

North Carolina Department of Transportation-Right of Way Unit

REVIEW CERTIFICATION

TIP/Parcel No.: NA WBS Element: NA County: Dare
Owner(s): NC Department of Transportation FedAid Project: N/A

I HEREBY CERTIFY THAT, to the best of my knowledge and belief the facts and data reported by me and used in the review process are true and correct.

I understand that this estimate of value is to be used in connection with a highway project and/or NCDOT Real Estate transaction.

The analyses, opinions, and conclusions in this **Review Report** are limited only by the critical assumptions and limiting conditions stated in this **Review Report** and are my personal, unbiased professional analyses, opinions, and conclusions.

I have no direct or indirect, present, or prospective interest in the subject property or in any benefit from the acquisition of the subject property and I have no personal interests or bias with respect to the parties involved.

I have ☐, have not ☒, performed an appraisal and / or other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three-year period immediately preceding acceptance of this assignment.

My engagement in this assignment was not contingent upon developing or reporting predetermined results.

My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or for its use.

My compensation for completing this assignment is not contingent upon development of reporting of predetermined assignment results that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use if this **Review Report**.

My estimate of the value of all items which are Compensable under State law but not eligible for Federal Aid reimbursement is \$ 0

I did ☒, did not ☐, personally inspect the subject parcel. I did ☒, did not ☐, personally inspect all sales/rentals considered to be comparable to the subject parcel. *If "did not", please explain in detail.*

The appraisal of this assignment, as well as my analyses, opinions, and conclusions were prepared in accordance Uniform Standards of Professional Appraisal Practice and the NCDOT Right of Way Manual and shall also comply with all applicable Local, State, and Federal laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto. No one provided me with significant professional assistance with this **Review Report**.

The value opinion stated in the appraisal report is adequately supported as the estimate of just compensation. The difference indicated, if any, in the "**Market Value**" of the entire tract **Before the Acquisition** and the "**Market Value**" of the remaining property immediately

After the Acquisition is \$ 16,500 as allocated:

Allocation

Right of Way	\$ <u>16,500</u>
Permanent Easements	\$ <u>0</u>
Temporary Easements	\$ <u>0</u>

Total Value of Land Acquired	\$ <u>16,500</u>
Value of Improvements Acquired	\$ <u>0</u>
Damage to Remainder	\$ <u>0</u>
Benefits to Remainder	\$ <u>0</u>
TOTAL VALUE	\$ <u>16,500</u>



Steven C. Saunders

March 14, 2022
DATE OF CERTIFICATION

REVIEW APPRAISER

Un-Economic Remnant to the Owner is a Factor ☐ Yes ☒ No

Area Amount \$

Steven C. Saunders

Administrative Approval Only

Steven C. Saunders

ADMINISTRATIVE APPROVAL BY:

March 14, 2022

DATE:

**North Carolina Department of Transportation
Right of Way Unit
Appraisal Summary Sheet**

1. **TIP/Parcel No.:** N/A **WBS Element:** N/A **County:** DARE
 2. **Owner(s):** NC Department of Transportation **Fed Aid Project:** N/A
 3. **Plan Sheet No.:** N/A **Survey Stations:** N/A
 4. **Land Areas:**

	AREA LT.OF R/W	AREA IN R/W	AREA RT. OF R/W	TOTAL
	0.127 AC	0 AC	0 AC	0.127 AC
5. Less: Land Area in Existing R/W:	0 AC	0 AC	0 AC	0 AC
6. Appraise Net Areas	0.127 AC	0 AC	0 AC	0.127 AC

7. **Easements:** TCE: N/A DRAINAGE: Temp N/A Perm 0.005 AC
 PUE: N/A OTHER: N/A

8. Improvements Lt. of R/W	Improvements to be Acquired	Improvements Rt. of R/W
None	1 Single Family Dwelling and Site Improvements	None
None		None
None		None

9. Rights and Interests to be Appraised: **Unencumbered Fee Simple Interest**
 (Subject to Existing Easements and Restrictions as Affected by Highway Acquisition.)

10. Estimated "**MARKET VALUE**" of Property Immediately Before:

Land \$ 16,500
 Improvements \$ 0
TOTAL \$ 16,500

11. Estimated "**MARKET VALUE**" of Property Immediately After:

Land \$ 0
 Improvements \$ 0
TOTAL \$ 0

12. "**DIFFERENCE**" Between Before and After Value (If Benefited, Type "**BENEFITS**") \$ 16,500

Gregory L. Bourne, MAI

 Signed March 1, 2022
 Date of Appraisal

Name: Gregory L. Bourne, MAI **Phone:** 252-441-1221
Address: P.O. Box 1687
Nags Head, NC 27959
E-Mail Address: basobx@charter.net



ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal report has been made with the following general assumptions and limiting conditions:

1. No responsibility is assumed for the legal description or for matters including legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable. However, no warranty is given for its accuracy.
5. All engineering is assumed to be correct. The plot plans and illustrative material in this report are included only to assist the reader in visualizing the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil or structures that render it more or less valuable. No responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them.
7. It is assumed that there is full compliance with all applicable federal, state and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
8. It is assumed that all applicable zoning and use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents or other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. No survey was made especially for this appraisal. Property lines, area calculations, etc., of record, or otherwise provided, are assumed to be correct.
12. The distribution, if any, of the total valuation in this report between land and improvements applies only under the stated program of utilization. The separate allocations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.

13. Possession of this report, or a copy thereof, does not carry with it the right of publication.
14. The appraiser, by reason of this appraisal, is not required to give further consultation, testimony or be in attendance in court with reference to the property in question unless arrangements have been previously made.
15. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales or other media without the prior written consent and approval of the appraiser.
16. The forecasts, projections or operating estimates contained herein are based upon current market conditions, anticipated short-term supply and demand factors and a continued stable economy. These forecasts are, therefore, subject to changes in the future.
17. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of any building, such as the presence of urea formaldehyde foam insulation and/or the existence of toxic waste, which may or may not be present on the property, has not been considered. The appraiser is not qualified to detect such substances. The client is urged to retain an expert in this field, if desired. Unless otherwise stated in the appraisal report, the subject property is being appraised as though free of hazardous materials.
18. It is assumed that the subject has never been utilized as a waste disposal site for toxic or other hazardous waste materials as defined by the appropriate government agencies.
19. The appraiser has not made a specific compliance survey and analysis of the subject parcel to determine whether or not it is in conformity with the various detailed requirements of the Americans with Disability Act ("ADA"). It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the subject parcel is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative affect upon the value of the property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible non-compliance with the requirements of ADA in estimating the value of the subject.
20. The just compensation reported was based on the assumption that, as a matter of law, just compensation is the mathematical equivalent of the market value of the property (or the difference in the market value of the property before and after a partial taking) and if that assumption is incorrect, the appraisal must be considered invalid.
21. Appraiser is not a building inspector, contractor or engineer. Appraiser conducted a visual inspection of only the accessible areas. Appraiser makes no guarantees about the structural integrity of the property and assumes no adverse conditions exist. An expert should be consulted and further inspection conducted if there are any concerns about structural integrity.

SCOPE OF WORK

The development of the Scope of Work for each appraisal shall be in accordance with the Uniform Standards of Professional (USPAP) and the NCDOT Appraisal Standards, to include but not limited to the following:

- a. The identification of the client and intended user of the appraisal.
- b. The intended use of the appraisal.
- c. The type and definition of value.
- d. The effective date of the appraiser's opinion and value conclusions.
- e. The development of an opinion of reasonable exposure time linked to the value opinion.
- f. The identification of the specific parcel of real estate and the property rights that are to be appraised.
- g. The extent of inspection, if any, of the subject property and market area.
- h. The type and extent of research of the market for comparable sales and other relevant information.
- i. The type and extent of the analysis used to arrive at opinions and value conclusions.
- j. An indication of which approach or approaches to value (Cost, Sales Comparison, and Income) were used and which were not and why.
- k. An indication of the form of reporting that was used to communicate the appraisal findings.

Please note that only real property is valued in this appraisal assignment and at the time of inspection, all of the subject's appliances and heat pump compressor had been removed.

Client and Intended User

The purpose of this appraisal is to estimate the "as is" market value as of the date of inspection, March 1, 2022. The property is owned by the NC Department of Transportation and the subject reflects an abandoned house which the NC DOT will dispose of in a future sale. Due to right-of-way taken in widening Colington Road, the dwelling's septic drain field was acquired and as such, the home was rendered uninhabitable. From the best data available, it does not appear that the site has enough land area to accommodate a new septic system which complies with the Dare County Environmental Health Department's setback and repair area requirements. The assignment is to estimate the subject's value of the fee simple estate, in terms of cash, unencumbered by liens, to assist the client in selling the property. The client is the North Carolina Department of Transportation and intended users include the NC DOT and any professionals who will assist in marketing the property.

Purpose and Intended Use

The purpose of this appraisal is to estimate the market value of the property belonging to the NC Department of Transportation. The subject is located along the north side of Colington Road (SR 1217), just west of King Court, on Big Colington Island, Dare County, North Carolina (Postal Zip Code: 27948) and its street address is 2192 Colington Road. The subject's legal description is Lot 78, Section V, Colington Harbour Subdivision and an enlarged portion of the ROW Plan Sheet is included among the addenda. This appraisal will be used by the NC DOT to market the property. The appraisal should not be used for any other purpose.

Type and Definition of Value

In this appraisal assignment, the subject's market value has been estimated and it is defined as "the most probable price, as of a specified date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress."¹

Date of the Appraisal and Date of the Report

The property was inspected on:	March 1, 2022
Effective appraisal date is:	March 1, 2022
The date of the report is:	March 9, 2022

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.

Exposure Time

The subject's reasonable exposure time, which reflects the days on the market prior to a hypothetical sale on the effective date of appraisal, is estimated at six (6) to 12 months which is based on interviews with local market participants and brokers as well as marketing times for properties sold via the Outer Banks Multiple Listing Service (MLS). Sales figures for 2021 provided by the Outer Banks MLS portray an average marketing time for single family dwellings in Colington at 31 days (9 days median) and during the year, there were 172 homes sold. Through March 7, 2022, twenty (20) homes have sold within Colington and the mean and median marketing times were 27 days and 24 days, respectively. Presently, there are only four (4) houses - **this is not a typo** - listed for sale in Colington and on average, they have been on the market for 40 days (22 days median). The exposure time is based on the typical marketing strategy for this product type.

Interest Appraised

The fee simple interest is being appraised and it defined as an "absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, escheat, police power, and escheat."²

¹Appraisal Institute, The Appraisal of Real Estate, 14th Edition, p. 58.

²Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition, p. 90.

Extraordinary Assumptions

An extraordinary assumption is “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”³ **In this appraisal assignment, I have relied on a ROW Plan prepared by the NC DOT and a copy of a portion of this plan is included among the addenda. I have made the extraordinary assumption that the information gathered accurately reflects the subject’s condition as of the effective date of appraisal. I interviewed Mr. Josh Coltrain of the Dare County Environmental Health Department about the potential of installing a new septic system on the subject site so that the dwelling can become habitable. According to Mr. Coltrain, a new drain field and septic tank must be at least 10 feet from any property line and in addition to the actual drain field, the property must have enough land to dedicate an 100% repair area should the original drain field fail. I sent Mr. Coltrain copies of the subject’s enlarged Plan map, GIS map and Tax Card and given this information, he said that it would be difficult to place a new septic system on the site. *However, a final determination could only be made by hiring a surveyor and environmental engineer to measure and evaluate the parcel.* In this appraisal assignment, I have made the extraordinary assumption that the site can not support an on-site septic system either has an unimproved lot or as presently improved. Please note the drain field of the home located to the west of the subject utilizes its entire backyard while on the adjacent property to the east, the dwelling is positioned such that there is no land available to assemble with the subject property. The use of Extraordinary Assumptions may have effected assignment results.**

Hypothetical Conditions

A hypothetical condition is “a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of the analysis.”⁴ No hypothetical conditions were utilized in this appraisal assignment.

³Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition, p. 83.

⁴Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition, p. 113.

Inspection, Research, Analysis and Valuation Methodologies

In performing this appraisal assignment, I inspected the subject property, which reflects a 0.127 acre or 5,532 s.f. lot that is improved with a 2-bedroom, 1-bathroom single family dwelling with 858 s.f. of gross living area and associated site improvements. Also, I inspected the subject's market area which includes Colington Island. In addition to collecting general information about the subject including recorded plats, GIS maps, zoning information, tax information, sales history, site data, improvement data (if any) and other pertinent facts about the property being appraised, I gathered comparable land sales from recorded public records and the Outer Banks and Albemarle Area Multiple Listing Services. The sales data were confirmed with the Grantee, Grantor, listing and/or selling broker or other knowledgeable market participant and they were also verified with Deeds, Deeds of Trusts and/or Plats recorded in the either the Dare or Currituck County Registries. General market information was gathered from the Outer Banks Chamber of Commerce via its various publications. As described in the highest and best use section of this appraisal, the existing dwelling and associated site improvements add no contributory value to the underlying land. Under an extraordinary assumption defined herein, the subject either as vacant or improved can not support an on-site septic system and as such, its highest and best use is an assemblage with an adjacent parcel. Alternatively, the structure could be used for storage. In this analysis, I have estimated the land value via a sales comparison approach as an assemblage parcel and the existing improvements have no contributory value although, as a potential storage structure, they do not detract from the property (i.e. no demolition cost has been subtracted from the market value estimate). Neither the cost nor income approaches have been considered in this appraisal.

Report Type and Format

As requested by the client and in compliance with NCDOT's appraisal standards, a narrative appraisal report has been prepared. This document reflects an Appraisal Report as defined in Standard 2-2(a): Real Property Appraisal, Reporting in USPAP (2020-2022) and it meets or exceeds the reporting requirements contained therein.

INSPECTION OF THE SUBJECT

On March 1, 2022, I inspected the interior and exterior of the property and previously, I had contacted Michelle Pittman about getting access. The NC DOT did not have a key to the house but I was able to get access from an open window. On March 1, 2002, I photographed the subject and a number comparable land and improved sales.

AREA AND NEIGHBORHOOD ANALYSIS

Dare County is located in Eastern North Carolina, south of Currituck County, east of Tyrrell County and north of Hyde County. The Atlantic Ocean is situated to the east. The County includes Dare County Mainland, Hatteras Island, Roanoke Island and the Towns of Manteo, Duck, Southern Shores, Kitty Hawk, Kill Devil Hills and Nags Head. Dare County is accessed from Currituck County via the Wright Memorial Bridge and it is accessed from the west by US 64/264 which runs through Dare County Mainland to Roanoke Island. A number of bridges connect Roanoke and Hatteras Islands to the other portions of the County. Also, Hatteras Island can be accessed via a ferry that disembarks from Ocracoke Island which is a portion of Hyde County. Highway 12 runs the length of the Outer Banks from Duck to Hatteras Village on Hatteras Island while US 158 is the primary traffic artery connecting the Towns of Southern Shores, Kitty Hawk, Kill Devil Hills and Nags Head.

The subject is located in a seasonal resort area known as the Outer Banks which includes Colington, Hatteras and Roanoke Islands. According to ACCESSNC, a publication by the North Carolina Department of Commerce, 2018 population estimates for Currituck and Dare Counties were 27,099 and 36,997 people, respectively; however, during the height of the summer tourist season, the Outer Banks population increases dramatically. For example, Dare County's population "increases by more than 225,000 additional residents during peak summer months" [Tourism impacts on Dare County, Carolina Demography], over a sixfold increase from its base population.

The neighborhood is known locally as the "West Side" and it reflects the communities situated due west of Croatan Highway (US 158) in Kitty Hawk, Kill Devil Hills, Colington and Nags Head. Although this neighborhood is primarily a residential district, there are a number of destination commercial and light industrial uses concentrated between Ocean Bay Boulevard in Kill Devil Hills and Satterfield Landing Road in Nags Head, Colington Road in Colington and Kill Devil Hills - Outside as well as near the Kitty Hawk Road and The Woods Road intersection in Kitty Hawk Village. As of the effective date of appraisal, there were considerable upward pressures on property values within the subject's neighborhood, especially in the last 24 months.

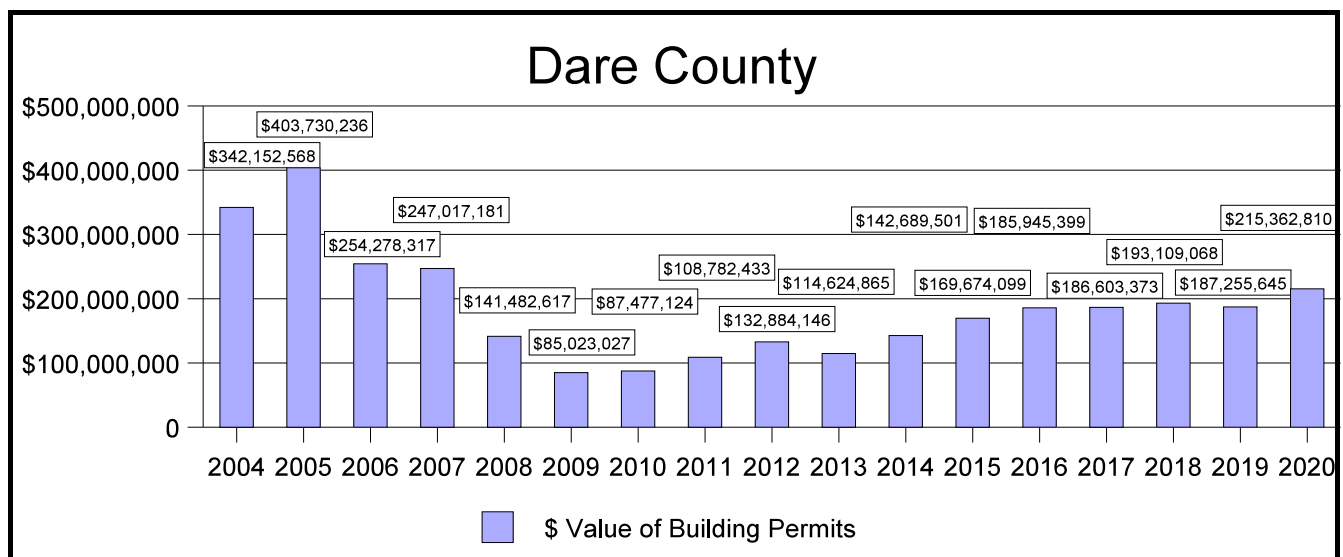
The subject's immediate neighborhood reflects the Colington Harbour Community which has sections located inside and outside the gate. The vast majority of this subdivision is situated inside the gate along the Roanoke Sound while the subject is located along Colington Road outside the gate. Most of the surrounding properties are single family dwellings and TJ's Convenience Store with Fuel is located to the south of the subject across Colington Road. Other than Colington Harbour's Section W and parcels that are not a portion of this subdivision, mobile homes are not allowed within the neighborhood. The neighborhood has public water from Dare County while central sewage is unavailable and waste water must be treated on-site.

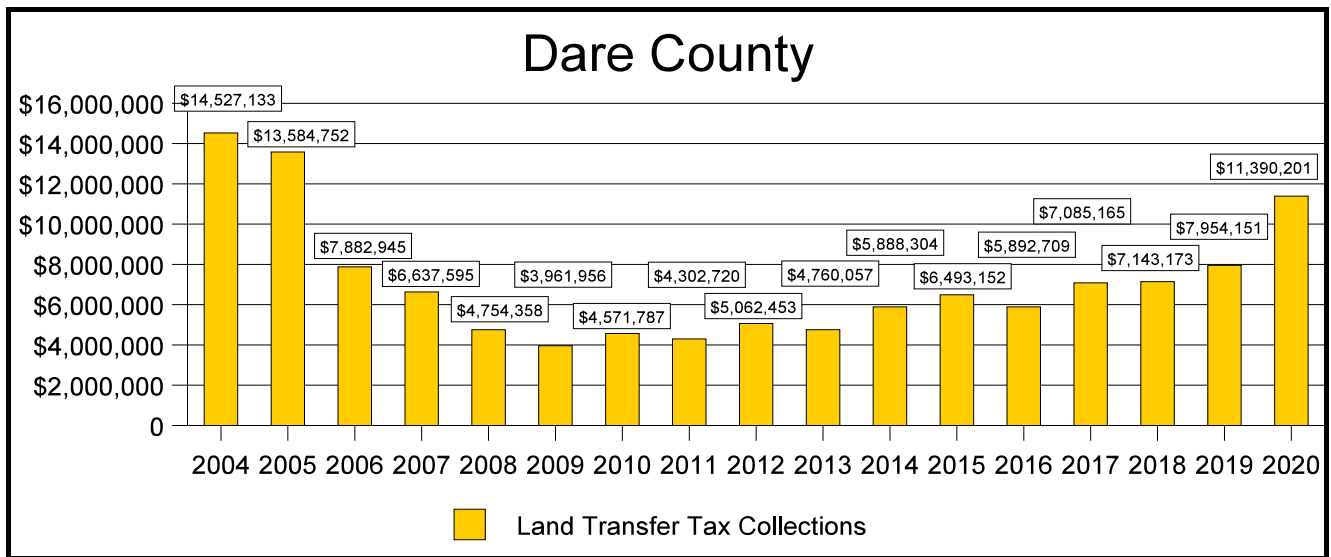
Current Market Outlook

Over the years, Dare, Currituck and Hyde Counties have experienced tremendous growth and despite slowdowns during recessions, the upward trend continues. The Outer Banks and Northeastern North Carolina Markets are not immune to national economic cycles and certain sectors, especially real estate and construction, have a boom and bust character. In this section, I have focused on those factors that impact the health of the local economy and unless it has a direct effect the local market, demographic statistics are not emphasized. In the following sections, I will describe the drivers of the subject's unique market. **Please note that the impact of the coronavirus pandemic will be studied in greater depth in a separate section.**

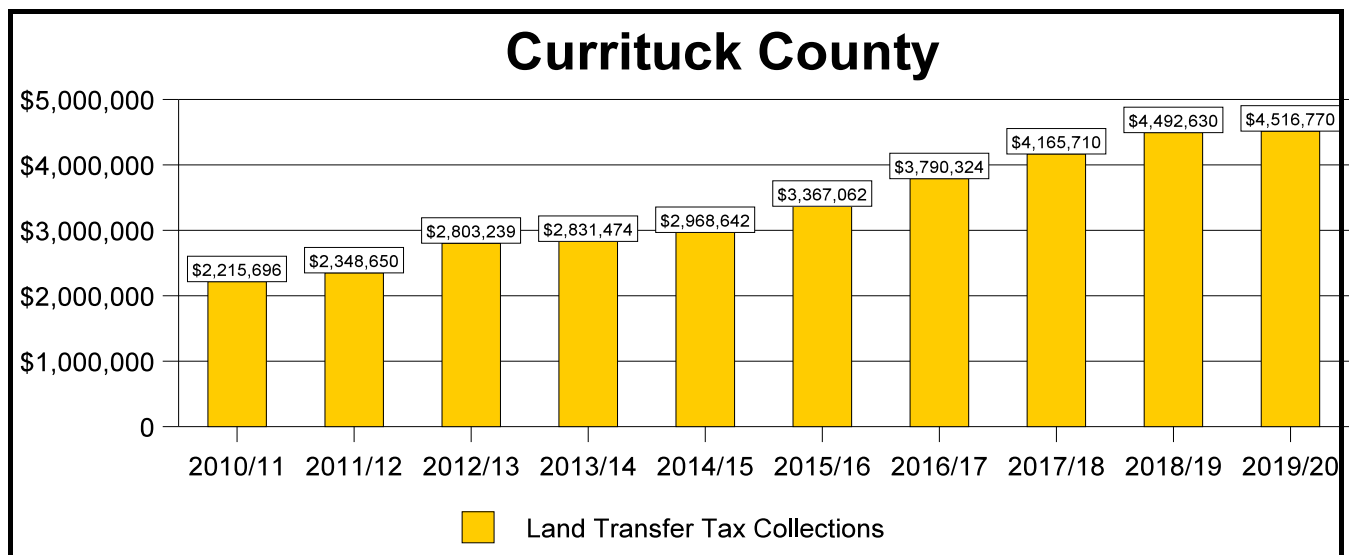
Land Transfer Taxes and Building Permits

Land transfer taxes are a good proxy for real estate sales while the dollar value of building permits portrays the health of the construction sector. Jobs in real estate and construction represent a large share of the local employment base. Despite increasing modestly after the trough in 2009, the dollar value of building permits in 2020 is only 53 percent of the peak construction activity achieved in 2005 although they have more than doubled since the depths of the Great Recession (2009). Also, real estate sales in 2020 are 78 percent of 2004 levels but similar to construction, they have rebounded strongly in recent years. The post 2014 period portrays a more sustainable level of property sales and construction activities and looking back, the mid 2000s reflected an unhealthy bubble driven by speculation and wreck less lending. During 2020, both real estate sales and construction have grown rapidly due to the unexpected good fortune the local market has experienced from the coronavirus pandemic.



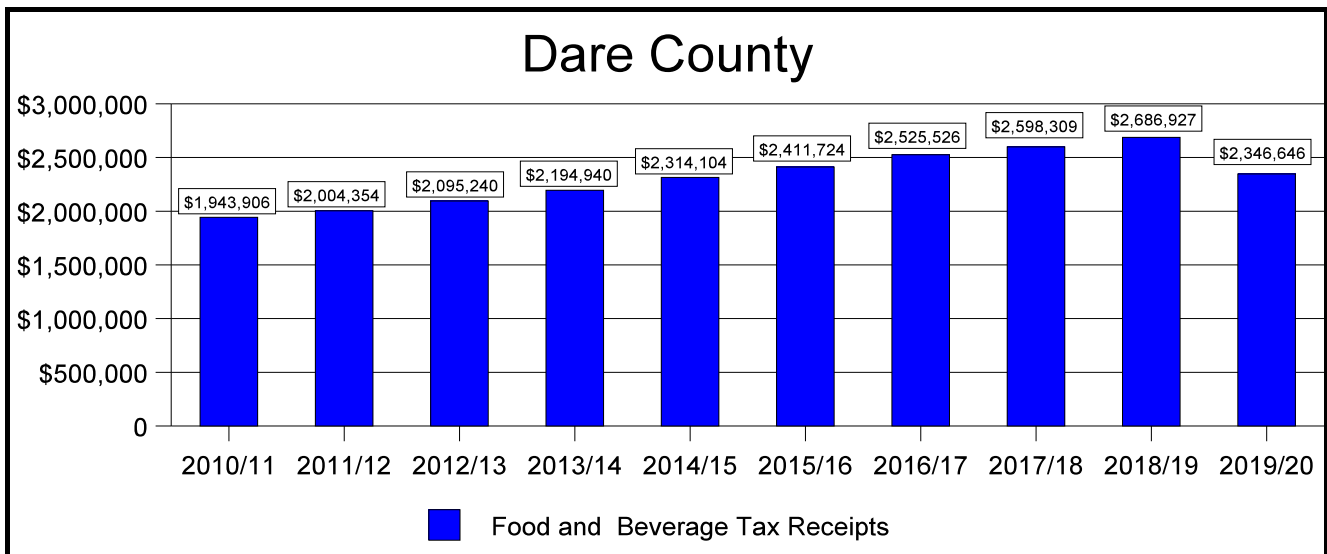


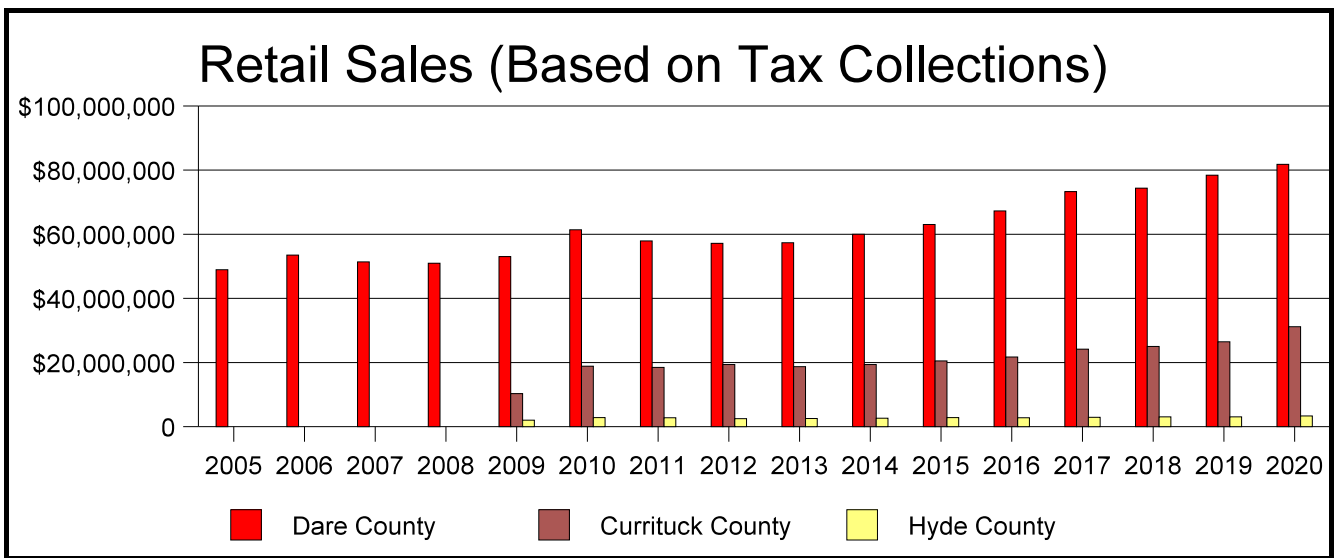
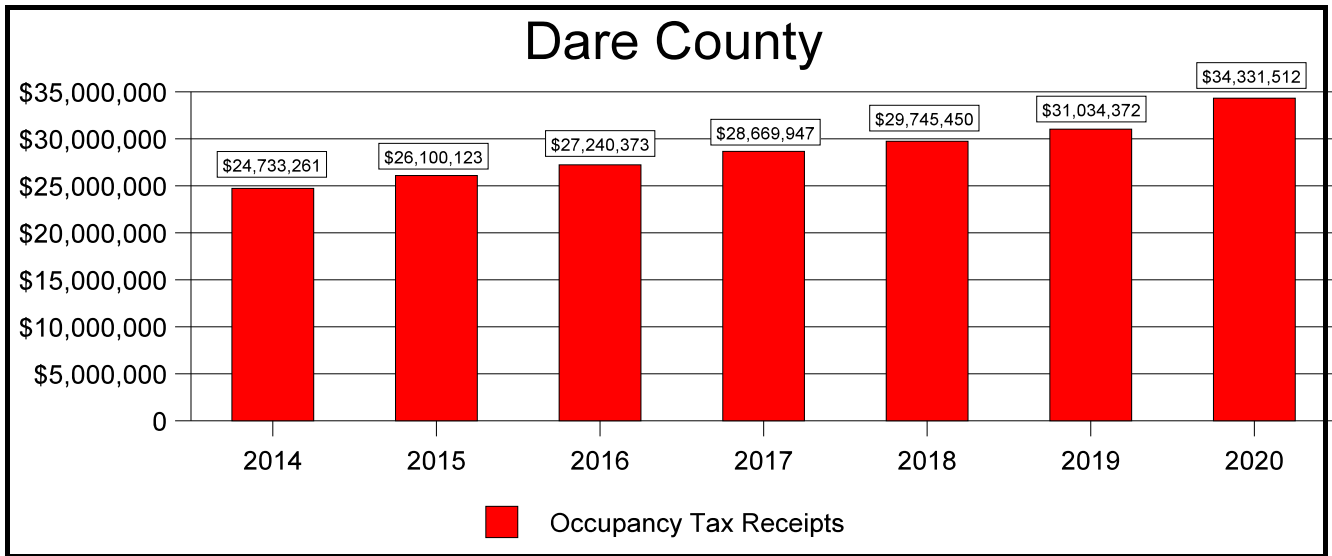
I was unable to obtain historic building permit values from Currituck County but land transfer data was available for a number of fiscal years ending on June 30th and the data are listed in the following table. Over the past decade, land transfers have increased by over 100 percent from the depths of the Great Recession. Please note that the most recent fiscal year for Currituck County (2019/2020) does not portray the strong bounce back in real estate sales that occurred after June 2020. **In the long-run**, the Outer Banks is anticipated to experience moderate growth along with increasing property values and rental rates.



Occupancy, Food and Beverage and Retail Sale Taxes

Occupancy tax and food and beverage receipts from Dare County as well as retail sales from Dare, Currituck and Hyde Counties are summarized in the following charts. These measures of the local economy show the level of visitation to the Outer Banks and the tourist dollars spent in local restaurants and stores. Since the tax rate for the Dare County Occupancy Tax increased from 5.00% to 6.00% on January 1, 2014, only post 2013 annual figures are included in the table while Food & Beverage Tax Receipts are only reported on a fiscal year basis ending on June 30th. Figures for the past few years have been trending steadily upward and they are indicative of a healthy tourism market. Occupancy tax collections for 2020 portray the dramatic increase in visitation to the Outer Banks while the decline in food and beverage tax receipts reflects the impact of restaurant closures and limited indoor seating capacity due to State Mandates. Retail sales continued their historic march upward despite the Covid-19 Pandemic.



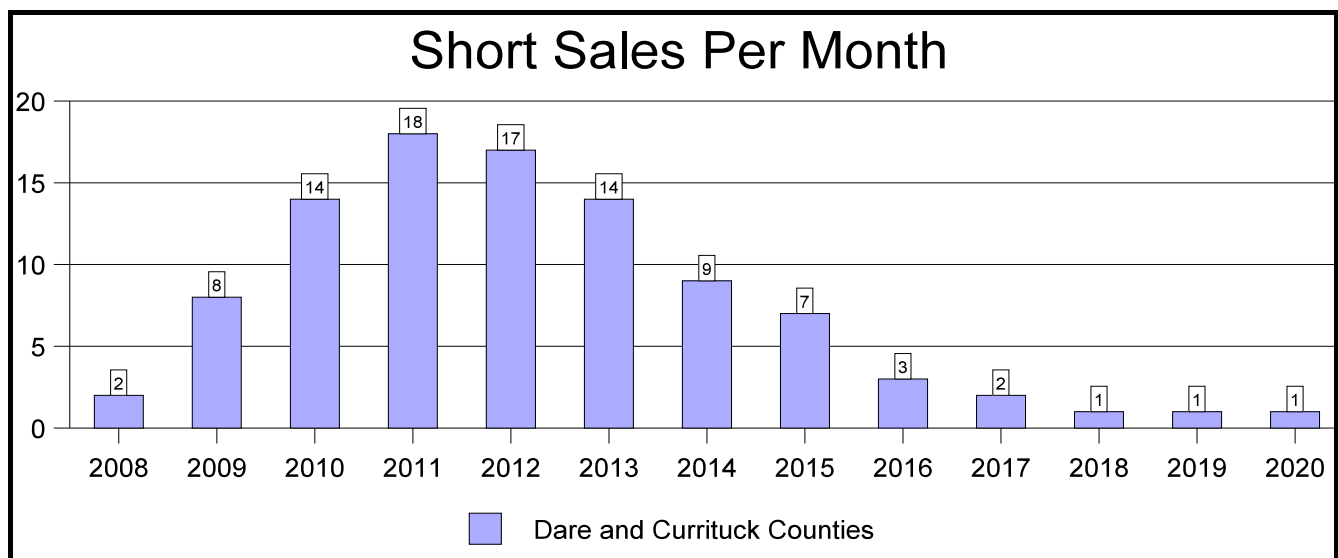
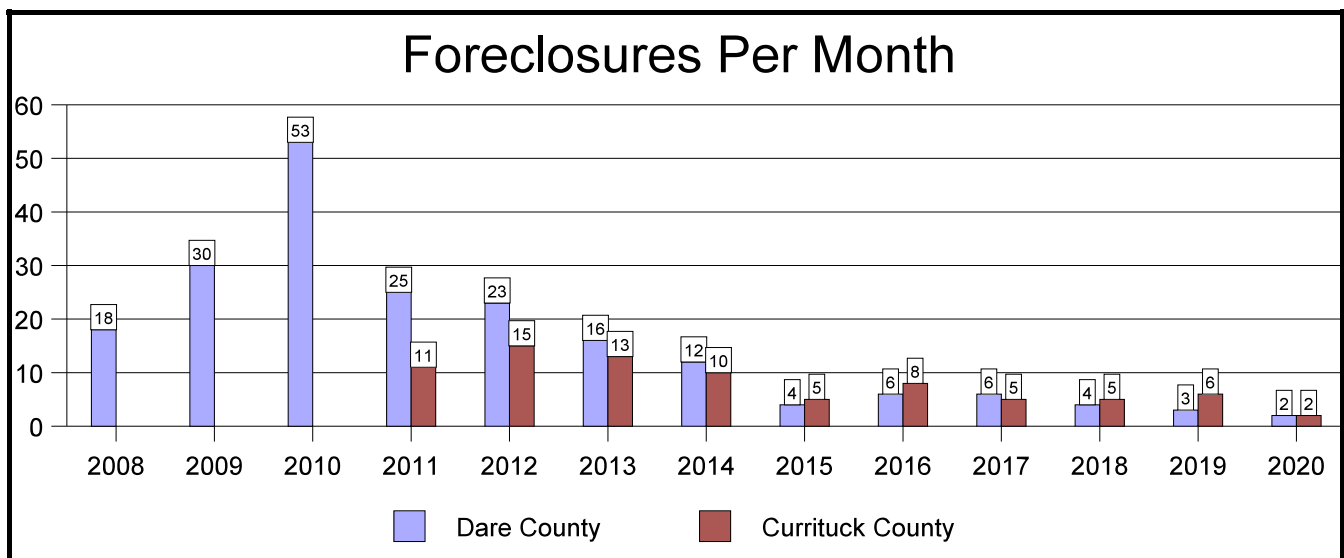


Tourists may curtail their purchases and dining-out but overall visitation to the Outer Banks does not drop dramatically even in the worst of economic times. In fact, the overall trend portrays steady growth with only modest fluctuations due to national economic conditions.

Foreclosure Rates and Short Sales

The following table and charts summarize foreclosures (including Deeds In Lieu) and short sales which are based on the average monthly rate (rounded to nearest whole number). As lenders liquidated their inventories of troubled properties after the Great Recession, distress property sales and foreclosures have steadily been falling and they have remained relatively stable for the past five (5) years. In fact, short sales are becoming rarer in today's healthy real estate market.

	Foreclosures (Per Month)		Short Sales (Per Month)
Year	Dare County	Currituck County	Dare and Currituck
2008	18	n/a	2
2009	30	n/a	8
2010	53	n/a	14
2011	25	11	18
2012	23	15	17
2013	16	13	14
2014	12	10	9
2015	4	5	7
2016	6	8	3
2017	6	5	2
2018	4	5	1
2019	3	6	1
2020	2	2	1



MARKET PARTICIPANT INTERVIEWS

In addition to published sources which tend to have a two (2) to four (4) month lag time, I have interviewed market participants about current economic conditions. Individuals contacted during February of 2021 include owners of brokerage firms which have considerable commercial/industrial sales and rental experience, local investors, seasonal rental managers, building contractors, retail business owners, restaurateurs and lodging managers/owners. Virtually all market participants are positive about the coming 2021 Season with reservations for vacation rentals looking to set another record. Real estate sales and construction are starting the year strong and after indoor seating capacity restrictions were lifted during June of 2021, food and beverage sales increased dramatically with restaurateurs reporting strong revenues despite a lack of employees.

POTENTIAL COVID-19 IMPACTS

From the onset of the coronavirus pandemic to today, the situation both nationally and locally has changed dramatically. In this section, I will give a brief overview of the national situation and a detailed study of the various sectors of the local economy will be made.

National Situation

As of the date of this writing, the initial impact of Covid-19 had greatly diminished for the equity, bond and real estate markets. In fact, the stock market is setting record levels after initially falling over 20 percent during onset of the pandemic and there is abundant liquidity in bond and lending markets. Real estate sales have rebounded due to low interest rates and strong demand by buyers relocating from dense urban environments. To start the year, retail sales have rebounded strongly due to high savings rates by individuals and a number of government relief programs. Manufacturing has returned to pre-Covid-19 levels. The US unemployment rate jumped to 14.7% during April, a post World War Two record, although as the economy has rebounded, it fell to 3.9% by December 2021. In February 2020, the rate stood at 3.5%, a near record low. However, the recent strength of the labor market does not fully reflect the millions of workers who have not returned to the labor force - temporally or permanently via retirement - which is reflected in the labor participation rate at 61.9%. Also, many service businesses and entertainment venues continue to suffer especially in areas with stringent restrictions on commerce. Although many businesses survive on a number of government relief and lending programs, a number of small concerns have already closed and the final toll on these businesses and the jobs they provide is not known. With the availability of Covid-19 vaccines, it is anticipated that the nation can return to some level of normalcy by the fourth quarter of 2021. However, a number of new strains of the virus may impact the course of this health crisis and the future still holds some uncertainty and risk.

Local Situation

On the Outer Banks, access to both tourists and non resident property owners was closed until April 4th for non residential property owners and on May 16th, the Outer Banks was opened to visitors and tourists. Statewide closures on many businesses including restaurants, spas, beauty parlors, etc. were lifted on May 25th with mandatory occupancy (50% for many businesses). During July, Governor Cooper ordered that face masks must be worn in all public spaces where six (6) foot social distancing is not possible. During June of 2021, the 50% restriction was lifted.

Land Transfer Taxes and Building Permits

Although the outlook for the Outer Banks was quite bleak during March and April, real estate sales and construction have increased dramatically. As compared to 2019, which was considered a good year, sales for 2020 increased by 43.20 percent and brokers are reporting sales activity at levels last seen in the mid 2000s boom. The high level of real estate transactions has swamped closing attorneys, appraisers, surveyors and home inspectors. In addition to people buying vacation rental properties, sales of second homes and permanent residences have increased as people relocate from crowded urban environments. Also, as the trend of working from home has become mainstream, it is now possible to live on the Outer Banks while still being gainfully employed. To meet the demand from investors and new residents, construction activity increased by 15.01 percent as compared to 2019 and many general contractors and subcontractors are booked solid for this year and into 2022.

Occupancy, Food and Beverage and Retail Sale Taxes

Unlike destinations that require air travel or high density cruise boat vacations, the Outer Banks is a driving destination with relatively low density housing and large open beaches and it has benefitted from travelers canceling plans that are deemed more risky. In fact, many tourists are new to the Outer Banks which may become a regular vacation spot even after the coronavirus pandemic has passed. For 2020, Dare County occupancy tax receipts have increased by 10.62% although the Outer Banks was effectively closed for the first quarter of the year. Starting in June, occupancy tax collections broke monthly records till the end of the year. Rental companies report that 2021 bookings are at or above the record setting levels during 2020. During the summer months, hotel/motel occupancy was at typical peak season levels (95% to 100%) for most properties. Hatteras Island RV Parks and US Park Service Campgrounds have reported their largest occupancy levels and future bookings are strong.

If there was one segment of the local market that has suffered during pandemic, it was the food service industry and based on food and beverage tax receipts, 2020 revenues are down by 12.66 percent as compared to 2019. Although restaurants were limited to 50% indoor seating capacity until June of 2021, many restauranteurs have offered take-out food service and expanded outdoor seating into parking lots and green spaces and these accommodations have resulted in gross food and beverage sales that are only 10 to 15 percent less than a typical year. However, some restaurant owners reported declines of 30 to 40 percent. As visitation has set records during 2021 and indoor seating restrictions were lifted, the demand for dining has risen dramatically and many restaurant operators have reported record sales.

Retail sales are a mixed bag with some retailers having a normal year while others are reporting lower sales and asking landlords for rental abatements. Despite limitations on indoor shopping, retail sales continued to rise in Dare, Currituck and Hyde Counties during 2020 and retailers report that sales for 2021 have been strong.

Although hiring seasonal employees is always a challenge on the Outer Bank, the issue has become critical due to limitations placed on J-1 Visas. Also, generous unemployment benefits have resulted in many food service, retail and other workers earning more unemployed than they would typically make in a service sector job. Help wanted signs abound and with future unemployment legislation unknown, businesses can only hope that there will not be any additional incentives for their employees not to return to work.

Foreclosure Rates and Short Sales

The level of foreclosures and short sales have remained low during the 2020 pandemic year. However, with the Federal Government extending its moratorium on foreclosures on loans insured by Fannie Mae, Freddie Mac, FHA and other government programs until June 30, 2021 and lenders offering loan forbearance and modifications, the number of troubled loans may not become apparent until these accommodations are ended.

As portrayed by the various economic indicators, the Outer Banks reflects a bright spot in an otherwise cloudy albeit improving national outlook. Real estate sales and construction are strong while visitation is setting record levels. Retail sales have held up reasonably well and after indoor seating restrictions were lifted, the food service sector has experienced strong demand. In fact, the greatest hindrance to serving customers is a lack of employees.

DESCRIPTION OF THE SUBJECT PROPERTY

Land

Size:	Based on NC DOT's ROW Plan Sheet, the parcel contains 5,532 s.f. or 0.127 acres.
Property Location:	The property is located on the north side of Colington Road (SR 1217), about 70 feet west of King Court and its legal description is Lot 78, Section V, Colington Harbour. The street address is 2192 Colington Road, Colington, Dare County, North Carolina (Postal Zip Code: 27948). The subject's parcel # is 023814-000.
Access, Shape and Dimensions:	The parcel has an irregular shape and it has a single access drive from Colington Road (SR 1217) which is a two (2) lane asphalt street. As measured from the Permanent Drainage Easement (PDE), the site has about 116 front feet on Colington Road and its rear property line is 31.69 feet. Along the subject's western property line, the site is about 111 feet deep while its eastern boundary from street to rear is approximately 116 feet.
Drainage/Soils:	On inspection, the site appeared to be adequately drained for a single family dwelling and there are a large number of nearby homes with septic systems.
Topography and Vegetation:	The subject is a level parcel of land and it is cleared. The subject is at street grade.
Utilities:	Water: Dare County Sewer: Public sewer is unavailable. Standard: Electric; telephone; cable TV Other: None
Flood Hazard Zone:	FIRM zone AE (EL 4) which is in the 100 year flood zone, as indicated on Flood Map 375348 9873 K, dated June 19, 2020.

Easements and Encroachments:

No **obviously apparent** adverse encroachments or easements have been uncovered. In addition to acquiring 0.022 acres or 958 s.f. of land along Colington Road, the NC DOT secured a 0.005 acre or 218 s.f. Permanent Drainage Easement (PDE) along Colington Road. From the loss of this land and its septic system, the Colington Road expansion effectively rendered the house uninhabitable while based on the best data available, it appears that the site as if unimproved can not be developed. There are no other known external nuisances, hazards or other negative factors affecting the property.

Comments:

The subject's aerial map, flood map and enlarged plan map are included among the addenda.

Improvements

The subject's site improvements include a concrete parking pad, nonfunctional gravity septic system (i.e. portion not in right-of-way), minimal landscaping and other miscellaneous site improvements.

The dwelling is an one (1) story, wood frame structure built on a wood piling foundation. Most of the original 8" x 8" wood pilings have rotted and they have been sistered with newer pilings. The exterior walls are vinyl siding and the roof cover is asphalt shingles that are in fair condition. The house has vinyl windows and fiberglass exterior doors. Based on my physical measurements on the date of inspection, the dwelling has 858 s.f. of gross living area (GLA) and along the street front, it has a 156 s.f. covered porch and 44 s.f. wood deck. Along the rear, there is a 20 s.f. wood deck and on the ground level, there is a small storage room. At one time, the subject had a heat pump system and besides the duct work, the compressor, air handler and other components have been removed. The house has 2-bedrooms, one (1) bathroom, living room, kitchen and adequate closet space. On the interior, the floors are laminate while the walls are painted drywall. The ceilings are drywall with a popcorn finish. The kitchen has a modest amount of base and upper oak finish cabinetry with laminate counter tops and all of the appliances have been removed. The kitchen has a double stainless steel sink and cutouts for a range/oven, hood fan and refrigerator. There is not a space for a dishwasher and the laundry equipment and electric hot water heater were formerly located in the first floor storage room. The interior doors are hollow core wood while the bathroom has a sink with cabinet, commode and fiberglass tub/shower.

The dwelling has a multitude of exterior defects including rotted wood pilings, damaged fascia, rotted wood decking, rotted trim, damaged soffit and other items of deferred maintenance. Facing the house from the street, the right side of the front porch sags to the right due to settling. Relative to the exterior, the interior includes only a few items of visible deferred maintenance including some cracks in the drywall and damaged trim/floor molding. According to Dare County tax records, the house was built in 1984 and due to a number of factors, it has reached the end of its economic life. Potentially, the structure could be used for storage. A sketch, which is not to scale, can be found among the addenda.

Zoning

The subject is zoned R-4 Low Density Residential District which was “established to provide for low-density development of single-family detached dwellings in an environment which preserves sand dunes, coastal forest, wetlands and other unique natural features of the coastal area.” The primary permitted use is detached single family dwellings, not to include mobile homes, and customary accessory buildings and structures, including swimming pools and tennis courts. The R-4 zoning requires a 25 foot street front yard, an eight (8) foot side yard and the minimum rear yard is 20% of the lot depth - approximately 22 feet for the subject. The maximum lot coverage ratio is 30 percent and the maximum building height is 35 feet. For new subdivisions, the minimum lot size is 15,000 square feet for sites service by public water and on-site septic systems while the minimum lot width at the building setback is 75 feet. From an interview with Dare County Planning Officials, your appraiser found that it is unlikely that the subject's current zoning will be changed in the foreseeable future. Prior to the taking by the NC DOT, the subject was a substandard grandfathered lot (6,490 s.f.) while after the Road Project, the building likely does not comply with current setback and potentially other zoning requirements. Since the subject no longer has a functional septic system and it very uncertain whether a new one can be install, the structure can not be used for habitation. Even if the 5,532 s.f. lot were unimproved, it would be difficult to place a dwelling, site improvements, septic system and septic repair area on the site given the required setbacks, lot coverage, etc. A copy of the zoning map is located among the addenda.

Property Tax

The subject is identified by Pin # 9873.06 29 6368 and Parcel # 023814-000. The historic assessments and tax liabilities are listed as follows.

	Tax Year		
	2019	2020	2021
Land Assessment	\$33,200	\$37,300	\$37,300
Improvement Assessment	76,900	127,400	127,400
Total Assessment	\$110,100	\$164,700	\$164,700
Tax Rate per \$100	\$0.7121	\$0.6036	\$0.6050
Tax Liability	\$784.02	\$994.13	\$996.44

During 2019, Dare County underwent a complete tax reevaluation whereby assessments were updated to January 1, 2020 market values. The next reevaluation is scheduled for January 1, 2028. Given past trends in assessments and tax rates, real estate taxes should increase below the annual inflation rate during the foreseeable future. Dare County reassesses properties every eight (8) years. At that time of reassessment, properties were assessed at 100% of their fair market value and unless changes are made to the improvements (i.e. additions, renovations, etc.), the assessments remain unchanged until the next reevaluation. A change in ownership does not result in a property being reassessed. After the reevaluation, the subject's assessment increased by 44.22% and due to a reduction in the tax rate after the reevaluation, its 2020 taxes increased by a more modest 26.80% from its 2019 tax burden. **Obviously, the assessments do not reflect the impact of the Colington Road Project and the subject's present condition.**

Public and Private Restrictions

The Dare County Environmental Health Department does not allow waste water drain fields to be located within 50 feet of bodies of water or protected wetland. As a portion of Colington Harbour, the property is subject to a Declaration Of Protective Covenants and Agreements. The lot owners have the right to use the community amenities including the clubhouse and outdoor swimming plus they have the obligation to pay homeowner dues to maintain the common areas, amenities and streets. Any building and site improvement is subject to architectural review and "no building shall be erected, altered, placed or permitted to remain on any residential lot other than one family dwelling and private garage or outbuildings incidental hereto. All dwellings must have a minimum enclosed area of 1,200 s.f. exclusive of open porches or attached garages." There are no additional known private or public restrictions on the subject.

History of the Subject Property

There have been no **arms-length** sales of the subject in the five (5) years prior to the effective date of appraisal and there are no known listings, contracts, options or offers pending. On September 19, 2018, Margarette M. Umphlett, widow sold the subject to the NC Department of Transportation for \$156,400 and this conveyance is recorded at Deed Book 2265, page 403 in the Dare County Registry. The seller received cash at closing. Since this sale occurred under the threat of condemnation, it is not deemed an arm-length transaction. The property has not been re-zoned and there have been no significant changes to the site or building improvements in the prior five (5) years. Also, there are no known current or expired building permits. There are no other known public or private restrictions.

Highest and Best Use

Highest and best use is 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. In this appraisal assignment, the highest and best use of the property as if the land were vacant and the highest and best use of the property as improved are examined. Each of these scenarios will be analyzed in the following sections.

Highest and Best Use of Land as Though Vacant

To determine the highest and best use as though vacant, the land is assumed to be vacant, or any improvements, which are located on the site, can be demolished and the site can be made ready for development. In order to be at its highest and best use, as if vacant, the proposed use must be physically possible, legally permissible, financially feasible and maximally productive. These four criteria will be examined sequentially so that the highest and best use can be selected from the array of potential uses.

The subject is a 0.127 acre or 5,532 s.f. irregular shaped site that has about 116 front feet along Colington Road and it is a level parcel with ample access and suitable drainage profiles. Consequently, there are a number of physically possible small residential, commercial and industrial uses for the property. After determining physically possible uses, the proposed highest and best uses must be tested to determine if they are legally permissible. As discussed under zoning, the subject is zoned R4 - Low Density Residential which limits its legally permitted uses to single family dwellings and associated residential uses. Mobile homes are not permitted within this zoning district. Also, the property is subject to the Colington Harbour Association Declaration Of Protective Covenants and Agreements and prior to development, any building or site improvement must be approved by the Architectural Control Committee. Also, "no building shall be erected, altered, placed or **permitted to remain** on any residential lot other than one family dwelling and private garage or outbuildings incidental hereto. All dwellings must have a minimum enclosed area of 1,200 s.f. exclusive of open porches or attached garages." As mentioned previously, it is unlikely that the site can accommodate a septic system for its 858 s.f. dwelling and under the current restrictive covenants, any new structure must contain at least 1,200 s.f. of enclosed area. Due to its physical and legal constraints, a new single family dwelling on the subject site is not deemed a potential highest and best use and as such, the highest and best use as though vacant, is an assemblage with one of the adjacent properties.

Statement of Highest and Best Use of Land as Though Vacant

Given the subject's location, legal constraints due to zoning and restrictive covenants, small size, irregular shape and other physical and legal factors, its highest and best use as though vacant is an assemblage with an adjacent property.

Highest and Best Use as Improved

The highest and best use as improved is analyzed to identify the use of the property that can be expected to produce the highest overall return for each dollar of capital invested and to help identify comparable properties. At the present time, the single family dwelling is uninhabitable due to its lack of a functioning septic system and it is unlikely that a new septic system can be installed because of Dare County Environmental Health Regulations which require at least 10 foot setbacks for drain fields and septic tanks from any property line as well as an 100% repair area. Furthermore, under the Colington Harbour Association Declaration Of Protective Covenants and Agreements, “no building shall be erected, altered, placed or **permitted to remain** on any residential lot other than one family dwelling and private garage or outbuildings incidental hereto. Once the HOA becomes aware that the dwelling **is not** being used as “one single family dwelling”, it may require its removal from the site. The existing use is no longer the highest and best use as improved and ultimately, it will likely be removed from the lot.

Statement of Highest and Best Use as Improved

Until the HOA becomes aware of the subject’s present condition, the highest and best use as improved is a structure used for storage which would be an interim use. Ultimately, the house will likely be demolished.

VALUATION OF THE SUBJECT PROPERTY

The subject reflects an unique case in that the NC DOT already owns the property and it is going to dispose of the asset in a market based transaction. In this scenario, the subject is valued in its condition as of the date of my last inspection, March 1, 2022. Obviously, the Project has already impacted the property and its value reflects the current limitations described previous. In this analysis, the land value will be estimated under the subject’s highest and best use which is an assemblage with an adjacent property. A sales comparison approach will be utilized to value the land and the existing site and building improvements have no contributory value.

Methods of Valuation

The appraisal process typically involves three approaches in estimating value which consists of the cost approach, sales comparison approach and income capitalization approach. A brief description of each technique is as follows:

The **Cost Approach** - An appraisal procedure using depreciated replacement or reproduction costs of improvements plus land value as a basis for estimating market value. The underlying assumption is most reliable when the improvements are relatively new and are the highest and best use of the land.

The **Sales Comparison Approach** - An appraisal method which uses sales prices of whole properties similar to the subject property as a basis for estimating market value. The nature and condition of each sale are analyzed, making adjustments for dissimilar characteristics. This approach offers a good indication of value when a sufficient quantity and quality of sales exists in the marketplace.

The **Income Capitalization Approach** - An appraisal procedure using capitalization of expected future benefits as a basis for estimating market value. In this approach, there is a direct relationship between the amount of income a property earns and its value. The reconstructed net operating income is processed into value using a capitalization rate. Also, utilizing a discounted cash flow analysis, future benefits can be converted into a present estimate of value. Factors such as risk, time, interest on the capital investment, and recapture of the depreciating asset are considered in deriving an overall rate and a discount rate. The underlying assumption in this approach is that an informed purchaser will pay no more for the subject property than he would pay for another property with an income stream of comparable amount, duration, and quality.

The final step in the appraisal process is the reconciliation of value indications and the final estimate of value. The appraiser considers and weighs each approach according to its appropriateness in view of the peculiarities of the property being appraised and the quantity and quality of the information available. The result is a final indication of market value for the subject.

Land Value Analysis

In order to determine the subject's land value (fee simple), the site must be appraised as if it is vacant and utilized at its highest and best use, which in this appraisal assignment, is an assemblage lot. The sales comparison approach will be utilized to determine the subject's land value. The land sales considered in this appraisal assignment are included among the addenda and they reflect single family building lots that are located either inside or outside the community gate in Colington Harbour. In this appraisal assignment, price per building lot is considered the most appropriate and reliable unit of comparison. Wetlands associated with a residential lot typically add no additional value to the upland portion of the property. The subject is composed of upland soil that is adequately drained.

Adjustments

Similar to the subject, all of the comparable sales have their fee simple property rights conveyed and they are arms-length transactions with typical market financing terms. The sales are reflective of prevailing value levels as of March 1, 2022. **Within the subject's market, property values usually increase or decrease in steps as opposed to a continuous change in value. Typically, values rise or fall and then remain stable for a period of time.**

Historically, there is no material differences in lot values between otherwise similar lots located either inside or outside the Colington Harbor community gate. The land sales are deemed similar to the subject in location.

As the size of a residential site increases, the price per lot normally increases although sales data would indicate that there is not a perfect correlation between price per site value and size. Although Land Sale No. 2 is a 14,458 s.f. building lot, over half of the site is wetland and its upland area is about 6,000 s.f.

Unlike all of the comparable sales, the subject appears to be an unbuild-able site due to its limited area, restrictive width and legal constraints while all of the land sales can be improved with single family dwellings. The subject's highest and best use is an assemblage with one of the adjacent properties and the typical buyer would add the property as surplus land to his existing holdings. In order to estimate the value of this subject, I have utilized matched pairs to estimate the contributory value of surplus land. The following sales have been considered.

Matched Pair Analysis					
Property Location	Date of Sale	Sales Price	Size in Square Feet	Difference In Size	Difference In Value
2006 N. Va. Dare Trail, Kill Devil Hills, NC	January 15, 2021	\$320,000	7,500		
3516 S. Va. Dare Trail, Nags Head, NC	August 26, 2021	\$397,000	15,000		
Variation				100.00%	24.06%
2006 N. Va. Dare Trail, Kill Devil Hills, NC	January 15, 2021	\$320,000	7,500		
WS S. Va. Dare Trail, 250' N. of Abalone Street, Nags Head, NC.	June 3, 2021	\$415,000	16,000		
Variation				113.33%	29.69%

As portrayed by the two (2) matched pairs, lots that are over two (2) times larger only sell for 24.06% to 29.69% more than an otherwise similar smaller site. As an example, if a typical building lot sells for \$100, adding surplus land only contributes about \$25 to \$30 to the total property value. Since the land sales reflect build-able lots, the subject's value as an assemblage site would require a 70% to 75% negative adjustment due to its inferior utility - build-able verse unbuild-able. A negative 70 percent adjustment is applied to all the sales. The following grid lists all of the adjustments that are explored.

MARKET DATA GRID: LAND VALUE ANALYSIS				
	Subject	Sale No. 1	Sale No. 2	Sale No. 3
Sales price		\$55,000	\$57,950	\$55,000
Real property rights conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Condition of sale	Arms-length	Arms-length	Arms-length	Arms-length
Financing terms	Market	Market	Market	Market
Adjusted price		\$55,000	\$57,950	\$55,000
Date of sale	Mar 1, 2022	Oct 8, 2021	Aug 27, 2021	Jan 27, 2022
Adjustment		0.00%	0.00%	0.00%
Adjusted price		\$55,000	\$57,950	\$55,000
Building sites	1	1	1	1
Adjusted price per:				
Building site		\$55,000	\$57,950	\$55,000
Location	Average	Average	Average	Average
Location adjustment		0.00%	0.00%	0.00%
Size (s.f. useable upland)	5,532	6,000	6,000	7,000
Size adjustment		0.00%	0.00%	0.00%
Site utility	Unbuild-able	Build-able	Build-able	Build-able
Site utility adjustment		-70.00%	-70.00%	-70.00%
Site visibility/utility/access	Good	Good	Good	Good
Site adjustment		0.00%	0.00%	0.00%
Indications of value:				
Price per building lot		\$16,500	\$17,385	\$16,500

The statistical characteristics of the adjusted sales data, which reflect a sample of a total population, are listed in the following table.

Statistical Analysis of Adjusted Sales Data		
Mean	\$16,795	
Standard Deviation	\$511	
	Minimum	Maximum
Data Range	\$16,500	\$17,385
68% Probability Range	\$16,284	\$17,306
95% Probability Range	\$15,773	\$17,817

In addition to the statistical analysis, each sale is compared to the subject on an individual basis. In this analysis, the value of the subject, as vacant and utilized to its highest and best use, is estimated at \$16,500.

Land Value Estimate							
1	Number of Lots	@	\$16,500	=	\$16,500	Rounded to:	\$16,500

Improvements

The subject's existing site and building improvements add no value to the underlying land and as such, they have zero (\$0) value.

Reconciliation of Value

A résumé of the foregoing indications of value are as follows:

NC DOT Property - 2192 Colington Road	
Land Value Estimate	\$16,500

The final step in the appraisal process is the reconciliation of the data and indicated values resulting from the application of the three approaches. This step correlates the facts and involves the careful reviewing and evaluation of each estimate of value. Upon analysis, a conclusion of final value is formed. Since the sales comparison approach was the only valuation methodology employed, a reconciliation of value is not necessary.

SALES COMPARISON APPROACH (ROUNDED)

\$16,500

DIFFERENCE BETWEEN BEFORE AND AFTER VALUES

Estimate of Before Value:	\$16,500
Estimate of After Value:	\$ 0
Difference:	<u>\$16,500</u>

ALLOCATION

The value of the land acquired (to be sold) equals the before land value at \$16,500 while the value of the improvements equals zero (\$0).

Value of Land Acquired (To Be Sold)	\$16,500
Value of Improvements Acquired (To Be Sold)	\$ 0
Damages to Remainder (No Remainder in This Assignment)	\$ 0
Benefits to Remainder (No Remainder in This Assignment)	\$ 0
Difference Between Before and After Values	<u>\$16,500</u>

APPRAISAL REPORT ADDENDA

- A. Photographs of the Subject Property
- B. Photograph Directional Map
- C. NC DOT Plan Map
- D. Comparable Sales
- E. Comparable Sales Location Map
- F. GIS Aerial Map
- G. Zoning Map
- H. Flood Map
- I. Building Sketch
- J. Certificate of Appraiser

SUBJECT PHOTOGRAPHS



1. Subject View Facing Northeast



2. Subject View Facing Northwest

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



3. Subject View Facing Southwest



4. Subject View Facing South

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



5. Living Room



6. Kitchen

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



7. Bathroom



8. Northwest Bedroom

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



9. Northeast Bedroom



10. Cracked Ceiling Drywall

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



11. Ground Level Storage



12. Water View From Deck Facing East

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



13. Rotted Piling with Sistered Piling



14. Rotted Deck Piling

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



15. Rotted Trim at Front Door



16. Damaged Fascia

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



17. Damaged Soffit



18. Damaged Piling

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

SUBJECT PHOTOGRAPHS



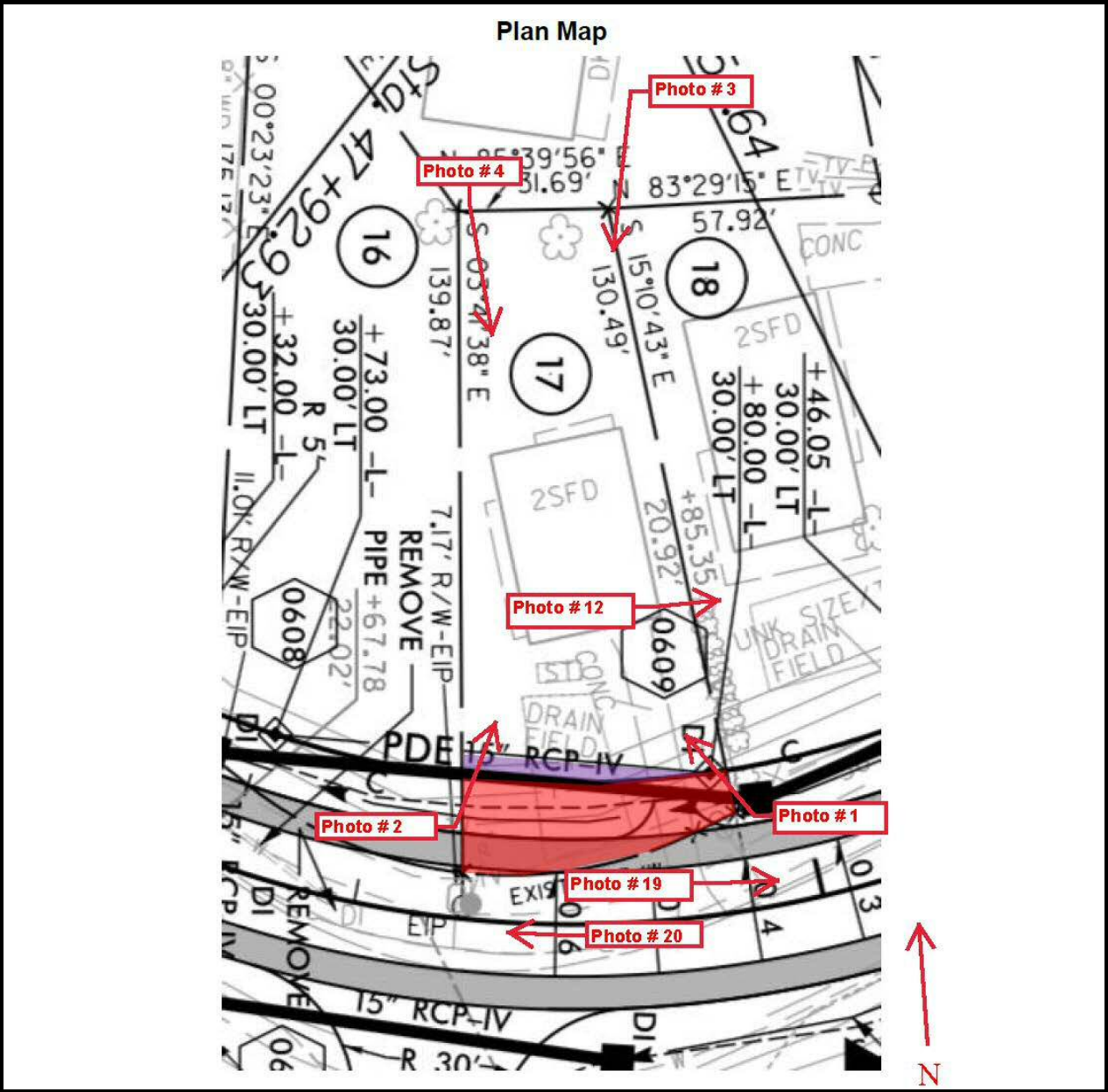
19. Colington Road Facing East



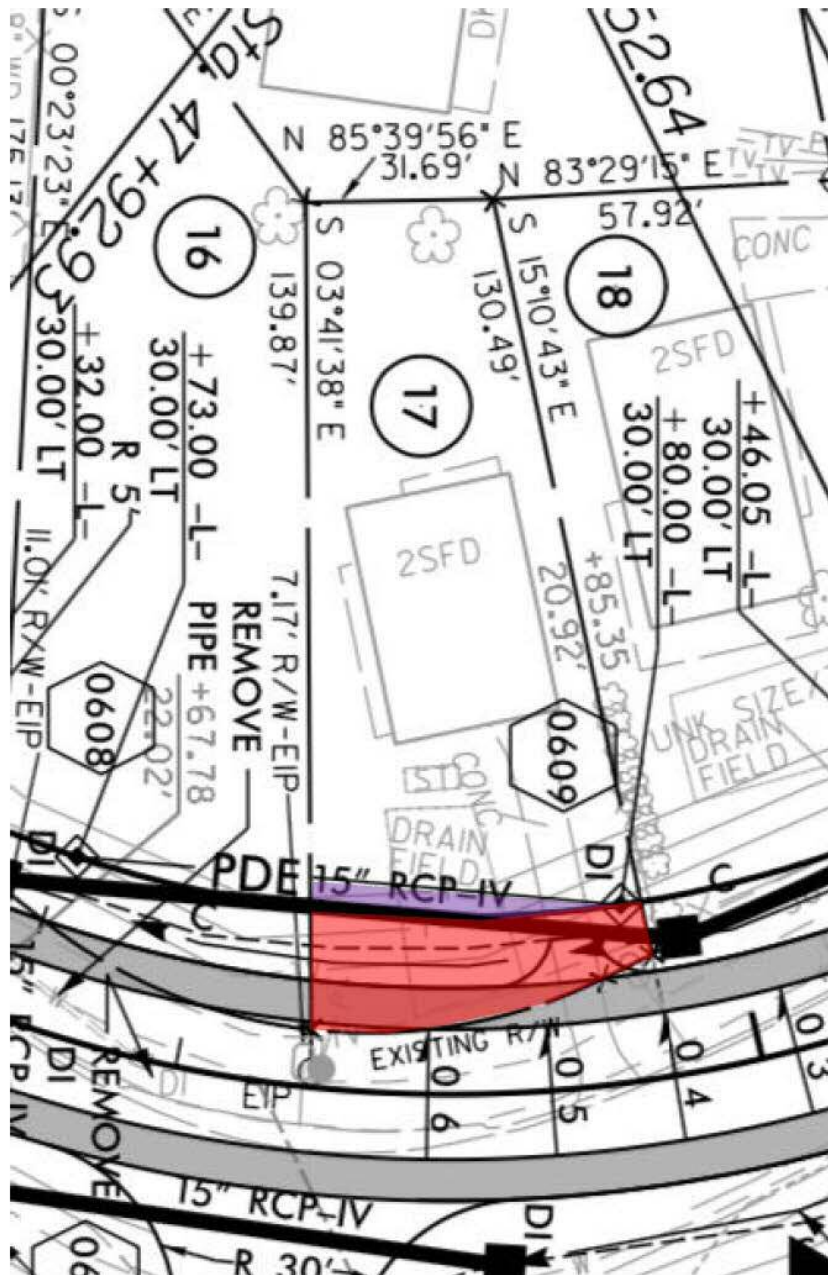
20. Colington Road Facing West

WBS: N/A
TIP/Parcel Number: N/A
Owners Name: NC Department of Transportation
Date Inspected: Photographs taken on March 1st, 2022 by Gregory L. Bourne, MAI.

Photograph Directional Map



Plan Map



NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY UNIT
COMPARABLE NO: 1

Date: 10-8-21 **Deed Book:** 2552 **Page:** 542 **Stamps:** \$110.00 **County:** Dare
Grantor: Kathleen A. Godwin **Grantee:** Eliel Luin Chima
Location: 316 Sandpiper Drive, Colington, Dare County, NC (Postal Zip Code: 27948)
Sales Price: \$55,000 **Confirmed by (Name):** Sharon Schreyer – Broker
Financing Cash
Condition of Sale and Reason Bought/Sold: Arms-length; Purchased for a future home site.
The legal description is Lot 61, Section W, Colington Harbour.
Present Use: Vacant lot **Zoning:** R2 – Medium Density Residential
Highest and Best Use: Single Family Building Site
Size: 6,000 S.F. **Shape** Irregular **Topography:** Level
Existing R/W Area: None **Area Cleared/Wooded:** Mostly Wooded/Scrub
Soil Type: Frripp **Drainage:** Adequate **Available Utilities:** Water/Electric/TV/Tele.
Access: Sandpiper Drive **Frontage:** 50.92 feet on Sandpiper Drive.
Improvements: None
This section of Colington Harbour allows mobile homes.
Lessor: N/A **Lessee:** N/A
Rentable Area: N/A **Rent:** N/A **V & C:** N/A **Expenses:** N/A **Term:** N/A
Unit Price: \$9.17/SF **Tax ID:** Parcel #: 020733-000
The lot was listed at \$60,000 and the marketing time was 20 days. The lot is situated outside the community gate.

Other Pertinent Information:



Taken by: _____

Date Inspected: 3-1-2022

FRM5-G

Revised: 3/08

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY UNIT
COMPARABLE NO: 2

Date: 8-27-21 **Deed Book:** 2541 **Page:** 497 **Stamps:** \$116.00 **County:** Dare
Grantor: Southwood Management, Inc. **Grantee:** Craig E. MacIvor
Location: 322 Harbour Road, Colington, Dare County, NC (Postal Zip Code: 27948)
Sales Price: \$57,950 **Confirmed by (Name):** Natalie Painter – Broker
Financing Cash
Condition of Sale and Reason Bought/Sold: Arms-length; Purchased for a future home site.
The Legal Description is Lot 117, Section F, Colington Harbour.
Present Use: Vacant Lot **Zoning:** R4 – Low Density Residential
Highest and Best Use: Single Family Building Site
Size: 14,458 S.F. **Shape** Irregular **Topography:** Level and rolling dune.
Existing R/W Area: None **Area Cleared/Wooded:** Mostly Wooded/Scrub
Soil Type: Fripp on Upland **Drainage:** Mixed* **Available Utilities:** Water/Electric/TV/Tele.
Access: Harbour Road **Frontage:** 35.01 feet on Harbour Road.
Improvements: None
***Along the street, there is about 6,000 s.f. of upland and the rear 8,458 s.f. is wetland.**
Lessor: N/A **Lessee:** N/A
Rentable Area: N/A **Rent:** N/A **V & C:** N/A **Expenses:** N/A **Term:** N/A
Unit Price: \$9.66/SF of Upland **Tax ID:** Parcel #: 019321-000
The lot was listed at \$59,950 and the marketing time was 90 days. This lot is located inside the community gate.

Other Pertinent Information:



Taken by: _____

Date Inspected: 3-1-2022

FRM5-G

Revised: 3/08

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION
RIGHT OF WAY UNIT
COMPARABLE NO: 3

Date: 1-27-22 **Deed Book:** 2588 **Page:** 293 **Stamps:** \$110.00 **County:** Dare
Grantor: Leeds Manor Capital LC **Grantee:** Second Wind Builders, Inc.
Location: 706 Colington Drive, Colington, Dare County, NC (Postal Zip Code: 27948)
Sales Price: \$55,000 **Confirmed by (Name):** Holley Parcker – Broker
Financing Cash to seller
Condition of Sale and Reason Bought/Sold: Arms-length; Purchased to build a spec house.
The lot's legal description is Lot 141, Section G, Colington Harbor.
Present Use: Vacant Lot **Zoning:** R4 – Low Density Residential
Highest and Best Use: Single Family Building Site
Size: 7,000 S.F. **Shape** Irregular **Topography:** Rolling Dune
Existing R/W Area: None **Area Cleared/Wooded:** Mostly Wooded/Scrub
Soil Type: Fripp **Drainage:** Adequate **Available Utilities:** Water/Electric/TV/Tele.
Access: Colington Drive **Frontage:** 50.00 feet on Colington Drive.
Improvements: None
Lessor: N/A **Lessee:** N/A
Rentable Area: N/A **Rent:** N/A **V & C:** N/A **Expenses:** N/A **Term:** N/A
Unit Price: \$7.86/SF **Tax ID:** Parcel #: 019401-000
The lot was listed at \$55,000 and the marketing time was 145 days. This lot is inside the community gate.

Other Pertinent Information:



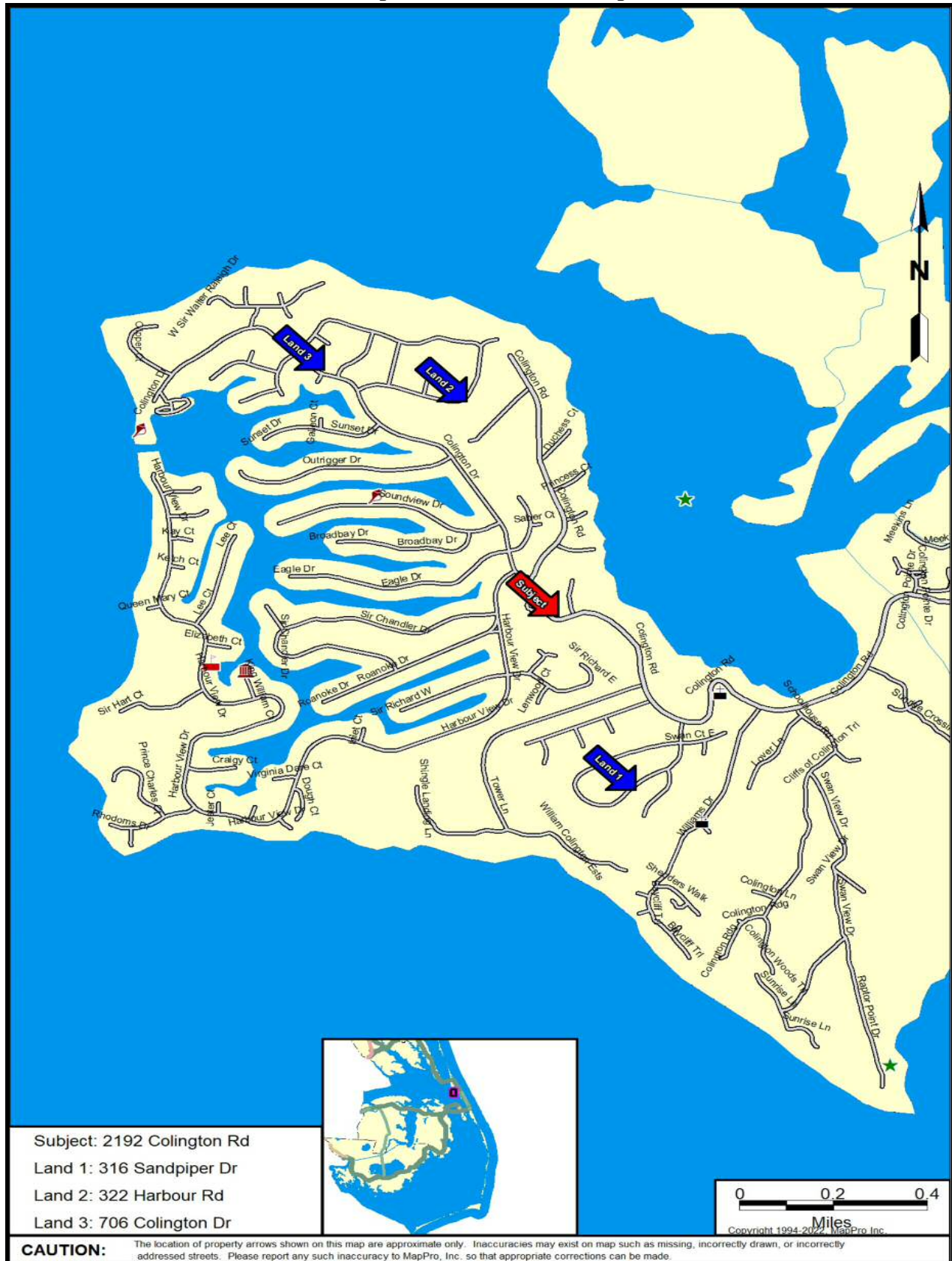
Taken by: _____

Date Inspected: 3-1-2022

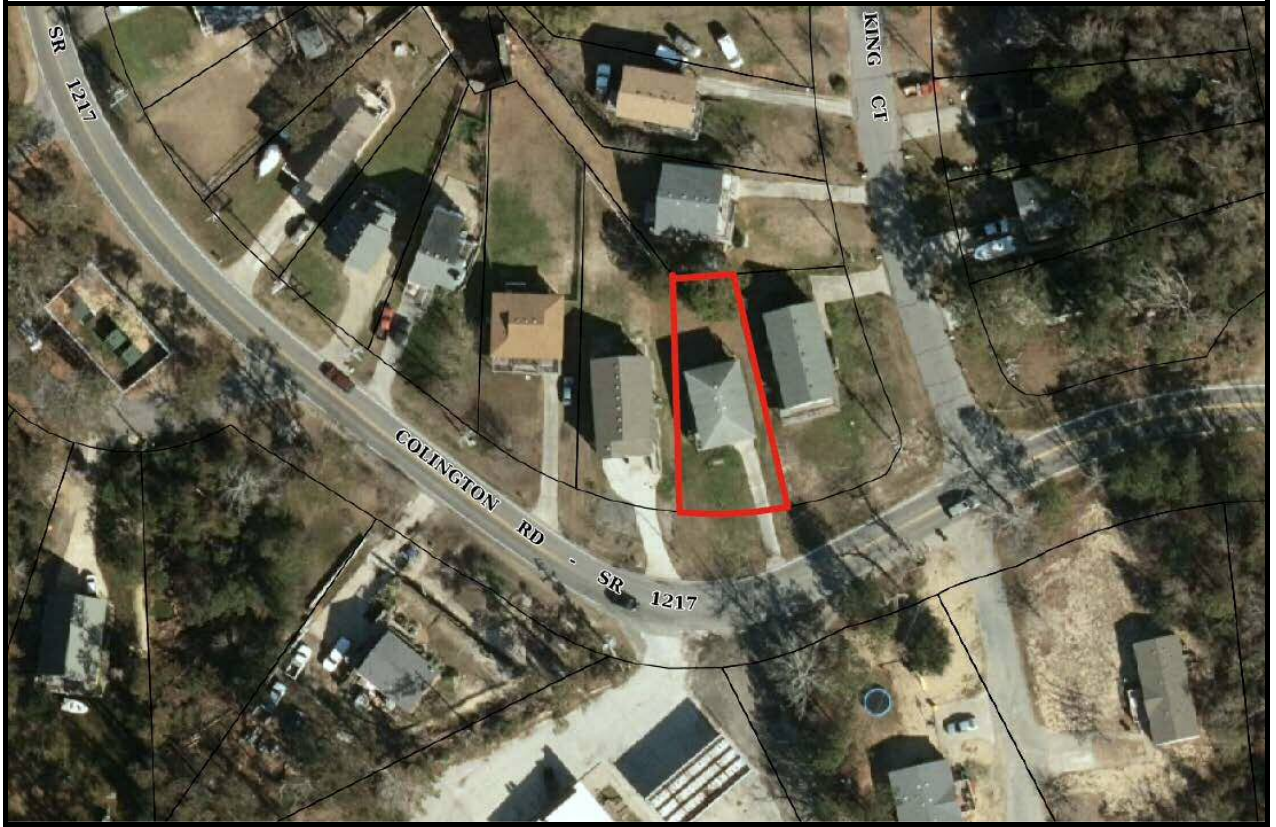
FRM5-G

Revised: 3/08

Comparable Land Sales Map



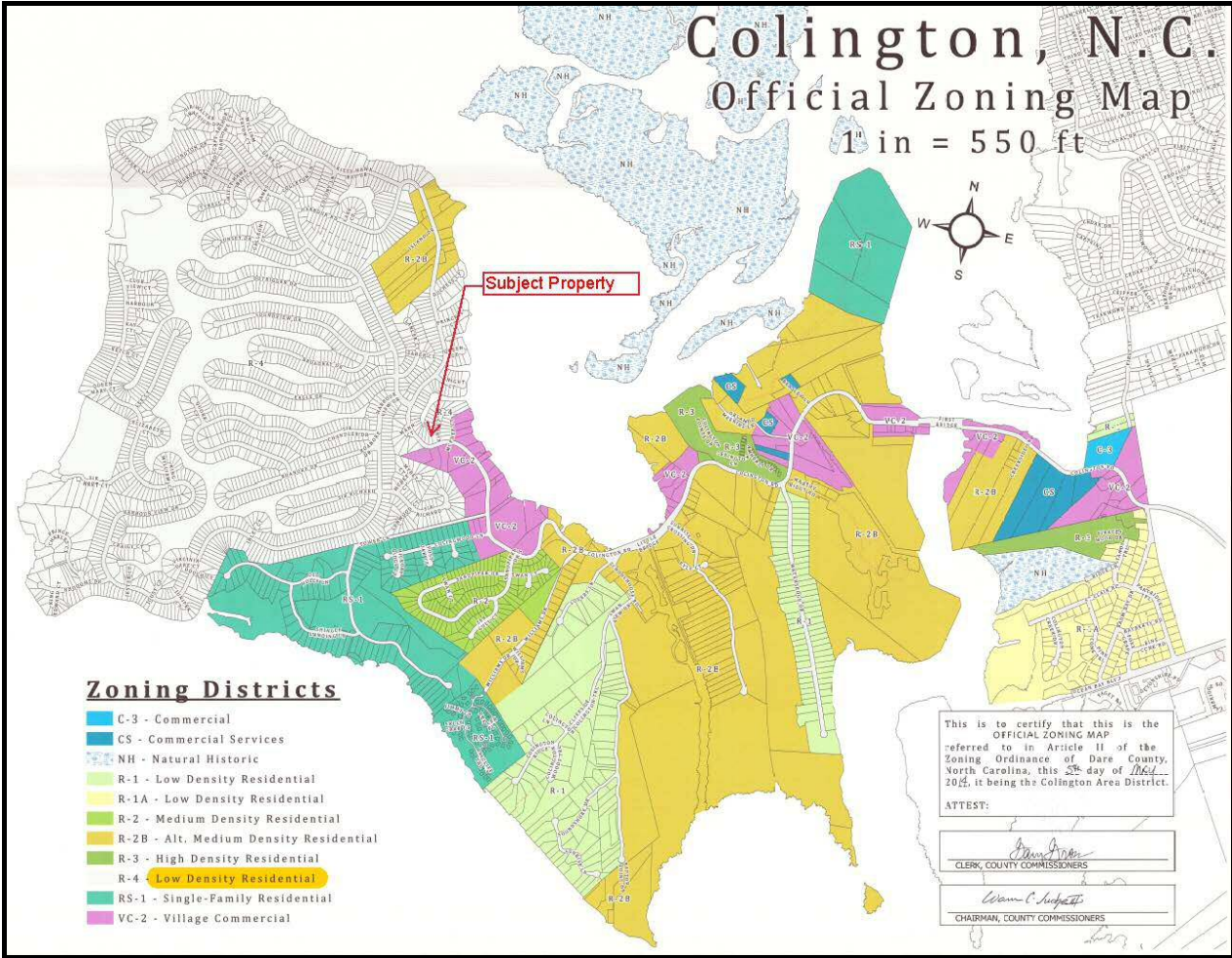
GIS Aerial Map



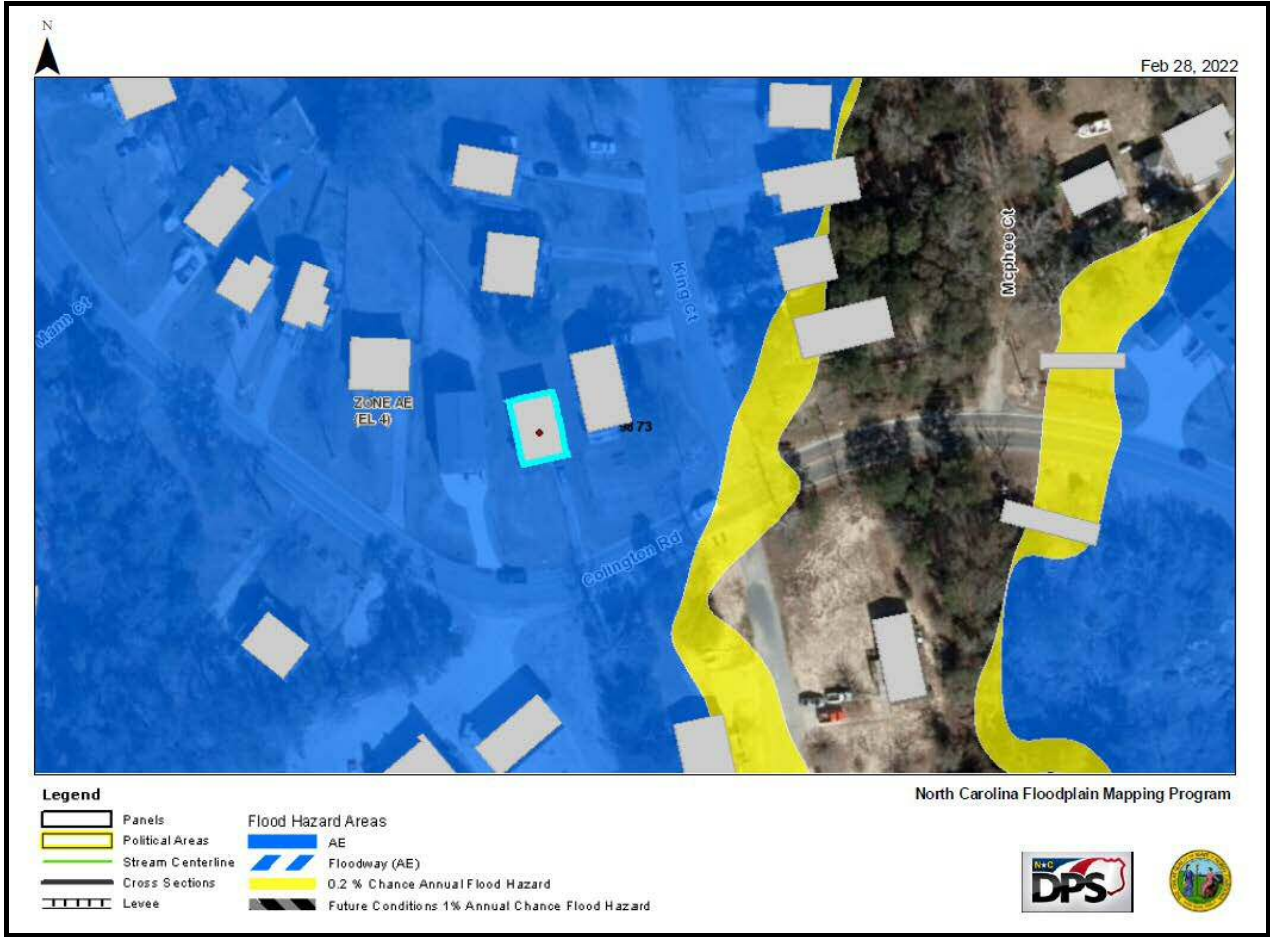
Zoning Map

Colington, N.C.
Official Zoning Map

1 in = 550 ft



Flood Map



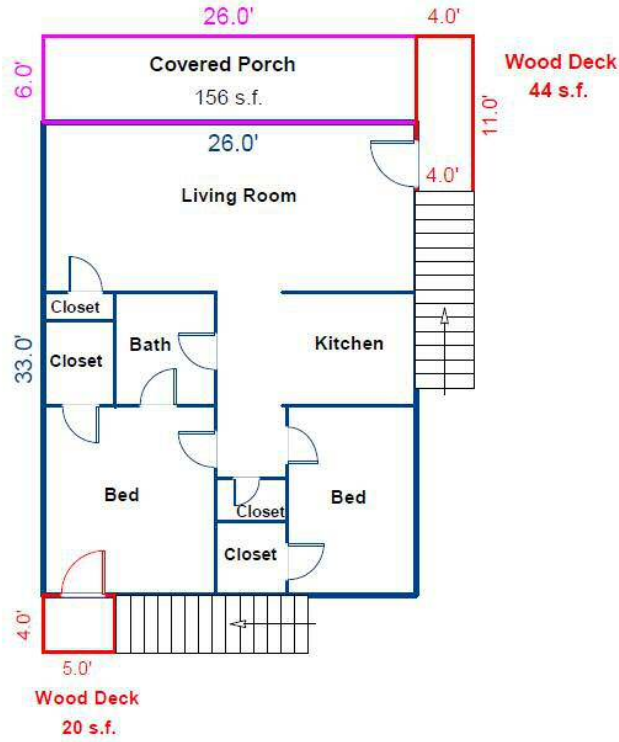
Building Sketch (Not To Scale)

SKETCH

Not To Scale

First Floor

858 s.f.



Sketch by Apex Sketch

[illegible]

North Carolina Department of Transportation - Right of Way Unit

Certificate of Appraiser

TIP/Parcel No.: N/A WBS Element: N/A County: Dare

Description: 2192 Colington Road, Colington, Dare County, NC (Postal Zip Code: 27948)

Property Owner's Name: NC Department of Transportation Fed Aid Project: N/A

I HEREBY CERTIFY THAT:

I have ☐, have not ☒, performed ANY appraisal and ANY other services as an appraiser or any other capacity, regarding the property that is the subject of this appraisal within the three year period immediately preceding acceptance of this assignment. If "Have" box is marked, please see Scope of Appraisal Section for details.

I have personally inspected the property herein appraised and that I have also made a personal field inspection of the comparable sales/rentals relied upon in making said appraisal. The subject and the comparables relied upon in making said appraisal were as represented by the photographs contained in said appraisal.

I have given the owner or his designated representative the opportunity to accompany me during my inspection of the subject property.

Any decrease or increase in the "Market Value" of real property prior to the date of valuation caused by the public improvement for which such property is acquired or by the likelihood that the property would be acquired for such improvement, other than that due to physical deterioration within the reasonable control of the owner, is disregarded in determining the compensation for the property.

The statements of fact contained in this appraisal report are true and correct, and the reported analyses, opinions and conclusions, subject to the critical assumptions and limiting conditions herein set forth, are my personal, unbiased, professional analyses, opinions and conclusions.

I understand such appraisal may be used in connection with the acquisition of or disposal of right-of-way for a highway to be constructed by the **State of North Carolina**, and that such appraisal has been made in conformity with appropriate State laws, regulations, and policies and procedures applicable to appraisal of right-of-way for such purposes, and that to the best of my knowledge, no portion of the value assigned to such property consists of items which are "Non-Compensable" under established laws of the **State of North Carolina**.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in compliance with **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice**. The appraisals in this assignment are to be made in accordance with all of the requirements set out in the **NCDOT Real Estate Appraisal Standards and Legal Principles** and the **Uniform Standards of Professional Appraisal Practice** and shall also comply with all applicable **Local, State, and Federal** laws, ordinances, regulations, restrictions and/or requirements; and any additions, revisions and/or supplements thereto.

Neither my employment nor my compensation for making this appraisal is in any way contingent on the values reported herein.

I have no direct or indirect, present or prospective interest in neither the subject property nor any benefit from the acquisition of this property nor any bias with respect to the parties involved.

In addition to the undersigned, those persons duly noted in this report and under my direct supervision and responsibility, in so far as this particular appraisal is concerned, have contributed to the production of this appraisal. The analyses, conclusions or value estimates set forth in this appraisal are those of the undersigned.

I will not reveal the findings and results of such appraisal to anyone other than the proper officials of the **State of North Carolina** or officials of the **Federal Highway Administration** until authorized by State officials to do so, or until I am required to do so by **due process of law**, or until I am released from this obligation by having publicly testified as to such findings or to a duly authorized professional peer review committee.

My independent opinion of the difference in Market Value as of the 1st day of March, 20 22, is \$ 16,500 based upon my independent appraisal and the exercise of my professional judgment.

Gregory L. Bourne, MAI

Specified Appraiser

3/9/2022

Date



SEAL/STAMP