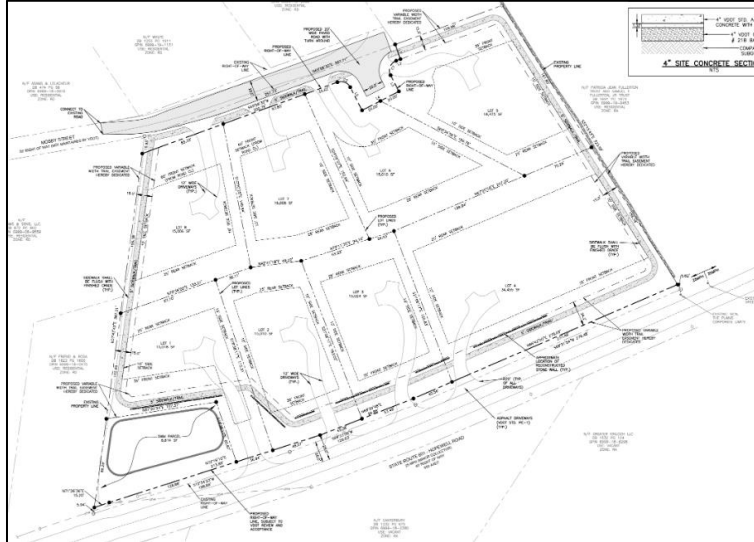


RESTRICTED APPRAISAL REPORT

PROPOSED STONECLIFF SUBDIVISION



3.688 Acres (Parcel I.D. #6999-18-3699)
8 Single Family Lots
The Plains, Virginia
(Owner: The Plains Mendleson, LLC)

VALUE AS OF

May 9, 2023 “As Is”
&
September 9, 2023 “Upon Completion”

PREPARED FOR

Bea Phelps
Mendleson Development Co., LLC
bea@mendlesonhomes.com

BY

Christian P. Kaila and Associates
6320 Five Mile Centre Park, Suite 323
Fredericksburg, Virginia 22407

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Real Estate Consultants
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May 16, 2023

Bea Phelps
Mendleson Development Co., LLC
bea@mendlesonhomes.com

RE: Proposed Stonecliff Subdivision (8) Single Family Lots, 3.688 Acres
The Plains, Virginia
Parcel I.D. # 6999-18-3699

As requested, we have conducted the required investigations, gathered the necessary data, and made certain analyses that have enabled us to form an opinion of the market value of the fee simple interest in the above-referenced property.

The subject of this report is a 3.688-acre parcel of undeveloped land in the Town of The Plains which has preliminary subdivision plan approval to develop an (8) lot, single-family residential subdivision utilizing public water and sewer with storm water management on site. Approval of the construction plan and final subdivision plat still remain before the subject has full subdivision entitlements.

The value opinions reported are for real estate only and do not include any tangible or intangible personal property or business interest. A report of our findings, analyses and conclusions is attached. This transmittal letter is incorporated with and made a part of the attached appraisal report and is not intended to be used separately.

The value opinions stated in this transmittal letter are invalid without the accompanying report. This report has been prepared in conformance with applicable sections of the Uniform Standards of Professional Appraisal Practice. (USPAP) and meets the requirements of (FIRREA), the Interagency Appraisal and Evaluation Guidelines.

Based on our inspection, investigation, and analysis, and subject to the assumptions and limiting conditions, hypothetical condition and extraordinary assumption stated within the report, it is the appraisers' opinion that the "As Is" market value of the subject's fee simple interest, as of May 9, 2023, is as follows:

\$850,000

And it is the appraisers' opinion that the Prospective Market Value "Upon Completion" of the subject's fee simple interest as of September 9, 2023 (4 months from the date of inspection) is expected to be:

\$1,150,000

Respectfully submitted,

Christian P. Kaila

Christian P. Kaila, MAI, SRA
Appraiser
Certified General Real Estate Appraiser
License Number 4001 000099

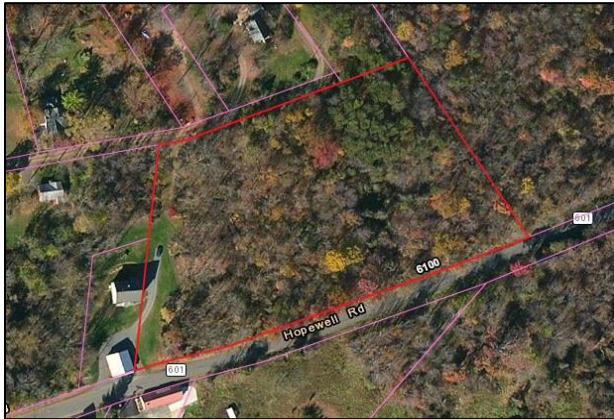
Phyllis A. Vest

Phyllis A. Vest
Staff Associate

PHOTOGRAPHS OF SUBJECT



LOCATION IN THE TOWN OF THE PLAINS



PARCEL I.D. # 6999-18-3699



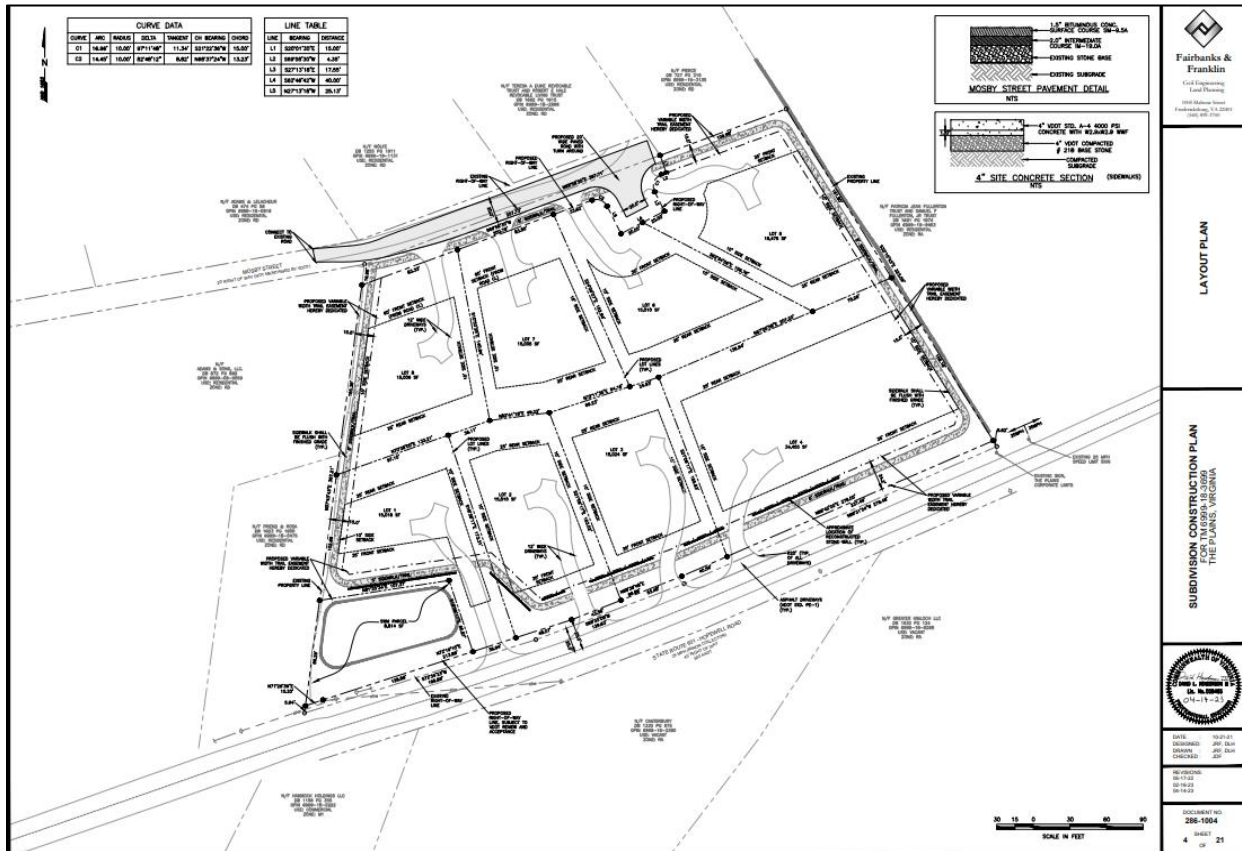
HOPEWELL ROAD FRONTAGE



MOSBY STREET FRONTAGE



ADDITIONAL VIEW ALONG MOSBY STREET



SUBDIVISION LAYOUT DRAWN BY FAIRBANKS & FRANKLIN (04-14-2023)

RESTRICTED APPRAISAL REPORT: This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in the report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

CLIENT: Bea Phelps
Mendleson Development Co., LLC
bea@mendlesonhomes.com

APPRAISER: Christian P. Kaila, MAI, SRA
Certified General Real Estate Appraiser
License Number 4001 000099

SUBJECT: Proposed Stonecliff Subdivision, 3.688 Acres
8 Single Family Lots
The Plains, Virginia
Tax Map Parcel# 6999-18-3699

INTENDED USE AND USER OF REPORT: This appraisal is intended to assist the user, Mendleson Development Company, LLC, in estimating the market value of the subject property for possible sale negotiations.

USE RESTRICTION: The use of this report is limited to the client. The appraiser's opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work file.

PURPOSE OF THE ASSIGNMENT: To develop an opinion of the market value as defined by 12 CFR 34.42.

INTEREST VALUED: Fee Simple

EFFECTIVE DATE OF VALUE "AS IS": May 9, 2023

EFFECTIVE DATE OF VALUE "UPON COMPLETION": September 9, 2023 (4 months from date of inspection on May 9, 2023).

DATE OF REPORT: May 16, 2023

Extraordinary Assumption: An Extraordinary Assumption is an assignment specific assumption as of the effective date regarding uncertain information used in an analysis, which if found to be false, could alter the appraiser’s opinions or conclusions. This appraisal is based on the following extraordinary assumptions.

- ▶ The appraisal is based on the extraordinary assumption that public utilities would be available to the proposed subject lots at no additional fees. Information provided by the borrower indicates that (8) tap fees have been paid @ \$26,000 per lot for a total of \$208,000.

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

- ▶ The Prospective Market Value “Upon Completion” is based on the hypothetical condition of final approval and recordation of the subdivision plat and the completion of the proposed subdivision infrastructure as described within the report.

REAL ESTATE ASSESSMENT AND TAXES: The subject of this report is identified in Fauquier County’s tax records as tax parcel 6999-18-3699 and has a total tax assessment of \$257,500 according to Fauquier County public records. Property owners in the Town of The Plains pay County & Town Taxes.

Fauquier County’s current tax rate is \$.903 per \$100 assessed value (includes base rate (\$.758), Fire & Rescue Levy (\$.140) & Conservation Easement Fund (\$.005)).

Town of The Plains current tax rate is \$0.04 per \$100 assessed value.

Total property tax rate is: \$

Tax Burden for Fauquier County and the Town of The Plains:

$$\frac{\$257,500}{\$100} \times \$0.943 = \mathbf{\$2,428}$$

The annual property tax is \$2,428. Since the Subject 8 lots will be subdivided out of Parcel I.D. #6999-18-3699, it is the appraiser’s opinion that \$1,214 which is half of the annual tax will be utilized in DCF because the absorption is one year. It is assumed the lots will be sold before the individual lots are assessed.

SCOPE OF WORK: The Scope of Work rules in the revised USPAP acknowledges that appraisers have broad flexibility and significant responsibility in determining the scope of work. This Restricted Appraisal Report sets forth only the appraisers' conclusions. Supporting documentation is retained in the appraisers' files. In preparing this appraisal, the appraiser:

- **Inspected** the subject site of 3.688 acres (as shown in site plan) identified as Parcel I.D. # 6999-18-3699 located in the town limits of The Plains in Fauquier County, Virginia. The appraiser was unaccompanied by the owner or any agent of the owner during the inspection on May 9, 2023.
- **Interviewed** Bea Phelps, with Mendleson Development Company, LLC concerning the subject property and status of the construction plan. **Reviewed** updated (as of 04-14-2023) preliminary construction plans with a small revision submitted May 9, 2023 (additional drainage easement) by Fairbanks & Franklin. According to the construction plan site information, the overall site consists of 3.688 acres versus the public record which shows 3.9537 acres. The site size of 3.688 acres drawn by Fairbanks & Franklin Civil Engineering and Land Planning is considered to be more reliable and is utilized in this report.
- **Interviewed** David L Henderson, Engineer with Fairbanks & Franklin concerning the subdivision plans and status of approvals. Interviewed representatives Kim and C.K. with the Fauquier County water/sewer service authority who confirmed that the water/sewer tap fees have been paid.
- **Reviewed** the projected estimated constructed plan costs by Fairbanks & Franklin as of May 19, 2022, for the development of the subject's raw lots were provided and equate to \$255,207.30.
- **Reviewed** the current public records and a previous appraisal concerning the subject property performed in 2014 by Christian P. Kaila & Associates. Obtained tax, zoning, and property information from town/county records. Obtained flood zone information from the FEMA website.
- **Interviewed** the Zoning Administrator for the Town of The Plains, Bruce Reese, and also representatives with Fauquier County to determine the subject's current zoning and development entitlements, and to determine past and current development patterns in the Town of The Plains and surrounding neighborhood.

- **Gathered and confirmed** information on comparable finished lot sales, and discount rates from the subject's market area.
- **Gathered and analyzed** data on the past and current market conditions for residential properties in the subject's market area to form an opinion of the subject's highest and best use and to forecast the likely absorption rate for the subject's proposed single-family lots upon completion of the proposed subdivision infrastructure.
- **Applied the Sales Comparison Approach** in order to provide an indication of the average market value for the subjects (8), proposed, finished single-family residential lots as individual lots.
- **Utilized** the indicated average market value of the subject's finished lots previously estimated by the Sales Comparison Approach and applied the Cost of Development Approach (Income Approach) to arrive at an indication of market value for the subject "As Is" and "Upon Completion" of the subject's proposed subdivision infrastructure. A Discounted Cash Flow (DCF) was used to estimate these values by the Cost of Development Approach.
- The Scope of Work performed is sufficient to develop credible assignment results.

HISTORY OF SUBJECT PROPERTY AND REAL ESTATE APPRAISED

The subject property is identified as Parcel I.D. #6999-18-3699 and consists of 3.688 acres of R2-Residential zoned land. The current owner is The Plains Mendleson, LLC. The property was conveyed to the owner by deed dated December 14, 2005 from Dunn Brothers, Inc. Profit Sharing Plan for consideration of \$1,400,000 (Book 1200, page 1072). The previous owners, Dunn Brothers Profit Sharing Plan, purchased the property on August 23, 2002 for \$110,000.

Construction Plans have been drafted and updated (latest provided dated April 14, 2023 with small revision dated/submitted May 9, 2023), but have not received final approval as of the inspection date. The projected estimated construction plan costs by Fairbanks & Franklin as of May 19, 2022, for the development of the subject's raw lots were provided and equate to \$255,207.30. The Fauquier County Water and Sewer Authority has verbally approved the proposed public water and sewer plan for the proposed lots but final approval signatures have not been signed off as of the inspection date. Tap fees for (8) lots have been paid that equate to a total of \$208,000. According to information provided via Town representatives and from the owner, there are no more public water/sewer taps available with the Town limits.

The last known listings of the subject property is as follows:

MLS #	Year Listed	List Price	DOM/CDOM	Comments and/or Agent Remarks on listings
FQ7766359	2012	\$549,900	705	As (9) Platted Lots
FQ7766363	2012	\$999,000	333	As (9) Finished Lots
1007182026	08-11-2016 Expired 08-30-2016	\$649,900	386/386	As (9) lots, site plan approved (tap fees paid)
VAFQ167096	09-03-2020 Cancelled 03-03-2021	\$950,000	94/94	(8) Lots, Plat Approved, Preliminary Plan Review, raw land, site Plan Approved.

According to the owners, there is an interested party that has verbally offered \$1,000,000. There is currently no contract for purchase at the time of the writing of this report. The appraiser is not aware of any other sales activity, listings or offerings in the last three years.

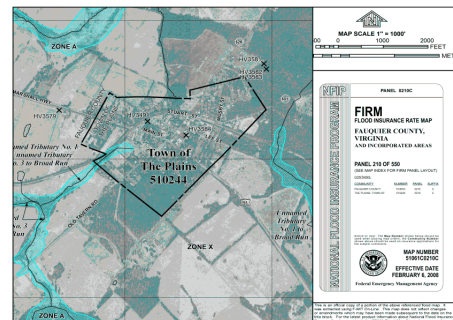
SITE ANALYSIS: The subject property consists of approximately 3.9537 acres located in the Town of The Plains, Virginia. The subject property is identified as follows:

<u>Parcel I.D. #</u>	<u>Size (Acres)</u>	<u>Addresses</u>
6999-18-3699	3.688	None Assigned

The subject property is currently raw land which is in the process of being subdivided. According to the latest Construction Plan dated 04-14-2023 by Fairbanks & Franklin Civil Engineering & Land Planning, the subject will be subdivided into 8 single-family lots with a Stormwater Management Pond on-site.

Topography and Flood Plain/Soil Conditions:

The subject 3.688 acres is irregular in shape and has sloping terrain. The subject’s elevations slope from a high point of approximately 660 feet on the back, northeastern corner of the property to the lowest point of approximately 602 feet at the front southwest corner of the property along Hopewell Road. Generally, the property slopes upward at a moderate slope from the front of the property along Hopewell Road to the back of the property along Mosby Street. Further, the subject has approximately 608 feet of frontage along Hopewell Road. According to the Flood Insurance Map Community Panel Number 51061C0210C, dated February 6, 2008, the subject is not located in a flood zone. No boring or engineering studies have been made especially for the purpose of this report. For purposes of this analysis, it is assumed that the soils on each of the subject lots have the bearing capacity to house a single family detached unit.



Utilities/Easements: Public water is located along the back property line and a short distance west of the subject along Hopewell Road. Public sewer is onsite along the back property line; however, in this location it is at a higher elevation than the subject lots (requires force main with grinder pumps for each lot). Miscellaneous utility easements exist; however, they are considered to be of negligible influence relative to development of the site. No other adverse easements or encroachments were noted by inspection.

Zoning/Hazardous Substance Contamination: The subject is zoned R-2, Residential. The zoning allows residential single-family homes on lots with a density of 2.9 dwelling units per acre. The existence of hazardous material on the site was not observed by the appraiser. Note, however, that the appraiser is not qualified to detect such substances. If there are concerns, the client is urged to obtain an expert in the field. For the purpose of this appraisal, it is assumed that no hazardous substances are located on or in the property.

Summary: In conclusion, the subject property contains 3.688 acres (according to plans provided) of R-2 zoned land which has preliminary subdivision plan approval for an (8) lot, detached single-family, residential subdivision. The property slopes upward from Hopewell Road at a moderate slope toward the back of the property and public water and sewer are on site or a short distance away.

Summary of Proposed Infrastructure Improvements:

- ◆ The construction plan provided shows the proposed lots average 17,875 SF in size and range from 15,005 SF to 34,455 SF.

Lot	Lot Size SF	Lot Size/Acres
1	15,018	.3448
2	15,010	.3446
3	15,024	.3449
4	34,455	.7909
5	18,475	.4241
6	15,010	.3446
7	15,005	.3445
8	15,006	.3445
Average Lot Size	17,875 SF	.4104 Avg. Lot Size

- ◆ (4) of the proposed lots will be accessed directly from Hopewell Road (State-maintained roadway) and the (4) remaining lots at the rear are to be accessed via Mosby Street (20' paved right-of-way, not maintained by VDOT).
- ◆ Subdivision Stormwater Management will be handled by a stormwater retention pond as shown on the site plan. This was formerly a 9th proposed lot when the lots were planned to have individual bio-retention on each lot, however, the updated, most recent plans do not require bio-retention on each lot because there will be (1) stormwater management pond for the (8) lot subdivision.
- ◆ Each lot will be served by public water which is available a short distance west of the subject along Hopewell Road. The developer will have to extend the water line to the subject, but construction plans for this extension have already been approved by the Fauquier County Water and Sewer Authority and water/sewer tap fees for the proposed (8) lots have been paid.
- ◆ The sewer system servicing the proposed lots will be a forced main, requiring a grinder pump for each house. All public water and sewer tap fees for the subject proposed lots have been paid according to information provided by the owner and the county. This appraisal is based on the extraordinary assumption that public utilities would be available to the proposed subject lots at no additional fees.

HIGHEST AND BEST USE

Highest and Best Use as Though Vacant: Single Family Homes

Highest and Best Use as Improved: Single Family Homes

VALUATION: The owner has completed sufficient engineering work to determine the subject would support an 8 lot, detached single-family, subdivision with on-site stormwater management.

Reliable estimates of governmental approval timeframes, subdivision infrastructure construction timeframes, subdivision development costs, individual lot values, lot absorption rates, expenses associated with holding and selling the finished lots, and discount rates appropriate for properties similar to the subject are available from the market. Also, the client has provided the projected costs schedule for the subdivision development costs. Therefore, the income approach (discounted cash flow analysis) would produce a creditable indication of market value for the subject both “As Is” and “Upon Completion” of the proposed subdivision.

The appraiser is unaware of bulk subdivision sales of properties similar to the subject; therefore, the sales comparison approach would not provide a creditable indication of value for the entire subject property as improved and was not developed. However, the sales comparison approach was utilized to provide an indication of value for the subject’s individual finished lots to be utilized in the income approach. Because the subject will not be improved with buildings, the cost approach is not applicable and was not developed.

Sales Comparison Approach:

Analysis of Proposed Single-Family Residential Lots: In order to form an opinion of the average market value for the subject's proposed, finished single-family residential lots, comparable lot sales were considered from Fauquier County. The average lot size for the (8) lots is .4104-acres or 17,875 SF. The following sales provide support for the average market value of the subject's proposed single-family lots to be utilized later in the Cost of Development Approach to provide an indication of market value for the subject "As Is" and "Upon Completion" of the proposed subdivision infrastructure. An overall qualitative ranking has been estimated based on location, size, zoning, utilities, and other physical characteristics.

COMP	LOCATION	SALE DATE	PRICE	LOT SIZE	OVERALL QUALITATIVE RANKING
1	Cedar Mill Subdivision 4055 Oakland Drive Warrenton VA (Fauquier Co.)	11-22-2022	\$265,000	1.02 Ac.	Superior
2	7456 Keith Road Warrenton VA (Fauquier Co.)	10-07-2022	\$120,000	1.00 Ac.	Inferior
3	9207 Patrick Street Upperville, VA (Fauquier Co.)	08-01-2022	\$149,900	.58 Ac.	Similar
4	Crestview Estate Subdivision 620 Evans Avenue Warrenton, VA (Fauquier Co.)	05-10-2022	\$240,000	.69 Ac.	Superior
5	4125 Halfway Road The Plains, VA (Fauquier Co.)	04-21-2021	\$152,500	.92 Ac.	Similar

Comparable 1: Superior location just outside the Town of Warrenton and larger lot size. Comparable 2: Superior location just off James Madison Highway and near to the Town of Warrenton and superior lot size, inferior physical characteristics and utilities (well/septic). Comparable 3: Superior location off John Mosby Highway (Route 50-main arterial roadway), superior physical characteristics and inferior utilities. Comparable 4: Highly superior location in the Town of Warrenton, superior lot size and physical characteristics. Comparable 5: Superior lot size and superior physical characteristics (including pastoral/mountain views) and inferior utilities.

After analyzing the comparables, it is the appraisers' opinion that the comparables utilized support an average value of \$150,000 per finished lot for the subject's (8) proposed lots. Additionally, "as is", all water/sewer tap fees are paid and equate to \$208,000 or \$26,000 per lot which is a credit to the developer. Therefore, the indicated value is \$176,000 per lot.

Indicated Value of the Subject's Typical Finished Lot: \$176,000 Per Lot

Cost of Development Analysis: The appraiser has utilized a variation of the Income Approach known as the Cost of Development Analysis in order to estimate the Market Value of the proposed nine single family lots. This method takes into account those factors which are necessary to attract a single individual buyer who would, in turn, market the lots.

This variation of the Income Approach is relevant in the valuation of income producing properties like the subject, most closely following the thinking of typical buyers and sellers in the market. This approach recognizes the principle of anticipation, which states that value is equal to the present worth of future benefits accruing to the rights of ownership. In this analysis, the "future benefits" are defined as the income to be derived from the sales of the finished lots. A discounted cash flow analysis is utilized to convert these sale proceeds into an indication of market value. The resultant represents the amount that an informed investor would be justified in paying for the subject 3.688 acres if his/her rate-of-return expectations are to be realized.

The required information and steps in this analysis are as follows:

1. Estimation of finished lot values in the subject's market.
2. Estimation of time and expense required to finish the lots, market them and receive the sale proceeds (absorption).
3. Estimation of holding costs and marketing expenses.
4. Discounting of probable net revenues, if necessary, over the absorption period based on the cost of mortgage and equity capital, or "the discount rate".

Lot Valuation and Estimation of Total Gross Retail Sellout: The appraiser has previously estimated the market value of the subject finished lots at \$176,000 per lot by use of the Sales Comparison Approach. Therefore, the gross retail sellout of the subject's **(8) finished lots is estimated at \$1,410,000** (8 lots x \$176,000/lot-includes pre-paid tap fees).

ESTIMATE OF ANTICIPATED EXPENSES

Development Costs: The subject lots are still raw. Based on cost estimates provided the total cost of developing the subject's proposed subdivision infrastructure is approximately \$255,207, or \$31,901 per lot. This will include road construction, the utilities infrastructure for public water and sewer, subdivision storm water retention, and other site work necessary to produce the subject's proposed, finished lots. This estimate is reasonable considering the small size of the subject's proposed subdivision and consistent with other projects the appraiser is familiar with. Therefore, the cost figure for the expense estimate is used.

Engineering: Most of the engineering and survey work has already been completed and no allowance for additional engineering work is made.

Marketing: Marketing expenses in the Warrenton/ Plains area typically range from five (5) to ten (10) percent. We have used six percent (6%) of the gross sales revenue based upon the size of the project. This includes sales commissions.

Administrative and Miscellaneous: Expenses for administrative and miscellaneous expenses have been estimated at \$2,800 per year.

Legal and Accounting: These expenses have been estimated for accounting at \$1,800 per year and legal at \$500 per unit sold, which equates to \$5,800.

Real Estate Taxes: The annual property tax is \$2,428. Since the Subject 8 lots will be subdivided out of Parcel I.D. #6999-18-3699, it is the appraiser's opinion that \$1,214, which is half of the annual tax will be utilized in DCF because the absorption is one year. It is assumed the lots will be sold before the individual lots are assessed.

Profit: After discussions with developers of similar type projects, the appraisers have selected a profit level of (10%) of the total revenues as appropriate for the subject. Please note that this profit level is considered the minimum necessary in order to motivate an entrepreneur to undertake a project of moderate risk such as the subject project.

Discount Rate: Corporate Bonds (Baa) are a good alternative investment for comparison to real estate investments in the current market conditions. Corporate Bonds (Baa) (latest available as of May 12, 2023) is 5.67%. It is the appraisers' opinion that real estate investments similar to the subject are approximately 3% to 4% riskier than Corporate Bonds (Baa), therefore, a discount rate of 10% was chosen for the discounted cash flow analysis of the subject.

PROPOSED STONECLIFF SUBDIVISION
"As Is" Value
 Discounted Cash Flow Analysis – One Year

Discounted Cash Flow	Year 1
Income	
Lots sold:	8
Price per Lot:	\$176,000
Gross Revenue:	\$1,410,000
Expenses	
Legal & Accounting	(\$5,800)
Development Costs:	(\$255,207)
Marketing (5%):	(\$70,500)
Real Estate Taxes:	(\$1,214)
Profit (10%)	(\$141,000)
Total Expenses:	(\$473,721)
NOI:	\$936,279
Present Value Discounted @ 10%	\$851,162

"As Is" Market Value as of May 9, 2023.....\$850,000 ®

Market Value “Upon Completion”: The market value of the subject “Upon Completion” is the prospective future value after the subdivision is approved, the interior roads are completed, and all other subdivision improvements are completed. In order to arrive at this estimate of value, the appraiser utilized the Discounted Cash Flow Analysis as of the anticipated date of completion. It is assumed that all development costs are paid. A portion of the profit is also assumed to be realized from the completion of the subdivision infrastructure, say 30% of the profit or 3% of the 10% profit estimated for the entire project, leaving approximately 7% profit to be realized from the sale of the finished lots. Expenses such as marketing, administrative/miscellaneous, and real estate taxes remain. It is assumed that all necessary approvals, permits and bonds are secured, and that all subdivision infrastructure will be completed by September 9, 2023. Therefore, the effective date of the opinion of prospective market value “Upon Completion” of all subdivision infrastructure is September 9, 2023. The prospective market value of the subject property “Upon Completion” is summarized as follows:

PROPOSED STONECLIFF SUBDIVISION
“Upon Completion” Value
Discounted Cash Flow Analysis – One Year

Discounted Cash Flow	Year 1
Income	
Lots sold:	8
Price per Lot:	\$176,000
Gross Revenue:	\$1,410,000
Expenses	
Legal & Accounting	(\$5,800)
Development Costs:	(\$0.00)
Marketing (5%):	(\$70,500)
<u>Real Estate Taxes:</u> The appraiser has estimated the taxes to be approximately the same as with the “As Is” because the lots will be sold before the assessment is made for the finished lots.	(\$1,214)
Profit (7%)	(\$98,700)
Total Expenses:	(\$176,214)
NOI:	\$1,233,786
Present Value Discounted @ 8%	\$1,142,394

Prospective “Upon Completion” Market Value as of September 9, 2023: \$1,150,000 ®

INDICATED EXPOSURE TIME AND ESTIMATED MARKETING TIME: 6 to 9 Months

ASSUMPTIONS AND LIMITING CONDITIONS:

- This is a Restricted Appraisal Report which is intended to comply with the reporting requirements set forth under Standard Rule 2-2(b) of the Uniform Standards of Professional Appraisal Practice for a Restricted Appraisal Report. As such, it does not include discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The information contained in this report is specific to the needs of the client and for the intended use stated in this report. The appraiser is not responsible for unauthorized use of this report.
- No responsibility is assumed for legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated in this report.
- The property is appraised free and clear of any or all liens and encumbrances unless otherwise stated in this report.
- Responsible ownership and competent property management are assumed unless otherwise stated in this report.
- The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
- All engineering is assumed to be correct. Any plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
- It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuation. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
- It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in this report.
- It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless nonconformity has been stated, defined, and considered in this appraisal report.
- It is assumed that all required licenses, certificates of occupancy or other legislative or administrative authority from any local, state, or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report are based.
- Any sketch in this report may show approximate dimensions and is included to assist the reader in visualizing the property. Maps and exhibits found in this report are provided for the reader's reference purposes only. No guarantee as to accuracy is expressed or implied unless otherwise stated in this report. No survey has been made for the purpose of this report.
- It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless otherwise stated in this report.

- The appraiser is not qualified to detect hazardous waste and/or toxic materials. Any such comment by the appraiser that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The appraiser's value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report. No responsibility is assumed for any environmental conditions, or for any expertise or engineering knowledge required to discover them. The appraiser's descriptions and resulting comments are the result of the routine observations made during the appraisal process.
- Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature that would restrict access by disabled individuals may adversely affect the property's value, marketability, or utility.
- Any proposed improvements are assumed to be completed in good workmanlike manner in accordance with the submitted plans and specifications.
- The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
- Possession of this report, or a copy thereof, does not carry with it the right of publication. It may not be used for any purpose by any person other than the party to whom it is addressed without the written consent of the appraiser, and in any event, only with proper written qualification and only in its entirety.
- Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news sales, or other media without prior written consent and approval of the appraiser.

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- We have no present or prospective interest or bias in the property that is the subject of this report and we have no personal interest or bias with respect to the parties involved.
- Our 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 opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- This appraisal was not based on a required minimum valuation, a specific valuation, or the approval of a loan.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
- We have made a personal inspection of the property that is the subject of this report.
- We have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the 5-year period immediately preceding acceptance of this assignment.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, Christian P. Kaila has completed the requirements of the continuing education program of the Appraisal Institute.
- Subject to the Contingent and Limiting Conditions, Extraordinary Assumptions and Hypothetical Condition contained herein, it is our opinion that the **"As Is"** market value of the subject, as of May 9, 2023 is \$850,000 and the Prospective Market Value **"Upon Completion"** as of September 9, 2023 is \$1,150,000.

Respectfully submitted,

Christian P. Kaila

Christian P. Kaila, MAI, SRA
Appraiser
Certified General Real Estate Appraiser
License Number 4001 000099

Phyllis A. Vest

Phyllis A. Vest
Staff Associate

ADDENDA

LOT SALE COMPARABLES

Land Sale No. 1



Property Identification

Record ID	3965
Property Type	Residential, Industrial (Finished Lot)
Property Name	Finished Lot
Address	Lot 37 Cedar Mill, Warrenton, Fauquier County, Virginia 20187
Location	Warrenton
Tax ID	6994-37-0722
MSA	Washington, D.C.
Market Type	Residential, Vacant Land

Sale Data

Grantor	Rfi Cm Lc
Grantee	Nvr Inc
Sale Date	November 22, 2022
Deed Book/Page	1300 969
Property Rights	Fee simple
Marketing Time	60
Conditions of Sale	Arm's Length

Land Sale No. 1 (Cont.)

Verification Public Record; Other sources: Mick (Ryan Homes Representative), Confirmed by Oluchukwu (Elvis) Odika

Sale Price \$265,000

Cash Equivalent \$265,000

Land Data

Zoning R-1, R-1

Topography Level to gently sloping

Utilities Public water and sewer to lot lines

Shape Irregular

Land Size Information

Gross Land Size 1.020 Acres or 44,431 SF

1

Indicators

Sale Price/Gross Acre \$259,804

Sale Price/Gross SF \$5.96

Sale Price/ Unit \$265,000

Remarks

This is the sale of one finished SFD building lots in Cedar Mill Subdivision in Fauquier County. This lot averages 44,588 square feet in size which is similar to most other lots in the subdivision. The sale price was \$265,000 per lot which is the same as similar lots. The sale is part of a take-down agreement with the lots being sold individually or in small groups over time. One of the Ryan Homes representative In Warrenton (Mick) confirmed the sale with Chris Kaila and also informed the appraiser that most of the lots sales for average \$232,000 per finished lot. The developer (seller) constructed all subdivision infrastructure and rough finished the lots with all utilities at the lot lines.

COMPARABLE 2

Lot 2 Keith Rd, Warrenton, VA 20186

Closed | 02/09/22

Land

\$120,000



MLS #: [VAFQ2002562](#)

MLS Area:

Legal Subd:

Subdiv/Neigh:

Schl District: Fauquier County Public Schools

Zoning: V

Dev Status:

Ownership: Fee Simple

Topography:

Views:

Water Oriented: No

List Date: 12/30/2021

Modified on: 08/30/22

Agreement of Sale Dt: 01/27/22

Acres/Lot SF: 1a / 43560sf

Price/Acre: \$120,000.00

Tax Annual Amt: 2022

HOA Fee:

Road Frontage:

Lot Features:

Current Use: Vacant

Possible Use:

Utilities:

Water/Sewer: None/ No Septic System

Water Body Name:

DOM/CDOM: 29 / 29

Close Date: 02/09/22

Last List Price: \$149,900

Concessions:

List Agent: [Dave Wills](#) (82907) (Lic# Unknown) (703) 624-2227

List Office: [Long & Foster Real Estate, Inc.](#) (LNG173) (540) 349-1400

Showing Contact: Dave Wills (703) 624-2227 Showing Info: In-Person Only Show Anytime, Vacant

Agent Remarks: Please see additional docs. This newly created lot has been recorded. There will be a shared driveway easement to the "proposed property line" shown on plat.

Directions: Keith Rd to 7456 (lot is behind existing home)

COMPARABLE 3

0 Patrick St, Upperville, VA 20184

Closed | 07/29/22

Land

\$149,900



MLS #: [VAFQ2004386](#)

MLS Area:

Legal Subd:

Subdiv/Neigh:

Schl District: Fauquier County Public Schools

Zoning: R1

Dev Status:

Ownership: Fee Simple

Topography:

Views:

Water Oriented: No

List Date: 05/02/2022

Modified on: 09/07/22

Agreement of Sale Dt: 06/03/22

Acres/Lot SF: 0.58a / 25065sf

Price/Acre: \$258,448.28

Tax Annual Amt: \$50 / 2021

HOA Fee:

Road Frontage:

Lot Features:

Current Use: Land/Lot Only

Possible Use:

Utilities:

Water/Sewer: None/ No Sewer System, Perc Approved

Septic, Septic Permit Issued

Water Body Name:

DOM/CDOM: 33 / 33

Close Date: 07/29/22

Last List Price: \$149,900

Concessions:

List Agent: [Benedict Ferri](#) (3286504) (Lic# Unknown) (540) 671-8135

List Office: [Keller Williams Realty](#) (KWR21) (703) 636-7300

Showing Contact: Showing Info: In-Person Only Schedule Online, Show Anytime

Agent Remarks: See Documents! Boundary adjustments have been finalized. Gis not updated to reflected changes yet.

Directions: Patrick Street

COMPARABLE 4

Evans Ave, Warrenton, VA 20186

Closed | 05/06/22

Land

\$240,000



MLS #: [VAFQ2004206](#)

MLS Area:

Legal Subd: CRESTVIEW ESTATE

Subdiv/Neigh:

Schl District: Fauquier County Public Schools

Zoning: 15

Dev Status:

Ownership: Fee Simple

Topography:

Views:

Water Oriented: No

List Date: 04/19/2022

Modified on: 05/07/22

Agreement of Sale Dt: 04/21/22

Acres/Lot SF: 0.69a / 30263sf

Price/Acre: \$347,826.09

Tax Annual Amt: \$1,253 / 2021

HOA Fee:

Road Frontage:

Lot Features: Cleared, Level

Current Use: Residential

Possible Use: Residential

Utilities:

Water/Sewer: Public Hook-up Available/ Public Hook/U

Avail

Water Body Name:

DOM/CDOM: 4 / 4

Close Date: 05/06/22

Last List Price: \$240,000

Concessions:

List Agent: [Jane Meadows](#) (20475) (Lic# 0225117759) (540) 222-3556

List Office: [Long & Foster Real Estate, Inc.](#) (LNG173) (540) 349-1400

Showing Contact: Jane Meadows (540) 222-3556 Showing Info: In-Person Only Call First - Listing Agent

Agent Remarks:

Directions: From Rt 17 Warrenton...property on corner of Foxcroft and Evans Ave with sign

COMPARABLE 5

Halfway Road, The Plains, VA 20198



MLS #: [VAF0167828](#)
MLS Area:
Legal Subd:
Subdiv/Neigh:
Schl District: Fauquier County Public Schools
Zoning: RA
Dev Status:
Ownership: Fee Simple
Topography:
Views:
Water Oriented: No

List Date: 10/23/2020
Modified on: 08/23/22
Agreement of Sale Dt: 03/14/21

Closed | 04/21/21

Land

\$152,500

Acres/Lot SF: 0.92a / 40045sf
Price/Acre: \$165,760.87
Tax Annual Amt: \$1,988 / 2020
HOA Fee:
Road Frontage:
Lot Features: Backs to Trees, Cleared
Current Use: Vacant
Possible Use:
Utilities:
Water/Sewer: Well/ No Sewer System, Perc Approved Septic
Water Body Name:
DOM/CDOM: 143 / 228
Close Date: 04/21/21
Last List Price: \$169,000
Concessions:

List Agent: [Don Robertson](#) (31254) (Lic# 0225043547) (540) 229-3825
List Office: [CENTURY 21 New Millennium](#) (CENT2015) (703) 753-7910

Showing Contact: **Showing Info:** In-Person Only Show Anytime, Sign on Property

Agent Remarks: ** PRICE REDUCED \$10K ** ALMOST 1 ACRE JUST OUTSIDE THE PLAINS TOWN LIMITS. EASY ACCESS TO I-66 AND WELL ALREADY IN PLACE AND 3 BEDROOM PERC IS APPROVED AND STAKED OUT. BEAUTIFUL PASTORAL VIEWS AND ...

Directions: FROM I66 NORTH TO THE PLAINS TAKE HALFWAY ROAD TOWARD MIDDLEBURG AND THE PROPERTY IS ON THE RIGHT ABOUT A MILE OUTSIDE OF THE PLAIN SIGN ON THE PROPERTY.

**QUALIFICATIONS OF THE PRESIDENT
CHRISTIAN P. KAILA, MAI, SRA
CERTIFIED GENERAL REAL ESTATE APPRAISER
STATE OF VIRGINIA LICENSE NO. 4001-000099**

FIRM

Appraisal Group of Fredericksburg & Northern Virginia
Christian P. Kaila & Associates
Real Estate Appraisers & Consultants
6320 Five Mile Centre Park, Suite 323, Fredericksburg, Virginia 22407 (540) 786-2198

EDUCATION

Graduate of Gar-Field High School, Woodbridge, Virginia - 1970
Graduate of U.S. Military Academy, West Point, New York, Bachelor of Science Degree - 1974
Graduate of Virginia Commonwealth University, Richmond, Virginia, Masters Degree in Business with
Concentration on Real Estate and Urban Development - 1984

Real Estate Appraisal and Related Courses Successfully Completed:

Real Estate Law (1980)	Business Practices & Ethics (2003)
Real Estate Finance (1980)	On-Line Internet Search Strategies for Real Estate Appraisers (2004)
Real Estate Appraisal (1981)	Appraising Convenience Stores (2005)
Advanced Real Estate Appraisal (1981)	Self Storage Economics and Appraisal (2005)
Capitalization Theory & Technique Part "A" (1981)	Scope of Work and New USPAP (2006)
Real Estate Feasibility Analysis (1983)	2006 National USPAP Update (2006)
Historic Preservation in Planning (1983)	Virginia Law Update and Ethics (2007)
Urban Land Planning (1983)	Information Technology (2007)
Residential Valuation (1985)	Contract and Agency Law (2007)
Valuation Analysis & Report Writing (1987)	Rates, Ratio's – GIM's, OAR's and DCF (2008)
Capitalization Theory & Technique Part "B" (1987)	Appraisal Process for Agents & Brokers (2008)
Valuation and Evaluation of Proposed Projects (1988)	VA Legal Update and Ethics (2008)
Standards of Professional Practice (1988)	Brokerage and Sales Continuing Education (2008)
Case Studies in Real Estate Valuation (1991)	Business Practice and Ethics (2008)
Argus Training (1992)	Condemnation Appraising: Principles & Applications (2009)
Non-Residential Demonstration Report Seminar (1992)	Litigation Appraising: Specialized Topic (2009)
Standards of Professional Practice Part "B" (1993)	Virginia Real Estate Law (2010)
F.I.R.R.E.A. Seminar (1993)	The Appraiser as an Expert Witness (2010)
Limited Appraisal Seminar (1994)	Litigation Certificate Program, Appraisal Institute (2010)
HUD/FHA Appraisal Course (1994)	7-Hour USPAP Update (2011)
Non-Residential Demonstration Report Seminar (1995)	Real Forestry for Real Estate (2012)
Standards of Professional Practice Part "A" (1997)	Conservation Easements (2012)
Standards of Professional Practice Part "B" (1997)	7-Hour USPAP Update (2013)
Valuation of Partial Interests-Divided (1999)	Business Practice and Ethics (2013)
FHA and the Appraisal Process (1999)	VDOT Appraisal Workshop (2015)
Appraisal of Non-Conforming Uses (2000)	7-Hour USPAP Update (2015)
Recent Developments in Real Estate Appraisal Law & the USPAP (2001)	Review Theory – General (2016)
Land Valuation Assignments (2003)	Eminent Domain – CLE 2-Day (2018)
Review Appraisals (2003)	Commercial Leasing (2018)
Limited Appraisals & Scope of Work (2003)	7-Hour USPAP Update (2019)
Appraising for the Secondary Market (2003)	7-Hour USPAP Update (2021)

EXPERIENCE

Veterans Administration (VA) Appraiser 1985-1986
Federal Housing Administration (FHA) Appraiser – Since 1987
Residential and Commercial Real Estate Sales and Brokerage - Since 1978
Owner of Battlefield Real Estate, Inc. - Since 1981
Owner of Christian P. Kaila & Associates - Since 1985
Owner of Appraisal Group of Fredericksburg & Northern Virginia - Since 1990
Associate Broker/Co-Owner of Exit Premier Realty, Inc. -2006-2008
Associate Broker of Exit Professional Real Estate – Since 2008

COURT EXPERIENCE

Expert Witness in Fredericksburg Chancery Court
Expert Witness in Caroline County Circuit Court
Expert Witness in Stafford County Court in Virginia Department of Highway Transportation Cases
Expert Witness in Stafford Airport Condemnation Cases
Expert Witness in Bankruptcy Court, Richmond, Charlottesville and Alexandria, Virginia
Expert Witness in Spotsylvania County - Courtroom

PROFESSIONAL ORGANIZATIONS AND PROFESSIONAL DESIGNATIONS HELD

MAI - Appraisal Institute (No. 11464)
Senior Residential Appraiser (SRA) - Appraisal Institute (RM No. 2556)
General Accredited Appraiser (GAA) - National Association of Realtors (No. 285) – 2000-2018
National Association of Realtors - Since 1979
Virginia Association of Realtors - Since 1979
Fredericksburg Area Association of Realtors - Since 1979
Industrial Development Authority - Spotsylvania County – 1992–2000; 2004-2009
Fredericksburg-Stafford-Spotsylvania Chamber of Commerce - Vice President/Director – 1993-1998

AWARDS

Exit Elite Realty – Top Producer 2018-2020
Icon Award – Fredericksburg Area Association of Realtors
REALTOR Emeritus – 40 Years - National Association of Realtors
Fredericksburg Area Association of Realtors (FAAR) – President – 2002
FAAR Realtor of the Year - 2002
Gar-Field Senior High School Hall of Fame (Student-Athlete) – Inducted 2018

REFERENCES - APPROVED LENDERS (Partial List)

Atlantic Union Bank
Pete Humes (540-322-5626)
Fredericksburg, Virginia

Community Bank of the Chesapeake
Jeff Gagnon (240-427-1053)
Waldorf, Maryland

Carter Bank & Trust
Mark Loncar (540-834-3661)
Fredericksburg, Virginia

C&F Mortgage Corporation
Mike Yuhasz (540-371-6889)
Fredericksburg, Virginia

Truist Bank
Rena Jones or Tiffany Rowe (252-296-0419)
Wilson, North Carolina

Virginia Partners Bank
Wallace King, Robin Huddle (540-899-2236)
Fredericksburg, Virginia

OTHER REFERENCES

Dr. James H. Boykin, MAI (804-257-1721)
Virginia Commonwealth University
Richmond, Virginia

Jennifer Halligan, Litigation Specialist (804-548-4429)
Taxing Authority Consulting Services, P.C.
Henrico, Virginia

Adam Cherry, Attorney (804-592-4184)
Randolph, Boyd, Cherry & Vaughan
Richmond, Virginia

Scott Powell (540-370-2422)
Department of Utilities, County of Stafford
Stafford, Virginia

Karen Zink/John Robey (540-376-2952)
Commonwealth Gas of Virginia, Inc.
Leesburg, Virginia

Ronnie Baker (540-507-7375)
Department of Utilities, Spotsylvania County
Spotsylvania, Virginia

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

EXPIRES ON
 10-31-2023

NUMBER
 4001000099

REAL ESTATE APPRAISER BOARD
CERTIFIED GENERAL REAL ESTATE APPRAISER



Christian P. Kaila
 REAL ESTATE APPRAISER, STATE



CHRISTIAN PAUL KAILA
 6320 FIVE MILE CENTRE PARK #323
 FREDERICKSBURG, VA 22407

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