Contractor's convenience only, all of the required registry checks may be completed at no cost by accessing the United States Department of Justice Sex Offender Public Website at <http://www.nsopw.gov/>. The Contractor shall provide certification on the Sexual Offender Registry Check Certification Form that the registry checks were conducted on each of its contractual personnel providing services or delivering goods under this Agreement prior to the commencement of such services or the delivery of such goods. The Contractor shall conduct a current initial check of the registries (a check done more than 30 days prior to the date of this Agreement shall not satisfy this contractual obligation). In addition, the Contractor agrees to conduct the registry checks and provide a supplemental certification form before any additional contractual personnel are used to deliver goods or provide services pursuant to this Agreement. The Contractor further agrees to conduct annual registry checks of all contractual personnel and provide annual certifications at each anniversary date of this Agreement. The Contractor shall not assign any individual to deliver goods or provide services pursuant to this Agreement if said individual appears on any of the listed registries. The Contractor agrees that it will maintain all records and documents necessary to demonstrate that it has conducted a thorough check of the registries as to each contractual personnel, and agrees to provide such records and documents to the Owner upon request. The Contractor specifically acknowledges that the Owner retains the right to audit these records to ensure compliance with this section at any time in the Owner's sole discretion. Failure to comply with the terms of this provision shall be deemed a material breach of the Agreement. In addition, the Owner may conduct additional criminal records checks at the Owner's expense. If the Owner exercises this right to conduct additional criminal records checks, the Contractor agrees to provide within seven (7) days of request the full name, date of birth, state of residency for the past ten years, and any additional information requested by the Owner for all contractual personnel who may deliver goods or perform services under this Agreement. The Contractor further agrees that it has an ongoing obligation to provide the Owner with the name of any new contractual personnel who may deliver

goods or provide services under the Agreement. The Owner reserves the right to prohibit any contractual personnel of the Contractor from delivering goods or providing services under this Agreement if the Owner determines, in its sole discretion, that such contractual personnel may pose a threat to the safety or well-being of students, school personnel or others.

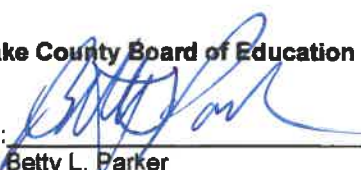
13. **Indemnification.** Provider shall indemnify, defend and hold harmless the Owner, its agents, and employees, from and against all claims, actions, demands, costs, damages, losses and/or expenses of any kind whatsoever resulting solely from the omission or commission of any act, lawful or unlawful, by Provider, its agents and/or employees, including but not limited to court costs and attorney's fees incurred by Provider in connection with the defense of said matters. The parties agree that this indemnification clause is an "evidence of indebtedness" for the purpose of N.C. Gen. Stat. § 6-21.2. The parties also specifically acknowledge that the Owner is a public body and it is the intent of the parties that the Owner not incur any expenses when the Contractor is solely responsible for the claims.
14. **Relationship of Parties.** The Provider shall be an Independent Contractor of the Owner and nothing herein shall be construed as creating a partnership or joint venture; nor shall any employee of the Provider be construed as an employee, agent or principal of the Owner.
15. **Compliance with Applicable Laws.** Provider shall comply with all applicable laws and regulations in providing services under this Contract. In particular, the Provider shall not employ any individuals who are not authorized under federal law to work in the United States. Provider represents and warrants that it is aware of and in compliance with the Immigration Reform and Control Act and North Carolina law (Article 2 of Chapter 64 of the North Carolina General Statutes) requiring use of the E-Verify system for employers that employ twenty-five (25) or more employees. Provider specifically represents and warrants that it is and will remain in compliance with these laws at all times while providing services pursuant to this Contract. Provider shall also ensure that any of its subcontractors (of any tier) will remain in compliance with these laws at all times while providing subcontracted services in connection with this Contract. Contractor is responsible for providing affordable health care coverage to all of its full-time employees providing services to the school system. The definitions of "affordable coverage" and "full-time employee" are governed by the Affordable Care Act and accompanying IRS and Treasury Department regulations.
16. **Applicable Wake County Board of Education Policies.** Provider acknowledges that the Wake County Board of Education has adopted policies governing conduct on all property owned by the Board of Education and leased to Wake County, and agrees to abide by any and all relevant board policies while on its property. The Provider acknowledges that it has received copies of and will abide by the following Wake County Board of Education policies:
 - Policy 2212: Prohibited Conduct on School Property and at School Events
 - Policy 2302: Weapons Prohibited on School Property
 - Policy 2305: Code of Ethics and Standard of Conduct
 - Policy 2306: Drug and Alcohol Testing of Commercial Motor Vehicle Operators

Policy 2307: Drug-Free Workplace Environment
Policy 2308: Tobacco-Free Environment
Policy 2321: Conduct of Employees Toward Students
Policy 2334: Registered Sex Offenders
Policy 3225: Technology Responsible Use


17. Assignment. The Provider shall not assign, subcontract, or otherwise transfer any interest in this contract without the prior written approval of the Owner.
18. Contract Modifications. This contract may be amended only by written amendments duly executed by and between the Owner and the Provider.
19. North Carolina Law. North Carolina law will govern the interpretation and construction of the Contract.
20. Entire Agreement. This Contract constitutes and expresses the entire agreement and understanding between the parties concerning the subject matter of this contract. This document, the purchase order, if any, used in connection herewith and, any other document attached to or incorporated in this Contract by reference; supersede all prior and contemporaneous discussions, promises, representations, agreements and understandings relative to the subject matter of this contract. Included and made part of this agreement are the Wake County Board of Education Policies, Sexual Offender Registry Check Certification Form (Exhibit 2), Certificate of Insurance (with required endorsements), and Exhibit 1 Proposal dated June 7, 2018.
21. Severability. If any provision of this Contract shall be declared invalid or unenforceable, the remainder of the Contract shall continue in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first indicated above.

Wake County Board of Education

By:  (Seal)
Betty L. Parker
Sr. Director, WCPSS Real Estate Services

B. Carter Kennemur

By:  (Seal)
Title

Sexual Offender Registry Check Certification Form

COMPLETE THIS FORM AND SUBMIT WITH THE CONTRACT

Project Name: _____ Contract: _____

Check the appropriate box to indicate the type of check:

☐ Initial ☒ Supplemental ☐ Annual

I, Carter Kennemur (insert name), Appraiser (insert title) of B. Carter Kennemur (insert company name) hereby certify that I have performed all of the required sexual offender registry checks required under this Agreement. These include the North Carolina Sex Offender and Public Protection Registration Program, the North Carolina Sexually Violent Predator Registration Program, and the National Sex Offender Registry. (Note: all of the required registry checks may be completed at no cost by accessing the United States Department of Justice Sex Offender Public Website at <http://www.nsopw.gov/>). This certification is required for all contractual personnel (employees, agents, ownership personnel, or contractors) who may be used to deliver goods or provide services under this Agreement. I further certify that none of the individuals listed below appears on any of the above-named registries and that I will not assign any individual to deliver goods or perform services under this Agreement if said individual appears on any of the sex offender registries. I agree to maintain all records and documents associated with these registry checks, and that I will provide such records and documents to the school system upon request. I specifically acknowledge that the school system retains the right to audit these records to ensure compliance with this section at any time in the school system's sole discretion. I acknowledge that I am required to perform these checks and provide this certification form before any work is performed under the Agreement (initial check), any time additional contractual personnel may perform work under the Agreement (supplemental check), and at each anniversary date of the Agreement (annual check).

Contractual Personnel Names

Job Title

1.	<u>N/A</u>	<u>N/A</u>
2.	<u> </u>	<u> </u>
3.	<u> </u>	<u> </u>
4.	<u> </u>	<u> </u>
5.	<u> </u>	<u> </u>
6.	<u> </u>	<u> </u>
7.	<u> </u>	<u> </u>

I attest that the forgoing information is true and accurate to the best of my knowledge.

B. Carter Kennemur (print name)
B. Carter K (signature / date)



CARTKEN-01

TEARLY

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

08/17/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Pittman Insurance Group, LLC 4011 Westchase Blvd. Suite 120 Raleigh, NC 27607	CONTACT NAME: Kelly Stout	
	PHONE (A/C, No, Ext): (919) 741-5279	FAX (A/C, No):
INSURED B. Carter Kennemur 4209 Yadkin Dr Raleigh, NC 27609	E-MAIL ADDRESS: kelly@pittgroupplc.com	
	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Selective Insurance Co. of Ame	
	INSURER B:	
	INSURER C:	
	INSURER D:	
INSURER E:		
INSURER F:		
NAIC #		
12572		

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	COMMERCIAL GENERAL LIABILITY					
	CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR	X	S 2257369	04/26/2018	04/26/2019	EACH OCCURRENCE \$ 1,000,000
X	BOP					DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 300,000
						MED EXP (Any one person) \$ 10,000
						PERSONAL & ADV INJURY \$ 1,000,000
	GEN'L AGGREGATE LIMIT APPLIES PER:					GENERAL AGGREGATE \$ 3,000,000
X	POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC					PRODUCTS - COMP/OP AGG \$ 3,000,000
	OTHER:					\$
A	AUTOMOBILE LIABILITY		S 2257369	04/26/2018	04/26/2019	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	ANY AUTO OWNED AUTOS ONLY					BODILY INJURY (Per person) \$
X	HIRED AUTOS ONLY	X				BODILY INJURY (Per accident) \$
	SCHEDULED AUTOS					PROPERTY DAMAGE (Per accident) \$
	NON-OWNED AUTOS ONLY					\$
	UMBRELLA LIAB	OCCUR				EACH OCCURRENCE \$
	EXCESS LIAB	CLAIMS-MADE				AGGREGATE \$
	DED	RETENTION \$				\$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	Y/N	N/A			PER STATUTE OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)					E.L. EACH ACCIDENT \$
	If yes, describe under DESCRIPTION OF OPERATIONS below					E.L. DISEASE - EA EMPLOYEE \$
						E.L. DISEASE - POLICY LIMIT \$

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Wake County Board of Education listed as additional insured per terms of contract

CERTIFICATE HOLDER

CANCELLATION

Wake County Board of Education
1429 Rock Quarry Rd, Ste 116
Raleigh, NC 27610

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

RE: Our Units in the WCPSS River Oaks Facility

Carter Kennemur <kennemur@nc.rr.com>

Tue 9/11/2018 2:01 PM

To: Margaret Sutter _ Staff - PlanningConstruction <msutter@wcpss.net>;

Thanks! Can I assume that the county will not continue leasing the property to the current tenant?

Based on a full commercial appraisal considering both market and income approaches to value, with the cost approach not being applicable, the fee would be \$3,000, and I can have the document to you within 30 days of notification to proceed.

Thanks,

Carter

***B. Carter Kennemur, CCIM
Broker/Certified General Real Estate Appraiser
NCBS/KCBS Certified BBQ Judge***

***Kennemur & Associates
(919) 269-6400 Office
(919) 971-6220 Mobile
(919) 714-0522 E-Fax
@BCarterK on Twitter***

From: Margaret Sutter _ Staff - PlanningConstruction [mailto:msutter@wcpss.net]
Sent: Tuesday, September 11, 2018 10:20 AM
To: kennemur@nc.rr.com
Subject: Fwd: Our Units in the WCPSS River Oaks Facility

Carter,
Please see unit owner's answer about the lease.
Hope it is useful.

Get [Outlook for Android](#)

From: Jose Isasi <joseisasi@quepasamedia.com>
Sent: Saturday, September 8, 2018 8:53:16 AM
To: Margaret Sutter _ Staff - PlanningConstruction; Betty Parker _ Staff - PlanningConstruction
Subject: Re: Our Units in the WCPSS River Oaks Facility

Ms. Sutter,

B. Carter Kennemur, CCIM
805 N. Wakefield Street
Zebulon, North Carolina 27597
(919) 269-6400 (Office) (919) 971-6220 (Mobile)
kennemur@nc.rr.com

Summary of Qualifications

Over twenty years of experience in real estate sales, appraisal, and consulting assignments for private individuals, lenders, attorneys, corporations, and governmental agencies.

Professional Experience

Kennemur Inc. d/b/a Kennemur & Associates

Real Estate Sales experience:

- North Carolina Real Estate Broker (Broker License Number 158309)
- Seller representation in disposition of land, commercial, and residential properties.
- Buyer representation in acquisition of development land, investment and owner occupied commercial properties, and residential properties.
- Assist clients in placement of funds via tax deferred exchange.
- Feasibility consulting regarding land development and site acquisitions.
- Landlord and Tenant representation in leasing of industrial, office, retail, and restaurant properties.

Real Estate Appraisal experience:

- Certified General Real Estate Appraiser (North Carolina A-4776)
- Extensive experience in appraisal of vacant land, proposed and existing subdivisions, churches, medical properties, single and multi-tenant commercial properties.
- Appraisal of property before and after placement of conservation easements, for governmental agencies, conservation groups, and private individuals.
- Appraisal of fee simple and partnership interests in USDA Section 515 multifamily properties.
- Complex appraisal of community water system property for a private utility company.

Education

University of North Carolina

Chapel Hill, North Carolina

Bachelor of Arts in Radio, Television & Motion Pictures

CCIM Institute

CI-101 Financial Analysis for Commercial Investment Real Estate
CI-102 Market Analysis for Commercial Investment Real Estate
CI-103 User Decision Analysis for Commercial Investment Real Estate
CI-104 Investment Analysis for Commercial Investment Real Estate

Memberships

- Raleigh Regional Association of Realtors
- Triangle Commercial Association of Realtors
- North Carolina Association of Realtors
- National Association of Realtors
- CCIM Institute – Designee #14217
- North Carolina CCIM Chapter
- Past Director, East Wake Advisory Board – First Citizens Bank
- North Carolina Barbecue Society Certified Barbecue Judge
- Kansas City Barbecue Society Certified Barbecue Judge

Partial Client List

Lenders

Bank of America
Regions Bank
Branch Banking & Trust Company
First Citizens Bank
Carter Bank & Trust
The Heritage Bank
East Carolina Farm Credit
New Republic Savings Bank
Citizens Community Bank

Governmental Agencies

City of Raleigh
County of Wake
Wake County Board of Education
Town of Zebulon
Town of Wendell
City of Roanoke Rapids
Northampton County Economic Development Commission

Private Companies / Organizations / Law Firms

Landmark Homes Realty
Southern Properties & Development, LLC
The Stonewall Group
Lizard Lick Towing & Recovery
Kane Realty Corporation
Roanoke Rapids Entertainment, LLC
Triangle Regency LLC
JK's Restaurants
Lloyd Law Firm, PLLC
North Carolina Coastal Land Trust
Steel Dynamics, Inc.
Gay, Jackson & McNally, LLP
Daughtry, Woodard, Lawrence & Starling
Wellman, White & Wilson PLLC
Kirby Marshburn Building Corporation
Triangle Engineering Associates
International Paper
Haliwa-Saponi Indian Tribe
Olde Heritage Builders & Realty
Sierra Builders
Lookout Ventures
Carolina Family Health Centers, Inc.
Centex Homes
D.R. Horton
Standard Pacific Homes
Toll Brothers, Inc.
The Trust for Public Land
Eastwind Development, LLC
Lorillard Tobacco Company
The Conservation Fund