

THE STATE OF SOUTH CAROLINA  
In The Court of Appeals

---

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Shirley C. Robinson, Administrative Law Judge

---

Docket No. 2009-ALJ-17-0533-CC

---

Charleston County Assessor, ..... Appellant,

v.

LMP Properties, Inc., ..... Respondent.

---

**RECORD ON APPEAL**

**VOLUME II Of III**

---

Joseph Dawson, III, County Attorney  
Bernard E. Ferrara, Jr., Deputy County Attorney  
Austin A. Bruner, Assistant County Attorney  
Bradley A. Mitchell, Assistant County Attorney  
Charleston County Attorney's Office  
Lonnie Hamilton, III Public Services Building  
4045 Bridge View Drive  
North Charleston, South Carolina 29405  
(843) 958-4010  
Attorneys for Appellant

Stanley C. Rodgers, Esquire  
Law Office of Stanley C. Rodgers, LLC  
101 Queen Street, Suite 200  
Charleston, South Carolina 29401  
(843) 958-9881  
Attorney for Respondent

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**Assessors Exchange Summary**

File No. 08/599-00-00-XXX

|                   |                                     |           |            |
|-------------------|-------------------------------------|-----------|------------|
| Borrower/Client:  | N/A                                 |           |            |
| Property Address: | 1100 Legends Club Dr, 1 BR, # 1 bed |           |            |
| City:             | Mt. Pleasant                        | County:   | Charleston |
|                   |                                     | State:    | SC         |
|                   |                                     | Zip Code: | 29466      |
| Lender:           | Ad Valorem Tax Purposes             |           |            |

**ASSESSOR'S EXCHANGE**

Enclosed find copies of documents, including appraisals, property sales, and a brief description of any other evidence that will be introduced or submitted by the Assessor. Also enclosed are the names of the witnesses who will testify, and a brief statement of what the witnesses will be expected to establish or prove.

**PARCEL DATA**

AS OF DECEMBER 31, 2003, FOR TAX YEAR 2008.

|                            |                                                            |               |     |
|----------------------------|------------------------------------------------------------|---------------|-----|
| Owner:                     | Keystone Legends I LP                                      |               |     |
| Agent:                     |                                                            |               |     |
| Parcel ID Number:          | 08/599-00-00-XXX                                           | Tax District: | 2-1 |
| Property Location/Address: | 1100 Legends Club Dr, 1 BR, # 1 bed                        |               |     |
| Legal Description:         | 1 Bedrm Unit, Dogwood Plan, The Legends *** See Addenda*** |               |     |

**OPINION OF VALUE**

|                | Appellant          |                    | Assessor           |                    |
|----------------|--------------------|--------------------|--------------------|--------------------|
|                | FMV <sup>(1)</sup> | ERA <sup>(2)</sup> | FMV <sup>(1)</sup> | ERA <sup>(2)</sup> |
| Land Value     |                    |                    |                    |                    |
| Building Value |                    |                    |                    |                    |
| Improved Value |                    |                    |                    |                    |
| <b>TOTAL</b>   |                    |                    |                    |                    |

**Comments:** See Attached: "Issues Surrounding the Case"

Witness(es) to Testify:

Angela H. Sawadske  
Senior Staff Appraiser


Toy Glennon, Assessor

July 22, 2010

Date

Note:

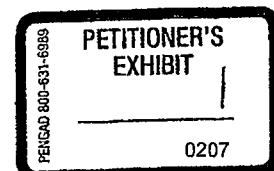
- (1) FMV = Full (100%) Market Value (Estimate as of 12/31/03)  
 (2) ERA = Equity Relationship of Appellant's Property to Other Similar Properties in the Area

BAA#:

BAA: 08 -0004

PID#:

08/599-00-00-XXX



**Issues Surrounding the Case**

File No. 08/599-00-00-XXX

|                  |                                     |
|------------------|-------------------------------------|
| Borrower/Client  | N/A                                 |
| Property Address | 1100 Legends Club Dr, 1 BR, # 1 bed |
| City             | Mt. Pleasant                        |
| County           | Charleston                          |
| State            | SC                                  |
| Zip Code         | 29466                               |
| Lender           | Ad Valorem Tax Purposes             |

Issues Surrounding the Case:

The Legends is a 200 unit condominium complex located in Mt. Pleasant, located in front of the Charleston National subdivision. It is a private gated community with a pool, clubhouse, fitness center, business center, tennis courts and a playground. The project was originally an apartment complex that was converted to condominiums by master deed D581-121 filed April 27, 2006. For tax year 2007, each condo unit was valued individually and notices were mailed informing the owners of the new values. For tax year 2008 one of the owners has appealed, requesting that 121 of the 143 units he owns be valued as an apartment complex. There are no outstanding appeals from the owners of the other 57 units in the complex for tax year 2008.

The Legends has a total of 11 floor plans. For the Administrative Law Court, an appraisal has been submitted for a typical 1 bedroom, 2 bedroom and 3 bedroom unit with effective dates of 12/31/2003 and 12/31/2007. This was done in order to verify if the 2007 values had dropped below the 2003 values. After completing these appraisals it was confirmed that 2007 values had not fallen below 2003 values, but the appraiser would recommend that the individual 2003 values be lowered according to the spreadsheet below.

| Floor Plan | Pre-Appeal  | 12/31/2007      | Recommended |
|------------|-------------|-----------------|-------------|
|            | 2003 Values | Lien Date Value | 2003 Values |

**1 Bedroom Units**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Azalea Plan (13)          | \$115,000 | \$140,000 | \$105,000 |
| Azalea Elongated Plan(10) | \$120,000 | \$143,000 | \$107,000 |
| Dogwood Plan (33)         | \$120,000 | \$146,000 | \$110,000 |
| Magnolia Garage Plan (5)  | \$145,000 | \$171,000 | \$134,000 |

**2 Bedroom Units**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Jasmine Plan (2)          | \$175,000 | \$193,000 | \$148,000 |
| Jasmine Elongated Plan(1) | \$180,000 | \$199,000 | \$156,000 |
| Jasmine Garage Plan (6)   | \$200,000 | \$216,000 | \$170,000 |
| Oleander Plan (38)        | \$182,000 | \$202,000 | \$157,000 |
| Oleander Garage Plan (1)  | \$205,000 | \$222,000 | \$175,000 |

**3 Bedroom Units**

|                          |           |           |           |
|--------------------------|-----------|-----------|-----------|
| Camellia Plan (9)        | \$205,000 | \$215,000 | \$170,000 |
| Camellia Garage Plan (3) | \$230,000 | \$238,000 | \$192,000 |

## APPRAISAL OF REAL PROPERTY



### LOCATED AT

1100 Legends Club Dr, 1 BR, # 1 bed  
Mt. Pleasant, SC 29466  
.1 Bedrm Unit, Dogwood Plan, The Legends \*\*\* See Addenda\*\*\*

### FOR

Ad Valorem Tax Purposes  
N/A

### OPINION OF VALUE

110,000

### AS OF

12/31/2003

### BY

Angela H. Sawadske  
Charleston County Assessor's Office

Charleston, SC  
(843) 958-4100  
asawadske@charlestoncounty.org

BAA: 08 -0004

File No.: 08/599-00-00-XXX

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

|                                 |                                                                                                                                                                                                                                                   |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|------------------------------------|--|
| <b>SUBJECT</b>                  | Property Address: 1100 Legends Club Dr, 1 BR                                                                                                                                                                                                      |  | Unit #: 1 bed                                                                                                                                                                      |  | City: Mt. Pleasant                                                                                                                                                                            |  | State: SC                          |  |
|                                 | Zip Code: 29466                                                                                                                                                                                                                                   |  | County: Charleston                                                                                                                                                                 |  | Legal Description: 1 Bedrm Unit, Dogwood Plan, The Legends *** See                                                                                                                            |  |                                    |  |
|                                 | Addenda***                                                                                                                                                                                                                                        |  | Assessor's Parcel #: 599-00-00-XXX *** See Addenda***                                                                                                                              |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Tax Year: 2008                                                                                                                                                                                                                                    |  | R.E. Taxes: \$ Est 1500                                                                                                                                                            |  | Special Assessments: \$ None Noted                                                                                                                                                            |  | Borrower (if applicable): N/A      |  |
| <b>ASSIGNMENT</b>               | Current Owner of Record: Keystone Legends I LP                                                                                                                                                                                                    |  | Occupant: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant (Market Rent) <input type="checkbox"/> Tenant (Regulated Rent) <input type="checkbox"/> Vacant |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Project Type: <input type="checkbox"/> Condominium <input checked="" type="checkbox"/> Other (describe) Apartment Complex as of effective date of appr.                                                                                           |  | HDA: \$ N/A                                                                                                                                                                        |  | <input type="checkbox"/> per year                                                                                                                                                             |  | <input type="checkbox"/> per month |  |
|                                 | Market Area Name: Mount Pleasant                                                                                                                                                                                                                  |  | Map Reference: 599-00-00-XX                                                                                                                                                        |  | Census Tract: 46.01                                                                                                                                                                           |  |                                    |  |
|                                 | Project Name: The Legends                                                                                                                                                                                                                         |  | Phase: 11                                                                                                                                                                          |  |                                                                                                                                                                                               |  |                                    |  |
| <b>MARKET AREA DESCRIPTION</b>  | The purpose of this appraisal is to develop an opinion of: <input checked="" type="checkbox"/> Market Value (as defined), or <input type="checkbox"/> other type of value (describe) For Ad Valorem Taxes                                         |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | This report reflects the following value (if not Current, see comments): <input type="checkbox"/> Current (the Inspection Date is the Effective Date) <input checked="" type="checkbox"/> Retrospective <input type="checkbox"/> Prospective      |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Approaches developed for this appraisal: <input checked="" type="checkbox"/> Sales Comparison Approach <input type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach (See Reconciliation Comments and Scope of Work) |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Property Rights Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Leased Fee <input type="checkbox"/> Other (describe)                                                        |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
| <b>PROJECT SITE DESCRIPTION</b> | Intended Use: See Addenda                                                                                                                                                                                                                         |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Intended User(s) (by name or type): See Addenda                                                                                                                                                                                                   |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Client: Charleston County                                                                                                                                                                                                                         |  | Address: 101 Meeting Street, Charleston, SC 29401                                                                                                                                  |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Appraiser: Angela H. Sawadske                                                                                                                                                                                                                     |  | Address: 101 Meeting Street, Charleston, SC 29401                                                                                                                                  |  |                                                                                                                                                                                               |  |                                    |  |
| <b>MARKET AREA DESCRIPTION</b>  | Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural                                                                                                                              |  | Predominant Occupancy                                                                                                                                                              |  | Condominium Housing                                                                                                                                                                           |  | Present Land Use                   |  |
|                                 | Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%                                                                                                                         |  | <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant                                                                                                          |  | PRICE \$ (000)                                                                                                                                                                                |  | AGE (yrs)                          |  |
|                                 | Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow                                                                                                                              |  | <input type="checkbox"/> Vacant (0-5%) <input checked="" type="checkbox"/> Vacant (>5%)                                                                                            |  | 97 Low 1                                                                                                                                                                                      |  | One-Unit %                         |  |
|                                 | Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining                                                                                                                |  | <input type="checkbox"/> Vacant (0-5%) <input checked="" type="checkbox"/> Vacant (>5%)                                                                                            |  | 248 High 20                                                                                                                                                                                   |  | 2-4 Unit %                         |  |
| <b>MARKET AREA DESCRIPTION</b>  | Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply                                                                                                              |  | <input type="checkbox"/> Vacant (0-5%) <input checked="" type="checkbox"/> Vacant (>5%)                                                                                            |  | 155 Pred 3                                                                                                                                                                                    |  | Multi-Unit 99% * To:               |  |
|                                 | Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.                                                                                                           |  | <input type="checkbox"/> Vacant (0-5%) <input checked="" type="checkbox"/> Vacant (>5%)                                                                                            |  | 155 Pred 3                                                                                                                                                                                    |  | Comm'l 1%                          |  |
|                                 | Market Area Boundaries, Description, and Market Conditions (including support for the above characteristics and trends): Typical financing is conventional or cash.                                                                               |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | It is typical of the market for sellers to pay buyers closing costs. Average time on market is 3-9 months.                                                                                                                                        |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
| <b>PROJECT SITE DESCRIPTION</b> | Zoning Classification: Residential                                                                                                                                                                                                                |  | Description: PD - Planned Development                                                                                                                                              |  | Zoning Compliance: <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (grandfathered) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning |  |                                    |  |
|                                 | Ground Rent (if applicable) \$ N/A/                                                                                                                                                                                                               |  | Comments: N/A                                                                                                                                                                      |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Highest & Best Use as improved (or as proposed per plans & specifications): <input checked="" type="checkbox"/> Present use, or <input type="checkbox"/> Other use (explain)                                                                      |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Actual Use as of Effective Date: Apartment Complex                                                                                                                                                                                                |  | Use as appraised in this report: Residential Condominium                                                                                                                           |  |                                                                                                                                                                                               |  |                                    |  |
| <b>PROJECT SITE DESCRIPTION</b> | Summary of Highest & Best Use: The current use as a residential condominium is the highest and best use of this property. Current zoning allows this use and it is physically, and legally permissible.                                           |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 | Utilities                                                                                                                                                                                                                                         |  | Public                                                                                                                                                                             |  | Other                                                                                                                                                                                         |  | Provider/Description               |  |
|                                 | Electricity                                                                                                                                                                                                                                       |  | <input checked="" type="checkbox"/>                                                                                                                                                |  | <input type="checkbox"/>                                                                                                                                                                      |  | Off-site Improvements Type         |  |
|                                 | Gas                                                                                                                                                                                                                                               |  | <input checked="" type="checkbox"/>                                                                                                                                                |  | <input type="checkbox"/>                                                                                                                                                                      |  | Street Asphalt                     |  |
| <b>PROJECT SITE DESCRIPTION</b> | Water                                                                                                                                                                                                                                             |  | <input checked="" type="checkbox"/>                                                                                                                                                |  | <input type="checkbox"/>                                                                                                                                                                      |  | Curb/Gutter Concrete               |  |
|                                 | Sanitary Sewer                                                                                                                                                                                                                                    |  | <input checked="" type="checkbox"/>                                                                                                                                                |  | <input type="checkbox"/>                                                                                                                                                                      |  | Sidewalk Concrete                  |  |
|                                 | Storm Sewer                                                                                                                                                                                                                                       |  | <input type="checkbox"/>                                                                                                                                                           |  | <input type="checkbox"/>                                                                                                                                                                      |  | Street Lights Typical Overhead     |  |
|                                 | Other site elements: <input checked="" type="checkbox"/> Inside Lot <input type="checkbox"/> Corner Lot <input type="checkbox"/> Cul de Sac <input type="checkbox"/> Underground Utilities <input type="checkbox"/> Other (describe)              |  | <input type="checkbox"/>                                                                                                                                                           |  | <input type="checkbox"/>                                                                                                                                                                      |  | Alley None                         |  |
| <b>PROJECT SITE DESCRIPTION</b> | FEMA Spec'l Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                                                                                                                                 |  | FEMA Flood Zone Zone X                                                                                                                                                             |  | FEMA Map # 45019C0345J                                                                                                                                                                        |  | FEMA Map Date 11/17/04             |  |
|                                 | Site Comments: Final determination of flood zone should lie in survey. No adverse easements or encroachments noted at the time of inspection.                                                                                                     |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 |                                                                                                                                                                                                                                                   |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |
|                                 |                                                                                                                                                                                                                                                   |  |                                                                                                                                                                                    |  |                                                                                                                                                                                               |  |                                    |  |

BAA: 08-0004

File No.: 08/599-00-00-XXX

**INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT**

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |                                               |                                                   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------|---------------------------------------------------|
| Data source(s) for project information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                               | Physical Inspection, Master Deed, Owner, MLS  |                                                   |
| Project Description: <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input checked="" type="checkbox"/> Other (describe): Low-Rise                                                                                                                                                                                                                                                                                                                                                                                                                                   |                               |                                               |                                                   |
| <b>General Description of Project</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                               | <b>Subject Phase #</b>                        |                                                   |
| # of Stories: Two                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Exterior Walls: Hardi Plank   | Units: 200                                    | Phases: 1                                         |
| # of Elevators: N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Roof Surface: Comp Shingles   | Units Completed: 200                          | Planned Phases: N/A                               |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Und.Cons.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Total # Parking: ***See       | Units For Sale: N/A                           | Planned Units: N/A                                |
| Design (Style): Low-Rise                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Ratio (spaces/unit): Below*** | Units Sold: N/A                               | Units for Sale: N/A                               |
| Actual Age (Yrs.): Built 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Parking Type(s): Open         | Units Rented: 196                             | Units Sold: N/A                                   |
| Effective Age (Yrs.): 3 Years                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Guest Parking: Included       | Units Rented: 196                             | Units Rented: N/A                                 |
| Project Primary Occupancy: <input type="checkbox"/> Principle Residence <input type="checkbox"/> Second Home or Recreational <input checked="" type="checkbox"/> Tenant *** See Addenda ***                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                               | Owner Occup. Units: N/A                       | Owner Occup. Units: N/A                           |
| Is the developer/builder in control of the Homeowners' Association (HOA)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                               |                                               |                                                   |
| Management Group: <input type="checkbox"/> Homeowners' Association <input checked="" type="checkbox"/> Developer <input type="checkbox"/> Management Agent (name of management agent or company): Keystone Legends I LP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                               |                                               |                                                   |
| owned all 200 units in the complex as of the effective date of value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                               |                                               |                                                   |
| Was the project created by the conversion of existing building(s) into a condominium? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and date of conversion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                               |                                               |                                                   |
| The project was an apartment complex that was converted to a condominium by master deed D581-121 filed April 27, 2006.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                               |                                               |                                                   |
| Are CC&Rs applicable? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Have the documents been reviewed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Comments:                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               |                                               |                                                   |
| Project Comments (condition, quality of construction, completion status, etc.): The project was an apartment complex that was converted to a condominium by master deed D581-121 filed April 27, 2006. The complex is average quality of construction and average condition for its age. Common elements include privacy gate entry, swimming pool, fitness facility, tennis courts, business center, laundry room, mailbox, the compactor, and Club House. The project is complete. The complex was constructed with each unit having separate HVAC, electric meters, water meters, and washer/dryer connections thus making the cost to convert the units from multi-family to condominiums minimal. |                               |                                               |                                                   |
| Common Elements and Recreational Facilities: Common elements include private entry gate, swimming pool, fitness facility, tennis courts, business center, laundry room, mailbox, the compactor, and Club House.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |                                               |                                                   |
| Summary of condominium project budget analysis for the current year (if analyzed): Due to the property being a multi-family apartment complex as of the effective date, there is no condominium budget to analyze.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                               |                                               |                                                   |
| Other fees for the use of the project facilities (other than regular HOA charges): None Noted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                               |                                               |                                                   |
| Compared to other competitive projects of similar quality and design, the subject unit charge appears <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Low (If High or Low, describe)                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                               |                                               |                                                   |
| Due to this being a hypothetical appraisal, there are no current unit charges to analyze.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                               |                                               |                                                   |
| Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe and explain the effect on value and marketability. None Known                                                                                                                                                                                                                                                                                                                                                                                    |                               |                                               |                                                   |
| Unit Charge: \$ N/A per month X 12 = \$ N/A per year. Annual assessment charge per year per SF of GLA = \$ N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                               |                                               |                                                   |
| Utilities included in the Unit Charge: <input checked="" type="checkbox"/> None <input type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Cable <input type="checkbox"/> Other Apartment                                                                                                                                                                                                                                                                                                                                        |                               |                                               |                                                   |
| Source(s) used for physical characteristics of property: <input checked="" type="checkbox"/> New Inspection <input checked="" type="checkbox"/> Previous Appraisal Files <input checked="" type="checkbox"/> MLS <input checked="" type="checkbox"/> Assessment and Tax Records <input checked="" type="checkbox"/> Prior Inspection                                                                                                                                                                                                                                                                                                                                                                   |                               |                                               |                                                   |
| <input checked="" type="checkbox"/> Property Owner <input checked="" type="checkbox"/> Other (describe): Master Deed Data Source for Gross Living Area: Master Deed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                               |                                               |                                                   |
| <b>General Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                               | <b>Exterior Description</b>                   |                                                   |
| Floor Location: 1st Floor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Foundation: CC Slab           | Foundation: <input type="checkbox"/> N/A      | Basement: <input checked="" type="checkbox"/> N/A |
| # of Levels: 1 Story                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Exterior Walls: Hardi Plank   | Slab: Concrete                                | Area Sq. Ft.:                                     |
| Design (Style): 1 Story                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Roof Surface: Comp Shingles   | Crawl Space: None                             | % Finished:                                       |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Gutters & Dwnsppts: Yes/Yes   | Basement: None                                | Ceiling:                                          |
| <input type="checkbox"/> Under Construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Window Type: Vinyl Insulated  | Sump Pump: <input type="checkbox"/> N/A       | Walls:                                            |
| Actual Age (Yrs.): Built 2000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Storm Screens: No / Yes       | Dampness: <input type="checkbox"/> None Noted | Floor:                                            |
| Effective Age (Yrs.): 3 yrs                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                               | Settlement: None Noted                        | Outside Entry:                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               | Infestation: None Noted                       |                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |                                               | Heating Type: FWA                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |                                               | Fuel: Electric                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |                                               | Cooling: Central Yes                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                               |                                               | Other:                                            |

BAA: 08-0004

File No. 08/599-00-00-XXX

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

|                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|---------------------------------------------------------------------|-------------------|---------------------------------------------------------------------|
| UNIT IMPROVEMENTS (continued)                                                                                                                                                                                                                                                                                                                                                                                                        | Interior Description                                                                                                                                                                                                | Appliances                                                          | Attic                                                                                                                                                                          | <input type="checkbox"/> N/A                   | Amenities                                                           | Car Storage       | <input type="checkbox"/> None                                       |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Floors                                                                                                                                                                                                              | Carpet/Vinyl/Average                                                | Refrigerator                                                                                                                                                                   | <input checked="" type="checkbox"/> Stairs     | Fireplace(s) #                                                      | Garage #          |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Walls                                                                                                                                                                                                               | Drywall/Average                                                     | Range/Oven                                                                                                                                                                     | <input checked="" type="checkbox"/> Drop Stair | Woodstove(s) #                                                      | Covered #         |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Trim/Finish                                                                                                                                                                                                         | Wood/Average                                                        | Disposal                                                                                                                                                                       | <input type="checkbox"/> Scuttle               | Patio                                                               | Open #            | ***See                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Bath Floor                                                                                                                                                                                                          | Vinyl / Average                                                     | Dishwasher                                                                                                                                                                     | <input checked="" type="checkbox"/> Doorway    | Deck                                                                | Total # of cars   | Adenda**                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Bath Wainscot                                                                                                                                                                                                       | Fiberglass/Average                                                  | Fan/Hood                                                                                                                                                                       | <input type="checkbox"/> Floor                 | Porch                                                               | Assigned          |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Doors                                                                                                                                                                                                               | Hollow Core/Average                                                 | Microwave                                                                                                                                                                      | <input checked="" type="checkbox"/> Heated     | Pool                                                                | Owned             |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                     |                                                                     | Washer/Dryer                                                                                                                                                                   | <input checked="" type="checkbox"/> Finished   | Balcony                                                             | Space # (s)       |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| Finished area above grade contains: 4 Rooms 1 Bedrooms 1 Bath(s) 753 Square Feet of Gross Living Area Above Grade                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| Are the heating and cooling for the individual units separately metered? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If No, describe)                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| Additional features: This is the Dogwood floor plan. 20 of the units with this floor plan are located on the first floor, with a screen porch. 20 of the units with this floor plan are located on the second floor with a balcony. See Below.                                                                                                                                                                                       |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| Describe the condition of the property (including physical, functional and external obsolescence): Features include ceramic tile foyer, carpet and vinyl flooring throughout, washer and dryer connections, walk-in closets. Kitchen has formica countertops, white cabinets, white electric appliances including stove, dishwasher and microwave. The units are in average condition. No functional or external obsolescence noted. |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| INCOME APPROACH                                                                                                                                                                                                                                                                                                                                                                                                                      | INCOME APPROACH TO VALUE (if developed) The Income Approach was not developed for this appraisal.                                                                                                                   |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | FEATURE                                                                                                                                                                                                             | SUBJECT                                                             | COMPARABLE RENTAL # 1                                                                                                                                                          |                                                | COMPARABLE RENTAL # 2                                               |                   | COMPARABLE RENTAL # 3                                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Address                                                                                                                                                                                                             | 1100 Legends Club Dr, 1 BR, # 1<br>Mt. Pleasant, SC 29466           | 1100 Legends Club Dr.<br>Mt. Pleasant, SC 29466                                                                                                                                |                                                | 1563 Oxborough Circle<br>Mt. Pleasant, SC 29466                     |                   | 1304 Old Tabby Ln.<br>Mt. Pleasant, SC 29464                        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Project                                                                                                                                                                                                             | The Legends                                                         | The Legends                                                                                                                                                                    |                                                | Ellington Woods                                                     |                   | Eastwood                                                            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Phase                                                                                                                                                                                                               | 1                                                                   | 1                                                                                                                                                                              |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Proximity to Subject                                                                                                                                                                                                |                                                                     | Same Project                                                                                                                                                                   |                                                | Within 2 Miles                                                      |                   | Approximately 6.5 miles                                             |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Current Monthly Rent                                                                                                                                                                                                | \$ N/A                                                              | \$ 690                                                                                                                                                                         |                                                | \$ 935                                                              |                   | \$ 950                                                              |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Rent/GLA                                                                                                                                                                                                            | \$ /sq.ft.                                                          | \$ 1.00 /sq.ft.                                                                                                                                                                |                                                | \$ 0.64 /sq.ft.                                                     |                   | \$ 0.87 /sq.ft.                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Rent Control                                                                                                                                                                                                        | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                                                                                                            |                                                | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |                   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Data Source(s)                                                                                                                                                                                                      | MLS, Public Records                                                 | Submitted Rent Rolls                                                                                                                                                           |                                                | MLS, Public Records                                                 |                   | MLS, Public Records                                                 |
| Date of Lease(s)                                                                                                                                                                                                                                                                                                                                                                                                                     | N/A                                                                                                                                                                                                                 | Unknown                                                             |                                                                                                                                                                                | Unknown                                        |                                                                     | Unknown           |                                                                     |
| Location                                                                                                                                                                                                                                                                                                                                                                                                                             | The Legends                                                                                                                                                                                                         | The Legends                                                         |                                                                                                                                                                                | Ellington Woods                                |                                                                     | Eastwood          |                                                                     |
| View                                                                                                                                                                                                                                                                                                                                                                                                                                 | Typical Interior                                                                                                                                                                                                    | Typical Interior                                                    |                                                                                                                                                                                | Typical Interior                               |                                                                     | Typical Interior  |                                                                     |
| Age                                                                                                                                                                                                                                                                                                                                                                                                                                  | Built 2000                                                                                                                                                                                                          | Built 2000                                                          |                                                                                                                                                                                | Built 2000                                     |                                                                     | Built 2002        |                                                                     |
| Condition                                                                                                                                                                                                                                                                                                                                                                                                                            | Average                                                                                                                                                                                                             | Average                                                             |                                                                                                                                                                                | Average                                        |                                                                     | Average           |                                                                     |
| Above Grade                                                                                                                                                                                                                                                                                                                                                                                                                          | Total Bdrms Baths                                                                                                                                                                                                   | Total Bdrms Baths                                                   |                                                                                                                                                                                | Total Bdrms Baths                              |                                                                     | Total Bdrms Baths |                                                                     |
| Room Count                                                                                                                                                                                                                                                                                                                                                                                                                           | 4 1 1                                                                                                                                                                                                               | 4 1 1                                                               |                                                                                                                                                                                | 5 2 2                                          |                                                                     | 5 2 2             |                                                                     |
| Gross Living Area                                                                                                                                                                                                                                                                                                                                                                                                                    | 753 sq.ft.                                                                                                                                                                                                          | 690 sq.ft.                                                          |                                                                                                                                                                                | 1,465 sq.ft.                                   |                                                                     | 1,094 sq.ft.      |                                                                     |
| Utilities Included                                                                                                                                                                                                                                                                                                                                                                                                                   | None                                                                                                                                                                                                                | None                                                                |                                                                                                                                                                                | None                                           |                                                                     | None              |                                                                     |
| Parking                                                                                                                                                                                                                                                                                                                                                                                                                              | Open                                                                                                                                                                                                                | Open                                                                |                                                                                                                                                                                | Open                                           |                                                                     | Open              |                                                                     |
| Summary of Income Approach (including support for market rent and GRM): The gross rent multiplier and the market rent used is based on competing properties similar to the subject. There were no sales in the subject complex as it was prior to the condo conversion. See Addendum for GRM indicators.                                                                                                                             |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| Opinion of Monthly Market Rent \$ 700 X Gross Rent Multiplier 150 = \$ 105,000 Indicated Value by Income Approach                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
| TRANSFER HISTORY                                                                                                                                                                                                                                                                                                                                                                                                                     | My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal. |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Data Source(s): Public Records, MLS                                                                                                                                                                                 |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | 1st Prior Subject Sale/Transfer                                                                                                                                                                                     |                                                                     | Analysis of sale/transfer history and/or any current agreement of sale/listing: The previous transfer of Comparable 1 was at the time of conversion from apartments to condos. |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Date: N/A                                                                                                                                                                                                           |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Price: N/A                                                                                                                                                                                                          |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Source(s): MLS, Public Records                                                                                                                                                                                      |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2nd Prior Subject Sale/Transfer                                                                                                                                                                                     |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Date:                                                                                                                                                                                                               |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Price:                                                                                                                                                                                                              |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                                                      | Source(s):                                                                                                                                                                                                          |                                                                     |                                                                                                                                                                                |                                                |                                                                     |                   |                                                                     |

**INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT****SALES COMPARISON APPROACH TO VALUE (if developed)**

The Sales Comparison Approach was not developed for this appraisal.

| FEATURE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | SUBJECT                                                   | COMPARABLE SALE # 1                                 | COMPARABLE SALE # 2                            | COMPARABLE SALE # 3                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------|------------------------------------------------|-----------------------------------------------|
| Address                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 1400 Legends Club Dr, 1 BR, # 1<br>Mt. Pleasant, SC 29466 | 1481 Center St., Unit 707<br>Mt. Pleasant, SC 29464 | 1873-C Montclair Dr.<br>Mt. Pleasant, SC 29464 | 1323 Kingsford Lane<br>Mt. Pleasant, SC 29466 |
| Project - The Legends<br>Phase 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                           | Bay Club Sea Lofts                                  | Montclair                                      | Ellington Woods<br>Buchanan Plan              |
| Proximity to Subject                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                           | Approximately 7 Miles                               | Approximately 4.5 Miles                        | Within 2 Miles                                |
| Sale Price                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | \$ - N/A                                                  | \$ 125,000                                          | \$ 112,900                                     | \$ 137,100                                    |
| Sale Price/GLA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | \$ - /sq.ft.                                              | \$ 156.25/sq.ft.                                    | \$ 111.78/sq.ft.                               | \$ 84.42/sq.ft.                               |
| Data Source(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | MstrDd, Owner, Insp                                       | MLS, Master Deed, Pub Records                       | MLS, Master Deed, Pub Records                  | MLS, Master Deed, Pub Records                 |
| Verification Source(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 599-00-00-XXX                                             | TMS# 532-16-00-180                                  | TMS# 557-00-00-319                             | TMS# 594-10-00-722                            |
| VALUE ADJUSTMENTS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | DESCRIPTION                                               | DESCRIPTION                                         | DESCRIPTION                                    | DESCRIPTION                                   |
| Sales or Financing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | N/A                                                       | None Known                                          | None Known                                     | None Known                                    |
| Concessions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | N/A                                                       |                                                     |                                                |                                               |
| Date of Sale/Time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | N/A                                                       | 11/23/2004                                          | 12/2/2003                                      | 10/8/2003                                     |
| Rights Appraised                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Fee Simple                                                | Fee Simple                                          | Fee Simple                                     | Fee Simple                                    |
| Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | The Legends                                               | Bay Club                                            | Montclair                                      | Ellington Woods                               |
| HOA Fees (\$/Month)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | N/A                                                       | 177                                                 | 230                                            | 160                                           |
| Common Elements and<br>Recreational Facilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Gate, frnsctr, pool, clbhs, bsctr                         | Pool, clubhouse<br>tennis court                     | Pool, clubhouse<br>tennis court                | Pool, clubhouse<br>tennis court               |
| Floor Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1st Floor                                                 | 2nd Floor                                           | 2nd Floor                                      | 1st Floor                                     |
| View                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Typical Interior                                          | Typical                                             | Typical                                        | Typical                                       |
| Design (Style)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1-Story                                                   | 1 Story                                             | 1 Story                                        | 1 Story                                       |
| Quality of Construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Average                                                   | Average                                             | Average                                        | Average                                       |
| Age                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Built 2000                                                | Built 1987/Renov.                                   | Built 1985/Renov.                              | Built 2003                                    |
| Condition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Average                                                   | Average                                             | Average                                        | New                                           |
| Above Grade                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Total Bdrms Baths                                         | Total Bdrms Baths                                   | Total Bdrms Baths                              | Total Bdrms Baths                             |
| Room Count                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 4 1 1                                                     | 4 1 1                                               | 5 2 2                                          | 5 2 2                                         |
| Gross Living Area                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 753 sq.ft.                                                | 800 sq.ft.                                          | 1,010 sq.ft.                                   | 1,624 sq.ft.                                  |
| Basement & Finished<br>Rooms Below Grade                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | N/A                                                       | N/A                                                 | N/A                                            | N/A                                           |
| Functional Utility                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Average                                                   | Average                                             | Average                                        | Average                                       |
| Heating/Cooling                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | CH&A                                                      | CH&A                                                | CH&A                                           | CH&A                                          |
| Energy Efficient Items                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Average                                                   | Average                                             | Average                                        | Average                                       |
| Parking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Adequate                                                  | Adequate                                            | Adequate                                       | Adequate                                      |
| Porch/Patio/Deck                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Screen Porch                                              | Balcony                                             | Balcony                                        | Screen Porch                                  |
| Fireplace                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | None                                                      | None                                                | None                                           | Fireplace                                     |
| Net Adjustment (Total)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                           | \$ -10,800                                          | \$ -300                                        | \$ -33,400                                    |
| Adjusted Sale Price<br>of Comparables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                           | \$ 114,200                                          | \$ 112,600                                     | \$ 103,700                                    |
| Summary of Sales Comparison Approach The comparables used are believed to be the best available. The subject complex was not converted to condos until tax year 2007, therefore, there are no comparables available in the subject complex. There were no sales of 1 bedroom condo units in the Mt. Pleasant area in 2002 or 2003. Comparable 1 sold in 2004 and was adjusted based on a 12% annualized time adjustment. It is considered to be superior in location due to being located very close to Downtown and Sullivan's Island. Comparables 1 and 2 are older complexes that are inferior in quality of construction due to having older standards of construction. Comparables 2 and 3 are larger 2 bedroom units. A condition adjustment was made to Comparable 3 due to being a new unit and a location/neighborhood adjustment has been made due to being located further from area beaches and the downtown area, as well as having off-site shared amenities. All 3 Comparables have inferior common elements due to not being private communities. The appraiser is aware of FNMA guidelines, which state that net adjustments should not exceed 15% and gross adjustments should not exceed 25%. However, this appraisal is not being made for financing purposes, and due to no 1 bedroom units being sold in 2003, this could not be avoided. All 3 sales are considered to be reliable indicators of value and have been considered in my opinion of value. |                                                           |                                                     |                                                |                                               |
| Indicated Value by Sales Comparison Approach \$ 110,000                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                           |                                                     |                                                |                                               |

BAA: 08-0004

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

File No.: 08/599-00-00-XXX

## COST APPROACH TO VALUE (if developed)

☒ The Cost Approach was not developed for this appraisal.

Summary of Cost Approach:

Cost Approach is not Applicable as condominium units are not constructed on an individual basis.

COST APPROACH

Indicated Value by: Sales Comparison Approach \$ 110,000 Cost Approach (if developed) \$ N/A Income Approach (if developed) \$ 105,000

Final Reconciliation The Sales Comparison Approach is considered to be the most reliable method of valuation of single family homes and condominiums. Condo Unit- Cost Approach is not Applicable as condominium units are not constructed on an individual basis. The Income Approach is supportive.

RECONCILIATION

This appraisal is made ☐ "as is" ☒ subject to completion per plans and specifications on the basis of a Hypothetical Condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a Hypothetical Condition that the repairs or alterations have been completed, ☐ subject to the following required inspection based on the Extraordinary Assumption that the condition or deficiency does not require alteration or repair. This is a hypothetical appraisal of a condo unit. The subject was an apartment complex as of the effective date of value.

☐ This report is also subject to other Hypothetical Conditions and/or Extraordinary Assumptions as specified in the attached addenda.

Based on the degree of inspection of the subject property, as indicated below, defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the real property that is the subject of this report is: \$ 110,000 as of: 12/31/2003, which is the effective date of this appraisal. If indicated above, this Opinion of Value is subject to Hypothetical Conditions and/or Extraordinary Assumptions included in this report. See attached addenda.

A true and complete copy of this report contains \_\_\_\_\_ pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

Attached Exhibits:

- |                                                    |                                                                   |                                                        |                                                        |                                                     |
|----------------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|
| <input checked="" type="checkbox"/> Scope of Work  | <input checked="" type="checkbox"/> Limiting Cond./Certifications | <input checked="" type="checkbox"/> Narrative Addendum | <input checked="" type="checkbox"/> Photograph Addenda | <input checked="" type="checkbox"/> Sketch Addendum |
| <input checked="" type="checkbox"/> Map Addenda    | <input type="checkbox"/> Additional Sales                         | <input type="checkbox"/> Additional Rentals            | <input checked="" type="checkbox"/> Flood Addendum     | <input type="checkbox"/> Hypothetical Conditions    |
| <input type="checkbox"/> Extraordinary Assumptions | <input type="checkbox"/> Budget Analysis                          | <input type="checkbox"/>                               | <input type="checkbox"/>                               | <input type="checkbox"/>                            |

ATTACHMENTS

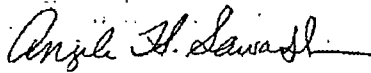
Client Contact: Charleston County

Client Name: Charleston County

E-Mail: assessor@charlestoncounty.org

Address:

## APPRAISER



Appraiser Name: Angela H. Sawadske

Company: Charleston County Assessor's Office

Phone: (843) 958-4100

Fax:

E-Mail: asawadske@charlestoncounty.org

Date of Report (Signature): 3/3/2010

License or Certification #: CR 4000

State: SC

Designation: Certified Residential

Expiration Date of License or Certification: 6/30/2012

Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ None

Date of Inspection: 8/21/2007

SUPERVISORY APPRAISER (if required)  
or CO-APPRAISER (if applicable)Supervisory or  
Co-Appraiser Name:

Company:

Phone:

Fax:

E-Mail:

Date of Report (Signature):

License or Certification #:

State:

Designation:

Expiration Date of License or Certification:

Inspection of Subject: ☐ Interior & Exterior ☒ Exterior Only ☐ None

Date of Inspection:

SIGNATURES

GP CONDO

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6/2007

0214

**Supplemental Addendum**

File No. 08/599-00-00-XXX

|                  |                                    |        |            |                         |
|------------------|------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                |        |            |                         |
| Property Address | 1100 Legends Club Dr, 1 BR, #1 bed |        |            |                         |
| City             | Mt. Pleasant                       | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes            |        |            |                         |

**Condo : Subject - Data Source(s), Offering Price(s), Date(s):**

MLS, Owner, Master Deed, Public Records, Physical Inspection.

As of the effective date of the appraisal, the subject property was being operated as an apartment complex. This is a hypothetical appraisal to estimate the value of individual units if the subject property had been converted from a multi-family apartment complex to individual condominiums as of the effective date.

**Subject Information:**

Please note that this appraisal was performed for a standard one bedroom unit. The appraiser chose this unit as a representation of a typical one bedroom condominium unit, which serves as the basis to value other one bedroom units. The Legends complex has four different floor plans consisting of 1 bedroom and 1 bath. As you can see below, each of the units have minor differences and have been adjusted accordingly. The subject of this appraisal is the Dogwood Plan.

Available 1 bedroom floor plans are:

The Dogwood (40 total units): 753 square feet with a 60 sf screen porch on the 20 first floor units, and a 60 sf balcony on the 20 second floor units. Our recommended value for this floor plan is \$110,000.

The Azalea (20 total units): 658 square feet with a 66 square foot screen porch. 16 of these units are located on the 1st floor, and 4 of these units are located on the 2nd floor. The second floor units have a 66 square foot balcony instead of screen porch. Taking the base value of \$110,000 and subtracting the difference in square footage (95 sft x \$50/sq ft) gives an indicated value of \$105,250, which has been rounded to \$105,000.

The Azalea Elongated (ELR) (12 total units): 743 square feet with no porches. All 12 of these units are located on the 2nd floor. Taking the base value of \$110,000 and subtracting for having no porches, gives an indicated value of \$107,000.

The Magnolia (8 total units): 836 square feet with a 82 sf screen porch. All 8 of these units are located on the 1st floor and have an attached garage. Taking the base value of \$110,000 and adding the difference in square footage (83 sft x \$50/sq ft), and adding \$20,000 for having an attached garage, gives an indicated value of \$134,150, which has been rounded to \$134,000.

**Project Information:**

Parking spaces are not assigned, they are on a first-come, first serve basis.

As of the effective date of value, the property was an apartment complex. Therefore, it was tenant occupied. According to office records, a 2% vacancy was reported as of 12/2003.

**Income Approach Information:**

| Address            | Sale Price | Rent       | GRM |
|--------------------|------------|------------|-----|
| 1195 Village Creek | \$106,500  | \$725/mo.  | 147 |
| 1304 Old Tabby Ln  | \$139,900  | \$950/mo.  | 147 |
| 3380 Billings      | \$171,250  | \$1050/mo. | 163 |
| 1500 Dutch Iris    | \$295,000  | \$1750/mo. | 168 |

The GRM's range from 147-168. Based on unit type and rent, a GRM of 150 was used.

**Subject Photo Page**

|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 1 BR, # 1 bed |        |            |       |                   |
| City             | Mt. Pleasant                        | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |

**Subject Front**

1100 Legends Club Dr, 1 BR, # 1 bed

Sales Price N/A

Gross Living Area 753

Total Rooms 4

Total Bedrooms 1

Total Bathrooms 1

Location The Legends

View Typical Interior

Site Average

Quality Average

Age Built 2000

**Subject Rear****Subject Street**

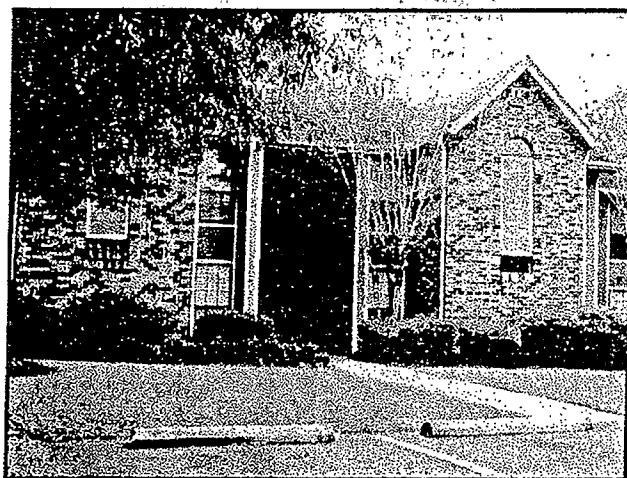
## Comparable Photo Page

|                  |                                    |        |            |       |                   |
|------------------|------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 1 BR, #1 bed |        |            |       |                   |
| City             | Mt. Pleasant                       | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes            |        |            |       |                   |



## Comparable 1

1481 Center St., Unit 707  
 Prox. to Subject : Approximately 7 Miles  
 Sales Price : 125,000  
 Gross Living Area : 800  
 Total Rooms : 4  
 Total Bedrooms : 1  
 Total Bathrooms : 1  
 Location : Bay Club  
 View : Typical  
 Site :  
 Quality : Average-  
 Age : Built 1987/Renov.



## Comparable 2

1873-C Montclair Dr.  
 Prox. to Subject : Approximately 4.5 Miles  
 Sales Price : 112,900  
 Gross Living Area : 1,010  
 Total Rooms : 5  
 Total Bedrooms : 2  
 Total Bathrooms : 2  
 Location : Montclair  
 View : Typical  
 Site :  
 Quality : Average-  
 Age : Built 1985/Renov.

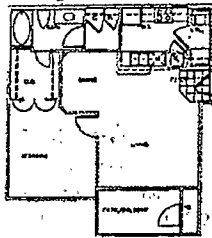


## Comparable 3

1323 Kingsford Lane  
 Prox. to Subject : Within 2 Miles  
 Sales Price : 137,100  
 Gross Living Area : 1,624  
 Total Rooms : 5  
 Total Bedrooms : 2  
 Total Bathrooms : 2  
 Location : Ellington Woods  
 View : Typical  
 Site :  
 Quality : Average  
 Age : Built 2003

## Sketch-1

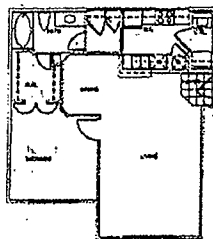
|                  |                                    |        |            |                         |
|------------------|------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                |        |            |                         |
| Property Address | 1100 Legends Club Dr, 1 BR, #1 bed |        |            |                         |
| City             | Mt. Pleasant                       | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes            |        |            |                         |



## Azalea, A-1, 736sf

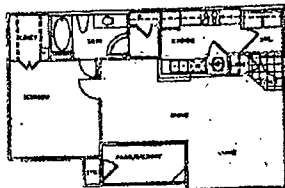
One bedroom  
One bath  
Living space 658 sq. ft.  
Patio space 68 sq. ft.  
Storage space 12 sq. ft.

Bedroom-12x14  
Living Room-14x16  
Dining Area-10x8  
Kitchen-8x9  
Utility-3x8  
Bathroom-10x5  
Closet-7x6

Azalea, A-1, 743sf  
ELONGATED L/R

One bedroom  
One bath  
Living space 743 sq. ft.

Bedroom-12x14  
Living Room-14x18  
Dining Area-8x10  
Kitchen-9x8  
Utility-8x9  
Bathroom-10x5  
Closet-6x7



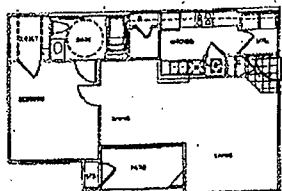
## Dogwood, A-2, 819sf

One bedroom  
One bath  
Living space 753 sq. ft.  
Patio space 60 sq. ft.  
Storage space 7 sq. ft.

Bedroom-12x13  
Living Room-13x15  
Dining Area-12x11  
Kitchen-11x6  
Utility-5x8  
Bathroom-11x6  
Closet-6x6

## Sketch-2

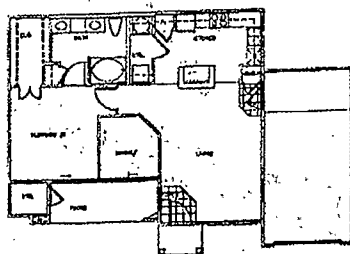
|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 1 BR, # 1 bed |        |            |       |                   |
| City             | Mt. Pleasant                        | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |



## Dogwood, A-2, 819sf

Handicap Accessible  
One bedroom  
One bath  
Living space 753 sq. ft.  
Patio space 60 sq. ft.  
Storage space 7 sq. ft.

Bedroom-12x13  
Living Room-13x15  
Dining Area-12x11  
Kitchen-11x6  
Utility-5x6  
Bathroom-11x6  
Closet-6x6



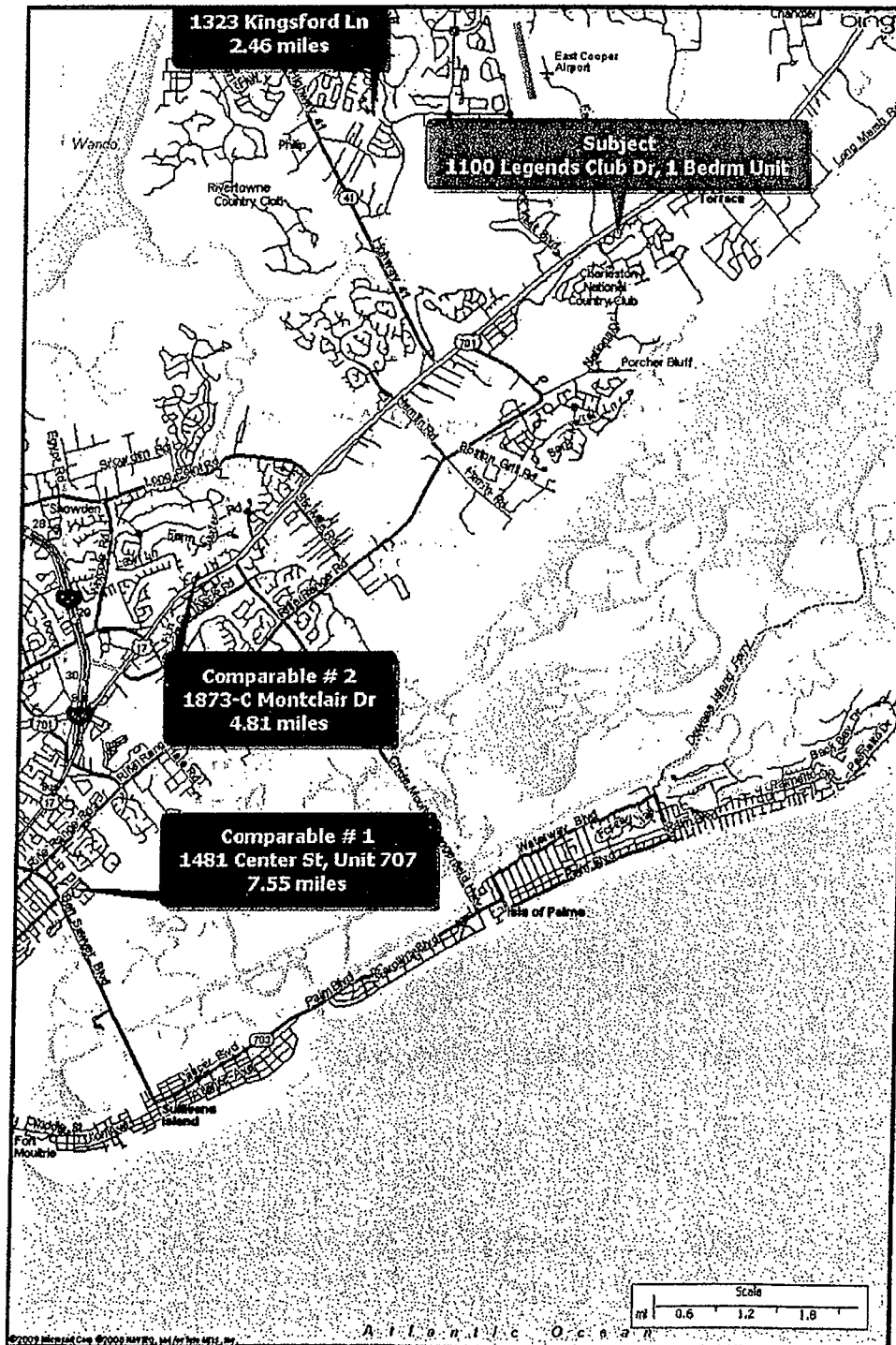
## Magnolia, A-3, 939sf

One bedroom  
One bath  
Direct access garage  
Living space 836 sq. ft.  
Patio space 82 sq. ft.  
Front porch 25 sq. ft.  
Storage space 21 sq. ft.  
Direct access garage 274 sq. ft.

Bedroom-13x14  
Living Room-14x19  
Study-8x9  
Kitchen-10x13  
Utility-3x9  
Bathroom-10x9  
Closet-9x5

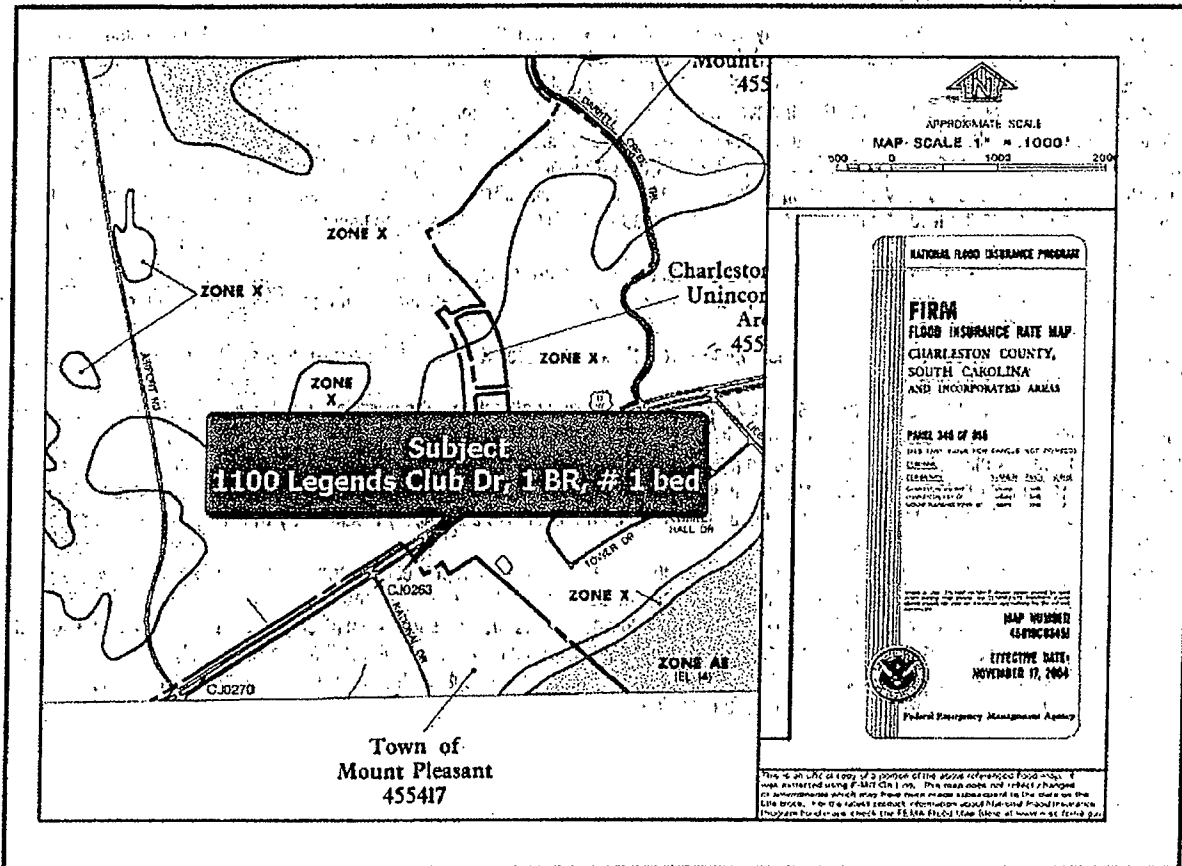
## Comparable Sales Map

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr, 1 BR, # 1 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |



**Flood Map**

|                  |                                    |        |            |       |    |          |       |
|------------------|------------------------------------|--------|------------|-------|----|----------|-------|
| Borrower/Client  | N/A                                |        |            |       |    |          |       |
| Property Address | 1100 Legends Club Dr, 1 BR, #1 bed |        |            |       |    |          |       |
| City             | Mt. Pleasant                       | County | Charleston | State | SC | Zip Code | 29466 |
| Lender           | Ad Valorem Tax Purposes            |        |            |       |    |          |       |



BAA: 08 -0004

File No.: 08/599-00-00-XXX

**Assumptions & Limiting Conditions**

|                                                       |                                                   |           |                 |
|-------------------------------------------------------|---------------------------------------------------|-----------|-----------------|
| Property Address: 1100 Legends Club Dr, 1 BR, # 1 bed | City: Mt. Pleasant                                | State: SC | Zip Code: 29466 |
| Client: Charleston County                             | Address: 101 Meeting Street, Charleston, SC 29402 |           |                 |
| Appraiser: Angela H. Sawadske                         | Address: 101 Meeting St, Charleston, SC 29401     |           |                 |

**STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS**

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
- The appraiser may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Unless otherwise indicated, a Land Survey was not performed.
- If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.
- The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.
- If this appraisal is indicated as subject to satisfactory completion, repairs, or alterations, the appraiser has based his or her appraisal report and valuation conclusion on the assumption that completion of the improvements will be performed in a workmanlike manner.
- An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.
- The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database.
- An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

BAA: 08-0004

File No.: 08/599-00-00-XXX

**Definitions & Scope of Work**

Property Address: 1100 Legends Club Dr, 1 BR, #1 bed City: Mt. Pleasant State: SC Zip Code: 29466  
 Client: Charleston County Address: 101 Meeting Street, Charleston, SC 29402  
 Appraiser: Angela H. Sawadske Address: 101 Meeting St, Charleston, SC 29401

**SCOPE OF WORK**

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparables sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

**DEFINITION OF MARKET VALUE \*:**

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

\* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

**Further - South Carolina Code of Law section 12-37-930 states:**

"...all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and the buyer are willing, are not acting under compulsion, and are reasonably well informed as to the uses and purposes for which it is adapted and for which it is capable of being used.

**DATE OF VALUE:**

The taxable status of real property for a given year is to be determined as of December 31 of the preceding tax year, S. C. Code Ann. § 12-37-900.

This is a **Retrospective Value Estimate** in conformance with the Uniform Standards of Professional Appraisal Practice as it relates to retrospective value estimates and as the South Carolina Statute is applied.

**INTENDED USE OF APPRAISAL**

The intended use of this appraisal is to estimate the market value of the subject real property as of the effective date of value for purposes of ad valorem taxation. This appraisal/valuation analysis is being used in support of the Assessor's position relative to the market value of the subject property(s) that is/are being appealed to the Charleston County Board of Assessment Appeals and/or Administrative Law Court. This appraisal is also intended to assist the Charleston County Board of Assessment Appeals and/or SC Administrative Law Court in deliberations regarding issues raised in the appeal.

**INTENDED USER(S)**

This report is intended as part of a presentation of the Assessor's position to the Charleston County Board of Assessment Appeals and/or SC Administrative Law Court (ALC) in a board conference or contested case hearing. The intended users include: Members of the Charleston County Board of Assessment Appeals, the SC ALC Judge presiding, the appellant/owner, the appellant's representative or legal counsel, members of the Assessor's office scheduled to testify and Charleston County's legal counsel. The appraiser intends to offer oral testimony regarding the hearing of the subject appeal. This testimony is supplementary to the report and without the testimony, the position of the Assessor may not be clear.

BAA: 08-0004

File No.: 08/599-00-00-XXX

**Certifications**

Property Address: 1100 Legends Club Dr, 1 BR, # 1 bed City: Mt. Pleasant State: SC Zip Code: 29466  
 Client: Charleston County Address: 101 Meeting Street, Charleston, SC 29402  
 Appraiser: Angela H. Sawadske Address: 101 Meeting St, Charleston, SC 29401

**APPRAISER'S CERTIFICATION**

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

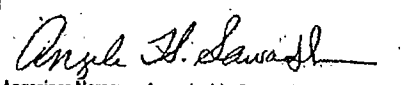
- The statements of fact contained in this report are true and correct.
- The credibility of this report, for the stated use by the stated user(s), of the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- I did not base, either partially or completely, my analysis and/or the opinion of value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification.

**WORKFILE**

The appraiser's work file and the Assessor's files are incorporated into this appraisal report by reference.

**SUMMARY OF HIGHEST AND BEST USE**

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. Because the site is in the midst of a stable residential neighborhood, there is little likelihood of a zoning change or a variance for non-conforming use.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Client Contact: Charleston County                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Client Name: Charleston County                                                                                                                                                                                                                                                                                                                                                                                                                       |
| E-Mail: assessor@charlestoncounty.org                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Address: 101 Meeting Street, Charleston, SC 29402                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>APPRAISER</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>SUPERVISORY APPRAISER (if required)<br/>or CO-APPRAISER (if applicable)</b>                                                                                                                                                                                                                                                                                                                                                                       |
| <br>Appraiser Name: Angela H. Sawadske<br>Company: Charleston County Assessor's Office<br>Phone: (843) 958-4100 Fax: _____<br>E-Mail: asawadske@charlestoncounty.org<br>Date Report Signed: July 22, 2010<br>License or Certification #: CR 4000 State: SC<br>Designation: Certified Residential<br>Expiration Date of License or Certification: 6/30/2012<br>Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None<br>Date of Inspection: 8/21/2007 | Supervisory or Co-Appraiser Name: _____<br>Company: _____<br>Phone: _____ Fax: _____<br>E-Mail: _____<br>Date Report Signed: _____<br>License or Certification #: _____ State: _____<br>Designation: _____<br>Expiration Date of License or Certification: _____<br>Inspection of Subject: <input type="checkbox"/> Interior & Exterior <input checked="" type="checkbox"/> Exterior Only <input type="checkbox"/> None<br>Date of Inspection: _____ |

**GP RESIDENTIAL**

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0224

**Appraiser's Qualifications**

File No. 08/599-00-00-XXX

|                  |                                     |          |            |
|------------------|-------------------------------------|----------|------------|
| Borrower/Client  | N/A                                 |          |            |
| Property Address | 1100 Legends Club Dr, 1 BR, # 1 bed |          |            |
| City             | Mt. Pleasant                        | County   | Charleston |
|                  |                                     | State    | SC         |
|                  |                                     | Zip Code | 29466      |
| Lender           | Ad Valorem Tax Purposes             |          |            |

**APPRAISER'S QUALIFICATIONS****NAME:** Angela H. Sawadske**POSITION:** Senior Staff Appraiser**STATE CERTIFIED****REAL ESTATE APPRAISER:**

SC CR 4000

**DATE EMPLOYED:**

June 30, 2003

**EDUCATIONAL BACKGROUND:**

Bachelor of Science, College of Charleston

**REAL ESTATE COURSES:****Trident Technical College**

L-1: Principles of Real Estate Appraisals

L-2: Market Data Analysis

L-3: Uniform Standards of Professional Appraisal Practice

CR: Residential Analysis - Small Income Property Appraisals

**Spearman Center for Professional Education**

C-1: Basic Income Property Appraising

C-2: Advanced Income Property Appraising

C-3: Applied Income Property Valuation

Appraisal Report Writing: Clear, Concise and Correct

**SC Chapter Appraisal Institute**

Real Estate Disclosure

Business Practices and Ethics

Land Valuation Adjustment Procedures

**Philip Urso Seminars**

Selecting and Supporting Market Adjustments

A Fresh Look at Correctly Completing Fannie Mae Forms

**IAAO**

Uniform Standards of Professional Appraisal Practice Update

Reconstructing Income/Expense Statements

**McKissock**

Appraising High-Value Residential Properties

**South Carolina Department of Revenue**

Real Property Valuation Reform Act with 2007 Amendments

Legal Terminology &amp; Non-Tax Statutes for Taxing Officials

Assessable Transfers of Interest

Legal Residence from a Lawyer's Perspective

History of Ad Valorem Valuation

**PREVIOUS EMPLOYMENT:**

Atlantic Appraisals, 1998-2003

**PROFESSIONAL AFFILIATIONS:**

South Carolina Association of Assessing Officials (SCAAO)

**Assessors Exchange Summary**

File No. 08/599-00-00-XXX

|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |       |                   |
| City             | Mt. Pleasant                        | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |

**ASSESSOR'S EXCHANGE**

Enclosed find copies of documents, including appraisals, property sales, and a brief description of any other evidence that will be introduced or submitted by the Assessor. Also enclosed are the names of the witnesses who will testify, and a brief statement of what the witnesses will be expected to establish or prove.

**PARCEL DATA**

AS OF DECEMBER 31, 2003 FOR TAX YEAR 2008

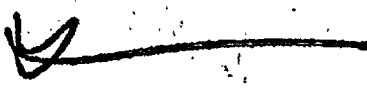
|                                   |                                                              |                      |     |
|-----------------------------------|--------------------------------------------------------------|----------------------|-----|
| <b>Owner:</b>                     | Keystone Legends I LP                                        |                      |     |
| <b>Agent:</b>                     |                                                              |                      |     |
| <b>Parcel ID Number:</b>          | 08/599-00-00-XXX                                             | <b>Tax District:</b> | 2-1 |
| <b>Property Location/Address:</b> | 1100 Legends Club Dr, 2 BR, # 2 bed                          |                      |     |
| <b>Legal Description:</b>         | 2 bedroom unit, Jasmine Plan, The Legends *** See Addenda*** |                      |     |

**OPINION OF VALUE**

|                | Appellant          |                    | Assessor           |                    |
|----------------|--------------------|--------------------|--------------------|--------------------|
|                | FMV <sup>(1)</sup> | ERA <sup>(2)</sup> | FMV <sup>(1)</sup> | ERA <sup>(2)</sup> |
| Land Value     |                    |                    |                    |                    |
| Building Value |                    |                    |                    |                    |
| Improved Value |                    |                    |                    |                    |
| <b>TOTAL</b>   |                    |                    |                    |                    |

**Comments:** See Attached: "Issues Surrounding the Case"

Witness(es) to Testify:

Angela H. Sawadske  
Senior Staff Appraiser


Toy Glennon, Assessor

July 22, 2010

Date

Note:

(1) FMV = Full (100%) Market Value (Estimate as of 12/31/03)

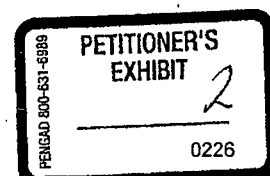
(2) ERA = Equity Relationship of Appellant's Property to Other Similar Properties in the Area

BAA#:

BAA 08-0004

PID#:

08/599-00-00-XXX



**Issues Surrounding the Case**

File No. 08/599-00-00-XXX

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |

**Issues Surrounding the Case:**

The Legends is a 200 unit condominium complex located in Mt. Pleasant, located in front of the Charleston National subdivision. It is a private gated community with a pool, clubhouse, fitness center, business center, tennis courts and a playground. The project was originally an apartment complex that was converted to condominiums by master deed D581-121 filed April 27, 2006. For tax year 2007, each condo unit was valued individually and notices were mailed informing the owners of the new values. For tax year 2008 one of the owners has appealed, requesting that 121 of the 143 units he owns be valued as an apartment complex. There are no outstanding appeals from the owners of the other 57 units in the complex for tax year 2008.

The Legends has a total of 11 floor plans. For the Administrative Law Court, an appraisal has been submitted for a typical 1 bedroom, 2 bedroom and 3 bedroom unit with effective dates of 12/31/2003 and 12/31/2007. This was done in order to verify if the 2007 values had dropped below the 2003 values. After completing these appraisals it was confirmed that 2007 values had not fallen below 2003 values, but the appraiser would recommend that the individual 2003 values be lowered according to the spreadsheet below.

| Floor Plan | Pre-Appeal  | 12/31/2007      | Recommended |
|------------|-------------|-----------------|-------------|
|            | 2003 Values | Lien Date Value | 2003 Values |

**1 Bedroom Units**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Azalea Plan (13)          | \$115,000 | \$140,000 | \$105,000 |
| Azalea Elongated Plan(10) | \$120,000 | \$143,000 | \$107,000 |
| Dogwood Plan (33)         | \$120,000 | \$146,000 | \$110,000 |
| Magnolia Garage Plan (5)  | \$145,000 | \$171,000 | \$134,000 |

**2 Bedroom Units**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Jasmine Plan (2)          | \$175,000 | \$193,000 | \$148,000 |
| Jasmine Elongated Plan(1) | \$180,000 | \$199,000 | \$156,000 |
| Jasmine Garage Plan (6)   | \$200,000 | \$216,000 | \$170,000 |
| Oleander Plan (38)        | \$182,000 | \$202,000 | \$157,000 |
| Oleander Garage Plan (1)  | \$205,000 | \$222,000 | \$175,000 |

**3 Bedroom Units**

|                          |           |           |           |
|--------------------------|-----------|-----------|-----------|
| Camellia Plan (9)        | \$205,000 | \$215,000 | \$170,000 |
| Camellia Garage Plan (3) | \$230,000 | \$238,000 | \$192,000 |

## APPRAISAL OF REAL PROPERTY



### LOCATED AT

1100 Legends Club Dr, 2 BR, #2 bed  
Mt. Pleasant, SC 29466  
2 bedroom unit, Jasmine Plan, The Legends \*\*\* See Addenda\*\*\*

### FOR

Ad Valorem Tax Purposes  
N/A

### OPINION OF VALUE

148,000

### AS OF

12/31/2003

### BY

Angela H. Sawadske  
Charleston County Assessor's Office

Charleston, SC  
(843) 958-4100  
asawadske@charlestoncounty.org

BAA 08-0004

File No.: 08/599-00-00-XXX

**INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT**

|                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------|-----------------------------|---------------------------------------------------------------------------------------------------------------------------|----------|-----------------------------------------------------------------------------------------------------------------------------------|------------|----------------------------------------------------------------------------------------------------------------------|-------------|-------------------------------------|--------------------------|--|------------------------------------------------------------------------------------------------------------------------------------|---------|--------------------------|-------------------------------------|------|--------------------------------------------------------------------------------------------------------------------------------------|-----|-------------------------------------|--------------------------|--|-----------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------|-------------------------------------|------------|----------------|-------|-------------------------------------|--------------------------|--|----------|----------|--------------------------|-------------------------------------|------|------------------|----------------|-------------------------------------|--------------------------|--|---------------|------------------|--------------------------|-------------------------------------|--|--|-------------|--------------------------|--------------------------|--|-------|------|--------------------------|--------------------------|--|--|
| <b>SUBJECT</b>                                                                                                                                                                                                                       | Property Address: 1100 Legends Club Dr, 2 BR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                               | Unit #: 2 bed                                 | City: Mt. Pleasant                                                                                                                | State: SC             |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Zip Code: 29466                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               | County: Charleston                            | Legal Description: 2 bedroom unit, Jasmine Plan, The Legends *** See                                                              |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| <b>ASSIGNMENT</b>                                                                                                                                                                                                                    | Addenda*** Assessor's Parcel #: 599-00-00-XXX *** See Addenda***                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Tax Year: 2008 R.E. Taxes: \$ Est \$1950 Special Assessments: \$ None Noted Borrower (if applicable): N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Current Owner of Record: Keystone Legends LLP Occupant: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant (Market Rent) <input type="checkbox"/> Tenant (Regulated Rent) <input type="checkbox"/> Vacant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Project Type: <input type="checkbox"/> Condominium <input checked="" type="checkbox"/> Other (describe) Apartment Complex as of effective date of app HOA: \$ N/A per year per month                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Market Area Name: Mount Pleasant Map Reference: 599-00-00-XX Census Tract: 46.01                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Project Name: The Legends Phase: 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | The purpose of this appraisal is to develop an opinion of: <input checked="" type="checkbox"/> Market Value (as defined), or <input type="checkbox"/> other type of value (describe) For Ad Valorem Taxes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | This report reflects the following value (if not Current, see comments): <input type="checkbox"/> Current (the inspection Date is the Effective Date) <input checked="" type="checkbox"/> Retrospective <input type="checkbox"/> Prospective                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Approaches developed for this appraisal: <input checked="" type="checkbox"/> Sales Comparison Approach <input type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach (See Reconciliation Comments and Scope of Work)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Property Rights Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Leased Fee <input type="checkbox"/> Other (describe)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| <b>MARKET AREA DESCRIPTION</b>                                                                                                                                                                                                       | Intended Use: See Addenda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Intended User(s) (by name or type): See Addenda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Client: Charleston County Address:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Appraiser: Angela H. Sawadske Address: 101 Meeting Street, Charleston, SC 29401                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural</td> <td rowspan="2">Predominant Occupancy: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vacant (&gt;5%)</td> <td>Condominium Housing PRICE: \$(000) AGE: (yrs)</td> <td>Present Land Use</td> <td>Change in Land Use</td> </tr> <tr> <td>Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%</td> <td>97 Low 1</td> <td>One-Unit % <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely * <input type="checkbox"/> In Process *</td> <td>One-Unit %</td> </tr> <tr> <td>Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow</td> <td></td> <td>248 High 20</td> <td>2-4 Unit %</td> <td></td> </tr> <tr> <td>Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining</td> <td></td> <td>155 Pred 3</td> <td>Multi-Unit % 99 %</td> <td></td> </tr> <tr> <td>Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply</td> <td></td> <td></td> <td>Comm'l % 1 %</td> <td></td> </tr> <tr> <td>Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> |                                                                                                                                                                               |                                               |                                                                                                                                   |                       | Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | Predominant Occupancy: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vacant (>5%) | Condominium Housing PRICE: \$(000) AGE: (yrs) | Present Land Use     | Change in Land Use          | Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% | 97 Low 1 | One-Unit % <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely * <input type="checkbox"/> In Process * | One-Unit % | Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow |             | 248 High 20                         | 2-4 Unit %               |  | Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining |         | 155 Pred 3               | Multi-Unit % 99 %                   |      | Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply |     |                                     | Comm'l % 1 %             |  | Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos. |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Predominant Occupancy: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant <input type="checkbox"/> Vacant (0-5%) <input type="checkbox"/> Vacant (>5%) | Condominium Housing PRICE: \$(000) AGE: (yrs) | Present Land Use                                                                                                                  | Change in Land Use    |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                               | 97 Low 1                                      | One-Unit % <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely * <input type="checkbox"/> In Process * | One-Unit %            |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                               | 248 High 20                                   | 2-4 Unit %                                                                                                                        |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                               | 155 Pred 3                                    | Multi-Unit % 99 %                                                                                                                 |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                                               |                                               | Comm'l % 1 %                                                                                                                      |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Market Area Boundaries, Description, and Market Conditions (including support for the above characteristics and trends): Typical financing is conventional or cash.                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| It is typical of the market for sellers to pay buyers closing costs: Average time on market is 3-9 months.                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
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| <b>PROJECT SITE DESCRIPTION</b>                                                                                                                                                                                                      | Zoning Classification: Residential Description: PD - Planned Development                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Zoning Compliance: <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (grandfathered) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Ground Rent (if applicable) \$ N/A/ Comments: N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Highest & Best Use as improved (or as proposed per plans & specifications): <input checked="" type="checkbox"/> Present use, or <input type="checkbox"/> Other use (explain)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Actual Use as of Effective Date: Apartment Complex Use as appraised in this report: Residential Condominium                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Summary of Highest & Best Use: The current use as a residential condominium is the highest and best use of this property. Current zoning allows this use and it is physically, and legally permissible.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>Utilities</td> <td>Public</td> <td>Other</td> <td>Provider/Description</td> <td>Off-site Improvements</td> <td>Type</td> <td>Public</td> <td>Private</td> <td>Density</td> <td>8.6 units/acre</td> </tr> <tr> <td>Electricity</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Street</td> <td>Asphalt</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>Size</td> <td>200 units / 23.22 acres +/-</td> </tr> <tr> <td>Gas</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Curb/Gutter</td> <td>Concrete</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>Topography</td> <td>Level at Grade</td> </tr> <tr> <td>Water</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Sidewalk</td> <td>Concrete</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>View</td> <td>Typical Interior</td> </tr> <tr> <td>Sanitary Sewer</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Street Lights</td> <td>Typical Overhead</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td></td> <td></td> </tr> <tr> <td>Storm Sewer</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Alley</td> <td>None</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td></td> </tr> </table>                                           |                                                                                                                                                                               |                                               |                                                                                                                                   |                       | Utilities                                                                                                            | Public                                                                                                                                                                        | Other                                         | Provider/Description | Off-site Improvements       | Type                                                                                                                      | Public   | Private                                                                                                                           | Density    | 8.6 units/acre                                                                                                       | Electricity | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Street                                                                                                                             | Asphalt | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Size | 200 units / 23.22 acres +/-                                                                                                          | Gas | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Curb/Gutter                                                                                                                             | Concrete | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Topography | Level at Grade | Water | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Sidewalk | Concrete | <input type="checkbox"/> | <input checked="" type="checkbox"/> | View | Typical Interior | Sanitary Sewer | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Street Lights | Typical Overhead | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |  | Storm Sewer | <input type="checkbox"/> | <input type="checkbox"/> |  | Alley | None | <input type="checkbox"/> | <input type="checkbox"/> |  |  |
|                                                                                                                                                                                                                                      | Utilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Public                                                                                                                                                                        | Other                                         | Provider/Description                                                                                                              | Off-site Improvements | Type                                                                                                                 | Public                                                                                                                                                                        | Private                                       | Density              | 8.6 units/acre              |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Electricity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <input checked="" type="checkbox"/>                                                                                                                                           | <input type="checkbox"/>                      |                                                                                                                                   | Street                | Asphalt                                                                                                              | <input type="checkbox"/>                                                                                                                                                      | <input checked="" type="checkbox"/>           | Size                 | 200 units / 23.22 acres +/- |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                      | Gas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <input checked="" type="checkbox"/>                                                                                                                                           | <input type="checkbox"/>                      |                                                                                                                                   | Curb/Gutter           | Concrete                                                                                                             | <input type="checkbox"/>                                                                                                                                                      | <input checked="" type="checkbox"/>           | Topography           | Level at Grade              |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Water                                                                                                                                                                                                                                | <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <input type="checkbox"/>                                                                                                                                                      |                                               | Sidewalk                                                                                                                          | Concrete              | <input type="checkbox"/>                                                                                             | <input checked="" type="checkbox"/>                                                                                                                                           | View                                          | Typical Interior     |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Sanitary Sewer                                                                                                                                                                                                                       | <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <input type="checkbox"/>                                                                                                                                                      |                                               | Street Lights                                                                                                                     | Typical Overhead      | <input type="checkbox"/>                                                                                             | <input checked="" type="checkbox"/>                                                                                                                                           |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Storm Sewer                                                                                                                                                                                                                          | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <input type="checkbox"/>                                                                                                                                                      |                                               | Alley                                                                                                                             | None                  | <input type="checkbox"/>                                                                                             | <input type="checkbox"/>                                                                                                                                                      |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Other site elements: <input checked="" type="checkbox"/> Inside Lot <input type="checkbox"/> Corner Lot <input type="checkbox"/> Cul-de-Sac <input type="checkbox"/> Underground Utilities <input type="checkbox"/> Other (describe) |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| FEMA Spec'l Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No FEMA Flood Zone Zone X FEMA Map # 45019C0345J FEMA Map Date 11/17/04                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Site Comments: Final determination of flood zone should lie in survey. No adverse easements or encroachments noted at the time of inspection.                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                               |                                               |                                                                                                                                   |                       |                                                                                                                      |                                                                                                                                                                               |                                               |                      |                             |                                                                                                                           |          |                                                                                                                                   |            |                                                                                                                      |             |                                     |                          |  |                                                                                                                                    |         |                          |                                     |      |                                                                                                                                      |     |                                     |                          |  |                                                                                                                                         |          |                          |                                     |            |                |       |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|
| Data source(s) for project information                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                         | Physical Inspection, Master Deed, Owner, MLS                                                                                                                                                                                                   |            |
| Project Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                         | <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input checked="" type="checkbox"/> Other (describe) Low-Rise |            |
| General Description of Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                         | Subject Phase #                                                                                                                                                                                                                                |            |
| # of Stories                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Two                                                                                                                                                     | Units                                                                                                                                                                                                                                          | 200        |
| # of Elevators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | N/A                                                                                                                                                     | Units Completed                                                                                                                                                                                                                                | 200        |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Und.Cons.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                         | Units For Sale                                                                                                                                                                                                                                 | N/A        |
| Design (Style)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Low-Rise                                                                                                                                                | Units Sold                                                                                                                                                                                                                                     | N/A        |
| Actual Age (Yrs.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Built 2000                                                                                                                                              | Units Rented                                                                                                                                                                                                                                   | 196        |
| Effective Age (Yrs.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 3 Years                                                                                                                                                 | Owner Occup. Units                                                                                                                                                                                                                             | N/A        |
| Exterior Walls                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Hardi Plank                                                                                                                                             | Phases                                                                                                                                                                                                                                         | 1          |
| Roof Surface                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Comp Shingles                                                                                                                                           | Planned Phases                                                                                                                                                                                                                                 | N/A        |
| Total # Parking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ***See***                                                                                                                                               | Units                                                                                                                                                                                                                                          | 200        |
| Ratio (spaces/unit)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Below***                                                                                                                                                | Units for Sale                                                                                                                                                                                                                                 | N/A        |
| Parking Type(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Open                                                                                                                                                    | Units Sold                                                                                                                                                                                                                                     | N/A        |
| Guest Parking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Included                                                                                                                                                | Units Rented                                                                                                                                                                                                                                   | 196        |
| Project Primary Occupancy                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <input checked="" type="checkbox"/> Principle Residence <input type="checkbox"/> Second Home or Recreational <input checked="" type="checkbox"/> Tenant | Owner Occup. Units                                                                                                                                                                                                                             | N/A        |
| Is the developer/builder in control of the Homeowners' Association (HOA)?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                         | *** See Addenda ***                                                                                                                                                                                                                            |            |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br>Management Group: <input type="checkbox"/> Homeowners' Association <input checked="" type="checkbox"/> Developer <input type="checkbox"/> Management Agent (name of management agent or company):                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                                                                         | Keystone Legends I LP                                                                                                                                                                                                                          |            |
| owned all 200 units in the complex as of the effective date of value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Was the project created by the conversion of existing building(s) into a condominium? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If Yes, describe the original use and date of conversion.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| The project was an apartment complex that was converted to a condominium by master deed D581-121 filed April 27, 2006.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Are CC&Rs applicable? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Have the documents been reviewed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Comments:                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Project Comments (condition, quality of construction, completion status, etc.): The project was an apartment complex that was converted to a condominium by master deed D581-121 filed April 27, 2006. The complex is average quality of construction and average condition for its age. Common elements include privacy gate entry, swimming pool, fitness facility, tennis courts, business center, laundry room, mailbox, the compactor, and Club House. The project is complete. The complex was constructed with each unit having separate HVAC, electric meters, water meters, and washer/dryer connections thus making the cost to convert the units from multi-family to condominiums minimal. |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Common Elements and Recreational Facilities: Common elements include private entry gate, swimming pool, fitness facility, tennis courts, business center, laundry room, mailbox, the compactor, and Club House.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Summary of condominium project budget analysis for the current year (if analyzed): Due to the property being a multi-family apartment complex as of the effective date, there is no condominium budget to analyze.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Other fees for the use of the project facilities (other than regular HOA charges): None Noted                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Compared to other competitive projects of similar quality and design, the subject unit charge appears <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Low (If High or Low, describe) Due to this being a hypothetical appraisal, there are no current unit charges to analyze.                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe and explain the effect on value and marketability. None Known                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Unit Charge: \$ N/A per month X 12 = \$ N/A per year. Annual assessment charge per year per SF of GLA = \$ N/A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Utilities included in the Unit Charge: <input checked="" type="checkbox"/> None <input type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Cable <input type="checkbox"/> Other Apartment                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| Source(s) used for physical characteristics of property: <input checked="" type="checkbox"/> New Inspection <input checked="" type="checkbox"/> Previous Appraisal Files <input checked="" type="checkbox"/> MLS <input checked="" type="checkbox"/> Assessment and Tax Records <input checked="" type="checkbox"/> Prior Inspection                                                                                                                                                                                                                                                                                                                                                                   |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| <input checked="" type="checkbox"/> Property Owner <input checked="" type="checkbox"/> Other (describe) Master Deed Data Source for Gross Living Area Master Deed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                         |                                                                                                                                                                                                                                                |            |
| General Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                         | Exterior Description                                                                                                                                                                                                                           |            |
| Floor Location                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 2nd Floor                                                                                                                                               | Foundation                                                                                                                                                                                                                                     | CC Slab    |
| # of Levels                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1 Story                                                                                                                                                 | Slab                                                                                                                                                                                                                                           | Concrete   |
| Design (Style)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1 Story                                                                                                                                                 | Crawl Space                                                                                                                                                                                                                                    | None       |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                         | Basement                                                                                                                                                                                                                                       | None       |
| <input type="checkbox"/> Under Construction                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                         | Sump Pump                                                                                                                                                                                                                                      | N/A        |
| Actual Age (Yrs.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Built 2000                                                                                                                                              | Dampness                                                                                                                                                                                                                                       | None/Noted |
| Effective Age (Yrs.)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 3 yrs                                                                                                                                                   | Settlement                                                                                                                                                                                                                                     | None Noted |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Infestation                                                                                                                                                                                                                                    | None Noted |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Basement                                                                                                                                                                                                                                       | N/A        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Area Sq. Ft.                                                                                                                                                                                                                                   |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | % Finished                                                                                                                                                                                                                                     |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Ceiling                                                                                                                                                                                                                                        |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Walls                                                                                                                                                                                                                                          |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Floor                                                                                                                                                                                                                                          |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Outside Entry                                                                                                                                                                                                                                  |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Heating                                                                                                                                                                                                                                        |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Type                                                                                                                                                                                                                                           | FWA        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Fuel                                                                                                                                                                                                                                           | Electric   |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Cooling                                                                                                                                                                                                                                        |            |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Central                                                                                                                                                                                                                                        | Yes        |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                         | Other                                                                                                                                                                                                                                          |            |

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**INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT**

|                      |                     |                      |                                     |                                     |                                     |                          |                              |           |                |                |                                               |                               |
|----------------------|---------------------|----------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|------------------------------|-----------|----------------|----------------|-----------------------------------------------|-------------------------------|
| Interior Description | Floors              | Carpet/Vinyl/Average | Appliances                          | Refrigerator                        | <input checked="" type="checkbox"/> | Attic                    | <input type="checkbox"/> N/A | Amenities | Fireplace(s) # | Woodstove(s) # | Car Storage                                   | <input type="checkbox"/> None |
|                      | Walls               | Drywall/Average      | Range/Oven                          | <input checked="" type="checkbox"/> | Drop Stair                          | <input type="checkbox"/> | Patio                        |           |                |                | <input type="checkbox"/> Garage #             |                               |
| Trim/Finish          | Wood/Average        | Disposal             | <input type="checkbox"/>            | Scuttle                             | <input type="checkbox"/>            | Deck                     |                              |           |                |                | <input checked="" type="checkbox"/> Covered # |                               |
| Bath Floor           | Vinyl / Average     | Dishwasher           | <input checked="" type="checkbox"/> | Doorway                             | <input type="checkbox"/>            | Porch                    | See Below                    |           |                |                | <input checked="" type="checkbox"/> Open #    | ***See                        |
| Bath Wainscot        | Fiberglass/Average  | Fan/Hood             | <input type="checkbox"/>            | Floor                               | <input type="checkbox"/>            | Fence                    |                              |           |                |                | Total # of cars                               | Adenda*                       |
| Doors                | Hollow Core/Average | Microwave            | <input checked="" type="checkbox"/> | Heated                              | <input type="checkbox"/>            | Pool                     | Community                    |           |                |                | <input type="checkbox"/> Assigned             |                               |
|                      |                     | Washer/Dryer         | <input checked="" type="checkbox"/> | Finished                            | <input type="checkbox"/>            | Balcony                  | See Below                    |           |                |                | <input type="checkbox"/> Owned                |                               |
|                      |                     |                      |                                     |                                     |                                     |                          |                              |           |                |                | Space # (s)                                   |                               |

Finished area above grade contains: 5 Rooms 2 Bedrooms 2 Bath(s) 1,030 Square Feet of Gross Living Area Above Grade

Are the heating and cooling for the individual units separately metered? ☒ Yes ☐ No (If No, describe)

Additional features: This is the regular Jasmine floor plan. All of the units with this floor plan (8) are located on the second floor with all but one having a balcony. See Below.

Describe the condition of the property (including physical, functional and external obsolescence): Features include ceramic tile foyer, carpet and vinyl flooring throughout, washer and dryer connections, walk-in closets. Kitchen has formica countertops, white cabinets, white electric appliances including stove, dishwasher and microwave. The units are in average condition. No functional or external obsolescence noted.

INCOME APPROACH TO VALUE (if developed) ☐ The Income Approach was not developed for this appraisal.

| FEATURE              | SUBJECT                                                             | COMPARABLE RENTAL # 1                                               | COMPARABLE RENTAL # 2                                               | COMPARABLE RENTAL # 3                                               |
|----------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|
| Address              | 1100 Legends Club Dr, 2 BR, # 2<br>Mt. Pleasant, SC 29466           | 1100 Legends Club Dr.<br>Mt. Pleasant, SC 29466                     | 1563 Oxborough Circle<br>Mt. Pleasant, SC 29466                     | 1100 Legends Club Dr.<br>Mt. Pleasant, SC 29466                     |
| Project              | The Legends                                                         | The Legends                                                         | Ellington Woods                                                     | The Legends                                                         |
| Phase                | 1                                                                   | 1                                                                   |                                                                     | 1                                                                   |
| Proximity to Subject | Same Project                                                        | Same Project                                                        | Within 2 Miles                                                      | Same Project                                                        |
| Current Monthly Rent | \$ N/A                                                              | \$ 975                                                              | \$ 935                                                              | \$ 1,010                                                            |
| Rent/GLA             | \$ /sq.ft.                                                          | \$ 0.95/sq.ft.                                                      | \$ 0.64/sq.ft.                                                      | \$ 0.86/sq.ft.                                                      |
| Rent Control         | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Data Source(s)       | MLS, Public Records                                                 | Submitted Rent Rolls                                                | MLS, Public Records                                                 | Submitted Rent Rolls                                                |
| Date of Lease(s)     | N/A                                                                 | Unknown                                                             | Unknown                                                             | Unknown                                                             |
| Location             | The Legends                                                         | The Legends                                                         | Ellington Woods                                                     | The Legends                                                         |
| View                 | Typical Interior                                                    | Typical Interior                                                    | Typical Interior                                                    | Typical Interior                                                    |
| Age                  | Built 2000                                                          | Built 2000                                                          | Built 2000                                                          | Built 2000                                                          |
| Condition            | Average                                                             | Average                                                             | Average                                                             | Average                                                             |
| Above Grade          | Total Bdrms Baths                                                   | Total Bdrms Baths                                                   | Total Bdrms Baths                                                   | Total Bdrms Baths                                                   |
| Room Count           | 5 2 2                                                               | 5 2 2                                                               | 5 2 2                                                               | 5 2 2                                                               |
| Gross Living Area    | 1,030 sq.ft.                                                        | 1,030 sq.ft.                                                        | 1,465 sq.ft.                                                        | 1,176 sq.ft.                                                        |
| Utilities Included   | None                                                                | None                                                                | None                                                                | None                                                                |
| Parking              | Open                                                                | Open                                                                | Open                                                                | Open                                                                |

Summary of Income Approach (including support for market rent and GRM): The gross rent multiplier and the market rent used is based on competing properties similar to the subject. There were no sales in the subject complex as it was prior to the condo conversion. See Addendum for GRM indicators.

Opinion of Monthly Market Rent \$ 975 X Gross Rent Multiplier 150 = \$ 146,250 Indicated Value by Income Approach

My research ☐ did ☒ did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal.

Data Source(s): Public Records, MLS

1st Prior Subject Sale/Transfer

Date: N/A

Price: N/A

Source(s): MLS, Public Records

2nd Prior Subject Sale/Transfer

Date:

Price:

Source(s):

Analysis of sale/transfer history and/or any current agreement of sale/listing: There were no prior transfers of the subject or the comparables within one year of the effective date of this appraisal.

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## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

File No.: 08/599-00-00-XXXI

| SALES COMPARISON APPROACH TO VALUE (if developed) |                                                           |                                                                            |                                                                            | The Sales Comparison Approach was not developed for this appraisal.        |                     |                               |                     |
|---------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|---------------------|-------------------------------|---------------------|
| FEATURE                                           | SUBJECT                                                   | COMPARABLE SALE # 1                                                        | COMPARABLE SALE # 2                                                        | COMPARABLE SALE # 3                                                        | COMPARABLE SALE # 4 | COMPARABLE SALE # 5           | COMPARABLE SALE # 6 |
| Address                                           | 1100 Legends Club Dr, 2 BR, # 2<br>Mt. Pleasant, SC 29466 | 1438 Belcourt Lane<br>Mt. Pleasant, SC 29466                               | 1523 Oxborough Circle<br>Mt. Pleasant, SC 29466                            | 1861 Montclair<br>Mt. Pleasant, SC 29464                                   |                     |                               |                     |
| Project                                           | The Legends                                               | Ellington Woods                                                            | Ellington Woods                                                            | Montclair                                                                  |                     |                               |                     |
| Phase                                             | 1                                                         | Ashford II Plan                                                            | Ashford Plan                                                               |                                                                            |                     |                               |                     |
| Proximity to Subject                              |                                                           | Within 2 Miles                                                             | Within 2 Miles                                                             | Approximately 4.5 Miles                                                    |                     |                               |                     |
| Sale Price                                        | \$ N/A                                                    | \$ 156,200                                                                 | \$ 149,900                                                                 | \$ 151,591                                                                 |                     |                               |                     |
| Sale Price/GLA                                    | \$ /sq.ft.                                                | \$ 96.65/sq.ft.                                                            | \$ 100.33/sq.ft.                                                           | \$ 126.33/sq.ft.                                                           |                     |                               |                     |
| Data Source(s)                                    | MstrDd, Owner, Insp                                       | MLS, Master Deed, Pub. Records                                             | MLS, Master Deed, Pub. Records                                             | MLS, Master Deed, Pub. Records                                             |                     |                               |                     |
| Verification Source(s)                            | 599-00-00-XXX                                             | TMS# 594-10-00-627                                                         | TMS# 594-10-00-563                                                         | TMS# 557-00-00-177                                                         |                     |                               |                     |
| VALUE ADJUSTMENTS                                 | DESCRIPTION                                               | DESCRIPTION                                                                | +(-) \$ Adjust.                                                            | DESCRIPTION                                                                | +(-) \$ Adjust.     | DESCRIPTION                   | +(-) \$ Adjust.     |
| Sales or Financing Concessions                    | N/A                                                       | Conventional                                                               |                                                                            | Conventional                                                               |                     | Conventional                  |                     |
| Date of Sale/Time                                 | N/A                                                       | 11/26/2003                                                                 |                                                                            | 11/24/2003                                                                 |                     | 11/19/2003                    |                     |
| Rights Appraised                                  | Fee Simple                                                | Fee Simple                                                                 |                                                                            | Fee Simple                                                                 |                     | Fee Simple                    |                     |
| Location                                          | The Legends                                               | Ellington/Inferior                                                         | +15,000                                                                    | Ellington/Inferior                                                         | +15,000             | Montclair                     |                     |
| HOA Fees (\$/Month)                               | N/A                                                       | 145                                                                        |                                                                            | 135                                                                        |                     | 230                           |                     |
| Common Elements and Recreational Facilities       | Gate, fitness ctr, pool, clbhs, bsctr                     | Pool, clubhouse, tennis court                                              | +7,500                                                                     | Pool, clubhouse, tennis court                                              | +7,500              | Pool, clubhouse, tennis court | +7,500              |
| Floor Location                                    | 2nd Floor                                                 | 2nd Floor                                                                  |                                                                            | 1st Floor                                                                  |                     | 1st Floor                     |                     |
| View                                              | Typical Interior                                          | Typical                                                                    |                                                                            | Typical                                                                    |                     | Typical                       |                     |
| Design (Style)                                    | 1 Story                                                   | 1 Story                                                                    |                                                                            | 1 Story                                                                    |                     | 2 Story                       |                     |
| Quality of Construction                           | Average                                                   | Average                                                                    |                                                                            | Average                                                                    |                     | Average                       | +12,000             |
| Age                                               | Built 2000                                                | Built 2001                                                                 |                                                                            | Built 2000                                                                 |                     | Built 1985/Renov.             |                     |
| Condition                                         | Average                                                   | Average                                                                    |                                                                            | Average                                                                    |                     | Average                       |                     |
| Above Grade                                       | Total Bdrms Baths                                         | Total Bdrms Baths                                                          |                                                                            | Total Bdrms Baths                                                          |                     | Total Bdrms Baths             |                     |
| Room Count                                        | 5 2 2                                                     | 5 2 2                                                                      |                                                                            | 5 2 2                                                                      |                     | 5 2 2                         |                     |
| Gross Living Area                                 | 1,030 sq.ft.                                              | 1,633 sq.ft.                                                               | -30,200                                                                    | 1,494 sq.ft.                                                               | -23,200             | 1,200 sq.ft.                  | -8,500              |
| Basement & Finished Rooms Below Grade             | N/A                                                       | N/A                                                                        |                                                                            | N/A                                                                        |                     | N/A                           |                     |
| Functional Utility                                | Average                                                   | Average                                                                    |                                                                            | Average                                                                    |                     | Average                       |                     |
| Heating/Cooling                                   | CH&A                                                      | CH&A                                                                       |                                                                            | CH&A                                                                       |                     | CH&A                          |                     |
| Energy Efficient Items                            | Average                                                   | Average                                                                    |                                                                            | Average                                                                    |                     | Average                       |                     |
| Parking                                           | Adequate                                                  | Adequate                                                                   |                                                                            | Adequate                                                                   |                     | Adequate                      |                     |
| Porch/Patio/Deck                                  | Balcony                                                   | Screen Porch                                                               | -1,500                                                                     | Screen Porch                                                               | -1,500              | Patio                         |                     |
| Net Adjustment (Total)                            |                                                           | <input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -9,200 | <input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -2,200 | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 11,000 |                     |                               |                     |
| Adjusted Sale Price of Comparables                |                                                           | \$ 147,000                                                                 | \$ 147,700                                                                 | \$ 162,591                                                                 |                     |                               |                     |

Summary of Sales Comparison Approach The comparables used are believed to be the best available. The subject complex was not converted to condos until tax year 2007, therefore, there are no comparables available in the subject complex as of the effective date of value. All 4 comparables are located in nearby competing condominium complexes. They all have 2 bedrooms and 2 baths, are larger than the subject and have been adjusted accordingly. A location/neighborhood adjustment has been made to comparables 1, 2 and 4, due to being located further from area beaches and the downtown area, as well as having off-site shared amenities. Comparable 3 is an older complex that is inferior in quality of construction due to having older standards of construction. A condition adjustment was made to Comparable 4 due to being a new unit. All 4 Comparables have inferior common elements due to not being private communities. All 4 comparables are considered to be reliable indicators of fair market value and have been considered in my opinion of value.

Indicated Value by Sales Comparison Approach \$ 148,000

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## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

COST APPROACH TO VALUE (if developed) ☒ The Cost Approach was not developed for this appraisal.

Summary of Cost Approach: Cost Approach is not applicable as condominium units are not constructed on an individual basis.

COST APPROACH

Indicated Value by: Sales Comparison Approach \$ 148,000 Cost Approach (if developed) \$ N/A Income Approach (if developed) \$ 146,250

Final Reconciliation The Sales Comparison Approach is considered to be the most reliable method of valuation of single family homes and condominiums. Cost Approach is not applicable as condominium units are not constructed on an individual basis. The Income Approach is supportive.

RECONCILIATION

This appraisal is made ☐ "as is," ☒ subject to completion per plans and specifications on the basis of a Hypothetical Condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a Hypothetical Condition that the repairs or alterations have been completed, ☐ subject to the following required inspection based on the Extraordinary Assumption that the condition or deficiency does not require alteration or repair. This is a hypothetical appraisal of a condo unit. The subject was an apartment complex as of the effective date of value.☐ This report is also subject to other Hypothetical Conditions and/or Extraordinary Assumptions as specified in the attached addenda.

Based on the degree of inspection of the subject property, as indicated below, defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the real property that is the subject of this report is: \$ 148,000 as of: 12/31/2003, which is the effective date of this appraisal. If indicated above, this Opinion of Value is subject to Hypothetical Conditions and/or Extraordinary Assumptions included in this report. See attached addenda.

A true and complete copy of this report contains 19 pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

Attached Exhibits:

☒ Scope of Work ☒ Limiting Cond./Certifications ☒ Narrative Addendum ☒ Photograph Addenda ☒ Sketch Addendum  
☒ Map Addenda ☒ Additional Sales ☒ Additional Rentals ☒ Flood Addendum ☐ Hypothetical Conditions  
☐ Extraordinary Assumptions ☐ Budget Analysis

Client Contact: Charleston County

Client Name: Charleston County

E-Mail: assessor@charlestoncounty.org

Address:

## APPRAISER

SUPERVISORY APPRAISER (if required)  
or CO-APPRAISER (if applicable)

Appraiser Name: Angela H. Sawadske

Company: Charleston County Assessor's Office

Phone: (843) 958-4100 Fax:

E-Mail: asawadske@charlestoncounty.org

Date of Report (Signature): July 22, 2010

License or Certification #: CR 4000 State: SC

Designation: Certified Residential

Expiration Date of License or Certification: 6/30/2012

Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ None

Date of Inspection: 8/21/2007

Supervisory or

Co-Appraiser Name:

Company:

Phone: Fax:

E-Mail:

Date of Report (Signature):

License or Certification #: State:

Designation:

Expiration Date of License or Certification:

Inspection of Subject: ☐ Interior & Exterior ☒ Exterior Only ☐ None

Date of Inspection:

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File No.: 08/599-00-00-XXX

**Assumptions & Limiting Conditions**

Property Address: 1100 Legends Club Dr, 2 BR, # 2 bed City: Mt. Pleasant State: SC Zip Code: 29466  
 Client: Charleston County Address: 101 Meeting Street, Charleston, SC 29402  
 Appraiser: Angela H. Sawadske Address: 101 Meeting St, Charleston, SC 29401

**STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS**

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
- The appraiser may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Unless otherwise indicated, a Land Survey was not performed.
- If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.
- The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.
- If this appraisal is indicated as subject to satisfactory completion, repairs, or alterations, the appraiser has based his or her appraisal report and valuation conclusion on the assumption that completion of the improvements will be performed in a workmanlike manner.
- An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.
- The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database.
- An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

**Definitions & Scope of Work**

Property Address: 1100 Legends Club Dr, 2 BR, # 2 bed City: Mt. Pleasant State: SC Zip Code: 29466

Client: Charleston County Address: 101 Meeting Street, Charleston, SC 29402

Appraiser: Angela H. Sawadske Address: 101 Meeting St, Charleston, SC 29401

**SCOPE OF WORK**

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparables sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

**DEFINITION OF MARKET VALUE \*:**

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

\* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

**Further - South Carolina Code of Law section 12-37-930 states:**

"...all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and the buyer are willing, are not acting under compulsion, and are reasonably well informed as to the uses and purposes for which it is adapted and for which it is capable of being used.

**DATE OF VALUE:**

The taxable status of real property for a given year is to be determined as of December 31 of the preceding tax year, S. C. Code Ann. § 12-37-900.

This is a **Retrospective Value Estimate** in conformance with the Uniform Standards of Professional Appraisal Practice as it relates to retrospective value estimates and as the South Carolina Statute is applied.

**INTENDED USE OF APPRAISAL**

The Intended use of this appraisal is to estimate the market value of the subject real property as of the effective date of value for purposes of ad valorem taxation. This appraisal/valuation analysis is being used in support of the Assessor's position relative to the market value of the subject property(s) that is/are being appealed to the Charleston County Board of Assessment Appeals and/or Administrative Law Court. This appraisal is also intended to assist the Charleston County Board of Assessment Appeals and/or SC Administrative Law Court in deliberations regarding issues raised in the appeal.

**INTENDED USER(S)**

This report is intended as part of a presentation of the Assessor's position to the Charleston County Board of Assessment Appeals and/or SC Administrative Law Court (ALC) in a board conference or contested case hearing. The intended users include: Members of the Charleston County Board of Assessment Appeals, the SC ALC Judge presiding, the appellant/owner, the appellant's representative or legal counsel, members of the Assessor's office scheduled to testify and Charleston County's legal counsel. The appraiser intends to offer oral testimony regarding the hearing of the subject appeal. This testimony is supplementary to the report and without the testimony, the position of the Assessor may not be clear.

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**Certifications**

Property Address: 1100 Legends Club Dr, 2 BR, # 2 bed City: Mt. Pleasant State: SC Zip Code: 29466

Client: Charleston County Address: 101 Meeting Street, Charleston, SC 29402

Appraiser: Angela H. Sawadske Address: 101 Meeting St, Charleston, SC 29401

**APPRAISER'S CERTIFICATION**

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

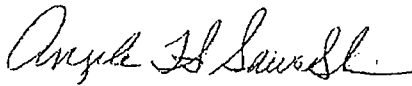
- The statements of fact contained in this report are true and correct.
- The credibility of this report, for the stated use by the stated user(s), of the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- I did not base, either partially or completely, my analysis and/or the opinion of value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification.

**WORKFILE**

The appraiser's work file and the Assessor's files are incorporated into this appraisal report by reference.

**SUMMARY OF HIGHEST AND BEST USE**

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. Because the site is in the midst of a stable residential neighborhood, there is little likelihood of a zoning change or a variance for non-conforming use.


Client Contact: Charleston County  
E-Mail: assessor@charlestoncounty.orgClient Name: Charleston County  
Address: 101 Meeting Street, Charleston, SC 29402**APPRAISER****SUPERVISORY APPRAISER (if required)  
or CO-APPRAISER (if applicable)**Appraiser Name: Angela H. Sawadske  
Company: Charleston County Assessor's Office  
Phone: (843) 958-4100 Fax:  
E-Mail: asawadske@charlestoncounty.orgSupervisory or  
Co-Appraiser Name:

Company:

Phone:

Fax:

E-Mail:

Date Report Signed: July 22, 2010

Date Report Signed:

License or Certification #: CR 4000 State: SC

License or Certification #:

State:

Designation: Certified Residential

Designation:

Expiration Date of License or Certification: 6/30/2012

Expiration Date of License or Certification:

Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ NoneInspection of Subject: ☐ Interior & Exterior ☒ Exterior Only ☐ None

Date of Inspection: 8/21/2007

Date of Inspection:

SIGNATURES



## **SALES COMPARISON APPROACH:**

### Summary of Sales Comparison Approach

**Subject Photo Page**

|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |       |                   |
| City             | Mt. Pleasant                        | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |

**Subject Front**

1100 Legends Club Dr, 2 BR, # 2 bed  
 Sales Price: N/A  
 Gross Living Area: 1,030  
 Total Rooms: 5  
 Total Bedrooms: 2  
 Total Bathrooms: 2  
 Location: The Legends  
 View: Typical Interior  
 Site:  
 Quality: Average  
 Age: Built 2000

**Subject Rear****Subject Street**

**Comparable Photo Page**

|                  |                                     |        |            |          |       |
|------------------|-------------------------------------|--------|------------|----------|-------|
| Borrower/Client  | N/A                                 |        |            |          |       |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |          |       |
| City             | 22 Mt. Pleasant                     | County | Charleston | State    | SC    |
|                  |                                     |        |            | Zip Code | 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |          |       |

**Comparable 1**

1438 Belcourt Lane  
 Prox. to Subject Within 2 Miles  
 Sales Price 156,200  
 Gross Living Area 1,633  
 Total Rooms 5  
 Total Bedrooms 2  
 Total Bathrooms 2  
 Location Ellington/Inferior  
 View Typical  
 Site  
 Quality Average  
 Age Built 2001

**Comparable 2**

1523 Oxborough Circle  
 Prox. to Subject Within 2 Miles  
 Sales Price 149,900  
 Gross Living Area 1,494  
 Total Rooms 5  
 Total Bedrooms 2  
 Total Bathrooms 2  
 Location Ellington/Inferior  
 View Typical  
 Site  
 Quality Average  
 Age Built 2000

**Comparable 3**

1861 Montclair  
 Prox. to Subject Approximately 4.5 Miles  
 Sales Price 151,591  
 Gross Living Area 1,200  
 Total Rooms 5  
 Total Bedrooms 2  
 Total Bathrooms 2  
 Location Montclair  
 View Typical  
 Site  
 Quality Average  
 Age Built 1985/Renov.

**Comparable Photo Page**

|                  |                                    |        |            |       |    |
|------------------|------------------------------------|--------|------------|-------|----|
| Borrower/Client  | N/A                                |        |            |       |    |
| Property Address | 1100 Legends Club Dr, 2 BR, #2 bed |        |            |       |    |
| City             | Mt. Pleasant                       | County | Charleston | State | SC |
| Zip Code         | 29466                              |        |            |       |    |
| Lender           | Ad Valorem Tax Purposes            |        |            |       |    |

**Comparable 4**

1348 Kingsford Lane  
 Prox. to Subject Within 2 Miles  
 Sales Price 161,320  
 Gross Living Area 1,624  
 Total Rooms 5  
 Total Bedrooms 2  
 Total Bathrooms 2  
 Location Ellington/Inferior  
 View Typical  
 Site  
 Quality Average  
 Age Built 2003

**Comparable 5**

Prox. to Subject  
 Sales Price  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location  
 View  
 Site  
 Quality  
 Age

**Comparable 6**

Prox. to Subject  
 Sales Price  
 Gross Living Area  
 Total Rooms  
 Total Bedrooms  
 Total Bathrooms  
 Location  
 View  
 Site  
 Quality  
 Age

**Supplemental Addendum**

File No. 08/599-00-00-XXX

|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |       |                   |
| City             | Mt Pleasant                         | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |

**Condo : Subject - Data Source(s), Offering Price(s), Date(s)**

MLS, Owner, Master Deed, Public Records, Physical Inspection.

As of the effective date of the appraisal, the subject property was being operated as an apartment complex. This is a hypothetical appraisal to estimate the value of individual units if the subject property had been converted from a multi-family apartment complex to individual condominiums as of the effective date.

**Subject Information:**

Please note that this appraisal was performed for a standard two bedroom unit. The appraiser chose this unit as a representation of a typical two bedroom condominium unit, which serves as the basis to value other two bedroom units. The Legends complex has five different floor plans consisting of 2 bedrooms and 2 baths. As you can see below, each of the units have minor differences and have been adjusted accordingly. The subject of this appraisal is the Jasmine Plan, and is the smallest and most basic model.

The Jasmine Plan (8 units total): These units are located on the second floor, have 1,030 square feet and a balcony. Our recommended value for this floor plan is \$148,000.

The Jasmine ELR Plan (8 units total): These units are located on the second floor and are an elongated version of the Jasmine. It has 1,154 square feet, and no porches. Taking the base value of \$148,000 and adding the difference in square footage (124 sq ft x \$50/sq ft) and adding \$1500 for having no balcony, gives an indicated value of \$155,700, which has been rounded to \$156,000.

The Jasmine Garage Plan (8 units total): These units are located on the first floor and have 1,050 square feet, a screen porch, and an attached garage. Taking the base value of \$148,000 and adding \$1500 for having a screen porch, and adding \$20,000 for an attached garage gives an indicated value of \$169,500, which has been rounded to \$170,000.

The Oleander Plan (64 units total): These units have 1,176 square feet. The 28 first floor units have screen porches and the 36 second floor units have balconies. Taking the base value of \$148,000 and adding the difference in square footage (146 sq ft x \$50/sq ft) and adding \$1500 for having a screen porch, gives an indicated value of \$156,800, which has been rounded to \$157,000.

The Oleander Garage Plan (8 units total): These units are located on the first floor and have 1,135 square feet, a screen porch and an attached garage. Taking the base value of \$148,000 and adding the difference in square footage (105 sq ft x \$50/sq ft), adding \$1500 for having a screen porch, and adding \$20,000 for an attached garage gives an indicated value of \$174,750, which has been rounded to \$175,000.

**Project Information:**

Parking spaces are not assigned, they are on a first-come, first serve basis.

As of the effective date of value, the property was an apartment complex. Therefore, it was tenant occupied. According to office records, a 2% vacancy was reported as of 12/2003.

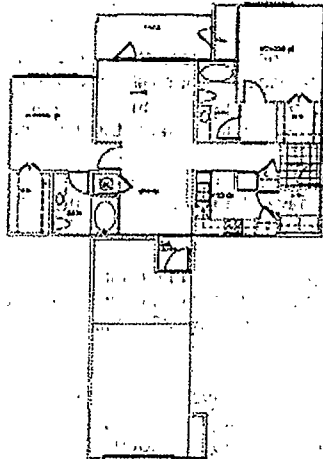
**Income Approach Information:**

| Address            | Sale Price | Rent       | GRM |
|--------------------|------------|------------|-----|
| 1195 Village Creek | \$106,500  | \$725/mo.  | 147 |
| 1304 Old Tabby Ln  | \$139,900  | \$950/mo.  | 147 |
| 3380 Billings      | \$171,250  | \$1050/mo. | 163 |
| 1500 Dutch Iris    | \$295,000  | \$1750/mo. | 168 |

The GRM's range from 147-168. Based on unit type and rent, a GRM of 150 was used.

## Sketch-1

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |

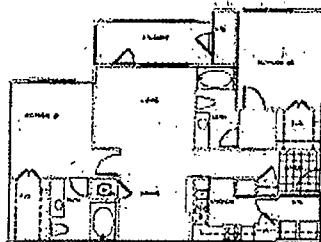


### Jasmine, B-I, 1159sf

#### GARAGE

Two bedroom  
Two bath  
Living space 1050 sq. ft.  
Patio space 88 sq. ft.  
Storage space 21 sq. ft.  
Direct access garage 268 sq. ft.

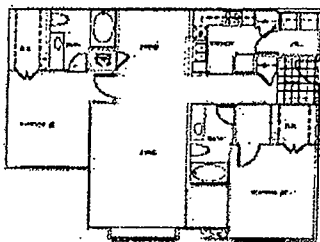
Bedroom #1-13x12  
Bedroom #2-13x12  
Living Room-12x13  
Dining Area-9x9  
Kitchen-11x9  
Utility-6x6  
Bathroom #1-5x9  
Bathroom #2-11x5 1/2  
Closet #1-6x9  
Closet #2-6x5 1/2



### Jasmine, B-I, 1134sf

Two bedroom  
Two bath  
Living space 1030 sq. ft.  
Patio space 84 sq. ft.  
Storage space 21 sq. ft.

Bedroom #1-13x12  
Bedroom #2-13x12  
Living Room-13x12  
Dining Area-9x9  
Kitchen-11x9  
Utility-6x6  
Bathroom #1-9x9  
Bathroom #2-5 1/2 x11  
Closet #1-9x5  
Closet #2-5x5 1/2



### Jasmine, B-I, 1154sf

#### ELONGATED L/R

Two bedroom  
Two bath  
Living space 1154 sq. ft.

Bedroom #1-13x12  
Bedroom #2-13x12  
Living Room-17x13  
Dining Area-9x9  
Kitchen-11x9  
Utility-6x6  
Desk Nook/Study-5x6  
Bathroom #1-9x9  
Bathroom #2-5 1/2 x11  
Closet #1-9x5  
Closet #2-5 1/2 x5 1/2

For more information, please contact DeNali Properties  
(843) 416-1000, www.LiveTheLegends.com

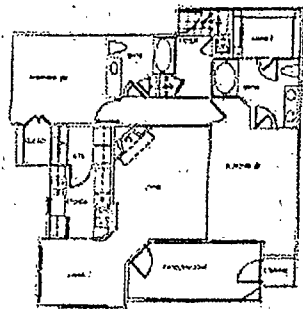


All information is subject to change without notice. This is a preliminary sketch and not a final appraisal. All measurements are approximate and should be verified with the actual measurements of the property.

the  
**Legends**  
OF MOUNT PLEASANT

## Sketch-2

|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |       |                   |
| City             | Mt. Pleasant                        | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |

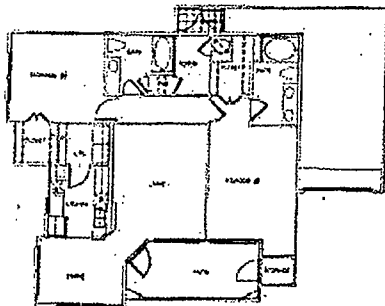


### Oleander, B-2, 1323sf

#### FIREPLACE SELECT UNITS

Two bedroom:  
Two bath  
Living space 1176 sq. ft.  
Patio space 132 sq. ft.  
Storage space 15 sq. ft.

Bedroom #1-12x17  
Bedroom #2-13x12  
Living Room-13x15  
Dining Area-12x9  
Kitchen-10x8  
Utility-5x7  
Bathroom #1-9x12  
Bathroom #2-9x8  
Closet #1-9x7  
Closet #2-5x5



### Oleander, B-2, 1282sf

#### GARAGE

Two bedroom:  
Two bath  
Living space 1135 sq. ft.  
Patio space 132 sq. ft.  
Storage space 15 sq. ft.  
Direct access garage 306 sq. ft.

Bedroom #1-12x17  
Bedroom #2-13x12  
Living Room-13x15  
Dining Area-12x9  
Kitchen-10x8  
Utility-5x7  
Bathroom #1-9x12  
Bathroom #2-9x8  
Closet #1-9x7  
Closet #2-5x5

For more information, please contact Donald Properties  
(843) 416-1000 or [www.LegendsClub.com](http://www.LegendsClub.com)

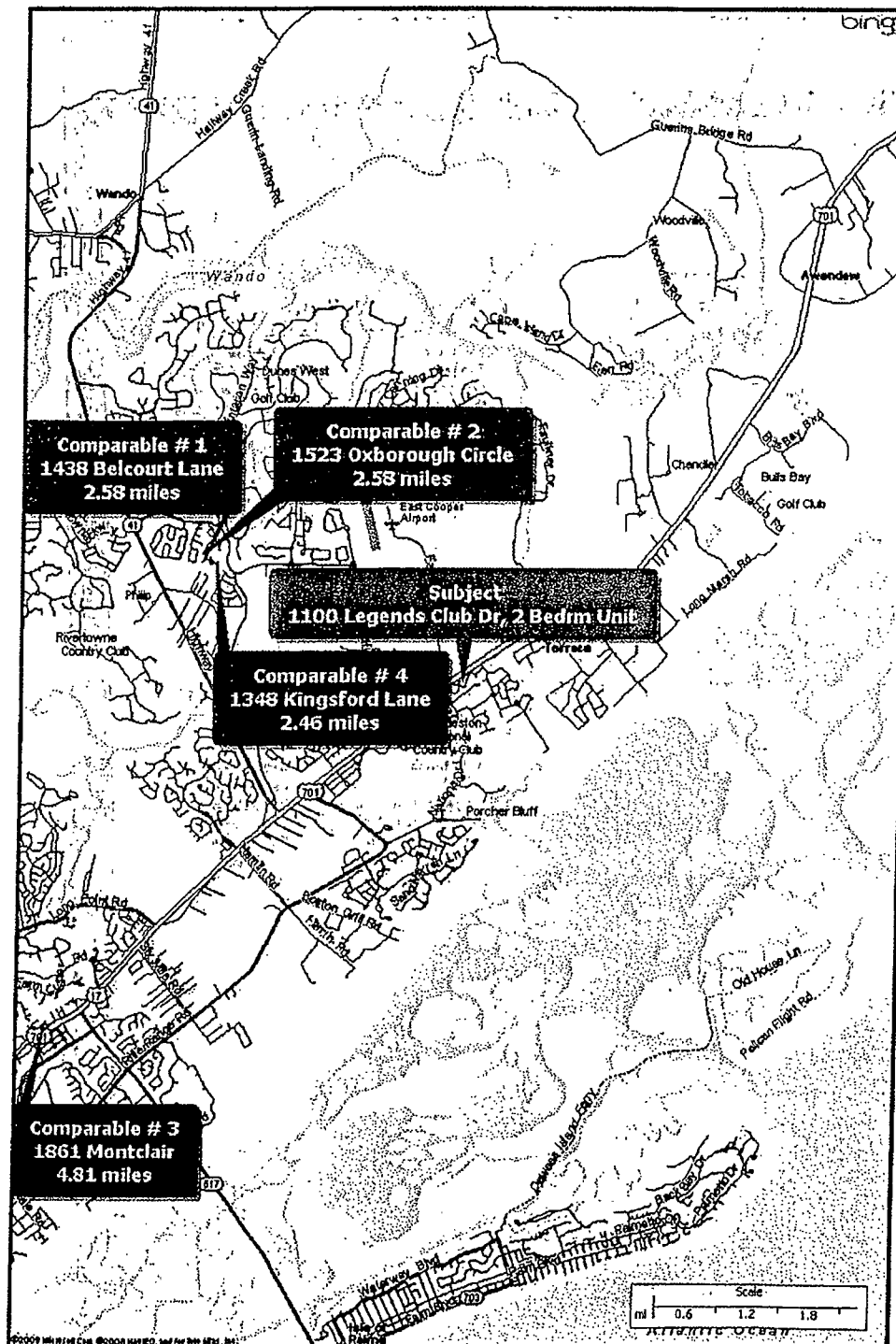


All information is subject to change without notice. This is not a contract. The information is provided for informational purposes only. The information is not to be used for any other purpose. The information is not to be used for any other purpose. The information is not to be used for any other purpose.

**the Legends**  
AT MOUNT PLEASANT

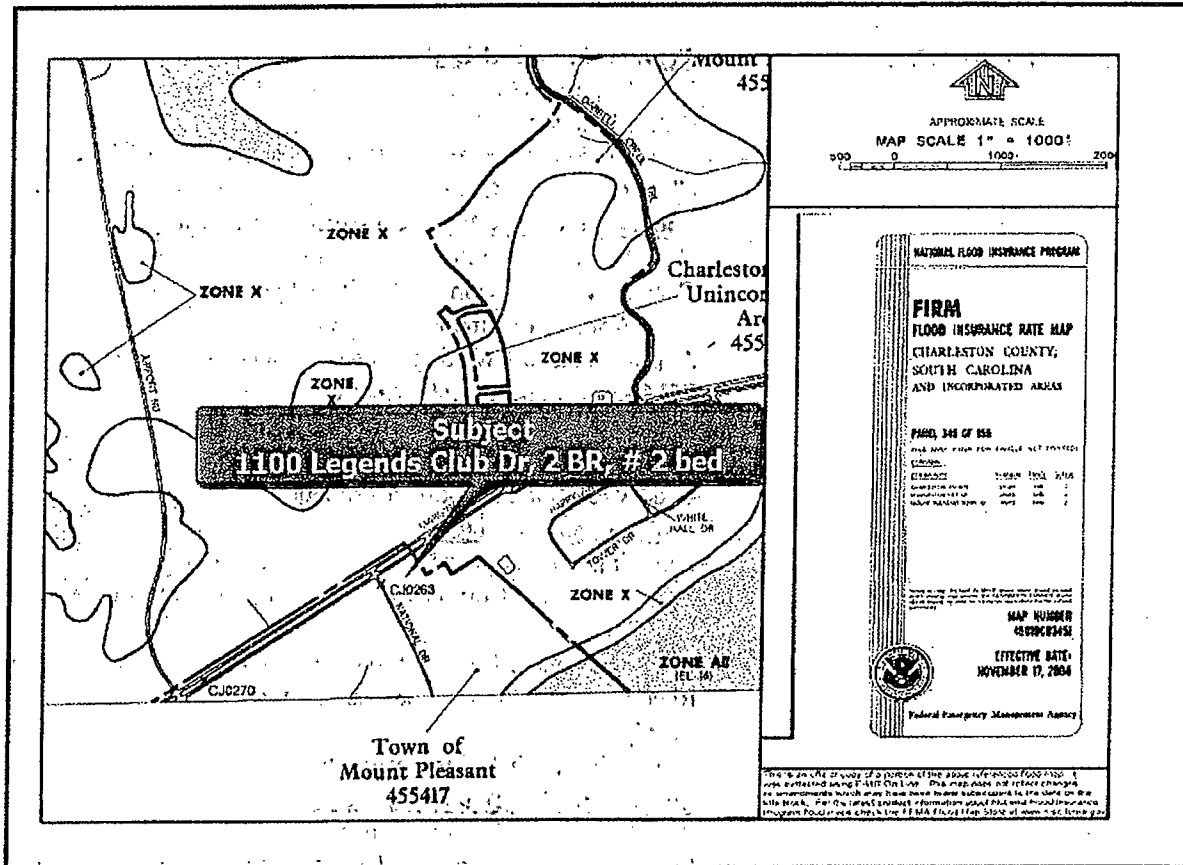
## Comparable Sales Map

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |



**Flood Map**

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |



**Appraiser's Qualifications**

File No. 08/599-00-00-XXX

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr, 2 BR, # 2 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |

**APPRAISER'S QUALIFICATIONS**

**NAME:** Angela H. Sawadske

**POSITION:** Senior Staff Appraiser

**STATE CERTIFIED  
REAL ESTATE APPRAISER:** SC CR 4000

**DATE EMPLOYED:** June 30, 2003

**EDUCATIONAL BACKGROUND:** Bachelor of Science, College of Charleston

**REAL ESTATE COURSES:**

**Trident Technical College**  
 L-1: Principles of Real Estate Appraisals  
 L-2: Market Data Analysis  
 L-3: Uniform Standards of Professional Appraisal Practice  
 CR: Residential Analysis - Small Income Property Appraisals

**Spearman Center for Professional Education**  
 C-1: Basic Income Property Appraising  
 C-2: Advanced Income Property Appraising  
 C-3: Applied Income Property Valuation  
 Appraisal Report Writing: Clear, Concise and Correct

**SC Chapter Appraisal Institute**  
 Real Estate Disclosure  
 Business Practices and Ethics  
 Land Valuation Adjustment Procedures

**Philip Urso Seminars**  
 Selecting and Supporting Market Adjustments  
 A Fresh Look at Correctly Completing Fannie Mae Forms

**IAAO**  
 Uniform Standards of Professional Appraisal Practice Update  
 Reconstructing Income/Expense Statements

**McKissock**  
 Appraising High-Value Residential Properties

**South Carolina Department of Revenue**  
 Real Property Valuation Reform Act with 2007 Amendments  
 Legal Terminology & Non-Tax Statutes for Taxing Officials  
 Assessable Transfers of Interest  
 Legal Residence from a Lawyer's Perspective  
 History of Ad Valorem Valuation

**PREVIOUS EMPLOYMENT:** Atlantic Appraisals, 1998-2003

**PROFESSIONAL AFFILIATIONS:** South Carolina Association of Assessing Officials (SCAAO)

**Assessors Exchange Summary**

File No. 09/599-00-00-XXX

|                  |                                     |          |            |
|------------------|-------------------------------------|----------|------------|
| Borrower/Client  | N/A                                 |          |            |
| Property Address | 1100 Legends Club Dr. 3 BR, # 3 bed |          |            |
| City             | Mt. Pleasant                        | County   | Charleston |
| State            | SC                                  | Zip Code | 29466      |
| Lender           | Ad Valorem Tax Purposes             |          |            |

**ASSESSOR'S EXCHANGE**

Enclosed find copies of documents, including appraisals, property sales, and a brief description of any other evidence that will be introduced or submitted by the Assessor. Also enclosed are the names of the witnesses who will testify, and a brief statement of what the witnesses will be expected to establish or prove.

**PARCEL DATA**

AS OF DECEMBER 31, 2003 FOR TAX YEAR 2008

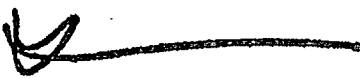
|                            |                                                             |               |     |
|----------------------------|-------------------------------------------------------------|---------------|-----|
| Owner:                     | Keystone Legends I LP                                       |               |     |
| Agent:                     |                                                             |               |     |
| Parcel ID Number:          | 09/599-00-00-XXX                                            | Tax District: | 2-1 |
| Property Location/Address: | 1100 Legends Club Dr. 3 BR, # 3 bed                         |               |     |
| Legal Description:         | 3 bedrm unit, Camellia Plan, The Legends *** See Addenda*** |               |     |

**OPINION OF VALUE**

|                | Appellant          |                    | Assessor           |                    |
|----------------|--------------------|--------------------|--------------------|--------------------|
|                | FMV <sup>(1)</sup> | ERA <sup>(2)</sup> | FMV <sup>(1)</sup> | ERA <sup>(2)</sup> |
| Land Value     |                    |                    |                    |                    |
| Building Value |                    |                    |                    |                    |
| Improved Value |                    |                    |                    |                    |
| <b>TOTAL</b>   |                    |                    |                    |                    |

**Comments:** See Attached: "Issues Surrounding the Case"

Witness(es) to Testify:

Angela H. Sawadske  
Senior Staff Appraiser


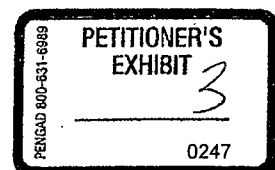
Toy Glennon, Assessor

July 22, 2010  
Date

Note:

(1) FMV = Full (100%) Market Value (Estimate as of 12/31/03)

(2) ERA = Equity Relationship of Appellant's Property to Other Similar Properties in the Area

BAA#: BAA 08-0004(B)  
PID#: 09/599-00-00-XXX

**Issues Surrounding the Case**

File No. 09/599-00-00-XXX

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr. 3 BR, # 3 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |

**Issues Surrounding the Case:**

The Legends is a 200 unit condominium complex located in Mt. Pleasant, located in front of the Charleston National subdivision. It is a private gated community with a pool, clubhouse, fitness center, business center, tennis courts and a playground. The project was originally an apartment complex that was converted to condominiums by master deed D581-121 filed April 27, 2006. For tax year 2007, each condo unit was valued individually and notices were mailed informing the owners of the new values. For tax year 2008 one of the owners has appealed, requesting that 121 of the 143 units he owns be valued as an apartment complex. There are no outstanding appeals from the owners of the other 57 units in the complex for tax year 2008.

The Legends has a total of 11 floor plans. For the Administrative Law Court, an appraisal has been submitted for a typical 1 bedroom, 2 bedroom and 3 bedroom unit with effective dates of 12/31/2003 and 12/31/2007. This was done in order to verify if the 2007 values had dropped below the 2003 values. After completing these appraisals it was confirmed that 2007 values had not fallen below 2003 values, but the appraiser would recommend that the individual 2003 values be lowered according to the spreadsheet below.

| Floor Plan | Pre-Appeal  | 12/31/2007      | Recommended |
|------------|-------------|-----------------|-------------|
|            | 2003 Values | Lien Date Value | 2003 Values |

**1 Bedroom Units**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Azalea Plan (13)          | \$115,000 | \$140,000 | \$105,000 |
| Azalea Elongated Plan(10) | \$120,000 | \$143,000 | \$107,000 |
| Dogwood Plan (33)         | \$120,000 | \$146,000 | \$110,000 |
| Magnolia Garage Plan (5)  | \$145,000 | \$171,000 | \$134,000 |

**2 Bedroom Units**

|                           |           |           |           |
|---------------------------|-----------|-----------|-----------|
| Jasmine Plan (2)          | \$175,000 | \$193,000 | \$148,000 |
| Jasmine Elongated Plan(1) | \$180,000 | \$199,000 | \$156,000 |
| Jasmine Garage Plan (6)   | \$200,000 | \$216,000 | \$170,000 |
| Oleander Plan (38)        | \$182,000 | \$202,000 | \$157,000 |
| Oleander Garage Plan (1)  | \$205,000 | \$222,000 | \$175,000 |

**3 Bedroom Units**

|                          |           |           |           |
|--------------------------|-----------|-----------|-----------|
| Camellia Plan (9)        | \$205,000 | \$215,000 | \$170,000 |
| Camellia Garage Plan (3) | \$230,000 | \$238,000 | \$192,000 |

## APPRAISAL OF REAL PROPERTY



### LOCATED AT

1100 Legends Club Dr. 3 BR, # 3 bed  
Mt. Pleasant, SC 29466  
3 bedrm unit, Camellia Plan, The Legends \*\*\* See Addenda\*\*\*

### FOR

Ad Valorem Tax Purposes  
N/A

### OPINION OF VALUE

170,000

### AS OF

12/31/2003

### BY

Angela H. Sawadske  
Charleston County Assessor's Office

Charleston, SC  
(843) 958-4100  
asawadske@charlestoncounty.org

BAA 08-0004(B)

File No.: 09/599-00-00-XXX

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

|                                                                                                                                                                                                                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------|--------------------------------------------|----------------------|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|---------|---------|----------------|-------------|-------------------------------------|----------------------------------------------------------------------------------------------------------------------|--|--------|---------|--------------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----|-------------------------------------|--------------------------|--|--------------------------------------------------------------------------------------------------------------------------------------|----------|--------------------------|-------------------------------------|------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------------|--|----------|----------|--------------------------|-------------------------------------|------|------------------|----------------|-------------------------------------|--------------------------|--|---------------|------------------|--------------------------|-------------------------------------|--|--|-------------|--------------------------|--------------------------|--|-------|------|--------------------------|--------------------------|--|--|
| SUBJECT                                                                                                                                                                                                                                                                        | Property Address: 1100 Legends Club Dr. 3 BR                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                  | Unit #: 3 bed                                                                                                                                                                      |                        | City: Mt. Pleasant                                                   |                                                                                                                                            | State: SC                           |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Zip Code: 29466                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  | County: Charleston                                                                                                                                                                 |                        | Legal Description: 3 bedrm unit, Camellia Plan, The Legends *** See  |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Addenda***                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                  | Assessor's Parcel #: 599-00-00-XXX *** See Addenda***                                                                                                                              |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Tax Year: 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                  | R.E. Taxes: \$ Est \$2225                                                                                                                                                          |                        | Special Assessments: \$ None Noted                                   |                                                                                                                                            | Borrower (if applicable): N/A       |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| ASSIGNMENT                                                                                                                                                                                                                                                                     | Current Owner of Record: Keystone Legends I.L.P.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                  | Occupant: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant (Market Rent) <input type="checkbox"/> Tenant (Regulated Rent) <input type="checkbox"/> Vacant |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Project Type: <input type="checkbox"/> Condominium <input checked="" type="checkbox"/> Other (describe) Apartment Complex as of effective date of appr                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                  | HOA: \$ N/A                                                                                                                                                                        |                        | <input type="checkbox"/> per year <input type="checkbox"/> per month |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Market Area Name: Mount Pleasant                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                  | Map Reference: 599-00-00-XX                                                                                                                                                        |                        | Census Tract: 46.01                                                  |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Project Name: The Legends                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                  |                                                                                                                                                                                    |                        | Phase: 1                                                             |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| MARKET AREA DESCRIPTION                                                                                                                                                                                                                                                        | The purpose of this appraisal is to develop an opinion of: <input checked="" type="checkbox"/> Market Value (as defined), or <input type="checkbox"/> other type of value (describe). For Ad Valorem Taxes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | This report reflects the following value (if not Current, see comments): <input type="checkbox"/> Current (the Inspection Date is the Effective Date) <input checked="" type="checkbox"/> Retrospective <input type="checkbox"/> Prospective                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Approaches developed for this appraisal: <input checked="" type="checkbox"/> Sales Comparison Approach <input type="checkbox"/> Cost Approach <input checked="" type="checkbox"/> Income Approach (See Reconciliation Comments and Scope of Work)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Property Rights Appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Leased Fee <input type="checkbox"/> Other (describe)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Intended Use: See Addenda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Intended User(s) (by name or type): See Addenda                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Client: Charleston County                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                  | Address: 101 Meeting Street, Charleston, SC 29401                                                                                                                                  |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Appraiser: Angela H. Sawadska                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | <table border="1"> <tr> <td>Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural</td> <td>Predominant Occupancy: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant</td> <td>Condominium Housing PRICE: \$ (000) 97 Low</td> <td>AGE: 1</td> <td>Present Land Use: One-Unit %</td> <td>Change in Land Use: <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely * <input type="checkbox"/> In Process *</td> </tr> <tr> <td>Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%</td> <td></td> <td></td> <td></td> <td>2-4 Unit %</td> <td></td> </tr> <tr> <td>Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow</td> <td></td> <td></td> <td></td> <td>Multi-Unit 99%</td> <td></td> </tr> <tr> <td>Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining</td> <td></td> <td></td> <td></td> <td>Comm'l %</td> <td></td> </tr> <tr> <td>Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>                     |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     | Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural | Predominant Occupancy: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant | Condominium Housing PRICE: \$ (000) 97 Low | AGE: 1               | Present Land Use: One-Unit % | Change in Land Use: <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely * <input type="checkbox"/> In Process * | Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% |         |         |                | 2-4 Unit %  |                                     | Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow |  |        |         | Multi-Unit 99%           |                                     | Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining |                             |     |                                     | Comm'l %                 |  | Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply |          |                          |                                     |            |                | Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos. |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Location: <input type="checkbox"/> Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Predominant Occupancy: <input type="checkbox"/> Owner <input checked="" type="checkbox"/> Tenant | Condominium Housing PRICE: \$ (000) 97 Low                                                                                                                                         | AGE: 1                 | Present Land Use: One-Unit %                                         | Change in Land Use: <input checked="" type="checkbox"/> Not Likely <input type="checkbox"/> Likely * <input type="checkbox"/> In Process * |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Built up: <input type="checkbox"/> Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    | 2-4 Unit %             |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Growth rate: <input type="checkbox"/> Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    | Multi-Unit 99%         |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Property values: <input type="checkbox"/> Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Declining                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    | Comm'l %               |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Demand/supply: <input type="checkbox"/> Shortage <input checked="" type="checkbox"/> In Balance <input type="checkbox"/> Over Supply                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Marketing time: <input type="checkbox"/> Under 3 Mos. <input checked="" type="checkbox"/> 3-6 Mos. <input type="checkbox"/> Over 6 Mos.                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Market Area Boundaries, Description, and Market Conditions (including support for the above characteristics and trends): Typical financing is conventional or cash. It is typical of the market for sellers to pay buyers closing costs. Average time on market is 3-9 months. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
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| PROJECT SITE DESCRIPTION                                                                                                                                                                                                                                                       | Zoning Classification: Residential                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                  | Description: PD - Planned Development                                                                                                                                              |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Zoning Compliance: <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (grandfathered) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Ground Rent (if applicable) \$ N/A/                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                  | Comments: N/A                                                                                                                                                                      |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Highest & Best Use as improved (or as proposed per plans & specifications): <input checked="" type="checkbox"/> Present use, or <input type="checkbox"/> Other use (explain)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Actual Use as of Effective Date: Apartment Complex                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                  | Use as appraised in this report: Residential Condominium                                                                                                                           |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Summary of Highest & Best Use: The current use as a residential condominium is the highest and best use of this property. Current zoning allows this use and it is physically, and legally permissible.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | <table border="1"> <tr> <td>Utilities</td> <td>Public</td> <td>Other</td> <td>Provider/Description</td> <td>Off-site Improvements</td> <td>Type</td> <td>Public</td> <td>Private</td> <td>Density</td> <td>8.6 units/acre</td> </tr> <tr> <td>Electricity</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Street</td> <td>Asphalt</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>Size</td> <td>200 units / 23.22 acres +/-</td> </tr> <tr> <td>Gas</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Curb/Gutter</td> <td>Concrete</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>Topography</td> <td>Level at Grade</td> </tr> <tr> <td>Water</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Sidewalk</td> <td>Concrete</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td>View</td> <td>Typical Interior</td> </tr> <tr> <td>Sanitary Sewer</td> <td><input checked="" type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Street Lights</td> <td>Typical Overhead</td> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td></td> <td></td> </tr> <tr> <td>Storm Sewer</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td>Alley</td> <td>None</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td></td> <td></td> </tr> </table> |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     | Utilities                                                                                                            | Public                                                                                           | Other                                      | Provider/Description | Off-site Improvements        | Type                                                                                                                                       | Public                                                                                                                    | Private | Density | 8.6 units/acre | Electricity | <input checked="" type="checkbox"/> | <input type="checkbox"/>                                                                                             |  | Street | Asphalt | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Size                                                                                                                               | 200 units / 23.22 acres +/- | Gas | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Curb/Gutter                                                                                                                          | Concrete | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Topography | Level at Grade | Water                                                                                                                                   | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Sidewalk | Concrete | <input type="checkbox"/> | <input checked="" type="checkbox"/> | View | Typical Interior | Sanitary Sewer | <input checked="" type="checkbox"/> | <input type="checkbox"/> |  | Street Lights | Typical Overhead | <input type="checkbox"/> | <input checked="" type="checkbox"/> |  |  | Storm Sewer | <input type="checkbox"/> | <input type="checkbox"/> |  | Alley | None | <input type="checkbox"/> | <input type="checkbox"/> |  |  |
|                                                                                                                                                                                                                                                                                | Utilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | Public                                                                                           | Other                                                                                                                                                                              | Provider/Description   | Off-site Improvements                                                | Type                                                                                                                                       | Public                              | Private                             | Density                                                                                                              | 8.6 units/acre                                                                                   |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Electricity                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <input checked="" type="checkbox"/>                                                              | <input type="checkbox"/>                                                                                                                                                           |                        | Street                                                               | Asphalt                                                                                                                                    | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Size                                                                                                                 | 200 units / 23.22 acres +/-                                                                      |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
|                                                                                                                                                                                                                                                                                | Gas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <input checked="" type="checkbox"/>                                                              | <input type="checkbox"/>                                                                                                                                                           |                        | Curb/Gutter                                                          | Concrete                                                                                                                                   | <input type="checkbox"/>            | <input checked="" type="checkbox"/> | Topography                                                                                                           | Level at Grade                                                                                   |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Water                                                                                                                                                                                                                                                                          | <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/>                                                                         |                                                                                                                                                                                    | Sidewalk               | Concrete                                                             | <input type="checkbox"/>                                                                                                                   | <input checked="" type="checkbox"/> | View                                | Typical Interior                                                                                                     |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Sanitary Sewer                                                                                                                                                                                                                                                                 | <input checked="" type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <input type="checkbox"/>                                                                         |                                                                                                                                                                                    | Street Lights          | Typical Overhead                                                     | <input type="checkbox"/>                                                                                                                   | <input checked="" type="checkbox"/> |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Storm Sewer                                                                                                                                                                                                                                                                    | <input type="checkbox"/>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <input type="checkbox"/>                                                                         |                                                                                                                                                                                    | Alley                  | None                                                                 | <input type="checkbox"/>                                                                                                                   | <input type="checkbox"/>            |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Other site elements: <input checked="" type="checkbox"/> Inside Lot <input type="checkbox"/> Corner Lot <input type="checkbox"/> Cul de Sac <input type="checkbox"/> Underground Utilities <input type="checkbox"/> Other (describe)                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| FEMA Spec'l Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No FEMA Flood Zone                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Zone X                                                                                           |                                                                                                                                                                                    | FEMA Map # 45019C0345J |                                                                      | FEMA Map Date 11/17/04                                                                                                                     |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |
| Site Comments: Final determination of flood zone should lie in survey. No adverse easements or encroachments noted at the time of inspection.                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                                                                  |                                                                                                                                                                                    |                        |                                                                      |                                                                                                                                            |                                     |                                     |                                                                                                                      |                                                                                                  |                                            |                      |                              |                                                                                                                                            |                                                                                                                           |         |         |                |             |                                     |                                                                                                                      |  |        |         |                          |                                     |                                                                                                                                    |                             |     |                                     |                          |  |                                                                                                                                      |          |                          |                                     |            |                |                                                                                                                                         |                                     |                          |  |          |          |                          |                                     |      |                  |                |                                     |                          |  |               |                  |                          |                                     |  |  |             |                          |                          |  |       |      |                          |                          |  |  |

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------------------------|---------------------------------------------------|
| Data source(s) for project information                                                                                                                                                                                                                                                                                                                                                                        |                               | Physical Inspection, Master Deed, Owner, MLS  |                                                   |
| Project Description: <input type="checkbox"/> Detached <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Mid-Rise <input type="checkbox"/> High-Rise <input checked="" type="checkbox"/> Other (describe): Low-Rise                                                                                                                                          |                               |                                               |                                                   |
| General Description of Project                                                                                                                                                                                                                                                                                                                                                                                |                               | Subject Phase #                               |                                                   |
| # of Stories: Two                                                                                                                                                                                                                                                                                                                                                                                             | Exterior Walls: Hardi Plank   | Units: 200                                    | If Project Completed #                            |
| # of Elevators: N/A                                                                                                                                                                                                                                                                                                                                                                                           | Roof Surface: Comp Shingles   | Units Completed: 200                          | Planned Phases: N/A                               |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed <input type="checkbox"/> Und. Cons.                                                                                                                                                                                                                                                                                            | Total # Parking: ***See***    | Units For Sale: N/A                           | Planned Units: N/A                                |
| Design (Style): Low-Rise                                                                                                                                                                                                                                                                                                                                                                                      | Ratio (spaces/unit): Below*** | Units Sold: N/A                               | Units For Sale: N/A                               |
| Actual Age (Yrs.): Built 2000                                                                                                                                                                                                                                                                                                                                                                                 | Parking Type(s): Open         | Units Rented: 196                             | Units Sold: N/A                                   |
| Effective Age (Yrs.): 3 Years                                                                                                                                                                                                                                                                                                                                                                                 | Guest Parking: Included       | Owner Occup. Units: N/A                       | Units Rented: N/A                                 |
| Project Primary Occupancy: <input type="checkbox"/> Principle Residence <input type="checkbox"/> Second Home or Recreational <input checked="" type="checkbox"/> Tenant *** See Addenda ***                                                                                                                                                                                                                   |                               | Owner Occup. Units: N/A                       | Owner Occup. Units: N/A                           |
| Is the developer/builder in control of the Homeowners' Association (HOA)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No                                                                                                                                                                                                                                                                 |                               |                                               |                                                   |
| Management Group: <input type="checkbox"/> Homeowners' Association <input checked="" type="checkbox"/> Developer <input type="checkbox"/> Management Agent (name of management agent or company): Keystone Legends I LP                                                                                                                                                                                       |                               |                                               |                                                   |
| owned all 200 units in the complex as of the effective date of value.                                                                                                                                                                                                                                                                                                                                         |                               |                                               |                                                   |
| Was the project created by the conversion of existing building(s) into a condominium? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No. If Yes, describe the original use and date of conversion.                                                                                                                                                                                          |                               |                                               |                                                   |
| The project was an apartment complex that was converted to a condominium by master deed D581-121 filed April 27, 2006.                                                                                                                                                                                                                                                                                        |                               |                                               |                                                   |
| Are CC&Rs applicable? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Unknown Have the documents been reviewed? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No Comments:                                                                                                                                                                    |                               |                                               |                                                   |
| Project Comments (condition, quality of construction, completion status, etc.): The project was an apartment complex that was converted to a condominium by master deed D581-121 filed April 27, 2006. The complex is average quality of construction and average condition for its age.                                                                                                                      |                               |                                               |                                                   |
| Common elements include privacy gate entry, swimming pool, fitness facility, tennis courts, business center, laundry room, mailbox, the compactor, and Club House. The project is complete. The complex was constructed with each unit having separate HVAC, electric meters, water meters, and washer/dryer connections thus making the cost to convert the units from multi-family to condominiums minimal. |                               |                                               |                                                   |
| Common Elements and Recreational Facilities: Common elements include private entry gate, swimming pool, fitness facility, tennis courts, business center, laundry room, mailbox, the compactor, and Club House.                                                                                                                                                                                               |                               |                                               |                                                   |
| Summary of condominium project budget analysis for the current year (if analyzed): Due to the property being a multi-family apartment complex as of the effective date, there is no condominium budget to analyze.                                                                                                                                                                                            |                               |                                               |                                                   |
| Other fees for the use of the project facilities (other than regular HOA charges): None Noted                                                                                                                                                                                                                                                                                                                 |                               |                                               |                                                   |
| Compared to other competitive projects of similar quality and design, the subject unit charge appears <input type="checkbox"/> High <input checked="" type="checkbox"/> Average <input type="checkbox"/> Low (If High or Low, describe)                                                                                                                                                                       |                               |                                               |                                                   |
| Due to this being a hypothetical appraisal, there are no current unit charges to analyze.                                                                                                                                                                                                                                                                                                                     |                               |                                               |                                                   |
| Are there any special or unusual characteristics of the project (based on the condominium documents, HOA meetings, or other information) known to the appraiser?                                                                                                                                                                                                                                              |                               |                                               |                                                   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If Yes, describe and explain the effect on value and marketability. None Known                                                                                                                                                                                                                                                            |                               |                                               |                                                   |
| Unit Charge: \$ N/A per month X 12 = \$ N/A per year. Annual assessment charge per year per SF of GLA = \$                                                                                                                                                                                                                                                                                                    |                               |                                               |                                                   |
| Utilities included in the Unit Charge: <input checked="" type="checkbox"/> None <input type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input type="checkbox"/> Electricity <input type="checkbox"/> Gas <input type="checkbox"/> Water <input type="checkbox"/> Sewer <input type="checkbox"/> Cable <input type="checkbox"/> Other: Apartment                                              |                               |                                               |                                                   |
| Source(s) used for physical characteristics of property: <input checked="" type="checkbox"/> New Inspection <input checked="" type="checkbox"/> Previous Appraisal Files <input checked="" type="checkbox"/> MLS <input checked="" type="checkbox"/> Assessment and Tax Records <input checked="" type="checkbox"/> Prior Inspection                                                                          |                               |                                               |                                                   |
| <input checked="" type="checkbox"/> Property Owner <input checked="" type="checkbox"/> Other (describe) Master Deed Data Source for Gross Living Area Master Deed                                                                                                                                                                                                                                             |                               |                                               |                                                   |
| General Description                                                                                                                                                                                                                                                                                                                                                                                           |                               | Exterior Description                          |                                                   |
| Floor Location: 2nd Floor                                                                                                                                                                                                                                                                                                                                                                                     | Foundation: CC Slab           | Foundation: <input type="checkbox"/> N/A      | Basement: <input checked="" type="checkbox"/> N/A |
| # of Levels: 1 Story                                                                                                                                                                                                                                                                                                                                                                                          | Exterior Walls: Hardi Plank   | Slab: Concrete                                | Area Sq. Ft.                                      |
| Design (Style): 1 Story                                                                                                                                                                                                                                                                                                                                                                                       | Roof Surface: Comp Shingles   | Crawl Space: None                             | % Finished                                        |
| <input checked="" type="checkbox"/> Existing <input type="checkbox"/> Proposed                                                                                                                                                                                                                                                                                                                                | Gutters & Dwnspts: Yes/Yes    | Basement: None                                | Ceiling                                           |
| <input type="checkbox"/> Under Construction                                                                                                                                                                                                                                                                                                                                                                   | Window Type: Vinyl Insulated  | Sump Pump: <input type="checkbox"/> N/A       | Walls                                             |
| Actual Age (Yrs.): Built 2000                                                                                                                                                                                                                                                                                                                                                                                 | Storm/Screens: No / Yes       | Dampness: <input type="checkbox"/> None/Noted | Floor                                             |
| Effective Age (Yrs.): 3 yrs                                                                                                                                                                                                                                                                                                                                                                                   |                               | Settlement: None Noted                        | Outside Entry                                     |
|                                                                                                                                                                                                                                                                                                                                                                                                               |                               | Infestation: None Noted                       |                                                   |
|                                                                                                                                                                                                                                                                                                                                                                                                               |                               |                                               | Heating Type: FWA                                 |
|                                                                                                                                                                                                                                                                                                                                                                                                               |                               |                                               | Fuel: Electric                                    |
|                                                                                                                                                                                                                                                                                                                                                                                                               |                               |                                               | Cooling: Central Yes                              |
|                                                                                                                                                                                                                                                                                                                                                                                                               |                               |                                               | Other:                                            |

BAA 08-0004(B)

File No.: 09/599-00-00-XXX

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

|                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|---------------------------------------------------------------------|-----------------|-------------------------------|
| UNIT IMPROVEMENTS (continued)                                                                                                                                                                                                                                                                                                                                                                                                                   | Interior Description                                                                                                                                                                                                | Appliances                                                                            | Attic                                                               | <input type="checkbox"/> N/A                                        | Amenities                                                           | Car Storage     | <input type="checkbox"/> None |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Floors: Carpet/Vinyl/Average                                                                                                                                                                                        | Refrigerator: <input checked="" type="checkbox"/>                                     | Stairs: <input type="checkbox"/>                                    | Fireplace(s) #                                                      | Woodstove(s) #                                                      | Garage: #       |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Walls: Drywall/Average                                                                                                                                                                                              | Range/Oven: <input checked="" type="checkbox"/>                                       | Drop Stair: <input type="checkbox"/>                                | Patio                                                               |                                                                     | Covered #       |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Trim/Finish: Wood/Average                                                                                                                                                                                           | Disposal: <input type="checkbox"/>                                                    | Scuttle: <input type="checkbox"/>                                   | Deck                                                                |                                                                     | Open #          | ***See Adenda**               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Bath Floor: Vinyl / Average                                                                                                                                                                                         | Dishwasher: <input checked="" type="checkbox"/>                                       | Doorway: <input type="checkbox"/>                                   | Porch: See Below                                                    |                                                                     | Total # of cars |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Bath Wainscot: Fiberglass/Average                                                                                                                                                                                   | Fan/Hood: <input type="checkbox"/>                                                    | Floor: <input type="checkbox"/>                                     | Fence                                                               |                                                                     | Assigned        |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Doors: Hollow Core/Average                                                                                                                                                                                          | Microwave: <input checked="" type="checkbox"/>                                        | Heated: <input type="checkbox"/>                                    | Pool: Community                                                     |                                                                     | Owned           |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                     | Washer/Dryer: <input checked="" type="checkbox"/>                                     | Finished: <input type="checkbox"/>                                  | Balcony: See Below                                                  |                                                                     | Space # (s)     |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Finished area above grade contains:                                                                                                                                                                                 | 6 Rooms                                                                               | 3 Bedrooms                                                          | 2 Bath(s)                                                           | 1,357 Square Feet of Gross Living Area Above Grade                  |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Are the heating and cooling for the individual units separately metered?                                                                                                                                            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No (If No, describe) |                                                                     |                                                                     |                                                                     |                 |                               |
| Additional features: This is the regular Camellia floor plan. All of the units with this floor plan (16) are located on the second floor with all but three having a balcony. See Below.                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| Describe the condition of the property (including physical, functional and external obsolescence): Features include fireplace, ceramic tile foyer, carpet and vinyl flooring throughout, washer and dryer connections, walk-in closets. Kitchen has formica countertops, white cabinets, white electric appliances including stove, dishwasher and microwave. The units are in average condition. No functional or external obsolescence noted. |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| INCOME APPROACH                                                                                                                                                                                                                                                                                                                                                                                                                                 | INCOME APPROACH TO VALUE (if developed) <input type="checkbox"/> The Income Approach was not developed for this appraisal.                                                                                          |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | FEATURE                                                                                                                                                                                                             | SUBJECT                                                                               | COMPARABLE RENTAL # 1                                               | COMPARABLE RENTAL # 2                                               | COMPARABLE RENTAL # 3                                               |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Address                                                                                                                                                                                                             | 1100 Legends Club Dr. 3 BR, # 3<br>Mt. Pleasant, SC 29466                             | 1100 Legends Club Dr.<br>Mt. Pleasant, SC 29466                     | 1358 Hopton Cir.<br>Mt. Pleasant, SC 29466                          | 1553 Deenepark Cir.<br>Mt. Pleasant, SC 29466                       |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Project                                                                                                                                                                                                             | The Legends                                                                           | The Legends                                                         | Ellington Woods                                                     | Ellington Woods                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Phase                                                                                                                                                                                                               | 1                                                                                     | 1                                                                   |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Proximity to Subject                                                                                                                                                                                                | Same Project                                                                          | Within 2 Miles                                                      | Within 2 Miles                                                      |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Current Monthly Rent                                                                                                                                                                                                | \$ N/A                                                                                | \$ 1,150                                                            | \$ 1,195                                                            | \$ 1,250                                                            |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Rent/GLA                                                                                                                                                                                                            | \$ /sq.ft.                                                                            | \$ 0.85 /sq.ft.                                                     | \$ 0.76 /sq.ft.                                                     | \$ 0.85 /sq.ft.                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Rent Control                                                                                                                                                                                                        | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                   | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Data Source(s)                                                                                                                                                                                                      | MLS, Public Records                                                                   | Submitted Rent Rolls                                                | MLS, Public Records                                                 | MLS, Public Records                                                 |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Date of Lease(s)                                                                                                                                                                                                    | N/A                                                                                   | Unknown                                                             | Unknown                                                             | Unknown                                                             |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Location                                                                                                                                                                                                            | The Legends                                                                           | The Legends                                                         | Ellington Woods                                                     | Ellington Woods                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | View                                                                                                                                                                                                                | Typical Interior                                                                      | Typical Interior                                                    | Typical Interior                                                    | Typical Interior                                                    |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Age                                                                                                                                                                                                                 | Built 2000                                                                            | Built 2000                                                          | Built 2001                                                          | Built 2000                                                          |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Condition                                                                                                                                                                                                           | Average                                                                               | Average                                                             | Average                                                             | Average                                                             |                 |                               |
| Above Grade                                                                                                                                                                                                                                                                                                                                                                                                                                     | Total Bdrms Baths                                                                                                                                                                                                   | Total Bdrms Baths                                                                     | Total Bdrms Baths                                                   | Total Bdrms Baths                                                   |                                                                     |                 |                               |
| Room Count                                                                                                                                                                                                                                                                                                                                                                                                                                      | 6 3 2                                                                                                                                                                                                               | 6 3 2                                                                                 | 6 3 2                                                               | 6 3 2                                                               |                                                                     |                 |                               |
| Gross Living Area                                                                                                                                                                                                                                                                                                                                                                                                                               | 1,357 sq.ft.                                                                                                                                                                                                        | 1,357 sq.ft.                                                                          | 1,567 sq.ft.                                                        | 1,465 sq.ft.                                                        |                                                                     |                 |                               |
| Utilities Included                                                                                                                                                                                                                                                                                                                                                                                                                              | None                                                                                                                                                                                                                | None                                                                                  | None                                                                | None                                                                |                                                                     |                 |                               |
| Parking                                                                                                                                                                                                                                                                                                                                                                                                                                         | Open                                                                                                                                                                                                                | Open                                                                                  | Open                                                                | Open                                                                |                                                                     |                 |                               |
| Furnishings                                                                                                                                                                                                                                                                                                                                                                                                                                     | None                                                                                                                                                                                                                | None                                                                                  | Furnished                                                           | Furnished                                                           |                                                                     |                 |                               |
| Summary of Income Approach (including support for market rent and GRM): The gross rent multiplier and the rent used is based on competing properties similar to the subject. There were no sales in the subject complex as it was prior to the condo conversion. See Addendum for GRM indicators.                                                                                                                                               |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| Opinion of Monthly Market Rent \$ 1,150 X Gross Rent Multiplier 150 = \$ 172,500 Indicated Value by Income Approach                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| TRANSFER HISTORY                                                                                                                                                                                                                                                                                                                                                                                                                                | My research <input type="checkbox"/> did <input checked="" type="checkbox"/> did not reveal any prior sales or transfers of the subject property for the three years prior to the effective date of this appraisal. |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Data Source(s): Public Records, MLS                                                                                                                                                                                 |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1st Prior Subject Sale/Transfer                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Date: N/A                                                                                                                                                                                                           |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Price: N/A                                                                                                                                                                                                          |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Source(s): MLS, Public Records                                                                                                                                                                                      |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| 2nd Prior Subject Sale/Transfer                                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| Date:                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| Price:                                                                                                                                                                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |
| Source(s):                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                     |                                                                                       |                                                                     |                                                                     |                                                                     |                 |                               |

## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

SALES COMPARISON APPROACH TO VALUE (if developed)

The Sales Comparison Approach was not developed for this appraisal.

| FEATURE                                     | SUBJECT                                                  | COMPARABLE SALE #1                                                         | COMPARABLE SALE #2                                                         | COMPARABLE SALE #3                                                         |
|---------------------------------------------|----------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|----------------------------------------------------------------------------|
| Address                                     | 1100 Legends Club Dr. 3 BR, #3<br>Mt. Pleasant, SC 29466 | 1577 Cambridge Lakes Drive<br>Mt. Pleasant, SC 29464                       | 1476 Belcourt Lane<br>Mt. Pleasant, SC 29466                               | 1326 Kingsford Lane<br>Mt. Pleasant, SC 29466                              |
| Project                                     | The Legends                                              | Cambridge Lakes                                                            | Ellington Woods                                                            | Ellington Woods                                                            |
| Phase                                       | 1                                                        |                                                                            |                                                                            |                                                                            |
| Proximity to Subject                        |                                                          | Approximately 5 Miles                                                      | Within 2 Miles                                                             | Within 2 Miles                                                             |
| Sale Price                                  | \$ N/A                                                   | \$ 149,900                                                                 | \$ 157,500                                                                 | \$ 150,970                                                                 |
| Sale Price/GLA                              | \$ /sq.ft.                                               | \$ 112.20/sq.ft.                                                           | \$ 105.42/sq.ft.                                                           | \$ 103.05/sq.ft.                                                           |
| Data Source(s)                              | MstrDd, Owner, Insp                                      | MLS, Master Deed, Pub Records                                              | MLS, Master Deed, Pub Records                                              | MLS, Master Deed, Pub Records                                              |
| Verification Source(s)                      | 599-00-00-XXX                                            | TMS# 559-14-00-143                                                         | TMS# 594-10-00-609                                                         | TMS# 594-10-00-725                                                         |
| VALUE ADJUSTMENTS                           | DESCRIPTION                                              | DESCRIPTION                                                                | DESCRIPTION                                                                | DESCRIPTION                                                                |
| Sales or Financing                          | N/A                                                      | None Known                                                                 | None Known                                                                 | None Known                                                                 |
| Concessions                                 | N/A                                                      |                                                                            |                                                                            |                                                                            |
| Date of Sale/Time                           | N/A                                                      | 11/13/2003                                                                 | 11/7/2003                                                                  | 10/8/2003                                                                  |
| Rights Appraised                            | Fee Simple                                               | Fee Simple                                                                 | Fee Simple                                                                 | Fee Simple                                                                 |
| Location                                    | The Legends                                              | Inferior                                                                   | Inferior                                                                   | Inferior                                                                   |
| HOA Fees (\$/Month)                         | N/A                                                      | 190                                                                        | 198                                                                        | 173                                                                        |
| Common Elements and Recreational Facilities | Gate, fitnessctr, pool, clbhs, bsctr                     | Pool, clubhouse, fitness ctr                                               | Pool, clubhouse, tennis court                                              | Pool, clubhouse, tennis court                                              |
| Floor Location                              | 2nd Floor                                                | 1st Floor                                                                  | 1st Floor                                                                  | 1st Floor                                                                  |
| View                                        | Typical Interior                                         | Typical                                                                    | Typical                                                                    | Typical                                                                    |
| Design (Style)                              | 1 Story                                                  | 1 Story                                                                    | 1 Story                                                                    | 1 Story                                                                    |
| Quality of Construction                     | Average                                                  | Average                                                                    | Average                                                                    | Average                                                                    |
| Age                                         | Built 2000                                               | Built 2000                                                                 | Built 2000                                                                 | Built 2003                                                                 |
| Condition                                   | Average                                                  | Average                                                                    | Average                                                                    | New                                                                        |
| Above Grade                                 | Total Bdrms Baths                                        | Total Bdrms Baths                                                          | Total Bdrms Baths                                                          | Total Bdrms Baths                                                          |
| Room Count                                  | 6 3 2                                                    | 6 3 2                                                                      | 6 3 2                                                                      | 6 3 2                                                                      |
| Gross Living Area                           | 1,357 sq.ft.                                             | 1,336 sq.ft.                                                               | 1,494 sq.ft.                                                               | 1,465 sq.ft.                                                               |
| Basement & Finished Rooms Below Grade       | N/A                                                      | N/A                                                                        | N/A                                                                        | N/A                                                                        |
| Functional Utility                          | Average                                                  | Average                                                                    | Average                                                                    | Average                                                                    |
| Heating/Cooling                             | CH&A                                                     | CH&A                                                                       | CH&A                                                                       | CH&A                                                                       |
| Energy Efficient Items                      | Average                                                  | Average                                                                    | Average                                                                    | Average                                                                    |
| Parking                                     | Adequate                                                 | Adequate                                                                   | Adequate                                                                   | Adequate                                                                   |
| Porch/Patio/Deck                            | Balcony                                                  | Screen Porch                                                               | Screen Porch                                                               | Screen Porch                                                               |
| Fireplace                                   | Fireplace                                                | None                                                                       | None                                                                       | Fireplace                                                                  |
| Net Adjustment (Total)                      |                                                          | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 23,000 | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 16,100 | <input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 13,100 |
| Adjusted Sale Price of Comparables          |                                                          | \$ 172,900                                                                 | \$ 173,600                                                                 | \$ 164,070                                                                 |

Summary of Sales Comparison Approach The Comparables used are believed to be the best available. The subject complex was not converted to condos until tax year 2007, therefore, there are no comparables available in the subject complex as of the effective date of value. All 3 comparables are located in nearby competing condominium complexes. They all have 3 bedrooms and 2 baths, and comps 2 and 3 are slightly larger than the subject. All 3 Comparables have inferior common elements due to not being private communities. A location/neighborhood adjustment has been made to all comparables due to being located further from area beaches, and/or the downtown area, as well as having off-site shared amenities. A condition adjustment was made to Comparable 3 due to being a new unit. All 3 comparables are considered to be reliable indicators of fair market value.

Indicated Value by Sales Comparison Approach \$ 170,000



## INDIVIDUAL CONDO UNIT APPRAISAL SUMMARY REPORT

**COST APPROACH TO VALUE (if developed)** ☒ The Cost Approach was not developed for this appraisal.  
 Summary of Cost Approach: Cost Approach is not applicable as condominium units are not constructed on an individual basis.

COST APPROACH

Indicated Value by: Sales Comparison Approach \$ 170,000. Cost Approach (if developed) \$ N/A. Income Approach (if developed) \$ 172,500

Final Reconciliation: The Sales Comparison Approach is considered to be the most reliable method of valuation of single family homes and condominiums. Cost Approach is not applicable as condominium units are not constructed on an individual basis. The Income Approach is supportive.

RECONCILIATION

This appraisal is made ☐ "as is", ☒ subject to completion per plans and specifications on the basis of a Hypothetical Condition that the improvements have been completed, ☐ subject to the following repairs or alterations on the basis of a Hypothetical Condition that the repairs or alterations have been completed, ☐ subject to the following required inspection based on the Extraordinary Assumption that the condition or deficiency does not require alteration or repair: This is a hypothetical appraisal of a condo unit. The subject was an apartment complex as of the effective date of value.

☐ This report is also subject to other Hypothetical Conditions and/or Extraordinary Assumptions as specified in the attached addenda.

Based on the degree of inspection of the subject property, as indicated below, defined Scope of Work, Statement of Assumptions and Limiting Conditions, and Appraiser's Certifications, my (our) Opinion of the Market Value (or other specified value type), as defined herein, of the real property that is the subject of this report is: \$ 170,000 as of: 12/31/2003, which is the effective date of this appraisal. If indicated above, this Opinion of Value is subject to Hypothetical Conditions and/or Extraordinary Assumptions included in this report. See attached addenda.

ATTACHMENTS

A true and complete copy of this report contains 16 pages, including exhibits which are considered an integral part of the report. This appraisal report may not be properly understood without reference to the information contained in the complete report.

Attached Exhibits:

- ☐ Scope of Work ☐ Limiting Cond. Certifications ☐ Narrative Addendum ☐ Photograph Addenda ☐ Sketch Addendum  
☐ Map Addenda ☐ Additional Sales ☐ Additional Rentals ☐ Flood Addendum ☐ Hypothetical Conditions  
☐ Extraordinary Assumptions ☐ Budget Analysis ☐

Client Contact: Charleston County

Client Name: Charleston County

E-Mail: assessor@charlestoncounty.org

Address:

## APPRAISER

SUPERVISORY APPRAISER (if required)  
or CO-APPRAISER (if applicable)

SIGNATURES

Appraiser Name: Angela H. Sawadske

Company: Charleston County Assessor's Office

Phone: (843) 958-4100

Fax:

E-Mail: asawadske@charlestoncounty.org

Date of Report (Signature): July 22, 2010

License or Certification #: CR 4000

State: SC

Designation: Certified Residential

Expiration Date of License or Certification: 6/30/2012

Inspection of Subject: ☒ Interior & Exterior ☐ Exterior Only ☐ None

Date of Inspection: 8/21/2007

Supervisory or

Co-Appraiser Name:

Company:

Phone:

Fax:

E-Mail:

Date of Report (Signature):

License or Certification #:

State:

Designation:

Expiration Date of License or Certification:

Inspection of Subject: ☐ Interior & Exterior ☒ Exterior Only ☐ None

Date of Inspection:

**Supplemental Addendum**

File No. 09/599-00-00-XXX

|                  |                                     |          |            |
|------------------|-------------------------------------|----------|------------|
| Borrower/Client  | N/A                                 |          |            |
| Property Address | 1100 Legends Club Dr. 3 BR; # 3 bed |          |            |
| City             | Mt. Pleasant                        | County   | Charleston |
| State            | SC                                  | Zip Code | 29466      |
| Lender           | Ad Valorem Tax Purposes             |          |            |

**Condo - Subject - Data Source(s), Offering Price(s), Date(s)**

MLS, Owner, Master Deed, Public Records, Physical Inspection

As of the effective date of the appraisal, the subject property was being operated as an apartment complex. This is a hypothetical appraisal to estimate the value of individual units if the subject property had been converted from a multi-family apartment complex to individual condominiums as of the effective date.

**Subject Information:**

Please note that this appraisal was performed for a standard three bedroom unit. The appraiser chose this unit as a representation of a typical three bedroom condominium unit, which serves as the basis to value other three bedroom units. The Legends complex has two different floor plans consisting of 3 bedrooms and 2 baths. As you can see below, each of the units have minor differences and have been adjusted accordingly. The subject of this appraisal is the Camellia Plan.

The Camellia Plan (16 units total): These units are located on the second floor, have 1,357 square feet, a fireplace and a balcony. Our recommended value for this floor plan is \$170,000.

The Camellia Garage Plan (8 units total): These units are located on the first floor, have 1,377 square feet, a screen porch and an attached garage. Taking the base value of \$170,000 and adding \$1500 for having a screen porch, and adding \$20,000 for an attached garage gives an indicated value of \$191,500, which has been rounded to \$192,000.

**Project Information:**

Parking spaces are not assigned, they are on a first-come, first serve basis.

As of the effective date of value, the property was an apartment complex. Therefore, it was tenant occupied. According to office records, a 2% vacancy was reported as of 12/2003.

**Income Approach Information:**

| <u>Address</u>     | <u>Sale Price</u> | <u>Rent</u> | <u>GRM</u> |
|--------------------|-------------------|-------------|------------|
| 1195 Village Creek | \$106,500         | \$725/mo.   | 147        |
| 1304 Old Tabby Ln  | \$139,900         | \$950/mo.   | 147        |
| 3380 Billings      | \$171,250         | \$1050/mo.  | 163        |
| 1500 Dutch Iris    | \$295,000         | \$1750/mo.  | 168        |

The GRM's range from 147-168. Based on unit type and rent, a GRM of 150 was used.

BAA 08-0004(B)

File No.: 09/599-00-00-XXX

**Assumptions & Limiting Conditions**

|                                                       |                                                   |           |                 |
|-------------------------------------------------------|---------------------------------------------------|-----------|-----------------|
| Property Address: 1100 Legends Club Dr. 3 BR, # 3 bed | City: Mt. Pleasant                                | State: SC | Zip Code: 29466 |
| Client: Charleston County                             | Address: 101 Meeting Street, Charleston, SC 29402 |           |                 |
| Appraiser: Angela H. Sawadske                         | Address: 101 Meeting St, Charleston, SC 29401     |           |                 |

**STATEMENT OF ASSUMPTIONS & LIMITING CONDITIONS**

- The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. The property is appraised on the basis of it being under responsible ownership.
- The appraiser may have provided a sketch in the appraisal report to show approximate dimensions of the improvements, and any such sketch is included only to assist the reader of the report in visualizing the property and understanding the appraiser's determination of its size. Unless otherwise indicated, a Land Survey was not performed.
- If so indicated, the appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
- The appraiser will not give testimony or appear in court because he or she made an appraisal of the property in question, unless specific arrangements to do so have been made beforehand.
- If the cost approach is included in this appraisal, the appraiser has estimated the value of the land in the cost approach at its highest and best use, and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are invalid if they are so used. Unless otherwise specifically indicated, the cost approach value is not an insurance value, and should not be used as such.
- The appraiser has noted in the appraisal report any adverse conditions (including, but not limited to, needed repairs, depreciation, the presence of hazardous wastes, toxic substances, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, or adverse environmental conditions (including, but not limited to, the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable, and has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property.
- The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
- The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice, and any applicable federal, state or local laws.
- If this appraisal is indicated as subject to satisfactory completion, repairs, or alterations, the appraiser has based his or her appraisal report and valuation conclusion on the assumption that completion of the improvements will be performed in a workmanlike manner.
- An appraiser's client is the party (or parties) who engage an appraiser in a specific assignment. Any other party acquiring this report from the client does not become a party to the appraiser-client relationship. Any persons receiving this appraisal report because of disclosure requirements applicable to the appraiser's client do not become intended users of this report unless specifically identified by the client at the time of the assignment.
- The appraiser's written consent and approval must be obtained before this appraisal report can be conveyed by anyone to the public, through advertising, public relations, news, sales, or by means of any other media, or by its inclusion in a private or public database.
- An appraisal of real property is not a 'home inspection' and should not be construed as such. As part of the valuation process, the appraiser performs a non-invasive visual inventory that is not intended to reveal defects or detrimental conditions that are not readily apparent. The presence of such conditions or defects could adversely affect the appraiser's opinion of value. Clients with concerns about such potential negative factors are encouraged to engage the appropriate type of expert to investigate.

BAA 08-0004(B)

File No.: 09/599-00-00-XXX

**Definitions & Scope of Work**

Property Address: 1100 Legends Club Dr. 3 BR, # 3 bed

City: Mt. Pleasant

State: SC

Zip Code: 29466

Client: Charleston County

Address: 101 Meeting Street, Charleston, SC 29402

Appraiser: Angela H. Sawadske

Address: 101 Meeting St, Charleston, SC 29401

**SCOPE OF WORK**

The Scope of Work is the type and extent of research and analyses performed in an appraisal assignment that is required to produce credible assignment results, given the nature of the appraisal problem, the specific requirements of the intended user(s) and the intended use of the appraisal report. Reliance upon this report, regardless of how acquired, by any party or for any use, other than those specified in this report by the Appraiser, is prohibited. The Opinion of Value that is the conclusion of this report is credible only within the context of the Scope of Work, Effective Date, the Date of Report, the Intended User(s), the Intended Use, the stated Assumptions and Limiting Conditions, any Hypothetical Conditions and/or Extraordinary Assumptions, and the Type of Value, as defined herein. The appraiser, appraisal firm, and related parties assume no obligation, liability, or accountability, and will not be responsible for any unauthorized use of this report or its conclusions.

The scope of work for this appraisal is defined by the complexity of this appraisal assignment and the reporting requirements of this appraisal report form, including the following definition of market value, statement of assumptions and limiting conditions, and certifications. The appraiser must, at a minimum: (1) perform a complete visual inspection of the exterior areas of the subject property, (2) inspect the neighborhood, (3) inspect each of the comparables sales from at least the street, (4) research, verify, and analyze data from reliable public and/or private sources, and (5) report his or her analysis, opinions, and conclusions in this appraisal report.

**DEFINITION OF MARKET VALUE \*:**

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

\* This definition is from regulations published by federal regulatory agencies pursuant to Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989 between July 5, 1990, and August 24, 1990, by the Federal Reserve System (FRS), National Credit Union Administration (NCUA), Federal Deposit Insurance Corporation (FDIC), the Office of Thrift Supervision (OTS), and the Office of Comptroller of the Currency (OCC). This definition is also referenced in regulations jointly published by the OCC, OTS, FRS, and FDIC on June 7, 1994, and in the Interagency Appraisal and Evaluation Guidelines, dated October 27, 1994.

**Further - South Carolina Code of Law section 12-37-930 states:**

"...all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and the buyer are willing, are not acting under compulsion, and are reasonably well informed as to the uses and purposes for which it is adapted and for which it is capable of being used.

**DATE OF VALUE:**

The taxable status of real property for a given year is to be determined as of December 31 of the preceding tax year, S. C. Code Ann. § 12-37-900.

This is a **Retrospective Value Estimate** in conformance with the Uniform Standards of Professional Appraisal Practice as it relates to retrospective value estimates and as the South Carolina Statute is applied.

**INTENDED USE OF APPRAISAL**

The intended use of this appraisal is to estimate the market value of the subject real property as of the effective date of value for purposes of ad valorem taxation. This appraisal/valuation analysis is being used in support of the Assessor's position relative to the market value of the subject property(s) that is /are being appealed to the Charleston County Board of Assessment Appeals and/or Administrative Law Court. This appraisal is also intended to assist the Charleston County Board of Assessment Appeals and/or SC Administrative Law Court in deliberations regarding issues raised in the appeal.

**INTENDED USER(S)**

This report is intended as part of a presentation of the Assessor's position to the Charleston County Board of Assessment Appeals and/or SC Administrative Law Court (ALC) in a board conference or contested case hearing. The intended users include: Members of the Charleston County Board of Assessment Appeals, the SC ALC Judge presiding, the appellant/owner, the appellant's representative or legal counsel, members of the Assessor's office scheduled to testify and Charleston County's legal counsel. The appraiser intends to offer oral testimony regarding the hearing of the subject appeal. This testimony is supplementary to the report and without the testimony, the position of the Assessor may not be clear.

BAA 08-0004(B)

File No.: 09/599-00-00-XXX

**Certifications**

Property Address: 1100 Legends Club Dr. 3 BR, #3 bed City: Mt. Pleasant State: SC Zip Code: 29466  
 Client: Charleston County Address: 101 Meeting Street, Charleston, SC 29402  
 Appraiser: Angela H. Sawadske Address: 101 Meeting St, Charleston, SC 29401

**APPRAISER'S CERTIFICATION**

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

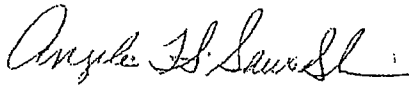
- The statements of fact contained in this report are true and correct.
- The credibility of this report, for the stated use by the stated user(s), of the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, 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.
- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice that were in effect at the time this report was prepared.
- I did not base, either partially or completely, my analysis and/or the opinion of value in the appraisal report on the race, color, religion, sex, handicap, familial status, or national origin of either the prospective owners or occupants of the subject property, or of the present owners or occupants of the properties in the vicinity of the subject property.
- Unless otherwise indicated, I have made a personal inspection of the property that is the subject of this report.
- Unless otherwise indicated, no one provided significant real property appraisal assistance to the person(s) signing this certification.

**WORKFILE**

The appraiser's work file and the Assessor's files are incorporated into this appraisal report by reference.

**SUMMARY OF HIGHEST AND BEST USE**

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. Because the site is in the midst of a stable residential neighborhood, there is little likelihood of a zoning change or a variance for non-conforming use.



|                                                                                                                                                     |                                                                                                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|
| Client Contact: Charleston County                                                                                                                   | Client Name: Charleston County                                                                                                                      |
| E-Mail: assessor@charlestoncounty.org                                                                                                               | Address: 101 Meeting Street, Charleston, SC 29402                                                                                                   |
| <b>APPRAISER</b>                                                                                                                                    | <b>SUPERVISORY APPRAISER (if required) or CO-APPRAISER (if applicable)</b>                                                                          |
| Appraiser Name: Angela H. Sawadske                                                                                                                  | Supervisory or Co-Appraiser Name: _____                                                                                                             |
| Company: Charleston County Assessor's Office                                                                                                        | Company: _____                                                                                                                                      |
| Phone: (843) 958-4100 Fax: _____                                                                                                                    | Phone: _____ Fax: _____                                                                                                                             |
| E-Mail: asawadske@charlestoncounty.org                                                                                                              | E-Mail: _____                                                                                                                                       |
| Date Report Signed: July 22, 2010                                                                                                                   | Date Report Signed: _____                                                                                                                           |
| License or Certification #: CR 4000 State: SC                                                                                                       | License or Certification #: _____ State: _____                                                                                                      |
| Designation: Certified Residential                                                                                                                  | Designation: _____                                                                                                                                  |
| Expiration Date of License or Certification: 6/30/2012                                                                                              | Expiration Date of License or Certification: _____                                                                                                  |
| Inspection of Subject: <input checked="" type="checkbox"/> Interior & Exterior <input type="checkbox"/> Exterior Only <input type="checkbox"/> None | Inspection of Subject: <input type="checkbox"/> Interior & Exterior <input checked="" type="checkbox"/> Exterior Only <input type="checkbox"/> None |
| Date of Inspection: 8/21/2007                                                                                                                       | Date of Inspection: _____                                                                                                                           |

SIGNATURES

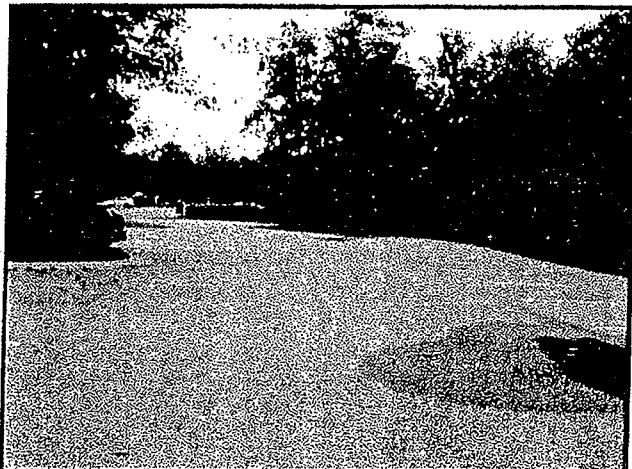


**Subject Photo Page**

|                  |                                     |        |            |       |    |
|------------------|-------------------------------------|--------|------------|-------|----|
| Borrower/Client  | N/A                                 |        |            |       |    |
| Property Address | 1100 Legends Club Dr. 3 BR, # 3 bed |        |            |       |    |
| City             | Mt. Pleasant                        | County | Charleston | State | SC |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |    |
|                  | Zip Code 29466                      |        |            |       |    |

**Subject Front**

1100 Legends Club Dr. 3 BR, # 3 bed:  
 Sales Price N/A  
 Gross Living Area 1,357  
 Total Rooms 6  
 Total Bedrooms 3  
 Total Bathrooms 2  
 Location The Legends  
 View Typical Interior  
 Site:  
 Quality Average  
 Age Built 2000

**Subject Rear****Subject Street**

**Comparable Photo Page**

|                  |                                     |          |            |
|------------------|-------------------------------------|----------|------------|
| Borrower/Client  | N/A                                 |          |            |
| Property Address | 1100 Legends Club Dr. 3 BR, # 3 bed |          |            |
| City             | Mt. Pleasant                        | County   | Charleston |
| State            | SC                                  | Zip Code | 29466      |
| Lender           | Ad Valorem Tax Purposes             |          |            |

**Comparable 1**

1577 Cambridge Lakes Drive  
 Prox. to Subject Approximately 5 Miles  
 Sales Price 149,900  
 Gross Living Area 1,336  
 Total Rooms 6  
 Total Bedrooms 3  
 Total Bathrooms 2  
 Location Inferior  
 View Typical  
 Site  
 Quality Average  
 Age Built 2000

**Comparable 2**

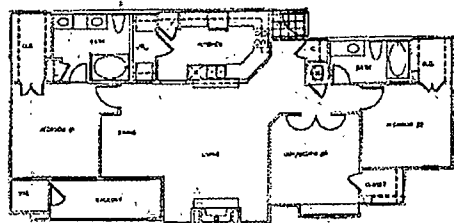
1476 Belcourt Lane  
 Prox. to Subject Within 2 Miles  
 Sales Price 157,500  
 Gross Living Area 1,494  
 Total Rooms 6  
 Total Bedrooms 3  
 Total Bathrooms 2  
 Location Inferior  
 View Typical  
 Site  
 Quality Average  
 Age Built 2000

**Comparable 3**

1326 Kingsford Lane  
 Prox. to Subject Within 2 Miles  
 Sales Price 150,970  
 Gross Living Area 1,465  
 Total Rooms 6  
 Total Bedrooms 3  
 Total Bathrooms 2  
 Location Inferior  
 View Typical  
 Site  
 Quality Average  
 Age Built 2003

## Sketch

|                  |                                    |        |            |          |       |
|------------------|------------------------------------|--------|------------|----------|-------|
| Borrower/Client  | N/A                                |        |            |          |       |
| Property Address | 1100 Legends Club Dr. 3 BR, #3 bed |        |            |          |       |
| City             | Mt. Pleasant                       | County | Charleston | State    | SC    |
|                  |                                    |        |            | Zip Code | 29466 |
| Lender           | Ad Valorem Tax Purposes            |        |            |          |       |

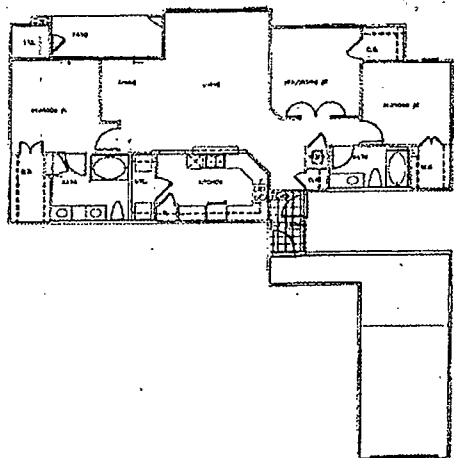


### Camellia, C-I, 1456sf

#### FIREPLACE

Three bedroom  
Two bath  
Living space 1357 sq. ft.  
Patio space 79 sq. ft.  
Storage space 21 sq. ft.

Bedroom #1-12 x 12 1/2  
Bedroom #2-12 x 11  
Bedroom #3 11 1/4 x 12  
Living Room-18x14  
Dining Area-12x8  
Kitchen-15x9  
Utility-3x9  
Bathroom #1-10x9  
Bathroom #2-11x6  
Closet #1-9x5  
Closet #2-5x6  
Closet #3-5x5



### Camellia, C-I, 1480sf

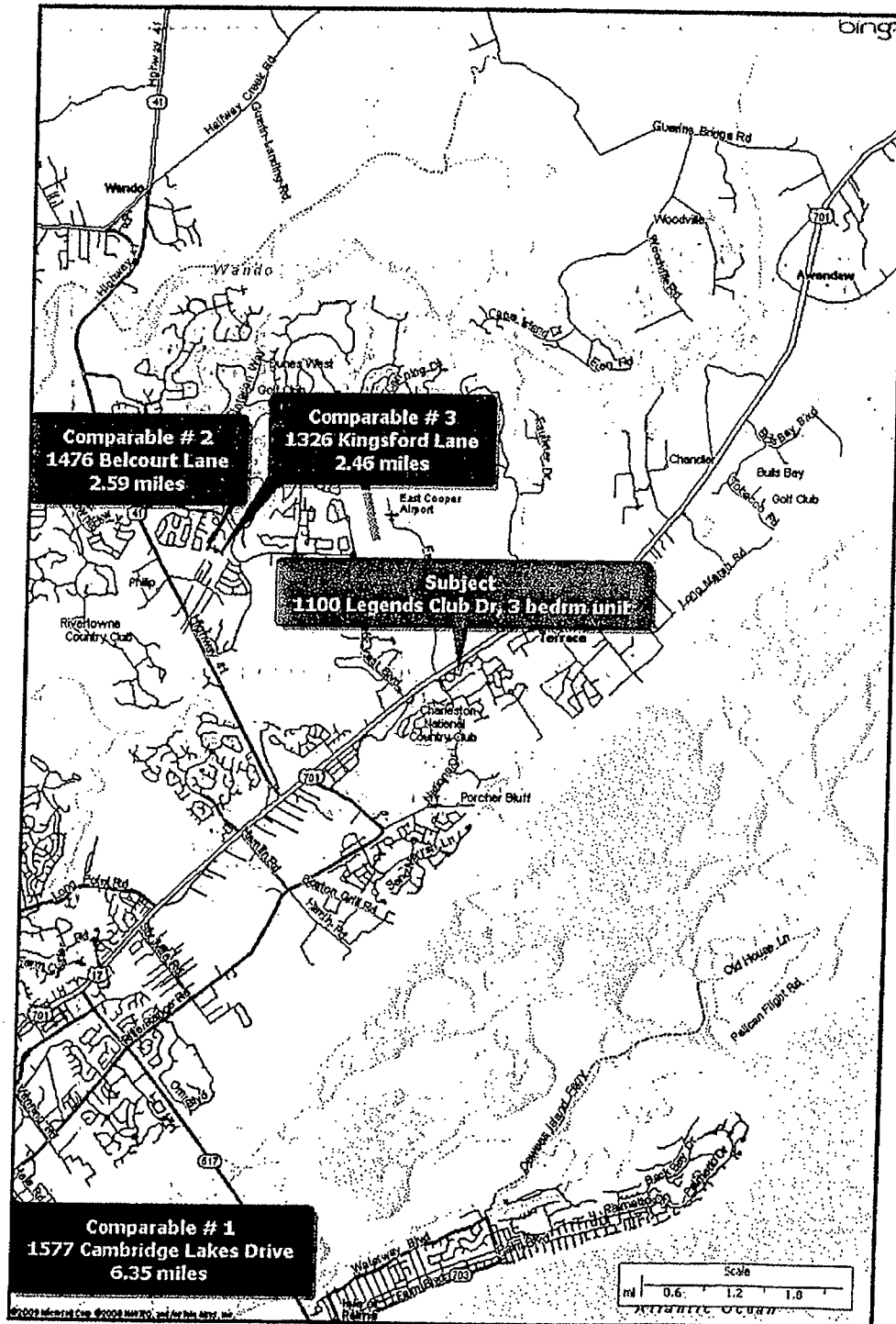
#### GARAGE

Three Bedroom  
Two bath  
Living space 1377 sq. ft.  
Patio space 82 sq. ft.  
Storage space 21 sq. ft.  
Direct access garage 364 sq. ft.

Bedroom #1 12x12 1/2  
Bedroom #2 12x11  
Bedroom #3 11 1/4 x 12  
Living room 18x14  
Dining area-12x8  
Kitchen-15x9  
Utility-3x9  
Bathroom #1-10x9  
Bathroom #2-11x6  
Closet #1-9x5  
Closet #2-5x6  
Closet #3-5x5

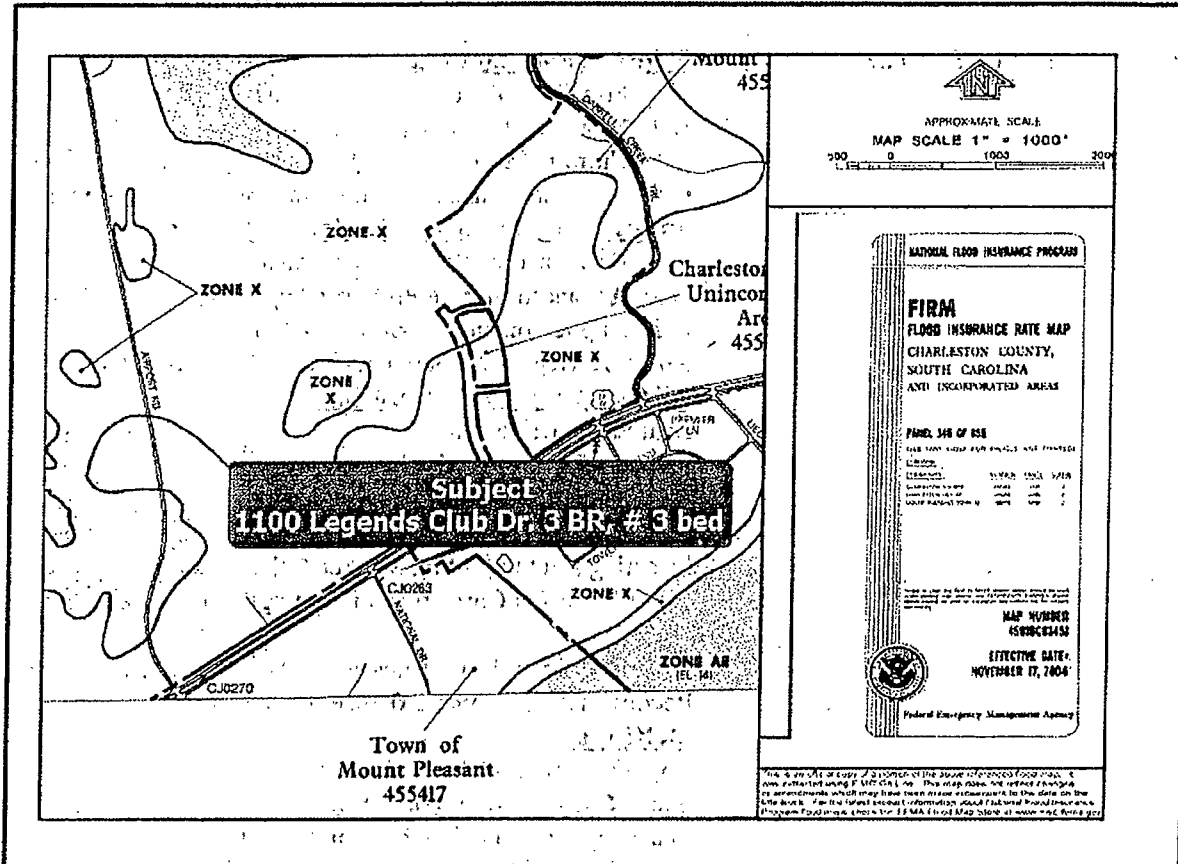
## Comparable Sales Map

|                  |                                    |        |            |       |                |
|------------------|------------------------------------|--------|------------|-------|----------------|
| Borrower/Client  | N/A                                |        |            |       |                |
| Property Address | 1100 Legends Club Dr. 3 BR, #3 bed |        |            |       |                |
| City             | Mt. Pleasant                       | County | Charleston | State | SC             |
| Lender           | Ad Valorem Tax Purposes            |        |            |       | Zip Code 29466 |



**Flood Map**

|                  |                                     |        |            |       |                   |
|------------------|-------------------------------------|--------|------------|-------|-------------------|
| Borrower/Client  | N/A                                 |        |            |       |                   |
| Property Address | 1100 Legends Club Dr. 3 BR, # 3 bed |        |            |       |                   |
| City             | Mt. Pleasant                        | County | Charleston | State | SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |       |                   |



**Appraiser's Qualifications**

File No. 09/599-00-00-XXX

|                  |                                     |        |            |                         |
|------------------|-------------------------------------|--------|------------|-------------------------|
| Borrower/Client  | N/A                                 |        |            |                         |
| Property Address | 1100 Legends Club Dr. 3 BR, # 3 bed |        |            |                         |
| City             | Mt. Pleasant                        | County | Charleston | State SC Zip Code 29466 |
| Lender           | Ad Valorem Tax Purposes             |        |            |                         |

**APPRAISER'S QUALIFICATIONS****NAME:** Angela H. Sawadske**POSITION:** Senior Staff Appraiser**STATE CERTIFIED  
REAL ESTATE APPRAISER:** SC CR 4000**DATE EMPLOYED:** June 30, 2003**EDUCATIONAL BACKGROUND:** Bachelor of Science, College of Charleston**REAL ESTATE COURSES:****Trident Technical College**

L-1: Principles of Real Estate Appraisals

L-2: Market Data Analysis

L-3: Uniform Standards of Professional Appraisal Practice

CR: Residential Analysis -Small Income Property Appraisals

**Spearman Center for Professional Education**

C-1: Basic Income Property Appraising

C-2: Advanced Income Property Appraising

C-3: Applied Income Property Valuation

Appraisal Report Writing: Clear, Concise and Correct

**SC Chapter Appraisal Institute**

Real Estate Disclosure

Business Practices and Ethics

Land Valuation Adjustment Procedures

**Philip Urso Seminars**

Selecting and Supporting Market Adjustments

A Fresh Look at Correctly Completing Fannie Mae Forms

**IAAO**

Uniform Standards of Professional Appraisal Practice Update

Reconstructing Income/Expense Statements

**McKissock**

Appraising High-Value Residential Properties

**South Carolina Department of Revenue**

Real Property Valuation Reform Act with 2007 Amendments

Legal Terminology &amp; Non-Tax Statutes for Taxing Officials

Assessable Transfers of Interest

Legal Residence from a Lawyer's Perspective

History of Ad Valorem Valuation

**PREVIOUS EMPLOYMENT:** Atlantic Appraisals, 1998-2003**PROFESSIONAL AFFILIATIONS:** South Carolina Association of Assessing Officials (SCAAO)

AN  
APPRAISAL/VALUATION ANALYSIS  
OF

LEGENDS at MT PLEASANT  
APARTMENTS

LOCATED IN  
CHARLESTON COUNTY, SC

AS OF  
DECEMBER 31, 2003

PREPARED BY  
STEPHEN J. EVERMAN  
FOR  
CHARLESTON COUNTY

### SUMMARY OF IMPORTANT FACTS AND CONCLUSIONS

|                                |                                                                                                                                                                               |
|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Location:                      | Legends at Mt. Pleasant Apartments<br>1100 Legends Club Drive, Mt. Pleasant S.C.                                                                                              |
| Tax Map Number:                | 599-00-00-020                                                                                                                                                                 |
| Owner of Record:               | Keystone Legends I LP as of the date of the TY 2005 reassessment notice. Note that the property has been converted to a Horizontal Property Regime, and some units have sold. |
| Improvements:                  | 80 -1 bedroom apartments<br>96 - 2 bedroom apartments<br>24 - 3 bedroom apartments<br>200 - Total                                                                             |
| Zoning:                        | PD (Planned Development)                                                                                                                                                      |
| Highest and Best Use:          | Multi Family Residential                                                                                                                                                      |
| Date of Value Estimate:        | December 31, 2003                                                                                                                                                             |
| Tax Year:                      | Tax Year 2005                                                                                                                                                                 |
| Market Value Estimates:        |                                                                                                                                                                               |
| Land Value:                    | \$1,600,000                                                                                                                                                                   |
| Sales Comparison Approach      | \$17,000,000                                                                                                                                                                  |
| Income Approach                | \$16,800,000                                                                                                                                                                  |
| Date of Equity Value Estimate: | December 31, 2003                                                                                                                                                             |
| Equity Value                   | \$ 16,644,000                                                                                                                                                                 |
| Owners Estimate of Value:      | \$ 12,611,967                                                                                                                                                                 |
| Date of Report:                | April 26, 2004                                                                                                                                                                |
| Flood Zone:                    | Flood Zone X, FEMA Map<br>45019 C 0345J, Dated November 17, 2004.                                                                                                             |



# Charleston County, South Carolina

Copyright 2004  
Charleston County GIS  
4045 Bridge View Drive  
North Charleston, SC 29405-7464

## Legend



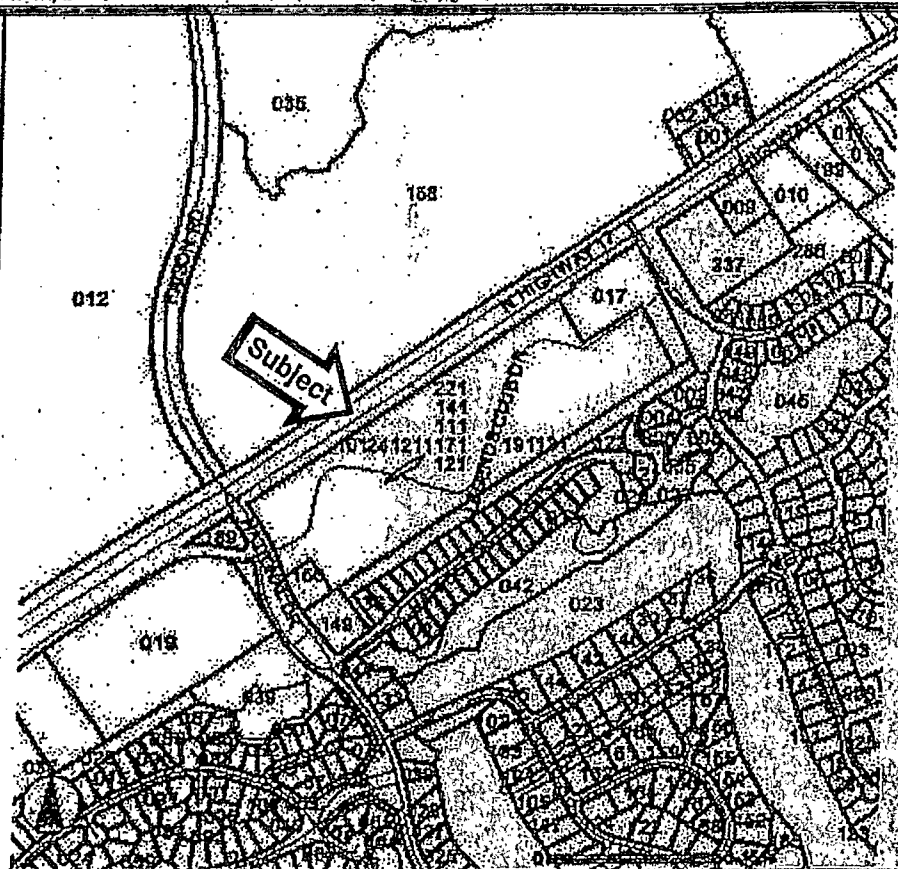
Selected Features



Streets/Roads

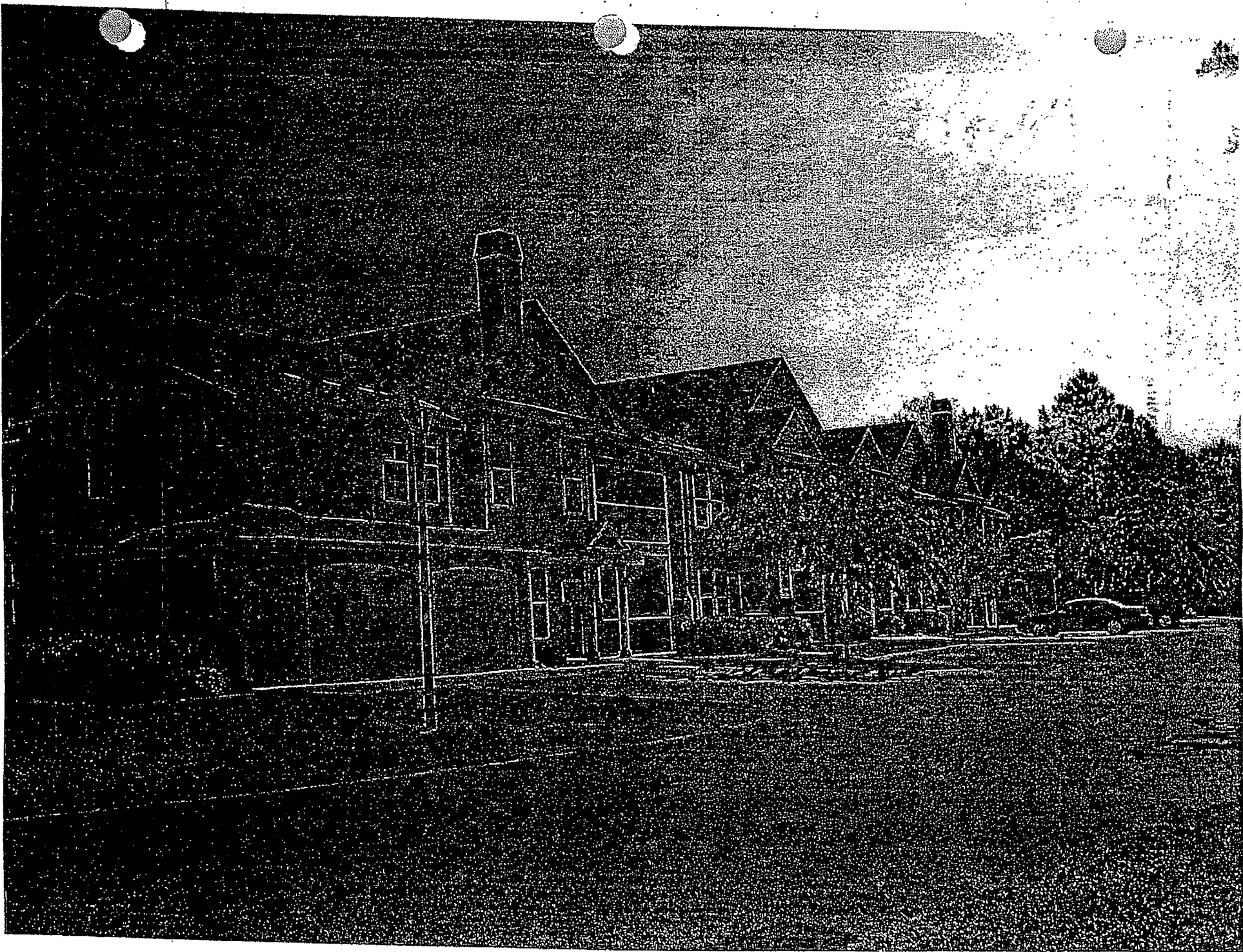


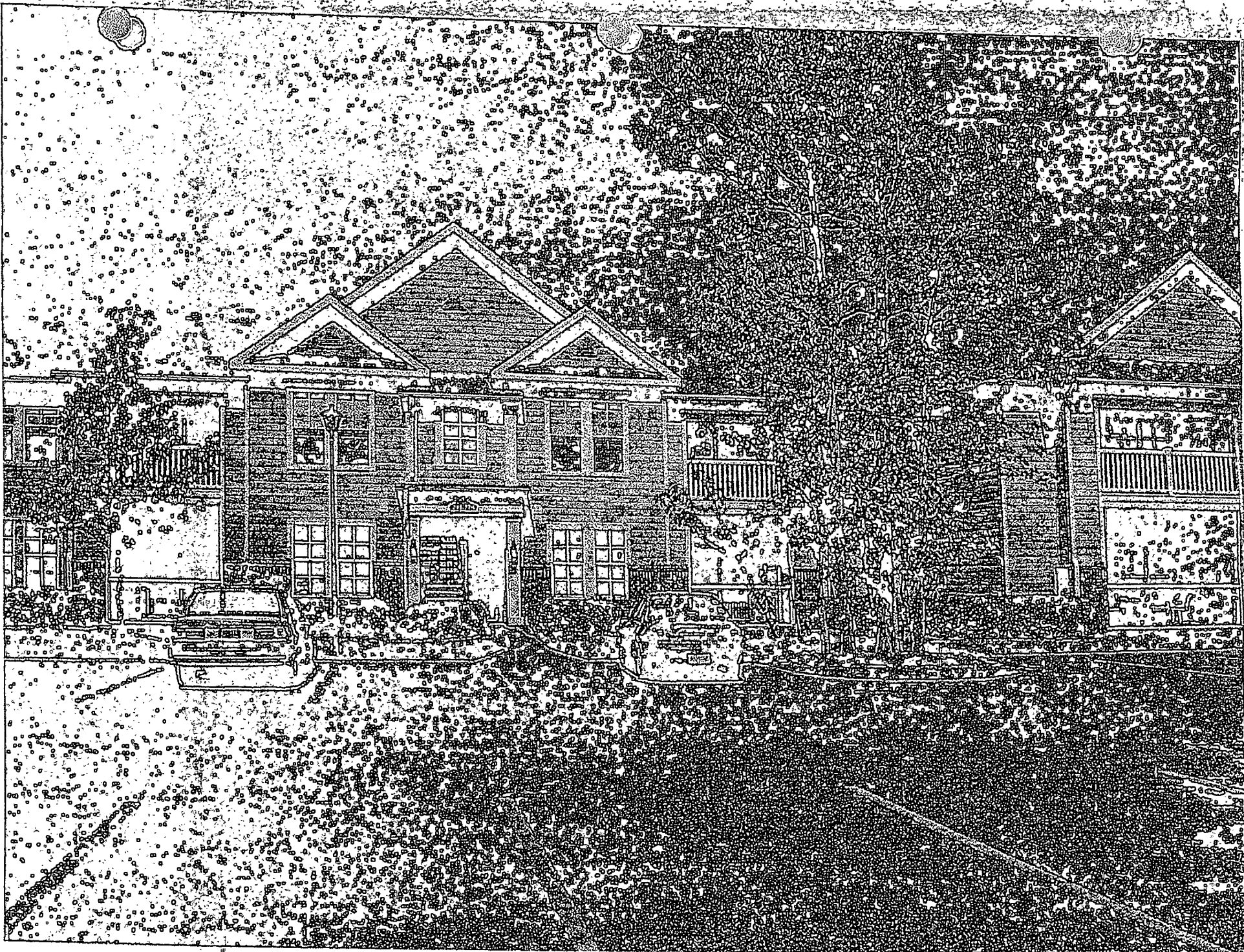
Parcels

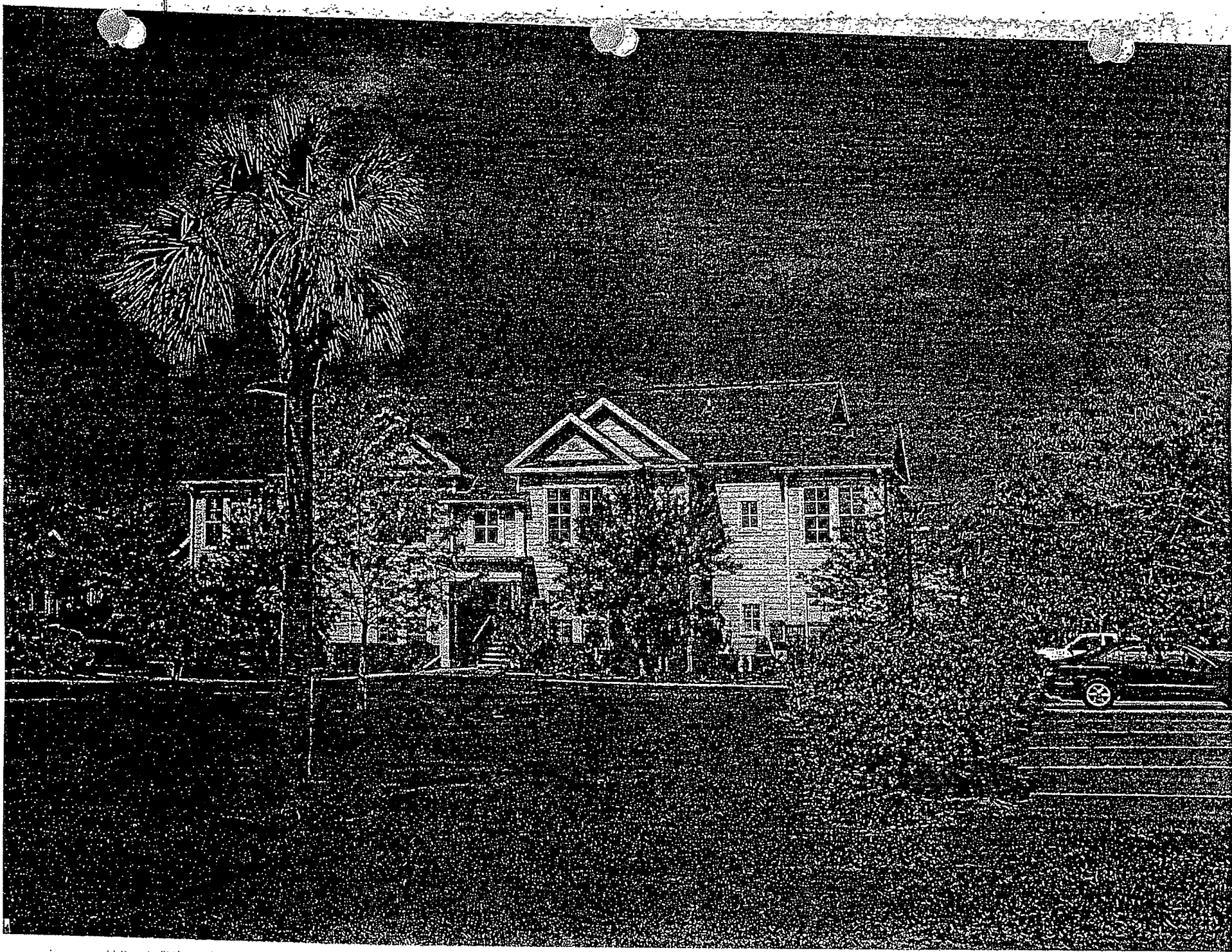


PARCEL NUMBER : 5990000020

|                    |                               |
|--------------------|-------------------------------|
| PARCEL ID:         | 5990000020                    |
| STREET NUMBER:     | 1100                          |
| STREET NAME:       | LEGENDS CLUB DR.              |
| PROP UNIT:         |                               |
| PROP CITY:         |                               |
| PROP ZIP:          | 29466                         |
| SITE NAME:         | LEGENDS AT MT. PLEASANT APTS  |
| GENERAL USE:       | APT.                          |
| MOBILE HOMES:      | 0                             |
| SUBDIVISION:       | JERVEY TRACT/ THE LEGENDS HPR |
| LEGAL DESCRIPTION: | TRACT B MASTER FILE           |
| LGL HI ACRES:      | 22.92                         |
| LGL MAR ACRES:     | 0                             |
| LGL WATER ACRES:   |                               |
| LGL SWAMP ACRES:   | 0.3                           |
| LGL TOTAL ACRES:   | 23.22                         |
| TAX DISTRICT:      | 21                            |
| JURISDICTION:      | CCC                           |
| PLAT BOOK:         | ED-197                        |
| OWNER ON 1ST:      | LMP PROPERTIES INC            |
| OWNER2 ON 1ST:     |                               |

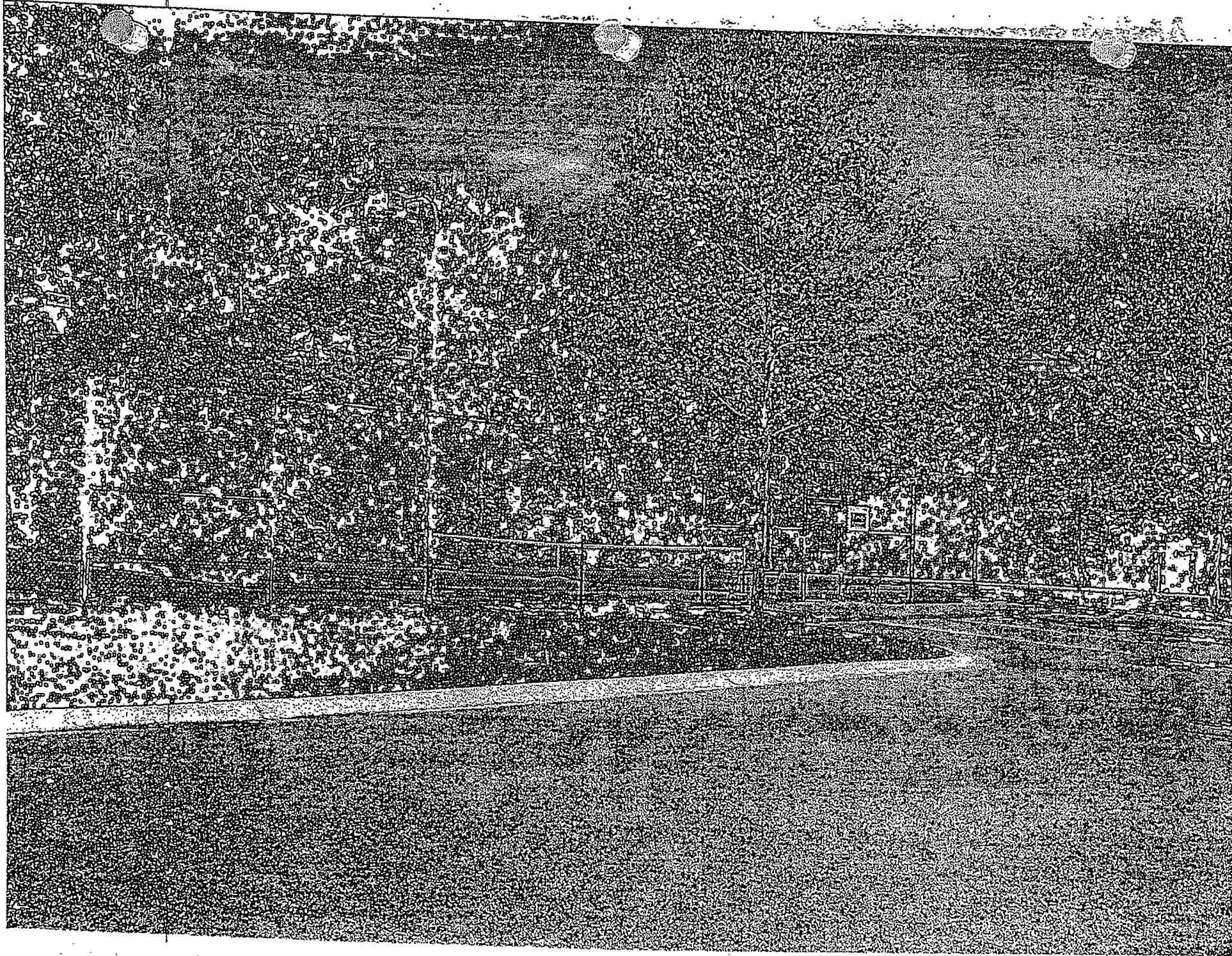














### CRITICAL ISSUES SURROUNDING THE CASE

The subject is a 200-unit apartment complex, located at 1100 Legends Club Drive in the Town of Mount Pleasant, in Charleston County, SC. The property sits on 22.92 acres off Highway 17.

The Assessor's initial value was derived from the Income Approach tables developed for reassessment, which valued the property at \$16,644,000 (\$1,600,000 land and \$15,044,000 building).

The owner, Mr. Follmann, wrote a letter objection to the original reassessment value via a letter dated August 16, 2005.

A telephone conference was held with Mr. Follmann on September 26, 2005, where the valuation method was explained. Mr. Follmann was mailed the required Application for Review, which afforded him 30 days to provide information in support of an estimate of value.

Mr. Follmann returned the Application for Review and indicated that a value of \$12,611,967,000 was appropriate. A Proforma statement of operations was provided to the Assessors Office, which he used to estimate the value. Also included was a final order from an ALJ case on the property for tax year 2002.

An Assessment Notice- indicating no change in Assessor's previous value was sent on March 10, 2006. Mr. Follmann appealed to the BAA in a letter dated March 20, 2006.

## APPRAISAL REPORT AND VALUATION ANALYSIS

This Summary Appraisal Report intended to comply with Standard 2-2.(b) of the Uniform Standards of Professional Appraisal Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation. In considering the use and intended users in the scope of work decision, I believe that summary discussions of the data, reasoning and analysis are appropriate in this appraisal. The depth of discussion contained in the report is specific to the needs of the client and for the intended use stated in the report. The appraiser and the Charleston County Assessor's Office cannot be responsible for unauthorized use of this report.

### USE OF THE REPORT

This appraisal/valuation analysis is being prepared to support the appraiser's estimate of the market value of the subject real property as of the effective date for the client, the Charleston County Assessor's Office. The valuation analysis is in support of ad valorem taxation of real property. The report is being submitted for use in support of the Assessor's position relative to the market value of the subject property that is being appealed to the Charleston County Board of Assessment Appeals (BAA) for Tax Year 2005.

Complete copies of the report will be given to the members of the Board of Assessment Appeals for use in their decision making process. The appellant will also receive a complete copy. The appraiser intends to offer oral presentation of this report to the Board during the BAA conference for the subject property. This testimony is supplementary to the report and without the testimony, the position of the Assessor may not be clear.

### PROPERTY RIGHTS APPRAISED

The property rights considered in this analysis are ownership of the fee simple estate. The real estate appraisal profession considers the definition of fee simple estate to be:

"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."

(ref. The 12<sup>th</sup> Edition of *The Appraisal of Real Estate*, page 69, The Appraisal Institute)

### MARKET VALUE DEFINITION

South Carolina Code of Law section 12-37-930 states:

"...all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and the buyer are willing, are not acting under compulsion, and are reasonably well informed as to

the uses and purposes for which it is adapted and for which it is capable of being used."

Market Value is defined by the Office of the Comptroller of the Currency under 12 CFR, part 34, Subpart C - Appraisals, as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interest;
- 3) A reasonable time is allowed for exposure on the open market;
- 4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special creative financing or sales concessions granted by anyone associated with the sale."

Also implicit in the definition of Market Value is a reasonable *exposure time* on the open market. Exposure time precedes the effective date of the appraisal and encompasses not only adequate time on the market, but adequate, sufficient and reasonable effort to market the property. Exposure time is a function of price, time on market and the uses to which the property can be reasonably adapted. The exposure and marketing time for the subject property are estimated to be less than one year.

#### EFFECTIVE DATE OF VALUE

Generally, the date of value for a given tax year is as of the lien date for taxes. However, SC statutes have some conflicts regarding date of value. The property value in question is being appealed for the 2005 Tax year. Therefore, the date of value would generally be December 31, 2004. However, recently adopted SC Code of Laws Section 12-43-215 provides the following.

**SECTION 12-43-215.** Owner-occupied residential real property; highest and best use; appeals of assessment value.

When owner-occupied residential property assessed pursuant to Section 12-43-220(c) is valued for purposes of ad valorem taxation, the value of the land must be determined on the basis that its highest and best use is for residential purposes. When a property owner or an agent for a property owner appeals the value of a property assessment, the assessor shall consider the appeal and make any adjustments, if warranted, based on the market values of real property as they existed in the year that the equalization and reassessment program was conducted and on which the assessment is based (emphasis added).

If Market value is lower as of the lien date than it is as of the reassessment date, the Charleston County Assessor's office would value the property as of the lien date. Doing so would construe conflicting statutes in the favor of the taxpayer, as the courts have frequently required. In short, the more recent value date will apply if it benefits the taxpayer. There is no indication in the market that values fell between December of 2003 and December of 2004. In fact, all indications are that values rose.

Accordingly, based on the above statute and no evidence of declining values, the date of value for this Tax Year 2005 appeal is December 31, 2003, which is the date of value for the countywide reassessment. The Assessors Office has included a valuation analysis as of December 31, 2004 as further support that values did not decline between December 2003 and December 2004. Therefore, this is a retrospective value estimate that was prepared in conformance with the Uniform Standards of Professional Appraisal Practice as it relates to retrospective value estimates.

#### DATE OF REPORT AND INSPECTION

The property was inspected on September 29, 2003 and again on April 24, 2007. The appraiser is assuming that the condition of the property as of the effective date of value is the same as its condition on the date of inspection. Note that the first inspection date preceded the reassessment date by three months. No information has been provided to the appraiser to indicate that the condition has changed substantially.

### PROPERTY IDENTIFICATION

**PID:** 599-00-00-020  
**Legal:** Tract B  
**Location:** 1100 Legends Club Drive, Mt. Pleasant, SC

### OWNERSHIP AND HISTORY

**Owner of Record:** Keystone Legends I LP  
**Last Sale Date:** August 2, 1998, sold as vacant land for \$1,235,000

### SUMMARY OF PROPERTY CHARACTERISTICS

**Property Type:** 200 unit Apartment complex  
**Property Name:** The Legends At Mt. Pleasant Apartments  
**Site Size:** 23.22 Acres  
**Plat Reference:** ED-197  
**Improvements:** 13 two-story, exterior corridor apartment buildings. Class D construction, with 200 units. One leasing office with fitness center (Class D construction). One pool and tennis court. Improvements were built in 2000, with 158 units open for occupancy by 12/31/2000 and all 200 units open for occupancy by 12/31/2001.  
**Easements/Encroachments:** None noted, excepting normal utility easements and a small access easement as noted on plat ED-197  
**Other Encumbrances:** None, other than short term leases  
**Flood Zone:** Zone X, Map 45019C0345J  
Dated 11-17-04

### SCOPE OF WORK DECISION AND DATA COLLECTION

The property owner has been asked to provide supporting documentation for use in the appraisal process; specifically comparable properties. The date of the report is April 26, 2007.

In preparing this appraisal, the appraiser:

- 1) Inspected the subject site on September 29, 2003 & April 24, 2007.
- 2) Verified general configuration, layout and features.
- 3) consulted information on the subject property taken from the Assessor's appraisal file
- 4) corrected the Assessor's appraisal files as needed
- 5) Gathered and confirmed information on comparable improved sales and/or comparable rentals including information derived from the Assessor's appraisal files, the Multiple Listing Service, real estate publications, field inspection by the appraiser, and information from knowledgeable sources in the market place such as brokers, property managers, and leasing agents.

In considering the overall reporting and scope of work in preparing this Appraisal and in preparing the Report, the appraiser considered the following. The users are the employees of the Assessor's office, the members of the Board of Assessment Appeals, the Appellant (property owner) and an appraiser hired by the Appellant. The employees of the Assessors office, the BAA members and the Appellant are all familiar with Charleston County, and are familiar with the appeal conference process. The Appellant has conferred with the Assessor's office on how the Assessor's office values commercial properties using mass appraisal. Given these factors and the ability to respond to questions at the conference, a summary report is considered appropriate.

The appraiser did not use the Cost Approach, since buyers typically do not purchase properties that are not newly constructed based on cost. The appraiser has relied on the sales and income approaches to value since these are the primary methods used by market participants in estimating value.

## SCOPE OF THE APPRAISAL

The appraisal analysis has been completed in several distinct phases; general data collection and analysis, neighborhood data collection and analysis, subject property data collection and analysis, highest and best use analysis, market data collection and verification, valuation & report preparation.

General Data Collection involves the collection of data relating to national, regional and local trends that influence the market for real property in the local area. This would include geographic information, population data, employment and unemployment data, discussion of major employment sectors and general data reflecting development trends and growth in the area. Neighborhood Data Collection includes similar analysis on a more finite scale concentrating primarily on the physical and economic trends in the subject's immediate market area that influence property value, development trends and neighborhood economic growth.

Subject Property Data Collection includes a physical inspection of the property and its environs, a review of existing property records, compilation of factual data, such as plats and plans, a review of applicable regulations and restrictions, a review of any applicable leases and the inspection and analysis of any available financial information for the subject property.

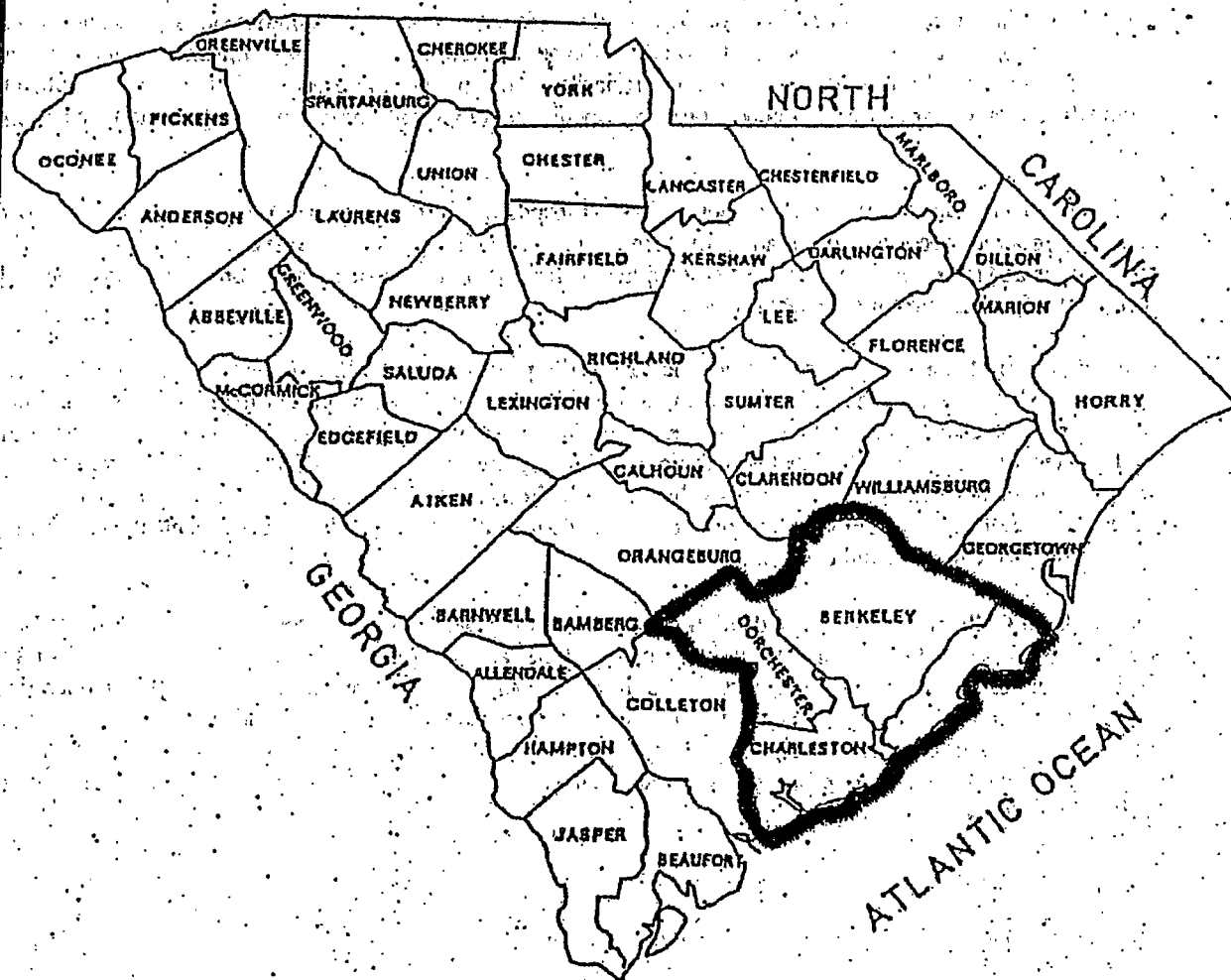
Highest and Best Use analysis determines the maximally profitable use of the property as though vacant and as improved. Implicit in the definition of highest and best use is the concept that improvements (buildings, site improvements and fixtures) have finite economic lives, leading to demolition of the improvements at the end of their life. At the end of that economic life, the existing improvements no longer contribute value, or may contribute only marginally. Land is valued to its highest and best use as thought vacant. The analysis of highest and best use as improved concentrates on the contribution of the existing improvements, which may or may not be the highest and best use.

Market Data Collection includes collection and analysis of general market information for the subject and similar properties. This would vary by property type and might include market sales and listings, development or construction costs, rental and income data, vacancy trends, expenses, typical operating measures, sales, and influences on value. Market data can be local, regional, and national and includes primary and secondary data sources. The appropriate local data has been obtained from within the geographic boundaries of the primary market area influencing the subject property. Market data has been verified with knowledgeable parties.

In the Valuation process, required data including: comparable land sales, construction costs, improved building sales, and market rental or income data; have been considered if applicable. The most appropriate approaches to value were considered. Given the highest and best use of the property, those approaches to value that were deemed most applicable were used. The quantity, quality and reliability of the available data was considered and reconciled into a conclusion of value.

Report Preparation is the correlation of the foregoing data into an appropriate report. In the report, the data and analyses are presented in a manner to demonstrate to a reviewer the appraiser's competence and knowledge of appraisal theory and knowledge of the local market.

# SOUTH CAROLINA



## REGIONAL ANALYSIS

The Tri-county area or Trident Region of South Carolina is composed of Berkeley, Charleston and Dorchester Counties. The regions name is symbolic, with the "tri" standing for both the three counties and its coastal location symbolized by Neptune's trident. The region includes over 90 miles of coastline and extends approximately 90 miles inland, covering over 3,000 square miles. The area has an economy comprised primarily of Tourism, Manufacturing, the Military, the Port of Charleston, and the Medical Community and Manufacturing.

Charleston County is located in the coastal region in the Southeast corner of the State of South Carolina and is approximately 291 miles east of Atlanta GA. Known as the "low-country" in reference to the hilly upstate, the topography is flat and coastal. It is one of the largest counties, of which there are 46 in the state, geographically in the state with 1,357 square miles. There are 95 miles of Atlantic coastline within the county. It has 163 miles of urban square miles and 1,194 square miles of rural area. By comparison, Berkeley County has 58 square miles of urban and 1,040 miles of rural area. Dorchester County has 33 square miles of urban and 546 square miles of rural area. Historic preservation is paramount within the confines of the downtown area. The commercial district exist along side the residential and tourist areas. Downtown is also the home for medical treatment for Charleston County. Medical colleges and hospitals have been an important part of the area. Along the coastal stretches of Isle of Palms, Kiawah and Folly Beach, the uses are more residential.

In North Charleston the manufacturing and warehouse market is concentrated. The North Charleston Coliseum is located at the hub of I-26 and I-526. In West Ashley and Mt. Pleasant, there is a balance of commercial, residential and recreational. As expected, the farther one travels away from the center of the county it becomes characteristically rural in nature.

### POPULATION

The United States Census, which was completed in 2000, estimated the population in the Tri-County area at 549,033. This is an increase of 8.3% from 1990 to 2000, despite the base closure that occurred in the early to mid 1990's. Population trends for the Tri-County area are shown in the chart following:

### Population of Charleston Metro Region

| <u>COUNTY</u>        | <u>POP.1970</u> | <u>POP.1980</u> | <u>POP.1990</u> | <u>POP.2000</u> | <u>% CH. 90-00</u> |
|----------------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| BERKELEY             | 56,199          | 94,727          | 128,776         | 142,651         | 10.8%              |
| CHARLESTON           | 247,650         | 276,974         | 295,041         | 309,969         | 5.1%               |
| DORCHESTER           | 32,276          | 58,761          | 83,060          | 96,413          | 16.1%              |
| TOTAL REGION         | 336,125         | 430,462         | 506,877         | 549,033         | 8.3%               |
| S.CAROLINA           | 2,590,713       | 3,121,820       | 3,486,703       | 3,876,974       | 00.0%              |
| REGION AS %<br>OF SC | 13.0%           | 13.8%           | 14.5%           | 14.2%           | N/A                |

Source: US Bureau of the Census and BCD Council of Governments

As can be seen in the chart, the tri county region has been gaining in population share compared to the state as a whole, with a more recent flattening of the trend. This mirrors a national trend for migration towards coastal communities. The Charleston area and Charleston County in particular also have fairly large non-resident populations due to the presence of the resort/beach areas.

Charleston County is the most populous of the three counties in the region, with 56% of the regional population residing in Charleston County in 2000. Charleston County's population increased by 14,928 during the 1990's, despite the closure of the Navy base, a major employer. This numerical increase in population is the greatest in the region, with Berkeley County coming second in actual population growth at 13,875 additional persons and Dorchester County gaining 13,353 persons.

Charleston County has been losing its *share* of the regional population for several decades, however. For example, in 1970, 74% of the regions population lived in Charleston County, which declined to 58% in 1990 and to 56% in 2000. This decline was not unexpected, as the supply of land in the more heavily urbanized county is limited and prices are high due to demand. The trend is expected to continue, with Charleston eventually falling behind the region on net population gain, as well as rate of increase. Again, greater growth rates in less densely populated areas and lower growth rates in urban areas is a national trend.

As of the 2000 Census, the population density in Charleston County was 228 per/square mile, with Dorchester County at 167 persons/square mile and Berkeley County at 116 per/square mile. Dorchester County is the smallest county in the region, comprising 577 square miles, with Berkeley County at 1,229 square miles and Charleston County dominating at 1,357 square miles.

The regions most populous incorporated area is the City of Charleston, which had a population in 2000 of 97,772, more than all of Dorchester County. The next most populous area is the City of North Charleston with a population of 79,641. The Town of Mount Pleasant is the third largest in the area with a population of 47,609. All three of these towns are located primarily in Charleston County, although both the City of Charleston and North Charleston have small portions of their population (1-4%) in Berkeley or Dorchester County (respectively). The Town of Mount Pleasant saw the most growth, with a gain of 17,501 persons in the last decade, for a growth rate of 58.1%.

South Carolina has an estimated population of 4,255,083 in 2005. This is an increase of 6.1% over 2000. Charleston County is the third most populated county in the state with an estimated 330,368 people living there in 2005. This represents a 6.6% increase over 2000. The 2015 estimate is 351,500 or 16.4%. Not surprisingly, the gender distribution is 49% male and 51% female. The 2003 count was 321,014 with 125,386 households. The growth rate from 1990-2003 was 8.7%. Individual cities had the following population counts in 2005 and percentage change since 2000:

|                          |         |     |
|--------------------------|---------|-----|
| City of Charleston       | 106,712 | 9%  |
| City of North Charleston | 86,313  | 6%  |
| Mt. Pleasant             | 57,932  | 20% |
| Folly Beach              | 2,263   | 7%  |

Population growth is expected to remain positive in the area for the foreseeable future. Factors contributing to growth are: location in the Southeastern US, coastal in-migration, a moderate climate, a diverse economy, the growing retirement population, and exposure of the area due to tourism.

### ECONOMY

**Employment:** The Charleston region long considered the military to be the backbone of its economy. When an announcement was made on June 27, 1992 that the Charleston Naval Base, Shipyard Fleet Industrial Supply Center and Defense Distribution Depot would be closed by April 1996, a major economic upheaval was expected. The timing was particularly unfortunate given that the national economy was in recession or just emerging from recession. This announcement meant that almost 22,000 military and civilian jobs would be phased out in the tri-county area. At that point, the military employed almost 19% of the total labor force in the tri-county area, and the loss of 22,000 jobs would be a loss of over 8% of the total employment base.

The regional employers, governments and business organizations had not previously functioned in cooperation, instead they had followed "go it alone" or competitive policies. Following the announcement the three local governments and business community united to recruit industry and promote the area as a tourist destination. A new public-private joint venture was formed to promote the economic development of the region, not only to replace the lost military jobs, but to attract new business and diversify the employment base.

In fact, in 2002, the Charleston Regional Development Alliance announced more than 1,670 new jobs. At the end of 2003, the economy showed signs of recovery that persisted since the slump in 2001. The lingering war in Iraq kept the markets uncertain even with the 2003 summers historic lowering of the Feds prime interest rate to 4.25%.

In 2004, 1,923 new jobs were created in Charleston County. Approximately 645 of those jobs were projected to be at Vought Aircraft Industries, makers of fuselage structures. The unemployment rate in Charleston in mid 2006 was a low 6.5%. At the end of 2003/ beginning of 2004, the prime was at 4%. The rate increased to 5.25% in 2005 and 7.25% at the beginning of 2006 signaling a healthy economy.

The overall change in the employment base before and after the base closure is explored in the table that follows.

#### Employment By Sector

|                     | 1988    |      | 1990    |      | 1992    |      | 1994    |      | 1996    |      | 1997    |      | 1999<br>Forecast |      |
|---------------------|---------|------|---------|------|---------|------|---------|------|---------|------|---------|------|------------------|------|
| Construction        | 13,400  | 7%   | 16,000  | 8%   | 12,100  | 6%   | 11,900  | 6%   | 13,300  | 6%   | 16,000  | 7%   | 18,500           | 8%   |
| Manufacturing       | 20,500  | 11%  | 21,500  | 10%  | 20,600  | 10%  | 20,600  | 10%  | 20,850  | 10%  | 21,300  | 10%  | 22,500           | 9%   |
| TCPU*               | 10,700  | 6%   | 11,100  | 5%   | 10,600  | 5%   | 11,000  | 5%   | 11,300  | 5%   | 12,000  | 5%   | 12,900           | 5%   |
| Trade               | 47,600  | 25%  | 51,500  | 25%  | 49,800  | 24%  | 53,100  | 25%  | 54,700  | 26%  | 55,300  | 25%  | 60,600           | 25%  |
| FIRE**              | 8,800   | 5%   | 7,800   | 4%   | 7,900   | 4%   | 8,200   | 4%   | 8,300   | 4%   | 8,400   | 4%   | 8,700            | 4%   |
| Services            | 40,600  | 21%  | 46,100  | 22%  | 48,700  | 24%  | 54,600  | 26%  | 56,300  | 27%  | 59,900  | 27%  | 68,700           | 28%  |
| Government          | 51,600  | 27%  | 53,200  | 26%  | 55,000  | 27%  | 49,400  | 24%  | 47,500  | 22%  | 48,900  | 22%  | 50,500           | 21%  |
| Total Non-Ag        | 193,200 | 100% | 207,200 | 100% | 204,700 | 100% | 208,800 | 100% | 212,250 | 100% | 221,800 | 100% | 242,400          | 100% |
| Tot Civ Labor Force | 225,780 |      | 236,460 |      | 246,180 |      | 243,440 |      | 243,960 |      | 257,060 |      | 275,500          |      |
| Employment          | 216,840 |      | 228,440 |      | 232,620 |      | 228,480 |      | 231,340 |      | 246,660 |      | 266,200          |      |
| Unemployment        | 4.0     |      | 3.4     |      | 5.5     |      | 6.1     |      | 5.2     |      | 4.0     |      | 3.4              |      |

Source: Center for Business Research, Charleston Metro Chamber of Commerce  
Transportation, Communications and Public Utilities  
Insurance and Real Estate

\* Finance,

As the table above illustrates, there was only a relatively small and short-lived overall dip in employment after the announcement of the military closures. Approximately 2% of the workforce lost their jobs between 1992 and 1994, or 4,140 jobs, net. Employment in 1996, when the closures were fully implemented, was down only 1/2 of one percent from 1992, for a net loss of 1,280 jobs. Since that time, the economy has rebounded, with a gain of over 30,000 jobs. The economy is less reliant on the Government sector, with the percent employment in that sector down from highs of 27% to around 21% in the late 90's. The Services sector has seen the most growth, fueled primarily by tourism. Employment in the Services sector has grown from 21% to 28%. Most of the other sectors have seen only modest changes.

The regional alliance has shifted its focus in the past couple of years (beginning in the late 90's) from job replacement to targeting specific types of higher paying jobs. The emphasis is on more manufacturing jobs, high tech jobs and the Port of Charleston. The Tri-County area has made great strides in attracting new industries and businesses to replace the closed Charleston Naval Base and Shipyard. This diversity has brought recognition to the area as *INC Magazine*, in December 2000, rated Charleston the sixth best city in America to start and grow a company. In March 2000 *Business Facilities Magazine* rated the Charleston-North Charleston area in the top ten as a small business hot spot in the United States.

Since 1995, new businesses have invested \$5 billion in the tri-county region and in May 2005 *Forbes* magazine rated Charleston metro area as in the top 50 for its strong economy.

Trends in Consumer Price Index for Southeast Region per US Dept of Labor all urban consumers:

| Yr   | CPI  |
|------|------|
| 2000 | 1.7% |
| 2001 | 1.7% |
| 2002 | 1.9% |
| 2003 | 1.9% |

The following is a list of major employers that were located within the area as of 2004.

| Employer          | Service           | # or employees |
|-------------------|-------------------|----------------|
| US Navy           | National Defense  | 16,219         |
| MUSC              | Education Medical | 8,200          |
| Chas Air Base     | National Defense  | 5,594          |
| Chas Cnty Schools | Education         | 5,000          |
| Roper St. Francis | Medical           | 4,000          |
| Piggly Wiggly     | Grocery           | 2,500          |
| Wal-Mart          | Retail            | 2,153          |
| Mead Westvaco     | Paper             | 1,596          |
| Sci Rea Corp      | Comm Systems      | 450            |
| Milcom            | Elec. Systems     | 365            |
| Hil-Rom           | Hospital Beds     | 268            |

**Port of Charleston:** The Port of Charleston is one of the leading international container cargo ports on the Southeast and Gulf Coasts. Its current facilities consist of four inter-modal facilities that handle container, bulk, and break-bulk cargo from more than 50 steamship lines. In 1989, the port handled 8.5 million tons of cargo. In 1997 the port handled 12.6 million tons of cargo, an increase of 48% over the ten-year period. The Port has continued to show dramatic increases, with the growth in TEU's (twenty-foot equivalent units) between 1996 and 2001 at 57%.

In 1994, The Port spent over \$90 million dollars to expand its Wando Terminal facility. There has been much debate lately about the future of the Port. The State Ports Authority has pursued

and aggressive expansion policy. The port announced major plans for expansions at the former Navy Base in North Charleston. Facing increasing competition from the Port of Savannah, expansion is necessary to keep the port competitive. The replacement of the Cooper River bridges will allow taller, larger container ships to dock in Charleston thus helping with the expansion.

**Tourism:** Tourism has a large impact on the Tri-County area, attracting an estimated 4.1 million visitors in 2001 up from 3.9 million in 2000 and 3.3 million in 1999. Local tourism industry executives indicate the impacts of the September 11 terrorism attack was short term and appears limited, as the numbers preceding indicate. The annual economic impact of tourism in the low country is over \$3.2 billion dollars, up from \$2.6 billion dollars in 1999. Attendance at area attractions has been fairly stable at 1.2 to 1.3 million visitors since the early 1990's.

In 1995, Charleston was proclaimed one of the top ten travel destinations in the world (*Condé Nast Traveler*, and *Glamour Magazine*). In 1999 Charleston was one of only two U.S. cities listed by *Travel and Leisure* magazine as one of the top ten cities worldwide with the best tourism value.

The Charleston area has a wide variety of hotels, motels and inns to accommodate the tourist and business travelers who come to the area. Construction of such facilities in the late 1990's was brisk. Due to additions to the market and the events of September 11, room rates (ADR) have been erratic.

In 2000, the ADR was \$109.59, it fell to \$107.80 in 2001, rose to \$109.21 in 2002, and fell to \$105.72 at the end of 2003. Occupancy in 2001 was at 64.70%, in 2002 it was at 67.83%, and in 2003, occupancy was at 68.24%. Overall Revenues were down 2.7% from 2000 to 2001, were up 9.4% in 2002, and up just under 1% in 2003. The inventory of rooms rose from 12,509 in 2001 to 13,097 in 2003. This is only a 4.7% increase in rooms from 2001 to 2003, much lower than the 10% increase from 1998 to 2001.

**Retail Sales:** The retail sector recorded sales of \$12.1 billion in 1999, up from \$11.2 billion in 1998 and \$10.4 billion in 1997. The overall increase over the last ten years has been 71%, well ahead of the change in the CPI. The increase in sales has been steady over the period despite the recession of the early 90's and the Navy Base closure in the early to mid 90's.

**Housing Market and Construction:** The ability of the area to attract new business has spurred growth in the housing market and in all types of construction. With nearly 90 miles of beaches, 27 golf courses, several museums, theaters, a dance company and symphony orchestra along with professional baseball, soccer and hockey teams the area was voted by *Employment Review* as one of the top 20 places in America to live and work. This has resulted in the previously indicated population increase of more than 8% since the last census in 1990.

Housing sales and values were impacted in the early to mid 90's by the base closure and overall soft US economy. From 1990 to the 3<sup>rd</sup> quarter of 1996, the average home price in the area rose by almost 5% annually. However, that does not tell the whole story. In 1992, the average price of a home in the Tri County area was \$121,339. The average price fell to \$114.8 K in 1993 and

\$117 K in 1994, before rising back to \$121,446 in 1995. Basically, the very early 90's saw price increases as did the 1995 to 1996 time period, but the 1992 to 1995 period saw declines.

Since 1995, the average sales price of a home has risen to \$194,327 (2000), an increase of 60% over 5 years. The number of properties sold has more than doubled, from 5,268 homes in 1992 to 11,320 homes in 2001. From 1992 through 1996, the number of sales annually stayed in the 5,100 to 5,800 range each year. After 1996, the increase in home prices was dramatic, with a record number of sales in 2000 at 12,101 homes sold, before falling to 11,320 homes in 2001. Price increases were sharply curtailed in 2001, rising only 3 to 4% annually. However, home prices did still go up at a rate in excess of inflation.

Construction of homes has also soared in the last decade, with permits issued nearly doubling from the number issued in the early 90's. Unfortunately, the popularity of the area has impacted affordability in a negative way. Despite record numbers of new homes being built in all price ranges, growth in the area has driven up housing prices faster than wages. The prices of new and existing home, coupled with the inability to afford starter homes has spurred some of the large increases in apartment construction in the last two to three years. This in turn, is leading to overbuilding in some segments of the apartment market, primarily the area east of the Cooper.

Single-family permits are predicted to increase to 4,800 in 2003 and 5,150 in 2004 countywide. Commercial construction permits were expected to total \$275 million in 2003 and increase to \$290 million in 2004.

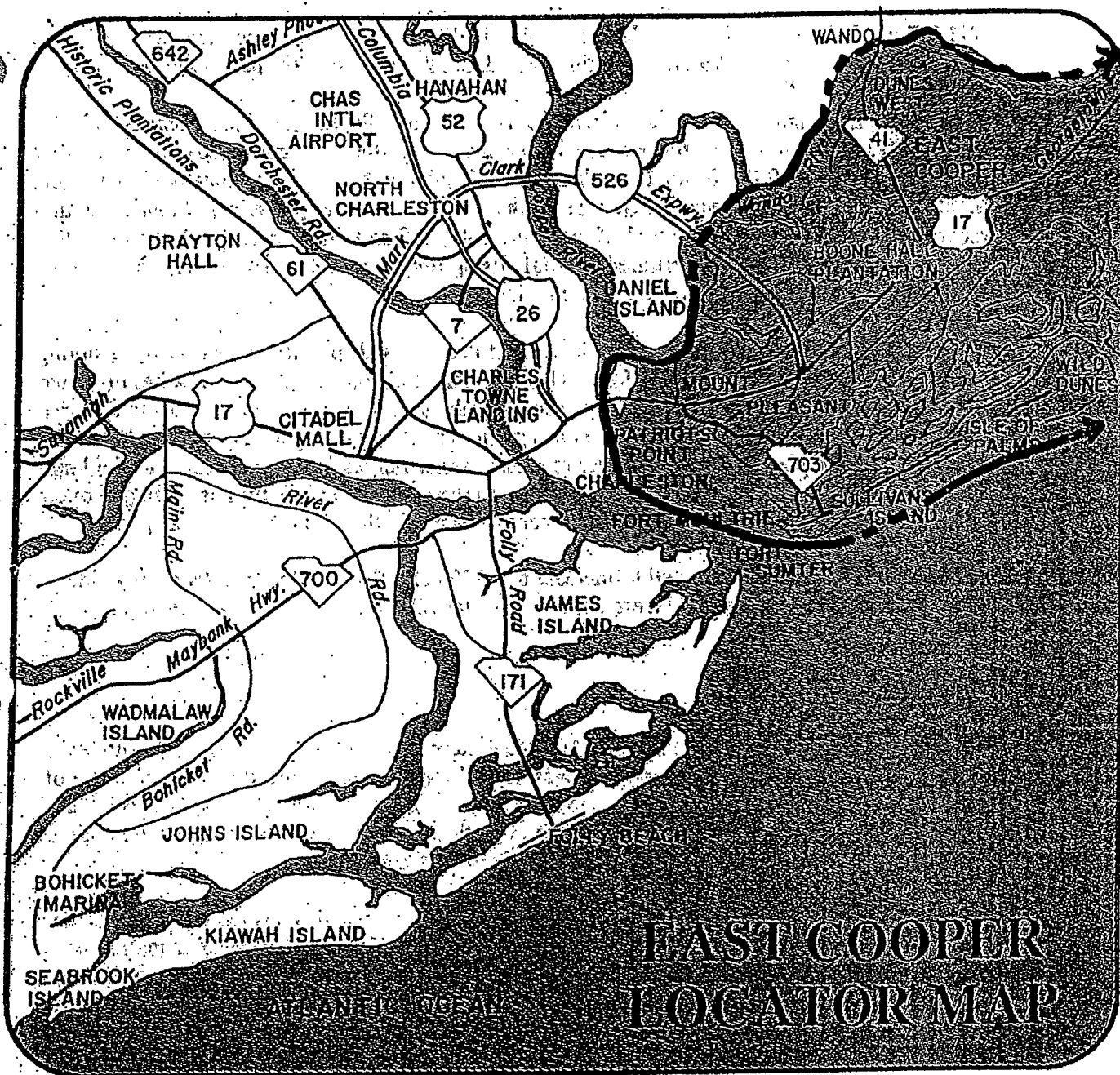
#### SUMMARY

The tri-county area benefits from its' coastal southeastern location in many ways. The moderate climate attracts retirees. The climate, beaches, and historic attractions lead to visitors, some of whom relocate to the area, and/or choose to relocate businesses or open branches. The southeast in general is growing and benefiting from in-migration, with Charleston being no exception. Similarly, an overall trend to coastal in-migration benefits the area.

The closure of the Navy base and shipyard in the early to mid nineties has reduced dependency on a single industry, and the accompanying layoffs provided a solid base of labor for new employers in the region. The regional governments and businesses have learned to cooperate to the betterment of all. Overall, the economic outlook for the area is good for the foreseeable future.

#### RELEVANCE TO THE SUBJECT PROPERTY

The subject property is located in a suburb of the Charleston County known as Mount Pleasant. It is an area that has seen a steady rise in recent commercial and residential development. The Mount Pleasant area is discussed in the following Neighborhood Analysis.



## NEIGHBORHOOD ANALYSIS: MOUNT PLEASANT

The subject property is located in an area commonly referred to as East Cooper, which is dominated by the Town of Mount Pleasant. From 2000 to 2002 the Town of Mt. Pleasant grew by 20% making it the sixth largest municipality in South Carolina. The Mt. Pleasant area is bounded on the west by the Cooper River and on the south and southwest by the intercoastal waterway. To the north lies the Wando River. The approximate northwest boundaries are being pushed out past Hwy 41 as development continues to move to the north.

### GEO-POLITICAL JURISDICTION

Politically, the area is partially contained in the Town of Mt. Pleasant, and is partially in an unincorporated area of Charleston County. Public services are provided by one of the following: the Town of Mt. Pleasant or Charleston County. The Town of Mt. Pleasant provides full municipal services while Mt. Pleasant water works provides water and sewer with electric service provided by either South Carolina Electric and gas or Berkeley Electric, depending on the properties location.

### TRANSPORTATION

The neighborhood is well served by major transportation routes providing linkage to employment and all parts of the state. US Highway 17, Interstate 526, and the Isle of Palms connector are the major corridors in the area.

US Highway 17 is a major east/west route, not only in Charleston, but also in the low country as a whole (the coastal areas of South Carolina). SC Highway 17 provides access across the South Carolina line to Savannah, Georgia continues northward through most of coastal South Carolina. In Charleston County, Highway 17 links the north rural areas to the Mt. Pleasant area, and continues through the heart of peninsula Charleston to West Ashley and the southern rural areas of the county. Most of SC Highway 17 inside Charleston County is either a four lane or six-lane highway, as is much of its length in South Carolina. This route remains the most heavily traveled coastal highway in South Carolina, as the interstates do not closely parallel the coast.

Interstate 526 links the east and westbound I-26 to the East Cooper and West Ashley areas, providing access on both ends to SC Highway 17. Also known as the Mark Clark Expressway, I-526 provides a partial beltway around Charleston. It currently terminates in Mt. Pleasant at its intersection with Highway 17. No expansion is planned in the East Cooper area due to the limited landmass lying east of the highway.

The completion of the I-526 Bridge and Hwy 17 interchanges has fueled almost explosive growth in those areas in the past five years. This is expected to continue for the foreseeable future.

SC Highway 17 is a north south route connecting the Mt. Pleasant area with The City of Charleston and Georgetown. While it is a very heavily traveled route, it is predominantly a four-lane route on most of its length. It is the major route on which much of the commercial and residential development for the area has taken place.

### RETAIL DEVELOPMENT & TRENDS

The Mt. Pleasant and East Cooper area has experienced substantial growth in retail sales over the past several years and served by numerous community and neighborhood centers. Additional shopping opportunities are provided by discounters such as Wal-Mart, and Costco, and by category killers such as Home Depot and Lowe's.

Retail sales in the area grew by 49% from 1993 to 1998 increasing from 365 million to 545 million. Much of the new retail space is located in the areas where I-526 and Highway 17 converge. However, growth continues to push to the northwest, as this is the area with the most available land, where residential growth is currently occurring. Further in, closer to the City of Charleston, land is densely developed with little room for new development.

### HOTEL DEVELOPMENT AND TRENDS

Hotel and motel development has boomed in the Mt. Pleasant area in recent years, with the room supply increasing by 355 rooms from 1997 to 1998 for a total of 1,438 rooms at the end of 1998. This represents an increase in room supply of almost 32%. Room rates increased from an average of \$63.52 a night in 1997 to \$80.78 in 1998 while occupancy went from 66.58% in 1997 to 69.98% in 1998. Most of the new hotel development is on the Hwy 17 corridor.

The Charleston area has a wide variety of hotels, motels and inns to accommodate the tourist and business travelers who come to the area. Construction of such facilities in the late 1990's was brisk in Mount Pleasant. Due to additions to the market and the events of September 11, room rates (ADR) have been erratic but have trended upwards.

| <u>Year</u> | <u>ADR</u> | <u>% Occ.</u> | <u># of Rms</u> | <u>% Ch Revenues</u> |
|-------------|------------|---------------|-----------------|----------------------|
| 1998        | \$81.48    | 71.64 %       | 1,438           |                      |
| 2001        | \$88.01    | 59.66 %       | 1,985           | -6.1                 |
| 2002        | \$85.99    | 65.41 %       | 2,183           | +20.6                |
| 2003        | \$90.40    | 66.50 %       | 2,184           | + 9.4 %              |

There was a sizeable increase in room counts between 1998 and 2001, resulting in reduced occupancy and room rates. However, beginning in 2002, the trend reversed itself, despite a 10% addition in rooms, and overall revenues have risen 30%, well over the simple increase in rooms would justify.

### MULTIFAMILY DEVELOPMENT AND TRENDS

According to Real Data Apartment research publication as of June 2003 the Mt. Pleasant market had a total of 4,137 units with an overall rental rate that averaged \$833 and an overall vacancy rate that averaged 7.1%.

Specials and leasing incentives were limited at this time, with existing complexes offering only very short-term incentives, or incentives on a few select (unpopular) units. Newer complexes that had just come on line were reducing or eliminating incentives except on select units.

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### RESIDENTIAL DEVELOPMENT

Statistically, the Mt. Pleasant area has boomed with a growth rate of 20% between 1995 and 1998 making it the sixth largest municipality in the state of South Carolina. Dwelling permits

increased from 518 in 1990 to 1,599 in 1998. Most of the residential growth is occurring off the SC Highway 17 corridor or off Hwy 41. Large new subdivisions are being developed that offer many amenities.

Comparing December 1999 sales to December 2000 the Mt. Pleasant area has saw increases in residential property values of approximately 28%. With an average selling price of \$204,816 in December of 1999 and \$262,949 in 2000 along with a 97-98% sales price to list price ratio and an average of 50 days on the market in December 1999 as compared to 69 in December 2000. The outlook for single-family residential development remains positive as long as the area and national economy remain fairly stable.

#### SUMMARY & CONCLUSIONS

The Mt. Pleasant area benefits from a good transportation base, its central location. Mt. Pleasant area is one of the fastest developing areas in the state. Historically, its various markets have been strong, and have always provided an upscale suburban setting. Growth in the area is expected to be solid and escalating for the next few years, particularly in the areas near I-526/Highway 41 and Highway 17.

## HIGHEST AND BEST USE ANALYSIS

Highest and best use is defined by The Appraisal Institute as:

"the reasonably probable and legal use of vacant land or an improved property, that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value."

(ref. The 12th Edition of *The Appraisal of Real Estate*, page 306, The Appraisal Institute)

Land is valued to its highest and best use as though vacant. In cases where a site has existing improvements on it, the highest and best use may very well be different from the existing use. The possibility of demolishing existing improvements is the foundation of the concept of highest and best use as though vacant. Basic appraisal premises recognize that the existing use will continue until the land value at its highest and best use exceeds the total value of the property in its existing use. In instances where the highest and best use is different from the existing use, buildings and improvements are considered to have contributory value only.

Generally accepted professional appraisal practice dictates that in appraising improved property, the highest and best use be estimated under two different premises. First, the highest and best use of the site as if it were vacant and available for development must be explored. The second analysis estimates the highest and best use of the property as presently improved.

The highest and best use of the subject property as if vacant is estimated to be development with multifamily housing exhibiting no signs of functional inutility, conforming to current market trends.

The subject improvements are a legal and conforming use of the site with the existing improvements making maximal use of the site areas available for development. The buildings contribute substantially to the property value. The highest and best use of the subject property as presently improved is estimated to be continued use and operation of the existing apartment complex, coupled with correction of any noted items of deferred maintenance. This use will continue until such time as the current improvements no longer contribute to value, which is not likely to occur in the foreseeable future.

## APPRAISAL PROCESS

The appraisal process represents a logical analysis of the factors that bear upon the present value of real estate. In this valuation process, there are three commonly accepted approaches typically used by appraisers are:

- the Cost-Less-Depreciation Approach,
- the Direct Sales Comparison Approach (often called the Market Approach), and
- the Income Capitalization Approach

The appraiser *considered* the use of all three approaches to value. All of the approaches are generally considered meaningful, but the applicability of each approach will vary with the individual property type. In appraising properties similar to the subject, the appraiser believes that the Sales Comparison and Income Approaches to value are the primary methods used in estimating value by market participants. The appraisal approach used in the valuation of the subject property is, therefore, limited to the Sales Comparison and Income Approaches. Information on the appraisal procedure(s) used in valuing the subject property can be found following.

### DIRECT SALES COMPARISON APPROACH

The Direct Sales Comparison approach to appraising is based upon the premise that the market value of a property is directly related to the prices of comparable, competitive properties. The principal of substitution is basic in this approach to value as it implies that a prudent purchaser will pay no more for a property than would be required for an acceptable alternative available in the market.

In the Direct Sales Comparison Approach, a systematic procedure is followed adjusting each comparable to the subject property to impute an indicated value. The steps of the procedure are as follows:

1. Research the market to obtain information on sales transactions, listings, and offerings to purchase properties similar to the subject property.
2. Verify the information by confirming that the data obtained are factually accurate and that the transactions reflect arm's-length market considerations.
3. Select relevant unit's of comparison (e.g., dollars per square foot, or per income multiplier) and develop a comparative analysis for each unit.
4. Compare the subject property and comparable sale properties using the elements of comparison and adjust the sale price of each comparable appropriately or eliminate the property as a comparable.
5. Reconcile the various value indications produced from the analysis of comparable sales into a single value indication or a range of values.

### ADJUSTMENTS TO THE COMPARABLE SALES

Elements of comparison as applied to each of the comparable sales in relation to the subject property consist of real property rights conveyed, financing, conditions of sale, changes in market conditions, location, and physical characteristics. Each of these elements can be analyzed by relevant units of comparison, but often, the most relevant unit of comparison is economic.

In the comparable selection process, the appraiser chose only properties that were as similar as possible to the subject, within the local market, to eliminate most of these largely subjective adjustments. A grid summarizing the sales follows, and data sheets for each sale can be found following.

In my opinion adjustments for physical features do not reflect the major concern of buyers and sellers of income producing properties. The foremost concern is usually the property's income producing capability. A potential purchaser for property similar to the subject is usually more concerned with the income producing potential and the length of the income stream and relative risks involved in the income potential of a property than with elements of physical comparison, unless gross discrepancies exist. This is discussed further in the following analysis.

### ECONOMIC ADJUSTMENTS TO THE SALES

I believe that the most significant element of comparison between the properties that have sold and the subject property is the income producing characteristics of the sales (i.e. the income and expenses stream as related to the sales price). Consequently, I have collected information on income and expenses for each of the comparable sales. This is presented following.

# SALES GRID

| Transaction        | 1            | 2                 | 3            |
|--------------------|--------------|-------------------|--------------|
| Location           | Cypress Cove | Alexan Belle Hall | Alta Shores  |
| Date               | 12-05-02     | 06-25-04          | 10-05-04     |
| Sales Price        | \$19,325,000 | \$23,050,000      | \$15,162,786 |
| Conditions of Sale | 0            | 0                 | 0            |
| Financing          | 0            | 0                 | 0            |
| Adjusted Value     | \$19,325,000 | \$23,050,000      | \$15,162,786 |
| # of Units         | 264          | 240               | 240          |
| Leaseable Area     | 274,104 SF   | 244,320 SF        | 229,548 SF   |
| Average Size       | 1,038 SF     | 1,018 SF          | 956 SF       |
| PGI                |              |                   |              |
| VAC                |              |                   |              |
| EGI                | \$ 2,502,000 | \$ 2,568,000      | \$2,148,034  |
| EGI/Unit           | \$ 9,477/Un  | \$ 10,700/Un      | \$ 8,950/Un  |
| Expenses           | \$ 996,596   | \$ 975,360        | \$ 927,360   |
| Exp/Unit           | \$ 3,775     | \$ 4,064          | \$ 3,864     |
| % to EGI           | 39.8 %       | 38 %              | 43.2%        |
| NOI                | \$ 1,505,404 | \$ 1,592,640      | \$ 1,220,674 |
| NOI/Unit           | \$ 5,702/Un  | \$ 6,636/Un       | \$ 5,086/Un  |
| OAR                | 7.79         | 6.91              | 8.05         |
| EGIM               | 7.72         | 8.98              | 7.06         |
| NIM                | 12.84        | 14.47             | 12.42        |

#### EFFECTIVE GROSS INCOME MULTIPLIER

The first method of economic comparison commonly used in the Sales Comparison Approach to value is the use of the Gross or Effective Gross Income multiplier. The EGIM's for the three sales range from 7.06 to 8.98. The EGI per unit for the comparables is as shown previously, ranging from \$8,950 to \$10,700. The subject's EGI per unit is estimated at \$10,483, which is within the range shown for the comparables.

The indicated value for the subject, given its EGI, and the range of EGIM's is from \$14,801,996 to \$18,827,468. The subject's EGI/unit falls between Comparables One and Two. This would tighten the range to \$16,327,000 to \$18,827,000 with an average of \$17,500,000. The Effective Gross Income Multiplier compensates for differences in vacancy, because it is based on income after vacancy. It does not compensate for variances in expenses, which a prudent investor would also consider.

#### NET INCOME MULTIPLIER

The net income multiplier is the inverse of the capitalization rate. The NIM for the comparables ranges from 12.42 to 14.47. Given the subject's estimated NOI per unit of \$6,299, and the NIM's of 12.42 to 14.47, the indicated range of values based on the NIM would be \$15,646,716 to \$18,229,306.

Again, the subject net income per unit is between that of Comparables One and Two, which would indicate a multiplier range of 12.84 to 14.47 with an average of 13.66. Applying the subject's NOI/unit of \$6,299 to 13.66 would indicate a value of \$17,200,000. The Net Income Multiplier accounts for income and expenses but does not account for changes in capitalization rates due to market changes or due to the strength or weakness of the individual property and its market or neighborhood.

#### MOYE APPROACH

The Moyer Approach adjusts for all of the factors, gross income, net income, capitalization rates in effect as of the date of value, and individual strengths and weaknesses of the property. The application of adjustments for Economic Conditions based on the Moyer Approach, involves the comparison of NOI per unit of comparison (\$/unit, \$/SF, etc) of the comparable sales to the NOI of the subject property. In addition, it includes a comparison of the capitalization rates.

The appropriate NOI adjustment is calculated by deducting the net operating income per square foot of the comparable from the net operating income per square foot of the subject and dividing the result by the net operating income per square foot of the comparable. This type of adjustment is considered to include investor consideration for factors such as location, age/quality/condition, etc. The *stabilized* NOI is estimated at \$1,259,711 (see reconstructed operating statement in the Income Approach). To illustrate the methodology, the appropriate adjustment in the subject analysis for Sale No. 1 is calculated as follows:

$$\begin{aligned} & (\text{NOI/SF Subject} - \text{NOI/SF Comparable}) \div \text{NOI/SF Comparable} \\ & (\$5.37 - \$5.49) \div \$5.49 = -2.2\% \end{aligned}$$

The same calculation is performed for each of the comparable sales in order to determine the NOI/SF adjustment factor.

In the analysis of an investor's purchase decision, I also considered the overall Capitalization Rate as an indication regarding a potential purchaser's confidence in the ability of the property to consistently produce income for a specific length of time. In simple terms, an investor who purchases a property at a relatively low capitalization rate expects a greater return through increased rent levels, occupancy, management efficiencies, and/or escalation at reversion, or he or she anticipates less risk.

A property purchased at a higher capitalization rate usually reveals a lack of ability to alter occupancy, inability to increase the income stream (relative to inflation), over-building in the market place, or problems with either the local or national market sector in the near term. Since most purchases are not truly cash transactions, but are leveraged through loans, prevailing interest rates on real property also can alter cap rates. Changes in market rates can increase or decrease the yield on the leveraged portion of the property.

An adjustment for the overall rates indicated from the sales involves a procedure similar to the adjustment for the net operating income per square foot. The estimated subject overall capitalization rate is deducted from the estimated comparable overall capitalization rate and the result is divided by the comparable overall capitalization rate. In the case of Sale No. 1, the calculation is as follows:

$$\begin{aligned} & (7.5\% - 7.79\%) \div 7.79\% \\ & = 3.7\%. \end{aligned}$$

In this case, the subject, with a lower overall capitalization rate, is considered superior to the comparable, based on the estimated overall capitalization rate and the adjustment is negative. The calculation is performed for all of the comparable sales to estimate the appropriate overall rate adjustment.

The theory and detailed application of the economic indicator adjustment can be found in an article prepared by Andrew J. Moye, MAI for the Appraisal Journal, April of 1991, entitled *The Use of An Economic Indicator in the Sales Comparison Approach*.

# IMPROVED SALES ADJUSTMENT GRID BASED ON DOLLARS/SQUARE FOOT

411 Meeting  
Charleston

|                      | Subject        | Sale No. 1     | Sale No. 2        | Sale No. 3    |
|----------------------|----------------|----------------|-------------------|---------------|
| Identification:      | Legends        | Cypress Cove   | Alexan Belle Hall | Alta Shores   |
| Neighborhood:        | Mt. Pleasant   | West Ashley    | Mt Pleasant       | N. Charleston |
| County:              | Charleston Co. | Charleston Co. | Charleston        | Charleston    |
| Date of Sale:        |                | 5-Dec-02       | 25-Jun-04         | 5-Oct-04      |
| Sale Price:          |                | \$ 19,325,000  | \$ 23,050,000     | \$ 15,162,786 |
| Conditions of Sale:  |                | Normal         | Normal            | Normal        |
| Financing:           |                | Normal         | Normal            | Normal        |
| Normal Sale Price:   |                | \$ 19,325,000  | \$ 23,050,000     | \$ 15,162,786 |
| Project Size in SF   | 234,616        | 274,104        | 244,320           | 229,548       |
| Unadjusted Price/SF  |                | \$ 70.50       | \$ 94.34          | \$ 66.05      |
| EGI:                 | \$2,096,658    | \$ 2,502,000   | \$ 2,568,000      | \$ 2,148,034  |
| Expenses / %         | \$836,947      | \$ 996,596     | \$ 975,360        | \$ 927,360    |
| / \$/SF              |                |                |                   |               |
| NOI:                 | \$1,259,711    | \$ 1,505,404   | \$ 1,592,640      | \$ 1,220,674  |
| Overall Rate:        | 7.50%          | 7.79%          | 6.91%             | 8.05%         |
| NOI/SF               | \$5.37         | \$ 5.49        | \$ 6.52           | \$ 5.32       |
| Sale Price/SF        |                | \$ 70.50       | \$ 94.34          | \$ 66.05      |
| Mkt Conditions @:    | 0.0%           | 0.0%           | 0.0%              | 0.0%          |
| Time Adj. \$/SF      |                | \$ 70.50       | \$ 94.34          | \$ 66.05      |
| ADJUSTMENTS:         |                |                |                   |               |
| NOI/SF Adjust.       |                | -2.2%          | -17.6%            | 1.0%          |
| OAR Adjust.          |                | -3.7%          | -8.5%             | 6.8%          |
| Net Adjustment       |                | 1.5%           | -26.2%            | 7.8%          |
| Ind. Value Range/SF: |                | \$ 71.55       | \$ 69.65          | \$ 71.21      |

# IMPROVED SALES ADJUSTMENT GRID BASED ON DOLLARS PER UNIT

Legends  
Charleston

|                       | Subject        | Sale No. 1    | Sale No. 2        | Sale No. 3     |
|-----------------------|----------------|---------------|-------------------|----------------|
| Identification:       | Legends        | Cyprus Cove   | Alexan Belle Hall | Alta Shores    |
| Neighborhood:         | Charleston Co. | West Ashley   | Mt Pleasant       | N. Charleston  |
| County:               | Charleston Co. | Charleston    | Charleston Co.    | Charleston Co. |
| Date of Sale:         |                | 5-Dec-02      | 25-Jun-04         | 5-Oct-04       |
| Sale Price:           |                | \$ 19,325,000 | \$ 23,050,000     | \$ 15,162,786  |
| Conditions of Sale:   |                | Normal        | Normal            | Normal         |
| Financing:            |                | Normal        | Normal            | Normal         |
| Normal Sale Price:    |                | \$ 19,325,000 | \$ 23,050,000     | \$ 15,162,786  |
| Project Size in Units | 200            | 264 Units     | 240 Units         | 240 Units      |
| Unadjusted Price/Unit |                | \$ 73,201     | \$ 96,042         | \$ 63,178      |
| EGI:                  | \$2,096,658    | \$ 2,502,800  | \$ 2,568,000      | \$ 2,148,034   |
| Expenses / %          | \$836,947      | \$ 996,596    | \$ 975,360        | \$ 927,360     |
| / \$/Unit             | \$ 4.185       | \$ 3.775      | \$ 4.064          | \$ 3.864       |
| NOI:                  | \$1,259,711    | \$ 1,505,404  | \$ 1,592,640      | \$ 1,220,674   |
| Overall Rate:         | 7.50%          | 7.79%         | 6.91%             | 8.05%          |
| NOI/Unit              | \$ 6,299       | \$ 5,702      | \$ 6,636          | \$ 5,086       |
| Sale Price/Unit       |                | \$ 73,201     | \$ 96,042         | \$ 63,178      |
| Market Conditions @:  | 0.0%           | 0.0%          | 0.0%              | 0.0%           |
| Time Adj. \$/Unit     |                | \$ 73,201     | \$ 96,042         | \$ 63,178      |
| ADJUSTMENTS:          |                |               |                   |                |
| NOI/Unit Adjust.      |                | 10.5%         | -5.1%             | 23.8%          |
| OAR Adjust.           |                | 3.7%          | -8.5%             | 6.8%           |
| Net Adjustment:       |                | 14.2%         | -13.6%            | 30.7%          |
| Value Range/Unit:     |                | \$ 83,580     | \$ 82,950         | \$ 82,558      |

### SUMMARY & SALES COMPARISON CONCLUSIONS

The adjustment grids, which preceded, summarize the pertinent data for each sale and the adjustments for income characteristics that have been applied to each sale. The income projections used in the analysis assume stabilized market rates and market vacancy as of the effective date of value.

I considered the use of a Gross Income Multiplier, a Net Income Multiplier and the Moye Approach. The indications of value were as follows

|           | Low Indication | High Indication | Most Comparable |
|-----------|----------------|-----------------|-----------------|
| GIM       | \$14,801,996   | \$18,827,468    | \$17,500,000    |
| NIM       | \$15,646,716   | \$18,229,306    | \$17,200,000    |
| Moye/SF   | \$16,341,004   | \$16,786,775    | \$16,700,000    |
| Moye/Unit | \$16,511,600   | \$16,716,000    | \$16,600,000    |

The range of adjusted dollar per square foot indications from the comparable sales is from \$69.65/SF to \$71.55/SF, or a variance of just over 2.7%. The mean is \$70.80/SF and the median is \$71.21/SF. The value range indicated is \$16,341,004 to \$16,786,775, with an indicated value of \$16,500,000 million.

The range of adjusted dollar per unit indications from the comparable sales is from \$82,558 unit to \$83,580/unit, or a variance of just over 1.2%. The mean is \$83,029/Unit and the median is \$82,950/Unit. The range of values indicated from the per unit analysis is from \$16,511,600 to \$16,716,000 with an indicated value near \$16,500,000 million.

The sales are from the local market and are as similar as possible to the subject in all applicable characteristics. The sales illustrate a relatively tight range of values, which is a good indicator of the reliability of this approach. The NIM, GIM and Moye Approach all reveal a tight range of values and a tight reconciled range.

Based on the sales information presented, the Market Value as of December 31, 2003 is estimated at \$17,000,000:

**SEVENTEEN MILLION DOLLARS**

**\$17,000,000**

## INCOME APPROACH TO VALUE

In the case of the subject property, the income capitalization approach is relevant in the estimation of value since the operations are capable of generating income. The premise of the income approach in appraising real estate is that an indication of value can be derived by discounting the net income stream(s) that a property will produce under prudent management at an appropriate rate that reflects the current market conditions, trends, and investor requirements. The approach is based on the principal of anticipation of future benefits, with a basis that income attributable to real estate may be converted into value by one of two methods:

- 1) Direct Capitalization, or
- 2) Yield Capitalization.

### DIRECT CAPITALIZATION

Direct Capitalization is the process of converting a single-years stabilized income expectancy into value by dividing the net operating income to real estate (NOI) by a market derived overall capitalization rate. Typically, Direct Capitalization is used for stabilized properties, smaller properties, owner occupied properties or for properties where leasing for short terms is common (generally, less than one year or 1 to 5 years).

The purpose of the income analysis is ultimately to derive an estimate of the net income for the subject property. This is accomplished by considering various elements of *both* the subject property and comparable properties in the *market* with respect to the income producing capabilities of the property.

The methodology of income analysis includes the following steps:

1. Estimate the potential gross income (PGI) for the property.
2. Establish the Effective Gross Income (EGI) by estimating a reasonable allowance for vacancy and collection losses, and subtracting that from PGI. This estimate is based upon an analysis of *stabilized vacancy* and reasonable forecasts for the subject property in its market.
3. Establish the Net Operating Income (NOI) by estimating total operating expenses incurred for the property and estimating reserves, if appropriate. Deduction of total *stabilized* operating expenses and reserves from EGI results in the net operating income (NOI) for the subject property. Expenses are estimated from analysis of both the operating history for the subject property and analysis of comparable properties.
4. NOI is divided by the capitalization rate to arrive at value. Capitalization rates are extracted from sales of similar properties in the market, examination of national and regional rates, and/or the band of investments technique.

### SUBJECT RENT RATES AND ANALYSIS

The effective date of the appraisal is 12-31-2003 for a 2005 tax appeal. In order to estimate the value of the property the rents used should be the stabilized rents that were signed as close to the effective date of value as possible. The income that is needed to project a 12/31/03 value is the income stream that would be received in 2004. The income approach is based on the *anticipation of future benefits*; in this case the anticipation of the income stream that would be received in 2004. On December 31, 2003 the subject had 80 one-bedroom, 96 two-bedroom and 24 three-bedroom units for a total of 200 units.

The *Carolina Real Data Apartment Market Reports* dated July 2003, March 2004, September 2004, and March 2005 showed the base rents being received for the subject property were:

|     | <u>6-03</u> | <u>2-04</u> | <u>8-04</u> | <u>2-05</u> |
|-----|-------------|-------------|-------------|-------------|
| 1/1 | \$685       | \$685       | \$710       | \$710       |
| 1/1 | \$685       | \$685       | \$740       | \$740       |
| 1/1 | \$740-\$770 | \$770       | \$785       | \$785       |
| 1/1 | \$950       | \$950       | \$950       | \$950       |
| 2/2 | \$885-905   | \$885-\$905 | \$910       | \$910       |
| 2/2 | \$885-\$905 | \$885-\$905 | \$940       | \$940       |
| 2/2 | \$1,025     | \$1,025     | \$1,085     | \$1,085     |
| 2/2 | \$1,150     | \$1,150     | \$1,185     | \$1,185     |
| 2/2 | \$975       | \$975       | \$1,010     | \$1,010     |
| 3/2 | \$1,225     | \$1,225     | \$1,225     | \$1,225     |
| 3/2 | \$1,375     | \$1,375     | \$1,335     | \$1,375     |

The above information indicates that there was a rate change near the middle of 2004. Three types of units did not increase in rental rate from February of 2003 to February of 2004. The remainder increased anywhere from 1.7% to 8%, with most of the increases being between 3% and 5% over the year.

On December 31, 2003 the subject had 80 one-bedroom, 96 two-bedroom and 24 three-bedroom units for a total of 200 units. Based on the information discussed earlier the rental rates for 12-31-03 were:

| NUMBER | SF    | RENT    | \$/SF | MONTH RENT | ANNUAL      |
|--------|-------|---------|-------|------------|-------------|
| 8      | 787   | \$685   | 0.87  | \$5,480    |             |
| 24     | 787   | \$685   | 0.87  | \$16,440   |             |
| 40     | 875   | \$770   | 0.88  | \$29,600   |             |
| 8      | 997   | \$950   | 0.95  | \$7,600    |             |
| 8      | 1,198 | \$895   | 0.747 | \$7,160    |             |
| 8      | 1,198 | \$895   | 0.747 | \$7,160    |             |
| 8      | 1,222 | \$1,025 | 0.84  | \$8,200    |             |
| 8      | 1,369 | \$1,150 | 0.84  | \$9,200    |             |
| 64     | 1,394 | \$975   | 0.70  | \$62,400   |             |
| 16     | 1,536 | \$1,225 | 0.80  | \$19,600   |             |
| 8      | 1,596 | \$1,375 | 0.86  | \$11,000   |             |
| 200    |       |         |       | \$183,840  | \$2,206,080 |

#### VACANCY AND COLLECTION LOSS

The Real Data Apartment Market Report shows a vacancy history on the subject as follows:

|      |      |      |
|------|------|------|
| 2-03 | 6-03 | 2-04 |
| 7%   | 8%   | 2.5% |

Based on rent survey provided by the owner the subject vacancy was as follows:

|      |       |       |       |
|------|-------|-------|-------|
| 9-03 | 10-03 | 11-03 | 12-03 |
| 6%   | 6%    | 6%    | 2%    |

From the above information it appears the property has been running a vacancy rate between 2%-8%. In the apartment market a 2% vacancy would be hard to maintain, however the subject has been able to maintain a rate of 6% for several months. This would be more in line with the rates found in competing complexes.

In a survey done by the Assessors Office, other Type A complexes in Mt. Pleasant reported vacancy rates between 5-8% in December 2003.

Based on the above information a vacancy rate of 7% is reasonable for the subject property.

Collection losses for similar type properties run between 1/2-1.5% of potential gross income. An amount of 1% is reasonable for the subject property.

Based on the above information a rate of 8% for vacancy and collection loss is reasonable for the subject property.

### CONCESSIONS

Due to the large amount of units coming on line in the Mt. Pleasant market, concessions were common in 2000 and 2001. During the most competitive times, it was not unusual to find properties giving one month free on a 13-month lease, which equates to 8% of the market rent. However, based on rental data from a number of apartment complexes and based on conversations with apartment managers and leasing agents, not all tenants received the full discount and discounts varied from month to month depending on occupancy, traffic, and time of year. As the market stabilized, concessions became more limited and were typically given only on hard to rent/unpopular units. Sometimes the concessions were as small as the waiving of administrative fees or deposits and amounted to less than 4% of PGI.

According to a rental survey performed by the Assessor's office in December 2003, concessions were becoming less frequent on Type A properties as compared to the concessions in 2000-2001. The survey indicated that occupancy levels were running in the mid to low 90 percent range, and due to this, most of the complexes were giving only limited concessions on select (unpopular) units. This same survey conducted in December of 2004 indicated that most of the complexes were not offering concessions at all.

The Real Data Apartment Market Report showed that in February of 2004 the subject was offering one month free on one and two bedroom units and by August of 2004 was not giving any concessions. Due to the limited but varied concessions, being offered an allowance of 4% is reasonable for the subject for concessions.

### OTHER INCOME

Other income is income from late fees, vending, and forfeited deposits, returned check fees, interest income, break lease fees, garage rental, and application fees. Based on the owners Statement of Operation ending 12-31-2002 this figure amounted to 7.9% of rental income collected or \$138,992, in 2003 it was 8.1% or \$158,690 and in 2004 it was 7.8% or \$151,781. Based on the history of the property an amount of 8% of rental income collected appears to be a reasonable estimate of other income for this property.

### EXPENSES

The owner has supplied income and expense summaries numbers dated 12-31-2002, 2003 and 2004. To see if the subjects' expenses are in line with similar properties, expenses of other Type A complexes in the area were reviewed. Detailed data was available on these properties. From these expenses a percentage to PGI and a dollar per unit can be established. Applying these percentages to the subjects estimated PGI gives us the projects expenses for 2004 to arrive at a 12/31/03 value.

### EXPENSE DISCUSSION AND EXTRACTION

~~General & Administrative~~ — This expense includes ~~expenses for office supplies, telephone, bookkeeping, printing, postage, legal fees, credit checks, bank charges, marketing cost, and manager~~.

rental unit. This expense typically runs between 2.5% - 3.5% of PGI. A rate of 3% is reasonable.

**Utilities & Services** – This includes all utilities. This expense is typically 2.5-3% of PGI. The owner has stated that the tenants are responsible for all utilities, since the units are metered separately for water, sewer and electricity. However, there would be some expense associated with vacant units and common areas. A rate of 1.5% of PGI is reasonable.

**Repairs & Maintenance** – This expense includes all outside contracted work, appliance repairs, any plumbing, electric, roof, a/c, or other minor repairs, landscaping cost, turnover cost, parking lot maintenance and general cleaning or repair materials. This expense is typically 5-6% of PGI.

**Payroll** – This is the expense associated with all wages, bonuses, commissions, payroll taxes and employee insurance associated with the complex that are not considered contracted labor. This expense is typically 7-9% of PGI. A rate of 8% to PGI is reasonable.

**Management** – This is a fee charged by the management company. The owners are the management company for the project and have a contract with HUD that the management fee will be 4.53% of residential and miscellaneous income collected. The agreement also states the management fee is capped at \$40 per month per unit and if the rent is increased, the percentage of the management fee should be adjusted not to exceed the \$40 per month per unit cap. A copy of the agreement is in the addendum.

**Insurance** – This includes property insurance. This item has increased dramatically and now runs 3%-4% depending on the location of the property. The owner has provided actual expense numbers for insurance and these will be used for the subject. The amount was \$93,559 or 4.2% of PGI. A copy is in the addendum.

**Taxes** – This includes property taxes from the reassessment and typically amounts to 8-10% of PGI. A rate of 9% to PGI is reasonable.

**Reserves** – This is an expense that is used supplement the cost to replace capital items. The property is required to carry reserves in the amount of \$4,403.17 by HUD, which equates to \$52,838/yr or \$264/unit/yr. For this appraisal \$264/unit will be used, and will be used in calculating the cap rates for the comparable sales. The market rate for reserves is typically around \$250, so the HUD requirement is very close to market.

| SUBJECT'S<br>RECONSTRUCTED<br>2004 EXPENSE<br>DATA<br>DESCRIPTION | AMOUNT    | %PGI         |
|-------------------------------------------------------------------|-----------|--------------|
| ADMINISTRATIVE                                                    | \$66,182  | 3 %          |
| UTILITIES                                                         | \$33,091  | 1.5 %        |
| MAINTENANCE                                                       | \$121,334 | 5.5 %        |
| PAYROLL                                                           | \$176,486 | 8 %          |
| MANAGEMENT                                                        | \$95,000  | 4.3 %        |
| INSURANCE                                                         | \$93,559  | 4.2 %        |
| TAXES                                                             | \$198,457 | 9.8 %        |
| RESERVE                                                           | \$52,838  | 2.6 %        |
| TOTAL                                                             | \$836,947 |              |
| PER UNIT                                                          | \$4,184   | 37.9% of PGI |

The comparable sales had expenses ranging from \$3,290 to \$3,813/Unit which is lower than the expenses projected above. However, the projections are for 2004, and the sales occurred in 1999, 2000 and 2001, indicating projection dates of 2000, 2001 and 2002. The sales have expense ratios of 32%, 32.7% and 40.8%, with a median of 32.7% and a mean of 35.2%. The projected expense ratio of 36% is considered well supported by the sales. Using the information previously discussed in this report a stabilized reconstructed operating statement for the subject property is shown below with an effective date of December 31, 2003. The operating statement reflects the anticipated income and expenses for the upcoming 2004 operating year:

#### RECONSTRUCTED OPERATING STATEMENT

|                              |                            |
|------------------------------|----------------------------|
| POTENTIAL GROSS INCOME (PGI) | \$2,206,080                |
| VACANCY & COLLECTION         |                            |
| LOSS AT 8%                   | (\$176,486)                |
| CONCESSIONS 4%               | (\$88,243)                 |
| NET RENTAL INCOME            | \$1,941,350                |
| OTHER INCOME                 | \$155,308                  |
| EFFECTIVE GROSS INCOME (EGI) | \$2,096,658                |
| EXPENSES \$4,184/unit        | (\$836,947)                |
| NET OPERATING INCOME (NOI)   | \$1,259,711 (\$6,299/Unit) |

### CAPITALIZATION RATE

The capitalization rate, or overall rate, is expressed as a relationship between net operating income and sales price. An overall rate was abstracted from sales of similar apartment developments that are summarized below:

| Sale No. | Name              | #/Units | Date  | OAR   |
|----------|-------------------|---------|-------|-------|
| 1        | Cypress Cove      | 264     | 12-02 | 7.79% |
| 2        | Alexan Belle Hall | 240     | 6-04  | 6.91% |
| 3        | Alta Shores       | 240     | 4-03  | 8.05% |

The Overall Rate (OAR) extracted from sales of type A complexes indicates a range from 6.91% - 8.5%. All occurred within a reasonable time frame given the effective date of value.

Sale One is located in West Ashley and contains 264 units. It is the oldest sale of the three shown. It has a lower NOI per unit (\$5,702/unit), which is less than the subject at (\$6,299/unit).

Sale Two is the most recent sale and is located in Mt. Pleasant. It is approximately two miles from the subject and contains 240 units. Its NOI per unit is higher than the subjects at \$6,636/unit vs. \$6,299 for the subject. Sale Two is closest to the subject in location and is the most recent sale.

Sale Three is located in North Charleston. Its NOI of \$5,086/unit is lower than the subject's at \$6,299/unit. The sales price was a pre-construction contract arranged with the builder for purchase once the property was complete.

According to Korpacz Investment survey, the rates for apartment complexes have varied since 1998, due primarily to falling interest rates. The changes in those rates reported by Korpacz are as follows:

### KORPACZ NATIONAL OAR FOR APARTMENTS

|                              | <u>Range</u> | <u>Average</u> |
|------------------------------|--------------|----------------|
| 4 <sup>TH</sup> Quarter 2002 | 6.5 - 10     | 8.26           |
| 1 <sup>ST</sup> Quarter 2003 | 6 - 10       | 7.45           |
| 4 <sup>TH</sup> Quarter 2003 | 5.5 - 9.25   | 7.45           |
| 1 <sup>ST</sup> Quarter 2004 | 5.5 - 9.25   | 7.25           |

~~Korpacz shows rates during 2003 averaging 7.45% and rates in early 2004 at 7.25%. The local market sales in 2003 and 2004 ranged from 6.91% to 8.05 %, which is very similar to the national survey rates.~~

Based on all of the foregoing, a cap rate (OAR) of 7.45% has been selected for the subject property, based on the sales that were available, and the changes in capitalization rates over the time period in question as derived from Korpacz.

Applying the previously calculated NOI of \$1,259,711 to a capitalization rate of 7.5% the following information is revealed:

|                          |              |
|--------------------------|--------------|
| NOI.....                 | \$ 1,259,711 |
| Capitalization Rate..... | <u>7.5%</u>  |
| Indicated Value.....     | \$16,796,147 |

The value indication for the subject property, as of December 31, 2003 is indicated at \$16,796,147 based on the income approach to value. This has been rounded to:

\$16,800,000

SIXTEEN MILLION EIGHT HUNDRED THOUSAND DOLLARS

### CONDOMINIUM SALES COMPARISON

The subject property was appraised as an apartment complex for the reassessment with an assigned value \$16,644,000 or \$83,220/unit using sales of complexes that were purchased to be run as multi-family complexes, as shown earlier in this report.

Strong demand for housing in the Charleston market raised prices for single-family homes beyond the reach of many first time homebuyers. Investors soon started purchasing existing apartment complexes and converting them to condominiums. These sales prices were often higher than if the property were being purchased to be run as an apartment complex. Below are the purchase prices of several Type A complexes that were converted to HPR's (condominiums):

| Complex     | Date  | #/units | Sale         | \$/unit   |
|-------------|-------|---------|--------------|-----------|
| Enclave     | 11-04 | 300     | \$30,500,000 | \$101,667 |
| Southampton | 4-05  | 240     | \$28,855,000 | \$120,229 |
| Long Grove  | 3-05  | 272     | \$37,250,000 | \$136,949 |
| Carrington  | 11-05 | 244     | \$31,500,000 | \$129,098 |
| Merritt     | 1-06  | 230     | \$28,000,000 | \$121,739 |
| River Oak   | 6-06  | 360     | \$48,000,000 | \$133,333 |

In April of 2006, a deed was filed on the subject property with an affidavit of value of \$33,050,000, which indicates a value of \$165,250/unit. In late 2005, the owners of The Legends started marketing the property as condominiums to begin sales in 2006. (See add in addendum)

### EQUITY COMPARISON

The effective date of value for this appraisal is December 31, 2003. That date is the effective date of value for all properties for Tax Year 2005. The properties equity position relative to similar properties must be explored.

The premise for an equity appraisal is to determine if a given property is or is not "over appraised" when compared to similar properties. In the case of the subject property, we need to compare it to other Type A apartment complexes in its competing area.

The units of comparison for apartments vary widely. One could look at an Effective Gross Income Multiplier (EGIM), Net Income Multiplier (NIM), a Value Per Unit, or Dollars Per Square Foot. To compare an income producing property solely on a Value Per Unit or Dollars Per Square Foot is not relevant unless all the other data is taken into consideration, such as net operating income (NOI), expenses and capitalization rates. Since the income approach to value was used consistently for apartment complexes in Charleston, the exploration of equity is based on income comparisons.

The subject property was appraised at \$16,644,000 for equity purposes.

The chart below compares the subject property to other Type A properties in Mt. Pleasant.

| <u>COMPLEX</u> | <u>#</u><br><u>UNITS</u> | <u>CONC</u> | <u>VAC</u> | <u>EXP/UNIT</u> | <u>NOI/UNIT</u> | <u>OAR</u> | <u>\$/UNIT</u> | <u>EGIM</u> |
|----------------|--------------------------|-------------|------------|-----------------|-----------------|------------|----------------|-------------|
| BELLE HALL     | 240                      | 0           | 8%         | \$3,900         | \$7,500         | 8.3%       | \$90,355       | 8.07        |
| LONG GROVE     | 272                      | 0           | 8%         | \$3,900         | \$7,399         | 8.3%       | \$89,150       | 7.95        |
| RIVER OAKS     | 360                      | 0           | 8%         | \$3,900         | \$7,079         | 8.3%       | \$85,289       | 7.83        |
| SUBJECT        | 200                      | 0           | 8.3%       | \$3,900         | \$7,022         | 8.3%       | \$84,597       | 7.78        |
| SOUTHAMPTON    | 240                      | 0           | 8%         | \$3,900         | \$6,505         | 8.3%       | \$78,375       | 7.62        |
| CARRINGTON     | 244                      | 0           | 10%        | \$3,900         | \$6,028         | 8.3%       | \$72,646       | 7.54        |

The above chart shows that the subject property is not "over appraised". In fact, the chart indicates the subject property falls near the middle of the list when compared to other Type "A" properties in Mt. Pleasant. All of this indicates that the subject property is appraised equitably.

Based on the above information the equity value is:

\$16,644,000

SIXTEEN MILLION SIX HUNDRED FORTY FOUR THOUSAND

### RECONCILIATION AND VALUE CONCLUSION

The subject property is a 200 unit apartment complex. The assessor's market value estimate for the subject property is being appealed for tax year 2005, which requires a values analysis with a date of December 31, 2003.

All three traditional approaches to value were *considered* in the valuation process with respect to the valuation of the subject property. However, the appraiser chose to rely on the Sales Comparison and Income Approaches to value, as it best reflects the actions of buyers and sellers in the market place.

*The Sales Comparison Approach* is based upon the premise that the market value of property is directly related to the prices of comparable, competitive properties. The principle of substitution is basic in this approach to value as it implies that a prudent purchaser will pay no more for a property than would be required for an acceptable alternative available in the market.

*The Income Approach* recognizes the value of the subject property based on its cash flow potential or the anticipation of future benefits, specifically net or gross income. Many investors in the subject market area use this approach to guide them in making decisions on the purchase of similar properties. The income approach relies on the premise that properties with comparable risk and return features will provide comparable future benefits. This approach is most reliable when adequate documentation exists on comparable market rental rates, property operating expenses and risk/return requirements.

Market Value as of December 31, 2003

Sales Comparison Approach      \$17,000,000

Income Approach      \$16,800,000

Giving equal weight to the sales and income approaches to value the estimated Market Value of the subject property is:

\$16,900,000

SIXTEEN MILLION NINE HUNDRED THOUSAND

## EXPOSURE AND MARKETING TIME

Reasonable *exposure* on the open market is implicit in the analysis of Market Value. Exposure time, as stated in the Uniform Standards of Professional Appraisal Practice (USPAP 2002 Edition-Page 92), may be defined as follows:

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

Exposure time always precedes the effective date of the appraisal, and is a factor of supply and demand, adequate, sufficient and reasonable marketing efforts, and pricing at a level that market would consider reasonable. Exposure time is generally expressed as a range and is usually derived from an analysis of one or more of the following:

- statistical information about days on market preceding the effective date of the appraisal
- information gathered from sales verifications and/or interviews with market applicants.
- and/or interviews with market participants.

A reasonable exposure time for the subject property was developed by consulting Korpacz Investor Surveys, to see what national marketing trends have been in the last few years. Additionally, conversations with market participants (local buyers, sellers and agents) have been considered. It is estimated that the necessary exposure time for the subject property would be 12 months. This estimate is predicated on supply and demand in relative balance, active and reasonable marketing efforts, and proper pricing of the property.

*Exposure time* and *marketing time* are not the same concept. As discussed, exposure time always precedes the effective date of the appraisal. Marketing time is always presumed to be after the effective date of the appraisal. Marketing time for the subject property is defined in the Uniform Standards of Professional Appraisal Practice (USPAP 2006 Edition, Page 128) as:

".....the reasonable marketing time is the 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 an appraisal. Marketing time differs from *exposure time*, which is always presumed to precede the effective date of the appraisal."

A reasonable marketing time is the period a prospective investor would or seller would forecast to sell the subject property immediately after the date of value, at or near the estimated market value. Marketing time is essentially a measure of the risk associated with the liquidity of the property as an investment. The reader is cautioned that the future price of the subject property (at the end of the marketing time) may or may not equal the appraised value estimate due to changes in the market that occur after completion of the appraisal.

Future prices depend on unpredictable and unforeseeable changes in the physical real estate, on economic and demographic changes, on the money supply, interest rates and financing, available alternative investments and on future supply and demand characteristics for the property type, as well as many other factors. Therefore, at the end of the marketing time, the price realized may be more or less than the appraised value.

Based on the premise that present market conditions are the best indication of future performance, a prudent seller or investor would forecast that, under the current market conditions, the subject property would require a marketing time of six months to sell.

It is important to note that the ultimate decision as to what price to ask, when to accept a particular offering price, and how to account for the assets during the interim rest with the client. Properties exposed on the market for extended periods of time may have been listed at unrealistic prices. Similarly, properties that are exposed at reasonable prices may have shorter marketing periods, and may be better indicators of exposure time. Consequently, estimates based on comparable sales may or may not provide a good estimate of the subject marketing time depending on the original asking price and/or subsequent price reduction necessary to consummate the sales.

Therefore, if the subject property were to be listed at a level which is consistent with, or slightly above, the expected sales price (market value), then the marketing time would be expected to be at the lower end of the range indicated. This premise assumes supply and demand will be in reasonable balance.

### ASSUMPTIONS AND LIMITING CONDITIONS

- The appraiser's certification that appears in the appraisal report is subject to the following conditions:

1. Condition of subject property is assumed to be the same on the effective date of the appraisal as on the inspection date. The dates of inspection were September 29, 2003 and April 24, 2007.
2. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. No responsibility is assumed for legal descriptions.
3. Responsible ownership and/or management of the property are assumed.
4. The property is appraised free and clear of any and all liens or encumbrances unless otherwise stated.
5. If the appraiser has provided a sketch in the appraisal report, it is intended to show approximate dimensions of the improvements and is included only to assist the reader of the report in visualizing the property and understanding the appraiser's estimation of its size. Maps and exhibits are included to assist the reader in visualizing the property, neighborhood, etc. and are for reader reference only.
6. The appraiser has estimated the value of the land in the cost approach (if the cost approach was used) at its highest and best use and the improvements at their contributory value. These separate valuations of the land and improvements must not be used in conjunction with any other appraisal and are not valid if they are so used.
7. It is assumed that all applicable zoning and other use regulations and restrictions have been complied with, unless otherwise stated in this report.
8. It is assumed that all required licenses; certificates of occupancy; consents or other legislative or administrative authority has been or can be obtained and/or renewed for any use on which the value estimate contained in this report is based.
9. The appraiser has noted in the appraisal report any adverse conditions (such as needed repairs, deferred maintenance, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the appraisal report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, subsoil or structure that render it more or less valuable.
10. The appraiser is not aware of adverse environmental conditions (including the presence

of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. The appraiser has assumed that there are no such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations unless non-compliance is stated, defined and considered in the report.

11. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
12. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.

### CERTIFICATION

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

- the statements of fact contained in this report are true and correct.
- the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions; and is my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and
- I have no personal interest or bias with respect to any 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 is not contingent upon the reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant appraisal assistance to the person(s) signing this report.

APPRAISER: Stephen J. Everman

SIGNATURE: Stephen J. Everman DATE SIGNED: 4/27/07

TITLE: Senior Staff Appraiser  
LICENSE #: CGM 771  
STATE: SC  
Exp. 6-30-2007

Appraiser [ X ] did [ ] did not inspect subject property.

101 Meeting Street, Suite 300  
P.O. Box 427  
Charleston, SC 29402



Office of the County Assessor  
(843) 958-4100

**APPRAISER'S QUALIFICATIONS**

**NAME:**

Stephen J. Everman

**POSITION:**

Appraiser V.

**S.C. CERTIFIED GENERAL MASS  
REAL ESTATE APPRAISER:**

License # CGM 771

**DATE EMPLOYED:**

November 12, 1990

**EDUCATIONAL BACKGROUND:**

Bachelor of Arts in Economics  
Wofford College

**REAL ESTATE COURSES:**

**Appraisal Institute:**

Real Estate Appraisal Principles  
Basic Valuation Procedures  
Basic Income Capitalization  
General Application  
Advanced Income Capitalization  
Apartment Appraisal

**IAAO:**

Valuing Property Affected by Environmental  
Contamination  
Fundamentals of Mass Appraisal

**National Association of Independent Fee Appraisers:**

Uniform Standards of Professional Appraisal Practice

**The Citadel:**

Basic Income Capitalization  
Residential Appraisal Reports Using the URAR Form  
Appraisal Reports, Standards and Practices, Ethics and  
Law  
Residential Property Case Study for CR Designation

**PREVIOUS EMPLOYMENT:**

G.C. Services, Office Manager

ADDENDA

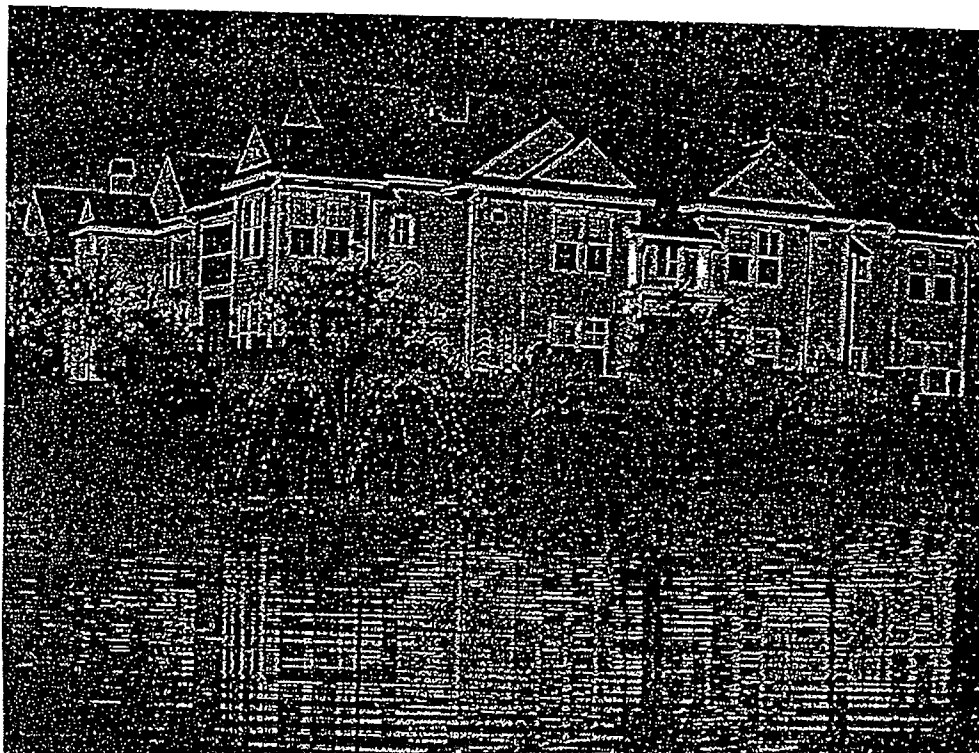
To determine if the values decreased as of December 31, 2004 a pro-forma will be done on the property. This would be the projection of the income stream to be received in 2005.

### SUBJECT RENT RATES AND ANALYSIS

The income that is needed to project a 12/31/04 value is the income stream that would be received in 2005. The income approach is based on the *anticipation of future benefits*, in this case the anticipation of the income stream that would be received in 2005. On December 31, 2004 the subject had 80 one-bedroom, 96 two-bedroom and 24 three-bedroom units for a total of 200 units.

The *Carolina Real Data Apartment Market Reports* dated March 2004, September 2004, and March 2005 showed the base rents being received for the subject property were:

|     | <u>2-04</u> | <u>8-04</u> | <u>2-05</u> |
|-----|-------------|-------------|-------------|
| 1/1 | \$685       | \$710       | \$710       |
| 1/1 | \$685       | \$740       | \$740       |
| 1/1 | \$770       | \$785       | \$785       |
| 1/1 | \$950       | \$950       | \$950       |
| 2/2 | \$885-\$905 | \$910       | \$910       |
| 2/2 | \$885-\$905 | \$940       | \$940       |
| 2/2 | \$1,025     | \$1,085     | \$1,085     |
| 2/2 | \$1,150     | \$1,185     | \$1,185     |
| 2/2 | \$975       | \$1,010     | \$1,010     |
| 3/2 | \$1,225     | \$1,225     | \$1,225     |
| 3/2 | \$1,375     | \$1,335     | \$1,375     |



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ASANT

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- Eleven distinctive floor plans • Attached garages
- on select units • 9 ft. ceilings with crown molding •
- Monitored intrusion alarms • Walk in closets • Gar-
- den tubs • Two story buildings with Hardiplank and
- architectural shingles



CS1-F2-409

28/05

Post + Courier

On December 31, 2004 the subject had 80 one-bedroom, 96 two-bedroom and 24 three-bedroom units for a total of 200 units. Based on the information discussed earlier the rental rates for 12-31-04 were:

| TYPE | NUMBER | SF    | Rent    | MNTH RENT | Annual      |
|------|--------|-------|---------|-----------|-------------|
| 1/1  | 8      | 787   | \$710   | \$5,680   |             |
| 1/1  | 24     | 787   | \$740   | \$17,760  |             |
| 1/1  | 40     | 875   | \$785   | \$31,400  |             |
| 1/1  | 8      | 997   | \$950   | \$7,600   |             |
| 2/2  | 8      | 1,198 | \$910   | \$7,280   |             |
| 2/2  | 8      | 1,198 | \$940   | \$7,520   |             |
| 2/2  | 8      | 1,222 | \$1,085 | \$8,680   |             |
| 2/2  | 8      | 1,369 | \$1,185 | \$9,480   |             |
| 2/2  | 64     | 1,394 | \$1,010 | \$64,640  |             |
| 3/2  | 16     | 1,536 | \$1,225 | \$19,600  |             |
| 3/2  | 8      | 1,596 | \$1,375 | \$11,000  |             |
|      | 200    |       |         | \$190,640 | \$2,287,680 |

Based on the rental rates calculated earlier in this report the subject property has experienced a 3.7% increase in rental rates between 12-31-03 and 12-31-04.

#### VACANCY AND COLLECTION LOSS

Over the last several years the subject property has been averaging an 8% vacancy and collection loss. It is reasonable to assume this will continue.

#### CONCESSIONS

According to a rental survey performed by the Assessor's office in December 2003, concessions were becoming less frequent on Type A properties as compared to the concessions in 2000-2001. The survey indicated that occupancy levels were running in the mid to low 90 percent range, and due to this, most of the complexes were giving only limited concessions on select (unpopular) units. This same survey conducted in December of 2004 indicated that most of the complexes were not offering concessions at all.

The Real Data Apartment Market Report showed that in February of 2004 the subject was offering one month free on one and two bedroom units and by August of 2004 was not giving any concessions. Due to the limited but varied concessions, being offered an allowance of 4% is reasonable for the subject for concessions.

### OTHER INCOME

Based on the history of the property an amount of 8% of rental income collected appears to be a reasonable estimate of other income for this property.

### EXPENSE DISCUSSION

Type A complexes in the area were reviewed. Detailed data was available on these properties. It indicated on average that the expenses, excluding reserves, increased 4.1% from 2003 to 2004.

The Korpacz Real Estate Investor Survey was also reviewed and in a survey done in the national apartment market it shows that the expense change rate between the first quarter of 2004 to the first quarter of 2005 was between 2-3.5% with an average of 2.79%. This is lower than what the local market indicated, but this may be due to the fact that fewer properties were reviewed in the local market survey and the fact that coastal insurance rates are higher than what is found in other parts of the country.

Based on the above information a reasonable estimate would be that expenses, excluding reserves, will increase by 4% from 12-31-03 and 12-31-04. Using the subject 12-31-203 expenses calculated earlier in this report, excluding expenses, and growing them by 4% the subjects total expenses would be \$868,311 ( $\$784,109 \times 1.04 = \$815,473$  to this reserves of \$52,838 will be added for a total of \$868,311).

### KORPACZ NATIONAL OAR FOR APARTMENTS

|                              | <u>Range</u> | <u>Average</u> |
|------------------------------|--------------|----------------|
| 1 <sup>ST</sup> Quarter 2003 | 6 - 10       | 7.45           |
| 4 <sup>TH</sup> Quarter 2003 | 5.5 - 9.25   | 7.45           |
| 1 <sup>ST</sup> Quarter 2004 | 5.5 - 9.25   | 7.25           |
| 4 <sup>TH</sup> Quarter 2004 | 5.0 - 9.25   | 7.01           |
| 1 <sup>ST</sup> Quarter 2005 | 4.50 - 9.25  | 6.74           |

Korpacz shows rates during 2003 averaging 7.45% and rates in 2004 at 7.01-7.25%. The decrease in rates continued in the first quarter of 2005 with the average rate being 6.74%. The local market sales in 2003 and 2004 ranged from 6.91% to 8.05 %, which is very similar to the national survey rates.

Based on all of the foregoing, a cap rate (OAR) of 7.00% has been selected for the subject property, based on the sales that were available, and the changes in capitalization rates over the time period in question as derived from Korpacz.

PROFORMA FOR 12-31-04 VALUATION

|                              |                             |
|------------------------------|-----------------------------|
| POTENTIAL GROSS INCOME (PGI) | \$2,287,680                 |
| VACANCY & COLLECTION         |                             |
| LOSS AT 8%                   | (\$183,014)                 |
| CONCESSIONS 4%               | (\$91,500)                  |
| NET RENTAL INCOME            | \$2,013,166                 |
| OTHER INCOME                 | \$161,053                   |
| EFFECTIVE GROSS INCOME (EGI) | \$2,174,219                 |
| EXPENSES \$4,341/unit        | (868,311)                   |
| NET OPERATING INCOME (NOI)   | \$1,305,908. (\$6,530/Unit) |

Applying the previously calculated NOI of \$1,305,908 to a capitalization rate of 7.0% the following information is revealed:

|                          |              |
|--------------------------|--------------|
| NOI.....                 | \$ 1,305,908 |
| Capitalization Rate..... | 7.0%         |
| Indicated Value.....     | \$18,655,829 |

The value indication for the subject property, as of December 31, 2004 is indicated at \$18,655,829 based on the income approach to value. This has been rounded to:

\$18,500,000

EIGHTEEN MILLION FIVE HUNDRED THOUSAND DOLLARS

## LEGENDS CALCULATIONS OF FINANCING

TYPICAL TERMS OF LOCAL FINANCING AS OF 1-5-04 BASED ON THREE BANKS WAS:

LTV 80% FOR 15YRS AT 6% WITH A 5YR CALL.  
ONE BANK HAD A STRAIGHT LINE OF 80% FOR 15YRS AT 7.87%.

THE SUBJECT PROPERTY HAS A 40YR NOTE AT 7.1% WITH AN LTV OF 90% THAT STARTED 1-01 WITH PMTS OF \$99,913.65.

### COMPARISON

SUBJECT PROPERTY WAS APPRAISED FOR \$16,644,000 FOR THE REASSESSMENT WITH AN EFFECTIVE DATE OF 12-31-03.  
IF THE PROPERTY HAD MARKET FINANCING IT WOULD RESULT IN THE FOLLOWING:

$\$16,644,000 \times .80 = \$13,315,200$  FINANCED FOR 15YRS AT 6%  
IF THE PROPERTY WERE FINANCED THROUGH A BANK THE MONTHLY PMTS WOULD BE \$112,361.

THE SUBJECTS PROPERTY PAYMENTS ARE  $\$99,913.65 + \$6,503.42$  (MIP) =  $\$106,417/\text{MNTH}$

THIS INDICATES THE SUBJECT PROPERTY HAS MONTHLY PAYMENTS THAT ARE LESS THAN CONVENTIONAL FINANCING WITH NO CALL FEATURE.

### COST OF MTG

THE Rm OF THE MTG IS AS FOLLOWS

MKT  $.80 \times .101 = .081$  OR 8.1%

ASSUMTION  $.90 \times .0754 = .6079$  OR 6.79%

BASED ON THE TERMS OF THE LOANS THE CURRENT MTG ON THE PROPERTY IS LESS THAN THE MARKET RATES.

Public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Reports Management Officer, Paperwork Reduction Project (2502-0305), Office of Information Technology, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600. Do not send this form to the above address.

# MANAGEMENT BRANCH

Project name:

THE LEGENDS AT MT. PLEASANT

FHA project no:

054-35605

Date:

1-1-02

Section 8 no:

Acting on behalf of KEYSTONE LEGENDS II, L.P.  
the Project Owner (Owner), and KEYSTONE LEGENDS, INC.  
the Management Agent (Agent), we make the following certifications and agreements to the United States Department of Housing and Urban Development (HUD) regarding management of the above project.

## 1. We certify that:

a. We will comply with HUD requirements and contract obligations, and agree that no payments have been made to the owner in return for awarding the management contract to the agent, and that such payments will not be made in the future.

b. We have executed or will execute, within 30 days after receiving the approval(s) required by paragraph b below, a Management Agreement for this project. The Agreement provides / will provide that the Management Agent will manage the project for the term and fee described below. Changes in the fee will be implemented only in accordance with HUD's requirements.

(1) Term of Agreement: 1

(2) Fees:

(a) 4.53 % of residential income collected;

(b) 4.53 % of commercial income collected;

(c) 4.53 % of miscellaneous income collected (This percentage must not exceed the percentage in (2)(a) above).

(d) Special Fees No ☐ Yes ☐ If yes, describe in paragraph 4 of Attachment 1.

(3) Calculation of Estimated Yield (See Attachment 1.)

c. We will disburse management fees from project income only after:

(1) We have submitted this Certification to HUD;

(2) HUD has approved the Agent to manage this project; and

(3) HUD has approved the management fee (if required).

d. We understand that no fees may be earned or paid after HUD has terminated the Management Agreement.

e. If HUD notifies me of an excessive management fee, I, the Agent, will within 30 days of HUD's notice either:

(1) Reduce the compensation to an amount HUD determines to be reasonable and

(2) Require the administrator to refund to the project all excessive fees collected, or

(3) Appeal HUD's decision and abide by the results of the appeal process, making any required reductions and refunds within 30 days after the date of this decision letter on the appeal.

f. If HUD holds the residential management fee yield harmless under the transition provisions of Chapter 3, Section 4 of HUD Handbook 4381.5,

(1) We understand that HUD will adjust the management fee percentage each time HUD approves a rent increase.

(2) We agree to be bound by that percentage until the next rent increase or until HUD approves a different fee, pursuant to our request.

We will, if the project is subsidized by HUD, select and admit tenants, compute rents and assistance payments, recertify tenants and carry out other contract administration responsibilities in accordance with HUD Handbook 4350.3 and other HUD instructions.

## 3. We agree to:

a. Comply with this project's Regulatory Agreement, Mortgage & Mortgage Note, and any Subsidy Contract or Workout / Modification Agreement.

b. Comply with HUD handbooks, notices or other policy directives that relate to the management of the project.

c. Comply with HUD requirements regarding payment and reasonable management fees and allocation of management costs between management fee and the project account.

d. Refrain from purchasing goods or services from entities that have identified interest with us unless the costs are as low as or lower than arms-length open-market purchases.

## 4. The Agent agrees to:

a. Ensure that all expenses of the project are reasonable and necessary.

b. Exert reasonable effort to maximize project income and to take advantage of discounts, rebates and similar money-saving techniques.

c. Obtain contracts, materials, supplies and services, including the preparation of the annual audit, on terms most advantageous to the project.

d. Credit the project with all discounts, rebates or commissions (including any sales or property tax relief granted by the State or local government) received.

e. Obtain the necessary verbal or written cost estimates and document the reasons for accepting other than the lowest bid.

f. Maintain copies of such documentation and make such documentation available for your inspection during normal business hours.

g. Invest project funds that HUD policies require to be invested and take reasonable effort to invest other project funds unless the owner specifically directs the Agent not to invest those other funds.

5. We certify that the types of insurance policies checked below are in force and will be maintained to the best of our ability at all times. Fidelity bonds and hazard insurance policies will name HUD as an additional payee in the event of loss. Note: For any box not checked, attach an explanation as to why you cannot obtain that type of insurance. Such situations should be extremely rare.

a. ☒ Fidelity bond or employee dishonesty coverage for

(1) all principals of the Agent and;

(2) all persons who participate directly or indirectly in the management and maintenance of the project and its assets, accounts and records. Coverage will be at least equal to the project's gross potential income for two (2) months.

b. ☒ Hazard insurance coverage in an amount required by the project's Mortgage.

c. ☒ Public liability coverage with the Agent designated as one of the insured.

## 6. The Agent agrees to:

a. Furnish a response to HUD's management review reports, physical inspection reports and written inquiries regarding the project's annual financial statements or monthly accounting reports within 30 days after receipt of the report or inquiry.

b. Establish and maintain the project's accounts, books and records in accordance with:

(1) HUD's administrative requirements;

(2) generally accepted accounting principles; and

(3) in a condition that will facilitate audit.

d. HUD, the General Accounting Office (GAO), and those agencies' representatives may inspect:

- (1) any records which relate to the project's purchase of goods or services;
- (2) the records of the Owner and the Agent, and
- (3) the records of companies having an identity-of-interest with the owner and the agent.

c. The following clause will be included in any contract entered into with an identity-of-interest individual or business for the provision of goods or services to the project: "Upon request of HUD or (name of owner or Agent), (name of contractor or supplier) will make available to HUD, at a reasonable time and place, its records and records of identity-of-interest companies which relate to goods and services charged to the project. Records and information will be sufficient to permit HUD to determine the services performed, the dates the services were performed, the location at which the services were performed, the time consumed in providing the services, the charges made for materials, and the per-unit and total charges levied for said services." The owner agrees to request such records within seven (7) days of receipt of HUD's request to do so.

8. We certify that any Management Agreement does not contain the type of "hold harmless" clause prohibited by HUD.

9. We agree to include the following provisions in the Management Agreement and to be bound by them:

a. HUD has the right to terminate the Management Agreement for failure to comply with the provisions of this Certification, or other good cause, thirty days after HUD has mailed the owner a written notice of its desire to terminate the Management Agreement.

b. In the event of a default under the Mortgage, Note or Regulatory Agreement, HUD has the right to terminate the Management Agreement immediately upon HUD's issuance of a notice of termination to the Owner and Agent.

c. If HUD exercises this right of termination, I, the Owner, agree to promptly make arrangements for providing management that is satisfactory to HUD.

1. If there is a conflict between the Management Agreement & HUD's rights and requirements, HUD's rights & requirements will prevail.

e. If the Management Agreement is terminated I, the Agent, will give to the Owner all of the project's cash, trust accounts investments and records within thirty (30) days of the date the Management Agreement is terminated.

f. The Owner, agree to submit a new Management Certification to HUD before taking any of the following actions:

a. Authorizing the agent to collect a fee different from the percentages fees and any special fees specified in Paragraph 1 of this Certification;

b. Changing the expiration date of the Management Agreement.

c. Renewing the Management Agreement.

d. Permitting a new Agent to operate the project.

e. Permitting a new Agent to collect a fee.

f. Undertaking self-management of the project.

1. We agree to:

a. Comply with all Federal, State, or local laws prohibiting discrimination against any persons on grounds of race, color, creed, familial status, handicap, sex or national origin, including Title VI of the Civil Rights Act of 1964, Fair Housing Act, Executive Order 11063 and all regulations implementing those laws.

b. When the head or spouse is otherwise eligible, give families with children equal consideration for admission.

c. Give handicapped persons priority for subsidized units that were built and equipped specifically for the handicapped.

d. If the project receives any form of direct Federal financial assistance, comply with the provisions of Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975 and all regulations and administrative instructions implementing these laws. The Agent understands that these laws and regulations prohibit discrimination against applicants or tenants who are handicapped or of a certain age.

e. Furnish HUD's Office of Fair Housing and Equal Opportunity any reports and information required to monitor the project's compliance with HUD's fair

contractor because of race, color, handicap, religion, sex or national origin. Provide minorities, women and socially and economically disadvantaged firms equal opportunity to participate in the project's procurement and contracting activities.

h. If the project receives any form of direct Federal financial assistance comply with Section 3 of the Housing and Urban Development Act of 1968 its implementing regulations. I, the Agent, understand that this law and regulations require the project to make training, employment and contracting opportunities available, to the greatest extent feasible, to lower-income project area residents and small businesses.

12. We certify that we have read and understand HUD's definition of "identity interest" and that the statement(s) checked and information entered below true. (Check box a or boxes b and / or c.)

a. ☐ No identity-of-interest exists among the Owner, the Agent and individuals or companies that regularly do business with the project.

b. ☒ Only individuals and companies listed in Section 11a of the Management Entity Profile have an identity-of-interest with the Agent.

c. ☐ Only the individuals and companies listed below have an identity-of-interest with the Owner. (Show the name of the individual or company; list all services rendered; and describe the nature of the identity-of-interest relationship. Attach additional sheets, if necessary.)

13. I, the Agent, certify & agree:

a. that the Management Entity Profile, dated \_\_\_\_\_, is accurate and current as of the date of this Certification;

b. To submit an updated profile whenever there is a significant change in the organization or operations of the Management Entity.

14. The items checked below are attached:

- ☒ Attachment 1--Calculation of Est. Yields from Proposed Mgt Fees
- ☐ New Management Entity Profile
- ☐ Updated Management Entity Profile
- ☐ Other (Specify) \_\_\_\_\_

#### Warnings:

There are fines and imprisonment--\$10,000/5 years--for anyone who makes false, fictitious, or fraudulent statements or entries in any matter within the jurisdiction of the Federal Government (18 U.S.C 1001).

There are fines and imprisonment--\$250,000/5 years--for anyone who misuses rents & proceeds in violation of HUD regulations relative to this project. This applies when the mortgage note is in default or when the project is in a non-surplus cash position (12 U.S.C 1715z-9).

HUD may seek a "double damages" civil remedy for the use of assets or income in violation of any Regulatory Agreement or any applicable HUD regulations (12 U.S.C 1715z-4a).

HUD may seek additional civil money penalties to be paid by the mortgagor through personal funds for:

(1) Violation of an agreement with HUD to use nonproject funds for certain specified purposes as a condition of receiving transfers of physical assets, flexible subsidy loan, capital improvement loan, modification of mortgage terms or workout. The penalties could be as much as the HUD Secretary's loss at foreclosure sale or sale after foreclosure.

(2) Certain specific violations of the Regulatory Agreement, the penalties could be as much as \$25,000 per occurrence (12 U.S.C 1735f-16).

By Project Owner: Name, title, signature, date:

RON FOLLMANN PRESIDENT 7/1/02

By Management Agent: Name, title, signature, date:

RON FOLLMANN PRESIDENT 7/1/02

Project Number:

THE LEGENDS

FHA Project No.:

054-35605

Date:

11/1/02

|                                                                                                                                                                                                                                                                                                                      |               |                                                                                                      |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|------------------------------------------------------------------------------------------------------|--------|
| 1. Residential Fee                                                                                                                                                                                                                                                                                                   |               | 2. Commercial Fee (Describe commercial space, how it is used and what services management provides.) |        |
| a. Monthly residential rent potential (from Part A of the most recent HUD-approved Rent Schedule)                                                                                                                                                                                                                    | \$ 185,880.00 |                                                                                                      |        |
| b. Line 1a times 0.95 *                                                                                                                                                                                                                                                                                              | \$ 176,586.00 |                                                                                                      |        |
| c. Percentage fee                                                                                                                                                                                                                                                                                                    | 4.53 %        |                                                                                                      |        |
| d. Monthly residential fee yield (Line 1b times 1c)                                                                                                                                                                                                                                                                  | \$ 8829.30    |                                                                                                      |        |
| e. Total number of residential units (include rent-free units.)                                                                                                                                                                                                                                                      | 200 units     |                                                                                                      |        |
| f. Residential fee yield per unit per month (Line 1d divided by 1e.)                                                                                                                                                                                                                                                 | \$ 44.15 PUPM |                                                                                                      |        |
| <p>Note: Generally collections must be estimated at 95% of gross potential. If you use a lower percentage, attach an explanation for the collections percentage used. Make sure that any assumption of a lower collections base does not compensate the agent for services for which a special fee will be paid.</p> |               | a. Monthly commercial rent potential (from Part E of the most recent HUD-approved Rent Schedule)     | \$ N/A |
|                                                                                                                                                                                                                                                                                                                      |               | b. Percentage fee                                                                                    | N/A %  |
|                                                                                                                                                                                                                                                                                                                      |               | c. Commercial fee yield (Line 2a times 2b)                                                           | \$ N/A |
| <p>Miscellaneous Fee</p> <p>Percentage fee (not to exceed the residential income fee percentage in Line 1c)</p>                                                                                                                                                                                                      |               |                                                                                                      | N/A %  |

List any miscellaneous income on which HUD allows a fee to be taken, but on which you have agreed a fee will not be paid.

## Special Fees

Show dollar amount(s), purpose(s) and time period(s) covered. Describe performance standards and target dates for accomplishment of special tasks. (Attach additional sheets, if needed.)

An up-front review of the management fee was:

☐ Required

☒ Not required

☒ The management fees quoted in paragraph 1a and explained in Attachment 1 of this Certification are approved.

☐ The management fees quoted in Paragraph 1a and explained in Attachment 1 of this Certification are not approved. The attached letter, dated \_\_\_\_\_ explains the reasons for this disapproval and sets forth the allowable management fees.

☐ The residential management fee Percentage is held harmless at \_\_\_\_\_ %.

☐ The residential management fee Yield is capped at \$ 48.00 PUPM. Each time you approve a rent increase, adjust the management fee Percentage to maintain this yield and enter the information required below.

| Effective Date of New Fee %* | Monthly Rent Potential | Collections % Assumed** | Adjusted Management Fee Percentage |
|------------------------------|------------------------|-------------------------|------------------------------------|
|                              |                        |                         |                                    |
|                              |                        |                         |                                    |
|                              |                        |                         |                                    |
|                              |                        |                         |                                    |
|                              |                        |                         |                                    |

\* This should be the same date the rent increase is effective.

\*\* 95% unless you approve a different percentage.

Loan Servicer

By Supervisory Loan Servicer/Loan Management Branch Chief

Signature

Date

Signature

Date

*Dawn M. Beard* *8/21/02*

*Andrea Wood* *8/21/02*

*DAWN M. BEARD*

Name

*ANDREA WOOD*

*Project Manager*

Title

*Supervisory Budget Manager*

Recap:

|                              | 2002                | 2003                |
|------------------------------|---------------------|---------------------|
| Package - Service Insurance  | \$ 63,887.00        | \$ 86,293.00        |
| Umbrella - Service Insurance | \$ 4,104.00         | \$ 5,205.00         |
| Worker's Comp - Everest Ins. | \$ 1,593.00         | \$ 2,061.00         |
|                              | <u>\$ 69,584.00</u> | <u>\$ 93,559.00</u> |

This package policy increase was due to Facultative Reinsurance Cost and rate increases. Package increased \$ 22,406.00, of which about \$ 2,406.00 was due to increased values on buildings and contents. Last year we asked for a \$ 2,500.00 deductible in lieu of \$ 1,000.00 (savings \$1,445.00 per yr) and a \$ 5,000.00 deductible in lieu of \$ 1,000.00 (savings of \$ 2,980.00). Increased deductible was not worth decrease in premium, nor should they be any more of a savings this year.



STATE FARM INSURANCE CO.  
130 RIVER LANDING DR. STE 12A  
CHARLESTON, SC 29492  
843-855-8660 fax 843-855-8747

Invoice No.

# INVOICE

Customer  
Name KEYSTONE LEGENDS I, L.P. d/b/a LEGENDS APTS  
Address 1100 LEGENDS CLUB DR.  
City MT. PLEASANT SC 29468  
Phone \_\_\_\_\_

Date 12/19/2003

| Qty                                            | Description                            | Unit Price  | TOTAL       |
|------------------------------------------------|----------------------------------------|-------------|-------------|
| 1                                              | COMMERCIAL PROPERTY & LIABILITY POLICY | \$78,714.00 | \$78,714.00 |
| 1                                              | COMMERCIAL UMBRELLA LIABILITY POLICY   | \$1,298.00  | \$1,298.00  |
| MORTGAGEE:<br>MALONE MORTGAGE CO. AMERICA, LTD |                                        |             |             |

Payment Details  
☐ Cash  
☒ Check  
☐ Credit Card  
Name \_\_\_\_\_  
CC # \_\_\_\_\_  
Expires \_\_\_\_\_

|                     |             |
|---------------------|-------------|
| SubTotal            | \$81,012.00 |
| Shipping & Handling |             |
| Taxes               |             |
| TOTAL               | \$81,012.00 |

Office Use Only

*Thank you*

05-868  
LMP Prop

BKC 581PG755

TO  
Hawcheck & Davidson  
9 State Street  
C: 1111, 11 1111

STATE OF SOUTH CAROLINA )

COUNTY OF CHARLESTON )

TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS that **KEYSTONE LEGENDS I, LP** (hereinafter referred to as "Grantor") in the State aforesaid, for/and in consideration of the sum of FIVE AND NO/100 (\$5 00) DOLLARS THE ASSUMPTION OF MORTGAGE AND OTHER VALUABLE CONSIDERATION, to it in hand paid at and before the sealing of these presents by **LMP PROPERTIES, INC.** (hereinafter referred to as "Grantee"), in the State aforesaid, the receipt whereof is hereby acknowledged, has granted, bargained, sold and released, and by these Presents does grant, bargain, sell and release unto the said Grantee, the following described real property, to-wit

THE PROPERTY HEREBY CONVEYED IS DESCRIBED ON EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF BY EXPRESS REFERENCE

The Grantee herein assumes payment of that certain Mortgage from Keystone Legends I, LP to Malone Mortgage Company America, Ltd, in the original principal amount of \$15,891,900 00, and recorded in Book J-327, Page 015, said Mortgage being assigned to Keycorp Real Estate Capital Markets, Inc by instrument dated July 1, 2005 and recorded in Book D-549, Page 357 in the Charleston County RMC Office

TOGETHER with, all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said Grantee, its Successors and Assigns, forever

TMS NUMBER 599-00-00-020

GRANTEE'S ADDRESS

93 N Shelmore Blvd  
Mt. Pleasant, SC 29464

Grantor does hereby bind itself and its Successors and Assigns, to warrant and forever defend, all and singular, the said Premises unto the said Grantee, its Successors and Assigns, against it and its Successors and Assigns, and all persons whomsoever lawfully claiming, or to claim, the same or any part hereof

BKC 581PG756

WITNESS its Hand and Seal this 19<sup>th</sup> day of April, in the year of our Lord,  
two thousand six and in the two hundred and thirtieth year of the Sovereignty and Independence of  
the United States of America

SIGNED, SEALED AND DELIVERED

KEYSTONE LEGENDS I, LP

BY KEYSTONE LEGENDS, INC.  
ITS GENERAL PARTNER

Idias David  
Nichole H. Houg

By

Ron Follman (SEAL)  
RON FOLLMAN  
ITS PRESIDENT

STATE OF SOUTH CAROLINA )

COUNTY OF CHARLESTON )

The foregoing instrument was acknowledged before me this 19<sup>th</sup> day of April 2006,  
by KEYSTONE LEGENDS I, LP, BY KEYSTONE LEGENDS, INC, ITS GENERAL PARTNER,  
BY RON FOLLMAN ITS PRESIDENT

Idias David (SEAL)  
NOTARY PUBLIC FOR SC

MY COMMISSION EXPIRES 4/24/13

EXHIBIT "A"

Tract B

BKC 5816757

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Tract B on a survey by Thomas & Hutton Engineering Co., dated May 5, 1998; as revised May 26, 1999, recorded in Plat Book ED, Page 197, Charleston County RMC Office as follows

Beginning at the intersection of the northerly right of way of National Drive and the easterly right of way of U S Highway 17 North, said intersection being the True Point of Beginning; thence running along the easterly right of way of U S Highway 17 North N55-43-28 E for 338.58 feet to a concrete monument old

Thence continuing along the easterly right of way of U S Highway 17 North, along a line with a course of N 55-55-31 E for 1320.80 feet to an iron old,

Thence along a line with a course of S 33-22-45 E for 221.20 feet to an iron old,

Thence along a line with a course of N 55-52-12 E for 345.97 feet to an iron old,

Thence along a line with a course of S 26-42-40 E for 328.01 feet to an iron new,

Thence along a line with a course of S 55-26-59 W for 1,856.01 feet to an iron new,

Thence along a line with a course of N 34-33-02 W for 180.00 feet to an iron new,

Thence along a line having a course of S 54-53-23 W for 141.95 feet to an iron new set in the northerly right of way of National Drive,

Thence continuing along the northerly right of way of National Drive, along a line with a course of N 21-16-14 W for 114.55 feet to an iron new,

Thence continuing along the northerly right of way of National Drive, along a curve to the left, having a length of 132.26 feet, a radius of 575 feet, and a chord of N 27-51-42 W for 131.97 feet to an iron new,

Thence continuing along the northerly right of way of National Drive N 34-27-04 W a distance of 140.05 feet to the True Point of Beginning

TOGETHER WITH

BKC 581PG758

Access Parcel (Fee Simple)

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Access Parcel on a survey by Thomas & Hutton Engineering Co., dated May 5, 1998, as revised May 26, 1999, recorded in Plat Book ED, Page 197, Charleston County RMC Office as follows

Commencing at the intersection of the southerly right of way of Old Course Lane and the easterly right of way of U.S. Highway 17 North, thence running along the southerly right of way of Old Course Lane along a line having a course of SW 33-23-15 E for 213.49 feet to an iron new being the True Point of Beginning for the Access Parcel,

Thence continuing along the right of way of Old Course Lane S 33-23-15 E a distance of 24.89 feet to an old iron pin,

Thence along a curve to the left having a radius of 350.00 feet, a length of 30.23 feet and a chord of S 35-51-44 E for 30.22 feet to an iron new,

Thence along a curve to the right having a radius of 73.63 feet, a length of 7.15 feet and a chord of S 19-45-52 W for 7.14 feet to an iron new,

Thence along a curve to the right having a radius of 125.00 feet, a length of 34.90 feet, and a chord of S 25-11-00 W for 34.79 feet to an iron new,

Thence along a line with a course of N 26-42-55 W for 64.33 feet to an iron new,

Thence along a curve to the right having a radius of 123.63 feet, a length of 29.97 feet, and a chord of N 29-32-12 E for 29.89 feet to the True Point of Beginning

Said Parcel containing 0.04 acres based on the survey

TOGETHER WITH

EASEMENT AREAS

All that piece, parcel or tract of land, located in the Town of Mount Pleasant, Charleston County, South Carolina, and being designated as Access Easement on Survey by Thomas & Hutton Engineering Co., dated May 5, 1998 and recorded in Plat Book ED, Page 197, Charleston County RMC Office as follows

Commencing at the intersection of the southerly right of way of Old Course Lane and the easterly right of way of U.S. Highway 17 North, thence running along the southerly right of way of Old Course Lane along a line having a course of S 33-23-15 E for 213.49 feet to an iron new;

BKC 581PG759

Thence along a curve to the left having a radius of 123 63 feet, a length of 29 97 feet, and a chord of S 29-32-12 W for 29 89 feet to the True Point of Beginning

Thence southerly along a line with a course S 26 degrees 42 minutes 55 seconds East a distance of 64 33 feet to an iron new,

Thence along a curve to the right with a radius of 125 00 feet, a length of 32 69, and a chord of S 40-40-27 W for 32 60 feet to an iron new,

Thence northerly along a line with a course N 26 degrees 42 minutes 40 second W a distance of 53 13 feet to an iron new,

Thence easterly along a curve to the left with a radius of 75 00 feet, a length of 26 58 feet, and a chord of N 27-21-41 E for 26 45 feet to an iron new,

Thence along a curve to the right with a radius of 123 63 feet, a length of 12 04 feet, and a chord of N 19-48-09 E for 12 03 feet to the Point of Beginning Said easement containing 0 04 acres

Being the same property conveyed to the Grantor herein by deed of Stackpole Limited Partnership IV by deed dated July 2, 1998 and recorded in deed book E306 at page 43 AND by deed of Keystone Residential Dev. Inc. dated April 5, 1999 and recorded in Book V323 page 193 AND by deed of Centex International Inc. dated Feb. 16, 1999 and recorded in Book N322 page 473 in the RMC Office for Charleston County.

STATE OF SOUTH CAROLINA  
COUNTY OF CHARLESTON

AFFIDAVIT

Date of Transfer of Title  
APRIL 19, 2006

MC 581PG760

PERSONALLY appeared before me the undersigned, who being duly sworn, deposes and says

- 1 I have read the information on this Affidavit and I understand such information
- 2 The property is being transferred by KEYSTONE LEGENDS I, LP to LMP PROPERTIES, INC on APRIL 19, 2006
- 3 The Deed is (check one)  
(a) X subject to the deed recording fee as a transfer for consideration paid or to be paid in money or money's worth  
(b) subject to the deed recording fee as a transfer between a corporation, a partnership, or other entity and a stockholder, partner, or owner of the entity, or is a transfer to a trust or as a distribution to a trust beneficiary  
(c) EXEMPT from the deed recording fee because (exemptions 1-12) (If exempt, please skip items 4-6, and go to item 7 of this Affidavit).
- 4 Check one of the following if either item 3(a) or 3(b) above has been checked  
(a) X The fee is computed on the consideration paid or to be paid in money or money's worth in the Amount of \$33,050,000.00  
(b) The fee is computed on the fair market value of the realty which is \$  
(c) The fee is computed on the fair market value of the realty as established for property tax purposes which is \$
- 5 Check YES X or NO to the following: A lien or encumbrance existed on the land, tenement, or realty before the transfer and remained on the land, tenement, or realty after the transfer. If "YES," the amount of the outstanding balance of this lien or encumbrance is \$16,317,102.71
- 6 The DEED Recording Fee is computed as follows  
(a) \$33,050,000.00 the amount listed in item 4 above  
(b) \$16,317,102.71 the amount listed in item 5 above (if no amount, place zero)  
(c) \$16,732,897.29 Subtract Line 6(b) from Line 6(a) and place the result.
- 4 As required by Code Section 12-24-70, I state that I am a responsible person who was connected with the transaction as ATTORNEY
- 5 Check if Property other than Real Property is being transferred on this Deed  
(A) Mobile Home  
(B) Other
- 9 DEED OF DISTRIBUTION-ATTORNEY'S AFFIDAVIT Estate of Deceased CASE NUMBER  
Personally appeared before me the undersigned attorney who, being duly sworn, certified that (s)he is licensed to practice law in the State of South Carolina, that (s)he has prepared the Deed of Distribution for the Personal Representative in the Estate of Deceased and that the grantee(s) therein are correct and conform to the estate file for the above named decedent
- 10 I further understand that a person required to furnish this affidavit who willfully furnishes a false or fraudulent affidavit is guilty of a misdemeanor and, upon conviction, must be fined not more than one thousand dollars or imprisoned not more than one year, or both

SWORN to before me this 19  
day of April, 2006

Michelle K. H.  
NOTARY PUBLIC FOR SC  
MY COMMISSION EXPIRES 4/23/07

Lidia P. Davidson  
Grantor, Grantee, or Legal Representative

Lidia P. Davidson  
Print name here

BKC 581PG761

# RECORDER'S PAGE

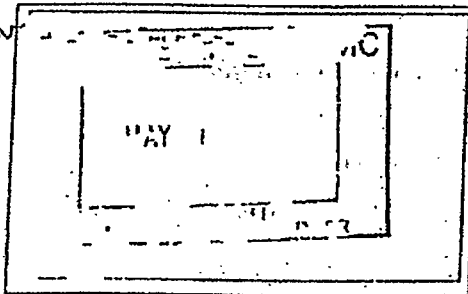
NOTE: This page MUST remain  
with the original document



|                                                    |
|----------------------------------------------------|
| <b>FILED</b>                                       |
| April 27, 2006<br>3 37 46 PM                       |
| BKC 581PG755                                       |
| Charlie Lybrand, Register<br>Charleston County, SC |

## Filed By

Krawcheck & Davidson  
Attorneys at Law  
9 State Street  
Charleston SC 29401



|       |         |
|-------|---------|
| REC'D | 5/17/06 |
| DATE  |         |

| DESCRIPTION              | AMOUNT              |
|--------------------------|---------------------|
| Recording Fee            | \$ 12 00            |
| State Fee                | \$ 43,505 80        |
| County Fee               | \$ 18,406 30        |
| Postage                  |                     |
| <b>TOTAL</b>             | <b>\$ 61,924 10</b> |
| \$ Amount (in thousands) | 16733               |
| DRAWER                   | A - bmm             |

DO NOT STAMP BELOW THIS LINE

101 Meeting Street, Room 300  
PO Box 427  
Charleston, SC 29402



Office of the County Assessor  
843.958.4100

## APPRAISAL CONSULTING REPORT

**PREMISES:**

121 Condominium Units  
Part of The Legends Horizontal Property Regime  
1100 Legends Club Drive  
Mt. Pleasant  
Charleston County, South Carolina

**PROPERTY ID:**

121 Parcels that are part of the Legends HPR  
(See List in Addenda)

**EFFECTIVE DATES:**

December 31, 2003 (Retrospective Date of Value)

**REPORT SIGNATURE DATE:**

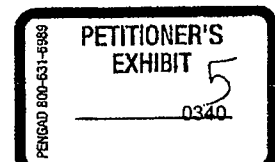
August 6, 2010

**INTENDED USE OF APPRAISAL:**

Determine the Highest and Best Use  
of the subject property as of 12/31/2003.

**PREPARED BY:**

Charleston County Tax Assessor's Office  
101 Meeting St., Room 301  
P. O. Box 427  
Charleston, SC 29402



101 Meeting Street, Room 300  
PO Box 427  
Charleston, SC 29402



Office of the County Assessor  
843.958.4100

August 6, 2010

Charleston County  
101 Meeting St., Room 300  
P. O. Box 427  
Charleston, South Carolina 29402

Re: 121 Condominium Units  
Part of The Legends Horizontal Property Regime  
1100 Legends Club Drive  
Mt. Pleasant, Charleston County, South Carolina

Property ID: 121 Parcels that are part of the Legends HPR  
(See List in Addenda)

Dear Mrs. Glennon:

In accordance with your request, we have visited the property and developed an appraisal consulting report of the premises as captioned, which is shown on the tax maps of Charleston County, South Carolina as 121 parcels which are part of this original HPR with 200 parcels (See addenda for list of the lots including in the subject). This consulting assignment and report has been completed under the guidelines of the Uniform Standards of Professional Appraisal Practice for Appraisal Consulting and Development.

The description of the subject property is set forth in a plat together with a description of the neighborhood, both of which are part of the accompanying report. The owner is appealing the value of only 121 units. The appellant owned 200 units as part of an apartment development as of the effective date of this report (12/31/2003). The Legends Horizontal Property Regime (HPR) was established in 2006. However, the subject for this valuation is considered 121 units subject to the subsequent filing of the HPR in 2006. The owner sold (57 units) or held (22) lots for marketing for sale – one of which sold in late 2009.

The client is Charleston County. The intended users of this report are the Charleston County Assessor's Office, Charleston County Legal Department, SC Administrative Law Court Judge Presiding, Appellant/Taxpayer, and Appellant's Representative and/or Counsel. The intended use of the consulting appraisal report is to determine the highest and best use of the units in question, and reference opinions of value based on that highest and best use of the subject property. No other value conclusion should be construed from the data contained in the report.

Mrs. Glennon (continued)

We have kept in our files all pertinent data, and the analysis of the data, which supports the conclusions discussed in the report. Enclosed in the report is also a list of limiting conditions concerning the use of the report. Unless otherwise noted in the report, it is assumed the subject property complies with Americans with Disabilities Act and pertinent environmental laws, which may apply. The assignment conditions are typical with no special items requested in accordance with USPAP Standards 4 and 5. We have included a signed certificate in accordance with USPAP rule 5-3. We have the appraisal experience and technical knowledge to complete this assignment competently.

The subject is a retrospective consulting assignment as per USPAP - Statement 3. The assignment is complicated by the fact that the appraiser already knows what occurred in the market after the effective date. Data subsequent to the effective date may be considered in developing a retrospective value as a confirmation of trends that would reasonably be considered by a buyer or seller as of that date. Studying the market conditions as of the date of the appraisal assists the appraiser in judging where he or she should make this cut-off. In the absence of evidence in the market that data subsequent to the effective date were consistent with and confirmed market expectations as of the effective date, the effective date should be used as the cut-off date for data considered by the appraiser.

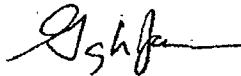
This consulting appraisal assignment was completed by Gary N. James (Charleston County Assessor's Office). The section of the report included herein entitled "Financial Feasibility Analysis As An Apartment Complex" references and extrapolates data from the report prepared by Stephen J. Everman entitled, "An Appraisal/Valuation Analysis of Legends at Mt. Pleasant Apartments" dated April 26, 2004 which was prepared and submitted to the Board Of Assessment Appeals for a conference on May 26, 2007. This report is incorporated by reference. In addition, incorporated by reference are individual URAR appraisals of typical one, two, & three bedroom units, as of 12/31/2003 which were completed by Angela Sawadske (Charleston County Assessor's Office). I have read both Mr. Everman's and Ms. Sawadske's reports, discussed the findings, analysis, and conclusions with them, and have a reasonable basis for believing that their work is credible. Mr. Everman and Ms. Sawadske did not assist me in the completion of this assignment.

In arriving at a determination of highest and best use, I have considered all aspects of the site and associated improvements, character of the neighborhood and the condition of any on-site buildings, as well as all other factors that influence value and use. In my opinion, the **Highest and Best Use** of the subject as of 12/31/2003 is as individual condominium units. Those units had the following retrospective Market Values as of 12/31/2003 (as per Ms. Sawadske's URAR Appraisal Reports):

| <u>Unit Size</u> | <u>Model Name</u> | <u>Owned as of 12/31/2003</u> | <u>Market Value As Of 12/31/2003</u> |
|------------------|-------------------|-------------------------------|--------------------------------------|
| One Bedroom      | AZALEA            | 13                            | \$105,000                            |
|                  | AZALEA ELONGATED  | 10                            | \$107,000                            |
|                  | DOGWOOD           | 33                            | \$110,000                            |
|                  | MAGNOLIA          | 5                             | \$134,000                            |
| Two Bedroom      | JASMINE           | 2                             | \$148,000                            |
|                  | JASMINE ELONGATED | 1                             | \$156,000                            |
|                  | JASMINE GARAGE    | 6                             | \$170,000                            |
|                  | OLEANDER          | 38                            | \$157,000                            |
|                  | OLEANDER GARAGE   | 1                             | \$175,000                            |
| Three Bedroom    | CAMELLIA          | 9                             | \$170,000                            |
|                  | CAMELLIA GARAGE   | 3                             | \$192,000                            |
| <b>Total</b>     |                   | <b>121</b>                    |                                      |

**ESTIMATED MARKETING TIME TO SELLOUT 121 UNITS:**

**3 years**



Gary N. James  
 Certified General Appraiser  
 Cert. No. CG 6569

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121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

# **INTRODUCTION: SUMMARY OF SALIENT FACTS AND CONCLUSIONS**

---

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

PROPERTY IDENTITY OF CONSULTING APPRAISAL ASSIGNMENT

121 Condominium Units  
Part of The Legends Horizontal Property Regime  
1100 Legends Club Drive  
Mt. Pleasant  
Charleston County, South Carolina

Property ID: 121 Parcels that are part of the Legends HPR  
(See List in Addenda)

CLIENT/INTENDED USERS:

Primary Intended User/Client: Charleston County  
OT Wallace Office Building, 101 Meeting Street, Suite 300,  
City of Charleston, Charleston County, SC 29401  
Additional Intended Users: Charleston County Legal Department  
Appellant (Taxpayer/property owner/owner's  
representative/attorneys)  
Administrative Law Court Judge Presiding

Complete copies of the report will be given to all intended users. The consultant and appraisers intend to offer an oral presentation of this report to the Administrative Law Court for the subject property, if necessary. This oral information is supplementary to the report and without the testimony, the position of the Assessor may not be clear.

INTENDED USE:

The intended use of the appraisal consulting assignment is to establish the highest and best use of the property(s) as of 12/31/2003 to assist in establishing the market value for ad valorem tax purposes.

The intended use of this appraisal is to aid in discussions of the market value of the subject property that is being appealed to the Administrative Law Court for Tax Year 2008. If need be, an additional intended use is to assist the Administrative Law Court with its deliberations regarding an appeal of the market value of the subject property for ad valorem tax purposes.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

DATE OF VALUE/VISITATION/REPORT:

Effective Dates of Value:

December 31, 2003

Visitation Date:

April 2010

Date of Report:

August 6, 2010

Generally, the date of analysis and opinion of value for a given tax year is the lien date for taxes. The lien date for taxes is considered the effective date of the most recent reassessment date, (e.g. 12/31/2003). The most recent countywide reassessment year was 2004 with implementation in the fifth year (2005) per SC Code 12-43-217. Therefore, the estimate of value is as of December 31, 2003.

Whereas this opinion of value is as of a specified historic date, it is considered a "Retrospective" value opinion as of the specified date, in conformance with the Uniform Standards of Professional Appraisal Practice as it relates to retrospective value estimates and as the South Carolina Statute is interpreted.

NOTE: As per USPAP, Statement 3, the assignment is complicated by the fact that the appraiser already knows what occurred in the market after the effective date. Data subsequent to the effective date may be considered in developing a retrospective value as a confirmation of trends that would reasonably be considered by a buyer or seller as of that date. The appraiser should determine a logical cut-off because at some point distant from the effective date, the subsequent data will not reflect the relevant market. This is a difficult determination to make. Studying the market conditions as of the date of the appraisal assists the appraiser in judging where he or she should make this cut-off. In the absence of evidence in the market that data subsequent to the effective date were consistent with and confirmed market expectations as of the effective date, the effective date should be used as the cut-off date for data considered by the appraiser.

The property was visited during April 2010, and the consultants has assumed that the condition of the property as of the effective date of value is the same as its condition on the date visited. The property owner has been asked to provide supporting documentation relative to changes in the property since the effective date of value of this report. (None has been provided). The completion date of the report is August 6, 2010.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**MARKET VALUE DEFINITION:**

Market Value is defined by the Office of the Comptroller of the Currency under 12 CFR, part 34, Subpart C – Appraisals, as follows:

"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently 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:

- 1) Buyer and seller are typically motivated;
- 2) Both parties are well informed or well advised, and acting in what they consider their own best interest;
- 3) A reasonable time is allowed for exposure on the open market;
- 4) Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
- 5) The price represents the normal consideration for the property sold unaffected by special creative financing or sales concessions granted by anyone associated with the sale."

Market Value is defined in the Appraisal of Real Estate in basic terms as follows:

"The most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."

(Ref. The Appraisal of Real Estate, 13<sup>th</sup> Edition, 2008 by the Appraisal Institute, page 23)

South Carolina Code of Laws section 12-37-930 states:

"...all property shall be valued for taxation at its true value in money which in all cases shall be held to be the price which the property would bring following reasonable exposure to the market, where both the seller and the buyer are willing, are not acting under compulsion, and are reasonably well informed as to the uses and purposes for which it is adapted and for which it is capable of being used."

As can be seen, the definitions are very similar. Since SC Codes of Laws section 12 governs ad valorem taxation, any differences in the definitions would be resolved based upon state codes.

**SECTION 12-43-215.** Owner-occupied residential real property; highest and best use; appeals of assessment value.

When owner-occupied residential property assessed pursuant to Section 12-43-220(c) is valued for purposes of ad valorem taxation, the value of the land must be determined on the basis that its highest and best use is for residential purposes. When a property owner or an agent for a property owner appeals the value of a property assessment, the assessor shall consider the appeal and make any adjustments, if warranted, based on the market values of real property *as they existed in the year that the equalization and reassessment program was conducted and on which the assessment is based* (*emphasis added*).

The last countywide reassessment in Charleston County was based on an effective date of value of December 31, 2003, therefore this property is being valued under the provisions of this statute.

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IDENTIFICATION OF REAL PROPERTY INVOLVED:

**Location:** The subject is located just off US Highway 17 north at the entrance to the Charleston National Golf and Resort Community in the easternmost neighborhood of the Town of Mt. Pleasant, SC

**Property ID:** There are 121 condo units that are part of the 200 units within the Legends HPR under analysis and discussion within this report – see list in appendix.

**Parcel Size:** 23.22 Acres Total Area (22.92 Acres highland Area) for entire complex.

**Parcel Shape:** Nearly rectangular parcel - see tax maps

**Regime Size:**

| Size  | Unit Name         | SF/Unit | Total Units | Owned As Of 12/31/07 |
|-------|-------------------|---------|-------------|----------------------|
| 1 BR  | AZALEA            | 658     | 20          | 13                   |
|       | AZALEA ELONGATED  | 743     | 12          | 10                   |
|       | DOGWOOD           | 753     | 40          | 33                   |
|       | MAGNOLIA          | 836     | 8           | 5                    |
| 2 BR  | JASMINE           | 1030    | 8           | 2                    |
|       | JASMINE ELONGATED | 1154    | 8           | 1                    |
|       | JASMINE GARAGE    | 1050    | 8           | 6                    |
|       | OLEANDER          | 1176    | 64          | 38                   |
| 3 BR  | OLEANDER GARAGE   | 1135    | 8           | 1                    |
|       | CAMELLIA          | 1357    | 16          | 9                    |
|       | CAMELLIA GARAGE   | 1377    | 8           | 3                    |
| Total |                   |         | 200         | 121                  |

NOTE: The subject property under appeal contains only the above noted 121 units within the Regime ownership as of 12/31/2007. There are other units owned by this owner which are not considered as part of this assignment. There are also other units in the regime that have sold over time. As noted in the chart above, there are a total of 200 residential units in the complex.

**Site:** This parcel was previously comprised of a single taxable parcel (599-00-00-020), which has been subdivided by the creation of the horizontal property regime. The complex fronts on US Highway 17N (1,624 FF), and extends to the east on average 192 ft.

**Legal Attributes:** Town of Mount Pleasant Zone: PD: Planned Development District.

The subject property use, occupancy and style of construction is compatible and homogeneous with the surrounding neighborhood; the current use/occupancy as apartments (prior use) and condominiums (current use) does conform with the current PD: Planned Development District and does meet all of the bulk setback requirements.

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**Economic Attributes:** There are no noted easements, restrictions, encumbrances, leases, covenants or other items of similar nature on the property as noted at time of visitation and after review of public records except typical utility easements onto, and servicing the property, and those encumbrances, restrictions and covenants that govern the regime.

**SALES HISTORY:**

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**Owner of Record:** LMP Properties, Inc.

The last recorded transaction of the property as a whole was on April 19, 2006. The grantor and grantee respectively were Keystone Legends I, LP (grantor) to LMP Properties, Inc. (grantee) for \$5. The deed is recorded in Book C581 at Page 755 in the RMC office of Charleston County. The affidavit attached to the deed provided that additional consideration paid to the grantor was in the amount of \$33,050,000, including \$16,317,102.71 for assumption of the existing mortgage. Prior to this sale, Keystone Legends I, LP purchased the property August 2, 1998 for \$1,235,000 as vacant land.

Subsequent to the purchase, the new owners submitted the property and all improvements to the South Carolina Horizontal Property Regime Act as The Legends Horizontal Property Regime pursuant to the Master Deed dated April 26, 2006, and recorded May 9, 2006 in Book D581, Page 121 in the RMC office of Charleston County. Within these documents, the condominium units are part of The Legends Horizontal Property Regime that contains 200 separate units in 14 buildings with a separate community building (clubhouse), tennis courts, and pool.

Shortly after the creation of The Legends Horizontal Property Regime, the owners began placing groupings of individual units on the market for sale as individual condominium units. Generally around 20 units were offered for sale at a time, the remainder continued to be leased. During 2006, 44 units were sold, and 13 additional units were sold in 2007. No other units were sold through December 31, 2007. One additional unit has sold since the effective date of the assignment. The remaining units have not been sold as of the date of our visit in May 2010: 22 Units are being held aside and marketed for sale. The remaining 121 units are the subject property for purposes of this assignment.

**PROPERTY RIGHTS & INTEREST CONSIDERED:**

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A fee simple estate is considered the entire bundle of rights of the subject parcel. No personal property, trade fixtures, or intangible items are included in a fee simple value. Fee Simple is an:

"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."

(Ref. The Appraisal of Real Estate Appraisal, 13th Edition, 2003, by the Appraisal Institute, page 114)

Valuation assignments may alternately involve a partial interest in real property, limited rights such as surface or mineral rights, the value of the fee estate subject to a long term lease, or a leasehold interest - depending on the scope of work and assignment agreed upon. A leased fee estate is an ownership interest held by a landlord with the right of use and occupancy conveyed by lease, to others; usually consists of the right to receive rent and the right to repossession at the termination of the lease. (Note - when the leases are at or nearly at market levels, a leased fee estate is considered similar to the Fee Simple estate value subject to the current leases.)

Along with property rights, the property could be appraised "As Proposed" for new construction; "As Is" for existing property and/or uses, or "As A Going Concern" which considers the existing use and any associated value due to factors other than real property.

This assignment has been completed with the understanding that the present ownership of the subject property includes all of the rights that may be lawfully owned and is, therefore, based on **Title in Fee Simple**. This is an "As Is" appraisal of the property in the physical condition as of the respective effective date (based on physical conditions found as of the date of the site visit) unless otherwise indicated. The subject is 121 condominium units within a Horizontal Property Regime, which are retained by the declarant.

**EXTRAORDINARY ASSUMPTIONS:**

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USPAP defines an Extraordinary Assumption as: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. The following extraordinary assumptions have been made in this consulting assignment:

- There are no Extraordinary Assumptions noted in this consulting appraisal report. However, within the Highest and Best Use "Financial Feasibility" valuation as an apartment complex - extraordinary assumptions were made relative to the marketability of the remaining units as an Apartment Complex.

**HYPOTHETICAL ASSUMPTIONS:**

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USPAP defines a Hypothetical Assumption as: An assumption which is contrary to what exists but is supposed for the purpose of analysis.

- South Carolina statutes require that ad valorem taxation be based on the most recent county wide reassessment effective date, which was 12/31/2003. When the subject was subdivided in 2007, (creation of the Horizontal Property Regime), ad valorem taxation requires that the condominium unit values be valued as of 12/31/2003 for taxation purposes moving forward from the date of creation of the Horizontal Property Regime. This is considered a hypothetical assumption, since these subdivided units did not exist prior to 2007.

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- Assumptions were made with respect to sellout rates within the neighborhood, pricing of listed units, condition of units placed for sale, and potential reaction by management to market forces by readjusting pricing and marketing assumptions to maintain sales of the units. These are noted in the particular section where these specific assumptions were made. All assumptions were based on market derived data. A change in any of these assumptions might influence the results of the analysis.

- Some of the units that are the subject of this appeal are/were rented on short term (1 year or less) leases. We have assumed market rents for this analysis, and that all units could be made available for sale within 1 year. Therefore, the property could be free of any tenants within 12 months, and is analyzed on a fee simple basis.

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**HIGHEST AND BEST USE:**

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The Appraisal Institute defines highest and best use as follows:

"The reasonably probable and legal use of vacant land or an improved property, that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value."

(ref. The Appraisal of Real Estate, 13th Edition 2008 by The Appraisal Institute page 278)

The definition above applies specifically to the use of the land. It is recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The four essential criteria for evaluating the highest and best use of the land are: legal permissibility, physical possibility, financial feasibility and maximal productivity. These concepts are typically considered in the sequence shown below:

1. Legally permissible uses are considered. These result from such limitations as those imposed by private deed restrictions, zoning, building codes and environmental regulations.
2. Physically possible uses are considered in terms of the site size, shape, land area and topography. Also considered was the availability of public utilities.
3. Financially feasible uses are those uses that meet the conditions imposed by the two previous criteria and which may be expected to produce a positive financial return.
4. Maximally Productive use is that which among the highest financially feasible uses provides the highest rate of return, or value (given a constant rate of return). The use that provides the highest rate of return or value to the land is the highest and best use as if vacant, if the buildings still contribute to the site, the use that provides the overall greatest return or value is the highest and best use as improved.

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AS IF VACANT:

The subject properties are a part of a 23.22 acre developed parcel within a residential neighborhood. As such, it is currently comprised of residential attached dwellings - which is a conforming existing use. Though a full analysis of highest and best use is provided later in this report, I have summarized my findings below.

In analyzing the above parameters, I find the following with respect to the subject parcel as if vacant:

1. Multi-Family/Townhouse/Condominium development is **physically possible**. The land is not limited by physical constraints that would preclude this type of development.
2. Multi-Family/Townhouse/Condominium development is **legally possible**. The land is currently zoned PD: Planned Development Zone. This zone allows multi-family and/or condominium development along this area of US Highway 17.
3. Multi-Family/Townhouse/Condominium development is **financially feasible**. The location of the property is in a mixed-residential neighborhood and adjacent to surrounding residential and commercial development along US Highway 17.
4. It would also be **maximally productive** as developed for multi-family/condominium use within the zone.

Therefore, in consideration of the above noted parameters, The **Highest and Best Use** of the subject parcel AS IF VACANT would be the **high density residential use** as discussed later and as allowed within the PD: Planned Development Zone.

AS IMPROVED:

The subject is 121 residential condominium units within a horizontal property regime (HPR) containing 200 residential condominium units located in a residential neighborhood. As such, it is currently unencumbered by any non-conforming existing uses. Though a full analysis of highest and best use is the primary assignment that this report presents in detail, I have summarized the findings below.

In analyzing the above parameters, I find the following with respect to the subject improved parcel:

1. Multi-Family and Condominium development are **physically possible**. The land and improvements are not limited by physical constraints that would preclude this type of development.
2. Multi-Family and Condominium development are **legally possible**. The land is currently zoned PD: Planned Development Zone. This zone allows multi-family and/or condominium development within this area, and along US Highway 17.

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3. Multi-Family and Condominium development are **financially feasible**. The location of the property is in a residential neighborhood and adjacent to surrounding residential and commercial development. Both uses were tested for financial feasibility. Both were found to be feasible.

4. It would also be **maximally productive** as developed for **condominium use** within the zone as of the effective date of the consulting assignment. As will be discussed, I have found that **condominium use is the most financially feasible, and therefore the maximally productive use alternative of those allowed and physically possible.**

**HIGHEST AND BEST USE – SUMMARY and CONCLUSIONS**

Since subject has improvements on the property, and appears to be developed to its maximally productive condition, it is my opinion that the highest and best use is as individual condominium units within a horizontal property regime. Therefore, in consideration of the above noted parameters, **The Highest and Best Use** of the subject parcel AS IMPROVED would be the **condominium use** as discussed later and as allowed within the PD: Planned Development Zone.

### **SCOPE OF WORK:**

The Scope of Work Rule acknowledges that appraisers have broad flexibility and significant responsibility in determining the appropriate scope of work. Further, the Rule states that communication with the client is required to establish most of the information necessary for problem identification. Finally, the requirement to develop a credible assignment results in the context of the intended use links the appropriate scope of work to the use or uses of the assignment as identified by the client. As a result, an appraiser seeks to provide a valuation service, not a product in the form of a report. This "Assignment" is a valuation service provided as a consequence of an agreement between an appraiser and a client. The goal of the appraiser is to arrive at credible assignment results; to provide a service that is reliable given the intended use; and to always be accurate.

Therefore, the Scope of Work defines the parameters and expectations based on the Intended User, Intended Use, and the Purpose (Type of Value). The exclusion of the cost approach, sales comparison approach, or income approach will be noted in the Valuation Sections.

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 amount and type of information researched and the analysis applied in an assignment. Scope of Work includes, but is not limited to, the following:*

1. the degree to which the property is inspected or identified;
2. the extent of research into physical or economic factors that could affect the property;
3. the extent of data research; and
4. the type and extent of analysis applied to arrive at opinions or conclusions.

### **Assignment:**

The Charleston County Assessor's Office is required to establish the highest and best use of the subject property as of 12/31/2003, subject to the South Carolina statutes. For ad valorem taxation, when one of these statutes conflicts with USPAP, a jurisdictional exception is allowed.

### **Jurisdictional Exception Rule (USPAP 2010 – 2011)**

If any applicable law or regulation precludes compliance with any part of USPAP, only that part of USPAP becomes void for that assignment.

Comment: When compliance with USPAP is required by federal law or regulation, no part of USPAP can be voided by a law or regulation of a state or local jurisdiction.

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In an assignment involving a jurisdictional exception, an appraiser must:

1. identify the law or regulation that precludes compliance with USPAP;
2. comply with that law or regulation;
3. clearly and conspicuously disclose in the report the part of USPAP that is voided by that law or regulation; and
4. cite in the report the law or regulation requiring this exception to USPAP compliance.

Comment: The JURISDICTIONAL EXCEPTION RULE provides a saving or severability clause intended to preserve the balance of USPAP if compliance with one or more of its parts is precluded by the law or regulation of a jurisdiction. When an appraiser properly follows this Rule in disregarding a part of USPAP, there is no violation of USPAP.

Law includes constitutions, legislative and court-made law, and administrative rules and ordinances. Regulations include rules or orders having legal force, issued by an administrative agency. Instructions from a client or attorney do not establish a jurisdictional exception.

Advisory Opinions:

The JURISDICTIONAL EXCEPTION RULE exempts appraisers from the part or parts of USPAP that are precluded by the law or regulation of a particular jurisdiction. If compliance with a part of USPAP is precluded by any applicable federal, state, or local law or regulation, only that part shall be of no force and effect in that assignment. Appraisers using the JURISDICTIONAL EXCEPTION RULE must properly disclose the legal authority justifying the exemption of part or parts of USPAP that are precluded by law.

Use of the JURISDICTIONAL EXCEPTION RULE is triggered by a contradiction between the requirements of USPAP and the law or regulations of a jurisdiction, not by client or appraiser discretion.

USPAP does not establish who or which assignments must comply. Therefore, the JURISDICTIONAL EXCEPTION RULE cannot be applied to the decision to comply with USPAP.

An individual's identification as an appraiser is the basis for determining who should comply with USPAP. This is because an individual's public identification as an appraiser establishes an expectation that valuation services will be performed in compliance with USPAP. An individual must comply with USPAP when required by law, regulation, or agreement. Even if the governing authority's policy does not require USPAP compliance, other applicable law or regulation might require compliance.

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More particularly, is the highest and best use as a rental apartment complex or as individual condominium units to be marketed for sale? In doing so, an opinion of value will be established. Additionally, the consulting appraisal assignment has included by reference, opinions and market value determinations arrived at by others in separate reports.

Additionally, the consulting appraisal assignment was completed by Gary N. James (Charleston County Assessor's Office). The section of the report included herein entitled "Financial Feasibility Analysis As An Apartment Complex" references and extrapolates data from the report prepared by Stephen J. Everman entitled "An Appraisal/Valuation Analysis of Legends at Mt. Pleasant Apartments" dated April 26, 2004 which was prepared and submitted to the Board Of Assessment Appeals for a hearing on May 26, 2007. This report is incorporated by reference and is based on an effective date of value of 12/31/2003 (the date for the reassessment). In addition, incorporated by reference are individual URAR appraisals of typical one, two, & three bedroom units, as of 12/31/2003 which were completed by Angela Sawadske (Charleston County Assessor's Office). I have read both Mr. Everman's and Ms. Sawadske's reports; discussed the findings, analysis, and conclusions with them, and have a reasonable basis for believing that their work is credible. Mr. Everman and Ms. Sawadske did not assist me in the completion of this assignment.

The users are the employees of the Assessor's office, Charleston County Legal Department, the Appellant (property owner) and/or the Appellant's Representative, and the Administrative Law Court Judge Presiding. The employees of the Assessor's Office, our legal counsel, the Appellant, and Appellant's counsel are familiar with Charleston County, the court may not be familiar; and all are familiar with the appeal conference process. The Appellant and/or appellants representative has conferred with the Assessor's Office on the methods utilized to value the subject property during the initial reassessment. The owner and/or representative or legal counsel are familiar with the property type in question.

Consultation/Assignment Type:

This is a Consulting Assignment and Report which are defined and governed by Standard Rules 4 & 5 as defined by the Uniform Standards of Professional Appraisal Practice. Any opinion of value arrived at during the preparation of the assignment must also be governed by Standards Rule 2-2(b).

This format provides a summary description of the consulting process, subject data and determination of an opinion of value. As such, it presents appropriate and pertinent discussions of the data, reasoning, and analyses that were used in the appraisal consulting process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file and included in the report as necessary for understanding of the conclusions reached. The depth of discussion contained in this report is specific to the needs of the client and for the intended use as noted above. The appraiser is not responsible for unauthorized use of this report.

The scope of this consulting appraisal assignment includes all generally recognized and accepted phases of valuation analysis. Those phases include: data collection of the subject and comparable properties, area and neighborhood survey, absorption analysis, highest and best use analysis, land valuation, building and improvement valuation, (if the property is improved) and reconciliation of the valuation methods used. The consulting assignment process included evaluation of supporting data, correspondence and reports discovered in the investigation portion of the appraisal consulting process. This information may be presented within the body of the report, or found in the addendum.

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The appraisal concepts and methods employed were conducted at a level consistent with what is appropriate and credible. The scope was not predetermined but was determined during the appraisal consulting process by the complexity of all factors involved. The scope of the appraisal consulting assignment and the scope of the report were determined to ensure the intended users were provided with an appraisal consulting report that correctly and adequately addressed each known pertinent issue related to the subject property at the time of effective date.

The applicable approach(s) were developed and are explained in sufficient detail for the reader to understand, and considers the transactions and the validity of the approach(s) used. The approach(s) were reconciled and the various strengths, weaknesses, and appropriateness were evaluated based on the evidence presented.

- The COST APPROACH is an estimation of market value developed by computing the current cost of replacing a property and deducting any depreciation resulting from one or more of the following factors: PHYSICAL DETERIORATION, FUNCTIONAL OBSOLESCENCE and ECONOMIC OBSOLESCENCE. The value of the land, as if vacant and available, is then added to the depreciated value of the improvements to produce a total value estimate.
- The SALES COMPARISON APPROACH is used to estimate the value of the land as if vacant and/or the whole property as improved. The appraiser gathers data on sales of comparable properties and analyzes the nature and condition of each sale, making logical adjustments for dissimilar characteristics. Typically, a common denominator may be price per square foot, price per unit or a gross rent multiplier.
- The INCOME APPROACH is predicated on the assumption that there is a definite relationship between the amount of income a property will earn and its value. This approach is based on the principle that value is created by the expectation of benefits derived in the future. The anticipated annual net income of the subject property is processed to produce an indication of value. Net income is the income generated before payment of any debt service. The process of converting net income into value is called CAPITALIZATION, which involves dividing the net income by a capitalization rate. Factors such as risk, time, interest on the capital investment and recapture of the depreciating asset are considered in the rate. The appropriateness of this rate is critical, and there are a number of techniques by which it may be developed. Another form of the income approach is the Discounted Cash Flow Analysis. The Discounted Cash Flow Analysis is a capital budgeting technique involving the analysis of revenue which an informed investor anticipates the asset to generate over a specific period of time as well as the expenses incurred to generate that revenue. The resulting net income to the investment is then discounted into a capital sum at an appropriate discount rate to indicate the present value of the real estate. A discounted cash flow is not applicable where the rental rates are not consistent from year to year or are not typically utilized in the marketplace — such as land leases; and where there are generally no improvements and/or where renovations are proposed in the near future.

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Site Visit:

A site visit to the property was made by the consultant appraiser in April 2010. At that time, I visited the tract, noting the physical characteristics of the subject and surrounding properties. No interior visit of any units was completed at that time.

Survey of Factors/Influences on the Subject Property:

I conducted a survey of the market for similar condominium sales (comparable properties) as of the effective date of the report. In addition, I researched contemporary (to the effective date of the assignment) active unsold listings of competing properties in order to determine market trends

Highest and Best Use Analysis:

A complete analysis of highest and best use was made.

Market Area and Analysis of Market Conditions:

A complete analysis of market conditions was made.

Consulting and Valuation Methodology:

The consulting and valuation methodology is the orderly program in which the data are *acquired, classified, analyzed, valued, and presented*:

1. The first step is **defining the appraisal consulting problem**, i.e., identification of the Real Estate, the Effective Date of the Value Estimate, The Property Rights being considered, and the type of value and/or results sought.
2. Once this has been accomplished, the appraiser **collects and analyzes the factors** defined in the problem that affect the market, marketability, and/or market value, of the subject property. These include area and neighborhood analysis, site and improvement analysis, highest and best use analysis, and potentially the application of the three (3) approaches to value: The Cost Approach, The Sales Comparison Approach and The Income Approach.
3. Perform a Highest and Best Use Analysis. Within the Highest and Best Use analysis, the review of the existing improvements, as well as the initial tests for Highest and Best Use (Physically Possible and Legally Permissible) narrowed the potential uses for the subject to multi-family residential (apartments) or individual condominium units. Therefore, the test of Financially Feasible considered only these two potential uses.

Our financially feasible analysis considered a review of the market conditions, the subject improvements, and a hypothetical valuation based on the two uses passing the 1<sup>st</sup> two tests: As if a multi-family/apartment property, and the sellout of the units within the complex over a period of time, i.e. a discounted cash flow of the sale of the units within the complex. Note that the valuation is subject to South Carolina statutes regarding appraising for ad valorem taxation. Jurisdictional exceptions, as allowed by USPAP apply.

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The two financially feasible uses analyzed within the Highest and Best Use section utilized the following approaches:

The Cost Approach was not considered applicable for this consulting assignment of scattered condominium units within several buildings on one parcel with shared ownership of common walls and amenities, and was not utilized in this appraisal consulting assignment.

The Sales Comparison Approach gives good indication of value when sales of similar properties are available, and was considered in this appraisal consulting assignment. However, a separate appraisal for the three model units has been completed by another appraiser and is referenced in this report. These values were utilized in determination of the model pricing for the sellout model provided in the Income Approach noted below.

An Income Approach was considered applicable, and was utilized in this appraisal consulting assignment. A discounted cash flow (DCF) analysis of the sellout of the units was made, including an analysis of the rental income of the unsold remaining units prior to marketing of these units for sale. This was done solely to determine the highest and best use and should not be construed as implying that the DCF value should be allocated among the individual units.

As noted — the Sales and Income Approach (Financial Feasibility Analysis As If Apartments — including the report by Steve Everman's incorporated by reference as noted earlier) and the Discounted Cash Flow approach to value including sellout and rental income of the units (Hypothetical Financial Feasibility Analysis As If A Condominium Complex) were utilized. These approaches were considered to be meaningful in the assessment of the determination of the Highest and Best Use when considering the reliability and assumptions necessary in these approaches.

The local area provided several sales, rentals, and listings of units within competing and similar developments/regimes which were compared to the subject. We concentrated our search parameters and market analysis to the Mount Pleasant market of similarly aged and condition townhouse style apartment and condominium developments. It is this market that is considered most similar to the subject. Confirmed sales have more weight in the final analysis while active listings provide an insight into the anticipation of market value by the current owners.

This corridor in the recent period preceding the effective date of the consulting assignment was considered a "hot market" with speculative investors purchasing and converting townhouse style and flat-style apartment units to individual condominium units for sale. Hence, several properties were considered to communicate the broad picture. The data was analyzed to gain a picture of absorption of sales of these units as of the effective date, rental rates, operating income and expense data, cap rates, and for predicting a sellout period via a DCF.

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4. Once the Highest and Best Use is concluded, the appropriate valuation techniques were utilized to determine Market Value of the individual units:

*To value entire condominium projects, whether they are newly constructed buildings or conversions, appraisers typically use the sales comparison approach to establish individual unit prices and apply discounted cash flow analysis to value the whole project. Using the latter technique, the amount and timing of all capital outlays, expected monetary receipts, and returns are estimated, and these amounts are discounted at a rate consistent with competitive investment yields. The estimate of future sellout prices and the timing of sales are key elements in the valuation.*

*Although similar data may be used in both applications, the valuation of individual condominium units is distinct from the valuation of an entire condominium project. The aggregate of individual unit values does not reflect the market value of the overall project, as the aggregate sum does not reflect carrying or holding costs, marketing expense, or the timing of cash flows. It is improper to represent the sum of the individual unit values as the market value of the entire project. Likewise, individual units are not valued by appraising the entirety and then allocating the total value to individual units. Each assignment has separate and distinct considerations.*

(The Appraisal of Real Estate 13<sup>th</sup> edition - P. 639)

5. The next step in the appraisal consulting assignment process is the **Reconciliation or Correlation** of the results and/or value indications. In the reconciliation or correlation, the appraiser considers the relative applicability of each of the approaches used, examines the range between the resulting value indications, and places major emphasis on the approach that appears to produce the most reliable solution to the specific appraisal consulting problem. The purpose of the appraisal consulting assignment, the type of property and the adequacy and reliability of the data are analyzed. These considerations influence the weight given to each of the approaches to value. In analyzing the three (3) approaches to value, it can be readily observed that most of the information pertaining to the Fair Market Value of the subject property must be derived from the marketplace because the appraiser anticipates the actions of buyers and sellers in the market. The actions of buyers and sellers in the market result in market value which is reflected in the Highest and Best Use of the Property.
6. Finally, the process, analysis, and findings are presented in an appraisal report as per USPAP.

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The property is a 121-unit condominium complex located in the Legends Club community in Mt. Pleasant, South Carolina. The complex was built in 1998 and is situated on a 10-acre site. The units are arranged in a U-shape around a central pool and clubhouse. The property is well-maintained and offers a variety of amenities, including a pool, clubhouse, and tennis courts. The surrounding area is a mix of residential and commercial development, with a variety of shopping and dining options nearby.

**THE SURROUNDING NEIGHBORHOOD:  
INFLUENCES and TRENDS**

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## GENERAL AREA ANALYSIS

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In considering and discussing the real estate market in Charleston, Mount Pleasant and the condominium and apartment markets as of the date of value (December 31, 2003), I have already stated that it is best under USPAP to use the effective date of value as the cut-off date for data considered by the appraiser. I have however included economic and market data that is past the December 31, 2003 date of value. I have done so because there has been much publicity in the last two and a half years about the economy and the real estate market. I have used the data I included to assist in demonstrating when market participants would have had what information, when they would have realized that changes were occurring, and come to certain conclusions. I have used the data to confirm trends believed to be in place at the end of 2003 and to indicate when realizations about the market changed and to place those market changes into perspective locally. However, in all instances, there was no way to know, predict, or otherwise have any knowledge of the actual future trends might have transpired.

## GENERAL CHARACTERISTICS

Charleston County is located in the coastal region of South Carolina, in the Southeast corner of the State, approximately 291 miles east of Atlanta GA. The area is known as the "low country" in contrast to the hilly Upstate, the topography is flat, as is typical of the southeastern coastline. There are 95 miles of Atlantic coastline within the county.

Charleston County is the urbanized heart of the Tri-County Area, including Berkeley County and Dorchester County. Charleston County is one of the largest counties geographically in the state with 1,357 square miles. It is a very wide county, and physically occupies about a third of South Carolina's coast, although there are six coastal counties in the state. It takes more than two hours to traverse the county along the coast. Most of the rural areas in the county are on the far east and far west side, with the urban core running north south into the peninsula.

Charleston County has 163 square miles of urban area and 1,194 square miles of rural area (12% urban). By comparison, Berkeley County has 58 square miles of urban area and 1,040 miles of rural area (5% urban). Dorchester County has 33 square miles of urban area and 546 square miles of rural area (6% urban). Dorchester County and the larger and more rural Berkeley County are seeing greater growth as a percent than Charleston County, as affordable land is in greater supply in those counties. Additionally, those counties have undeveloped land closer to the urban core than does Charleston, where most of the undeveloped land is far to the east or west, well away from the Interstate or major transportation corridors.

The climate is mild, with average daily temperature ranging from 54 and 75 degrees. As a result, climate is often cited as a reason for a strong tourism base.

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The East Cooper area is home to many of the major regional shopping centers, including most major national and regional retailers and restaurant chains establishing a presence in the area. The area has a new 'mall', (Town Center) which is not an enclosed mall but is far more than a 'power center'. East Cooper Regional Medical Center and Roper Hospital provide major medical facilities. Both have significant expansions planned due to growth in the area.

Major transportation corridors are Interstate 526, which terminates in Mount Pleasant, SC. Highway 17 and Highway 41, provide access into Berkeley County. Beach access is available via connectors to the suburban and resort communities located on the Isle of Palms and Sullivan's Island.

**James Island:** James Island is located to the southwest of the Charleston Peninsula, with its distinct social and geographic character as a true island. It is the closest area to the peninsula. Over the past few years, the City of Charleston has been conducting an aggressive annexation campaign, with mixed success. Two incorporations of James Island as a town have been legally challenged by the City of Charleston. At the same time, some James Islanders have annexed into the adjacent town of Folly Beach, preferring to be part of that municipality and opposing the City of Charleston philosophically. The incorporation battle continues to play out in the political and physical arenas.

James Island is geographically a small area, and has limited economic impact similar to the areas to the east and west and north have on Charleston region. As an island, growth is limited by its geographical boundaries. The area is a traditional bedroom community with shopping, restaurants and housing of all types. Major medical facilities are reached via immediate and easy access to the MUSC campus across the James Island Connector (fixed span bridge over the inter-coastal waterway) in Charleston. The shopping centers in this area tend to be grocery store anchored neighborhood centers. There are no regional centers on the island.

At the far end (Oceanside) of James Island is the barrier island known as the City of Folly Beach.

**West Ashley Areas:** The area to the West of the peninsula is known as West Ashley. It is suburban and its most dominant municipal influence is the City of Charleston, which has annexed areas sprawling all over the suburban enclaves. High prices for land to the east have driven growth in the west, particularly in the last five years. This area is more affordable than the East Cooper area, yet still has good schools, and offers a variety of shopping opportunities, including a major mall (Citadel Mall). Health care in this area is centered on the new St. Francis Xavier Hospital and medical complex off Interstate 526.

The West Ashley area has considerable rural areas on the western fringes, and includes the small rural towns of Hollywood, Megget and Ravenel. The major transportation corridors in this area are SC Highway 17 (aka Savannah Highway) and Interstate 526, as well as Route 7 (aka Sam Rittenberg) which extends toward North Charleston.

**North Area:** the North Area is dominated by the City of North Charleston. Incorporated just over thirty years ago, the City of North Charleston has the third largest municipal population in the state. North Charleston was home to the Naval Shipyard and is still home to the Charleston Air Force Base. It is historically a working class area and continues to be dominated by the working class. In many respects, it is the most affordable area to live in. The housing stock ranges from the old to new and includes all types and quality of housing. North Charleston has many older, stable neighborhoods with well-built brick homes dating to the 1930's. These areas are becoming popular with young professionals as they are not only affordable, but offer an alternative to tract neighborhoods in other locations. Law enforcement and code enforcement have been aggressive in cleaning up areas that deteriorated after the closure of the Shipyard. The area is growing and older portions are being revitalized.

The area is geographically at the heart of the tri county area. All major transportation corridors run through the city, including Interstate 26, 526, Route 52 (Rivers Ave.), and Route 7 (aka Sam Rittenberg in West Ashley, and Cosgrove Ave. in North Charleston). The Charleston Municipal Airport, the area's oldest major mall, (Northwoods Mall), and the area's coliseum and convention center are all located here. Power centers, big box retailers and super regional centers can all be found in North Charleston. Most major restaurant chains are located in the area. A regional outlet mall recently opened adjacent to the coliseum.

#### SOCIAL CHARACTERISTICS

**Population:** As of 2005, South Carolina had an estimated population of 4,255,083. This is an increase of 6.1% over 2000. The tri-county region (Charleston, Dorchester and Berkeley Counties) currently has an estimated population of 600,000 and is expected to increase to 624,000 by 2010. The gender distribution is 49% male and 51% female.

Charleston County is the third most populated county in the state. The 2003 population was 321,014 with 125,396 households. The growth rate from 1990 - 2003 was 8.7%. The gender distribution as of 2000 was 48% male and 52% female.

|               |                |
|---------------|----------------|
| 1990 Census   | 295,041 people |
| 2000 Census   | 309,969        |
| 2003 Estimate | 321,014        |
| <hr/>         |                |
| 2005 Estimate | 330,368        |
| 2007 Estimate | 342,973        |

Individual cities had the following population counts in 2000:

|                          |        |                                     |
|--------------------------|--------|-------------------------------------|
| City of Charleston       | 96,650 | Ranked 2 <sup>nd</sup> in the State |
| City of North Charleston | 79,641 | Ranked 3 <sup>rd</sup> in the State |
| Mt. Pleasant             | 47,609 | Ranked 5 <sup>th</sup> in the State |

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**Tourism:** The economy of Charleston County receives a tremendous boost from tourism. The number one attraction in the State is the Patriots Point Naval Museum. Tourism provided an estimated annual economic impact of 5.3 billion dollars in 2008. In 2003, Charleston was ranked in Forbes Magazine as one of the top 10 destinations in North America. Demand for hotel rooms for the year increased from 221,507 in 2005 to 231,694 in 2006. The Average Daily Rate (ADR) and Occupancy Rate for various years is shown below:

|       | <u>ADR</u> | <u>Occupancy</u> | <u># Rooms</u> |
|-------|------------|------------------|----------------|
| 1998  | \$ 93.95   | 71.14%           | 10,258         |
| 1999  | \$ 98.11   | 69.98%           | 11,301         |
| 2000  | \$109.59   | 67.37%           | 10,997         |
| 2001  | \$107.80   | 64.70%           | 12,509         |
| 2002  | \$109.75   | 67.29%           | 12,988         |
| 2003  | \$105.72   | 68.24%           | 13,097         |
| ----- | -----      | -----            | -----          |
| 2004  | \$112.67   | 67.78%           | 13,405         |

At the end of 2003, Room Rates were down on average, but occupancy had increased from 2002. In 2003, Charleston was ranked in Forbes Magazine as one of the top 10 destinations in North America.

The greatest occupancy month is typically April and the lowest is December. Charleston remains a vacation destination because of the variety of attractions. Points of interest in Charleston and surrounding areas are Fort Sumter, Magnolia Plantation and Gardens, historic homes, fine dining, carriage tours and area beaches. There are 25 golf courses in the local area including several world renowned resort courses.

**Education:** Several institutions of higher learning are located in Charleston County. The Citadel, College of Charleston, Trident Technical College, MUSC Medical University of South Carolina and the Charleston Southern University provide educational services to the community. There are 79 public schools within the Charleston County School District and 25 private schools.

In the 2002 - 2003 school year, 41,719 students were enrolled in the Charleston County School System compared to Berkeley @ 26,297 and Dorchester @ 19,266. As of the fall of 2003, 35,991 students were enrolled in local college and universities including 11,791 @ Trident Tech; 11,624 @ the College of Charleston, and 4,057 at the Citadel.

**Medical Services:** Charleston County has several hospitals, including: Roper Hospital, Trident Hospital, East Cooper Regional Medical Center, Roper North, St. Francis Xavier, the VA Medical Center and MUSC. The presence of the Medical University of South Carolina (MUSC) makes Charleston a statewide center for medical treatment. MUSC was the first medical university to be established in the southeastern United States. In the late 1990's St. Francis Xavier opened a new hospital facility in the West Ashley area. In October 2003, MUSC announced (after several years of debate) it secured permission and approval to build a new \$292 million hospital. (opening in 2007). In 2005, East Cooper Regional was granted permission to build a new hospital in Mt. Pleasant. The permitting for this hospital was underway in 2003, and there had been extensive discussion in local media outlets about the proposed new hospital.

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**Recreation:** Charleston County has long been the seat of cultural entertainment for the area with the City of Charleston hosting several annual cultural events. Spoleto USA is a summertime festival of the fine arts, including performing arts to painting, sculpture and environmental or site art. It is world famous and is affiliated with the annual festival in Spoleto, Italy. There are symphony offerings, ensembles, instrumental solo performances, opera, operettas, various choral offering, plays, painting and sculpture exhibits as well as multimedia exhibits. Piccolo Spoleto offers family and kid friendly exhibits and venues. Several other food, arts, and sporting events are hosted within the County and Tri-county area.

As a coastal community, there are many area beaches, rivers and streams providing boating and fishing activities. The North Charleston Coliseum is host to many top performers as well as home to the local Stingrays hockey team. The city is also home to the semi-pro Charleston River Dogs baseball team. Several upscale resorts are located in the county, including Wild Dunes, Seabrook Island and the world famous Kiawah Island Resort.

**Transportation:** The Port of Charleston is a major employer and has a great impact on the economy. In 1999, TEU's at the port totaled just over 1,000,000. By the end of 2003 that number was at 1,750,000. The 2004 Port output units totaled 1,800,000. The Port of Charleston still remains one of the busiest ports along the Atlantic coast.

Vehicular traffic is served by Interstate 26, which is the major east west interstate in South Carolina. Interstate 526 provides suburban access. It intersects Interstate 26 and provides a connection of the northern and southern portions of the county, and circles the Charleston Peninsula. SC Highway 17 roughly follows the South Carolina coast, providing access to points up and down the coast. Air transport is provided by the Charleston International Airport, which is served by most of the major airlines. Cruise traffic out of the port of Charleston grows yearly and serves to enhance tourism in the downtown when cruise ships disembark.

ECONOMIC CHARACTERISTICS

**Economic:** The national economic condition has been reasonably stable over the past several years. One National Economic Indicator, the Prime Lending Rate, was as follows:

|           | <u>Prime<br/>Lending Rate</u> |
|-----------|-------------------------------|
| July 1999 | 8.00%                         |
| Nov 1999  | 8.50%                         |
| Feb. 2000 | 8.75%                         |
| Jan. 2001 | 9.00%                         |
| Jun. 2001 | 6.75%                         |
| Dec. 2001 | 4.75%                         |
| Nov. 2002 | 4.25%                         |
| Jun. 2003 | 4.00%                         |
| -----     | -----                         |
| Jul. 2004 | 4.25%                         |

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At the end of 2003, the US unemployment rate in the US was 5.7%. By contrast, the rate in Charleston County was 5.0. Charleston's rate was 12% below the national rate and 25% below the SC rate. The below chart shows that Charleston's rate has historically tended to be better than South Carolina's and has rarely been worse than the US rate.

| <u>Unemployment Rate</u> | <u>US</u> | <u>Charleston</u> | <u>So. Carolina</u> |
|--------------------------|-----------|-------------------|---------------------|
| 1999                     | 4.0%      | 4.3%              | 3.9%                |
| 2000                     | 4.0%      | 2.9%              | 3.7%                |
| 2001                     | 5.7%      | 4.4%              | 5.9%                |
| 2002                     | 6.0%      | 4.8%              | 6.3%                |
| 2003                     | 5.7%      | 5.0%              | 6.7%                |
| -----                    | -----     | -----             | -----               |
| 2004                     | 5.4%      | 5.2%              | 6.9%                |
| 2005                     | 4.8%      | 5.0%              | 6.7%                |

The following is a list of major employers that were located within the area as of 2003.

| <u>Employer</u>        | <u>Service or Product</u> | <u># of Employees</u> |
|------------------------|---------------------------|-----------------------|
| US Navy                | Military                  | 12,543                |
| US Air Force           | Military                  | 6,655                 |
| Chas County Schools    | Education                 | 5,000                 |
| Roper/St. Francis      | Medical                   | 4,000                 |
| Berkeley County School | Education                 | 3,457                 |
| Piggly Wiggly          | Grocery                   | 2,447                 |
| Robert Bosch           | Automotive                | 2,042                 |
| Charleston County      | Government                | 2,243                 |
| City of Charleston     | Government                | 1,600                 |
| Mead Westvaco          | Paper Making              | 1,060                 |

The Federal Government and State Governments are well represented in the area with the Charleston Air Force Base located in North Charleston. The NOAA Southeast Coastal Center, the Clemson Extension Vegetable Research Center are also located in the county.

**Military Impact:** The impact of the military installations and associated civilian defense contractors on the Charleston economy is significant second only to tourism. Below is a list of personnel employed as various military related employers.

| <u>Installation</u>           | <u>2003</u> | <u>2006</u> |
|-------------------------------|-------------|-------------|
| Space & Naval Warfare Command | 7,252       | 10,008      |
| Charleston Air Force Base     | 6,655       | 7,920       |
| Naval Training Command        | 3,000       | 2,700       |
| VA Medical Center             | 1,066       | 1,066       |

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**Real Estate:** Commercial and residential development has shown steady growth since the mid 1990's. The multi-family market tends to be volatile as the 12 year chart illustrates. Though national trends show a downturn in 2007 and 2008, the Charleston and tri-county area did not show a similar downtrend until very late 2007 into 2008. This information is being included, although after the date of value, to illustrate that at the end of 2003 the highly volatile multi-family market was strong. At this time, it was impossible to predict any future peaks and/or major downturns in the market. Permits indicate confidence by borrowers well into 2007. The number of commercial, single family and multi-family construction permits pulled in the county is as follows:

|       | Commercial<br>Permits | SFR<br>Permits | Multi-Family<br>Permits |
|-------|-----------------------|----------------|-------------------------|
| 1997  | 170                   | 2,201          | 383                     |
| 1998  | 200                   | 2,263          | 1,645                   |
| 1999  | 220                   | 2,694          | 1,685                   |
| 2000  | 242                   | 3,127          | 915                     |
| 2001  | 198                   | 2,482          | 845                     |
| 2002  | 124                   | 2,992          | 438                     |
| 2003  | 168                   | 2,567          | 1,050                   |
| ----- | -----                 | -----          | -----                   |
| 2004  | 204                   | 2,634          | 401                     |
| 2005  | 355                   | 3,055          | 1,666                   |
| 2006  | 298                   | 2,761          | 1,255                   |
| 2007  | 193                   | 2,127          | 937                     |
| 2008  | 149                   | 1,223          | 163                     |

The data shows a strong local economy through 2003, with no real indication as of the end of 2003 of a drop of any type of construction. Multi-family construction appeared to be on a cyclical upswing in 2003. Single family permits showed a slight range throughout the period, without any major or significant drop in permits until 2008. The multi-family market shows great variation, with the most recent spike from 2005 - 2007, coincidental with the trend toward condominium conversion from multi-family. Again this data is included to help dispel any influence more recent articles might have on the reader. In 2003 sales prices were climbing for single family and multi-family and continuing to climb through 2006. Volume was also increasing. Single family prices increased 7.9% annually from 2001 -2003. Multi-family prices increased 7.8% annually through the same period.

Records within the Charleston County Assessor's office reported the following sales data for Charleston County:

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| Year | Volume of Sales | Average of Sales | Median of Sales |
|------|-----------------|------------------|-----------------|
| 2001 | 5,842           | \$234,956        | \$165,900       |
| 2002 | 6,197           | \$249,690        | \$177,645       |
| 2003 | 7,287           | \$271,937        | \$191,900       |
| 2004 | 7,930           | \$318,622        | \$220,000       |
| 2005 | 8,559           | \$372,546        | \$253,280       |
| 2006 | 7,486           | \$403,283        | \$260,000       |
| 2007 | 5,944           | \$403,597        | \$255,820       |
| 2008 | 4,020           | \$383,979        | \$253,633       |
| 2009 | 3,408           | \$355,857        | \$240,000       |

From 2001 – 2006, this represents an average increase in median sales price of 11.3% per year for multi-family, which was followed by relatively flat conditions through 2008. The number of sales nationally fell 13% in 2007. These increases corresponded with a steady growth in the volume of sales, averaging 11.6% through 2005 before the market slowed by an average of 37.6% through 2008. The SC average decline was 10.5% and Charleston's sales volume decreased 22%.

The residential condo sales trends show more units were being sold from 2001 – 2005, peaking in 2005. However, volume in 2007 was well above the levels in 2001, 2002, & 2003. Sales prices climbed steadily through 2006, and 2002 shows a sharp price peak due to a few very expensive condo developments coming on line. Prices in 2006 -2009 remained above 2001 and 2003 levels.

| Year | Volume of Sales | Average of Sales | Median of Sales |
|------|-----------------|------------------|-----------------|
| 2001 | 711             | \$222,307        | \$139,900       |
| 2002 | 1,035           | \$309,355        | \$200,000       |
| 2003 | 1,428           | \$279,773        | \$155,000       |
| 2004 | 1,894           | \$264,820        | \$160,000       |
| 2005 | 3,085           | \$260,001        | \$176,000       |
| 2006 | 2,187           | \$288,432        | \$205,900       |
| 2007 | 1,820           | \$328,574        | \$202,500       |
| 2008 | 971             | \$382,959        | \$207,000       |
| 2009 | 627             | \$301,649        | \$179,216       |

County sales showed a steady growth in volume through 2005, inclusive of conversion of apartments, new construction, and resales. Though dropping in 2006 and 2007, volume was still nearly double that of 2002. Sales volume dropped again in 2008, however the volume had essentially returned to 2002 levels. Median prices rose steadily through 2006, and remained nearly level through 2008. Again, this information is being provided solely to help distinguish recent publicity from known facts as of the effective date of value.

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Rental rates and vacancy in the Charleston Metro Region for multi-family housing were as follows:

| <u>Study Date</u> | <u>Mo. Rent</u> | <u>% Vacancy</u> |
|-------------------|-----------------|------------------|
| 12/2002           | \$678           | 8.9%             |
| 06/2003           | \$687           | 7.6%             |
| 02/2004           | \$698           | 7.5%             |

**Retail Space Market:** Charleston is home to a growing retail shopping market. In 2003, the amount of inventory in the metro area was between 12 million and 13 million square feet. Factors influencing the retail market include the strong tourism industry, residential growth, and the strong economy, while the retail market spurs the tourism market as well.

Shopping Center Space

|       | <u>SF</u>  | <u>Vacancy</u> |
|-------|------------|----------------|
| 1999  | 11,354,901 | 10.7%          |
| 2000  | 12,278,197 | 11.2%          |
| 2001  | 12,333,817 | 11.8%          |
| 2002  | 13,001,699 | 12.2%          |
| 2003  | 12,683,726 | 10.3%          |
| ----- | -----      | -----          |
| 2004  | 15,428,504 | 9.3%           |

Retail Sales in Charleston County (Millions)

|       |             |
|-------|-------------|
| 1999  | \$8,637,946 |
| 2000  | \$9,239,981 |
| 2001  | \$8,933,352 |
| 2002  | \$9,210,712 |
| 2003  | \$9,643,330 |
| ----- | -----       |
| 2004  | \$9,722,614 |

## SUMMARY AND CONCLUSION

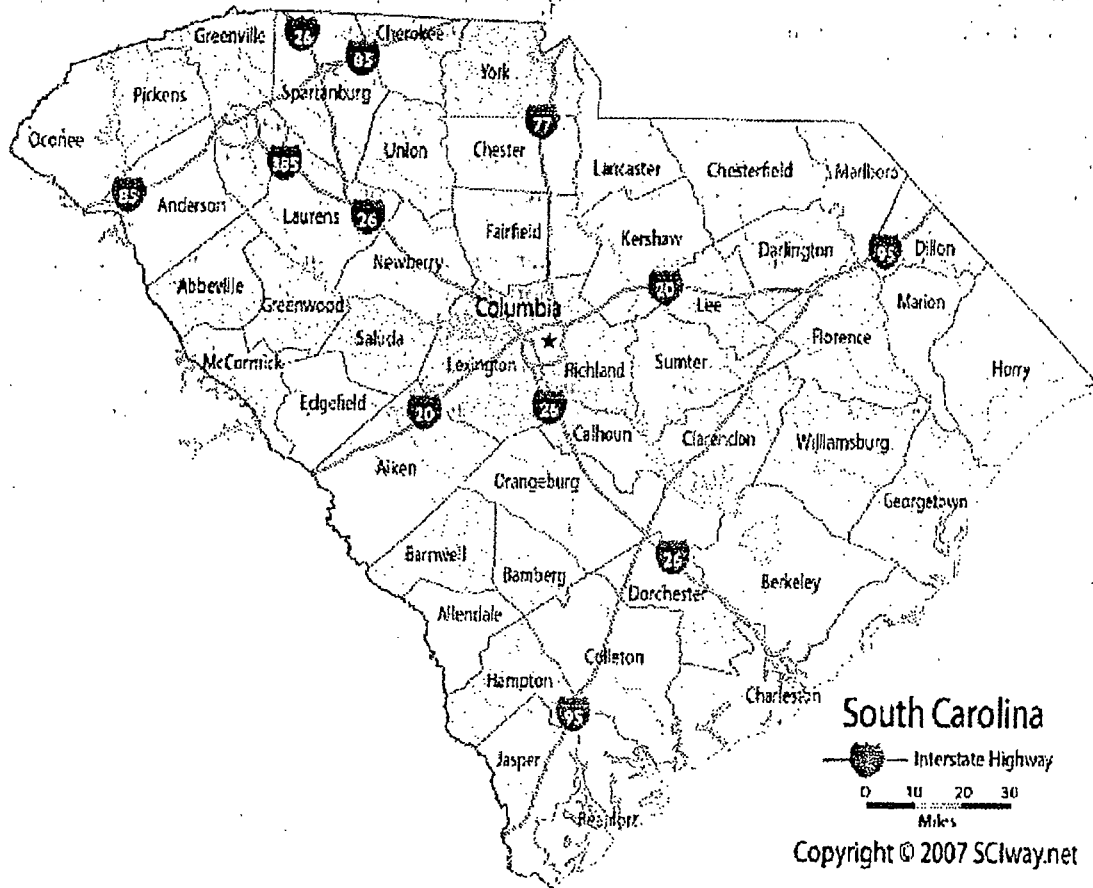
In summary, Charleston County and the surrounding tri-county area has a strong economic forecast fueled by growth, tourism and amenities that attract both visitors and business owners. These balanced factors create a stable economic environment in which to do business and a stable real estate market. With all the factors in place and in balance, real estate and related businesses should continue to find Charleston County offers tremendous opportunity.

At the end of 2003, national sentiment and public attention was in the midst of a strong economy and growth cycle after recovering from the post 9/11 downturn. Nationally, and locally, there were no indications of any potential slowdowns in the market, economy, or regional outlook.

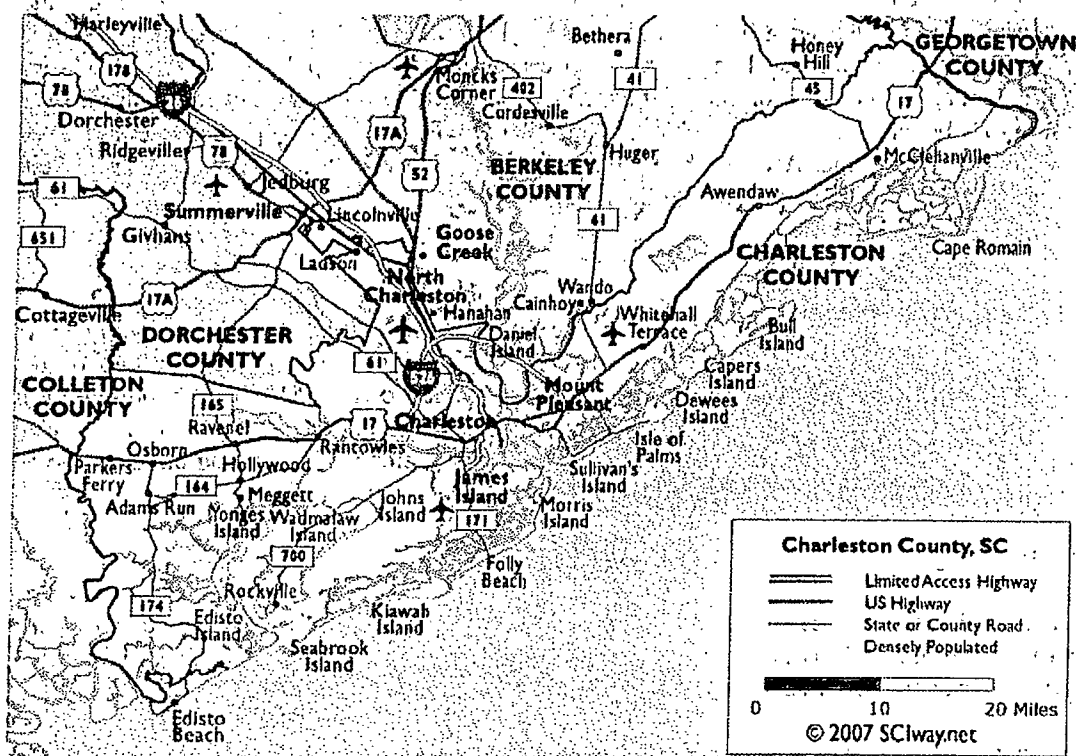
As a retrospective assignment and report, the evidence seen in years since 2003 was not available at the end of 2003. However, it is considered to support any trends that might have been in evidence in late 2003.

Sources: US Bureau of the Census, Commerce magazine and Charleston County online service, Chamber of Commerce, Charleston for business.com, New and Courier, Grubb Ellis, Collier Keenan Reports and Charleston County Economic Development Office

**SOUTH CAROLINA STATE MAP**



**CHARLESTON COUNTY MAP**



## NEIGHBORHOOD ANALYSIS – MOUNT PLEASANT

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The subject property is located in an area commonly referred to as East Cooper, which includes Mount Pleasant. From 1995 to 2000 the Town of Mt. Pleasant grew by 28% making it the sixth largest municipality in South Carolina. The 2005 census listed the population at 57,932 persons. The Mt. Pleasant area is bounded on the west by the Cooper River and on the south and southwest by the Intracoastal Waterway. To the north lies the Wando River. The approximate northwest boundaries in the East Cooper Area are being pushed out past Hwy 41 toward Francis Marion State Forest as development continues to move to the north.

## GEO-POLITICAL JURISDICTION

Politically, the area is partially contained in the Town of Mt. Pleasant, and is partially in an unincorporated area of Charleston County. Most Public services are provided by one of the following: the Town of Mt. Pleasant or Charleston County. The Town of Mt. Pleasant provides full municipal services while Mt. Pleasant water works provides water and sewer with electric service provided by either South Carolina Electric and Gas or Berkeley Electric, depending on the property location.

## TRANSPORTATION

The neighborhood is well served by major transportation routes providing linkage to employment and all parts of the state. US Highway 17, Interstate 526, Route 41, and the Isle of Palms connector are the major corridors in the area.

US Highway 17 is a major northeast/southwest route through the low country of coastal South Carolina. Highway 17 provides access from North Carolina through South Carolina into Savannah, Georgia. In Charleston County, Highway 17 links the north rural areas beyond the Mt. Pleasant area, continuing through the heart of the Charleston peninsula and West Ashley, and on through the southern rural areas of the county. Most of Highway 17 throughout the state is four or more lanes. This route remains the most heavily traveled coastal highway in South Carolina. Much growth in the county has been centered around the commercial corridor formed by this route through the county.

Interstate 526 links the east and west bound I-26 to the East Cooper and West Ashley areas, providing access on both ends to US Highway 17. Also known as the Mark Clark Expressway, I-526 provides a partial beltway around Charleston. The completion of the I-526 Bridge and Hwy 17 interchanges has fueled almost explosive growth in those areas. This growth is expected to continue for the foreseeable future.

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**Real Estate:** Commercial and residential development has shown steady growth since the late 1990's. From 1997 – 2001, growth in housing in Mt. Pleasant was explosive. As a result, the town placed a growth cap (moratorium) on new residential construction that is reflected in the 2001 reduced volumes. This was in effect for several years past the effective date. The moratorium effectively stopped new multi-family units from coming on line after 2001. Though national trends show a downturn in 2007 and 2008, the Mount Pleasant area did not show a similar downtrend in all areas until very late 2007 into 2008. The number of commercial, single-family, and multi-family construction permits pulled in Mount Pleasant is as follows:

|       | <u>Commercial<br/>Permits</u> | <u>SFR<br/>Permits</u> | <u>Multi-Family<br/>Permits</u> |
|-------|-------------------------------|------------------------|---------------------------------|
| 1997  | 33                            | 819                    | 7                               |
| 1998  | 38                            | 915                    | 684                             |
| 1999  | 53                            | 1,189                  | 530                             |
| 2000  | 44                            | 1,391                  | 127                             |
| 2001  | 50                            | 776                    | 400                             |
| 2002  | 26                            | 943                    | 21                              |
| 2003  | 37                            | 926                    | 8                               |
| ----- | -----                         | -----                  | -----                           |
| 2004  | 55                            | 905                    | 65                              |
| 2005  | 73                            | 894                    | 413                             |
| 2006  | 93                            | 772                    | 340                             |
| 2007  | 36                            | 343                    | 0                               |
| 2008  | 30                            | 224                    | 88                              |

The data shows a strong local real estate market through 2007, with no real indication as of the end of 2003 of a drop in commercial construction. Multi-family permits were very irregular through the period, with a small spike in 2005 – 2006 coincidental with the major push toward conversion to condominiums during the same time frame. Again the post 2003 data is included only to place in perspective more recent economic real estate news and articles.

RETAIL DEVELOPMENT & TRENDS

The Mt. Pleasant area has experienced substantial growth in retail sales over the past several years and is served by numerous community and neighborhood retail centers. Major discount chains and “big box” retailers such as Wal-Mart and Lowe’s provide additional shopping opportunities.

Much of the new retail space is located in the areas where I-526 and Highway 17 converge. As residential growth continues to push to the northeast and north, retail growth is following along the major Highway 17 and Route 41 corridors. Within the I-526 beltway, land is densely developed with little room for new development. Additional new development has extended along Highway 17 toward the northeast for nearly a mile past the Route 41/Highway 17 intersection.

**MULTI-FAMILY DEVELOPMENT AND TRENDS**

According to the Real Data Apartment Market report dated July 2000 there were various class of apartment complexes in various stages of completion in Mt. Pleasant. Through the next decade, many changes took place in the Multi-Family market, as conversions to condominium units decreased the supply, and kept the demand for rental units high, as evidenced by the continued rising rents despite the economic conditions locally and nationally.

|       | New<br>Units | Vacancy | Average<br>Rent |
|-------|--------------|---------|-----------------|
| 2001  | 448          | 18.1%   | \$831           |
| 2002  | 240          | 16.6%   | \$821           |
| 2003  | 0            | 7.1%    | \$831           |
| ----- | -----        | -----   | -----           |
| 2004  | -320         | 6.7%    | \$854           |
| 2005  | -585         | 3.3%    | \$864           |
| 2006  | -491         | 3.1%    | \$889           |
| 2007  | 13           | 7.5%    | \$921           |
| 2008  | -104         | 7.8%    | \$949           |

NOTE: The negative "New Units" indicates the result of conversion of units from apartments to condominium units, with less new apartment units available – a net decrease in apartments during the period. Again, the later data places the market into perspective.

**RESIDENTIAL DEVELOPMENT**

Most residential growth has occurred just off the Highway 17 and 41 corridors. Large new subdivisions have been and continue to be developed that offer many amenities. Market data from the Assessor's office indicates a similar trend to the county data as follows:

| Year  | Mount Pleasant     |                     |                    |
|-------|--------------------|---------------------|--------------------|
|       | Volume<br>of Sales | Average<br>of Sales | Median<br>of Sales |
| 2001  | 1,951              | \$239,722           | \$200,000          |
| 2002  | 2,165              | \$249,423           | \$216,000          |
| 2003  | 2,479              | \$269,636           | \$229,900          |
| ----- | -----              | -----               | -----              |
| 2004  | 2,338              | \$318,129           | \$270,000          |
| 2005  | 2,369              | \$395,667           | \$330,350          |
| 2006  | 1,861              | \$459,792           | \$375,000          |
| 2007  | 1,407              | \$458,542           | \$385,000          |
| 2008  | 1,119              | \$452,379           | \$365,000          |
| 2009  | 963                | \$401,300           | \$332,000          |

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

A relatively steady sales volume throughout the early 2000's indicated a strong market through 2005, prior to a steady decline through 2008. (NOTE: Mt. Pleasant had a moratorium on building during this period, which influenced the volume of new construction). Median prices were in the midst of a steady rise through and beyond 2007, with minimal declines seen in 2008. As of 2003, sales volume was strong, and would have been expected to continue at high levels. Due to the moratorium/cap on new residential construction, any existing multi-family units were in a strong position for conversion to condominiums as barriers to entry were high in the area. The 2001 - 2003 data shows steadily increasing volumes and steadily increasing average and median sales prices.

CONDOMINIUM DEVELOPMENT

The condominium market in the Mount Pleasant area is divided into several submarkets, either by location (inside or outside the Mark Clark (aka Interstate 526) or marsh or non-marsh influence); by construction as flats or townhouses, as well as amenities and overall condition of the units and complexes. During the late 1990's and early 2000's, several large apartment complexes were converted into condominium regimes, while a few large, new condominium complexes came online. The result was a large influx of condominiums throughout the Mount Pleasant area. With the strong economy throughout the region, the market was capable of absorbing this influx without a dramatic change in vacancy, with absorption rates (sales) averaging upwards of 60% to 75% of listings. This trend was consistent through 2007, with a large change in absorption not seen until 2008.

| Year | Volume of Sales | Average of Sales | Median of Sales |
|------|-----------------|------------------|-----------------|
| 2001 | 151             | \$135,675        | \$129,000       |
| 2002 | 233             | \$342,310        | \$145,590       |
| 2003 | 303             | \$180,850        | \$135,000       |
| ---- | ----            | ----             | ----            |
| 2004 | 369             | \$162,968        | \$134,900       |
| 2005 | 906             | \$209,862        | \$178,250       |
| 2006 | 573             | \$241,336        | \$205,510       |
| 2007 | 508             | \$292,207        | \$191,000       |
| 2008 | 302             | \$274,493        | \$179,000       |

Sales from 2001 to 2003 doubled. Prices show a spike in 2002 due to one high end condo complex. Sales were strong in 2002 - 2007, as sales volume remained at or above 2003 levels through 2008. Sales prices continued to increase throughout this period, and up until 2006, were not a factor in the marketability of units. However, as condominium prices peaked in 2006, they continued to remain well above 2003 prices well into 2008. The rising prices of condominiums approached the lower end of single family dwellings, and condominium pricing became very sensitive to the alternatives available in the market. Again, data after 2003 would not be known, but the data as of the end of 2003 is reflective of a strong market.

## SUMMARY & CONCLUSIONS

The Mt. Pleasant area benefits from a good transportation base, its proximity and central location near Charleston, and easy access to other areas via Highway 17, I-516, and the Ravenel Bridge to Charleston. With a 1999 median household income of \$61,504 and a per capita income of \$30,823, it was the 5<sup>th</sup> most affluent municipality in the top 15. Its income level was exceeded only by the resort islands (IOP, Kiawah, Sullivan's Island & Seabrook). The Mt. Pleasant area has been and continues to be one of the fastest developing areas in the state. Historically, its various markets have been strong, and have always provided an upscale suburban setting. Growth in the area is expected to regain momentum, particularly in the areas near the major commuting/travel corridors.

Sources: US Bureau of the Census, Commerce magazine and Charleston County online service, Chamber of Commerce, Charleston for business.com, New and Courier, Grubb Ellis, Collier Keenan Reports and Charleston County Economic Development Office

## MARKET ANALYSIS

In considering and discussing the real estate market in Charleston, Mount Pleasant and the condominium and apartment markets as of the date of value (December 31, 2003), I have already stated that it is best under USPAP to use the effective date of value as the cut off date for data considered by the appraiser. I have however included economic and market data that is past the December 31, 2003 date of value.

I have done so because there has been much publicity in the last two and a half years about the economy and the real estate market. I have used the data I included to assist in demonstrating when market participants would have had what information, when they would have realized that changes were occurring and come to certain conclusions. I have used the data to confirm trends believed to be in place at the end of 2003 and to indicate when realizations about the market changed and to place those market changes into perspective locally, and into perspective regarding more recent trends.

### **CHARLESTON COUNTY: RESIDENTIAL/APARTMENT MARKET**

The residential and apartment market has undergone extensive changes through the recent decade. A strong regional residential and commercial market followed the national trends, with the Charleston County market continuing to show strength through 2003 into 2008, while the national economic and real estate trends began to show weakness early in 2007. In 2003 the national economy had emerged from a downturn, and optimism was prevalent.

Except for 3 extraordinary years in 2003, 2005, & 2006, permits for new multi-family units have been relatively steady within the county at right around 1,000 units per year. Condo conversions were very strong in the early years of the decade, peaking in 2005, and nearly disappearing by early 2008.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

Actual Sales prices have always been an indicator of the strength of a market, and Charleston County is no exception. As per the Trident Association of Realtors, as well as the total sales within the market as recorded within the Charleston County Assessor's records, the number of sales peaked in 2006 and 2007, with strong sales continuing well into 2008 before a drop to more typical pre 2003 levels was seen in 2008. As of 2003 the multi-family and single family markets were strong and conversions of apartments to condominium regimes had begun.

Analysis of this single family market reveals that the peak in sales volume preceded the peak in average prices by nearly 1-2 years. This lag in sales price versus the volume of sales of residential units can be attributed to, among other factors:

- sellers holding to their listing prices while fewer sales were taking place (slow to react to market conditions)
- Unsophisticated sellers not educated to the price sensitivity in the market.
- Owners not able to drop values below indebtedness (no equity)
- Pentup demand driving conversion of apartments to condominium regimes

Similar trends could be seen throughout the county during this period from 2005 to 2008. None of the price or volume peaking, or subsequent price declines, were in evidence in 2003. Again, post 2003 information is discussed solely to place the 2003 market in perspective. As of the end of 2003, there was no way to predict any future peaks and/or downturns in the market.

**CHARLESTON COUNTY: CONDOMINIUM MARKET:**

The condo sales in the Charleston County market showed a relatively strong, but steady volume through the last decade. Conversions and construction of new condominiums began to be noticed as a market trend in 2002 – 2003. During 2002 - 2007, several large apartment conversions "flooded" the market with additional sales, spiking the sales volume during these years to nearly 1.5-3 times the typical volume. By 2008, the volume of sales had returned to more typical levels seen in 2002 and earlier.

Sales prices of condominiums throughout the county showed a steady climb through 2005, showing a significant increase in 2006 – 2008, before returning to 2005 levels in 2009. As of Tax Year 2008 sales were still well above 2003 levels. Charleston County records indicate that condo pricing rose faster than the single family market sales prices, and reached a level where single family dwellings became a realistic alternative. This is in contrast to the national trend where rising single family home prices resulted in demand for condominiums as a more affordable alternative.

Several observations can be made relative to this market:

- From 2001 through 2006, sales of all properties were strong. Listed properties sold quickly, with minimal marketing and salesmanship necessary. Any listed property was selling in days and weeks, instead of a more modest (and historically typical) 45 – 90 day marketing period
- The steady increase in sales prices of condo units from 2001 – 2006 was extremely unusual, rising faster than single family dwellings.

**MOUNT PLEASANT: RESIDENTIAL/APARTMENT MARKET:**

As noted above, Mt. Pleasant has led the county in growth and value for the last decade. Except for pockets such as the historic peninsula of downtown Charleston, the real estate market in Mt. Pleasant has kept a strong base of growth, volume, and rising sales prices and per square foot prices through the mid 2000's. Economic conditions in the national and regional real estate markets were strong throughout the local market through 2007. Similar to county trends, volume peaked in 2005, remained strong through 2006, with only a slight drop in volume in 2007.

**MOUNT PLEASANT: CONDOMINIUM MARKET:**

The condo sales in the Mt. Pleasant market showed a relatively strong, but steady volume through the last decade. Conversions began to show up in Mount Pleasant in 2003 & 2003. During 2002 - 2007, several large apartment conversions "flooded" the market with additional sales, spiking the sales volume during these years to nearly 1.5-3 times the typical volume. By 2008, the volume of sales had returned to more typical levels seen in 2002 and earlier.

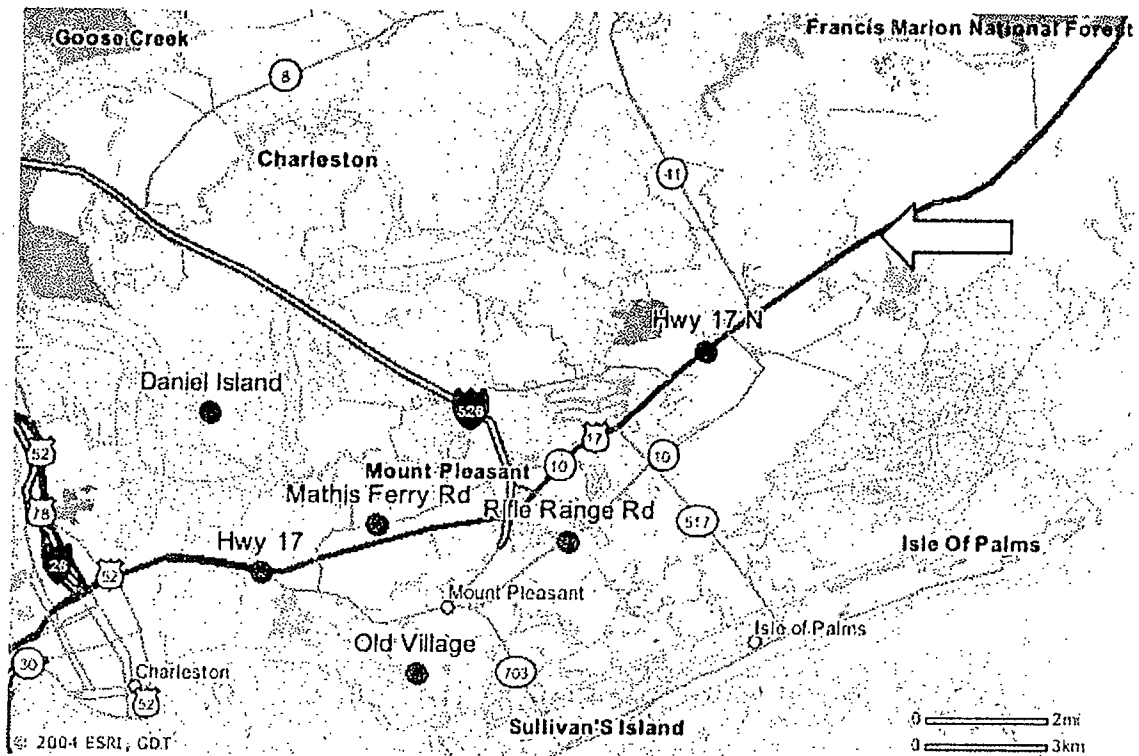
Sales prices of Mt. Pleasant condominiums remained relatively flat from 2002 through 2004. It appeared that in 2005 there was pentup demand for condos, evidenced with a huge spike in sales (250% increase over 2004), and a 32% median sales increase in sales prices. Simultaneous to the major "conversion" activity, prices remained strong and jumped by another 12% through 2006 and 2007. (Unlike the county as a whole, the increase in prices of sales followed the residential trends, and single family dwellings were not quite an alternative for condo ownership in Mt. Pleasant.)

Several observations can be made relative to this market:

- As of approximately 2001, a moratorium on new construction was initiated by Mt. Pleasant that lasted for several years. Any existing property benefited from this moratorium due to the new barriers to entry for new construction developers. The moratorium provided a stimulus for conversion of apartment buildings/developments to horizontal property regimes, providing a flood of condominium units into the market during 2001 - 2007.
- At the same time, the conversions created a dearth of multi-family units, creating higher demand for apartments, and extremely low vacancies (i.e. negative absorption rates).
- Sales of condominiums in Mt. Pleasant show a relatively level volume from 2002 through 2008 when accounting for/removing the "flood" of conversion units in 2005 - 2008.
- Coincidental with the condominium conversions, there was a spike in newer multi-family developments coming online, resulting in a glut of similar properties for sale and/or lease, resulting in higher vacancies, concessions, and lower rental prices toward the end of the period.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**MOUNT PLEASANT MAP**



121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

# **THE PARCEL: IDENTIFICATION and DESCRIPTION**

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121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**SITE DESCRIPTION**

**PROPERTY APPRAISED:**

121 Condominium Units  
The Legends Horizontal Property Regime  
1100 Legends Club Drive  
Mt. Pleasant, Charleston County, South Carolina

Property ID: 121 Parcels that are part of the Legends HPR  
(See List in Addenda)

**ZONING:**

Town of Mount Pleasant Zone: PD: Planned Development District.

The subject property use, occupancy and style of construction is compatible and homogeneous with the surrounding neighborhood; the current use/occupancy as apartments (prior use) and condominiums (current use) does conform with the current PD: Planned Development District and does meet all of the bulk setback requirements:

**LOCATION:**

The subject is located just off US Highway 17N at the entrance to the Charleston National Golf and Resort Community in the easternmost neighborhood of the Town of Mt. Pleasant, SC. The property extends parallel to US Highway 17N forming the northeastern boundary to the resort community. Access is provided via National Drive on the southeast, and Old Course Drive on the northeastern edges of the site.

**PARCEL:**

This parcel was previously comprised of one taxable parcel as noted above, with separate taxable parcels created for each condominium unit as defined by the Regime documents filed as noted in the Sales History above.

FRONTAGE: US Highway 17N - (There is an internal "Legends Club Drive" which forms the access roadway through the community.)  
SIZE: 998,395 sq. ft. = 23.22 Acres  
SHAPE: Irregular - Nearly Rectangular - see tax maps

**FLOOD ZONE:**

Zone "X" - Community Panel: #45019C0345J dated 11/17/2004. This flood classification indicates the subject is not in a flood zone -no regular flooding is anticipated.

**ACCESS/VISIBILITY:**

There is a main vehicular entrance into the subject property at either end of the elongated parcel. Visibility is limited from US Highway 17 (buffer area), with greater visibility into/out of the site from and along the internal Legends Club Dr. Visibility into and out of the site is adequate in both directions and considered favorable for a residential development.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**PARKING:**

There is at least one open/unassigned parking space per unit, with additional guest parking included throughout the site. Certain models have garages with provides additional driveway and garage parking dedicated to those units.

**EASEMENTS:**

No easements, encroachments, encumbrances, leases, covenants, unusual circumstances or other items of similar nature were found on the site at the time of the appraiser's visit, or upon review of public records. Typical easements are found for provision of utility lines to each unit and to the site itself.

**PHYSICAL DESCRIPTION:**

**Topography:**

The property is level and level with road grade. Drainage appears adequate.

**Vegetation:**

Most of the lot is paved and/or grass, with typical foundation plantings around the buildings. There remain unmanicured woodlands adjacent to US Highway 17 (buffer area) and the borders of the site on the sides.

**Wetlands:**

.30 Acres noted on site – not restrictive to development in impactful toward utility of the site

**Environmental Assessment:**

The appraiser is not an environmental expert; however no information has been provided to the appraiser to suggest any known environmental problems.

**Improvements:**

There are 15 buildings within the HPR, containing a total of 200 townhouse style condominium units comprised of One, Two & Three Bedroom Units. As of 12/31/2007, 56 units had sold, with 144 units remaining under ownership of the Regime. (One unit was sold in early 2010, and is not included as part of the subject property for this assignment). 22 units owned by the Regime owners have been reserved for marketing for sale, and the remaining 121 units (61 – 1BR/48 – 2BR/12 – 3BR) are the subject to be considered for this assignment. 14 of the buildings are slab on grade, two story buildings which comprise the 200 units.

NOTE: The following are considered the common area and common improvements, and are not part of the subject property for this assignment: The 15<sup>th</sup> building is the clubhouse – a 3,511 SF single story commercial building. There are also 2 "accessory" out buildings currently utilized as a shed and maintenance garage. There is an in ground pool and one tennis court. The remainder of the site is paved access roadways, curbing, concrete walkways.

**SOIL SURVEY BY USDA**

The US Department of Agriculture has detailed maps for review. The subject is thought to be of the same soil as surrounding properties and supportive of development of improvements. Existing development on the site and in the area is evidence that low to mid-rise construction is typically supported by the soils.

**HAZARDOUS MATERIALS:**

CHARLESTON COUNTY ASSESSOR

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC  
The appraiser is not aware of any hazardous materials on or under the subject site.

**UTILITIES:**

All public utilities (Natural Gas, Electric, Sewer, Potable Water) are available within the Right-of-Way of US Highway 17, as well as into the site, particularly along Legends Club Dr. Currently there are water, sewer, gas, and electric utilities located into the site serving the units.

**REMARKS:**

The subject site is considered above average for it's location adjacent to US Highway 17 and the Charleston National Resort and Golf Community in this Mount Pleasant neighborhood. No unfavorable site conditions were in evidence at the time of our site visit. The site is currently unencumbered with any major easements or known factors that limit utility and/or development of the site.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

TAX MAP OF SITE



121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**DESCRIPTION OF IMPROVEMENTS**

**PROPERTY APPRAISED:**

121 Condominium Units  
The Legends Horizontal Property Regime  
1100 Legends Club Drive  
Mt. Pleasant, Charleston County, South Carolina

**BUILDING LAYOUT:**

There are 15 buildings within the HPR, containing a total of 200 townhouse style condominium units comprised of One, Two & Three Bedroom Units. As of 12/31/2007, 57 units had sold, with 143 units remaining under ownership of the Regime. 22 units owned by the Regime owners were reserved for marketing for sale (one sold in late 2009), and the remaining 121 units (61 - 1BR/48 - 2BR/12 - 3BR) are the subject to be considered for this assignment. 14 of the buildings are slab on grade, two story buildings which comprise the 200 units.

NOTE: The following are considered the common area and common improvements, and are not part of the subject property for this assignment: The 15<sup>th</sup> building is the clubhouse - a 3,511-SF single story commercial building. There are also 2 "accessory" out buildings currently utilized as a shed and maintenance garage. There is an in ground pool and one tennis court. The remainder of the site is paved access roadways, curbing, concrete walkways.

**UNIT SIZES:**

| Size  | Unit Name         | SF/Unit | Total Units | Owned As Of 12/31/07 |
|-------|-------------------|---------|-------------|----------------------|
| 1 BR  | AZALEA            | 658     | 20          | 13                   |
|       | AZALEA ELONGATED  | 743     | 12          | 10                   |
|       | DOGWOOD           | 753     | 40          | 33                   |
|       | MAGNOLIA          | 836     | 8           | 5                    |
| 2 BR  | JASMINE           | 1030    | 8           | 2                    |
|       | JASMINE ELONGATED | 1154    | 8           | 1                    |
|       | JASMINE GARAGE    | 1050    | 8           | 6                    |
|       | OLEANDER          | 1176    | 64          | 38                   |
|       | OLEANDER GARAGE   | 1135    | 8           | 1                    |
| 3 BR  | CAMELLIA          | 1357    | 16          | 9                    |
|       | CAMELLIA GARAGE   | 1377    | 8           | 3                    |
| Total |                   |         | 200         | 121                  |

NOTE: The regime owners actually owned 200 units as of 12/31/2003, however the subject property is considered only 121 units within the Regime owned portion under appeal. 57 units sold and the remaining 22 units were being held for marketing for sale between 2006 and 2007.

NOTE: An Interior inspection was not made by the consulting appraiser. However, the information provided here is based on information obtained from MLS listings, inspections by other appraisers, realtors, and Ms. Sawadske's Reports referenced herein.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**CONDITION:**

The structures are in overall above average condition, while each unit is assumed to be in average to above average condition. No recent upgrades/renovations were noted in any site visits (by any of the appraisers from this office), or as noted in MLS listings, or from information derived from the owners. The main structures show typical wear and tear. The parking lot is average condition asphalt.

As per discussions with the owner during site visits and/or conferences with the assessor's office, upgrades were available to purchasers at an additional charge at time of purchase. Within this appraisal consulting assignment, I have considered that the regime would or should spend additional moneys to upgrade, replace, or otherwise improve the condition of each unit prior to marketing the units, at its expense. It is estimated that this would average approximately \$1,500 per unit, expended during the year leading up to the anticipated sale of each of the units. It was reported through public sources (MLS and other sources) that some of the units were, or could be, upgraded with granite counters, etc.

**ECONOMIC LIFE (AGE):** 3 years/2000 built as apartments

**EFFECTIVE AGE:** 3 +/- years

**REMAINING LIFE:** 47 years

**EXTERIOR:**

Cement board siding over wood frame structure

**NO. OF STORIES:**

2 story

**ELEVATOR:**

None noted

**FLOOR CONSTRUCTION:**

Concrete slab-on-grade - 1<sup>st</sup> floor with wood frame on 2<sup>nd</sup> floor.

**WALLS:**

Wood frame structure with drywall in most areas; Ceramic tile in bathrooms

**ROOF:**

Wood frame construction covered by composition roofing

**CEILING HEIGHT:**

7' - 8' clear interior

**OVERALL HEIGHT:**

Less than 25' +/-

**LIGHTING:**

Incandescent lighting

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**HVAC:**

Electric Forced Hot Air/Central Air within each unit

**HOT WATER:**

Individual water heaters for each unit; typically 30 gallon water heater for each unit

**ELECTRIC:**

Separate 100 amp service to each unit; separate metering for each unit

**SPRINKLERS:**

None

**SEWERS:**

Building connected to municipal sewer

**LAVATORIES:**

Minimum One - 3 fixture bathroom per unit

**KITCHEN FIXTURES:**

All units have a full kitchen with refrigerator, stove, dishwasher and microwave

**BASEMENT:**

No basement.

SUBJECT PICTURES

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Front of Typical Unit



Rear of Typical Unit

**ZONING: PD, PLANNED DEVELOPMENT DISTRICT.**

**Purpose of District:** The purpose of the Planned Development District is to encourage flexibility in the development of land in order to promote its most appropriate use; to improve the design, character and quality of new development; to facilitate the provision of streets and utilities; and to preserve the natural and scenic features of open areas.

**General Conditions:** Any area may be zoned as a Planned Development District, if any one or more of the following conditions are met:

1. More than one principal land use is proposed for development on a parcel under single or multiple ownership or management;
2. Separate land uses, which would not otherwise be permitted to locate within the same zoning district, are proposed for development on one or more adjacent parcels under single or separate ownership or management;
3. Exceptions or variations to the site or design and dimensional requirements of the chapter are essential to the project.

**Specific Requirements:** In order to qualify for a Planned Development District zoning classification, a project must be not less than five acres, and meet one or more of the following specific requirements:

1. The project qualifies as a Traditional Neighborhood Development under the criteria set forth in division (H) of this section;
2. The project qualifies as a Conservation Design Development under the criteria set forth in division (I) of this section;
3. The project qualifies as a Commercial Village Project under the criteria noted within the zoning regulations.
4. The project qualifies as an economic development project under criteria determined by Town Council.
5. The project qualifies as a mixed use planned development zoning district classification pursuant to the criteria set forth in divisions (J) or (K) of this section.
6. The project qualifies as a workforce housing planned development zoning district classification, pursuant to the criteria set forth in division (L) of this section.

**Permitted Developments:** Any planned development that meets the provisions of this chapter and is considered by the Planning Commission and Town Council for PD classification may be so classified.

Permitted uses:

1. Any use proposed by the developer and considered by the Planning Commission and Town Council as being compatible to other nearby uses within and beyond the district may be permitted in such district, upon approval by the Planning Commission and Town Council.
2. A listing of permitted uses within a particular PD District shall be adopted as part of the regulations applying to that district.
3. After approval by the Planning Commission and Town Council, the list or portions thereof shall be adopted as part of the regulations applying to that particular PD District.
4. Thereafter, the uses permitted in the district shall be restricted to those listed, approved and adopted.

General Design Criteria and Development Standards:

1. Overall site design shall be harmonious in terms of landscaping, enclosure of principal and accessory uses, size of structures, street patterns, and use relationships. Variety in building types, heights, facades, setbacks, and size of open spaces shall be encouraged.
2. Densities per acre for residential dwelling units for each PD District shall not exceed the requirements of § 156.104.
3. Parking, loading and other requirements for each PD District may be set by Town Council, upon recommendation of the Commission.
4. Bufferyards, as prescribed by § 156.201, shall be provided along the periphery of a PD. The type of bufferyard shall depend on the proposed peripheral use and the adjacent land use, in accordance with the Table of Bufferyard Requirements.
5. Areas designated for parking and loading or for traffic ways shall be physically separated from public streets by suitable barriers against the unchanneled ingress and egress of motor vehicles.
6. Commercial, industrial, institutional, and multifamily uses shall have not more than two access points to any one public street, unless unusual circumstances dictate otherwise.
7. All uses shall be located at least 100 feet from the intersection of any street lines, and shall be designed in a manner conducive to safe ingress and egress.

# ASSESSMENT and REAL PROPERTY TAXES

**Real Property:** The subject properties are assessed at a 6% ratio, which is standard for all non-owner occupied properties under South Carolina law. The last county-wide reassessment for Charleston County was implemented in 2005 with an effective date of value of December 31, 2003.

NOTE: The appraised values below are a weighted average of the 2003 value for that unit type, as of 12/31/2003 (Tax year 2008). Currently, the owner is paying 80% of these taxes as per appeal requirements.

In order to calculate the base taxes the following formula is used:  
(typical individual parcels)

|                        | 1 BR        | 2 BR        | 3 BR        |
|------------------------|-------------|-------------|-------------|
| Appraised Value        | \$120,984   | \$184,396   | \$211,250   |
| X Assessment Ratio     | x 6%        | x 6%        | x 6%        |
| = Assessment           | \$ 7,259    | \$ 11,063   | \$ 12,675   |
| X Millage for the area | x 0.2156    | x 0.2156    | x 0.2156    |
| Base Tax               | \$ 1,565.05 | \$ 2,385.35 | \$ 2,732.73 |

The base tax is then reduced by credits due to a local option sales tax credit. This tax credit is calculated by multiplying the appraised value by the county tax credit and if any, the local authority (municipal) tax credit. There is also a User Fee of a fixed \$99 charged to the taxpayer.

The net tax is figured as follows (all numbers are rounded to the nearest dollar):

|                                 | 1 BR Units | 2 BR Units | 3 BR Units |
|---------------------------------|------------|------------|------------|
| Base Tax                        | \$ 1,465   | \$ 2,385   | \$ 2,733   |
| Less Credits County (-.00071)   | (\$ 123)   | (\$ 188)   | (\$ 215)   |
| Town Credits (-.00031)          |            |            |            |
| Plus User Fee                   | \$ 99      | \$ 99      | \$ 99      |
| Net Tax                         | \$ 1,441   | \$ 2,296   | \$ 2,617   |
| Minus 11.94% deduction from BAA | (\$ 172)   | (\$ 274)   | (\$ 312)   |
| Tax on each unit model:         | \$ 1,269   | \$ 2,022   | \$ 2,305   |

NOTE: Whereas the subject is under appeal by the taxpayer, the taxpayer is only required to pay 80% of the noted net tax, and the taxes are subject to change pending the outcome of the appeal for this tax year.

INFLUENCES of the SURROUNDING NEIGHBORHOOD on the PARCEL:

The Legends Development is located at the entrance to Charleston National golf and resort community, which is near the easternmost developed portion of Mount Pleasant. The subject site is considered average to above average for its location. Highway 17 is a mix of neighborhood commercial and single family residential developments, as well as condominium and apartment complexes of various sizes extending from Charleston at the south for several miles northward. A larger regional shopping center (Oakland) is nearly completed as of the effective date, and is located just southwest (less than a mile) of the subject. The immediate local neighborhood along National Drive and Old Course Drive are newer resort/single family residential homes of above average to good condition within a wooded matrix.

IMPACT OF EXTERNAL INFLUENCES ON THE SUBJECT PARCEL:

The subject's location within a wooded matrix, adjacent to the Charleston National golf community, and on the outskirts of the developed portion of Mount Pleasant, is considered a positive influence, providing a marketable appeal for buyers and/or renters of units. However, the location directly adjacent to Highway 17 (separated only by a wooded buffer strip) is a negative influence due to the traffic and associated noise levels. The location of the complex requires travel along the Highway 17 for over 7 miles from Charleston proper. The commercial development along Highway 17 shows typical vacancy, and maintenance of the properties is typical for the area. A positive influence is noted with the new High School planned to be located within a short distance of the subject. Overall, these influences create a slightly negative appeal and marketability of the subject (This is a short term influence, as development stretches in this direction, more development and sense of community and town center will stretch beyond the subject to the northeast).

IMPACT OF CURRENT SITE CHARACTERISTICS:

The site characteristics in general do not limit development or marketability.

## HIGHEST AND BEST USE

The Appraisal Institute defines highest and best use as follows:

"The reasonably probable and legal use of vacant land or an improved property, that is legally permissible, physically possible, appropriately supported, financially feasible, and that results in the highest value."

(ref. The Appraisal of Real Estate, 13th Edition 2008 by The Appraisal Institute page 278)

The definition above applies specifically to the use of the land. It is recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The four essential criteria for evaluating the highest and best use of the land are: legal permissibility, physical possibility, financial feasibility and maximal productivity. These concepts are typically considered in the sequence shown below:

1. Legally permissible uses are considered. The result from such limitations as those imposed by private deed restrictions, zoning, building codes and environmental regulations.
2. Physically possible uses are considered in terms of the site size, shape, land area and topography. Also considered was the availability of public utilities.
3. Financially feasible uses are those uses that meet the conditions imposed by the two previous criteria and which may be expected to produce a positive financial return.
4. Maximally Productive use is that which among the highest financially feasible uses provides the highest rate of return, or value (given a constant rate of return). The use that provides the highest rate of return or value to the land is the highest and best use as if vacant, if the buildings still contribute to the site, the use that provides the overall greatest return or value is the highest and best use as improved.

## SUBJECT - HIGHEST AND BEST USE - AS IF VACANT

The subject is located on a 23.22 acre parcel within a residential/golf neighborhood. As such, it is currently unencumbered by any non-conforming existing uses.

In analyzing the above parameters, I find the following with respect to the subject parcel as if vacant:

1. Single Family/Multi-Family/Townhouse/Condominium development is **physically possible**. The land is not limited by physical constraints that would preclude this type of development.
2. Single Family/Multi-Family/Townhouse/Condominium development is **legally possible**. The land is currently zoned PD: Planned Development District. This zone allows single family, multi-family and/or condominium development along Highway 17, as well as mixed uses and types.

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3. Multi-Family/Townhouse/Condominium development is **financially feasible**. The location of the property is in a mixed-residential neighborhood and adjacent to surrounding residential development. Whereas the development of attached townhouse style units is the densest development allowable, it would bring the highest profit to the land.
4. It would also be **maximally productive** as developed for residential multi-family or condominium use within the zone.

Therefore, in consideration of the above noted parameters, **The Highest and Best Use of the subject parcel AS IF VACANT would be as high density residential as allowed within the PD: Planned Development Zone.** A more specific conclusion as to the highest and best use as if vacant would require specific analysis of competing projects with detailed information as to physical characteristics not available and beyond the scope of this assignment.

SUBJECT - HIGHEST AND BEST USE - AS IMPROVED

The subject is a portion of The Legends Condominium Project, which contains 200 units within a residential neighborhood. Though originally an apartment complex, it is currently a condominium complex. Since conversion to a Horizontal Property Regime in mid 2006 through late 2007, 57 units were sold as individual condominium units. Of the remaining 143 units, 121 units were marketed as rental units, and the final 22 units were held for marketing for sale – 1 of which sold in late 2009/early 2010). The consulting assignment problem lies in which use provides the Highest and Best Use “As Improved” for these 121 condominium units as of 12/31/2003 the effective date for the last countywide reassessment

Therefore, the subject is considered to be the remaining 121 condominium units. The breakdown of unit sizes is as follows:

| Size  | Unit Name         | SF/Unit | Total Units | Owned As Of 12/31/07 |
|-------|-------------------|---------|-------------|----------------------|
| 1 BR  | AZALEA            | 658     | 20          | 13                   |
|       | AZALEA ELONGATED  | 743     | 12          | 10                   |
|       | DOGWOOD           | 753     | 40          | 33                   |
|       | MAGNOLIA          | 836     | 8           | 5                    |
| 2 BR  | JASMINE           | 1030    | 8           | 2                    |
|       | JASMINE ELONGATED | 1154    | 8           | 1                    |
|       | JASMINE GARAGE    | 1050    | 8           | 6                    |
|       | OLEANDER          | 1176    | 64          | 38                   |
|       | OLEANDER GARAGE   | 1135    | 8           | 1                    |
| 3 BR  | CAMELLIA          | 1357    | 16          | 9                    |
|       | CAMELLIA GARAGE   | 1377    | 8           | 3                    |
| Total |                   |         | 200         | 121                  |

In analyzing the Highest and Best Use of the subject “As Improved”, I find the following with respect to the subject:

### PHYSICALLY POSSIBLE

Multi-Family/Townhouse/Condominium development is **physically possible**. The land and improvements are not limited by physical constraints that would preclude this type of development. The subject parcel is accessed via two residential feeder roadways into the Charleston National golf community, with the subject immediately adjacent to US Highway 17. US Highway 17 is a four-lane divided heavily travelled street which extends throughout the low country. The approximately 23.22 acre parcel extends from US Highway 17 into the community just less than 200'. Two hundred units (121 of which are the subject of this analysis) are located on this parcel, providing a density of 8.73 units per acre, which is typical for townhouse style developments in the area. This interior subject property is irregular to nearly rectangular in shape and of large size for the neighborhood. There is ample frontage on National and Old Course Drives for access and curb cuts into the property.

The typical public services and utilities are readily available, including public sewer access, public water, electric service, etc. The site is generally level. There are minimal (.30 Acres) wetlands on the subject site (These wetlands do not appear to limit utility or development of the overall site). There appears to be adequate drainage. The soils appear capable of supporting low rise construction on spread footings or slab on grade construction as is evidenced by the subject development (no signs were evident of shifting and/or uneven settling of the buildings). The site is free and clear of easements and restrictions except for the typical utility easements. No other physical factors are known that would impede development. Based on the physical layout of the buildings as residential 1 - 3 bedroom units, it is determined that the townhouses are physically possible.

### LEGALLY POSSIBLE

Multi-Family/Townhouse/Condominium development is **legally possible**. The land is currently zoned PD: Planned Development District. This zone allows single family, multi-family, condominium, and/or mixed development along US Highway 17. Whereas the improvements are constructed as attached dwelling units, single family utility would require demolition of the current improvements, and redevelopment as single family units on larger individually zoned lots. Based on the current zoning, this would be allowed, however the current configuration of the HPR and individual lots, the rezoning/variance procedure and reconstruction as single family dwellings would not be feasible, nor would it be practical. Therefore, multi-family or condominium development is considered legally possible.

NOTE: The above discussion with respect to "Legal" restrictions is based primarily on zoning and/or government imposed restrictions on the land. In addition, there may be other restrictions placed on the land/development by an individual (deed restrictions, covenants, easements, etc.) which may or may not affect the potential for utilizing the property for a specific use. If there are such restrictions or limitations, our analysis within the following sections will address these and their impact on the existing and/or potential utility of the property.

## FINANCIALLY FEASIBLE

Multi-Family/Townhouse/Condominium development is **financially feasible**. The location of the property is in a residential neighborhood and adjacent to surrounding residential development. The feasible uses of a site are determined not only by its physical and legal constraints, but also by current market conditions. As previously noted, a number of uses are physically and legally permissible on the site but not all are practical. Any use that is capable of generating a positive return is considered feasible. Based on the above analysis, multi-family and condominium uses remain the two most feasible and possible uses for the subject lots "As Improved". Therefore, these are the only uses that have passed the initial 2 tests, and are eligible for consideration of financially feasible.

Financial Feasibility addresses which uses of all the allowed uses after the analysis above, would provide a positive return. Since market value is the standard in South Carolina, the highest and best use of the property is the critical issue, i.e. which use produces the highest value is the basis of market value in ad valorem tax purposes. Both are physically feasible, and both are legally possible. Whereas the units exist, there is the question of financial feasibility and maximally productive.

Provided as tests for financial feasibility, and included within this consulting assignment report are two sections (both of which follow this Highest and Best Use summary) entitled "Financial Feasibility Analysis As An Apartment Complex" and "Hypothetical Financial Feasibility As If A Condominium Complex". Within these sections, analysis and conclusions for the test of financial feasibility were completed based on the following steps.

### Valuation As An Apartment Complex:

This section references the report prepared by Steve Everman entitled: "An Appraisal/Valuation Analysis of Legends at Mt. Pleasant Apartments" prepared on April 26, 2004 with an effective value date of December 31, 2003. This report included the following steps:

- Research and Analyze the surrounding market for competitive and comparable developments of multi-family/apartments for closed sales and/or rentals.
- Determine comparable sales prices and rental rates from similar multi-family developments.
- Develop a value for the subject complex "As Apartments" as of the effective date of the assignment.
- Determine the value for the entire 200 unit complex.
- Whereas that report valued the entire 200 unit complex, I have calculated the pro-rata share using the same methodology in this report to value the subject 121 units within the complex.

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- Finally, I have reduced the value determined for the 121 subject units by 11.94%, which is the reduction that the Board of Assessment Appeals reduced the value of the entire complex after the Board hearing on May 16, 2007 (BAA decision is included within the addenda of this report).

Hypothetical Valuation As If A Condominium Complex:

- Research and Analyze the surrounding market for competitive and comparable condominium developments for closed sales.
- Construct a sellout schedule based on the market assumptions known to be true as of the effective date of the assignment "As If Individual Condominium Units"

Within the Highest and Best Use analysis, the review of the existing improvements, as well as the initial tests for Highest and Best Use (Physically Possible and Legally Permissible) narrowed the potential uses for the subject to multi-family residential (apartments) or individual condominium units. Therefore, the test of Financially Feasible considered only these two potential uses.

Our financially feasible analysis considered a review of the market conditions, the subject improvements, and a hypothetical feasibility study based on the two uses having passed the 1<sup>st</sup> two tests: As if a multi-family/apartment property, and the sellout of the condominium units within the complex over a period of time, i.e. a discounted cash flow of the sale of the units within the complex. This study of the two uses is utilized for solely this test of Financial Feasibility, not valuation of the condominium units:

*To value entire condominium projects, whether they are newly constructed buildings or conversions, appraisers typically use the sale comparison approach to establish individual unit prices and apply discounted cash flow analysis to value the whole project. Using the latter technique, the amount and timing of all capital outlays, expected monetary receipts, and returns are estimated, and these amounts are discounted at a rate consistent with competitive investment yields. The estimate of future sellout prices and the timing of sales are key elements in the valuation.*

*Although similar data may be used in both applications, the valuation of individual condominium units is distinct from the valuation of an entire condominium project. The aggregate of individual unit values does not reflect the market value of the overall project, as the aggregate sum does not reflect carrying or holding costs, marketing expense, or the timing of cash flows. It is improper to represent the sum of the individual unit values as the market value of the entire project. Likewise, individual units are not valued by appraising the entirety and then allocating the total value to individual units. Each assignment has separate and distinct considerations.*

(The Appraisal of Real Estate 13<sup>th</sup> edition - P. 639)

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After review of the two sections and analysis noted above (and included in the following sections of this consulting assignment), it has been found that Multi-family and Condominium development are both **financially feasible**. The noted review and analysis of both the rental/multi-family market and the condominium sales market provides a synopsis of the market conditions and feasibility of the subject under both scenarios. The results of our analysis and the resultant determination of financial feasibility for the alternate uses is as follows:

|                                                     |                     |
|-----------------------------------------------------|---------------------|
| <b>Subject as a Multi-Family Apartment Complex:</b> | <b>\$ 8,565,000</b> |
| <b>Subject as a Condominium Complex (NPV):</b>      | <b>\$13,800,000</b> |

The test for financial feasibility leans heavily toward valuing the subject property as individual condominium Units. The test as a condominium project includes both a market rate of return and a large margin for additional profit. The net present value was developed solely to determine the Highest and Best Use. The assessor must now appraise the property according to South Carolina Statutes regarding ad valorem taxation.

MAXIMALLY PRODUCTIVE:

As a result of the first three tests of physical, legal, and financial feasibility, the Highest and Best Use of the subject "As Improved" is summarized by considering that financially feasible use that provides the highest financial return. Therefore, to consider the **maximally productive use** as developed for the remaining units would be to be marketed for sale as condominiums. The maximally productive use of the parcel is the one use from among the feasible uses that returns the most money to the property. Taking into consideration the physical, legal and feasible uses of the subject site, it is our opinion that the most likely and maximally productive use is as individual condominium units.

Therefore, in consideration of the above noted parameters, The Highest and Best Use of the subject parcel AS IMPROVED would be as INDIVIDUAL CONDOMINIUM UNITS as allowed within the PD: Planned Development Zone.

# **Financial Feasibility Analysis As An Apartment Complex**

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GENERAL COMMENTS AND ASSUMPTIONS

The appraiser was asked to appraise 121 units under this scenario to help determine the highest and best use of the property, and in particular the test of financial feasibility as a rental apartment complex. It is being done as a mathematical feasibility exercise to prove which use is maximally productive.

For purposes of highest and best use analysis only, the 121 of the 200 units in the complex will be appraised as an apartment complex. This will reveal the highest potential value of the units if they were to be bought and sold as an apartment complex.

ANALYSIS OF REPORT: AN APPRAISAL/VALUATION ANALYSIS OF LEGENDS at MT. PLEASANT APARTMENTS

Steve Everman prepared the above noted report in support of testimony for a Charleston County Board of Assessment Appeals hearing on May 16, 2007. A summary of the facts from this report are as follows:

- |                                        |                             |
|----------------------------------------|-----------------------------|
| • Effective Date:                      | December 31, 2003           |
| • Report Date:                         | April 26, 2004              |
| • Units Appraised:                     | 200 Units - Entire complex. |
| • Value via Sales Comparison Approach: | \$17,000,000                |
| • Value via Income Approach:           | \$16,800,000                |
| • Equity Value:                        | \$16,644,000                |

In this report Mr. Everman considered the use of the Sales and Income Approaches to value. All approaches are generally considered meaningful, but the applicability of each approach will vary with the individual property type. In appraising properties similar to the subject, I believe that the Income Approach was and is the primary method used in estimating value by market participants. Therefore, we have considered this approach in making assumptions and calculations for the 121 subject units.

APARTMENT COMPLEX INCOME:

The subject property is comprised of 121 units within the 200 unit complex appraised by Mr. Everman. The following is a summary of the unit models, the number of units within the subject portion, rents utilized by Mr. Everman in his analysis for each model, and the extended rents apportioned based on each unit model within the subject portion of the complex (See rental income discussion in Mr. Everman's Report pages 39 - 40):

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| Size         | Unit Name         | SF/Unit | Total Units | Allocation As Of 12/31/03 | Rents As Of 12/31/03 | Total Rent/Mo.     |
|--------------|-------------------|---------|-------------|---------------------------|----------------------|--------------------|
| 1 BR         | AZALEA            | 658     | 20          | 13                        | \$685                | \$8,905            |
|              | AZALEA ELONGATED  | 743     | 12          | 10                        | \$685                | \$6,850            |
|              | DOGWOOD           | 753     | 40          | 33                        | \$770                | \$25,410           |
|              | MAGNOLIA          | 836     | 8           | 5                         | \$950                | \$4,750            |
| 2 BR         | JASMINE           | 1030    | 8           | 2                         | \$895                | \$1,790            |
|              | JASMINE ELONGATED | 1154    | 8           | 1                         | \$895                | \$895              |
|              | JASMINE GARAGE    | 1050    | 8           | 6                         | \$1,025              | \$6,150            |
|              | OLEANDER          | 1176    | 64          | 38                        | \$975                | \$37,050           |
|              | OLEANDER GARAGE   | 1135    | 8           | 1                         | \$1,150              | \$1,150            |
| 3 BR         | CAMELLIA          | 1357    | 16          | 9                         | \$1,225              | \$11,025           |
|              | CAMELLIA GARAGE   | 1377    | 8           | 3                         | \$1,375              | \$4,125            |
| <b>Total</b> |                   |         | <b>200</b>  | <b>121</b>                |                      | <b>\$108,100</b>   |
|              |                   |         |             |                           |                      | <b>X 12</b>        |
|              |                   |         |             | <b>Actual Income:</b>     |                      | <b>\$1,297,200</b> |

**APARTMENT COMPLEX RECONSTRUCTED INCOME/EXPENSE STATEMENT:**

Mr. Everman reconstructed an Income and Expense Statement for the subject property. Though the subject is only 121 units, we have utilized the similar market derived factors for vacancy and collection losses, other income, and expenses. The expense assumptions utilized within Mr. Everman's report are based on a percentage of the income, and this is considered valid for the subject 121 units, as they were for the entire complex. An explanation of the derivation of each category of expenses is summarized in the report (pages 40 – 43).

Below we have reconstructed an operating income and expense statement based on the 121 units of the subject. Finally, we have applied an 11.94% deduction based on the deduction reached by the Board of Assessment Appeals for the subject complex. Since neither the appellant nor the assessor appealed the BAA value determination, it is assumed that the value was acceptable to both parties, and is applied to the valuation of the subject portion as well.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**RECONSTRUCTED OPERATING INCOME/EXPENSE STATEMENT:**  
**SUBJECT 121 UNITS:**

|                                                                   |       |  |                    |
|-------------------------------------------------------------------|-------|--|--------------------|
| <b>GROSS POTENTIAL INCOME (See Economic &amp; Contract Rent):</b> |       |  | <b>1,297,200</b>   |
| Vacancy & Collection Loss (averaged/stabilized):                  | 8.00% |  | (\$103,776)        |
| Concessions                                                       | 4.00% |  | (\$51,888)         |
| Other Income                                                      | 8.00% |  | \$103,776          |
| <b>EFFECTIVE GROSS INCOME:</b>                                    |       |  | <b>\$1,193,424</b> |

**OPERATING EXPENSES**

|                                                             |              |                  |                  |
|-------------------------------------------------------------|--------------|------------------|------------------|
| A General & Administrative                                  | 3.0%         | \$35,803         |                  |
| B Utilities (Heat, Common Area Electric, & Vacancy Periods) | 1.5%         | \$17,901         |                  |
| C Maintenance                                               | 5.5%         | \$65,638         |                  |
| D Payroll                                                   | 8.0%         | \$95,474         |                  |
| E Management & Commissions                                  | 4.3%         | \$51,317         |                  |
| F Insurance                                                 | 4.2%         | \$50,124         |                  |
| G Taxes                                                     | 9.8%         | \$116,956        |                  |
| H Reserves for Replacement                                  | 2.6%         | \$31,029         |                  |
| <b>TOTAL EXPENSES</b>                                       |              | <b>\$464,242</b> | <b>\$464,242</b> |
| <b>Expenses Per Unit</b>                                    | <b>38.9%</b> | <b>\$3,837</b>   |                  |

|                    |                  |
|--------------------|------------------|
| <b>NET INCOME:</b> | <b>\$729,182</b> |
|--------------------|------------------|

|                      |                            |                    |
|----------------------|----------------------------|--------------------|
| Net Operating Income | \$729,182                  |                    |
| <b>VALUE</b>         | <b>Capitalization Rate</b> | <b>\$9,722,428</b> |
|                      | 0.0750                     |                    |

|                                                                     |                    |
|---------------------------------------------------------------------|--------------------|
| <b>INDICATED VALUE VIA INCOME CAPITALIZATION APPROACH (Rounded)</b> | <b>\$9,725,000</b> |
|---------------------------------------------------------------------|--------------------|

Capitalization Rate: 7.50%

BAA Allocated Reduction in Value for the Subject Apartment Complex (11.94%) \$1,161,165

BAA Calculated Value for the Subject Apartment Complex \$8,563,835

|                                                                               |                    |
|-------------------------------------------------------------------------------|--------------------|
| <b>INDICATED VALUE OF 121 UNIT APARTMENT COMPLEX AS OF DECEMBER 31, 2003:</b> | <b>\$8,565,000</b> |
|-------------------------------------------------------------------------------|--------------------|

**FINANCIAL FEASIBILITY: "AS APARTMENTS"**

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The Income Approach recognizes the value of the subject property based on its cash flow potential or the anticipation of future benefits, specifically net or gross income. It is basic to this analysis of future benefits that the appraiser projects the future operating income and expenses. Personal property was not included in the valuation process, as minimal personal property exists in apartment complexes.

**The Financial Feasibility estimate by the Income Approach was \$8,565,000.**

Many investors in the subject market area use this approach to guide them in making decisions on the purchase of similar properties. The income approach relies on the premise that properties with comparable risk and return features will provide comparable future benefits. This approach is most reliable when adequate documentation exists on comparable market rental rates, property operating expenses and risk/return requirements.

Considering all of the information and analysis:

**The estimate of Financial Feasibility, as of December 31, 2003, "AS APARTMENTS" is \$8,565,000.**

# Hypothetical Financial Feasibility Analysis

“As If A

Condominium Complex”

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COMPARABLE/COMPETITIVE CONDOMINIUM PROJECTS – SALES

Several projects in Mt. Pleasant were identified and researched for similarities and differences based on size, unit type, condition, location, amenities, and market appeal. Our research revealed several comparable projects in the local market having similarities to The Legends units:

| Complex                       | Age  | Units | Condition  | Unit Mix | Location      | Amenities |
|-------------------------------|------|-------|------------|----------|---------------|-----------|
| Cambridge Lakes               | 2000 | 104   | Above Avg. | 2,3 BR   | 526 & 17      | Yes       |
| Ellington Woods               | 1999 | 224   | Above Avg. | 1,2,3 BR | Park West     | Shared    |
| Montclair                     | 1992 | 240   | Average    | 2,3 BR   | Town Ctr      | Yes       |
| Planters Place                | 1984 | 59    | Average    | 2,3 BR   | Anna Knapp    | Yes       |
| Snee Farm Lakes               | 1982 | 76    | Average    | 2,3 BR   | Long Point    | Shared    |
| Daniels Landing (Daniel Isl.) | 1998 | 300   | Above Avg. | 1,2,3 BR | Daniel Island | Yes       |
| Subject:                      |      |       |            |          |               |           |
| Legends                       | 2000 | 121   | Above Avg. | 1,2,3 BR | NE of 41      | Yes       |

All of the complexes are single story style units, with a mix of 1, 2, & 3 bedroom units. Other complexes were considered in our research, however only these were considered reasonably similar and were easily compared and contrasted to the subject as of the effective date. Three are most similar in age to the subject. Our research is summarized in the spreadsheet which follows for the period from 2000 - 2005. The six complexes had enough sales during the period to determine a range of value for each bedroom unit: a per unit value and a per square foot value. As can be seen by the data, there were ample units available for our analysis.

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| Regime                              | Year | 1BR             |               |                |                   | 2BR             |               |                |                   | 3BR             |               |                |                   |
|-------------------------------------|------|-----------------|---------------|----------------|-------------------|-----------------|---------------|----------------|-------------------|-----------------|---------------|----------------|-------------------|
|                                     |      | Number of Sales | Average Price | Square Footage | Price Per Sq. Ft. | Number of Sales | Average Price | Square Footage | Price Per Sq. Ft. | Number of Sales | Average Price | Square Footage | Price Per Sq. Ft. |
| Cambridge Lakes                     | 2000 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Age - 2000/Converted - 2003         | 2001 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Size - 104                          | 2002 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Location - SE of 526                | 2003 |                 |               |                |                   | 39              | \$130,962     | 1,195          | \$109             | 44              | \$137,004     | 1,613          | \$85              |
| Condition - Above Average           | 2004 |                 |               |                |                   | 14              | \$138,486     | 1,188          | \$117             | 11              | \$182,807     | 1,340          | \$121             |
| Amenities - Pool/Clubhouse          | 2005 |                 |               |                |                   | 16              | \$188,813     | 1,189          | \$159             | 10              | \$208,240     | 1,340          | \$155             |
| Ellington Woods                     | 2000 |                 |               |                |                   | 33              | \$141,830     | 1,641          | \$86              | 20              | \$148,893     | 1,642          | \$90              |
| Age - 1999/Converted - Immediate    | 2001 |                 |               |                |                   | 38              | \$143,328     | 1,646          | \$87              | 13              | \$143,831     | 1,647          | \$87              |
| Size - 224                          | 2002 |                 |               |                |                   | 24              | \$144,891     | 1,645          | \$88              | 17              | \$148,394     | 1,677          | \$89              |
| Location - NW of 526                | 2003 |                 | \$148,300     | 1,633          | \$91              | 45              | \$147,802     | 1,644          | \$89              | 27              | \$153,826     | 1,680          | \$92              |
| Condition - Above Average           | 2004 |                 |               |                |                   | 22              | \$180,798     | 1,679          | \$108             | 18              | \$170,822     | 1,616          | \$106             |
| Amenities - Pool/Clubhouse          | 2005 |                 |               |                |                   | 22              | \$204,700     | 1,659          | \$123             | 14              | \$200,783     | 1,491          | \$135             |
| Montclair                           | 2000 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Age - 1992/Converted - 2003 late    | 2001 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Size - 240                          | 2002 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Location - Across from Town Center  | 2003 |                 |               |                |                   | 19              | \$124,731     | 1,144          | \$109             | 6               | \$122,146     | 1,823          | \$100             |
| Condition - Average                 | 2004 |                 |               |                |                   | 87              | \$128,778     | 1,072          | \$113             | 44              | \$132,732     | 1,381          | \$105             |
| Amenities - Pool/Clubhouse          | 2005 |                 |               |                |                   | 71              | \$153,220     | 1,054          | \$141             | 23              | \$179,646     | 1,375          | \$141             |
| Planter's Place                     | 2000 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Age - 1994/Converted 2001           | 2001 |                 |               |                |                   | 3               | \$113,633     | 1,125          | \$101             | 2               | \$123,825     | 1,300          | \$95              |
| Size - 89                           | 2002 |                 |               |                |                   | 4               | \$119,288     | 1,125          | \$106             | 1               | \$137,250     | 1,300          | \$106             |
| Location - E of 17, W of 526        | 2003 |                 |               |                |                   | 4               | \$128,225     | 1,125          | \$114             | 1               | \$131,600     | 1,300          | \$101             |
| Condition - Average                 | 2004 |                 |               |                |                   | 3               | \$127,647     | 1,142          | \$112             | 2               | \$151,950     | 1,425          | \$107             |
| Amenities - Pool/Clubhouse          | 2005 |                 |               |                |                   | 2               | \$136,436     | 1,125          | \$124             | 3               | \$174,333     | 1,300          | \$133             |
| Snice Farm Lakes                    | 2000 |                 |               |                |                   | 13              | \$122,108     | 1,297          | \$94              | 4               | \$133,128     | 1,896          | \$69              |
| Age - 1982/Converted - 1993         | 2001 |                 |               |                |                   | 10              | \$111,830     | 1,300          | \$86              | 5               | \$134,100     | 1,506          | \$89              |
| Size - 78                           | 2002 |                 |               |                |                   | 12              | \$115,804     | 1,347          | \$86              | 3               | \$134,647     | 1,475          | \$91              |
| Location - E of 526/Long Point Rd.  | 2003 |                 |               |                |                   | 22              | \$126,343     | 1,319          | \$95              | 5               | \$156,750     | 1,654          | \$95              |
| Condition - Average                 | 2004 |                 |               |                |                   | 18              | \$140,644     | 1,291          | \$109             | 6               | \$187,483     | 1,784          | \$106             |
| Amenities - Yes                     | 2005 |                 |               |                |                   | 18              | \$171,911     | 1,296          | \$132             | 7               | \$208,414     | 1,897          | \$109             |
| Daniel Landing, Daniel Island       | 2000 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Age - 1996/Converted - 2003         | 2001 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Size - 300                          | 2002 |                 |               |                |                   |                 |               |                |                   |                 |               |                |                   |
| Location - Daniel Island            | 2003 | 133             | \$122,769     | 748            | \$165             | 59              | \$183,124     | 1,163          | \$158             | 6               | \$247,950     | 1,440          | \$172             |
| Condition - Above Average           | 2004 | 33              | \$143,856     | 761            | \$189             | 62              | \$207,899     | 1,229          | \$169             | 37              | \$242,310     | 1,440          | \$168             |
| Amenities - Pool/Put Golf/Clubhouse | 2005 | 35              | \$178,046     | 760            | \$235             | 24              | \$262,394     | 1,208          | \$217             | 8               | \$324,433     | 1,440          | \$225             |
| All Comparables                     | 2000 |                 |               |                |                   | 46              | \$136,328     | 1,466          | \$91.73           | 24              | \$148,016     | 1,646          | \$89.13           |
|                                     | 2001 |                 |               |                |                   | 61              | \$135,399     | 1,441          | \$91.74           | 20              | \$139,348     | 1,646          | \$84.20           |
|                                     | 2002 |                 |               |                |                   | 40              | \$133,484     | 1,466          | \$91.70           | 21              | \$142,848     | 1,646          | \$87.20           |
|                                     | 2003 | 134             | \$122,959     | 762            | \$163.64          | 174             | \$154,849     | 1,242          | \$124.78          | 89              | \$146,806     | 1,616          | \$91.11           |
|                                     | 2004 | 33              | \$143,856     | 761            | \$189.70          | 204             | \$180,089     | 1,183          | \$152.82          | 118             | \$178,768     | 1,407          | \$127.05          |
|                                     | 2005 | 35              | \$178,046     | 760            | \$234.78          | 103             | \$183,489     | 1,208          | \$151.84          | 63              | \$206,384     | 1,387          | \$148.13          |

A review and analysis found the following with respect to the above noted sales:

1. All of the six comparables were converted from apartments to horizontal property regimes in the years as noted above (except Ellington Woods originally built as condos). At the point of the conversions, most of the regimes showed strong sales in the immediate years following conversion, with a steady sales volume for each regime after 2-3 years.
2. Montclair converted in late 2003, with 21 closed sales prior to the end of the year, remarkable considering that sales volume at the end of most years is typically light.
3. The market shows a good volume of sales within the 3-year period prior to the effective date of this report, followed by a significant increase in sales of all units in 2004 - 2005. In 2003 Cambridge Lakes sold 83 units out of 104. In 2003, Daniel Landing sold 197 units of 300. Ellington Woods sold 73 of 224 units. All are similar in age to the Legends. The remainder are older complexes.
4. Sales of all unit sizes were steady through the period, with each year showing a slight overall increase in pricing from the previous year. Without knowing all the circumstances surrounding each sale, it is possible to surmise that price is a very strong indicator of marketability for these units - i.e. price drives this market as noted in the market analysis.

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5. Demand for 2 BR and 3 BR units is strong through the period, with unit prices higher in each successive year, and per square foot price increasing slightly as noted above, with minimal, if any of the expected economies of scale in the per square foot costs (larger units did not show a smaller per square foot and per bedroom cost).

Additional review of the comparable developments indicates that the Daniel Landing complex had very strong sales during the period of conversion, even though it was priced at or above the prevailing market range for the adjacent Mt. Pleasant neighborhood. The six competing developments indicate a 2003 market in the following range of values:

|                     | <u>Sales Price</u>    | <u>Price/SF</u> |
|---------------------|-----------------------|-----------------|
| One-Bedroom Units   | \$122,769 - \$148,300 | \$ 91 - \$165   |
| Two-Bedroom Units   | \$124,731 - \$193,124 | \$ 94 - \$166   |
| Three-Bedroom Units | \$122,146 - \$247,950 | \$ 86 - \$172   |

This financial feasibility analysis is a "hypothetical condition" wherein the Legends had not yet been modified as a legal Horizontal Property Regime, therefore there were no sales of any of the subject units. However, as referenced in the earlier parts of the consulting report, the valuation of the individual units was completed by Ms. Sawadske, and these reports and valuations for each unit type as of the effective date of December 31, 2003 are referenced herein and utilized as typical potential sales values for the subject. The assessor must appraise the properties in light of SC statutes 12-43-215 and 12-37-90 (C) & (D) and other statutes governing ad valorem taxation.

COMPARABLE/COMPETITIVE CONDOMINIUM PROJECTS - RENTALS

The subject is located in one of the fastest growing areas in Mount Pleasant. It is convenient to golf courses, the beaches, the high school, and shopping. As noted above, it is located on the outskirts of the developed portions of the township at the northeastern end of the commercial Route 17 corridor.

An extensive rental analysis was completed by Mr. Everman in his report (pages 39-40), and is referenced and incorporated herein. As noted in the prior section "Valuation As An Apartment Complex", the rentals for the units were provided. Based on this data, and the distribution of the individual unit models within the subject, we have determined the rentals for the subject to be as follows:

The subject and rent comparables are located in Mt. Pleasant and would compete for the same renters. A comparison of competing properties monthly rents by bedroom count shows the following:

| <u>Bedroom Number</u> | <u>Avg. Subject Rents</u> | <u>Hypothetical Rents</u> |
|-----------------------|---------------------------|---------------------------|
| One bedroom unit      | \$ 753                    | \$ 700                    |
| Two bedroom unit      | \$ 980                    | \$ 850                    |
| Three bedroom unit    | \$1,263                   | \$1,100                   |

Rents for the subject units were considered to be at the mid to upper end of the market range compared to rents for surrounding properties. The market had seen several complexes convert during 2003, and some over the preceding few years, resulting in a higher demand for apartments. At the same time as a result of the uncertainty of the status of the complex (conversion to condos – potential sale of their unit) potential renters would have been hesitant to rent in a property with limited renewal opportunities. As a result, the owner may have been forced to charge lower rents than competing complexes. For the purpose of this appraisal the hypothetical rents will be used, which reflect the lower range of the comparable market rents for the subject.

#### PROPOSED SELLOUT SCHEDULE FOR THE LEGENDS

It is typical for a developer or owner of a multi-unit development, whether a subdivision of new homes, a new multi-family development, or a condominium complex to base their financial feasibility of the development, and/or the purchase, on the cash flow of sales or rental of the units over time, anticipating the market for the subject units. I was unable to obtain any pro-forma sellout schedules for the subject from the initial purchase and/or conversion to a Horizontal Property Regime. Therefore, based on the assumptions noted above for sales and rental pricing, marketing, and the economic conditions as of the effective date of the report, I have prepared a discounted cash flow of the sellout of the units to determine the feasibility of the development.

The sellout period is based on knowledge of the market known as of the effective date (12/31/2003), without the knowledge of the market conditions that occurred subsequent to that date. (Note – though I have extensive market data showing trends at the end of 2003 forward, as of 12/31/2003, I did not have this information.) As noted in the market analysis, the Mt. Pleasant condo market remained strong through 2004 into 2005. Except for the flood of conversion units in the area, sales were relatively constant from 2002 – 2008. Volume of sales, as well as prices were steady.

Our sellout period is based on several assumptions as noted earlier:

- As most participants in the market realized, the market was strong, and a sellout would be expected to occur relatively quickly. Some new developments and conversions sold-out, or contracted a majority of units within days and weeks during this market. Adequately "market priced" units would tend to sellout in a very quick period of time.
- The sellout pricing (competitive market pricing) of units was based on the market value of the units as of 12/31/2003. Though the market information following the effective date of value indicates a price increase would have been warranted, we did not increase or decrease the proposed sales prices in the following years.
- The volume of sales anticipated is based on competitive market pricing. As noted earlier, during this period there was a moratorium on construction/building in Mt. Pleasant implemented a few years prior to the effective date, and continuing until after the anticipated sellout period. This moratorium created an artificial environment, allowing conversions to flood the market with available condominiums with minimal new construction competition. This environment created a strong market for conversion unit sales, and higher pricing during a strong sales period.

- Anticipating that not all units would necessarily sell immediately, it would have been prudent to rent most of the units in the regime, holding vacant a percentage of the units for updating/renovating to be marketed for sale. As a result, the overall vacancy would have been high as compared with a typical rental development. Corresponding to this assumption, rents of the units would be anticipated to be low as a result of the difficulty in renting units without the certainty for a tenant to have the ability to remain long term in a unit that might be sold in 1-3 years.
- As a result of our market analysis, I conservatively anticipated all the subject units would be sold within 3 years. Absorption at that time might well have been much more rapid.

A discounted cash flow analysis valuation is a method of valuation when a projected stream of net income over a specific period of time is discounted at a rate commensurate with market conditions and trends to reflect the present worth/value of the net income stream. To the discounted value of the income stream a reversion value of the real estate also discounted to reflect its present worth must be added. When added together a total property value (present worth) as discounted is indicated. When utilized correctly assuming all assumption/projections are realistic, this valuation methodology is considered reliable.

The main objective in any discounted cash flow analysis is to ascertain/estimate the annual total net operating income attributed to a specific investment property. Categories that are estimated and calculated are total potential gross income, yearly vacancy and collection loss allowance, and applicable expenses to accurately maintain the property which when deducted from the potential gross income reveals the total net income attributed to the property. Each year of the projected future net income is discounted to reflect its present worth. A reversionary value of the real estate, assuming a sale of the property at the end of the income projection, is calculated via an estimated final year net operating income stream which is the end of the projection period capitalized via an overall rate ( $R_o$ ) then discounted via the last year reversion factor.

#### DISCOUNT RATE SELECTION

A discount rate is selected in conformity with accepted rates of return for investors who are seeking this type of investment property. Any discount rate is typically considered higher than the safe interest rate or insured money markets, and is also higher than typical overall rates for less risk oriented types of real estate investments. The discount rate is considered the annual rate of investment return or yield required to attract equity capital to a particular real estate investment.

The procedure to select an appropriate discount rate which is to be applied to the projected cash flows and property reversion is to consider the following market rates as of the date of this appraisal report which includes the Federal Funds Rate, Municipal Bonds, Corporate Bonds (Aaa), Corporate Bonds (Baa), Long Term Treasury Securities, 5 Year Treasury Securities, Prime Rate. The Federal Funds rate is considered the fundamental rate reflecting the cost of money to lenders and other financial institutions. The previous investment bonds listed are indicative of other long term financial investments that are considered competitive for potential investors capital/dollars as compared with investing in real estate. Consequently the less than liquid nature of real estate investments necessitates a higher rate of return/premium over these other competitive forms of investment.

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As of late 2003, mortgage rates were at 30 year lows (around 5.82% average), and Corporate Bonds (Baa) rates were around 6.76%. As noted in the Apartment valuation referenced earlier, a cap rate of around 7.5% for an apartment complex was considered appropriate given the market forces of the area, time, and type of investment. The subject property is a unique real estate backed investment asset. Historically, the asset was an apartment complex with a stabilized cash flow, and determining a discount rate based on apartment data and is typically considered a relatively low risk real estate venture. At the point of conversion, the property had the added component of "liquidation" of the asset over a period of time (DCF) to a point of the entire investment being liquidated into all cash (i.e. full sellout).

Selecting a discount rate for this type of investment is based on the overall risk, the sellout schedule, and the nature of the cash flow both in the short term and long term during the sellout period. In review of all applicable financial indicators from both the market as noted above, as well as discounted rates for other conversions, and all residential unit sales (including condos) ranging from 9% to 12.50%. Assuming a cap rate of approximately 7.5% as noted above, I have utilized a **discount rate of 9.5%** for the subject property, which is considered a typical investors overall yield requirement on this type of investment property under prevailing economic conditions, trends and projections and with an average quality tenant. It also appears that the units have enjoyed an overall good occupancy history over the previous few years. An **end/terminal capitalization rate** - which would typically be used to estimate the residual property value - is not applicable since the entire project would have been sold (liquidated) by the end date of the DCF period.

NOTES TO SCHEDULE OF PROSPECTIVE CASH FLOW

Potential Gross Revenue:

The Potential Gross Revenue reflects the income for a 3-year period beginning in 2004 until all units are sold. Our grid includes data derived during 2003, which is not included in the DCF calculations, but included as a reference point of beginning of actual and market rental and expenses during this period. Projected sales through the ensuing years are included until the project is sold out. Sales prices are based on market pricing as determined above from the comparables from 2003. Though the market would indicate an increase in prices over the sellout period, I have held the sales prices constant over the sellout period. These prices were based on a weighted average appraised value as of December 31, 2003 (extracted from the URAR reports completed by Ms. Sawadske and incorporated herein by reference).

Base Rental Revenues included in the revenue stream were based on the actual rental rates from 2003. This income would be from a portion of the units remaining as leased for a period prior to vacating the units for preparation for sale. In this case, I have assumed that an equivalent number of units estimated to be sold in the ensuing year would be vacated, with no rent for 50% of those units during the entire sales year to follow. This is conservative as it is most likely that those units would be taken off line gradually during the course of the year.

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The Vacancies during each year are anticipated vacancy of the rental units only (not sales). The vacancies are expected to be extremely high (approximately 20%), as both forced vacating of units to sell, and the anticipation by tenants that they would have to move out would force renters to other units at a greater rate than typical for the period. (NOTE: This vacancy is greater than that for a typical apartment complex, as units are vacated for renovations and marketing for sale, both of which are not typical for an established apartment complex).

A Collection Loss has been considered, at 3% for rental units only.

The Effective Gross Income reflects a relatively modest sellout rate for the period, based on the projected 3 year sellout, which would be typical for this type of property during this time frame.

Operating Expenses

The Operating Expenses are projected costs to be incurred by the owner/landlord as either a percentage of income, or an estimate of the particular expense per unit owned. These expenses would typically decline over time as the units are sold, and no longer paid by the owner/landlord of the units. Most of these expenses are typically attributed to the rental portion of the complex, which is diminished as units are sold.

The developer/subject owner is a majority owner of units within the development, and as such is currently in control of the Home Owner's Association. It is assumed that the developer would pay regime fees (Home Owners Association dues) for each unsold unit, and all typical Regime expenses. paid by the HOA would not be paid by the developer, but by the HOA as a separate entity. Whereas the developer set up the HOA dues structure at the time of conversion, it is assumed that the fees are adequate to cover all of the typical costs/expenses incurred by the HOA (i.e. common area maintenance, utilities, amenities maintenance, etc.). The developer/owner of the subject properties would be responsible for each unit's real estate expenses, HOA dues, liability insurance, interior maintenance, and management and other miscellaneous expenses as rental units until taken offline for sale.

Real Estate Taxes and Insurance Expense. As referenced, the projected lease agreements are based on a net arrangement where the landlord pays the Real Estate Taxes and Insurance. Taxes are estimated for the developer owned units, as is insurance (liability) on those owned units. Renters insurance would be the responsibility of the tenant. These costs would decrease as units are sold.

Maintenance and Management is estimated for the rental/tenant occupied units, and decreases as the units are sold. The total fee is considered adequate for management and maintenance of the complex prior to sale of all the units based on the condition and age of the buildings.

Garbage would typically be paid through the HOA dues for all units. This fee is not included on the DCF. Similarly, Reserves for Replacement and Structural and Exterior Maintenance would be paid through the HOA dues, and not included in the DCF as a separate line item.

**Net Operating Income**

The Sales and Marketing costs are projected costs to be incurred by the owner/landlord as an expense of marketing the properties for sale, including:

- Sales Commissions (3.0%): Though the management expenses would include typical seller commissions, this additional average expense would account for any outside MLS sales commissions to buyer's agents.
- Marketing Costs (.5%): Advertising, MLS fees, billboards, flyers, etc. for sales.
- Unit Improvement Allowance (\$1,500 per unit): Though the units are in average to above average condition, some upgrading of flooring, counters, paint, etc. would be expected to sell the units. Additional costs for upgrading of the units would be an additional cost to the buyer as upgrade packages (not included in this analysis).

The Net Operating Income is the result of deducting all expenses from the effective gross income. From the net operating income is subtracted those sales, marketing, and capital costs to attract additional tenants and future owners. Whereas the subject property would have management/sales/leasing staff, many of the management and leasing costs were included within the line item for management staff.

The Marketing and Sales Commissions and Unit Improvement Costs are directly related to the number of sales during the period, while the exterior Repairs and Maintenance Expenses are held constant throughout the period.

**CASH FLOW**

The resulting Cash Flow is a true indication of Net Operating Income for the property each year.

**DISCOUNT RATE/ANNUAL FACTOR**

The discount rate, as noted above, is utilized to determine the net present value of each of the annual cash flows. The Annual Factor is a simplified summary of the discount applied to each of the annual cash flows (combination of several factors such as discount rate, years, etc.) to present all of the cash flows in the base year (effective date) value.

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**PROPOSED SCHEDULE OF SALES & RENTAL OF UNITS AS OF 12/31/2003**

|                                                                  |            | Year 0<br>End 12/03 | Year 1<br>End 12/04 | Year 2<br>End 12/05 | Year 3<br>End 12/06 |
|------------------------------------------------------------------|------------|---------------------|---------------------|---------------------|---------------------|
| <b>POTENTIAL GROSS REVENUE</b>                                   |            |                     |                     |                     |                     |
| <b>UNIT SALES</b>                                                |            | Units Sold          | Income by Model     | Units Sold          | Income by Model     |
| Sales of Condo Units                                             | Price/Unit |                     |                     |                     |                     |
| 1 BR Units Sold                                                  | \$122,959  | 0                   | \$0                 | 24                  | \$2,951,016         |
| 2 BR Units Sold                                                  | \$154,869  | 0                   | \$0                 | 12                  | \$1,858,428         |
| 3 BR Units Sold                                                  | \$148,606  | 0                   | \$0                 | 4                   | \$594,424           |
| <b>Units Sold &amp; Potential Sales Income</b>                   |            | 0                   | \$0                 | 40                  | \$5,403,868         |
| <b>UNIT RENTALS</b>                                              |            | Units Rented        | Income by Model     | Units Rented        | Income by Model     |
| Rental of Condo Units                                            | Rent Month |                     |                     |                     |                     |
| 1 BR Units Rented - (Total - Previously Sold - 50% To Be Sold)   | \$700      | 49                  | \$411,600           | 25                  | \$210,000           |
| 2 BR Units Rented - (Total - Previously Sold - 50% To Be Sold)   | \$850      | 36                  | \$367,200           | 18                  | \$183,600           |
| 3 BR Units Rented - (Total - Previously Sold - 50% To Be Sold)   | \$1,100    | 10                  | \$132,000           | 2                   | \$26,400            |
| <b>Units Rented &amp; Potential Rental Income</b>                |            | 95                  | \$910,800           | 45                  | \$420,000           |
| General Vacancy (Percentage of Rental Income)                    |            | 20%                 | \$182,160           | 20%                 | \$94,560            |
| Collection Loss (Percentage of Rental Income)                    |            | 3%                  | \$27,324            | 3%                  | \$14,184            |
| <b>TOTAL POTENTIAL RENTAL INCOME</b>                             |            |                     | \$701,316           |                     | \$364,056           |
| <b>EFFECTIVE GROSS REVENUE</b>                                   |            |                     | \$701,316           |                     | \$5,513,362         |
| <b>EXPENSES</b>                                                  |            |                     |                     |                     |                     |
| <b>OPERATING EXPENSES</b>                                        |            | Cost/Unit           |                     |                     |                     |
| (Based on Remaining Unsold Units)                                |            |                     |                     |                     |                     |
| Real Estate Taxes                                                |            |                     |                     |                     |                     |
| 1 Bedroom Units                                                  | \$1,269    | \$62,181            | \$31,725            | \$8,249             | \$0                 |
| 2 Bedroom Units                                                  | \$2,022    | \$72,792            | \$36,396            | \$12,132            | \$0                 |
| 3 Bedroom Units                                                  | \$2,305    | \$23,050            | \$13,830            | \$4,610             | \$0                 |
| Homeowners Association Dues                                      |            |                     |                     |                     |                     |
| 1 BR Units - (Regime Fees = \$124)/Mo                            | \$1,488    | \$72,912            | \$37,200            | \$9,672             | \$0                 |
| 2 BR Units - (Regime Fees = \$190)/Mo                            | \$2,280    | \$82,080            | \$41,040            | \$13,680            | \$0                 |
| 3 BR Units - (Regime Fees = \$245)/Mo                            | \$2,940    | \$29,400            | \$17,640            | \$5,880             | \$0                 |
| Insurance (Liability as owner) (1BR-\$300; 2BR-\$420; 3BR-\$540) |            | Varies              | \$35,220            | \$18,300            | \$5,550             |
| Maintenance & Management (Interior)                              |            | \$500               | \$60,500            | \$34,500            | \$14,500            |
| Replacement Reserves (Interior/Appliances)                       |            | \$150               | \$18,150            | \$10,350            | \$4,350             |
| Miscellaneous (Rental Units)                                     |            | \$75                | \$9,075             | \$5,175             | \$2,175             |
| <b>TOTAL OPERATING EXPENSES</b>                                  |            |                     | \$465,360           | \$246,156           | \$80,798            |
| <b>SALES/MARKETING &amp; CAPITAL COSTS</b>                       |            | Expense/Unit        |                     |                     |                     |
| (Based on Sold Units)                                            |            |                     |                     |                     |                     |
| Sales Commissions (Upon Sale)                                    |            | 3.00%               | \$0                 | \$217,869           | \$162,116           |
| Marketing Costs - Allowance (Marketed Units)                     |            | 0.50%               | \$36,311            | \$27,019            | \$20,257            |
| Unit Improvement Allowance (Marketed Units)                      |            | \$1,500             | \$78,000            | \$60,000            | \$43,500            |
| Structural Repairs/Maintenance (HOA Responsibility)              |            | \$0                 | \$0                 | \$0                 | \$0                 |
| <b>TOTAL SALES &amp; CAPITAL COSTS</b>                           |            |                     | \$114,311           | \$304,888           | \$225,873           |
| <b>TOTAL EXPENSES</b>                                            |            |                     | \$579,671           | \$551,044           | \$306,670           |
| <b>CASH FLOW OF SELLOUT</b>                                      |            |                     | \$121,645           | \$7,075,308         | \$5,206,692         |
| (Before Debt Service & Income Tax)                               |            |                     |                     |                     | \$3,929,779         |
| <b>DISCOUNT RATE/ANNUAL FACTOR</b>                               |            | 9.5%                | 1.0000              | 0.9132              | 0.8340              |
| <b>NET PRESENT VALUE OF INCOME</b>                               |            |                     | \$121,645           | \$6,461,468         | \$4,342,438         |
|                                                                  |            |                     |                     |                     | \$2,993,132         |

# DISCOUNTING OF CASH FLOW

This Cash Flow is then discounted at a rate commensurate with current and projected market conditions. Currently it is our opinion that an appropriate discount rate is 9.5%. A present worth based on this discount is considered typical and consistent with current market conditions, current contractual lease agreements, and this type of multi-family/condominium investment property.

## 2003 DISCOUNTED CASH FLOW (121 Units)

| Analysis Period                                     |   | Year Ending | Annual Cash Flow | PV of Cash Flow @ 9.50% |
|-----------------------------------------------------|---|-------------|------------------|-------------------------|
| Base Year                                           | 0 | 12/31/2003  | \$121,645        | \$121,645               |
| Year                                                | 1 | 12/31/2004  | \$7,075,308      | \$6,461,468             |
| Year                                                | 2 | 12/31/2005  | \$5,206,692      | \$4,342,438             |
| Year                                                | 3 | 12/31/2006  | \$3,929,779      | \$2,993,132             |
| Total Cash Flow - 3 years ('04 - '06)               |   |             | \$16,211,779     | \$13,797,038            |
| 12/31/2003 DISCOUNTED CASH FLOW (121 Subject Units) |   |             |                  | \$13,800,000            |

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The discounted value of all the years of income is added together to reflect the aggregate present worth of the projected income stream AS OF 12/31/2003 for typical 1, 2, & 3 bedroom units. The value of each type of unit – 1, 2, & 3 bedroom units – is extracted from the total, resulting in the following values. Finally, since the subject is only 121 Units, I have multiplied the unit breakdown (within the 121 units) to arrive at the Net Present Value for the 121 units:

| 1 Bedroom                                     |                   | 2 Bedroom          |                   | 3 Bedroom          |                   |
|-----------------------------------------------|-------------------|--------------------|-------------------|--------------------|-------------------|
| % Total Sale Price                            | Total Value/ Unit | % Total Sale Price | Total Value/ Unit | % Total Sale Price | Total Value/ Unit |
| 0%                                            | \$0               | 0%                 | \$0               | 0%                 | \$0               |
| 41%                                           | \$2,625,602       | 51%                | \$3,306,991       | 8%                 | \$528,876         |
| 55%                                           | \$2,371,376       | 34%                | \$1,493,395       | 11%                | \$477,667         |
| 39%                                           | \$1,180,954       | 46%                | \$1,373,014       | 15%                | \$439,163         |
| \$6,177,932                                   |                   | \$6,173,400        |                   | \$1,445,706        |                   |
| 1 Bedroom                                     |                   | 2 Bedroom          |                   | 3 Bedroom          |                   |
| PV/UNIT                                       | \$101,278         | PV/UNIT            | \$128,613         | PV/UNIT            | \$120,475         |
| 1 BR Units                                    | Total Value       | 2 BR Units         | Total Value       | 3 BR Units         | Total Value       |
| 61                                            | \$6,177,932       | 48                 | \$6,173,400       | 12                 | \$1,445,706       |
| 12/31/2003 Net Present Value of All 121 Units |                   |                    |                   |                    | \$13,797,038      |

**Rounded: = \$13,800,000**

NOTE: The discounted cash flow is the discounted value of the sale of the remaining units over time, not the actual price sold. The market value of the units is represented by prospective buyers in the marketplace for individual units as determined by valuing the individual units (see following).

## MARKETING TIME

In the estimation of a reasonable marketing time for the subject property, the appraiser has relied on interpretive opinions set forth by the Appraisal Standards Board of the Appraisal Foundation. The following interpretation was approved by the Appraisal Foundation, on September 16, 1992.

"The reasonable marketing time is an estimate of the amount of time it might take to sell a property interest in real estate at the estimated 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 the appraisal."

The estimate of marketing time may be expressed as a range and can be based on one or more of the following:

- Statistical information about days on the market
- Information gathered through sales verification
- Interviews of market participants; and
- Anticipated changes in market conditions

Certain properties exposed on the market for extended periods of time may have been listed at prices which were unrealistic. Similarly, properties which are exposed at reasonable prices may have shorter marketing periods. Therefore, estimates based on comparable sales may or may not provide a good estimate of the subject marketing time depending on the original asking price and/or subsequent price reduction necessary to consummate the sales.

Therefore, if the subject is listed at a level which is consistent with, or slightly above, the expected sales price (market value), then the marketing time would be expected to be at the lower end of the range indicated through sales or from knowledgeable professionals in the market. This premise assumes supply and demand are in balance.

The marketing time, forecasted into the future, of a property such as the subject could range from months to six months year, depending on the circumstances of the seller and prospective buyers. This considers the historical exposure time of several other comparable properties in this market area with 3-5 years sellout respectively. Given the supply on the market on the effective date, the appropriate marketing period for the subject property is up to 48 months as a sellout period.

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**HIGHEST AND BEST USE: SUMMARY AND CONCLUSIONS:**

As a consulting assignment, we were asked to review the Highest and Best Use of the subject parcel in order to determine the maximally productive use of the subject property as of the effective date. Our review, analysis, and conclusions of all potential uses of the property, As Improved, as of the effective date.

Within the Highest and Best Use analysis, the review of the existing improvements, as well as the initial tests for Highest and Best Use (Physically Possible and Legally Permissible) narrowed the potential uses for the subject to multi-family residential (apartments) or individual condominium units. Therefore, the test of Financially Feasible considered only these two potential uses.

Our financially feasible analysis considered a review of the market conditions, the subject improvements, and a hypothetical financial feasibility study of those uses that passed the 1<sup>st</sup> two tests: As if a multi-family/apartment property, and the sellout of the units within the complex over a period of time, i.e. a discounted cash flow of the sale of the units within the complex:

*To value entire condominium projects, whether they are newly constructed buildings or conversions, appraisers typically use the sale comparison approach to establish individual unit prices and apply discounted cash flow analysis to value the whole project. Using the latter technique, the amount and timing of all capital outlays, expected monetary receipts, and returns are estimated, and these amounts are discounted at a rate consistent with competitive investment yields. The estimate of future sellout prices and the timing of sales are key elements in the valuation.*

*Although similar data may be used in both applications, the valuation of individual condominium units is distinct from the valuation of an entire condominium project. The aggregate of individual unit values does not reflect the market value of the overall project, as the aggregate sum does not reflect carrying or holding costs, marketing expense, or the timing of cash flows. It is improper to represent the sum of the individual unit values as the market value of the entire project. Likewise, individual units are not valued by appraising the entirety and then allocating the total value to individual units. Each assignment has separate and distinct considerations.*

(The Appraisal of Real Estate 13<sup>th</sup> edition - P. 639)

The results of our analysis and the resultant conclusion of values indicated that both uses are financially feasible:

- Feasibility of Apartment Use: \$ 8,565,000
- Feasibility of Condominium Use: \$13,800,000

The Highest and Best Use for the subject property is then based on that use which is Maximally Productive. The results of the Financial Feasibility test indicated that condo sales provides the greatest return of value to the land as a condominium complex.

**Therefore, the Highest and Best Use of the subject property is as  
INDIVIDUAL CONDOMINIUM UNITS.**

CHARLESTON COUNTY ASSESSOR

84

**HIGHEST AND BEST USE: SUMMARY AND CONCLUSIONS:**

As a consulting assignment, we were asked to review the Highest and Best Use of the subject parcel in order to determine the maximally productive use of the subject property as of the effective date. Our review, analysis, and conclusions of all potential uses of the property, As Improved, as of the effective date.

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(The Appraisal of Real Estate 13<sup>th</sup> edition - P. 639)

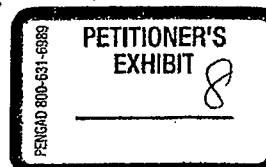
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**Therefore, the Highest and Best Use of the subject property is as  
INDIVIDUAL CONDOMINIUM UNITS.**

CHARLESTON COUNTY ASSESSOR



84

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

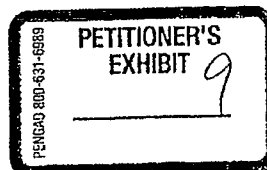
VALUATION OF SUBJECT: 121 INDIVIDUAL CONDOMINIUM UNITS

Whereas our study and analysis of the Highest and Best Use of the subject property determined that the Maximally Productive use of the subject is as individual condominium units, the subject property was then valued as individual units as per typical appraisal practices for separate and individual properties, and per South Carolina statutes governing ad valorem taxation.

As referenced earlier, and quoted above, individual "typical" condominium units were appraised utilizing the standard URAR forms for valuing a single condominium unit. Angela Sawadske (Charleston County Assessor's Office) prepared such an appraisal for each typical 1, 2, & 3 bedroom unit, arriving at the Market Value for each unit. A summary of the values arrived at through this method is shown in the following grid:

| <u>Unit Size</u> | <u>Model Name</u> | <u>Owned as of 12/31/2003</u> | <u>Market Value As Of 12/31/2003</u> |
|------------------|-------------------|-------------------------------|--------------------------------------|
| One Bedroom      | AZALEA            | 13                            | \$105,000                            |
|                  | AZALEA ELONGATED  | 10                            | \$107,000                            |
|                  | DOGWOOD           | 33                            | \$110,000                            |
|                  | MAGNOLIA          | 5                             | \$134,000                            |
| Two Bedroom      | JASMINE           | 2                             | \$148,000                            |
|                  | JASMINE ELONGATED | 1                             | \$156,000                            |
|                  | JASMINE GARAGE    | 6                             | \$170,000                            |
|                  | OLEANDER          | 38                            | \$157,000                            |
|                  | OLEANDER GARAGE   | 1                             | \$175,000                            |
| Three Bedroom    | CAMELLIA          | 9                             | \$170,000                            |
|                  | CAMELLIA GARAGE   | 2                             | \$192,000                            |
| <b>Total</b>     |                   | <b>121</b>                    |                                      |

CHARLESTON COUNTY ASSESSOR



85

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

VALUATION OF SUBJECT: 121 INDIVIDUAL CONDOMINIUM UNITS

Whereas our study and analysis of the Highest and Best Use of the subject property determined that the Maximally Productive use of the subject is as individual condominium units, the subject property was then valued as individual units as per typical appraisal practices for separate and individual properties, and per South Carolina statutes governing ad valorem taxation.

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|                  | OLEANDER          | 38                            | \$157,000                            |
|                  | OLEANDER GARAGE   | 1                             | \$175,000                            |
| Three Bedroom    | CAMELLIA          | 9                             | \$170,000                            |
|                  | CAMELLIA GARAGE   | 3                             | \$192,000                            |
| <b>Total</b>     |                   | <b>121</b>                    |                                      |

## ASSUMPTIONS AND LIMITING CONDITIONS

The appraiser's certification that appears in the consulting and appraisal report is subject to the following conditions:

1. Unless addressed in the consulting assignment, the condition of subject property is assumed to be the same on the effective date of the appraisal as on the date the property was visited for this report.
2. This Consulting Report is intended to comply with the reporting requirement set forth under the Uniform Standards of Professional Appraisal Practice. The depth of discussion contained in the report is sufficient for the intended use stated in the report and the user(s) indicated in the report.
3. The appraiser will not be responsible for matters of a legal nature that affect either the property being appraised or the title to it. The appraiser assumes that the title is good and marketable and, therefore, will not render any opinions about the title. No responsibility is assumed for legal descriptions.
4. Responsible ownership and/or management of the property are assumed.
5. The property is appraised free and clear of any and all liens or encumbrances unless otherwise stated.
6. If the appraiser has provided a sketch in the consulting report, it is intended to show approximate dimensions of the improvements and is included only to assist the reader of the report in visualizing the property and understanding the appraiser's estimation of its size. Maps and exhibits are included to assist the reader in visualizing the property, neighborhood, etc. and are for reader reference only.
7. The appraiser has examined the available flood maps that are provided by the Federal Emergency Management Agency (or other data sources) and has noted in the appraisal report whether the subject site is located in an identified Special Flood Hazard Area. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
8. It is assumed that all applicable zoning and other use regulations and restrictions have been complied with, unless otherwise stated in this report.
9. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority has been or can be obtained and/or renewed for any use on which the value estimate contained in this report is based.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

10. The appraiser has noted in the report any adverse conditions (such as needed repairs, deferred maintenance, etc.) observed during the inspection of the subject property, or that he or she became aware of during the normal research involved in performing the appraisal. Unless otherwise stated in the report, the appraiser has no knowledge of any hidden or unapparent conditions of the property, subsoil or structure that render it more or less valuable.
11. The appraiser is not aware of adverse environmental conditions (including the presence of hazardous wastes, toxic substances, etc.) that would make the property more or less valuable. The appraiser has assumed that there are such conditions and makes no guarantees or warranties, express or implied, regarding the condition of the property. The appraiser will not be responsible for any such conditions that do exist or for any engineering or testing that might be required to discover whether such conditions exist. Because the appraiser is not an expert in the field of environmental hazards, the appraisal report must not be considered as an environmental assessment of the property. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations unless non-compliance is stated, defined and considered in the report.
12. The appraiser obtained the information, estimates, and opinions that were expressed in the appraisal report from sources that he or she considers to be reliable and believes them to be true and correct. The appraiser does not assume responsibility for the accuracy of such items that were furnished by other parties.
13. The appraiser has referenced documents prepared by others. The credibility and knowledge of these appraisers is considered to be reliable. Their work is referenced within the document, but they did not have any significant role in the preparation of the consulting assignment or completion of the report.
14. The appraiser will not disclose the contents of the appraisal report except as provided for in the Uniform Standards of Professional Appraisal Practice.
15. If the appraiser has based his or her highest and best use or valuation conclusion as expressed in this report on satisfactory completion of repairs and/or alterations, the appraiser assumes that the repair/alterations will be performed in a workmanlike manner.
16. This appraisal report should only be distributed in its entirety. To take pages or portions out of context would be misleading. In addition, the work of others is referenced herein. To distribute this report without the inclusion of the other reports is prohibited and would be misleading to the reader and/or user of the report.
17. In 1992, the Americans with Disabilities Act was passed which provided for a discrimination free environment for citizens with special needs with respect to access and use of property. I have not made a judgment nor am I qualified in the determination of the requirements or rules governing this property which may or may not be in compliance with respect to this legislative act.

**CERTIFICATION – Gary N. James**

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 is my personal, unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and
- I have no personal interest or bias with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 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 consulting assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation.
- I, Gary James, made a personal visit to the property that is the subject of this report.
- The appraiser has performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.
- No one provided significant professional assistance to the person(s) signing this report. I have referenced documents prepared by others within this consulting report. The credibility and knowledge of these appraisers is considered to be reliable. Their work is referenced within the document, but they did not have any significant role in the preparation of the consulting assignment or completion of the report.
- I currently hold the appropriate state certification allowing the performance of real estate appraisals in connection with federally related transactions in the state in which the subject property is located.

**APPRAISER: Gary N. James**

SIGNATURE:  DATE SIGNED: August 6, 2010

TITLE: Litigation Commercial Appraisal Supervisor  
LICENSE #: CG 6569  
STATE: SC  
Exp. 06/30/2010

Appraiser [ X ] did [ ] did not inspect subject property.

**CHARLESTON COUNTY ASSESSOR**

## GARY N. JAMES - APPRAISER RESUME

**POSITION:** Litigation/Commercial Appraisal Supervisor

### EDUCATION:

|                                             |                       |           |
|---------------------------------------------|-----------------------|-----------|
| Continuing Education Courses                | Various for Licensing | 1996-2010 |
| Appraisal Institute:                        |                       |           |
| Standards of Professional Practice:         | Course #410           | May 1993  |
| Standards of Professional Practice:         | Course #420           | May 1993  |
| Appraisal Principles:                       | Course #110           | June 1993 |
| Appraisal Procedures:                       | Course #120           | Dec. 1994 |
| Basic Income Capitalization:                | Course #310           | Apr. 1995 |
| General Applications:                       | Course #320           | May 1995  |
| Boston University:                          |                       |           |
| Masters of Business Administration:         | MBA                   | May 1990  |
| Cornell University:                         |                       |           |
| Masters of Landscape Architecture:          | Graduate Study        | 1981-1983 |
| University of Colorado:                     |                       |           |
| Masters of Landscape Architecture:          | Graduate Study        | 1980-1981 |
| Masters of Architecture:                    | Graduate Study        | 1980-1981 |
| Williams College:                           |                       |           |
| Bachelor of Arts (Geology/Environ. Studies) | BA                    | June 1977 |

### CERTIFICATION:

|                          |                                                         |              |
|--------------------------|---------------------------------------------------------|--------------|
| State of South Carolina: | Certified General Real Estate Appraiser (Exp. 6/30/12)  | CG 6569      |
| State of New Jersey:     | Certified General Real Estate Appraiser (Exp. 12/31/11) | 42RG00138900 |

### RELATED EXPERIENCE:

|                                                  |                                            |              |
|--------------------------------------------------|--------------------------------------------|--------------|
| Charleston County Assessor's Office              | Litigation/Commercial Appraisal Supervisor | 2010-Present |
| James Appraisal Associates (Principal Appraiser) | Commercial/Residential Appraiser           | 1993-2010    |

### OTHER EXPERIENCE:

|                                   |                                                 |           |
|-----------------------------------|-------------------------------------------------|-----------|
| Crown Castle/Bell Atlantic Mobile | Real Estate/Project Manager                     | 1995-2001 |
| TFS, Inc.                         | Financial Consultant/Analyst                    | 1991-1993 |
| OHM Corporation                   | Program Mgr. Fed. Environ. Cleanup              | 1989-1993 |
| State of Massachusetts            | Project Manager: Heritage State Parks           | 1987-1989 |
| Cornell University                | Facilities Program Coordinator/Standards Writer | 1983-1987 |
| Nordic Ski Coach                  | US Olympic & World Ski/Biathlon Teams;          |           |
|                                   | NCAA: Univ. of Colorado & Cornell Univ.;        |           |
|                                   | World Jr. Ski Teams; Stratton Mtn. School       | 1977-1987 |

ADDENDA

**Exhibit A: A List of Parcel ID Numbers included within the Subject Appeal**

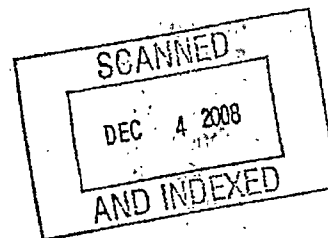
Exhibit A  
LMP Properties, Inc.  
The Legends at Mt. Pleasant Rental Community  
Unit Parcel#

|       |   |            |
|-------|---|------------|
| 116   | 1 | 5990000071 |
| 122   | 1 | 5990000075 |
| 128   | 1 | 5990000081 |
| 213   | 1 | 5990000084 |
| 215   | 1 | 5990000088 |
| 218   | 1 | 5990000089 |
| 221   | 1 | 5990000090 |
| 223   | 1 | 5990000092 |
| 224   | 1 | 5990000093 |
| 225   | 1 | 5990000094 |
| 226   | 1 | 5990000095 |
| 228   | 1 | 5990000097 |
| 312   | 1 | 5990000099 |
| 314   | 1 | 5990000100 |
| 316   | 1 | 5990000101 |
| 318   | 1 | 5990000103 |
| 322   | 1 | 5990000108 |
| 323   | 1 | 5990000106 |
| 327   | 1 | 5990000110 |
| 328   | 1 | 5990000111 |
| 412   | 1 | 5990000113 |
| 413   | 1 | 5990000114 |
| 414   | 1 | 5990000115 |
| 416   | 1 | 5990000117 |
| 421   | 1 | 5990000120 |
| 422   | 1 | 5990000121 |
| 424   | 1 | 5990000123 |
| 425   | 1 | 5990000124 |
| 426   | 1 | 5990000125 |
| 428   | 1 | 5990000127 |
| 516   | 1 | 5990000131 |
| 517   | 1 | 5990000132 |
| 1 521 | 1 | 5990000134 |
| 522   | 1 | 5990000135 |
| 2 524 | 1 | 5990000137 |
| 527   | 1 | 5990000140 |
| 611   | 1 | 5990000142 |
| 612   | 1 | 5990000143 |
| 613   | 1 | 5990000144 |
| 614   | 1 | 5990000145 |
| 615   | 1 | 5990000146 |
| 616   | 1 | 5990000147 |
| 617   | 1 | 5990000148 |
| 618   | 1 | 5990000149 |
| 622   | 1 | 5990000151 |
| 624   | 1 | 5990000153 |
| 625   | 1 | 5990000154 |

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NOV 17 2008

ASTJDM



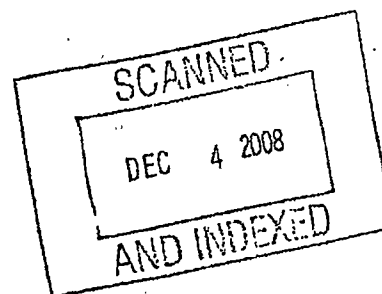
121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

|        |   |            |
|--------|---|------------|
| 628    | 1 | 5990000157 |
| 711    | 1 | 5990000158 |
| 714    | 1 | 5990000161 |
| 715    | 1 | 5990000162 |
| 718    | 1 | 5990000165 |
| 3 721  | 1 | 5990000166 |
| 722    | 1 | 5990000167 |
| 723    | 1 | 5990000168 |
| 725    | 1 | 5990000170 |
| 726    | 1 | 5990000171 |
| 727    | 1 | 5990000172 |
| 728    | 1 | 5990000173 |
| 811    | 1 | 5990000174 |
| 814    | 1 | 5990000177 |
| 815    | 1 | 5990000178 |
| 816    | 1 | 5990000179 |
| 823    | 1 | 5990000184 |
| 825    | 1 | 5990000186 |
| 826    | 1 | 5990000187 |
| 828    | 1 | 5990000189 |
| 911    | 1 | 5990000190 |
| 913    | 1 | 5990000192 |
| 914    | 1 | 5990000193 |
| 915    | 1 | 5990000194 |
| 916    | 1 | 5990000195 |
| 918    | 1 | 5990000197 |
| 921    | 1 | 5990000198 |
| 922    | 1 | 5990000199 |
| 923    | 1 | 5990000200 |
| 924    | 1 | 5990000201 |
| 925    | 1 | 5990000202 |
| 926    | 1 | 5990000203 |
| 928    | 1 | 5990000205 |
| 1013   | 1 | 5990000208 |
| 1014   | 1 | 5990000209 |
| 1017   | 1 | 5990000212 |
| 1022   | 1 | 5990000215 |
| 1023   | 1 | 5990000216 |
| 1024   | 1 | 5990000217 |
| 1025   | 1 | 5990000218 |
| 1026   | 1 | 5990000219 |
| 1028   | 1 | 5990000221 |
| 1111   | 1 | 5990000222 |
| 1113   | 1 | 5990000224 |
| 1114   | 1 | 5990000225 |
| 1115   | 1 | 5990000226 |
| 4 1116 | 1 | 5990000227 |
| 1118   | 1 | 5990000229 |
| 1121   | 1 | 5990000230 |
| 1123   | 1 | 5990000232 |
| 1124   | 1 | 5990000233 |
| 1125   | 1 | 5990000234 |

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NOV 17 2008

NOTJDM



121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

|          |             |          |                   |
|----------|-------------|----------|-------------------|
| <u>5</u> | <u>1126</u> | <u>1</u> | <u>5990000235</u> |
|          | 1127        | 1        | 5990000236        |
|          | 1128        | 1        | 5990000237        |
|          | 1212        | 1        | 5990000239        |
|          | 1214        | 1        | 5990000240        |
|          | 1216        | 1        | 5990000241        |
|          | 1218        | 1        | 5990000243        |
|          | 1221        | 1        | 5990000244        |
|          | 1222        | 1        | 5990000245        |
|          | 1226        | 1        | 5990000249        |
|          | 1227        | 1        | 5990000250        |
|          | 1228        | 1        | 5990000251        |
|          | 1311        | 1        | 5990000252        |
|          | 1315        | 1        | 5990000256        |
|          | 1316        | 1        | 5990000257        |
| <u>6</u> | <u>1317</u> | <u>1</u> | <u>5990000258</u> |
|          | 1318        | 1        | 5990000259        |
|          | 1321        | 1        | 5990000260        |
|          | 1323        | 1        | 5990000262        |
| <u>7</u> | <u>1325</u> | <u>1</u> | <u>5990000264</u> |
|          | 1326        | 1        | 5990000265        |
|          | 1328        | 1        | 5990000267        |

121

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NOV 17 2008  
ASTJDM

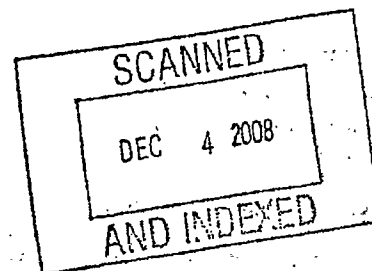
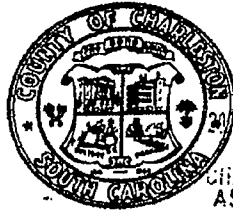


**Exhibit B: Board Of Assessment Appeals – Decision May 6, 2005**

Lynn Carmody, Chairman  
Raymond L. Murphy, MAI  
Richard Weathers  
Robert MacInnes  
Cindy T. Barnes  
Lolly A. Fabian  
David Werten  
William A. Logan  
Kristen Gregory



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2007 MAY 25 AM 11:01

CHARLESTON COUNTY  
ASSESSOR'S OFFICE

Hagood Morrison, Vice-Chair  
Clay K. Butler, Sr.  
James Lecque

843.958.4190

Fax: 843.958.4191

Charleston III Public Services Building

4045 Bridge View Drive, A-219

Charleston, SC 29405

**BOARD OF ASSESSMENT APPEALS**  
May 22, 2007

**CERTIFIED MAIL - RRR**

Keystone Legends I, LP  
Ron Follmann  
93 N. Shelmore Blvd.  
Mt. Pleasant, SC 29464

Re: PID#: 05/599-00-00-020 BAA#: 05-0110 OWNER: Keystone Legends I, LP

Dear Mr. Follmann:

In accordance with your conference before the Charleston County Board of Assessment Appeals held on May 16, 2007, concerning the above-described property, the Board has directed me to advise you of its decision. Therefore, the Board's decision is outlined in the attached "Charleston County Board of Assessment Appeals Decision", dated May 22, 2007. *+30 = 6-21-07*

Either the owner or the Assessor may contest this decision of the Board to the South Carolina Administrative Law Court, Edgar A. Brown Building, 1205 Pendleton Street, Suite 224, Columbia, SC 29201, within thirty (30) days after the date of the Board's written decision. A copy of the Request for Contested Case Hearing must be mailed or delivered to the other parties at the same time. The written request must contain the following:

- A. The name and address of the party requesting the hearing and the issue(s) for which the hearing is requested.
- B. A copy of the County Board's decision from which the contested case is being requested.
- C. The relief requested.

If the Board's decision is not appealed, the Assessor must certify the final value to the County Auditor for entry upon the property tax assessment rolls.

Yours very truly,

*Lynn Carmody*  
Lynn Carmody  
Chair

cc: Members, BAA; Mike Huggins, Assessor; Joseph Dawson III, County Attorney

*RLC* *TS6* *JUNE 5-29-07*  
www.charlestoncounty.org

CHARLESTON COUNTY ASSESSOR

93

**CHARLESTON COUNTY  
BOARD OF ASSESSMENT APPEALS  
DECISION**

Re: OWNER: Keystone Legends I, LP  
PID#: 05/599-00-00-020  
BAA#: 05-0110  
Date of Decision: May 22, 2007

The Charleston County Board of Assessment Appeals met on May 16, 2007, for the purpose of hearing the above-referenced taxpayer's appeal from the Charleston County Assessor's assessment of the above-referenced property for tax year 2005.

The subject property is a 200 unit apartment complex located at 1100 Legends Club Drive in Mount Pleasant completed by December 31, 2001. The Legends at Mount Pleasant Apartments sits on 22.92 acres in the Town of Mount Pleasant off Highway 17 North. The Assessor was represented by Steve Everman and Toy Glennon. The owner, Keystone Legends I, LP, was represented by Ronald Follmann.

Mr. Everman submitted the estimated value of the subject at ~~\$16,644,000~~ for tax year 2005 using the Income Approach tables developed for reassessment. Mr. Everman sited three sales of comparable properties to support the value of the subject. Mr. Everman used a Net Operating Income (NOI) of \$1,259,711 and a capitalization rate of 7.5% in his valuation based on equity.

Mr. Follmann stated Mr. Everman was not using real numbers in determining the value of the subject and his value of \$12,611,967 is derived from the audited income statement for tax year 2005. Mr. Follmann used an NOI of \$1,150,559 and a capitalization rate of 9%. His valuation for tax purposes as of December 31, 2004 was \$12,783,989. Mr. Follmann did not authorize the HUD audited financial statement to be released to the Assessor under a Freedom of Information Act request.

After carefully considering the information presented, the Charleston County Board of Assessment Appeals sets a compromised value of ~~\$14,656,000~~ for tax year 2005.

121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**RECONSTRUCTED OPERATING INCOME/EXPENSE STATEMENT:**  
**SUBJECT 121 UNITS:**

|                                                                   |       |  |                    |
|-------------------------------------------------------------------|-------|--|--------------------|
| <b>GROSS POTENTIAL INCOME (See Economic &amp; Contract Rent):</b> |       |  | <b>1,297,200</b>   |
| Vacancy & Collection Loss (averaged/stabilized):                  | 8.00% |  | (\$103,776)        |
| Concessions:                                                      | 4.00% |  | (\$51,888)         |
| Other Income                                                      | 8.00% |  | \$103,776          |
| <b>EFFECTIVE GROSS INCOME:</b>                                    |       |  | <b>\$1,193,424</b> |

**OPERATING EXPENSES**

|                                                             |              |                  |                  |
|-------------------------------------------------------------|--------------|------------------|------------------|
| A General & Administrative                                  | 3.0%         | \$35,803         |                  |
| B Utilities (Heat, Common Area Electric, & Vacancy Periods) | 1.5%         | \$17,901         |                  |
| C Maintenance                                               | 5.5%         | \$65,638         |                  |
| D Payroll                                                   | 8.0%         | \$95,474         |                  |
| E Management & Commissions                                  | 4.3%         | \$51,317         |                  |
| F Insurance                                                 | 4.2%         | \$50,124         |                  |
| G Taxes                                                     | 9.8%         | \$116,956        |                  |
| H Reserves for Replacement                                  | 2.6%         | \$31,029         |                  |
| <b>TOTAL EXPENSES</b>                                       |              | <b>\$464,242</b> | <b>\$464,242</b> |
| Expenses Per Unit                                           | <b>38.9%</b> | <b>\$3,837</b>   |                  |

|                    |  |                  |
|--------------------|--|------------------|
| <b>NET INCOME:</b> |  | <b>\$729,182</b> |
|--------------------|--|------------------|

|                      |           |                    |
|----------------------|-----------|--------------------|
| Net Operating Income | \$729,182 |                    |
| <b>VALUE</b>         | <b>=</b>  | <b>\$9,722,428</b> |
| Capitalization Rate  | 0.0750    |                    |

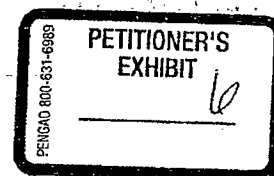
|                                                                     |                    |
|---------------------------------------------------------------------|--------------------|
| <b>INDICATED VALUE VIA INCOME CAPITALIZATION APPROACH (Rounded)</b> | <b>\$9,725,000</b> |
|---------------------------------------------------------------------|--------------------|

Capitalization Rate: 7.50%

BAA Allocated Reduction in Value, for the Subject Apartment Complex (11.94%) **\$1,161,165**

BAA Calculated Value for the Subject Apartment Complex **\$8,563,835**

**INDICATED VALUE OF 121 UNIT APARTMENT COMPLEX AS OF DECEMBER 31, 2003: \$8,565,000**



121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

**PROPOSED SCHEDULE OF SALES & RENTAL OF UNITS AS OF 12/31/2003**

|                                                                  |            | Year 0<br>End 12/03 | Year 1<br>End 12/04         | Year 2<br>End 12/05 | Year 3<br>End 12/06         |
|------------------------------------------------------------------|------------|---------------------|-----------------------------|---------------------|-----------------------------|
| <b>POTENTIAL GROSS REVENUE</b>                                   |            |                     |                             |                     |                             |
| <b>UNIT SALES</b>                                                |            | <b>Units Sold</b>   | <b>Income by Model</b>      | <b>Units Sold</b>   | <b>Income by Model</b>      |
| Sales of Condo Units                                             | Price/Unit |                     |                             |                     |                             |
| 1 BR Units Sold                                                  | \$122,959  | 0                   | \$0                         | 24                  | \$2,951,016                 |
| 2 BR Units Sold                                                  | \$154,869  | 0                   | \$0                         | 24                  | \$3,716,856                 |
| 3 BR Units Sold                                                  | \$148,606  | 0                   | \$0                         | 4                   | \$594,424                   |
| <b>Units Sold &amp; Potential Sales Income</b>                   |            | <b>0</b>            | <b>\$0</b>                  | <b>52</b>           | <b>\$7,262,296</b>          |
| <b>UNIT RENTALS</b>                                              |            | <b>Units Rented</b> | <b>Rent Income by Model</b> | <b>Units Rented</b> | <b>Rent Income by Model</b> |
| Rental of Condo Units                                            | Rent/Month |                     |                             |                     |                             |
| 1 BR Units Rented - (Total - Previously Sold - 50% To Be Sold)   | \$700      | 49                  | \$411,600                   | 25                  | \$210,000                   |
| 2 BR Units Rented - (Total - Previously Sold - 50% To Be Sold)   | \$850      | 36                  | \$306,000                   | 18                  | \$153,000                   |
| 3 BR Units Rented - (Total - Previously Sold - 50% To Be Sold)   | \$1,100    | 10                  | \$110,000                   | 6                   | \$66,000                    |
| <b>Units Rented &amp; Potential Rental Income</b>                |            | <b>95</b>           | <b>\$910,800</b>            | <b>49</b>           | <b>\$472,800</b>            |
| General Vacancy (Percentage of Rental Income)                    |            | 20%                 | \$182,160                   | 20%                 | \$94,560                    |
| Collection Loss (Percentage of Rental Income)                    |            | 3%                  | \$27,324                    | 3%                  | \$14,184                    |
| <b>TOTAL POTENTIAL RENTAL INCOME</b>                             |            |                     | <b>\$701,316</b>            |                     | <b>\$364,056</b>            |
| <b>EFFECTIVE GROSS REVENUE</b>                                   |            |                     | <b>\$701,316</b>            |                     | <b>\$5,513,362</b>          |
| <b>EXPENSES</b>                                                  |            |                     |                             |                     |                             |
| <b>OPERATING EXPENSES</b>                                        |            | <b>Cost/Unit</b>    |                             |                     |                             |
| (Based on Remaining Unsold Units)                                |            |                     |                             |                     |                             |
| <b>Real Estate Taxes</b>                                         |            |                     |                             |                     |                             |
| 1 Bedroom Units                                                  | \$1,269    | \$62,181            | \$31,725                    | \$8,249             | \$0                         |
| 2 Bedroom Units                                                  | \$2,022    | \$72,792            | \$36,396                    | \$12,132            | \$0                         |
| 3 Bedroom Units                                                  | \$2,305    | \$23,050            | \$13,830                    | \$4,610             | \$0                         |
| <b>Homeowners Association Dues</b>                               |            |                     |                             |                     |                             |
| 1 BR Units - (Regime Fees = \$124)/Mo                            | \$1,488    | \$72,912            | \$37,200                    | \$9,672             | \$0                         |
| 2 BR Units - (Regime Fees = \$190)/Mo                            | \$2,280    | \$82,080            | \$41,040                    | \$13,680            | \$0                         |
| 3 BR Units - (Regime Fees = \$245)/Mo                            | \$2,940    | \$29,400            | \$17,640                    | \$5,880             | \$0                         |
| Insurance (Liability as owner) (1BR-\$300; 2BR-\$420; 3BR-\$540) | Varies     | \$35,220            | \$18,300                    | \$5,550             | \$0                         |
| Maintenance & Management (Interior)                              | \$500      | \$60,500            | \$34,500                    | \$14,500            | \$0                         |
| Replacement Reserves (Interior/Appliances)                       | \$150      | \$18,150            | \$10,350                    | \$4,350             | \$0                         |
| Miscellaneous (Rental Units)                                     | \$75       | \$9,075             | \$5,175                     | \$2,175             | \$0                         |
| <b>TOTAL OPERATING EXPENSES</b>                                  |            |                     | <b>\$465,360</b>            |                     | <b>\$80,798</b>             |
| <b>SALES/MARKETING &amp; CAPITAL COSTS</b>                       |            | <b>Expense/Unit</b> |                             |                     |                             |
| (Based on Sold Units)                                            |            |                     |                             |                     |                             |
| Sales Commissions (Upon Sale)                                    | 3.00%      | \$0                 | \$217,869                   | \$162,116           | \$121,540                   |
| Marketing Costs - Allowance (Marketed Units)                     | 0.50%      | \$36,311            | \$27,019                    | \$20,257            | \$0                         |
| Unit Improvement Allowance (Marketed Units)                      | \$1,500    | \$78,000            | \$60,000                    | \$43,500            | \$0                         |
| Structural Repairs/Maintenance (HOA Responsibility)              | \$0        | \$0                 | \$0                         | \$0                 | \$0                         |
| <b>TOTAL SALES &amp; CAPITAL COSTS</b>                           |            |                     | <b>\$304,888</b>            | <b>\$225,873</b>    | <b>\$121,540</b>            |
| <b>TOTAL EXPENSES</b>                                            |            |                     | <b>\$579,671</b>            | <b>\$551,044</b>    | <b>\$306,670</b>            |
| <b>CASH FLOW OF SELLOUT</b>                                      |            |                     | <b>\$121,645</b>            | <b>\$7,075,308</b>  | <b>\$5,206,692</b>          |
| (Before Debt Service & Income Tax)                               |            |                     |                             |                     | <b>\$3,929,779</b>          |
| <b>DISCOUNT RATE/ANNUAL FACTOR</b>                               |            | <b>9.5%</b>         | <b>1.0000</b>               | <b>0.9132</b>       | <b>0.8340</b>               |
| <b>NET PRESENT VALUE OF INCOME</b>                               |            |                     | <b>\$121,645</b>            | <b>\$6,461,468</b>  | <b>\$4,342,438</b>          |
|                                                                  |            |                     |                             |                     | <b>\$2,993,132</b>          |

CHARLESTON COUNTY ASSESSOR



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121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

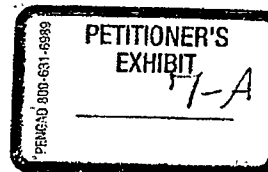
DISCOUNTING OF CASH FLOW

This Cash Flow is then discounted at a rate commensurate with current and projected market conditions. Currently it is our opinion that an appropriate discount rate is 9.5%. A present worth based on this discount is considered typical and consistent with current market conditions, current contractual lease agreements, and this type of multi-family/condominium investment property.

**2003 DISCOUNTED CASH FLOW (121 Units)**

| Analysis Period                                            | Year Ending | Annual Cash Flow | PV of Cash Flow @ 9.50% |
|------------------------------------------------------------|-------------|------------------|-------------------------|
| Base Year 0                                                | 12/31/2003  | \$121,645        | \$121,645               |
| Year 1                                                     | 12/31/2004  | \$7,075,308      | \$6,461,468             |
| Year 2                                                     | 12/31/2005  | \$5,206,692      | \$4,342,438             |
| Year 3                                                     | 12/31/2006  | \$3,929,779      | \$2,993,132             |
| Total Cash Flow - 3 years ('04-'06)                        |             | \$16,211,779     | \$13,797,038            |
| <b>12/31/2003 DISCOUNTED CASH FLOW (121 Subject Units)</b> |             |                  | <b>\$13,800,000</b>     |

CHARLESTON COUNTY ASSESSOR



121 Condominium Units, The Legends, 1100 Legends Club Drive, Mt. Pleasant, SC

The discounted value of all the years of income is added together to reflect the aggregate present worth of the projected income stream AS OF 12/31/2003 for typical 1, 2; & 3 bedroom units. The value of each type of unit – 1, 2, & 3 bedroom units – is extracted from the total, resulting in the following values. Finally, since the subject is only 121 Units, I have multiplied the unit breakdown (within the 121 units) to arrive at the Net Present Value for the 121 units:

| 1 Bedroom                                     |                  | 2 Bedroom          |                  | 3 Bedroom          |                  |
|-----------------------------------------------|------------------|--------------------|------------------|--------------------|------------------|
| % Total Sale Price                            | Total Value/Unit | % Total Sale Price | Total Value/Unit | % Total Sale Price | Total Value/Unit |
| 0%                                            | \$0              | 0%                 | \$0              | 0%                 | \$0              |
| 41%                                           | \$2,625,602      | 51%                | \$3,306,991      | 8%                 | \$528,876        |
| 55%                                           | \$2,371,376      | 34%                | \$1,493,395      | 11%                | \$477,667        |
| 39%                                           | \$1,180,954      | 46%                | \$1,373,014      | 15%                | \$439,163        |
| \$6,177,932                                   |                  | \$6,173,400        |                  | \$1,445,706        |                  |
| 1 Bedroom                                     |                  | 2 Bedroom          |                  | 3 Bedroom          |                  |
| PV/UNIT                                       | \$101,278        | PV/UNIT            | \$128,613        | PV/UNIT            | \$120,475        |
| 1 BR Units                                    | Total Value      | 2 BR Units         | Total Value      | 3 BR Units         | Total Value      |
| 61                                            | \$6,177,932      | 48                 | \$6,173,400      | 12                 | \$1,445,706      |
| 12/31/2003 Net Present Value of All 121 Units |                  |                    |                  |                    | \$13,797,038     |

**Rounded: = \$13,800,000**

NOTE: The discounted cash flow is the discounted value of the sale of the remaining units over time, not the actual price sold. The market value of the units is represented by prospective buyers in the marketplace for individual units as determined by valuing the individual units (see following).

