



NATIONAL VALLEY

VALUATIONS

Appraisal Report

Effective Date:
11/30/2022

Report Date:
12/8/2022

181-189 Main St
Brockport, New York



Prepared For:
First Citizens Community Bank
15 South Main St
Mansfield, PA 16933

Prepared By:
National Valley Valuations
6595 Roswell Road
Atlanta, GA 30328

LETTER OF TRANSMITTAL

First Citizens Community Bank
15 South Main St
Mansfield, PA 16933

December 8, 2022

**Re: 181-189 Main St
Brockport, NY 14420
File Number: 2211-8418**

Dear Client:

At your request, I have prepared an appraisal for the above referenced property. The property rights appraised for this analysis is the Leased-Fee Interest. The type of value in the analysis is the Market Value. The definition of value is described in the report. Two approaches to value were fully developed in this report. The effective date of value is November 30, 2022. The appraiser has performed no other prior services regarding the subject property within the previous three years of the appraisal date. Please refer to the signed certification for more details. The intended users are First Citizens Community Bank - Mansfield, PA Attn: Lending Department. The purpose of the appraisal is to estimate the As-Is Market Value of the subject property for lending or services decisions.

The appraisal is based on General Assumptions and Limiting Conditions. The analyses, opinions, and conclusions were developed and prepared in conformance with my interpretation of the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (F.I.R.R.E.A.) and Title XI Regulations, and any implementing regulations. The appraisal is also prepared in conformance with the guidelines issued in connection with the legislation and implementing regulations described above, including without limitation, the final Interagency Appraisal and Evaluation Guidelines issued on December 2, 2010, by the Office of the Comptroller of the Currency (OCC), Federal Reserve Board (FRB), Federal Deposit Insurance Corporation (FDIC), Office of Thrift Supervision (OTS) and National Credit Union Administration (NCUA), the Interagency FAQs on the Agencies Appraisal Regulations and Interagency Statement on Independence of Appraisal and Evaluation Functions (see, for example, FRBs SR 05-5), and the Interagency FAQs on Residential Tract Development Lending (see, for example, FRBs SR 05-14). Please reference this report for important information regarding the scope of research and analysis for this appraisal, including property identification, inspection, highest and best-use analysis, and valuation methodology.

LETTER OF TRANSMITTAL

Your attention is directed to the Limiting Conditions and Critical Assumptions section of this report (page 8.) Acceptance of this report constitutes an agreement with these conditions and assumptions. In particular, the following is noted:

Hypothetical Conditions

- There are no hypothetical conditions for this appraisal.

Extraordinary Assumptions

- The data provided by any third-party inspection or data provider described in this report is assumed to be factual and accurate. If no interior inspection has been performed, the interior condition is assumed to be similar to the exterior.
- The use of this assignment condition might have affected the assignment results.

LETTER OF TRANSMITTAL

Based on the appraisal described in the accompanying report, subject to the Limiting Conditions and Critical Assumptions, Extraordinary Assumptions and Hypothetical Conditions (if any), my opinion of the **As-Is Market Value** of the subject Real Estate at **181-189 Main St, Brockport, New York** as of **November, 30 2022** is:

\$1,235,000

ONE MILLION TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS

Respectfully submitted,

National Valley Valuations

I, Neal Hilston, MSA, am currently certified by the State of New York as a Certified General Real Estate Appraiser, which complies with F.I.R.R.E.A., Title XI of the Federal Financial Institution's Reforms, Recovery and Enforcement Act of 1989 – Permit No. 46000053796.



Neal Hilston, MSA

Certified General Appraiser, New York Permit No. 46000053796

Summary of Important Facts and Conclusions

GENERAL

Subject: 181-189 Main St
Brockport, New York

Owner: D SQUARED CAPITAL, LLC

Legal Description: Please Refer to the Addenda

Property Overview: Site Size

- .50 Acres or 21,780 SF

Building Size

- 9,975 SF - Gross Building Area

Property Type

- Multi-Family

Number of Units

- 10 units

Interest Appraised: This appraisal considers the subject's Leased Fee Interest.

Date of Report: 12/8/2022

Effective Date: 11/30/2022

Client: First Citizens Community Bank - Mansfield, PA

Intended Use: Lending or servicing decisions

Intended Users: First Citizens Community Bank - Mansfield, PA, Attn: Lending Department

Inspection: Inspection completed by Proxy Pics on 11/30/2022

Exposure Time: ≤12 Months

Summary of Important Facts and Conclusions

GENERAL

Sale History: The current owner, D SQUARED CAPITAL, LLC, acquired the subject 181-183 Main St from HENRY F. CONRADT AND CARRIE L. CONRADT via Warranty Deed with Lien Covenant- Book 12505 / Page 0340, dated 3/10/2021 for a reported purchase price of \$310,000 in an apparent arm's length transaction. The current owner, D SQUARED CAPITAL, LLC, acquired the subject 187-189 Main St from HENRY F. CONRADT AND CARRIE L. CONRADT via Warranty Deed with Lien Covenant- Book 12505 / Page 0335, dated 3/10/2021 for a reported purchase price of \$250,000 in an apparent arm's length transaction. The prior owner acquired the subject 181-183 Main St from THE PAVILLION STATE BANK via a Bargain and Sale Deed dated 9/17/1998 for a reported purchase price of \$160,000. The prior owner acquired the subject 187-189 Main St from NANCY A. SCHLEEDE via a Warranty Deed with Lien Covenant dated 12/23/1987 for a reported purchase price of \$114,000. Both of the subject buildings appear to have undergone updates and renovations through the years, and the current owners have renovated several areas of both buildings since purchasing the subject in March 2021.

Current Listing/Contracts: None Known

Zoning: Village of Brockport: (B) Business Use

**Highest and Best Use
of the Site:** Commercial Development Land

**Highest and Best Use
as Improved:** Multi-Family Property

Type of Value: Market Value

VALUE INDICATIONS – (As-Is)

Sales Approach: \$1,230,000

Income Approach: \$1,235,000

**Reconciled Opinion of
As-Is Market Value:** \$1,235,000

Definitions

Market Value

Per Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA) of 1989. (Source: 12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994.)

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

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

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use and zoning as of the appraisal date.

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.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross Leasable Area (GLA)

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

Rentable Area

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

Limiting Conditions and Critical Assumptions

This appraisal and the appraisal report are subject to all statements, assumptions and limiting conditions stated in the body of the report and below:

- 1. Defined Terms:** As used below, "Appraisal" means the entire appraisal and appraisal report; "Appraiser" means the appraiser(s) performing the Appraisal and also includes (a) National Valley Valuations, (b) Eval.com, Inc., and (c) their respective affiliated business entities, including any entity performing inspection services, any other appraisal firm providing information or assistance, and their members, partners, shareholders, officers, directors, contractors and employees; and "Terms and Conditions" mean all terms, statements, limiting conditions and assumptions stated below.
- 2. Acceptance of Terms and Conditions:** This Appraisal and its use are subject to all Terms and Conditions. Use of or reliance on the Appraisal by any party, regardless of whether such use or reliance is known by Appraiser, constitutes acceptance of the Terms and Conditions.
- 3. Property Valued:** Except as specifically indicated and typically considered as a part of the real estate, furnishings, equipment, other personal property, or business operations have been disregarded with only the real estate being considered in the value.
- 4. Use of the Appraisal:** This Appraisal has been provided for the sole use of Client and any additional intended users identified in the report. The Appraisal should not be used or relied on by any other party and should not be used or relied on for any purpose not identified as an intended use in the report. Under no circumstances should the Appraisal be used or relied on by any borrower, or any buyer or seller of the property for any purpose. It should not serve as the basis for any property purchase decision or any appraisal or valuation contingency in a purchase agreement relating to the property. Appraiser shall have no responsibility or liability to parties other than the Client or for any use of the Appraisal other than the described intended use. Client is solely responsible for determining whether its use of the Appraisal, rather than a different type of form of valuation or appraisal, is an appropriate collateral valuation method for the subject transaction considering associated risks and is permissible for Client's use under applicable laws, regulations or directives. Neither all nor part of this report may be disseminated publicly or published in any media or used in any sales offerings.
- 5. Scope of Inspection:** Information about the property's physical condition, key property characteristics and neighborhood/market area, if included in the report, were obtained by the appraiser(s) from an exterior viewing of the property only performed by a third party inspector, unless otherwise stated. Any inspection of the property for this Appraisal was not the equivalent of a professional home or building inspection and should not be relied on for such purposes. It was performed only for consideration in the Appraisal. Any sketches, maps, and photographs in the report are included to assist the reader in visualizing the property and are not necessarily to scale. No interior inspection was performed unless indicated within the report.

Continued...

Limiting Conditions and Critical Assumptions

- 6. No Responsibility for Certain Conditions and Assumptions:** Notwithstanding that the Appraisal may comment on, consider or assume certain conditions about the property, Appraiser does not have any responsibility for investigating or any liability for matters pertaining to: (a) title defects, liens or encumbrances affecting the property; (b) the property's compliance with local, state or federal zoning, planning, building, disability access and environmental laws, regulations and standards; (c) building permits and planning approvals for improvements on the property; (d) structural or mechanical soundness or safety; (e) contamination, environmental problems, mold, pollution, storage tanks, soil problems, biological contamination, animal or insect infestations and other hazardous or hidden conditions affecting the property; (f) encroachments, easements or property line issues, and (g) any other conditions and matters for which persons performing valuations for lending purposes are not customarily deemed to have professional expertise. The determination of such matters was not part of the scope of work for this Appraisal and it is assumed, unless otherwise stated in the report, that the property is not impaired or affected by any such factors. Such factors, if discovered, however, could affect the opinion of value.
- 7. Maximum Time Period for Legal Actions:** Unless the time period is shorter under applicable law, any legal action or claim against Appraiser relating to the Appraisal shall be filed within one (1) year from the date of delivery of the Appraisal or, in the case of acts or conduct by Appraiser after delivery of the report, one (1) year from the date of the alleged acts or conduct. The time period stated in this section shall not be extended by any delay in the discovery or accrual of the underlying claims, causes of action or damages. The time period stated in this section shall apply to all claims or causes of action of any type, except for intentional fraud or intentionally wrongful conduct.
- 8. Subpoenas and Testimony:** In the event that Appraiser is compelled by subpoena or other legal or administrative process to provide testimony or produce documents relating to the Appraisal, whether in court, deposition, arbitration or any other proceeding, the party seeking such testimony or documents agrees to compensate the person or entity responding to the subpoena or other process for its reasonable time and costs incurred in connection with preparation for and provision of such testimony and/or documents at such party's rates in effect at that time.
- 9. Additional Terms and Limitations of Liability:** There are no third-party beneficiaries of this Appraisal or of any agreement or contract pertaining to the services rendered with this Appraisal. Any liability of Appraiser or the Client to each other or to any third party for claims or causes of action in relation to this Appraisal, other than intentionally fraudulent or intentionally wrongful conduct, shall be limited to the compensation actually paid for the Appraisal. In any event, neither Appraiser nor Client shall under any circumstances be liable to each other or any other party for special, exemplary, punitive or consequential damages, including, without limitation, loss of profits or damages proximately caused by loss of use of any property, whether arising from a party's negligence, breach of an agreement or otherwise, whether or not a party was advised, or knew, of the possibility of such damages, or such possibility was foreseeable.

Americans with Disabilities Act (ADA) of 1990

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

Hazardous Substances

Please reference the Limiting Conditions and Critical Assumptions section of this report.

Scope of Work

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

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

This appraisal is prepared for First Citizens Community Bank - Mansfield, PA; Attn: Lending Department. The problem to be solved is to estimate the As-Is Market Value of the subject property. The intended use is to assist the client in determining the Market Value of the subject for lending and servicing decisions. This appraisal is intended for the use of the client.

SCOPE OF WORK

Report Type: This appraisal report is intended to comply with the reporting requirements in Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice (USPAP). The client and any additional intended users identified in the report are institutional users of valuation services and are familiar with such services, including the variety of appraisal reporting formats available. This appraisal report presents summary discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value at a level appropriate for the intended use and user(s). The depth of discussion contained in this report is specific to the needs of the client for the intended use. The appraiser(s), National Valley Valuations, Eval.com, Inc., and their respective personnel and contractors do not have any responsibility or liability for unauthorized use of this report or for any use by parties other than the client and any additional intended users identified in the report.

Property Identification: Per USPAP Standards Rule 1-2(e) Comment: An appraiser may use any combination of a property inspection, documents, such as a legal description, address, map reference, copy of a survey or map, property sketch, photographs, or other information to identify the relevant characteristics of the subject property. In this assignment, the subject has been identified by the legal description, assessor's parcel number(s), aerial imagery (GIS), and 3rd party inspection services.

Scope of Work

SCOPE OF WORK

Extent of Data Research: The appraiser maintains a comprehensive database of county and public records for the subject area, in addition to market and property-specific data developed with the assistance of local appraisal firms and real estate agents, city, county, state, and national government agencies, Costar, PropMix, and DataUSA, and Dustin Beardsley (property owner).

Inspection: A 3rd party inspection provider has looked at the exterior the subject property for this assignment. The appraiser has not inspected the property.

Market Area and Analysis of Market Conditions: A complete analysis of market conditions has been made. The appraiser maintains and has access to comprehensive databases for this market area and has reviewed the market for sales and listings relevant to this analysis.

Highest and Best Use Analysis: A complete as vacant and as improved highest and best use analysis for the subject has been made. Physically possible, legally permissible and financially feasible uses were considered, and the maximally productive use was concluded.

Type of Value: Market Value

VALUATION ANALYSES

Cost Approach: A cost approach was not applied as the subject is existing construction which makes estimating accrued depreciation more subjective and difficult to accurately measure. Additionally, as costs do not necessarily translate into Market Value, this approach is rarely reflective of the market.

Sales Comparison Approach: A sales comparison approach was applied for the subject as there is adequate data to develop a value estimate and this approach reflects market behavior for this type of property.

Income Approach: An income approach was applied for the subject as the subject is an income-producing property and there is adequate data to develop a value estimate with this approach.

Scope of Work

VALUATION ANALYSES

Hypothetical Conditions: This appraisal does not include any hypothetical conditions.

Extraordinary Assumptions: The data provided by any third-party inspection or data provider described in this report is assumed to be factual and accurate. If no interior inspection has been performed, the interior condition is assumed to be similar to the exterior.

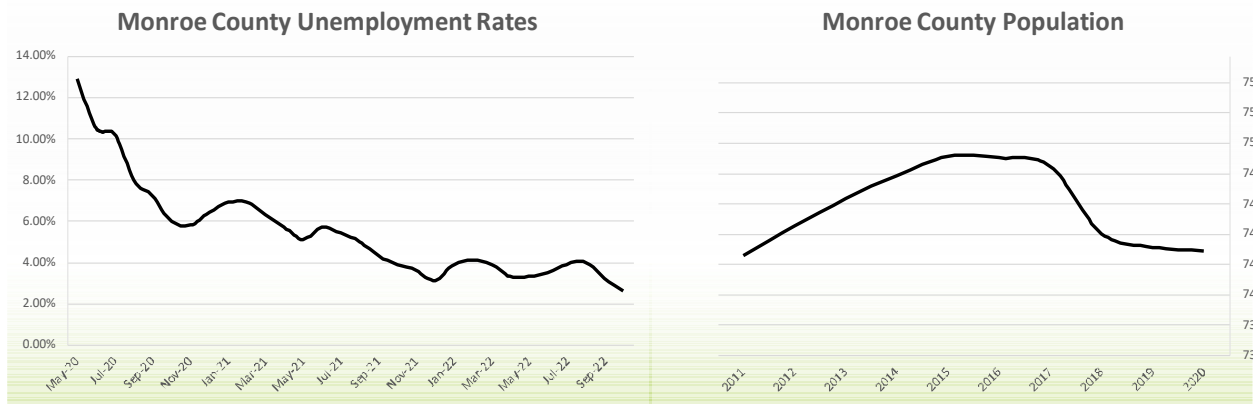
The use of this assignment condition might have affected the assignment results.

Area Analysis

MARKET & NEIGHBORHOOD ANALYSES

State: New York State is located in the northeastern United States and has a diverse geography ranging from the mountainous regions of the Adirondacks and Catskills to the islands of the southeast and the Great Lakes of the northwest. In 2020, New York had a population of 19.5M people, a decrease of about 0.3% from its 2019 population estimate of 19.5M people. The median household income in New York is estimated at \$71,117. In 2020, the county with the highest Median Household Income in New York was Nassau County, NY with a value of \$120,036, followed by Putnam County, NY, and Suffolk County, NY, with respective values of \$107,246 and \$105,362. The economy of New York employs 8.94M people with the largest employment industries including elementary & secondary schools, restaurants & food services, general medical and surgical hospitals, and specialty hospitals. The unemployment rate of New York State, less New York City, was reported to be 3.3% in September 2022.

City/County: The Village of Brockport is located within the Town of Sweden in Monroe County, New York. Brockport is a popular tourist destination, with a historical downtown district through which the Erie Canal flows. The village is also home to The College at Brockport, State University of New York. With a population of 6,961 (2021), Brockport comprises 2.22 square miles of area in the north-central portion of the Town of Sweden. The highest concentrations of employment are in retail trades, educational services, and health care & social assistance. From 2019 to 2020, employment in Brockport, NY grew at a rate of 5.98%, from 3.71k employees to 3.93k employees. The unemployment rate in Monroe County was reported to be 2.6% in October 2022.

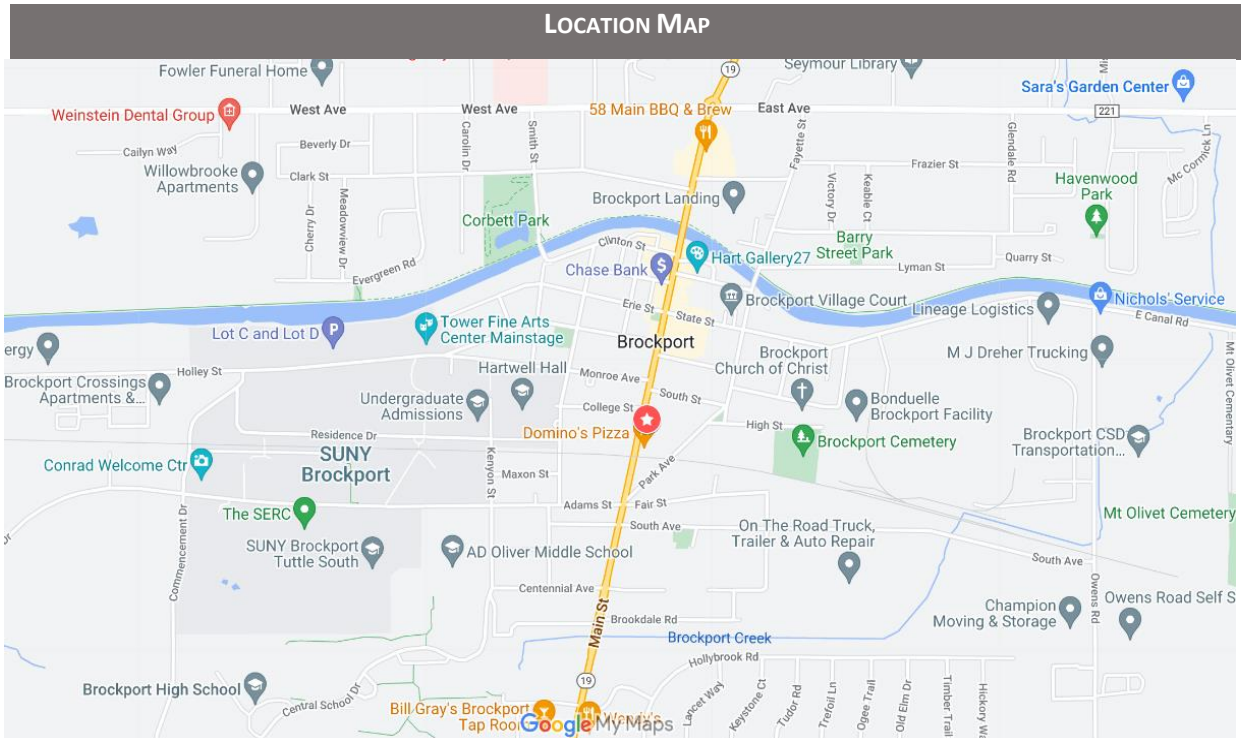


Area Analysis

MARKET & NEIGHBORHOOD ANALYSES

Neighborhood Type: Mixed-Use

Neighborhood Location: The subject has a good location in an older, established mixed-use area near central Brockport, New York. The immediate neighborhood consists of a mix of retail and office properties along the primary roadway of Main St, and primarily residential properties along the secondary roadways. The subject is roughly 3 blocks east of The College at Brockport, State University of New York, and roughly 3 blocks south of downtown Brockport. The neighborhood has public utilities, asphalt paved roads, street lighting, and concrete sidewalks, curbs, and gutters.

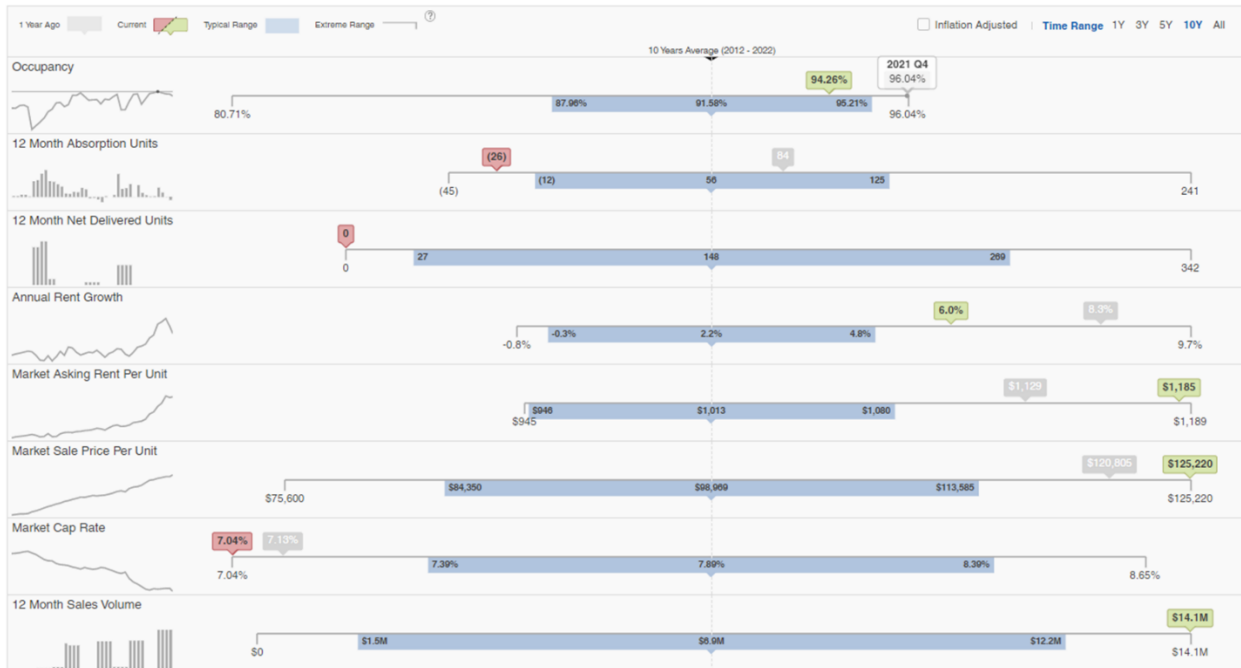


Area Analysis

PROPERTY TYPE MARKET ANALYSIS

Market Trends: The following market data is provided by CoStar Analytics and reflects data effective Q4 2022, the most recent available. The vacancy rate in the Brockport Submarket has expanded moderately over the past year, but at 5.7%, is somewhat below the long-term average. While developers have been active in recent years, nothing has delivered over the past 12 months. New supply will remain minimal in the near term as nothing is currently underway. Rents have increased by an impressive 6.0% over the past year, which significantly exceeds the average annual growth of 2.2% over the past decade. Only a handful of properties have traded in the Brockport Submarket over the past three years. The market price, which is an estimated price of all properties in the submarket, stands at about \$125,220/unit.

Key Performance Indicators



Market Conclusion: The Brockport Multi-Family Submarket enters late 2022 with net absorption decreasing, and with rents, sales volume, and per SF sale prices all increasing over the past year. Furthermore, capitalization rates have decreased slightly over this same period, from 7.13% to 7.04%, all supporting that the current market is increasing in demand, while the supply remains more or less stable.

Site Analysis

SITE

Property Type: Commercial Land

Site Size: .50 Acres or 21,780 SF – Total/Usable

Site Shape: Rectangular

Frontage/Access: Good / Good

Visibility/Curb Appeal: Interior Lot/Good

Site Topography: Mostly level The topography does not deter from the development of the site, and the drainage of the subject site appears to be adequate.

Soil Conditions: Appears typical of the region and adequate to support development.

Utilities: All Public

Zoning: Village of Brockport: (B) Business Use

Flood Zone: The subject is located in FEMA flood zone X-unshaded, which is not classified as a flood hazard area.

FEMA Map Number: 36055C0130G

FEMA Map Date: 08/28/2008

Easements/

Encroachments: Typical assumed. Please reference Limiting Conditions and Assumptions.

Environmental Issues: None noted. Please reference Limiting Conditions and Critical Assumptions. An environmental study is beyond the scope of the appraisal and the appraiser's expertise. If environmental conditions are needed, it is recommended that an environmental survey be ordered by a company that specializes in this service.

Site Analysis

SITE

Site Comments: The subject is comprised of 2 contiguous parcels with 21,780 SF (one-half acre) of usable land on the east interior of Main St, just south of downtown Brockport, New York. The properties surrounding the subject and located along the primary streets consist of commercial operations and residential properties, with primarily retail businesses, some restaurants, and multi-family development. The subject is located on Brockport's primary thoroughfare of Main St, which enters the south end of town as NY-19, extends northward through downtown Brockport and over the Erie Canal, and exits the north end of town as NY-19 in the direction of neighboring Clarkson. The site has a good location, within walking distance of both The College at Brockport and downtown Brockport. The site has good access and visibility from Main St, with minimal landscaping on the western, street-facing side of the parcel. The parcel is also improved with an asphalt-paved parking lot and concrete walkways, and it has access to all public utilities.

The property is located within the Village of Brockport's (B) Business Use zoning district. The Business Use district zoning code does not allow for multi-family properties. However, Theresa Weed of the Brockport Building & Code Enforcement Department informed the appraiser that the subject is classified as "Pre-existing non-conforming", which means that the subject's use as a multi-family property was pre-existing before the zoning ordinance took effect in 1995, and that its current use as a multi-family property is a permitted use.

Site Analysis

PARCEL MAP

- This map is for visual reference only.
- The area outlined in yellow is the subject site.
- The yellow area may not be an exact depiction of the subject's property boundaries.



Site Analysis

AERIAL MAP

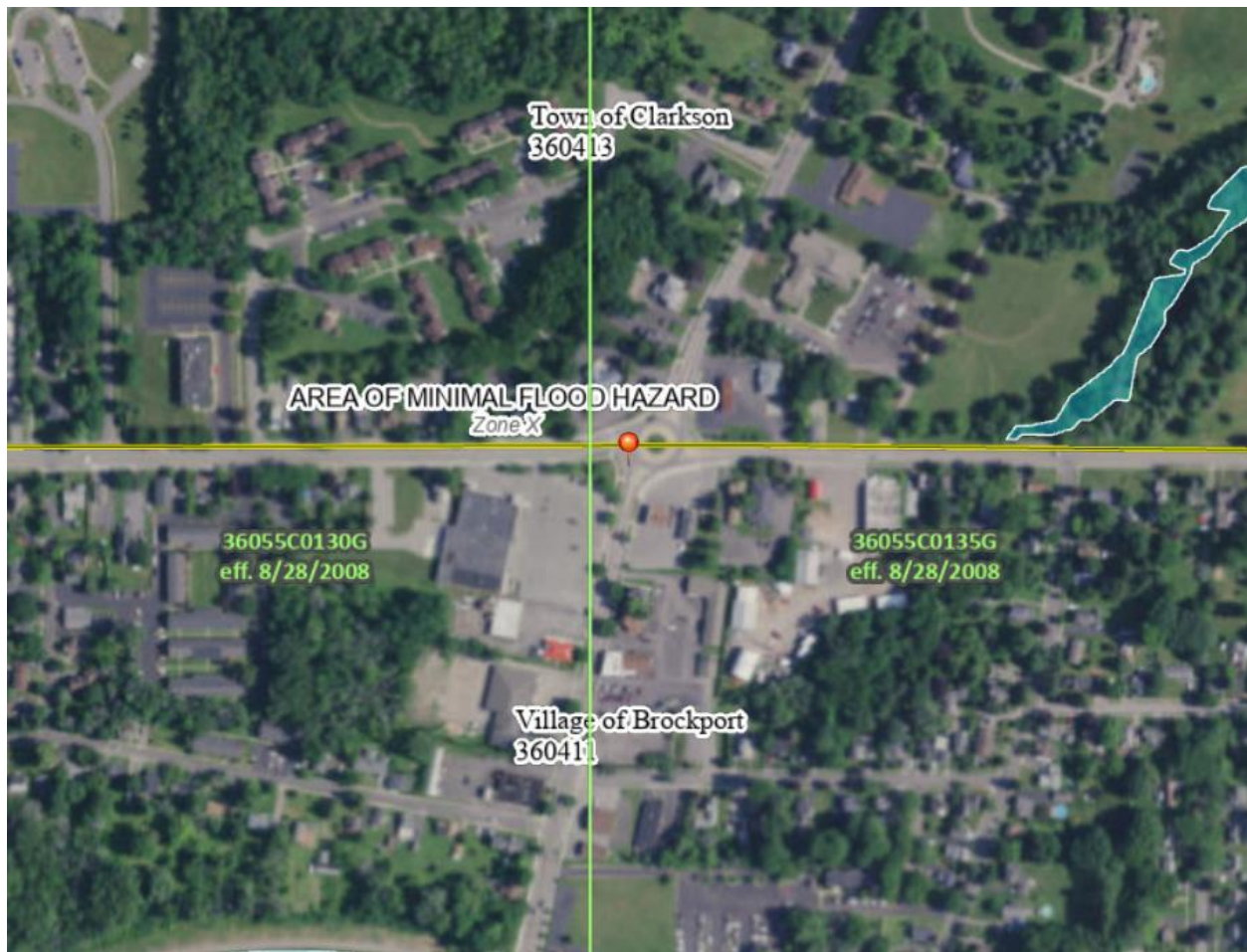
- This photo is for visual reference only.
- The area outlined in red is the subject site.
- The red line may not be an exact depiction of the subject's property boundaries.



Site Analysis

FLOOD MAP

- The subject location is indicated with the red marker.
- The map is provided via the interactive FEMA map server at msc.fema.gov.



Property Description

GENERAL DESCRIPTION

Overview: The subject is two multi-family residential buildings designed for multi-tenant occupancy.

IMPROVEMENTS DESCRIPTION

Building Description: Multi-Family

Construction: Class D

Construction Quality: Average

Year Built: 1910

Effective Age/Economic Life: 20 Years / 50 Years

Condition: Good

Appeal/Appearance: Good

Areas/Ratios/Numbers:

- Number of Stories: 3 and 2
- Gross Building Area: 9,975 SF
- Gross Leasable Area: 7,576 SF
- Number of Units: 10
- Land-to Building Ratio: 2.2 to 1

Property Description

FOUNDATION/FRAME/EXTERIOR

Foundation:	Concrete Basements
Basement/Sublevels:	181-183 Main St - 1,559 SF unfinished 187-189 Main St – 1,440 SF, ~600 SF finished, ~440 SF unfinished
Structural Frame:	Wood
Exterior:	Horizontal vinyl or painted siding
Roof/Cover:	Composite Shingle

PROPERTY COMMENTS

The improvements include two 5-unit multi-family buildings with a total building area of 9,975 SF. The buildings are on separate parcels and are situated next door to one another. 181-183 Main St contains 4,096 SF of above-grade GLA and a 1,559 SF unfinished basement area. The building's 5 units include two 1-bedroom units and three 3-bedroom units with offices. 187-189 Main St contains 2,880 SF of above-grade GLA and a 1,440 SF basement that contains a roughly 600 SF studio apartment, as well as coin-op laundry facilities. The building's 5 units include four 2-bedroom units and the basement studio unit.

According to Monroe County records, both of the buildings were constructed in 1910, and they both appear to be in good condition, with updates and renovations apparent on their exteriors. 181-183 Main St is a 3-story building, and 187-189 Main St is a 2-story building. Both of the buildings appear to be of average-quality construction, with painted or vinyl horizontal siding, gabled roofs, and newer shingles. The subject appears to fit in well with the area and surrounding properties.

The property owner, Dustin Beardsley, stated that since he and his partner purchased the property in 2021, they have renovated several areas of the buildings, including the majority of the roof on 181-183 Main St, the stairways, the exterior doors, new electronic entry locks, and the foundation on 187-189. He also stated that the roof on 187-189 is only a few years old and that the studio apartment in the basement of 187-189 was newly built by him.

The 3-bedroom units in 181-183 all have either 1 or 2 offices in them. One of the 3-bedroom units has 2 bathrooms, and all other units on the premises have 1 bathroom. Tenants in the units pay all utilities except for water service, which is paid by the landlord.

Please refer to the Addenda section for a breakdown of the subject parcels' assessment and property tax information, as well as their respective legal descriptions.

Property Description

PROPERTY ANALYSIS

Property Utility: The subject operates well as a multi-family property in the market, and the utility of the property is considered good and marketable.

Deferred Maintenance: The buildings appear to be in good condition overall, with any deferred maintenance being minor and considered typical for buildings of this age and condition.

Occupants: Multi-Family; the subject contains 10 units that are all currently occupied by tenants.

Property Productivity Rating

In the following chart, the subject's attributes are compared to the market standard for similar properties in the market. The subject is compared to market standards based on attributes that would likely impact the marketability and value for the subject in the market. The grid rates the subject in different categories and sub-factors in each category. The categories are weighted as some categories have less impact in the market than others. In this system, a single point represents the difference between average and slightly inferior or superior. This difference widens to a two-point difference as the attribute is more inferior or superior. The scores are compared to the industry standard score and compared resulting in either a percentage above or below or equal to the industry standard.

	Veto Factor	Inferior			Typical	Superior		
		High	Moderate	Slight	Neutral	Slight	Moderate	High
Site								
Size					X			
Land-To-Building Ratio					X			
Parking					X			
Exposure					X			
Access						X		
Landscaping					X			
Building Improvements								
Exterior Appearance					X			
Construction Quality					X			
Interior Finish					X			
Design Flexibility					X			
Building Characteristics					X			
Street Visibility						X		
Tenant Mix and Marketing Features								
Anchor's Strength	X							
Anchor's Drawing Power	X							
Tenant Compatibility Mix	X							
Image of Center	X							
Center's Amenities/Features	X							
Legal								
Zoning/Easements/Legal Attributes								
Rating Conclusions								
Sub-rate number of items		0	0	0	10	2	0	0
Times category score		0	2	4	5	6	8	10
Category score		0	0	0	50	12	0	0
Total subject score		62						
Percentage above or (below) average		3%						

Subject Photographs



Subject Photographs



Assessment and Taxes

Taxing Authority: Monroe County, New York

Tax Year: 2022

Tax Parcel ID: 068.68-2-17 and 068.68-2-18

Assessed Value Land: \$86,000

Assessed Value Improvements: \$464,600

Total Assessed Value: \$550,600

Real Estate Taxes: \$14,143

Assessor's implied market values often vary considerably from appraised values. The reasons for this are primarily due to the time periods during which Assessors will revise values, as well as the mass appraisal methodology typically applied as the method of valuation.

Zoning Analysis

District: Village of Brockport: (B) Business Use

Conforming: The subject appears to conform to current zoning regulations.

Examples of Permitted Uses:

- Single-family dwelling unit
- Stores or shops for the conduct of retail or personal service businesses
- Food processing when the products are for sale exclusively on the premises
- Dance halls, theaters, bowling alleys, billiard rooms, clubs, lodges and similar places of recreation and hotels, motels, auto courts and similar places of lodging
- Bus stations, communication centers, banks and offices
- Mortuaries, hand laundries, personal service laundries
- Commercial parking lots, small animal hospitals and animal clinics
- Any use similar in character to those enumerated for which the Board of Appeals may, in appropriate cases and after public hearing, authorize the issuance of a permit
- Accessory buildings and uses which usually accompany and are a part of a permitted use
- Buildings used for a combination of residential and commercial uses, subject to conditions
- Other uses conditional upon Zoning Board of Appeals review

Standards:

Lot Area/Lot Width: None/None

Yard Requirements: Front Yard Setback: At least 47 feet from the center of Main Street and State Street or 40 feet from the center line of any other street within a B District • Rear Yard Setback: At least 11 feet from the rear line • Side Yard Setback: 11 feet if rear alley or street access is not available

Highest and Best Use

The Appraisal Institute's Dictionary of Real Estate Appraisal 6th Edition defines Highest and Best Use as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

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

Highest and Best Use

AS-VACANT

Legally Permissible Uses

The subject is zoned (B) Business Use, which allows for uses primarily commercial in nature. The subject's current use as commercial land is legally permissible.

Physically Possible Uses

Physically possible use relates to the physical characteristics of the subject including size, shape, topography, access, proximity to utilities, etc. The size, shape, topography, location, access, and utility availability make the subject ideally suited for commercial development.

Financially Feasible Use

Financially feasible use addresses supply and demand. Supply and demand for legal alternative uses is the most important determinant of a subject's highest and best use. No use other than commercial development would bring a higher return to the owner.

Maximally Productive Use

Maximum productivity deals with the use of the subject that will produce the highest return on investment. These factors best support a highest and best use as commercial development land. Given stable market conditions, immediate development may be financially feasible.

Highest and Best Use as Vacant - Commercial Development Land

Highest and Best Use

AS-IMPROVED

Legally Permissible Uses

The subject is zoned (B) Business Use, which allows for uses primarily commercial in nature. The subject's current use as two multi-family buildings is legally permissible under the City of Brockport's "Pre-existing non-conforming" designation.

Physically Possible Uses

Physically possible use relates to the physical characteristics of the subject including size, shape, topography, access, proximity to utilities, etc. Several options are available to the subject property owner. They are as follows:

1. The improvements could be demolished.
2. The improvements could be converted to an alternate use.
3. The improvements could be renovated to conform to higher market standards.
4. They could be kept as-is.
5. A combination of the above is physically possible.

Several options are available to the subject property owner including demolition, conversion, renovation, continued use, or any combination thereof. The buildings are older construction that has been updated and is in good condition with modern fixtures and amenities that function in the market. The most financially feasible use is continued use as two multi-family buildings.

Financially Feasible Uses

The subject is located in an area with primary road frontage and close proximity to the local university, as well as the downtown area. There is no use other than the continued use as a multi-family property that would provide a higher return to the owner.

Maximally Productive Use

These factors best support the highest and best use as a multi-family property. The most likely user would be an investor.

Highest and Best Use as Improved: Multi-Family Property

Valuation Methodology

Three basic approaches may be used to arrive at an estimate of Market Value. These are:

- The Cost Approach
- The Sales Comparison Approach
- The Income Approach

The **Cost Approach** is summarized as follows:

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

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

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

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

This appraisal includes the following:

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

An **income analysis** is considered and developed for the subject as the subject is an income-producing property, and there is adequate data to develop a value estimate.

Sales Comparison Approach

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

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

The subject's value has been developed via the sales comparison approach. Three sales have been researched and analyzed. All of the sales have been researched through numerous sources and verified by a party to the transaction. These comparables are detailed on the following pages, followed by an analysis grid, location map, adjustment notes, and a value conclusion.

Sales Comparison Approach

IMPROVED SALES GRID



	Subject	Sale 1	Adj.	Sale 2	Adj.	Sale 3	Adj.
Address	181-189 Main St	9155 Main Rd		10 Granger Pl		23 Amherst St	
City/State	Brockport, NY	Clarence, NY		Rochester, NY		Rochester, NY	
Sale Price		\$945,000		\$995,000		\$860,975	
Sale Price/Unit		\$118,125		\$124,375		\$86,098	
Sale Conditions		\$0	0%	\$0	0%	\$0	0%
Expenditures		\$0	0%	\$0	0%	\$0	0%
Financing		\$0	0%	\$0	0%	\$0	0%
Property Rights		\$0	0%	\$0	0%	\$0	0%
Adjusted Sale Price/Unit		\$118,125		\$124,375		\$86,098	
Sale Date (Market Conditions)		6/15/2021	6%	7/27/2022	1%	12/8/2021	4%
Adjusted Sale Price/Unit		\$124,986		\$126,075		\$89,627	
# of Units	10	8	0%	8	0%	10	0%
Land Size (SF)	21,780	40,511		12,197		5,571	
Year Built	1910	1957		1927		1920	
Property Condition	Good	Average	10%	Good	0%	Fair	20%
Quality of Construction	Average	Similar	0%	Superior	-5%	Similar	0%
Market Area		Superior	-10%	Superior	-10%	Superior	-10%
Location/Access	Good / Good	Inferior	5%	Similar	0%	Similar	0%
Parking		Similar	0%	Similar	0%	Inferior	5%
Unit Mix		Similar	0%	Inferior	10%	Inferior	15%
Basement/Storage Area		Similar	0%	Similar	0%	Similar	0%
Net Adjustments		\$6,249	5%	-\$6,304	-5%	\$26,888	30%
Net Adjusted Sale Price/Unit		\$131,235		\$119,771		\$116,516	
Weight		\$44,620	34%	\$39,524	33%	\$38,450	33%
Indicated Value/Unit	\$122,595						

Comparable Details

Sale 1:

2021 sale of an 8-unit multi-family building located west of Clarence, NY, along the primary thoroughfare of Main Rd. The property has an inferior location to that of the subject, as it is roughly 3.5 miles east of the SUNY Erie Community College North Campus and lacks amenities within walking distance. The building appeared to be in average overall condition at the time of sale, with some deferred maintenance apparent in photos. The property contains storage garages for tenants and an asphalt paved parking lot. All 8 of the units have 2 bedrooms, and the unit mix is similar to the subject's average bedrooms-per-unit. Clarence is a superior multi-family market area to Brockport. The details of the sale were verified by the listing broker.

Sale Data Source: CoStar Record #: 5540533

Sale 2:

2022 sale of a multi-family building located in eastern Rochester, just off of University Ave and within walking distance of amenities and several schools. The building had been recently remodeled and included a basement laundry area, as well as ample parking and a detached carriage house with garage space. The building appeared to be in good condition and was of Victorian-style construction, superior to the subject. The building contains four 1-bedroom units and four 2-bedroom units, an inferior unit mix compared to the subject. Rochester is a superior multi-family market area to Brockport. The details of the transaction were verified through public records.

Sale Data Source: CoStar Record #: 6094859

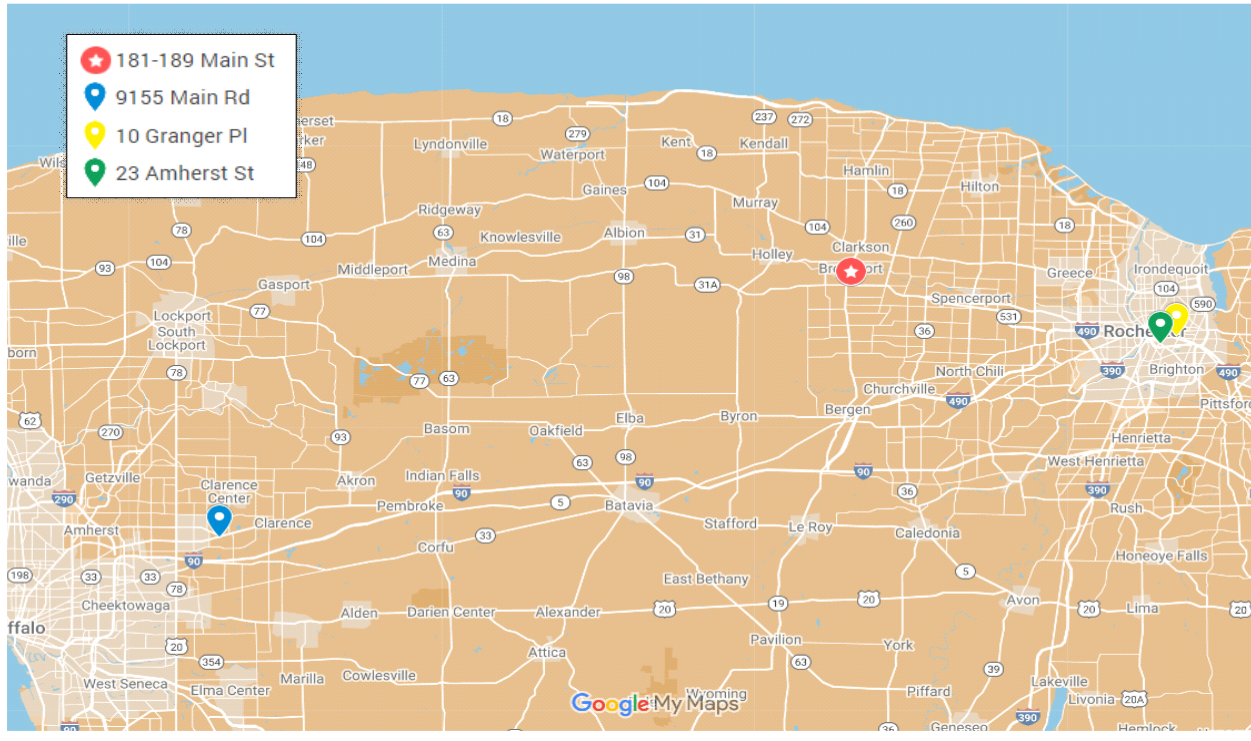
Sale 3:

2021 sale of a multi-family property located in southeast Rochester, approximately 1.4 miles northeast of the University of Rochester. The property has an inferior unit mix to the subject, with ten 1-bedroom units, as well as an unfinished basement area. The property offers on-street parking and does not have a private lot. The building appeared to be in fair condition at the time of sale, with deferred maintenance apparent in photographs. The sale details were verified through public records and press release documents.

Sale Data Source: CoStar Record #: 5960008

Sales Comparison Approach

COMPARABLES MAP



Sales Comparison Approach

DISCUSSION OF ADJUSTMENTS

An adjustment grid has been used to quantify the differences between the comparables and the subject property. The adjustment process begins with the unadjusted sale price of the closed comparable sales and any pending sales. The sale price is then typically adjusted for property rights conveyed. Succeeding adjustments are applied to each previously adjusted price for financing, sale conditions, and market conditions. It is not necessary to apply the adjustments for location or physical characteristics in any sequence; therefore, these adjustments have been grouped together. When considering potential adjustments, comparable sales are traditionally adjusted to the subject property. Thus, a downward adjustment means that the comparable is superior to the subject in a particular aspect and the comparable sale, on a price-per-square foot basis, requires a downward adjustment for this factor to arrive at a value indication for the subject property.

- Sale Conditions:** A conditions of sale adjustment is made for any unusual motivation or duress of the sale participants or unusual conditions affecting the sale price. I am not aware of any of the comparable sales that need adjusted for conditions of sale.
- Expenditures:** Typically, an informed buyer will account for any expenditure that needs to be made immediately following the purchase of a property. I am not aware of any expenditures that were made to any of the comparable sales requiring adjustments.
- Financing:** The definition of Market Value used in this appraisal states that the value is to be in terms equivalent to cash. In this appraisal, cash equivalency means that each sale has been adjusted to reflect financing rates, terms, or conditions that were readily available in the open market at the time each sale occurred. As such, all the land sales used in this analysis were based on market terms.
- Property Rights:** The comparables consist of leased fee sales. The subject parcels' property rights valued are the leased fee estates. Adjustments do not appear to be warranted in this instance for property rights, as the sales and subject are all similar.

Sales Comparison Approach

DISCUSSION OF ADJUSTMENTS

Market Conditions: All the sales here were the most recent sales in the area near the subject that I was able to gather credible information on, and which contained a similar number of units as the subject. Recent trends of multi-family real estate in Brockport show a consistent 4.1% per year increase; therefore, I have applied a 4.1% per year upward adjustment to the sales to bring each equal to the subject in terms of market conditions.

Leasable Size: The size of the subject as it compares with the sales was considered to account for the economies of scale, which indicate that larger properties will sell for a lower price per unit of measure than smaller properties, all other things being equal. The subject is similar in size to all of the comparables, as the properties relate to the overall market; therefore, no adjustments have been applied.

Condition: The subject is in good condition, similar to Sale 2; Sale 1 is in average condition, and Sale 3 is in fair condition; therefore, they were given upward adjustments to bring them equal to the subject for condition.

Quality of Construction: The subject buildings are of average-quality construction, which is similar to Sales 1 and 3. Sale 2, however, is of superior quality construction with architectural accents and modern finishes, and it was therefore given a downward adjustment to bring it equal to the subject for construction quality.

Market Area: Sale 1 is located in Clarence, NY, and Sales 2 and 3 are located in Rochester, NY. All 3 sales are located in superior market areas to Brockport.

Parking: The subject has a private, asphalt-paved parking area for tenant use, similar to Sales 1 and 2. However, Sale 3 does not have private tenant parking on the premises, and it was therefore given a nominal upward adjustment to bring it equal to the subject.

Basement/Storage: The subject has 2,400 SF of unfinished basement area that can be used for laundry facilities and/or tenant storage. All 3 sales have a similar proportion of laundry and/or storage space available; therefore, no adjustments were applied.

Sales Comparison Approach

DISCUSSION OF ADJUSTMENTS

Location/Access: The subject is located with frontage along a primary roadway, with good proximity to amenities, the local college, and the downtown area. Sales 2 and 3 are both located in similar areas near central Rochester, with close proximity to amenities. Sale 1 is located outside of the primary commercially-developed areas in Clarence and has inferior access to the local college and other amenities; therefore, Sale 1 was given a nominal upward adjustment to bring it equal to the subject.

Sales Comparison Approach

SALES COMPARISON APPROACH CONCLUSION

The subject property consists of two multi-family buildings in good condition, and in a good location for apartments near downtown Brockport and near the SUNY Brockport campus. The adjusted values of the leased fee comparable property sales provided a range from \$116,516/Unit to \$131,235/Unit with a weighted average of \$122,595/Unit. Based on this analysis, and considering the location, quality, and condition of the subject, a value within the range, and near the average indicated by the sales, at \$123,000/Unit is considered to be appropriate and supported by the market.

Indicated Value/Unit: **\$123,000**

Subject Leasable Units: **10**

Indicated Market Value: \$1,230,000

Based on the above sales comparison analysis, this **As-Is Market Value** has been reconciled for the subject **181-189 Main St**, as of **November 30, 2022** and subject to the Limiting Conditions and Assumptions of this appraisal.

Income Approach

The income approach to value is based on the present worth of the future rights to income. This type of analysis considers the property from an investor's point of view, the basic premise being that the amount and quality of the income stream are the basis for value of the property. In this appraisal, the Potential Gross Income Multiplier method has been utilized rather than the Direct Capitalization method as the GRM offers a more efficient and accurate means of evaluating investment properties where limited information may be available in terms of expense comparables or capitalization rates.

Potential Gross Income Multiplier Analysis

The potential gross income multiplier method is one of the most common in the valuation of multi-family properties. Defined as *“The ratio between the sale price of a property and its potential gross income (PGIM = V/PGI).”*

The Dictionary of Real Estate Appraisal, 6th Edition

This is the most common method in valuing multi-family properties given that maintenance and expenses for such can vary significantly, making capitalization rates more subjective. To derive at a gross income multiplier from the market data, sales of properties in the area were analyzed. According to **The Appraisal of Real Estate, 13th Edition**, *“The ratio of the sale price of a property to its annual gross income at the time of sale or projected over the first year of ownership is the gross income multiplier”*.

Income Approach


CURRENT INCOME ANALYSIS

All 10 units in the subject are currently occupied, with 7 of the 10 units having contracts in place for future occupancy beginning in August 2023. The subject is currently collecting rents between \$312.50/month and \$1,750/month; the low end of this range is for the sole studio apartment unit that rents for \$1,875/semester, and the high end of the range is for a 3-bedroom unit that rents for \$1,750/month. Aside from this particular 3-bedroom unit, all of the other units are currently rented on a per-semester basis. For the purposes of identifying current rental rates as they compare to the subject's current multi-family market, the per-semester rental rates have been converted to per-month rental rates.

Therefore, in order to determine the appropriate market rent for the subject, the following comparable rents were researched. All of the leases have been researched and analyzed, and are detailed on the following pages, followed by an analysis grid, location map, and rent/income conclusion.

Income Approach

COMPARABLE LEASE GRID

								
	Subject	Lease 1	Lease 2	Lease 3				
	# Units	Address	Unit Type	Unit Size (SF)	Rent \$/Mo	Condition	Adj. Rent \$/Mo	Rent \$/SF
Subject	2	181-189 Main St, Brockport, NY	1 BR / 1 BA	600	\$845	Good		\$1.41
Lease Comp 1		10 Ellis Dr, Brockport, NY	1 BR / 1 BA	803	\$1,165	Good	\$1,165	\$1.45
Lease Comp 2		35 King St #2, Brockport, NY	1 BR / 1 BA	450	\$750	Good	\$750	\$1.67
Lease Comp 3		45 Chappell St #1, Brockport, NY	1 BR / 1 BA	800	\$800	Good	\$800	\$1.00
Applied Rent/Mo	\$845				* Estimated			
Lease Data Source:		Lease 1 Public Data	Lease 2 Public Data	Lease 3 Public Data				

								
	Subject	Lease 1	Lease 2	Lease 3				
	# Units	Address	Unit Type	Unit Size (SF)	Rent \$/Mo	Condition	Adj. Rent \$/Mo	Rent \$/SF
Subject	4	181-189 Main St, Brockport, NY	2 BR / 1 BA	900	\$1,100	Good		\$1.22
Lease Comp 1		419L Holley St, Brockport, NY	2 BR / 1 BA	900	\$1,200	Good	\$1,200	\$1.33
Lease Comp 2		10 Ellis Dr, Brockport, NY	2 BR / 1 BA	890	\$1,205	Good	\$1,205	\$1.35
Lease Comp 3		52 College St, Brockport, NY	2 BR / 1 BA	1,200	\$1,200	Good	\$1,200	\$1.00
Applied Rent/Mo	\$1,100				* Estimated			
Lease Data Source:		Lease 1 Public Data	Lease 2 Public Data	Lease 3 Public Data				

								
	Subject	Lease 1	Lease 2	Lease 3				
	# Units	Address	Unit Type	Unit Size (SF)	Rent \$/Mo	Condition	Adj. Rent \$/Mo	Rent \$/SF
Subject	3	181-189 Main St, Brockport, NY	3 BR / 2 BA	1,032	\$1,700	Good		\$1.65
Lease Comp 1		419L Holley St, Brockport, NY	3 BR / 2 BA	1,000	\$1,695	Good	\$1,695	\$1.70
Lease Comp 2		10 Ellis Dr, Brockport, NY	3 BR / 1.5 BA	1,100	\$1,480	Good	\$1,480	\$1.35
Lease Comp 3		151 Sunset Center Ln, Brockport, NY	3 BR / 2 BA	1,256	\$1,305	Good	\$1,305	\$1.04
Applied Rent/Mo	\$1,700				* Estimated			
Lease Data Source:		Lease 1 Public Data	Lease 2 Public Data	Lease 3 Public Data				

								
	Subject	Lease 1	Lease 2	Lease 3				
	# Units	Address	Unit Type	Unit Size (SF)	Rent \$/Mo	Condition	Adj. Rent \$/Mo	Rent \$/SF
Subject	1	181-189 Main St, Brockport, NY	Studio	600	\$600	Good	\$600	\$1.00
Lease Comp 1		10 Ellis Dr, Brockport, NY	Studio	758	\$1,045	Good	\$1,045	\$1.38
Lease Comp 2		13 Water St #8, Brockport, NY	Studio	732	\$700	Good	\$700	\$0.96
Lease Comp 3		1000 Viking Way, Brockport, NY	Studio	275	\$620	Good	\$620	\$2.25
Applied Rent/Mo	\$600				* Estimated			
Lease Data Source:		Lease 1 Public Data	Lease 2 Public Data	Lease 3 Public Data				

Income Approach

COMPARABLES MAP



Income Approach

MARKET RENT ANALYSIS

Market Rent: Comparable rents were analyzed for each type of unit within the subject buildings. 1-bedroom units in the market provided a rental range of \$750/month to \$1,165/month, or \$1.00/SF to \$1.67/SF; 2-bedroom units in the market provided a rental range of \$1,200/month to \$1,205/month, or \$1.00/SF to \$1.35/SF; 3-bedroom units in the market provided a rental range of 1,305/month to \$1,695/month, or \$1.04/SF to \$1.70/SF; studio apartment units in the market provided a rental range of \$620/month to \$1,120/month, or \$0.96/SF to \$2.25/SF.

All of the subject units, except for the \$1,750/month 3-bedroom unit, are currently rented on per-semester rent schedules. When the annual rents collected from the per-semester units are broken out into 12 monthly rent payments, the rents collected from these units are below the market range. Per the client-provided rent roll, the current total annual income collected from all 10 units is \$106,550, with an average monthly rent of roughly \$888 per unit.

A client-provided rent roll for the 2023/2024 fiscal year, however, indicates that all 10 units will begin to be rented on a monthly basis, and 7 of the 10 units already have future lease contracts in place with the new monthly rental rates. The monthly rates will range from \$600/month for the studio unit to \$1,750/month for one of the 3-bedroom units, with an average monthly rental income of roughly \$1,178/unit. These future rates are within the current market range on a price-per-square-foot basis. Please refer to the Addenda to view the current rent roll and the 2023/2024 rent roll. Because the future monthly rents for the 2023/2024 fiscal year are within the current market range and are well-supported by the market, these rents will be applied in this analysis. The future monthly rents were averaged for each unit type, and the respective averages have been applied to each unit type in this analysis.

Continued on next page...

Income Approach

MARKET RENT ANALYSIS

Market Rent: The precise leasable area of each of the subject units was not immediately available; therefore, the unit sizes have been estimated through market research of similar unit types, as well as statements from the owner and the subject's actual total building sizes provided on county property records. These estimates are assumed to be accurate for the purposes of this analysis. Given these estimates, the 2023/2024 rents in this analysis for all four unit types are within the market range on a rent per-square-foot basis.

Accordingly, the loss in rent from the current below-market leases must be accounted for in the conclusion of this approach.

Unit	No. of Bedrooms	Applied Rent/SF	Applied Rent/Month	Annual Rent
181-183 Main St, Apt 1	1	\$1.41	\$845	\$10,140
181-183 Main St, Apt 2	3	\$1.65	\$1,700	\$20,400
181-183 Main St, Apt 3	3	\$1.65	\$1,700	\$20,400
181-183 Main St, Apt 4	3	\$1.65	\$1,700	\$20,400
181-183 Main St, Apt 5	1	\$1.41	\$845	\$10,140
187-189 Main St, Apt 6	2	\$1.22	\$1,100	\$13,200
187-189 Main St, Apt 7	2	\$1.22	\$1,100	\$13,200
187-189 Main St, Apt 8	2	\$1.22	\$1,100	\$13,200
187-189 Main St, Apt 9	2	\$1.22	\$1,100	\$13,200
187-189 Main St, Apt 10	Studio	\$1.04	\$600	\$7,200
Totals		20		
		Potential Gross Income		\$141,480

Income Approach

POTENTIAL GROSS INCOME MULTIPLIER ANALYSIS

Potential Gross Income Multiplier: The potential gross income multipliers shown below are from recent multi-family property sales in the Rochester and Buffalo market areas, between which the subject is located. Because the subject is closer to Rochester, Rochester property sales are more heavily represented in the table. The gross rent multiplier ratio generally reflects the risk associated with multi-family properties. A lower multiplier will reflect a higher risk and a higher multiplier will reflect less risk.

The subject consists of two buildings with 8,416 SF of finished, leasable area. The buildings contain two 1-bedroom units, four 2-bedroom units, three 3-bedroom units with offices, and one studio apartment unit. 181-183 Main St also contains 1,559 SF of unfinished basement area that could be used for tenant storage, laundry facilities, or other amenities, and 187-189 contains 840 SF that is currently used for laundry facilities. The property is located in a good location in Brockport, with good access to the downtown area and the SUNY Brockport campus. The property has minimal apparent deferred maintenance that is curable and insignificant, and the property has been recently updated.

The subject has characteristics that make the property desirable for an investor and potential tenants, including on-site driveways and parking for the tenants. Overall, the property has been adequately maintained and is in good condition. Based on this analysis, and given the subject's close proximity to the local university campus, the subject would likely carry a below-average level of investment risk. Therefore, a gross rent multiplier 0.5 points above the average of 8.9 is considered appropriate for the subject and is reflective of the risk associated with the property.

Property Address	Property City	Property State	Sale Date	Number Of Units	Sale Price	Price Per Unit	Rent	Annual Rent	GRM	Market or Actual
23 Amherst St	Rochester	NY	12/8/2021	10	\$860,975	\$86,098	\$934	\$112,080	7.7	Market
1127 East Ave	Rochester	NY	8/15/2022	7	\$900,000	\$128,571	\$1,166	\$97,944	9.2	Market
1638 Saint Paul St	Rochester	NY	9/1/2022	10	\$450,000	\$45,000	\$704	\$84,480	5.3	Market
10 Granger Pl	Rochester	NY	7/27/2022	8	\$995,000	\$124,375	\$1,250	\$120,000	8.3	Market
9155 Main St	Clarence	NY	6/15/2021	8	\$945,000	\$118,125	\$1,000	\$96,000	9.8	Market
796 Columbus Pkwy	Buffalo	NY	8/19/2021	6	\$520,000	\$86,667	\$765	\$55,080	9.4	Market
1388 Union Rd	Buffalo	NY	12/15/2021	10	\$995,000	\$99,500	\$895	\$107,400	9.3	Market
Average									8.4	

Income Approach

INCOME APPROACH CONCLUSION

The subject is being valued in the Leased Fee Interest with all of the units currently occupied and 7 of the 10 units under contract for future leases. Given that this is a reasonable vacancy for the market that would not affect the marketability of the subject as-is, no further lease up deductions are required.

The subject's units have been determined to be rented at below-market rates for the remainder of the year through mid-2023. The market supports a gross rent of \$11,790/month compared with the current contract gross rent of \$8,879/month, which is a net loss of \$2,911/month. The new leases (which are supported by the market) will take effect August 1, 2023 which leaves eight months of below-market rents that will be collected by the landlord calculating to a total rent loss of \$23,288.

Potential Gross Income: \$141,480

Gross Rent Multiplier: 8.9

Indicated As-Is Market Value: \$1,259,172

Less Adjustment for Below-Market Rents: **(\$23,288)**

Adjusted Indicated Market Value: \$1,235,884

Rounded To: \$1,235,000

Based on the above income analysis, this **As-Is Market Value** has been reconciled for the subject **181-189 Main St**, as of **November 30, 2022**, and subject to the Limiting Conditions and Assumptions of this appraisal.

Final Reconciliation and Opinion of Market Value

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

VALUE INDICATIONS

Sales Comparison Approach:	\$1,230,000
Income Approach:	\$1,235,000

Sales Comparison Approach

The sales comparison approach is usually the fastest to react to the market. The sales analyzed here have provided a range of values that I was able to narrow through quantitative and qualitative analysis. This approach had very good recent data available; the quantity and quality of sales used here has given a good reflection of the market, and this approach has arrived at a credible estimate of value. As the subject is an investment property that is being appraised in the Leased Fee Interest, this approach is being given less weight in final reconciliation.

Income Approach

The income approach has produced a value that is reflective of the potential income from the subject. There was good information for rents and multipliers from the local and regional markets. This approach has arrived at a credible opinion of value. As the subject is being appraised in the Leased Fee Interest, this approach is being given the most weight in final reconciliation.

Opinion of Market Value Conclusion

Based on the data and analyses developed in this appraisal, I have reconciled to the following As-Is Market Value conclusion, as of November 30, 2022, subject to the Limiting Conditions and Critical Assumptions of this appraisal.

Premise: As-Is

Interest Appraised: Leased Fee

Value Conclusion: \$1,235,000

ONE MILLION TWO HUNDRED THIRTY-FIVE THOUSAND DOLLARS

CERTIFICATION & STATEMENT OF LIMITING CONDITIONS

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

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
9. I have not made a personal inspection of the property that is the subject of this report during this assignment.
10. No one provided significant real property appraisal assistance as an appraiser to the appraiser signing this certification. Sean Ingledew, an Eval.com analyst, provided non-appraiser assistance with regard to data collection and report preparation. Other parties, as stated in the report, also provided non-appraiser assistance regarding information about the property's physical characteristics and location.

Respectfully submitted,

I, Neal Hilston, MSA, am currently certified by the State of New York as a Certified General Real Estate Appraiser, which complies with F.I.R.R.E.A., Title XI of the Federal Financial Institution's Reforms, Recovery and Enforcement Act of 1989 – Permit No. 46000053796.



Neal Hilston, MSA

Certified General Appraiser, New York Permit No. 46000053796

ADDENDA

Property Information							
Parcel ID	Acres	Owner	Assessed Land	Assessed Improvements	Total Assessed Value	Taxes	Address & Legal Description
068.68-2-18	0.25	D SQUARED CAPITAL LLC	\$43,000.00	\$266,300.00	\$309,300.00	\$7,942.82	181-183 Main St - See Legal Below
068.68-2-17	0.25	D SQUARED CAPITAL LLC	\$43,000.00	\$198,300.00	\$241,300.00	\$6,200.11	187-189 Main St - See Legal Below
Total	0.5		\$86,000.00	\$464,600.00	\$550,600.00	\$14,142.93	

Legal Descriptions:

181-183 Main Street:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Village of Brockport, Town of Sweden, County of Monroe, State of New York, being a part of Town Lot 14, Township 3, Section 8, bounded and described as follows:

BEGINNING at a point in the easterly line, of South Main Street 214.50 feet south of the south line of South Street, measured along the easterly line of South Main Street; thence

- (1) Easterly 165.00 feet to a point; thence
- (2) Southerly forming an interior angle of 89° 45' 00" with course
 - (1) a distance of 66.00 feet to a point; thence
- (3) Westerly forming an interior angle of 90° 15' 00" with course
 - (2) a distance of 165.00 feet to a point in the easterly line of South Main Street; thence
- (4) Northerly along the easterly line of South Main Street forming an interior angle of 89° 45' 00" with course
 - (3) a distance of 66.00 feet to the place of beginning.

Courses (1) and (4) form an interior angle of 90° 15' 00".

187-189 Main Street:

ALL THAT TRACT OR PARCEL OF LAND, situate in the Village of Brockport, County of Monroe and State of New York, being a part of Lot No. 66 in said Village as described on a map of the east part of said Village made by Zenas Case Jr. and filed in the Clerk's Office of the County of Monroe on the 22nd day of February 1827, and bounded as follows: Beginning on the southwest corner of said Lot No. 66 and running thence north 13° 30' east 1 chain; thence parallel with the south line of lot 10 rods to a stake; thence parallel with the west line of the lot 1 chain to the south of the lot; and thence along the south line of the lot westerly to the place of beginning, containing ¼ of an acre of land.

Current Rent Roll

183 Main St. Brockport, NY

Notes

Ryan Hermerer Bedroom 1	\$3400/semeste Apartment 1
John DeRidder Bedroom 1	\$2100/semeste Apartment 4
Ahmaad Bedroom 2	\$2100/semeste Apartment 4
Demetri Swaan Bedroom 3	\$2100/semeste Apartment 4
Madison Kent Bedroom 1	\$2200/semeste Apartment 2
Kelsey Sackett Bedroom 2	\$2200/semeste Apartment 2
Julia Fox Bedroom 3	\$2200/semeste Apartment 2
Kalista Cherry Bedroom 4	\$2200/semeste Apartment 2
Nicole Knickert Bedroom 1	\$1750/month Apartment 3
Emma Bernste Bedroom 1	\$3700/semeste Apartment 5

12 month lease started Nov. 1st, 202

187 Main St. Brockport, NY

\$42,775/Semester, plus the monthly
\$1,750 rents from Apt 4

Karoline Bernai Bedroom 1	\$2200/semeste Apartment 3
Banetse Gome Bedroom 2	\$2200/semeste Apartment 3
Victoria Stack Bedroom 1	\$2400/semeste Apartment 4
Victoria Macbel Bedroom 2	\$2400/semeste Apartment 4
Eve Higginson Bedroom 1	\$2500/semeste Apartment 2
Abigail Sabre Bedroom 2	\$2500/semeste Apartment 2
Tyler Cowie Bedroom 1	\$2250/semeste Apartment 1
JJ Bedroom 2	\$2250/semeste Apartment 1
Mike and Shelly Studio	\$1875/semeste Apartment 5

This was the new apartment we adde

Valuation	
Revenue	\$106,550
Operating Expe	\$42,804
Cap Rate	7.00%
Total	\$910,657

Annual Revenue 2022/2023

2023/2024 Rent Roll- Per the owner, 7 of the 10 units are rented for this cycle, rather than the 6 units rented as indicated below:

D Squared Capital (Monthly):		2023/2024			
				Rented for 2023/2024	
Cash (Rental Income):					
183 Apartment #1 - 1 bedroom	\$875	\$875	\$875	\$875	\$875
183 Apartment #2 - 3 bedroom + office	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670
183 Apartment #3 - 3 bedroom + 2 office	\$1,750	\$1,750	\$1,750	\$1,750	\$1,750
183 Apartment #4 - 3 bedroom	\$1,670	\$1,670	\$1,670	\$1,670	\$1,670
183 Apartment #5 - 1 bedroom + office	\$812.50	\$812.50	\$812.50	\$812.50	\$812.50
187 Apartment #6 - 2 bedroom	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
187 Apartment #7 - 2 bedroom	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
187 Apartment #8 - 2 bedroom	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
187 Apartment #9 - 2 bedroom	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
187 Apartment #10 - Studio	\$600	\$600	\$600	\$600	\$600
Less Operating Expenses:					
	October	September	August	July	
Property Tax	-\$2,167	-\$2,167	-\$2,167	-\$2,167	
Insurance	-\$400	-\$400	-\$400	-\$400	
Maintenance	-\$500	-\$500	-\$500	-\$500	
Management (Dustin is the onsite manager)	N/A	N/A	N/A	N/A	
Debt Service	-\$2,800	-\$2,800	-\$2,800	-\$2,800	
Total Monthly Profit	\$5,911	\$5,911	\$5,911	\$5,911	
Annual Profit	\$70,926				
Bank Terms					
Loan Amount	\$448,000				
Monthly payment	-\$2,800				
Interest Rate	4.25%				
Amortization Schedule	20 years				
Term	5 years				
Valuation after rate increase					
Revenue	\$141,330				
Operating Expenses	-\$36,804				
NOI	\$104,526				
Cap Rate	7.0%				
Value	\$1,493,229				

Appraiser's Qualifications

QUALIFICATIONS OF NEAL W. HILSTON, MSA Certified General Real Estate Appraiser

EDUCATION:

University of Wyoming - B.S. Degree in Range Management - 1971

PROFESSIONAL AFFILIATIONS:

National Association of Master Appraisers (MSA) Certification Number 11403
Former Member of the American Society of Farm Managers and Rural Appraisers, Accredited
Member from March 10, 1998 to June 21, 2005,
Past President of the Wyoming Chapter
International Right of Way Association Member
Licensed Wyoming Real Estate Broker
Arkansas Certified General Real Estate Appraiser - Permit # CG-4754
California Certified General Real Estate Appraiser - Permit #3008692
Colorado Certified General Real Estate Appraiser - Permit #CG200002655
Connecticut Certified General Real Estate Appraiser - Permit #RCG.0001647
Delaware General Real Estate Appraiser - Permit #X1-0010772
District of Columbia General Real Estate Appraiser - Permit #GA40000043
Florida Certified General Real Estate Appraiser - Permit #RZ4257
Idaho Certified General Real Estate Appraiser - Permit #CGA-5477
Kansas Certified General Real Estate Appraiser - Permit #G-3428
Kentucky Certified General Real Estate Appraiser - Permit #5846
Louisiana Certified General Real Estate Appraiser - Permit #G4582
Massachusetts Certified General Real Estate Appraiser - Permit #1000241
Michigan Certified General Real Estate Appraiser - Permit #1205078156
Minnesota Certified General Real Estate Appraiser - Permit #40782359
Missouri Certified General Real Estate Appraiser - Permit #2022027121
Nebraska Certified General Real Estate Appraiser - Permit #CG2021007R
Nevada Certified General Real Estate Appraiser - Permit #A.0208559-CG
New Mexico Certified General Real Estate Appraiser - Permit #03823-G
New York Certified General Real Estate Appraiser - Permit #46000053796
North Carolina Certified General Real Estate Appraiser - Permit #A8652
North Dakota Certified General Real Estate Appraiser - Permit #CG-221158
Oklahoma Certified General Real Estate Appraiser - Permit #13624CGA
Pennsylvania Certified General Real Estate Appraiser - Permit #GA004568
South Carolina Certified General Real Estate Appraiser - Permit #AB 8289 CG
South Dakota Certified General Real Estate Appraiser - Permit #1577CG
Texas Certified General Real Estate Appraiser - Permit #TX 1381107 G
Utah Certified General Real Estate Appraiser - Permit #5455812-CG00
Washington Certified General Real Estate Appraiser - Permit #22026683
West Virginia Certified General Real Estate Appraiser - Permit #CG2806
Wyoming Certified General Real Estate Appraiser - Permit #185

BACKGROUND AND EXPERIENCE:

Owner of irrigated farm in Wyoming - 1984-1985
Lessee of agricultural property for cattle operation
Acted as court receiver on numerous properties for Farm Credit Bank of Omaha
Self-employed Hilston Ranch Realty - Agricultural Real Estate Broker 1984 to Present
Self-employed Hilston Appraisals - Real Estate Appraiser from 1984 to 12/31/2017
MountainWest Valuations, LLC (f/n/a Hilston Appraisals) - Real Estate Appraiser from 01/01/2018 to Present
Eval.com LLC, - Real Estate Appraiser from 02/24/2021 to Present

PROFESSIONAL SEMINARS:

LAW OF EASEMENTS:

"Legal Issues and Practical Considerations in Wyoming" - Speaker for "Placing a Value on Easements" - November 11, 2004, Casper, Wyoming - Lorman Education Services

CONTINUING EDUCATION:

2012 - January 12 - Wyoming Certified Appraiser Board - "Uniform Standards of Professional Appraisal Practice" - Casper, WY
2012 - March 19-22 - ASFMRA - "Cost Approach for General Appraisers" (A301), Denver, CO
2012 - November 8 - Lorman Education Services - "Law of Easements and Eminent Domain" - Casper, WY
2013 - September 12-13 - ASFMRA - "Minerals Appraisal Seminar", Cheyenne, WY
2014 - January 9, 2014 - Wyoming Certified Appraiser Board - "Uniform Standards of Professional Appraisal Practice" - Casper, WY
2014 - November 13, 2014 - Lorman Education Services - "Law of Easements and Eminent Domain", Casper, Wyoming
2015 - July 1, 2015 - Lorman Education Services - "FHA Appraisals Using the New Single Family Policy Handbook", Casper, Wyoming
2015 - March 29, 2015 - Lorman Education Services - "Supervisor-Trainee Course for Oklahoma", Casper, Wyoming
2015 - November 12 - HalfMoon Education Inc. - "Wyoming Law of Easements and Eminent Domain"
2016 - January 12, 2016 - Wyoming Certified Appraiser Board - "Uniform Standards of Professional Appraisal Practice" - Casper, WY
2016 - May 21 - www.mckissock.com - "Expert Witness for Commercial Appraisers"
2016 - May 31 - www.mckissock.com - "Even Odder - More Oddball Appraisals"
2016 - June 6 - www.mckissock.com - "Land and Site Valuation"
2021 - February 22 - www.mckissock.com - "The FHA Handbook 4000.1"
2021 - February 23 - www.mckissock.com - "2020-2021 7-Hour National USPAP Update Course"
2021 - February 23 - www.mckissock.com - "Essential Elements of Disclosures and Disclaimers"
2021 - February 23 - www.mckissock.com - "Appraising Today's Manufactured Homes"
2021 - February 24 - www.mckissock.com - "Evaluations, Desktops, and Other Limited Scope Appraisals"
2021 - March 26 - www.mckissock.com - "Laws and Regulations for California Appraisers"

CONTINUING EDUCATION:

- 2021 - August 2 - www.mckissock.com - "NAR Requirement 2021 Realtor Code of Ethics"
- 2021 - August 23 AppraisalInstitute.com - "Appraiser's Guide to Expert Witnessing"
- 2021 - September 1 - AppraisalInstitute.com - "Al-Eminent Domain and Condemnation"
- 2021 - October 7 - www.mckissock.com - "Commercial Land Valuation"
- 2021 - October 9 - www.mckissock.com - "Best Practices for Completing Bifurcated and Hybrid Appraisals"
- 2021 - November 11 - www.mckissock.com - "Divorce and Estate Appraisals: Elements of Non-Lender Work"
- 2022- March 18 - www.mckissock.com - "2022-2023 7-Hour National USPAP Update Course" (7 Hours)
- 2022- April 27- www.mckissock.com - "Supervisor-Trainee Course for Wyoming" (4 Hours)
- 2022- September 30- Hot Topics and Myths in Appraiser Liability (7 Hours)

Letter of Engagement



MountainSeed Appraisal Management, LLC
2100 Powers Ferry Road SE, Suite 410
Atlanta, GA 30339
404-973-2568

APPRAISAL REQUEST FORM
COMPANY: First Citizens Community Bank- Mansfield, PA

State Registration Number: AMC-19-0208

File Information

File ID: 221118023 **Due Date: 12/9/2022**
Loan Number: 718661461

Appraiser Information

Loan Type: Refinance Appraiser: (NBP) NVV Hilston, Neal
Form: Appraisal Report (Narrative format)
Service Fee: \$2750.00 Interest Valued: Leased Fee
Real Estate Valued: Land and Improvements Effective Date of Value As Is
Valuation:
Other Intended
Users:
USDA: No
SBA: No

Client Information

Client: First Citizens Community Bank- Borrower: D SQUARED CAPTIAL
LLC
Mansfield, PA
Address: 15 South Main St Co-Borrower:
Company Name:
Mansfield, PA 16933

Subject Property

Address: 181-189 NORTH MAIN ST Intended Use: Establish Value
Brockport, NY 14420 Appraisal Category: Origination
County: Monroe Map: [Map Link](#)
Property Type: Multi Family
Property Tax ID: 068.68-2-17 AND 068.68-2-18
Description: APPRAISERS: PLEASE PROVIDE FEES FOR BOTH STANDARD AND RUSH
TURNAROUND TIMES. YOUR FEE AND TURNAROUND TIME FOR A RUSH BID CAN
BE PLACED IN THE APPRAISERS BID NOTES. THANK YOU.

****This order is for ONE report only. Multiple reports for this order are not permitted. Contact MountainSeed immediately if you determine multiple reports are needed.****

THIS IS 2 2 STORY APARTMENT BUILDINGS WITH A TOTAL OF 10 UNITS

Are there issues that the financial institution knows about that could impact value? No

Property Contact Information

Contact Person: DUSTIN BEARDSLEY

Cell Phone: 585-967-4375

Contact Email

Address:

Work Phone:

Home Phone:

Note: This appraisal order is not transferrable to another appraiser. If the appraiser named on this appraisal request is unable to complete this assignment please contact MountainSeed AMC at 404-973-2568. All appraisers are approved on an individual basis, if this assignment is completed by another appraiser MountainSeed AMC will not be liable for any appraisal related service fee.



Date: 11/23/2022

Appraisal Company: (NBP) NVV – National Valley Valuations
Appraisal Co Address: 6595 Roswell Road
Atlanta, GA 30328

Regarding: 181–189 NORTH MAIN ST Brockport, NY 14420

Dear: Neal (NBP) NVV Hilston

This letter (this "Engagement Letter") confirms your engagement to prepare an appraisal of the property described below in compliance with the terms and conditions set forth below.

Basic Information

Property to Be Appraised: 181–189 NORTH MAIN ST Brockport, NY 14420

Property Description: APPRAISERS: PLEASE PROVIDE FEES FOR BOTH STANDARD AND RUSH TURNAROUND TIMES. YOUR FEE AND TURNAROUND TIME FOR A RUSH BID CAN BE PLACED IN THE APPRAISERS BID NOTES. THANK YOU.

This order is for ONE report only. Multiple reports for this order are not permitted. Contact MountainSeed immediately if you determine multiple reports are needed.

THIS IS 2 2 STORY APARTMENT BUILDINGS WITH A TOTAL OF 10 UNITS

Interest in the Property to be Appraised: Leased Fee

Client: First Citizens Community Bank– Mansfield, PA

Intended User: Financial Institution

Borrower (if Applicable): D SQUARED CAPTIAL LLC

Property Owner Contact Name: DUSTIN BEARDSLEY

Property Owner Phone:

Appraisal Management Company: MountainSeed Appraisal Management, LLC

Valuation
Methodology to Be Used: **Value As Is**

Appraisal Form to Be Used: Appraisal Report (Narrative format)

Fee: \$2750.00

Due Date: 12/9/2022

Addressee: Your Appraisal Report should be addressed to the Financial Institution.

I. INSTRUCTIONS

a. Purpose of the Assignment

The purpose of the assignment is to develop and report an informed and independent opinion of the Market Value of the Subject Property.

b. Intended Use

The report you prepare is intended to be used by the Financial Institution as an aid in underwriting a loan, loan modification or loan extension; classification or monitoring of a loan; and/or the disposition or monitoring of REO or loan collateral, which may constitute a federally-related real estate transaction for purposes of applicable federal appraisal regulations. The Financial Institution may, without your prior authorization or a notice to you, provide your report to other parties for their use, including without limitation in lending-related activities.

c. Acceptance of the Assignment

You must accept or decline this assignment *within one (1) business day*.

d. Web Portal

The Financial Institution has engaged MountainSeed to provide certain appraisal management company services to the Financial Institution. The Financial Institution has appointed MountainSeed as the Financial Institutions agent for purposes of engaging you on behalf of the Financial Institution in accordance with this Engagement Letter. Accordingly, you must direct communications about this appraisal assignment to MountainSeed through the web-based software system with which you registered prior to receiving this assignment (the *Web Portal*). If you have an issue with the Web Portal, please contact MountainSeed by phone (404) 973-2568 or email (info@mountainseed.com).

You agree to consistently monitor the Web Portal for updates and correspondence from MountainSeed. *You agree to respond to all communications from MountainSeed within one (1) business day*, and you agree to comply with the other timing and delivery requirements set forth below. Failure to respond to communications from MountainSeed regarding this appraisal assignment, or failure to meet any of the other timing and delivery requirements, may result in the work being reassigned to another appraiser. You understand that the Financial Institution reserves the right to withhold payment in the event the assignment is reassigned due to your failure to meet timing and delivery requirements.

e. Requirement to Decline the Assignment or Stop Work

You must decline this assignment if you are not geographically competent, the assignment falls outside of your scope of practice restrictions, or you know of any reason you would not be able to provide an unbiased and independent professional judgment as to the Market Value of the Subject Property. Furthermore, you

must stop work and immediately notify MountainSeed if you later determine that you are not qualified to complete the assignment. You acknowledge that you have received a copy of MountainSeeds Appraiser Independence Policy (AP0001) (the *Appraiser Independence Policy*), which is incorporated into this Engagement Letter by this reference. *If you believe that a violation of the Appraiser Independence Policy has occurred, or any applicable conflict of interest or independence requirements (such as attempts by others to influence or coerce) have been compromised in any way, you will immediately stop work and contact MountainSeeds compliance hotline at 1-877-848-4914.*

f. Requirements for Completion of the Assignment

i. *Inspection*

Immediately, but in no event less than **two (2) business days**, following your acceptance of this assignment, you should contact the property contact to schedule an inspection. If you are unable to reach the property contact, please notify MountainSeed immediately. As soon as the inspection date has been set, you should change the order status in the Web Portal to "**Appt. Set**" and add the date and time of the appointment in the appropriate section of the order.

ii. *Property Information*

The description of the Subject Property and any other information provided to you by MountainSeed or Financial Institution is provided on an *As-Is, Where-Is* basis with no representation or warranty whatsoever.

If at any time you discover a material discrepancy or insufficiency in the description of the Subject Property or other information provided to you that necessitates a change in the scope of the work, your fee or the Due Date, you must notify MountainSeed within **one (1) business day** of such discovery (and in any event prior to the Due Date and your delivery of the Appraisal) and the parties will work together to agree upon a mutually satisfactory amendment to this Engagement Letter to memorialize any such necessary changes.

iii. *Uniform Standard*

In performing the assignment, you and your work product must conform to generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (*USPAP*) promulgated by the Appraisal Standards Board of the Appraisal Foundation.

iv. *Additional Requirements*

You and your work product must comply with the regulations, guidelines, and standards specified in the MountainSeed General Guidelines for Financial Institutions, Commercial Appraisal Services (herein referred to as the *Additional Requirements*). You can access these guidelines via the following link: <https://mountainseed.com/valuationguidelines-commercial/>

By signing this engagement letter, you acknowledge that you have received a copy of these Guidelines.

While you must comply, and must ensure that your work product complies, with those provisions in the respective federal laws and regulations that are applicable to you and your performance of this assignment, this Engagement Letter does not require you to guaranty compliance with portions of those federal laws and regulations that do not apply to your performance of this assignment or over which you have no control whatsoever. However, you must be knowledgeable about and comply with any provisions of the laws, regulations, and guidelines discussed above that apply to your work. For example, you must comply with the requirement to provide an As Is Market Value for assignments involving federally related transactions. This requirement applies to all assignments, including those involving new construction or for properties undergoing renovation. Please remember that under USPAPs Scope of Work Rule, assignment conditions include laws and regulations. You may also wish to refer to USPAP Advisory Opinion 30, *Appraisals for Use by a Federally Regulated Financial Institution*.

v. *Special Requirements*

Your Appraisal must comply with USPAP, the Additional Requirements stated above, and all the terms and conditions and any Special Requirements set forth in this Engagement Letter.

vi. State-Specific Requirements

1. AMC Registration/License Number & Fee Disclosure

Appraisals are expected to comply with any state-specific requirements regarding the disclosure of: (a) MountainSeed's AMC registration or license number, as applicable; and/or (b) the fee paid for your services.

Pursuant to state law, MountainSeed cannot prohibit the appraiser from disclosing the appraisal fee within the appraisal report. Furthermore, MountainSeed does not require the appraiser to disclose the AMC registration/license number or appraisal fee within the appraisal report, however in the following states, you should disclose the AMC registration and/or your fee within the body of the appraisal report. (Note: This list is provided for informational purposes only. It is your responsibility to verify disclosure requirements with the licensing board in the state where the subject property is located.)

State	Appraiser to Disclose in Report (AMC #, Fee, or Both)	Special Instructions
Alabama	AMC #	Appraiser shall state fee paid to appraiser in certification of report.
Arizona	Fee	Appraiser shall state their fee in scope of work section of report.
Colorado	Fee	None
Georgia	Both	None
Illinois	Both	<p>1) An independent appraiser by employment or contract for a specific assignment, the appraiser shall prominently display the appraisal fee received from the appraisal management company in the certification as follows: "The compensation for this appraisal assignment is \$_____."</p> <p>2) An employee appraiser for a specific assignment, the appraiser shall prominently display the appraisal fee received from the appraisal management company in the certification as</p>

		<p>follows: "The compensation for this appraisal assignment is \$_____.</p> <p>3) An employee appraiser who receives a salary and does not receive a fee for the assignment, the employee appraiser shall prominently display the following language: "The appraiser is a salaried employee and received no appraisal fee for the assignment."</p> <p>4) An appraiser for a specific assignment, the appraiser shall prominently display the appraisal management company's Illinois registration number and expiration date as follows: "The appraisal management company's Illinois registration number is _____ and it expires on (month/day/year)."</p>
Kentucky	Both	Appraiser to place AMC name, registration number and fee paid to appraiser in report.
Louisiana	Fee	None
Montana	AMC #	None
Nevada	Fee	Appraiser to state total paid to appraiser and total fee retained by AMC.
New Jersey	Both	None
New Mexico	Fee	Appraiser to state total paid to appraiser and total fee retained by AMC.

Ohio	Both	Appraiser to state actual fees paid to the appraiser within the body of the appraisal report.
Utah	Fee	Appraiser to state total paid to appraiser and total fee retained by AMC.
Vermont	Fee	Appraiser to state fee paid to appraiser in report.

2. *Assignments Involving Illinois Property*

For appraisal assignments involving property located in the state of Illinois, you must comply with the requirements of Illinois law and the Illinois Administrative Code. Illinois has established state law governing appraisal assignments in which an AMC is involved. You must comply with Illinois law, including the provisions of Illinois Administrative Code Section 1455.250.

a. Client(s) & Intended User(s)

MountainSeed is an appraisal management company (AMC) and is engaging you on the Financial Institutions behalf, acting as the Financial Institutions agent. As the Financial Institution is engaging you through MountainSeed (an agent), the Financial Institution is also a client. Accordingly, notwithstanding any provision to the contrary contained in this Engagement Letter, ***you must identify MountainSeed as the client and the Financial Institution as the intended user in the appraisal report.***

b. AMC Illinois Registration Number

The appraiser shall prominently display the appraisal management company's Illinois registration number and expiration date as follows: "The appraisal management company's Illinois registration number is 558.000010 and it expires on (month/day/year)."

Verify current expiration date at: <https://filesonline.idfpr.illinois.gov/DFPR/Lookup/LicenseLookup.aspx>

vii. *Form-Specific Requirements*

1. FHLMC Form 71A

If Form 71A is used, the appraiser must conspicuously state in an addendum that the pre-printed definition of market value, contingent & limiting conditions, certification, and FHLMC Form 461 (lease analysis) referenced on Form 71A are outdated and are not incorporated in the report. (See 71A Addendum Example below).

At a minimum, the report must contain a current definition of market value, assumptions and limiting conditions, and certifications that comply with the current USPAP.

71A Addendum Example:

FORM 71A CONTAINS THE FOLLOWING PRE-PRINTED ELEMENTS THAT ARE OUTDATED AND COMPROMISE COMPLIANCE WITH CURRENT STANDARDS AND GUIDELINES. THESE PRE-PRINTED ELEMENTS ARE NOT INCORPORATED IN THE REPORT.

1. *Definition of Market Value Not current (c.1975) as printed on Form 71A and not consistent with the current FIRREA definition. (See FIRREA Title XI § 323.2 Definitions. (h) Market value)*
2. *Contingent & Limiting Conditions Not current with USPAP as they contain assumptions that appear to require explicit identification as Extraordinary Assumptions (e.g. assumptions regarding condition). [See USPAP Standard 2-2 (a)(xiii)]*
3. *Certification Not current or consistent with the current minimum certification required by USPAP. (See USPAP Standard 2-3)*
4. *FHMLC Form 461 (Lease Analysis) Inadequate to meet current standards and requirements for development and reporting.*

THE APPRAISER HAS REPLACED THESE WITH ADDENDA AND ATTACHMENTS THAT COMPLY WITH CURRENT STANDARDS AND GUIDELINES.

2. FHLMC Form 71B

If a 71B is ordered, the appraiser must conspicuously state in an addendum that FHLMC 239 (certification and statement of limiting conditions, including definition of market value) and FHLMC Form 461 (lease analysis) referenced on form 71B are outdated and are not incorporated in the report. (See 71B Addendum Example below)

At a minimum, the report must contain a current definition of market value, assumptions and limiting conditions, and certifications that comply with the current USPAP.

71B Addendum Example:

FORM 71B CONTAINS PRE-PRINTED REFERENCES TO THE FOLLOWING FORMS THAT ARE OUTDATED AND COMPROMISE COMPLIANCE WITH CURRENT STANDARDS AND GUIDELINES. THESE ELEMENTS ARE NOT INCORPORATED IN THE REPORT.

1. FHLMC 239 Outdated due to:

- a. *Definition of Market Value) Not current (c.1975) and not consistent with the current FIRREA definition. (See FIRREA Title XI § 323.2 Definitions. (h) Market value)*
- b. *Contingent & Limiting Conditions Not current with USPAP as they contain assumptions that appear to require explicit identification as Extraordinary Assumptions (e.g. assumptions regarding condition). [See USPAP Standard 2-2 (a)(xiii)]*
- c. *Certification Not current or consistent with the current minimum certification required by USPAP. (See USPAP Standard 2-3)*

2. *FHMLC Form 461 (Lease Analysis) Inadequate to meet current standards and requirements for development and reporting.*

THE APPRAISER HAS REPLACED THESE WITH ADDENDA AND ATTACHMENTS THAT COMPLY WITH CURRENT STANDARDS AND GUIDELINES.

g. Requirements for Delivery of the Appraisal

i. *Delivery to MountainSeed*

You must upload the Appraisal, including all exhibits and addendums, in a color PDF format to the Web Portal. You must upload a separate PDF of your invoice for the report in accordance with the Invoicing and Payment section below. The invoice should comply with the requirements of Section II(b) of this Engagement Letter.

ii. *Due Date*

You must deliver all work product required under the terms of this Engagement Letter by 5pm (local time of the subject property) on the Due Date. You must promptly notify MountainSeed in writing, and in no event less than two (2) business days prior to the Due Date, in the event that you anticipate any delay in meeting the Due Date. MountainSeed shall be under no obligation to extend the Due Date.

iii. *Effective Date of the Appraisal*

The effective date of your valuation opinion must be within thirty (30) days of the date of your delivery of the Appraisal, unless instructed otherwise.

II. **POST-DELIVERY**

a. Review of the Appraisal and Response to Related Inquiries

You acknowledge that MountainSeed may, for the benefit of MountainSeed and the Financial Institution, conduct or cause to be conducted a review of your completed appraisal. In connection with that review, MountainSeed may contact you to discuss your appraisal, to ask questions, or to request revisions in connection with MountainSeeds Appraisal Independence Policy. You agree to respond: (i) **within one (1) business day** to acknowledge your receipt of any such communication, and (ii) **within two (2) business days** to address any requests for revisions or additional information. You acknowledge that the resolution of such requests may in some cases require further analysis or written response from you and you agree that such analysis or response is part of the scope of work agreed to in connection with this assignment and will be provided at no additional charge.

Furthermore, you acknowledge that MountainSeed may use the results of any reviews or other quality control processes to establish an appraiser scorecard or other methodology or process for determining the quality of your work product (a *Scorecard*), and you agree that MountainSeed may share the results of any such Scorecard with the Financial Institution and other Financial Institution clients and third parties. You have the right to request a copy of your Scorecard and to dispute any information contained in it.

MountainSeed agrees to use good faith efforts to cooperate with you in resolving any such disputes regarding information contained on your Scorecard.

b. Invoicing and Payment

i. *Generally*

You must address your invoice to the Financial Institution at its address and submit it with your completed Appraisal. ***The fee for this engagement set forth above includes all expenses, including travel and any technical assistance that you feel is necessary or appropriate.*** Your invoice at a minimum should include your contact information, the property address and MountainSeed File ID Number, the fee, an invoice date and payment terms, and shall be accompanied by a completed IRS W-9 Form (unless you have already provided a copy of your W-9 to MountainSeed).

Provided you have delivered the appraisal and otherwise fully satisfied your obligations hereunder, the Financial Institution will pay your fee as set forth above within thirty (30) days following the later to occur of (1) the Financial Institutions receipt of your invoice and all required supplemental information (e.g., W-9) or (2) the Financial Institutions receipt of completed report or work product meeting all requirements of this Engagement Letter. You acknowledge and agree that the Financial Institution may withhold payment of your fee in the event your work product, in the Financial Institutions reasonable discretion, does not comply with any requirement of this Engagement Letter.

Please note that MountainSeed does not charge the Financial Institution an all-inclusive flat fee (your appraiser fee and the AMC fee combined). Instead, MountainSeed's arrangement with the Financial Institution requires you to invoice the Financial Institution directly for your agreed-upon fee. MountainSeed's fee is invoiced separately from yours. We believe this model provides transparency for you. We believe that asking you to bill the Financial Institution directly for your appraisal fee eliminates delay.

While it is our belief that this is the best payment model, we also understand that it is possible that from time to time a Financial Institution may be delinquent in timely payment. We do not want to be a deterrent in your receiving timely payment. If you have outstanding invoices that are excessively delinquent and would like to inquire directly to the Financial Institution on the status of your payment, please feel free to place a message in the Web Portal and request the contact information for the accounts payable department at the Financial Institution.

PLEASE NOTE THAT, EXCEPT AS SPECIFICALLY PROVIDED ELSEWHERE IN THIS AGREEMENT, MOUNTAINSEED DOES NOT ASSUME LIABILITY FOR YOUR FEE IN THE EVENT THE FINANCIAL INSTITUTION FAILS TO PAY OR IS DELINQUENT IN PAYING YOUR INVOICE.

ii. Payment Requests

*If you believe that the Financial Institution has failed to pay your fee for an appraisal within 25 days of the date you transmitted to us your completed appraisal, except where you have been notified of any non-compliance with the conditions of the engagement, in addition to placing a message in the Web Portal please contact MountainSeed immediately at accounting@mountainseed.com so that we can work with you and the Financial Institution to ensure that you receive timely payment. Please note that while we believe that our payment policy is mutually beneficial, it does require that we rely on you to notify us when you have not been timely paid. To assist us in prioritizing your request for payment, please include the phrase **PAYMENT REQUEST** in all caps in the subject line of your email.*

c. Disputes

MountainSeed has established a policy and a process for handling dispute requests from the Financial Institution following the Financial Institutions receipt of the completed appraisal, in accordance with the Appraisal Independence Policy. If you receive a completed dispute request form through the Web Portal, you agree to respond: (i) **within one (1) business day** to acknowledge your receipt of any such communication, and (ii) **within three (3) business days** to address any requests for revisions or additional information utilizing the Web Portal. You acknowledge that the resolution of such Financial Institution dispute requests may in some cases require further analysis or written response from you and you agree that such analysis or response is part of the scope of work agreed to in connection with this assignment and will be provided at no additional charge.

III. REPRESENTATIONS AND WARRANTIES

a. Licensure/Certification

You represent and warrant that you hold the appraisal license or certification necessary to perform the appraisal assignment. Furthermore, you represent and warrant that all professional qualifications, licenses, and other information provided to MountainSeed or Financial Institution were and remain valid, true, correct, and complete in every respect, except to the extent you have notified MountainSeed and Financial Institution in writing of any change.

b. Appraisal Standards and Competency

By executing this Engagement Letter you acknowledge, declare, represent and warrant that you:

- (i) Understand the competency requirements of the pertinent version of USPAP and can satisfy each provision of the competency rule;
- (ii) Meet the competency requirements for this appraisal assignment;
- (iii) Are competent in the property type of the assignment;
- (iv) Are competent in the geographical area of the assignment;

- (v) Have access to appropriate data sources for the assignment;
- (vi) Are aware that misrepresentation of competency may be subject to the mandatory reporting requirement in the most current version of USPAP;
- (vii) Are familiar with the laws, rules, regulations, guidelines and other materials described in USPAP and the Additional Requirements;
- (viii) Are not aware of any reason why you or the Appraisal you prepare in connection with this assignment would fail to comply with USPAP and Additional Requirements, including without limitation the independence provisions and prohibitions on conflicts of interest;
- (ix) Have specific experience with the Subject Property type;
- (x) Hold all licenses, registrations, permits, certifications and governmental or other authorizations required to perform the appraisal in accordance with USPAP and the Additional Requirements, and in compliance with all applicable federal, state and local laws, ordinances, rules, regulations and guidelines;
- (xi) Have not performed any prior services regarding the Subject Property, as an appraiser, or in any other capacity, within the three-year period ending with the date of this Engagement Letter, or if you have you have performed such services, have disclosed those services in writing in compliance with USPAP prior to accepting this assignment;
- (xii) To your actual knowledge, are not listed on an exclusionary list or any similar list maintained by any governmental or quasi-governmental entity;
- (xiii) To your actual knowledge, have not had any registration, certificate or license to act as an appraiser refused, denied, canceled, surrendered in lieu of a pending revocation, suspended or revoked by any state or appraisal board prior to or as of the date of this Engagement Letter; and
- (xiv) Have no interest, direct or indirect, financial or otherwise in the Subject Property or the underlying transaction. *(Although USPAP may allow an appraiser to appraise a property in which the appraiser has an interest with appropriate disclosures, the Additional Requirements do not permit such activity. If you have an interest in the Subject Property, you must decline this assignment.)*

c. Compliance with Applicable Law

You represent and warrant that you perform services as covered by this Engagement Letter in compliance with all applicable federal and state laws, regulations, and guidance, including, but not limited to, the laws, regulations, and guidance identified in the Additional Requirements section of this Engagement Letter.

d. Errors & Omissions Insurance

You represent and warrant that you maintain, and covenant that you shall continue to maintain (either by continuation of similar coverage with the same or a different insurance carrier or by the purchase of extended reporting period coverage or tail coverage) for a period of three years after the date of completion of this assignment, professional liability insurance (*E&O Insurance*) covering damages arising from the professional appraisal services delivered by you under this Engagement Letter. Your E&O Insurance shall: (i) have a minimum liability limit of \$500,000 per claim and \$1,000,000 in aggregate for all claims, (ii) be issued by an insurance carrier having a Bests Financial Strength rating of A- or better and Financial Size Category of at least Class IX, and (iii) be issued on an insurance policy form and by an insurance program acceptable to MountainSeed and Financial Institution. The policy shall not contain an exclusion for defense or damages relating to claims arising out of failed financial institutions or claims made by the FDIC or any other state or federal regulator or insurer of Financial Institutions, mortgage lenders, or other financial institutions.

You represent and warrant that you have provided MountainSeed (or other persons or entities as directed by MountainSeed) with true, correct and complete insurance declarations page or certificate of coverage evidencing your current E&O Insurance together with any other insurance documentation relating to such coverage requested by MountainSeed.

You agree to supply evidence of E&O Insurance whenever your E&O Insurance is renewed or replaced and shall immediately inform MountainSeed (or other persons or entities as directed by MountainSeed) of any nonrenewal, cancellation, termination or change of prior acts date/retroactive date of Appraisers E&O Insurance. During the period that you are required to carry E&O Insurance under this Engagement Letter, you shall not make any change or alteration to your E&O Insurance which results in the loss of prior acts or

retroactive date coverage covering the date on which the assignment was performed under this Agreement. You consent to MountainSeed confirming E&O Insurance coverage directly with the insurance carriers or insurance program administrators.

IV. INTELLECTUAL PROPERTY

As between you and the Financial Institution, the Financial Institution will be deemed to own your appraisal and any reports or other information provided by you to Financial Institution in connection with this Engagement Letter, and neither Financial Institution nor MountainSeed will be restricted in any way with respect to redistribution of such information. You shall not claim any copyrights or other ownership interests in that work product. You, however, shall have the right to retain copies of reports, documents or other information produced or utilized by you for the purpose of your work file under USPAP or as may be required under any law or regulation.

Notwithstanding the foregoing, you acknowledge and agree that, in connection with its review of your Appraisal or otherwise, MountainSeed may extract and compile market data, including without limitation, information relating to comparable sales, rents, operating expenses, income, leases, and leasing activity; neighborhood descriptions; economic trends; and similar information, including, without limitation, for purposes of populating databases to be used by MountainSeed and its affiliates in future performance of services for, and product offerings to Financial Institution and other clients. Any such databases or other compilation of data extracted and compiled by MountainSeed shall be owned solely by MountainSeed, and you specifically disclaim, transfer, and assign to MountainSeed any right, title or interest in and to such databases and compilations and the information contained in them; provided, however, that this sentence shall not limit the Financial Institutions rights to use the appraisal in accordance with the terms of this Engagement Letter. For the absence of doubt, any such information extracted from your Appraisal and compiled by MountainSeed solely in accordance with the rights granted to MountainSeed under this paragraph shall not include your opinion of the value of the Subject Property as stated in the Appraisal, or any other confidential information relating to the Subject Property or the loan or transaction underlying the appraisal (including the identity of the lender and the identity of the borrower), or any confidential information with respect to the Financial Institution, the borrower, or the Financial Institutions or borrowers business operations, to the extent not already publicly available.

V. OTHER PROVISIONS

a. Relationship between the Parties

In the performance of services under the terms of this Engagement Letter, you shall act solely as an independent contractor, and nothing herein contained or implied shall at any time be construed so as to create the relationship of employer and employee, master and servant, partner, principal and agent or joint venture partner between you and Financial Institution or MountainSeed. Specifically, you acknowledge and agree that (i) neither Financial Institution nor MountainSeed will withhold any taxes, income or otherwise, from payments to you and that you will be required to file corporate, partnership, and/or individual tax returns and to pay taxes in accordance with applicable federal, state and local laws, (ii) this Engagement Letter is not an employment agreement, (iii) you are not an employee of MountainSeed or Financial Institution for any purpose, including, but not limited to, application of the Federal Insurance Contribution Act, Social Security Act, Federal Unemployment Tax Act, Internal Revenue Code, state and federal income tax withholding requirements, workers compensation insurance, and third-party liability claims, (iv) neither MountainSeed nor Financial Institution shall be liable for any obligations incurred by you unless specifically authorized in writing, (v) you shall not act as an agent of MountainSeed or Financial Institution, nor bind MountainSeed or Financial Institution in any manner, (vi) you shall not represent or communicate to any party that you are an employee or an agent of MountainSeed or Financial Institution, and (vii) you are free to perform services for any and all other clients or management companies and you are free to set your own hours with respect to the performance of the assignment under this Engagement Letter.

b. Subcontracting Performance of Services

i. Generally

No subcontracting or outsourcing is permitted under this Engagement Letter. You, as the person signing this Engagement Letter, shall be the person who performs and signs the Appraisal requested herein. In general, the Financial Institution expects that you shall be the person that personally inspects the Property in connection with your Appraisal. Requests to have another employee in your firm inspect the Property must be approved and accepted by MountainSeed prior to engagement. Unless specifically instructed otherwise by MountainSeed or the Financial Institution, you may receive assistance in completing the Appraisal, so long as: (1) you at all times comply with USPAP, the Additional Requirements and the other provisions of this Engagement Letter, including without limitation in documenting the assistance you received, (2) the person providing the assistance is employed directly by you or by your appraisal firm and is characterized as an employee (and not an independent contractor) for federal income tax purposes; (3) the person providing the assistance is competent and qualified to provide the assistance and holds all necessary state, federal or local licenses, certificates or other authorizations required by any applicable authority; (4) you continuously supervise the person providing the assistance at all times in any work related to this Appraisal assignment, and (5) you sign the Appraisal and certification and accept full responsibility for the work. Specifically, and without limitation, you acknowledge and agree that you are familiar with applicable state laws, rules and appraisal board regulations, if any, regarding receiving professional assistance in connection with an appraisal assignment and that you shall at all times comply with those laws, rules and regulations in receiving any assistance in performing the Appraisal. You shall not assign this Engagement Letter to any other party, and any attempt by you to assign shall be void.

ii. State-Specific Requirements

For appraisal assignments involving property located in the state of Montana, subject to being permissible under the policies of the Financial Institution, Subsection V(b)(i), above, does not preclude you from: (i) utilizing the assistance of a licensed real estate trainee (under your supervision) or (ii) transferring the assignment to your employee who is Montana-licensed or -certified real estate appraiser who is a member of the Financial Institutions panel, provided that such individual can complete the work in accordance with USPAP and pursuant to the requirements of the Montana Board of Real Estate Appraisers.

c. No Disclaimers

The Financial Institution reserves the right not to accept the report and neither Financial Institution nor MountainSeed will be responsible for any fees or expenses incurred hereunder if your report includes disclaimers limiting your professional liability for services typically performed by an appraiser. This section shall not prohibit you from including standard disclaimers that may limit your liability for services typically performed by a third-party and that an appraiser is not qualified to perform, such as environmental site assessments.

d. No Third-Party Beneficiaries

All requirements and standards for you and your work product are imposed solely and exclusively for the benefit of MountainSeed and Financial Institution and their respective successors and assigns, and no other person shall be deemed a third-party beneficiary of this Engagement Letter. You are solely responsible for ensuring that you and your work product comply with all such requirements and standards. Specifically, you are not entitled to rely on any review that MountainSeed may perform to evaluate your work products compliance with any such requirements and standards. You should not assume that MountainSeed will refuse to accept your work product in absence of strict compliance with any or all such requirements and standards.

e. No Promise of Future Assignments

You acknowledge that neither MountainSeed nor Financial Institution has made any guarantee of future assignments. Neither Financial Institution nor MountainSeed makes any promise or guarantee as to any minimum number of assignments or minimum level of revenue.

f. Indemnity

You agree to indemnify MountainSeed for any and all loss, damage, liability, claim or expense incurred by an Indemnified Party arising out of or related to (i) any death, bodily injury or damage to property resulting from your acts or omissions, (ii) your negligence, gross negligence or willful misconduct in performing this

assignment; or (iii) any breach of your representations, warranties and covenants contained in this Engagement Letter. Notwithstanding the foregoing, nothing in subpart (iii) above will be deemed to require you to defend, indemnify or hold harmless MountainSeed or any MountainSeed-related Indemnified Party with respect to any liability, damage, loss, claim or expense that arises out of the services performed by MountainSeed, its agents, employees, or independent contractors, and not the services you performed. Furthermore, this indemnification provision in this paragraph shall not apply to appraisals performed in Vermont; for other states, in the event that the indemnification provision in this paragraph is broader than permitted by any applicable law or regulation, this section shall be limited to the extent of the indemnification permitted by such law or regulation in that state.

g. Termination

Notwithstanding anything contained herein to the contrary, either Financial Institution or MountainSeed may, at its option and for any reason, terminate this agreement without responsibility for payment of the appraiser's fees or costs, except for any actual staff time and out-of-pocket costs only, not to exceed the fee amount stated above, incurred by the appraiser in connection with the appraiser's performance of this agreement as of the date of termination.

h. Amendment

This Engagement Letter may only be amended in writing, signed by the parties hereto.

i. Confidentiality

You will take all reasonable steps to ensure that neither you nor any organization with which you are affiliated (including any employees, agents, appraisers, or officers of any such organization) will divulge any Confidential Information concerning your Appraisal to any person other than Financial Institution or MountainSeed. For purposes of this engagement letter, the term *Confidential Information* shall mean all non-public data or information that is submitted directly or indirectly to you by MountainSeed or Financial Institution or obtained or learned by you as a result of the engagement described in this Letter, including without limitation, information related to Financial Institutions or MountainSeeds customers, technology, operations facilities, consumer markets, products, capabilities, systems procedures, security practices, research, development, business affairs, ideas, concepts, innovations, inventions, designs, business methodologies, improvements, trade secrets, copyrightable subject matter and other proprietary information. All Confidential Information shall remain the property of Financial Institution or MountainSeed, as applicable, and shall be protected as described below.

Except may be required by applicable law or lawful order or requirement of a court or other governmental authority having jurisdiction over you, you shall take reasonable means to hold all Confidential Information in confidence, and you shall not use (except for purposes set forth herein and authorized by Financial Institution or MountainSeed), disclose, duplicate, publish, release, transfer or otherwise make available Confidential Information in any form to, or for the use and benefit of, any person or entity without the express written consent of MountainSeed. You represent and warrant to Financial Institution and MountainSeed that you have established commercially reasonable controls to ensure the confidentiality of Confidential Information and to insure that Confidential Information is not disclosed in violation of the provisions of this Engagement Letter or the Gramm-Leach-Bliley Act of 1999 (15 U.S.C. § 6801, et seq.), as it may be amended, supplemented or replaced from time to time (the *GLB Act*) and the regulations promulgated thereunder. If the GLB Act, the regulations promulgated thereunder or other applicable law now or hereafter in effect imposes a higher standard of confidentiality, such standard shall prevail over the standard set forth in this Engagement Letter.

You also agree that you will at any time during your engagement, at MountainSeeds or Financial Institutions request, and in any event, at the termination of this engagement, regardless of the reason, surrender to MountainSeed and/or Financial Institution (as is appropriate) all Confidential Information and any copies or abstracts thereof, to the extent surrendering the information is not prohibited under USPAP or other applicable federal, state and local laws, ordinances, rules, regulations and guidelines that may require you to maintain certain records.

You have caused this Engagement Letter to be executed as of the date set forth below.

National Valley Valuations (COMPANY)

By: Neal W Hilston

Name: Neal Hilston, MSA

Title: Appraiser