

GTA-20-18

GRANT BRIEFING DOCUMENT

rev. 2/13/13

From:

Name: Archie Trader

Dept: Recreation & Parks

Phone: 410-263-7958

This is a request to

- review, approve, and/or sign a grant agreement/award
 other

Grant title: POS - City of Annapolis Nature Area

Grantor: MD Department of Natural Resources

Amount: \$ 1,500,000

Attestation:

- Match is *not* required.
 Match is required. Match will be met in the form of ¹ _____

I attest that this asset has been approved/appropriated in ² _____

Department Director signature

Rec & Parks

Dept

Date

Routing	Initials	Date		Comments
		In	Out	
<input checked="" type="checkbox"/> originating Dept Director				
<input checked="" type="checkbox"/> Grants Coordinator	<u>NJP</u>	<u>10/10</u>	<u>10/10</u>	<u>initials only</u>
<input checked="" type="checkbox"/> Finance Director	<u>[Signature]</u>	<u>10/10</u>	<u>10/10</u>	
<input checked="" type="checkbox"/> City Attorney	<u>[Signature]</u>	<u>10/10</u>	<u>10/10</u>	
<input checked="" type="checkbox"/> City Manager	<u>[Signature]</u>	<u>10/10</u>	<u>10/10</u>	
<input checked="" type="checkbox"/> Mayor				
<input checked="" type="checkbox"/> City Clerk	<u>[Signature]</u>			
<input checked="" type="checkbox"/> Finance Committee				
<input checked="" type="checkbox"/> Finance Dept				

Return to Originating Department

GRANT Briefing Document, continued

Provide a short narrative. Include:

-program description	- purpose of funds	- due dates
-grant period	-amount of request or award	
-special features, e.g., environmental impact implications, notarization required		


This grant provides for the acquisition of 22 privately owned, forested lots. These lots are located in the Forest Drive corridor, surrounded by residential developments, and just north of Quiet Waters Park. They are currently slated for development as residential properties. The City shall designate this property as an open space nature area for public use to prevent any future development and to preserve these lots in their existing natural state.

This nature area will be open to the public, serving both City and County residents. The City intends to encourage passive recreational activity (ie. trails, hiking, etc) in the nature area. The property has the potential to be connected to the Quiet Waters Park and/or the County Greenway master plan via wildlife corridors.

The acquisition of this property will ensure the preservation of the existing wildlife habitats, the tree canopy, and the plant life located on this parcel. Maintaining the tree canopy will assist in the absorption of stormwater runoff from surrounding developed areas and offer similar environmental benefits.

¹ Examples: cash match, equipment loan, staff salaries, volunteer time, contribution from non-City agency.

² Examples: FY__ Operating Budget, a memorandum of understanding, City Council resolution/ordinance.

	City of Annapolis 160 Duke of Gloucester St Annapolis, MD 21401	GRANT BUDGET FORM				
Grant Title:		POS - City of Annapolis Nature Area				
Grant Award (\$):		1,500,000.00	Originating Department(s):		Recreation & Parks	
		Dept Contact (Name/Phone): Archie Trader 410-263-7958				
		Revenue Source				
		Local (Matching)				
		Other				
					Total per Expend. Type	
					Comments	
Expenditure Account	Federal	State	Local (Matching)	Other	Total per Expend. Type	Comments
Salaries					0.00	
Benefits					0.00	
Overtime					0.00	
Supplies					0.00	
Telephone					0.00	
Electricity					0.00	
Fuel and Oil					0.00	
Training & Education					0.00	
R & M - Equipment					0.00	
Special Programs					0.00	
Acquisition of Property		1,500,000.00			1,500,000.00	Parkside Preserve
other (fill-in)					0.00	
other (fill-in)					0.00	
other (fill-in)					0.00	
other (fill-in)					0.00	
other (fill-in)					0.00	
Total	0.00	1,500,000.00	0.00	0.00	1,500,000.00	
TOTAL EXPENDITURES¹:				1,500,000.00		
* May be different from Grant Award \$ if there is a match requirement.						
XX	Match is not required.					
Department Director Signature/Date		Department				
Match is required. Match will be met in the form of ⁽¹⁾						
I attest that this asset has been approved/appropriated in ⁽²⁾						
Department Director Signature/Date		Department				
COMMENTS:						
(1) Examples (include dollar amounts if applicable): Cash match, equipment loan, staff salaries, volunteer time, contribution from non-City agency. (2) Examples: FY operating budget, a memorandum of understanding, City Council resolution/ordinance.						

Maryland Department of Natural Resources
Program Open Space

Acquisition Application and Project Agreement

Shaded Areas For
State Use Only:

POS PROJECT #

1. PROJECT TITLE: City of Annapolis Nature Area

2. APPLICANT: City of Annapolis

APPLICANT'S
FEDERAL ID #: 52-6000764

(County/Municipality)

3. LEGISLATIVE DISTRICT: 30

LAST POS GRANT ISSUED ON THIS SITE #: N/A

4. PROJECT LOCATION: Street Address: Lots 87-108, Treble's Way/Tranquility Way

City/Town: Annapolis

Zip Code: 21403

County Tax Map # 56C

Grid 5

Parcel # 584

ADC Road Map
Edition #

Map #

Grid Lt

Grid #

5. PROJECT DESCRIPTION: Descriptions are written into the agenda item, which is presented to the Maryland Board of Public Works for approval. Please explain the proposed acquisition and be specific. Why is it being done and how does it relate to local recreation needs? Is it a new acquisition of land? A build upon an existing facility? Provide all of the information that you feel is necessary to explain and justify the project and to describe the approving agencies that it is a worthwhile acquisition. Attach a separate sheet, if necessary.

The property to be acquired consists of twenty-two (22) individual lots currently slated for development as residential properties. These lots are part of one of the few privately owned forested parcels of this size in the City of the Quiet Waters Park in Anne Arundel County. The City shall designate this property as an open space nature area for public use to both prevent any future development and to preserve these lots in their existing natural state. This nature area will be open to public, and the City intends to encourage passive recreational activity (i.e. trails, hiking, etc.), as it can be connected to the Quiet Waters Park via a wildlife corridor. It also has the potential to be connected to the County Greenway master plan via a wildlife corridor. This acquisition will also preserve wildlife habitats, trees and the City's tree canopy, assist with stormwater runoff and provide other environmental benefits.

6. DESCRIPTION OF LAND TO BE ACQUIRED:

Acres to be acquired with this acquisition: 3.25 Ac.

Existing park acreage: 0.0 Ac.

Planned ultimate acreage: 3.25 Ac.

This is a new area: Or: an addition to an existing area: Nearest town or community served: Forest Drive Corridor

This property is: Unimproved Or Improved

If improved, list all current improvements: Identity size, condition and future use of each improvement, if known: N/A

How many acres are: Wooded 3.25 Ac. Agricultural 0.0 Ac. Floodplain 0.0 Ac.

In the Critical Area 0.0 Ac. (describe): N/A

Non-Tidal Wetlands 0.0 Ac. (describe): N/A

The topography is flat, steep, sloping or other (describe): Level Average size of lots: \$442 square feet

Subdivided? No Yes If yes, # of lots: 22

Explain zoning: R1B Single Family Residence District

Is the property currently being utilized at its highest and best use? Yes No

Current Land Use: Private Wooded Site

Highway and Boat Use: Planned Development Developable potential - # of lots: 22

Utilities available: Water Sewer Gas Phone

Road Frontage: Water Ft. Paved Unpaved

Environmental Hazards: Yes No If there are any hazards, list them and identify how they will be addressed: N/A

14. PROJECT COSTS:

	Total Costs	POS Assistance
a. Land Cost:	\$ 1,500,000.00	\$ 1,500,000.00
b. Cost of Improvements:	\$ 0.00	\$ 0.00
c. Incidental Costs:	\$ 0.00	\$ 0.00
Items below (appraisals, title work, surveys, etc.)		
	\$ _____	
	\$ _____	
	\$ _____	
	\$ _____	
d. Total Project Cost:	\$ 1,500,000.00	
e. POS Funding Requested:	\$ _____	\$ 1,500,000.00

15. SELLER'S NAME: QW Properties, LLC
 Owned Since: Lots 87-98 since 2007, Lots 99-106 since 2016.

16. TITLE WILL BE HELD BY: City of Annapolis
 (Name of County/City, Department)
 In Fee Simple? Yes No If not, please describe: N/A

17. LOCAL PROJECT COORDINATOR:
 Jim A. Beauchamp Public Works Business Manager jabeauchamp@annapolis.gov
 (Print Name) (E-mail Address)

c/o City Attorney (Print Title)
 150 Duke of Gloucester Street Annapolis MD 21401 410-562-8071
 (Mailing Address) (City) (State) (Zip) (Telephone Number)

18. PROJECT PERIOD: From: _____ (Date of Letter of Acknowledgement/Concurrence)
 To: September 2017 (Estimated Date of Completion)

19. LOCAL GOVERNMENT AUTHORIZATION:
 As the authorized representative of the Political Subdivision, I read the terms of the "Project Agreement and General Conditions" of the Program Open Space (POS) Grants Manual and I agree to perform all work in accordance with the Manual, POS Law and Regulations, and with the attachments included herewith and made a part thereof.
Ashley E. Leonard Ashley E. Leonard Acting City Attorney 4/29/17
 (Signature) (Print Name) (Print Title) (Date)

PROGRAM ADMINISTRATIVE REVIEW:
 20. ON-SITE INSPECTION DATE BY

21. DEPARTMENT OF NATURAL RESOURCES -- PROGRAM OPEN SPACE APPROVAL:
 _____ (Signature) _____ (BPV Approval Date) _____ (Appendix Item No.)

Maryland Department of Natural Resources
Program Open Space
Funding Authorization Form

April 22, 2017


Program Open Space Grants
Department of Natural Resources
Taiwes State Office Building, E-4
580 Taylor Avenue
Annapolis, Maryland 21401

RE: Acquisition of Property from QW Properties, LLC (Parkside Preserve - 22 Lots)

As the official designated by Anne Arundel County for the purpose of dispensing the
Specify County or Baltimore City
Program Open Space apportionments for this political subdivision, I hereby certify that
City of Annapolis

(Applicant)
may apply for the following funds on the above referenced project.

Name of Grant Program	Amount
Program Open Space	\$1,500,000.00
Land and Water Conservation Fund	\$0.00
Other (specify)	\$0.00
TOTAL:	\$1,500,000.00


Signature - County Liaison Officer
Rick Anthony, Director Recreation & Parks
Type Name of County Liaison

State of Maryland
 Board of Public Works
 Louis L. Goldstein Treasury Building
 Annapolis, Maryland 21401
 410-260-7335 Toll Free 877-591-7320
 FAX 410-974-5240
 www.bpw.state.md.us

Larry Hogan
Governor
 Nancy K. Kopp
Treasurer
 Peter Franchot
Comptroller
 Sheila C. McDonald, Esq.
Executive Secretary

BOARD OF PUBLIC WORKS - AFTER MEETING AGENDA SUMMARY

Meeting Date: Wednesday, October 04, 2017

04-Oct-17
Page 1 of 29

Item	Agency Institution	County	Vendor, Contractor, Grantee	Description
Agenda Secretary				
1	AGR	Various	Various	Agricultural Cost Share - Fund 40 individual grants.
action: Approved		discussion: No	Doc. No.	
2	AGR	Various	Various	Agricultural Cost Share - Additional funding for 6 general obligation bonds.
action: Approved		discussion: No	Doc. No.	
3	BPW/PROC	-		Procurement Agency Activity Report - Public Safety & Correctional Services - August 2017

Agency Institution

County

Vendor, Contractor, Grantee

Description

A5 DOHR/SSA Out of State UHS of Doylesstown LLC d/b/a Foundations Behavioral Health Services - Foster Care Maintenance Payments Program - Placement for 2 youths. Emergency declared: 3/21/17. Term: 3/21/17- 9/20/17. Amount: \$208,720.

action: Approved

discussion: No

Doc. No. NOOB8400113

HC

A6 DOHR/SSA Out of State Harbor Point Behavioral Health Center, Inc. Services - Foster Care Maintenance Payments Program - Youth placement. Emergency declared: 5/9/17. Term: 5/9/17- 12/31/17. Amount: \$128,530

action: Approved

discussion: No

Doc. No. N00B8400156

HC

Agenda Department of Natural Resources Real Property

1A DNR/POS Anne Arundel - Program Open Space Local Share - Approve funding for 2 acquisition projects. Amount: \$2,589,500.

South River Farm Park \$1,089,500.00

Arnapolis Nature Area \$1,500,000.00

action: Approved

discussion: yes

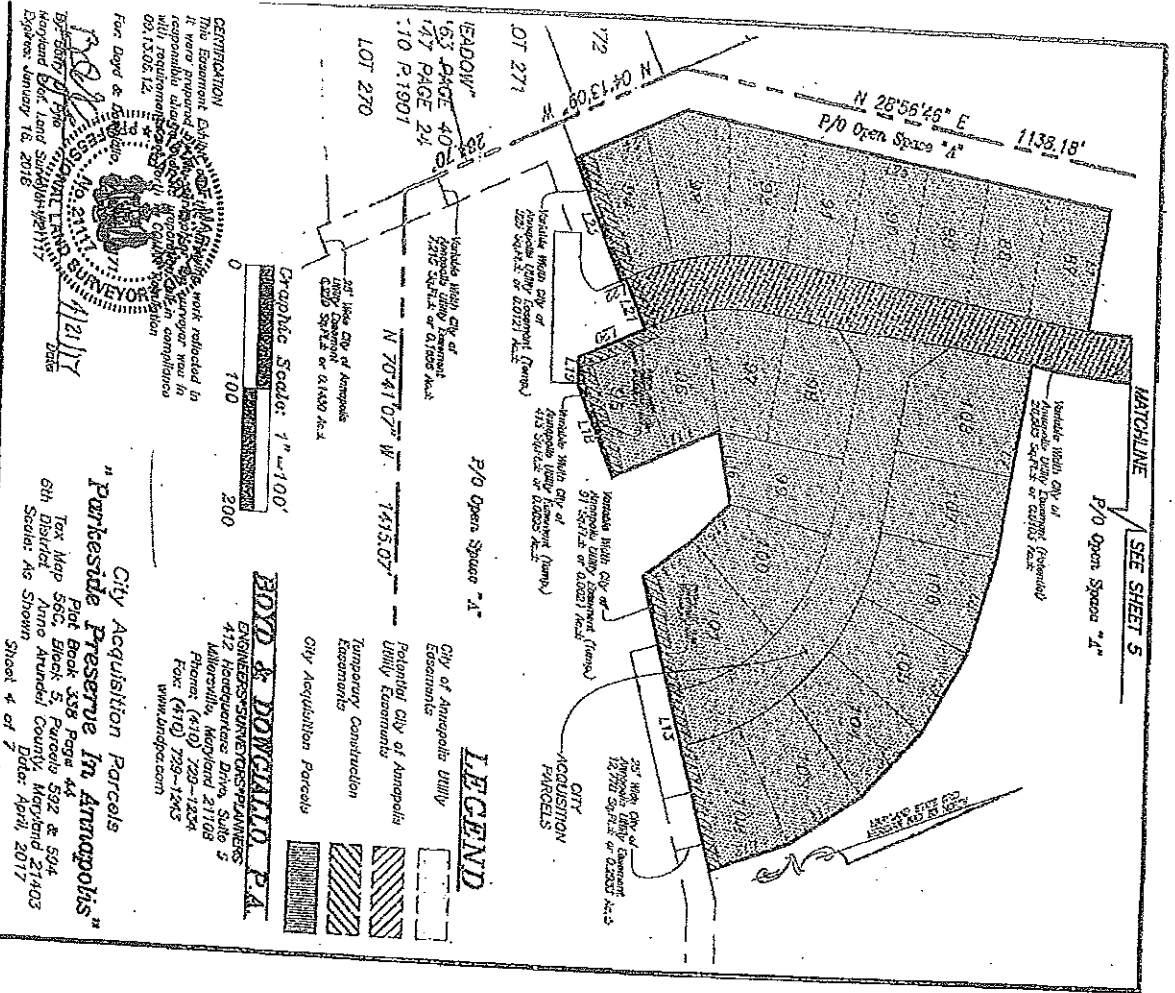
Doc. No.

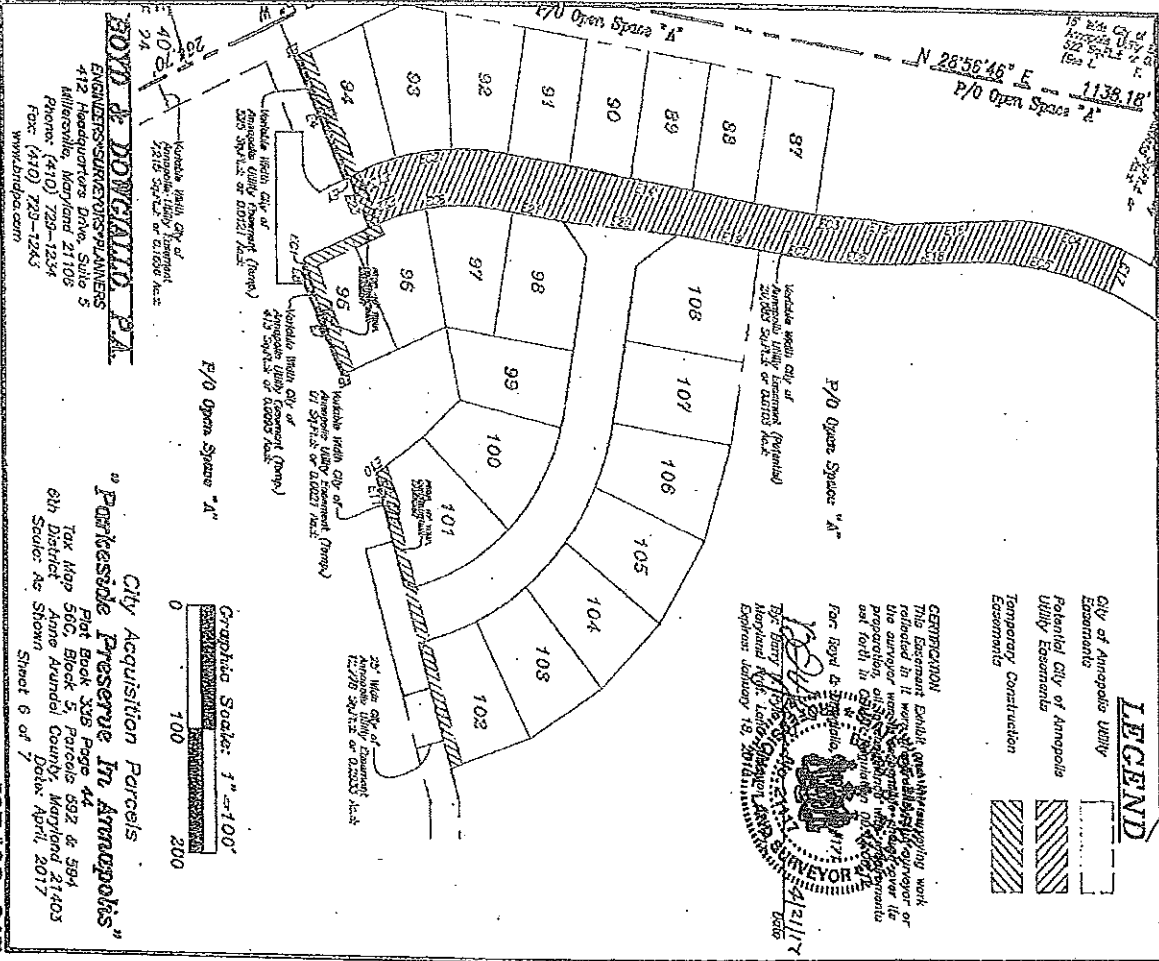
2A DNR/POS Baltimore Baltimore County Program Open Space Local Share - Kingsville Park Enhancements - Fund development project. Amount: \$540,000.

action: Approved

discussion: No

Doc. No.





ATTACHMENT 3

APPRAISAL OF
THE PROPERTY OF
QW PROPERTIES LLC
KNOWN AS
LOTS 87 TO 108 PARKESIDE PRESERVE IN ANNAPOLIS
TREBLIS WAY AND TRANQUILITY WAY
ANNAPOLIS, MARYLAND 21403

Prepared for

Mr. Brian D. Snyder, CPPO
Procurement Officer
City of Annapolis - Central Purchasing
161 Duke of Gloucester Street
Annapolis, MD 21401

Effective Date
February 2, 2017

Appraiser
George L. Peabody, MAI

Mr. Snyder

page two

February 23, 2017

Lots 99 through 108 are currently owned by Jeffrey Silbert and Michawon Silbert. A representative of QW Properties, LLC has reported to the appraiser that these lots will be transferred to QW Properties, LLC (in exchange for other lots elsewhere in the subdivision). It is an assumption of this appraisal that all of the subject lots are owned by QW Properties, LLC. If subsequent information is obtained indicating that this assumption is incorrect, then this appraisal and any estimates of value contained herein must be reconsidered.

This analysis will estimate the fair market value of the 22 lot subject, assuming the subject is a phase within a larger subdivision as well as assuming that all roadway and all major utility infrastructure work is completed to the vicinity of the subject 22 lot phase area and/or would be completed so as to allow the development of the subject 22 lot phase with no significant off-site costs. The property owner anticipates that physical development of the larger subdivision property would begin in the spring of 2018. Therefore, this analysis will project an 18 month period until independent physical development of the subject 22 lot phase can begin, which is 8/1/2018. If subsequent information is obtained indicating that this assumption is incorrect, then this appraisal and any estimates of value contained herein must be reconsidered.

The effective date of this appraisal is February 2, 2017. The property rights appraised consist of the fee simple estate.

As a result of this appraisal, and subject to the Underlying Assumptions and Contingent Conditions contained herein, it is my opinion that the fee simple fair market value of the subject property, as of February 2, 2017, was **ONE MILLION NINE HUNDRED FIFTY THOUSAND DOLLARS (\$1,950,000)**.

Thank you for this opportunity to have been of service.

Very truly yours,

PEABODY & ASSOCIATES, LLC



George L. Peabody, MAI
Maryland General Certified
Appraiser #04-2188

SUMMARY OF IMPORTANT DATA AND CONCLUSIONS

LOCATION:

Lots 87 to 108 of the Parkside Preserve In Annapolis subdivision, Treblis Way and Tranquility Way, Annapolis, Maryland 21403

OWNER OF RECORD:

QW Properties LLC

LAND AREA:

1.0419 acres in total lot area plus an underlined adjoining road right-of-way and open space area.

IMPROVEMENTS:

Wooded site.

ZONING:

R1B, Single Family Residence District (City of Annapolis)

HIGHEST & BEST USE:

Eventual development as single-family-detached dwellings as defined by the subdivision plat and permitted by the zoning classification.

PROPERTY RIGHTS APPRAISED:

Fee Simple Estate

ESTIMATED FAIR MARKET VALUE BY THE:

COST APPROACH:

N/A

SALES COMPARISON APPROACH:

N/A

INCOME APPROACH:

\$1,950,000

FINAL FAIR MARKET VALUE:

\$1,950,000

EFFECTIVE DATE:

February 2, 2017

EXPOSURE TIME:

12 months

APPRAISER:

George L. Peabody, MAI

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the fee simple fair market value of the subject property, as of the effective date.

FUNCTION AND INTENDED USE OF THE APPRAISAL

It is understood that the appraisal will be used by the client, City of Annapolis, in the course of its negotiations to acquire the property.

SCOPE OF APPRAISAL (EXTENT OF DATA COLLECTION PROCESS)

The scope of this appraisal included an inspection of the site. The inspection, deed, assessment data, and available subdivision plat data were reviewed. Factual data including the zoning of the property, assessment information and the availability of public utilities was obtained from the appropriate government sources and various Anne Arundel County officials.

The fair market value of the subject property shall be estimated by the income approach as supported by the sales comparison approach. The cost is not applicable.

Sources knowledgeable in the local real estate market were interviewed to project probable trends regarding residential and institutional properties. In addition, private publications (investment and real estate trade journals) were consulted as supplemental sources in providing information on general market perspectives and trends.

Finally, an exposure time is estimated for the subject property.

DEFINITION OF FAIR MARKET VALUE FOR CONDEMNATION ACTIONS
(Annotated Code of Maryland, Real Property Section, Article 12-105)

"The fair market value of property in a condemnation proceeding is the price as of the valuation date for which the highest and best use of the property which a vendor, willing but not obligated to sell, would accept for the property, and which a purchaser, willing but not obligated to buy, would pay, excluding any increment in value proximately caused by the public project for which the property condemned is needed. In addition, fair market value includes any amount by which the price reflects a diminution in value occurring between the effective date of legislative authority for the acquisition of the property and the date of actual taking if the trier of facts finds that the diminution in value was proximately caused by the public project for which the property condemned is needed, or by announcements or acts of the plaintiff or its officials concerning the public project, and was beyond the reasonable control of the property owner."

City Physical Features

Annapolis is situated in the east-central portion of Anne Arundel County, near the confluence of the Severn River and Chesapeake Bay. The city is irregularly shaped by water frontage on the Severn River and several tributary creeks. The city is roughly bound on the north by Weems Creek and U.S. Route 50/301, to the east by the Severn River and the Chesapeake Bay, to the south by Forest Drive (some recently annexed portions of the City are on the southerly side Forest Drive) and the residential areas of Annapolis Neck (a peninsula created by the Severn and South Rivers) and, finally, to the west by the commercial district of Parole and Maryland Route 2. Including the recent annexations, the City totals 7.2 (±) square miles, including approximately 370 acres for the U.S. Naval Academy.

The City's topography extends from sea level in the east to just over 100 feet in the southwest. The City is typically characterized by level or near level land (with elevations between 25 to 40 feet above sea level). A dominant natural feature is its waterways which provide a total shoreline length of over 17 miles, more than two miles of shoreline for each square mile of area.

Transportation

A good quality regional roadway network serves Annapolis. This network includes U.S. Route 50/301 (which passes just to the northwest of the City and has been upgraded to interstate status), I-97, and Maryland Route 2. U.S. Route 50/301 leads west to Washington, D.C. (24 miles from Annapolis) and east to the Chesapeake Bay Bridge and the eastern shore. Maryland Route 2 leads north to Baltimore and south to southern Maryland. I-97 leads to the BWI Airport and the BWI/Odenton Amtrak Station and the Baltimore Beltway.

Major arterial roadways serving the city itself include Rowe Boulevard (a four-lane roadway which leads from U.S. Route 50/301 to the central/historic district of the city), Arts T. Allen Boulevard/Forest Drive (which roughly parallels the city's southwestern boundary and is the primary access to the eastern parts of the Annapolis Neck peninsula), and West Street (which runs westerly from the central/historic district to the Parole area).

U.S. Route 50/301 has interchanges in Parole and at Rowe Boulevard which provide direct access to several major arterial roadways that penetrate the City. These arterials include Rowe Boulevard, Forest Drive, and West Street. Also, Arts T. Allen Boulevard bypasses traffic "bottle necks" in the Parole area and serves the residential areas of southeastern Annapolis Neck peninsula.

Mass transit service is available within the City and its outskirts by bus service provided and partially financed by the local City government. There is a State of Maryland commuter bus service/shuttle managed by the Maryland Transportation Authority (MTA), connecting Annapolis with the Baltimore, New Carrollton and Washington Metro train stations. This provides a much needed publicly funded commuter link between the cities of Baltimore, Annapolis and Washington. There is no rail service to the Annapolis area.

In 2013, in the central block of West Street, the Uptown at Murray Hill residential development featuring a total of 30 dwellings (mostly townhouses with several and single-family-detached dwellings) was completed. These dwellings experienced a very rapid sellout. Prices range from \$450,000 to \$550,000 for townhouse units and \$700,000 to over \$875,000 for single-family-detached dwellings.

The Knighton Garage is a five level, 270 space parking garage in the inner West Street area.

1901 West Street is a 300 unit apartment project on outer West Street opened for initial occupancies in 2007 and is currently at 90-95% occupancy.

Action's Landing (a 79 unit condominium, townhouse, and single-family-detached subdivision with a parking garage) is on the old Annapolis Hospital site in the Historic District.

Annapolis Towne Center at Parole is a mixed use development, located on 35 acres at the intersection of Maryland Route 2, Forest Drive and Riva Road planned to include 675,000 square feet of retail/ing/entertainment space, 115,000 square feet of office space, 900 condos and apartments, and a 200+ room hotel. The project is anchored by a 170,000-square-foot Target and a 70,000 sq. ft. Whole Foods Market that will serve as an east coast flagship for the organic grocer and is said to be the second-largest Whole Foods in the country. Restaurant tenants include Brno Tuscan Grille, The Chop House, Gordon Biersch, PF Changs, and Paladar. Other significant retail tenants include Bed Bath & Beyond, EMS, Smyth, Talbot's, 24 Hour Fitness, and Brooks Brothers. In 2013, construction was completed on a 225 unit apartment building. In 2014 construction was completed on a strip retail expansion. In 2017, construction is expected to be completed on a 10 unit luxury townhouse development.

The ongoing development and expansion of Anne Arundel Medical Center, which is located on the Medical Park campus just off Jennifer Road, east of the Annapolis Mall, easily accessed from U.S. Route 50/301, Basigate Road, Jennifer Road and Maryland Route 2. AAMC is the third largest private sector employer in Anne Arundel County, with a workforce of more than 3,500 full and part time employees (of which nearly 900 members are medical staff). The Medical Park campus includes a 330,000 square foot, six-story, 316-bed, Acute Care Pavilion which opened in 2001. The ACP joins the Clatanoff Pavilion, which is home to the AAMC Women's and Children's Center and Wound Center, the Edwards Outpatient Surgery Pavilion, the Donner Pavilion, site of the AAMC DeCesaris Cancer Institute, and the Wayson Pavilion, a medical office building. The six-story 150,000 square foot Sajak Pavilion supports the AAMC Breast Center, Anne Arundel Diagnostics and private physicians' offices. The most recently completed building in 2011 was the Community Health Center. The campus is supported by 4 parking garages. A 20 bed psychiatric ward was proposed in 2015.

Water Orientation

It is also important to describe the waterways (Back Creek and Spa Creek which are tributaries of the Severn River in the vicinity of Annapolis Harbor and at its confluence with the Chesapeake Bay) which define the subject neighborhood. According to the Anne Arundel County Boating and Marina Study, published in August of 1980 by the Anne Arundel County Office of Planning and Zoning, the Severn River has a watershed area of 69,652 square miles and includes 11 main creeks. The river is used extensively for recreation and shellfish harvesting. There are approximately 76 commercial and community marinas (the majority of which are not commercial in nature) with an estimated 2,000 slips on the Severn River and its tidal tributaries (exclusive of College, Spa, and Back Creeks). Within the Annapolis Harbor there are an estimated 30 marinas within what is known as the Annapolis Harbor area and which would include Spa and Back Creeks. Of these marinas, approximately 7 are private yacht clubs (no accurate slip counts are available). The remaining estimated 23 marinas are all of a commercial nature and support over 1,700 "wet" slips.

Over recent years, Anne Arundel County and the City of Annapolis have demonstrated growing concerns regarding marina siting requirements relative to environmental concerns, such as shellfish beds and headwater areas. Design factors of new marinas are evaluated as to their anticipated effects upon the environment of the site and adjacent area in order to maintain water quality standards and minimize impacts from marina construction. This was reflected in the County's 1979 and 1988 county marina zoning repeals and changes as well as the City's 1987 marina related zoning repeals and changes. Additionally, the enactment of various segments of the Chesapeake Bay Critical Areas Law in 1984, 1986, and 1988 affecting properties within 1,000 feet of the shoreline of the Chesapeake Bay or its tidal tributaries, has placed further restrictions on land use and development potential of affected properties such as the subject. It is apparent that the construction of new marinas will be scrutinized carefully by the appropriate regulatory offices for both Anne Arundel County and Annapolis City. During the intervening years since enacting of these regulatory initiatives, development approvals of a number of marine use facilities has been denied and many expansion plans have been denied and/or significantly reduced in scope. Consequently, with increasing demand for slips by the boating public and a stable supply of available slips, the value of existing maritime facilities in the marketplace has been enhanced. However, the dramatic waterfront residential housing price increases has placed a premium on potential waterfront residential lots relative to commercial maritime land.

Maritime properties located on the creeks and inlets of the Annapolis area benefit from their excellent location. For recreational boaters, the Annapolis area is a protected location with direct access to Annapolis Harbor and the Chesapeake Bay, one of the most intensely used recreational boating areas in North America. In terms of land access, the Annapolis area is within an estimated 30 minute driving time of an estimated 600,000 (4) people. Additionally, the City of Annapolis, the Annapolis City Dock (home of the U.S. Sailboat and Power Boat Shows), provides the Annapolis area maritime uses excellent

PROPERTY DESCRIPTION

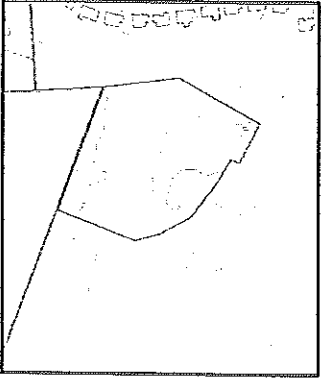
Description of the Subject Lots/Site

Location: The subject's street address is Lots 87 to 108 Parkside Preserve in Annapolis, Treblis Way and Tranquility Way as well as an undefined area consisting of adjoining road rights-of-way and surrounding open space, Annapolis, Maryland 21403. It is further identified on Anne Arundel County Tax Map 56C, Grid 5, Parcel 594, as Lots 87 to 108 of the Parkside Preserve in Annapolis subdivision. A copy of the subdivision plat is appended.

TAX ACCOUNT #	ADDRESS	LOT	LAND AREA
06 668 90243998	Treblis Way	87	5,549
06 668 90243999	Treblis Way	88	5,553
06 668 90244000	Treblis Way	89	5,554
06 668 90244001	Treblis Way	90	5,555
06 668 90244002	Treblis Way	91	5,555
06 668 90244003	Treblis Way	92	6,111
06 668 90244004	Treblis Way	93	7,017
06 668 90244005	Treblis Way	94	6,086
06 668 90244006	Treblis Way	95	5,325
06 668 90244007	Treblis Way	96	5,849
06 668 90244008	Treblis Way	97	5,958
06 668 90244009	Treblis Way	98	6,863
06 668 90244010	Tranquility Way	99	6,106
06 668 90244011	Tranquility Way	100	6,945
06 668 90244012	Tranquility Way	101	7,970
06 668 90244013	Tranquility Way	102	6,582
06 668 90244014	Tranquility Way	103	6,583
06 668 90244015	Tranquility Way	104	6,433
06 668 90244016	Tranquility Way	105	6,692
06 668 90244017	Tranquility Way	106	7,036
06 668 90244018	Tranquility Way	107	7,193
06 668 90244019	Tranquility Way	108	9,225

Size/Shape: Per the subdivision plat, Lots 87 to 108 total 141,742 square feet (3.25 acres). The average lot size is 6,442 (+/-) square feet, with the smallest lot being 5,326 square feet and the largest lot being 9,225 square feet. All of the lots are rectangular in shape. The typical lot with approximates 56 feet.

Topography: The property is generally level. A copy of the topography screen from the Arundel County Department of Public Works Utilities and Monuments web site follows:



Vegetation: Natural forestland vegetation.

Immediate Neighborhood: The immediate neighborhood of the subject is residential and institutional in character. Located to the south is a wooded area of Quiet Waters Park. Quiet Waters Park is a 340 acre Anne Arundel County owned and operated passive and recreational park with 6 miles of paved trails, two waterfront access (pedestrian and personal watercraft only) areas, playgrounds, pavilions, plus formal gardens, art gallery, and ice skating rink. Located to the west are single-family-detached dwellings within the Hunt Meadow subdivision. Located to the south and east are un-developed tract areas within the Parkside Preserve in Annapolis subdivision.

Environmental Conditions: The appraiser was supplied with a Phase 1 Environmental Site Assessment dated 5/17/2010 which encompasses some 32 acres of the 39 acre subdivision property. This assessment revealed no evidence of recognized environmental conditions in connection with the 32 acres. The appraiser, who is not trained/skilled for environmental assessment, observed evidence which might induce concern that potentially toxic or otherwise environmentally hazardous contamination may have occurred on the subject site. That evidence is dumping. Environmental contamination or the presence of hazardous conditions may significantly affect the value estimated; therefore, this appraisal is contingent on the assumption that the subject property is free from any environmental hazards. If subsequent information is obtained indicating that this assumption is incorrect, then this appraisal and any estimates of value contained herein must be reconsidered.

TITLE DATA

Title

The Parkeside Preserve in Annapolis subdivision subject consists of an assemblage of 20 transactions/parcels. The transactions are detailed on Plat 1 of the subdivision included in the addendum.

Per the assessment records, title to the subject Lots 87 through 98 was last conveyed, as part of a larger transaction, from Mildred L. Kent to QW Properties, LLC by deed dated 10/22/2007 and recorded among the Land Records of Anne Arundel County in Liber 19619 folio 631. The sales price is indicated to be \$1,500,000.

Per the assessment records, title to the subject Lots 99 through 108 was last conveyed from QW Properties, LLC to Jeffrey Silbert and Wichawon Silbert by deed dated 6/27/16 and recorded among the Land Records of Anne Arundel County in Liber 29764 folio 255. The sales price is indicated to be \$318,730. This property transferred from Jeffrey Silbert and Wichawon Silbert to QW Properties, LLC by deed dated 6/27/16 and recorded among the Land Records of Anne Arundel County in Liber 29764 folio 259. The sales price is indicated to be \$353,200.

The assessment records indicate no other transactions within the past 3 years.

Easements and Restrictions

A utility easement for water and sewer will cross the property.

The appraiser knows of no unusual easements or restrictions. The property is likely encumbered by typical easements for installation of public utilities. These easements are typical of residential properties and are not considered to adversely affect the value or utility of the subject site.

Listing for Sale Agreements/Contracts of Sale

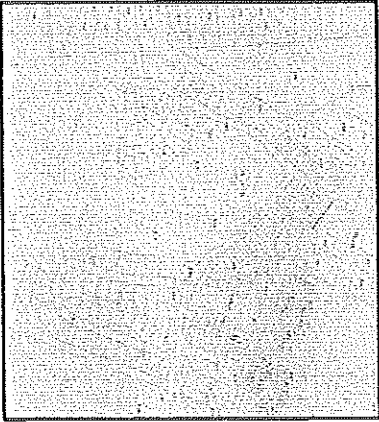
The appraiser is unaware of any listing for sale or contract for sale which might encumber the subject property.

Listing for Lease/Lease Agreements

The appraiser is unaware of any listing for lease or lease which might encumber the subject property.

ZONING

According to the City of Annapolis, the subject is zoned R1B, Single Family Residence District.



R1B, Single Family Residence District:

The R1B, Single Family Residence District provides for single-family detached dwellings at approximately three and one-half dwelling units per acre and other uses compatible with these single-family neighborhoods of the City.

The following uses are permitted in the R1B zoning district: cemeteries; single family detached dwellings; public schools and colleges; and residential and special mixed planned developments.

Uses permitted by special exception include: private colleges, group day care centers including day care centers accessory to a principal religious institution; driveways, walkways, parking or access for uses located in an adjacent nonresidential district; other government and government-related structures, facilities and uses; hospitals and sanitariums; institutions for the care or treatment of alcoholics, drug addicts and the mentally ill; institutions for the care of the aged; museums and art galleries, including historic buildings and shrines for patriotic, cultural and educational purposes; philanthropic and charitable institutions; civic nonprofit organizations, and social and fraternal organizations; noncommercial recreational and social clubs; religious institutions, including churches, chapels, mosques, temples, and synagogues; rest homes and nursing homes; private, elementary, middle, or high schools; and vocational schools.

UTILITIES

Electricity and telephone services are available to the subject property. Water and waste water services are available, however, extensions to the subject site will be required. Currently, water and sewer extensions are planned to be sourced through the Hunt Meadows community.

PRESENT USE

The subject is not put to productive use. This non-use is permitted.

HIGHEST AND BEST USE

The definition of "highest and best use", as defined in the Fifth Edition of The Dictionary of Real Estate Appraisal published by The Appraisal Institute in 2010, is:

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

An analysis of the highest and best use of a property is the most important part of the appraisal process, for it is in terms of highest and best use that fair market value is estimated. This study and selection of highest and best use is based upon available data relative to those uses that are legal, possible, appropriate and feasible for the subject.

Physically Possible

The subject property is 22 lots. The lot area is 141,742 square feet as well as an undefined area consisting of adjoining road rights-of-way and surrounding open space and has an irregular shape. The property has level topography. Water and sewer lines must be extended through the site.

Legally Permissible

The subject is zoned R1-B, Single Family Residence District. In 2015 the subject, as part of a larger parcel, was legally recorded as the Parkside Preserve in Annapolis subdivision.

Sales volumes have recovered from pre-recession levels. Median sales prices, after falling through 2010, increased through 2013, and have since fluctuated. In this same market area, MFRS list new house sales have been:

Year	Quantity	Low	High	Median	Average
2016	12	\$365,000	\$1,165,000	\$571,500	\$628,524
2015	9	\$464,440	\$1,375,000	\$664,660	\$761,107
2014	8	\$465,000	\$1,325,000	\$631,245	\$776,549
2013	6	\$460,000	\$1,200,000	\$734,375	\$670,625
2012	13	\$395,000	\$1,200,000	\$639,785	\$665,598
2011	8	\$440,096	\$952,750	\$700,142	\$680,364
2010	6	\$330,000	\$1,350,000	\$767,000	\$820,667
2009	6	\$856,000	\$2,885,000	\$1,438,125	\$1,639,542
2008	9	\$369,900	\$1,350,000	\$749,900	\$775,761
2007	13	\$652,000	\$1,585,000	\$860,000	\$995,018
2006	18	\$424,900	\$3,500,000	\$914,950	\$914,950

The likely price point for subject dwellings would be in the \$450,000 to \$500,000 range for 3 bedroom dwellings.

Highest and Best Use, As Improved

It is my opinion that the highest and best use of the subject is eventual single-family-detached dwelling development as permitted by the zoning classification and as approved in the Parkside Preserve in Annapolis subdivision. Such use is legally permitted, physically possible, economically feasible, and provides the greatest return to the land.

The most likely purchaser would be a house builder.

APPROACH TO VALUE

There are three approaches to value commonly used in the appraisal of real estate; the Cost Approach, the Sales Comparison Approach and the Income Capitalization Approach.

Under the Cost Approach, the land is valued as if vacant and available for development to its highest and best use. The replacement cost new of the improvements is then estimated and depreciated for physical wear and tear, functional (design) deficiencies, and external (location) problems, if any. The sum of the depreciated replacement cost of the improvements and land value is the estimated property value by the Cost Approach.

**ESTIMATED MARKET VALUE BY THE
INCOME APPROACH - SUBDIVISION DEVELOPMENT METHOD**

The Income Approach is used to estimate the fee simple market value of the subject property, as presently existing using the Subdivision Development Method. The technique is defined in The Dictionary of Real Estate Appraisal, Third Edition, page 354, is:

A method of estimating land value when subdivision and development are the highest and best use of the parcel of land being appraised. All direct and indirect costs and entrepreneurial profit are deducted from an estimate of the anticipated gross sales price of the finished lots; the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the raw land.

The property is valued based on a discounted cash flow analysis that reflects the net proceeds available from the sale of lots after deducting the projected costs associated with development of the subdivision and marketing the finished lots during the projected absorption period. Investors would estimate a purchase price of the subject property based on an analysis of the following factors:

- (1) the projected market value of the individual subject lots during the absorption periods;
- (2) the estimated costs of the physical development of the site;
- (3) the estimated cost of holding the property during the remaining projected development and absorption period; and
- (4) the intrinsic risk associated with a land development project of this nature.

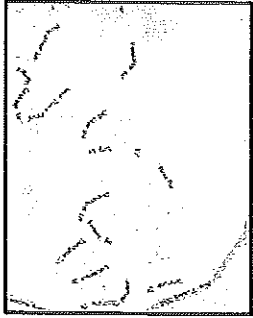
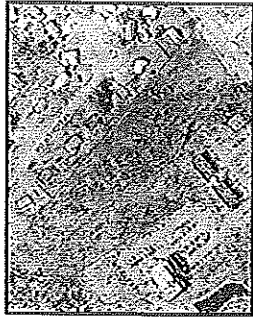
The sales comparison approach is used to estimate the retail value of the subject lots, as finished building sites, and as of the effective date of this appraisal. The resultant values are then utilized in a cash flow analysis and discounted for the estimated time and cost required to complete all development work and achieve a total absorption of the property, including administrative and overhead costs, the cost of money over the holding period, and the intrinsic risk associated with developing a residential subdivision to estimate a value of the property.

**ESTIMATED RETAIL VALUE OF THE "READY-TO-BUILD" 22 LOT PHASE
BY THE SALES COMPARISON APPROACH**

The sales comparison approach is a method of comparing recent sales of similar properties to the subject for an indication of value. Often called the "market data approach" this method represents an interpretation of the reactions of typical purchasers in the market. Basic to this approach is the principle of substitution, implying that a prudent person will pay no more to buy a property than it will cost for a comparable substitute property.

Grantor: The Joseph Jowell Revocable Trust
Grantee: Eightview Development, LLC
Recorded: 20339/189 Deed - Record Date: 2/29/18 - 3/7/18

Land Sale 1



Location: 2695 Riva Road, Annapolis, Maryland 21401 Anne Arundel County Tax Map 50, In Grid 12, Parcel 217 as the Timber Creek subdivision, Located on the southeastern side of Riva Road in the outer Parole area of Annapolis.

Land Area: 5.99 acres

Improvements: Wooded site,
13 lot recorded subdivision with an average lot size is 5,605 square feet.

Sale Price: \$1,105,000

Unit Rate: \$184,474 per acre

\$85,000 per lot

Zoning: R5, Residential District (Anne Arundel County)

Utilities: Public water and sewer.

Financing: \$1,782,500 from Manufacturers and Traders Trust Company (assumed to be at market terms)

Comments: Buyer pursued residential development approval of this property.

Sales History: No other transactions within the 3 years preceding this sale.

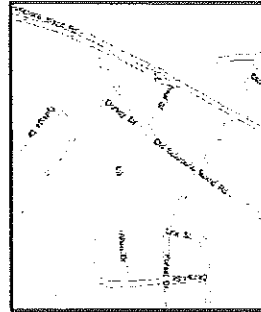
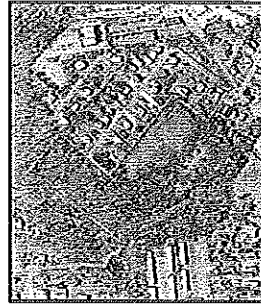
Marketing time: unknown

Verified assessment records, deed, plat, CoStar Group, Google Earth

100 10/21 S16-797

Grantor: Hegan Real Estate Partners, LLC and Estate of John Pann
Grantee: ANF, LLC
Record#: 291033308 and 300855300 Deed - Record Dates: 12/01/15 - 12/01/15
and 01/19/16 - 01/22/16

Land Sale 3



Location: Intersection of Old Solomons Island Road and Dorsey Drive, Annapolis, Maryland 21401 Anne Arundel County Tax Map 51D, in Grid 6, as first part as Parcel 392, 8, 45, and 6 and as second part 64 and 65, New Annapolis Townes at Neal Farm subdivision, as Lots 1-36 (first part) and 41-66 (second part). Located on the eastern side of the Old Solomons Island Road and Dorsey Drive intersection by parhanda, plus 0.3890 acres between Old Solomons Island Road and Dorsey Road.

Land Area: 8.040, gently sloping to rolling topography, irregular non-contiguous assemblage parcel shape

Improvements: Record plat ready subdivision, Wooded site and 4 small older SFDs, 54 townhouse lots; 24 20-foot-wide interior lots and 26 25-foot-wide lots. Plus 4 unknown width.

Sale Price: \$4,200,000 (\$3,800,000 and \$300,000)

Unit Rate: \$522,388 per acre
\$77,778 per lot

Zoning: B2, Community Shopping District, R1B, Single Family Residence District, R4, General Residential District (City of Annapolis) and C2, Commercial Office District (Anne Arundel County)

Utilities: Public water and sewer.

Financing: \$2,640,000 from Howard bank (assumed to be at market terms)

Sales History: Main portion of property sold as raw ground for \$1,500,000 in 9/2013. No other transactions within the 3 years preceding this sale.

Marketing time: unknown

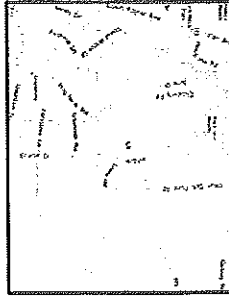
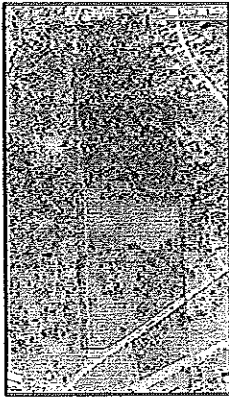
Comments: Buyer purchased frontage piece for 4 model homes and for land area to improve access road intersection.

Verified assessment records, deed plat, Arundel County Department of Public Works Utilities and Monuments web site, third party

100 2/23 S17-851

Grantor: Compass Point Cove, LLC
Grantor: Pro Stone Mill, LLC
Recorded: 29770520 Deed - Record Date: 5/25/18 - 6/30/18

Land Sale 5



Location: Meridian Drive and Old Fort Small Road, Pasadena, Maryland 21122; Anne Arundel County Tax Map 17, in Grid 11, as Parcel 63, as the Stone Mill subdivision excluding the bulk parcel.
Located on the north side of Fort Smallwood Road in the Pasadena area.

Land Area: 25.06 acres

Improvements: Single-family-detached dwelling, of no value to buyer.
57 lot recorded subdivision with an average lot size is 5,805 square feet.

Sale Price: \$5,642,100

Unit Rate: \$225,144 per acre
\$98,991 per lot

Zoning: R2 Residential District and 1.2 acres of RCA Resource Conservation Areas of Chesapeake Bay Critical Areas (Anne Arundel County)

Utilities: Public water and sewer.

Financing: \$5,431,500 from Revere Bank (assumed to be at market terms)

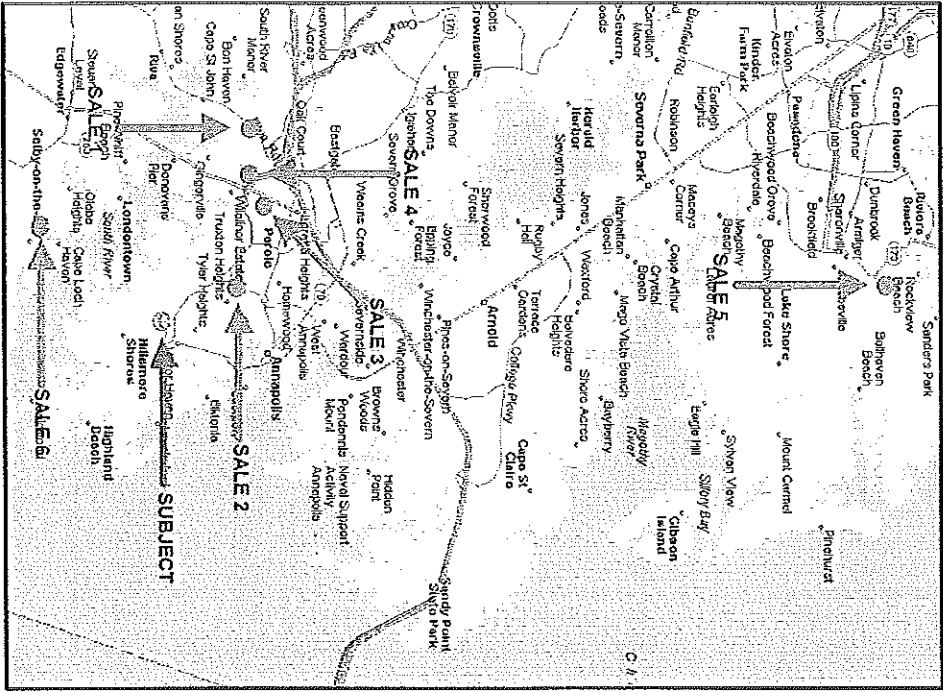
Sales History: No other transactions within the 3 years preceding this sale.

Marketing time: unknown

Verified assessment records, deed, plat, CoStar Group, Google Earth

100 10/21 S-16-796

LAND SALES COMPARISON MAP



Unadjusted, the sales reflect a wide range in price: between \$57,292 to \$161,842 per lot. Adjusted, the sales reflect a narrower range in value: between . \$85,938 to \$118,789 per lot.

Based on an analysis of the comparable sales, it is my opinion that the appropriate, thus selected, per lot rate applicable to the subject is \$110,000.

22 lots @ \$110,000 per lot =

\$2,420,000

From this estimate, the cost of holding the lots until the subject 22 lot phase is capable of development must be deducted.

SUBDIVISION DEVELOPMENT METHOD

The Subdivision Development Method is similar to the methodology used by investors to analyze development property in considering a potential purchase price. In the method, a discounted cash flow analysis is used that incorporates all pertinent assumptions relative to the subject property and the absorption of finished lots. The discounted cash flow analysis requires a study of not only the market for the lots (current and future), but also the total anticipated expenses related to the project. The indicated revenues and expenses will be incorporated into a cash flow analysis on a periodic basis. By means of a discounting procedure, the net present value or market value of the subject assemblage to one purchaser is estimated.

The following is a detailed accounting of the various assumptions and parameters incorporated into the discounted cash flow analysis.

Important to the projections of the discounted cash flow analysis is the projected change in the Consumer Price Index (CPI). The long term historical changes in the CPI have averaged to be a 4.5% percent per annum increase. However, the recent trends in the annual change in the CPI have predominantly been in the 1% to 3% range. Furthermore, most short term projections (one to two year time frame) by knowledgeable sources predict that the annual change in the CPI is likely to remain in the 2.0% range.

The construction and development cost CPI is projected to track the projected rate of change of the CPI.

Real Estate Taxes: The subject's current total real estate taxes are \$16,097. This amount will be used for the first period and third periods.

Administrative Overhead: This cost includes general legal and accounting expenditures as well as the developer's back office expenses. The legal and accounting costs are projected to be \$2,000 per semi-annual period with no CPI increases.

Management: This line item covers the estimated cost related to the development staff and support personnel associated with the day to day administration of the project. The complete "As Is" subject is a relatively uncomplicated project, and will only require a small portion of a developer's management/administrative resources. The management costs are projected to be \$5,000 per semi-annual period with no CPI increases.

All of the expenses are considered within the range of similar subdivision development projects in the larger market area, and are considered supported by the market.

Developer's/Investor's Profit

Developer's or investor's profit is the cost a developer attributes to time in the project and the risk of involving funds in the project with an uncertain holding period and the reward through entrepreneurial incentive. Developer's profit is either estimated as a percentage of the gross sales revenues or included as part of the equity return in the projected discount rate. In estimating the level of profit expected a developer will consider adequate compensation for the devotion of time and risk, the location of the property, overall quality, size, and the potential amount and types of downside risk. Historically, developers active in the central Maryland area have indicated profit expectations in the range of 10-50%. The lower end of the range would be applied to platted subdivisions (including those with completion of some or all of the infrastructure) while the higher rates would be applicable to raw land projects. In the subject's case the lots are legally recorded and the subdivision developer is responsible for infrastructure development to the phase. For the purchaser of the 22 lot phase, the only risks would be delays and changes in market conditions until physical development can begin. The subject project would be most similar to those projects in which the discount rate was at the lower end of the range. The current economic cycle has decreased risk in real estate subdivision development investment and therefore has decreased discount rates.

In this analysis, Developer's Profit will be included as part of the discount rate. Were profit included as a line item, the discount rate would be significantly reduced to reflect the significant reduction of risk concerns through the line item allocation of entrepreneurial incentive (developers profit).

DISCOUNTED CASH FLOW ANALYSIS

The identified revenues and expenses are incorporated into a 3 semi-annual period cash flow analysis for the subject property. Anticipated expenses are deducted from projected revenues resulting in annual net income cash flows over the holding period. The annual net income cash flows over the holding period will be used to estimate the indicated market value of the fee simple estate. A copy of the resulting cash flow analysis follows:

*As If Permitted Presone In Annapolis DISCOUNTED CASHFLOW ANALYSIS effective date is February 2, 2017			
SEMIANNUAL PERIOD	1	2	3
PERIOD ENDING	8/1/2017	2/1/2018	8/1/2018
	Lots 87-108 Sales Period		
	0	0	1
TOTAL LOT SALES REVENUE	\$0	\$0	\$2,444,281
EXPENSES			
SOFT DEVELOPMENT COSTS	\$0	\$0	\$0
HARD DEVELOPMENT COSTS	\$0	\$0	\$0
MARKETING ALLOWANCE	\$0	\$0	\$0
CLOSING COST ALLOWANCE	\$0	\$0	\$0
REAL ESTATE TAXES	\$16,097	\$0	\$16,097
ADMINISTRATIVE AND OVERHEAD	\$2,000	\$2,000	\$2,000
MANAGEMENT	\$5,000	\$5,000	\$5,000
TOTAL EXPENSES	\$23,097	\$7,000	\$23,097
CASH FLOW	-\$23,097	-\$7,000	\$2,421,184
THE CASH FLOW/DISCOUNTED AT PER SEMI-ANNUAL PERIOD			7.00%
INDICATES A NET PRESENT VALUE OF			\$1,948,691
LOTS			22
INDICATED FAIR MARKET VALUE PER LOT			\$88,577

Discounted Cash Flow Conclusion

Applying the discount rate to the annual flow projections indicates a net present value of \$1,948,691; rounded to \$1,950,000.

Therefore, based upon the preceding income approach, subject to the Underlying Assumptions and Contingent Conditions contained herein, the fee simple fair market value of the subject property, as of February 2, 2017 was \$1,950,000.

REASONABLE EXPOSURE TIME

Reasonable exposure time is defined by The Appraisal Standards Board of The Appraisal Foundation as follows:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market values on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events and assuming a competitive and open market.

Reasonable exposure time is presumed to occur prior to the effective date of the evaluation. In addition, different types of properties can have varying exposure periods with longer periods associated with special purpose properties or at higher price ranges. The estimate of a reasonable exposure period can be based on an analysis based on:

- (1) statistical information about days on market;
- (2) history of comparable sales; or
- (3) interviews with market participants.

The estimated value of the property is related to the exposure period for sale of the improved site. For the subject properties, an exposure period of no longer than twelve months is estimated to have occurred prior to the effective date of this appraisal.

UNDERLYING ASSUMPTIONS AND CONTINGENT CONDITIONS

In conducting this appraisal, your appraiser has assumed that:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a nonconformity has been identified, described and considered in the appraisal report. The property is not subject to flood plain or utility restrictions or moratoriums, except as reported to your appraiser and contained in this report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.

20. The appraisal was prepared by the appraiser for the exclusive use of the client. The information and opinions contained in this appraisal set forth the appraiser's best judgement in light of the information available at the time of the preparation of this report. Any use of this appraisal by any other person or entity, or any reliance or decisions based on this appraisal are the sole responsibility and at the sole risk of the third party. The appraiser accepts no responsibility for damages suffered by any third party as a result of reliance on or decisions made or actions taken based on this report.

21. The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey or analysis of the property to determine whether or not it is in conformity with the various detailed requirements of ADA. Recently renovated buildings such as the subject are generally in compliance. It is possible that a compliance survey of the property and a detailed analysis of the requirements of the ADA would reveal that the property is not in compliance with one or more of the requirements of the act. If so, this fact could have a negative impact upon the value of the property. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

22. The appraiser was supplied with a Phase 1 Environmental Site Assessment dated 5/17/2010 which encompasses some 32 acres of the 39 acre subdivision property. This assessment revealed no evidence of recognized environmental conditions in connection with the 32 acres. The appraiser, who is not trained/skilled for environmental assessment, observed evidence which might induce concern that potentially toxic or otherwise environmentally hazardous contamination may have occurred on the subject site. That evidence is dumping. Environmental contamination or the presence of hazardous conditions may significantly affect the value estimated; therefore, this appraisal is contingent on the assumption that the subject property is free from any environmental hazards. If subsequent information is obtained indicating that this assumption is incorrect, then this appraisal and any estimates of value contained herein must be reconsidered.


23. Lots 99 through 108 are currently owned by Jeffrey Silbert and Wilchawon Silbert. A representative of QW Properties, LLC has reported to the appraiser that these lots will be transferred to QW Properties, LLC (in exchange for other lots elsewhere in the subdivision). It is an assumption of this appraisal that all of the subject lots are owned by QW Properties, LLC. If subsequent information is obtained indicating that this assumption is incorrect, then this appraisal and any estimates of value contained herein must be reconsidered.

24. This analysis will estimate the fair market value of the 22 lot subject, assuming the subject is a phase within a larger subdivision as well as assuming that all roadway and all major utility infrastructure work is completed to the vicinity of the subject 22 lot phase area and/or would be completed so as to allow the development of the subject 22 lot phase with no significant off-site costs. The property owner anticipates that physical development of the larger subdivision property would begin in the spring of 2018. Therefore, this analysis will project an 18 month period until independent physical development of the subject 22

CERTIFICATION OF APPRAISER

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest 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 the parties involved with this assignment.
- My engagement in this 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 that 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.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute's Code of Professional Ethics and Standards of Professional Appraisal Practice, which include the Uniform Standards of Professional Appraisal Practice.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant professional assistance to the person signing this report.
- As of the date of this report, I have completed the requirements of the continuing education program for Designated Members of the Appraisal Institute.
- The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 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 3-year period immediately preceding acceptance of this assignment.



George L. Peabody, MAI

ADDENDA

CITY OF ANNAPOLIS, MARYLAND TERMS AND CONDITIONS

The following terms and conditions are applicable to this order entered into by and between the City of Annapolis, Maryland (referred to as Buyer) and Vendor (referred to as Seller).

ENTIRE AGREEMENT - This agreement constitutes the entire agreement between the parties and the Buyer shall not be bound by any other terms. Acceptance of the order constitutes acceptance of all conditions herein stated.

MODIFICATIONS - No modifications of any type may be made to this order, including changes in quantity, type of goods, substitutions, delivery date, price or any other condition of the order without the written consent of the Buyer. Goods shipped in excess of quantity obligated may be returned at Seller's expense.

ASSIGNMENT - Any assignment of this order, performance of work hereunder, in whole or in part, or months due, or renewal to become due hereunder, shall be void unless consented to by Buyer in writing and Buyer shall have no obligations to any assignee of Seller under any assignment not consented to in writing by Buyer.

TERMINATION - Buyer reserves the right to terminate this order in whole or in part for default if Seller fails to perform in accordance with any of the requirements of this order. Any such termination will be without liability to Buyer except for completed items delivered and accepted by the Buyer.

PREPIGHT - In those cases where prices stated are not F.O.B. destination, Seller is required to prepay charges and list on invoice.

PAYMENT TERMS - By accepting this order, the Seller agrees that payment terms shall be Net 30 days unless otherwise specified. Payment will be made, upon receipt of proper invoice, in accordance with Buyer's policies and procedures.

INVOICING - Seller must render an original invoice in duplicate to the Bill to Department stated on the front of this order.

TAX - Buyer is exempt from Federal and State taxes for tangible personal property. Seller's doing business with the Buyer may not be exempt from paying sales tax to their suppliers for materials to fulfill contractual obligations with the Buyer, nor shall any Seller be authorized to use the Buyer's Tax Exemption number in acquiring such materials.

PURCHASE ORDER NUMBER - Purchase Order number must appear on all invoices, packing slips, shipping notices, freight bills and correspondence concerning this order.

COMPLIANCE - The Seller warrants full compliance with applicable Federal, State, local and municipal laws, ordinances, rules and regulations that would apply to the order contract.

INSPECTION - All Commodities delivered on this order are subject to inspection upon receipt by a representative of the Buyer. All rejected commodities shall remain the property of the Seller and will be returned at Seller's expense.

LITIGATION VENUE - The parties agreed that venue and jurisdiction of all litigation arising from this contract shall be in the State Courts located in Anne Arundel County, Maryland. The contractor shall be considered pursuant to Maryland Law.

ANTI-DISCRIMINATION - Seller doing business with Buyer are prohibited from discriminating against any employee, applicant or client because of race, creed, color, national origin, sex or age, with regard to, but not limited to the following: employee production, rates of pay or other compensation method and training selection.

LEGAL RESPONSIBILITY - By accepting this order, Seller undertakes and agrees that the terms covered herein, or services to be rendered, shall be manufactured, sold or provided in compliance with applicable Federal, State, County and local laws, statutes, ordinances, rules and regulations. Seller shall have and hold harmless Buyer, its employees and agents from liability.

LIABILITY-COPYRIGHT/TRADEMARK - Seller shall save and hold harmless Buyer, its employees and agents from liability for infringement of any United States patent, trademark or copyright for or on account of the use of any product sold to Buyer or used in the performance of this order.

INSURANCE - If the Seller is required to go on City property to perform work or services, the Seller shall assume full responsibility and expense to obtain all necessary insurance as required by the City.

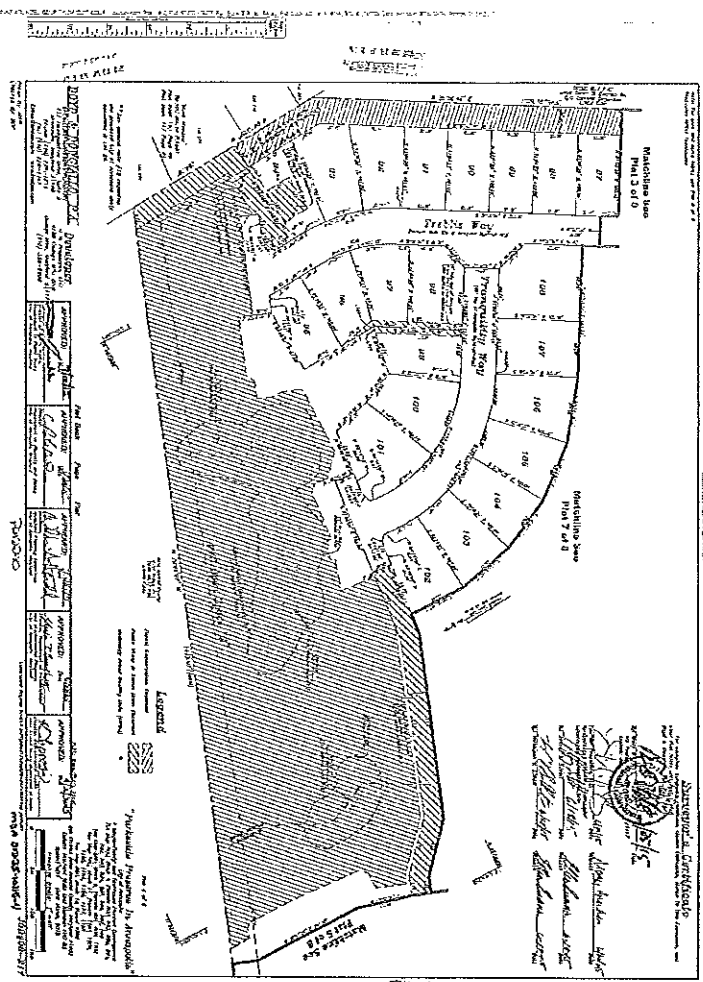
INDEMNIFICATION - To the extent authorized by law, Seller shall indemnify, save and hold harmless Buyer, its employees and agents against any and all claims, damages, liability and court costs (including reasonable attorney's fees) and attorney fees incurred as a result of any act or omission by the Seller, or its employees, agents, subcontractors or designees pursuant to the terms of this order.

REPRESENTATIVES - All parties to this order agree that the representatives named herein are, in fact, bona fide and possess full and complete authority to bind said parties.

O.S.H.A. - All chemicals, equipment and materials proposed and/or used in the performance of the Purchase Order must conform to the standards required by O.S.H.A., Material Safety Data Sheets (MSDS's) must accompany such shipment, when applicable.

WARRANTIES - Seller warrants that goods and services provided are subject to all warranties arising by operation of law and conform to specifications imposed by Buyer, all parts and materials are of a good manufacture quality, newly manufactured and latest model unless otherwise specified, and are fit for the known purpose for which they are sold. Seller warrants that the merchandise is free and clear of all liens and encumbrances.

FEIN NUMBER: 62-0090764 DUNS NUMBER: 07-412-2266 MD SALES AND USE TAX EXEMPTION NO: 3004238-1

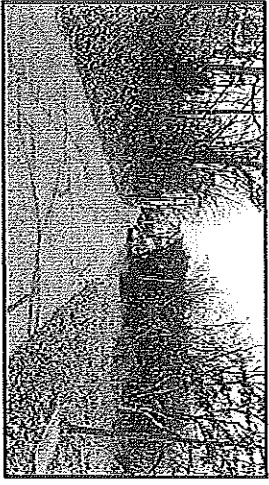


Lot No.	Area (sq. ft.)	Proposed Use	Approved Use	Remarks
100	1,200	Residential	Residential	
101	1,200	Residential	Residential	
102	1,200	Residential	Residential	
103	1,200	Residential	Residential	
104	1,200	Residential	Residential	
105	1,200	Residential	Residential	
106	1,200	Residential	Residential	
107	1,200	Residential	Residential	
108	1,200	Residential	Residential	
109	1,200	Residential	Residential	
110	1,200	Residential	Residential	
111	1,200	Residential	Residential	
112	1,200	Residential	Residential	
113	1,200	Residential	Residential	
114	1,200	Residential	Residential	
115	1,200	Residential	Residential	
116	1,200	Residential	Residential	
117	1,200	Residential	Residential	
118	1,200	Residential	Residential	
119	1,200	Residential	Residential	
120	1,200	Residential	Residential	
121	1,200	Residential	Residential	
122	1,200	Residential	Residential	
123	1,200	Residential	Residential	
124	1,200	Residential	Residential	
125	1,200	Residential	Residential	
126	1,200	Residential	Residential	
127	1,200	Residential	Residential	
128	1,200	Residential	Residential	
129	1,200	Residential	Residential	
130	1,200	Residential	Residential	
131	1,200	Residential	Residential	
132	1,200	Residential	Residential	
133	1,200	Residential	Residential	
134	1,200	Residential	Residential	
135	1,200	Residential	Residential	
136	1,200	Residential	Residential	
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138	1,200	Residential	Residential	
139	1,200	Residential	Residential	
140	1,200	Residential	Residential	

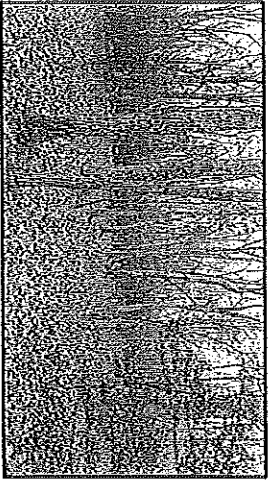
12/25/50



Westerly view of Old Annapolis Neck Road in the vicinity of the Parkside Preserve in Annapolis subdivision.



Easterly view of Old Annapolis Neck Road in the vicinity of the Parkside Preserve in Annapolis subdivision.



Typical view in the vicinity of the subject lots.

APPRAISAL OF THE PROPERTY OF
QW PROPERTIES, LLC
PURCHASE ORDER NUMBER 20171217-00
PARKSIDE PRESERVE IN ANNAPOLIS
SIXTH ASSESSMENT DISTRICT
ANNE ARUNDEL COUNTY
ANNAPOLIS, MARYLAND 21403

Prepared for

*Mr. Brian D. Snyder, CPPO
Procurement Officer
City of Annapolis - Central Purchasing
161 Duke of Gloucester Street
Annapolis, Maryland 21401*

*As of February 2, 2017
Prepared on February 24, 2017*

Prepared by

*Antoinette Winchell, MAI
The Winchell Group, Inc.
Post Office Box 732
Severna Park, Maryland 21146-0732*

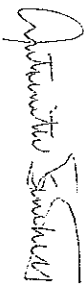
Transmittal Letter
Parkside Preserve in Annapolis
Page 2

As a result of this appraisal, subject to the underlying assumptions and contingent conditions contained within this report, it is my opinion that the market value of the fee simple estate of the subject property, as presently existing, as of February 2, 2017, is estimated as **ONE MILLION SEVEN HUNDRED THOUSAND DOLLARS (\$1,700,000)**.

Data, analyses, computations and conclusions upon which this estimate of value is based are contained in the annexed appraisal report together with exhibits. This appraisal should be considered together with the statement of conditions and assumptions enumerated later in this report.

Please contact me if you have any questions or comments. Thank you for the opportunity to be of service.

Respectfully submitted,
THE WINEHOLT GROUP, INC.



Antonette Winckoll, MAI
Certified General Appraiser
Maryland License 04-220

*Section A:
Introduction*

- The intended user is urged to retain an expert in this field, if desired. Should any subsequent studies, research, or investigation reveal the presence of any potentially hazardous substance, then any value estimate may need to be qualified or amended.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication.
 13. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
 14. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
 15. Any value estimate provided in the report applies to the entire property, and any proration or division of the total into fractional interests will invalidate the value estimate, unless such proration or division of interests has been set forth in the report.
 16. The appraisal was prepared by the appraiser for the exclusive use of the client. The information and opinions contained in this appraisal set forth the appraiser's best judgment in light of the information available at the time of the preparation of this report. Any use of this appraisal by any other person or entity, or any reliance or decisions based on this appraisal are the sole responsibility, and at the sole risk, of the third party. The appraiser accepts no responsibility for damages suffered by any third party as a result of reliance on or decisions made or actions taken based on this report.
 17. A Phase I environmental site assessment (ESA) was conducted on the subject property by Geo-Technology Associates, Inc. (GTA) in May 2010. The ESA encompassed approximately 32.8 acres that included not only the subject property, but also the remainder of the subdivision land that is outside the scope of this appraisal. At the time of the environmental site assessment, the combined property was improved with four residences and associated outbuildings that were subsequently removed from the property. In 2010, the larger property included above ground storage tanks that were found to be in generally good condition by the environmental engineer with no obvious indications of leakage or spillage. The ESA also noted some household debris, building materials and scrap metal on the property. The site inspection for the subject revealed the presence of household debris, tires, building materials, glass bottles, tires and similar items. However, the Phase I ESA "revealed no evidence of recognized environmental conditions (RECs) in connection with the subject property." The report also recommended that stored vehicles, equipments, ASTs, dumped materials and chemical/petroleum containers be removed from the larger property and be disposed of properly even though not cited as a REC. The presence of environmental contamination may significantly impact the value estimate for the subject property. Because of the lack of a more recent Phase I ESA, the property is appraised in similar condition on the effective date as reported in the May 2010 environmental site assessment. If subsequent information indicates that this assumption is incorrect, then this appraisal and any estimate of value contained herein may need to be qualified or amended.

SUMMARY OF IMPORTANT CONCLUSIONS

LOCATION

Treble Way and Tranquility Way, Anne Arundel County Tax Map 56C, Block 5 as part of Parcel 594 in the Sixth Assessment District; also identified as Lots 87 through 108, inclusive, as shown on the plats of Parkside Preserve in Annapolis, Maryland 21403

OWNERS OF RECORD

QW Properties, LLC

LAND AREAS

The platted lots range in size from 5,549 to 9,225 square feet with an average area of 6,443 square feet or 0.148 acres

IMPROVEMENTS

The subject lots are presently wooded and unimproved.

ZONING

R-1-B, Single Family Residence District (Annapolis, Maryland)

HIGHEST & BEST USE

Completion and development of each of the platted lots with a base detached dwelling projected to contain an above grade area in a range of 2,400-2,800 square feet with a two car garage and unfinished basement as standard features. Homes would be base priced in a range of \$550,000 to \$575,000 depending on the model and location within the development with options adding to the base price.

PROPERTY RIGHTS APPRAISED

Fee simple estate

EFFECTIVE DATE

February 2, 2017

ESTIMATED MARKET VALUE, AS IS

Cost Approach	Not Applicable
Sales Comparison Approach	\$1,695,000
Income Capitalization Approach	\$1,720,000

FINAL VALUE ESTIMATE, AS IS

\$1,700,000

MARKETING PERIOD

Not longer than one year for the subject property, as presently existing, at the appraised value

EXPOSURE TIME

Not longer than one year for the subject property, as presently existing, at the appraised value

PROPERTY IDENTIFICATION

The subject property is identified on Anne Arundel County Tax Map 56C, Block 5 as part of Parcel 594 in the Sixth Assessment District. A copy of the tax map showing the approximate location of the subject property is on the following page. The subject property is within census tract 7026.01 and falls within the 21403, Annapolis zip code area.

PURPOSE OF APPRAISAL

The purpose of this appraisal is to estimate the market value of the fee simple title of the subject property, as presently existing, as 22 platted, but unfinished residential lots as of the effective date. I am competent to complete this assignment in accordance with the Competency Provision of the Uniform Standards of Professional Appraisal Practice.

INTENDED USER AND USE OF APPRAISAL

The appraisal is to be used as an estimate of the market value of the subject property, as presently existing, to assist the client, Annapolis city government, in a possible acquisition of the property.

SCOPE OF THE APPRAISAL

The scope of this appraisal included an inspection of the subject property and the surrounding neighborhood. The recorded plats and an overall development plan for the subdivision were reviewed to determine the sizes, configuration, frontage and location of each of the platted residential sites. Additional dimensions and information was obtained from grading permit plans prepared by LDP A, Inc., an engineering firm, dated January 5, 2017. Demographic statistics were obtained from the *Site to Do Business Online (STDBOnline)*. The most recent recorded deeds to the subject property were reviewed to determine the parties to the transactions and the purchase prices. Subdivision costs obtained from the property representative are considered as representative of the costs necessary to complete the subject sites.

Factual data including the zoning of the property, availability of public utilities, assessment information, and census tract identification were obtained from the appropriate local government agencies. Information regarding the availability of public utilities, zoning, approval status, school capacity, and additional physical characteristics of the subject property were obtained from the appropriate local government offices. Publications, both governmental, i.e., zoning ordinance, *Soil Survey* and critical area overlay, and private, i.e., Metropolitan Regional Information Services (MRIS) publications were consulted and considered in the course of completing this appraisal.

Normally, three approaches to value, the cost, sales comparison and income capitalization approaches are considered in valuing residentially zoned real estate. The subject property is valued by the sales comparison approach and income capitalization approaches only.

The sales comparison approach is considered in valuing the subject property, as presently existing, based on a comparison of other sales of platted residential subdivisions. A number of sales of platted lots were researched, analyzed and investigated and five are compared to the subject for an estimate

of value of the property. The planned sales are immediately developable and an adjustment is made to the value estimated for the subject to reflect holding costs between the date of value and the projected date of resolution of the court proceedings. In addition, the net value is discounted to a present value as the subject sites are not immediately developable because of the ongoing litigation.

In addition, a variation of the income capitalization approach, known as the subdivision development method, is also utilized in estimating the value of the property, as presently existing. This method incorporates aspects of both the sales comparison and cost approaches. The sales comparison approach is utilized in estimating a value of the fee simple interest of each of the subject lots as finished residential building sites. In the approach, sales of unimproved sites were researched, analyzed and compared to the subject property to estimate a value of each of the residential lots as finished single family sites. The sales considered are within the general market area of the subject property and were selected from neighborhoods that are residentially zoned and that offer comparable amenities and/or lot sizes. The search for sales of comparable lots was limited to settlements occurring since January 2014.

The gross retail value of the individual existing lots, assuming each is a finished site as of the effective date, is estimated based on a direct comparison of similar, comparable lots that have sold within the general area of the subject property. A total of seven lot sales are considered in estimating a market value of each of the single family lots that comprises the subject development as finished building sites. The lack of an adequate number of sales of finished sites within the immediate area of the subject necessitated the use of sites located some distance from the property in the comparison. The estimated gross retail value does not represent market value.

From the projected gross retail lot value are deducted the costs of road improvements, clearing, grading and related infrastructure to serve the sites. Development cost estimates, provided verbally on February 2, 2017, by the property representative are considered in the valuation and are assumed correct. The projected costs are considered representative of the expenses to complete development of the subject subdivision. Additional expenses including management (administrative and overhead) during the construction period, settlement charges and real estate taxes are also deducted from the estimated gross income derived from the sale of lots. The absorption rate is projected based on information obtained from the developer or broker handling sales in area subdivisions.

The resultant cash flows are then utilized in a quarterly cash flow analysis and discounted for the estimated time period needed to achieve a complete sell-out of the subject property. The sales period is based on the absorption rates experienced by competing subdivisions within the general market area of the subject property. The discount rate is estimated from the market, based on expectations of market participants, and reflects the opportunity cost of money during the holding period and the intrinsic risk associated with developing a residential subdivision. The estimated value reflects the value of the property, as presently existing.

Sources knowledgeable in the local real estate market were interviewed to project probable trends regarding sales of improved and unimproved residential sites in area subdivisions. In addition, private publications (investment and real estate trade journals) were consulted as supplemental sources in providing information on general market perspectives and trends.

A value is not estimated for the subject property by the cost or income capitalization approaches. The cost approach is most applicable to improved properties where the existing improvements represent the highest and best use of the site. The subject sites are unimproved. In addition,

Hypothetical Condition

The property is appraised assuming that the subject lots are completely finished sites as of the effective date. However, the subject exists as 22 platted, but unfinished lots as part of the Parkside Preserve in Annapolis subdivision as of the effective date. Therefore, the valuation employs a hypothetical condition as to the finished site status of the lots and/or subdivision.

A hypothetical condition is defined in the *Uniform Standards of Professional Appraisal Practice* (2016-2017 Edition, page 3, 2015) as:

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property, or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.

The use of a hypothetical condition may affect the assignment results. The hypothetical condition applies to the value of the property, as presently existing, as of February 2, 2017.

PROPERTY RIGHTS APPRAISED

The property rights appraised consist of the fee simple estate, defined in *The Dictionary of Real Estate Appraisal* (Sixth Edition, page 90, 2015), as:

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

DATE OF INSPECTION AND EFFECTIVE DATE OF APPRAISAL

The subject property was inspected and photographed on February 2, 2017; this date is considered the effective date of this appraisal for the property, as presently existing. According to officials with Annapolis city government, the forest conservation plan as part of the subdivision review and approval is presently under judicial review. The case is expected to be decided no later than January 2018 with subdivision work commencing after that date. According to the developer, subdivision work is projected to start in April 2018.



of older working couples that has resulted in a net loss of population in the northern and western part of town. The increase in population in the Forest Drive corridor is the result of apartment and condominium construction over the past few years, as well as infill construction of detached homes on remaining lots in the Eastport area. This city trend is matched on the southern or "county" side of Forest Drive where there has also been significant new residential and neighborhood commercial development over the past five to ten years.

Based on statistics obtained from the *Site to Do Business Online (STDBOnline)*, the population of the city of Annapolis (inclusive of the Naval Academy) for 2016 totaled 44,729 and is projected to increase 3.8% to 46,438 by 2021. The statistics indicate a total of 16,681 households in 2016 that is forecast to increase to 17,294 or by 3.7% in 2021. The average household size is 2.38 and is projected to increase slightly to 2.4 persons in five years. By comparison, the 2016 population of the larger Annapolis area (inclusive of the city of Annapolis and Parole and based on zip code areas 21401, 21402 and 21403) totaled 74,797 and is projected to increase 4.2% to 77,914 by 2021. The statistics indicate a total of 29,975 households in the larger area for 2016 that is forecast to increase to 31,173 or by 4% by 2021. County growth reflects the expansion of the Washington metropolitan area coupled with the availability of land to accommodate it. Improvements to major and secondary highways that connect Annapolis and Anne Arundel County to the Washington and Baltimore regional employment markets, should sustain increased growth. However, total population, household counts and growth rates for the city of Annapolis and the expanded Annapolis area are constrained as much of the land area is already improved, devoted to historical, institutional or governmental uses, within the limits of the Chesapeake Bay Critical Area, or subject to other environmental constraints including steep slopes or wetlands.

Income

Based on *STDBOnline* statistics, Annapolis city residents have a 2016 median household income of \$75,382 annually that is projected to increase by 8.6% to \$81,838 per year in 2021. Average annual household income for city residents is significantly higher at \$102,214 for 2016 and is projected to increase to \$110,408, or by 8%, in five years. Median disposable income for city residents averaged \$56,598 for 2016; average disposable income is projected at \$74,516 annually based on the statistics. By comparison, income levels increase for the expanded Annapolis area with a projected median household income of \$86,220 for 2016 and an average annual household income of \$116,477. The median household income is forecast to increase to \$95,018 annually in 2021 with an average effective buying income is estimated at \$63,158 annually for expanded Annapolis area residents; the average annual disposable income is projected at \$83,792 annually for 2016.

In addition, the employment market is reflected in the area's lower than average median effective buying income (EBI) that lags county levels as reflected in the chart below.

Housing

As of 2016, the city of Annapolis includes a total of 18,780 housing units with 88.8% occupied; the number of units is projected to increase to 19,540 units in 2021 or by 4%, with 88.5% occupied at that time. *STDBOnline* projects a median owner occupied house value for 2016 of \$425,189 and an average value of \$519,425; the median value is projected to increase to \$459,424 as of 2021 with an average value of \$555,654. The expanded Annapolis area includes a total of 33,696 housing units in 2016 with 89% occupied; the number of housing units is projected to increase to 35,100 in 2021 with 88.8% projected to be occupied at that time. *STDBOnline* projects a median house value for 2016 of \$467,852 and an average value of \$557,777; the median value is projected to increase to \$490,265 as of 2021 with an average value of \$587,481 at that time. Approximately 52.5% of all housing units are owner occupied within the greater Annapolis area as of 2016 with 36.4% of housing units renter occupied.

In 2012, the Sustainable Growth and Agricultural Preservation Act of 2012 was passed by the Maryland General Assembly. The act was designed to address future residential development within Maryland by establishing growth tiers. Specifically, these tiers delineate areas for future major and minor residential subdivisions and the type of sewage system that can serve them. The majority of Annapolis is designated as Tier 1 and Tier 2 that includes areas presently or proposed to be served by public sewer systems. Tiers 1 and 2 also include areas that are designated for local growth. In Tier 1, major and minor subdivisions are permitted and must be served by public sewer. Major and minor subdivisions are also allowed in Tier 2; major subdivisions must utilize public sewer while minor subdivisions may use on-site septic systems as an interim solution until public sewer becomes available.

Residential Market

An analysis of settled homes sold through the Metropolitan Regional Information System (MRIS) within the expanded Annapolis area (based on the 21401, 21402 and 21403 zip codes) was made for the period covering January 2013 through January 2017. Based on a review of MRIS statistics, a total of 68 dwellings sold throughout the Annapolis area during January 2017. An annualized volume of 816 units is projected for 2017 based on the partial year results and would be significantly lower than the prior year. Settled prices ranged from \$134,900 for a two bedroom, two bath REO to \$1,975,000 for a four bedroom, 3½ bath home in downtown Annapolis. A total of 10.3% of January 2017 volume represented short sales (two units) or sales of bank owned assets (five units); no foreclosures occurred.

According to a review of MRIS statistics, a total of 1,224 dwelling units sold in the expanded Annapolis area during 2016. Prices ranged from \$38,900 for a two bedroom, one bath unit to \$6,125,000 for a five bedroom, five+ bath waterfront estate. Unlike the prior year, the bulk of partial year 2016 volume is concentrated in the \$200,000 to less than \$300,000 range that accounted for 21.6% of partial year settlements. Dwelling units trading at prices of \$300,000 to less than \$400,000 represented 20.9% of volume with homes selling at prices of \$400,000 to less than \$500,000 accounting for 16.7% of settlements for the year. A total of 113 units or 9.2% of all transactions occurred as short sales (23 units), foreclosures (four units) or transfers of bank owned assets (86 units).

Based on an analysis of MRIS statistics, a total of 1,168 dwelling units settled in the larger Annapolis area in 2015. Settled prices ranged from \$62,000 for a two bedroom, one bath

The Washolt Group, Inc.

level, 110,000 ± square foot Lord & Taylor Department store was completed in late 1996 as an expansion to the 1,060,000 ± square foot mall. Along with the Lord & Taylor expansion, an additional 12,000 square feet of specialty stores were added at that time. A 45,000 square foot free standing movie theater with a one level, structured above grade parking garage for 260 cars was completed in 2000. In November 2007, the owners of the mall completed a 240,000 square feet "Hickory" expansion of the center. In addition to adding approximately 1,000 parking spaces in three garages. The expansion increased the size of the mall by approximately 20% to approximately 1.5 million square feet making the center the largest shopping mall in Anne Arundel County. Mall sales reportedly averaged \$386 million annually as of 2004-2005 and were projected to increase to \$570 million with completion of the expansion. Rental rates for the expansion space are rumored to be in the \$70.00-\$80.00 per square foot range with significant pass through expenses. Given the substantial and diverse forms of development in the area, Parole not only serves as a regional shopping area, but has also become a major employment center over the past ten years.

The Annapolis Towne Centre at Parole is a large mixed use project in the larger Annapolis area. Ground was broken in December 2005 on the \$400 million project that is planned to include more than 1,700,000 square feet of building improvements, including 625,500 square feet of retail, 91,700 square feet of offices, a 200 room hotel, 630 residential units and 5,510 parking spaces when fully complete. Whole Foods, Target, P.F. Chang, Bed, Bath & Beyond, and Anthropologie are some of the existing tenants in the Main Street style project. As part of the project, residential condominiums and apartments were also constructed in two towers. The sales pace for the condominiums was slow with more demand for the apartments resulting in an auction of remaining for sale units about three years ago. Additionally, the Crosswinds at Annapolis Towne Center is a new apartment project that consists of 215 units. The site contains an area of 1,8155 acres or 79,084.7 square feet that sold at a price of \$7,500,000 indicating a rate of \$34,884 per potential unit. Building construction is complete with leasing ongoing.

A significant redevelopment project was completed within the past ten years along the Inner West Street corridor within the city of Annapolis. The Severn Bank Building is a five story office and bank building that contains a gross improvement area of approximately 82,250 square feet. A bank branch with additional retail units leased at a rate of \$35.00 per square foot, triple net, occupy the first floor. The second and third floors are used as corporate offices of the bank with the fifth floor occupied by a law office. Offices were leased at rates of at least \$31.00 per square foot on a full service basis according to the leasing agent.

In addition to the Severn Bank project, Park Place is a mixed use development along West Street and Taylor Avenue. The project will be developed in two phases with the initial phase consisting of an office building, a 225 room hotel, a parking garage consisting of 1,056 spaces and 166 residential condominiums. Construction of the first phase was completed in 2007. In mid-2008, the shell office building was sold in its entirety to the plumbers' union for partial owner occupancy. The luxury condominiums were offered for sale at prices of approximately \$450,000 or more and sales slowed with the housing slump. More recent settlements are in a range of approximately \$300,000 to \$650,000. Phase 2 of the project is to include 42 additional condominiums and a second office building. In addition, a land trade between the developer of Park Place and an adjoining owner will allow construction of a 1,200 seat theater as part of the project.

According to Transwestern, a commercial brokerage firm, the Anne Arundel South office market (includes the subject area) consists of a total of 7,242,803 square feet with a direct vacancy level of 11.2% and slightly higher rate of 11.4% if sublet space is included in the vacancy calculation as of the end of January 2017. Transwestern reports that 126,500 square feet of new space is presently under construction in the submarket; the market posted positive net absorption of 23,000 square feet during the fourth quarter of 2016 with 116,000 square feet of positive net absorption posted during the year.

CB Richard Ellis (CBRE) reports on office vacancy rates throughout the Baltimore metropolitan area in its publication *Market View Baltimore Office*. According to the geographic delineation of the brokerage, the subject area is part of the Annapolis office submarket. The market contains a combined area of 2,409,359 square feet with an overall vacancy rate of 9.4% at the end of the fourth quarter of 2016. The market posted positive net absorption of 79,252 square feet during 2016 with 20,890 square feet absorbed during the fourth quarter. No new office space is currently under construction. Asking rental rates for Class A space average \$26.14 per square foot while rates over all building classes average \$25.18 per square foot on a full service basis in the Annapolis submarket. By comparison, the entire Baltimore metropolitan office market is operating at an overall vacancy rate of 14.3% with asking rates averaging \$23.79 per square foot for Class A space and \$22.44 per square foot over all building classes on a full service basis.

Rental rates for the better quality office buildings in the Annapolis submarket typically range from \$20.00 to \$35.00+ per square foot on a full service basis for new buildings with a pre-determined expense stop typically in the range of \$7.00 to \$10.00 per square foot. Older buildings or those with limited parking, lease at rates of \$12.00 to \$22.00 per square foot on a full service basis. It is also common practice to add a core factor to the net usable area of the leased space to reflect each tenant's proportionate share of common areas. The core factor typically ranges from 10% to 12% of the net rentable area in this market. Historically, the market was unwilling to compensate property owners for core areas of greater than 12%; however, as building designs become more distinctive and feature amenities like fitness rooms, tenants were more willing to contribute to higher core factors. In addition, area landlords are attempting to shift utility costs to the tenants as a way of controlling escalating energy expenses. However, with higher vacancy rates tenants are negotiating for free rent, reduced rates and higher tenant improvement allowances; however, the total amount of concessions continues to decline.

Industrial Market

According to CoStar, the Annapolis warehouse market consists of a total of 40 buildings that together contain a combined area of 786,385 square feet. No direct vacancy is reported for these buildings as of February 2017; however, the vacancy rate increases to 3.2% if sublet and other space are included in the calculation. The market posted no net absorption or leasing activity thus far for the year. Rental rates average \$10.75 per square foot on a triple net basis within the warehouse submarket.

The Annapolis flex market contains an area of 1,589,784 square feet in 62 buildings based on an analysis of CoStar statistics. A total of 142,110 square feet, or 8.9%, is vacant as of February 2017; the vacancy rate increases to 13.1% when sublet space is included in the calculation. The market gave back a total of 667 square feet thus far for 2017 on 18,069 square feet of leasing activity. Flex

from \$10.00 to \$42.00 per square foot with an average rate of \$31.04 per square foot on a triple net basis based on the CoStar statistics.

According to Mackenzie, a regional brokerage firm that tracks retail, office and industrial rental rates and vacancy levels throughout the Baltimore metropolitan area, the entire Baltimore metropolitan area consists of a total of 2,346 retail buildings with a combined area of approximately 101 million square feet as of the end of the second quarter of 2016. The entire Baltimore market is operating at a direct vacancy rate of 4.54% as of the end of June 2016 that is down from a rate of 5.04% as of the end of September 2015 according to Mackenzie. The metropolitan market absorbed a total of 45,949 square feet during the second quarter of 2016. The average asking rental rate of a triple net basis is slightly higher than the rate that characterized the market one year earlier. According to Mackenzie, the Annapolis retail submarket is operating at a vacancy rate of 2.9% as of the end of the second quarter of 2016 and is lower than the 3.25% rate that characterized the market as of the end of the fourth quarter of 2014. The Baltimore metropolitan retail submarket includes 2,246 buildings with a combined area of 100,959,583 square feet as of the end of the September 2016 according to the brokerage. The market is operating at a vacancy level of 4.33% with positive absorption of 209,422 square feet and an average asking retail rental rate of \$18.74 per square foot on a triple net basis as of the end of September 2016. Individual submarket vacancies are not available for the third quarter.

Conclusion

In conclusion, the Annapolis area will continue to be the center of local and state government, although services and tourism will also grow in importance. Increases in population counts and the number of households will continue to be modest because of the lack of available development land and the large number of institutional and government facilities located within the neighborhood. Redevelopment of existing improved parcels will become more prevalent as much of the land area is already improved. The area is a desirable location because of the quality of life and access to water-related activities. Residential parcels will continue to be developed with multi-family or townhome uses because of the relative scarcity of building sites and development land. In conclusion, as the growth of the area continues, the already limited supply of land available for residential, industrial and commercial development will diminish further, enhancing property values in the neighborhood.

PROPERTY DESCRIPTION

Location

The subject property is located at the intersection of unimproved Treblis and Tranquility Ways south of Forest Drive within the corporate limits of Annapolis. The property is identified on Anne Arundel County Tax Map 56C, Block 5 as part of Parcel 594 in the Sixth Assessment District.

Legal Status

The subject property is further identified as Lots 87 through 108, inclusive, as shown on a plat entitled, "Parkside Preserve in Annapolis" as recorded among the land records of Anne Arundel County in Plat Book 338, pages 44 through 50, inclusive and in Plat Book 339, page 1. A reduced scale copy of the recorded plat showing the subject sites is included on the following page. Additional plats for the project are included in the appendix to this report.

Overall Plan

The entire Parkside Preserve in Annapolis subdivision includes a total of 66 single family sites and 86 townhome lots for a total of 152 units. A drawing showing the layout of the entire subdivision prepared by LPDA, Inc., dated October 22, 2014 is included in the appendix to this report.

Lot Description

A table listing each of the platted sites by lot number, street address, land area, amount of frontage, shape, street location and physical features or characteristics is included on the following page. The description of the subject lots is based on the recorded subdivision plats.

Lot Sizes

The subject sites range in size from 5,549 to 9,225 square feet with an average area of 6,443 square feet or 0.148 acres based on the recorded plats.

Shape

Each of the sites is regularly shaped based on the recorded plats.

Frontage/Access

The recorded sites will have frontage along either Treblis Way or Tranquility Way. Treblis Way is shown as a variable width city right of way on the plats; Tranquility Way is platted as a 44 foot wide city right of way. The amount of road frontage for each of the sites is included on the lot description table.

Topography

Level

According to the *Web Soil Survey* published by the United States Department of Agriculture, Natural Resources Conservation Service, the dominant soils comprising the subject property consist of the Annapolis and Donlonton varieties. Annapolis loamy sand (AaB with 2 to 5 percent slopes) presents slight limitations for development with dwellings with or without basements and small commercial buildings, moderate limitations for development of roads and streets and severe limitations for on-site septic facilities. Donlonton fine sandy loam (DnB with 2 to 5 percent slopes) presents moderate to severe development limitations. However, it is an assumption that each of the subject lots is capable of supporting improvements given the surrounding, long standing development on surrounding properties on similar soils.

Environmental Assessment

A Phase I environmental site assessment (ESA) was conducted on the subject property by Geo-Technology Associates, Inc. (GTA) in May 2010. The ESA encompassed approximately 32.8 acres that included not only the subject property, but also the remainder of the subdivision land that is outside the scope of this appraisal. At the time of the environmental site assessment, the combined property was improved with four residences and associated outbuildings that were subsequently removed from the property. In 2010, the larger property included above ground storage tanks that were found to be in generally good condition by the environmental engineer with no obvious indications of leakage or spillage. The ESA also noted some household debris, building materials and scrap metal on the property. The site inspection for the subject revealed the presence of household debris, tires, building materials, glass bottles, tires and similar items. However, the Phase

IESA "revealed no evidence of recognized environmental conditions (RECs) in connection with the subject property." The report also recommended that stored vehicles, equipments, ASTs, dumped materials and be disposed of properly even though not cited as a REC. The presence of chemical/petroleum containers may significantly impact the value estimate for the subject property. Because of the lack of a more recent Phase I ESA, the environmental contamination in similar condition on the effective date as reported in property is appraised in similar site assessment. If subsequent information the May 2010 environmental site assessment. If subsequent appraisal and any indicates that this assumption is incorrect, then this appraisal and any estimate of value contained herein may need to be qualified or amended.

Flood Hazard Area

The subject property lies entirely within a Zone X Flood hazard area as determined by the Federal Emergency Management Agency (FEMA) as shown on flood map panels 24003C 0253E and 24003C 0234F, each with an effective date of February 18, 2015. Zone X denotes areas outside the 100 year flood.

Critical Area

The subject property is located entirely outside the limits of the Chesapeake Bay Critical Area.

Noise Zone

The property is outside the limits of the Airport Noise Zone (ANZ) that surrounds Baltimore/Washington International Thurgood Marshall Airport.

School Capacity

According to information obtained from the Board of Education, students from the subject subdivision would attend Hillsmere Elementary School, Annapolis Middle School and Annapolis High School. School capacity is inadequate at Annapolis High School for 2018. However, residential subdivisions cannot be recorded without adequate school capacity.

Subdivision Costs

Subdivision development costs are projected by the property representative at an average cost of \$75,000 per lot for the entire subdivision with the cost for each of the subject lots projected at \$100,000 with an additional \$10,000 for engineering and similar soft costs. The cost estimate was provided verbally as a detailed estimate could not be obtained. For purposes of the appraisal, the projected costs assumed to be an accurate representation of the expenses necessary to complete the subject lots as finished building sites.

Amenities

Amenities for the subject subdivision will include open space and forest conservation land. According to the plats, 13 acres are designated as permanent open space and are identified on the plats as Open Space A through M, inclusive, that together contain a combined area of approximately 19.525 acres or 850,510 square feet. The entire property contains A nine conservation areas identified as Forest Conservation Easements through I, inclusive. The forest conservation easements encumber a total area of 14.4737 acres or 630,473 square feet according to the plats.

According to representatives of Annapolis City government, a verbal offer of \$1,500,000 or \$68,182 per platted lot was made by the city to the property representative. According to city officials, this was merely a verbal offer and not a firm price or actual negotiation.

Encumbering Leases

None of the subject lots is currently leased as of the effective date to my knowledge.

ASSESSMENTS AND TAXES

All tax assessments are established by the State Department of Assessments and Taxation (SDAT) with tax rates set by the individual jurisdictions. Assessments for the 2016-17 tax year are based on 100% of full cash value and all properties within Annapolis are reassessed once every three years. The current real property tax rate for the city of Annapolis for the tax year beginning July 1, 2016 and ending June 30, 2017, is \$0.649 per \$100.00 of assessed valuation (city), \$0.548 per \$100.00 of assessed valuation (county) and \$0.112 per \$100.00 of assessed valuation (state) for a total tax rate of \$1.309 per \$100.00 of assessed value.

The individual subject lots were added to the assessment rolls of Anne Arundel County, as plat recording triggered an out-of-cycle valuation. On the following page is a table listing the lot number, address, account number and full cash values of each of the subject sites for the current assessment cycle. Real estate taxes are calculated by applying the current tax rates to the full cash value for each of the subject lots. Projected real estate taxes for FY18 are estimated at a total of \$19,796.01 indicating an average rate of \$889.82 per platted lot.

Conclusion

Plat recording triggered an out-of-cycle reassessment of the individual lots. The full cash values appear to be within market ranges based on a survey of other assessments and tax liabilities for single family sites in the area.

ZONING

According to the Department of Planning and Zoning for the city of Annapolis, the subject property is zoned R1-B, Single Family Residence District. The purpose of the zoning district is to provide for single family detached development. Following is a description of the zoning classification.

Uses

Cemeteries, single family detached dwellings and public schools and colleges are permitted in an R-1B district. Residential and special mixed planned unit developments are permitted subject to additional standards. Private colleges, day care centers, hospitals and sanitariums, institutions for the care and treatment of alcoholics, drug addicts and the mentally ill, museums and art galleries, noncommercial recreational and social clubs, religious institutions, rest and nursing homes and certain schools are permitted by special exception in the zoning district.

Bulk Regulations

Bulk regulations require a minimum lot size of 12,500 square feet and lot width of at least 80 feet for single family dwellings and day care centers. The minimum lot size increases to 40,000 square feet with a minimum lot width of 120 feet for philanthropic and charitable institutions, recreational and social clubs and religious institutions. Development with inns, health and medical institutions or museums require a minimum lot area of two acres with height limited to 35 feet or 2½ stories. Yard requirements for single family development include a front yard of at least 30 feet, interior side yard of at least 10 feet or at least 15 feet for a corner lot, and a rear yard of 40 feet. For planned developments, bulk regulations are determined through the planned development process. The subject property is part of a planned unit development for zoning purposes.

Conclusion

The use of the subject property as a recorded residential subdivision consisting of 22 single family lots as part of a larger PUD is permitted within a R-1B zoning district. Development with single family detached dwellings is permitted in the zoning district.

HIGHEST AND BEST USE

Highest and best use is defined in *The Dictionary of Real Estate Appraisal*, (Sixth Edition, page 109, 2015) as:

The reasonably probable use of property that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

An analysis of the highest and best use of a property is the most important part of the appraisal process, for it is in terms of highest and best use that market value is estimated. The highest and best use of the subject property, as unimproved or as improved, is selected from among those uses that are physically possible, legally permissible, financially feasible and provide the greatest return to the land.

HIGHEST AND BEST USE, AS UNIMPROVED

Physically Possible

The subject property presently consists of 22 platted lots within the Parkside Preserve in Annapolis subdivision within Anne Arundel County. The lots range in size from 5,549 to 9,225 square feet with an average size of 6,443 square feet or 0.148 acres. The individual sites are regularly shaped, level with road frontage along either Treble or Tranquility Ways, both public rights of way. The area is convenient to the Washington and Baltimore metropolitan areas as well as to downtown Annapolis. The Anne Arundel County location is desirable because of the proximity to employment, good access to the regional road network, quality of the school system and the availability of shopping and recreational amenities.

The soil classifications may impact development of the subject lots; however, given the surrounding development on similar soils, it is assumed that each of the lots could support a residential dwelling. Based on demographic statistics, area residents enjoy relatively high household and disposable income levels. The immediate area of the subject property is primarily developed with residential uses, although institutional uses consisting of schools and churches are within the immediate neighborhood. Commercial uses are generally confined along the major roadways and within reasonable proximity to the subject property. Given the physical limitations, a number of uses are physically possible on the subject lots.

Legally Permissible

The subject sites are zoned R-1B, a residential classification that permits development at a density of 3.5 units per acre. The property consists of 22 recorded lots for development with single family detached homes. The subject lots are part of the larger Parkside Preserve in Annapolis subdivision that consists of a total of 66 single family residential sites and 86 townhome lots. Residential development is legally permissible on the property.

Financial Feasibility

A number of uses are possible on the subject property given the physical characteristics and current zoning. Of the permitted uses that are physically possible on the property, residential development

The Winchell Group, Inc.

An analysis of settled homes sold through the Metropolitan Regional Information System (MRIS) in Anne Arundel County was made for the period covering calendar years 2013 through 2016. A total of 9,155 dwelling units sold through MRIS in Anne Arundel County during 2016 as compared to a sales volume of 8,101 units in 2015. Following is a table that compares results for 2015 and 2016.

Category	2015	2016	Change
Total sold volume	\$2,903,894,398	\$3,349,725,592	13.4%
Units sold	8,101	9,155	13.0%
Average sold price	\$358,461	\$365,890	2.1%
Detached sold price	\$402,610	\$409,310	1.7%
Attached sold price	\$269,010	\$280,545	4.3%
Average days on market	86	75	-12.8%

Sales volume continued to increase through 2016. The number of units sold in 2016 increased 13% over 2015 levels. In addition, the dollar volume for 2016 increased 13.4% over 2015 and likely reflects the increase in the number of sales of both detached and attached homes. In addition, the average sold price for 2016 is up about 2.1% over the average for 2015. The average price for a detached home increased 1.7% between 2015 and 2016; attached product prices increased by 4.3% during the same period. In addition, the average days on market was eleven days shorter in 2016. Of the total number of settlements included in MRIS for 2016, approximately 66.3% of settlements were of detached units with townhomes and condominiums comprising the remaining 33.7% of volume. As with prior years, the bulk of sales volume is concentrated in the \$200,000 to less than \$400,000 price range in the county market with a total of 4,920 or 53.7% of volume occurring within this price bracket.

A total of 8,101 dwelling units sold through MRIS in Anne Arundel County during 2015 as compared to a sales volume of 6,933 units in 2014. Following is a table that compares results for 2014 and 2015.

Category	2014	2015	Change
Total sold volume	\$2,544,672,026	\$2,903,894,398	14.1%
Units sold	6,933	8,101	16.9%
Average sold price	\$367,038	\$358,461	-2.3%
Detached sold price	\$415,969	\$402,610	-3.2%
Attached sold price	\$272,148	\$269,010	-1.2%
Average days on market	83	86	3.6%

Sales volume for 2015 is up 16.9% over 2014. In addition, the dollar volume for 2015 is 14.1% higher than the prior year and likely reflects the increase in the number of sales of both detached and attached homes. The average sold price for 2015 is down about 2.3% over the 2014 average. The average price for a detached home decreased between 2014 and 2015; attached product prices also decreased, but by a lower percentage over the same period. However, the average days on market

number of 2013 settlements included in MRRIS, 2,155 or approximately 32.3% of settlements were of townhomes and condominiums with sales of detached dwellings comprising the remaining 67.7% of volume. As with prior years, the bulk of sales volume is concentrated in the \$200,000 to less than \$400,000 price range.

The MRRIS settlements typically exclude new homes that are sold in-house; many of the new subdivisions throughout the area sell at base prices above \$400,000 with options adding significantly to the base model price. The statistics indicate a continuing trend of "price creep" with more new detached homes selling at prices of more than \$400,000 while townhomes routinely sell at prices of \$300,000 or more. As with prior years, the number of homes selling at prices between \$100,000 and \$200,000 no longer accounts for the largest market segment. The number of dwellings selling at prices below \$100,000 accounted for 4.1% of sales volume for 2011 as compared to levels of 2.4% of volume for 2010, 2.7% in 2013, 3.2% for 2014, 3% for 2015 and 2.5% for 2016. Properties selling at prices of less than \$100,000 typically represent foreclosure or short sales.

Sales volume continues to be uneven for improved properties, but sellers with some equity appear content to hold the price even if the marketing period is extended. Downward pressure on pricing is occurring for properties nearing foreclosure or when an adjustable rate reset makes the payment unaffordable for the borrower. In addition, sellers seeking to relocate will tend to accept a reduced price if buying another house that is also attractively priced. The number of bank foreclosures remains a concern in some areas as lenders prefer to shed underperforming loans from portfolios. Many of these properties are listed by area real estate agents at prices that reflect a shortened marketing period as the primary goal seems to be to divest the asset or loan with secondary consideration given to earning any additional return. The general consensus, however, is that the area will fare much better with regard to price changes than many areas of the country or even within Maryland because of the proportion of government related and high tech jobs. With a more stable economy and job market, house prices can be expected to increase with typical marketing periods.

Mortgage rates are still below 5%, but with higher energy costs and continuing, although lessening, job uncertainty, consumers continue to remain cautious about purchasing a home. Nationally, absorption periods range from 12 to 240 months according to the *PwC Real Estate Investor Survey* for the second quarter of 2016 (most recent with absorption pace) with a mean absorption pace of 101 months down from 122 months two-three years ago and longer than the 60± month period that characterized the market throughout 2007 and 2008. The projects surveyed contain significantly larger areas and the size explains the lengthy absorption period. Absorption rates are typically faster for small projects in high growth areas, while longer time periods are necessary to sell lots in larger projects in less desirable areas.

The survey participants are split evenly on the use of a discounted cash flow analysis or comparable sales in valuing development land tracts. Comparable sales analysis is not always applicable in the local residential market due to the lack of an adequate number of current sales of subdivisions at various stages of the approval process. Growth rates for lot pricing vary by market and the investor survey reports a maximum increase of 8% with an average increase of 4% in pricing for the second quarter of 2016 as compared to a mean change in a range of -12.5% to an increase of 3% annually with an average change of -1.4% for the fourth quarter of 2008 and a rate of 1.88% for the second quarter of 2009. Average growth rates for development expenses for the second quarter of 2016 are in a range of 1% to 5% annually with an average increase of 3.3%; expenses include infrastructure costs, amenities, advertising, real estate taxes, administrative fees, contingency and miscellaneous or other expenses. Participants did not expect any declines in lot pricing as of the second quarter of

Prices of the lots in this section increased \$15,000 each. The builder added the lot price increase to the base price of each of the models.

Tanyard Cove North

Development continues in Tanyard Cove North with Richmond American Homes constructing single family detached dwellings as well as townhome units in the current phase. According to the broker, the current phase consists of 47 townhomes, 46 single family sites in addition to villas. The community includes a clubhouse and pool in addition to open space areas and trails for residents. The project also includes water access. Richmond is currently offering a total of four, two story models divided into at least three or four bedrooms, 2½ baths and a two car garage. Living areas range from 2,250 to 3,006 square feet with base prices in a range of \$429,990 to \$469,990. One additional model is offered that is largely a one story model with a loft. The one story Avery contains a living area of 2,499 square feet divided into three bedrooms and 2½ baths that is base priced at \$454,990. Marketing of the single family lots commenced in February 2015 and a total of 29 were sold or under contract as of October/November 2016 for an average absorption pace of 1.45 per month or 4.35 per quarter (more recent information could not be obtained). The builder posted an average absorption pace of 1.51 lots per month or 4.5 per quarter for the first phase of single family units that consisted of 24 lots. Richmond American is also offering townhomes and villas in the subdivision.

Village at Stephen's Woods

The Village at Stephen's Woods is a 24 lot infill subdivision in Arnold. Community amenities are limited to recreation area and open space. Lots range in size from 7,794 to 15,025 square feet with most in the range of 8,000 to 11,000 square feet. The builder, K. Horvathman, offers six models that range in size from 2,480 to 3,456 square feet divided into four bedrooms and 2½ or 3¼ baths with options adding approximately \$100,000 to the base price according to the agent. Completed package prices are averaging in the mid-\$700's. Marketing commenced in April 2016 and a total of 22 homes are sold for an average absorption rate of 2.1 per month or about 6.3 per quarter.

Stonepointe

Stonepointe is a 19 lot subdivision located on Reece Road in Severn. Lots range in size from 6,900 to 9,081 square feet with an average area of 7,768 square feet or 0.176 acres. The builder offered seven base models that range in size from 1,640 square feet for the Bedford to 2,528 square feet for the Randolph. Models are divided into two, three or four bedrooms and each features 2½ baths with a two car garage and unfinished lower level. Models are base priced in a range \$431,900 to \$480,900 when sold out with the builder offering \$20,000 in free options and \$10,000 in closing cost help. The model opened about March 2015 and all lots are sold as of July 2016 (although dwelling construction remains) for an average absorption pace of 1.1 lots per month or 3.3 lots per quarter.

Kaplan's Preserve

Caladantic (formerly Ryland Homes) intends to construct detached dwellings on 36 lots comprising Kaplan's Preserve in Severn. The property is platted as Kaplan's Purchase, but is marketed as Kaplan's Preserve by the builder. The builder purchased ten lots in August 2015 but did not open the subdivision until January 2016. The broker handling the subdivision reports that seven sites are sold for an average absorption pace of 0.54 lots per month or 1.62 per quarter as of February 2017.

The Winchell Group, Inc.

quarter after an initial settlement of seven lots. According to the builder, a total of five homes are presently under contract for an average absorption pace of 2.5 per month or 7.5 per quarter. Marketing of the dwellings commenced in December 2016.

Wilson's Grove

Wilson's Grove is a subdivision consisting of 182 single family sites to be developed in four phases located in the eastern part of the Gambrills neighborhood. Overall, the residential lots range in size from 10,000 to 15,320 square feet with an average area of 10,605 square feet or 0.243 acres. The subdivision features significant areas devoted to open space, forest conservation or recreation areas. In addition, a pool and clubhouse were completed in July 2015. The developer/builder intends to construct two story homes on about 90-95 of the lots with another builder building on the remaining lots. Brookfield, the original builder and developer, historically averaged nine sales per quarter.

NVR entered the subdivision in March 2016 and recently revamped its model line for homes to be built in the subdivision. The builder currently offers four, two story models on 48 lots. The Longwood model contains a living area of 3,531 square feet divided into at least four bedrooms and 3½ baths with garage parking and an unfinished basement as standard features. The model is based priced from the low \$710's. The Empress contains an area of 2,906 square feet divided into at least four bedrooms and 2½ baths with the model base priced in the low \$670's. The Tyler is a new model that contains an area of 3,641 square feet divided into at least four bedrooms and 3½ baths with a base price in the upper \$720's. The Stratford Hall is the largest model and contains an area of 4,159 square feet divided into at least four bedrooms and 4½ baths. The model is offered in the upper \$750's. Development work and construction of dwellings continue in the subdivision. According to the builder representative, a total of 27 lots are sold for an average absorption pace of 2.5 lots per month or 7.5 lots per quarter. The builder added new models to the product line and now includes a number of upgrades that would have been priced as options. Before the redesign, options would add on average \$200,000 to the base price, but now add about \$70,000 as the base models now include many upgrades. Lots are purchased on a take-down arrangement at a rate of \$295,000 per finished site.

Shipley Meadows

Shipley Meadows is a 45 lot subdivision in Jessup in western Anne Arundel County; the subdivision adjoins Arundel Woods. Lots range in size from 9,864 to 19,701 square feet with an average area of approximately 14,286 square feet or 0.328 acres. The lots are regularly shaped and amenities will be limited to open space and conservation and recreation areas. Dan Ryan Homes is acquiring the lots on a take-down agreement. Dan Ryan currently offers six base models that range in size from 2,345 to 3,521 square feet for the largest Biltmore model; dwellings can be expanded to include a morning room, additional baths and/or bedrooms. Each of the base models is divided into four bedrooms and either 2½ or 3½ baths with a two car garage and basement as standard features. The models are currently base priced in a range of \$509,990 to \$599,990. Six models are planned that will include four bedrooms, 2½ or 3½ baths and two car garages with living areas projected at 2,335 to 3,521 square feet, although homes can be expanded. According to the agent handling sales in the subdivision, a total of seven lots are sold in the first section consisting of 20 residential lots for an average absorption pace of approximately 1.2 lots per month or 3.5 lots per quarter. Lot absorption is quicker.

each includes four baths and three bedrooms. According to the agent handling sales in the community, sales started in September 2016 and to date a total of nine units are sold for an average absorption pace of about two per month or six per quarter. The agent indicated that buyers do not wish to wait to customize a unit as the townhomes are nicely appointed with a number of options. Therefore, the builder is to start construction on the next building without any pre-sales to meet the demand of potential buyers. According to the broker, settled prices of the units average \$500,000.

Craftsman Homes at Village Greens of Annapolis

Craftsman Homes intends to build 89 townhomes as part of the Village Green subdivision off of Forest Drive in Annapolis. Of the total number of lots, 12 are live work units that must include an owner occupied commercial use on the first floor of the townhome with the owner's residence confined to the top two floors. These lots are slightly larger and have a width of 24 feet and all sold. The remaining interior sites are roughly 20 feet wide, although there is some variability between lots, and will also be improved with three story base model townhomes divided into three bedrooms, 2½ baths and a two car garage. Current base prices for these models average \$379,900. The final lots are under construction at this time and the broker reports that the builder will show "no mercy" for buyers as these are the only remaining sites and have gated access. According to the agent, a total of 77 units are sold for an average absorption pace of 1.54 units per month or 4.62 units per quarter over the absorption period that commenced in late October 2012. Units contain an area of approximately 2,450 square feet. The broker reports that the remaining sites when improved will be listed in a range of \$475,000-\$480,000 even though most settlements of units ranged from the high \$300's to the low to mid \$400's.

Primrose Hill

Craftsman Homes is also building townhomes and detached dwellings in Primrose Hill in Annapolis off of Milkshake Lane. The development is to include six detached dwellings in addition to 23 townhome units. An historic house that currently improves the site is to be "painstakingly renovated" by the builder as part of the project. The builder intends to offer the Annapolis model with three elevations including slab on grade, an English basement or with a full in ground basement. The detached dwellings are to be placed on zero lot line sites and will contain living areas of approximately 2,900 square feet. According to the broker, the detached dwellings are to be offered at prices of \$630,000 with the townhomes base priced in a range of \$470,000 to \$490,000 for the three story units planned to contain a gross area of 3,000 square feet. Site clearing and grading are currently underway.

The Enclave at Spa

K Hovnanian purchased 36 townhome sites as part of the Enclave at Spa development on Spa Road within the corporate limits of Annapolis. Lots range in size from 1,758 to 2,378 square feet with an average area of 1,935 square feet or 0.044 acres. Lots are mostly 24 feet wide with a depth of approximately 71 to 91 feet depending on the site. The builder purchased the sites for \$2,440,000 indicating a rate of \$67,778 per potential lot in November 2016. K Hovnanian intends to offer three, three level townhomes in the development. The St. John and Hopkins models contain a living area of 2,387 square feet divided into three bedrooms and 2½ baths with a two car front load garage. The St. Mary's is larger containing an area of 2,798 square feet divided into three bedrooms, 2½ baths and a two car garage. The builder has not yet released pricing for the units except that the starting

Based on the absorption paces of area subdivisions, a sales pace of six single family sites per quarter is projected for the subject property and is within the range of the small lot subdivisions surveyed. The selected absorption pace is within the range of absorption paces and reflects the better conditions in the area housing market and the lack of new single family detached units in the Annapolis area. A few builders continue to purchase lots at rates that represent 20-40+% of the settled home/unit price with the majority paying approximately 30-48+%. The actual percentage of the lot cost would be lower based on the ratio of the lot price to the price of the dwelling inclusive of upgrades or options. The change in the conforming loan limit from \$360,000 to \$494,500 may impact purchases of higher priced properties in the future and could affect the subject.

Highest and Best Use, As Vacant

The highest and best use of the property is for development of the 22 recorded lots that comprise the subject property. Completed single family homes would be base priced in a range of \$550,000 to \$575,000 depending on the model and location within the subdivision. Dwellings would be divided into at least three bedrooms, 2 1/2 baths and feature a full, unfinished basement and garage parking as standard items. The residential use of the property is legally permitted, physically possible, economically feasible and provides the greatest return to the land.

APPROACH TO VALUE

The cost, sales comparison and income capitalization approaches are typically considered in the appraisal of real estate. The cost approach is based on the understanding that market participants relate value to cost. In the cost approach, the value of the land is added to the current replacement or reproduction cost of the improvements after deducting depreciation from all causes attributable to the building. Entrepreneurial incentive may be included as part of the value estimate. The cost approach is particularly useful in estimating the value of new or well maintained properties or for property types that transfer infrequently such as churches, funeral homes or other special purpose uses.

The sales comparison approach is based on the principle that value is directly related to the prices paid for competitive or comparable properties. Value is estimated using the sales comparison approach by analyzing the market for similar properties and comparing these properties to the subject property. Comparative analysis focuses on market reactions to the similarities and differences that influence value. Elements of comparison may include the property rights conveyed, motivations of buyers and sellers, physical attributes, location and income characteristics.

The income capitalization approach measures the present value of future benefits. There are two methods of income capitalization. Direct capitalization is a method that converts income for a single year into a value indication. Yield capitalization is a method that discounts future periodic income streams at an appropriate rate for an indication of the value of the property under consideration. Market participants may use some combination of both direct and yield capitalization in analyzing investment alternatives.

In addition, the subdivision development method is an appropriate valuation technique when subdivision and residential development represent the highest and best use of a parcel of land. This method is a variation of the standard income capitalization approach, which also incorporates elements of the sales comparison and cost approaches. Used whenever there are no truly comparable

**ESTIMATED VALUE BY THE
SALES COMPARISON APPROACH**

The sales comparison approach is an appraisal procedure that compares recent sales of similar properties to the subject for an indication of value for the property under consideration. The principle of substitution holds that the value of a property tends to be set by the prices paid for properties of similar utility and desirability. The sales comparison approach is applicable to the valuation of all types of real estate, provided that an adequate number of sales occurs within the market. The sales comparison approach is more reliable for properties where there are an adequate number of transfers to indicate pricing levels and trends in the market.

The procedure for employing the sales comparison approach includes: (1) researching the market for sales, listings and contracts to find comparable sales in terms of property type, sale date, size, condition, location and zoning; (2) verifying the data as factual and that the transaction reflects an arm's-length transaction; (3) selecting a relevant unit of comparison; (4) comparing the selected comparable properties to the subject property or eliminating the comparable; and (5) reconciling the value indications to a point estimate or range of value. The unit of comparison used in valuing the subject property is the price per platted residential lot. Other units of comparison can be used, i.e., price per front foot; however, this basis of comparison is not used in the subject market.

According to *The Appraisal of Real Estate* (14th Edition, page 390) "Elements of comparison are the characteristics of properties and transactions that help explain the variance in the prices paid for real property." The ten elements of comparison typically considered in the sales comparison approach include: (1) real property rights conveyed; (2) financing terms; (3) conditions of sale; (4) expenditures made immediately after purchase; (5) market conditions; (6) location; (7) physical characteristics; (8) economic characteristics; (9) use or zoning; and (10) non-realty components of value.

The following five sales are considered in estimating a value of the subject property based on a direct comparison of other platted subdivisions that sold throughout Anne Arundel County. The unit of comparison is the rate per platted residential site. Following are the comparable sales.

Land Sale 1

Project The Enclave on Spa

Location 1-56 Enclave Court, Anne Arundel County, TM 51F, Block 13 as Parcel 1318 in the Sixth Assessment District; also identified as Lots 1 through 36, inclusive, as shown on a plat entitled, "The Enclave on Spa" as recorded among the land records of Anne Arundel County in Plat Book 340, pages 10-11; Annapolis, Maryland 21403

Grantor Lily Lorraine Clow

Grantee K Hovantian Homes of Maryland, L.L.C.

Recorded 30336/309

Sale Dates 11/15/16; 11/23/16

Zoning R2 and R3, General Residence Districts (City of Annapolis, Maryland)

Utilities All public

Land Area 3.819 acres or 166,365 square feet

Improvements Property formerly improved with a one story brick and concrete block automobile repair facility that contains an enclosed area of 12,417 square feet and originally constructed at least 50 years ago. The building was razed to allow for redevelopment of the supporting land. Approximately 60% of the supporting site was paved and fenced.

Sale Price \$2,440,000 based on the deed price
\$1,232,000 assignment fee
\$3,672,000 total acquisition cost

Unit Rates \$961,508 per acre or \$22.07 per square foot of land
\$102,000 per planted dwelling unit

Financing Cash to the seller

Comments Sale of a regularly shaped parcel of land that is generally level, mass graded and mostly at road grade. The property is split zoned with 3.809 acres zoned R3 and the remainder zoned R2, both residential zoning classifications. Approximately 2,997 acres of the parcel lies within the limits of the Chesapeake Bay Critical Area with 0.812 acres or 34,559 square feet outside the critical area. The property is to be developed as 36 townhomes as part of the Enclave on Spa project. Petroleum contamination located on the site and the developer and the Maryland Department of the Environment agreed on a Remediation Action Plan (RAP). The property sold with all environmental approvals.

K Hovantian intends to offer three, three level townhomes in the development. The St. John and Hopkins models contain a living area of 2,387 square feet divided into three bedrooms and 2½ baths with a two car front load garage. The St. Mary's is larger containing an area of 2,798 square feet divided into three bedrooms, 2½ baths and a two car garage.

View of Site 2



View of Site 1



Comments

Assemblage of seven parcels that is irregularly shaped, level to sloping and mostly wooded. This portion of the property is now platted and will be developed as the Annapolis Townes at Neal Farm subdivision that includes 50 townhomes; lots that range in size from 907 to 1,296 square feet with an average area of approximately 1,105 square feet or 0.025 acres. According to the seller, the combined site was purchased raw without any subdivision approvals and sold as a platted subdivision.

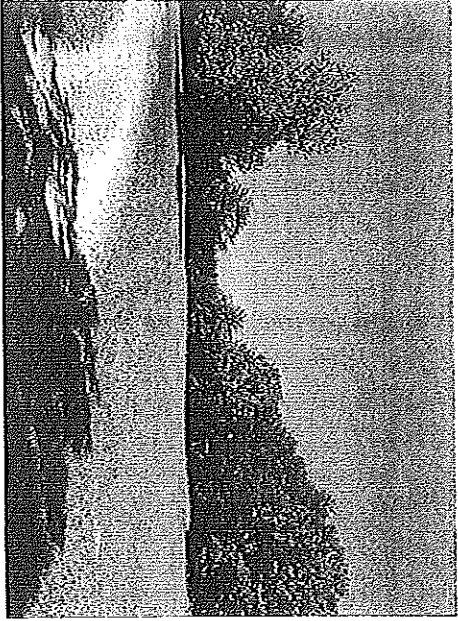
Parcels 64 and 65 lie between Dorsey Drive and Old Solomons Island Road. The combined parcels are triangular in shape, level and were improved with detached dwellings in poor condition at the sale date; all improvements were razed. According to an area broker, the property will be developed with four model townhomes as part of the Neal Farm project. However, the site sold as raw acreage without subdivision approval.

Marketing Period

Parcels 6, 8, 45, 60, 70, 391 and 392 of the sale property acquired by the seller in August 2013 in two transactions with a combined purchase price of \$2,100,000 indicating a rate of \$42,000 per potential lot. Parcels 64 and 65 acquired by personal representatives in March 2015 as part of an estate sale; projected at less than one year for the purchase of the platted subdivision; no additional recorded transfers of any of the parcels comprising the sale property within the three years preceding the transfer.

Verified

Representative of Seller, Broker, land records and inspection



View of Site 4



View of Site 3

Land Sale 5

Project Patuxent Woods South

1303-1315 (odd) Patuxent Woods Drive; Anne Arundel County T/M 29, Block 9 as Parcel 302 in the Fourth Assessment District; also identified as Lots 1 through 7, inclusive, as shown on a plat entitled, "Patuxent Woods South" as recorded among the land records of Anne Arundel County in Plat Book 347, pages 27-28, inclusive; Odenton, Maryland 21113

Grantors Jenny Gay Arus and Terry Lee Arus

Grantee Chesapeake Custom Homes, LLC

Recorded Not yet recorded

Sale Dates 2/23/17; Not yet recorded

Zoning R5, Residential District (Anne Arundel County, Maryland)

Utilities All public

Land Area 1.7213 acres or 74,980 square feet

Sale Price \$805,000

Unit Rates \$467,670 per acre or \$10,74 per square foot
\$115,000 per platted dwelling unit

Financing Assumed cash to the seller

Comments Property consists of seven recorded, but unfinished residential sites that range in size from 4,535 to 6,683 square feet with an average area of 5,457 square feet or 0.125 acres. Subdivision also includes 27,271 square feet or 0.6261 acres of forest conservation land and 31,876 square feet or 0.7318 acres of open space. Subdivision costs are projected at a rate of approximately \$42,000 per recorded lot. The platted lots were purchased by an area builder who intends to construct two story dwellings divided into at least three bedrooms, 2 1/2 baths with unfinished basement and garage parking as standard features. No pricing information for the models could be obtained.

Marketing Period

Property not listed for sale as a mutual friend of the buyer and seller alerted the purchaser that the property was available; minimal marketing time; no additional recorded transfers of the property within the three years preceding the sale.

Verified

Representatives of Purchaser; land records and inspection

Additional Information

In addition, 719 Annapolis Neck Road within the immediate vicinity of the subject property is currently listed for sale at a price of \$1.2 million indicating a rate of \$57,143 per potential site or \$200,000 per acre including any existing improvements. The property consists of two parcels that together contain a land area of six acres that is zoned R-1B with public utilities available. According to the broker, the site can be potentially subdivided into a total of 21 single family sites, although a more realistic yield would be about 18 lots. The property is currently improved with a call tower that is leased. The property was originally listed at the current price in October 2015 and remains available for purchase at this time. The agent reports that two parties are showing some interest in the property at this time.

Adjustments

Sales are normally adjusted to reflect the property rights conveyed, conditions surrounding the sale, financing, changes in market conditions and physical characteristics, including location, zoning and size. Following is a comparison of the sale properties to the subject.

Sale 1 is the purchase of 36 platted lots in Annapolis. Sale 1 is adjusted upward to reflect the assignment fee paid by the purchaser and to reflect the townhome use of the property as these lots typically sell for less than single family sites and downward to reflect the above average development cost of the subject lots. Sale 2 is the purchase of 50 platted lots in addition to two parcels that will be used to support additional townhomes. Sale 2 is adjusted upward to reflect the razing costs paid by the buyer, smaller lots and inferior location and downward for lower development costs. The comparison is based on 50 lots as Parcels 64 and 65 are not yet subdivided. Sale 3 sold in May 2016 as a platted subdivision consisting of 57 lots that are similar in size to the subject property. The sale is adjusted upward to reflect razing costs paid by the buyer and downward to reflect the higher development cost of the subject. Sale 4 is also a recent sale that includes the purchase of 14 platted sites. Sale 4 is adjusted upward to reflect razing costs and downward to reflect the superior location, fewer number of lots and lower development cost. Sale 5 is the 2017 purchase of seven platted lots in Odenton. Downward adjustments are made to Sale 5 to reflect the smaller number of lots and lower development cost; an upward adjustment is made for location.

In estimating a rate for the subject property, some consideration is given to the values indicated by each of the sales, as the transactions reflect reasonably recent settlement dates and current market expectations. Before adjustment, the sales indicate a range of \$67,778 to \$118,429 per platted site and a range of \$83,900 to \$89,242 per lot after adjustment. Each of the sales is the purchase of platted residential land with development of consisting of single family or townhome units. Slightly more consideration is placed on the value indicated by Sale 3 because of the similarity in the number of units, planned development of the sites with single family dwellings and the comparable lot sizes. Consideration is also placed on the rates estimated by Sales 1 and 2 because of the fairly recent settlement dates and Annapolis locations. Sales 4 and 5 are purchases of platted subdivisions that contain a fewer number of lots than the subject property. However, reliance is also placed on the rates indicated by these sales because of the similar lot sizes and proposed development consisting of single family detached dwellings.

Based on an analysis of the comparable sales, an average rate of \$85,000 per potential residential unit is projected for the subject property.

22 units @ \$85,000 per platted unit

\$1,870,000

However, final adjustments are made to the estimated value to reflect the waiting period before work can commence on the subject lots because of the court case and holding costs. During the holding period, the property owner/developer will be responsible for the payment of real estate taxes in the amount of \$19,796 (rounded). Therefore, the net value of \$1,850,204 (\$1,870,000 less taxes) is discounted at a rate of 10% to January 2018 or for 11 months until resolution of the court case. Therefore, the discounted value of the property is estimated as \$1,694,844 or \$1,695,000 as rounded (\$1,850,204 x 0.916031 present value factor).

ESTIMATED VALUE BY THE INCOME CAPITALIZATION APPROACH

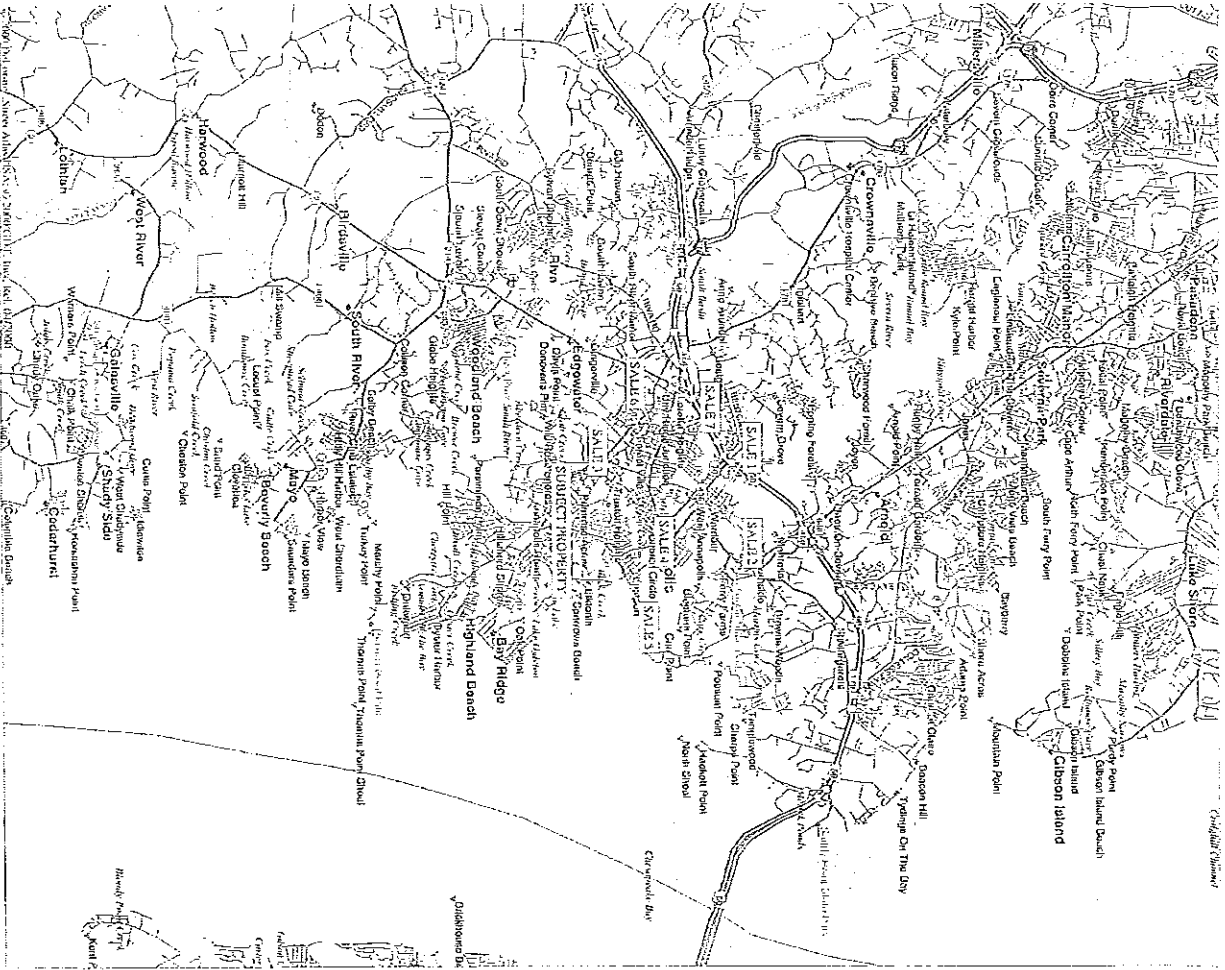
A variation of the income capitalization approach, the subdivision development method, is also used to estimate the fee simple market value of the subject property, as presently existing. The technique is defined in *The Dictionary of Real Estate Appraisal* (Sixth Edition, page 223, 2015) as:

A method of estimating land value when subdividing and developing a parcel of land is the highest and best use of that land. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots (or the completed improvements on those lots), the resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the land.

The property is valued based on a discounted cash flow analysis that reflects the net proceeds available from the sale of lots after deducting the projected costs associated with development of the subdivision and marketing the finished lots during the projected absorption period. Investors would estimate a purchase price of the subject property based on an analysis of the following factors:

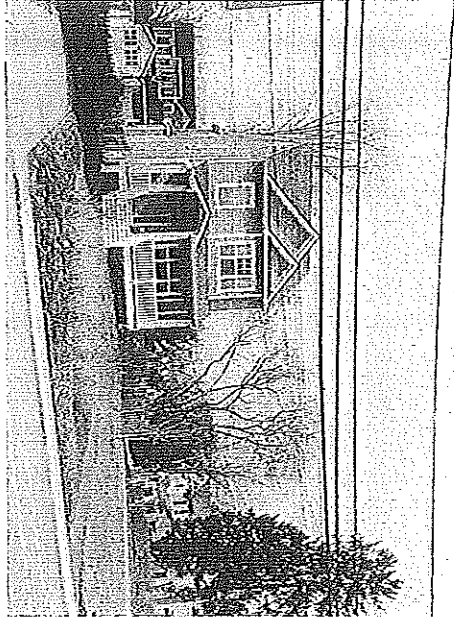
- (1) the projected market value of the individual subject lots during the absorption period;
- (2) the estimated costs of the physical development of the site;
- (3) the estimated cost of holding the property during the remaining projected development and absorption period; and
- (4) the intrinsic risk associated with a land development project of this nature.

The sales comparison approach is used to estimate the market value of the subject lots, as finished building sites, and as of the effective date of this appraisal. The resultant values are then utilized in a cash flow analysis and discounted for the estimated time and cost required to complete all development and achieve a total absorption of the property, including administrative and overhead costs, the cost of money over the holding period, and the intrinsic risk associated with developing a residential subdivision to estimate a value of the property, as presently existing.





View of Site 2



View of Site 1

Lot Sale 3

Location

627 Chase Street; Anne Arundel County TM 51F, Block 10 as Parcel 281 in the Sixth Assessment District; also identified as Lot 20 as shown on a plat entitled, "Revised Plat of Lots on Spa View Avenue & Greenfield Street" as recorded among the land records of Anne Arundel County in Plat Book 10, page 7, Annapolis, Maryland 21401

Grantors

John S. Wohlgenuth and Carolyn C. Wohlgenuth

Grantees

Timothy Dewiler and Lindsay O'Dea

Recorded

27854/154

Sale Dates

11/17/14, 12/4/14

Land Area

4,131 square feet or 0.095 acres

Zoning

R2, Single Family Residence District (Annapolis, Maryland)

Utilities

All public

Improvements

None at time of sale

Sale Price

\$265,000

Financing

Cash to the sellers

Unit Rates

\$265,000 per single family residential lot
\$64.15 per square foot or \$2,794.336 per acre

Comments

The property was purchased for development with a two story dwelling of the purchasers. The lot is regular in shape, level, at road grade and lies entirely within the limits of the Chesapeake Bay Critical Area. The site has frontage along Chase Street (formerly Greenfield Street) of 57.74 feet with an average depth of 80.88 feet. The site is now improved with a two story detached dwelling.

Marketing Period

Property originally listed for \$368,000 in October 2012 and reduced to \$299,000 when placed under contract about 18-19 months later; no additional arm's length recorded transfers of the property within the three years preceding the sale

Verified

Broker, MRS, land records and inspection

Lot Sale 4

Location 115 Granada Avenue; Anne Arundel County/TM 51.F, Block 10 as Parcel 338 in the Sixth Assessment District; also identified as Lot 10 as shown on a plat entitled, "Spa Creek Property, Plat B" as recorded among the land records of Anne Arundel County in Plat Book 18, page 15; Annapolis, Maryland 21401

Grantor Phillip Doubleday Finkle, Special Administrator

Grantee N.M.V. Ltd.

Recorded 30539/368

Sale Dates 1/13/17; 1/17/17

Land Area 9,116 square feet or 0.209 acres

Zoning R2, Single Family Residence District (Annapolis, Maryland)

Utilities All public

Improvements None at time of sale

Sale Price \$373,000

Financing Cash to the seller

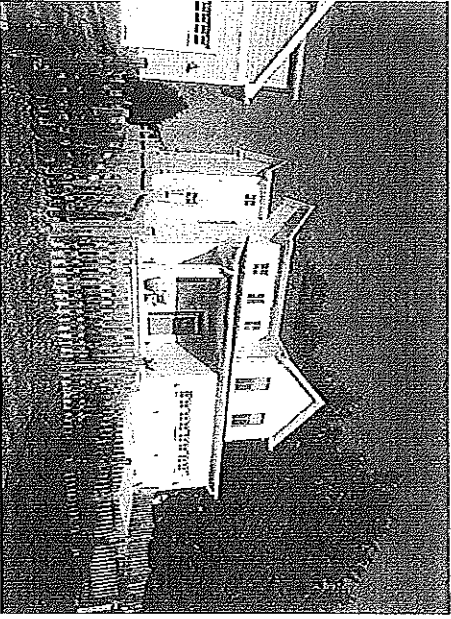
Unit Rates \$373,000 per single family residential lot
\$40.92 per square foot or \$1,782,348 per acre

Comments The property was purchased for development with a two story dwelling of the purchasers. The lot is regular in shape, level, at road grade and lies entirely within the limits of the Chesapeake Bay Critical Area. The site has frontage along Granada Avenue of 61.93 feet with an average depth of 118.82 feet.

Marketing Period Property originally listed for \$350,000 in November 2016 when placed under contract four days later; no additional arm's length recorded transfers of the property within the three years preceding the sale

Verified Broker, MERS, land records and inspection

View of Site 6



View of Site 5



Lot Sale 7

Location

123 Sumner Road; Anne Arundel County, MD. Block 1 as Parcel 762 in the Sixth Assessment District; also identified as Lots 35 through 38, inclusive, in Block 1 as shown on a plat entitled, "Section 4, Blocks 1 to 12, Admiral Heights" as recorded in Plat Book 20, page 8; Annapolis, Maryland 21401

Grantors

Jerry O. Sears and Tanje A. Sears

Grantees

Welskopf Building Contractors, Inc.

Recorded

29790/85

Sale Dates

5/27/16; 7/7/16

Land Area

14,400 square feet or 0.331 acres as combined
7,200 square feet or 0.165 acres as individual building sites

Zoning

R1, Single Family Residence District (Annapolis, Maryland)

Utilities

All public

Improvements

Property improved with a brick rancher divided into four bedroom and two baths built in 1962 as well as a detached garage and carport. The improvements are of no contributing value and were razed to allow for redevelopment of the lots.

Sale Price

\$365,000

Financing

\$600,000 indemnity deed of trust, security agreement and assignment of contracts, leases and rents with Hamilton Bank at undisclosed terms (assumed to be at market)

Unit Rates

\$182,500 per single family residential lot
\$25.35 per square foot or \$1,104,125 per acre

Comments

The property was purchased for development with two, two story dwellings. A dwelling is currently under construction on one of the building sites and is listed at a price of \$624,500 for the four bedroom, 2½ bath dwellings with a two car garage. A foundation is now in place on the remaining building sites. The lots are regular in shape, level and at road grade. Each of the building sites has frontage of 60 feet along Sumner Road with an even depth of 120 feet.

Marketing Period

Property listed at a price of \$379,900 as an improved site for 49 days prior to contract ratification; no arm's length recorded transfers of the property within the three years preceding the sale

Verified

Broker/MARKS, land records and inspection

Adjustments

Sales are normally adjusted to reflect the property rights conveyed, conditions surrounding the sale, financing, changes in market conditions and physical characteristics, including location, zoning and size. Following is a comparison of the sale properties to the typical single family lot for the subject property.

Sale 1 sold in July 2015 and is the purchase of a lot in West Annapolis on Melvin Avenue, one of the main roads through the area. Sale 1 is adjusted upward for changes in market conditions and downward to reflect the superior location. Sale 2 is also in West Annapolis, but is near Wardour, one of the premiere neighborhoods within the city. Sale 2 is adjusted downward for location and upward for changes in market conditions and for finished site status. Sale 3 sold in November 2014. Sale 3 is adjusted upward for changes in market conditions and size and downward for location. Sale 4 is also in Murray Hill and reflects the most recent transaction. Sale 4 is adjusted downward for location and average lot size; no other adjustment are made. Sale 5 is in Eastport and is adjusted upward for time and lot size and downward to reflect the superior location. Sale 6 is the oldest transaction, but is included because of the similar lot size. Sale 6 is adjusted upward for changes in market conditions and location because of the surrounding industrial uses. Sale 7 is adjusted upward for raising costs, changes in market conditions and site status; no other adjustments are made.

Conclusion

On the following page is a table showing the adjustments considered in comparing the sale properties to the typical residential lot proposed for the subject property. Unadjusted, the sale prices reflect a range of \$175,000 to \$373,000 per residential site. As adjusted, the sale prices reflect a range of \$204,488 to \$237,438 for the typical lot. The sales represent purchases of residential sites for the construction of detached dwellings. Each of the sales is zoned for residential development and is or will be developed with a single family home. Consideration is placed on the values indicated by each of the sales because of the reasonably recent settlement dates, Annapolis locations and generally similar lot sizes. Least reliance is placed on the rate indicated by Sale 4 because of the larger lot size, although the sale is the most recent transaction. Sales 1, 6 and 7 are most similar to the subject for lot area and consideration is placed on the rates indicated by these sales. Each of the sales is located within Annapolis and consideration is placed on the rates estimated for each of the sales because of the location. The sales are residentially zoned, regularly shaped and served by public utilities. A thorough search was conducted to find sales finished lots within the vicinity of the subject property, but few could be found that contain a similar lot area as the subject sites.

Based on an analysis of comparable sales, an average rate of \$220,000 per finished site is projected for the typical lot in the subject subdivision as of the effective date. The retail value of the potential subject lots as finished residential sites is projected at a total of \$4,840,000. Aggregate retail value does *not* reflect market value.

**DISCOUNTED CASH FLOW ANALYSIS,
AS PRESENTLY EXISTING**

The market value of the subject property, as presently existing, is estimated based on a discounted cash flow analysis or subdivision development method of the income approach. The subdivision development method is similar to the methodology used by investors to analyze development property in considering a potential purchase price. In the method, a discounted cash flow analysis is used that incorporates all pertinent assumptions relative to the subject property and the absorption of finished lots. The discounted cash flow analysis requires a study of not only the market for the lots (current and future), but also the total anticipated expenses related to the project. The indicated revenues and expenses are incorporated into a cash flow analysis on a quarterly basis. By means of a discounting procedure, the net present value or market value of the subject property to one purchaser, i.e., bulk value, is estimated. Following is a detailed accounting of the various assumptions and parameters incorporated into the discounted cash flow analysis for the subject property, as presently existing.

Potential Revenues

Potential Sales Price The aggregate retail value or potential sales price of the subject sites was estimated at a total of \$4,840,000 (22 lots @ \$220,000 per lot).

Holding Period The holding period is the projected length of time necessary for the lots to be developed (infrastructure installed) and sold. The subject property presently exists as 22 platted residential sites. As discussed in the highest and best use section of this report, it is my opinion that the subject could reasonably anticipate an average sales pace of six lots per quarter with all of the finished sites projected to be sold within four quarters. An additional period of about one year is projected for resolution of the current court case and to start development work.

Typically, in larger residential subdivisions, the sales pace will approximate a "bell" curve, with the sales rate increasing as the project progresses and sustaining increased sales activity through the midpoint of development with sales tapering off toward the end of the sellout period. Current take-down agreements for comparable subdivisions in Anne Arundel County and in the larger metropolitan area provide for a minimum number of lots to be purchased each quarter. Often these agreements indicate that a minimum of one to six single family lots must be acquired monthly by the builder with the rates for townhomes typically faster because of the need to purchase all of the lots comprising a specific building.

Therefore, the total development/sellout period is projected to be nine quarters in duration with a portions of the first five quarters devoted to resolution of the court case and construction of infrastructure.

Sales Price Adjustment Some current residential lot contracts typically include annual escalators ranging from 3-4% beginning in the second or third year of the absorption period. An escalator of 3% annually is included beginning in the second year of the cash flow analysis given the improving housing market.

The subdivision costs used in the valuation of the subject property are based on the cost estimates provided by the property representative and are assumed correct. For purposes of this appraisal, the total projected cost of \$2,420,000, inclusive of certain soft costs, is assumed to be an accurate representation of the expenses necessary to complete the subject lots as finished building sites. If subsequent information indicates that this assumption is incorrect, then this appraisal and any estimate of value may need to be qualified or amended.

Engineering Soft costs for bonding and engineering charges are projected at a rate of \$10,000 per lot for a total of \$220,000 for the subject project. The bulk of the engineering cost is divided evenly between periods 4 and 5 with the remainder included in period 6 of the cash flow.

Site Development Site development costs are projected at a total \$2,200,000 by the property representative. The bulk of the expense is included in the sixth and seventh periods of the discounted cash flow with additional expenses incurred in periods 8 and 9 to reflect a typical development program.

Contingency A contingency of 5% of development costs is included in the projected expenses for the subject property to reflect cost increases or unforeseen conditions. Contingency expenses are included in periods 4 through 9 of the discounted cash flow. The projected contingency expense reflects the possibility of cost increases as the development estimate is not based on a current contractor bid.

Administrative and Overhead This account covers the estimated cost required to staff and support the personnel associated with the day to day management and administration of the project and is estimated at a rate of 1.5% of lot sales. The expense is based on costs incurred by other subdivisions and appears reasonable.

Real Estate Taxes The investor/developer is responsible for the payment of real estate taxes during ownership. The subject lots were assessed as of January 1, 2015 for the FY16 through FY18 period. FY18 real estate taxes and charges are projected at a total of \$19,796.01 indicating a rate of \$889.82 per lot for the subject sites. FY18 real estate taxes are included in period 3 of the cash flow analysis. The property would be reassessed as of January 1, 2018 for the FY19-FY21 cycle. As no information is available regarding the full cash values when reassessed, real estate taxes are based on the retail lot value and assume constant tax rates. The projected rate per lot is then applied to the number of lots outstanding when a payment would be due.

Settlement Costs Settlement costs are estimated to be 1% of the total sales and are deducted as an expense as lots are sold.

Marketing Allowance/Sales Commissions For marketing finished lots, local real estate companies typically charge between 5% to 10% of the sales price as a commission, depending upon the price of the lots and the number of sites. In this analysis, the developer/property owner is projected to incur marketing costs in the amount of 1% of lot sales for the subdivision. The rate is less than normally charged by area brokers; however, a majority of builders will sell finished lots without the benefit of professional real estate services. Generally sales commissions are paid more frequently on raw land deals than on finished lot sales negotiated on a take down schedule.

Legal and Accounting Legal and accounting charges are estimated at a rate of 1% of gross income and are deducted as an expense as sites are sold.

that the funding would only be available for projects in good locations with proven absorption paces and for borrowers with adequate cash reserves on hand. Given the current prime rate and lender expectations, it is reasonable to assume a mortgage rate of 6.75% for 70% of the cost of the project.

The subject property is appraised as a platted residential subdivision consisting of a total of 22 residential lots that enjoys a good location in Annapolis within the Baltimore metropolitan area. The discount rate is compiled as follows:

Mortgage Position	70% x 6.75% = 0.04473
Equity Position	30% x 25% = 0.0750
Discount Rate	0.1223 or 12% as rounded

Based on current market conditions, with consideration given to both historic and anticipated fluctuations in applicable interest rates, a discount rate of 12% annually is selected as appropriate to the anticipated cost of capital, whether equity or borrowed funds. The rate is within the range indicated by a survey of developers and builders active in this market.

Net Present Worth of the Subject

The net present worth of the subject property, as presently existing, unencumbered by any contracts of sale, is projected to be \$1,717,588 or \$1,720,000, as rounded, based on the discounted cash flow analysis.

Conclusion

Therefore, based upon the preceding analysis, subject to the underlying assumptions and contingent conditions as contained within this appraisal report, it is my opinion that the fee simple market value of the subject property, as presently existing by the subdivision development method, as of February 2, 2017, was ONE MILLION SEVEN HUNDRED TWENTY THOUSAND DOLLARS (\$1,720,000).

RECONCILIATION AND FINAL VALUE ESTIMATE

Cost Approach	Not Applicable
Sales Comparison Approach	\$1,695,000
Income Approach	\$1,720,000

Reconciliation involves a review of the reliability of the data used, the relative applicability of the approach to the type of property being appraised and the relative applicability of the approach in light of the definition of value sought. The subject property consists of a total of 22 platted building sites in Annapolis, a desirable area in Anne Arundel County. The property is valued by the sales comparison and income approaches that are considered applicable to the valuation of a bulk holding of residential sites similar to the subject.

The sales comparison approach is considering in estimating the value of the existing platted lots that comprise the subject property. In the analysis, a total of five sales of other platted subdivisions is compared to the subject to estimate a value based on a direct comparison. Two of the properties are

of constructing the dwellings. Many builders in the local market indicated an uptick in both sales and traffic during the past 12 to 18 months. In addition, recent lot price increases in several area subdivisions suggest that the market continues to improve.

Given the relative attractiveness of the county and its relative economic strength within the region, this trend should continue for the foreseeable future. Existing housing inventories can be expected to diminish, as the development of new housing is slowed by extended processing time, increasing regulations and development costs. The subject development will offer new detached dwelling units in an area with little new residential construction of single family homes and with good access to the regional road network. Baltimore, Washington and Annapolis metropolitan areas that should appeal to buyers. To conclude, it is my opinion that the subject property is marketable at the appraised value. Assuming the subject property is aggressively marketed, the subject property, as presently existing, could reasonably be sold to a developer/investor or a home builder within twelve months at the appraised value.

REASONABLE EXPOSURE TIME

Reasonable exposure time is defined by The Appraisal Standards Board of The Appraisal Foundation as follows:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events and assuming a competitive and open market.

Reasonable exposure time is presumed to occur prior to the effective date of the appraisal. In addition, different types of properties can have varying exposure periods with longer periods associated with special purpose properties or at higher price ranges. The estimate of a reasonable exposure period can be based on an analysis based on: (1) statistical information about days on market; (2) information gathered through sales verification; or (3) interviews with market participants.

In estimating a reasonable exposure period for the subject property, consideration is given to the time periods experienced by similar residential properties. The sales included in this report had relatively short exposure periods because the properties were purchased by builders who wished to construct residential units on the lots. The estimated value of the individual lots is related to the exposure period for the sale of the sites. The subject property presently exists as a planned residential subdivision. For the subject property, an exposure period of not longer than one year is estimated to have occurred prior to the effective date of this appraisal.

CERTIFICATION OF APPRAISER

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

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

The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

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

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.

I have provided 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.

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

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

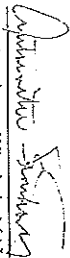
The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

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.

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

The appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.


Anthony Winchell, MAI

*Section D:
Appendix*

EX-106-1970-321

located on or near Annapolis Neck Road and known as the "Kent Property" near Annapolis, Maryland and as generally described on the plat of the Kent Property as shown on Liber QW 107, page 139, recorded among the aforesaid Land Records.

BEING the fee simple property which, by Deed dated June 28, 1982, and recorded in the Land Records of the County of Anne Arundel, Maryland, was granted and conveyed by Lemuel Thomas Kent unto Lemuel Thomas Kent and Mildred L. Kent; the said Lemuel Thomas Kent having since departed this life.

Together with the buildings and improvements thereon erected, made or being, and all and every, the rights, alleys, ways, waters, privileges, appurtenances and advantages thereto belonging or in anywise appertaining.

To Have and To Hold the said tract of ground and premises above described and mentioned, and hereby intended to be conveyed, together with the rights, privileges, appurtenances and advantages thereto belonging or appertaining and to the proper use and benefit of the said QW Properties, LLC, in fee simple.

And the Grantor hereby covenants that she has not done or suffered to be done any act, matter or thing whatsoever to encumber the property hereby conveyed; that she will warrant specially the property hereby granted; and that she will execute such further assurances of the same as may be requisite.

AS WITNESS the hand and seal of said Grantor, the day and year first above written.

WITNESS:

Janet Stoddard

Mildred L. Kent (seal)
Mildred L. Kent

STATE OF MARYLAND }
COUNTY OF ANNE ARUNDEL } ss

I hereby certify that on this 22nd day of October, 2007, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared Mildred L. Kent, the Grantor herein, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged the same for the purposes therein contained; and further acknowledged the foregoing Deed to be her act, and in my presence signed and sealed the same, giving oath under penalties of perjury that the consideration recited herein is correct.



Janet Stoddard
Notary Public
My commission expires 12/19/10

THIS IS TO CERTIFY that the within Deed was prepared by me under the supervision of the undersigned, an Attorney duly admitted to practice before the Court of Chancery, Maryland.

[Signature]
Attorney

AFTER RECORDING, PLEASE RETURN TO:
Mid-Maryland Title Company, Inc.
900 Testavia Road
Suite 104
Annapolis, MD 21401

State of Maryland Land Realignment In-lieu Sheet
 Baltimore City & County: **TRAILER ATTACHED**
 Information provided for use of the County Office, State Department of Transportation and the State Department of General Services
 (Owner or Titleholder must file this form with the County Office)

1 Type of Instrument
 Deed
 Special Use Valuation
 Other: _____

2 Conveyance Type
 Conveyance
 Mortgage
 Other: _____

3 Tax Exemptions
 Federal: _____
 State: _____
 Local: _____

4 Consideration and Tax Calculations
 Consideration Amount: _____
 Tax: _____

5 Description of 30+/- Acre Parcel
 A metes and bounds description of all applicable information. A metes and bounds description will be reduced in accordance with the priority status of the property (see Section 2-10-01(b)).

6 Parcel Information
 Parcel ID: _____
 Parcel Name: _____

7 Transferor
 Name: **TRAILER ATTACHED**
 Address: _____

8 Transferee
 Name: **TRAILER ATTACHED**
 Address: _____

9 Other Remarks
 (a) (b) (c) (d) (e) (f) (g) (h) (i) (j) (k) (l) (m) (n) (o) (p) (q) (r) (s) (t) (u) (v) (w) (x) (y) (z) (aa) (ab) (ac) (ad) (ae) (af) (ag) (ah) (ai) (aj) (ak) (al) (am) (an) (ao) (ap) (aq) (ar) (as) (at) (au) (av) (aw) (ax) (ay) (az) (ba) (bb) (bc) (bd) (be) (bf) (bg) (bh) (bi) (bj) (bk) (bl) (bm) (bn) (bo) (bp) (bq) (br) (bs) (bt) (bu) (bv) (bw) (bx) (by) (bz) (ca) (cb) (cc) (cd) (ce) (cf) (cg) (ch) (ci) (cj) (ck) (cl) (cm) (cn) (co) (cp) (cq) (cr) (cs) (ct) (cu) (cv) (cw) (cx) (cy) (cz) (da) (db) (dc) (dd) (de) (df) (dg) (dh) (di) (dj) (dk) (dl) (dm) (dn) (do) (dp) (dq) (dr) (ds) (dt) (du) (dv) (dw) (dx) (dy) (dz) (ea) (eb) (ec) (ed) (ee) (ef) (eg) (eh) (ei) (ej) (ek) (el) (em) (en) (eo) (ep) (eq) (er) (es) (et) (eu) (ev) (ew) (ex) (ey) (ez) (fa) (fb) (fc) (fd) (fe) (ff) (fg) (fh) (fi) (fj) (fk) (fl) (fm) (fn) (fo) (fp) (fq) (fr) (fs) (ft) (fu) (fv) (fw) (fx) (fy) (fz) (ga) (gb) (gc) (gd) (ge) (gf) (gg) (gh) (gi) (gj) (gk) (gl) (gm) (gn) (go) (gp) (gq) (gr) (gs) (gt) (gu) (gv) (gw) (gx) (gy) (gz) (ha) (hb) (hc) (hd) (he) (hf) (hg) (hh) (hi) (hj) (hk) (hl) (hm) (hn) (ho) (hp) (hq) (hr) (hs) (ht) (hu) (hv) (hw) (hx) (hy) (hz) (ia) (ib) (ic) (id) (ie) (if) (ig) (ih) (ii) (ij) (ik) (il) (im) (in) (io) (ip) (iq) (ir) (is) (it) (iu) (iv) (iw) (ix) (iy) (iz) (ja) (jb) (jc) (jd) (je) (jf) (jg) (jh) (ji) (jj) (jk) (jl) (jm) (jn) (jo) (jp) (jq) (jr) (js) (jt) (ju) (jv) (jw) (jx) (jy) (jz) (ka) (kb) (kc) (kd) (ke) (kf) (kg) (kh) (ki) (kj) (kk) (kl) (km) (kn) (ko) (kp) (kq) (kr) (ks) (kt) (ku) (kv) (kw) (kx) (ky) (kz) (la) (lb) (lc) (ld) (le) (lf) (lg) (lh) (li) (lj) (lk) (ll) (lm) (ln) (lo) (lp) (lq) (lr) (ls) (lt) (lu) (lv) (lw) (lx) (ly) (lz) (ma) (mb) (mc) (md) (me) (mf) (mg) (mh) (mi) (mj) (mk) (ml) (mm) (mn) (mo) (mp) (mq) (mr) (ms) (mt) (mu) (mv) (mw) (mx) (my) (mz) (na) (nb) (nc) (nd) (ne) (nf) (ng) (nh) (ni) (nj) (nk) (nl) (nm) (nn) (no) (np) (nq) (nr) (ns) (nt) (nu) (nv) (nw) (nx) (ny) (nz) (oa) (ob) (oc) (od) (oe) (of) (og) (oh) (oi) (oj) (ok) (ol) (om) (on) (oo) (op) (oq) (or) (os) (ot) (ou) (ov) (ow) (ox) (oy) (oz) (pa) (pb) (pc) (pd) (pe) (pf) (pg) (ph) (pi) (pj) (pk) (pl) (pm) (pn) (po) (pp) (pq) (pr) (ps) (pt) (pu) (pv) (pw) (px) (py) (pz) (qa) (qb) (qc) (qd) (qe) (qf) (qg) (qh) (qi) (qj) (qk) (ql) (qm) (qn) (qo) (qp) (qq) (qr) (qs) (qt) (qu) (qv) (qw) (qx) (qy) (qz) (ra) (rb) (rc) (rd) (re) (rf) (rg) (rh) (ri) (rj) (rk) (rl) (rm) (rn) (ro) (rp) (rq) (rr) (rs) (rt) (ru) (rv) (rw) (rx) (ry) (rz) (sa) (sb) (sc) (sd) (se) (sf) (sg) (sh) (si) (sj) (sk) (sl) (sm) (sn) (so) (sp) (sq) (sr) (ss) (st) (su) (sv) (sw) (sx) (sy) (sz) (ta) (tb) (tc) (td) (te) (tf) (tg) (th) (ti) (tj) (tk) (tl) (tm) (tn) (to) (tp) (tq) (tr) (ts) (tt) (tu) (tv) (tw) (tx) (ty) (tz) (ua) (ub) (uc) (ud) (ue) (uf) (ug) (uh) (ui) (uj) (uk) (ul) (um) (un) (uo) (up) (uq) (ur) (us) (ut) (uu) (uv) (uw) (ux) (uy) (uz) (va) (vb) (vc) (vd) (ve) (vf) (vg) (vh) (vi) (vj) (vk) (vl) (vm) (vn) (vo) (vp) (vq) (vr) (vs) (vt) (vu) (vv) (vw) (vx) (vy) (vz) (wa) (wb) (wc) (wd) (we) (wf) (wg) (wh) (wi) (wj) (wk) (wl) (wm) (wn) (wo) (wp) (wq) (wr) (ws) (wt) (wu) (wv) (ww) (wx) (wy) (wz) (xa) (xb) (xc) (xd) (xe) (xf) (xg) (xh) (xi) (xj) (xk) (xl) (xm) (xn) (xo) (xp) (xq) (xr) (xs) (xt) (xu) (xv) (xw) (xx) (xy) (xz) (ya) (yb) (yc) (yd) (ye) (yf) (yg) (yh) (yi) (yj) (yk) (yl) (ym) (yn) (yo) (yp) (yq) (yr) (ys) (yt) (yu) (yv) (yw) (yx) (yy) (yz) (za) (zb) (zc) (zd) (ze) (zf) (zg) (zh) (zi) (zj) (zk) (zl) (zm) (zn) (zo) (zp) (zq) (zr) (zs) (zt) (zu) (zv) (zw) (zx) (zy) (zz)

10 Contacted Information
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 Address: _____
 Phone: _____

11 Other Information
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Statement of Assets and Liabilities

Assets

Real Estate	100000
Personal Property	50000
Investments	20000
Accounts Receivable	10000
Prepaid Expenses	5000
Other Assets	5000
Total Assets	190000

Liabilities

Accounts Payable	10000
Notes Payable	50000
Mortgages	80000
Other Liabilities	10000
Total Liabilities	150000

Net Worth

Total Assets	190000
Total Liabilities	150000
Net Worth	40000

Particulars of Assets in Account of

Real Estate	100000
Personal Property	50000
Investments	20000
Accounts Receivable	10000
Prepaid Expenses	5000
Other Assets	5000

Particulars of Liabilities in Account of

Accounts Payable	10000
Notes Payable	50000
Mortgages	80000
Other Liabilities	10000

Statement of Income

Income from Real Estate	10000
Income from Personal Property	5000
Income from Investments	2000
Income from Accounts Receivable	1000
Income from Prepaid Expenses	500
Income from Other Assets	500
Total Income	19000

Statement of Expenses

Expenses for Real Estate	10000
Expenses for Personal Property	5000
Expenses for Investments	2000
Expenses for Accounts Receivable	1000
Expenses for Prepaid Expenses	500
Expenses for Other Assets	500
Total Expenses	19000

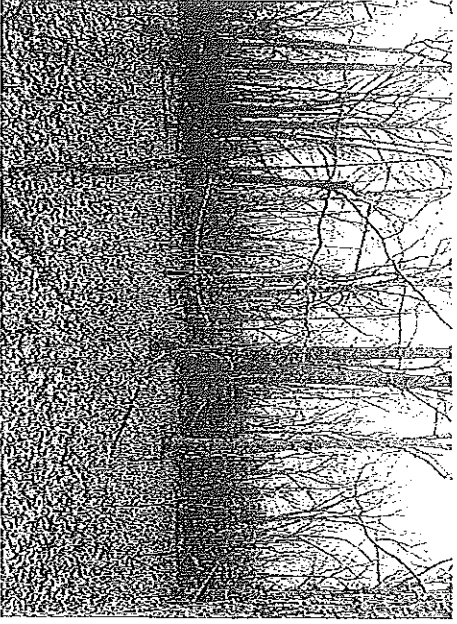
Signature of Accountant

Signature of Auditor

Signature of Officer



View of larger subdivision site



View of the interior of the subject site

BM 19619 PG 0633

**CERTIFICATION OF EXEMPTION FROM WITHHOLDING UPON
DISPOSITION OF MARYLAND REAL ESTATE
AFFIDAVIT OF RESIDENCY OR PRINCIPAL RESIDENCE**

File Number: 889-43

Property: 745 Annapolis Neck Road, Annapolis, MD 21403

Based on the certification below, Transferor claims exemption from the tax withholding requirements of § 10-912 of the Tax-General Article, Annotated Code of Maryland. Section 10-912 provides that certain tax payments must be withheld and paid when a deed or other instrument that affects a change in ownership of real property is presented for recording. The requirements of § 10-912 do not apply when a transferor provides a certification of Maryland residence or certification that the transferred property is the transferor's principal residence.

1. Transferor: Mildred L. Kent
Name of Transferor: Mildred L. Kent

2. Reason for Exemption:
 1. Transferor is a resident of the State of Maryland.
 Transferor is a resident entity under § 10-912(A)(4) of the Tax-General Article of the Annotated Code of Maryland, I am an agent of Transferor, and I have authority to sign this document on Transferor's behalf.
 Although I am no longer a resident of the State of Maryland, the Property is my principal residence as defined in IRC § 121 and is recorded as such with the State Department of Assessments and Taxation.

Under penalty of perjury, I certify that I have examined this declaration and that, to the best of my knowledge, it is true, correct, and complete.

3a. Individual:
 Name: Mildred L. Kent
 Signature: [Handwritten Signature]

3b. Entity:
 Name of Entity: _____
 Title: _____
 Name: _____
 Title: _____

Witness/Agent:

03/23/16 03:33 PM C 0002 R 0002
Val #: 0002-162162 \$2,483.00
Paid - Recodation Tax
Treatment Type: Deed

BOOK: 29764 PAGE: 259

2 B 2

Mida-Maryland Title Company, Inc.
File No. 5865-04
Tax ID #

- 06 668 90244079
- 06 668 90244030
- 06 668 90244031
- 06 668 90244032
- 06 668 90244033
- 06 668 90244034
- 06 668 90244035
- 06 668 90244036
- 06 668 90244037
- 06 668 90244038
- 06 668 90244039
- 06 668 90244091
- 06 668 90244092
- 00-000-9004-609206-000-9004-6093

Formerly: 00-000-9004-609206-000-9004-6093
This deed, made this 21 day of June 2016, by and between Silbert and Wichsworn V. Silbert, GRANTORS, and QW Properties, LLC, GRANTEE.

EXPLANATORY NOTE

The within named Grantor and Grantee entered into an Agreement on September 27, 2003, as amended (the "Agreement"), wherein it was agreed that the Grantor herein (Silbert) would convey to the Grantee herein (QW Properties, LLC) the below described lands of the Grantor in exchange for lands of the Grantee to be simultaneously deeded to the Grantor.

The prerequisites for the Agreement, as amended, have been satisfied and now the Grantor and Grantee are able to complete their transaction.

The value of the Grantor's property is based upon the present assessed value of the Grantor's property (\$340,124.49) for Parcel One (Original tax account #06-000-9004-6092) and (\$30,400.00) for Parcel Two (original tax account #06-000-9004-6093) which account numbers, as a result of the recodation of a subdivision plat, have been assigned the tax account numbers listed above.

- witnesses - \$ 383,620.00

That for and in consideration of the sum of Three-hundred-thirty-three-thousand-and-no/100ths Dollars (\$340,124.49), and other good and valuable consideration, which includes the amount of any outstanding Mortgage or Deed of Trust, if any, the receipt whereof is hereby acknowledged, the said Grantor do grant and convey to the said QW Properties, LLC, in fee simple, all that lot of ground situate in the County of Anne Arundel, State of Maryland and described as follows, that is to say:

PARCEL 591, Tax Account No. 6000 9004 6092 (former Parcel number and tax account number)

All that lot or parcel of land from the original conveyance to Thomas L. Kent designated as Lot No. 5 in the deed of partition as recorded among the Land Records in C. W. No. 107, folio 136, dated January 31, 1914.

SAVING AND EXCEPTING therefrom a parcel of land conveying 2.1 acres conveyed to Edward Kent and wife by Deed dated November 9, 1945, and recorded among the Land Records in J.H. 14, 346, folio 112.

ALSO SAVING AND EXCEPTING therefrom the lot containing 2.1 acres more or less conveyed to Adm. Kent by deed dated the 9th day of November, 1945, and recorded among the records in J.H. 36, folio 111.

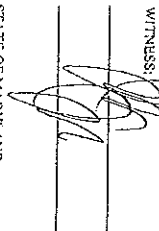
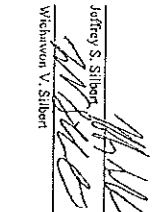
ACCT. 66036 88217 4817 > M&S Inc
ALL TAXES AND FEES PAID AS
BY: [Signature] ANNE ARUNDEL COUNTY

03/23/16 03:33 PM C 0002 R 0002
Val #: 0002-162162 \$2,483.00
County Transfer Tax

And the Grantors hereby covenant that they have not done or suffered to be done any act, matter or thing whatsoever, to encumber the property hereby conveyed; that they will warrant specially the property hereby granted as to the property that the Grantor received by Deeds in Book 3058, page 103 and Book 8395, page 526; that they will warrant specially the said property; and that they will execute such further assurances of the same as may be requisite. The Grantor make no warranty or representation of title as to the interest in the remaining property described herein.

Witness my hands and seals of said Grantors, the day and year first above written.

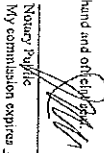
WITNESS:

 _____
Jeffrey S. Silbert (Seal)
 _____
Wichawon V. Silbert (Seal)

STATE OF MARYLAND }
COUNTY OF ANNE ARUNDEL }

I hereby certify that on this 22 day of Dec, 2016, before me, the subscriber, a Notary Public of the State and County aforesaid, personally appeared Jeffrey S. Silbert and Wichawon V. Silbert, the Grantors herein, known to me (or satisfactorily proven) to be the persons whose names are subscribed to the within instrument, and acknowledged the same for the purposes therein contained, and further acknowledged the foregoing Deed to be their act, and in my presence signed and sealed the same, giving oath under penalties of perjury that the consideration recited herein is correct.

IN WITNESS WHEREOF, I hereunto set my hand and official seal
Jocelyn L. Robinson
Notary Public
Anne Arundel County, MD

 _____
Notary Public
My commission expires 6/1/17

THIS IS TO CERTIFY that the within Deed was prepared by or under the supervision of the undersigned, an Attorney duly admitted to practice before the Courts of the State of Maryland.

 _____
Attorney

AFTER RECORDING, PLEASE RETURN TO:
Mid-Maryland Title Company, Inc.
900 Bedgate Road
Salisbury 210
Annapolis, MD 21401

BOOK: 29764 PAGE: 263

MARYLAND
Form
WM-AR Certification of Exemption from Withholding Upon
Disposition of Maryland Real Estate Affidavit of
Residence or Principal Residence

2016

Based on the certification below, Transferor claims exemption from the tax withholding requirements of §10-912 of the Tax-General Article, Annotated Code of Maryland. Section 10-912 provides that certain tax payments must be withheld and paid when a deed or other instrument that effects a change

In ownership of real property is presented for recordation. The requirements of §10-912 do not apply when a transferor provides a certification of Maryland residence or certification that one transferred property is the transferor's principal residence.

1. Transferor Information
Name of Transferor Wt. Arundel Silbert

2. Reasons for Exemption
Resident Status 1. Transferor, am a resident of the State of Maryland.

Transferor is a resident entity as defined in Code of Maryland Regulations (COMAR) 09.04.12.02B(13), I am an agent of Transferor, and I have authority to sign this document on Transferor's behalf.
 Although I am no longer a resident of the State of Maryland, the Property is my principal residence as defined in IRC 121. (Principal residence for 2 (two) of the last 5 (five) years) and is currently recorded as such with the State Department of Assessments and Taxation.

Under penalty of perjury, I certify that I have examined this declaration and that, to the best of my knowledge, it is true, correct, and complete.

3a. Individual Transferor
Witness [Signature]
Name William Silbert
Signature [Signature]

3b. Entity Transferors

Witness/Agent
Name of Entity
By
Name
Title