PHOTOGRAPHS OF THE SUBJECT

View of the subject from across Good Luck Road looking northeast

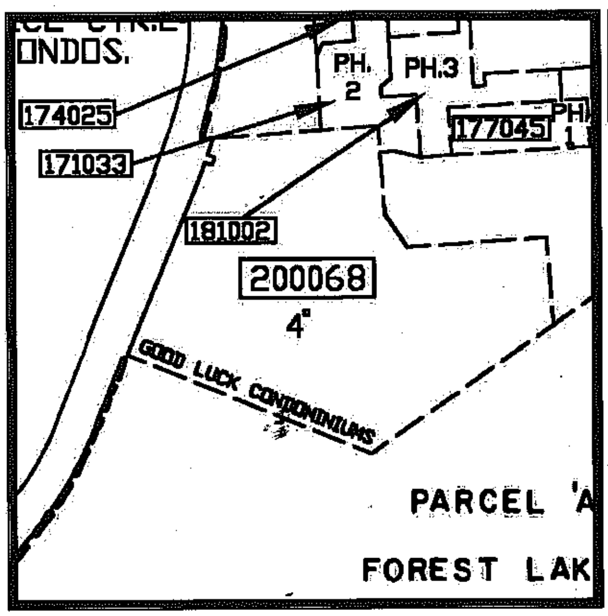
View of the subject from school across the subject looking east

SCOPE OF THE ASSIGNMENT

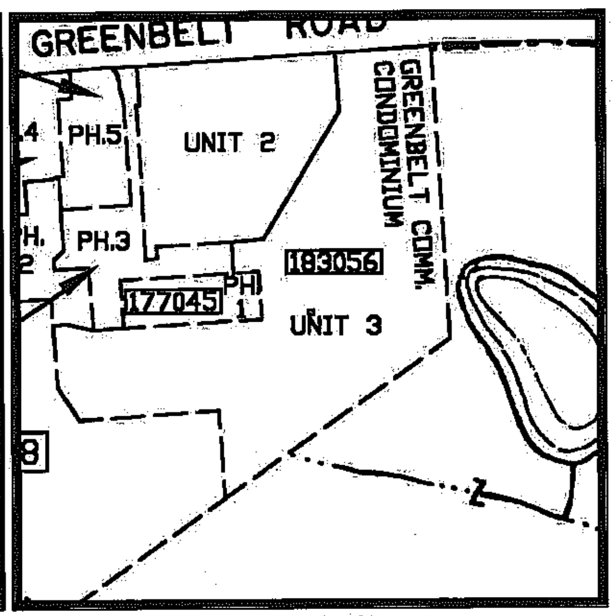
The subject of this appraisal consists of two parcels: Parcel Account ID 14-2353118, which contains 6.7052 acres and has an address of 9891 Good Luck Road, and Parcel Account ID 14-3169760, which contains a total of 6.436 acres and has an address of 9885 Greenbelt Road. Both parcels are located on the east side of Good Luck Road near the intersection with Greenbelt Road (Route 193) in Greenbelt, Maryland.

The analysis herein takes into account the following:

1.	**Subject Street Address:**	9891 Good Luck Road and 9885 Greenbelt Road, in Lanham, MD 20706
2.	**Jurisdiction:**	Prince George's County
3.	**Legal Description:**	Unit 4 in a subdivision known as "Goodluck Condominiums" and (part of) Unit 3 of the "Greenbelt Comm. Condominium." The metes and bounds description is found in the Addendum
4.	**Tax Map ID:**	14-3593118 and 14-3169760 (part)



14-3593118



14-3169760

5.	**Current Ownership:**	Good Luck Condominiums LLC (14-3593118) and Heritage Land LLC (14-3169760)
6.	**Acquisition & History:**	For Parcel ID 14-3593118, there was a related party transfer between the current owner and Good Luck Mews LLC on July

7, 2004 (recorded September 22, 2004) for $1,600,000. Previously, it was transferred from FMT Properties Inc. on June 30, 2000 with no published money consideration. On April 1, 1999, it transferred from TR Goodluck Corp for no published money consideration.

Parcel ID 14-3169760 was purchased for $350,000 on May 25, 2006 (recorded June 6, 2006) from the First Mt. Vernon Industrial Association. According to the online county records, it was previously transferred from Garlance Inc. for $350,000 on January 22, 2002, but was deemed not to be a true arms-length transaction. Prior to that, it transferred from NP #7 Corporation in another non-arms-length transaction on April 15, 1995 for $1,200,000.

On January 8, 2008, the subject's detailed site plan was approved by the MNCPPC, subject to a written appeal or review of the District Board within 30 days.

7. **Listing/Contract:**

The property was the subject of two related agreements that are now considered terminated: A building pads purchase agreement and a building pads development contract, both with NVR.

The critical terms of the building pad purchase were as follows

- Originally signed on October 14, 2005
- Covers 112 units in seven building pads;
- Purchase price of $39,750 per unit. The selling price will escalate at one (1) percent per year starting with the first settlement and increasing quarterly.
- Initial deposit of $50,000 due at signing, another $293,440 due 5 days after signing, and $343,400 within 5 days of final site plan approval (beyond all appeal periods).
- Seller to pay brokerage commissions.
- Take-down of the first building pad is within 15 days of written notice that (a) conditions precedent to closing has been met and (b) construction of the community center has commenced. The second takedown is 120 days from the first pad takedown, followed by one building pad takedown every 90 days, but not sooner than one pad per month.

The terms of the Building Pad Development Contract were:

- Originally signed on October 14, 2005 and amended on October 25, 2005, between Goodluck Condominiums LLC and NVR Inc. (Ryan Homes)
- Contractor obligations include: (a) clearing and rough grading, (b) provide storm drainage structures and facilities, including the storm water management pond, street paving, install sidewalks, driveway aprons, curbs and gutters, water and sewer distribution lines, install street lighting, (c) provide underground utilities adjacent to the building pad, (d) provide building pad improvements required for the unconditional issuance of building permits, (e) complete landscaping and tree planting outside the boundaries of each building pad, (f) construct all amenities required according to the approved development plan, (g) removal and replacement of unsuitable soil (expandable soil, poorly drained soil and/or sink holes).
- The development cost will also be $39,750 per unit.

Otherwise, we are not aware of any other purchase agreement, sales contract, or current listing of the subject property.

8. **Types of Value:** Market Value "As Is" (See Addenda for Definitions)

9. **Interest Appraised:** Fee Simple Estate (See Addenda for Definition).

10. **Intended Use:** The subject is, or may become, collateral for a financially related transaction from a federally regulated institution; this report may be used to support such a transaction. The function of this report is to aid in underwriting, loan classification and/or disposition of the asset.

11. **Client:**

12. **Intended User:**

13. **Effective Date of Value:** June 25, 2010

14. **Report Date:** July 7, 2010

15. **Inspection:** The subject was inspected on June 25, 2010.

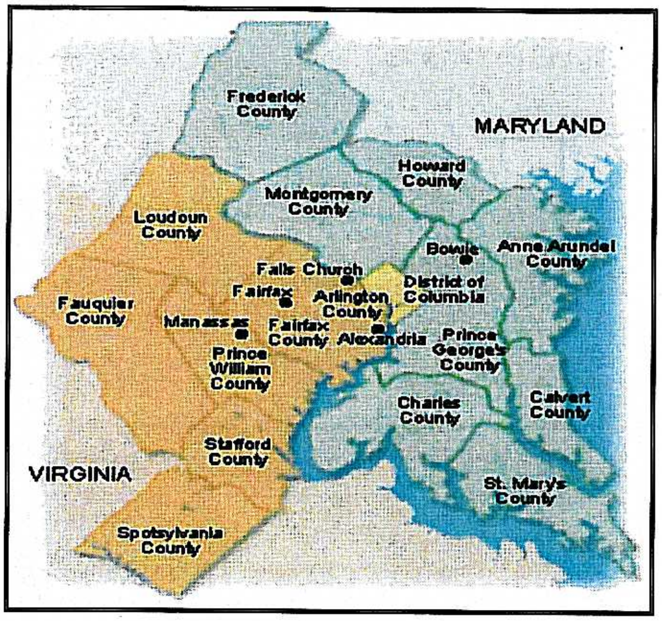
16. **Market Considered:** Residential, age-restricted multi-family condo market in Prince George's County

17. **Information Sources:** Market participants (i.e. real estate agents, investors and developers), published commercial sources (i.e. Win2Data, CoStar, MRIS, the *Korpacz Real Estate Investor Survey* published by PriceWaterhouseCoopers, the Marshall Valuation Service, other real estate appraisers and lenders.

18. **Approaches to Value:** Based on the stated requirements of the client and our consideration of the scope of this analysis, we have utilized the Sales Comparison Approach to estimate the *Market Value As Is*. The Cost and Income Approaches were not relied upon because the property is vacant land.

AREA ANALYSIS – WASHINGTON D.C. MSA

The subject is located within the Washington, D.C.-Maryland-Virginia MSA, as tracked by the Metropolitan Washington Council of Governments. The following map generally depicts this area.



The Washington Coincident Index, which represents the current state of the metropolitan area economy, accelerated its upward trend in April 2010 increasing to 108.3 for a 3.2 percent gain from its revised March value of 105.0. This large month-to-month increase in the Index pushed it higher than its April 2009 level, registering back-to-back monthly over-the-year increases for the first time in 30 months. This strong performance in April reflected upward trends occurring across the breadth of the economy as these have been translated into a stronger labor market. In April, all four of the Index's components contributed to its gain.

- Domestic passenger volume at Reagan National and Dulles Airports increased for a second month following its strong March gain;
- Wage and salary employment increased on a month-to-month basis for a second month following three monthly declines;
- Consumer confidence (in the present) registered a sharp gain in April and has been up in three of the last four months; and,
- Nondurable goods retail sales increased for a second month.

The Washington Leading Index, which is designed to forecast the performance of the metropolitan area economy six to eight months in advance, increased in April to 108.3 up from 108.1 in March for a gain of 0.16 percent. This was the Index's fourth month-to-month increase in five months. On a monthly over-the-year basis, the Index registered its eighth consecutive monthly increase gaining 2.31 percent and extending its positive trend to a twelfth month. In April, improvement in three of the Index's five components contributed to its increase from March.

- Consumer Expectations (consumer confidence six month hence) increased for the third month in a row;
- Initial claims for unemployment insurance decreased for the third time in four months;
- Durable goods retail sales increased for the fourth time in five months;
- The Help Wanted Index remained unchanged from March; and,
- Total residential building permits declined in April following their sharp gain in March.

The Washington area economy gained momentum in April registering solid increases in both its Leading Index and Coincident Index. The strength of these month-to-month and monthly over-the-year gains reflect a broadening of the recovery across sectors dependent on local demand as reflected in strong month-to-month gains in employment in both March and April. These upward trends are consistent with trends seen at the national level and are providing a strong signal that the recovery will experience continuing expansion in the coming months.

Current Conditions

The national economy grew in the first quarter with GDP increasing a revised 3.0 percent extending its recovery to a third consecutive quarter. The economy has gained further traction as the labor market adding new jobs for three consecutive months although the level of job growth remains well below levels required to have an impact on reducing unemployment, in the near term. Still, the economy is showing broad based signs of recovery with the Leading Index gaining each month for 14 months through May, the Coincident Index trending higher slowly since July, and now the Lagging Index has stabilized since February. Initial claims for unemployment insurance have moved lower for 13 months although these gains leveled out in March and in the latest week showed an unexpected increase that confirms the delicacy of the recovery in the labor market. This pattern of performance indicates that the private sector is still in the process of rebalancing its employment base with the demand for its goods and services given the continuing strong gains in labor productivity. The forecast for the remainder of the year is for economic growth (GDP) to average 2.9 percent following the second quarter that registered a spurt of growth (4.4 percent) led by manufacturing and exports. For the full year, with the economy is projected to achieve a 3.4 percent growth rate.

The Washington area economy is experiencing the same pattern of recovery that is being reflected in national trends although, as it was not as vulnerable to the impacts of recession, the Washington area economy is performing better than its metropolitan peers and its labor market indicators appear poised for sustained growth. Locally, unemployment fell in April to 5.9 percent, by far the lowest among major metropolitan areas in the U.S. On a monthly over-the-year basis, the Washington area has added jobs for two months in a row after experiencing losses for 17 months (the nation lost jobs for 28 months).

Month-to-month job growth in the Washington area has been impressive. In the three months since February the Washington area has added 85,800 net new jobs accounting for approximately 10 percent of the nation's job growth over this period. Job growth is occurring in almost all sectors now with five sectors reporting gains exceeding their same month levels in 2009.

Consumers and their spending, both individuals and businesses, remain a critical and still uncertain part of the recovery and there are signs that consumers are slowly increasing their spending levels. Consumer spending has increased faster than personal income with the excess spending being financed from savings and not from higher personal debt burdens. But consumer confidence has not risen rapidly and consumer spending remains tempered by continuing uncertainty as reflected in growing volatility in the equity markets as well as by growing concerns regarding the solvency of several European countries. In April, both durable goods and non-durable goods retail spending in the Washington area increased on a month-to-month basis. Non-durable goods retail sales in April were also well above their same-month sales level in April 2009. This increased consumer spending has supported the addition of 9,000 new retail jobs in comparison to April 2009.

The housing market is another key to the economy's re-acceleration, as it is with the national economy. With an increase in new housing construction, not only will construction workers be put back to work (this was already evident in March) but the manufacturing and retail sectors will also benefit. The housing markets did recover from the winter weather registering gains beginning in March and continuing through May with prices up in the metro-area by approximately 5 percent from a year ago and with these gains extending for seven months. While some of this strength was owed to the First Time Home Buyers Tax Credit, there are other signs of recovery that will drive the market forward in coming months. Residential building permits are trending up although the trend has been uneven. Also, consumer confidence has moved higher, especially consumer expectation. With continuing low interest rates and with prices beginning to increase, homebuyers will be increasingly motivated to enter the market.

Near-Term Outlook

The Washington Area Leading Index has been higher than its last year's monthly values in ten of the last twelve months through April and is providing a clear signal that the local economy is moving into its expansion phase following its worst economic performance since 1991. Key indicators to watch include: residential building permits, initial claims for unemployment insurance, consumer expectations, and durable goods retail sales.

The housing market and especially new housing construction were positive forces in the economy's performance in April but both need to remain strong and even accelerate in coming months if the economy is to achieve its projected growth levels for this year and beyond. Due to the expiration of the federal tax credits of first-time homebuyers, the housing market is expected to grow more slowly over the summer months while it is stabilizing and establishing its own pace. Continuing low interest rates and growing incomes should propel the housing market's renewed expansion by the end of the year. Even though labor market indicators lag the recovery, the recovery is now far enough along where job growth and unemployment are showing signs of improvement going forward. Job growth should continue to strengthen over the coming months and as it does unemployment should slowly decline. Still, it will take several more years to reach per-recession rates. The one-month decline of unemployment from 6.7 percent to 5.9 percent in May is not likely to continue but it provides a clear signal of the local economy's emerging strength.

Consumers will continue becoming more optimistic over the second half of the year and this confidence will build with favorable reports on job growth and stability in the financial markets and, as consumer confidence increases, retail sales and especially "big ticket" items as captured in the durable goods retail sales data will experience increased growth. Although gains in consumer spending are expected to remain moderate over the year, as job growth and incomes rise and unemployment moves lower, gains in disposable income and improving confidence in the economy are expected to support further growth in retail sales and retail hiring.

Still, the economy remains vulnerable as it moves through its transition from contraction to sustained expansion, as was demonstrated by the recent reaction of the financial markets to the European debt crisis. During this period of transition, the economy is expected to reflect a more moderate growth trend in the third and fourth quarters with further acceleration occurring in 2011 as the construction sector recovers.

PRINCE GEORGE'S COUNTY

Prince George's County, Maryland, is one of the suburbs of Washington, D.C. It borders the District of Columbia on both the northeast and southeast, runs halfway up the Baltimore-Washington corridor, and extends eastward to the Patuxent River, toward Annapolis, the State Capital. The northern border of the county lies just 16 miles south of the City of Baltimore. The county contains approximately 489 square miles.

The demographic make-up of Prince George's County at January 1, 2010 is as follows, according to EASI Demographics:

- An estimated population of 836,206 persons at January 1, 2010. The 2000 Census revealed a population of 801,515, representing a 4.3 percent increase. It is estimated that the population in this area will be 855,541 in 2015, representing an increase of 2.3 percent from 2010. The 2010 population density in the County was 1,723 people per square mile and the median age was 33.6.

- There were an estimated 301,974 households on January 2010. The Census revealed household counts of 286,610 in 2000, representing an increase of 5.4 percent. It is estimated that the number of households in the County will increase to 298,102 in 2015, representing an increase of 2.5 percent from 2010. The average household size was 2.71 persons in 2010.

- Median household income in the County was $72,007 in January 2010, compared to the US median which was $54,180. The Census revealed the median household income of $56,189 in 2000, representing an increase of 28.1 percent. In 2010, the per capita income was $30,643, compared to the US per capita of $28,088. The 2010 average household income for the area was $84,854, compared to the US average of $72,730.

- There were an estimated 642,793 people over the age of 16 in 2010. Of these, 65.5 percent were employed, 7.1 percent was unemployed, 1.2 percent was in the Armed Forces, and 26.3 percent were not in the labor force. In 2000, unemployment was 4.1 percent.

- In 2010, there were 273,823 employees in the County (daytime population) working in 15,205 establishments. Put another way, there were fewer daytime employees in the County than the number of employed County residents.

- The median owner-occupied housing value in the County was $190,484 in 2010, compared to the US median of $159,154 for the same year. The 2000 Census median housing value was $143,743, or an increase of 32.5 percent to 2010. In 2010, there were 19,398 owner-occupied housing units in the County compared with 177,854 in 2000. Also in 2010, there were 112,576 renter-occupied housing units in the

County compared with 108,756 in 2000. The 2010 rent of $1,107 per month compares with the $688 per month rent in 2000.

- In 2010, 22.5 percent of the occupied housing was in multi-family projects with 10+ units, compared with 21.8 percent in 2000.

- At 2010, approximately 19.2 percent of the resident population aged over 25 years had either college or graduate degrees, compared to 17.5 percent of the US population aged 25 and over.

The largest employers in the county are predominantly public sector institutions, headed by the University of Maryland (13,260 employees), Andrews Air Force Base (12,600 employees), and NASA (8,188 employees). However, only about 24 percent of the total employment in the County is in the public sector.

There are also five new significant federal facilities in the County that are either under construction or recently completed: the FDA Center for Food Safety and Applied Nutrition in College Park, the ATF Fire Forensics Laboratory in Beltsville, A DEA laboratory in Landover and the National Center for Health Statistics in Hyattsville, and a new 1.5 million square foot headquarters for the U.S. Census Bureau. In the private sector, IKEA has a presence with a 317,000 square foot store in College Park. The Boulevard at Capital Center project, a redevelopment of the old home of the Washington Bullets and Capitals in Largo is nearly complete. This will be an $82 million retail and office complex with 520,000 square feet of retail space and 225,000 square feet of office space. Finally, the National Harbor Project is partially complete, with the recent opening of the hotel. This 537-acre river front project adjacent to the Woodrow Wilson Bridge will include 400,000 square feet of meeting and exhibit space, 415,000 square feet of retail and entertainment space (planned for phase I) and 1,500 hotel rooms.

In conclusion, Prince George's County is a predominately suburban market located to the north and east of the District of Columbia. In recent years, the County has experienced significantly more interest from developers than was the case in the past. As areas of potential development in other suburban markets surrounding the District have decreased, Prince George's County is experiencing new unprecedented interest in both residential and commercial development. We expect continued growth into the future.

NEIGHBORHOOD ANALYSIS

The subject is located near the intersection of Greenbelt Road and Good luck Road. The neighborhood boundaries are Greenbelt Road to the north, Lanham-Severn Road to the east and south, and Cipriano Road to the west.

Among the critical findings of senior housing characteristics is that the vast majority of the residents in adult housing come from within a 10-mile radius of their former homes. The following information about the 10-mile ring radius demographics as of January 1, 2010 was provided by EASI Demographics, as follows.

- An estimated population of 916,200 persons at January 1, 2010. The 2000 Census revealed a population of 865,171, representing a 5.9 percent increase. It is estimated that the population in this area will be 955,760 in 2015, representing an increase of 4.3 percent from 2010. The 2010 population density in the 10-mile ring area was 2.826 people per square mile and the median age was 33.6.

- There were an estimated 343,326 households on January 2010. The Census revealed household counts of 316,607 in 2000, representing an increase of 8.4 percent. It is estimated that the number of households in the 10-mile ring area will increase to 359,684 in 2015, an increase of 4.8 percent. The average household size was 2.6 persons in 2010.

- In 2010, the number of households headed by a person aged 55+ years was 87,891 households or 25.6 percent, compared with 89,000 households or 28.1 percent.

- Median household income in the 10-mile ring area was $69,989 in January 2010, compared to the US median which was $55,970. The Census revealed the median household income of $52,142 in 2000, representing an increase of 34.2 percent. In 2010, the per capita income was $31,723, compared to the US per capita of $28,779. The 2010 average household income for the area was $84,656, compared to the US average of $74,974.

- There were an estimated 706,592 people over the age of 16 in 2010. Of these, 64.3 percent were employed, 7.3 percent was unemployed, 1.1 percent was in the Armed Forces, and 27.2 percent were not in the labor force. In 2000, unemployment was 4.3percent.

- In 2010, there were 303,037 employees in the 10-mile ring area (daytime population) working in 16,419 establishments. Put another way, there were more employed residents in the 10-mile ring area, as there were day-time employees in the 5-mile area.

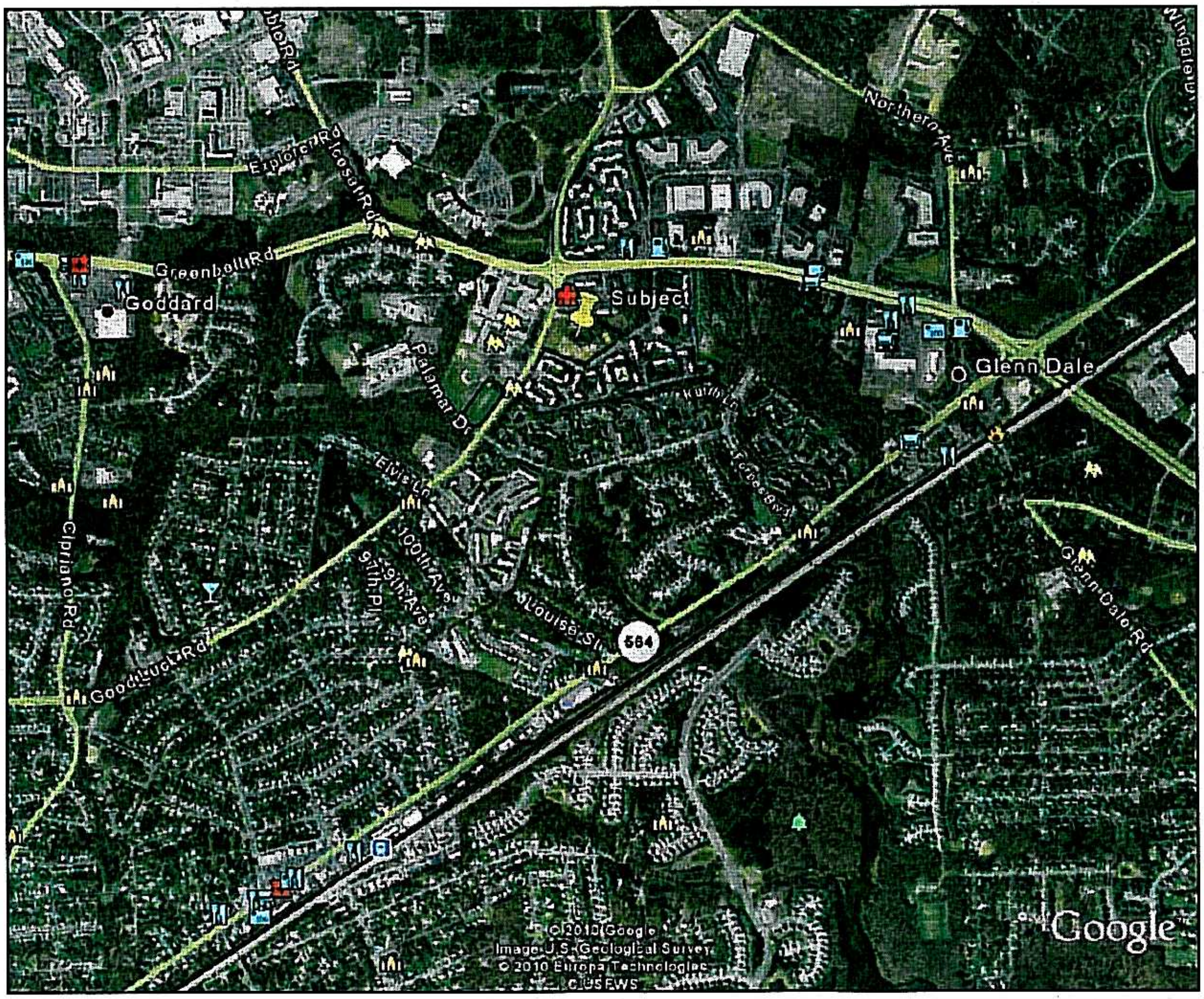
- The median owner-occupied housing value in the 10-mile ring area was $191,683 in 2010, compared to the US median of $177,046 for the same year. The 2000 Census median housing value was $143,380 or an increase of 33.6 percent to 2010. In 2010, there were 200,047 owner-occupied housing units in the 10-mile ring area compared with 182,908 in 2000. Also in 2010, there were 143,279 renter-occupied housing units in the 10-mile ring area compared with 133,699 in 2000. The 2010 rent of $1,094 per month compares with the $675 per month rent in 2000.

- In 2010, 24.3 percent of the occupied housing was in multi-family projects with 10+ units, compared with 23.4 percent in 2000.

- At 2010, approximately 21.9 percent of the resident population aged over 25 years had either college or graduate degrees, compared to 17.5 percent of the US population aged 25 and over.

The subject is located in an area dominated by the NASA Goddard Space Flight Center and the Henry A. Wallace Beltsville Agricultural Research Center. The DuVal High School campus is located across the subject to the west. Low-rise office condos and an age-restricted apartment project are to the immediate north while garden apartments are to the immediate south and east. The area along Greenbelt Road from the Good Luck Road intersection east to the Lanham Severn Road contains a number of commercial (office, retail, self-storage and assisted living facility), institutional (public schools, church), and residential (apartment) uses. There are townhouses, schools, hospital and retail to the south along Good Luck Road. Major retail can be found along Route 193 (Greenbelt Road) just inside the Beltway, at the intersection of Cipriano Road and at the Hanover Parkway intersection.

The nearest Metro Station is the Greenbelt Station, which is located just inside the Beltway to the west off MD Route 193. There is a Marc train station at the intersection of the Lanham-Severn Road and Seabrook Road. Following is an aerial photo/neighborhood map of the subject.



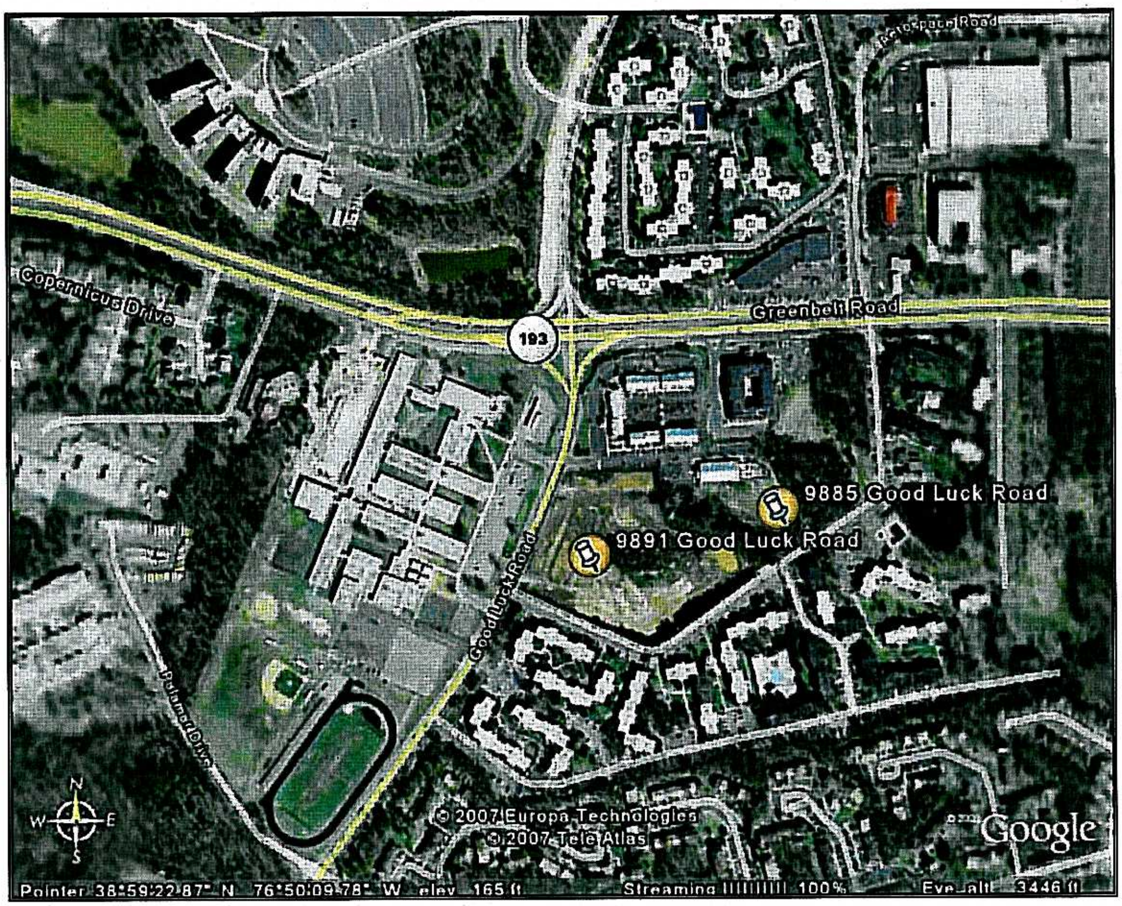
DESCRIPTION OF THE SUBJECT SITE

Identification

The subject consists of two parcels: Parcel Account ID 14-2353118, which contains 6.7052 acres and has an address of 9891 Good Luck Road, and part of Parcel Account ID 14-3169760, which contains 5.91314 acres (out of the original 6.4363 acres) and has an address of 9885 Greenbelt Road. However, the landowner's site plan contains only 11.00 acres, which means that only 4.2948 acres of Parcel 14-3169760 will be part of the subject development...

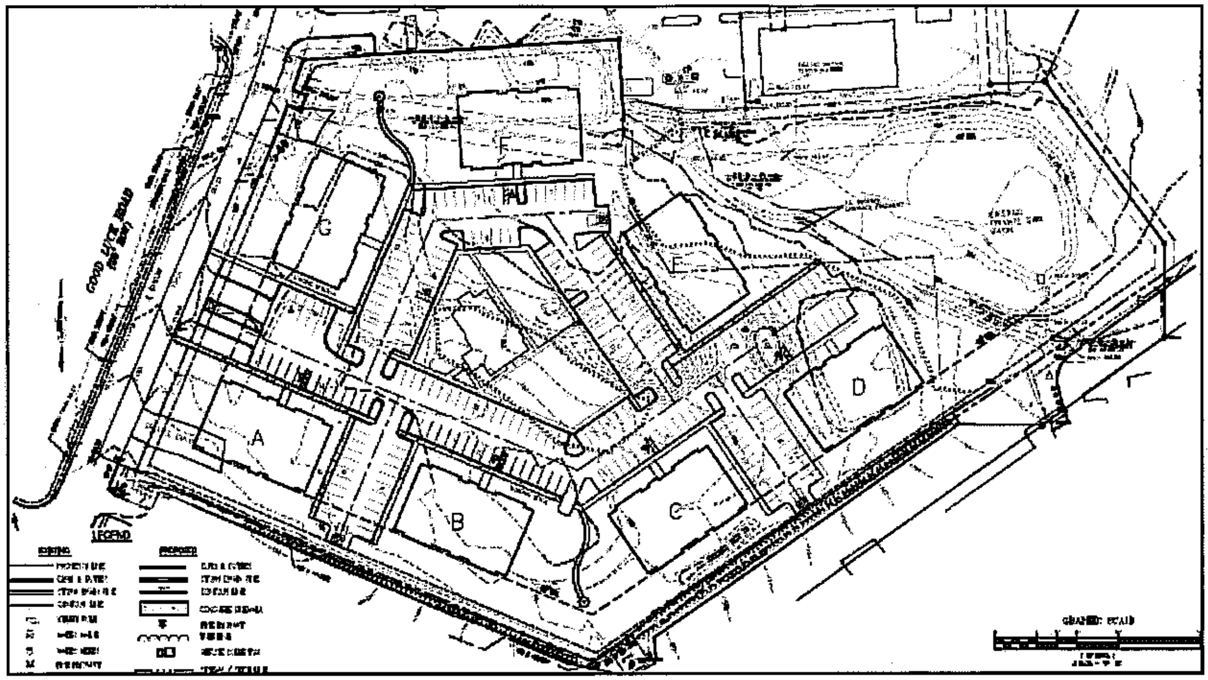
Location

Both parcels are located on the east side of Good Luck Road near the intersection with Greenbelt Road (Route 193) in Lanham, Maryland. The aerial photo of the subject follows.



Size And Shape

The subject consists of two parcels with a total of 12.61874 acres: Parcel Account ID 14-2353118, which contains 6.7052 acres and has an address of 9891 Good Luck Road, and part of Parcel Account ID 14-3169760, which contains 5.91314 acres (out of the original 6.4363 acres) and has an address of 9885 Greenbelt Road. However, the approved detailed site plan found in the Addendum of this report has only 11.0 acres. This means that only 4.2948 acres of the 5.91314 net acres of the second parcel (or 72.63 percent) will be part of the subject development.



Surroundings

Land uses immediately around the subject are dominated by the NASA Goddard Space Flight Center and the Henry A. Wallace Beltsville Agricultural Research Center. The DuVal High School campus is located across the subject to the west. Low-rise office condos and an age-restricted apartment project are to the immediate north while garden apartments are to the immediate south and east. The area along Greenbelt Road from the Good Luck Road intersection east to the Lanham Severn Road contains a number of commercial (office, retail, self-storage), institutional (public schools, church), and residential (apartment) uses. There are townhouses, schools, hospital and retail to the south along Good Luck Road

Access and Visibility

The subject currently has good access and visibility from Good Luck Road.

Topography, Drainage and Flood Plain

No internal inspection of the site was performed. Our inspection indicated a slightly irregular topography that generally slopes slightly from north to south and from the center to the sides. The northwestern portion of the site is two to three feet below street grade. According to FEMA, The subject property is located within Zone C (area of minimal flooding) as per Flood Insurance Rate Map 245208 0030 D, revised 9/6/1996. When completed, drainage is assumed to be adequate, augmented by a storm water management pond onsite.

Soils and Vegetation

The site is an unimproved raw parcel with brush and trees growing wildly. We were not provided with a soil report and assume that the site is capable of supporting the planned improvements without extraordinary foundation costs.

Environmental Concerns

We were not provided with a Phase 1 Environmental Site Assessment report and we assume that there are no adverse environmental conditions on the subject development.

Utilities

Utilities available at the subject site perimeter include gas, cable, public water, sanitary sewer, electricity and telephone service. These utility lines will be extended into the site.

Easements, Encroachments and Legal Restrictions

We were provided with a title report but no survey plat was provided. Based on the 112-unit seven building site plan provided, we have assumed that the subject will have the usual utility easements with no effect on value. Any legal restrictions are assumed to be based on the zoning approvals, including the conditions for the age-restricted (age 55+) community.

Approval and Development Status

On January 8, 2008, the subject's detailed site plan (DSP-06048) was approved by the MNCPPC, subject to a written appeal or review of the District Board within 30 days. Among the significant conditions for approval are the following:

- Payment of a public safety surcharge of $6,371 per unit as of January 2008) payable prior to building permit issuance (escalated every July 1 and currently $6,718 per unit as of the effective date).
- Bond the construction of two bus shelters on MD 193 at Good Luck Road.
- Construct an 8-foor wide asphalt multi-use trail along the perimeter of Good Luck Road.
- Each building will be three stories high and elevator-served.
- Applicant to retrofit the existing storm water management pond.
- Specific building designs would be incorporated.
- **At least one member of the household in the community will be aged 55 or over and no resident under 18 years of age.**

There is no schedule for the start of site development.

According to Ms. Ruth Grover, the MNCPPC planning review officer (301-952-4317) assigned to the subject, it is her understanding that a change in the subject's usage from for-sale condo to rental condo would necessitate a Planning Board level approval. However, much of this would depend on the rules and regulations of the condominium, and particularly if the condo rules allow rental operations as a project. Since she is not a lawyer, it is important to seek a definitive legal opinion on the matter. We also spoke with Steven Gilbert (301-952-5261), a zoning attorney for the County, who confirmed Ruth Grover's interpretation. *Therefore, our analysis is predicated on the requirement that the subject multi-family project cannot be operated as a rental project, on the basis of Ms. Grover's comments.*

ASSESSMENT AND REAL ESTATE TAX

The State of Maryland reassesses real property every three years and in many jurisdictions, the value is phased in over this triennial period, with a fiscal year that runs from July 1 to June 30. The real estate tax assessments are based on 100% of full cash value and are reassessed every three years. The next reassessment for the subject parcels will be on January 1, 2011. All real estate taxes are payable in full before September 30.

The FY2010 (ending July 7, 2010) tax rate for Prince George's County is $0.96 per $100 of assessed value. The State tax is $0.112 per $100 of assessed value, while the other taxes (Park & Planning, Stormwater-Chesapeake Bay Water Quality, and Washington Suburban Transit Commission) are $0.359 per $100 assessed value, for a total FY2010 tax rate of $1.431/$100 of assessed value. In cases wherein there are actual improvements on the property, the occasional solid waste service charge may apply. The FY2011 real estate tax rate remains the same as the previous FY2010 tax rate.

In the case of Parcel 14-3169760, only 4.2948 acres are part of the planned development, so the Front Foot Benefit charges of $1,344.70 should not be for the subject's account. Likewise, only 72.63 percent of the full $420,100 FY2011 tax assessment ($398,266 in FY2010) or $305,125 is chargeable to the planned development.

The FY2010 (ending July 7, 2010) and FY2011 (ending June 30, 2011) tax assessments and corresponding real estate taxes for the subject are as follows:

	FY2010		FY2011	
Account	TAV	RET	TAV	RET
14-3593118	$536,966	$7,684	$560,300	$8,018
14-3169760	$289,261	$4,139	$305,125	$4,366
Total	$826,227	$11,823	$865425	$12,384

Real estate taxes on commercial properties are due and payable on or before September 30 of each year. According to the County on-line records, the FY2010 real estate taxes for both parcels were paid on January 15, 2010, and including penalty interest charges. The FY2011 real estate taxes are due on September 30, 2010 and have not yet been paid as of the effective date of this report.

The current assessed values are substantially below the current value conclusion. The property will be re-assessed on January 1, 2011 and may have a different tax assessment by then.

ZONING

Both parcels are zoned C-O (Commercial Office District), which allows multi-family condo development under R18C (Multifamily Medium Density Residential-Condominium) zoning regulations.

The C-O District was established to provide locations for predominantly non-retail commercial uses, such as business offices and services of a professional, clerical, or administrative nature, and such retail and service uses as are desirable for the efficient and convenient operation of the non-retail uses.

Uses permitted by right in the C-O zoning classification include restaurants (including fast-food), offices, banks, medical offices or clinics, artist's studios, barber or beauty shops, data processing businesses, employment agencies, fortune telling businesses, laboratories, photography studio/darkroom, travel bureaus, drug stores, temporary use of space for firewood sales, wayside stands and seasonal sales, churches, day care centers, private schools, public libraries, post office, various athletic uses and other miscellaneous uses. Multi-family use is permitted in a C-O zone provided the following conditions apply.

- Adjacent parcels are also zoned C-O and subject has a minimum of 5 acres;
- Each building will be at least 3 stories and served by an elevator;
- Covenants requiring at least one resident per household at least one at age 55 or over and no permanent resident under age 18;
- Provide a community center having at least 5,000 SF; and
- Must meet the R18C zoning requirements.

The C-O building regulations are summarized as follows:

• Floor Area Ratio:	None
• Front Yard Setback:	10 feet
• Side Yard Setback:	12 feet minimum, plus 33% of the building height if over 30 feet and if it is adjoining a residential zone.
• Rear Yard Setback:	25 feet minimum, plus 33% of the building height if over 30 feet and if it is adjoining a residential zone.
• Non-Residential Zone Setback:	No setback for properties adjacent to non-residential zones, plus 33% of the building height if over 30 feet
• Maximum Building Height:	Based on setback requirements
• Minimum Green Area:	Based on setback requirements
• Maximum Lot Coverage:	Based on setback requirements
• Parking – Medical Office:	1 per 200 GBA
• Parking – General Office:	1 per 250 GBA for the first 2,000 GBA, plus 1 per 400 GBA after the first 2,000 GBA.

The purpose of the R-18C District is to make available suitable sites for multi-family condominium developments of low and moderate density and building bulk; to provide for this type of development at locations recommended in a Master Plan, or at other locations which are found suitable by the District Council; to provide for this type of development at locations in the immediate vicinity of the moderate-sized commercial centers of the County; and to permit the development of moderately tall multi-family buildings, provided they are surrounded by sufficient open space to prevent detrimental effects on the use or development of other properties in the general vicinity. An approved detailed site plan is required for all attached and multi-family dwellings, including any associated community building or recreational facilities, in accordance with Part 3, Division 9, of this Subtitle.

Other development guidelines are as follows:

Standard Minimum Lot Size:

• Apartments:	1.0 acre
• Two-family dwellings:	1,500 SF
• Other attached dwellings:	1,800 SF

Maximum Dwelling Units (per net acre):

• Multi-family, under 36 feet height:	14 DUs
• Multi-family, 4+stories w/elevator:	20 DUs
• Three-family dwellings:	12 DUs
• Two-family dwellings:	8 DUs
• Single family detached dwellings:	6.7 DUs

Maximum Lot Coverage (percentage of net land area):

• Detached, single family:	30 percent
• Attached, single family:	35 percent
• Multi-family:	30 percent

Minimum Green Area (percentage of net land area):

• Multi-family, 4 or more stories:	60 percent
• Multi-family, under 4 stories:	70 percent
• Attached, single family:	50 percent

Front Yard Setback

• Detached, single family:	25 feet
• Attached, single family:	None
• Multi-family:	30 feet

Side Yard Setback (Total of both yards/Minimum of either yard)

• Detached, single family:	17/8 feet
• Attached, single family:	None
• Multi-family:	30/10 feet

Rear Yard Setback

• Detached, single family:	20 feet

- Attached, single family: None
- Multi-family: 30 feet

Maximum Building Height	40 feet, increased to 80 feet if more than 5 net acres

Minimum Multi-Family Parking Requirements

- Elderly/physically handicapped: 0.66 per DU
- Within 1 mile of Metro Station: 1.3 per DU plus 0.33 per DU over 1 BR
- Containing at least 90% 1 BR: 1.5 per DU plus 0.5 per DU over 1 BR
- All others: 2.0 per DU plus 0.5 per DU over 1 BR

The subject has received approval of DSP-06048 and we assume that the current site plan is followed, with specific changes as required by MNCPPC, in conformance with the approval conditions.

MARKETABILITY STUDY

HOUSING MARKET IN THE WASHINGTON METROPOLITAN AREA

While the annual housing price increases in the Washington region from 1980 to 2006 averaged 7.0 percent per year, but there have been periods when prices flattened or fell slightly. The change in both prices and sales pace was large and mixed between 2005 and 2006, as well as between 2006 and 2007. In 2008, there has been a continuation of this same mixed trend. However, the negative trends in early 2008, particularly for net sales volume and median prices, have seen some sporadic moderation by year-end 2008 in some jurisdictions. The smattering of black numbers in 2009 would indicate that the downward price and sales volume trend may be ending, but uneven.

It is not possible to predict where the overall housing sales pace and price trend will point to in the next few months. The sudden and large increase and subsequent decrease in oil prices, the credit crunch, increasing unemployment, and the consumer confidence pullback has made even medium-term predictions highly suspect. In the following tables, we included statistics published by Hanley Wood LLC. These statistics detail the changes in year-end median prices and number of units sold from 2006 to 2009.

2006 – 2007	**CHANGE IN NET UNITS SOLD**				**CHANGE IN MEDIAN PRICES**			
	SFD	**TH**	**Condo**	**Total**	**SFD**	**TH**	**Condo**	**Total**
Prince George's County	-30.1%	-29.2%	75.0%	-13.3%	-6.8%	-4.9%	90.8%	-6.6%
Prince William County	-15.7%	-14.8%	52.6%	-10.5%	-9.5%	-11.8%	-3.3%	-12.2%
Loudoun County	-12.9%	4.1%	31.5%	-4.3%	-9.5%	-15.3%	-1.6%	-12.8%
Fairfax County	-29.4%	-29.9%	-89.8%	-66.3%	4.8%	-1.0%	-6.1%	19.1%
Arlington County	300.0%	NA	-134.2%	-128.4%	1.7%	-8.6%	10.9%	11.6%
Alexandria	200.0%	35.3%	-77.9%	-61.4%	0.0%	-10.2%	40.2%	42.9%

2007 – 2008	**CHANGE IN NET UNITS SOLD**				**CHANGE IN MEDIAN PRICES**			
	SFD	**TH**	**Condo**	**Total**	**SFD**	**TH**	**Condo**	**Total**
Prince George's County	-40.6%	-6.6%	-101.8%	-53.6%	-16.0%	-6.8%	-38.5%	-21.1%
Prince William County	-30.2%	-27.9%	-781.2%	-35.5%	-17.6%	-15.0%	-15.6%	-16.9%
Loudoun County	-49.4%	-26.2%	-68.8%	-40.9%	-15.9%	-13.1%	-14.6%	-16.7%
Fairfax County	-22.8%	-46.3%	-214.2%	-71.1%	-10.0%	12.0%	7.4%	22.0%
Arlington County	NA	323.1%	180.7%	177.1%	NA	-8.4%	-12.0%	-3.5%
Alexandria	NA	-50.4%	-93.2%	-72.3%	NA	-8.4%	4.0%	0.0%

2008 - 2009	**CHANGE IN NET UNITS SOLD**				**CHANGE IN MEDIAN PRICES**			
	SFD	**TH**	**Condo**	**Total**	**SFD**	**TH**	**Condo**	**Total**
Prince George's County	61.4%	29.9%	966.7%	57.9%	-19.5%	-12.3%	-7.5%	-8.6%
Prince William County	43.5%	33.0%	-23.8%	36.9%	-7.1%	-13.3%	-8.1%	-6.6%
Loudoun County	31.7%	-7.0%	-64.4%	8.0%	-13.7%	-7.2%	44.3%	-7.2%
Fairfax County	4.3%	-15.5%	-808.0%	43.0%	-9.4%	0.5%	-11.7%	-2.0%
Arlington County	NA	22.6%	8.7%	11.2%	NA	0.2%	-5.1%	-4.6%
Alexandria	-600.0%	-24.1%	612.5%	63.1%	NA	20.1%	11.2%	5.8%

Prior to mid-2005, low mortgage rates nationally and a constrained housing supply meant that there simply have not been enough units built for all the workers who have filled new jobs. While the market has not yet returned to its 2005-2006 highs, there is growing evidence that the market is improving. More black-inked numbers are showing up in the 2008-2009 comparative tables. We fully expect the region to stabilize and return to normal by 2011 because the underlying economic fundamentals are getting stronger nationally as well as locally. The region has averaged 65,000 new jobs each year between 2002 and 2005, declining to 23,300 new jobs in 2007, 16,600 in 2008, and *negative* 24,500 jobs in 2009. This means that the region's housing market was in an adjustment period, even if this readjustment period is likely to be shorter than that expected in other metropolitan areas. Factors that could prevent this readjustment from happening would be some kind of national or local change that would cause the region to lose jobs.

Four years of averages are shown following, in order to reflect the return of the market.

SALES PACE PER PROJECT PER MONTH						
	Pr George's	Pr William	LC	FFX	ARL	ALX
SFD 2006	1.227	1.133	0.873	0.801	0.333	0.125
SFD 2007	0.625	0.976	0.803	0.645	0.667	0.250
SFD 2008	0.368	0.713	0.497	0.525	NA	NA
SFD 2009	0.701	1.14	0.819	0.636	0.100	0.208
TH 2006	2.118	1.843	1.937	2.156	NA	1.269
TH 2007	1.297	1.520	1.721	1.704	0.455	1.620
TH 2008	1.168	1.204	1.507	1.197	1.019	1.018
TH 2009	1.824	1.926	1.753	1.436	1.083	1.158
Condo 2006	4.000	1.845	1.494	4.911	2.825	6.564
Condo 2007	4.358	1.908	2.508	0.624	-0.889	1.569
Condo 2008	0.051	0.364	0.692	-1.856	1.479	0.118
Condo 2009	0.575	0.302	0.267	0.847	1.657	0.950

Overall, there has been a moderation in the decline in prices and new home sales volume is generally up since January 2009, which will help restore some balance in the region's economy, and eventually lead to increased demand, increasing prices and sales pace. The sales pace per project per month, which is as important to the land developers and home builders as the selling prices, there is a definite decline for all types of housing products. In 2008, the sales pace (sales per project per month) ranged from 5.0 to 50.0 percent of the 2006 sales. However, in most areas, the 2009 average sales pace is getting stronger. The weakest segment appears to be the condo market sales pace, which has not regained a more positive pace, even if improving.

PRINCE GEORGE'S COUNTY RESIDENTIAL MARKET

Prince George's County (PGC) is popular among buyers who are looking for affordable newer houses with close access to the Capital Beltway (Interstate 95) and the City of Washington, D.C.

In the trailing 12-month period ending March 2010, net sales of new homes increased, as did the average sales pace per project. However, median prices slipped again. With tax credits providing an impetus to the last six months of the trailing 12-month period, it would follow that sales volume for the balance of 2010 could suffer somewhat, as home purchases are abnormally accelerated. If there is a silver cloud, it has to be the drastic decrease in the total unsold units. Based on the past 12 months' net new home sales, there is less than two years' worth of townhouse inventory left unsold at March 2010. It would not be unusual if prices increase as the supply of approved but unbuilt homes dwindles faster than the developers can replace. Condo sales are still in the doldrums with few sales. ***Until the condo sales pace increases to at least 2.0 units per month per project, it is not likely to be a viable new home segment to invest in.*** The single family detached home outlook has improved, with home prices little changed and the approved/unbuilt inventory continues to decline to under 3.7 years of equivalent sales.

Summary statistics on the market for new residential home sales in PGC follow, as of March 2010.

NEW HOMES SUMMARY STATISTICS : PRINCE GEORGE'S COUNTY
April 2009 through March 2010

	Detached Houses	Townhouses	Condominiums
NET SALES			
April 2008-March 2009	674	400	-23
April 2009-March 2010	903	449	96
% Change	34.0%	12.3%	NA
MONTHLY NET SALES PER PROJECT			
April 2008-March 2009	0.377	1.166	-0.121
April 2009-March 2010	0.614	1.543	0.571
% Change	63.0%	32.3%	NA
MEDIAN MINIMUM PRICE			
March 2009	$404,419	$316,657	$214,300
March 2010	$398,000	$296,419	$184,900
% Change	-1.6%	-6.4%	-13.7%
ADDITIONAL NEW HOMES STATISTICS			
Median House Size (SF) 3/09 – 3/10	2,977 - 3,008	2,076 – 2,182	970 - 1,102
Median Sale Price Per SF 3/09- 3/10	$135.85 - $132.36	$152.53 - $135.83	$220.93 - $169.78
Unsold Standing Inventory 3/09 – 3/10	105 - 86	21 - 18	23 - 244
Unsold Units* 3/09 – 3/10	3,927 – 3,292	1,016 - 650	788 - 692

* Total planned units in active subdivisions less total sold units, including both recorded and unrecorded lots.
Source: Hanley Wood Market Intelligence

APARTMENT MARKET OVERVIEW

According to *the 1Q2010 Class A Apartment Report* published by Delta Associates and the latest report available, their projections of a more competitive market have begun to be evident. While several quarters of weaker performance are projected ahead for the Washington metro, Delta believes the groundwork is being laid for stronger market conditions in 2011 and 2012, and perhaps an emerging product shortage by late 2012 or early 2013. The reasons include:

- A supply pipeline increased in 1Q2010 over 4Q2009, signaling the cyclical bottom of a decline that started in 4Q2007, and
- Annualized Class A absorption in 2009 that exceeded 7,900 units, while the annualized 1Q2010 Class A absorption exceeds 7,100 units.

Other highlights of the recent apartment market performance as of March 2010 are:

- The region's stabilized vacancy rate for investment grade apartments (Class A and B) is 4.1 percent, down from 4.6 percent a year ago. However, Class A vacancy is up to 5.0 percent, from 4.5 percent in 1Q2009. With the national rate at 8.2 percent in 1Q2010, up from 7.6 percent in 4Q2009, the WDC vacancy rate is still among the lowest of any metro area in the nation.
- Rents over the past 12 months for all Class A and B investment grade products are down just 0.2 percent or essentially flat. Class A rents increased by 0.3 percent during this period.
- Annual net absorption, at 10,884 Class A and B apartments, behind the strong absorption of the Class B apartments. Annual Class A absorption continued strongly at 7,164 units annualized. Average monthly absorption at new projects slipped to 13 units per project per month, with 33 projects in lease-up.
- Concessions at Class A projects edged lower for the first time in three years to 5.8 percent of face rent in 1Q2010, down from 6.5 percent at 1Q2009.
- In the 1Q 2008, the pipeline began its cyclical decline to a historic low 16,606 units in 4Q2009. In 1Q2010, the pipeline increased to 17,432 units. However, Delta foresees a constrained increase in the pipeline due to the difficulty of obtaining financing.

Rents

Rents for both Class A and Class B apartments decreased over the last 12 months by 0.2 percent, mainly due to the decline in Class B rents. High-rise Class A product inside the Beltway increased by 0.5 percent, while Class A garden product outside the Beltway increased by 0.2 percent.

In Northern Virginia (NoVA), 1Q2010 effective rents are down 0.3 percent for close-in Class A garden apartments over the past 12 months, but down 1.0 percent on an overall basis, including far-out areas like Fredericksburg and West Prince William County. Effective rents are up 1.5 percent for Class A high-rise apartments in NoVA over the past 12 months. In Suburban Maryland (SuMD), Class A garden apartment rents are up 2.4 percent for close-in suburbs including PGC and Montgomery County, but only up 1.7 percent if including the far-out suburbs like Frederick, St. Mary's and Charles County. Rents are down 1.1 percent for SuMD Class A high-rise apartments over the past year. In the District, the average effective rent for Class A high-rise apartment projects are down 0.3 percent in the past 12 months.

MONTHLY CLASS A APARTMENT EFFECTIVE RENTS				
	NoVA	SuMD	District	Region
Class A Garden Per SF	$1.42	$1.44	NA	--
Class A High-Rise Per SF	$2.24	$2.13	$2.64	--
Class A Garden	$1,376	$1,440	NA	$1,406
Class A High-Rise	$2,036	$2,029	$2,263	$2,103
All Class A at 3/2010	**$1,583**	**$1,535**	**$2,263**	**$1,632**
Class A Garden Per SF	$1.41	$1.40	NA	--
Class A High-Rise Per SF	$2.20	$2.09	$2.62	--
Class A Garden	$1,461	$1,499	NA	$1,383
Class A High-Rise	$2,005	$1,997	$2,249	$2,081
All Class A at 12/2009	**$1,597**	**$1,484**	**$2,249**	**$1,604**
Class A Garden Per SF	$1.44	$1.40	NA	--
Class A High-Rise Per SF	$2.17	$2.19	$2.68	--
Class A Garden	$1,381	$1,373	NA	$1,377
Class A High-Rise	$1,951	$2,060	$2,294	$2,056
All Class A at 12/2008	**$1,575**	**$1,469**	**$2,294**	**$1,591**

Vacancy

Delta Associates estimates the Class A apartment vacancy in two ways: for stabilized properties only and in overall terms, including projects in initial lease-up. The health of the overall market is based on the "stabilized vacancy rate," rather than the vacancy rate of projects in lease-up, of which there are an estimated 33 projects in the metro area. This includes 13 low-rise projects with 3,500 units and 20 high-rise projects with 5,300 units.

CURRENT CLASS A APARTMENT "STABILIZED" VACANCY				
	NoVA	SuMD	District	Region
Class A Garden Projects at 3/2010	5.4%	5.2%	NA	5.3%
Class A High-Rise Projects at 3/2010	4.9%	4.1%	4.7%	4.4%
Stabilized Class A Vacancy at 3/2010	5.3%	5.1%	4.7%	5.0%
Class A Garden Projects at 12/2009	3.0%	3.3%	NA	3.1%
Class A High-Rise Projects at 12/2009	4.3%	7.0%	3.6%	4.5%
Stabilized Class A Vacancy at 12/2009	3.4%	3.8%	3.6%	3.6%
Class A Garden Projects at 12/2008	4.7%	5.2%	NA	4.9%
Class A High-Rise Projects at 12/2008	3.0%	4.2%	3.0%	3.2%
Stabilized Class A Vacancy at 12/2008	4.2%	5.1%	3.0%	4.4%

"Stabilized" vacancy rates for all classes of apartments in the Washington metro increased were largely stable over the year, remaining steady 4.3 percent compared to December 2008. The vacancy rate for Class A apartments decreased slightly from 4.4 percent to 4.6 percent from a year ago.

Net Absorption

Net absorption totaled 10,844 Class A and Class B apartment units in the 12-month period ending 1Q2010, higher than any period in the past four years and compares with the historical annual average of 4,800 units. With 7,164 Class A apartments absorbed, this means that the Class B net absorption turned positive in the past 12 months.

The following table shows the historical net absorption for Class A and B apartments in the past three years as estimated by Delta Associates, together with the delivery estimates over the next few years.

CLASS A & B ABSORPTION AND DELIVERY TRENDS				
12 Month Period Ending	NoVA	SuMD	District	Region
12/2008 Absorption	3,404	2,384	505	6,293
12/2009 Absorption	2,541	1,611	1,909	6,061
3/2010 Absorption	5,310	3,655	1,879	10,844
12/2008 Delivery	3,191	3,057	1,941	8,189
12/2009 Delivery	3,510	1,737	1,170	6,417
3/2010 Delivery	2,731	1,465	1,169	5,365
3/2011 (Projected)	2,434	1,348	822	4,604
3/2012 (Projected)	660	877	767	2,304
3/2013 (Projected)	2,538	1,604	1,394	5,536
1Q2010 Starts	442	242	218	902

Delta explained that the low absorption in 2006 and 2007 was due to the mass entrance of unsold condo units into the rental arena, or the so-called "shadow" market. What is clear is that the actual deliveries in 2008 and 2009 have far exceeded the corresponding net absorption numbers. The reverse is true for the 12-month period ending 3/2010, as net absorption far exceeded deliveries. Additionally, the projected deliveries over the next three years fall below the recent annual net absorption figures by a wide margin.

Several reasons for the recent strong net absorption include a readjustment of the home ownership ratios back down to historical levels, the more stringent mortgage qualifying criteria being implemented, and the large concessions being given at apartment projects

The average 1Q2010 net absorption of 13 units per month for metro-wide new Class A and B apartment projects, compares with 14 units per month in 4Q2009, 15 units per month in 4Q2008, and 17 units per month in 4Q2007. There were 33 projects in lease-up at 1Q2010 compared to 54 projects in lease-up at 1Q2009.

Concessions

Concessions for all Class A projects, whether in lease-up or in stabilized operations, have started to decline for the first time in four years, to 5.8 percent region-wide in 1Q2010, from 6.5 percent in 1Q2009. The average concession levels in all three areas declined but were particularly pronounced in NoVA projects. When the projects are divided into garden and high-rise apartments, it would seem that the Class A garden apartment projects are consistently giving away relatively less in concessions than Class A high-rise projects.

CLASS A APARTMENT CONCESSION LEVELS			
	NoVA	SuMD	District
Class A Garden at 3/2010	5.2%	4.6%	NA
Class A High-Rise at 3/2010	7.1%	9.7%	7.4%
All Class A at 3/2010	5.8%	5.4%	7.4%
Class A Garden at 12/2009	6.2%	6.8%	NA
Class A High-Rise at 12/2009	8.3%	9.9%	8.7%
All Class A at 12/2009	6.8%	7.3%	8.7%
Class A Garden at 12/2008	4.5%	5.5%	NA
Class A High-Rise at 12/2008	6.9%	9.4%	6.3%
All Class A at 12/2008	5.3%	6.0%	6.3%

Concessions in projects in lease-up were even greater, as evidenced by the table below. Concessions for properties in initial lease-up have been increasing since December 2007 and the 4Q2009 levels are the highest ever seen by Delta. However, in 1Q2010, concession levels have declined, except in NoVA.

INITIAL LEASE-UP CLASS A APARTMENT CONCESSION LEVELS				
	NoVA	SuMD	District	Region
At 3/2010	15.4%	13.2%	15.8%	14.8%
At 12/2009	14.9%	15.0%	17.8%	15.7%
At 12/2008	12.8%	12.0%	7.8%	11.5%
At 12/2007	9.5%	8.4%	7.9%	9.0%

Pipeline

The following table summarizes the status of the Class A apartment pipeline in the region at year-end 2008 and 2009, as well as the latest 1Q2010 figures.

APARTMENT PIPELINE IN WASHINGTON MSA						
	Under Construction		36-Month Pipeline		Longer Term Pipeline	
	Projects	Units	Projects	Units	Projects	Units
Northern Virginia	31	5,387	30	10,034	41	14,076
Suburban Maryland	17	3,023	29	7,626	43	16,847
District of Columbia	16	2,205	21	5,062	31	7,665
Regional Total at March 2010	*64*	*10,615*	*80*	*22,722*	*115*	*38,588*
Northern Virginia	31	5,543	33	9,398	43	15,009
Suburban Maryland	20	3,344	28	6,996	47	18,005
District of Columbia	15	2,137	25	6,182	31	7,685
Regional Total at December 2009	*66*	11,024	86	22,576	121	40,699

With future region-wide annual net absorption projected in the 4,300 to 6,500 unit range, the near-term prospects are for a continued slow increase in the vacancy. Delta expects the Class A vacancy rate to inch up to 5.2 percent before declining to 3.9 percent in 2Q2011. Additionally, either because of the lack of credit or the recession, more of the projects are now moved into the long-term category. While we foresee flat rents and increasing vacancy over the next 18 months, the overall apartment market should improve after that.

Prince George's County Apartment Submarket Performance

Class A garden apartments in PGC had vacancy rates at 1Q2010 at 6.0 percent for stabilized projects and 12.1 percent overall when including all stabilized and actively marketing projects. By comparison, the 1Q2009 vacancy was 8.4 percent for stabilized projects and 24.0 percent overall. Effective rents for PGC Class A garden apartments are at $1,554 per month or $1.57 per SF, up 2.4 percent from 12 months ago.

Several projects in lease-up in the PGC submarket have the following net absorption experience: Post Park in Hyattsville 15.4 units per month since opening in May 2009, Westchester at Cherry Lane with 11.7 units per month since opening in June 2007, and Westchester at Contee Crossing with 12.3 units per month since opening in April 2008. Overall, average concessions in the PGC Class A garden apartments were 6.1 percent of face rents in 1Q2010, higher than the 9.4 percent in 1Q2009. Two projects in the PGC submarket showed varied concessions. The Westchester at Contee Crossing averaged a very high 25 percent, while the Post Park averaged 10 percent.

In PGC, there are 407 units available in three projects that are under construction or currently marketing, compared with three projects and 506 available apartment units in 4Q2009. Six projects with 1,760 units are within the 36-month pipeline at 1Q2010, compared with 1,640 units in six projects at 4Q2009. Another 17 projects with 8,519 units are in the 1Q2010 long-term pipeline. However, these numbers are not adjusted for probability of being constructed.

CONDOMINIUM MARKET OVERVIEW

The Delta Associates 1Q2010 Condominium Report notes the following headlines:

- Sales on new condo units have consistently been in the 600-800 units per quarter in the past 12 months, resulting in a steady decline in inventory. What was considered a glut in the past two years has recently turned into a potential shortage inside the Capital Beltway and in the foreseeable future outside the Capital Beltway. In 1Q2010, there were 630 new condo sales, the highest first quarter sales in three years, despite the blizzards.
- Concessions are up slightly from 12 months ago to 3.9 percent of the asking prices
- Effective sales prices (after concessions) continued to decline, except in Arlington/Alexandria, but at moderated rates. Still, effective new condo prices in the metro area are down 6.4 percent from 12 months ago, but up 1.0 percent in Arlington/Alexandria. Resales prices are down just 0.2 percent metro-wide, but up slightly in NoVA.
- While the number of new condos being marketing (5,226 units) has declined to its lowest levels in the past six years, there is a marked increase in the supply of "gently-used" units that pose a significant competitive threat to new units. Additionally, the remaining units in several projects are the "dogs" (poor location with the building, undesirable views, poor layout) that will take longer to sell.
- In terms of sales inventory ratios, there are 1.9 years supply on the market, with Arlington/Alexandria and Loudoun/Prince William already below the metro average. There is a perceived shortage in central DC.

Prince George's County had only six (6) condo unit sales in 1Q2010, the lowest among the jurisdictions in the metro area. For the 12-month period ending March 2010, Delta reports *negative 11 units sold.* By comparison, there were 166 new units sold in the 12-month period ending March 2009. Delta attributes this lack of new sales primarily on the lack of new jobs in Suburban Maryland (SuMD), as there is a direct correlation between the increasing sales levels and the increasing employment in the various jurisdictions. 1Q2010 new condo sales were 151 units in Montgomery County, 149 units in the District, 140 units in Loudoun/PWC, and 87 in Arlington/Alexandria.

The average selling price in PGC is $265 per sellable square foot (SSF) for new condo units, a 20.5 percent drop from 1Q2009. This compares with current 1Q2010 prices of $470 in the District, $460 in Arlington/Alexandria, and $380 in Montgomery County. Concessions are 3.5 percent of new unit asking prices in SuMD, compared with 3.7 percent in 1Q2009. Median resales prices average $120,000 per unit in PGC, the lowest in the metro area, compared to $203,000 at the height of the market in 2006.

Delta estimates that there are currently 433 units in 9 projects currently marketing or under construction in PGC, and another 1,490 units in eight projects within the 36-month pipeline. These projects could conceivably be started once the market improves to economically feasible levels and financing can be secured.

Depending on the strength of the condo market, Delta expects the number of apartment switchbacks to condo sales to increase, starting in Arlington/Alexandria and other parts of NoVA.

IMPLICATIONS ON THE SUBJECT PROPERTY

Because of the dismal performance of the condo market in PGC, the apartment rental market is imminently more attractive than the for-sale condo market. Delta notes that in this phase of the real estate cycle, the successful investor/developer will invest in repositioning existing under-performing assets and developing new apartment projects with superior design features at premier sites within submarkets that maintain a supply/demand balance. Projects delivered in 2012 and beyond are expected to be successful. In early 2013, Delta expects vacancy to be below 2 percent and rent spikes to occur.

Based on the Delta presented data and vacancy forecasts, we estimate that the general rental apartment market in PGC would improved sufficiently by early 2012 to allow effective market rents to rise to economically feasible levels.

Senior housing differs in some respects with regular housing, including fixed-incomes for most seniors, longer lease-up periods, and certain design requirements, like elevators and wide doors.

Within the 10-mile ring of the subject, only 25.6 percent of the households have head of households aged 55 and over. This compared with the head of households aged 25-44 years of 44.6 percent. The household income makeup for these two very different age cohorts would also paint an interesting picture, if available, as apartment renters typically fall within the $25,000 to $50,000 household income brackets, or 10.5 percent of households. However, since this data is not available to us, the only conclusion we can draw is that there is a 1:1.75 ratio of 25-44 age households to senior households, with the same corresponding demand ratio.

Household forecasts calls for an increase of 16,358 new households between 2010 and 2015. Assuming 25.6 percent of these households are seniors and a further 10.5 percent of households earn between $25,000 and $50,000, we estimate that there will be an additional demand for 439 senior households over the next 5 years. Lastly, since 24.3 percent of households opt to live in projects of 10 units or more, the total multi-family senior household demand is 107 units over the next 5 years.

Based on the Delta Associates data and vacancy forecasts, plus the demographics-based demand overlay, we estimate that the senior rental apartment market in the subject's 10-mile ring would take five years to absorb as a rental project. Obviously, this will have an adverse economic impact on the land value of regular apartments.

HIGHEST AND BEST USE

INTRODUCTION

Highest and Best Use is defined as:

> "The reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum profitability."[1]

It is recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue however, unless and until the land in its highest and best use exceeds the total value of the property in its existing use. Therefore, whenever a property does have existing improvements, it is necessary to estimate the highest and best use of the site both as if it were vacant and as it currently exists.

As the definition above implies, there are four criteria which help to identify the highest and best use. These are:

1. Legally Permissible
2. Physically Possible
3. Financially Feasible
4. Maximally Productive

In the following sections, these criteria have been used to form an opinion as to the highest and best use of the subject, which is currently vacant land.

AS VACANT

Legally Permissible Uses

The subject is zoned C-O with a text amendment for R18C, which would allow office and residential condos. With the additional 4.3 acres of the adjoining parcel (14-3169760), the minimum 60 percent open space requirement will be met. It has received Detailed Site Plan approval on January 8, 2008 for the planned 112-unit age-restricted residential condo development.

Physically Possible Uses

There are no physical limitations to the site that would limit any of the legally permissible uses.

[1]The Dictionary of Real Estate Appraisal, Third Edition, Appraisal Institute, Chicago, 1993, p. 171.

Financially Feasible Uses

The demand for residential product is currently weak. Metro-wide, a number of condo projects have been shelved or switched to apartment use. However, projects with good transportation linkages, notably metro, or low land cost basis, such as the subject, continue to be financial feasible, as the end housing price is a major consideration.

Maximally Productive Use

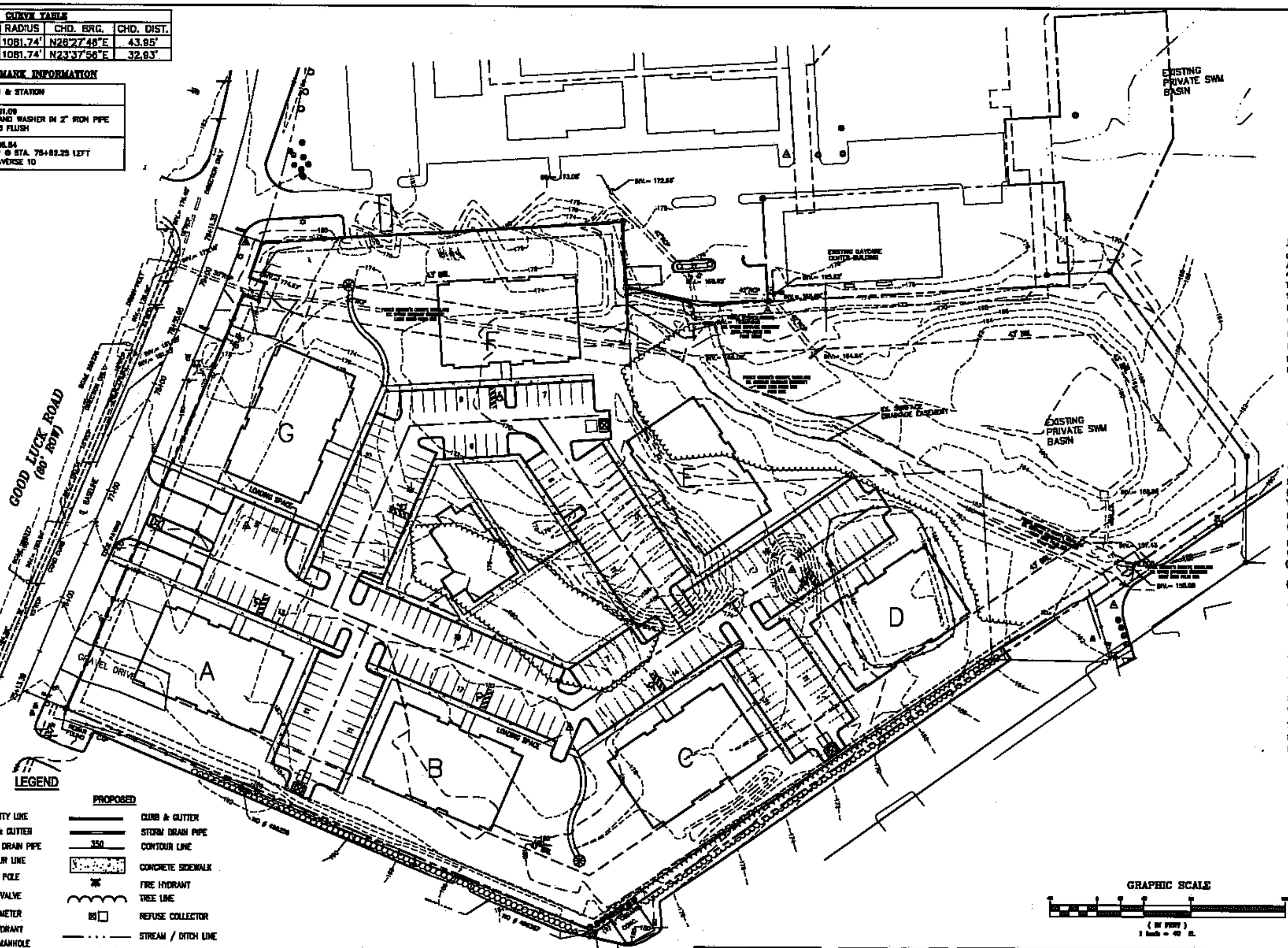
We conclude that the highest and best use of the subject as though vacant is to develop and operate a rental age-restricted mid-rise elevator residential condo project as soon as economic rents are achieved, and to sell the units when the for-sale condo market returns.

PROJECT DATA

CURVE TABLE				
CURVE	LENGTH	RADIUS	CHD. BRG.	CHD. DIST.
C1	43.95'	1081.74'	N26°27'46"E	43.95'
C2	32.93'	1081.74'	N23°37'56"E	32.93'

BENCHMARK INFORMATION

BM #	ELEVATION & STATION
1	ELEVATION: 191.09 BRASS BOLT AND WASHER IN 2" IRON PIPE STAMPED 4583 FLUSH
2	ELEVATION: 186.84 REBAR & CAP @ STA. 75+82.25 LEFT LABEL AS TRAVERSE 10



VICINITY MAP
SCALE: 1"=2000'
P. G. CO. STREET MAP: PAGE 13, GRID K-10
WSSC GRID: 209NE08, 210NE08

SITE DATA

GROSS SITE AREA:	9.34 AC.
AREA IN LOT 4:	6.70 AC.
* AREA ACQUIRED FROM LOT 3:	2.64 AC.
TOTAL STEEP SLOPES:	0.00 AC.
100-YEAR FLOODPLAIN:	0.00 AC.
NET SITE AREA:	9.34 AC.
EX. ZONING:	C-O (OFFICE)
PROP. ZONING:	R-18C (CONDO)
PROP. USE	AGE-RESTRICTED MULTI-FAMILY
MAX DWELLING UNITS / NET ACRE	
MID-RISE APARTMENTS (>38' HT)	(9.34 x 20) = 186
# PROP. DWELLING UNITS	16 du/bldg X 7 bldgs = 112
GREEN AREA REQUIRED:	3.60 AC. (40%)
GREEN AREA PROVIDED:	5.62 AC. (60%)

BUILDING HEIGHT AND SETBACKS

PROP. BUILDING HEIGHT (57' PEAK + 40' EVE) / 2 =	48
FRONT YARD DEPTH (30' MIN. + 1' PER 1' BLDG HT. OVER 38')	43
SIDE YARD DEPTH (30' MIN. TOTAL BOTH YARDS / MIN. EITHER YARD + 1' PER 1' BLDG HT. OVER 38')	43
REAR YARD DEPTH (30' MIN. + 1' PER 1' BLDG HT. OVER 38')	43
DISTANCE BETWEEN BLDGS WITH WINDOWS: (30' MIN. + 2' PER 1' BLDG HT. OVER 38')	78
NO WINDOWS: (20' MIN. + 2' PER 1' BLDG HT. OVER 38')	48

REQUIRED PARKING

AGE RESTRICTED CONDOMINIUM UNITS	112 UNITS x (.67/UNIT) = 75
HANDICAPPED SPACES (INCLUDED)	7
LOADING SPACE	1
TOTAL REQUIRED	75 SPACES

PARKING PROVIDED

SURFACE PARKING	216
STANDARD HANDICAPPED SPACES	7
VAN ACCESSIBLE HANDICAPPED SPACES	2
TOTAL PARKING PROVIDED	224
LOADING SPACES PROVIDED	1
NUMBER OF PARKING SPACES/DU	2

LEGEND

EXISTING		PROPOSED	
	PROPERTY LINE		CURB & GUTTER
	CURB & GUTTER		STORM DRAIN PIPE
	STORM DRAIN PIPE	350	CONTOUR LINE
350	CONTOUR LINE		CONCRETE SIDEWALK
	UTILITY POLE		FIRE HYDRANT
	WATER VALVE		TREE LINE
	WATER METER		REFUSE COLLECTOR
	FIRE HYDRANT		STREAM / DITCH LINE
	SEWER MANHOLE	74'X118'	PROPOSED BUILDING A-F
	STORM DRAIN MANHOLE		PROPOSED GAZEBO
	SEWER CLEAN OUT		
	TREE LINE		
	25% OR MORE SLOPE AREA		

M. N. C. P. P. C. APPROVALS

PROJECT NAME: GOOD LUCK CONDOMINIUM
PROJECT NUMBER:

Approval or Revision	Approval Date	Reviewer's Signature	Certification Date

GRAPHIC SCALE
(IN FEET)
1 inch = 40 ft.

OWNER/DEVELOPER
ATTN: —
PHONE: —

BEFORE BEGINNING CONSTRUCTION CONTACT
"MISS UTILITY"
AT
1-800-257-7777
AT LEAST 48 HOURS PRIOR TO EXCAVATION

AB CONSULTANTS, INC.
9450 ANNAPOLIS ROAD
LANHAM, MARYLAND 20706
PHONE: (301) 306-3091
FAX: (301) 306-3092
CONTACT: DAVID T. DONG PHONE: 301-306-3091 x25

PROJECT
GOOD LUCK CONDOMINIUM
DETAIL SITE PLAN
14th ELECTION DISTRICT
PRINCE GEORGE'S COUNTY, MARYLAND
TAX MAP 36, GRID F2, PARCEL —, LOT 4

PROJECT NO. 03.203
SCALE 1"=40'
DATE 03/16/06
DRAWN BY DKD
CHECKED BY DTD
SHEET 1 OF 1


GREEN SLATE-LOOK ROOFING TILES
PROPOSED 10'X10' VINYL OCTAGON SINGLE ROOF GAZEBO
VICINITY MAP
SITE
GOOD LUCK ROAD (90' ROW)
PERIMETER 5
PERIMETER 4
PERIMETER 3
PERIMETER 2
PERIMETER #2
PERIMETER 1
G
E
D
C
B
A
LEGEND
EX. TREELINE
PROP. TREELINE
PROP. SHADE TREE
PROP. EVERGREEN TREE
PROP. SHRUB
PROP LIGHT POLE
RESIDENTIAL LANDSCAPE REQUIREMENT
INTERIOR PLANTING LANDSCAPE REQUIREMENT
BUFFER PLANTING LANDSCAPE REQUIREMENT
STREET TREE LANDSCAPING
RECREATIONAL SPACE LANDSCAPING
EXISTING CONTOUR
PROPOSED CONTOUR
TREE
WOODLAND PRESERVATION AREA
GRASS
HOUSE
SIDEWALK
EXISTING SWM FACILITY
PROP. ASPHALT PAVEMENT
M. N. C. P. P. C. APPROVALS
PROJECT NAME: GOOD LUCK CONDOMINIUMS LLC
PROJECT NUMBER: DSP # 08048
Approval or Revision
Approval Date
Reviewer's Signature
Certification Date
CALL "MISS UTILITY" AT
OWNER / APPLICANT
HERITAGE HOMES DEVELOPMENT CORP.
ENGINEER/SURVEYOR
AB CONSULTANTS, INC.
AB CONSULTANTS, INC.
9450 ANNAPOLIS ROAD
LANHAM, MARYLAND 20706
PHONE: (301) 306-3091
FAX: (301) 306-3092
PROJECT
GOOD LUCK CONDOMINIUMS
LANDSCAPE AND
LIGHTING PLAN
14th ELECTION DISTRICT
PRINCE GEORGE'S COUNTY, MARYLAND
PROJECT NO. 03.203
SCALE 1"=40'
DATE 11/19/07
SHEET 1 OF 3

EXHIBIT "A"

Condominium Unit No. 4, in the Subdivision known as "Good Luck Condominium - Lot 4", as per plat recorded among the Land Records for Prince George's County, Maryland in Plat Book REP 200 at Plat No. 68.

Parcel I.D. No.: 14-359311-8

EXHIBIT "A"

Parcel ID # 14-3169760

Lot 3A, in the condominium regime known as "Greenbelt Executive Center", prepared by Loiderman Associates, Inc., dated January 29, 1998, and which is recorded among the Land Records of Prince George's County in Plat Book Liber 183, Folio 49. Also known as Unit 3, in the Plat entitled "Greenbelt Commercial Condominium", prepared by Loiderman Associates, Inc., which was recorded among the Land Records of Prince George's County on June 22, 1998, in Plat Book Liber 183, Folio 56; containing 6.4363 acres, plus or minus.

SAVING AND EXCEPTING the property described as "Phase One" on the Plat entitled "Greenbelt Executive Center Phase Two Condominium", prepared by Loiderman Associates, Inc., recorded on October 23, 1996 among the Land Records of Prince George's County in Plat Book Liber 177, Folio 45 & 46; containing 22,789 sq. ft. (or .5232 acres) more or less, and further containing a one story structure. Being, all that property conveyed to John L. Goertler and Karen J. Goertler, husband and wife, from Garlance, Inc., a body corporate of the State of Maryland, by Deed dated July 20, 2000, and recorded among the Land Records of Prince George's County in Liber 13963, folio 334