

**APPRAISAL REPORT
REAL PROPERTY**

Of
Gertrude Lauer Elementary School

**APPRAISAL REPORT
REAL PROPERTY**

Of
Gertrude Lauer Elementary School



1224 Darmstadt Avenue, Mullica Twp
Atlantic County, NJ, 08215

As of
July 26, 2017

Prepared For
Ms. Karen Gfroehrer
Board of Education of Mullica Twp.
500 Elwood Road
Elwood, NJ, 08217

Prepared by
JAMES M. HANSON, ASSOCIATES, INC.
James M. Hanson, ASA, IFAS, IFA, NJ-42RG00079000

File Name:
17MU0112

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August 2, 2017

Ms. Karen Gfroehrer
Board of Education of Mullica Twp.
500 Elwood Road
Elwood, NJ 08217

Re: Appraisal Report, Real Property
Gertrude Lauer Elementary School
1224 Darmstadt Avenue, Mullica Twp,
Atlantic County, NJ, 08215

File Name: 17MU0112

Dear Ms. Gfroehrer:

At your request, I have prepared an appraisal for the above referenced property, which may be briefly described as follows:

The subject is an approximate 90 year old frame building formerly utilized as a two-room school house. The building is in fair condition and consists of roughly 2,384 square feet of gross building area on 1.71 acres of land.

Please reference page 14 of this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best use analysis and valuation methodology.

I certify that I have no present or contemplated future interest in the property beyond this estimate of value. In accordance with the Ethics Rule of USPAP, the appraiser has not performed any prior service(s) regarding the subject property within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

Your attention is directed to the Limiting Conditions and Assumptions section of this report (page 6) as well as the Certification Statement (page 10). Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, I note the following:

Hypothetical Conditions:

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions:

- There are no Extraordinary Assumptions for this appraisal.

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), I have made the following value conclusion(s):

Current As Is Market Value:

The “As Is” market value of the Fee Simple estate of the property, as of July 26, 2017, is

One Hundred Eighty Eight Thousand Dollars (\$188,000)

The market exposure time preceding July 26, 2017 would have been 12-18 months and the estimated marketing period as of July 26, 2017 is 12-18 months.

Of further note, the value conclusion(s) stated before here specifically exclude any going concern, personal property and FF&E.

Respectfully submitted,
James M. Hanson, Associates, Inc.



James M. Hanson, ASA, IFAS, IFA
NJ-42RG00079000

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Limiting Conditions and Assumptions

Acceptance of and/or use of this report constitutes acceptance of the following limiting conditions and assumptions; these can only be modified by written documents executed by both parties.

1. This appraisal is to be used only for the purpose stated herein. While distribution of this appraisal in its entirety is at the discretion of the client, individual sections shall not be distributed; this report is intended to be used in whole and not in part.
2. All files, work papers and documents developed in connection with this assignment are the property of James M. Hanson, Associates, Inc.. Information, estimates and opinions are verified where possible, but cannot be guaranteed. Plans provided are intended to assist the client in visualizing the property; no other use of these plans is intended or permitted.
3. Appraiser and Client agree that the following mutual limitation of liability is agreed to in consideration of the fees to be charged and the nature of Appraiser's services under this Agreement. Appraiser and Client agree that to the fullest extent permitted by applicable law, each party's and its Personnel's maximum aggregate and joint liability to the other party for claims and causes of action relating to this Agreement or to appraisals or other services under this Agreement shall be limited to the total fees and costs charged by Appraiser for the services that are the subject of the claim(s) or cause(s) of action. This limitation of liability extends to all types of claims or causes of action, whether in breach of contract or tort, including without limitation claims/causes of action for negligence, professional negligence or negligent misrepresentation on the part of either party or its Personnel, but excluding claims/causes of action for intentionally fraudulent conduct, criminal conduct or intentionally caused injury. The Personnel of each party are intended third-party beneficiaries of this limitation of liability. "Personnel," as used in this paragraph, means the respective party's staff employees, contractors, members, partners and shareholders. Appraiser and Client agree that they each have been free to negotiate different terms than stated above or contract with other parties.
4. No hidden or unapparent conditions of the property, subsoil or structure, which would make the property more or less valuable, were discovered by the appraiser(s) or made known to the appraiser(s). No responsibility is assumed for such conditions or engineering necessary to discover them. Unless otherwise stated, this appraisal assumes there is no existence of hazardous materials or conditions, in any form, on or near the subject property.
5. Unless stated herein, the property is assumed to be outside of areas where flood hazard insurance is mandatory. Maps used by public and private agencies to determine these areas are limited with respect to accuracy. Due diligence has been exercised in interpreting these maps, but no responsibility is assumed for misinterpretation.
6. Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.
7. Necessary licenses, permits, consents, legislative or administrative authority from any local, state or Federal government or private entity are assumed to be in place or reasonably obtainable.
8. It is assumed there are no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

9. The appraiser(s) are not required to give testimony in Court in connection with this appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser(s) James M. Hanson, Associates, Inc.'s regular per diem rate plus expenses.
10. Appraisals are based on the data available at the time the assignment is completed. Amendments/modifications to appraisals based on new information made available after the appraisal was completed will be made, as soon as reasonably possible, for an additional fee.
11. The description of the premises, as reported herein is in accordance with information furnished by the client and by readily available public data which is accepted as correctly designating the boundary lines. No investigations or survey has been made of the same by the appraisers who make no representations as to boundaries, easements or encroachments or the like. It is strongly urged that an engineering firm be retained to provide such type information; and, if any findings are contrary to that which is contained in this report, the appraiser (s) must be advised and provided the additional information to consider possible impact on value. The client realizes that this may require an additional fee. The appraiser (s) are held harmless by all who rely upon this report if any of the information described is incorrect and is the cause or contributing cause for any legal action; and, shall be defended by the client at no expense to the appraiser (s) and respective appraisal firms.
12. Information pertaining to data from which computations are based, including but not limited to operating expenses, income, and/or existing contracts, zoning regulations or other use restrictions, boundary lines, engineering surveys and conditions not evident upon surface viewing of the property, have been obtained from sources considered reliable, accepted, and reported herein as correct and authentic but not guaranteed, warranted or represented as accurate by the appraiser(s). The appraiser(s) shall be held harmless if any misinformation is the contributing cause of any legal action; and defended by the client at the clients expense.
13. The value herein applies only to the premises described. It is not to be employed in making summation appraisals of said land (site) and building(s) which may be placed thereon; and, said value or any analysis thereof or any unit values thereby derived cannot be construed as applicable to any other property, however similar. The division of land and improvement values as reported herein, applicable, is applicable only under the program of utilization as discussed within the context of the report; and, limited in area less than the whole in this report.
14. Possession of this report or any copy thereof does not carry with it the right of publication, *nor may it be used for any purpose other than as indicated in the appraisal.* Neither all nor any part of the contents of this report shall be conveyed to the public through advertising, public relations, news, sales or other media, without the written consent and approval of the author. The restriction on publication includes but not limited to: valuation, conclusions, identity of the appraiser(s) or firm with which he/they is/are connected, or any reference to any professional associations to which he/they belong(s).
15. This report assumes that the property is free of all hazardous materials or toxic wastes. The presence of hazardous materials or toxic wastes on the property can substantially impact the value of the property. A variety of materials, including chemicals, metals, and minerals have been determined to be hazardous or toxic under local, state, and/or federal laws and regulations and can be required to be specially handled and removed from the property at the expense of the property owner.

16. If applicable, certain materials which may have been used in the construction of the premises or in building components may be hazardous. Asbestos, for example can be hazardous and has been included in a number of building components such as fire proofing, insulation linoleum, floor tiles, ceiling panels or tiles and acoustical ceiling coatings.
17. The appraiser is not experienced or has he / she undergone any specialized courses or training in identifying potential toxic waste and hazardous material problems nor opining the cost of resolving such problems. In order to identify the nature and extent, if any, of the toxic waste and hazardous material problems on the property, the appropriate experts should be retained. If any contamination is found, the Certification of Value is automatically removed and the result of this appraisal is void. The appraiser should be advised of the findings and provided additional time to consider the findings of the expert (s) with regard to the valuation of the property which the client agrees shall bear additional fees. This report is delivered with the client's full understanding that the appraiser shall be held harmless from any losses with regard to the existence of hazardous materials or toxic waste of any type on or near the property.
18. The valuations discussed herein are subject to and contingent upon any claims or rights of the United States of America or the jurisdictional state as it would relate to lands flowed by tides, tributary rivers or other water bodies therein.
19. The property is appraised and value conclusions are set forth under the assumption that the land utilization or opinions of Highest and Best use comply with all laws, regulations and statutes that would affect the utilization of said property including but not limited zoning, licensing, permitting and environmental, whether within the jurisdiction of federal, state, county or municipal authority, but also with consideration of "legal alternative" which is a consideration in the test for Highest and Best Use.
20. This appraisal is made with the understanding that the subject can obtain a negative declaration from the New Jersey Department of Environmental Protection and Energy (NJDEP) pursuant to the regulations and requirements of the Environmental Cleanup Responsibility Act of 1983 (ECRA), as amended, including the Industrial Site Recovery Act (ISRA) amendments of June 16, 1993. The appraiser is not qualified to determine the conditions or circumstance which these acts may require as a pre-condition of any cessation of operating or the transfer of real property, which used or stored regulated hazardous substances, the testing, cleanup and disposal of any such material. This appraisal presumes that the subject property is free and clear of any such substances and or negative conditions. It is ***strongly urged*** that if these type conditions or circumstances are important to those who rely upon this report, an environmental firm should be retained to determine the condition of the property and legal requisites in place which impact properties as the subject.
21. The appraiser *has not been apprized or is qualified* to ascertain the existence of radon, a radioactive gas which occurs naturally in the soil of certain identified areas. This gas in concentrated form has been shown to be detrimental and its existence would create a negative impact on value. As in the above instance, the value opinion assumes the subject is free of radon gas. The appraiser (s) has not received any specialized training in this regard.
22. Use of this report, in whole or in part, for other purposes is not intended by the appraiser. Nothing set forth in the appraisal should be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The appraiser assumes no liability for and does not guarantee that any insurable value estimate inferred

from this report will result in the subject property being fully insured for any loss that may be sustained.

23. Americans with Disabilities Act (ADA) of 1990

A civil rights act passed by Congress guaranteeing individuals with disabilities equal opportunity in public accommodations, employment, transportation, government services, and telecommunications. Statutory deadlines become effective on various dates between 1990 and 1997. James M. Hanson, Associates, Inc. has not made a determination regarding the subject's ADA compliance or non-compliance. **Non-compliance could have a negative impact on value, however this has not been considered or analyzed in this appraisal.**

24. This appraisal is not a "building inspection" and should not be relied upon, by any party, to disclose conditions in the property that are either apparent or latent. Professional inspection by a licensed building inspector is suggested, if so desired.

Certification Statement

1. I have no present or contemplated future interest in the property appraised and neither the employment to make the appraisal, nor the compensation for it, is contingent upon the appraised value of the property.
2. I have no personal interest in or bias with respect to the subject matter of the appraisal report or the participants to any transaction. The "Opinion of Market Value" in the appraisal report is not based in whole or in part upon the race, color, or national origin of the prospective owners or occupants of the property appraised, or upon the race, color, or national origin of the present owners or occupants of the properties in the vicinity of the property appraised.
3. Unless otherwise stated herein, I viewed the interior and exterior of the property located at 1224 Darmstadt Avenue, Mullica Twp, Atlantic County, NJ, 08215. If applicable, an exterior viewing of all comparable sales listed in the report was conducted in connection with this assignment by the field appraiser. To the best of the Appraiser's knowledge and belief, all statements and information in this report are true and correct, and the Appraiser (s) have not knowingly withheld any significant information. The appraiser(s) shall not be liable for any provided data or information, if same is found to be inaccurate or erroneous, as these occurrences are beyond his (their) control.
4. All *contingent and limiting conditions* are contained herein this section and the Statement of Contingent and Limiting Conditions immediately preceding *No other conditions* mandated by any party other than the appraisal firm and / or appraisers and attached in the addenda section by request of the client and / or lending institution shall alter, addend, pre-empt, supercede or set aside in any way that contained in the cited sections in the paragraph that which is contained in this Certification and the Statement of Contingent of Limiting Conditions.
5. This appraisal report has been made in conformity with and is subject to the *reasonable and appropriate* requirements of the Code of Professional Ethics and Standards of Professional Conduct of the appraisal organizations with which the Appraiser(s) is/are may be affiliated, as well as the *reasonable and appropriate*, as so deemed by the appraiser (s), standards of the Uniform Standards of Professional Appraisal Practice (USPAP) as promulgated by the Appraisal Standards Board and authorized by The Appraisal Foundation.
6. All conclusions and opinions concerning the real estate set forth in the appraisal report is / are prepared by the Appraiser whose signature appears on this report. No change of any item in the appraisal report shall be made by anyone other than the Appraiser, and the Appraiser shall have no responsibility for any such unauthorized change. Any unauthorized change shall immediately and automatically void the certification of value and the report in whole.
7. This report reflects an opinion of value (present or retrospective, as required by the assignment in writing) of the subject property and does not include any improvements recognized as business and / or trade fixtures and business or individual personalty. The appraiser (s) must presume that the conditions, amenities and all realty observed during the viewing as of said "viewing date", was in place and the same as of the effective date of this valuation (with regard to retrospective or prospective assignments. The appraiser has not been privy to any information about the premise at the time of the Effective Date; and, shall not be held responsible for any factors which may have existed at the Effective Date which may have an impact on the value conclusion herein *when said date is prior to the date of viewing*.

8. In accordance with the Ethics Rule of USPAP, the appraiser has not performed any prior service(s) regarding the subject property within the three year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

9. The client agrees that the data supplied the appraiser can be used as the appraiser's data bank and used in other analyses that he /they may encounter, and *none* is to be considered confidential, unless the client or intended user (s) requests confidentiality for specific data *in writing prior to the appraiser(s) beginning efforts for the valuation*. The client also agrees that the appraiser(s) may have to reveal some information in order to gain information and / or cooperation from others who can provide pertinent data and information necessary for the appraisal.

10. No one outside of the signatories below provided significant professional assistance in the development of the conclusions contained in this report.

11. I certify as having sufficient competence to appraise this property through education and experience, in addition to the internal resources of the appraisal firm.

12. The value conclusion(s) and other opinions expressed herein are not based on a requested minimum value, a specific value or approval of a loan.

13. The American Society of Appraisers has a mandatory recertification program for all of its Senior members. 'I am' in compliance with that program.

14. As of the date of this report, I have completed the Standards and Ethics Education Requirement of the Appraisal Institute for Practicing Affiliates. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

15. This appraisal has been prepared in conformity with the code of ethics of the National Association of Independent Fee Appraisers (NAIFA). NAIFA has a mandatory recertification program for all of its Designated members. 'I am' in compliance with that program.



James M. Hanson, ASA, IFAS, IFA
NJ-42RG00079000

Summary of Important Facts and Conclusions

GENERAL

Subject: Gertrude Lauer Elementary School
1224 Darmstadt Avenue, Mullica Twp,
Atlantic County, NJ, 08215

The subject is an approximate 90 year old frame building formerly utilized as a two-room school house. The building is in fair condition and consists of roughly 2,384 square feet of gross building area on 1.71 acres of land.

Owner: Board of Education of Mullica Twp.

Legal Description: Block: 9702 Lot: 10

Date of Report: August 2, 2017

Intended Use: The intended use is for asset disposition.

Intended User(s): The client as named herein. No other user(s) are intended unless otherwise noted..

Assessment:

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total	City Rate	County Rate	Other Rate	Tax Rate	Taxes
0117-09702-0000-00010	\$25,900	\$129,400	\$0	\$155,300	\$3.522	\$0.895	\$0.000	\$4.417	\$6,860
Totals	\$25,900	\$129,400	\$0	\$155,300					\$6,860

Sale History: The subject has not sold in the last three years, according to public records.

Current Listing/Contract(s): The subject is not currently listed for sale, or under contract

Land:

Gross Land Area (Acres)	Gross Land Area (Sq Ft)	Usable Land Area (Acres)	Usable Land Area (Sq Ft)	Topography	Shape
1.71	74,488	1.71	74,488	Level	Rectangular

Improvements:

Year Built	Condition	Number of Stories	Gross Building Area	Number of Units
1927	Fair	1.0	2,384	1

Zoning: RDA, Rural Development Area

Highest and Best Use of the Site as Vacant: is for development consistent with zoning

Highest and Best Use as Improved: is as currently improved

Type of Value: Market Value

VALUE INDICATIONS

Cost Approach: N/A
Sales Comparison Approach: \$188,000
Income Approach: N/A

Reconciled Value(s): **As Is**
Value Conclusion(s) \$188,000
Effective Date (s) July 26, 2017
Property Rights Fee Simple

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to develop and report a scope of work that results in credible results that are appropriate for the appraisal problem and intended user(s). Therefore, the appraiser must identify and consider:

- the client and intended users;
- the intended use of the report;
- the type and definition of value;
- the effective date of value;
- assignment conditions;
- typical client expectations; and
- typical appraisal work by peers for similar assignments.

This appraisal is prepared for Ms. Karen Gfroehrer, Business Administrator/Bd. Secretary Board of Education of Mullica Twp.. The problem to be solved is to estimate the 'as is' market value of the subject property. The intended use is for asset disposition. This appraisal is intended for the use of client as named herein. No other user(s) are intended unless otherwise noted..

SCOPE OF WORK	
Report Type:	This is an Appraisal Report as defined by Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2(a). This format provides a summary or description of the appraisal process, subject and market data and valuation analyses.
Property Identification:	The subject has been identified by the legal description and the assessors' parcel number.
Inspection:	A limited interior and exterior viewing of the subject property has been made, and photographs taken.
Market Area and Analysis of Market Conditions:	A summary analysis of market conditions has been made.
Highest and Best Use Analysis:	A summary as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.
Type of Value:	Market Value
<u>Valuation Analyses</u>	
Cost Approach:	A cost approach was not applied as there is inadequate data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.
Sales Comparison Approach:	A sales approach was applied as there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

Income Approach:	An income approach was not applied as the subject is not an income producing property and this approach does not reflect market behavior for this property type.
Hypothetical Conditions:	<ul style="list-style-type: none"> • There are no hypothetical conditions for this appraisal.
Extraordinary Assumptions:	<ul style="list-style-type: none"> • There are no Extraordinary Assumptions for this appraisal.
Information Not Available:	<ul style="list-style-type: none"> • Building inspection report(s) • Site Plan • Survey

Market Area Analysis

Market Area Location and Boundaries

Atlantic County is centrally located on the eastern seaboard in the southern portion of the State of New Jersey. Bordered by Ocean County to the north, Gloucester, Salem and Cumberland Counties to the west and Cape May County to the south, Atlantic County encompasses approximately 671 square miles of area with approximately 16.44% of it water. Topographically much of Atlantic County is low-lying and flat with the highest elevation of 150 feet found just east of Hammonton. According to the 2010 Census, there was a population of 274,549 persons, an increase of 8.71% from the 2000 Census. The County Seat is found in Mays Landing which is located in Hamilton Township. There are 23 municipalities within the county.

The eastern portion of Atlantic County, which borders the Atlantic Ocean, is comprised of the seashore resort communities of Brigantine, Atlantic City, Ventnor, Margate and the Borough of Longport. Located along the eastern portion of Atlantic County adjacent to the seashore resorts are the mainland communities of Absecon, Pleasantville, Northfield, Linwood and Somers Point. Galloway Township and Egg Harbor Township are also centers of population growth and also located in the eastern portion of the County. The western portion of the county is largely rural except for the Town of Hammonton and portions of Hamilton Township. Municipalities having a population of over 10,000 include Atlantic City, Egg Harbor Township, Galloway Township, Hamilton Township, the Town of Hammonton, Pleasantville, Brigantine, Somers Point and Ventnor.

The casino industry and coastal resorts provide over 50% of the employment opportunities. A partial list of other major industries within Atlantic County would include: Viking Yachts, Ocean Yachts and Egg Harbor Yachts, South Jersey Industries located in Folsom, Atlantic City Electric in Mays Landing, MW Manufacturing in Hammonton, Verizon, Comcast and Spencer Gifts which is located in Egg Harbor Township and one of the world's largest mail order houses. Located in Pomona is the Federal Aviation Administration Technical Center, a 5,000 acre facility having one of the largest research and development programs in the United States.

The agricultural industry is largely concentrated in the Hammonton area. The predominant crops are blueberries, apples and peaches as well as vegetables, especially tomatoes and corn. The industry having the most impact on Atlantic County is the casino industry, which was approved by New Jersey voters in 1976. With the advent of legalized casino gaming in Atlantic County, Atlantic City reversed an overall deterioration of property, population and the tourist business that commenced between 1960 and 1975. Presently there are eight (8) casinos in operation.

Higher education in Atlantic County is available at Atlantic County Community College located on 346 acres in Mays Landing. Fully accredited by the New Jersey Department of Higher Education, the college offers associate degrees to graduates. The Richard Stockton State College is located along the Garden State Parkway in Galloway Township and offers a four-year undergraduate curriculum in liberal arts, science and professional training. The college is thirteen miles northwest of Atlantic City and encompasses some 1,600 acres.

Atlantic County is strategically located near several important metropolises. Using Atlantic City as a reference point, Washington, D.C. is 200 miles south, Philadelphia, 60 miles west and New York City 110 miles north. The county is served by a variety of transportation facilities. The major highway network consists of U.S. Route 30 (Black Horse Pike), the Atlantic City Expressway

and the Garden State Parkway. The Garden State Parkway runs north to south throughout the State of New Jersey while Routes 30, 40 and the Atlantic City Expressway run east and west to provide a means of access from Atlantic City to the Camden/Philadelphia area. Atlantic County has one major airport -Atlantic City International Airport located in Pomona, approximately eighteen miles from Atlantic City. Public bus transportation connecting major New Jersey cities along with Philadelphia and New York is available throughout the county.

Excellent medical facilities are available within the county, specifically AtlantiCare Medical Center located in the Pomona section of Galloway Township. The facility opened in 1975 and is one of the states' fastest growing health care centers experiencing a 44 percent growth in admissions from 1986 to 1992. To meet the growing and evolving needs of the community, AtlantiCare Medical Center completed a modernization/renovation project in early 2005. The expansion included a 67,500 square foot addition that is home to a Maternal Newborn Center and Emergency Department. The \$30 million project was the largest expansion in the recent history of the facility. One additional hospital is found in Atlantic County, Shore Memorial Hospital located in Somers Point.

Development Projects

South Jersey will see major development and construction projects in 2017, ranging from a new college campus in Atlantic City to a 250,000-square-foot shopping center in Egg Harbor Township that includes a Wal-Mart Supercenter. There's also plenty of roadwork taking place on the Garden State Parkway and elsewhere aimed to ease congestion and make travel easier when work is finished.

Atlantic City Gateway

One of the region's biggest projects starts right at one of Atlantic City's main entrances, where Stockton University is building a new campus and South Jersey Gas is adding an office building in a \$220 million project coordinated by the nonprofit Atlantic City Development Corp.

After a full year of work on a project that started construction in September 2016, the physical structures for the dorms and the parking garage will be clearly visible, as well as the academic building. The gas-company building is set to go on top of the garage. By December 2017, the neighboring community will have a good sense of the size and scope of all three buildings. Stockton plans to start classes there by fall 2018.

Inlet Boardwalk

At the far end of Atlantic City along Absecon Inlet, the city's chief planner expects to see a big project finished next year. That's the rebuilding of the section of Boardwalk that runs along the inlet, from the ocean to Historic Gardner's Basin. Sections of the boards there had been closed for decades, but entire blocks were washed away by Hurricane Sandy in 2012.

The project includes the Boardwalk, the seawall and a concrete walkway at Caspian Point. This project should be complete by the end of 2017. This job will complete a nearly motor-free route for walkers and bicyclists running about 6 miles from the Margate-Ventnor city line up to Gardner's Basin.

Garden State Parkway

The New Jersey Turnpike Authority, which runs the Garden State Parkway, has several local projects in the works for the highway that runs between Cape May and the New York state line.

They include a long-running project to add a new bridge over the Great Egg Harbor Inlet, the water border between Atlantic and Cape May counties. The authority is also widening almost 50 miles of the southern part of the parkway through Atlantic and Ocean counties.

Over the Great Egg, the new southbound bridge was finished earlier this year, and northbound traffic is now running on that span. The expected completion date is the spring of 2019.

A bit farther north, the widening job is now all in Atlantic County, and most 2017 work will run between mileposts 35 and 40. Work will continue into 2018.

Egg Harbor Twp. Wal-Mart

Construction started in spring 2016 for the biggest single retail development in South Jersey, a 188,500-square-foot Wal-Mart Supercenter on the Black Horse Pike at Fire Road. That's part of a total project of 250,000 square feet called Oak Tree Plaza that is also scheduled to include a Chick-Fil-A and more eateries. Wal-Mart had its grand opening a few weeks ago.

Landis Square, Vineland

After years of planning, work finally started in 2016 on a major project at Landis and East avenues, what was long called the Four Corners development. But that was scaled back to only two of the corners at this downtown entrance, and the southeast side is on its way to being reborn as Landis Square.

It will include 70-plus units for senior citizens and about 9,000 square feet of retail space. The anticipated completion should be in November 2017.

Route 72 Bridge

The state Department of Transportation started in 2013 to add a second, parallel bridge connecting the Ocean County mainland with the 18-mile Long Beach Island, and to rehabilitate the current span. And although work has been going on ever since, this bridge project still has a way to go. The state's schedule calls for it to end in 2020.

Atlantic City and The Casinos

Atlantic City, left for dead for the last 10 years, is having a revival. It's all coming after a decade that featured a 50% drop in the city's casino revenues. Nearly half of the city's casinos closed and 10,000 people lost their jobs, leading to a massive spike in home foreclosures. The city's finances were so grim, the state took over control in November.

But earlier this month, the sound of heavy equipment and hundreds of construction workers echoed near the city's fabled boardwalk. A new playground stood ready for when the local elementary school let out. Property taxes have been reduced. For the first time in a long time, there is something to be optimistic about in Atlantic City.

Atlantic City has been attracting visitors since the 1850s — and its fortunes have been rising and falling ever since. The HBO series *Boardwalk Empire* cataloged the city's boom in the 1920s, as local officials aggressively turned a blind eye to prostitution, gambling, and a lack of interest in obeying the country's Prohibition laws.

By the 1960s, however, the city was in decline. The low point came when the city hosted the 1964 Democratic National Convention. National media — fresh off the Republican convention in thriving

San Francisco — were appalled at conditions in Atlantic City, which had rundown hotel rooms, high prices and a perceived lack of customer service.

The opening of Resorts casino in 1978 — the first such legal site in the U.S. outside of Nevada — kick started a revival that produced an increase in the city's casino revenues every single year through 2006. When Borgata — said to be the first "Las Vegas quality" property in Atlantic City — opened in 2003, it led to hundreds of millions of dollars in upgrades by many of its rivals in an effort to keep up.

Then came another downturn. New York and Pennsylvania opened casinos in 2006 and Atlantic City's casino revenues nosedived every year through 2015 as former tourists stayed closer to home. Five of the city's 12 casinos closed in 2014, including the \$2.4 billion Revel property that had opened just two years before.

But just when Atlantic City seemed beyond saving, another turnaround began. In the shuttered casinos, the closed businesses on the boardwalk and the empty lots, developers began seeing bargains and opportunity.

Hard Rock International last month announced plans for a major renovation and rebranding of the shuttered Trump Taj Mahal, bringing the number of casinos in the city as of next year to eight. It is expected to bring back thousands of jobs.

The Stockton campus project will include a three-story, 56,000 square foot academic building along with a 200,000 square foot residential complex that will house more than 500 students. It is part of The Gateway Project that includes an adjacent six-story office tower for a new South Jersey Gas headquarters.

Real estate developer Jon F. Hanson, who is Gov. Chris Christie's adviser on sports and entertainment industry issues, said that the Stockton site has been a catalyst for other development plans.

The Stockton and Hard Rock are just two of a number of construction projects underway or in the planning stages in the city.

Boraie Development, which has been active in the rebuilds of Newark and New Brunswick, has begun the early stages of construction of 250 luxury apartments in the city. The \$81 million project, called The Beach at South Inlet, is the first such apartment complex to rise in the city in several decades.

Philadelphia-based developer Bart Blatstein purchased the Pier Shops retail center for just \$2.4 million in 2014 and reopened it as The Playground. He also bought the shuttered Showboat casino in 2016 for \$23 million. Blatstein has since reopened Showboat as a non-gambling hotel, and bought three other lots near the hotel — including a volleyball court — as he seeks to expand recreational options in the area.

By mid-summer, a 200-foot high observation wheel with large climate-controlled gondolas along the lines of the London Eye is scheduled to open at the Steel Pier, adding another non-gaming attraction to the city's mix.

The state's tightening of the city's budget has had an impact. A recently-announced 5% municipal tax reduction hardly makes up for the near-doubling of the same rate in the previous seven years. But it's another symbol of Atlantic City seeming to turn a corner.

Another plus for the city is that the 15% reduction in spending in its latest budget led Moody's last month to describe the numbers as a "credit positive."

Coastal Commercial Real Estate Market – According to the Integra Realty Resources (IRR) 2017 Viewpoint:

Retail

IRR reports that the New Jersey Coastal retail market continues to improve, with decreased vacancy and slow increases in rental rates. Absorption is reported to be positive. For the coastal area overall, community retail reports average (asking) rental rates have increased to \$22.00 PSF (above the national average of \$20.30 PSF, but below the New Jersey average of \$23.60 PSF). Neighborhood retail reportedly averages \$15.00 PSF; below both the state average (at \$22.10 PSF) and the national average (at \$18.80 PSF).

Vacancy rates are reported at 6.5% for community retail (aligned with state and national averages at 6.6% and 6.8%, respectively). Vacancy for neighborhood retail is reported to be 7.0%; above both the state average (6.7%) and the national average (6.9%).

The northern portion of the coastal market continues to experience most of the new development and leasing activity. However, along the southern New Jersey Coast, the Plaza at Cape May Courthouse (anchored by an ACME) reportedly sold in March 2016 for \$32.1 million (\$196 PSF). Reported cap rate was 6.2%.

The IRR forecast does indicate increasing OARs with minimal changes in value over the next 12 months for both community centers and neighborhood retail in the New Jersey Coastal area. The retail market is considered to still be in "recovery", with limited new construction, negative/low rent increases and decreasing vacancy rates.

Office

IRR reports the New Jersey Coastal office market continues to struggle from the effects of the recent recession and the closing and contraction of the casino industry in the Atlantic City (Atlantic County) area. Suburban Class A office reports the highest vacancy at 20%, with suburban Class B reporting a 10% vacancy. Class A properties report an average rate of \$23.00 PSF (significantly below regional and national levels at over \$26.00 PSF), while Class B properties reports an average rate of \$21.00 PSF.

There is reportedly little to no speculative office development planned for the area, with the exception of medical office. Several build-to-suit projects have been completed in the Atlantic-Cape May area, associated with expansions at area medical centers (AtlantiCare and Shore Memorial Hospital).

Monmouth County does report a large office redevelopment of the former Bell Labs building in Holmdel; a \$200 million Somerset Development Project known as “Bell Works” which is anticipated to include over 1.4 million SF of mixed use office and retail space.

The IRR forecast does indicate increasing OARs with minimal changes in value over the next 12 months for both Class A and Class B properties the New Jersey Coastal area. The office market is considered to be in the early stage of “recovery”, with limited new construction, negative/low rent increases, decreasing vacancy rates, and low/moderate employment growth.

Hospitality

The Atlantic City area (in Atlantic County) contains the highest concentration of full-service hotel properties within the coastal area. This market has experienced a significant number of casino closures over the past three years. ADRs and occupancies in Atlantic City, however, have reportedly increased over the past year. IRR also reports that, through May 2016, casino revenue had increased 4.4%. Some former casino sites are in initial phases of planning redevelopment into non-casino, more diverse uses. Limited new construction should continue to help keep occupancy and ADR stable for the area.

Overall, the coastal area reports an average occupancy of 75% for full-service properties and 70% for limited-service properties. ADRs reportedly average \$160 (increasing from the reported \$127 from one year ago) and \$110 (an increase from \$98) respectively.

IRR projects both full service and limited service properties will experience value increases of 4.0%+ over the next 12 months.

Multifamily

Overall, the coastal New Jersey multifamily market remains strong with low vacancies and increasing rental rates. IRR reports limited new “market rate” supply was added to inventory over the last 12 months. Monmouth and Ocean Counties report higher rental rates and lower vacancies than Cape May and Atlantic Counties, which continue to struggle with high unemployment rates and the continued effects of casino closings in Atlantic City.

IRR reports suburban Class A and B properties located in coastal markets have average vacancies less than 6.0%, with asking rents of \$1,700/unit for Class A and \$1,225/unit for Class B. forecasts market rents and expenses to increase at equal rates. The IRR forecast does, however, indicate increasing OARs with minimal changes in value over the next 12 months for all multifamily in the New Jersey Coastal area, most likely attributable to a significant number of reported planned and proposed projects (which could result in an over-supply). In addition many “affordable” units will come on line soon due to federal housing assistance funding from Hurricane Sandy.

Industrial

Atlantic County reports an industrial inventory of 2,746,964 SF with 30% (over 823,000 SF) of that space reported as vacant (compared to the Southern New Jersey overall vacancy rate of 9.1% on almost 105MM SF of industrial space). Average asking rent is reported to be \$4.11 PSF (compared to

the southern New Jersey area overall at \$4.06 PSF). The Collier's report indicates leasing and sales activity to be stagnant, when compared to the rest of southern New Jersey.

Housing - Atlantic County Market (June 2017)

Units Sold

There was a decrease in total units sold in June, with 385 sold that month in Atlantic County Real Estate versus 434 the prior last month, a decrease of 11%. That month's total units sold was lower than at the prior year, a decrease of 5% versus June 2016.

Active Inventory

Versus last year, the total number of homes available that month was lower by 598 units or 13%. The total number of active inventory this June was 3,991 compared to 4,589 in June 2016. This month's supply of 3,991 is lower than the previous month's total supply of available inventory of 4,016, a decrease of 1%.

Median Sale Price

Last June, the median sale price for Atlantic County Homes was \$166,000. This June, the median sale price was \$179,000, an increase of 8% or \$13,000 compared to last year. The current median sold price is 8% higher than in May.

Months of Supply

In June, there was 10.4 months of supply available in Atlantic County, compared to 11.4 in June 2016. That is a decrease of 9% versus a year ago.

New Listings & Current Contracts

In June, there were 681 homes newly listed for sale in Atlantic County compared to 731 in June 2016, a decrease of 7%. There were 442 current contracts pending sale this June compared to 394 a year ago. The number of current contracts is 15% higher than last April.

Sale Price to List Price Ratio

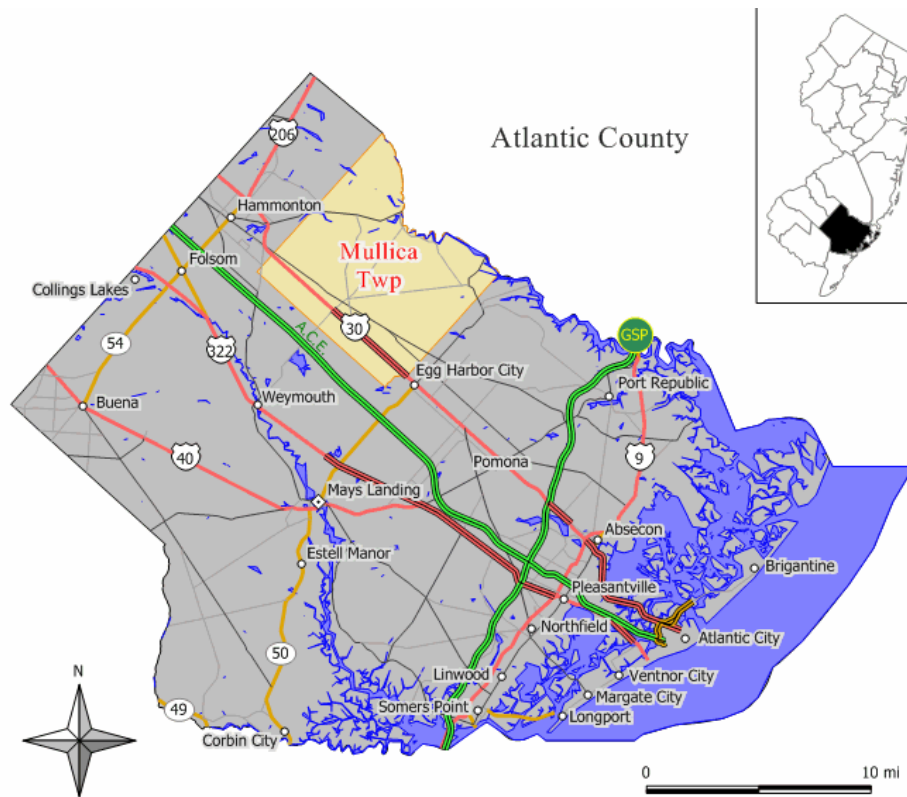
In June, the average sale price in Atlantic County was 94.7% of the average list price, which is 0.5% higher than at this time last year.

Days on Market

In June, the average number of days on market was 96, higher than the average last year, which was 98, an increase of 2%.

Mullica Township, New Jersey

Mullica Township is located in the northeast portion of Atlantic County, New Jersey. The township has a reported area of 56.6 miles and is located on U.S. Highway 30 (also known as White Horse Pike, paralleling the Atlantic City Expressway) between the City of Egg Harbor (approximately 5-miles southeast) and the town of Hammonton (approximately 7-miles northwest). Atlantic City and Philadelphia are accessible via the Atlantic City Expressway and are approximately 13 miles southeast and 40 miles northwest respectively.



Township History

Mullica Township was officially “formed” at a meeting held at Pleasant Hills in February 1838. The township was comprised of the western section of “Galloway Township” and originally included the great part of Hammonton and a portion of Egg Harbor. The township and the nearby river were officially named after Eric Mullica, a Swedish plantation owner lived in Lower Bank during the late 1600s and who later moved to Mullica Hill, a community in Gloucester County, New Jersey on the outskirts of Philadelphia.

Mullica Township is located in the **New Jersey Pinelands National Reserve**, a 1.1 million acre area of historic towns, pine forests and wetlands. The reserve occupies 22% of New Jersey’s land area and includes Wharton State Forest, Brendan T. Byrne State Forest, Bass River State Forest and Penn State Forest. The area was authorized as the country’s first National Reserve in 1978 and was later designated a “biosphere reserve” in 1983.

Demographics

Population for the township was reported at 6,154 (2014 USCB data) with a population density of approximately 109 persons per square mile. Population is low; however the township includes 16 small (unincorporated) communities. Median age is reported to be 42.1 (compared to 40.5 for Atlantic County and 39.3 for New Jersey).

Median household income (as of 2009) was reported to be \$60,666 (a 20% increase from the 1999 median household income of \$50,417). This is 13% below the reported New Jersey median of \$68,642. Approximately 10.9% of residents are reported to be below the poverty line (compared to 15.2% for Atlantic County and 10.7% for New Jersey).

Over 87% of residents report being a high school graduate (or higher), with 14.9% report having a bachelor's degree or higher.

Accessibility

The township has a reported 106.2 miles of roadways; 59.9 miles maintained by the township itself with the remaining maintained by the County (38.3 miles) and the NJDOT (8.07 miles). As mentioned, U.S. Highway 30 passes through the township. The Atlantic City Expressway is accessible from Mullica Township via U.S. Highway 30 to State Highway 54 in nearby Hammonton.

The New Jersey Transit system provides bus service on the 554 route that runs between Lindenwold Station and Atlantic City (eastbound) and westbound to Philadelphia.

Nearest (major) airport would be available in the Philadelphia area.

Housing

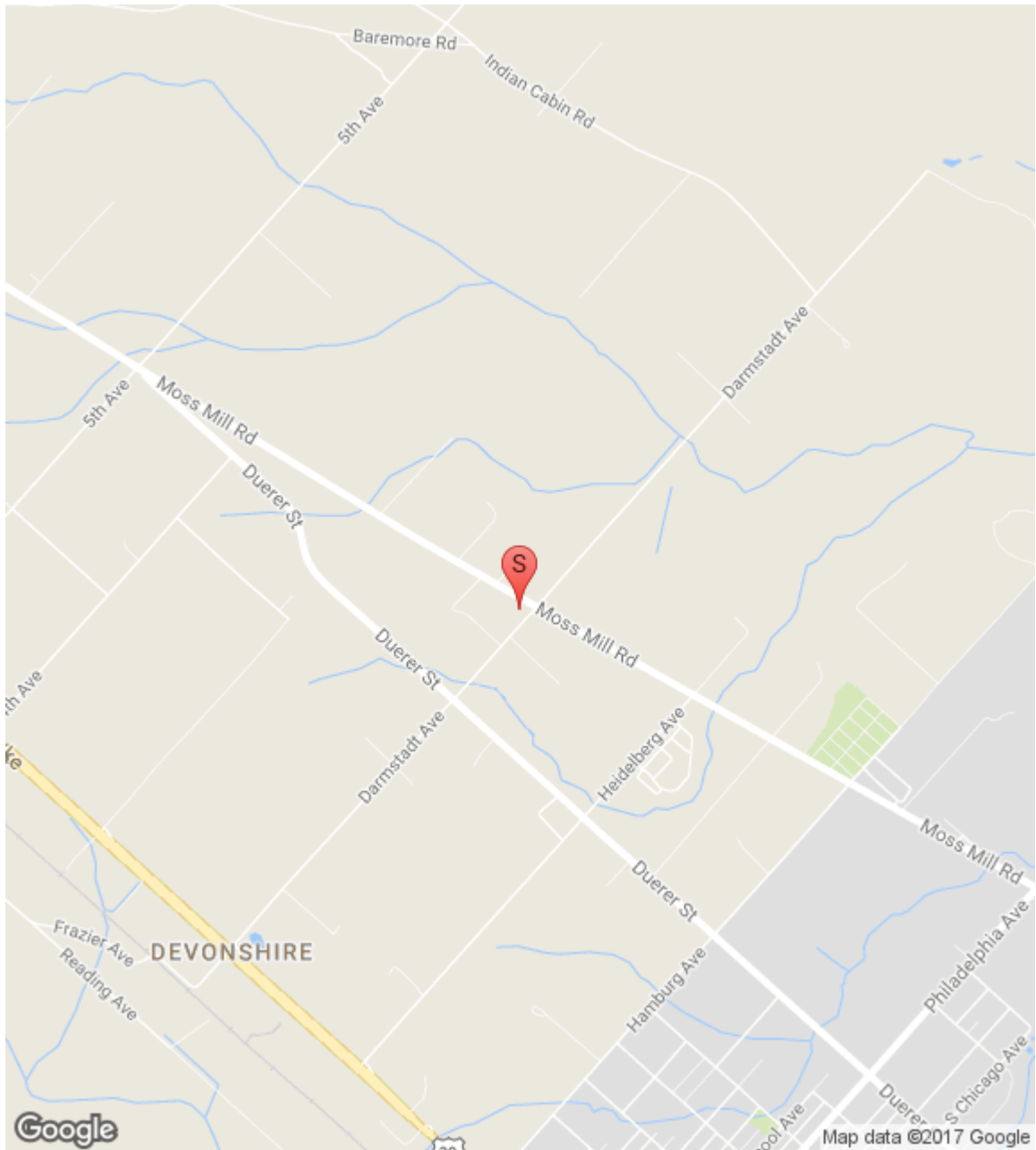
The 2014 USCB data reports 2,354 housing units in Mullica Township, with a 90% occupancy rate and an owner occupancy rate of 95%. Median value of these housing units is reported at \$193,800 (compared to the New Jersey median of \$319,900). Median home age is 35 years.

For the rental units, reported average contract rent (based on 2009 data) was \$848 (compared to the New Jersey average of \$962), with a range of \$790 for one-bedroom units to \$1,760 for 4-bedroom units.

Business & Employment

There are a reported 330 businesses in Mullica Township. Reported unemployment rate as of January 2016 was 7.9%; compared to the New Jersey average rate of 4.7% and the national average of 4.9%.

Location Map



Property Description

The subject is an approximate 90 year old frame building formerly utilized as a two-room school house. The building is in fair condition and consists of roughly 2,384 square feet of gross building area on 1.71 acres of land.

SITE	
Location:	The subject is located on the corner of Darmstadt Avenue and Moss Mill Road, in the southern quadrant of Mullica Township.
Current Use of the Property:	Improved as two-room school house
Site Size:	Total: 1.71 acres; 74,488 square feet Usable: 1.71 acres; 74,488 square feet All areas appear usable.
Shape:	The site is roughly rectangular.
Frontage/Access:	The subject property has average access with frontage as follows: <ul style="list-style-type: none">• Darmstadt Avenue: 280 feet• Moss Mill Road: 300 feet The site has an average depth of 280 feet. It is a corner lot.
Visibility:	Average
Topography:	The subject has level topography at grade and no areas of wetlands.
Soil Conditions:	The soil conditions observed at the subject appear to be typical of the region and adequate to support development.
Utilities:	Electricity: The site is served by public electricity. Sewer: On site septic system Water: Drilled well Natural Gas: None Underground Utilities: None Adequacy: The subject's utilities are typical and adequate for the market area.
Site Improvements:	<ul style="list-style-type: none">• StreetLights: None• Sidewalk: None• CurbGutter: None• The landscaping consists of low foundation shrubbery and mature trees.
Flood Zone:	The subject is located in an area mapped by the Federal Emergency Management Agency (FEMA). The subject is located in FEMA flood zone X, which is not classified as a flood hazard area.
FEMA Map Number: 3405170025C	

FEMA Map Date: March 1, 1982

The subject does not appear to be in a flood zone.

Wetlands/Watershed: No wetlands were observed during my site inspection.

Environmental Issues: There are no known adverse environmental conditions on the subject site. Of further note, this area of South Jersey is within the jurisdiction of the New Jersey Pinelands Commission. The Pinelands Commission regulates development in an effort to preserve, protect, and enhance the natural and cultural resources of the Pinelands National Reserve, and to encourage compatible economic and other human activities consistent with that purpose. Please reference Limiting Conditions and Assumptions.

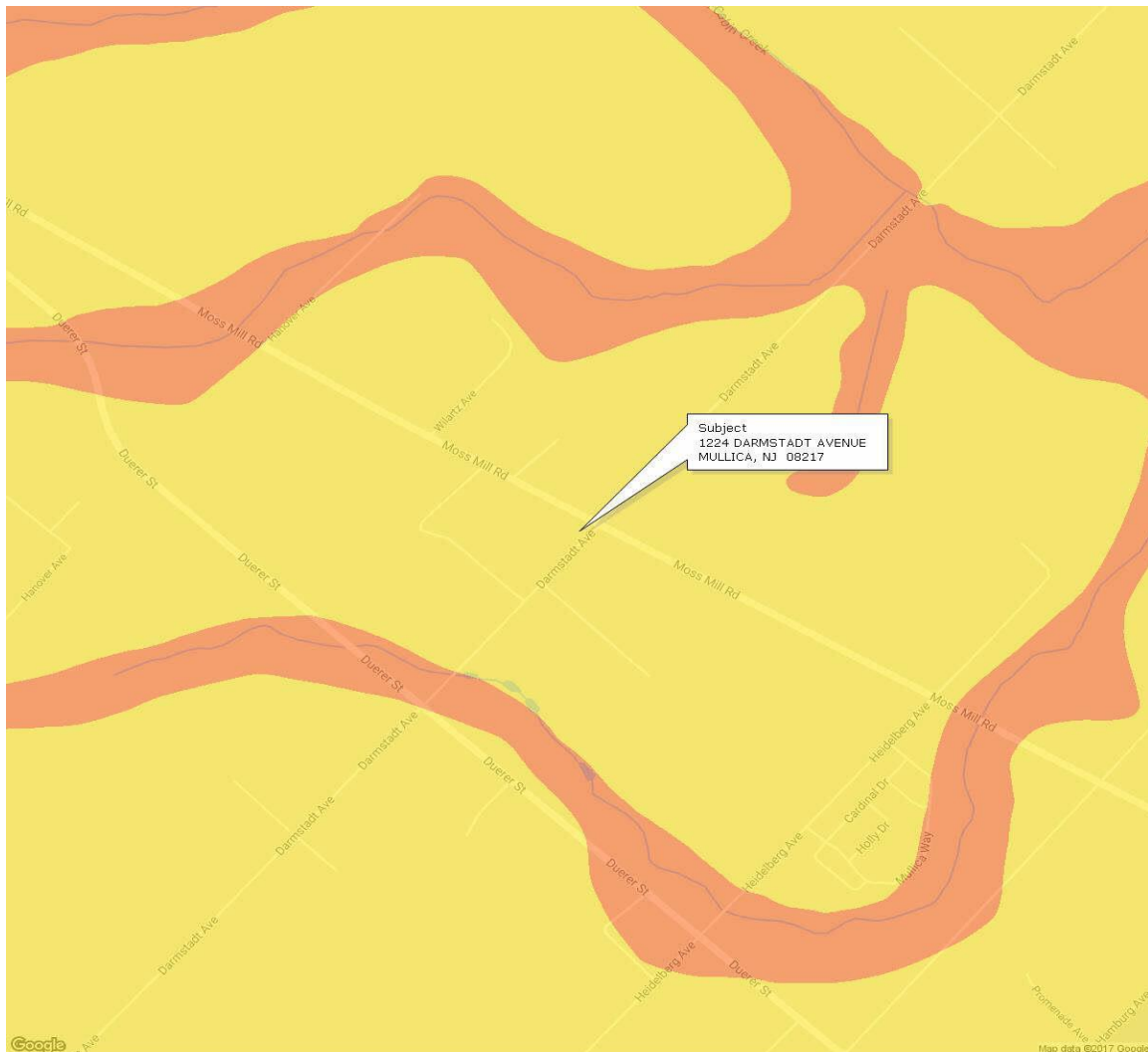
Encumbrance /
Easements: There no known adverse encumbrances or easements. Please reference Limiting Conditions and Assumptions.

Site Comments: The subject site is located on the southwest corner of Darmstadt Avenue and Moss Mill Road in the southern area of Mullica Township. The site has frontage along Darmstadt Avenue of 280 feet and extending 300 feet in depth along Moss Mill Road. The site is rectangularly shaped with average and typical utility. According to municipal tax maps, the total land area is 1.71 acres. The site is basically level and at grade. The site is served by private weel and septic systems.

Tax Map



Flood Map



FLOOD INFORMATION

Community: 340517

Property is NOT in a FEMA Special Flood Hazard Area

Map Number: 3405170025C

Panel: 0025C

Zone: X

Map Date: 03-01-1982

FIPS: 34001

Source: FEMA

Note: Source utilizes updated FEMA Map Zones
Zone X is updated designation for Zones B and C
Zone AE is used in place of A1-A30

LEGEND

 = FEMA Special Flood Hazard Area - High Risk

 = Moderate and Minimal Risk Areas

Road View:

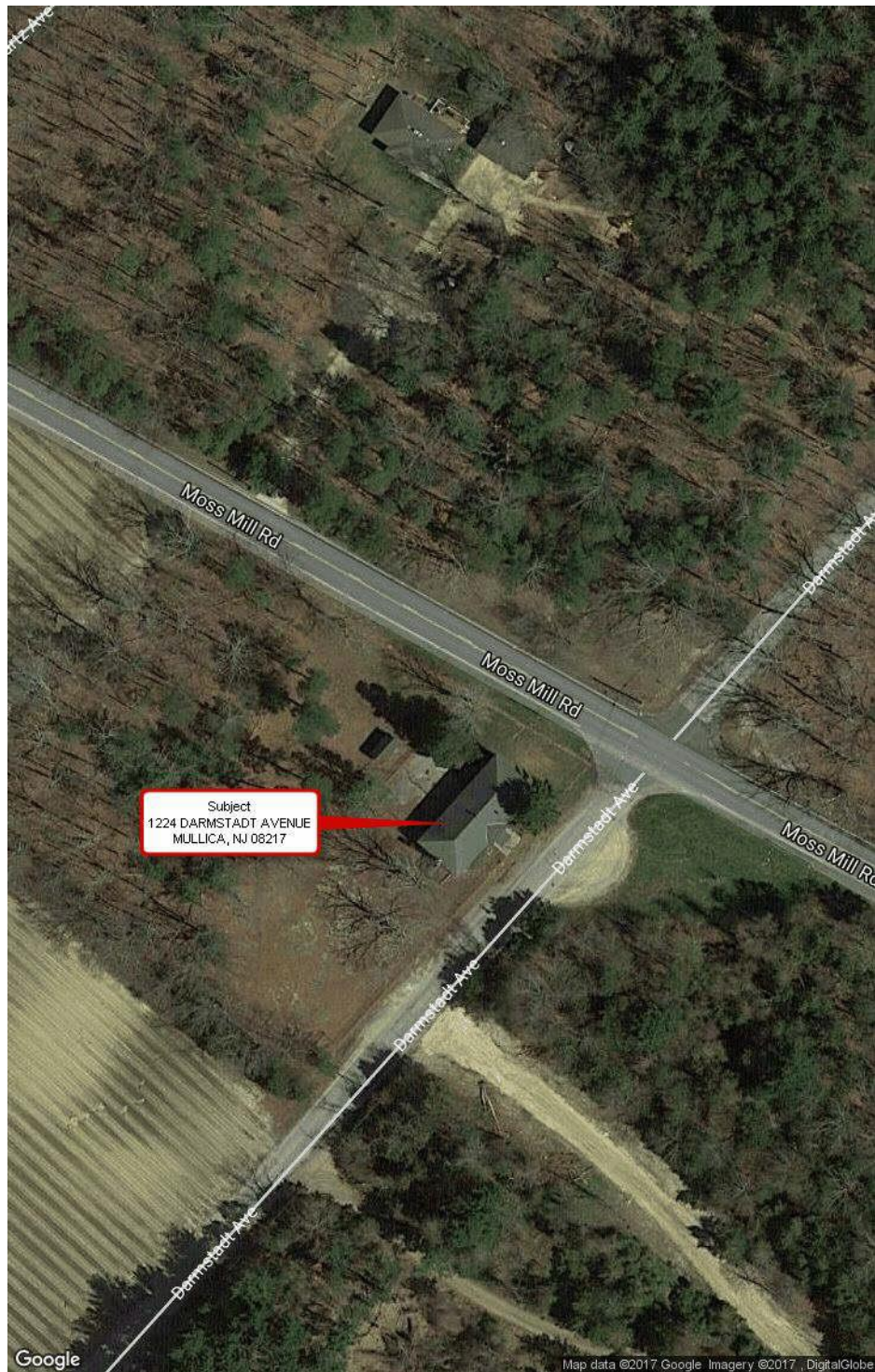
 = Forest

 = Water

Sky Flood™

No representations or warranties to any party concerning the content, accuracy or completeness of this flood report, including any warranty of merchantability or fitness for a particular purpose is implied or provided. Visual scaling factors differ between map layers and are separate from flood zone information at marker location. No liability is accepted to any third party for any use or misuse of this flood map or its data.

Aerial Map



IMPROVEMENTS DESCRIPTION	
Development/Property Name:	Gertrude Lauer Elementary School
Property Type:	School House
Overview:	The subject is an approximate 90 year old frame building formerly utilized as a two-room school house. The building is in fair condition and consists of roughly 2,384 square feet of gross building area on 1.71 acres of land.

GENERAL -	
Building Description:	One story frame and masonry building
Construction:	Frame and masonry
Construction Quality:	Average
Year Built:	1927
Renovations:	1997. According to the property manager, boiler, roof and electric service were replaced at this time.
Effective Age:	30 years
Remaining Useful Life:	15
Condition:	Fair
Appeal/Appearance:	Fair
Areas, Ratios & Numbers:	Number of Stories: 1.00 Gross Building Area: 2,384 Number of Units: 1

FOUNDATION, FRAME & EXTERIOR -	
Foundation:	Presumed poured concrete footings
Structural Frame:	Brick
Exterior:	Wood shingle and masonry block
Windows:	Wood frame
Roof/Cover:	Gable / Asphalt Singles

INTERIOR -

Interior Layout:	Two-room school house
Floor Cover:	Composition tile
Walls:	Plaster over wood lath
Ceilings:	Plaster over wood lath
Lighting:	A mix of fluorescent and incandescent lighting.
Restrooms:	Two restrooms

MECHANICAL SYSTEMS -

Heating:	Oil fired steam boiler
Cooling:	None
Electrical:	Presumed adequate to service the current use
Plumbing Condition:	Presumed adequate to service the current use
Sprinkler:	None
Elevators/Escalators:	0 / 0
Security:	24 hour remote monitoring

PARKING

Parking Type and Number of Spaces:	Type: No on-site parking. Street parking only. Spaces: 0
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PROPERTY ANALYSIS

Design & Functional Utility:	Overall design and functional utility is average for this market.
Deferred Maintenance:	Peeling and blistering paint observed inside and outside; various broken windows from vandalism; plaster missing in some areas of the interior; signs of water leakage in one of the classroom closets.
Capital Improvements:	None disclosed.
Comments:	<p>It is noted that this appraiser is not a professional engineer or building inspector and observations and comments relative to the physical condition of the improvements are based upon my expertise as a real estate appraiser and not as of a professional engineer or building inspection.</p> <p>This appraisal is not a “building inspection” and should not be relied upon, by any party, to disclose conditions in the property that are either apparent or latent. Professional inspection by a licensed building inspector is suggested, if so desired.</p>

Americans With Disabilities Act

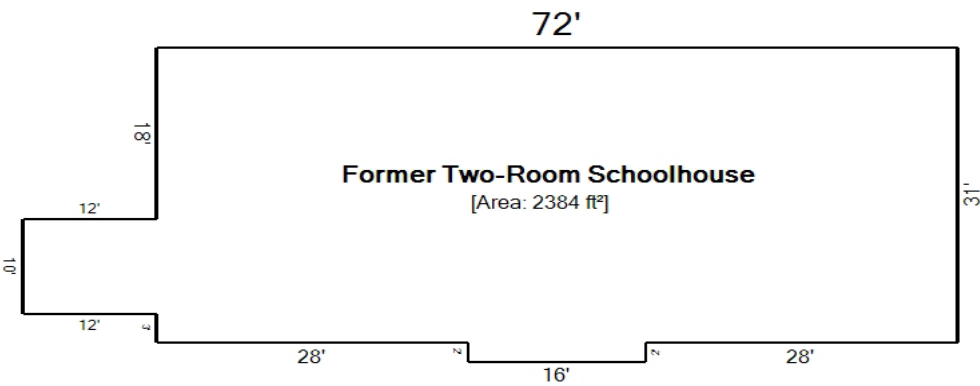
Please reference the Limiting Conditions and Assumptions section of this report on page 6.

Hazardous Substances

Please reference the Limiting Conditions and Assumptions section of this report on page 6.

Improvements Plan

Sketch



Living Area		Area Calculation			
Former Two-Room Schoolhouse		2384 ft²	Former Two-Room Schoolhouse		x 1.00 = 2384 ft²
			2' x	16' x	1.00 = 32 ft²
			12' x	10' x	1.00 = 120 ft²
Total Living Area (rounded):		2384 ft²	31' x	72' x	1.00 = 2232 ft²

Note: For the purposes of this report, Gross Living Area will be synonymous with Gross Building Area. All dimensions are approximate.

Subject Photographs



Subject Front



Subject Rear



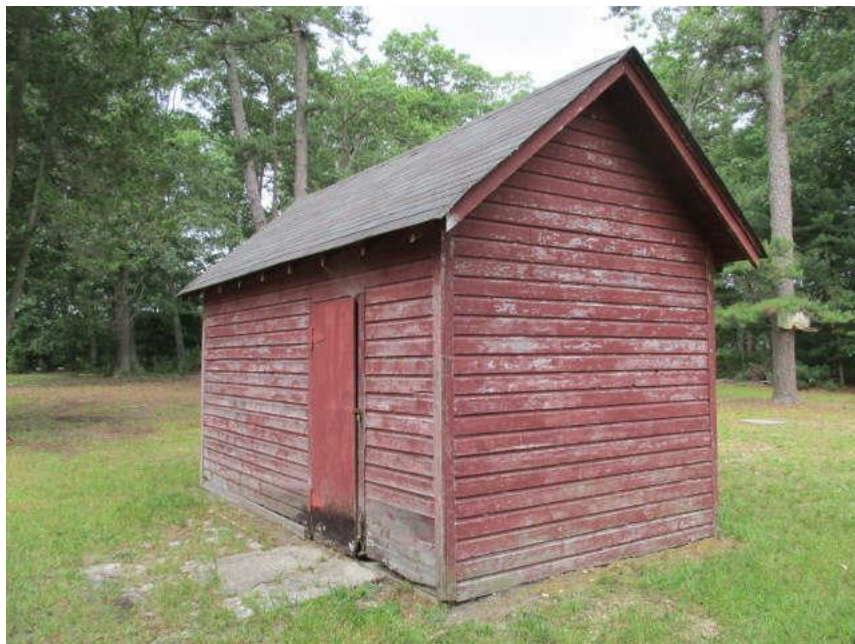
Darmstadt Avenue



Moss Mill Road



Subject Side Angle



Small storage shed



Restroom



Restroom



Typical Interior



Typical Interior



Typical Interior



Water damaged area above and into closet area

Assessment and Taxes

Taxing Authority Mullica Township

Assessment Year 2016

Real Estate Assessment and Taxes									
Tax ID	Land	Improvements	Other	Total	City Rate	County Rate	Other Rate	Tax Rate	Taxes
0117-09702-0000-00010	\$25,900	\$129,400	\$0	\$155,300	\$3.522	\$0.895	\$0.000	\$4.417	\$6,860
Totals	\$25,900	\$129,400	\$0	\$155,300					\$6,860

Real Estate Assessment Analysis					
Tax ID	Per SF	Per Acre	Total	Equalization Ratio	Implied Value
0117-09702-0000-00010	\$65.14	\$90,819	\$155,300	57.70%	\$269,151
Totals	\$65.14	\$90,819	\$155,300		\$269,151

Comments

Mullica Township is currently undergoing a city wide reval.

Zoning

LAND USE CONTROLS	
Zoning Code	RDA, Rural Development Area
Zoning Description	Permitted Uses by right: Residential dwelling units; Agricultural commercial establishments (roadside stands); Municipal uses; Existing residential uses present and legally constructed at the time of the adoption of chapter 144-126. A school house is not expressly permitted in this zoning district.
Zoning Density/FAR	0.03
Current Use Legally Conforming	Although the appraiser is not an expert in the interpretation of zoning ordinances, based upon review of public information, the subject appears to be a pre-existing, non-conforming use.
Zoning Change Likely	A change in the present use is not likely in the foreseeable future.
Set Back Distance	200 feet
Side Yard Distance	25 feet each
Zoning Comments	<p>Minimum required bulk area in the zoning district is 1 acre; Minimum required lot frontage and lot width is 125 feet. As can be seen, the subject meets the bulk requirements for the RDA district. Without benefit of a detailed survey or site plan, whether it meets the required set back distances is unknown. In addition, the subject's 'use' as a school is not a permitted use under the current zone plan and is considered as a pre-existing, non-conforming (grandfathered) use.</p> <p>Statements regarding zoning compliance are intended only in the most general sense. Zoning and building ordinances vary significantly from one municipality to another and can be extremely detailed. The scope of this assignment does not include a comparison of every potentially significant characteristic of the subject property's site and improvements relative to zoning and building ordinances. Unless otherwise noted, standard utility and right-of-way easements are insignificant to value. However, a current locational or boundary survey, which was unavailable to the appraiser, may reveal encroachments, easements, zoning violations or other matters of interest that could warrant modification of the appraised value.</p>

Highest and Best Use

Highest and best use may be defined as the reasonably probable and legal use of vacant land or improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value.

1. **Legally Permissible:** What uses are permitted by zoning and other legal restrictions?
2. **Physically Possible:** To what use is the site physically adaptable?
3. **Financially Feasible:** Which possible and permissible use will produce any net return to the owner of the site?
4. **Maximally Productive.** Among the feasible uses which use will produce the highest net return, (i.e., the highest present worth)?

The criteria for determining highest and best use are that the use must be legal and in compliance with zoning and building restrictions; the use must be within the realm of probability; a likely one, not speculative or conjectural; a demand for such use must exist; the use must be profitable; the use must provide the highest net return to the land; and the use must produce the return for the longest possible time.

When taking into account the highest and best use of the property, consideration is first given to the site as if vacant and available for the most probable and profitable use. This determination lies in the market analysis and the economic concept of supply and demand. The highest and best use of land (or site) if vacant and available for use may be different from the highest and best use of the improved property. This is true when the improvement is not an appropriate use, but it makes a contribution to the total property value in excess of the value of the site.

Highest and Best Use of the Site

The highest and best use of the site, as vacant, is for development consistent with zoning.

Residential development consistent with RDA, Rural Development Area District would be the legally permissible, physically possible, financially feasible and maximally productive use of the Subject's site as vacant.

Highest and Best Use as Improved

The highest and best use of the subject as improved is as currently improved.

The Subject's improvements do not comply with the existing zoning. The site physically supports the current use. The existing use is financially feasible since the improvements contribute value to the land. Market conditions are not favorable for new construction, in particular, residential dwellings. Therefore, the appraiser opines that the highest and best use of the site as improved is continued use.

Valuation Methodology

All of the approaches to value have been considered, but not necessarily utilized, in opining and justifying my value conclusion for the subject property. Intertwined with these approaches have been many general considerations, both positive and negative in nature which are felt to have an affect upon value. While no attempt has been made to quantify the affect of the specific factors by the use of percentage adjustments, the general influence of these factors has been considered in the same general way that they would be considered by buyers and sellers in the market.

In general terms, ownership of real estate possesses both positive and negative views. It has the potential to generate income and tax benefits. Additionally, it can be financed and refinanced. Appreciation and/or amortization can also result in equity growth. Real estate involves risk-taking because of its dependence on many diverse factors. Real estate is affected by management, economic conditions, supply and demand of competitive properties, governmental regulations, acts of God, etc. Examples of risks include but are in no way limited to changes in investment climate, changes in the mortgage market, energy shortages, changes in operating material and labor costs, changes in general and local economic conditions, overbuilding, neighborhood changes, inability of tenants to pay rent, low occupancy levels, ongoing operating costs in spite of levels of occupancy, cost overruns, delays, and material shortages. In addition, governmental regulations regarding zoning, tax laws, and rent control can be reversed, modified, or changed and real estate can be condemned. Moreover, real estate is also considered an investment lacking liquidity dissimilar to stocks, bond, certificates of deposit, etc.

Three basic approaches may be used to arrive at an estimate of market value. They are:

1. The Cost Approach
2. The Income Approach
3. The Sales Comparison Approach

Cost Approach

The Cost Approach is summarized as follows:

$$\begin{array}{l} \text{Cost New} \\ - \text{Depreciation} \\ + \text{Land Value} \\ \hline = \text{Value} \end{array}$$

Income Approach

The Income Approach converts the anticipated flow of future benefits (income) to a present value estimate through a capitalization and or a discounting process.

Sales Comparison Approach

The Sales Comparison Approach compares sales of similar properties with the subject property. Each comparable sale is adjusted for its inferior or superior characteristics. The values derived from the adjusted comparable sales form a range of value for the subject. By process of correlation and analysis, a final indicated value is derived.

Final Reconciliation

The appraisal process concludes with the Final Reconciliation of the values derived from the approaches applied for a single estimate of market value. Different properties require different means of analysis and lend themselves to one approach over the others.

Analyses Applied

A **cost analysis** was considered and was not developed because there is inadequate data to develop a land value and the age of the improvements makes the depreciation difficult to accurately measure.

A **sales comparison analysis** was considered and was developed because there is adequate data to develop a value estimate and this approach reflects market behavior for this property type.

An **income analysis** was considered and was not developed because the subject is not an income producing property and this approach does not reflect market behavior for this property type.

Sales Comparison Approach

The Sales Comparison Approach is based on the premise that a buyer would pay no more for a specific property than the cost of obtaining a property with the same quality, utility, and perceived benefits of ownership. It is based on the principles of supply and demand, balance, substitution and externalities. The following steps describe the applied process of the Sales Comparison Approach.

- The market in which the subject property competes is investigated; comparable sales, contracts for sale and current offerings are reviewed.
- The most pertinent data is further analyzed and the quality of the transaction is determined.
- The most meaningful unit of value for the subject property is determined.
- Each comparable sale is analyzed and where appropriate, adjusted to equate with the subject property.
- The value indication of each comparable sale is analyzed and the data reconciled for a final indication of value via the Sales Comparison Approach.

For any class of real estate, the area in which comparative data are searched must reflect the market area prospective purchasers would consider. Comparability is also a function of the physical character of the property to be appraised. Classes of real estate which physical specifications are standardized, or in which scale is small, and/or in which the commodity has achieved uniform market recognition require that the sales data considered closely equate to the subject. However, as specifications become more complex, as scale increases, and as market recognition declines, the physical similarity of the sales data and the subject tends to decline.

To judge the degree of comparability that exists between the sales selected for analysis and the subject, several guidelines are applied.

1. Each sale is in the same market as the subject. To the extent that a market is a meeting place for buyers and sellers of real estate of a given type, the boundaries of the market are set by the participants in merchandising and absorbing competitive properties. The boundaries of a market are consequently economic in character, and not purely physical or geographic.
2. Physical characteristics of the subject and comparables are similar.
3. The functional adequacy of each sale property and the subject are competitive in terms of the ability of each to support similar functions.

In order to conclude the analysis of the market sales data, a unit of comparison must be selected. Calculation of a unit of comparison provides a common denominator by which the market sales can be related to the subject property. The generally accepted measure of comparison in the valuation of general commercial buildings is the sale price per Gross Building Area (GBA) including the land and applicable site improvements. This unit of comparison emphasizes the contribution of the building as well as the contribution of the land merged into a unit selling price.

The sales selected for direct comparison to the subject are those transactions which are variably similar to the subject. For features which are dissimilar between the sales and the subject, adjustments have been made leading to an indication of the price at which the property being appraised could be expected to sell.

Comparables

I have researched three comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through sources deemed reliable, an exterior curbside viewing and verified by a party to the transaction, if attainable.

Comp	Address City	Grantor Grantee	Price Date	Price Per SF GBA	Year Built Construction
1	3040 S White Horse Pike	3040 White Horse Pike LLC	\$280,000	\$135.65	1975
	Mullica Twp	AW Holdings, LLC	3/26/2013	2,064	Good
2	404 Elwood Rd	Susan Schlue	\$225,000	\$71.79	1930
	Mullica Twp	Blooming Care, LLC	3/15/2016	3,134	Average
3	468 Wheat Road	Restored Israel of Yehweh	\$265,000	\$88.33	1978
	Buena Boro	Italian Cultural Founf of SJ	6/5/2013	3,000	Average

Comparable 1



Transaction			
ID	983	Date	3/26/2013
Address	3040 S White Horse Pike	Price	\$280,000
City	Mullica Twp	Price Per SF	\$135.65
State	NJ	Transaction Type	Closed
Legal Description	Bl: 2707 Lt: 1	Financing	Conv
Grantor	3040 White Horse Pike	Property Rights	Fee Simple
Grantee	AW Holdings, LLC	Days on Market	291
Other DB Reference	DB: 13582 Pg: 24985	Verification Source	MLS, Deed, List Agent

Site			
Acres	5.6	Topography	Level
Land SF	245,243	Zoning	PT
Road Frontage	325	Flood Zone	No
Shape	Rectangular	Encumbrance or	None Known
Utilities	Well/Septic	Environmental Issues	None Known

Improvements & Financial Data			
Source For SF Area	Assessor	PGI	NA
GBA	2,064	EGI	NA
No. of Units	1	Expense Ratio	NA
Year Built	1975	NOI	NA
Renovations	NA	Cap Rate	NA
Condition	Good	EGIM	NA

Comments	
Located along heavily travelled White Horse Pike with easy access to Philadelphia and Atlantic City. Former bank building that was repurposed into an office and modular home sales center for local builder.	

Comparable 2



Transaction

ID	1159	Date	3/15/2016
Address	404 Elwood Rd	Price	\$225,000
City	Mullica Twp	Price Per SF	\$71.79
State	NJ	Transaction Type	Closed
Legal Description	Bl: 3405 Lt: 7	Financing	Cash
Grantor	Susan Schlue	Property Rights	Fee Simple
Grantee	Blooming Care, LLC	Days on Market	201
Other DB Reference	DB: 14049 Pg: 20971	Verification Source	MLS, Deed, List Agent

Site

Acres	0.9	Topography	Level
Land SF	40,922	Zoning	EVC
Road Frontage	165	Flood Zone	No
Shape	Rectangular	Encumbrance or	None Known
Utilities	Well/Septic	Environmental Issues	None Known

Improvements & Financial Data

Source For SF Area	Assessor	PGI	NA
GBA	3,134	EGI	NA
No. of Units	18	Expense Ratio	NA
Year Built	1930	NOI	NA
Renovations	NA	Cap Rate	NA
Condition	Average	EGIM	NA

Comments

Two story frame residential care facility (boarding home) consisting of 17 beds plus a one-bedroom detached frame ranch dwelling unit.

Comparable 3



Transaction			
ID	984	Date	6/5/2013
Address	468 Wheat Road	Price	\$265,000
City	Buena Boro	Price Per SF	\$88.33
State	NJ	Transaction Type	Closed
Legal Description	Bl: 122 Lt: 33.02	Financing	Cash
Grantor	Restored Israel of	Property Rights	Fee Simple
Grantee	Italian Cultural Founf of	Days on Market	342
Other DB Reference	DB: 13610 Pg: 37051	Verification Source	MLS, Deed, List Agent
Site			
Acres	1.8	Topography	Level
Land SF	77,537	Zoning	R-4
Road Frontage	198	Flood Zone	No
Shape	Rectangular	Encumbrance or	None Known
Utilities	City Water/Septic	Environmental Issues	None Known
Improvements & Financial Data			
Source For SF Area	Assessor	PGI	NA
GBA	3,000	EGI	NA
No. of Units	1	Expense Ratio	NA
Year Built	1978	NOI	NA
Renovations	NA	Cap Rate	NA
Condition	Average	EGIM	NA
Comments			

Located along moderately travelled County Route 619. One story frame building currently utilized as a Fellowship meeting hall including main meeting hall, meeting room, offices, nursery, 2 storage rooms, kitchen, 2 restrooms, full basement, off-street parking.

Comparables Map



Analysis Grid

The above sales have been analyzed and compared with the subject property. I have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Analysis Grid		Comp 1		Comp 2		Comp 3	
Address	1224 Darmstadt Avenue	3040 S White Horse Pike		404 Elwood Rd		468 Wheat Road	
City	Mullica Twp	Mullica Twp		Mullica Twp		Buena Boro	
State	NJ	NJ		NJ		NJ	
Date	7/26/2017	3/26/2013		3/15/2016		6/5/2013	
Price		\$280,000		\$225,000		\$265,000	
GBA	2,384	2,064		3,134		3,000	
GBA Unit Price	\$0.00	\$135.66		\$71.79		\$88.33	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing		Conv	0.0%	Cash	0.0%	Cash	0.0%
Conditions of Sale		Normal	0.0%	Normal	0.0%	Normal	0.0%
Adjusted GBA Unit Price		\$135.66		\$71.79		\$88.33	
Market Trends Through	7/26/2017	0.0%	0.0%	0.0%		0.0%	
Adjusted GBA Unit Price		\$135.66		\$71.79		\$88.33	
Location	Average	Good		Average		Average	
% Adjustment		-10%		0%		0%	
\$ Adjustment		-\$13.57		\$0.00		\$0.00	
Road Frontage	280	325		165		198	
% Adjustment		-3%		8%		5%	
\$ Adjustment		-\$4.07		\$5.74		\$4.42	
Current Use	Former School House	Former Bank		Rooming House		Fellowship Hall	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00	
Construction	Average	Good		Average		Average	
% Adjustment		-5%		0%		0%	
\$ Adjustment		-\$6.78		\$0.00		\$0.00	
Year Built	1,927	1,975		1,930		1,978	
% Adjustment		-10%		0%		-10%	
\$ Adjustment		-\$13.57		\$0.00		-\$8.83	
Condition	Fair	Good		Average		Average	
% Adjustment		-10%		-5%		-5%	
\$ Adjustment		-\$13.57		-\$3.59		-\$4.42	
GBA	2,384	2,064		3,134		3,000	
% Adjustment		-2%		7%		5%	
\$ Adjustment		-\$2.71		\$5.03		\$4.42	
Zoning	RDA	PT		EVC		R-4	
% Adjustment		0%		0%		0%	
\$ Adjustment		\$0.00		\$0.00		\$0.00	
Parking	None	On-Site		On-Site		On-Site	
% Adjustment		-5%		-5%		-5%	
\$ Adjustment		-\$6.78		-\$3.59		-\$4.42	
Corner Location	Yes	Yes		No		No	
% Adjustment		0%		5%		5%	
\$ Adjustment		\$0.00		\$3.59		\$4.42	
Adjusted GBA Unit Price		\$74.61		\$78.97		\$83.92	
Net Adjustments		-45.0%		10.0%		-5.0%	
Gross Adjustments		45.0%		30.0%		35.0%	

Comparable Sale Adjustments

Transactional Adjustments

Price Adjustment

A typical example of a Price Adjustment would be expenditures made immediately after purchase. A knowledgeable buyer considers expenditures that will have to be made upon purchase of a property because these costs affect the price the buyer agrees to pay. Such expenditures include:

- Costs to cure deferred maintenance
- Costs to demolish and remove any portion of the improvements
- Costs to petition for a zoning change
- Costs to remediate environmental contamination

These costs are often quantified in price negotiations. The relevant figure is not the actual cost that was incurred but the cost that was anticipated by both buyer and seller. No adjustments were required.

Property Rights

Identification of the property rights denotes the specification of legal estate to be valued. Property rights conveyed with comparable sales consist of fee simple interests. No adjustments were required.

Financing

The comparable sales reflected transactions where the seller received payment in terms of cash or conventional terms. No financing adjustments were required.

Conditions of Sale

Adjustments for conditions of sale are for atypical market transactions which might influence the purchase price of the property. Conditions of sale are considered when there are additional motivations involved in the purchase or sale of property other than typical arms-length transactions. It essentially takes into consideration motivations of the buyer and seller at the time of sale

The conditions surrounding each of the sales were investigated for unusual circumstances, motivational premiums or discounts that would affect the sale price. No adjustments were required.

Note: Property Rights, Financing and Conditions of Sale are percentage adjustments made on a cumulative basis.

Market Trends

Adjustments for time or date of sale is made for changing market conditions. The comparable sales presented in the adjustment grid range in date from March 2013 to March 2016. An analysis of the market for this time period indicates signs of stabilization. No adjustments required.

Property Adjustments

Location

A locational adjustment is required if locational characteristics of comparable properties are different from those of the subject. Location is influenced by street improvements, visibility and exposure, traffic volumes, and surrounding land uses. Sales which feature frontage along a major thoroughfare typically command higher prices than those featuring secondary street frontage. This is a result of the increased exposure and visibility of the property which results in increased utility. In this instance, comp 1 required adjustment as it is located along a highly travelled arterial roadway (Rt 30) as compared to the subject property which is located in a secondary roadway.

Site

Site adjustments have been applied to all three sales based on an approximate \$160 per-front-foot. For the purposes of this report, I have converted those dollar adjustments to a percentage adjustment.

Age

Adjustments for age have been applied to all sales based on a flat 2% adjustment per ten-year increment.

Construction/Quality

Comps 2,3 and the subject are rated as Average quality construction while comp 1 is rated as Good quality construction. The possible quality ratings of the subject and comparables can be Poor, Fair, Average, Good and Very Good. I have compared the quality field of the comparable sales to that of the subject and adjusted 5% for each incremental difference.

Condition

The possible conditions of the subject and comparable can be Poor, Fair, Average, Good, Very Good and Excellent. I have compared the condition field of the comparable sales to that of the subject and adjusted 5% for each incremental difference.

Building Size (GBA)

The *theory of economy of scale* implies that smaller buildings tend to reflect higher per unit values and conversely, larger buildings tend to reflect lower unit values, when all other variables are equally desirable. Based on this phenomenon, all three comparables have been adjusted accordingly.

Zoning

In the valuation of commercial property, zoning is one of the primary criterion in the selection of market data. When comparable properties with the same zoning as the subject are lacking or scarce, parcels with slightly different zoning, but reasonably similar highest –and- best use, should be considered. Adjustments for differences in utility need to be applied if the market indicates that this is appropriate. No adjustments required.

Parking

Properties having off-street parking are typically more desirable than those with little or no parking. Additionally, properties with off-street parking provides a great convenience to their potential customers and is a greater attraction as well. All comps have been adjusted downward a flat 5% for their off-street parking.

Corner Influence

In the layout of building improvements and the subdivision of large plots, corner lots have more flexibility and higher visibility than interior properties. Comps 2&3 have been adjusted accordingly.

Note About Net Adjustments

In this analysis, Net Adjustments are measured against the original sale price. Because some adjustments are cumulative and other additive, the **net** adjustment percent may not match the sum of the individual percentage adjustments.

Note About Gross Adjustments

In this analysis, Gross Adjustments equal the sum of the dollar amount of each adjustment, regardless of direction, plus or minus. Because some adjustments are cumulative and other additive, the **gross** adjustment percent may not match the sum of the individual percentage adjustments.

Sales Comparison Approach Conclusion

The adjusted values of the comparable properties range from \$74.61 to \$83.92; the average is \$79.17. All of the value indications have been considered, and in the final analysis, all three comparables have been equally weighted in arriving at my final reconciled per GBA value of \$79.00.

Value Ranges & Reconciled Value				
Number of Comps:	3	Unadjusted	Adjusted	% Δ
	Low:	\$71.79	\$74.61	4%
	High:	\$135.66	\$83.92	-38%
	Average:	\$98.60	\$79.17	-20%
	Median:	\$88.33	\$78.97	-11%
Reconciled Value/Unit Value:			\$79.00	
Subject Size:			2,384	
Indicated Value:			\$188,336	
Reconciled Final Value:			\$188,000	
One Hundred Eighty Eight Thousand Dollars				

As Is Market Value	
Indicated Value per GBA:	\$79.00
Subject Size:	2,384
Indicated Value:	\$188,336
Rounded:	\$188,000
One Hundred Eighty Eight Thousand Dollars	

Final Reconciliation

The process of reconciliation involves the analysis of each approach to value. The quality of data applied, the significance of each approach as it relates to market behavior and defensibility of each approach are considered and weighed. Finally, each is considered separately and comparatively with each other.

Value Indications

Cost Approach:	N/A
Sales Comparison Approach:	\$188,000
Income Approach:	N/A

Cost Approach

The Cost Approach was considered but deemed inapplicable due to the original age of the improvements, substantial accrued depreciation of the structural members due to physical deterioration, which is difficult to estimate, as well as the lack of vacant land sales in this market.

Sales Comparison Approach

The Direct Sales Comparison Approach valued the property on a per unit basis of Gross Building Area. This approach reflects direct buyer and seller activities in the market and has been adopted as the pertinent valuation methodology.

Income Approach

In this Approach, the present value of future benefits of property ownership are typically measured. A properties income streams along with its resale value upon reversion are usually capitalized into a present, lump-sum value. Since the subject is more characteristic of a property purchased by an owner/user, and not for its ability to generate cash flow from rentals, the Income Approach is been considered, but deemed inapplicable.

Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following value conclusion(s), as of July 26, 2017, subject to the Limiting Conditions and Assumptions of this appraisal.

Reconciled Value(s):	Premise: As Is
	Interest: Fee Simple
	Value Conclusion: \$188,000
	One Hundred Eighty Eight Thousand Dollars

Addenda

PROFESSIONAL QUALIFICATIONS OF JAMES M. HANSON, ASA, IFAS, IFA, SCGRE

BUSINESS EXPERIENCE

1988-Present

President, *JAMES M. HANSON, ASSOCIATES, INC.*; a professional real estate appraisal and consulting firm engaged in the valuation of single family, multi-family, commercial, special purpose properties, residential subdivisions; feasibility studies.

1986-1988

Self-employed, independent fee real estate appraiser, appraising single family and multi-family properties.

SCOPE OF APPRAISAL ACTIVITY

James M. Hanson Associates, Inc. is a diversified real estate appraisal & consulting firm which has serviced the southern counties of New Jersey since 1988.

Founded by James M. Hanson, ASA, IFA, IFAS, SCGRE in 1988, and located in Cape May, New Jersey, we have continuously provided years of reputable and professional service, with a long list of satisfied clients. This achievement has been gained through a commitment to quality, via extensive market research and application of the most appropriate valuation techniques. The end result being a well drafted report with particular attention to detail for the end user to make an informed decision.

The firm serves the public, private and professional sectors with a wide variety of specialized appraisal and consulting services. Appraisal assignments have been completed for federally related financial lending institutions, Federal Housing Administration (FHA), Department of Veterans Affairs (VA), as well as attorneys, individual clients, and other various companies. Consultation relating to divorce litigation, asset disposition, partnership dissolutions, ad-valorem tax purposes and other. Qualified expert witness providing testimony for Planning and Zoning Board issues, divorce settlement, partition and other related purposes.

James M. Hanson has appeared as a qualified expert witness in the following Courts: Cape May County Superior Court, Cape May Court House, NJ; Cape May County Tax Court, Cape May Court House, NJ; Atlantic County Superior Court, Atlantic City, NJ; US Bankruptcy Court, District of New Jersey, Camden, NJ; New Jersey Tax Court, Trenton, NJ; Court of Common Pleas, Delaware County, PA

GEOGRAPHIC AREAS SERVED

Atlantic County; Cape May County; Camden County; Cumberland County; Gloucester County; Salem Co

LICENSES, CERTIFICATIONS, DESIGNATIONS AND OTHER

ASA Accredited Senior Appraiser, American Society of Appraisers
IFA Member, (#4678) National Association Of Independent Fee Appraisers
IFAS Senior Member, (#1301) National Association Of Independent Fee Appraisers
Practicing Affiliate of the Appraisal Institute
FHA (HUD) Fee Panel Appraiser and Fee Panel Inspector (#2215)
FHA (HUD) 203 (k) Consultant
New Jersey DEP Review Appraiser
Department of Veterans Affairs (VA) Appraiser (#2001)
State Certified General Appraiser - New Jersey (#42RG-00079000)
State Certified General Appraiser - Pennsylvania (#GA001325R)
State Licensed Real-Estate Salesperson - New Jersey (#SP-8542129)
State Agriculture Development Committee (SADC) Approved Appraiser - New Jersey
County Agriculture Development Boards (CADB) Approved Appraiser - New Jersey
Current Member & Chairman, Zoning Board of Lower Township
Past Director, Lower Township Municipal Utilities Authority
Past Member, Mayor's Advisory Board, Lower Township

PROFESSIONAL AFFILIATIONS

Southern New Jersey Chapter of The American Society of Appraisers
Atlantic/Cape Chapter Of The National Association Of Independent Fee Appraisers
Member - American Guild of Appraisers #44 OPEIU AFL-CIO
Realtor Member - Cape May County Association Of Realtors
Realtor Member - Atlantic City and County Board Of Realtors

COMMITTEES SERVED

American Society of Appraisers – Real Property Discipline Committee Member (2016 – 2019)
Technology Committee - Cape May County Association of Realtors (08-09)
Admissions Committee - Atlantic/Cape Chapter N.A.I.F.A. (93-95)
Public Relations Committee Chair - Atlantic/Cape Chapter N.A.I.F.A. (94-96)
Appraisal Committee - Greater Wildwood/Cape May County Board of Realtors (93-95)
Affiliates Committee - Greater Wildwood/Cape May County Board of Realtors (93-95)
Professional Standards Committee - Atlantic/Cape Chapter N.A.I.F.A. (94-96)
Chapter President - Atlantic/Cape Chapter N.A.I.F.A. (97-98)
Technology Committee - Atlantic/Cape Chapter N.A.I.F.A. (99-00)

COURSES AND SEMINARS

NAIFA, Two-Day Appraisal Education Conference (04/16)
McKissock, 7 Hour USPAP Update (12/15)
McKissock, The New FHA Handbook 4000.1 (06/15)
Appraisal Institute, Pennsylvania Appraisal Statutes and Regulations (05/15)
NAIFA, Two-Day Appraisal Education Conference (04/15)
McKissock, 7 Hour USPAP Update (12/13)
NAIFA, How To Prepare An Appraisal And Sleep AT Night (09/13)
Appraisal Institute, Pennsylvania Appraisal Statutes and Regulations (06/13)
NAIFA, Two-Day Appraisal Education Conference (04/13)
NJAR, Tip Toeing Through Fraud And Foreclosure (12/12)
McKissock, Ad Valorem Tax Consultation (12/11)
NAIFA, 7 Hour USPAP Update (11/11)
McKissock, Residential Report Writing (6/11)
McKissock, Land and Site valuation (6/11)
McKissock, Pennsylvania Law and Regulations (6/11)
Appraisal Institute, Business Practices and Ethics (09/10)
Appraisal Institute, 7 Hour USPAP Update (10/09)
Appraisal Institute, New Residential Market Conditions Form: (4/09)
Appraisal Institute, Appraisal Challenges: Declining Markets & Sales Concessions (3/09)
McKissock, Appraising Factory Built Housing (2/09)
McKissock, The Art of the Addenda (2/09)
McKissock, Pennsylvania Law and Regulations (1/09)
Appraisal Institute, Valuation of Detrimental Conditions in Real Estate (11/07)
Appraisal Institute, Analyzing Operating Expenses (11/07)
Appraisal Institute, 7 Hour USPAP Update (4/07)
Department of Veterans Affairs, Annual Training (6/06)
Appraisal Institute, Appraising Manufactured Housing (11/05)
Appraisal Institute, Scope of Work: Expanding Your Range of Services (10/05)
Appraisal Institute, The Professional's Guide to the URAR (9/05)
Appraisal Institute, 7 Hour USPAP Update (6/05)
Appraisal Institute, Small Hotel/Motel Valuation (4/03)
Appraisal Institute, Appraising from Blue Prints & Specs (3/03)
NAIFA, Historic Property Appraising (10/00)
NAIFA, HUD/FHA Changes (5/99)
NAIFA, Standards of Professional Practice (USPAP) (5/90) (11/94) (12/97) (4/99) (11/01)
NAIFA, Financial Analysis of Income Properties Using the HP 19B II (1/97)
FHA 203 (k) Consultant Training Seminar (7/96)
Appraisal Institute, Appraisal of Retail Properties (3/96)
NAIFA, Basic HUD Requirements (12/94)
Appraisal Institute, Standards of Professional Practice, Part A (USPAP) (11/94)
Appraisal Institute, Hotel/Motel Market Study, Valuation and Investment (10/94)
New Jersey Department of Agriculture, Appraisal of Development Easements For The State Farmland Preservation Program (6/94)
Appraisal Institute, Subdivision Analysis (4/94)
NAIFA, The New URAR (12/93)
NAIFA, Capitalization, Theory and Techniques (6/93)
NAIFA, Marshall & Swift Valuation (11/91)
NAIFA, Income Property Appraising II (9/91)
NAIFA, Concepts, Terminology and Techniques, I&II (8/91)
NAIFA, Income Property Appraising I (5/91)
NAIFA, Financial Analysis Of Income Properties (12/90)
NAIFA, Market Abstraction (3/88)
NAIFA, Report Writing Of Residential Real-Estate Appraising (4/87)
NAIFA, Depreciation (2/87)
NAIFA, Principals Of Residential Real-Estate Appraising (1/87)
South Jersey Professional School Of Business, Real-Estate Salesperson Course (3/86)

PARTIAL LIST OF CLIENTS SERVED

Financial Lending Institutions

Access National Mortgage Corp.
Adco Financial Services, Inc.
Affordable Mortgage Inc.
American Financial Mortgage Corporation
American Federal Savings Bank
American Home Funding Corporation
American Home Mortgage Corp
American Mortgage Bank
American Residential Mortgage
Aapex Mortgage Corporation
Arbor National Mortgage, Inc.
Arlington Capital
Atlantic Coast Mortgage
Atlantic Funding Corporation
Aurora Financial Group
Banc One
Bancorp Bank
Bank of America
Bank of New York, National Community Division
Bank Plus Mortgage
BNY Mellon
Cardinal Financial Group
Cambridge Mortgage Services
Capco Mortgage Corporation
Cape Bank
Cardinal Financial Group
Carteret Savings And Loan Association
Chemical Bank
Chemical Residential Mortgage
Centerbank Mortgage Co
Chase Manhattan Bank
Churchill Mortgage Bankers
Citicorp Mortgage
Citizens Mortgage Corp
Coast Mortgage Corp
Collective Federal Savings Bank
Commerce Federal
Corestates Financial Corporation
Credit Lenders Service Agency, Inc.
Crest Savings Bank
Crossland Mortgage Corp.
Dana Capital Group
Delaware Trust Mortgage Corporation
Eastern American Mortgage Corporation
Eastern Mortgage Services, Inc.
Empire Savings Bank, SLA
Equity One Mortgage Services
Fidelity Bank SLA
First Advantage Mortgage
First Fidelity Bankcorp
First Keystone Mortgage Corporation
First National Bank of Elmer
First National Bank of Chester County
First National Bank of Toms River

First Nationwide Bank
First National Bank of Chester County
First Union National Bank
First Washington State Bank
Ford Consumer Finance Company, Inc.
Freedom Mortgage Corp
GE Capital Mortgage Services
Glendale Mortgage Services
GMAC Mortgage Corp
Greater Jersey Mortgage Company
Greentree Mortgage Corporation
Guaranteed Rate Mortgage Co.
Hamilton National Mortgage Corp
Hart Mortgage Corporation
IFG Mortgage
Ivy League Mortgage
J.I. Kislak Mortgage Corp
JP Morgan Chase
KeyCorp Mortgage, Inc
Lancaster Financial Corp
Lehigh Financial Group
Mackinac Savings Bank
Margaretten & Company, Inc
Maryland National Mortgage Corporation
Mellon Bank
Mellon Trust of New England
Meridian Mortgage Corporation
Midlantic National Bank
Minotola National Bank
MortgageLinq Corporation
Mortgage Services Of America
National Bank of the Main Line
National Community Bank
National Penn Mortgage
National Westminster Bank
Norwest Mortgage Corporation
Norwest Mortgage, Inc.
Ocean City Home Bank
Old Dominion Mortgage Corp.
Pacific Capital Mortgage Corp.
Pamrapo Savings Bank, SLA
PBB Financial Services, LLC
PHH US Mortgage Corp
Philadelphia Mortgage Advisors
Pioneer Mortgage Corporation
Pinetree Financial, Inc
Preferred Mortgage Corp
Princeton Mortgage
Provident National Bank
Security Pacific
Select Mortgage
Senator Mortgage Corporation
Shelter Mortgage Services
SLM Financial Corporation

Financial Lending Institutions (cont.)

Sovereign Bank
Sturdy Savings Bank
Summit Bank
Sun East Federal Credit Union
Sun National Bank
Superior Mortgage, Inc
Susquehanna Patriot Bank
Tavistock Mortgage Corporation
The Bancorp Bank
The Money Store
Travelers Mortgage Service
Trident Mortgage Company
West American Mortgage Corporation

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Harkins & Harkins, Philadelphia, PA
Hayes & Romero, West Chester, PA
Heaney & Kilcoyne, LLC, Trooper-Norristown, PA
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Klehr, Harrison, Harvey, Branzburg & Ellers, Philadelphia, PA
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Willkie, Farr & Gallagher, New York, NY
Wolf, Block, Schorr, & Solis-Cohen, LLP, Norristown, PA

Companies, Corporations & Others

Apex Realty, Villas, NJ
BEI/Ritz, Dallas, TX
Board of Chosen Freeholders, Cape May County, NJ
Borough of Wildwood Crest, Wildwood Crest, NJ
Borough of Woodbine, NJ
Bowman Builders, Inc., Cape May, NJ
Cammarano Real Estate Agency, Villas, NJ
Cape Island Lodge #30 F&AM, Cape May, NJ
Cape May Brewery, Cape May, NJ
Cape May County Welfare Board, Rio Grande, NJ
Cape May Fish Market & Restaurant, Cape May, NJ
Churchill Investment Corp., Saffern, NY
Communications Test Design, Inc., West Chester, PA
Credit Lenders Service Agency, Inc., Voorhees, NJ
Cors Financial Planning, Inc., Tuckerton, NJ
Delaney's Restaurant & Bar, Cape May, NJ
Drug Enforcement Administration, Newark, NJ
Emlen House Enterprises, Inc., Ft. Washington, PA
Evoy Funeral Home, North Cape May, NJ
Grosse & Quade Management Co., Landsdale, PA
Honorable John T.J. Kelly, Jr., Judge, Superior Court of Pennsylvania, Philadelphia, PA
Lower Cape May Regional Board of Education, Cape May, NJ
Kohr Brothers, Inc., Charlottesville, VA
McKee Group, Springfield, PA
Mikal's Funeral Home, Atlantic City, NJ
National Residential, Inc., Buffalo Grove, Ill.
NJ Department of Justice, Washington, DC
NJ Realty, Sea Isle City, NJ
Northgate Funding Co., Albany, NY
Resolution Trust Corporation (RTC), Washington, DC; NE Consolidated Office, Valley Forge, PA; NE Satellite Office, Somerset, NJ
Ocean City Realty, Ocean City, NJ
Old Republic Title Ins Co., Minneapolis, MN
RPC/Mitchell Titus, Inc., Philadelphia, PA
Parish Of St. John Neumann, North Cape May, NJ
Peter A. & G. Papa Builders, Inc, Chester Heights, PA
Phelps, T. Riley, P.C., Wyomissing, PA
Rainer & Company, CPA, Newtown Square, PA
Raul Walters Properties, St. Louis. MO.
Scottsdale Insurance Co., Scottsdale, AZ
Seaview Dental Arts, Galloway Twp, NJ
Security Search and Abstract Company, Inc., Philadelphia, PA

Shelterfield Valuation Services, Flourtown, PA
The ARC of Atlantic County, Egg Harbor, NJ
The ARC of Cape May County, S. Dennis, NJ
The Boston Company, Boston, MA
The Frost Group, Inc., Philadelphia, PA
The Hirsch Group, Cape May, NJ
Tim Kerr's Powerplay Realty, Avalon, NJ
The Montreal Inn, Cape May, NJ
The Mullahy Company, Philadelphia, PA
Township of Lower MUA, Villas, NJ
Ugly Mug Restaurant & Bar, Cape May, NJ
United Lenders Services, Pittsburgh, PA
U.S. Department of Housing and Urban Development, Camden Office Region II, Camden, NJ
U.S. Marshals Service/District of New Jersey; U.S. Courthouse, Camden, NJ; U.S. Courthouse, Newark, NJ
U.S. Property and Appraisal Service, Inc., Pittsburgh, PA
United States Coast Guard Air Station, Atlantic City, NJ
U.S. Silica, Berkeley Springs, W.V

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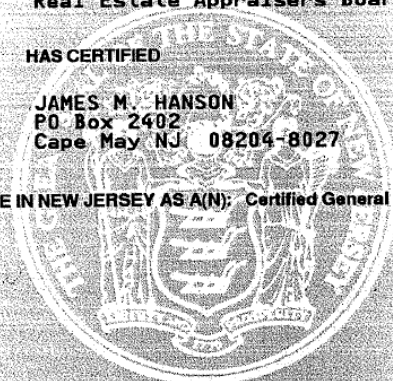
**State Of New Jersey
New Jersey Office of the Attorney General
Division of Consumer Affairs**

THIS IS TO CERTIFY THAT THE
Real Estate Appraisers Board

HAS CERTIFIED

**JAMES M. HANSON
PO Box 2402
Cape May NJ 08204-8027**

FOR PRACTICE IN NEW JERSEY AS A(N): **Certified General Appraiser**



12/11/2015 TO 12/31/2017

VALID

Signature of Licensee/Registrant/Certificate Holder

42RG00079000

LICENSE/REGISTRATION/CERTIFICATION #

ACTING DIRECTOR

Glossary

This glossary contains the definitions of common words and phrases, used throughout the appraisal industry, as applied within this document. Please refer to the publications listed in the **Works Cited** section below for more information.

Works Cited:

- Appraisal Institute. *The Appraisal of Real Estate*. 13th ed. Chicago: Appraisal Institute, 2008. Print.
- Appraisal Institute. *The Dictionary of Real Estate Appraisal*. 5th ed. 2010. Print.

Band of Investment

A technique in which the capitalization rates attributable to components of a capital investment are weighted and combined to derive a weighted-average rate attributable to the total investment. (Dictionary, 5th Edition)

Common Area

1. The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities.
2. In a shopping center, the walkways and areas onto which the stores face and which conduct the flow of customer traffic. (ICSC) (Dictionary, 5th Edition)

Common Area Maintenance (CAM)

1. The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property.
 - CAM can be a line-item expense for a group of items that can include maintenance of the parking lot and landscaped areas and sometimes the exterior walls of the buildings.
 - CAM can refer to all operating expenses.
 - CAM can refer to the reimbursement by the tenant to the landlord for all expenses reimbursable under the lease. Sometimes reimbursements have what is called an administrative load. An example would be a 15% addition to total operating expenses, which are then prorated among tenants. The administrative load, also called an administrative and marketing fee, can be a substitute for or an addition to a management fee.
2. The amount of money charged to tenants for their shares of maintaining a center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. The area maintained in common by all tenants, such as parking lots and common passages. The area is often defined in the lease and may or may not include all physical area to be paid for by all tenants. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenances, snow removal, security, and upkeep. (ICSC) (Dictionary, 5th Edition)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called debt service coverage ratio (DSCR). A larger DCR indicates a greater ability for a property to withstand a downturn in revenue, providing an improved safety margin for a lender. (Dictionary, 5th Edition)

Discount Rate

A yield rate used to convert future payments or receipts into present value; usually considered to be a synonym for yield rate. (Dictionary, 5th Edition)

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. (Dictionary, 5th Edition)

Effective Date

1. The date on which the analyses, opinion, and advice in an appraisal, review, or consulting service apply.
2. In a lease document, the date upon which the lease goes into effect. (Dictionary, 5th Edition)

Exposure Time

1. The time a property remains on the market.
2. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. (Dictionary, 5th Edition)

External Obsolescence

An element of depreciation; a diminution in value caused by negative externalities and generally incurable on the part of the owner, landlord, tenant. (Dictionary, 5th Edition)

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP, 2010-2011 ed.) (Dictionary, 5th Edition)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary, 5th Edition)

Functional Obsolescence

The impairment of functional capacity of a property according to market tastes and standards. (Dictionary, 5th Edition)

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. (The Appraisal of Real Estate, 13th Edition)

Furniture, Fixtures and Equipment (FF&E)

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

components of those properties. In other words, the equipment that is used to produce the product of the business being offered for sale. As assets they depreciate differently from buildings, and are therefore considered separately. (Dictionary, 5th Edition)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the region. (Dictionary, 5th Edition)

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. (Dictionary, 5th Edition)

Highest & Best Use

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property—specific with respect to the user and timing of the use—that is adequately supported and results in the highest present value. (Dictionary, 5th Edition)

Highest and Best Use of Land or a Site as Though Vacant

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements. (Dictionary, 5th Edition)

Highest and Best Use of Property as Improved

The use that should be made of a property as it exists. An existing improvement should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one. (Dictionary, 5th Edition)

Hypothetical Condition

That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (Dictionary, 5th Edition)

Leased Fee Interest

A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease). (Dictionary, 5th Edition)

Liquidation Value

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

1. Consummation of a sale will occur within a severely limited future marketing period specified by the client.

2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer is acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. The buyer is acting in what he or she considers his or her best interest.
7. A limited marketing effort and time will be allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary, 5th Edition)

Market Area

The area associated with a subject property that contains its direct competition. (Dictionary, 5th Edition)

Market Rent

The most probably rent that a property should bring is a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). (Dictionary, 5th Edition)

Market Value

The major focus of most real property appraisal assignments. Both economic and legal definitions of market value have been developed and refined.

1. The most widely accepted components of market value are incorporated in the following definition: The most probable price that the specified property interest should sell for in a competitive market after a reasonable exposure time, as of a specified date, in cash, or in terms equivalent to cash, under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, for self-interest, and assuming that neither is under duress.
2. Market value is described in the Uniform Standards of Professional Appraisal Practice (USPAP) as follows: A type of value, stated as an opinion, that presumes the transfer of a property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal. (USPAP, 2010-2011 ed.) USPAP also requires that certain items be included in every appraisal report. Among these items, the following are directly related to the definition of market value:
 - Identification of the specific property rights to be appraised.
 - Statement of the effective date of the value opinion.
 - Specification as to whether cash, terms equivalent to cash, or other precisely described financing terms are assumed as the basis of the appraisal.
 - If the appraisal is conditioned upon financing or other terms, specification as to whether the financing or terms are at, below, or above market interest rates and/or contain unusual conditions or incentives. The terms of above—or below—market interest rates and/or other special incentives must be clearly set forth; their contribution to, or negative influence on, value must be described and estimated; and the market data supporting the opinion of value must be described and explained.
3. The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States: The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and the 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 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. (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)
4. The International Valuation Standards Council defines market value for the purpose of international standards as follows: The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion. (International Valuation Standards, 8th ed., 2007)
 5. Market value is the amount in cash, or on terms reasonably equivalent to cash, for which in all probability the property would have sold on the effective date of the appraisal, after a reasonable exposure of time on the open competitive market, from a willing and reasonably knowledgeable seller to a willing and reasonably knowledgeable buyer, with neither acting under any compulsion to buy or sell, giving due consideration to all available economic uses of the property at the time of the appraisal. (Uniform Standards for Federal Land Acquisitions) (Dictionary, 5th Edition)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time). (Dictionary, 5th Edition)

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. (Dictionary, 5th Edition)

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. (Dictionary, 5th Edition)

Parking Ratio

A ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios of various land uses are often stated in zoning ordinances. (Dictionary, 5th Edition)

Rentable Area

For office buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice. (Dictionary, 5th Edition)

Replacement Cost

The estimated cost to construct, at current prices as of the effective appraisal date, a substitute for the building being appraised, using modern materials and current standards, design, and layout. (Dictionary, 5th Edition)

Scope of Work

The type and extent of research and analyses in an assignment. (Dictionary, 5th Edition)

Stabilized Occupancy

An expression of the expected occupancy of a property in its particular market considering current and forecasted supply and demand, assuming it is priced at market rent. (Dictionary, 5th Edition)

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed and paid for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. (Dictionary, 5th Edition)

Vacancy and Collection Loss

A deduction from potential gross income (PGI) made to reflect income reductions due to vacancies, tenant turnover, and non-payment of rent; also called vacancy and credit loss or vacancy and contingency loss. Often vacancy and collection loss is expressed as a percentage of potential gross income and should reflect the competitive market. Its treatment can differ according to the interest being appraised, property type, capitalization method, and whether the property is at stabilized occupancy. (Dictionary, 5th Edition)