

RESTRICTED APPRAISAL

Of

42 Lake Avenue
Village of Silver Creek - Town of Hanover
Chautauqua County, New York 14136

For

Jennifer Cameron
Chautauqua County Land Bank Corporation
PO Box 603
Fredonia, New York 14063

Effective Date of Valuation

June 17, 2017

Prepared by:

Darrel R. Lloyd Jr.

IREM SOLUTIONS

586 North French Road, Suite 1

Amherst, NY 14228

File: 17-41448114

IREM SOLUTIONS

Providing Real Estate Appraisals and Compliant Solutions

June 26, 2017

Jennifer Cameron
Chautauqua County Land Bank Corporation
PO Box 603
Fredonia, New York 14063

Re: *Restricted Appraisal*
42 Lake Avenue
Silver Creek, New York 14136

Dear Ms. Cameron:

In response to your authorization, IREM has inspected and prepared an appraisal of the market value on the above captioned property. Our analysis is presented in the following ***restricted appraisal report*** as defined by the Appraisal Foundation in the Uniform Standards of Professional Appraisal Practice (USPAP). The subject property was personally inspected on June 17, 2017.

The property appraised consists of a 3.6± acre parcel of waterfront land located on the east side of the northern terminus of Lake Avenue in the Village of Silver Creek, Town of Hanover, County of Chautauqua and State of New York. The parcel has 675± feet of water frontage along the southern shores of Lake Erie and an additional 400± foot of water frontage along the eastern side of Silver Creek.

The site is currently improved with a 5,670± square foot former restaurant building that is in poor condition. At the request of the client the subject property is being appraised based on the hypothetical condition that the land is vacant and available for development.

The purpose of the appraisal is to estimate the “as vacant and available for development” market value of the fee simple estate of the subject property in accord with the scope of services set forth in this report. The intended use of this report is to aid the client in asset management. The effective date of valuation is the date of inspection.

I have completed a detailed property inspection and researched and analyzed pertinent market information. Based on the results of my investigations, I have estimated market value of the fee simple estate of the property, “as vacant and available for development”, as of June 17, 2017 to be:

THREE HUNDRED THOUSAND DOLLARS

\$300,000

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Email: dlloydjr337@gmail.com

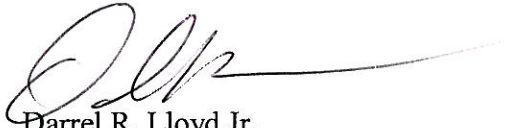
The estimated exposure time required to have achieved the appraised property values as of the effective dates of appraisal was 6 to 12 months. This is characteristic of this property type and market conditions that existed preceding the appraisal date.

The market value estimate is subject to the general contingent and limiting conditions as well as those extraordinary contingent and limiting conditions which follow. It is advised that these items be reviewed so the reader has an understanding of the limitations of this appraisal. Acceptance of this report constitutes an agreement with these conditions and assumptions.

The following report sets forth, the data gathered, the techniques employed and the reasoning leading to the concluded opinion of value.

Respectfully submitted,

IREM SOLUTIONS, INC.



Darrel R. Lloyd Jr.
New York State Certified General
Real Estate Appraiser
Certificate #46-5539

Acknowledgment

The participation of Douglas Colquhoun is hereby acknowledged in the preparation of this appraisal report. Douglas Colquhoun aided in the gathering of market data and he composed the initial draft of the report.

GENERAL CONTINGENT AND LIMITING CONDITIONS

The appraisal report will be made with the following limiting conditions:

- No responsibility is assumed for the legal description or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
- The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
- Responsible ownership and competent property management are assumed.
- The information furnished by others is believed to be reliable but no warranty is given for its accuracy.
- All engineering studies are assumed to be correct. Any plot plans or illustrative materials in this report are included only to help the reader visualize 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 valuable. No responsibility is assumed for such conditions or for obtaining the engineering that may be required to discover them. The values estimated herein are subject to typical inspections such as roof, structural, and termite, if applicable.
- It is assumed that the property is in full compliance with the applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal.
- It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless non-conformity has been identified, described, and considered in the appraisal.
- It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
- It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and considered in the appraisal.
- Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such material on or in the property. The appraiser, however, is not qualified to detect such substances. The presences of substances such as asbestos, urea formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value.

- No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field.
- The physical condition of the improvements, if any, described herein was based on visual inspection. No liability is assumed for the soundness of structural members, since no engineering tests were made of same.
- Neither all nor any part of this appraisal report shall be disseminated to the general public using the appraiser's name or appraisal designation, without prior written consent of the appraisers signing this appraisal report.
- Authorization is not allowed for the out of context quoting from, or partial reprinting of, this appraisal report.
- By reason of the report, there is no requirement to testify with reference to the property herein appraised, unless arrangements have been previously made.
- To the best of my ability, the analysis, opinions, and conclusions developed in this report were prepared in accordance with the standards and reporting requirements of FIRREA of 1989-XI and its updates, the office of the Comptroller of the Currency of the United States of America (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Standards Board of the Appraisal Standard Board of Appraisal Foundation.
- The reader should be advised that our employment was not contingent on the appraisal providing a minimum valuation, a specific calculation, or the approval of a loan. Additionally, we have complied with the USPAP Competency Rule.
- That the date of value to which the opinions expressed in this report applies is set forth in the letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
- The information within this report is presented with the understanding that appraisals and reporting formats vary greatly, depending upon the client's individual needs, time constraints, the size and complexity of the property, and the intended use of the data.
- The possession of this report does not carry with it the right of publication or copying in whole or in part, and there is no accountability or obligation expressed or implied to anyone other than the "intended user(s)". If this report is placed in the hands of anyone other than the intended user, it is at your risk and obligation to make such party aware of all of the limiting conditions and assumptions of this assignment, and any of the related discussions. Furthermore, this appraisal report is to be used only in its entirety and may not be used for any purpose other than its intended use.

Extraordinary Assumptions:

Definition - An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

- **The land area and water frontages utilized in this report are based on a provided survey (copy included later in this report) and discussions with the surveyor. The information is assumed to be correct.**
- **There is a Natural Protective Feature Area that bisects the subject parcel. This appraisal assumes that any required permits can be obtained to allow for any type of development allowed by zoning.**

Hypothetical Conditions:

Definition - 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.

- **This valuation is based on the hypothetical condition that the subject land is vacant and available for development.**

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IV. Addendum

Certification

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

- The statements of fact contained in this appraisal 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, 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 the 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 the 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).
- This appraisal report sets forth all of the limiting conditions imposed by the terms of this assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in this report.
- I have made an exterior inspection of the property that is the subject of this report.
- Doug Colquhoun provided significant real property appraisal professional assistance to the person signing this report. Douglas Colquhoun aided in the gathering of market data and he composed the initial draft of the report.
- Neither I, nor IREM Solutions, Inc. has performed any valuation or professional services involving the subject property in any capacity in the past three years, nor are we presently involved with the management, leasing, disposition, or any similar service regarding the subject property.

Date of Report: June 26, 2017


Darrel R. Lloyd, Jr.
New York State Certified General
Real Estate Appraiser
Certificate # 46-5539

Summary of Important Facts and Conclusions:

Client: Chautauqua County Land Bank Corporation
Effective Date of Valuation: June 17, 2017
Property Rights Appraised: Fee Simple
Valuation Premise: Market Value Of Land As Vacant And Available For Development

Property Data:

Property Type: Appraised As Vacant Land
Property Location: 42 Lake Avenue, Silver Creek, New York 14136
Owner of Record: Chautauqua County Land Bank Corporation
Section, Block & Lot (SBL) Number: 32.13-1-18 (Old Tax ID 102-1-1)
Assessment: \$355,000 (90% Equalization Rate – Full Market Value \$394,444)
True Taxes: See Tax And Assessment Analysis Section

Site Characteristics

Land Area: 3.6± Acres
Water Frontage: 675±' Along Lake Erie; 400±' Along Silver Creek
Zoning: B - Business and Industrial District
Highest & Best Use: Development Consistent With Zoning As Demand Warrants

Improvement Characteristics

Combined Gross Building Area: N/A
Combined Net Rentable Area: N/A
Year Built: N/A
Effective Age / Condition: N/A

Value Indicators:

Income Capitalization Approach: N/A
Sales Comparison Approach: \$300,000
Cost Approach: N/A

Final Estimate of Market Value: **\$300,000**

Estimated Exposure Period: 6 to 12 Months

PRESENTATION
OF
DATA

Identification of the Subject Property:*Dated Aerial Photograph*

The subject property is located on the east side of the northern terminus of Lake Avenue in the Village of Silver Creek, Town of Hanover, County of Chautauqua and State of New York. The property is further identified as follows:

Legal Address	SBL #	Site Shape
42 Lake Avenue	32.13-1-18 (Old Tax ID 102-1-1)	Irregular – See Survey

Ownership / Sales History and Occupancy:

As of the date of valuation, the property was owned by Chautauqua County Land Bank Corporation with a mailing address of 214 Central Avenue, Dunkirk, New York 14048. The property is owner occupied (vacant). The following table compares the historical market activity to the appraisal conclusion.

History	Date	Liber/Page	Price	\$/WFF
Last Market Sale	N/A	N/A	N/A	N/A
Current Listing	N/A	N/A	N/A	N/A
Current Contract	N/A	N/A	N/A	N/A
Appraisal Conclusion				
As Is Market Value	6/17/2017	N/A	\$300,000	\$444.44

The subject property has not transferred in an arms-length transaction within the past five years; however there have been two non-arms-length transfers detailed as follows:

- The subject transferred from Susan Marsh dir. finance or her successors to the County of Chautauqua for \$361,340 as recorded on August 17, 2016 in Chautauqua County Deed Book 2016 & Page 5277.
- The subject then transferred from the County of Chautauqua to the current owner (Chautauqua County Land Bank Corporation) for \$1 as recorded on August 17, 2016 in Chautauqua County Deed Book 2016 & Page 5304.

The property does not currently appear to be listed for sale.

I am **not aware** of any other transactions or contracts involving the subject property other than if noted above or detailed in this report.

Scope of the Assignment:

The scope of the appraisal assignment is to encompass the necessary research and analysis necessary to prepare the report in accord with 1) the stated purpose and function of the report; 2) the Standards of Professional Practice of the Appraisal Institute, and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation and 3) Title IX of the Financial Institutions Reform, Recovery Act (FIRREA) as amended.

Market research for this appraisal was gathered from numerous sources including but not limited to the following:

Research public records or other sources deemed reliable and relevant to the subject
Current owner/manager of the property
LoopNet, Commercial MLS and appraisal files
Appraisers and Brokers from the market Area

In regard to this assignment the following was undertaken:

- ❖ Inspection of the subject, immediate neighborhood and general market area
- ❖ Review and analysis of data provided.
- ❖ Research of market area to obtain all relevant data pertinent to the analysis.
- ❖ Review of available environmental and other survey reports.
- ❖ Consideration and application of the appropriate valuation methods.
- ❖ Reconciliation and conclusion of final estimate of market value.
- ❖ In the course of collecting and confirming market data, no important information has been knowingly withheld.

Competency of Appraiser:

Darrel R. Lloyd Jr. has prior experience and familiarity with this property type sufficient as to comply with the competency provision of USPAP.

Purpose and Intended Use of the Appraisal:

The purpose of this appraisal is to estimate the market value of fee simple estate of the subject property, "as vacant and available for development", as of the date of inspection. The intended use of this report is to aid the intended user(s) in asset management.

Intended User:

The intended user of this report is Chautauqua County Land Bank Corporation, its successors and assigns. No additional intended users are identified or intended by the appraiser. No one else or other entities should rely on this appraisal other than those noted herein.

Property Rights Appraised:

The rights appraised are those inherent in the fee simple estate, subject to police powers, taxation, eminent domain, escheat and existing easements and/or encroachments. Non realty rights and values such as special tax benefits, unique financing terms, personal property not permanently attached to the real estate or business value were not considered.

Effective Date of Valuation:

The effective date of valuation of the analysis is June 17, 2017. Marketing conditions analyzed are those in effect as of that date, opinions rendered in this report may not be valid for any future date due to the changing nature of the determinants of value. Unforeseen changes in the future economic conditions (rise or decline) or dynamic changes in any of the financial markets of US could have a material effect on the estimated value of property. Additionally new legislation (state or federal) or modifications to existing laws that may occur after the effective date, could also impact on the estimated value of the property. No responsibility is assumed for changes in market conditions.

Chautauqua County Area Data:

Chautauqua County is located in the southwestern corner of New York State, on the southern shore of Lake Erie. The county has a land area of 1,062.05 square miles and as of 2010, contained 93,816 parcels in all broad use categories. It is bordered by Lake Erie to the north, Erie County to the northeast, Cattaraugus County to the east, Warren County (Pennsylvania) to the south, and Erie County (Pennsylvania) to the southwest. Chautauqua County has two cities: Jamestown and Dunkirk, 27 towns, and 15 villages.



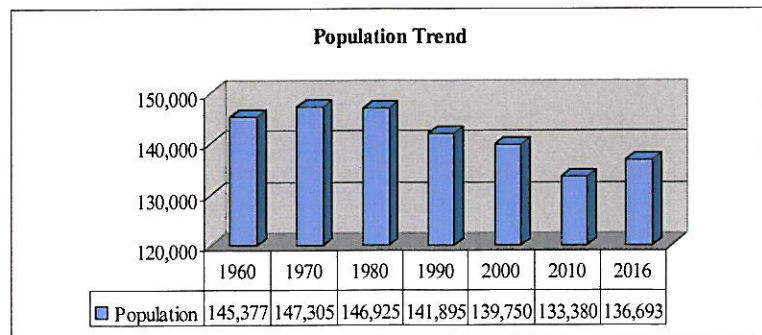
The main geographic features of the county are the two major lakes: Erie and Chautauqua. Chautauqua Lake is centrally located in the county, about 17 miles in length, and offers about 40 miles of shoreline. The Lake Erie shoreline at the northern border is also about 40 miles in length.

**2015 Annual Assessment Rolls
2015 Parcel Counts by Broad Use Category
Chautauqua County**

Broad Use Category	Description	Parcel Count
100	Agricultural Properties	3,607
200	Residential Properties	50,081
300	Vacant Land	27,415
400	Commercial Properties	4,107
500	Recreation and Entertainment Properties	501
600	Community Service Properties	1,246
700	Industrial Properties	4,456
800	Public Service Properties	1,914
900	Public Parks, Wild, Forested and Conservation Properties	489
Total Parcels in All Broad Use Categories		93,816

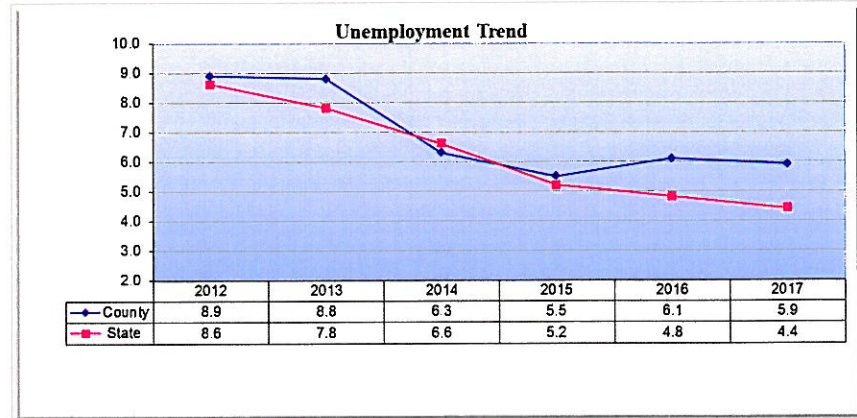
Population - The County's population has been declining since reaching its peak in 1970 of 147,305. The following graph shows the 2016 population estimate of 136,693 and the population trend for Chautauqua County since 1960.

Source: US Census Bureau



Economic Indicators

Employment – According to the U.S. Department of Labor Statistics, the 2017 unemployment rate for Chautauqua County was 5.9, higher than the New York State rate of 4.4. Since 2012, the unemployment rate in the county has been higher than the state's rate with the exception of 2014.



The following graph shows the unemployment trend since 2011.

Median Home Price - \$178,600

Median Household Income – \$53,889

Source: US Census Bureau 2015 Estimates

Employment Base - The largest manufacturing employers in the county are MRC Bearings, Bush Industries and Cummins Engines Company. In the service area, the largest employers are WCA Hospital in Jamestown, Chautauqua County, Jamestown Public Schools, SUNY College at Fredonia, and Jamestown Community College.

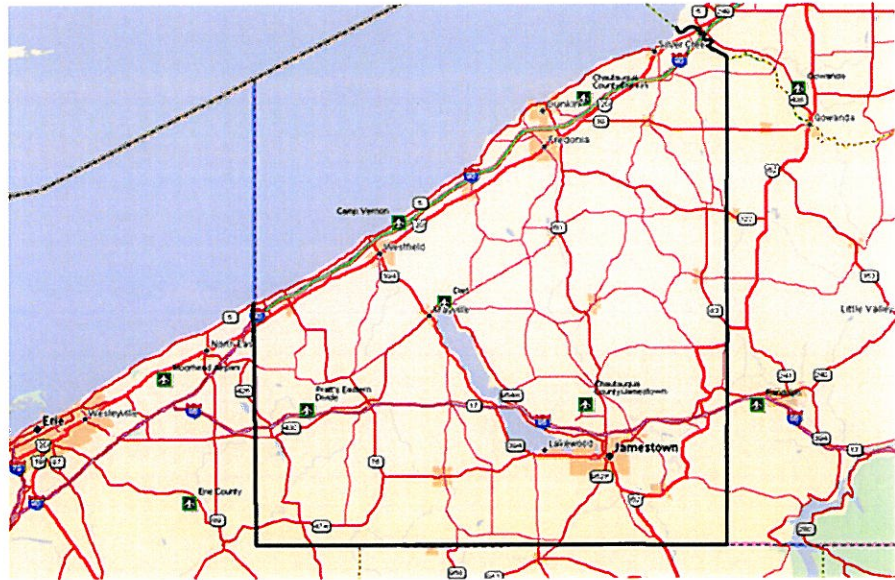
Agriculture plays a significant role in Chautauqua County's economy. Chautauqua County is also known for its grape farms. The primary varieties of grapes grown are Concord and Niagara, which are used to produce juice, jams, jellies and wine. Chautauqua County is the largest grape producing county in New York State.

INDUSTRY	Number	Percent
Agriculture, forestry, fishing and hunting, and mining	1,458	2.5
Construction	2,977	5.1
Manufacturing	10,084	17.4
Wholesale trade	1,103	1.9
Retail trade	6,592	11.4
Transportation and warehousing, and utilities	2,316	4.0
Information	730	1.3
Finance, insurance, real estate, and rental and leasing	1,964	3.4
Professional, scientific, mgmt., administrative, and waste management services	3,113	5.4
Educational, health and social services	16,092	27.7
Arts, entertainment, recreation, accommodation and food services	5,474	9.4
Other services (except public administration)	3,631	6.3
Public administration	2,531	4.4

Source: US Census Bureau Estimates 2014

Transportation:

Highway System – Major Highways in the county include the New York State Thruway (I-90), Southern Tier Expressway (I-86 and State Route 17), US Routes 20 and 62, and State Routes 5, 60, 394, and 430. Interstate 90 runs in a southwest/northeast direction, along the Lake Erie shoreline, at the northern edge of the county. It leads southwest through Erie,



PA and Cleveland, OH; as well as northeast towards Buffalo before pointing due east through Rochester, Albany, and beyond. Interstate 86 (SR 17) travels east/west across New York State near the southern state border. In Chautauqua County, it leads west toward Erie, PA and travels east through Jamestown, into Cattaraugus County, and beyond.

US Route 20 and SR 5 both run parallel to I-90 through the county. State Route 60 is the main, north/south thoroughfare in the county connecting Dunkirk, Fredonia, I-90, and the northern part of the county with Jamestown, I-86, and the southern part of the county. US Route 62 is a north/south road located in the southeastern part of the county. It leads south through Warren, PA and beyond; as well as north, through northwestern Cattaraugus County and continuing through the city of Buffalo. State Route 394 and 430 follow the southern and northern shorelines of Chautauqua Lake, respectively.

Rail service - Rail service is provided by CSX, Norfolk Southern & Western New York and Pennsylvania Rail Road. Bus service is provided by Niagara Scenic, Jamestown Area Regional Transit System (JARTS), and Chautauqua Area Regional Transit System (CARTS)

Air Service - Air transportation needs are met predominantly by the Buffalo Niagara International Airport located approximately 42 miles north of Dunkirk and 62 miles north of Jamestown. Chautauqua County has two smaller regional airports located in Jamestown and Dunkirk. The Jamestown Airport has commuter service affiliated with major airlines to Buffalo and other larger cities in the area. Charter service and aircraft rental is also available. The Dunkirk/Chautauqua County Airport provides a limited amount of commercial airline service primarily on a charter basis.

Waterways – The main geographic features of the county are the two major lakes: Erie and Chautauqua. Chautauqua Lake is centrally located in the county, about 17 miles in length, and offers about 40 miles of shoreline. The Lake Erie shoreline at the northern border is also about 40 miles in length.

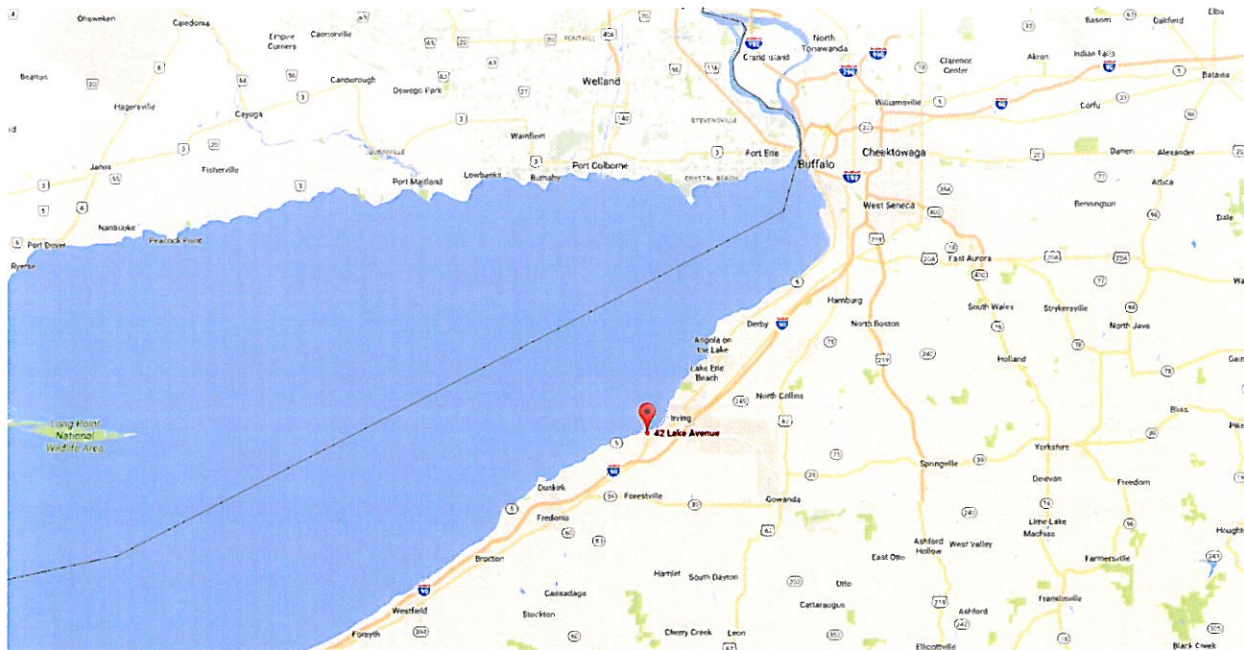
Healthcare - Health care needs are met at four acute care hospitals. The largest is WCA Hospital in Jamestown. Brooks Memorial Hospital in Dunkirk is next largest. Two others, Lakeshore Health Care Center and Westfield Memorial Hospital have significantly fewer beds, with the Lakeshore facility being oriented more towards long term care. In addition to acute care hospitals, there are nine licensed nursing homes in Chautauqua County. Three of these facilities are located in the Dunkirk/Fredonia area, and the rest in the southern part of the county.

Education - There are 18 public school systems located within Chautauqua County, as well as many private and parochial schools. In addition, the Board of Cooperative Educational Services (BOCES) offers a wide range of educational, administrative and support services to the community with two technical schools located in Ashville and Fredonia. Higher educational needs are supplied by the State University of New York College at Fredonia (four year), Jamestown Community College (two year), and Jamestown Business College. Fredonia State had a fall 2011 enrollment of 5,725 students (graduate and undergraduate) and offers baccalaureate degree programs in education, liberal arts, music, and technology. Jamestown Community College is part of the State University of New York system, and had a fall 2011 enrollment of 3,926 (both full and part time). Jamestown Business College primarily offers associate degrees and certificate programs.

Conclusion - Overall, the county of Chautauqua is characterized as a rural area. The two largest population centers are widely spaced and are dependent to some degree on other larger, nearby metropolitan areas for services. There appears to be little demand for additional real estate development, residential, commercial or industrial. At present, demand and supply are in balance with property values generally stable. New development that may occur will primarily be for owner occupancy.

Market Area Analysis:

The same locational, social, economic and governmental influences which act on a regional basis also operate on individual market areas. The term "market area" here is being defined as an area with complimentary land use and linkages. Although the area boundaries often coincide with physical features, the concept of the market area is more importantly related to economic and land use patterns.



Geographic Boundaries – Given the subjects potential uses the subject market area is considered to be represented by the entire Lake Erie coastline in both Chautauqua and Erie Counties.

Linkages – The primary roadways servicing the Village of Silver Creek are NY Route 5 & US 20 which briefly overlap within the village and individually and combined form Central Avenue. NY 5 extends for 370.80 miles across New York. It begins at the Pennsylvania state line in the Chautauqua County Town of Ripley and passes through Buffalo, Syracuse, Utica, Schenectady, and several other smaller cities and communities on its way to downtown Albany in Albany County, where it terminates at US Route 9. Prior to the construction of the New York State Thruway, it was one of two main east–west highways traversing upstate New York, the other being US 20. In New York, US 20 extends 372.32 miles from the Pennsylvania state line at Ripley to the Massachusetts state line in the Berkshire Mountains. US 20 is the longest surface road in New York. It runs near the Lake Erie shore from Ripley to Buffalo and passes through the southern suburbs of Buffalo, the Finger Lakes, the glacial moraines of Central New York, and the City of Albany before crossing into Massachusetts. Access to interchange 58 of the New York State Thruway is located approximately 2.9 miles to the northeast via NY 5 & US 20. Overall the transportation infrastructure in the market area is reasonably well developed allowing for easy access throughout the immediate area and the region.

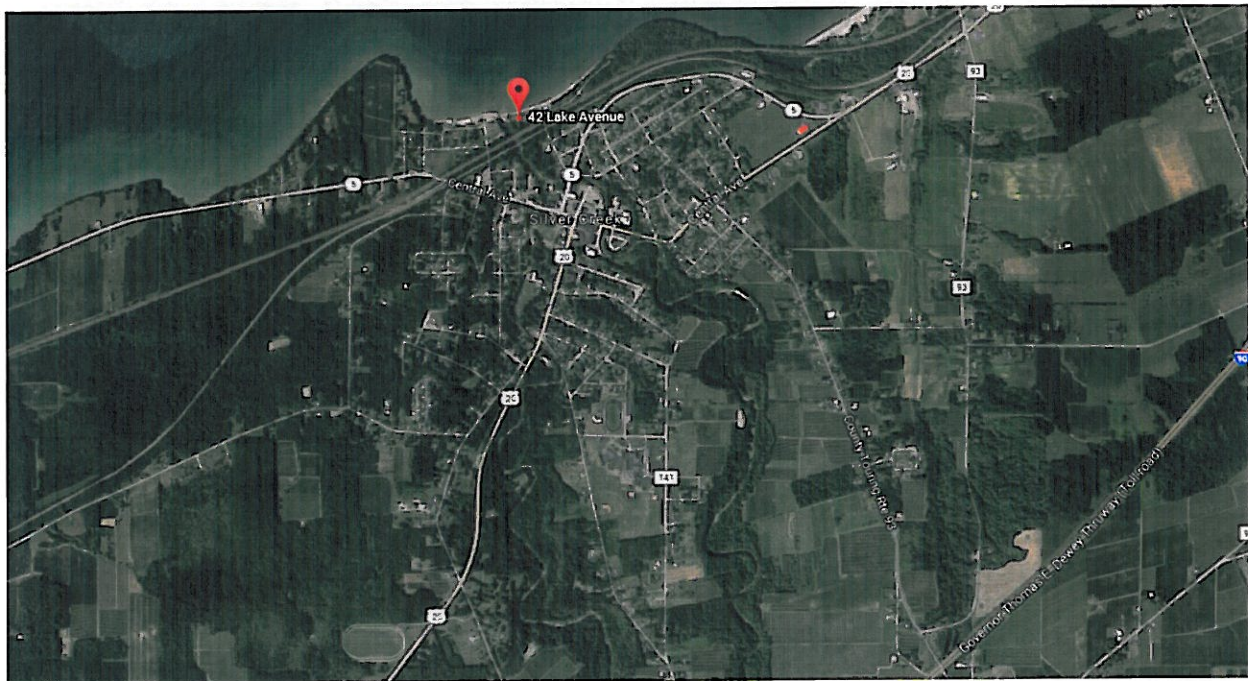
Street Scenes:

Lake Avenue Viewing Southerly



Lake Avenue Viewing Westerly

Land Uses – Land uses within the village are predominately residential with primarily local service businesses along the main roadways (NY 5 & US 20). Immediately outside the village development density drops considerably and land uses become more agricultural in nature.



Population - The 2010 population in the Village of Silver Creek was 2,656. The 2000 Census revealed a population of 2,896 indicating a decline in population of -8.29% from 2000 to 2010. The 2016 population estimate was 2,516 indicating a further decline in population of -5.27% since 2010. The 2010 population in the Town of Hanover was 7,127. The 2000 Census revealed a population of 7,638 indicating a decline in population of -6.69% from 2000 to 2010. The 2016 population estimate was 6,844 indicating a further decline in population of -3.97% since 2010.

Life Cycle - The subject market area can be described as being in a stable phase. This period is a stage in which the market experiences equilibrium without marked gains or losses.

Conclusion – The subject market area (and specifically the subject location) are not conducive to certain commercial development due to a lack of area demand and the continually declining population levels. With its unique waterfront location a commercial use with a regional draw would need to be developed. Residential related development is considered more feasible. Overall the market has been relatively stable to slightly declining over the past decade and is expected to continue this trend into the foreseeable future.

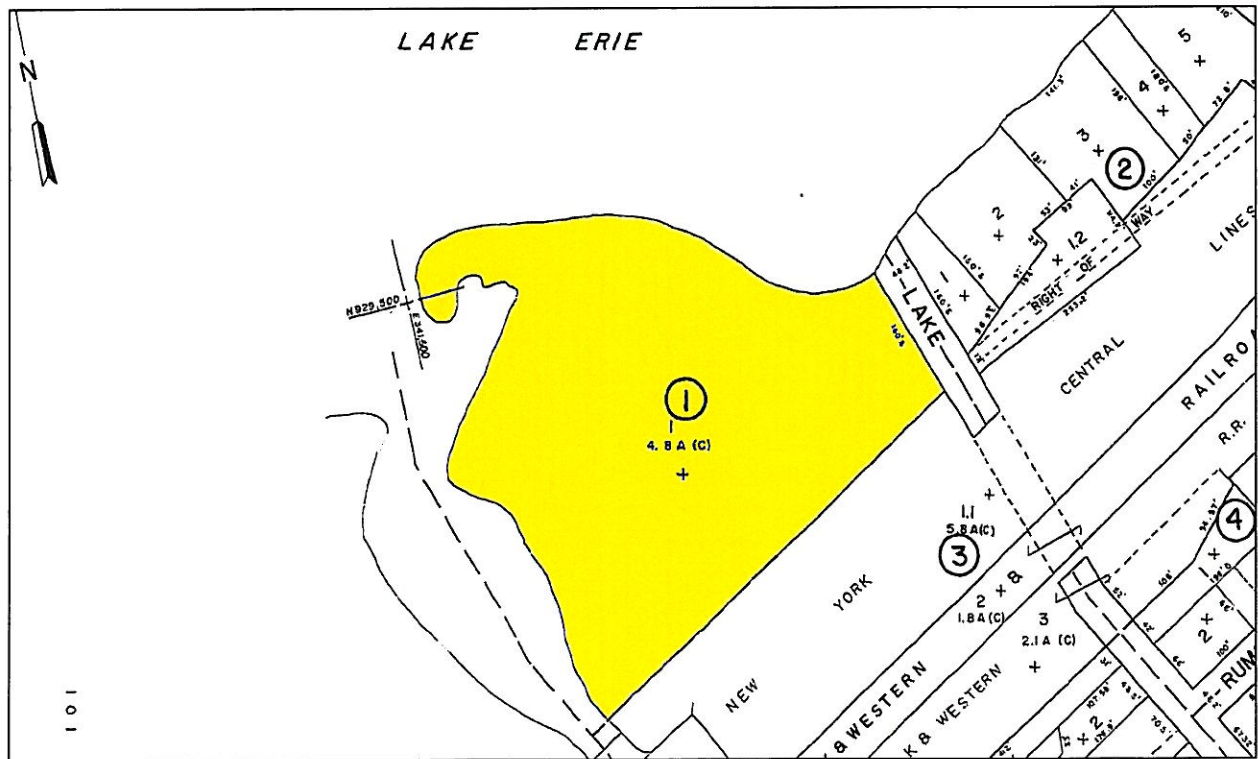
Exposure Period and Marketing Time:

The exposure period (which looks backward in time) for the subject property to have achieved the as is appraised value as of the effective date of the valuation is estimated to have required 6 to 12 months. Marketing time, which is forward working, is also based on the preceding data and considers the current inventory available for the subject property type. The marketing time for the subject is estimated to require 6 to 12 months. This assumes reasonable pricing and proactive marketing.

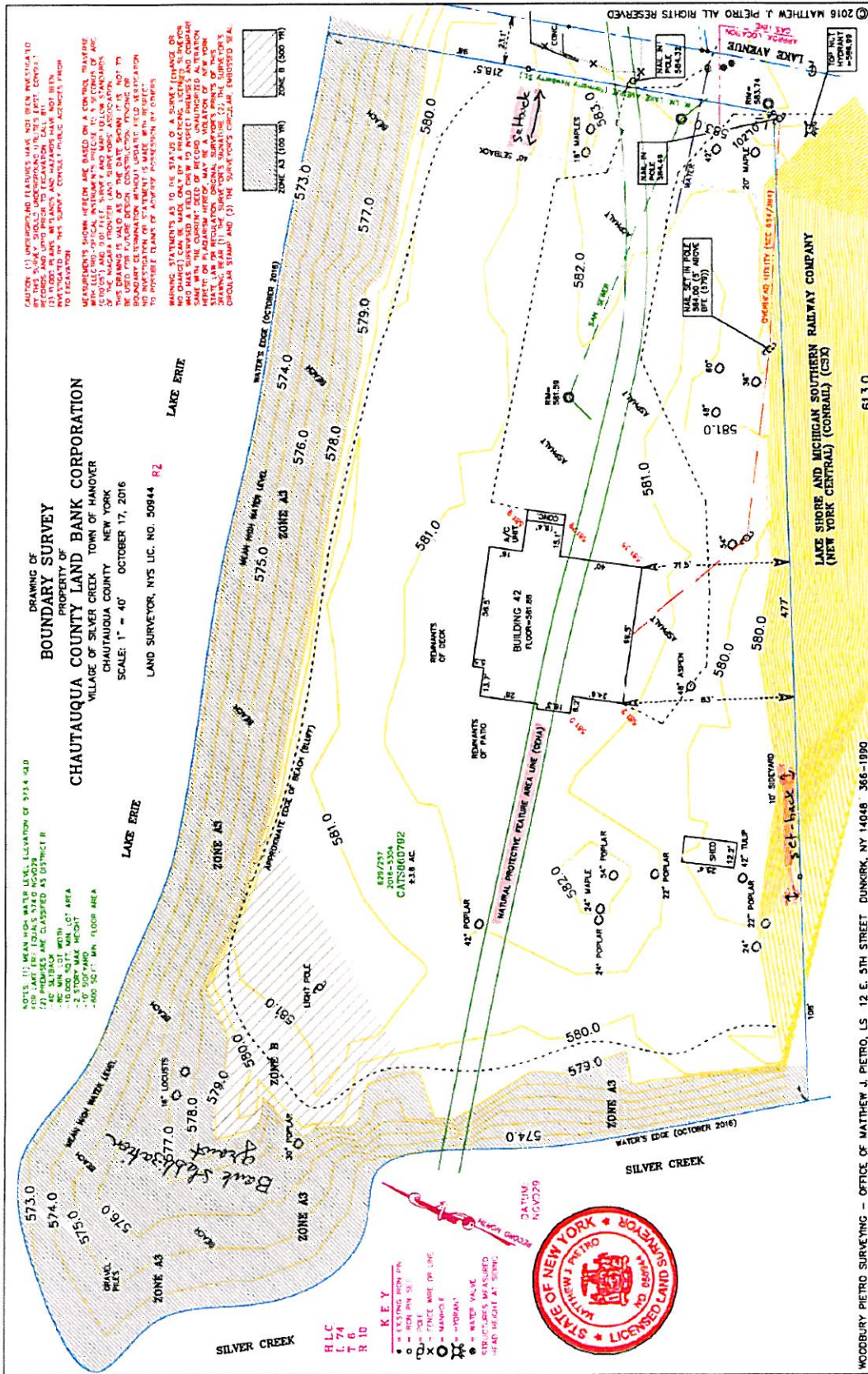
Description of the Real Estate:

Summary of Site Characteristics	
<i>Land Area</i>	3.6± Acres
<i>Frontage</i>	Approximately 160' along Lake Avenue
<i>Water Frontage</i>	Approximately 675' along Lake Erie & 400' along Silver Creek
<i>Shape</i>	Irregular
<i>Access/Visibility</i>	Average / Average
<i>Topography</i>	Generally level
<i>Utilities</i>	All public services available
<i>Easements/Encroachments</i>	Typical utility easements assumed / No encroachments noted
<i>Flood Hazard Data</i>	Community # 360144 Panel 0001B; Zones C, B & A3; Map Dated 8/1/1983
<i>Drainage</i>	Appears adequate
<i>Detrimental Conditions</i>	None noted

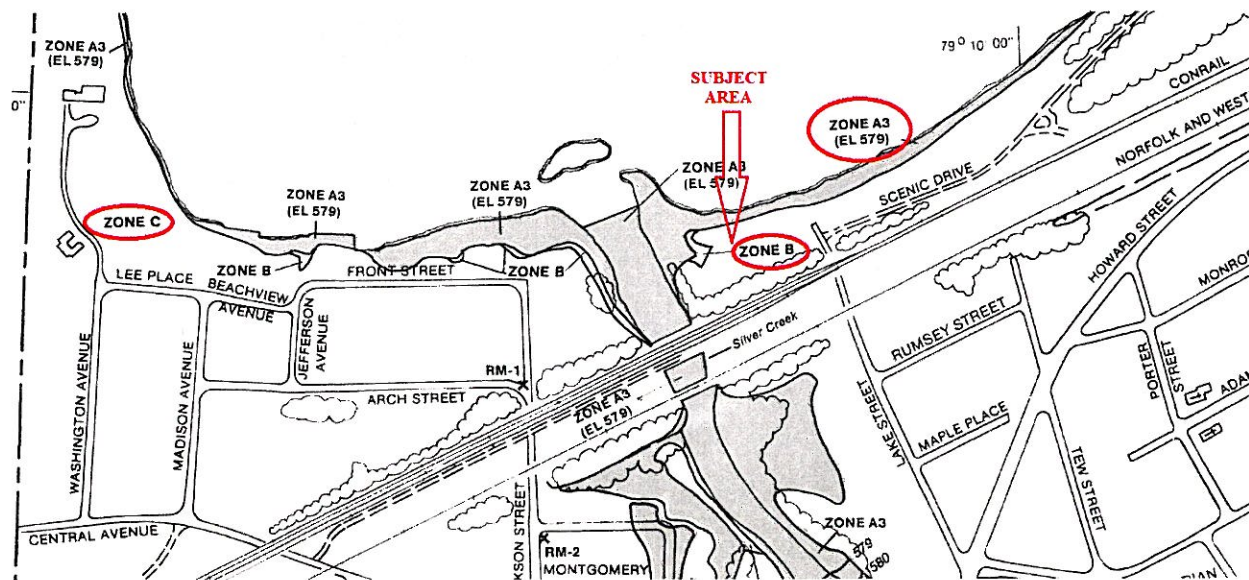
Old Tax Map:



Survey:

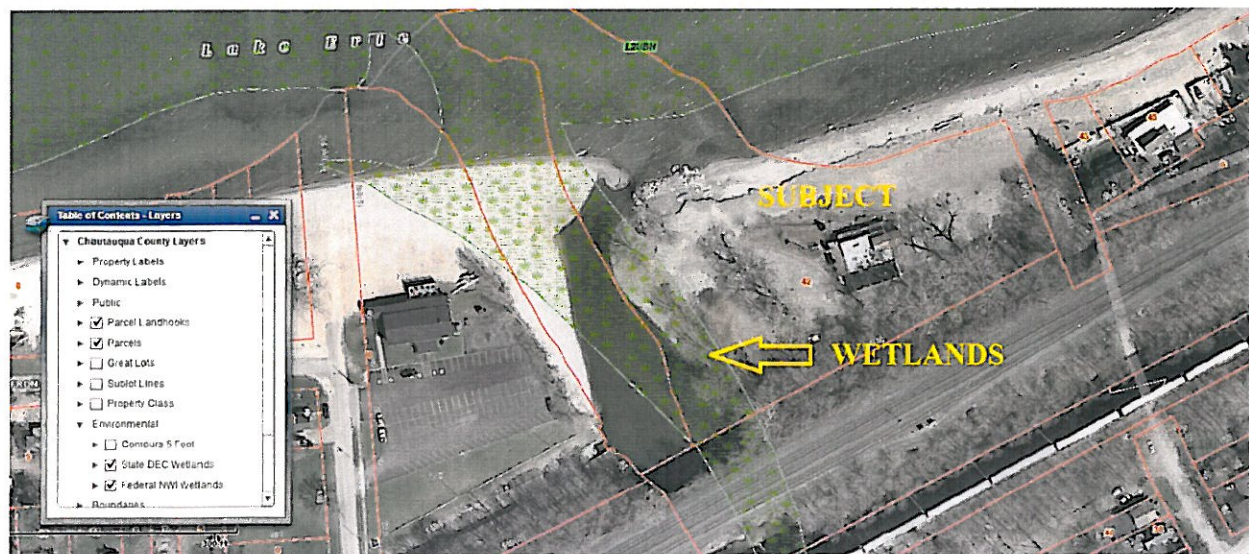


Flood Map:



- A1-A30** Areas of 100-year flood; base flood elevations and flood hazard factors determined.
- B** Areas between limits of the 100-year flood and 500-year flood; or certain areas subject to 100-year flooding with average depths less than one (1) foot or where the contributing drainage area is less than one square mile; or areas protected by levees from the base flood. (Medium shading)
- C** Areas of minimal flooding. (No shading)

GIS Wetlands:



Environmental:

- The property is not listed on the New York State Department of Environmental Conservations Environmental Sites Database.
- Based on a review of the New York State Freshwater Wetland maps, the subject parcel is not located within a designated freshwater wetland area.
- Soil types are unknown therefore, soil stability and federal wetland concerns cannot be addressed; however GIS data indicates the western portion of the site along Silver Creek is within the National Wetland Inventory.
- The property is partially located within a 100 year flood plain.

Zoning:

The subject property is located in an area which is zoned as a B - Business and Industrial District. Permitted uses within this zoning classification include one family and two family dwellings; boathouses, bathhouses and piers either publically or privately owned, when bordering directly on the water frontage of Lake Erie; retail stores and shops; personal service shops; banks, professional offices, studios; restaurants, cafés and taverns; among others.

- Minimum Lot Area = 10,000 Square Feet
- Minimum Lot Width = 80 Feet
- Front Yard Setback = 35 Feet
- Required Side Yards = 10 Feet (25 Feet Abutting R District)
- Required Rear Yard = 30 Feet
- Minimum Floor Area = 600 Square Feet
- Maximum Building Height = 35 Feet

The full zoning Table of District Regulations is included in the addendum.

Property Summary:

The subject site provides adequate dimensions, access and visibility for many of the allowed uses. The site also offers approximately 675 feet of water frontage along Lake Erie and an additional 400 feet of water frontage along Silver Creek.

A Phase I Audit is advised to ensure compliance with all government agencies regarding hazardous materials either surface or subsurface. Flood insurance may be a concern because of the Partial Zone A3 and B location; however it appears the majority of the parcel is not within a food zone (Zone C). Wetlands appear to be only a minor concern based on a review of the Chautauqua County GIS maps which indicate wetlands are limited to the western edge of the property along Silver Creek. Soil stability and compatibility should be confirmed by an appropriate engineering study.

No independent detailed investigations into these matters were made including, but not limited to hazardous waste sites and wetlands. Hazardous materials inside the property itself may or may not be present. We are not qualified to detect such substances. We are not aware of any engineering or other reports which confirm or refute the existence of any such materials.

The land and property are appraised as if free and clear of any environmental problems including but not limited to flood hazards, wetlands, soil and building materials contaminants.

No engineering or environmental reports are known of which would compromise these assumptions unless discussed in this report.

Tax and Assessment Analysis:

The subject is currently assessed in the County of Chautauqua, Town of Hanover, Village of Silver Creek and the Silver Creek Central School District as follows:

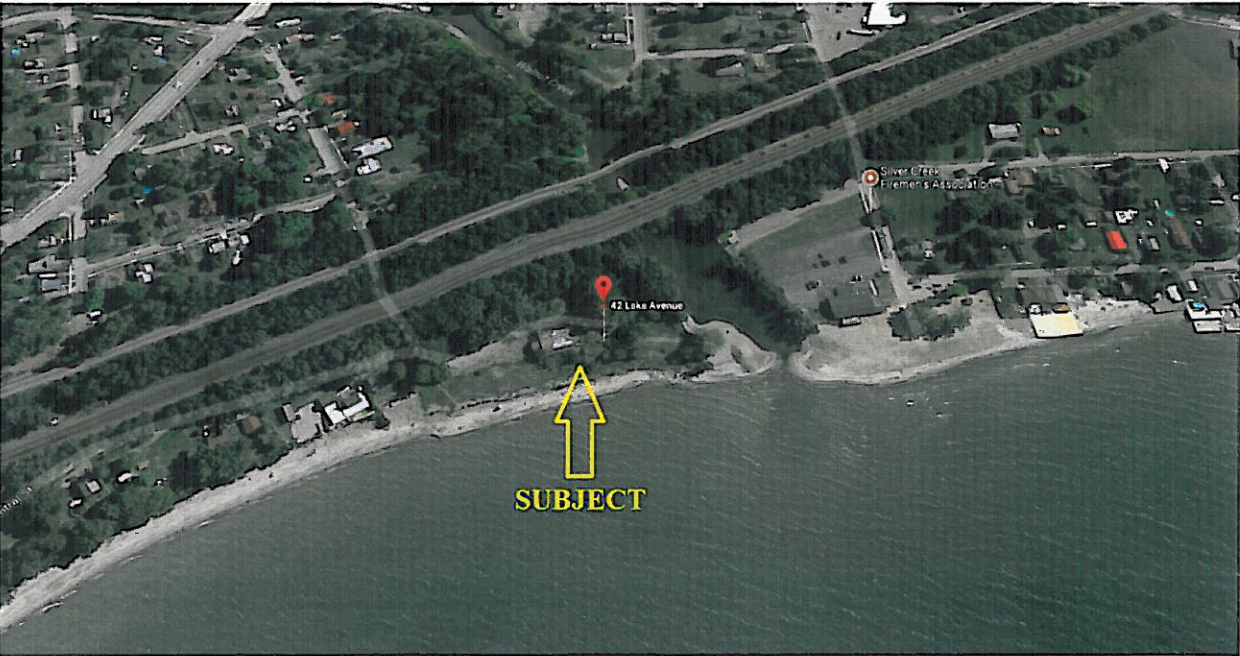
SBL:	32.13-1-18
Assessment:	
Land:	\$ 84,000
Improvements:	<u>\$271,000</u>
Total:	<u>\$355,000</u>
Equalization Rate:	90%
Equalized Value:	\$394,444
True Taxes:	
Town/County (2017)	\$ 4,556.26
Village (2017-18)	\$ 5,295.21
School (2016-17)	<u>\$ 6,711.40</u>
Total True Taxes:	\$16,562.87

Municipal officials have verified the tax and assessment information. The assessment and taxes illustrated above are based on the property as improved. It is assumed the parcel would be equitably assessed and taxed as vacant land.

Subject Photographs:



Aerial Photographs:



ANALYSIS
AND
CONCLUSIONS

Highest and Best Use:

Highest and best use is defined as

"the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability. Although the probable use of land or improved property – specific with respect to the use and timing of the use – that is adequately supported and results in the highest present value."¹

The purpose of this analysis is to estimate the most profitable use to which the subject property can be put.

Based on the subject's zoning and other regulations, the physical characteristics of the site and the areas market conditions as well as financial possible and feasible uses, the highest and best use of the appraised property is for development consistent with zoning as demand warrants.

Appraisal Process:

The purpose of this appraisal assignment is to estimate the market value of the fee simple estate of the subject property, "as vacant and available for development", as of the date of inspection. Market value, as previously defined, is determined by the interaction of the forces of supply and demand in the subject market. The site analysis formalized the physical aspects of the subject property. The market area analysis focused on the existing development in the area and on the future prospects for changes in supply and demand. Highest and Best Use Analysis built on all of these sections to conclude the most profitable use for the subject property. The conclusion from that analysis is one of the most important in the appraisal. Given that, a selection can now be made from among the alternative analytical techniques, the ones that will be most effective and appropriate in developing a value estimate.

All three approaches to value were considered for this report. This appraisal relies on one, the direct sales comparison approach. The direct sales comparison approach is the most appropriate method of valuation since the property type is vacant land. There are a sufficient number of sales of similar properties to develop a viable sales comparison analysis. The direct sales comparison approach is considered to provide a reliable indication of market value. Sales found to be comparable will be summarized and adjusted to the subject to account for differences.

These property types are not typically income producing, therefore the income capitalization approach was not considered.

Additionally there are no improvements on the site that are being considered in our analysis and therefore the cost approach is not applied in this appraisal.

¹ The Dictionary of Real Estate Appraisal, fifth edition (Chicago, Illinois: Appraisal Institute, 2010), p. 93.

DIRECT SALES COMPARISON APPROACH

DIRECT SALES COMPARISON APPROACH:

The most important underlying principle supporting the direct sales comparison approach is that the market value of a property is directly related to the prices being paid for competitive properties. In this approach, market value is developed by comparing the subjects to similar properties that have sold or for which offers to purchase are pending. The applicability of this approach is predicated on the fact that there is an active market for properties similar to the subject. If the number of market sales of similar properties is limited, so will be the reliability of the indicated value. Likewise, if economic conditions (i.e. tax laws, inflation) are changing rapidly, the usefulness of historical comparable sales as a basis on which to make adjustments is less reliable.

Methodology:

With the conceptual groundwork laid, the application of the direct sales comparison approach will be accomplished as follows:

1. Analyze the subject area/neighborhood to develop information on sales of properties or purchase offers which are similar to the subject in terms of the basic characteristics identified in the highest and best use analysis.
2. Confirm the sales information developed is factual and that there are no unusual conditions of sale or financing.
3. Choose relevant units of comparison and develop a comparative analysis.
4. Compare the subject property and the comparable sales based on the elements of comparison and adjust the sale price of the comparables to reflect those differences.
5. Reconcile the various value indications and conclude as to the market value of the subject via this approach.

Land Value:

In estimating land value it is common to employ the sales comparison approach. Sales prices of similar parcels are compared on a unit basis such as square foot of land, square foot of allowable building area, per acre or front foot. The sales are analyzed and adjusted for individual characteristics including the following:

- *Property Rights Conveyed:* fee simple, leased fee, partial interest, etc.
- *Financing Terms:* Seller financing or assumption of existing mortgage with favorable finance, installment sale contract, etc.
- *Conditions of Sale:* Motivation of buyer or seller, assemblage, forced sale, REO transaction, related parties transaction, demolition and unusual site preparation issues etc.
- *Market Conditions at the Time of Sale:* appreciation, depreciation, changes in supply and demand, etc.
- *Location:* demand, traffic, exposure, corner, view, surrounding uses, etc.
- *Physical Characteristics:* size, functional utility, attractiveness, amenities, etc.
- *Legal Encumbrances:* deed restrictions, easements, etc.
- *Availability of Utilities:* distance to bring to site, type, etc.
- *Zoning:* similarity, likelihood/probability of change, density, etc.
- *Highest and best Use:* similarity in type of development planned.


An adjustment grid is used to summarize the direction and magnitude of adjustments judged appropriate to the comparable sales. In some cases adjustments may be derived directly from quantifiable data (e.g., the estimated off-site costs). However, in many instances the adjustments involve judgment.

After a diligent effort has been made to identify and adjust for all salient differences, one of several patterns is likely to emerge: (1) there may be a clear clustering of adjusted values within a narrow range, (2) there may be no discernible pattern, or (3) there may be a general clustering, but with one or several adjusted sales outside the general range indicate by the other data. In the first instance a point estimate of value within the resulting adjusted range is typically concluded. In the second instance it is generally possible only to conclude a reasonable value range. In the third instance, the “outlying” sales typically receive little weight in the analysis unless they are the most comparable sales, represent a fundamental change in market dynamics, or are otherwise particularly relevant to the subject analysis.

Summary of Land Sales: Details regarding comparable land sales utilized in the analysis follow:

SALE 1

PROPERTY IDENTIFICATION	
Address:	4626 West Lake Road
Town:	Dunkirk
State:	New York
County:	Chautauqua County
Description:	Vacant Waterfront Land
Grantor:	Donald Munro
Grantee:	James & Eileen Klubek




SALE DATA		LAND DATA	
Sale Price	\$215,000	Land Area SF	213,444±
Deed Date	October 29, 2015	Acres	4.90± Acres
Deed Book & Page	2015 / 6321	Frontage	207'
Property Rights	Fee Simple	Water Frontage	464.9±'
Financing	Cash/Equivalent	Zoning	Residential
Tax ID	78.20-2-1		
PHYSICAL CHARACTERISTICS		UNITS OF COMPARISON	
Topography	Generally Level	Price/SF	\$1.01
Coverage	Fields, Trees & Brush	Price/Acre	\$43,878
Shape	Irregular	Price/Water Front Ft.	\$462.47
View	Typical		
Access	Average	PRIOR SALE	
Utilities	All Public Except Sewer	Date	01/03/2008
Site Improvements	Minimal	Sale Price	\$135,000
Flood Plain	Yes – Majority of Parcel		
Wetlands	Along Water Frontage		
Environmental	No		
Mineral Rights	Unknown		
Easements	Utility, Driveway, Access		
Deed Restrictions	None		

Comments: Sale of an irregular shaped parcel located on the shores of Lake Erie. Parcel has 464.9± feet of water frontage with beach. The parcel is adjacent to a nature conservatory to the south. Parcel has “gas rights” with 300,000 cubic feet of “free gas” if lakefront home is built and an additional annual gas royalty of \$900 per year. Parcel is currently listed for \$250,000 (6/22/2017).

SALE 2

PROPERTY IDENTIFICATION	
Address:	6780 Route 5
Town:	Portland
State:	New York
County:	Chautauqua County
Description:	Vacant Waterfront Land
Grantor:	Timothy M Doolittle
Grantee:	Wayne Geist



SALE DATA		LAND DATA	
Sale Price	\$148,000	Land Area SF	158,123±
Deed Date	October 01, 2015	Acres	3.63± Acres
Deed Book & Page	2015 / 5810	Frontage	325'
Property Rights	Fee Simple	Water Frontage	405±'
Financing	Cash/Equivalent	Zoning	Residential
Tax ID	160.07-1-20		
PHYSICAL CHARACTERISTICS		UNITS OF COMPARISON	
Topography	Generally Level	Price/SF	\$1.07
Coverage	Trees & Brush	Price/Acre	\$40,772
Shape	Irregular	Price/Water Front Ft.	\$365.43
View	Typical		
Access	Average		
Utilities	Electric		
Site Improvements	None		
Flood Plain	No		
Wetlands	None		
Environmental	No		
Mineral Rights	Unknown		
Easements	None Apparent		
Deed Restrictions	None		
		PRIOR SALE	
		Date	09/29/2010
		Sale Price	\$127,500

Comments: Sale of an irregular shaped parcel located on the shores of Lake Erie. Mostly wooded and elevated above beach area.

SALE 3

<u>PROPERTY IDENTIFICATION</u>	
Address:	6308 Route 5
Town:	Portland
State:	New York
County:	Chautauqua County
Description:	Vacant Waterfront Land
Grantor:	Stanley W. & Sharon L. Drulia
Grantee:	Sean McElroy & Starr Ockenga




<u>SALE DATA</u>		<u>LAND DATA</u>	
Sale Price	\$136,000	Land Area SF	156,816±
Deed Date	August 01, 2016	Acres	3.60± Acres
Deed Book & Page	2016 / 4599	Frontage	98'
Property Rights	Fee Simple	Water Frontage	497±'
Financing	Cash/Equivalent	Zoning	Residential
Tax ID	144.00-1-31		
<u>PHYSICAL CHARACTERISTICS</u>		<u>UNITS OF COMPARISON</u>	
Topography	Some Slope	Price/SF	\$0.87
Coverage	Trees & Brush	Price/Acre	\$37,778
Shape	Irregular	Price/Water Front Ft.	\$273.64
View	Typical		
Access	Average		
Utilities	Electric		
Site Improvements	None		
Flood Plain	No		
Wetlands	Along Water Frontage		
Environmental	No		
Mineral Rights	Unknown		
Easements	None Apparent		
Deed Restrictions	None		
		<u>PRIOR SALE</u>	
		Date	12/23/2013
		Sale Price	\$105,000

Comments: Sale of an irregular shaped parcel located on the shores of Lake Erie. Parcel is elevated above the lake and only offers limited "beach" area with access by a steep trail or stairway.

Listing 1

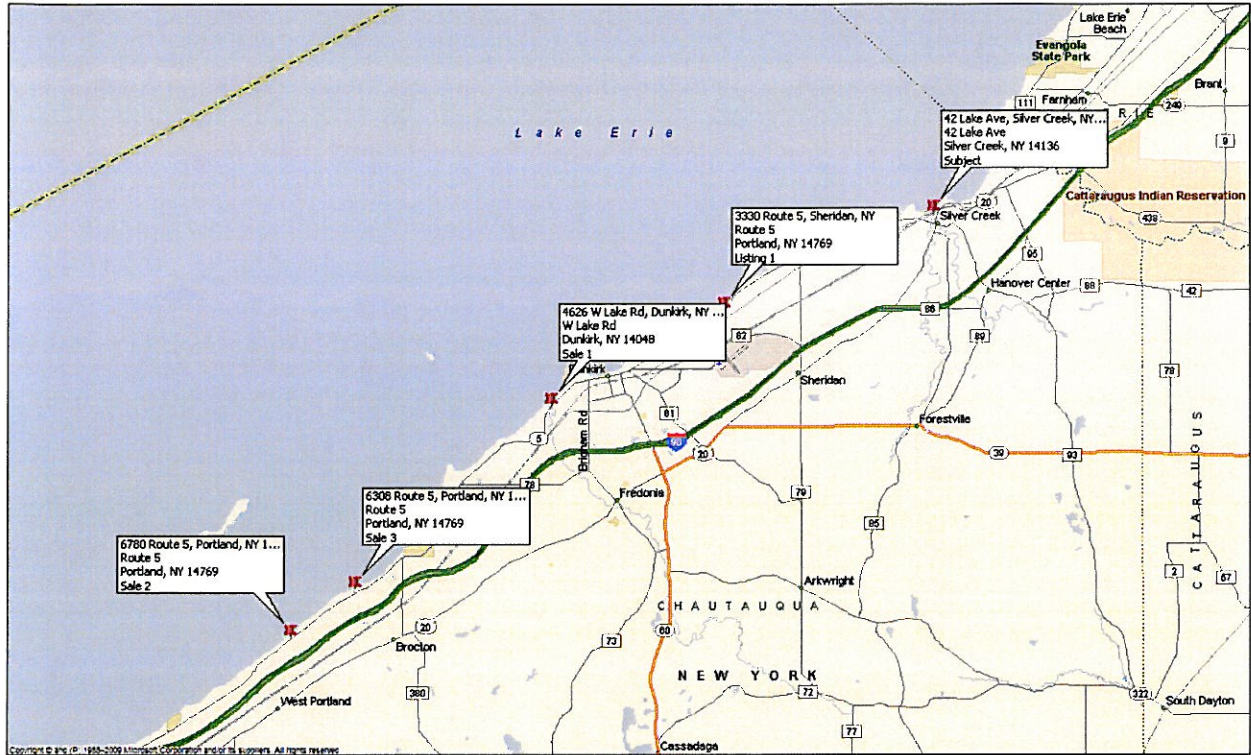
PROPERTY IDENTIFICATION	
Address:	3330 Route 5
Town:	Sheridan
State:	New York
County:	Chautauqua County
Description:	Vacant Waterfront Land
Grantor:	Michael J. & Miloslava A. Mervart
Grantee:	N/A - Listing



SALE DATA		LAND DATA	
Sale Price	\$264,000	Land Area SF	274,428±
Deed Date	Listing	Acres	6.30± Acres
Deed Book & Page	Listing	Frontage	435.50'
Property Rights	Fee Simple	Water Frontage	897±'
Financing	Cash/Equivalent	Zoning	Residential
Tax ID	63.12-1-1		
PHYSICAL CHARACTERISTICS		UNITS OF COMPARISON	
Topography	Some Slopes	Price/SF	\$0.96
Coverage	Field, Trees & Brush	Price/Acre	\$41,905
Shape	Irregular	Price/Water Front Ft.	\$294.31
View	Typical		
Access	Average		
Utilities	Gas & Electric		
Site Improvements	None		
Flood Plain	No		
Wetlands	Along Water Frontage		
Environmental	No		
Mineral Rights	Unknown		
Easements	Typical		
Deed Restrictions	None		
		PRIOR SALE	
		Date	04/05/2010
		Sale Price	\$230,000

Comments: Listing of an irregular shaped parcel located on the shores of Lake Erie. Parcel is elevated above the lake; however easy access to a sandy beach area near Beaver Creek.

Land Sales Map:



	SUBJECT	SALE#1	SALE#2	SALE#3	Listing #1
Location	42 Lake Avenue	4626 West Lake Road	6780 Route 5	6308 Route 5	3330 Route 5
Municipality	Silver Creek	Dunkirk	Portland	Portland	Sheridan
County	Chautauqua	Chautauqua	Chautauqua	Chautauqua	Chautauqua
SALE PRICE:	N/A	\$215,000	\$148,000	\$136,000	\$264,000
Transactional Adjustments					
Property Rights:	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment:	N/A	\$0	\$0	\$0	\$0
Financing:	Cash	Normal	Normal	Normal	Normal
Adjustment:	N/A	\$0	\$0	\$0	\$0
Conditions:	Normal	Normal	Normal	Normal	Normal
Adjustment:	N/A	\$0	\$0	\$0	-\$26,400
Market Conditions:	Jun-17	Oct-15	Oct-15	Aug-16	Current
Adjustment:	N/A	\$0	\$0	\$0	\$0
Adjusted Price:	<u>N/A</u>	<u>\$215,000</u>	<u>\$148,000</u>	<u>\$136,000</u>	<u>\$237,600</u>
UNIT PRICE:	Per Water Front Foot	\$462	\$365	\$274	\$265
Property Adjustments					
Location:	Village Residential Area	Similar	Inferior	Inferior	Similar
Adjustment:		<u>\$0</u>	<u>\$37</u>	<u>\$27</u>	<u>\$0</u>
Land Area:	3.60	4.90	3.63	3.60	6.30
Adjustment:		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$13</u>
Dimensions:	160 X Irregular	207 X Irregular	325' X Irregular	98' X Irregular	435.50 X Irregular
Adjustment:		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Water Frontage:	675'	464.9	405	497	897
Adjustment:		<u>-\$46</u>	<u>-\$37</u>	<u>-\$27</u>	<u>\$27</u>
Shape:	Irregular	Irregular	Irregular	Irregular	Irregular
Adjustment:		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Position:	Interior - Water Level	Similar	Inferior	Inferior	Inferior
Adjustment:		<u>\$0</u>	<u>\$37</u>	<u>\$27</u>	<u>\$27</u>
Topography:	Generally Level	Similar	Similar	Some Slope	Some Slope
Adjustment:		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Zoning:	B - Business & Industrial	Residential	Residential	Residential	Residential
Adjustment:		<u>\$23</u>	<u>\$18</u>	<u>\$14</u>	<u>\$13</u>
Utilities:	All Public	Gas & Electric	Electric	Electric	Gas & Electric
Adjustment:		<u>\$12</u>	<u>\$18</u>	<u>\$14</u>	<u>\$7</u>
Flood Zone:	Along Waterfront	Majority of Parcel	None	None	None
Adjustment:		<u>\$23</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Wetlands:	Along Waterfront	Along Waterfront	None	Along Waterfront	Along Waterfront
Adjustment:		<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Other:	400' Frontage on Silver Creek	Gas Rights	None	None	Similar
Adjustment:		<u>\$0</u>	<u>\$37</u>	<u>\$27</u>	<u>\$0</u>
Subtotal	N/A	<u>\$12</u>	<u>\$110</u>	<u>\$82</u>	<u>\$86</u>
Final Adjusted Price/Water FF:	N/A	\$474	\$475	\$356	\$351
Average Price / Water FF:	\$435				
Median Price / Water FF:	\$474				

Adjustment Process - Land Valuation:

The adjustment process attempts to answer the following questions:

1. What would the comparable property have sold for if it was identical to the subject property?
2. What is the difference in price attributable to the differing characteristics?

Property Rights Conveyed:

As previously discussed, the purchase price of property is always based on the real property rights conveyed. The interest being appraised for the subject land is the fee simple estate. All of the sales transferred similar property rights and no adjustments are necessary.

Financing Terms:

The purchase price of the property may differ from that of a seemingly identical property due to the difference in the way the acquisition is financed. It would be reasonable to expect that a purchaser would be willing to pay more for a property to obtain below market financing. Cash equivalency analysis is the process in which the same price of a comparable with non-market financing is adjusted to reflect atypical market terms. All of the sales involved cash or its equivalent. No adjustments were required for this element of comparison.

Conditions of Sale:

This sale attempts to reflect the motivations of buyers and sellers. Implicit in the definition of market value is the fact that the buyer and seller are typically motivated; that all parties are informed or advised and that a reasonable amount of time was allowed for the exposure of the property to the market. If non-market conditions of sale exist, an adjustment must be made or the comparable must be disregarded. None of the grantors or grantees in any of the comparable sales transactions is related. Listing one was adjusted down based on list to sales price ratios common in the market. No adjustments were required for this element of comparison for the comparable sales.

Market Conditions:

Changes in market conditions are caused by changes in the relationship between supply and demand, inflation and other factors. These changes will have an effect on the prices paid for the property. Property values have been relatively stable in the subjects market area over the past several years and therefore no adjustments were considered necessary for this element of comparison.

Unit of Comparison:

In order to proceed to the analysis of the elements of comparison, the sale price of the comparable will be reduced to a common unit of comparison. The most frequently use unit of comparison for vacant waterfront land of the subject's size and configuration is the *price per water front foot*. All future adjustments will be made on this basis.

Location:

An adjustment for location is required when the location characteristics of the comparable properties are different from those of the subject. Comparable sale one and the listing are considered to have similar locations as compared to the subject's and therefore no adjustments were required. The remaining sales are considered to inferior rural locations and were adjusted upward to account for this.

Land Area:

This adjustment is based on the smaller parcel unit value theory. The subject site contains 3.60 acres. The listing is significantly larger and was adjusted upward to account for this. All comparable sales are similar enough in size to the subject that no adjustments were deemed warranted.

Dimensions:

This adjustment takes into consideration frontage and the relationship between width and depth. No adjustments were deemed necessary.

Water Frontage:

This adjustment is based on the smaller parcel unit value theory. The subject has approximately 675 feet of water frontage along Lake. Comparable sales one, two and three have significantly lower amounts of water frontage and each was adjusted downward to account for this. The listing has significantly more water frontage and was adjusted upward.

Shape:

The shape of a parcel can dictate functional use of the site. An adjustment is considered appropriate only when the shape offers a significant enhancement or an adverse hardship to the development potential of the site. No adjustments were warranted.

Site Position:

This adjustment addresses the properties inside or corner location and its position relative to the water frontage – level or elevated. The subject is situated in an interior location generally near water level with easy access to sandy beach areas. All comparable sales have similar interior locations; however sales two and three and the listing are elevated above the water frontage with more difficult access and therefore they were adjusted upward.

Topography:

No adjustments were warranted.

Zoning:

The subject has commercial zoning. The sales have inferior residential zoning limiting development possibilities and each was given a small upward adjustment to account for this.

Utilities:

The subject has all public services available including sewer. All comparable sales are inferior and were adjusted upward.

Flood Zone / Wetlands:

The subject has a flood zone and wetlands along the waterfront however enough are is unaffected that development is easily achievable without impact. Comparable sale one has the vast majority of the parcel in a flood zone and was adjusted upward. The remaining sales and listing are similar to the subject and were not adjusted.

Other:

The subject property has additional water frontage along Silver Creek which is considered an enhancement. The listing is similar and was not adjusted. Comparable sale one has gas rights which are considered to offset and was not adjusted. The remaining sales are inferior with no additional water frontage and they were adjusted upward.

Reconciliation:

The direct sales comparison approach has, as its premise, that the market value of the subject is directly related to the prices being paid for competing properties. To this end, comparable sales were researched based on the physical, economic and locational aspects. Three sales were selected from those available and were analyzed and given consideration. The sales chosen are considered most indicative of the market for this type of property. In addition one current listing was included.

The adjusted sale prices of the comparable sales range from \$356 to \$475 per water front foot. The indicated mean sales price is \$435 per water front foot and the median is \$474 per water front foot. When including the listing the mean is \$414 per water front foot and median is \$415 per water front foot. Sale one is given slightly more weight as it required the lowest net adjustment. In the final analysis, the subject's value is estimated from within the indicated value range at **\$445** per water front foot. Overall land value is therefore developed as follows:

$$675 \text{ Water Front Feet (WFF)} \times \$445.00/\text{WFF} = \$300,000 \text{ (Rounded)}$$

Addenda

Definitions of Significant Terms

Qualifications of Darrel R. Lloyd, Jr.

Zoning Table of District Regulations

Definitions of Significant Terms:

Appraisal Report - a written report prepared under standard Rule 2-2(a) or 8-2 (a) of the Uniform Standards of Professional Appraisal Practice (USPAP-2014-2015 ed.).

Restricted Appraisal Report: a written report prepared under Standard Rule 2-2(b) or 8-2(b) of the Uniform Standards of Professional Appraisal Practice (USPAP-2014-2015 ed.).

Use Value – In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes.²

Value in Use - The value a specific property has to a specific person or specific firm as opposed to the value to persons or the market in general. Special purpose properties such as churches, schools and public buildings which are seldom bought and sold in the open market can be valued on the basis of value in use.³

Market Value: 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. (The Appraisal of Real Estate, 14th ed., published 2013 by the Appraisal Institute pg. 58).

Market Rent: the most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby:

1. Lessee and lessor are typically motivated.
2. Both parties are well informed or well advised, and acting in what they consider their best interests.
3. A reasonable time is allowed for exposure in the open market.
4. The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract.
5. The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

The Dictionary of Real Estate Appraisal, fifth edition, (Chicago, Illinois Appraisal Institute, 2010)

² Ibid. Pg. 204

³ Ibid. pg. 206

Fee Simple Estate: absolute ownership, unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.⁴

Leased Fee Interest: an ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others; the rights of the lessor (the leased fee owner) and leased fee are specified by contract terms contained within the lease.⁵

Leasehold Interest: the interest held by the lessee (the tenant or renter) through a lease conveying the rights of use and occupancy for a state term under certain conditions.⁶

Surplus Land: land that is not currently needed to support the existing improvement but cannot be separated from the property and sold off. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel.

Excess Land: land that is not needed to serve or support the existing improvement. The highest and best use of the land may or may not be the same as the highest and best use of the improved parcel. Excess land may have the potential to be sold separately and is valued separately.

Hypothetical Condition: that which is contrary to what exists but is supposed for the purpose of analysis.

Jurisdictional Exception: an assignment condition established by applicable law or regulation, which precludes an appraiser from complying with a part of USPAP (USPAP, 2010-2011 ed.)

CONDITION RATINGS:

In order to have as consistent a condition and quality rating system for improved properties (subjects and comparables) to make adjustments within market grids more reliable, we are defining below our property ratings as follows:

Excellent Condition – All items that can normally be repaired or refinished have recently been corrected, such as new roofing, paint, furnace overhaul, state-of-the-art components, etc. With no functional inadequacies of any consequence and all major short-lived components in like-new condition, the overall effective age has been substantially reduced upon complete revitalization of the structure regardless of the actual chronological age.

Very Good Condition – All items well maintained, many having been overhauled and repaired as they've shown signs of wear, increasing the life expectancy and lowering the effective age, with little deterioration or obsolescence evident and a high degree of utility.

Good Condition – No obvious maintenance required, but neither is everything new. Appearance and utility are above the standard, and the overall effective age will be lower than the typical property.

⁴ Ibid., Pg. 121-122

⁵ Ibid. pg. 78

⁶ Ibid. pg. 111

Fair Condition (Badly Worn) – Much repair needed. Many items need refinishing or overhauling, deferred maintenance obvious, inadequate building utility and services all shortening the life expectancy and increasing the effective age.

Poor Condition (Worn Out) – Repair and overhaul needed on painted surfaces, roofing, plumbing, heating, numerous functional inadequacies, substandard utilities, etc. (found only in extraordinary circumstances). Excess deferred maintenance and abuse, limited, value-in-use, approaching abandonment or major reconstruction; reuse or change in occupancy is imminent. Effective age is near the end of the scale regardless of the actual chronological age.

QUALITY RATINGS:

This classification system relates to quality of materials and workmanship used in building a structure.

Excellent - The best of materials and workmanship (craftsmen) with unique custom design, best brick, hardwoods, stone, solid core interior doors, etc.

Good - Superior quality workmanship, skilled labor; building materials exceeding building codes; custom design in many cases.

Average - Construction materials meet building code, design is commonplace but functional workmanship skilled and unskilled, few special features.

Fair - Economy grade construction materials, building code violations may exist, design is plain, little or no ornamentation, and limited use of skilled labor.

QUALIFICATIONS OF DARREL R. LLOYD, JR.

IREM Solutions, Inc.

Education:

- Valencia College, Orlando, Florida
- State University of New York at Buffalo

Technical Training:

- Society of Real Estate Appraisers-Course 101, "Introduction to Appraising Real Property", Buffalo, New York, 1989
- Society of Real Estate Appraisers-Course 102, "Applied Residential Property Valuation", Buffalo, New York, 1987
- Society of Real Estate Appraisers-Course 201, "Principles of Income Property Appraising", Buffalo, New York, 1988
- Society of Real Estate Appraisers-Course 202, "Applied Income Property Valuation", Tarpon Springs, Florida, 1989
- Society of Real Estate Appraisers, "Professional Practice Seminar", Kingston, NY, 1989
- Marshall & Swift Cost Valuation Seminar, "Calculator Cost Method", Buffalo, NY, 1988
- Appraisal Institute, "Standards of Professional Practice", Buffalo, New York, 1991
- Appraisal Institute - Course 520, "Highest & Best Use and Market Analysis", West Palm Beach, Florida, 1994
- American Society Appraisers, "Machinery and Technical Specialties", Chicago, IL, 1994
- American Society Appraisers, "Business Valuation", Toronto, Canada, 1994
- National Golf Foundation, "Golf Course Development and Revaluation", San Francisco, California, 1995
- Appraisal Institute, "Appraisal of Nursing Facilities", Syracuse, New York, 1997
- Appraisal Institute, "Standards of Professional Practice", Buffalo, New York, 1996
- Appraisal Institute, "Standards of Professional Practice", Boca Rotan, Florida, 12/2002
- Appraisal Institute, "Evaluating Commercial Construction", Tampa, Florida, 11/2003
- Appraisal Institute, "National USPAP Course", Amherst, New York, 05/2006
- Appraisal Institute, "Analyzing Operating Expenses", 11/2007
- Seminar: "Law of Easements", Buffalo, New York, 06/2008
- Appraisal Institute, "Valuation Case Studies", Ellicottville, New York, 01/2009
- Appraisal Institute, "Valuation Case Studies", Tampa, Florida,
- Appraisal Institute, "Office Building Valuation", Tampa, Florida, 10/2010
- Appraisal Institute, "Business Practice & Ethics", 10/2010
- Appraisal Institute, "Analyzing Tenant Credit Risk/Commercial Lease Analysis", Lakewood Ranch, FL, 09/2011
- Appraisal Institute, "National USPAP Course", 07/2011
- Appraisal Institute, "Valuation Perspectives Course", Ellicottville, New York 02/2012
- Appraisal Institute, "Fundamentals of Separating Real Property, Personal Property and Intangible Business Assets Course", Lakewood Ranch, FL,03/2012
- Pennsylvania Law for Appraisers, 5/2013
- 2014-2015 "National USPAP Course", 11/2013
- Appraisal of fast food facilities, 4/2015
- Expert witness for commercial appraisers, 6/2015
- Appraisal of self-storage facilities, 11/2015

Appraisal Assignments:

- Apartment Complexes
- Automobile Dealerships
- Bulk Petroleum Storage Terminals
- Certiorari Actions
- Community Shopping Plazas
- Condemnation Properties
- Feasibility Studies
- Funeral Homes
- Gas and Service Stations
- Golf Courses
- High Rise Condominiums & Office Bldgs.
- Hotels
- Industrial Complexes
- Land Fills
- Banks,
- Steel Plants,
- Medical Offices
- Nursing Homes
- ROW Projects
- Rehabilitation
- Restaurants
- Retail Department Stores
- Residential
- Steel Plants
- Special Purpose Properties
- Pipelines, Tank Farms
- Petroleum Bulk Storage Facilities
- Temporary and Permanent Easements
- Urban Renewal
- Vacant Land and Subdivision Analysis
- Waterfront Properties
- Nascar Raceway

Prepared & Participated in Appraisals For:

- AT&T Financial Services
- Affiliated Capital Corporation
- Bank of New York
- Benchmark Financial, Inc.
- Buffalo Urban Renewal Agency
- Central Trust Company
- Citibank (NYS) N.A.
- Citizen Associates, Ltd.
- Diversified Capital
- Empire of America, FSA
- Erie Cnty. Industrial Development Agency
- Fleet Bank, N.A
- Future Funding Mortgage Co., of NY, Inc.
- ITT Small Business Finance Corporation
- KPMG Peat Marwick
- Key Bank of New York
- Liberty Mutual
- First Niagara Bank
- Manufacturers & Traders Trust Company
- HSBC Bank
- Midas Realty Corporation
- Niagara Frontier Transportation Authority
- NYS Housing Finance Agency
- NYS DOT
- Sibley Mortgage Corporation
- Statewide Capital Corp.
- The Chase Manhattan Bank
- Various Municipalities
- UAW Legal Services
- Various attorneys & private clients
- Sprague Energy

Licensure/Certifications:

- New York State Certified General Real Estate Appraiser #46-5539
- Pennsylvania State Certified General Real Estate Appraiser #GA003387
- New York State Appraisal Continuing Education Instructor
- Maine State Temporary License Certificate #TL3522

Prepared Appraisals in:

California, Colorado, Connecticut, Delaware, Florida, Kansas, Indiana, Georgia, Maine, Massachusetts, Missouri, New Hampshire, New York (including New York City), Ohio, Oklahoma, Pennsylvania, Rhode Island, Texas, Vermont.

Qualified As Expert Witness:

- The appraiser has appeared as an expert witness regarding real estate valuation in New York State Supreme and Federal Courts.
- The appraiser has also appeared before municipal assessment review boards.

Employment History:

- IREM Solutions, Inc., Amherst, NY, CEO, 2012-Present
- Klauk, Lloyd & Wilhelm Inc., Buffalo, NY, Vice President/Partner, 1995-2012
- Upstate Appraisal, Inc. - Commercial, Buffalo, NY, Vice President/Manager, 1993-1995
- International Appraisal Associates (Commercial, Industrial, and Residential), Tonawanda, NY, President, 1990-1993
- Northeastern Appraisal Associates - Commercial Division, Amherst, NY, Associate Appraiser, 1986-1989
- Century 21 M.J. Peterson, Sales Associate, 1982-1986

