Appraisal Report

A 7.5’ x 50’ (375 SF) portion of the 15 Foot Alley
Wilmar Place NW
Located between Lawyers Road &
Center Street N.
Vienna, VA 22180

RSG Commercial, Inc.

Commercial Real Estate Solutions
www.RSGCommercial.com

Letter of Transmittal

December 23, 2015

TO: Esswein, Mark & Patricia
105 Wilmar Place NW
Vienna, VA 22180

RE: Appraisal of A 7.5' x 50' portion of the 15 Foot Alley Wilmar Place NW

In fulfillment of our agreement as outlined in the Letter of Engagement, RSG Commercial, Inc. is pleased to transmit our appraisal presented in an Appraisal Report format developing a market value of the fee simple estate in the above referenced real properties as of December 1, 2015 on an "as-is" basis. This letter is accompanied by the Appraisal Report. The opinion of value reported below is qualified by certain assumptions, limiting conditions, certifications, and definitions, which are set forth in the report.

The market value of the subject is concluded as follows:

Market Value Conclusion

Premise	Interest Appraised	Effective Date	Value Conclusion
"As Is"	**Fee Simple**	**December 1, 2015**	**$1,125**

This report is presented in an Appraisal Report format and has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). The analysis, opinions and conclusions were also developed and prepared in accordance with regulations issued by the Office of Thrift Supervision including Title XI of the Financial Reform, Recovery and Enforcement Act of 1989 (FIRREA).

We are hypothetical assuming that as of the effective date, the 7.5'x50' portion of the alley as identified throughout the report is divided from the rest of the alley and legally can be transferred. The subject is legally described within the report. We also assume that it will not be encumbered and that the zoning will be RS-10, which is the predominant zoning in the immediate area.

We have made an extraordinary assumptions that the 375 square foot portion of the alley identified of the subject of this report can be divided and sold. We have been asked to provide the "market value" of the subject as of the effective date. If this extraordinary assumption were to not be accurate, then we reserve the right to amend our value opinion.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis or if Andy Ruffner can be of further service, please contact us.

Respectfully submitted,

Andy Ruffner, MAI, SRA
VA License #4001 00410
RSG Commercial, Inc.
December 23, 2015

Appraisal Specifics

Purpose of the Appraisal
The purpose of this appraisal is to determine the Market Value of the subject.

Interest Appraised
Based on the scope of the appraisal assignment the Fee Simple property interests were appraised and defined as; “Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Client
The client is the Mark & Patricia Esswein.

Intended Use
The intended use of the appraisal is for internal review by the client, but not limited to rendering a decision in regards to a possible sale of the subject.

Intended Users
This appraisal is for the intended use of the Mark & Patricia Esswein and professionals employed by them for use in the possible acquisition.

Market Value Definition
“Market Value,” as used in this report, is defined as:

… the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are 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.

Source: “(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); Appraisal Institute, The Dictionary of Real Estate Appraisal, Forth Edition, (Chicago, 2002) Page 177”

The appraisal considers the valuation of the subject property's as-is value with an effective date of **December 1, 2015**. In determining the valuation of the property, we will consider the market value under conditions prevalent at that time. Establishing the effective date of the appraisal is standard appraisal practice, and it is important to consider because value is subject to change over time. Aside from possible physical changes to the property, the value of real estate is also subject to changing economic conditions, under which value may remain static, increase, or decrease. Additionally, changing policies of governing authorities may impede or encourage development over time.

Three-Year Sale History

The subject has not transferred in the past 3 years.

Current Listing/Pending Contract

We found no listings of the subject for sale or lease in the past year. We searched the local MLS, Loopnet, CoStar, and performed an internet search using the Google search engine.

Scope of Work

According to the Uniform Standards of Professional Appraisal Practice, it is the appraiser's responsibility to determine the appropriate scope of work. USPAP defines the scope of work as:

The following information defines the Scope of Work taken by the appraiser(s):

Report Type:	Appraisal Report
USPAP Reporting Type Description:	Standards Rule 2-2(b)
Effective Date of Report:	December 1, 2015
Inspection:	An inspection was completed of the subject. The inspection date was made December 1, 2015. I inspected the subject in its entirety. The subject is vacant.
Type of Opinion:	Market Value: as cited in USPAP & FIREEA 34.42
Characteristics:	Fee Simple, As Is of the real estate only.
Market Analysis and Market Conditions:	We have reported and analyzed the local and regional market relative to the property types.
Highest and Best Use:	Completed an analysis of the site "as if vacant" only since the subject is already vacant.
Approaches Completed:	Sales Comparison Approach only.
Other:	Parameters of comparable sales search included competitive properties in the Vienna area with similar marketability as the subject. The appraiser utilized the county assessment site, Loopnet, Vamanet, VA Newsletters Database, office files, and the local listing service to acquire comparable data information. Confirmation of data was made with listing brokers, sellers, and/or buyers when possible.

Marketing Period

Given the existing market information from an historic perspective, as well as the anticipated supply line of directly competing product, I believe that the subject parcels, **at the concluded value of this appraisal**, would require a marketing time of **twelve months**.

Exposure Time
I have examined the average length of time for similar properties were exposed to the market, and have determined that the average time period in which these properties were exposed to the market was **twelve months. There is very little data on this property type as there are very few transfers of vacated alleyways in the area.**

Based on the indicated exposure periods, the value conclusion represents a market price achievable within **twelve months.**

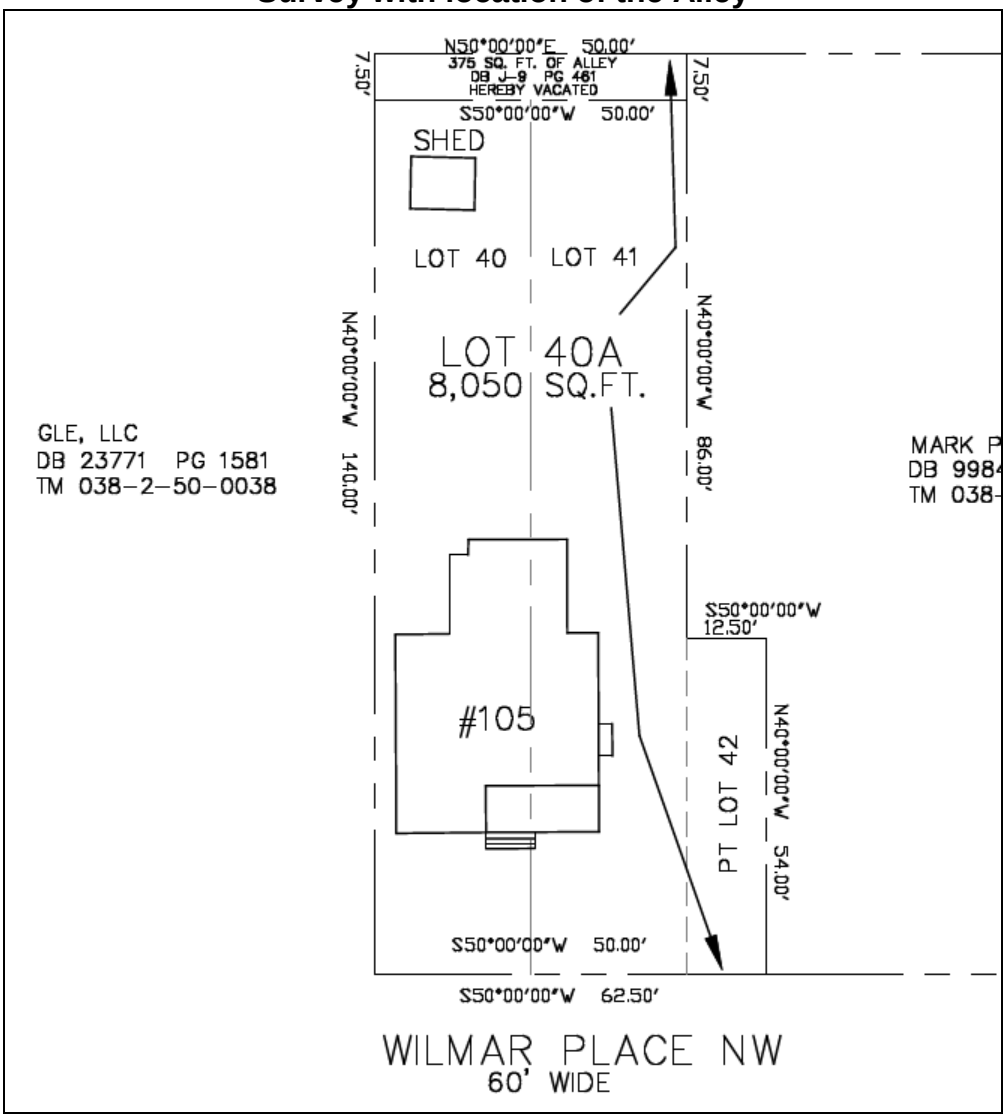
Subject Property Description

The appraised property consists of a portion of the 15 Foot Alley at Wilmar Place that runs east-west between Lawyers Road NW and Center Street N. The subject is a 7.5'x50.0' portion of the property that lies directly behind lots 40 & 41, also defined as 105 Wilmar Place NW. The alley as it lies now, is all one parcel, but for the purposes of this appraisal we are assuming that it can be separated from the other portion of the alley and is saleable. It is an ordinary assumption.

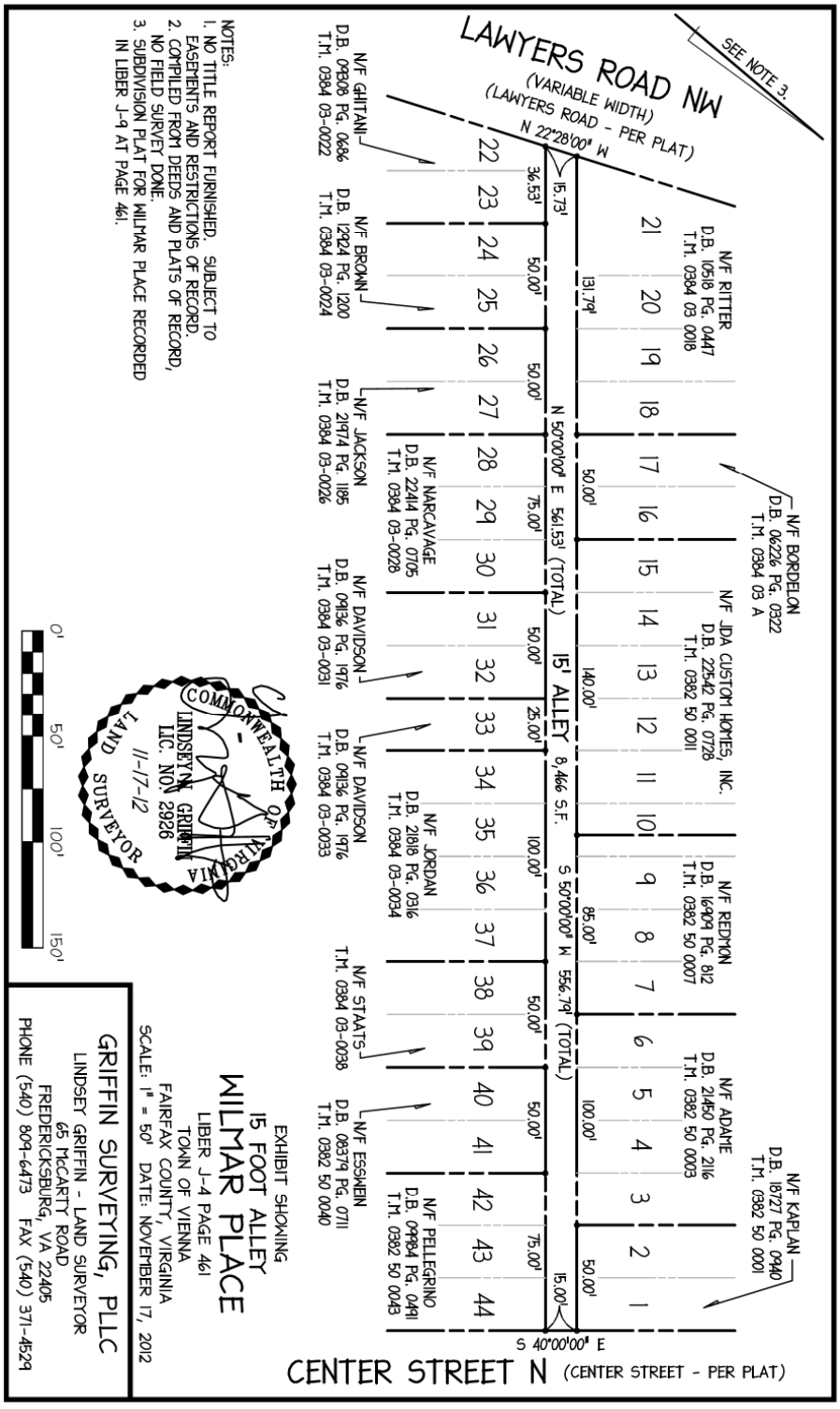
The shape of the subject is rectangular and the topography is mostly level. There subject is grown up with grasses and weeds, as well as some small trees.

The subject is 375 square feet (7.5'x50').

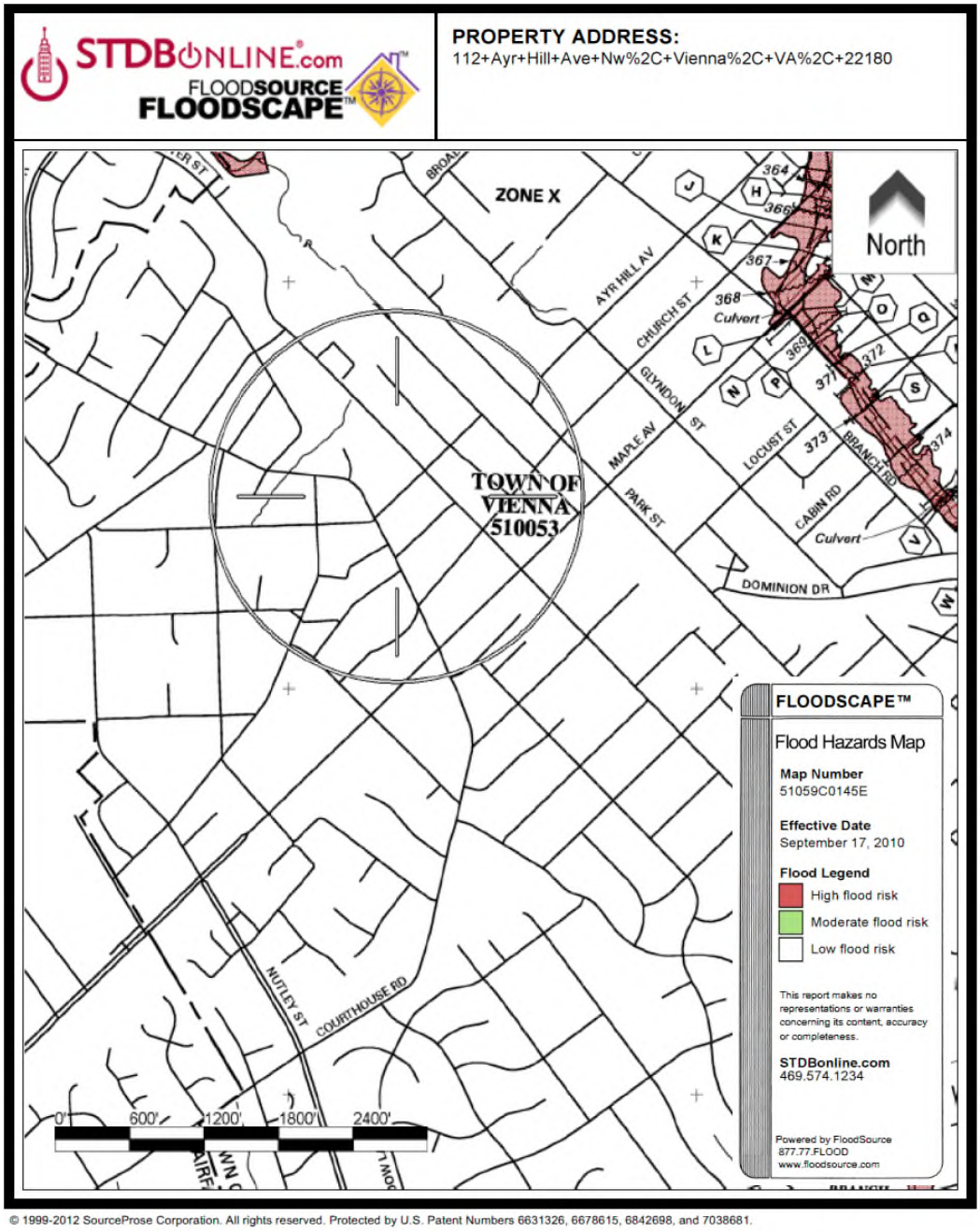
Survey with location of the Alley



Survey of the Entire Alley including the subject



Flood Map Information: The subject is located within FEMA Flood Map #51059C0145E, dated September 17, 2010 in Fairfax County, Virginia. The area is designated as Zone X—an area of minimal flooding. Zone X represents areas outside the 1-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees.



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Alley

Alley

Easements and Encroachments: The survey does not identify any easements or encroachments. The survey is of the subject in its present state as an alley access easement.

Environmental Hazards: No known environmental hazards currently exist near or under the subject property. However, the appraiser performed only a surface site inspection and is not an expert in this field. A professional should be sought if any concerns arise.

Utilities: There are public utilities in close proximity to the subject.

Site Improvements: The site is cleared and contains a shed in the aerial photograph. There are no site improvements.

Zoning

The subject is not identified by a parcel identification number and no zoning is identified. The abutting properties are zoned RS-10,000 and we assume the subject would be identified in the same way given the adjoining land uses. If the subject is identified in a different way, this appraisal is subject to change. The subject is not in use right now and therefore is legal and conforming.

Taxes

The subject is currently an alley access easement and not taxed. It is assumed that it would be taxed at its H&BU, which is a small, non-buildable parcel, and taxes would be nominal.

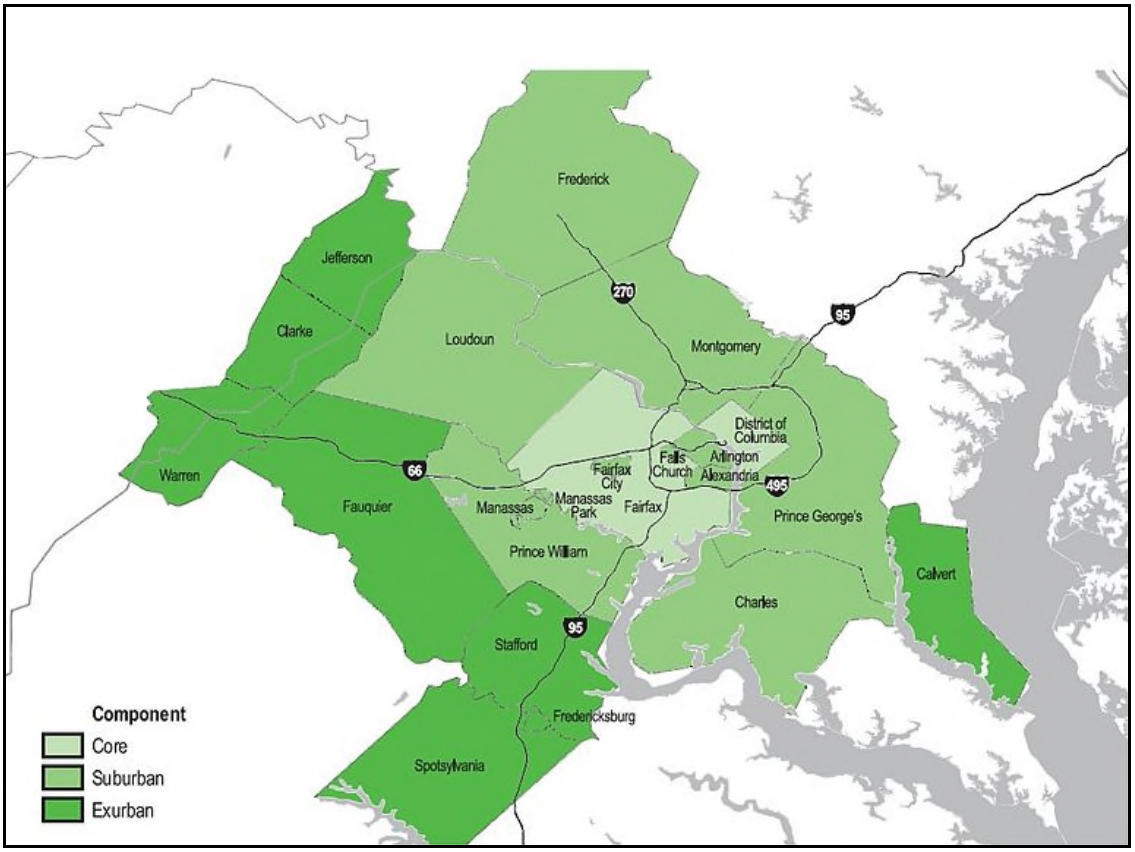
Market Analysis

In the first step of the market analysis process, we will first present a macro overview of the subject's regional location. Secondly, we will then direct the analysis by delineating the subject's primary market area and analyzing this data to develop some conclusions regarding trends in the market area.

Regional (MSA) Location

The map below displays the DC Metro Statistical Area. The core of the MSA is shaded in light green, the suburban areas in a medium shade, and the exurban counties are the most heavily shaded.

D.C. MSA



Regional Location

The Washington, D.C. Metropolitan Area is the metropolitan area centered on Washington, D.C., the capital of the United States of America. The area includes all of the federal district and parts of the U.S. states of Maryland and Virginia, along with a small portion of West Virginia.

The U.S. Office of Management and Budget defines the area as the Washington–Arlington–Alexandria, DC–VA–MD–WV Metropolitan Statistical Area, a metropolitan statistical area used for statistical purposes by the United States

Census Bureau and other agencies. The area includes as its principal cities Washington as well as the Virginia county of Arlington and city of Alexandria. The Office of Management and Budget also includes the metropolitan statistical area as part of the larger Baltimore–Washington Metropolitan Area, which has a population of over 8.55 million.
The area is also sometimes referred to as the National Capital Region, particularly by federal agencies such as the Department of Homeland Security.

The area in the region that is surrounded by Interstate 495 is also referred to as being "inside the Beltway".

The Washington Metropolitan Area is the most educated and by some measures, the most affluent metropolitan area in the United States. As of the 2010 U.S. Census Bureau estimate, the population of the Washington Metropolitan Area was estimated to be 5,582,170 (+16.39%), making it the seventh-largest metropolitan area in the country.

The counties and independent cities included in the D.C. MSA are:

Maryland

- Calvert County
- Charles County
- Frederick County
- Montgomery County
- Prince George's County
- Anne Arundel County (included in a separate MSA, but closely associated)
- Howard County (included in a separate MSA, but closely associated)
- St. Mary's County (included in a separate MSA, but closely associated)

District of Columbia

- All of the District

Virginia

- Arlington County
- Clarke County
- Fairfax County
- Fauquier County
- Loudoun County
- Prince William County
- Spotsylvania County
- Stafford County
- Warren County
- City of Alexandria

- City of Fairfax
- City of Falls Church
- City of Fredericksburg
- City of Manassas
- City of Manassas Park

West Virginia
- Jefferson County

Economy
The various agencies of the Federal Government employ over 140,000 professionals in the Washington D.C. area. A sizable number in the Washington D.C. area work for defense and civilian contracting companies that conduct business directly with the Federal Government (many of these firms are referred to as 'Beltway Bandits' under the local vernacular). As a result, the Federal Government provides the underlying basis of the economy in the region. However, the Washington D.C. area is increasingly home to a diverse segment of businesses not directly related to the Federal Government.

The Washington, D.C. area has the largest science and engineering work force of any metropolitan area in the nation in 2006 according to the Greater Washington Initiative at 324,530, ahead of the combined San Francisco Bay Area work force of 214,500, and Chicago metropolitan area at 203,090, citing data from U.S. Census Bureau, the Bureau of Labor Statistics, Claritas Inc., and other sources.

The Washington, D.C. area was ranked as the second best High-Tech Center in a statistical analysis of the top 100 Metropolitan areas in the United States by American City Business Journals in May 2009, behind the Silicon Valley and ahead of the Boston metropolitan area. Fueling the metropolitan area's ranking was the reported 241,264 tech jobs in the region, a total eclipsed only by New York, Los Angeles, and the combined San Jose-San Francisco-Oakland regions, as well as the highest master's or doctoral degree attainment among the 100 ranked metropolitan areas. A Dice.com report showed that the Washington-Baltimore area had the second-highest number of tech jobs listed: 8,289, after the New York metro area with 9,195 jobs.

The Washington D.C. Area is home to hundreds of major research universities, think tanks, and non-profit organizations. Additionally, Washington, D.C. is a top tourism destination as flocks of Americans and foreigners from around the world visit the museums and monuments of the Capital city year round with the peak season being during the Spring and Summer months of April through August. Moreover, the Washington D.C. area attracts tens of major conferences and conventions each year which also contribute greatly to the region's economy.

Changes in house prices for the D.C. area are publicly tracked on a regular basis using the Case–Shiller index; the statistic is published by Standard & Poor's and is also a component of S&P's 10-city composite index of the value of the U.S. residential real estate market.

Employment

The dominant employment sectors in the Washington MSA are government and services, which represent 77% of the region's employment. The region has a limited manufacturing base of only 2.0%. Unlike other metropolitan areas, the government traditionally has been a large employer with more than one out of five jobs provided by the Federal, state or local governments. Furthermore, many thousands of private sector jobs are either affiliated with, or dependent upon, the government. This includes government contractors to various federal agencies, law firms and lobbyists.

Total jobs including establishment employment and the self-employed are projected to increase from 3,305,236 to 3,644,454 between 2008 and 2018, or an average of 33,922 more jobs per year. This projection reflects the lingering consequences of the 2008-2009 Great Recession including the Federal Government's fiscal crisis. The projection anticipates just under a 1 percent (0 .98 percent) average annual growth rate in employment. Industries break down into goods producing (about 7 percent of the total) and services providing including government (about 84 percent), and self-employed (about 9 percent). There is little growth in the goods producing sector except construction, which should recover to pre-crisis levels by 2018. Jobs in goods production - natural resources, construction and manufacturing - make up only about 7.1 percent of area employment. Manufacturing, barely 61 thousand jobs, has been declining since reaching a high of 80 thousand in the 1990's. A drop of 7.8 thousand jobs is projected as a continuation of yearly trends.

In the huge services sector, professional and business services, education and health care, and other services are all projected to have growth rates close to 2 percent per year. Health care and social assistance is the fastest growing subsector with a 2.25 percent projected growth rate, closely followed by professional, scientific and technical services with 2.16 percent per year. Arts, entertainment and recreation is also projected to grow rapidly (2.12 percent). The most jobs will originate in professional, scientific and technical services (109,228) and the least in arts, entertainment and recreation (8,852) with health care and social assistance in the middle (61,621).The professional, scientific and technical services group, which includes legal, engineering, computer, and consulting services, is already the biggest MSA subsector with 457.6 thousand jobs, 13.8 percent of area jobs. It is also the biggest part of all professional and business services, which also includes management of companies and enterprises as well as administrative support and waste management services. These three sub-sectors with twice the growth rate of the area as a whole will provide an increasing share of area employment. Other Services include non-profit

organizations like the Chamber of Commerce, but also national professional associations, trade associations, international labor unions and political organizations. This sector had 176.7 thousand jobs in 2006 and 184.7 thousand in 2008 with growth rates above the metro area average over most of the past decade. That is projected to continue as the non-profit sector alone will add 27.6 thousand jobs at a projected growth rate of 2.46 percent.

Leisure and hospitality will grow at a 1.36 percent rate, slower than the non-profit sector. Leisure and hospitality (arts, entertainment, recreation, accommodations and food services) took third place in new jobs from 1990 to 2008 with 82 thousand, but 75 percent of the jobs were in restaurants. Continued growth above the area average will bring nearly 37.9 thousand new jobs. Government jobs excluding education are projected to decline with the Federal Government actually cutting jobs from 2008 levels and states and localities barely eking out an increase. Driving the federal job cuts are the winding down of the Iraq and Afghanistan wars and the effort to bring the mammoth federal deficit and accumulated debt under control. Similar declines occurred in the 1990s. Education rises with population growth; hence public and private elementary and secondary school employment will provide more than half the new jobs in education with area colleges picking up most of the rest. There is a projection of 43,000 new jobs in education by 2018.

Service sub-sectors in trade, transportation, warehousing and utilities, finance and insurance and real estate have had slow job growth since 1990; too slow to maintain their share of metropolitan employment over the past ten years. These trends are projected to continue with growth rates below 1 percent. Information services have been declining since 2000 from the digital revolution and national consolidation of publishers, broadcasters, the Internet and telecommunications into firms offering multiple services. Even though the Washington MSA remains a major source of news, there is a projected loss of nearly 3.6 thousand jobs by 2018.

Conclusion

From 2010-2012, the Washington DC Metro economy showed signs of recovery from the most recent recession, primarily led by the federal government, which continues to bolster local economic growth, adding the largest share of total jobs. Hiring stemming from the flow of federal spending has been the spark for Washington's recovery, with private hiring anticipated to provide support for job gains over the next several months. Employment projections by George Mason University’s Center for Regional Analysis have also indicated job gains every year from 2013 through 2014. Locally, the Washington Leading Index registered only a slight decline following thirteen consecutive monthly gains.

While the Washington, D.C. area has been affected by the current economic conditions, the area generally outperforms the national economy due to Federal procurement driving the local economy. Over the long term, job creation, income

growth, and wealth creation are expected to continue to positively affect real estate values, although at a much slower pace than the robust markets of the late 1990s and mid-2000s.

Subject Location Analysis and Trend Analysis – Fairfax County

Fairfax County is located in Northern Virginia, just outside of Washington, D.C. As per the 2010 Census, the population of the county is 1,081,726, making it the most populous jurisdiction in the Commonwealth of Virginia, with 13.5% of Virginia's population. The county is also the most populous jurisdiction in the Washington Metropolitan Area, with 19.8% of the MSA population, as well as the larger Baltimore–Washington Metropolitan Area, with 13.1% of the CSA population.

Fairfax was the first County in the United States to reach a six-figure median household income, and has the second-highest median household income of any local jurisdiction in the United States, after neighboring Loudoun County.

The County is home to the headquarters of intelligence agencies such as the Central Intelligence Agency, National Geospatial-Intelligence Agency, and National Reconnaissance Office, as well as the National Counterterrorism Center and Office of the Director of National Intelligence. The county is also home to half of the metropolitan area's Fortune 500 companies.

During the latest economic upturn, Fairfax County experienced an influx of new population and increased per capita income. The increased population provided an economic stimulus to the entire region and nearby areas within the past several years, especially in the real estate market, and has included the relocation of the headquarters of several regional companies to the area. Residential market conditions started changing in mid-2005, with decreasing prices and moderate amounts of foreclosed properties. The commercial market stayed resilient until 2007, when the systemic problems started carrying over to some of the weaker markets in the Northern Virginia area. Unlike the residential markets which suffered some moderate pricing declines, commercial pricing went into more a stabilized pattern where supply and demand have been in equilibrium for the past 3-4 years.

The immediate area has experienced moderate demand for residential properties, where there has been a moderate number of offerings and subsequent activity. Most single family residential properties are owner-occupied.

The area is dominated by a large number of older residential areas, as Fairfax County is heavily suburban in nature. There are some small, newer residential projects and spot built homes mixed in with the older developments.

The immediate neighborhood is comprised of suburban, residential development and the typical improvement is a moderately-priced, single family detached home.

Highest and Best Use Analysis

Introduction

Highest and best use is defined in the 4th edition of *The Dictionary of Real Estate Appraisal* (Appraisal Institute, Chicago, 2002), as follows:

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

Highest and best use analysis uses the following steps for the subject:

- Highest & Best Use "as vacant"
- Determination of the ideal improvements
- Highest & Best Use "as improved"
- Conclusion of the Highest & Best Use

The site is vacant and only the "As Vacant" H&BU is completed.

Highest & Best Use "As Vacant"

Legal Permissibility Test
The subject is not zoned, but we are assuming that once the subject is vacated, it will have the same or very similar zoning to adjoining parcels, which is RS-10. Single family residential is a by-right use of the RS-10 zoning.

Physical Possibility Test
The site is very small and would not be buildable.

Financial Feasibility Test
Based on the analysis of the subject's market, there is adequate demand for residential sites in the neighborhood.

Maximum Productivity Test
There is only one use that creates value and at the same time conforms to the requirements of the first three tests: hold the sites for future use as it cannot be used or developed due to the size of the parcel. It could be used as additional site area for the owner at 105 Wilmar Place NW, but that is only one participant and not the open market; therefore, the highest and best use cannot be the contributory value to one user.

Conclusion

The only use of the sites that is maximally productive is to hold for future use or development. There is very little likelihood of it being used or developed in the near future.

Valuation Procedures and Methodologies

Current appraisal standards recognize three basic approaches to real estate value. These are identified as the Cost, Income, and Sales Comparison Approaches.

The Cost Approach has not been developed. The subject's H&BU is "as vacant" and the approach is not applicable.

The Income Approach measures value by capitalization of the net income from the real estate. The subject does not produce income. The subject is considered unimproved and the **Income Approach has not been completed.**

The Sales Comparison Approach is based on comparison between the subject property and similar properties which sold within a reasonable period prior to the date of appraisal, and which are capable of providing insight into the valuation of the subject property. Units of comparison are examined and developed and after making the appropriate adjustment for differences such as location and physical characteristics, are then applied to the subject to derive an indication of value. Critical in this valuation methodology, is the availability of sufficient market comparables with which to make valid comparisons. **The Sales Comparison approach has been completed.**

The Sales Comparison Approach

Introduction

The Sales Comparison Approach to value compares the subject to similar properties that have sold or are under contract in the same or similar market. This approach is based on the principle of substitution, which states that no commodity has a value greater than a similar commodity offering similar uses, similar utility, and similar function that can be purchased within a reasonable time frame. In other words, the market value of a property is set by the price of acquiring a substitute property, which could provide the owner with similar utility. The principle of substitution also is crucial in reconciling all three approaches to value, as it provides linkage in the underlying determination the subject's market value.

Units of Comparison

Using a common unit of comparison is an effective device to adjust for differences in physical characteristics while controlling for scale or some other factor. This control allows the appraisers to determine the impact of differences in attributes between the subject and comparable sale properties. For the subject, we are using the Price per Square Foot of Gross Site Area.

Elements of Comparison

There are eight major comparison categories that must be considered in the direct sales comparison approach. These include the following:

Date of Sale	1.	Property rights conveyed
	2.	Financing
	3.	Conditions of Sale
	4.	Expenditures made after sale
Trend Forward	5.	Market Trends
Appraisal Effective Date	6.	Location of Sale Property
	7.	Physical Attributes
	8.	Economic Attributes

Each of these categories will be addressed in the subsequent analysis, as it relates to the subject.

Sale Selection Criteria

All of the sites have a H&BU to hold for future use/development and it is non-buildable; therefore, we have examined only non-buildable, vacant site sales. There have been several purchases of portions of alleyways in the past two years.

Sale Collection Results
There have been a limited amount of non-buildable sales near the subject, but there is sufficient to estimate a value for the subject.

I located several sales in the subject market area. The following table summarizes those sales:

Land Sale No. 1

Property Identification

Record ID	27
Property Type	Land, Alley
Description	Portion of a 15' wide public alley between 210 Center Street North and 101 Wilmar Place NW
Tax ID	None Assigned

Sale Data

Grantor	Town of Vienna
Grantee	Pellegrino, Mark
Recording Date	July 14, 2015
Conditions of Sale	Deed of Consolidation
Transfer Price	$1,687.50

Land Data

Zoning	None
Utilities	Public
Shape	Rectangular

Land Size Information

Gross Land Size	562.50 Square Feet

Indicators

Sale Price/Gross SF	$3.00/SF or **$1,687.50**

Remarks

Portion of an alley parcel. The town retains an access easement to remaining alley.

Land Sale No. 2

Property Identification

Record ID	28
Property Type	Land, Alley
Description	15’ wide public alley behind 114 Ayr Hill Avenue NW
Tax ID	None Assigned

Sale Data

Grantor	Town of Vienna
Grantee	Bordelon, Francis & Gretchen
Approval Date	January 1, 2014
Conditions of Sale	Deed of Consolidation
Transfer Price	$2,250

Land Data

Zoning	None
Utilities	Public
Shape	Rectangular

Land Size Information

Gross Land Size	750 Square Feet

Indicators

Sale Price/Gross SF	$3.00/SF or $2,250

Remarks

Portion of an alley parcel.

Land Sale No. 3

Property Identification

Record ID	28
Property Type	Land, Alley
Description	Portion of a 15’ wide public alley behind 210 Center Street North
Tax ID	None Assigned

Sale Data

Grantor	Town of Vienna
Grantee	Kaplan, Sam & Strimel, Jenny
Approval Date	January 27, 2014
Conditions of Sale	Deed of Consolidation
Transfer Price	$2,250

Land Data

Zoning	None
Utilities	Public
Shape	Rectangular

Land Size Information

Gross Land Size	750 Square Feet

Indicators

Sale Price/Gross SF	$3.00/SF or $2,250

Remarks

Portion of an alley parcel.

Sales Adjustment Chart

Element	Subject	Sale 1	Sale 2	Sale 3
Sales Price		$1,688	$2,250	$2,250
Site Size (Square Feet)		562.50	750.00	750.00
Sales Price Per Square Feet		$3.00	$3.00	$3.00
Property Rights Adjustment		$0.00	$0.00	$0.00
Adjusted price		$3.00	$3.00	$3.00
Financing adjustment		$0.00	$0.00	$0.00
Market conditions adjustment		$0.00	$0.00	$0.00
Conditions of sale adjustment		$0.00	$0.00	$0.00
Adjusted price		$3.00	$3.00	$3.00
Location	Vienna	0.0%	0.0%	0.0%
Shape	Regular	0.0%	0.0%	0.0%
Buildable	No	0.0%	0.0%	0.0%
Zoning	Assumed RS-10	0.0%	0.0%	0.0%
Size	375 SF	0.0%	0.0%	0.0%
Total Percentage of Physical Adj		0.0%	0.0%	0.0%
Total Dollar Amount of Adj.		$0.00	$0.00	$0.00
Final adjusted sales price per unit		**$3.00**	**$3.00**	**$3.00**

Discussion & Analysis

The previous sales represent a survey of land sales in the area that were the most comparable available.

The subject's highest and best use (H&BU) is to hold for future use/development. Given the small size, it has very little ability to be developed solely.

The subject is valued in its current state, at its H&BU. An examination and adjustment of several of the sales will result in range of $/SF of site area (the unit of comparison). A final value with then be reconciled.

Conclusion

The subject is extraordinarily assumed that it can be split from the Wilmar Place alley, unencumbered by easement, saleable, and assumed to receive the RS-10 zoning or a very similar zoning. The three comparable transfers are from the same alleyway.

The final value opinion of the subject is estimated at $3.00 per square foot, which is the unadjusted center of the range. All three transfers are portions of the same alley as the subject and all sold for $3.00/square foot. No adjustments are needed. Each was transferred via a Deed of Consolidation and are now part of the respective homeowner's site.

The subject is valued via the Sales Comparison Approach as follows:

Sales Comparison Approach Value Opinion		
Square Feet		375
$/Sq Ft		$3.00
Value		$1,125
Minus Demolition		$0
Final Value (Rounded)		**$1,125**

Reconciliation

Summary of Approaches

The pertinent approaches to value have been summarized in this appraisal analysis. A summary of the value conclusions of each of these individual approaches indicates the following:

Cost Approach – *The cost of reproducing or replacing the subject property, less depreciation from all sources, plus the land value as determined through market comparison.*	**Not Completed**

Direct Sales Comparison Approach – *The value as indicated by recent sales of comparable properties, as adjusted to account for all differences in physical, location and economic characteristics.*	**$1,125**

Income Approach – *The value which can be supported by the property's net earning capacity, based upon capitalization of the net income imputable to the property.*	**Not Completed**

Conclusion

Only one method is used to value the subject in it's as-is state; therefore, a final value does not need to be reconciled, as the Sales Comparison approach is weighted 100%.

Based on the foregoing, the market value of the subject has been concluded as follows:

Market Value Conclusion

Premise	Interest Appraised	Effective Date	Value Conclusion
"As Is"	**Fee Simple**	**December 1, 2015**	**$1,125**

Certification Statement

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- I **have** made a personal inspection of the property that is the subject of this report. I did not inspect the interiors of the two houses. I observed them from the exterior only.
- No one provided significant real property appraisal assistance to the person signing this certification.
- I have not performed **a previous appraisal of the subject property or any other services** involving the subject property within the three years prior to this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I, Andy Ruffner, MAI, SRA has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Designated Members.

Andy Ruffner, MAI, SRA
VA License #4001 004103
December 23, 2015

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.

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.

No part of this appraisal, its value estimates or the identity of the firm or the appraiser may be communicated to the public through advertising, public relations, media sales, or other media.

All files, work papers and documents developed in connection with this assignment are the property of Andy Ruffner. 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.

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 or made known to the appraiser. 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.

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.

Good title, free of liens, encumbrances and special assessments is assumed. No responsibility is assumed for matters of a legal nature.

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.

It is assumed there is no zoning violations, encroachments, easements or other restrictions which would affect the subject property, unless otherwise stated.

The appraiser is not required to give testimony in Court in connection with this limited appraisal. If the appraisers are subpoenaed pursuant to a court order, the client agrees to pay the appraiser our regular per diem rate plus expenses.

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.

Appraiser's License

COMMONWEALTH of VIRGINIA

Department of Professional and Occupational Regulation
9960 Mayland Drive, Suite 400, Richmond, VA 23233
Telephone: (804) 367-8500

EXPIRES ON
10-31-2017

NUMBER
4001004103

REAL ESTATE APPRAISER BOARD

CERTIFIED GENERAL REAL ESTATE APPRAISER

JAMES ANDREW RUFFNER
11501 WARREN LANE
FAIRFAX, VA 22030

DPOR

Jay W. DeBoer, Director

Status can be verified at http://www.dpor.virginia.gov

(SEE REVERSE SIDE FOR PRIVILEGES AND INSTRUCTIONS)

DPOR-LIC (05/2015)

Appraiser's E&O Insurance Declaration

GREAT AMERICAN INSURANCE GROUP
301 E. Fourth Street, Cincinnati, OH 45202

DECLARATIONS
for
REAL ESTATE PROFESSIONAL
ERRORS & OMISSIONS INSURANCE POLICY

THIS IS A CLAIMS MADE INSURANCE POLICY.

THIS POLICY APPLIES ONLY TO THOSE CLAIMS THAT ARE FIRST MADE AGAINST AN INSURED DURING THE POLICY PERIOD. ALL CLAIMS MUST BE REPORTED IN WRITING TO THE COMPANY DURING THE POLICY PERIOD OR WITHIN SIXTY (60) DAYS AFTER THE END OF THE POLICY PERIOD.

Insurance is afforded by the company indicated below: (A capital stock corporation)

☒ Great American Assurance Company

Note: The Insurance Company selected above shall herein be referred to as the **Company**.

Policy Number: **RAB3874047-15** Renewal of: **RAB3874047-14**

Program Administrator: **Herbert H. Landy Insurance Agency Inc.**
75 Second Ave Suite 410
Needham, MA 02494-2876

Item 1. **Named Insured**: **RSG Commercial Inc**

Item 2. **Address**: **11501 Warren Lane**
City, State, Zip Code: **Fairfax, VA 22030**
Attn:

Item 3. **Policy Period**: From **10/09/2015** *(Month, Day, Year)* To **10/09/2016** *(Month, Day, Year)*
(Both dates at 12:01 a.m. Standard Time at the address of the **Named Insured** as stated in Item 2.)

Item 4. **Limits of Liability**: **(inclusive of claim expenses):**
A. $ 1,000,000 Limit of Liability - Each Claim
B. $ 1,000,000 Limit of Liability - Policy Aggregate
C. $ 250,000 Limit of Liability - Fair Housing Claims
D. $ 100,000 Limit of Liability - Fungi Claims

Item 5. **Deductible: (inclusive of claim expense): $ 15,000 Each Claim**

Item 6. **Premium**: $ **1,268.00**

Item 7. **Retroactive Date** (if applicable): **10/09/2011**

Item 8. **Forms, Notices and Endorsements attached**:
D43100 (05/13) D43300 VA (05/13)
D43421 VA (10/13) D43432 (05/13) D43416 (05/13)
D43425 (05/13) D43408 (05/13)

Authorized Representative

D43101 (05/13) Page 1 of 1

Appraiser's Qualifications

Andy Ruffner, MAI, SRA

Direct Office 703.273.9106 E-mail Andy.Ruffner@RSGCommercial.com

EXPERIENCE & QUALIFICATIONS	**Highlights of Experience and Qualifications** • 21 Years of Appraising Experience • B.S. Economics, Shippensburg University of Pennsylvania • Qualified Expert Witness in several municipalities in Virginia and US Federal Bankruptcy Court • Member of the Appraisal Institute, MAI & SRA designated • Passed all MAI & SRA designation requirements including Comprehensive Exam, Demonstration of Knowledge Report, all MAI Education, and Experience Screening. • Specialty expertise in RV/Campground Resort Properties & Mobile Home Parks • Vast experience in rural and quasi-rural commercial and residential properties
PROFESSIONAL LICENSURE	**Real Estate Appraiser Licenses** • Virginia, Certified General Appraiser • Maryland, Certified General Appraiser • The District of Columbia, General Appraiser • West Virginia, Certified General Appraiser
APPRAISAL SPECIFIC EDUCATION	**The Appraisal Institute** • Course 310: Basic Income Capitalization w/exam • Course 320: General Applications w/exam • Course 330: Apartment Appraisal, Concepts & Apps. w/exam • Course 510: Advanced Income Capitalization w/exam • General Market Analysis & Highest & Best w/exam • Course 530: Advanced Sales & Cost Approach w/exam • Course 540: Report Writing and Valuation Analysis, w/exam • Course 550: Advanced Applications w/exam • USPAP, 15 Hour AQB Approved Course w/ exam • Business Practices & Ethics, 8 hours w/ exam • Appraising Convenience Stores, Seminar • Forecasting Revenues, Seminar • Analyzing Operating Expenses, Seminar • GIS: The Executive Overview, Seminar • The Discounted Cash Flows Model: Concepts, Issues, and Applications, Seminar • General Demonstration Appraisal Report Writing, Seminar • FHA Appraisal, Seminar
APPRAISAL SPECIFIC	• Data Verifications and Methods • Subdivision Valuation • Eminent Domain and Condemnation