

Appraisal of Real Property

Saint Paul Place Mixed Use Property

Mixed Use (Apartments/Retail) Property

514 Saint Paul Place

Baltimore, Maryland 21202

Client Reference: 16-000345-01-1

Prepared For:

United Bank

Effective Date of the Appraisal:

May 2, 2016

Report Format:

Appraisal Report – Standard Format

IRR - Baltimore

File Number: 102-2016-0173





Saint Paul Place Mixed Use Property
514 Saint Paul Place
Baltimore, Maryland



May 27, 2016

Mr. Allen Schirmer
United Bank
2071 Chain Bridge Rd
Vienna, VA 22182

SUBJECT: Market Value Appraisal
 Saint Paul Place Mixed Use Property
 514 Saint Paul Place
 Baltimore, Maryland 21202
 Client Reference: 16-000345-01-1
 IRR - Baltimore File No. 102-2016-0173

Dear Mr. Schirmer:

Integra Realty Resources – Baltimore is pleased to submit the accompanying appraisal of the referenced property.

The subject is an existing mixed use (apartments/retail) property containing 5 total units, 4 (1BR/1BA) dwelling units and 1 commercial (retail) unit. The improvements were constructed circa 1900 and renovated in 2007/2008 and are 85% leased as of the effective appraisal date, as one of the dwelling units (Unit A) is currently vacant. The site area is 0.04 acres or 1,568 square feet.

The purpose of the appraisal is to develop an opinion of the market value of the leased fee interest in the property. We were requested by the client to also provide an estimate of the prospective market value at stabilization, however, due to the short lease-up time for the vacant unit, the costs incurred during lease-up are minimal and are lost in rounding. As such, the prospective market value at stabilization and market value as is are the same. The client for the assignment is United Bank, and the intended use is for loan underwriting and-or credit decisions by United Bank and-or participants.

The appraisal is intended to conform with the Uniform Standards of Professional Appraisal Practice (USPAP), the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, applicable state appraisal regulations, and the appraisal

guidelines of United Bank. The appraisal is also prepared in accordance with the appraisal regulations issued in connection with the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA).

To report the assignment results, we use the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Based on the valuation analysis in the accompanying report, and subject to the definitions, assumptions, and limiting conditions expressed in the report, our opinion of value is as follows:

Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Leased Fee	May 2, 2016	\$480,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. If the Department of Finance official calculations of the subject's tax credits are materially different from our assumptions, our value conclusion could be impacted.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot reasonably be foreseen at this time.

Mr. Allen Schirmer
United Bank
May 27, 2016
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If you have any questions or comments, please contact the undersigned. Thank you for the opportunity to be of service.

Respectfully submitted,

Integra Realty Resources - Baltimore



G. Edward Kerr, MAI, MRICS
Senior Managing Director
Certified General Real Estate Appraiser
Maryland Certificate # 7180
Telephone: 410.561.9320, ext. 205
Email: ekerr@irr.com



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Summary of Salient Facts and Conclusions

Property Name	Saint Paul Place Mixed Use Property	
Address	514 Saint Paul Place Baltimore, Maryland 21202	
Property Type	Mixed Use (Apartments/Retail)	
Owner of Record	514 St. Paul Place, LLC	
Tax ID	Ward 11, Section 11, Block 0552, Lot 018	
Land Area	0.04 acres; 1,568 SF	
Number of Units	5	(Includes 1 commercial unit)
Gross Building Area	4,392 SF	
Rentable Area	3,225 SF	
Percent Leased	85%	
Year Built; Year Renovated	Circa 1900; 2007/2008	
Zoning Designation	B-4-2, Central Business District	
Highest and Best Use - As if Vacant	Multifamily or mixed use (residential and commercial)	
Highest and Best Use - As Improved	Continued mixed use (residential and commercial)	
Exposure Time; Marketing Period	6 months; 6 months	
Effective Date of the Appraisal	May 2, 2016	
Property Interest Appraised	Leased Fee	
Market Value Indications		
Cost Approach	Not Used	
Sales Comparison Approach	\$480,000	(\$96,000/Unit)
Income Capitalization Approach	\$480,000	(\$96,000/Unit)
Market Value Conclusion	\$480,000	(\$96,000/Unit)

The values reported above are subject to the definitions, assumptions, and limiting conditions set forth in the accompanying report of which this summary is a part. No party other than United Bank and and-or affiliates may use or rely on the information, opinions, and conclusions contained in the report. It is assumed that the users of the report have read the entire report, including all of the definitions, assumptions, and limiting conditions contained therein.

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. If the Department of Finance official calculations of the subject's tax credits are materially different from our assumptions, our value conclusion could be impacted.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

General Information

Identification of Subject

The subject is an existing mixed use (apartments/retail) property containing 5 total units, 4 (1BR/1BA) dwelling units and 1 commercial (retail) unit. The improvements were constructed circa 1900 and renovated in 2007/2008 and are 85% leased as of the effective appraisal date, as one of the dwelling units (Unit A) is currently vacant. The site area is 0.04 acres or 1,568 square feet. A legal description of the property is in the addenda.

Property Identification

Property Name	Saint Paul Place Mixed Use Property
Address	514 Saint Paul Place Baltimore, Maryland 21202
Tax ID	Ward 11, Section 11, Block 0552, Lot 018
Owner of Record	514 St. Paul Place, LLC

Sale History

The most recent recorded sale of the subject is summarized as follows:

Sale Date	September 28, 2006
Seller	Hyman Cohen and Eileen Cohen
Buyer	514 St. Paul Place, LLC
Sale Price	No recorded consideration
Recording Instrument Number	Deed Book 8578, Page 297, of the Baltimore City Public records
Comments	For the purpose of converting a proprietorship to a limited liability company

To the best of our knowledge, no sale or transfer of ownership has taken place within a three-year period prior to the effective appraisal date.

Pending Transactions

The property is under contract of sale as of the effective appraisal date. Information about the contract is summarized as follows:

Contract Date	April 13, 2016
Seller	514 St. Paul Place, LLC
Buyer	514 Holdings, LLC
Sale Price	\$454,650
Comments	The sale price above includes a 5% buyer's premium that was added to auction price. A \$25,000 deposit was due at the time of sale. The difference to bring the deposit up to 10% is due 2 business days after the sale in the auctioneer's office. Settlement is scheduled for 60 days (6/12/2016) after the contract date. The seller warrants that a \$3,900 annual tax credit for tax years 2016 and 2017 is applicable to the tax liability of the property, and will continue to be applicable to the subject after the transfer of ownership.

The sales contract information above is the result of the subject being sold at auctioned. We contacted the Auctioneer, Mr. Nick Luciani, of Alex Cooper Auctioneers, and confirmed that the opening bid price was \$250,000. Mr. Luciani stated that “the auction was well attended and there was spirited bidding”. He further mentioned that the property has 3 years of remaining historic tax credits and the current tenants in Units C and D are HAP section 8 tenants.

Our market value conclusion of \$480,000 is slightly higher than the contract price of \$454,650 due to the subject being sold at auction and not being listed and given the proper exposure and marketing time.

Purpose of the Appraisal

The purpose of the appraisal is to develop an opinion of the market value of the leased fee interest in the property as of the effective date of the appraisal, May 2, 2016. We were requested by the client to also provide an estimate of the prospective market value at stabilization, however, due to the short lease-up time for the vacant dwelling unit, the costs incurred during lease-up are minimal and are lost in rounding. As such, the prospective market value at stabilization and market value as is are the same. The date of the report is May 27, 2016. The appraisal is valid only as of the stated effective date or dates.

Definition of Market Value

Market value is defined as:

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

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472)

Definition of Property Rights Appraised

Leased fee interest is defined as, “A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).”

Lease is defined as, “A contract in which rights to use and occupy land or structures are transferred by the owner to another for a specified period of time in return for a specified rent.”

Source: Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th ed. (Chicago: Appraisal Institute, 2015)

Intended Use and User

The intended use of the appraisal is for loan underwriting and-or credit decisions by United Bank and-or participants. The client is United Bank. The intended users are United Bank and-or affiliates. The appraisal is not intended for any other use or user. No party or parties other than United Bank and-or affiliates may use or rely on the information, opinions, and conclusions contained in this report.

Applicable Requirements

This appraisal is intended to conform to the requirements of the following:

- Uniform Standards of Professional Appraisal Practice (USPAP);
- Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute;
- Applicable state appraisal regulations;
- Appraisal requirements of Title XI of the Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA), revised June 7, 1994;
- Interagency Appraisal and Evaluation Guidelines issued December 10, 2010;
- Appraisal guidelines of United Bank.

Report Format

This report is prepared under the Appraisal Report option of Standards Rule 2-2(a) of USPAP. As USPAP gives appraisers the flexibility to vary the level of information in an Appraisal Report depending on the intended use and intended users of the appraisal, we adhere to the Integra Realty Resources internal standards for an Appraisal Report – Standard Format. This format summarizes the information

analyzed, the appraisal methods employed, and the reasoning that supports the analyses, opinions, and conclusions.

Prior Services

USPAP requires appraisers to disclose to the client any other services they have provided in connection with the subject property in the prior three years, including valuation, consulting, property management, brokerage, or any other services. We have not performed any 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.

Scope of Work

To determine the appropriate scope of work for the assignment, we considered the intended use of the appraisal, the needs of the user, the complexity of the property, and other pertinent factors. Our concluded scope of work is described below.

Valuation Methodology

Appraisers usually consider the use of three approaches to value when developing a market value opinion for real property. These are the cost approach, sales comparison approach, and income capitalization approach. Use of the approaches in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

The **income capitalization approach** is the most reliable valuation method for the subject due to the following:

- The probable buyer of the subject would base a purchase price decision primarily on the income generating potential of the property and an anticipated rate of return.
- Sufficient market data regarding income, expenses, and rates of return, is available for analysis.

The **sales comparison approach** is an applicable valuation method because:

- There is an active market for similar properties, and sufficient sales data is available for analysis.
- This approach directly considers the prices of alternative properties having similar utility.

The **cost approach** is not applicable to the assignment considering the following:

- The age of the property would limit the reliability of an accrued depreciation estimate.

- There are limited land transactions in the market area of the subject, making estimates of underlying land value subjective.
- This approach is not typically used by market participants, except for new or nearly new properties.

Research and Analysis

The type and extent of our research and analysis is detailed in individual sections of the report. This includes the steps we took to verify comparable sales, which are disclosed in the comparable sale profile sheets in the addenda to the report. Although we make an effort to confirm the arms-length nature of each sale with a party to the transaction, it is sometimes necessary to rely on secondary verification from sources deemed reliable.

Inspection

G. Edward Kerr, MAI, MRICS, conducted an on-site inspection of the property on May 11, 2016. Justin C. Hebbel conducted an interior inspection of the property on May 2, 2016.

Interior inspections included a total of all 5 units, representing 4, 1BR/1BA dwelling units and 1 retail (commercial) unit.

Significant Appraisal Assistance

It is acknowledged that Justin C. Hebbel made a significant professional contribution to this appraisal, consisting of participating in the property inspection, conducting research on the subject and transactions involving comparable properties, performing appraisal analyses, and assisting in report writing, under the supervision of the persons signing the report.

Economic Analysis

Baltimore City Area Analysis

Baltimore City is located in Maryland approximately 40 miles of Washington, DC. It is 81 square miles in size and has a population density of 7,696 persons per square mile. Baltimore City is part of the Baltimore-Columbia-Towson, MD Metropolitan Statistical Area, hereinafter called the Baltimore MSA, as defined by the U.S. Office of Management and Budget.

Population

Baltimore City has an estimated 2016 population of 622,937, which represents an average annual 0.1% increase over the 2010 census of 620,961. Baltimore City added an average of 329 residents per year over the 2010-2016 period, but its annual growth rate lagged the State of Maryland rate of 0.8%.

Looking forward, Baltimore City's population is projected to increase at a 0.3% annual rate from 2016-2021, equivalent to the addition of an average of 1,754 residents per year. Baltimore City's growth rate is expected to lag that of Maryland, which is projected to be 0.8%.

Population Trends					
	Population			Compound Ann. % Chng	
	2010 Census	2016 Est.	2021 Est.	2010 - 2016	2016 - 2021
Maryland	5,773,552	6,041,139	6,276,927	0.8%	0.8%
Baltimore City	620,961	622,937	631,707	0.1%	0.3%

Source: The Nielsen Company

Employment

Total employment in Baltimore City is currently estimated at 336,096 jobs. Between year-end 2004 and the present, employment declined by 22,777 jobs, equivalent to a 6.3% loss over the entire period. There were declines in employment in four out of the past ten years, influenced in part by the national economic downturn and slow recovery. Although many areas suffered declines in employment over the last decade, Baltimore City underperformed Maryland, which experienced an increase in employment of 3.4% or 86,174 jobs over this period.

A comparison of unemployment rates is another way of gauging an area's economic health. Over the past decade, the Baltimore City unemployment rate has been consistently higher than that of Maryland, with an average unemployment rate of 8.5% in comparison to a 5.6% rate for Maryland. A higher unemployment rate is a negative indicator.

Recent data shows that the Baltimore City unemployment rate is 7.5% in comparison to a 5.1% rate for Maryland, a negative sign that is consistent with the fact that Baltimore City has underperformed Maryland in the rate of job growth over the past two years.

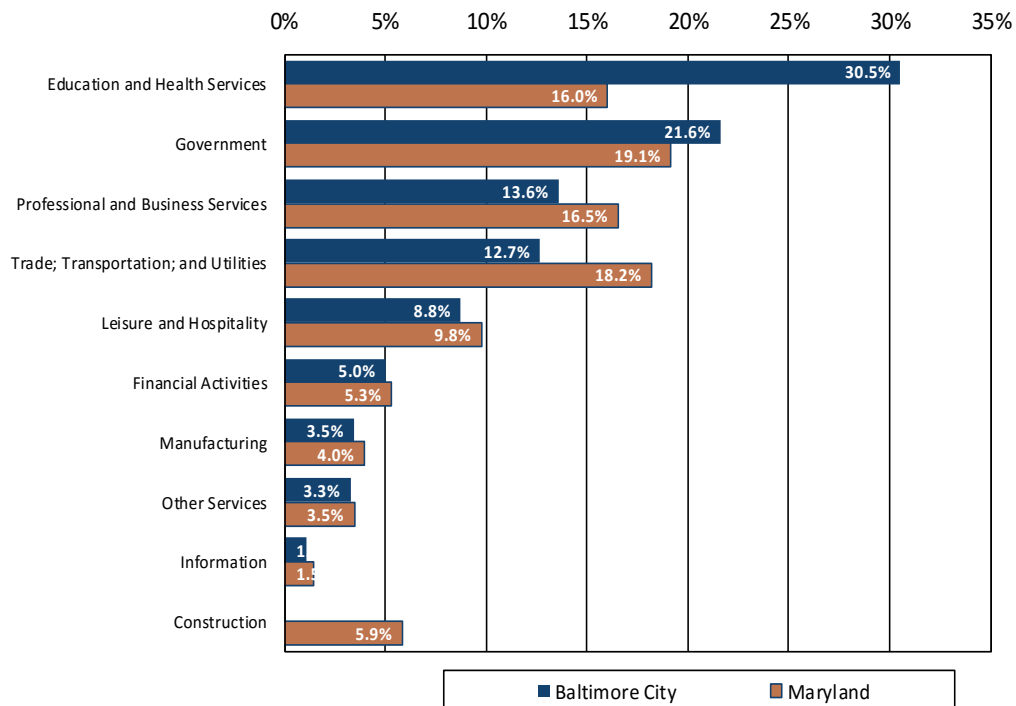
Employment Trends						
Year	Total Employment (Year End)				Unemployment Rate (Ann. Avg.)	
	Baltimore City	% Change	Maryland	% Change	Baltimore City	Maryland
2004	358,873		2,506,971		7.2%	4.3%
2005	353,259	-1.6%	2,539,954	1.3%	6.9%	4.1%
2006	354,915	0.5%	2,569,637	1.2%	6.4%	3.9%
2007	348,589	-1.8%	2,580,545	0.4%	5.5%	3.4%
2008	340,715	-2.3%	2,533,488	-1.8%	6.5%	4.2%
2009	326,432	-4.2%	2,465,106	-2.7%	10.2%	7.0%
2010	327,393	0.3%	2,488,518	0.9%	11.2%	7.6%
2011	332,610	1.6%	2,514,865	1.1%	10.8%	7.2%
2012	332,535	0.0%	2,544,871	1.2%	10.3%	7.0%
2013	333,181	0.2%	2,555,934	0.4%	9.9%	6.6%
2014	336,096	0.9%	2,593,145	1.5%	8.7%	5.8%
Overall Change 2004-2014	-22,777	-6.3%	86,174	3.4%		
Avg Unemp. Rate 2004-2014					8.5%	5.6%
Unemployment Rate - November 2015					7.5%	5.1%

Source: Bureau of Labor Statistics and Economy.com. Employment figures are from the Quarterly Census of Employment and Wages (QCEW). Unemployment rates are from the Current Population Survey (CPS). The figures are not seasonally adjusted.

Employment Sectors

The composition of the Baltimore City job market is depicted in the following chart, along with that of Maryland. Total employment for both areas is broken down by major employment sector, and the sectors are ranked from largest to smallest based on the percentage of Baltimore City jobs in each category.

Employment Sectors - 2014



Source: Bureau of Labor Statistics and Economy.com

Baltimore City has greater concentrations than Maryland in the following employment sectors:

1. Education and Health Services, representing 30.5% of Baltimore City payroll employment compared to 16.0% for Maryland as a whole. This sector includes employment in public and private schools, colleges, hospitals, and social service agencies.
2. Government, representing 21.6% of Baltimore City payroll employment compared to 19.1% for Maryland as a whole. This sector includes employment in local, state, and federal government agencies.

Baltimore City is underrepresented in the following sectors:

1. Professional and Business Services, representing 13.6% of Baltimore City payroll employment compared to 16.5% for Maryland as a whole. This sector includes legal, accounting, and engineering firms, as well as management of holding companies.
2. Trade; Transportation; and Utilities, representing 12.7% of Baltimore City payroll employment compared to 18.2% for Maryland as a whole. This sector includes jobs in retail trade, wholesale trade, trucking, warehousing, and electric, gas, and water utilities.

3. Leisure and Hospitality, representing 8.8% of Baltimore City payroll employment compared to 9.8% for Maryland as a whole. This sector includes employment in hotels, restaurants, recreation facilities, and arts and cultural institutions.
4. Financial Activities, representing 5.0% of Baltimore City payroll employment compared to 5.3% for Maryland as a whole. Banking, insurance, and investment firms are included in this sector, as are real estate owners, managers, and brokers.

Major Employers

Major employers in Baltimore City are shown in the following table.

Major Employers - Baltimore City		
	Name	Number of Employees
1	Johns Hopkins University	25,000
2	Johns Hopkins Hospital and Health System	19,340
3	University of Maryland Medical System	9,830
4	University of Maryland	9,111
5	MedStar Health Services	6,027
6	LifeBridge Health	5,316
7	Mercy Medical Services	4,028
8	St. Agnes HealthCare	3,267
9	Exelon	2,952
10	Kennedy Krieger Institute	2,417

Source: Maryland Department of Business and Economic Development (October 2015)

Gross Domestic Product

Gross Domestic Product (GDP) is a measure of economic activity based on the total value of goods and services produced in a defined geographic area. Although GDP figures are not available at the county level, data reported for the Baltimore MSA is considered meaningful when compared to the nation overall, as Baltimore City is part of the MSA and subject to its influence.

Economic growth, as measured by annual changes in GDP, has been somewhat higher in the Baltimore MSA than the United States overall during the past eight years. The Baltimore MSA has grown at a 1.1% average annual rate while the United States has grown at a 0.8% rate. As the national economy improves, the Baltimore MSA has recently underperformed the United States. GDP for the Baltimore MSA rose by 1.4% in 2014 while the United States GDP rose by 2.2%.

The Baltimore MSA has a per capita GDP of \$57,291, which is 17% greater than the United States GDP of \$49,110. This means that Baltimore MSA industries and employers are adding relatively more value to the economy than their counterparts in the United States overall.

Gross Domestic Product				
	(\$ Mil)		(\$ Mil)	
Year	Baltimore MSA	% Change	United States	% Change
2007	147,791		14,798,367	
2008	147,331	-0.3%	14,718,304	-0.5%
2009	146,909	-0.3%	14,320,114	-2.7%
2010	151,241	2.9%	14,628,169	2.2%
2011	153,384	1.4%	14,833,680	1.4%
2012	155,483	1.4%	15,127,489	2.0%
2013	157,409	1.2%	15,317,517	1.3%
2014	159,606	1.4%	15,659,221	2.2%
Compound % Chg (2007-2014)		1.1%		0.8%
GDP Per Capita 2014	\$57,291		\$49,110	

Source: Bureau of Economic Analysis and Economy.com; data released September 2015. The release of state and local GDP data has a longer lag time than national data. The data represents inflation-adjusted "real" GDP stated in 2009 dollars.

Household Income

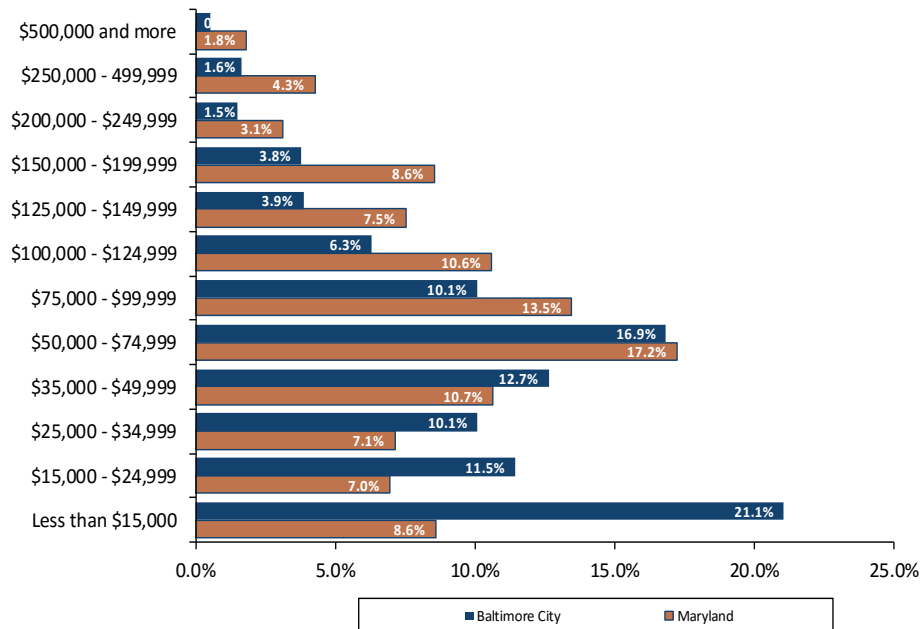
Baltimore City has a considerably lower level of household income than Maryland. Median household income for Baltimore City is \$43,694, which is 41.0% less than the corresponding figure for Maryland.

Median Household Income - 2016	
	Median
Baltimore City	\$43,694
Maryland	\$74,104
Comparison of Baltimore City to Maryland	- 41.0%

Source: The Nielsen Company

The following chart shows the distribution of households across twelve income levels. Baltimore City has a greater concentration of households in the lower income levels than Maryland. Specifically, 43% of Baltimore City households are below the \$35,000 level in household income as compared to 23% of Maryland households. A lesser concentration of households is apparent in the higher income levels, as 28% of Baltimore City households are at the \$75,000 or greater levels in household income versus 49% of Maryland households.

Household Income Distribution - 2016

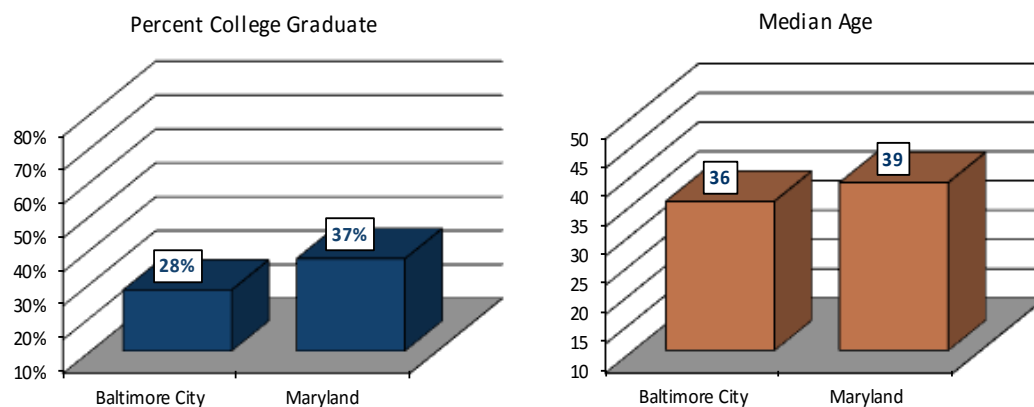


Source: The Nielsen Company

Education and Age

Residents of Baltimore City have a lower level of educational attainment than those of Maryland. An estimated 28% of Baltimore City residents are college graduates with four-year degrees, versus 37% of Maryland residents. People in Baltimore City are younger than their Maryland counterparts. The median age for Baltimore City is 36 years, while the median age for Maryland is 39 years.

Education & Age - 2016

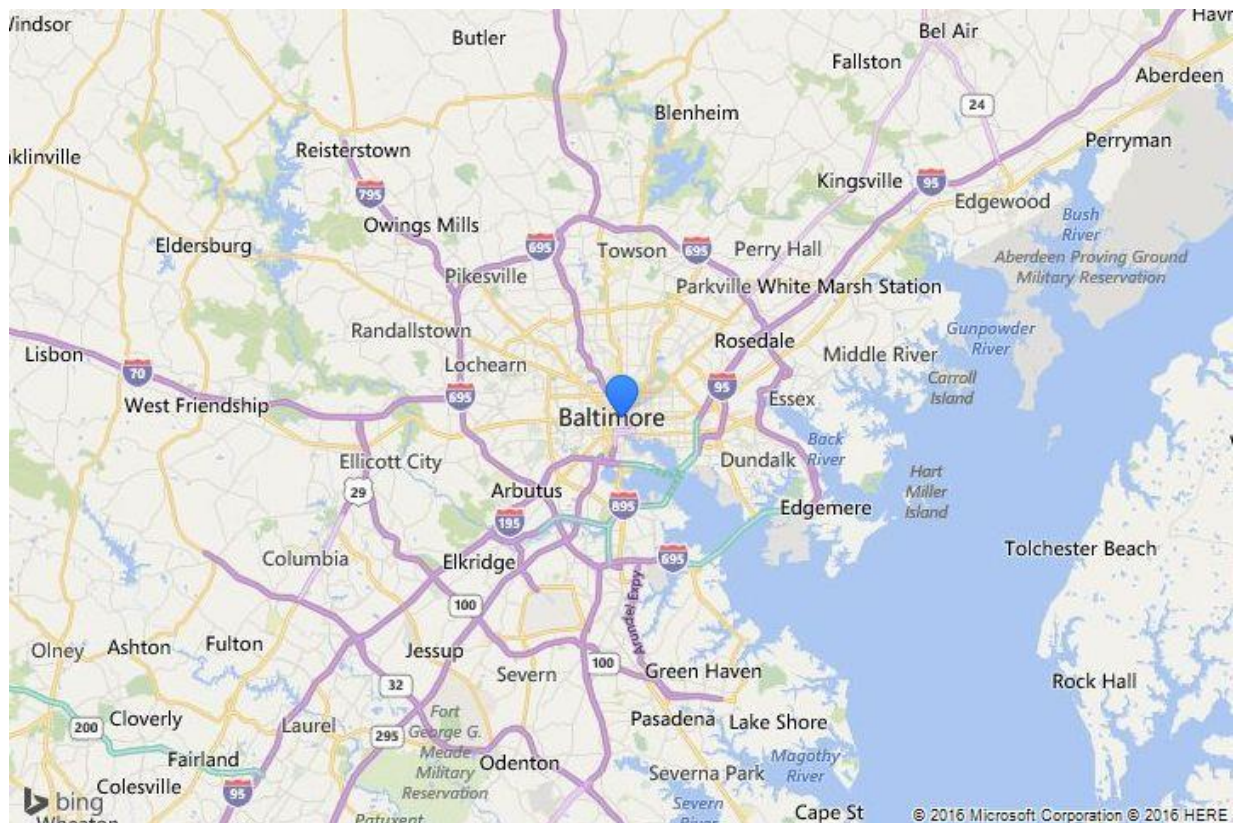


Source: The Nielsen Company

Conclusion

The Baltimore City economy will be affected by a stable to slightly growing population base and lower income and education levels. Baltimore City experienced a decline in the number of jobs, and had a consistently higher unemployment rate than Maryland over the past decade. However, Baltimore City benefits from being part of the Baltimore MSA, which exhibits both a higher rate of GDP growth and a higher level of GDP per capita than the nation overall. We anticipate that the Baltimore City economy will improve and employment will grow, strengthening the demand for real estate.

Area Map



Surrounding Area Analysis

Location

The subject is located in the central part of the City of Baltimore in a neighborhood known as Mount Vernon. The area is urban in character and 100% built out. The market area lies approximately 10 blocks north of Baltimore's central business district (CBD).

Access and Linkages

Primary highway access to the area is via the Jones Falls Expressway (I-83), Saint Paul Street (one-way south), Charles Street (one-way north), and Calvert Street (one-way north). Public transportation is provided by MTA bus and light rail, which provides access to the CBD and the entire Baltimore metropolitan area. Baltimore's Light Rail provides public transportation to the neighborhood with the nearest stations at Centre Street and Cultural Center, each approximately four blocks west of the subject. Other forms of public transportation include underground Metro (State Center station, approximately four blocks west) and MTA bus service, with major routes on Charles Street (one block west), Cathedral Street (two blocks west), Howard Street (four blocks west) and Saint Paul Street (becomes Saint Paul Place just northeast the subject) itself.

Demand Generators

Primary employment centers in the neighborhood consist of cultural and educational institutions, as well as a small business community. The University of Maryland at Baltimore, the University of Baltimore, Maryland General Hospital, and Mercy Medical Center are the largest local employers.

Demographic Factors

Surrounding Area Demographics					
2016 Estimates	1-Mile Radius	3-Mile Radius	5-Mile Radius	Baltimore City	Baltimore MSA
Population 2010	43,659	284,075	564,247	620,961	2,710,489
Population 2016	45,861	287,041	566,990	622,937	2,808,971
Population 2021	47,725	292,337	575,568	631,707	2,902,742
Compound % Change 2010-2016	0.8%	0.2%	0.1%	0.1%	0.6%
Compound % Change 2016-2021	0.8%	0.4%	0.3%	0.3%	0.7%
Households 2010	19,696	117,925	224,986	249,903	1,038,765
Households 2016	20,923	120,712	227,789	252,231	1,078,578
Households 2021	21,988	123,907	232,383	256,862	1,116,573
Compound % Change 2010-2016	1.0%	0.4%	0.2%	0.2%	0.6%
Compound % Change 2016-2021	1.0%	0.5%	0.4%	0.4%	0.7%
Median Household Income 2016	\$29,172	\$40,435	\$42,686	\$43,694	\$70,839
Average Household Size	1.8	2.3	2.4	2.4	2.5
College Graduate %	38%	32%	27%	28%	37%
Median Age	34	34	35	36	39
Owner Occupied %	15%	40%	47%	47%	67%
Renter Occupied %	85%	60%	53%	53%	33%
Median Owner Occupied Housing Value	\$226,393	\$182,805	\$165,362	\$166,163	\$295,821
Median Year Structure Built	1956	1939	1944	1945	1973
Avg. Travel Time to Work in Min.	30	32	33	33	33
Source: The Nielsen Company					

As shown above, the current population within a 1-mile radius of the subject is estimated to be 45,861, and the average household size is estimated to be 1.8. Population in the area has grown since the 2010 census, and this trend is projected to continue over the next five years. Compared to Baltimore City overall, the population within a 1-mile radius is projected to grow at a much faster rate.

Median household income is \$29,172, which is lower than the household income for Baltimore City. However, residents within a 1-mile radius have a considerably higher level of educational attainment than those of Baltimore City and median owner occupied home values are also considerably higher.

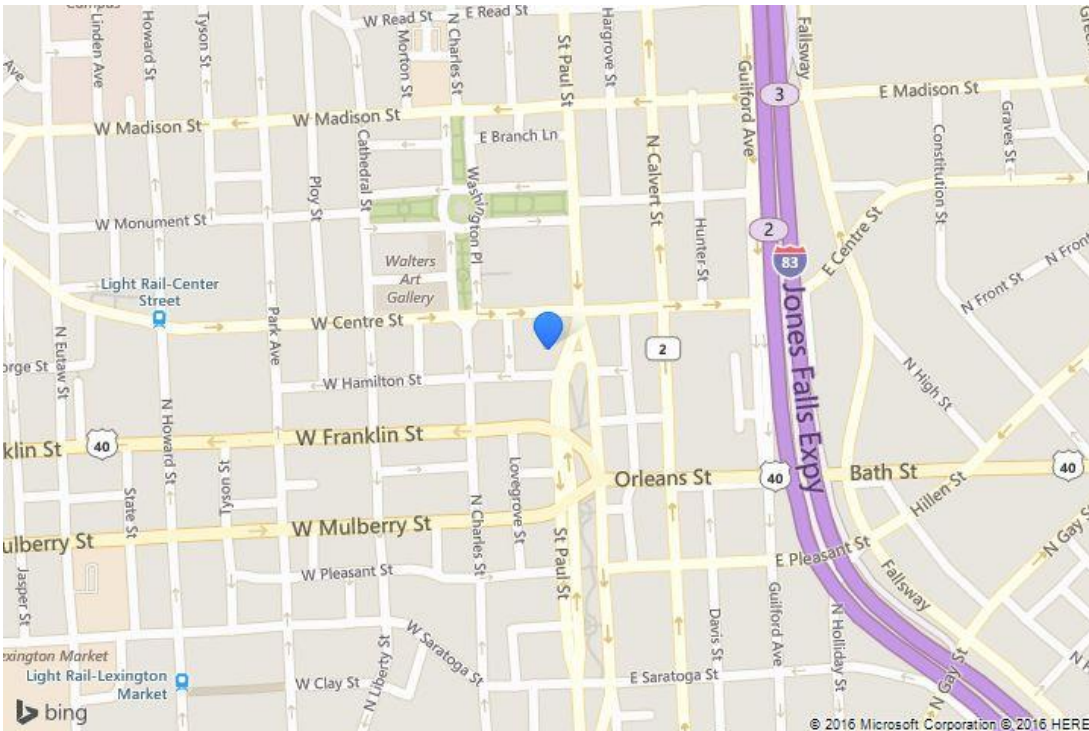
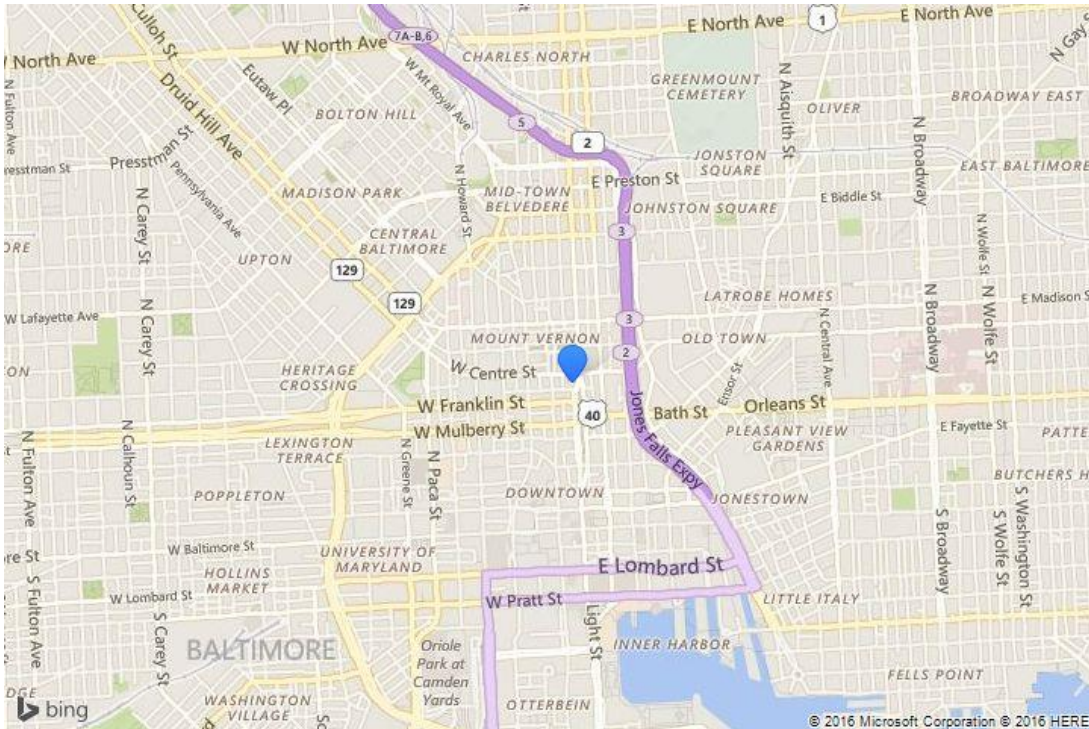
Land Use

Land use immediately surrounding the subject is predominantly single and multiple family rowhomes typically over one hundred years old, with renovations common. The neighborhood is influenced by a number of cultural attractions, including the Walters Art Gallery, Center Stage, the Maryland Historical Society, the Baltimore School for the Arts, and the Peabody Institute, as well as the first Catholic Cathedral to be built in the United States – the Basilica of the National Shrine of the Assumption of the Blessed Virgin Mary – built in 1806.

Outlook and Conclusions

The area is in the revitalization stage of its life cycle. Given the history of the area and the growth trends, it is anticipated that property values will increase in the near future.

Surrounding Area Maps



Central Baltimore City Submarket

Year	Quarter	Inventory (Units)	Completions (Units)	Vacancy %	Absorption (Units)	Effective Rental Rate	% Change
2006	Annual	11,031	298	8.8%	-30	\$979	3.3%
2007	Annual	11,756	725	7.3%	838	\$1,029	5.1%
2008	Annual	11,938	182	8.0%	85	\$1,070	4.0%
2009	Annual	12,234	296	7.4%	346	\$1,064	-0.5%
2010	Annual	12,509	275	5.8%	454	\$1,072	0.7%
2011	Annual	12,565	56	4.0%	279	\$1,105	3.0%
2012	Annual	13,008	443	5.7%	205	\$1,154	4.4%
2013	Annual	13,581	573	6.7%	404	\$1,217	5.5%
2014	Annual	14,688	1,107	8.6%	746	\$1,294	6.3%
2015	Annual	14,900	212	7.6%	351	\$1,313	1.5%

Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.

The Central Baltimore City submarket contains an overall inventory of 14,900 units, with 3,869 units having been added to submarket inventory over the past 9 years, most of which are considered Class A. The predominant multifamily housing type in close proximity to the subject is more typical of Class B/C product consisting of walk-up, three- to four-story, single family row-style homes converted to as many as 15 units. Some of these properties contain storefront commercial units at street level, like the subject. Ages of properties are typically more than 100 years with renovations common; most properties are in average to good condition. Often, on-site parking is limited and proximity to public transportation can be a major factor to attracting tenants.

Overall submarket vacancy (all classes of properties combined) is estimated at 7.6% as of 2015, which represents a substantial increase from the recent low mark of 4.0% in 2011. However, the vacancy rate has shown a decrease from the 2014 rate of 8.6%. The overall increase in vacancy has been attributed to the significant increase in supply which has mostly been Class A product as mentioned. There has been little increase in Class B/C inventory and based on our field inspection and discussions with market participants, vacancy rates for properties like the subject are more typically in the 5.0% range.

The average effective rent for the overall submarket is \$1,313 per unit per month, which represents an increase from the recent low mark of \$1,064 per unit per month in 2009. Effective rents have increased an average of 3.9% per year (compounded) since that time. For smaller walk-up properties like the subject, rental rates vary significantly and are largely a function of unit size and the extent and quality of renovations.

Supply and demand trends in the submarket are expected to be stable for the short term. Vacancy rates are expected to stabilize, and rental rates are expected to continue to increase. Over the long run, employment, population and household growth should foster positive absorption of units in both the Baltimore area and in the submarket.

Retail Market Analysis

The subject is located in the Central/Eastern Baltimore County retail submarket. Supply and demand indicators for community and neighborhood shopping center space are summarized in the following table.

Central/Eastern Baltimore County Submarket							
Year	Quarter	Inventory (SF)	Completions (SF)	Vacancy %	Absorption (SF)	Effective Rental Rate	% Change
2006	Annual	6,769,000	88,000	4.0%	159,000	\$17.05	1.9%
2007	Annual	6,769,000	0	5.5%	-105,000	\$17.13	0.5%
2008	Annual	6,815,000	46,000	8.2%	-135,000	\$16.73	-2.3%
2009	Annual	6,815,000	0	7.0%	80,000	\$16.78	0.3%
2010	Annual	6,815,000	0	8.9%	-128,000	\$16.29	-2.9%
2011	Annual	6,815,000	0	8.7%	12,000	\$15.93	-2.2%
2012	Annual	6,946,000	131,000	7.6%	192,000	\$15.93	0.0%
2013	Annual	7,271,000	325,000	7.6%	303,000	\$16.36	2.7%
2014	Annual	7,271,000	0	8.1%	-35,000	\$16.92	3.4%
2015	Annual	7,271,000	0	9.2%	-81,000	\$17.37	2.7%

Source: REIS, Inc.; compiled by Integra Realty Resources, Inc.

The Central/Eastern Baltimore County submarket contains an overall inventory of 7,271,000 square feet. Approximately 502,000 square feet have been added to the overall submarket inventory over the past 9 years. The overall submarket is growing at an average rate of 0.8% per year.

Overall submarket vacancy (all classes of space combined) is estimated at 9.2% as of 2015, which represents a modest increase from the 2012 and 2013 rate of 7.6%, and a significant increase from a recent low mark of 4.0% reported in 2006.

The average effective rent for the overall submarket is \$17.37 per square foot, triple net, which represents an increase from the low mark of \$15.93 per square foot in 2011 and 2012. Effective rents have increased an average of 3.0% per year since that time.

Overall, the market conditions are improving, and this is expected to have a favorable impact on the subject in the long term.

Property Analysis

Land Description and Analysis

The property is located mid-block on the west side of Saint Paul Place, between East Center Street to the north, East Hamilton Street to the south, and Saint Paul Place to the East. The subject site is summarized as follows:

Land Description	
Land Area	0.04 acres; 1,568 SF
Source of Land Area	Public Records
Primary Street Frontage	Saint Paul Place - 17 feet
Shape	Irregular rectangle
Corner	No
Topography	Generally sloping from southwest to northeast and at street grade
Drainage	No problems reported or observed
Environmental Hazards	None reported or observed
Ground Stability	No problems reported or observed
Flood Area Panel Number	2400870018F
Date	April 2, 2014
Zone	X
Description	Outside of 500-year floodplain
Insurance Required?	No
Zoning; Other Regulations	
Zoning Jurisdiction	Baltimore City
Zoning Designation	B-4-2
Description	Central Business District
Legally Conforming?	Appears to be legally nonconforming due to on-site parking requirements
Zoning Change Likely?	Possibly; Baltimore City is in the process of overhauling their zoning code. However, it is unlikely that this will affect the subject.
Permitted Uses	Various retail uses, apartment hotels, motel and hotels, schools and institutions, and professional, governmental and business offices, etc.
Utilities	
Service	Provider
Water	Baltimore City
Sewer	Baltimore City
Electricity	Baltimore Gas & Electric
Natural Gas	Baltimore Gas & Electric
Local Phone	Verizon

We are not experts in the interpretation of zoning ordinances. An appropriately qualified land use attorney should be engaged if a determination of compliance with zoning is required.

Rent Control Regulations

The subject is not affected by any type of regulation that would restrict the amount of rent that the owner can charge to tenants. However, as will be noted later in the report, two of the current occupants (Units C & D) are Housing Affordable Program (HAP) section 8 tenants.

Easements, Encroachments and Restrictions

We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.

Conclusion of Land Analysis

Overall, the physical characteristics of the site and the availability of utilities result in functional utility typical of mid-group, row-style building lots in this historic urban neighborhood. With the exception of site size, width (17') and shape, it is suitable for a variety of uses including those permitted by zoning. We are not aware of any other particular restrictions on development.

Block Plat



Improvements Description and Analysis

The subject is an existing mixed use (apartments/retail) property containing 5 total units, 4 (1BR/1BA) dwelling units and 1 commercial (retail) unit. The improvements were constructed circa 1900 and renovated in 2007/2008 and are 85% leased as of the effective appraisal date, as one of the dwelling units (Unit A) is currently vacant. The site area is 0.04 acres or 1,568 square feet.

Improvements Description	
Name of Property	Saint Paul Place Mixed Use Property
General Property Type	Mixed Use (Apartments/Retail)
Occupancy Type	Multi-Tenant
Number of Tenants	4
Tenant Size Range (SF)	500 - 1,000
Number of Buildings	1
Stories	3
Construction Class	C
Construction Type	Masonry
Construction Quality	Average
Condition	Average
Number of Units	5
Gross Building Area (SF)	4,392
Rentable Area (SF)	3,225
Land Area (SF)	1,568
Floor Area Ratio (RA/Land SF)	2.06
Floor Area Ratio (GBA/Land SF)	2.80
Building Area Source	Physical measurements and public records
Year Built	Circa 1900
Year Renovated	2007/2008
Actual Age (Yrs.)	116
Estimated Effective Age (Yrs.)	12
Estimated Economic Life (Yrs.)	50
Remaining Economic Life (Yrs.)	38
Number of Parking Spaces	None

Construction Details	
Foundation	Masonry
Basement	Unfinished with gravel and dirt floor
Structural Frame	Masonry
Exterior Walls	Brick & stucco
Windows	Apartments - replacement double pane in wood frame; commercial unit - double pane in aluminum frame
Roof	Flat rubber membrane
Interior Finishes	
Floors	Hardwood and carpet in common areas; commercial grade carpet and vinyl tile in apartment units; commercial grade carpet and ceramic tile in commercial unit
Walls	Painted drywall
Ceilings	Painted drywall
Lighting	Fluorescent and incandescent fixtures
Electrical	1200 amp, 240 vac, 3ph-4w service
Heating	Apartments - individual electric heat pump systems; retail - individual gas-fired carrier gas furnace
Air Conditioning	Individual electric units with roof mounted condensor units
Hot Water	Individual electric 40-gallon hot water heaters
Utility Meters - Tenants	In-unit electric
Utility Meters - Central	Common area electric and water and sewer
Elevators	None
Sprinklers	Wet sprinklered in apartments, none in commercial unit
In-Unit Washers & Dryers	None
Laundry Facilities	None
On-Site Parking	None

Improvements Analysis

Quality and Condition

The quality and condition of the subject is considered to be consistent with that of competing properties. However, we note that recent conversion buildings like the subject typically have in-unit washers and dryers or at least an on-site laundry facility. The subject has neither of these amenities, which is less desirable to prospective tenants in the Mount Vernon area. The subject also lacks on-site parking, however, this is not atypical for the subject's neighborhood.

Functional Utility

We note that single family conversions, like the subject, are typical of the rental housing stock in the subject's Mount Vernon neighborhood. The loss of functional utility in layout is offset by the historic character of interior finishes such as high ceilings, hardwood floors, original wood moldings and plaster work, and pocket doors. The functional utility of the subject is similar to other historic conversion buildings, which are prevalent in this neighborhood. While the historical features of the buildings add to their character and appeal, historic conversion buildings are typically more costly to maintain and operate.

Deferred Maintenance

No deferred maintenance is apparent from our inspection and none is identified based on discussions with representatives of ownership and the contract purchaser.

ADA Compliance

Based on our inspection and information provided, the property is not ADA compliant due to the stairs that lead to the subject's main entrance, which is typical of conversion buildings in Baltimore City.

Hazardous Substances

An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. Our estimate of value is based upon the site being free of environmental hazards, which would negatively impact value unless specifically identified in the report. Unless otherwise stated, we assume no other hazardous conditions exist on or near the subject.

Maryland Lead Paint Regulations

Maryland's Reduction of Lead Risk in Housing law requires owners of rental properties built before 1950 to register their units with the Maryland Department of the Environment (MDE), distribute specific educational materials to tenants, and meet specific lead paint risk reduction standards at certain triggering events. Owners of units built between 1950 and 1978 may choose to register and comply. Owners of units built after 1978 do not need to comply.

Owners who are in compliance with this Maryland law were eligible for limited liability protection. The law provides a detailed formula and definitions for determining the extent to which an owner's liability is limited. With certain exceptions, an owner who is in compliance with the registration, notification, and cleanup requirements is protected by payment caps under the Qualified Offer. A Qualified Offer is a legal offer that a Landlord may make to a Person at Risk (child under 6 or pregnant woman) poisoned with a blood lead level of 25 Fg/dl or greater. In return for accepting a Qualified Offer, the Person at Risk (or parent or guardian) agrees not to sue their Landlord for possible damages. The Qualified Offer Benefits pay to relocate "Persons at Risk" to lead-safe housing and to pay for medical treatments related to lead poisoning. The caps on Qualified Offer Benefits are currently \$7,500 for uncovered medical expenses and \$9,500 for relocation expenses, or a total landlord liability of \$17,000.

On October 24, 2011, Maryland's Court of Appeals struck down a key provision of that law. In a 7-0 ruling, they declared that the 1994 lead-poisoning law violated the state's Constitution by denying a day in court to victims of the once-widespread environmental health scourge. In doing so, the court struck down what was considered a historic legislative compromise to protect tenants while ensuring affordable housing.

As of January 1, 2012, lead dust testing is required with each change in occupancy involving a pre-1950 residential rental unit in order for the property to qualify for a Full Risk Reduction Certificate. Visual only inspections will no longer be acceptable. Likewise, for Modified Risk Reduction Certificates

required after a notice of defect/elevated blood lead level, lead dust testing will be mandatory after the completion of a specific scope of work.

A recent unanimous decision by the Maryland Court of Appeals eliminates the qualified offer/limited liability provision of the Reduction of Lead Risk in Housing Act. Even if the affected property is in full compliance with the law, owners may still be sued for causing lead poisoning. A Risk Reduction Certificate will no longer protect owners from liability, however, a Lead Free Certificate perhaps will.

There are hundreds of filed cases of lead-poisoning in Maryland, mostly in the City of Baltimore. Many insurers of rental property have put in lead paint exclusions, leaving landlords on their own to defend and pay out their own claims. These exclusions disclaimed liability for any personal injury claims arising out of the ingestion or inhalation of lead or lead compounds, broad language that at least one Maryland court found sufficient.

In effect, the law which immunized landlords from lead paint lawsuits is no longer constitutional and landlord liability for children injured by lead poisoning is open-ended. It is anticipated that tort lawyers will ramp up these cases. It will be some time before the negative impact on the marketability of rental property, like the subject, is known. However, investors, lenders and insurers are cautioned that the impact could be dramatic.

Effective January 1, 2011, contractors performing remodeling work in pre-1978 residential properties (target housing) must be certified by the EPA and at least one person from the firm must be trained and certified by the EPA. This “certified renovator” is responsible for ensuring that lead-safe work practices are employed when lead-based paint is disturbed during any remodeling activity. The EPA considers routine maintenance/repairs conducted by landlords to be remodeling and therefore covered by these new “RRP” regulations. Note, however, that accreditation by MDE does not fulfill the EPA certification requirement. The EPA certification is in addition to the MDE accreditation.

Personal Property

No personal property items were observed that would have any material contribution to market value.

Conclusion of Improvements Analysis

In comparison to other competitive properties in the region, the subject improvements are rated as follows:

Improvements Ratings	
Design and Appearance	Average
Age/Condition	Average
% Sprinklered	Average
Room Sizes and Layouts	Average
Bathrooms	Average
Kitchens	Average
Garages	Average
Unit Features	Below Average
Project Amenities	Average

Overall, the quality, condition, and functional utility of the improvements are average for their age and location. However, we do note that the lack of in-unit washers and dryers or an on-site laundry facility is a negative in comparison to the quality of comparable recently renovated walk-up properties in the area.



Front View of the Subject
(Photo Taken on May 2, 2016)



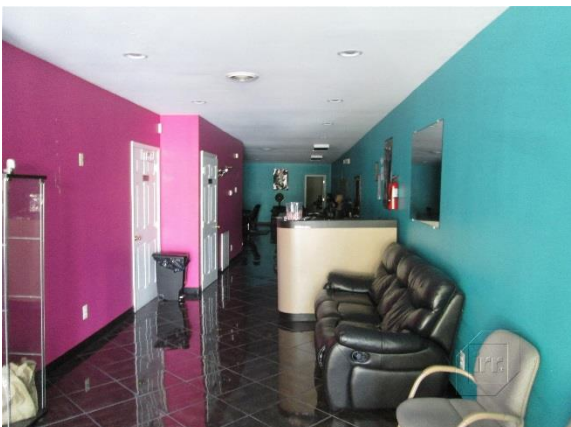
Saint Paul Place Looking Southwest
(Photo Taken on May 2, 2016)



Saint Paul Place Looking Northeast
(Photo Taken on May 2, 2016)



Rear of Subject
(Photo Taken on May 2, 2016)



Commercial (Retail) Unit Interior
(Photo Taken on May 2, 2016)



Commercial (Retail) Unit HVAC and Hot Water Heater
(Photo Taken on May 2, 2016)



Commercial (Retail) Unit Bathroom
(Photo Taken on May 2, 2016)



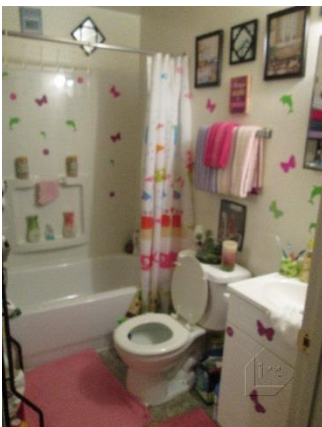
Unit A Kitchen
(Photo Taken on May 2, 2016)



Unit A Bedroom
(Photo Taken on May 2, 2016)



Unit A Bathroom
(Photo Taken on May 2, 2016)



Typical Bathroom
(Photo Taken on May 2, 2016)



Typical Kitchen Area
(Photo Taken on May 2, 2016)



Typical Unit Living Area
(Photo Taken on May 2, 2016)



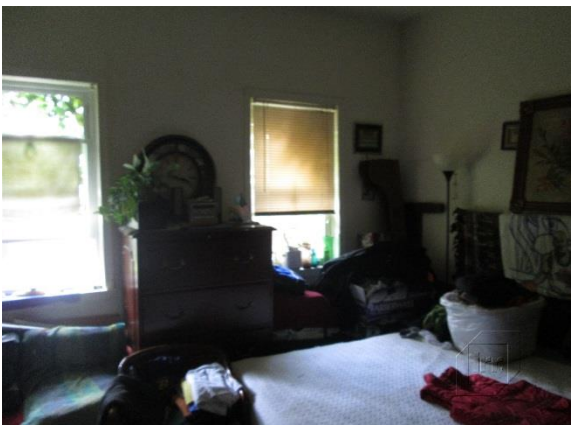
Common Area Hallway
(Photo Taken on May 2, 2016)



Typical Unit Living Area
(Photo Taken on May 2, 2016)



Typical Unit Hot Water Heater
(Photo Taken on May 2, 2016)

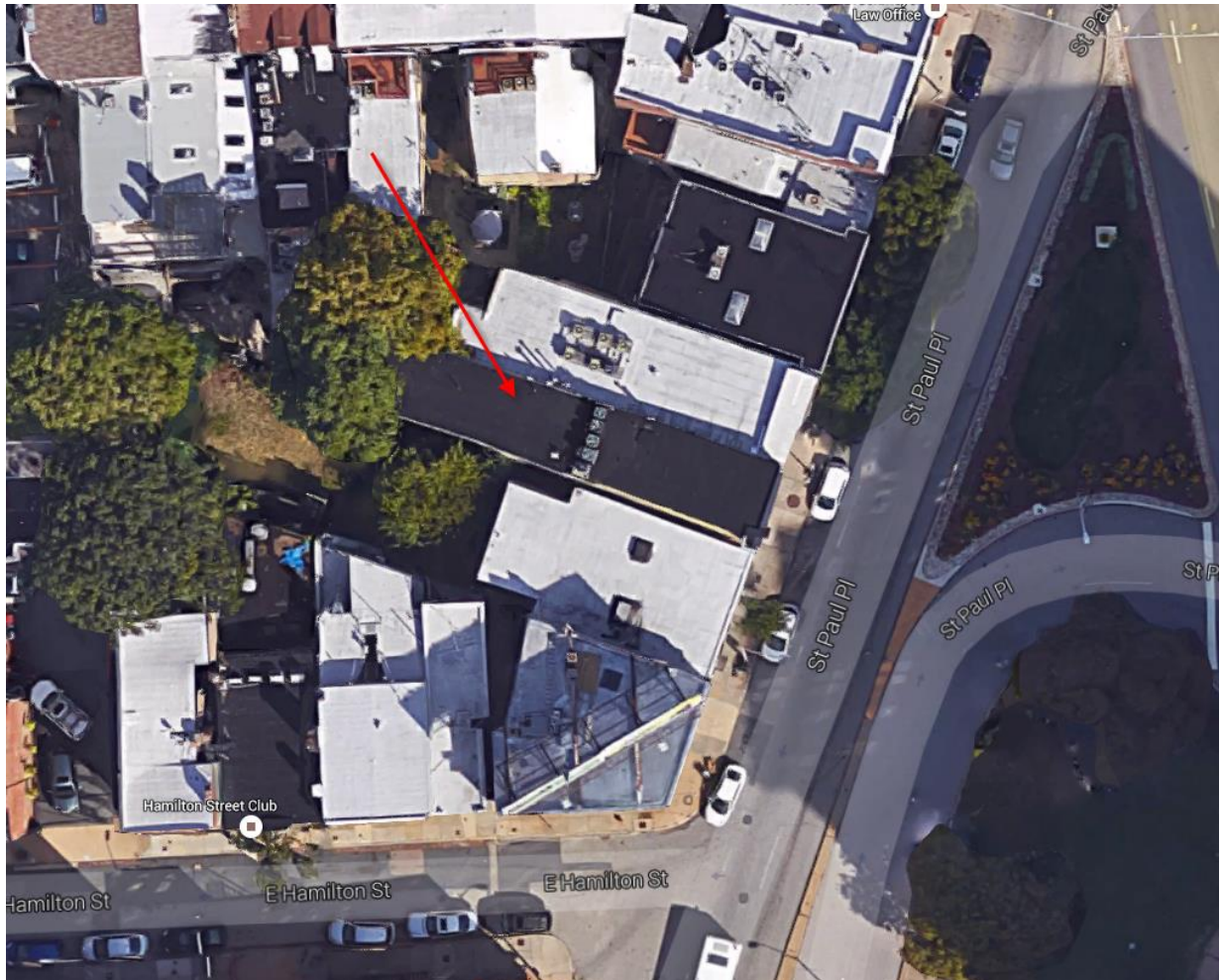


Typical Bedroom
(Photo Taken on May 2, 2016)



South Side of Building
(Photo Taken on May 2, 2016)

Aerial



Real Estate Taxes

Real estate tax assessments are administered by the Maryland Department of Assessments and Taxation and are estimated by jurisdiction on a city/county basis. The property is located in Baltimore City. Real estate taxes in this state and this jurisdiction represent ad valorem taxes, meaning a tax applied in proportion to value. The real estate taxes for an individual property may be determined by dividing the assessed value for a property by 100, then multiplying the estimate by the composite rate. The composite rate is based on a consistent state tax rate throughout this state, in addition to one or more local taxing district rates. The assessed values are based upon the current conversion assessment rate of 100% of Assessor's market value. Real estate taxes and assessments for the current tax year are shown in the following table.

Taxes and Assessments - 2015-2016					
Tax ID	Assessed Value			Taxes and Assessments	
	Land	Improvements	Total	Tax Rate	Ad Valorem Taxes
Ward 11, Section 11, Block 0552, Lot 018	\$86,200	\$206,000	\$292,200	2.360000%	\$6,896

The composite tax rate for the subject is 2.360% of assessed value. This rate includes the combined State and City of Baltimore rates. For the 2015-2016 tax year, the real estate taxes bill to the subject is \$6,896.

To lessen the impact of increases in value, state law provides that any increases in the new market value over the old market value be phased in during the three-year cycle in equal amounts. The following is the current and projected phase-in assessment for the subject over the current cycle (ending June 30, 2017).

Tax History				
Tax Year	Total Assessed		Ad Valorem	
	Value	Tax Rate	Taxes	% Change
2013-2014	\$291,600	2.36000%	\$6,882	
2014-2015	\$291,900	2.36000%	\$6,889	0.1%
2015-2016	\$292,200	2.36000%	\$6,896	0.1%
2016-2017	\$292,500	2.36000%	\$6,903	0.1%

Based on the concluded market value of the subject, the assessed value appears low. However, it is not atypical for properties in this jurisdiction to be under-assessed. **However, recordation of any subsequent sale of the subject property could trigger an increase in assessed value and tax liability for the subject in future re-assessments, which would have a detrimental impact on property value.**

Baltimore Historic Restoration and Rehabilitation Property Tax Credit (CHAP)

The subject lies within a City of Baltimore designated historic district known as Mount Vernon. Properties within historic districts are eligible for the Baltimore Historic Restoration and Rehabilitation Property Tax Credit program. The program was designed to encourage historic restoration and preservation within the City, and is considered one of the most comprehensive in the country. Renovations must comply with the Baltimore City Commission for Historical and Architectural Preservation (CHAP) architectural guidelines.

A real property tax credit (abatement) is granted on the City of Baltimore local tax portion of any increased assessment directly resulting from qualified improvements. The assessment subject to the tax credits is computed once and used for the entire 10-year life of the credit. The credit for projects with construction costs less than \$3.5M – like the subject – is 100% of the incremental increase. Projects with construction costs greater than \$3.5M are less. All remaining unused tax credits are fully transferable to a new owner. A summary of the program with sample calculations for the tax credit may be found in the addenda of this report.

According to Ms. Stacy Montgomery, of the Baltimore City Commission for Historical and Architectural Preservation (CHAP), one of the previous owners of the subject was granted “Final Certification”, from CHAP in 2009 and the 10-year tax credit was implemented during the 2009 tax year. As such, the subject is currently in the 7th year of the 10 year abatement period. Neither Ms. Montgomery nor the purchaser could provide us with the base year assessed value or a copy of the letter granting final certification. As such, we estimate the base year assessed value from the current tax credit reflected on the tax bill. Based on the current tax credit indicated on the 2015/2016 tax bill of \$3,967, we estimate that the base year assessed value of \$116,032.

$$= \$292,500 - (\$3,967 / 0.02248)$$

If the Department of Finance calculations of the tax credit are materially different from our assumptions, our value conclusion could be impacted.

The following table shows the calculation of the projected savings in the Baltimore City portion of the real estate tax liability for the remaining three years of the tax credit. The State of Maryland portion of the tax liability is not impacted by CHAP.

Net Present Value of Real Property Tax Abatements (CHAP)								
Tax Year	Base Assessment	Projected Assessment	Difference	Baltimore City Tax Rate	Credit Applied	Tax Savings	NPV Factor @ 6%	NPV of Savings
8	\$116,032	\$292,500	\$176,468	2.2480%	100%	\$3,967.00	0.943	\$3,740.88
9	\$116,032	\$301,275	\$185,243	2.2480%	100%	\$4,164.26	0.890	\$3,706.19
10	\$116,032	\$310,313	\$194,281	2.2480%	100%	\$4,367.44	0.840	\$3,668.65
Total:						\$12,499	Total: Rounded:	\$11,116 \$10,000

1 Assessment increasing 3% per year.

In selecting an appropriate discount rate, we note that the City of Baltimore has the highest real property tax rate among all Maryland jurisdictions and counties. The Mayor and civic leaders have

long called for a significant reduction in the real property tax rate to make the City more competitive for growth and development. Like many major U.S. cities, Baltimore faces significant financial difficulties arising from bloated payrolls, public employee pensions and aging infrastructure. Therefore, most investors do not believe the political will exists to significantly reduce the tax rate in the foreseeable future. However, a reduction in the tax rate during the abatement period would lower real property tax savings. We conclude to a conservative discount rate of 6%.

In the following Sales Comparison Approach and Income Capitalization Approach sections, we adjust the stabilized value by adding the net present value of the tax credits of \$10,000.

As previously mentioned, we utilize the 100% abatement schedule on the city taxes over the remaining three years of the ten year term as indicated by the City of Baltimore and on the current tax bill. If this proves to be incorrect, our value conclusion could be impacted.

Highest and Best Use

Process

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible.
- Legally permissible under the zoning regulations and other restrictions that apply to the site.
- Financially feasible.
- Maximally productive, i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses.

As If Vacant

Physically Possible

The subject property is a narrow interior lot (17 +/- feet wide). As a stand-alone property, new construction on a narrow lot is not financially feasible. Furthermore, the subject lot's configuration and adjacent buildings on both sides of the lot lines limit its functionality for new construction.

Legally Permissible

The site is zoned B-4-2, Central Business District. Permitted uses include various retail uses, apartment hotels, motel and hotels, schools and institutions, and professional, governmental and business offices, etc. To our knowledge, there are no legal restrictions such as easements or deed restrictions that would effectively limit the use of the property. Given prevailing land use patterns in the area, only multifamily or mixed use (residential and commercial) is given further consideration in determining highest and best use of the site, as though vacant.

Financially Feasible

It appears that a newly developed multifamily or mixed use development on the site would not have a value commensurate with its cost. The configuration of the subject's lot and adjacent buildings on both sides of the lot lines limit its functionality for new construction. Therefore, new multifamily or mixed use development is not considered to be financially feasible. However, holding the site for future assemblage with adjoining sites for multifamily or mixed use (residential and commercial) development is more likely.

Maximally Productive

There does not appear to be any reasonably probable use of the site that would generate a higher residual land value than holding the site for future assemblage with adjoining sites for multifamily or mixed use. Accordingly, it is our opinion that holding the property for this use, developed to the normal market density level permitted by zoning, is the maximally productive use of the property.

Conclusion

Holding the site for future assemblage with adjoining sites for multifamily or mixed use is the only use that meets the four tests of highest and best use. Therefore, it is concluded to be the highest and best use of the property as if vacant.

As Improved

The subject site is developed with a 5-unit, inside-of-group, historic row-style mixed use (residential and commercial) walk-up, which is consistent with the highest and best use of the site as if it were vacant.

The existing improvements are currently leased and produce a positive cash flow that we expect will continue. Therefore, a continuation of this use is concluded to be financially feasible.

Based on our analysis, there does not appear to be any alternative use that could reasonably be expected to provide a higher present value than the current use, and the value of the existing improved property exceeds the value of the site, as if vacant. For these reasons, continued mixed use (residential and commercial) is concluded to be maximally productive and the highest and best use of the property as improved.

Most Probable Buyer

Taking into account the size and characteristics of the property, the likely buyer is a local investor such as an individual or partnership.

Valuation

Valuation Methodology

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach and the income capitalization approach.

The **cost approach** assumes that the informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization and discounted cash flow analysis, with one or both methods applied, as appropriate. This approach is widely used in appraising income-producing properties.

Reconciliation of the various indications into a conclusion of value is based on an evaluation of the quantity and quality of available data in each approach and the applicability of each approach to the property type.

The methodology employed in this assignment is summarized as follows:

Approaches to Value		
Approach	Applicability to Subject	Use in Assignment
Cost Approach	Not Applicable	Not Utilized
Sales Comparison Approach	Applicable	Utilized
Income Capitalization Approach	Applicable	Utilized

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. The steps taken to apply this approach are:

- Identify relevant property sales;
- Research, assemble, and verify pertinent data for the most relevant sales;
- Analyze the sales for material differences in comparison to the subject;
- Reconcile the analysis of the sales into a value indication for the subject.

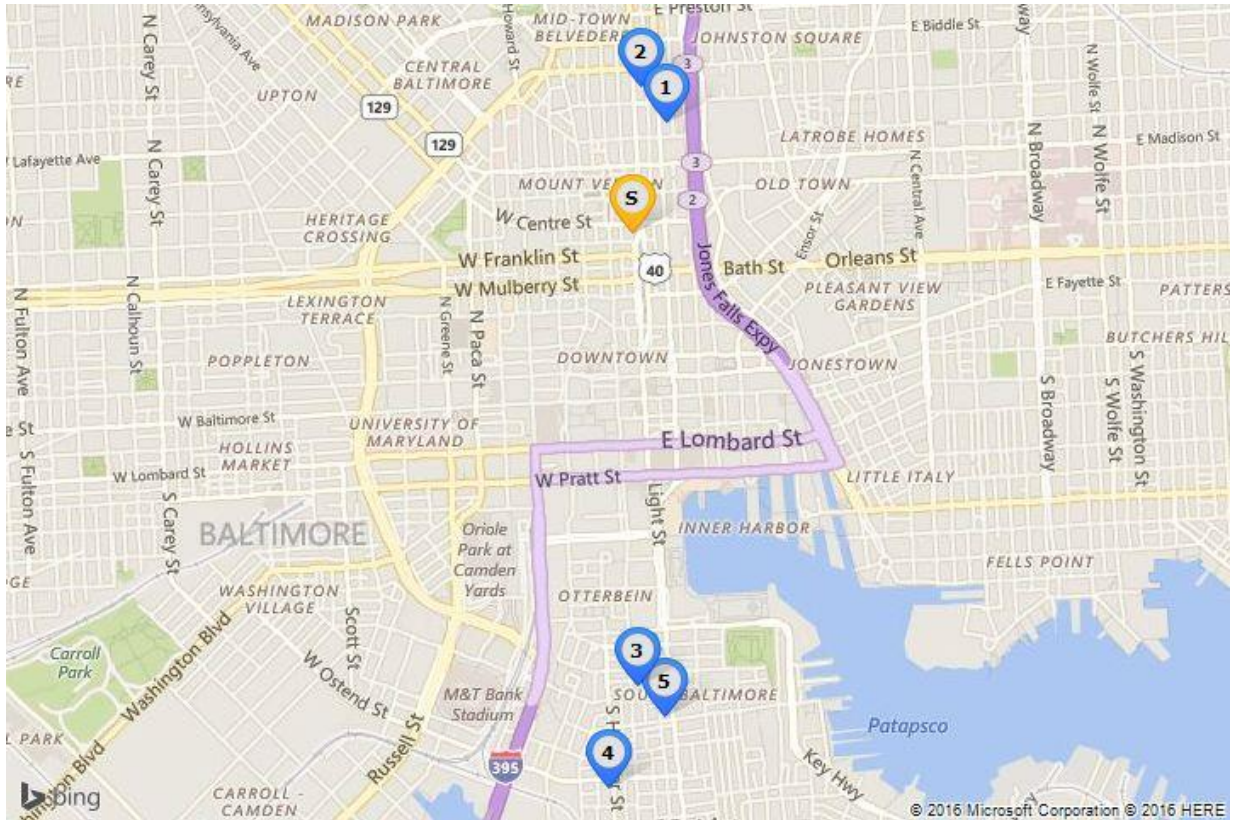
To apply the sales comparison approach, we searched for sale transactions within the following parameters:

- Property Type: Multifamily and-or Mixed Use (Apartments/Commercial)
- Location: Baltimore City
- Size: Under 10,000 SF
- Age/Quality: Turn-of-the-century, Class B/C
- Transaction Date: Past three years

For this area of the subject, we use price per unit as the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table.

Summary of Comparable Improved Sales						
No.	Name/Address	Sale Date; Status	Yr. Blt.; # Stories; % Occ.	Neighborhood	# Units; Rentable SF; Avg Unit SF	Effective Sale Price \$/Unit; \$/SF
1	Calvert Street Walk-Up 917 N. Calvert St. Baltimore MD	Jan-16 Closed	1920 4 100%	Mount Vernon	5 5,276 1,055	\$410,000 \$82,000 \$77.71
<i>Comments: This property is the sale of a 5 unit walk-up property. The property was listed for 14 days and had 20 showings and 3 offers. The selling broker indicated that their was rental upside as the rents were slightly below market. The annual gross income is \$57,000, which includes income from 5 on-site parking spaces.</i>						
2	Saint Paul Street Walk-Up 1019 Saint Paul St. Baltimore MD	Apr-15 Closed	1890 4 100%	Mount Vernon	7 4,824 689	\$490,000 \$70,000
<i>Comments: This is the sale of a 7 unit walk-up in Mount Vernon. The property reportedly was recently updated with a new gas furnace, roof, plumbing, most of the kitchens and baths. Property has upside in an 8th unit on the terrace that is licensed but is not finished. Reported gross annual income was \$51,780 and total expenses were \$19,489.</i>						
3	925-927 S. Charles Street 925-927 S. Charles St. Baltimore MD	Feb-15 Closed	1920 3 100%	Federal Hill	3 2,360 787	\$470,000 \$156,667 \$199.15
<i>Comments: This property consists of two buildings (rowhomes) combined as one to be one mixed-use (multifamily and retail) property containing two dwelling units and a ground level retail storefront, for a total of 3 units. The property was partially renovated in 2011. Access to the rear of the two buildings, and the only access to the upper level apartments, is limited to a narrow, 4' wide service alley. Based on the 2014 historical information, the gross annual income was \$49,360 annually or \$4,113.33 per month.</i>						
4	Hanover Street Walkup 1312 S. Hanover St. Baltimore MD	Oct-14 Closed	1900 3 100%	Federal Hill	3 2,574 900	\$426,667 \$142,222 \$165.76
<i>Comments: Arms-length, brokered sale of fully leased 3-unit apartment building. Leasehold estate subject to \$100 annual ground rent. Gross monthly rent was \$4,150 or \$49,800 annually.</i>						
5	Cross Street Retail 46 E. Cross St. Baltimore MD	Jun-13 Closed	1900 3 100%	Federal Hill	2 1,053 527	\$250,000 \$125,000 \$237.42
<i>Comments: Broker indicated a building with a 1st floor retail space leased to a jewelry boutique and a second & third floor owners suite; separately metered. The owners suite is a 1 bedroom, 2 bath. Broker indicated that the building would have sold for more but the appraisal was low and the seller agreed to drop the price.</i>						
Subject			Circa 1900	Mount Vernon	5	
Saint Paul Place Mixed Use			3		3,225	
Baltimore, MD			85%		645	

Comparable Improved Sales Map





Sale 1
Calvert Street Walk-Up



Sale 2
Saint Paul Street Walk-Up



Sale 3
925-927 S. Charles Street



Sale 4
Hanover Street Walkup



Sale 5
Cross Street Retail

Analysis and Adjustment of Sales

The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Adjustment Factors	
Effective Sale Price	Accounts for atypical economics of a transaction, such as excess land, non-realty components, expenditures by the buyer at time of purchase, or other similar factors. Usually applied directly to sale price on a lump sum basis.
Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on sale price; surrounding land use influences.
Project Size	Inverse relationship that often exists between project size and unit value.
Quality	Construction quality, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Unit features	Features internal to the residential units such as appliances.
Project amenities	Amenities available to the entire property.
Average Unit Size	Average residential unit floor area.
Economic Characteristics	Non-stabilized occupancy, above/below market rents, rent control, and other economic factors. Excludes differences in rent levels that are already considered in previous adjustments, such as for location or quality.

The following table summarizes the adjustments we make to each sale.

Improved Sales Adjustment Grid						
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4	Comparable 5
Property Name	Saint Paul Place Mixed Use Property	Calvert Street Walk-Up	Saint Paul Street Walk-Up	925-927 S. Charles Street	Hanover Street Walkup	Cross Street Retail
Address	514 Saint Paul Place	917 N. Calvert St.	1019 Saint Paul St.	925-927 S. Charles St.	1312 S. Hanover St.	46 E. Cross St.
City	Baltimore	Baltimore	Baltimore	Baltimore	Baltimore	Baltimore
State	Maryland	MD	MD	MD	MD	MD
Sale Date		Jan-16	Apr-15	Feb-15	Oct-14	Jun-13
Sale Status		Closed	Closed	Closed	Closed	Closed
Sale Price		\$410,000	\$490,000	\$470,000	\$425,000	\$250,000
Other Adjustment		—	—	—	\$1,667	—
Description of Adjustment					Ground Rent	
Effective Sale Price		\$410,000	\$490,000	\$470,000	\$426,667	\$250,000
Rentable Floor Area	3,225	5,276	4,824	2,360	2,574	1,053
Number of Units	5	5	7	3	3	2
Property SubType	Mixed Use (Apartments/Retail)	Conventional:Garden /Low Rise	Conventional:Garden /Low Rise	Mixed Use:Multifamily- Retail	Conventional:Gard en/Low Rise	Mixed Use:Retail- Residential
Year Built	Circa 1900	1920	1890	1920	1900	1900
Parking Spaces	None	5	4	0	0	1
Price per Unit		\$82,000	\$70,000	\$156,667	\$142,222	\$125,000
Property Rights		Leased Fee	Leased Fee	Leased Fee	Leasehold	Leased Fee
% Adjustment		—	—	—	—	—
Financing Terms		—	Cash to seller	Cash to seller	Cash to seller	Cash to seller
% Adjustment		—	—	—	—	—
Conditions of Sale		—	—	—	—	—
% Adjustment		—	—	—	—	—
Market Conditions	5/2/2016	Jan-16	Apr-15	Feb-15	Oct-14	Jun-13
Annual % Adjustment		—	—	—	—	—
Cumulative Adjusted Price		\$82,000	\$70,000	\$156,667	\$142,222	\$125,000
Location		—	—	-20%	-15%	-20%
Property Size		5%	5%	—	—	—
Age/Condition/Quality		10%	—	-5%	—	—
Parking		-10%	-10%	—	—	-5%
Net \$ Adjustment		\$4,100	-\$3,500	-\$39,167	-\$21,333	-\$31,250
Net % Adjustment		5%	-5%	-25%	-15%	-25%
Final Adjusted Price		\$86,100	\$66,500	\$117,500	\$120,889	\$93,750
Overall Adjustment		5%	-5%	-25%	-15%	-25%
Range of Adjusted Prices		\$66,500 - \$120,889				
Average		\$96,948				
Indicated Value		\$95,000				

Comparable 4 is subject to a ground rent and is adjusted upward accordingly.

Comparables 3 and 5 are located in high traffic pedestrian areas in Federal Hill. Comparable 4 is also located in Federal Hill, albeit on a slightly less pedestrian traveled area. These comparables are adjusted downward to account for their superior location and exposure.

Comparables 1 and 2 are larger in size and are adjusted upward accordingly.

Comparable 1 is in inferior condition in comparison to the subject, which was renovated in 2007/2008 and therefore requires an upward adjustment. Comparable 3 was partially renovated in 2011 and is adjusted downward accordingly.

Comparables 1, 2 and 5 have on-site parking and are adjusted downward accordingly.

Value Indication – Sale Price Analysis

We give fairly equal weight to all sales, and arrive at a value indication as follows:

Price per Unit Analysis	
Indicated Value per Unit	\$95,000
Subject Units	5
Indicated Value	\$475,000
Rounded	\$480,000

Gross Rent Multiplier

As a test of reasonableness, we also consider the Gross Rent Multiplier (GRM) method. The following table summarizes the gross rent multipliers for smaller multifamily sales within the City of Baltimore.

Comparable Sales Analysis - GRM			
Sale No.	Name	Address	GRM
1	Calvert Street Walk-Up	917 N. Calvert St.	7.2
2	Saint Paul Street Walk-Up	1019 Saint Paul St.	9.5
3	925-927 S. Charles Street	925-927 S. Charles St.	9.5
4	Hanover Street Walkup	1312 S. Hanover St.	8.6
5	817 Park Avenue	817 Park Ave.	8.4
6	812-814 Cathedral Street	812-814 Cathedral Street	7.6
7	1127 Saint Paul Street	1127 St. Paul Street	7.2

The GRM's indicated from the comparables above range from 7.2 to 9.5, with an average of 8.3. We conclude that an appropriate GRM for the subject would fall near the lower end of the range, given its lack of high-end finishes and lack of in-unit washers and dryers or on-site laundry facility. As such, utilizing a GRM of 7.5, results in the following value indication.

GRM Conclusion	
GRM	7.5
Subject Gross Income	\$62,077
Indicated Value	\$465,580
Rounded	\$470,000

Final Value Indication

Primarily placing reliance on the GRM analysis, as it considers the income producing potential of the subject and it is how most investors analyze small commercial properties like the subject, we arrive at a prospective stabilized value indication by the sales comparison approach as shown below.

Value Indication by Sales Comparison	
Price Per Unit Analysis	\$480,000
GRM Analysis	\$470,000
Reconciled	\$470,000
Adjustments	
NPV of CHAP Tax Credits	\$10,000
Total Adjustments	\$10,000
Indicated Value	\$480,000
Rounded	\$480,000

Net Present Value of Real Property Tax Abatements (CHAP)								
Tax Year	Base Assessment	Projected Assessment	Difference	Baltimore City Tax Rate	Credit Applied	Tax Savings	NPV Factor @ 6%	NPV of Savings
8	\$116,032	\$292,500	\$176,468	2.2480%	100%	\$3,967.00	0.943	\$3,740.88
9	\$116,032	\$301,275	\$185,243	2.2480%	100%	\$4,164.26	0.890	\$3,706.19
10	\$116,032	\$310,313	\$194,281	2.2480%	100%	\$4,367.44	0.840	\$3,668.65
Total:						\$12,499	Total:	\$11,116
							Rounded:	\$10,000

1 Assessment increasing 3% per year.

Income Capitalization Approach

The income capitalization approach converts anticipated economic benefits of owning real property into a value estimate through capitalization. The steps taken to apply the income capitalization approach are:

- Analyze the revenue potential of the property.
- Consider appropriate allowances for vacancy, collection loss, and operating expenses.
- Calculate net operating income by deducting vacancy, collection loss, and operating expenses from potential income.
- Apply the most appropriate capitalization method, either direct capitalization or discounted cash flow analysis, or both, to convert anticipated net income to an indication of value.

The two most common capitalization methods are direct capitalization and discounted cash flow analysis. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate.

In this analysis, we use only direct capitalization because investors in this property type typically rely more on this method.

We use contract rent as the basis of our income projection for the leased units in the apartment portion of the property and market rent for the vacant unit. We use contract rent for the leased commercial space and we apply only the direct capitalization method. We apply the net present value of the tax savings as a result of the CHAP tax credits, to arrive at a market value at stabilization. We apply no lease-up costs in our analysis, as we anticipate that the vacant apartment unit will lease-up in under a month, as such, any lease-up costs incurred will be lost in rounding.

Leased Status of Property

A rent roll for the multifamily portion of the property and a rent roll for the commercial portion property is shown below, based on our review of leases and the owner's rent roll.

Apartment - Rent Roll						
No	Unit Type	Unit No.	SF/Unit Tenant	Contract Rent	Asking Rent	Occupancy
1	1BR/1BA	A	500 Vacant		\$950	Vacant
2	1BR/1BA	B	550 Jerome Johnson	\$800	\$950	Leased
3	1BR/1BA	C	550 Ashley Cartier	\$949	\$950	Leased
4	1BR/1BA	D	625 Elizabeth Smith	\$900	\$950	Leased
TOTAL/AVG.			2,225	\$2,649	\$3,800	

We note that the asking rents shown in the table above are the proposed asking rents from the contract purchaser.

Commercial - Rent Roll

Suite	Tenant	SF	Lease Start	Lease End	Term (Mos.)	Lease Type	Contract Rent	Contract Rent/SF/Yr
1	Anissa Mathews	1,000	12/1/2015	11/30/2016	12	Triple Net	\$12,000	\$12.00
	Total/Average*	1,000					\$12,000	\$12.00
	Vacant SF	0	0%					
	Leased SF	1,000	100%					

As of the effective valuation date, the subject is 85% leased and occupied. Currently Unit A, a 1BR/1BA apartment unit, is vacant. According to the leases and our conversations with the contract purchaser and the auctioneer, Units C & D are HAP section 8 tenants, to which the entire rent, \$949/month and \$900/month, is paid via the section 8 program. However, as shown later in this report, these rental rates appear reasonable as they are near market. Therefore, in our analysis we will utilize contract rent for both Units C & D. We apply market rent to Unit A, as it is currently vacant. As previously mentioned, we apply no deduction for lease-up costs, as any costs incurred over the short turn-around time would be lost in rounding.

Subject Expense Structures - Commercial Space

Space Type	Retail	
Lease Type	Triple Net	
	Owner	Tenant
Real Estate Taxes		X
Insurance		X
Utilities		X
Repairs/Maintenance		X
General/Administrative	X	
Management	X	
Replacement Reserves	X	

We note that the retail tenant pays for trash and janitorial as well as reimburse the landlord for their proportionate share of real estate taxes, insurance, repairs and maintenance, as well as water and sewer. In the case of the apartment units, all are separately metered for electric and tenants pay their BGE bill directly. As in the case of the retail tenant, they also reimburse the landlord for water and sewer as is later reflected in the historical income and expenses and budget.

Market Rent Analysis - Apartment Units

As previously discussed, the subject consists of four, 1BR/1BA apartment units. As such, we have searched the surrounding areas to determine market rental rates for the 1BR/1BA unit type.

Summary of Comparable Rentals				
Address	Beds/Baths	Size	Rent/Mo.	Comments
311 Cathedral Street	1/1	600	\$895	Large 1BR/1BA rehabbed apartment with hardwood floors, refrigerator and a stove. Building has an elevator, secure entry and a laundry facility.
6 E. Read Street	1/1	695	\$850	Hardwood floors, elevator served building, laundry on-site, located in the heart of Mt. Vernon, tenant pays all utilities
300 Cathedral Place	1/1	679	\$1,245	Recently renovated historic building, hardwood floors, granite counter tops, stainless steel appliances, W/D in-unit, fitness center, business center, secure entry, garage parking spaces are \$200/month
1220 Saint Paul Street	1/1	N/A	\$1,000	This is a one bedroom apartment in a historic 3-story walk-up in Mount Vernon. Unit includes hardwood floors, an A/C unit and a kitchenette with a refrigerator and stove. Building has an on-site laundry.
914 N. Charles Street (Unit 1C)	1/1	N/A	\$925	Large 1BR/1BA unit with hardwood floors, ceramic tile in the bathroom and an updated kitchen with granite counter tops and stainless steel appliances.
1005 N. Calvert Street (Unit 1D)	1/1	N/A	\$1,165	Modern 1BR/1BA apartment with an updated kitchen and bath. Unit has wall-to-wall carpet, a refrigerator and a stove with a hood.
703 Cathedral Street (Unit 3R)	1/1	N/A	\$900	This is a 1BR/1BA apartment in a small walk-up building. Unit has radiant heat and a window A/C unit, refrigerator, stove and hardwood floors. There is a coin operated laundry facility and on-site parking is available at \$100/month. Trash and water included. Tenant pays gas and electric.

Based on the preceding analysis and that the subject units are separately metered for BGE, but not for water and sewer, we conclude that the proposed asking rent of \$950/month for the 1BR/1BA unit appears to be slightly above market but reasonable, given its size, somewhat recent renovation and lack of in-unit washers and dryers or an on-site laundry facility. Considering the range of the comparables above, the quality of the subject units, their location and level of finishes and amenities, we conclude to a market rental rate for the 1BR/1BA units of \$925 per month.

Market Rent Conclusion - Apartments

Based on the preceding analysis of comparable rentals, market rent is estimated for each unit type as shown in the table that follows.

Market Rent Conclusions - Apartments				
Unit Type	Total Units	Average Contract Rent	Average Asking Rent	Market Rent/ Month
1BR/1BA	4	\$883	\$950	\$925
Total/Avg.	4	\$883	\$950	\$925

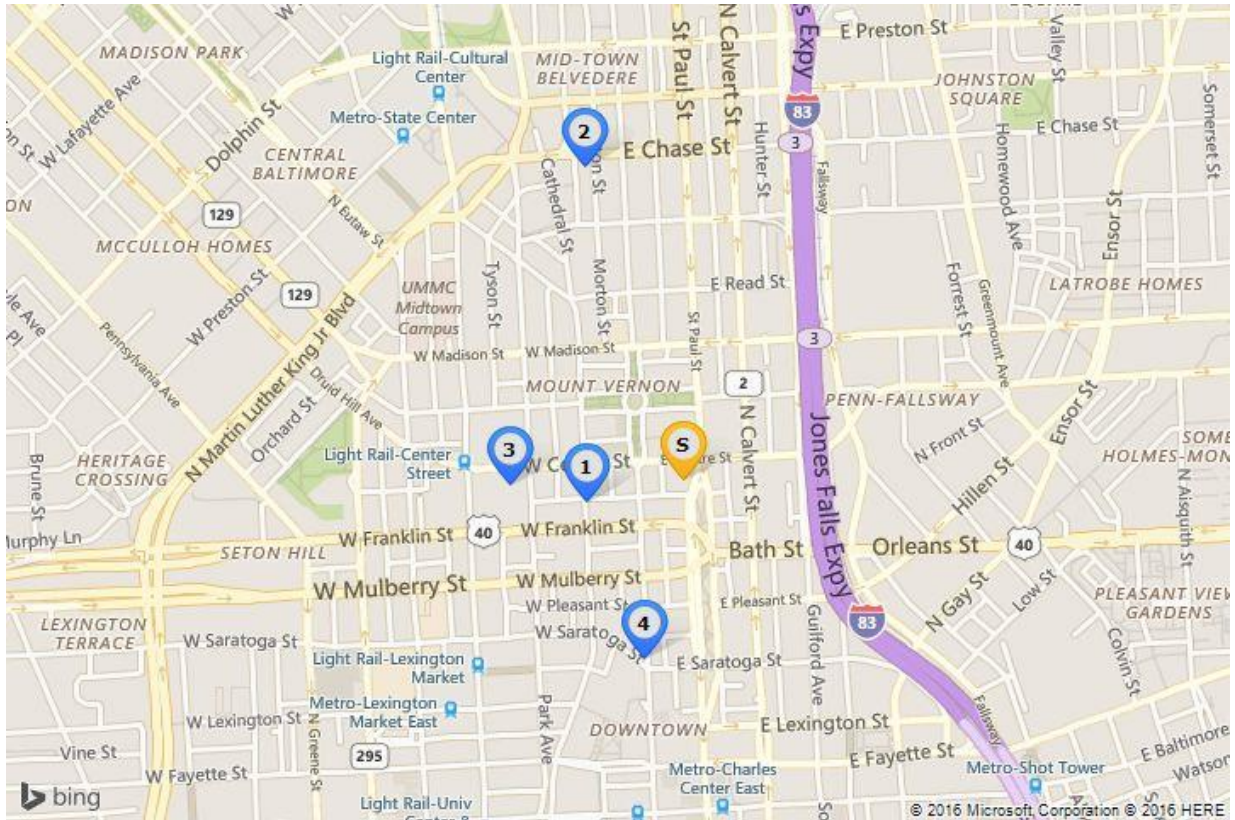
Market Rent Analysis (Commercial)

To estimate market rent, we analyze comparable rentals most relevant to the subject in terms of location, property type, size, and transaction date. Retail comparables used in our analysis are summarized in the following section followed by a section summarizing comparable apartment units.

Summary of Comparable Rentals - Retail

No.	Property Information	Description	Tenant	SF	Lease Start	Term (Mos.)	Rent/SF	Lease Type
1	1015-1017 Cathedral St 1015-1017 Cathedral St. Baltimore MD	Yr Blt. 1900 Stories: 3 RA: 8,900	Blend	1,800	Mar-16	60	\$10.00	Modified Gross
<i>Comments: This is the lease of 1,800 SF on two levels to a juice bar/vape shop for 5 years with 3% annual increases, no free rent and no TI's. Tenant pays for janitorial, utilities and in-unit repairs and maintenance. Leasing broker indicated that the space needed some work and was not immediately ready for the tenant.</i>								
2	Chase Street Mixed-Use 9 W. Chase St. Baltimore MD	Yr Blt. 1900 Stories: 4 RA: 9,000	Confidential	900	Feb-16	36	\$13.33	Modified Gross
<i>Comments: This is a 3-year lease to a small clothing boutique with one month free rent, no TI's and minimal escalations. Tenant is responsible for all their utilities and janitorial.</i>								
3	520 Park Apartments 520 Park Ave. Baltimore MD	Yr Blt. 1942 Stories: 6 RA: 125,236	Ceremony Coffee Roasters	3,065	Apr-15	120	\$17.00	Triple Net
<i>Comments: Triple net lease on ground floor. Tenant pays its pro rata share of landlord's operating insurance and real estate taxes and assessments for the property at an estimated \$3.32 per square foot. Rent increases 3% annually. Space delivered to tenant with demolition of the internal wall and otherwise in "as is" condition (newly renovated building when tenant moved in).</i>								
4	300 North Charles 300 N. Charles St. Baltimore MD	Yr Blt. 1875 Stories: 5 RA: 36,837	Subway Real Estate	2,256	Jul-14	120	\$14.63	Modified Gross
<i>Comments: Ground floor retail space with direct access to sidewalk. Subway restaurant with seating and rest rooms. Free rent spaced over 1st six months, 12th, 18th, 24th, 30th, 36th, and 42nd months (12).</i>								

Comparable Rentals Map – Commercial (Retail)





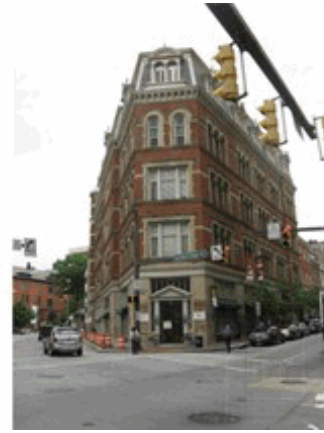
Lease 1
1015-1017 Cathedral St



Lease 2
Chase Street Mixed-Use Property



Lease 3
520 Park Apartments



Lease 4
300 North Charles

Rental Analysis Factors

Our analysis of the comparable rentals considers the following elements of comparison.

Rental Analysis Factors

Expense Structure	Division of expense responsibilities between landlord and tenants.
Conditions of Lease	Extraordinary motivations of either landlord or tenant to complete the transaction.
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate.
Location	Market or submarket area influences on rent; surrounding land use influences.
Access/Exposure	Convenience to transportation facilities; ease of site access; visibility from main thoroughfares; traffic counts.
Size	Difference in rental rates that is often attributable to variation in sizes of leased space.
Building Quality	Construction quality, amenities, market appeal, functional utility.
Age/Condition	Effective age; physical condition.
Economic Characteristics	Variations in rental rate attributable to such factors as free rent or other concessions, pattern of rent changes over lease term, or tenant improvement allowances.

Analysis of Comparable Rentals

The comparable rentals are compared to the subject and adjusted to account for material differences that affect market rental value. The following table summarizes our analysis of each comparable.

Rental Adjustment Grid - Retail					
	Subject	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Property Name	Saint Paul Place Mixed Use Property	1015-1017 Cathedral St	Chase Street Mixed Use Property	520 Park Apartments	300 North Charles
Address	514 Saint Paul Place	1015-1017 Cathedral St.	9 W. Chase St.	520 Park Ave.	300 N. Charles St.
City	Baltimore	Baltimore	Baltimore	Baltimore	Baltimore
State		MD	MD	MD	MD
Lease Start Date		Mar-16	Feb-16	Apr-15	Jul-14
Lease Term (Months)		60	36	120	120
Tenant Name		Blend	Confidential	Ceremony Coffee Roasters	Subway Real Estate
Leased SF		1,800	900	3,065	2,256
Lease Type		Modified Gross	Modified Gross	Triple Net	Modified Gross
Year Built	Circa 1900	1900	1900	1942	1875
Renovation Date	2007/2008	2001	N/Av	2014	2001
Base Rent/SF/Yr		\$10.00	\$13.33	\$17.00	\$14.63
Expense Structure					
\$ Adjustment		-\$4.50	-\$4.50	—	-\$4.50
Conditions of Lease					
% Adjustment		—	—	—	—
Market Conditions	5/2/2016	Mar-16	Feb-16	Apr-15	Jul-14
Annual % Adjustment	3%	1%	1%	3%	6%
Cumulative Adjusted Rent		\$5.56	\$8.92	\$17.51	\$10.74
Location/Access/Exposure		—	—	—	—
Size		—	—	5%	5%
Building Quality		—	—	—	—
Age/Condition		30%	15%	-25%	—
Second Floor Space		20%	—	—	—
Net \$ Adjustment		\$2.78	\$1.34	-\$3.50	\$0.54
Net % Adjustment		50%	15%	-20%	5%
Final Adjusted Price		\$8.33	\$10.26	\$14.01	\$11.27
Overall Adjustment		-17%	-23%	-18%	-23%
Range of Adjusted Rents		\$8.33 - \$14.01			
Indicated Rent		\$11.50			

Market Rent Conclusion – Commercial (Retail)

Based on the preceding analysis of comparable rentals and recent leases at the subject, we conclude market lease terms for the subject as follows.

Concluded Market Lease Terms						
Space Type	SF	Market Rent	Measure	Rent Escalations	Lease Type	Lease Term (Mos.)
Retail	1,000	\$11.50	\$/SF/Yr	3% annually	Triple Net	36

The subject's commercial space is currently leased on a triple net basis, in which the tenant reimburses the landlord for real estate taxes, insurance and CAM. Therefore, after accounting for the difference in lease structure (approximately - \$4.50/SF), the subject's commercial space rental rate

appears slightly above market, but reasonable. As such, we apply contract rent to the subject's commercial (retail) space.

Stabilized Income and Expenses

Potential Gross Rent

The following table summarizes the potential gross rent of the subject based on contract rent from leased units plus market rent applied to vacant units. The total of these amounts is compared to the potential rent that would be generated if the entire property were leased at market rates.

Potential Gross Rent - Apartments						
Unit Type	Total Units	Potential Rent at Contract	Avg. Contract Rent/Unit	Market Rent/Unit	Potential Rent at Market	Contract As % of Market
Leased Units						
1BR/1BA	3	\$31,788	\$883	\$925	\$33,300	95%
Total Leased	3	\$31,788	\$883	\$925	\$33,300	95%
Vacant Units						
1BR/1BA	1	\$11,100	\$925	\$925	\$11,100	100%
Total Vacant	1	\$11,100	\$925	\$925	\$11,100	100%
Grand Total	4	\$42,888	\$894	\$925	\$44,400	97%

Potential Gross Rent - Commercial						
Space Type	SF	Potential Rent at Contract (1)		Potential Rent at Market		Contract as % of Market
		Annual	\$/SF/Yr	\$/SF/Yr	Annual	
Retail	1,000	\$12,000	\$12.00	\$11.50	\$11,500	104%
Total Subject	1,000	\$12,000	\$12.00	\$11.50	\$11,500	104%

¹ Contract rent for leased space; vacant space at market.

In our stabilized income projection for the subject, rental income is based on the contract rent for the commercial space (\$12,000) and contract rent for the apartment space (\$42,888), or \$54,888. Income is projected for the 12-month period following the effective date of the appraisal.

Expense Reimbursements

Income is generated from retail (commercial) tenant obligations to reimburse the owner for real estate taxes, insurance, CAM (common area maintenance) and water and sewer. We note that this is not reflected in the contract purchaser's historical or budget. However, he confirmed that according to the lease, they should be reimbursing for these expenses. This was confirmed during our review of the retail tenant's lease; as such, we have reimbursed these expenses for this tenant's proportionate share of the subject's rentable area in our analysis. The apartment tenants reimburse the owner for water and sewer.

Vacancy & Collection Loss

Stabilized vacancy and collection loss is estimated at 8.0%. This estimate considers the submarket vacancy rate and vacancy rates at competing properties.

Concessions

Rent concessions are not customary at the subject or typical in the market; therefore, no deductions are made.

Expenses

Operating expenses are estimated based on the operating history of the subject and expense data from comparable properties, as summarized in the following tables.

Expense Analysis per Square Foot							
	Comp Data*				Subject		
	Comp 1	Comp 2	Comp 3	Comp 4	Historical and Projected Expenses		
	1920	1920	1900	1920	Circa 1900		
Year Built							
SF	2,100	2,363	3,500	2,268	3,225		
Operating Data Type	Actual/Pro				Actual	Budget	IRR
	In Place	In Place	In Place	Forma			
Year	2013	2014	2014	2014	2015	2016	Projection
Real Estate Taxes	\$2.85	\$3.44	\$2.44	\$2.44	\$2.29	\$2.51	\$2.14
Insurance	\$0.86	\$1.06	\$0.67	\$0.71	\$1.15	\$1.18	\$1.15
Utilities	\$0.49	\$0.77	\$2.48	\$1.10	\$0.75	\$0.78	\$0.75
Repairs/Maintenance	\$1.43	\$0.28	\$0.93	\$1.76	\$1.46	\$1.46	\$1.50
General/Administrative	\$0.09	\$0.54	\$0.52	\$0.11	\$0.16	\$0.22	\$0.30
Management	\$0.00	\$0.00	\$0.98	\$0.00	\$1.03	\$1.07	\$0.71
Replacement Reserves	\$0.00	\$0.00	\$0.59	\$0.00	\$0.31	\$0.31	\$0.20
Total	\$5.72	\$6.08	\$8.61	\$6.12	\$7.14	\$7.53	\$6.75

Operating History and Projections

	Actual 2015	Budget 2016	IRR Projection
Income			
Rental Income	\$55,188	\$57,600	\$0
Apartment Rental Income	0	0	42,888
Commercial Rental Income	0	0	12,000
Expense Reimbursements	2,300	2,400	7,189
Potential Gross Income*	\$57,488	\$60,000	\$62,077
Vacancy & Collection Loss @ 8.0%	-\$2,759	-\$2,880	-4,966
Effective Gross Income	\$54,729	\$57,120	\$57,111
Expenses			
Real Estate Taxes	\$7,400	\$8,100	\$6,903
Insurance	3,700	3,800	3,709
Utilities	2,420	2,530	2,419
Repairs/Maintenance	4,700	4,700	4,838
General/Administrative	500	700	968
Management	3,311	3,456	2,284
Replacement Reserves	1,000	1,000	645
Total Expenses	\$23,031	\$24,286	\$21,765
Net Operating Income	\$31,698	\$32,834	\$35,346
Operating Expense Ratio**	40.3%	40.8%	37.0%
Income per Square Foot			
Rental Income	\$17.11	\$17.86	\$0.00
Apartment Rental Income	0.00	0.00	13.30
Commercial Rental Income	0.00	0.00	3.72
Expense Reimbursements	0.71	0.74	2.23
Potential Gross Income per Square Foot	\$17.83	\$18.60	\$19.25
Vacancy & Collection Loss @ 8.0%	-\$0.86	-\$0.89	-\$1.54
Effective Gross Income per Square Foot	\$16.97	\$17.71	\$17.71
Expenses per Square Foot			
Real Estate Taxes	\$2.29	\$2.51	\$2.14
Insurance	1.15	1.18	1.15
Utilities	0.75	0.78	0.75
Repairs/Maintenance	1.46	1.46	1.50
General/Administrative	0.16	0.22	0.30
Management	1.03	1.07	0.71
Replacement Reserves	0.31	0.31	0.20
Total Expenses per Square Foot	\$7.14	\$7.53	\$6.75
NOI per Square Foot	\$9.83	\$10.18	\$10.96
NOI per Unit	\$6,340	\$6,567	\$7,069
Rentable Area (SF):	3,225	3,225	3,225

*IRR projected income is the total potential income attributable to the property before deduction of vacancy and collection loss. Historical income is the actual income that has been collected by the property owner.

**Replacement reserves, if any, are excluded from total expenses for purposes of determining the Operating Expense Ratio.

Capitalization Rate Selection

A capitalization rate is used to convert net income into an indication of value. Selection of an appropriate capitalization rate considers the future income pattern of the property and investment risk associated with ownership. We consider the following data in selecting a capitalization rate for the subject.

Capitalization Rate Comparables							
No.	Property Name	Year Built	Sale Date	Rentable Area	No. Units	Effective Price/Unit	Cap Rate
1	Calvert Street Walk-Up	1920	1/20/2016	5,276	5	\$82,000	6.53%
2	Saint Paul Street Walk-Up	1890	4/22/2015	4,824	7	\$70,000	6.06%
3	925-927 S. Charles Street	1920	2/10/2015	2,360	3	\$156,667	7.66%
4	1127 Saint Paul Street	1900	8/27/2014	5,200	8	\$93,750	9.16%
5	807 Park Ave	Circa 1900	8/20/2014	5,500	8	\$104,375	6.00%
Average (Mean) Cap Rate:							7.08%

Apartments: All Apartments

Item	Input					OAR
Minimum						
Spread Over 10-Year Treasury	0.70%	DCR Technique	1.10	0.042064	0.90	4.16
Debt Coverage Ratio	1.10	Band of Investment Technique				
Interest Rate	2.87%	Mortgage	90%	0.042064	0.037858	
Amortization	40.0	Equity	10%	0.065312	0.006531	
Mortgage Constant	0.042064	OAR				4.44
Loan-to-Value Ratio	90%	Surveyed Rates				4.22
Equity Dividend Rate	6.53%					
Maximum						
Spread Over 10-Year Treasury	6.27%	DCR Technique	1.96	0.117747	0.50	11.54
Debt Coverage Ratio	1.96	Band of Investment Technique				
Interest Rate	8.44%	Mortgage	50%	0.117747	0.058874	
Amortization	15.0	Equity	50%	0.157756	0.078878	
Mortgage Constant	0.117747	OAR				13.78
Loan-to-Value Ratio	50%	Surveyed Rates				13.09
Equity Dividend Rate	15.78%					
Average						
Spread Over 10-Year Treasury	2.61%	DCR Technique	1.43	0.067288	0.73	7.04
Debt Coverage Ratio	1.43	Band of Investment Technique				
Interest Rate	4.78%	Mortgage	73%	0.067288	0.049253	
Amortization	26	Equity	27%	0.116156	0.031133	
Mortgage Constant	0.067288	OAR				8.04
Loan-to-Value Ratio	73.2%	Surveyed Rates				8.65
Equity Dividend Rate	11.62%					

*3rd Quarter 2015 Data

Source: RealtyRates.com Investor Survey Q4 - 2015

The RealtyRates.com survey above indicates that surveyed capitalization rates for all apartment property types range from 4.22% to 13.09%, with an average of 8.65%. Given the subject's age and location in Mount Vernon and its close proximity to the CBD, we expect an appropriate capitalization rate for the subject to be below the average.

Band of Investment Method

Mortgage/Equity Assumptions

Loan To Value Ratio	70%
Interest Rate	5.00%
Amortization (Years)	30
Mortgage Constant	0.0644
Equity Ratio	30%
Equity Dividend Rate	9.00%

Weighted Average of Mortgage and Equity Requirements

Mortgage Requirement	70%	x	6.44% =	4.51%
Equity Requirement	30%	x	9.00% =	2.70%

Indicated Capitalization Rate	7.21%
Rounded	7.25%

Based on an analysis of the preceding data, a going-in capitalization rate for the subject is indicated within a range of 6.00% to 8.50%. To reach a capitalization rate conclusion, we consider each of the following investment risk factors to gauge its impact on the rate. The direction of each arrow in the following table indicates our judgment of an upward, downward, or neutral influence of each factor.

Risk Factor	Issues	Impact on Rate
Income Characteristics	Stability of occupancy, above/below market rents, rent control.	↔
Competitive Market Position	Construction quality, appeal, condition, effective age, functional utility.	↔
Location	Market area demographics and life cycle trends; proximity issues; access and support services.	↔
Market	Vacancy rates and trends; rental rate trends; supply and demand.	↓
Highest & Best Use	Upside potential from redevelopment, adaptation, expansion.	↔
Overall Impact		↓

Accordingly, we conclude a capitalization rate as follows:

Capitalization Rate Conclusion		
Going-In Capitalization Rate	7.50%	

Direct Capitalization Analysis

Net operating income is divided by the capitalization rate to indicate the stabilized value of the subject. Valuation of the subject by direct capitalization is shown in the table that follows.

Direct Capitalization Analysis			
		Annual	\$/Unit
INCOME			
Rental Income		\$0	\$0
Apartment Rental Income		\$42,888	\$8,578
Commercial Rental Income		\$12,000	\$2,400
Expense Reimbursements		\$7,189	\$1,438
Potential Gross Income		\$62,077	\$12,415
Vacancy & Collection Loss	8.00%	-\$4,966	-\$993
Effective Gross Income		\$57,111	\$11,422
EXPENSES			
Real Estate Taxes		\$6,903	\$1,381
Insurance		\$3,709	\$742
Utilities		\$2,419	\$484
Repairs/Maintenance		\$4,838	\$968
General/Administrative		\$968	\$194
Management	4.00%	\$2,284	\$457
Replacement Reserves		\$645	\$129
Total Expenses		\$21,765	\$4,353
NET OPERATING INCOME		\$35,346	\$7,069
Capitalization Rate		7.50%	
Indicated Value		\$471,282	\$94,256
NPV of CHAP Tax Credits		\$10,000	\$2,000
Stabilized Value Indication		\$481,282	\$96,256
Rounded		\$480,000	\$96,000

As previously mentioned, in our analysis we do not apply lease-up costs, as the costs incurred are minimal and are lost in rounding. As such, the prospective market value at stabilization and market value as is are the same.

Net Present Value of Real Property Tax Abatements (CHAP)								
Tax Year	Base Assessment	Projected Assessment	Difference	Baltimore City Tax Rate	Credit Applied	Tax Savings	NPV Factor @ 6%	NPV of Savings
8	\$116,032	\$292,500	\$176,468	2.2480%	100%	\$3,967.00	0.943	\$3,740.88
9	\$116,032	\$301,275	\$185,243	2.2480%	100%	\$4,164.26	0.890	\$3,706.19
10	\$116,032	\$310,313	\$194,281	2.2480%	100%	\$4,367.44	0.840	\$3,668.65
Total:						\$12,499	Total:	\$11,116
							Rounded:	\$10,000
1 Assessment increasing 3% per year.								

Reconciliation and Conclusion of Value

The values indicated by our analyses are as follows:

Summary of Value Indications	
Cost Approach	Not Used
Sales Comparison Approach	\$480,000
Income Capitalization Approach	\$480,000
Reconciled	\$480,000

The income capitalization approach is given the greatest weight because it is the most reliable valuation method for the subject. The sales comparison approach is given less weight because it does not directly consider the income characteristics of the property. The cost approach is not applicable to the subject and is not used. Accordingly, our value opinion follows.

Value Conclusions			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
Market Value	Leased Fee	May 2, 2016	\$480,000

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. If the Department of Finance official calculations of the subject's tax credits are materially different from our assumptions, our value conclusion could be impacted.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None

The opinions of value expressed in this report are based on estimates and forecasts that are prospective in nature and subject to considerable risk and uncertainty. Events may occur that could cause the performance of the property to differ materially from our estimates, such as changes in the economy, interest rates, capitalization rates, financial strength of tenants, and behavior of investors, lenders, and consumers. Additionally, our opinions and forecasts are based partly on data obtained from interviews and third party sources, which are not always completely reliable. Although we are of the opinion that our findings are reasonable based on available evidence, we are not responsible for the effects of future occurrences that cannot be reasonably foreseen at this time.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Based on the concluded market values stated previously, it is our opinion that the probable exposure time is 6 months.

Marketing Period

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. We estimate the subject's marketing period at 6 months.

Certification

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. We have not performed any 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.
5. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. Our 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.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice as well as applicable state appraisal regulations.
9. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. G. Edward Kerr, MAI, MRICS, made a personal inspection of the property that is the subject of this report.
12. Significant real property appraisal assistance was provided by Justin C. Hebbel who has not signed this certification.
13. We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

14. As of the date of this report, G. Edward Kerr, MAI, MRICS, has completed the continuing education program for Designated Members of the Appraisal Institute.



G. Edward Kerr, MAI, MRICS
Senior Managing Director
Certified General Real Estate Appraiser
Maryland Certificate # 7180

Assumptions and Limiting Conditions

This appraisal and any other work product related to this engagement are limited by the following standard assumptions, except as otherwise noted in the report:

1. The title is marketable and free and clear of all liens, encumbrances, encroachments, easements and restrictions. The property is under responsible ownership and competent management and is available for its highest and best use.
2. There are no existing judgments or pending or threatened litigation that could affect the value of the property.
3. There are no hidden or undisclosed conditions of the land or of the improvements that would render the property more or less valuable. Furthermore, there is no asbestos in the property.
4. The revenue stamps placed on any deed referenced herein to indicate the sale price are in correct relation to the actual dollar amount of the transaction.
5. The property is in compliance with all applicable building, environmental, zoning, and other federal, state and local laws, regulations and codes.
6. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

This appraisal and any other work product related to this engagement are subject to the following limiting conditions, except as otherwise noted in the report:

1. An appraisal is inherently subjective and represents our opinion as to the value of the property appraised.
2. The conclusions stated in our appraisal apply only as of the effective date of the appraisal, and no representation is made as to the effect of subsequent events.
3. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated.
4. No environmental impact studies were either requested or made in conjunction with this appraisal, and we reserve the right to revise or rescind any of the value opinions based upon any subsequent environmental impact studies. If any environmental impact statement is required by law, the appraisal assumes that such statement will be favorable and will be approved by the appropriate regulatory bodies.
5. Unless otherwise agreed to in writing, we are not required to give testimony, respond to any subpoena or attend any court, governmental or other hearing with reference to the property without compensation relative to such additional employment.
6. We have made no survey of the property and assume no responsibility in connection with such matters. Any sketch or survey of the property included in this report is for illustrative purposes only and should not be considered to be scaled accurately for size. The appraisal

- covers the property as described in this report, and the areas and dimensions set forth are assumed to be correct.
7. No opinion is expressed as to the value of subsurface oil, gas or mineral rights, if any, and we have assumed that the property is not subject to surface entry for the exploration or removal of such materials, unless otherwise noted in our appraisal.
 8. We accept no responsibility for considerations requiring expertise in other fields. Such considerations include, but are not limited to, legal descriptions and other legal matters such as legal title, geologic considerations such as soils and seismic stability; and civil, mechanical, electrical, structural and other engineering and environmental matters. Such considerations may also include determinations of compliance with zoning and other federal, state, and local laws, regulations and codes.
 9. The distribution of the total valuation in the report between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. The appraisal report shall be considered only in its entirety. No part of the appraisal report shall be utilized separately or out of context.
 10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the persons signing the report.
 11. Information, estimates and opinions contained in the report and obtained from third-party sources are assumed to be reliable and have not been independently verified.
 12. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute predictions of future operating results.
 13. If the property is subject to one or more leases, any estimate of residual value contained in the appraisal may be particularly affected by significant changes in the condition of the economy, of the real estate industry, or of the appraised property at the time these leases expire or otherwise terminate.
 14. Unless otherwise stated in the report, no consideration has been given to personal property located on the premises or to the cost of moving or relocating such personal property; only the real property has been considered.
 15. The current purchasing power of the dollar is the basis for the values stated in the appraisal; we have assumed that no extreme fluctuations in economic cycles will occur.
 16. The values found herein are subject to these and to any other assumptions or conditions set forth in the body of this report but which may have been omitted from this list of Assumptions and Limiting Conditions.
 17. The analyses contained in the report necessarily incorporate numerous estimates and assumptions regarding property performance, general and local business and economic

conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions, however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by our analysis will vary from our estimates, and the variations may be material.

18. The Americans with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific survey or analysis of the property to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. We claim no expertise in ADA issues, and render no opinion regarding compliance of the subject with ADA regulations. Inasmuch as compliance matches each owner's financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner's financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.
19. The appraisal report is prepared for the exclusive benefit of the Client, its subsidiaries and/or affiliates. It may not be used or relied upon by any other party. All parties who use or rely upon any information in the report without our written consent do so at their own risk.
20. No studies have been provided to us indicating the presence or absence of hazardous materials on the subject property or in the improvements, and our valuation is predicated upon the assumption that the subject property is free and clear of any environment hazards including, without limitation, hazardous wastes, toxic substances and mold. No representations or warranties are made regarding the environmental condition of the subject property. Integra Realty Resources – Baltimore, Integra Realty Resources, Inc., Integra Strategic Ventures, Inc. and/or any of their respective officers, owners, managers, directors, agents, subcontractors or employees (the "Integra Parties"), shall not be responsible for any such environmental conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because we are not experts in the field of environmental conditions, the appraisal report cannot be considered as an environmental assessment of the subject property.
21. The persons signing the report may have reviewed available flood maps and may have noted in the appraisal report whether the subject property is located in an identified Special Flood Hazard Area. We are not qualified to detect such areas and therefore do not guarantee such determinations. The presence of flood plain areas and/or wetlands may affect the value of the property, and the value conclusion is predicated on the assumption that wetlands are non-existent or minimal.
22. Integra Realty Resources – Baltimore is not a building or environmental inspector. Integra Baltimore does not guarantee that the subject property is free of defects or environmental problems. Mold may be present in the subject property and a professional inspection is recommended.
23. The appraisal report and value conclusions for an appraisal assume the satisfactory completion of construction, repairs or alterations in a workmanlike manner.
24. It is expressly acknowledged that in any action which may be brought against any of the Integra Parties, arising out of, relating to, or in any way pertaining to this engagement, the

- appraisal reports, and/or any other related work product, the Integra Parties shall not be responsible or liable for any incidental or consequential damages or losses, unless the appraisal was fraudulent or prepared with intentional misconduct. It is further acknowledged that the collective liability of the Integra Parties in any such action shall not exceed the fees paid for the preparation of the appraisal report unless the appraisal was fraudulent or prepared with intentional misconduct. Finally, it is acknowledged that the fees charged herein are in reliance upon the foregoing limitations of liability.
25. Integra Realty Resources – Baltimore, an independently owned and operated company, has prepared the appraisal for the specific intended use stated elsewhere in the report. The use of the appraisal report by anyone other than the Client is prohibited except as otherwise provided. Accordingly, the appraisal report is addressed to and shall be solely for the Client's use and benefit unless we provide our prior written consent. We expressly reserve the unrestricted right to withhold our consent to your disclosure of the appraisal report or any other work product related to the engagement (or any part thereof including, without limitation, conclusions of value and our identity), to any third parties. Stated again for clarification, unless our prior written consent is obtained, no third party may rely on the appraisal report (even if their reliance was foreseeable).
 26. The conclusions of this report are estimates based on known current trends and reasonably foreseeable future occurrences. These estimates are based partly on property information, data obtained in public records, interviews, existing trends, buyer-seller decision criteria in the current market, and research conducted by third parties, and such data are not always completely reliable. The Integra Parties are not responsible for these and other future occurrences that could not have reasonably been foreseen on the effective date of this assignment. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance. While we are of the opinion that our findings are reasonable based on current market conditions, we do not represent that these estimates will actually be achieved, as they are subject to considerable risk and uncertainty. Moreover, we assume competent and effective management and marketing for the duration of the projected holding period of this property.
 27. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraph, several events may occur that could substantially alter the outcome of our estimates such as, but not limited to changes in the economy, interest rates, and capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. It is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.
 28. The appraisal is also subject to the following:

Extraordinary Assumptions and Hypothetical Conditions

The value conclusions are subject to the following extraordinary assumptions that may affect the assignment results. An extraordinary assumption is uncertain information accepted as fact. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions.

1. If the Department of Finance official calculations of the subject's tax credits are materially different from our assumptions, our value conclusion could be impacted.

The value conclusions are based on the following hypothetical conditions that may affect the assignment results. A hypothetical condition is a condition contrary to known fact on the effective date of the appraisal but is supposed for the purpose of analysis.

1. None
-

Addendum A

Appraiser Qualifications

G. Edward Kerr, MAI, MRICS

Experience

Senior Managing Director for Integra Realty Resources – Baltimore, a national valuation and consulting firm. Background includes actively engaged in real estate valuation and consulting assignments since 1991. Valuations and consulting assignments include the following property types: assisted living and skilled nursing facilities, life science (biotech) facilities, medical and general office buildings (CBD and suburban), retail shopping centers, regional outlets, apartment buildings, industrial warehouses, manufacturing facilities, truck terminals, automobile service stations, restaurants, hotels, motels, golf courses, residential subdivisions, agricultural and vacant land. Valuations performed in the United States of America, St. Thomas, VI and St. Croix, VI.

Professional Activities & Affiliations

Member: IRR Hospitality Specialty Group
Appraisal Institute, Member (MAI) Since 2003
Appraisal Institute, Member (MAI) Maryland Chapter Past President, 2008
Appraisal Institute, Member (MAI) Maryland Chapter Board of Directors, 2004 -2012
Royal Institute of Chartered Surveyors, Member (MRICS)

Licenses

Delaware, Certified General Real Estate Appraiser, X1-0000467, Expires October 2017
Maryland, Certified General Real Estate Appraiser, 7180, Expires September 2017
Virginia, Certified General Real Estate Appraiser, 4001017372, Expires January 2018

Education

B.A. Degree – Business Administration and Psychology, Towson State University, School of Business and Economics, Towson, Maryland (1977)

Successfully completed all required courses necessary for the MAI designation by the Appraisal Institute, including, but not limited to Report Writing, Case Studies, Income Capitalization Part A & B, Standards of Professional Practice, Appraisal Procedures, Advanced Sales Comparison and Cost Approach, Highest and Best Use and Market Analysis, Appraisal Reporting of Complex Properties.

Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.

Qualified Before Courts & Administrative Bodies

Expert witness in U.S. Bankruptcy Court in the State of Maryland.

ekerr@irr.com - 410.561.9320 x205

Integra Realty Resources

Baltimore

Executive Plaza IV
11350 McCormick Rd., Ste. LL1
Baltimore, MD 21031

T 410.561.9320
F 410.561.9322

irr.com



STATE OF MARYLAND
DLLR
DEPARTMENT OF LABOR, LICENSING AND REGULATION

LICENSE * REGISTRATION * CERTIFICATION * PERMIT

STATE OF MARYLAND
DEPARTMENT OF LABOR, LICENSING AND REGULATION

COMMISSION OF RE APPRAISERS & HOME INSPECTORS

CERTIFIES THAT:
GEORGE EDWARD KERR

IS AN AUTHORIZED: **04 - CERTIFIED GENERAL**

<u>LIC/REG/CERT</u>	<u>EXPIRATION</u>	<u>EFFECTIVE</u>	<u>CONTROL NO</u>
7180	09-08-2017	09-03-2014	4593886

Signature of Bearer _____

Secretary DLLR _____

WHERE REQUIRED BY LAW THIS MUST BE CONSPICUOUSLY DISPLAYED IN OFFICE TO WHICH IT APPLIES

George Edward Kerr

Martin O'Malley, Governor
Anthony G. Brown, Lt. Governor
Leonard J. Howie, III, Secretary

Integra Realty Resources, Inc.

Corporate Profile

Integra Realty Resources, Inc. offers the most comprehensive property valuation and counseling coverage in North America with 58 independently owned and operated offices located throughout the United States and the Caribbean. Integra was created for the purpose of combining the intimate knowledge of well-established local firms with the powerful resources and capabilities of a national company. Integra offers integrated technology, national data and information systems, as well as standardized valuation models and report formats for ease of client review and analysis. Integra's local offices have an average of 25 years of service in the local market, and virtually all are headed by a Senior Managing Director who is an MAI member of the Appraisal Institute.

A listing of IRR's local offices and their Senior Managing Directors follows:

ATLANTA, GA - Sherry L. Watkins, MAI, FRICS
AUSTIN, TX - Randy A. Williams, MAI, SR/WA, FRICS
BALTIMORE, MD - G. Edward Kerr, MAI, MRICS
BIRMINGHAM, AL - Rusty Rich, MAI, MRICS
BOISE, ID - Bradford T. Knipe, MAI, ARA, CCIM, CRE, FRICS
BOSTON, MA - David L. Cary, Jr., MAI, MRICS
CHARLESTON, SC - Cleveland "Bud" Wright, Jr., MAI
CHARLOTTE, NC - Fitzhugh L. Stout, MAI, CRE, FRICS
CHICAGO, IL - Eric L. Enloe, MAI, FRICS
CINCINNATI/DAYTON, OH - Gary S. Wright, MAI, FRICS, SRA
CLEVELAND, OH - Douglas P. Sloan, MAI
COLUMBIA, SC - Michael B. Dodds, MAI, CCIM
COLUMBUS, OH - Bruce A. Daubner, MAI, FRICS
DALLAS, TX - Mark R. Lamb, MAI, CPA, FRICS
DENVER, CO - Brad A. Weiman, MAI, FRICS
DETROIT, MI - Anthony Sanna, MAI, CRE, FRICS
FORT WORTH, TX - Gregory B. Cook, SR/WA
GREENSBORO, NC - Nancy Tritt, MAI, SRA, FRICS
HARTFORD, CT - Mark F. Bates, MAI, CRE, FRICS
HOUSTON, TX - David R. Dominy, MAI, CRE, FRICS
INDIANAPOLIS, IN - Michael C. Lady, MAI, SRA, CCIM, FRICS
JACKSON, MS - John R. Praytor, MAI
JACKSONVILLE, FL - Robert Crenshaw, MAI, FRICS
KANSAS CITY, MO/KS - Kenneth Jagers, MAI, FRICS
LAS VEGAS, NV - Charles E. Jack IV, MAI
LOS ANGELES, CA - John G. Ellis, MAI, CRE, FRICS
LOS ANGELES, CA - Matthew J. Swanson, MAI
LOUISVILLE, KY - Stacey Nicholas, MAI, MRICS
MEMPHIS, TN - J. Walter Allen, MAI, FRICS

MIAMI/PALM BEACH, FL - Anthony M. Graziano, MAI, CRE, FRICS
MINNEAPOLIS, MN - Michael F. Amundson, MAI, CCIM, FRICS
NAPLES, FL - Carlton J. Lloyd, MAI, FRICS
NASHVILLE, TN - R. Paul Perutelli, MAI, SRA, FRICS
NEW JERSEY COASTAL - Halvor J. Egeland, MAI
NEW JERSEY NORTHERN - Matthew S. Krauser, CRE, FRICS
NEW YORK, NY - Raymond T. Cirz, MAI, CRE, FRICS
ORANGE COUNTY, CA - Steve Calandra, MAI
ORLANDO, FL - Christopher Starkey, MAI, MRICS
PHILADELPHIA, PA - Joseph D. Pasquarella, MAI, CRE, FRICS
PHOENIX, AZ - Walter 'Tres' Winius III, MAI, FRICS
PITTSBURGH, PA - Paul D. Griffith, MAI, CRE, FRICS
PORTLAND, OR - Brian A. Glanville, MAI, CRE, FRICS
PROVIDENCE, RI - Gerard H. McDonough, MAI, FRICS
RALEIGH, NC - Chris R. Morris, MAI, FRICS
RICHMOND, VA - Kenneth L. Brown, MAI, CCIM, FRICS
SACRAMENTO, CA - Scott Beebe, MAI, FRICS
ST. LOUIS, MO - P. Ryan McDonald, MAI, FRICS
SALT LAKE CITY, UT - Darrin W. Liddell, MAI, FRICS, CCIM
SAN DIEGO, CA - Jeff A. Greenwald, MAI, SRA, FRICS
SAN FRANCISCO, CA - Jan Kleczewski, MAI, FRICS
SARASOTA, FL - Carlton J. Lloyd, MAI, FRICS
SEATTLE, WA - Allen N. Safer, MAI, MRICS
SYRACUSE, NY - William J. Kimball, MAI, FRICS
TAMPA, FL - Bradford L. Johnson, MAI, MRICS
TULSA, OK - Owen S. Ard, MAI
WASHINGTON, DC - Patrick C. Kerr, MAI, FRICS, SRA
WILMINGTON, DE - Douglas L. Nickel, MAI, FRICS
CARIBBEAN/CAYMAN ISLANDS - James Andrews, MAI, FRICS



Addendum B

Financials and Property Information

Legal Description

BEGINNING FOR THE SAME on the northwest side of St. Paul Street at the distance of 60 feet 6 3/4 inches northeasterly from the intersection of the northwest side of St. Paul Street and the north side of Hamilton Street, and at the northeast side of a 3 foot alley, and running thence northeasterly on the northwest side of St. Paul Street 16 feet 4 1/2 inches to the line of the southwest side of the building erected and adjoining to the northeastward, formerly the Patapsco Fire Company's Engine House, thence northwesterly in a line with and along the southwest side of said building 98 feet 4 inches to the west side of the brick yard wall there situate, thence southerly binding on the west side of said yard wall 16 feet 3 1/2 inches to the corner of said wall, thence southeasterly along the Southwest side of said wall 16 feet 3 inches to the 3 foot alley aforesaid, thence still binding on said wall and along the northeast side of said alley with the use thereof in common southeasterly 76 feet 3 inches to the place of beginning, with the use of the wall of the building adjoining on the northeast as same is now used. The improvements thereon being known as No. 514 St. Paul Place.

552

Real Property Data Search (w4)

Guide to searching the database

Search Result for BALTIMORE CITY

View GroundRent Redemption						View GroundRent Registration				
Account Identifier:		Ward - 11 Section - 11 Block - 0552 Lot - 018								
Owner Information										
Owner Name:		514 ST. PAUL PLACE LLC				Use:		COMMERCIAL		
Mailing Address:		5906 PARK HEIGHTS AVE STE 107 BALTIMORE MD 21215-3631				Principal Residence:		NO		
						Deed Reference:		/08578/ 00297		
Location & Structure Information										
Premises Address:		514 SAINT PAUL PL BALTIMORE 21202-2297				Legal Description:		16-5X98-4		
Map:	Grid:	Parcel:	Sub District:	Subdivision:	Section:	Block:	Lot:	Assessment Year:	Plat No:	
0011	0000	0000		0000	11	0552	018	2014	Plat Ref:	
Special Tax Areas:					Town:		NONE			
					Ad Valorem:		1			
					Tax Class:					
Primary Structure Built		Above Grade Enclosed Area		Finished Basement Area		Property Land Area		County Use		
1900		4392				1,568 SF		65200		
Stories	Basement	Type			Exterior	Full/Half Bath	Garage	Last Major Renovation		
		MIXED RESIDENTIAL / RETAIL								
Value Information										
		Base Value		Value As of 01/01/2014		Phase-in Assessments As of 07/01/2015		As of 07/01/2016		
Land:		86,200		86,200						
Improvements		205,400		206,300						
Total:		291,600		292,500		292,200		292,500		
Preferential Land:		0						0		
Transfer Information										
Seller: COHEN, HYMAN K				Date: 11/06/2006				Price: \$0		
Type: NON-ARMS LENGTH OTHER				Deed1: FMC /08578/ 00297				Deed2:		
Seller:				Date:				Price:		
Type:				Deed1:				Deed2:		
Seller:				Date:				Price:		
Type:				Deed1:				Deed2:		
Exemption Information										
Partial Exempt Assessments:		Class		07/01/2015		07/01/2016				
County:		000		0.00						
State:		000		0.00						
Municipal:		000		0.00 0.00		0.00 0.00				
Tax Exempt:		Special Tax Recapture:								
Exempt Class:		NONE								
Homestead Application Information										
Homestead Application Status: No Application										

Real Property Tax

[Print](#) [Close Window](#)

Mayor and City Council of Baltimore
Real Property Tax Levy
July 1, 2015 to June 30, 2016

BUREAU OF REVENUE
COLLECTIONS
200 HOLLIDAY STREET
BALTIMORE, MD 21202

TELEPHONE INQUIRIES:
BILLING 410-396-3987
IVR REFERENCE 1505520001800
STATE DEPARTMENT OF
ASSESSMENTS 410-767-8250
STATE HOMEOWNER CREDIT
410-767-4433

514 ST. PAUL PLACE LLC
5906 PARK HEIGHTS AVE
STE 107
BALTIMORE, MD. 21215-3631

PROPERTY IDENTIFIER
WD SECTION BLOCK LOT
11 110 0552 018
LOT DIMENSIONS
16-5X98-4

NOT A PRINCIPAL RESIDENCE
CONSTANT YIELD \$ 2.210 DIFFERENCE
\$.038

ASSESSED PROPERTY:

514 SAINT PAUL PL

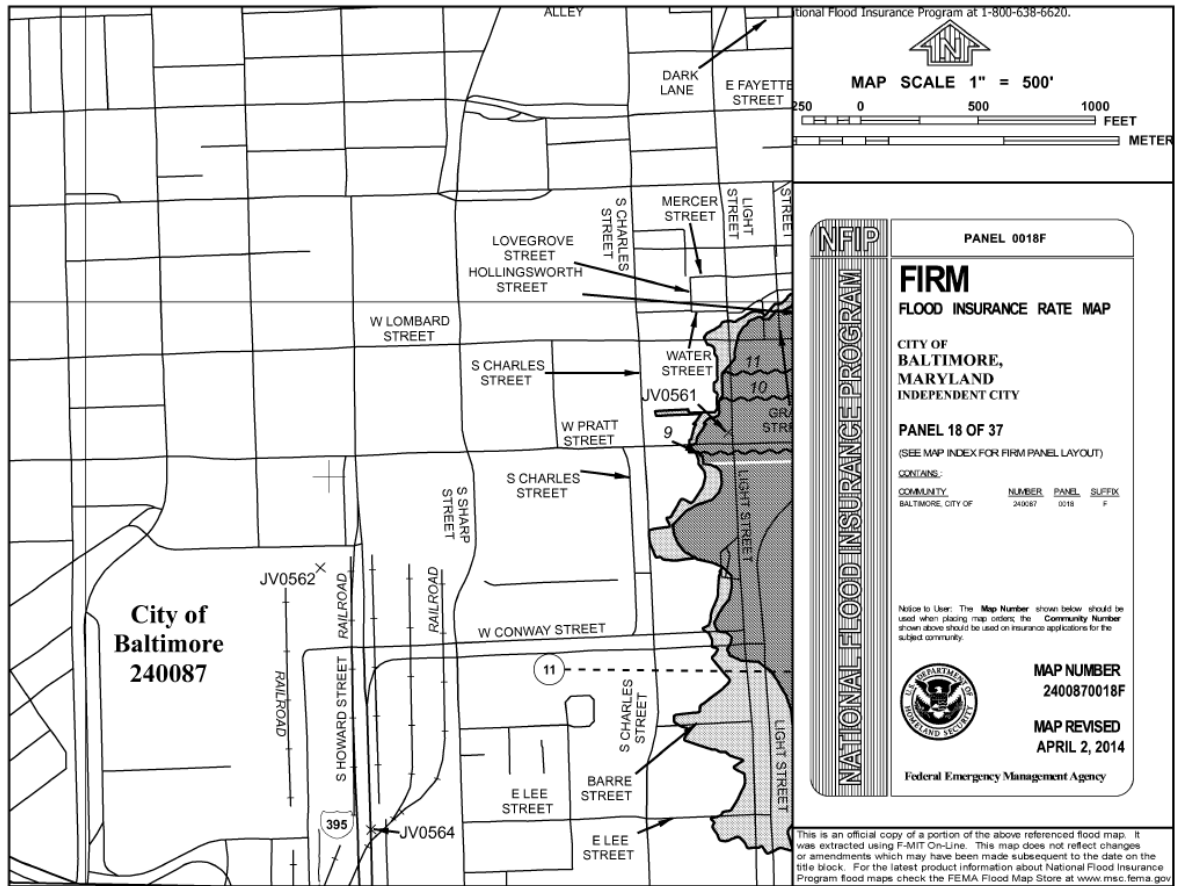
TAX DESCRIPTION	ASSESSMENT	RATE	TAX	SEMIANNUAL PAYMENT SCHEDULE		
				1ST INSTALLMENT		
STATE TAX	292,200	\$.1120	327.26	<u>IF PAID</u>	<u>DISC/INT &</u>	<u>PAY THIS</u>
CITY TAX	292,200	\$2.2480	6,568.66	<u>BY</u>	<u>PEN</u>	<u>AMOUNT</u>
TOTAL TAX			6,895.92	2ND INSTALLMENT		
SPECIAL CREDIT			-3,966.73	<u>IF PAID</u>	<u>SER. CHG&1/P</u>	<u>PAY THIS</u>
PAID 12/24/15 82.98			-3,077.59	<u>BY</u>		<u>AMOUNT</u>
OTHER CHARGES			65.41			

SERVICE FEE FOR
SEMIANNUAL IS: Fee:

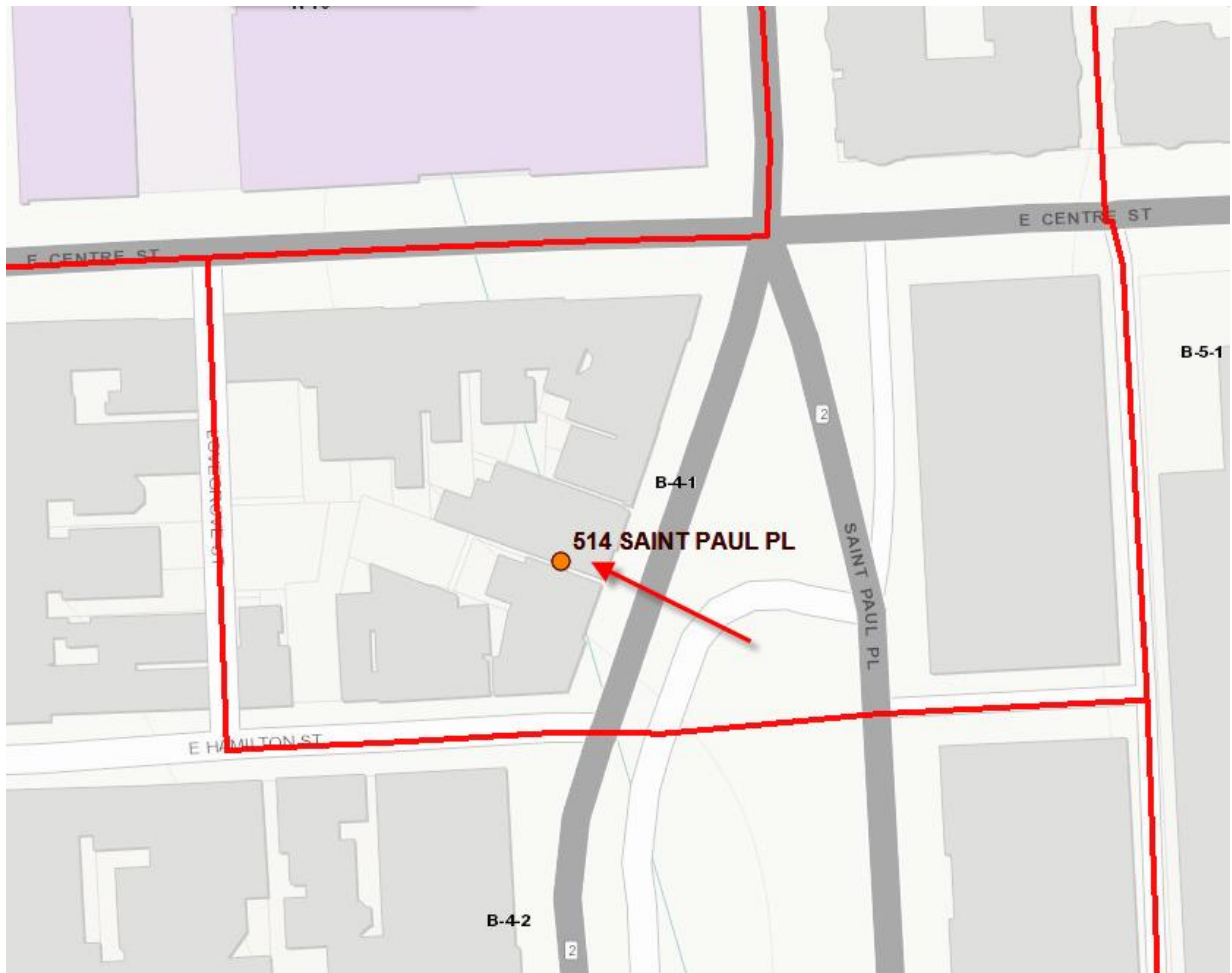
ANNUAL PAYMENT SCHEDULE

<u>IF PAID</u>	<u>DISC/INT &</u>	<u>PAY THIS</u>
<u>BY</u>	<u>PEN</u>	<u>AMOUNT</u>

Amount Due: 0.00

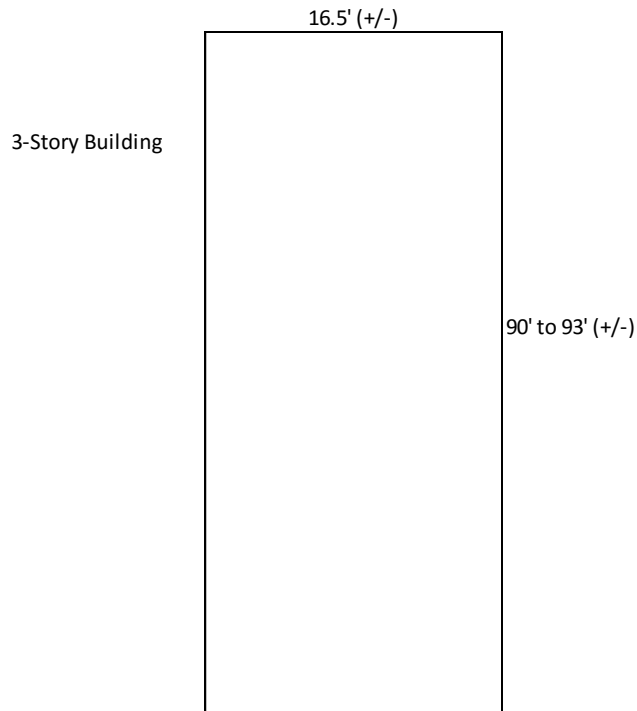


Zoning Map



Building Sketch

Building Sketch



*We note that the following measurements are an estimate from aerial and on-site measurements when applicable. We recommend a building survey be completed on the subject property.

Addendum C

Comparable Data

Location & Property Identification

Property Name:	Calvert Street Walk-Up
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	917 N. Calvert St.
City/State/Zip:	Baltimore, MD 21202
County:	Baltimore
Submarket:	Mount Vernon
Market Orientation:	Historic District
IRR Event ID:	1256365



Sale Information

Sale Price:	\$410,000
Eff. R.E. Sale Price:	\$410,000
Sale Date:	01/20/2016
Sale Status:	Closed
\$/SF GBA:	\$77.71
\$/SF NRA:	\$77.71
Eff. Price/Unit:	\$82,000 /Demised Unit
Grantor/Seller:	Dennis R. Krugman
Grantee/Buyer:	917 N. Calvert, LLC
Property Rights:	Leased Fee
Occupancy at Time of Sale:	100.00
Document Type:	Deed
Recording No.:	17816/311
Verification Type:	Confirmed-Seller Broker

Operating Data and Key Indicators

Potential Gross Income:	\$57,000
Vacancy Rate:	5%
Effective Gross Income:	\$54,150
Expenses:	\$27,384
Net Operating Income:	\$26,766
Reserves Included:	No
GRM Actual:	7.19
EGIM Actual:	7.57
OAR(Cap. rate)Actual:	6.53%
Expense Ratio:	50.57%

GRM Reported: 7.28

Improvement and Site Data

Legal/Tax/Parcel ID:	11-12-0514
GBA-SF:	5,276
NRA-SF:	5,276
Acres(Gross):	0.07
Land-SF(Gross):	3,208
Year Built:	1920
Property Class:	C
Construction Quality:	Average
No. of Buildings/Stories:	1/4
No. of Units/Unit Type:	5/Demised Units
Total Parking Spaces:	2
Park. Ratio 1000 SF GLA:	0.38
No. Surface Spaces:	2
Park. Ratio 1000 SF GBA:	0.38
Parking Ratio(/Unit):	0.40
Density-Unit/Gross Acre:	67.93
Bldg. to Land Ratio FAR:	1.64
Source of Land Info.:	Public Records

Comments

This property is the sale of a 5 unit walk-up property. The property was listed for 14 days and had 20 showings and 3 offers. The selling broker indicated that their was rental upside as the rents were slightly low. The annual gross income is \$57,000, which includes income from 5

Comments (Cont'd)

on-site parking spaces.



Location & Property Identification

Property Name:	Saint Paul Street Walk-Up
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	1019 Saint Paul St.
City/State/Zip:	Baltimore, MD 21202
County:	Baltimore
Market Orientation:	Historic District
IRR Event ID:	1256059



Sale Information

Sale Price:	\$490,000
Eff. R.E. Sale Price:	\$490,000
Sale Date:	04/22/2015
Sale Status:	Closed
\$/SF GBA:	\$101.58
\$/SF NRA:	\$101.58
Eff. Price/Unit:	\$70,000 /Demised Unit
Property Rights:	Leased Fee
Occupancy at Time of Sale:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	17098/0250
Verification Type:	Secondary Verification

Operating Data and Key Indicators

Potential Gross Income:	\$51,780
Vacancy Rate:	5%
Effective Gross Income:	\$49,191
Expenses:	\$19,489
Net Operating Income:	\$29,702
Operating Data Type:	In Place
GRM Actual:	9.46
EGIM Actual:	9.96
OAR(Cap. rate)Actual:	6.06%
Expense Ratio:	39.62%
GRM Reported:	9.46

Improvement and Site Data

Legal/Tax/Parcel ID:	11-12-0507-035
GBA-SF:	4,824
NRA-SF:	4,824
Acres(Usable/Gross):	0.05/0.05
Land-SF(Usable/Gross):	2,275/2,275
Usable/Gross Ratio:	1.00
Year Built:	1890
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/4
No. of Units/Unit Type:	7/Demised Units
Multi-Tenant/Condo.:	Yes/No
Density-Unit/Gross Acre:	134.10
Density-Unit/Usable Acre:	134.10
Bldg. to Land Ratio FAR:	2.12
Source of Land Info.:	Public Records

Comments

This is the sale of a 7 unit walk-up in Mount Vernon. The property reportedly was recently updated with a new gas furnace, roof, plumbing, most of the kitchens and baths. Property has upside in an 8th unit on the terrace that is licensed but is not finished. Reported gross annual income was \$51,780 and total expenses were \$19,489.

Location & Property Identification

Property Name:	925-927 S. Charles Street
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	925-927 S. Charles St.
City/State/Zip:	Baltimore, MD 21230
County:	Baltimore City
Submarket:	Federal Hill
Market Orientation:	Urban
IRR Event ID:	1088738



Sale Information

Sale Price:	\$470,000
Eff. R.E. Sale Price:	\$470,000
Sale Date:	02/10/2015
Contract Date:	01/02/2015
Sale Status:	Closed
\$/SF GBA:	\$134.29
\$/SF NRA:	\$199.15
Eff. Price/Unit:	\$156,667 /Demised Unit
Grantor/Seller:	925 South Charles LLC
Grantee/Buyer:	Andrew Cohn
Assets Sold:	Real estate only
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Exposure Time:	5 (months)
Occupancy at Time of Sale:	100.00
Financing:	Cash to seller
Terms of Sale:	Conventional Mortgage by Eagle Bank
Document Type:	Deed
Recording No.:	16896/168
Rent Controlled:	No
Verified By:	H. Page Kimball
Verification Date:	1/2/15
Verification Type:	Confirmed-Seller Broker

Potential Gross Income:	\$49,360
Effective Gross Income:	\$49,360
Expenses:	\$13,338
Net Operating Income:	\$36,022
Reserves Included:	No
Operating Data Type:	In Place
GRM Actual:	9.52
EGIM Actual:	9.52
OAR(Cap. rate)Actual:	7.66%
Expense Ratio:	27.02%
Management Included:	No
GRM Reported:	9.50

Improvement and Site Data

MSA:	Baltimore-Columbia-Towson, MD
Legal/Tax/Parcel ID:	Ward 23, Section 1, Block 918, Lots 13 and 14
GBA-SF:	3,500
NRA-SF:	2,360
Acres(Usable/Gross):	0.04/0.04
Land-SF(Usable/Gross):	1,655/1,655
Usable/Gross Ratio:	1.00
Year Built:	1920
Most Recent Renovation:	2011
Property Class:	B
Construction Quality:	Average
Improvements Cond.:	Average

Operating Data and Key Indicators

Improvement and Site Data (Cont'd)

Exterior Walls:	Brick
No. of Units/Unit Type:	3/Demised Units
Air-Conditioning Type:	Gas
Roof,Heating,AC Comm.:	Pitched/shed/flat roof; individual gas-fired split system HVAC
Shape:	Rectangular
Topography:	Level
Vegetation:	Minimal
Corner Lot:	No
Frontage Feet:	26
Frontage Desc.:	S. Charles Street
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	Moderate
AccessibilityRating:	Average
Visibility Rating:	Average
Density-Unit/Gross Acre:	78.95
Density-Unit/Usable Acre:	78.95
Bldg. to Land Ratio FAR:	2.11
Zoning Code:	B-2-3
Zoning Desc.:	Community Business District
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	2400870025F
Date:	04/02/2014
Bldg. Phy. Info. Source:	Inspection
Source of Land Info.:	Public Records

Air Conditioning
Carpets/Drapes/Blinds
Dishwasher
Disposal
Range-Refrig.
Washer/Dryer In Unit

Comments

The property is a mixed-use (multifamily and retail) building containing two dwelling units and a ground level retail storefront, or a total of 3 units. The improvements were originally constructed in 1920 and partially renovated in 2011. The aggregate site area is 1,655 square feet. The property is comprised of two adjoining and inter-connected mixed use residential over retail, row-style buildings. Access to the rear of the buildings, and the only access to the upper level apartments, is limited to a narrow, 4' wide service alley.

Unit Mix

No. of Bed- rooms	No. of Bath- rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	1.00	1	450	450	19.1%
2.00	1.00	1	660	660	28.0%
	1.00	1	1,250	1,250	53.0%
		<u>3</u>		<u>2,360</u>	

Project & Unit Amenities

Location & Property Identification

Property Name:	Hanover Street Walkup
Sub-Property Type:	Conventional, Garden/Low Rise
Address:	1312 S. Hanover St.
City/State/Zip:	Baltimore, MD 21230
County:	Baltimore City
Submarket:	Federal Hill
Market Orientation:	Urban
IRR Event ID:	1088013



Sale Information

Sale Price:	\$425,000
Eff. R.E. Sale Price:	\$426,667
Sale Date:	10/06/2014
Contract Date:	08/09/2014
Sale Status:	Closed
\$/SF GBA:	\$165.76
\$/SF NRA:	\$165.76
Eff. Price/Unit:	\$142,222 /Apt. Unit
Grantor/Seller:	Robert W. Boynton
Grantee/Buyer:	1312 South Hanover Street Land Trust
Assets Sold:	Real estate only
Property Rights:	Leasehold
% of Interest Conveyed:	100.00
Occupancy at Time of Sale:	100.00
Financing:	Cash to seller
Terms of Sale:	Mortgage of \$340,000 by M&T Bank; leasehold subject to ground rent of \$100 per year
Document Type:	Deed
Recording No.:	Liber 16629, folio 280
Rent Controlled:	No
Verification Type:	Confirmed-Seller Broker

Potential Gross Income:	\$49,800
Effective Gross Income:	\$49,800
Operating Data Type:	In Place
GRM Actual:	8.57
EGIM Actual:	8.57
GRM Reported:	8.57

Sale Analysis

Other Adj.:	\$1,667
Adjust. Comments:	Annual ground lease of \$100 divided by 6% = \$1,667

Improvement and Site Data

MSA:	Baltimore-Columbia-Towson, MD
Legal/Tax/Parcel ID:	Block 976, Lot 15
GBA-SF:	2,574
NRA-SF:	2,574
Acres(Usable/Gross):	0.03/0.03
Land-SF(Usable/Gross):	1,260/1,260
Usable/Gross Ratio:	1.00
Year Built:	1900
Most Recent Renovation:	2000
Property Class:	B
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
Construction Desc.:	brick over wood frame

Operating Data and Key Indicators

Improvement and Site Data (Cont'd)

No. of Buildings/Stories:	1/3
No. of Units/Unit Type:	3/Apt. Units
Elevators/Count:	None
Air-Conditioning Type:	Gas
Roof,Heating,AC Comm.:	Individual HVAC
Frontage Feet:	14
Frontage Desc.:	S. Hanover Street
Frontage Type:	2 way, 1 lane each way
Traffic Control at Entry:	None
Traffic Flow:	High
AccessibilityRating:	Average
Visibility Rating:	Average
Density-Unit/Gross Acre:	103.81
Density-Unit/Usable Acre:	103.81
Bldg. to Land Ratio FAR:	2.04
Source of Land Info.:	Public Records

systems. Upper floors have rear decks, and 1st floor unit has private deck/yard and 1 small parking space. Building certified lead free.

Unit Mix

No. of Bed- rooms	No. of Bath- rooms	No. of Units	Approx. Units SF	Total Units SF	% of Total
2.00	1.00	3	900	2,700	100.0%
		3		2,700	

Project & Unit Amenities

- Central AC
- Dishwasher
- Disposal
- Patios/Balcony
- Range-Refrig.
- Washer/Dryer In Unit

Comments

Arms-length, brokered sale of fully leased 3-unit apartment building. Leasehold estate subject to \$100 annual ground rent. Gross monthly rent was \$4,150 or \$49,800 annually.

Three-story, inside-of-group single family row home converted to three apartment units. Units are renovated and separately metered. Tenants split water/sewer bill. All units have stacked washer/dryers and individual HVAC



Location & Property Identification

Property Name:	Cross Street Retail
Sub-Property Type:	Mixed Use, Retail-Residential
Address:	46 E. Cross St.
City/State/Zip:	Baltimore, MD 21230
County:	Baltimore City
Market Orientation:	Urban
IRR Event ID:	675234



Sale Information

Sale Price:	\$250,000
Eff. R.E. Sale Price:	\$250,000
Sale Date:	06/24/2013
Contract Date:	05/29/2013
Sale Status:	Closed
\$/SF GBA:	\$237.42
\$/SF NRA:	\$237.42
Eff. Price/Unit:	\$125,000 /Demised Unit
Grantor/Seller:	46 East Cross Street, LLC
Grantee/Buyer:	Adam & Dana Pariente
Property Rights:	Leased Fee
% of Interest Conveyed:	100.00
Occupancy at Time of Sale:	100.00
Financing:	Cash to seller
Document Type:	Deed
Recording No.:	Deed Book 15354, Page259
Verified By:	Mr. Justin C. Hebbel
Verification Date:	7/24/13
Verification Type:	Confirmed-Seller Broker

GLA-SF:	1,053
Acres(Gross):	0.01
Land-SF(Gross):	416
Year Built:	1900
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/3
No. of Units/Unit Type:	2/Demised Units
Total Parking Spaces:	1
Park. Ratio 1000 SF GLA:	0.95
No. Surface Spaces:	1
Park. Ratio 1000 SF GBA:	0.95
Park Ratio(Space/Unit):	0.50
Density-Unit/Gross Acre:	200.00
Bldg. to Land Ratio FAR:	2.53
Improve. Info. Source:	Broker
Source of Land Info.:	Public Records

Improvement and Site Data

MSA:	Baltimore-Towson, MD Metropolitan Statistical Area
Legal/Tax/Parcel ID:	23-04-0935A-012
GBA-SF:	1,053

Comments

Broker indicated a building with a 1st floor retail space leased to a jewelry boutique and a second & third floor owners suite; separately metered. The owners suite is a 1 bedroom, 2 bath. Broker indicated that the building would have sold for more but the appraisal was low and the seller agreed to drop the price.

Broker indicated a 3-story building with retail on the first floor and a two level owners unit with a separate

Comments (Cont'd)

entrance and metering on the second and third floors.



Location & Property Identification

Property Name:	1015-1017 Cathedral St
Sub-Property Type:	Mixed Use
Address:	1015-1017 Cathedral St.
City/State/Zip:	Baltimore, MD 21201
County:	Baltimore City
Submarket:	Central Baltimore City
Market Orientation:	Urban
IRR Event ID:	1341658



Lease Information

Lessee:	Blend
Init Year Contract Rate:	\$10.00 /\$/SF/YR
Effective Lease Rate:	\$10.00 /\$/SF/YR
Lease Commencement:	03/01/2016
Lease Expiration:	02/28/2021
Term of Lease:	60 months
Space Type:	Retail
Transaction Reliability:	Confirmed
Leased Area:	1,800
Floor #:	1

Lease Expense Information

Lease Reimburse. Type:	Modified Gross
------------------------	----------------

Improvement and Site Data

MSA:	Baltimore-Towson, MD Metropolitan Statistical Area
Legal/Tax/Parcel ID:	Ward 11, Section 2, Block 505, Lots 42 & 41
GBA-SF:	8,900
NRA-SF:	8,900
Acres(Usable/Gross):	0.14/0.14
Land-SF(Usable/Gross):	6,237/6,237
Usable/Gross Ratio:	1.00
Year Built:	1900
Most Recent Renovation:	2001

Property Class:	C
M&S Class:	C
Construction Quality:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	2/3
No. of Units / Unit Type:	11/Demised Units
Elevators Count:	None
Air-Conditioning Type:	Gas
Roof,Heating,AC Comments:	Roof: Built-up, flat Heat: Indiv. gas-fired for air A/C: Indiv. units

Shape:	Rectangular
Topography:	Level
Corner Lot:	No
Frontage Feet:	42
Frontage Desc.:	Cathedral St.
Density-Unit/Gross Acre:	78.57
Density-Unit/Usable Acre:	78.57
Bldg. to Land Ratio FAR:	1.43
Zoning Code:	B-4-2
Zoning Desc.:	Central Business District
Flood Plain:	No
Utilities:	Electricity, Water Public, Sewer, Gas
Bldg. Phy. Info. Source:	Past Appraisal
Source of Land Info.:	Public Records

Comments

Property is 2 attached rowhouses converted to 9 1BR apartments and 2 storefronts. There is a 1-car garage in

Comments (Cont'd)

the rear, accessed by an alley.

This is the lease of 1,800 SF on two levels to a juice bar/vape shop for 5 years with 3% annual increases, no free rent and no TI's. Tenant pays for janitorial, utilities and in-unit repairs and maintenance. Leasing broker indicated that the space needed some work and was not immediately ready for the tenant.

Location & Property Identification

Property Name:	Chase Street Mixed-Use Property
Sub-Property Type:	Mixed Use
Address:	9 W. Chase St.
City/State/Zip:	Baltimore, MD 21201
County:	Baltimore
Market Orientation:	Historic District
IRR Event ID:	1342068



Lease Information

Init Year Contract Rate:	\$13.33 /\$/SF/YR
Effective Lease Rate:	\$13.33 /\$/SF/YR
Lease Commencement:	02/01/2016
Lease Expiration:	01/31/2019
Term of Lease:	36 months
Space Type:	Retail
Transaction Reliability:	Confirmed
Leased Area:	900
Floor #:	1

Park. Ratio 1000 SF GLA:	0.56
No. Surface Spaces:	5
Park. Ratio 1000 SF GBA:	0.56
Bldg. to Land Ratio FAR:	2.76
Source of Land Info.:	Public Records

Comments

This is a mixed-use (apartments/retail) property with first floor retail space and apartments on the upper floors.

This is a 3-year lease to a small clothing boutique with one month free rent, no TI's and minimal escalations. Tenant is responsible for all their utilities and janitorial.

Lease Expense Information

Lease Reimburse. Type:	Modified Gross
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Improvement and Site Data

Legal/Tax/Parcel ID:	11-02-0505-015
GBA-SF:	9,000
NRA-SF:	9,000
Acres(Gross):	0.08
Land-SF(Gross):	3,266
Property Class:	C
Construction Quality:	Average
Improvements Cond.:	Average
Exterior Walls:	Brick
No. of Buildings/Stories:	1/4
Multi-Tenant/Condo.:	Yes/No
Total Parking Spaces:	5

Location & Property Identification

Property Name:	520 Park Apartments
Sub-Property Type:	Mixed Use, Multifamily-Retail
Address:	520 Park Ave.
City/State/Zip:	Baltimore, MD 21201
County:	Baltimore City
Submarket:	Central Baltimore City
Market Orientation:	Urban
Property Location:	SW corner Centre Street and Park Avenue
IRR Event ID:	1222804



Lease Information

Lessor:	520 Park Business Trust
Lessee:	Ceremony Coffee Roasters
Init Year Contract Rate:	\$17.00 /\$/SF/YR
Effective Lease Rate:	\$17.00 /\$/SF/YR
Lease Commencement:	04/01/2015
Lease Expiration:	03/31/2025
Term of Lease:	120 months
Lease Type:	Local
Space Type:	Retail/Residential
Escalations:	Fixed Percentage
Transaction Reliability:	IRR Confirmed
Leased Area:	3,065
Suite #:	B

Lease Expense Information

Lease Reimburse. Type:	Triple Net
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Improvement and Site Data

MSA:	Baltimore-Towson, MD Metropolitan Statistical Area
Legal/Tax/Parcel ID:	Ward 11, Section 10, Block 549, Lot 1
GBA-SF:	212,000
NRA-SF:	125,236

Acres(Usable/Gross):	1.68/1.68
Land-SF(Usable/Gross):	73,342/73,342
Usable/Gross Ratio:	1.00
Year Built:	1942
Most Recent Renovation:	2014
Property Class:	A
M&S Class:	B
Construction Quality:	Good
Improvements Cond.:	Excellent
Exterior Walls:	Brick
No. of Buildings/Stories:	1/6
No. of Units / Unit Type:	171/Apt. Units
Ceiling Height Minimum:	14.00
Total Parking Spaces:	165
Park. Ratio 1000 SF GLA:	1.32
Park. Structure Space:	80
No. Surface Spaces:	85
Park. Ratio 1000 SF GBA:	0.78
Parking Ratio(/Unit):	0.96
Parking Conformity:	Yes
Elevators Count:	Yes/4
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Roof Central Mounted
Roof,Heating,AC Comments:	Built-up, flat roof with tar/gravel cover. Individual split systems housed on roof.
Shape:	Rectangular
Topography:	Gently Sloping

Improvement and Site Data (Cont'd)

Vegetation:	Minimal
Corner Lot:	Yes
Frontage Feet:	207
Frontage Desc.:	Park Ave.
Frontage Type:	1 way, 2 lanes
Traffic Control at Entry:	None
Traffic Flow:	Moderate
Accessibility Rating:	Average
Visibility Rating:	Average
Density-Unit/Gross Acre:	101.56
Density-Unit/Usable Acre:	101.56
Bldg. to Land Ratio FAR:	2.89
Zoning Code:	B-4-2
Zoning Desc.:	Central Business District
Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	2400870018E
Date:	02/02/2012
Utilities:	Electricity, Water Public, Sewer, Gas, Telephone
Bldg. Phy. Info. Source:	Owner
Source of Land Info.:	Public Records

Fitness Room
Fitness Room
Garage/Under Building
Security

Vaulted Ceilings
Dishwasher
Washer/Dryer In Unit
Carpets/Drapes/Blinds
Walk-in Closets
Disposal
Central AC
Hardwood Floors

Comments

Former Hochschild, Kohn Building, a six-story industrial loft converted to multifamily and ground level retail in 2014. The conversion included an interior courtyard, from which some units have views with balconies. There is 18,000 SF of ground floor retail, comprising a 3,065-SF coffee shop, and nearly 15,000 SF known as the Marketplace with approximately 13 stalls serving food and beverages, including alcoholic.

Triple net lease on ground floor. Tenant pays its pro rata share of landlord's operating insurance and real estate taxes and assessments for the property at an estimated \$3.32 per square foot. Rent increases 3% annually. Space delivered to tenant with demolition of the internal wall and otherwise in "as is" condition (newly renovated building when tenant moved in).

Unit Mix

No. of Bed- Room	No. of Bath- Room	No. of Units	Approx. Units SF	Total Units SF	% of Total
0.00	1.00	12	404	4,848	4.5%
1.00	1.00	131	600	78,600	73.3%
1.00	1.00	5	682	3,410	3.2%
2.00	2.00	23	886	20,378	19.0%
		171		107,236	

Project & Unit Amenities

Location & Property Identification

Property Name:	300 North Charles
Sub-Property Type:	Conventional, Mid/High-Rise
Address:	300 N. Charles St.
City/State/Zip:	Baltimore, MD 21201
County:	Baltimore City
Submarket:	Central Baltimore City
Market Orientation:	Urban
IRR Event ID:	1058811



Lease Information

Lessee:	Subway Real Estate
Init Year Contract Rate:	\$14.63 /\$/SF/YR
Effective Lease Rate:	\$16.77 /\$/SF/YR
Lease Commencement:	07/01/2014
Lease Expiration:	06/30/2024
Term of Lease:	120 months
Lease Type:	Local
Space Type:	Restaurant-Fast Food
Transaction Reliability:	Verified
Leased Area:	2,256
Concessions:	12 months free rent for tenant paid build-out
Full Building Lease:	No
Load/Core Factor:	5.34
Renewal Options:	Yes
Desc. of Options:	Onr 5-year renewal option

Lease Expense Information

Lease Reimburse. Type:	Modified Gross
Landlord Pays:	Management Fees, Administration Fees, Repairs & Maintenance, Structural Repairs

Tenant Pays:	RE Taxes, Property Insurance, Utilities, Tenant Utilities, CAM, Security, Roads/Grounds
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Improvement and Site Data

MSA:	Baltimore-Towson, MD Metropolitan Statistical Area
Legal/Tax/Parcel ID:	Ward 4, Section 2, Block 580, Lot 21
GBA-SF:	48,000
NRA-SF:	36,837
Acres(Usable/Gross):	0.20/0.20
Land-SF(Usable/Gross):	8,811/8,811
Usable/Gross Ratio:	1.00
Year Built:	1875
Most Recent Renovation:	2001
Property Class:	Historic
M&S Class:	C
Construction Quality:	Good
Improvements Cond.:	Good
Exterior Walls:	Brick
Construction Desc.:	Masonry
No. of Buildings/Stories:	1/5
No. of Units / Unit Type:	36/Apt. Units
Ceiling Height Minimum:	18.00
Elevators Count:	Yes/2
Fire Sprinkler Type:	Wet
Air-Conditioning Type:	Heat Pump

Improvement and Site Data (Cont'd)

Shape:	Irregular
Topography:	Gently Sloping
Vegetation:	Minimal
Corner Lot:	Yes
Frontage Desc.:	N. Charles Street Saratoga Street
Bldg. to Land Ratio FAR:	5.45
Zoning Code:	B-4-2
Zoning Desc.:	Central Business District
Easements:	No
Environmental Issues:	No
Flood Plain:	No
Flood Zone Designation:	X
Comm. Panel No.:	2400870018E
Date:	02/02/2012
Utilities:	Electricity, Water Public, Sewer, Telephone
Bldg. Phy. Info. Source:	Inspection
Source of Land Info.:	Public Records

Comments

Ground floor retail space with direct access to sidewalk. Subway restaurant with seating and rest rooms. Free rent spaced over 1st six months, 12th, 18th, 24th, 30th, 36th, and 42nd months (12).

Unit Mix

No. of Bed-Room	No. of Bath-Room	No. of Units	Approx. Units SF	Total Units SF	% of Total
1.00	1.00	4	569	2,276	7.6%
1.00	1.00	4	680	2,720	9.1%
1.00	1.00	8	769	6,152	20.5%
1.00	1.00	4	783	3,132	10.5%
2.00	1.50	4	1,100	4,400	14.7%
2.00	1.50	4	1,184	4,736	15.8%
1.00	1.00	4	875	3,500	11.7%
1.00	1.00	4	763	3,052	10.2%
		36		29,968	

Project & Unit Amenities

Security	Washer/Dryer In Unit
	Dishwasher
	Disposal
	Hardwood Floors
	Vaulted Ceilings
	Ceiling Fans
	Carpets/Drapes/Blinds



Addendum D

Engagement Letter

4/27/2016

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[← Back](#)**RIMS Customer:** United Bank, Inc**Project #:** : 16-000345-01-1**- Award Information**

Date Awarded: 4/27/2016
 Canceled: No
 Fee: \$3,700.00
 Property Contact(s): Ratan Kumar, 703-734-7020, kumarsingh.ratan@gmail.com
 Award Comments: By accepting this engagement, you are confirming that you are independent of United Bank's loan production and collection process and have no direct, indirect or prospective interest, financial or otherwise, in the property or transaction. In addition, you acknowledge that you have received, read, and understand this assignment and that you affirm that you have the knowledge and experience necessary to competently complete this assignment.

When completed, please upload an electronic copy of your report to the rimscentral.com web site, in addition to your instructions for hard-copy report distribution. Please Note: Valuation reports (and the conclusions contained therein) should not be shared with the account officer UNTIL the assignment has successfully passed the United Bank review process. In no event should the results of this valuation assignment be communicated to the borrower without the prior written consent of the United Bank's Valuation Manager.

Job Attachments:

File	Description	Date Uploaded	Confirmation Number
Lead certificate (2).pdf	Lead certificate (2).pdf	4/22/2016 9:10:20 AM USED	
Lease Unit B (2).pdf	Lease Unit B (2).pdf	4/22/2016 9:10:28 AM USED	
Lease Unit C (2).pdf	Lease Unit C (2).pdf	4/22/2016 9:10:39 AM USED	
Lease Unit D (2).pdf	Lease Unit D (2).pdf	4/22/2016 9:10:50 AM USED	
Purchase Agreement (2).pdf	Purchase Agreement (2).pdf	4/22/2016 9:11:03 AM USED	
Salon Lease (2).pdf	Salon Lease (2).pdf	4/22/2016 9:11:12 AM USED	

Attachment Files:

File	Description
2014 Compliance Checklist 01-31-14.doc	revised compliance checklist
United_Bank_-_HAZARDOUS_WASTE_SUPPLEMENT[1].doc	United Bank - HAZARDOUS WASTE SUPPLEMENT

- Bid Information

Proposed Fee: \$3,700.00
 Signatory Information: ed kerr
 Prior Services: Have you performed or provided any services regarding the subject property within the prior three years, as an appraiser or in any other capacity? If Yes, please provide details in the Comments field.
 No
 Bid Comments:

- RFP Information

Purpose Of Request: New Loan
 Response Deadline: 4/25/2016
 Desired Delivery Date: 5/20/2016
 Bank Contact: Anne Pearce
 Contact Phone: 703-442-7180

ADDRESSEES:

First name	Last name	Company	Address
Allen	Schirmer	United Bank VA	5140 Duke St Alexandria, VA 22304

Total Addressees: 1

DISTRIBUTION:

Number Of Copies	First Name	Last Name	Company	Address
2	Anne	Pearce	United Bank	14201 Sullyfield Cir Ste. 500 Chantilly, VA 20151

Total # Hard Copies: 2

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4/27/2016

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SCOPE OF SERVICES: **Intended Use** Use - Loan Underwriting
The intended use of this appraisal is for loan underwriting and/or credit decisions by United Bank and/or participants

Intended User User - Bank
The intended users of this report is United Bank and/or affiliates

Approaches to Value Approach - ALL
All applicable approaches

Inspection Requirements Inspect - Full Subject and Exterior for all comparables
Inspect the subject interior and exterior and at least an exterior inspection for all comparables utilized.

Additional Work Scope None.

Report Distribution Valuation reports (and the conclusions contained therein) should not be shared with the account officer UNTIL the assignment has successfully passed United Bank review process.

Independence Certification By accepting this engagement, you are confirming that you are independent of United Bank's loan production and collection process and have no direct, indirect or prospective interest, financial or otherwise, in the property or transaction. In addition, you acknowledge that you have received, read, and understand this assignment and that you affirm that you have the knowledge and experience necessary to competently complete this assignment.

Report Type: Appraisal Report
Report Format: Narrative

VALUATION SCENARIOS:	Valuation Premise	Premise Qualifier	Property Interest	Comment
	Market Value	As-Is	Leased Fee	
	Prospective Market Value	Upon Stabilization	Leased Fee	

RFP Comments: Comments Available to all bidders.

SPECIFIC REFERENCE DOCUMENTS

File	Description
2014 Compliance Checklist 01-31-14.doc	revised compliance checklist
United_Bank_-_HAZARDOUS_WASTE_SUPPLEMENT[1].doc	United Bank - HAZARDOUS WASTE SUPPLEMENT

- Property Information

Project Name: 514 St. Paul Place
Property Description / Construction Type: 4 residential units plus a commercial unit on the ground floor.
Property Type: JF3 - Retail-Commercial - Mixed Use-Retail-Residential - A property that includes retail and residential uses.
Address: 514 St. Paul Place, Baltimore, MD 21202
County: Baltimore City
Improvement Size (Primary): 4,392 SF
Land Size: 1,568 Acres
Number Of Tenants: 5
Current Use: Multi-family residential + 1 commercial unit
Year Built: 1900
Year Renovated: 2005
Property Status: Existing
Property Tenancy: Multi Tenant Investor
Ground Lease?: No
Occupancy: 80%
Proposed Use: Same
Proposed Renovation?: No

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Addenda

4/27/2016

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Listed for Sale?: No
Pending/Recent Sale?: Yes
Pending Sale Price: \$454,650.00
Legal Description: District #11, Lot 018, square 0552

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<https://online.rimscentral.com/Orders/ViewOrder.aspx?enc=UGFnZU1vZGU9VmJld0F3YXJkKkF3YXJkSWQ9NTcwOSZSZnBJZD02MjU1JkKpZEIkPTE0NTc...> 3/3





United Bank Appraisal Engagement Summary Contract

Date Awarded: 04/27/2016

Project Number: 16-000345-01

Appraiser Name: G Edward Kerr
Appraiser Company: Integra Realty Resources
Address: 11350 McCormick Rd, Bldg IV; LL 1, Hunt Valley, MD 21031

Phone: 410-561-9320

Fax:

Email: ekerr@irr.com

Property/Project Name: 514 St. Paul Place
Property Address: 514 St. Paul Place, Baltimore, MD 21202
Property Type: Retail-Commercial, Mixed Use-Retail-Residential
Property Description: 4 residential units plus a commercial unit on the ground floor.

Access/Contact Info: Ratan Kumar, Borrower
Email: kumarsingh.ratan@gmail.com
Phone: 703-734-7020
Alt. Phone:

Please accept this letter as your authorization to develop an appraisal of the referenced property on behalf of United Bank. This engagement is subject to the following:

- The specific terms and conditions outlined in the Request for Proposal in RIMS including, but not limited to, the Comments section, the supplemental Scope of Work Requirements for the subject property type and any other specified or Reference Documents;
- The United Bank Appraisal Policy and Appraisal Requirements (as applicable to this assignment); and
- Any specific requirements set forth in this letter or as required by applicable USPAP standards and applicable banking laws, regulations and guidance.

Delivery Date: 5/20/2016

Delivery Requirements: Please submit any requests for information to the property contact and arrange for a property inspection. If you have not received all required information or if at any time you believe the report may be delayed, contact the Job Manager stipulated below. At a minimum, this notification should take place at least seven days before the due date. At the discretion of the Appraisal Manager, appraisal reports that are delivered late (without prior notification and approval) are subject to a late charge of 10% of the appraisal fee. Upload an electronic copy of your appraisal report to RIMS no later than the delivery date. The RIMSCentral web address is <http://www.rimscentral.com>. If the complete copy of the report cannot be uploaded, please contact RIMS support at pat.bickle@bankwithunited.com.

Appraisal Fee: \$3,700, inclusive of all costs necessary to complete the report. Any costs not included in the fee must be approved in advance by United Bank.

It is mutually agreed that your completed appraisal report, in the specified number of copies, will be delivered to the undersigned on or before the date specified, and that the total appraisal fee will not exceed the fee specified above.

APPRAISAL REPORTING OPTIONS

This appraisal engagement letter allows one type of appraisal assignment (complete) with two reporting options (appraisal report or restricted appraisal report). These are defined in the most current version of the USPAP Standard Rule 2-2 and Statement 2, 8 and 10.

The required scope and format of your assignment shall be as follows:

APPRAISAL REPORT	RESTRICTED APPRAISAL REPORT
USPAP SR 2-2(a)	USPAP SR 2-2(b)

In developing this appraisal assignment, we require at a minimum that:

Three approaches to value be considered, developed and reported, if appropriate.
--

OR

Sales Comparison and Income Approaches to be developed.*
--

* We recognize in setting forth the Scope of Work for this assignment that you may determine that two or three approaches to value may be required to provide a credible appraisal

Scope of Work

Intended Use	The intended use of this appraisal is for loan underwriting and-or credit decisions by United Bank and-or participants
Intended User	The intended users of this report is United Bank and-or affiliates
Approaches to Value	All applicable approaches
Inspection Requirements	Inspect the subject interior and exterior and at least an exterior inspection for all comparables utilized.
Additional Work Scope	None.
Report Distribution	Valuation reports (and the conclusions contained therein) should not be shared with the account officer UNTIL the assignment has successfully passed United Bank review process.
Independence Certification	By accepting this engagement, you are confirming that you are independent of United Bank's loan production and collection process and have no direct, indirect or prospective interest, financial or otherwise, in the property or transaction. In addition, you acknowledge that you have received, read, and understand this assignment and that you affirm that you have the knowledge and experience necessary to competently complete this assignment.
Report Type:	Appraisal Report
Report Format:	Narrative
Appraisal Premise(s):	Market Value Prospective Market Value

Value(s) Requested: Market Value - As-Is (Leased Fee)
Prospective Market Value - Upon Stabilization (Leased Fee)

Special Conditions (if any): Comments Available to all bidders.. - By accepting this engagement, you are confirming that you are independent of United Bank's loan production and collection process and have no direct, indirect or prospective interest, financial or otherwise, in the property or transaction. In addition, you acknowledge that you have received, read, and understand this assignment and that you affirm that you have the knowledge and experience necessary to competently complete this assignment.

When completed, please upload an electronic copy of your report to the rimscentral.com web site, in addition to your instructions for hard-copy report distribution. Please Note: Valuation reports (and the conclusions contained therein) should not be shared with the account officer UNTIL the assignment has successfully passed the United Bank review process. In no event should the results of this valuation assignment be communicated to the borrower without the prior written consent of the United Bank's Valuation Manager.

Address Questions to the Job Manager: Anne Pearce
14201 Sullyfield Cir
Chantilly, VA 20151
Phone: 703-442-7180
Fax:
Email: anne.pearce@bankwithunited.com

Appraisal Manager: Jeffery L. Edman
Phone: (304) 424 - 8680
Email: jeff.edman@bankwithunited.com

Address Final Reports to: Allen Schirmer, United Bank VA, 5140 Duke St, Alexandria, VA 22304

Deliver Reports to: 2 Copy(ies) Anne Pearce, United Bank, 14201 Sullyfield Cir Ste. 500, Chantilly, VA 20151

Invoice Requirements

Please reference our RIMS Project Number and your company's Tax Identification Number on the invoice and a Property Reference.

In addition to uploading the PDF appraisal at <http://www.rimscentral.com>, please upload a copy of the appraisal invoice at the same time.

Authorization

This document was created 4/27/2016 3:52:50 AM by Anne Pearce for United Bank. The user's identity has been verified and authenticated by RIMS through a secure login. The original version of this document is retained in RIMS.

General Requirements

The appraisal and reports are to be prepared in conformance with the requirements of the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA); the Interagency Appraisal and Evaluation

Guidelines; and the Uniform Standards of Professional Practice (USPAP) including all applicable banking laws, regulations and guidance. The appraisal should include an estimate of exposure time as required in Statement 6 (USPAP) and clearly state the reporting option used under Standard 2-2 (USPAP). The purpose of the appraisal is to estimate market value as defined by the Board of Governors of the Federal Reserve System, in accordance with Title XI of FIRREA (1989). Any references to source information pertaining to FIRREA contained within the appraisal report must be from the Federal Deposit Insurance Corporation (FRB) 12 CFR Part 225 subpart G. The appraisal will be utilized by United Bank as an aid in proper underwriting, loan classification and/or disposition of the asset.

We require that you personally inspect the subject property and comparables listed in the report; sub-contracting is not permitted. If anyone other than yourself will be providing assistance in the appraisal process and they are not appropriately licensed in the state where the subject property is located for this assignment, you must employ him or her, and United's Appraisal Manager must receive and review their qualifications, prior to accepting this assignment.

Failure to comply with any of the above requirements may result in rejections of the appraisal.

The report should contain sufficient data and analysis to enable the reader to follow the appraiser to the final value conclusions. Representatives of United Bank may perform an administrative or technical review of the report internally and/or contract with outside parties competent to perform these services. Your full cooperation in the review process is deemed to be an integral part of this appraisal assignment. The appraisal process will not be considered complete until such time as the report has passed the review process and is deemed satisfactory for the assignment.

If upon review, the appraisal report or evaluation is deemed unacceptable by United Bank for non-compliance or any other issues, and requested changes and/or additions are not properly made within 2 business days, United may elect to refuse payment of the appraiser's invoice.

United Bank reserves the right to provide a copy of the appraisal to the borrower, the borrower's representative or any third party United Bank may deem appropriate. Further, United Bank reserves the right to terminate this appraisal assignment at any time without any further liability or obligation owed to you, if in United Bank's judgment you have failed to perform in accordance with the terms and conditions set forth in this engagement letter. The appraiser will maintain the absolute confidentiality and privacy of customer information obtained in the course of this assignment in compliance with USPAP and Regulation P, Title V of the Gramm-Leach-Bliley Financial Modernization Act.

Except as provided, neither the appraiser(s) nor the appraisal firm may divulge any operating information pertaining to the property appraisal or the analysis, opinions or conclusions developed in the appraisal report. Nor may they give a copy of the report to anyone other than the client or client's designee as specified in writing. However, this condition does not apply to any request made by professional organizations and/or presiding state appraiser boards for the purpose of confidential standards or ethics enforcement. Also, this condition does not apply to any order by a court or any other body with power of subpoena.

The appraiser may not discuss the appraisal or the results thereof with anyone without prior specific approval from United Bank.

As confirmation of your acceptance of this assignment under the terms specified in this letter, please return a signed copy of this engagement letter to us and include a copy in the addenda to the report. Signing of this engagement letter indicates that your appraisal report will comply with the most current USPAP and all applicable guidelines specified herein. Evaluations must comply with the FRB's requirements for same. Also, by signing this letter you understand that United Bank is the client, and certify that you have no personal interest in the property to be appraised and will fully abide by the terms of this engagement letter. The signatory of this letter must also be a signatory of the completed appraisal report.

Time is of the essence in preparing this appraisal request. Should you experience any delays in the performance of this appraisal, please notify us in writing via email no less than seven days prior to the due

date. A 10% fine of the total fee will be imposed for appraisal reports not delivered as promised or without prior notice and approval as outlined herein. No penalties will be imposed for delays resulting from circumstances beyond the appraisers control; subject to determination at United Bank's sole discretion.

If an appraisal or evaluation is not completed and received on or before the scheduled due date (unless otherwise notified and approved by United's Appraisal Manager), United reserves the right in its sole discretion to cancel your employment under this agreement, in which case no fee will be paid. Notwithstanding the right to cancel, United may in its sole discretion elect to accept the appraisal report subject to the late penalties previously stated.

United Bank Appraisal Requirements

In addition to the items previously defined, all United Bank appraisal assignments are to be prepared in accordance with United Bank's Appraisal Policy and Appraisal Requirements. These items are incorporated into this engagement letter by reference (available on the RIMS website). Please refer to these documents as needed and apply them as appropriate to this assignment. However, any deviation from these requirements must be well supported and fully documented in the final report. Failure to comply with these standards in an appropriate manner will be considered as grounds to refuse payment of the appraiser's invoice.

The following items should be included in every report:

- Signed copy of engagement letter
- Copy of appropriate state certifications in addenda
- Signed copy of completed compliance check list
- Signed copy of completed hazardous waste supplement
- Properly completed invoice

Please contact the Job Manager named below if you have any questions on this assignment. During the course of this engagement, you may find it necessary to look to United Bank for additional direction or clarification to complete the appraisal or to obtain additional information about the subject property not otherwise provided herein. Such information may include, but not be limited to, the property's intended use, description, ownership, financing, cost budgets, lease information, rezoning or building plans, etc. For these purposes only, we consider a dialogue between you and the bank's personnel to be appropriate. In the event discussions with the loan officer are warranted, please alert the job manager if those discussions fall **outside** of the specific areas previously noted in this paragraph. **If, at any time during this assignment, you believe you have been subject to undue influence from anyone affiliated either with United Bank or the property that is the subject of this assignment, please contact the job manager as soon as possible.** Please confirm our mutual understanding by returning a signed copy of this letter to the undersigned. **Additionally, please include a copy of the engagement letter as an addendum to your completed appraisal report.** By signing below, you acknowledge that you have received, read, and understand this assignment and that you affirm that you have the knowledge and experience necessary to competently complete this assignment. If you require further information, please contact the undersigned. All value conclusions are to be provided to this individual and/or United's Appraisal Manager exclusively. The signatory of this engagement letter must also be a signatory of the appraisal report. Signature of this engagement letter indicates your complete acceptance of the terms and conditions contained herein. In addition, you affirm that you have the knowledge and experience to complete this assignment competently.

Sincerely,

Anne Pearce
United Bank
Valuation Management Services
Loan Administration Group

United Bank
Project #: 16-000345-01
Page 5 of 6

Accepted By: Edward Kern
Printed Name: G Edward Kern
Date: 9/27/16

United Bank
Compliance Checklist

This is to be completed by the appraiser and placed in the Addenda of the report. The appraisal must use property appraisal methodology and contain sufficient supporting data to lead the reviewer to the same value conclusions as the appraiser. This list is the minimum requirements for all appraisal reports. Please indicate the applicability (Yes, No, or N/A and page number) for each question in the space to the left of the question. (Y= Yes, N= No, and D = Does Not Apply)

Y/N/D	Page #	
Y	64	Signed Certification in accordance with USPAP located in the report?
Y	Addenda	Does the appraiser have appropriate state classification for the appraisal assignment?
Y	Addenda D	Is there a signed Letter of Engagement from a Federally Regulated institution?
Y	N/Ap	Does the report conform to USPAP and FIRREA?
Y	4	Are all applicable ownership interest analyzed in the report?
Y	6	Does the appraisal describe the extent of the process of collecting, confirming and reporting the data?
Y	35	Does the appraisal describe and support the highest and best use of the real estate?
Y	3 & 4	Does the appraisal describe the intended use, function and define the value estimated?
Y		Does the appraisal have a definition as defined by the Federal Reserve/OCC?
Y	2, 20 & 23	Is the subject property adequately identified and described?
Y	2	Does the appraisal provide a three-year history and analyze sales, pending contract and listings?
Y	61 & 62	Does the appraisal indicate the marketing time and is it supported?
Y	Cover Page	Is the effective date indicated?
Y	1	Does the appraisal have an "AS IS" value of the property in the current condition?
Y	1	Are any extraordinary assumptions and/or limited conditions disclosed and discussed?
Y	5	Are omissions of any approaches to value reported and are they justified?
Y	47	Are discounts for absorption, proposed construction and non-market leases discussed and supported?
Y	46 & 47	If the subject property is leased, has the lease information been analyzed and presented in the report?
D		Have business value, furniture, fixtures and equipment and/or personal property been separated and a value stated for each?
Y		Does the appraisal include all "Required Contents" as detailed in the Engagement Letter?

Appraiser's Signature

Date: 5/27/2016

G. Edward Kere



HAZARDOUS WASTE SUPPLEMENT

A. IDENTIFICATION

Owner's Name(s) 514 St. Paul Place, LLC
 Property address or Brief Description: 514 Saint Paul Place
 Baltimore, MD 21202
 Date of Inspection: May 11, 2016

B. STORAGE TANKS

Are there any storage tanks on the property? If yes, please provide the following information for each tank. (Use additional pages if necessary.)

No

Tank #1

Is tank in use? ☐ Yes
☐ No
☐ Unable to determine

Tank #2

Is tank in use? ☐ Yes
☐ No
☐ Unable to determine

Tank is: ☐ Above Ground
☐ Below Ground

Tank is: ☐ Above Ground
☐ Below Ground

Location: _____
 What is/was tank used for? _____
 What is the tank size? _____

Location: _____
 What is/was tank used for? _____
 What is the tank size? _____

C. COLLECTION SITES

1. Are there any open pits or dumps? No
2. Are there any drain water evaporation ponds? No
3. Are there any holding ponds with chemical wastes effluents?
 If yes, please provide the following information for each pit/pond. No

Number of pits/ponds _____
 Size of each _____

4. Is there any evidence of pollutants in the water or around the edges of the ponds? N/A

D. DRUMS/CONTAINERS AND/OR PESTICIDES

1. Are there any drums/containers (e.g., pesticides, oils, fuels, lubricants, paints, etc.)? If yes, please provide the following on a separate attachment: No

- a. A rough count by size (number of gallons) and type.
- b. Number of unlabeled drums.
- c. Evidence of spills or leaks.

- d. Location of drums.
2. Is there any evidence or knowledge that any part of the property is or has been used for a pesticide application or chemical manufacturing business? If yes, please explain on a separate sheet. **No**
- E. ASBESTOS**
1. Is there any evidence of asbestos at any of the improvements? **N/A**
2. If yes, is the asbestos friable (subject to crumbling)? **N/A**
- F. MISCELLANEOUS**
1. Is there evidence of soil contamination or other noteworthy conditions which has not been previously discussed? If yes, please explain on a separate sheet. Examples of noteworthy conditions are as follows: **No**
- a. Gullies partially filled in or edges of mounds with containers exposed.
- b. Top soil removed and/or soil does not support the same vegetation as the surrounding area.
- c. Unexplained one inch (1") or bigger pipeline or any of opening with metal rim (a possible indicator of an underground storage tank).
2. Is there any evidence or knowledge of contamination from adjacent or nearby properties (e.g., property is located next to a crop duster operation or a dump site)? If yes, please explain on a separate sheet. **NO**
3. Has an independent environmental study been performed on the subject property? **NO**
--If yes, have the main results been summarized in the appraisal report?
- G. APPRAISAL REPORT**
1. Have storage and/or disposal site(s) been shown on the plat or site plan? **NO**
2. Does the existence, storage and/or disposal of any hazardous materials affect appraised value? If yes, please indicate how the appraised value is affected. **NO**
3. This report is true and correct to the best of my/our knowledge and belief. **Yes**
- Date May 27, 2016; Appraiser: G. Edward Kerr
(Primary Appraiser)
- Date May 27, 2016; Appraiser Justin C. Hebbel

Addenda

By signing the above, the appraiser does not imply or represent that he/she has expertise in the field of environmental contamination.