

**ESTADO LIBRE ASOCIADO DE PUERTO RICO
GOBIERNO MUNICIPAL AUTÓNOMO DE HUMACAO
LEGISLATURA MUNICIPAL
HUMACAO, PUERTO RICO**

CERTIFICACIÓN

Yo, EBIDÍ VÁZQUEZ FONTÁNEZ, Secretario de la Legislatura Municipal de Humacao, Puerto Rico, por la presente **CERTIFICO:**

Que la que se acompaña es copia fiel y exacta de la **Resolución Núm. 9, Serie 2016-2017**, la cual fue aprobada por la Legislatura Municipal de Humacao, Puerto Rico, en Sesión Ordinaria celebrada los días 6 y 7 de septiembre de 2016.

VOTACIÓN

VOTOS AFIRMATIVOS:

1. Honorable Julio C. Burgos Gutiérrez
2. Honorable Ricardo Díaz Maldonado
3. Honorable Zayra Delgado Almodóvar
4. Honorable Olga del Moral Sánchez
5. Honorable Roberto Díaz Díaz
6. Honorable José A. González Hernández
7. Honorable Efraín Meléndez Arroyo
8. Honorable Grace Napolitano Matta
9. Honorable Ángel G. Rodríguez Medina
10. Honorable Willie A. Rosario Arroyo
11. Honorable Narciso J. Rodríguez Velázquez
12. Honorable Miguel Rodríguez Vega
13. Honorable Daniel Santiago Rojas
14. Honorable Héctor Sepúlveda Ramos
15. Honorable Víctor M. Velázquez Casillas - Presidente

EN CONTRA:

Ninguno

AUSENTE:

16. Honorable Alejandro Martínez Burgos

ABSTENIDO:

Ninguno

CERTIFICO CORRECTO:


EBIDÍ VÁZQUEZ FONTÁNEZ
SECRETARIO

Sello Oficial

ESTADO LIBRE ASOCIADO DE PUERTO RICO
GOBIERNO MUNICIPAL AUTÓNOMO DE HUMACAO
LEGISLATURA MUNICIPAL
HUMACAO, PUERTO RICO

Proyecto Núm. 10
Resolución Núm. 9

Serie 2016-2017

Presentado por Administración.

“PARA ENMENDAR LA SECCIÓN 1 DE LA RESOLUCIÓN NÚMERO 14, SERIE 2015-2016, FIRMADA POR EL ALCALDE EL 28 DE SEPTIEMBRE DE 2015, A LOS FINES DE ACLARAR QUE LA CESIÓN DEL PREDIO DE TERRENO AUTORIZADA POR ÉSTA, SE REALIZARÁ POR UN VALOR NOMINAL; Y PARA OTROS FINES.”

POR CUANTO: El 24 de septiembre de 2015, la Legislatura Municipal de Humacao aprobó la Resolución Número 14, Serie 2015-2016, a los fines de autorizar la cesión de un predio de terreno de 11,952.8144 metros cuadrados, equivalente a 3.0411 cuerdas, sito en el *Boulevard* del Río, Avenida Nicanor Vázquez, intersección con la Avenida Cruz Ortiz Stella en Humacao, con el propósito de desarrollar un proyecto de vivienda (apartamentos) multifamiliar de interés social.

POR CUANTO: En la última oración de la Sección 1 de la Resolución 14, *supra*, por error o inadvertencia se hizo constar que la cesión del solar se realizaría por el valor de tasación, cuando el solar se cede por un valor nominal, según se indica en la página 4 en el segundo POR CUANTO.

POR CUANTO: Es necesario enmendar la Sección 1 de la Resolución Núm. 14, Serie 2015-2016, a los fines de aclarar que la cesión se realizará por un valor nominal y el solar se valorará por un tasador debidamente certificado y es el incentivo otorgado para viabilizar el proyecto en cuestión.

POR TANTO: RESUÉLVESE POR LA LEGISLATURA DE HUMACAO, PUERTO RICO:

SECCIÓN 1: Se enmienda la Sección 1 de la Resolución Núm. 14, Serie 2015-2016, firmada por el Alcalde el 28 de septiembre de 2015, que lea como sigue:

“SECCIÓN 1: Se autoriza la cesión de un predio de terreno de 11952.8144 metros cuadrados, equivalente a 3.0411 cuerdas, sito en el *Boulevard* del Río, Avenida Nicanor Vázquez, intersección con la Avenida Cruz Ortiz Stella en Humacao, con el propósito de desarrollar un proyecto de vivienda (apartamentos) multifamiliar de interés social. La cesión se realizará por un valor nominal de un dólar (\$1.00) y el solar está valorado en doscientos cincuenta mil dólares (\$250,000.00) según tasación debidamente certificada que será parte del incentivo que el Municipio Autónomo de Humacao otorgará para viabilizar el proyecto.”

SECCIÓN 2: Todas las demás condiciones aprobadas en la Resolución Núm. 14, Serie 2015-16, permanecerán en vigencia e inalteradas.

SECCIÓN 3: Se ratifican las actuaciones del Alcalde a comparecer en representación del Municipio Autónomo de Humacao en la Escritura sobre Acta de Rectificación para aclarar la Escritura Número Uno (1) sobre Segregación y Cesión, otorgada el 3 de junio de 2016, ante la Notario Frances Nanette Faure Castro, así como también en todo documento público y/o privado, *affidavits*, escrituras públicas y cualquier otro documento que sea necesario o que se requiera para los fines dispuestos y autorizados en esta Resolución.

SECCIÓN 4: Esta Resolución comenzará a regir una vez sea firmada por el Alcalde.

SECCIÓN 5: Copia de esta Resolución será enviada a la Oficina del Alcalde, a la directora de la Oficina de Finanzas Municipales, al Administrador Municipal, a la Oficina de Asuntos Legales e Internos, a la Oficina de Permisos Municipales, a la Oficina de Secretaría Municipal, al Encargado de la Propiedad, a la Oficina de Gerencia de Proyectos y a la Oficina de Planificación, para su conocimiento y/o la acción correspondiente.

APROBADA POR LA LEGISLATURA MUNICIPAL DE HUMACAO, PUERTO RICO, EL 7 DE SEPTIEMBRE DE 2016.


Víctor M. Velázquez Casillas

Presidente


Ebidí Vazquez Fontañez

Secretario

PRESENTADA ESTA RESOLUCIÓN A MI CONSIDERACIÓN, EL 7 DE SEPTIEMBRE DE 2016 Y FIRMADA POR MÍ, EL 7 DE SEPTIEMBRE DE 2016.



Marcelo Trujillo Panisse

Alcalde

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ÍNDICE AL APÉNDICE

- o Copia de tasación preparada por Milton Flores y Asociados, C.S.P.

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Real Estate Appraisals & Consultants
Condado Moderno Development, B-6, #1st Street
Caguas, PR 00725
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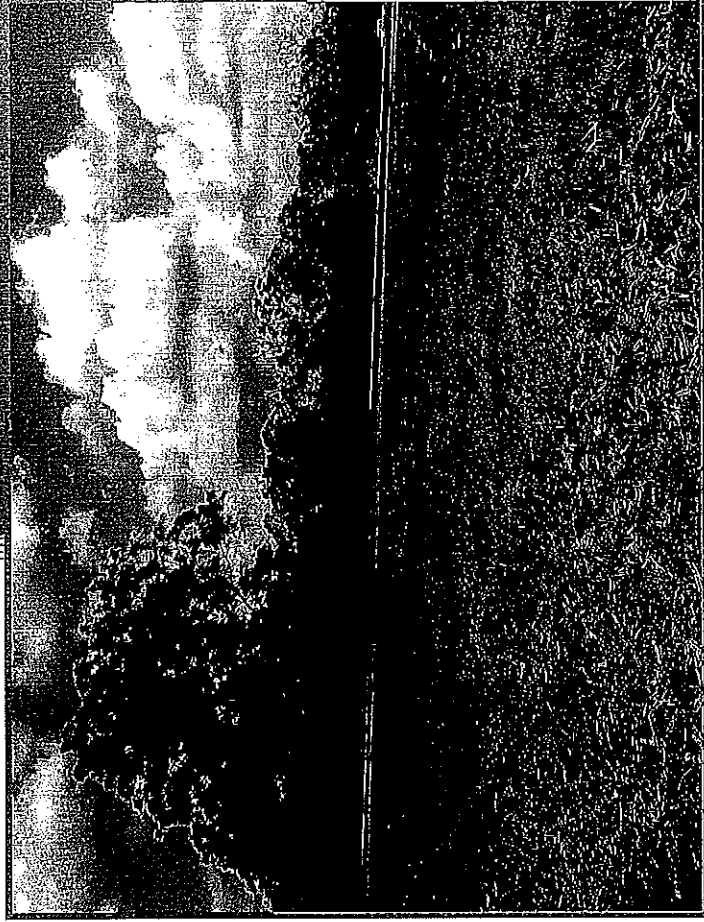
APPRAISAL REPORT

OF

Vacant Lot

*Boulevard del Río Nicanor Vazquez Ave.
Humacao, Puerto Rico*

LAND PARCEL



*PREPARED BY:
MILTON FLORES, MIE CREA
Professional Real Estate Appraiser, #706EPA
General Certified Appraiser, No. 162GC*

*PREPARED FOR:
MR. MARCELO TRULLIO PANISSE
MAYOR
HUMACAO MUNICIPALITY
COMMONWEALTH OF PUERTO RICO
P.O. BOX 178
HUMACAO, PUERTO RICO 00792*

*Milton Flores y Asociados, C.S.P.
Real Estate Appraisers & Consultants*

September 24, 2015

Mr. Marcelo Trujillo Panisse, Mayor
Humacao Municipality
Commonwealth of Puerto Rico
P.O. Box 178
Humacao, Puerto Rico 00792

Dear Mr. Trujillo:

In accordance with your request, I hereby submit an **Appraisal Report** of one land parcel located at Boulevard del Río Nicanor Vázquez Avenue, Humacao, Puerto Rico property of Humacao Municipality. This Restricted Appraisal Report will be made to conform to the *Uniform Standards of Professional Appraisal Practice* and Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). The term *summary* is defined in the scope of work section of this report.

The purpose of this appraisal is to estimate the market value of the fee simple estate of the property, assuming it to be available for sale in the open market and subject to the assumptions and limiting conditions expressed forward in the body of the report, which are integral part of the market value reported in this letter.

Fee Simple Interest is defined as an absolute fee, free of limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, escheat, police power, and taxation.

Listed below there are our general observations and conclusions concerning the subject property:

1. The subject property is located on north side of Boulevard del Río Nicanor Vázquez Avenue, approximately half mile north of PR #30 nearest exit. This location is less than one radial miles west of Humacao Town Core, and less than two radial miles east of Palmas Del Mar.
2. The subject property is one parcel of land, owned by Humacao Municipality. The site comprised of one parcel of approximately 10,949.6076 square meters (2.7859 cuerdas). The highest and best use of the subject property, if it was vacant, would be for residential development.
3. The subject property has been appraised, "As Is", whereby the current market value of the unencumbered fee simple interest was estimated.

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4. In estimating the unencumbered market value, sales of similar tracts of residential use properties were used for comparison. The value of the subject vacant land was estimated at around \$23.00 per square meter.

After inspection of the physical and financial aspects of the subject property, its legal documents, and after analyzing the factors affecting value in the subject area, it is my opinion that the market value of the fee simple estate of the subject property as of **September 18, 2015**, was rounded to:

<u>Sales Comparison Approach</u>	<u>Indicated Value</u>
Market Value "As Is"	\$250,000.00

The appraiser used the Sales Comparison Approach to estimate the value of the subject property as though vacant. Based on land sales, concluded that reasonable market value for the subject land per square meter are \$23.00 per square meter or \$250,000.00 rounded.

The highest and best use of the subject tract, as if vacant, appears to be for residential development. The market appeal of the subject tract is rated average, given its extensive road frontage, views, and location in Humacao Municipality. In my opinion, a reasonable marketing period for the subject, and at the appraised value, is twenty four months. The exposure period is estimated thirty six months.

The reader of this report is advised to review the attached Statement of Limiting Conditions, which may limit or qualify the concluded value estimate. This report has been prepared in compliance with my interpretation of the Uniform Standards of Professional Appraisal Practice as set forth by the Appraisal Foundation, except that the departure provision of the USPAP shall not apply to federally related transactions.

Employment of the appraiser was not conditional upon the appraisers producing a specific value or a value within a given range. Future employment prospects are not dependent upon the appraisers producing a specified value. Employment of the appraisers and payment of the fee is not based upon whether a loan application is approved or disapproved.

The value estimate as reported herein reflects the value of the property "As Is" assuming that the subject property will be sold in a fair market value today. The function of the appraisal is assist in a sale-purchase transaction procedure. The appraisal was made for real property only. No business interest was appraised nor was any personal property included in the appraisal.

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Value "As Is" means the value of specific ownership rights to an identified parcel of real estate as of the effective date of the appraisal; relates to what physically exists and is legally permissible and excludes all assumptions concerning hypothetical market conditions or possible rezoning.

Market Value is defined as the estimated amount at which the appraised property might be expected to exchange between a willing buyer and a willing seller, neither being under compulsion, each having reasonable knowledge of all relevant facts, with equity to both.

The subject property was valued as if offered in the open market for reasonable time in which to find a buyer. I assumed the property would be available for use to its highest and best use, free and clear of all liens and encumbrances. The property was personally inspected and the following factors were considered in forming my opinion of value:


- a. Location, size, and utility of the land
- b. Highest and Best Use of the land and the land
- c. Prevailing real estate market conditions and relatively desirability of the property in the marketplace

The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired. The following appraisal report contains information considered relevant data of the subject property and the methods to estimate the market value of the subject.

The report consists of this letter, which identifies the property appraised; describes the nature and scope of our appraisal, and states the conclusion of value, a narrative report containing a description of the property, a discussion of the valuation procedures, the conclusions, and exhibits.

I hereby certify that I have no present or contemplated financial interest in the subject property and that my employment and compensation are in no way contingent upon the values reported.




Milton Flores
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General Certified Appraiser #162GC

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Certificate of the Appraiser

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

- the statements of facts contained in this report are true and correct.
- the reported analyzes, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and is my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- 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.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- my engagement in this assignment was not contingent upon developing or reporting predetermined results.
- my compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.
- I have made a personal inspection of the property that is the subject of this report.


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- no one provided significant real property appraisal assistance to the person signing this certification.


Milton Flores
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General Certified Appraiser #16722



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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

The subject property
The fee simple estate of one lot of approximately 10,949.6076 square meters (2.7859 cuerdas) with adequate drainage; all urban utilities available. At time of field inspection the lot was found vacant. Access is from two ways road Boulevard del Río Nicanor Vázquez Avenue an urban trafficked road at Humacao, Puerto Rico.

Owner of the record
Humacao Municipality

Location
Boulevard del Río Nicanor Vázquez Avenue, Humacao, Puerto Rico

Property Identification Number
304-028-124-15-000

Purpose of the Appraisal
To estimate the market value in fee simple of the subject property as of September 18, 2015

Intended Use
To estimate the market value of the subject property

Intended User
Humacao Municipality

Report Format
Appraisal Report Format

USPAP Compliance
As per the Uniform Standards of Professional Appraisal Practice (USPAP), this report complies with all requisites of USPAP, and the laws and regulations of the United States of America and the Common Wealth of Puerto Rico.

Neighborhood
The property lies at urban neighborhood close to Humacao Town Core and near Palmas del Mar Resort. It is close to PR highway #30 and PR Highway #53 with typical infrastructure and amenities adequate to support most uses.

Site Area
10,949.6076 square meters (2.7859 cuerdas)

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Property Rights Appraised The fee simple estate

Zoning Residential

Shape Irregular

Topography Level

Flood Insurance Map Zone #72000C1265J Zone "X500"

Hazardous Substances

Unless otherwise stated in this report, the existence of Boulevard del Río Nicanor Vázquez Avenue hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

Access

Adequate, access road

Soils

During the site analysis and field inspection, any soils studies were available. Nevertheless, the appraisers estimate based on the type of construction next to the subject property, that this soil could be use for most urban uses including agricultural uses and structures. The appraiser is not responsible for hidden conditions that might exist.

Frontage

More than 5.0 meters to avenue

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Exposure Adequate to Nicanor Vázquez Avenue

Highest and Best Use As if Vacant: Residential

Improvements The subject property site was found vacant at date of appraisal.

Date of Value Estimate September 18, 2015

Extraordinary Assumption The subject property conforms to the adjacent properties, no extraordinary assumptions were made.

Hypothetical Condition No hypothetical conditions were made

Estimated Exposure Time 36 months

Estimated Marketing Time 24 months

Value Indication by:

Sales Comparison Approach \$250,000.00

Cost Approach Not Developed

Income Approach Not Applicable

Final Estimate of Value
Market Value

\$250,000.00



Appraiser

Milton Flores
MIE CREAL LIC #706EPA
General Certified Appraiser #162GC

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General Assumptions and Limiting Conditions

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

1. No responsibility is assumed for the legal description provided or for matters pertaining to 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 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, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize 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 obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless a non conformity has been identified, described and considered in the appraisal report.
9. It is assumed that all required licenses, certificates of occupancy, consents, and other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
10. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
11. The availability of capacity and/or connection rights to any or public utilities has not been determined by the appraiser. The value estimate reported herein is contingent upon and limited to said capacity and right of connection.
12. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.
13. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
14. Possession of this report, or a copy thereof, does not carry with it the right of publication. The appraiser, by reason of this appraisal, is not required to give further consultation or testimony or to 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 conclusion 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.

*Appraisal Report of one land parcel located at:
Boulevard del Río Nicanor Vázquez Avenue, Humacao, P.R.*

*Milton Flores y Asociados, C.S.P.
Real Estate Appraisers & Consultants*

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16. Any value estimate provided in the report apply to the entire property, and any prorating or division of the total into fractional interests will invalidate the value estimate, unless such prorating or division of interest has been set forth in the report.
17. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply demand factors, and continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
18. The appraisers will not be required to give testimony or appear in court because of having made this appraisal, with reference to the properties in question, unless arrangements have been previously made thereof.
19. Any cause of action resulting between the appraisers and the client in conjunction with this appraisal, either directly or indirectly, will be limited to the amount of the appraisal fee received for the assignment. Furthermore, it is agreed that the client will indemnify Milton Flores y Asociados, C.S.P., for any damages, costs, expense, and attorney's fees resulting from any cause of action by any interested party, other than the client, concerning the appraisal or report.
20. In the case where an improvement is considered, the distribution of the total valuation between land and improvements applies only under the reported highest and best use of the property. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used.
21. Disclosure of the contents of this report is governed by the By-Laws and Regulations of the Appraisal Institute. Neither all nor any part of the contents of this report, or copy thereof, shall be conveyed to the public through advertising public relations, news, sales or any other media without written consent and approval of the appraisers. Nor shall the appraisers, firm or professional organization of which the appraisers are a member be identified without prior written consent of the appraisers.
22. The physical condition of the improvements described herein is based on visual inspection only. No liability is assumed for the soundness of structural members including roof (wear and leakage), footings, exterior and interior walls, partitions, floors, or any other part of the structure, since no engineering test were made of same and no termite inspection was conducted. Furthermore, the appraisers accept no legal responsibility for the efficiency of the plumbing and electrical systems, the heating and air conditioning equipment, or any major appliances. Unless otherwise noted, all of these items appeared adequate and operational.
23. The American with Disabilities Act (ADA) became effective January 26, 1992. We have not made a specific compliance survey or analysis of this property to determine whether or not it is in conformity with the various detailed requirements property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative impact upon the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of ADA in estimating the value of the property.
24. Any value estimates provided in the report apply to the entire property, and any prorating or division of the total into fractional interest will invalidate the value estimate, unless such prorating or division of interests has been set forth in the report.



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*Appraisal Report of one land parcel located at:
Boulevard del Río Nicanor Vázquez Avenue, Hamacao, PR*

Definitions

Various terms are used throughout the appraisal report. The following are definitions of the terms:

1. **ADVOCACY** – Representing the cause or interest of another, even if that cause or interest does not necessarily coincide with one's own beliefs, opinions, conclusions, or recommendations.
2. **APPRAISAL** – (noun) The act or process of developing an opinion of value; an opinion of value. (Adjective) of or pertaining to appraising and related functions such as appraisal practice or appraisal services.
3. **APPRAISAL CONSULTING** – The act or process of developing an analysis, recommendation, or opinion to solve a problem, where an opinion of value is a component of the analysis leading to the assignment results.
4. **APPRAISAL FOUNDATION** – The Appraisal Foundation incorporated as an Illinois not for Profit Corporation on November 30, 1987.
5. **APPRAISAL PRACTICE** – Valuation services performed by an individual acting as an appraiser, including but not limited to appraisal, appraisal review, or appraisal consulting.
6. **APPRAISER** – One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective.
7. **APPRAISER PEERS** – Other appraisers who have expertise and competency in the same or a similar type of assignment.
8. **APPRECIATION** – Increase in value due to increase in cost to reproduce, value over the cost, or value at some specified earlier point in time brought about by greater demand, improved economic conditions, increasing price levels, reversal of depreciating environmental trends, improved transportation facilities, direction of community or area growth, or other factors.
9. **ASSIGNMENT** – A valuation service provided as a consequence of an agreement between an appraiser and a client.
10. **ASSIGNMENT RESULTS** – An appraiser's opinions and conclusions developed specific to an assignment.
11. **ASSUMPTION** – that which is taken to be true.

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12. **BIAS** – A preference or inclination that precluded an appraiser's impartiality, independence, or objectivity in an assignment.
13. **BUSINESS ENTERPRISE** – An entity pursuing an economic activity.
14. **CLIENT** – The party or parties who engage, by employment or contract, an appraiser in a specific assignment.
15. **CONFIDENTIAL INFORMATION** – Information that is either: Identified by the client as confidential when providing it to an appraiser and that is not available from any other source; or Classified as confidential or private by applicable law or regulation.
16. **COST** – The amount required to create, produce, or obtain a property
17. **DEPRECIATION** – A loss of utility and hence value from any cause. An effect caused by physical deterioration and/or obsolescence.
18. **ECONOMIC OBSOLESCENCE** – Impairment of desirability of useful life arising from factors external to the property, such as economic forces or environmental changes which affect supply-demand relationships in the market. Loss in the use and value of a property arising from the factors of economic obsolescence is to be distinguished from loss in value from physical deterioration and functional obsolescence, both of which are inherent in the property. Also referred to as Location or Environmental Obsolescence.
19. **EXTRAORDINARY ASSUMPTION** – 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 opinion or conclusions.
20. **FEASIBILITY ANALYSIS** – A study of the cost-benefit relationship of an economic endeavor.
21. **FUNCTIONAL OBSOLESCENCE** – Impairment of functional capacity or efficiency. Functional obsolescence reflects the loss in value brought about by such factors as overcapacity, inadequacy, and changes in the art that affect the property item itself or its relation with other elements comprising a larger property. The inability of a structure to perform adequately the function for which it is currently employed.
22. **HIGHEST AND BEST USE** – That reasonable and probable use that will support the highest present value, as defined, as of the effective date of the appraisal.
23. **HYPOTHETICAL CONDITION** – A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

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24. **INTANGIBLE PROPERTY (INTANGIBLE ASSETS)** – Nonphysical assets, including but not limited to franchises, trademarks, patents, copyrights, goodwill, equities, securities, and contracts as distinguished from physical assets such as facilities and equipment.
25. **INTENDED USE** – The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.
26. **INTENDED USER** – The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report by the appraiser on the basis of communication with the client at the time of the assignment.
27. **JURISDICTIONAL EXCEPTION** – An assignment condition that voids the force of a part or parts of USPAP, when compliance with part or parts of USPAP is contrary to law or public policy applicable to the assignment.
28. **MARKET PRICE** – The amount actually paid, or to be paid, for a property in a particular transaction differs from market value in that it is an accomplished or historic fact, whereas market value is and remains an estimate until proven. Market price involves no assumption of prudent conduct by the parties, absence of undue stimulus, or any other condition basic to the market value concept.
29. **MARKET VALUE** – A type of value, stated as an opinion, that presumes the transfer of property (i.e., a right of ownership or a bundle of such rights), as of a certain date, under specific conditions set forth in the definition of the term identified by the appraiser as applicable in an appraisal.
30. **PERSONAL PROPERTY** – Identifiable tangible objects that are considered by the general public as being "personal" – for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate.
31. **PRESENT VALUE** - The current monetary value. It is the today's cash lump sum, which represents the current value of the right to collect future payments. It is the discounted value of aggregate future payments.
32. **PRICE** – The amount asked, offered, or paid for property.
33. **REPORT** – Any communication, written or oral, of an appraisal, appraisal review, or appraisal consulting service that is transmitted to the client upon completion of an assignment.

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34. SCOPE OF WORK – The amount and type of information researched and the analysis applied in an assignment. Scope of work includes, but is not limited to, the following:
- The degree to which the property is inspected or identified;
 - The extent of research into physical or economic factors that could affect the property;
 - The extent of data research; and
 - The type and extent of analysis applied to arrive at opinions or conclusions.
35. SIGNATURE – Personalized evidence indicating authentication of the work performed by the appraiser and the acceptance of the responsibility for content, analyses, and conclusions in the report.
36. SUPPLEMENTAL STANDARDS – Requirements issued by government agencies, government sponsored enterprises, or other entities that establish public policy which add to the purpose, intent and content of the requirements in USPAP, that have a material effect on the development and reporting of assignment results.
37. VALUE – The monetary relationship between properties and those who buy, sell, or use those properties.
38. VALUATION PROCESS – Services pertaining to aspects of property value.
39. WORKFILE – Documentation necessary to support an appraiser's analysis, opinions, and conclusions.

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Identification and Description of Real Estate

The subject property appraised consists of one parcel located at Lot Boulevard del Río Nicanor Vázquez, Humacao Puerto Rico of approximately 10,949.6076 square meters (2.7859 cuerdas). At date of appraisal the subject property was found vacant. The subject property was personally inspected several times during the course of this engagement. During and after this time, a detailed study of the various real estate markets was made. In forming my opinion of the highest and best use of the land and its value indications, consideration has been given to the present state of the economy; past, present, and future market trends; the supply of and demand; and the overall pattern of development in the area.

Owner

Rights to land are not absolute and unrestricted but are limited by rights possessed by other persons and by powers of government. An owner of land may not exercise personal rights on it so as to cause wrongful injury to the person or property of another. In addition, rights are subject to the powers of government, such as:

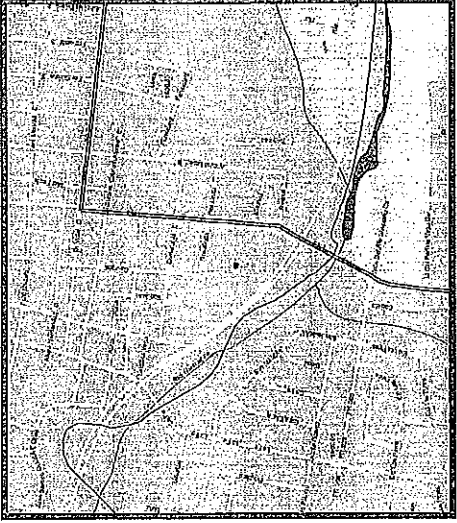
- (1) **Eminent domain** (power to acquire title to private real estate for a public purpose in exchange for just compensation),
- (2) **Police power** (power to regulate the use of land for the public welfare)
- (3) **Power of taxation** (to raise revenue)
- (4) **Escheat** (power to take title to land owned by a person who died without a will and heirs).

The actual owner in a Fee Simple Absolute Estate of the subject property is Humacao Municipality. Therefore, he has an absolute and complete right of ownership over the subject property for an unlimited duration of time with an unconditional right of disposition and use.

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Census Tract Number

The Census Tract Map of 2015 for Humacao Town (069) of Puerto Rico (72) indicates that the subject property is located at Census Tract number #1806.00 (See Exhibit).



State Code	72
County Code	069
Tract Code	1806.00
MSAMD Name	SAN JUAN-CAROLINA-CAGUAS, PR
State Name	PUERTO RICO
County Name	HUMACAO MUNICIPIO

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Flood Insurance Rate Map

Property damage can be caused by the elements of fire, air, water, and earth. This can result from windstorm, flood, and earthquake, although a basic real property insurance policy may cover only fire or fire and windstorms, excluding water and earthquake damage. In some locations, this additional coverage can be obtained by paying extra premiums and obtaining endorsements to the policy.

Until 1968, flood insurance was not offered by most insurance companies. It was felt that only those high-risk areas would be interested, which would cause the rates to be very high. Then, a joint effort of the insurance industry and the federal government resulted in the National Flood Insurance Program.

As an encouragement to purchase flood insurance, the federal government subsidizes rates and reinsures companies against catastrophic losses. At the same time, the federal government tries to discourage further construction in flood prone sites. Therefore, before flood insurance can be sold in an area, the community must enact and enforce restrictions against further construction in locations subject to flooding.

The Federal Emergency Management Agency (FEMA) issues maps showing Special Flood Hazards Areas (SFHAs). Federally regulated lending institutions must require flood insurance on mortgages on properties located in a SFHA. Such areas could be better explained as follows:

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Definitions of FEMA Flood Zone Designations

Flood zones are geographic areas that the FEMA has defined according to varying levels of flood risk. These zones are depicted on a community's Flood Insurance Rate Map (FIRM) or Flood Hazard Boundary Map. Each zone reflects the severity or type of flooding in the area.

Moderate to Low Risk Areas

In communities that participate in the NFIP, flood insurance is available to all property owners and renters in these zones:

ZONE	DESCRIPTION
B, C, and X	Areas outside the 1-percent annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

High Risk Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

ZONE	DESCRIPTION
A	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. Because detailed analyses are not performed for such areas; no depths or base flood elevations are shown within these zones.
AE, AI-A30	Areas with a 1% annual chance of flooding and a 26% chance of flooding over the life of a 30-year mortgage. In most instances, base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AH	Areas with a 1% annual chance of shallow flooding, usually in the form of a pond, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.
AO	River or stream flood hazard areas and areas with a 1% or greater chance of shallow flooding each year, usually in the form of sheet flow, with an average depth ranging from 1 to 3 feet. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Average flood depths derived from detailed analyses are shown within these zones.
AR	Areas with a temporarily increased flood risk due to the building or restoration of a flood control system (such as a levee or a dam). Mandatory flood insurance purchase requirements will apply, but rates will not exceed the rates for unnumbered A zones if the structure is built or restored in compliance with Zone AR floodplain management regulations.

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A99	Areas with a 1% annual chance of flooding that will be protected by a Federal flood control system where construction has reached specified legal requirements. No depths or base flood elevations are shown within these zones.
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High Risk - Coastal Areas

In communities that participate in the NFIP, mandatory flood insurance purchase requirements apply to all of these zones:

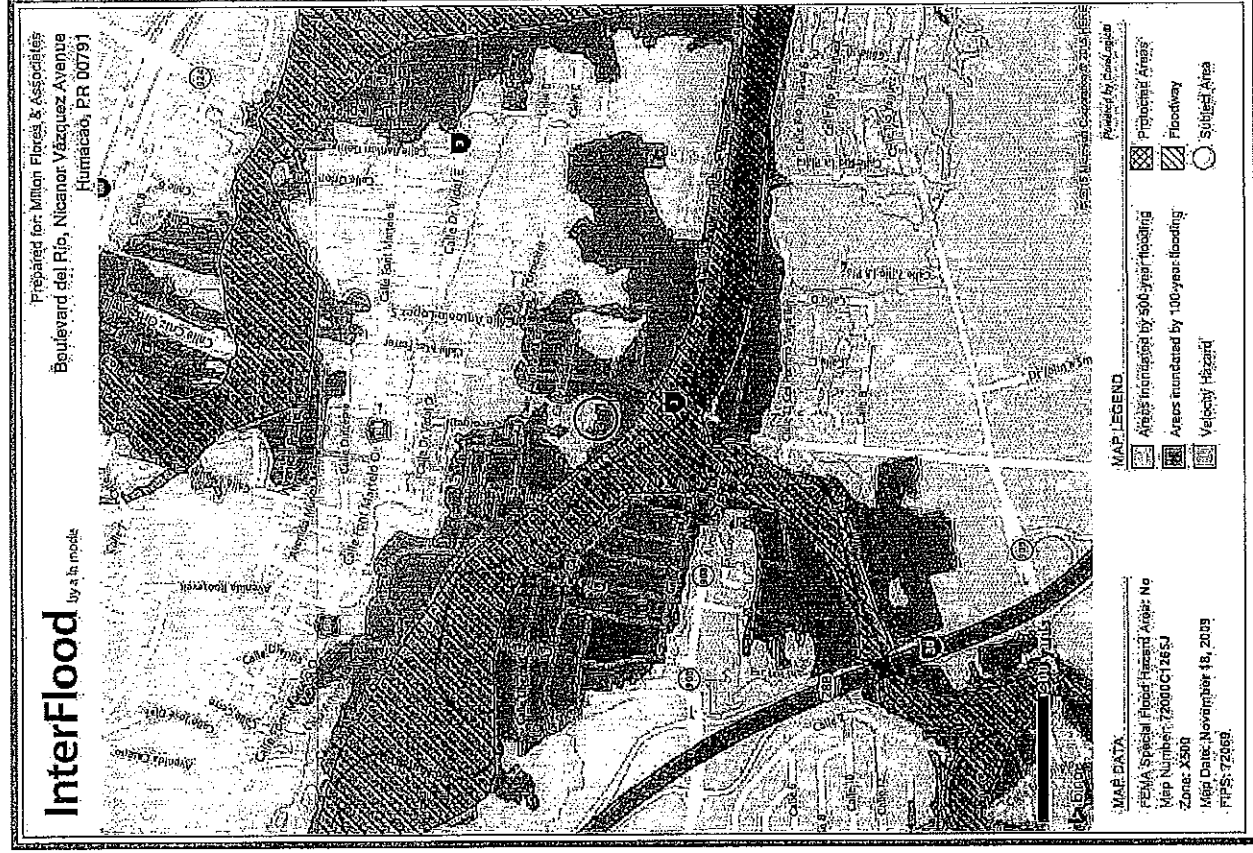
ZONE	DESCRIPTION
V	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. No base flood elevations are shown within these zones.
VE, V1 - 30	Coastal areas with a 1% or greater chance of flooding and an additional hazard associated with storm waves. These areas have a 26% chance of flooding over the life of a 30-year mortgage. Base flood elevations derived from detailed analyses are shown at selected intervals within these zones.

Undetermined Risk Areas

ZONE	DESCRIPTION
D	Areas with possible but undetermined flood hazards. No flood hazard analysis has been conducted. Flood insurance rates are commensurate with the uncertainty of the flood risk.

The subject property is located at Zone "X500" by the Flood Insurance Rate Map #72000C1265J, revised on November 18, 2009. This classification means that the site is identified as an of minimum flood area. (See Exhibit).

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 Boulevard del Río Nicanor Vázquez, Avenue, Humacao, PR.*



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Property Taxes and Assessments

Tax laws in Puerto Rico are similar to the tax laws in the mainland. Like in United States, Puerto Rico's tax rates are based in two separate rates. One determine by the Commonwealth government and the second one determined by the municipality where the subject property is located. The subject property is located in **Humacao Municipality**.

The assessment value are based on estimated market value that were prevalent during the 1957-58 period, when the last general assessment of all properties on the island was made this condition has caused a difference between the assessment value of a property and the actual market value, therefore the government is unable of collecting the real amount in taxes over the assessment value of properties.

The Commonwealth collects returns three percent of the property taxes to the municipalities were the property is located and approximately another one percent goes to the treasury department to pay the debt service. **Humacao Municipality has an overall tax rate of 8.83%**. PR tax law provides for a 10% discount on the property taxes if paid within 60 days before due date and 5% if paid within 30 days before the due date. The property identification number for the subject property is 304-028-124-15-000.



*Appraisal Report of one land parcel located at:
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Scope of the Appraisal Process

The purpose of this appraisal report was to estimate the market value of the fee simple estate of the subject property as of the date of valuation. **This report will concern itself solely with the valuation of real estate, that is, the value of the land parcel.** This assignment encompasses providing an “as is” market value of the fee simple interest in the vacant site located at **Lot Boulevard del Río Nicanor Vázquez Avenue, Humacao, Puerto Rico.** In order to carry out this assignment, the appraiser was involved in several tasks. The first step in the valuation process is to develop a concise statement or definition of the appraisal assignment. This sets the limits of the appraisal assignment and eliminates any ambiguity about the nature of the assignment. This is accomplished by:

- a. Identification of the problem to be solved was performance by identifying the Intended Use (to assist in sale-purchase transaction procedure) and the client (Humacao Municipality) or any other Intended User of the appraisal, identifying any Hypothetical Condition and Extraordinary Assumption present as part of the assignment, and setting the Limiting Conditions to be able to produce credible results.
- b. Pertinent data about address, assessor’s parcel number, legal deed, lease contract and appraisal request was ask to the client.
- c. The subject property was last inspected on September 18, 2015.
- d. Information regarding neighborhood economic trends was analyzed.
- e. Physical inspection was made (photographs).
- f. The highest and best use analysis was calculated “As Though Vacant”.
- g. The three approaches to value have been considered and apply in arriving at an opinion of value of the fee simple interest in the subject property. Only the sales comparison was developed to arrive at a value opinion.
- h. In the sales comparison approach a thorough search was made, after considering location, date of sales, physical differences etc. the appraiser selected **eight comparable sales** which are the best indication of value of the subject. Such comparables were verified by legal deed and confirmed with buyers and sellers, assessor’s office, public registry office, and well known comparables sales services companies.
- i. **The cost approach, the site value was estimated as vacant by comparables sale at the sales comparison section of this report.** The subject property was found vacant at date of appraisal; the cost approach was not applicable.
- j. Income approach, no comparable rentals were found in the neighborhood, development of the approach will lead to unreliable results.
- k. In the reconciliation, I considered the quantity and quality of the data available under each approach, the advantages and/or disadvantages of each approach, and the relevance of each to the subject property and to the appraisal problem.

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After defining and accepting the assignment, the preliminary analysis, which was previously formulated in order to determine the character and extent of the proposed assignment, is reviewed and refined. The preliminary analysis also determines the amount of work that will be required to gather the necessary data for the appraisal.

These analysis and work plan are dependent upon the character and extent of the assignment and the type of property being value. The next step is to make a physical inspection of the subject property and its environs, including the gathering of general and specific data as it relates to the property.

General data consists of information on the principles, forces and factors that affect property value. This information includes regional and neighborhood trends, as well as social, economic, governmental and environmental forces that could or may have an effect on value. This general data contributes significantly to the understanding of the marketplace.

The subject site was visually inspected to determine its topographic characteristic, and to ascertain its shape, drainage condition and overall functional utility. Specific data relates to the property being appraised, including a detailed description of both the parcel comprising the subject site and the subject's existing and/or proposed building and site improvements; as well as current and recent changes in ownership of the subject, occupancy, zoning and land use regulations affecting the subject, and assessment and real estate tax information applicable to the subject.

The gathering of specific data also relates, as may be applicable, to the comparable land sales, improved sales and rentals selected, which are also inspected and verified. In addition to the physical data, also gathered and analyzed are locational, cost and/or income (including leases) and expense information on both the subject and, as available, on the comparable sales and/or rentals utilized. Also considered are financing arrangements and/or unusual motivations of either buyer or seller that could or did affect selling prices or rentals.

An integral part of the valuation process for the property is the determination of the highest and best use of the subject site: 1) as if vacant and 2) as currently improved. The latter analysis is useful in identifying comparable properties, and determining whether the existing improvements should be retained, renovated or demolished. For example, the land value estimate, as if vacant, is required when the land's contribution to total property value is sought, or when improvements are valued separately, as in the Cost Approach.

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After determining the highest and best use, and gathering the general and specific data, we integrate the information drawn from the market research and analysis of data and consider the application of the three valuation approaches the Income Capitalization Approach, the Sales Comparison Approach and the Cost Approach in order to derive a well-supported value estimate.

Since the three approaches are interrelated, the purpose and function of the assignment, and the property type and use all assist in determining which three of the scenarios which we considered being most likely approach or approaches are most appropriate. In our case the sales comparison was developed to estimate the land site value. The cost approach was not developed since at date of appraisal the subject property was found vacant. The income approach was not applicable since any recent comparables rentals of vacant site were found in the neighborhood. Development of the income approach will lead to unreliable results.

Property Rights Appraised

The property rights appraised for the subject property is a freehold estate. *Fee simple estate, a fee without limitations to any particular class of heirs or restrictions, but subject to the limitations of eminent domain, police power and taxation. The absolute ownership of real property.* It gives the owner and his heirs the unconditional power of disposition and other rights.

Personal Property

Personal property was not included in the appraisal report, as well as trade fixtures, those articles and equipment install or attached to the building by a tenant or owner and use in conducting a business regardless of how they are used.

Purpose and Intended Use

The purpose of this appraisal is to estimate the market value of the subject property. The appraisers understand the intended use of this appraisal is assisting in a sale-purchase transaction procedure.

Intended User

The intended user is Humacao Municipality and appropriate regulatory authorities. It may not be distributed to or relied upon by other persons or entities without the appraiser written permission.

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Legal Description

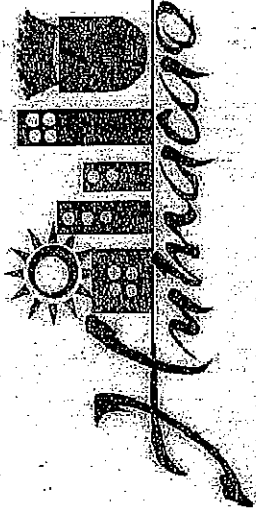
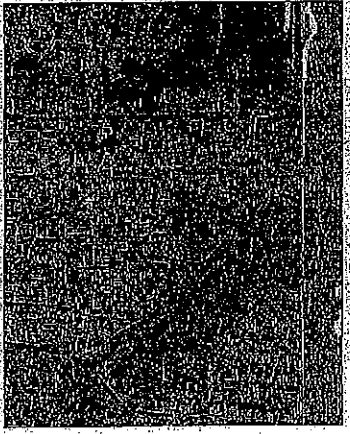
Legal descriptions are used in contracts and deeds that convey real property from one person to another. It is necessary that any parcel of real property be unquestionably differentiated from any other piece and the exact boundaries determined. Any lapse of time must not interfere with this ability to be able to define clearly the property and any improvements on it.

If one person owns a parcel of property for thirty or forty years, many things can change during that time. Street and road names may be changed, or neighboring properties may change ownership. If it is raw land, it may be subdivided or pieces sold from the main parcel. Houses can be torn down and replaced by apartments, or other factors may make the simple street address insufficient to identify the property clearly.

The legal description for real property provides this positive legal identification and the means to identify the exact same parcel at a later date. Several methods are available to ensure the identification of land so that there is no question as to the property involved or its exact boundaries. The technical capabilities of land surveyors and the accuracy of their instruments are necessary to enable these exacting methods.

See Plot Plan Attached.

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SITIO
PREDIO UBICADO EN
BOULEVARD DEL RIO
NICANOR VAZQUEZ
PARA DESARROLLO URBANO
COLINDANTE AL TERMINAL SUR
HUMACAO, PUERTO RICO

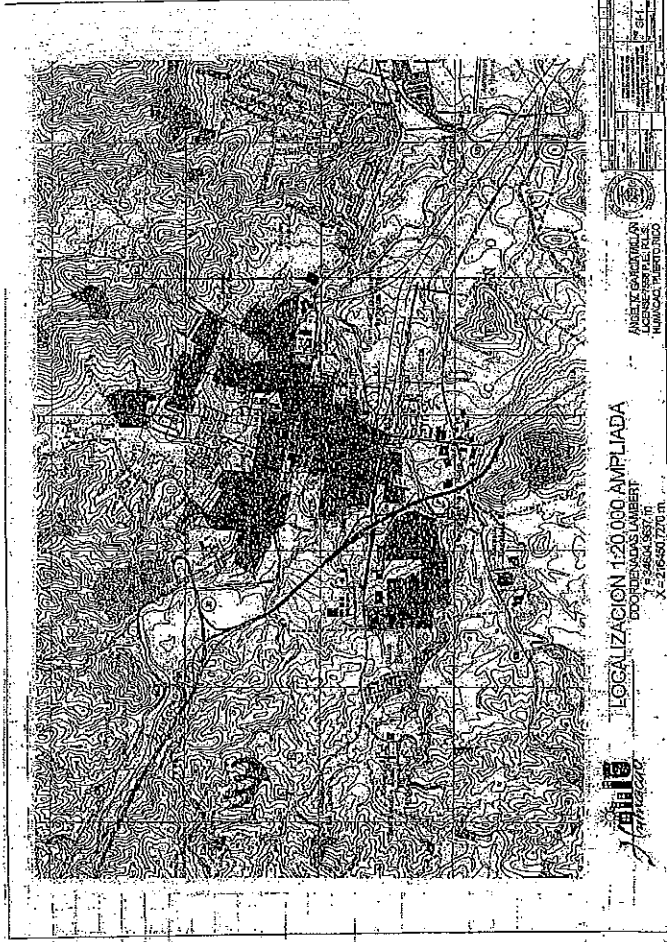
ANGEL M. GARCIA MILLAN
LICENCIADO EN PLS
HUMACAO, PUERTO RICO

DEPARTAMENTO DE PLANIFICACION
ANGEL M. DIAZ VAZQUEZ, P.R.L.
DIRECTOR

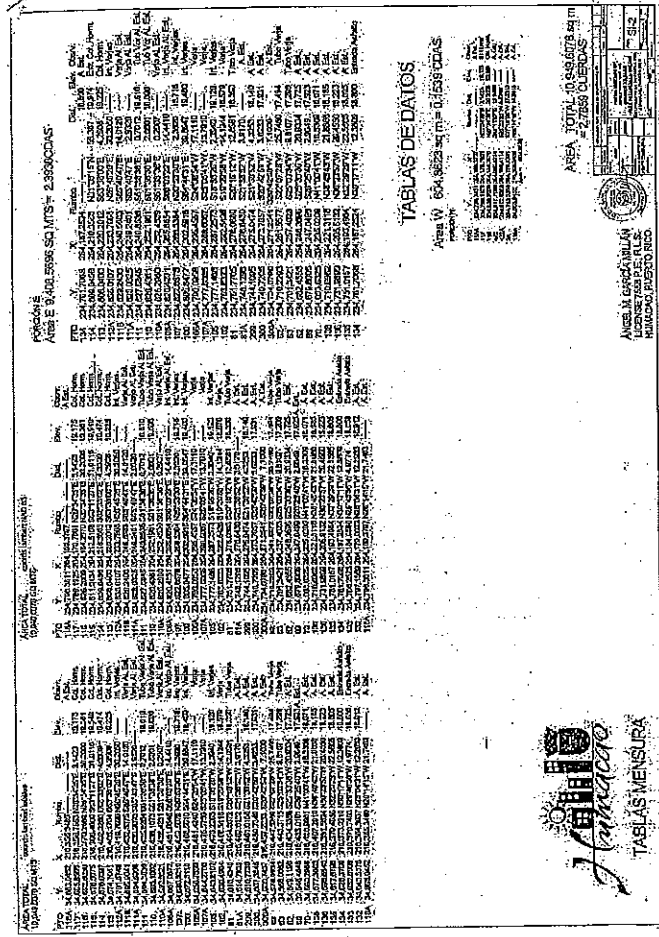
HON. MARCELO TRUJILLO PANISSE
ALCALDE

PROYECTO	NO. 13
FECHA DE EMISION	1998
FECHA DE VIGENCIA	1998
FECHA DE EXPIRACION	1998
FECHA DE REVISION	1998
FECHA DE APROBACION	1998
FECHA DE CANCELACION	1998
FECHA DE SUSPENSIÓN	1998
FECHA DE REINICIO	1998
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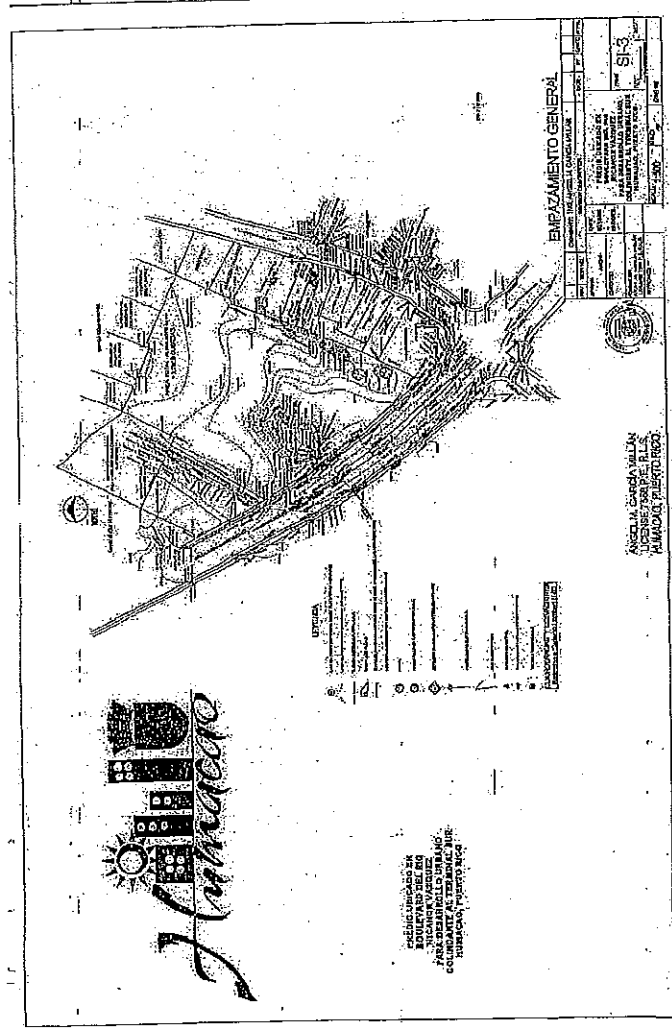
*Appraisal Report of one land parcel located at:
Boulevard del Rio Nicanor Vazquez Avenue, Humacao, PR.*



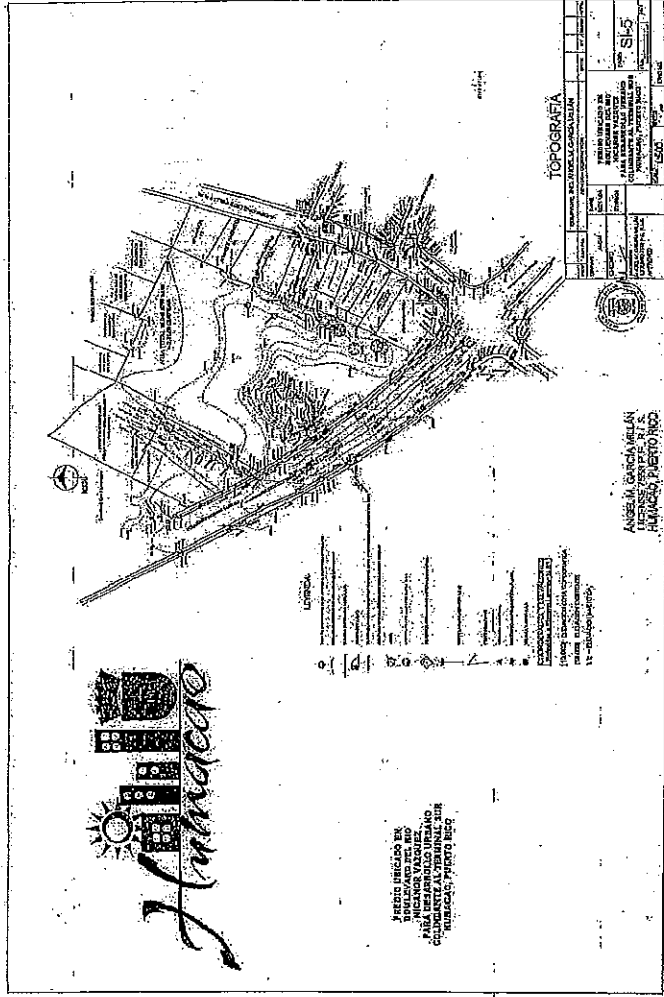
Appraisal Report of one land parcel located at:
Boulevard del Rio Nicamor Viquez Avenue, Huitacoo, RR.



Appraisal Report of one land parcel located at:
Boulevard del Rio Nazario Viquez Avenue, Humacao, PR.



Appraisal Report of one land parcel located at:
Boulevard del Río Nicanor Vázquez Avenue, Hiramaco, PR.



Appraisal Report of one land parcel located at:
Boulevard del Río Micanor Vázquez Avenue, Humacao, PR.

Market Value

Most appraisal assignments are estimations of market value. Market value has no universal definition but is closely related to the buying, selling, or exchanging of property. The various courts and jurisdictions around the country have produced many different definitions, each with its own assumptions and limitations. Many definitions of market value are based on a decision by the California Supreme Court in an eminent domain case (Sacramento Railroad Company v. Heilbron). According to the court, market value is:

The highest price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming the price is not affected by undue stimulus.

The tenth edition of The Appraisal of Real Estate, published by the Appraisal Institute, defines market value 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 fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue duress.

The assumptions and conditions presumed in the institute's definitions include the following:

The property is exposed for a reasonable time on the open market. The determination of a "reasonable" period of time depends on the type of property and the existing market conditions. For instance, residential properties usually sell more quickly than do commercial or industrial properties, and all properties tend to sell at a slower rate when mortgage rates are high.

1. Buyers and sellers are well informed and act prudently.
2. Buyers and sellers are acting in their own best interests.
3. Payment is made in cash, its equivalent, or in other specific terms.
4. The specified financing, if any, may be the financing already in place or readily available financing.
5. The impact, if any, on the market value of any atypical financing or other concessions must be so indicated in the appraisal report.

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Effective Date of Appraisal

Two dates are essential to an appraisal report. Standards Rules 2-2(a)(vi), (b)(vi), and (c)(vi), and 8-2(a)(vi), (b)(vi), and (c)(vi) require that each appraisal report specify the effective date of the appraisal and the date of the report. The date of the report indicates the perspective from which the appraiser is examining the market. The effective date of the appraisal establishes the context for the value opinion. Three categories of effective dates - retrospective, current, or prospective - may be used, according to the intended use of the appraisal assignment. The effective date of an appraisal is the date of the value. For the purposes of the appraisal assignment, the effective date of the report is the date the appraiser last visit the property. This appraisal is effective on September 18, 2015.

Date of Report

September 24, 2015.

Extraordinary Assumptions

It is an assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data in an analysis. The subject property consist of approximately 10,949.6076 square meters (2.7859 cuerdas) with adequate drainage; all urban utilities available. Access is from Boulevard del Río Nicanor Vázquez Avenue at Humacao Municipality. The subject property conforms to the adjacent properties no extraordinary assumptions were made.

Hypothetical Condition

It is that which is contrary to what exists but is supposed for the purpose analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. The subject property is one level parcel, with commercial influx, no hypothetical condition was made.

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Competency Provision

This opinion of value is based on an inspection of the subject property; a study of commercial related properties markets; a study of sales, offerings, and rentals of similar properties; as well as other factors pertinent to value.

The appraiser has prepared several appraisals similar to the one presented here for over fifteen years. This includes appraising vacant properties. The appraisers maintain current and past data and updated information of socioeconomic changes for this market.

This opinion of value is based on an inspection of the subject property; a study of the related properties markets; a study of sales, offerings, and rentals of similar properties; as well as other factors pertinent to value.

Sales History of Subject Property

USPAP Standards Rules 1-5(a) and (b) require an appraiser, when the value opinion to be developed is market value, and if such information is available to the appraiser in the normal course of business, to analyze:

1. all agreements of sale, options, or listings of the subject property current as of the effective date of the appraisal and
2. all sales of the subject property that occurred within three (3) years prior to the effective date of the appraisal.

USPAP Standards Rules 2-2 (a) (viii), (b) (viii), and (c) (viii) call for the written appraisal report to contain sufficient information to indicate compliance with the sales history requirement. Standards Rules 2-2(a)(viii), (b)(viii), and (c)(viii) further require that, if sales history information is unobtainable, the written appraisal report must include a commentary on the efforts taken by the appraiser to obtain the information.

Research of the applicable public records, private data services and an interview of the current owner, revealed that the subject property is not under current agreement or option and is not offered for sale on the open market. According to these sources, the subject property was sold more than three years to the actual owner, no transaction has been recorded in the past year. No option to buy or lease contracts was analyzed during the course of this report.

As date of appraisal the subject property owner was Humacao Municipality, the actual owner acquired the subject property more than three years ago. No transaction has been recorded in the past three years. The actual owner is planning to offer the subject property on sale for the construction of a low income residential development.

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Mineral Rights

The precise value of mineral interests in existence as well as the economic feasibility to extract minerals from the subject property, or any anticipated future annual production or income from the production of minerals that the appraiser is aware of is unknown. This appraisal is not an exhaustive study of the actual or potential mineral production, but is based on the best information available as of the effective date of the appraisal. The opinion of value of the mineral rights based on this information is \$1.00. Mineral rights run with the land and are not separate.

Marketing Time and Exposure Time

Exposure Time

The time a property remains on the market. The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based upon an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions.

Statement 6 (SMT-6) of USPAP defines exposure time as follows:

“The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.”

The obligation for appraisers to develop an opinion of exposure time for real property and personal property assignments appears in the Comment to Standards Rules 1-2(c) and 7-2(c) where it states:

“When the purpose of an assignment is to develop an opinion of market value, the appraiser must also develop an opinion of reasonable exposure time linked to the value opinion.”

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The requirement for appraisers to communicate or report exposure time is later addressed in the Comment to Standards Rule 2-2(a)(v) and (b)(v). The footnote referring to Statement 6 (SMT-6) explains exposure time should be reported as follows:

“The discussion of reasonable exposure time should appear in an appropriate section of the appraisal report, one that presents the discussion and analysis of market conditions, and also be referenced at the statement of the value definition and at the value conclusion.”

Disclosing exposure time is as important to most market value opinions as disclosing the term component (n) of a time value of money equation. In effect, the appraiser is telling the intended user(s), “In order for your real property interest to have a market value of X, on the effective date of this appraisal, it would have been exposed for Y days (or weeks, months, etc.) on the open market.”

Bear in mind that there is no requirement that exposure time must be stated as a specific amount. Thus, it may be expressed as a range, (i.e. 30-90 days, 3-6 months, etc.)

Since real property and personal property rights are, to varying degrees, non-homogenous and ill liquid, it is important for the intended user to be informed of the exposure period inherent within the concluded market value opinion. Exposure time is different for various types of property and under various market conditions.

Statement 6 (SMT-6) explains exposure time can be based on one or more of the following:

- # statistical information about days on market;
- # information gathered through sales verification; and
- # interviews of market participants.

Most private and some public comparable sale data sources include information about days on market providing an appraiser valuable data for analysis. It is also usually easy to discuss events leading up to the eventual sale of a property interest with those parties involved when verifying sale data.

Interviews with local market participants such as real estate commercial brokers and real estate appraiser actively involved in the immediate area indicated in their opinion a reasonable period of time to market a comparable industrial property if priced reasonably will be in a range of 24 to 36 months at actual economic condition and market expectations. The appraiser estimated an exposure time of approximately 36 months for the subject property.

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Marketing Time

The time it's take an interest in real property to sell on the market subsequent to the date of an appraisal. Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 (AO-7) of the Appraisal Standards Board of the Appraisal Foundation and Statement on Appraisal Standards No.6 "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of a reasonable exposure and marketing time). The development of marketing time opinion uses some of the same data analyzed in the process of developing a reasonable exposure time opinion, these are:

- Statistical information about days in the market,
- Information gathered through sales verification,
- Interviews of market participants, and;
- Anticipated changes in the market conditions.

In contrast to exposure time, an opinion of marketing time is not required by USPAP, though it may be required through supplemental standards. For instance, the *Fannie Mae Single Family Selling Guide, Part XI: Property and Appraisal Guidelines* states that when marketing time is greater than six months, the appraiser must comment on the reason for the extended marketing period and its effect on the value of the property.

Marketing time can be based on one or more of the same elements used in determining the opinion of exposure time with the addition of one component: anticipated changes in market conditions.

Anticipated changes in market conditions account for fluctuations in the cost and availability of funds, materials, labor, as well as other supply and demand characteristics. Marketing time is not intended to be a prediction of a date of sale and it may be inappropriate to assume that market value remains stable during the marketing period.

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Under "FIRREA", the appraisers are required to estimate the marketing time for the real property being appraised. This marketing time estimate represents our estimate of the length of time necessary to sell a property interest in real estate at the estimated market level during the period immediately after the effective date of the appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. Marketing time is the future price based on current known and expected characteristics of the property, its environs and the real estate market existing during that period of time. The ultimate future price that may be achieved at the conclusion of the marketing period may or may not equal the appraised value on the earlier valuation date, depending on potential changes during the marketing period in the physical real estate, demographic and economic trends, the real estate market, and tenancy and property operations, among other factors.

A reasonable marketing time is a function of price, time and anticipated market conditions such as changes in the cost and availability of funds, not an isolated estimate of time alone. Our estimate of marketing time was based on one or more of the following:

- 1) Information gathered through sales verification.
- 2) Interviews of market participants and review of investor-surveys and;
- 3) Anticipated changes in the market conditions.

Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. As stated above conversation with commercial real estate brokers and fellow appraiser in the area indicates after considering past, present and expected economic conditions a reasonable marketing time for a comparable industrial property is estimated to be 18 months to 24 months. Moreover, the real estate brokers for the comparable sale indicate a marketing period for the comparables of approximately 24 months. Thus, the marketing time for the subject property was estimated 24 months.

Conclusion of exposure time and marketing time:

In summary, appraisers are obligated to develop and report an opinion of exposure time; but not marketing time unless required by a supplemental standard or by agreement with a client. Exposure time exists before the effective date of the appraisal, whereas marketing time exists immediately after the effective date. While exposure time and marketing time are garnered through similar sources and many times yield like results, their distinct meanings and implications should carefully be considered by appraisers and users of their services. Based on the research, the appraiser concludes that for the subject property a reasonable exposure time, assuming the property is professionally and actively marketed, would be 36 months. The marketing time was estimated to be 24 months.

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The Island Of Puerto Rico

Puerto Rico, freely associated commonwealth of the United States, composed of one large island and several small islands. Officially the Commonwealth of Puerto Rico (Spanish, *Estado Libre Asociado de Puerto Rico*), Puerto Rico is bordered on the north by the Atlantic Ocean; on the east by the Virgin Passage (which separates it from the Virgin Islands); on the south by the Caribbean Sea; and on the west by the Mona Passage (which separates it from the Dominican Republic).

Puerto Rico became a US commonwealth on July 25, 1952. It was claimed by the explorer Christopher Columbus in 1493 and was subsequently a Spanish possession before the United States gained control in 1898. Its name, Spanish for "rich port", was first applied to its capital, known as San Juan Bautista de Puerto Rico in the 16th century. Gradually, the city came to be called San Juan and the island Puerto Rico. The name formerly was spelled Porto Rico. Puerto Rico is sometimes called the "Island of Enchantment". Its major cities are San Juan (the capital as well as the largest city), Bayamón, Carolina, Ponce, Caguas, and Mayagüez.

With an area of 9,104 sq km (3,515 sq mi), Puerto Rico is one of the larger islands of the West Indies, and the commonwealth also includes several small islands, such as Culebra, Mona, and Vieques. It is located about 1,610 km (1,000 mi) south-east of Florida and is almost twice as far from the mainland of North America as it is from South America. Puerto Rico is roughly rectangular in shape; its greatest east to west distance is about 180 km (110 mi), and its extreme north to south distance is about 65 km (40 mi). The highest point is Punta Peak at 1,338 m (4,389 ft). Its coastline measures some 501 km (311 mi).

Puerto Rico is mountainous. The Central Mountains form an east-to-west backbone that extends almost the entire length of the island. The average elevation of these mountains, which include the Cordillera Central and the Sierra de Luquillo, is about 915 m (3,000 ft). Although the mountains and adjacent foothills cover most of Puerto Rico, on the northern side of the island lays a coastal plain up to about 19 km (12 mi) wide, and a narrower coastal plain up to about 13 km (8 mi) wide extends along the southern coast. For most of its length the mountain system is nearer the southern coast than the northern coast, and the slopes are generally steeper on the southern side. At the eastern end of the island, however, the mountains curve towards the north-eastern corner.

Puerto Rico has many relatively short rivers and streams. Some of the rivers are dammed for hydroelectric power and thus have small lakes along their courses. One such body of water is Lago de Yauco, on the Yauco River. The longest river is the Grand de Arecibo, which flows to the northern coast. Other rivers include the Grand de Añasco, Bayamón, Cibuco, Culebrinas, and La Plata. None of the rivers is navigable by large vessels.

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Puerto Rico is a mountainous, tropical island directly in the path of the trade winds. These conditions account for its tropical rainforest and tropical wet and dry climates. Except at night, in the highest areas, the air is always warm. There is little difference from season to season in the energy received from the Sun, and the length of the day remains fairly constant throughout the year. In addition, the average temperature of the seawater surrounding the island is about 27° C (81° F), with little variation during the course of the year. Trade winds reaching Puerto Rico from the east blow over this warm water and carry the warmth over the land. The mean annual temperature at San Juan, in the north, is about 26° C (79° F); the recorded temperature in the commonwealth has ranged from 4.4° C (40° F) in 1911 at Aibonito to 39.4° C (103° F) in 1906 at San Lorenzo. Puerto Rico is sometimes struck by damaging hurricanes traveling from the east, especially from August to October.

Several thousand varieties of tropical plants grow in Puerto Rico, including the kapok tree, or Ceiba, with its thick trunk, the poinciana (a prickly tropical shrub with brilliant reddish blossoms), the breadfruit, and the coconut palm. A tropical rainforest in the north-eastern section of the island has tree ferns, orchids, and mahogany trees; part of this tropical area is included in the Caribbean National Forest. In the dry south-western corner of Puerto Rico are cactus and bunch grass.

Puerto Rico has no large wild mammals. The mongoose was brought in to control rats on sugar cane plantations. Iguanas and many small lizards abound, and bats are present. The island has one animal found almost nowhere else in the world—the coquí, a small tree frog that produces a loud, clear "song" from the branches of trees at night. Barracuda, kingfish, mullet, Spanish mackerel, tuna, lobster, and oysters are among the many fish inhabiting coastal waters.

Puerto Rico's mineral deposits include limestone, glass sand, clay, copper, cobalt, chromium, nickel, iron ore, cement, gravel, stone, graphite, lime, salt, and peat.

Coffee is the most valuable crop, followed by vegetables, sugar cane, bananas, pineapples, tobacco, and rice. Dairy products, poultry, and beef cattle and calves are also important sources of income.

Much of Puerto Rico's forest cover had been cut by about 1900, and despite concerted efforts after 1935 to replant trees, the forest industry remains small. Commercial fishing also plays a minor role in the economy. Tuna species caught include yellow fin, skipjack, and blue fin. Small-scale freshwater fish farming is a growing economic activity; fish raised include bass, bluegill, and catfish.

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Manufacturing activity has been encouraged by government incentives such as tax exemptions, loans, and research assistance. The island has benefited from the importing of capital, technology, and entrepreneurship from mainland United States. Clothing is the leading manufacturing industry, followed by the production of electronic goods, processed food, and chemicals. Other major manufactured goods include pharmaceuticals, industrial machinery, printed materials, rubber and plastics, metal items, precision instruments, footwear, and alcoholic beverages.

According to the 1990 census, Puerto Rico had 3,522,037 inhabitants, an increase of about 10.2 per cent over 1980. The average population density in 1990 was 387 people per sq km (1,002 per sq mi), a much higher density than for any state except New Jersey and Rhode Island. The great majority of Puerto Rico's inhabitants are of Hispanic background; Spanish and English are the official languages, and have been since 1902. In 1991 a law was passed making Spanish the sole official language, but in 1993 this was revoked. Spanish is by far the more widely known language, spoken by about 90 per cent of the population.

Puerto Rico's first free primary school was founded in the early 19th century in San Juan. By the late 1980s the commonwealth's state schools annually enrolled about 486,200 elementary pupils and about 165,000 secondary students.

The University of Puerto Rico (1903) is the oldest institution of higher education in Puerto Rico; it has branches in Arecibo, Bayamón, Cayey, Humacao, Mayagüez, Ponce, Río Piedras, and San Juan. In the late 1980s the commonwealth had a total of 55 institutions of higher education with a combined enrolment of about 153,000 students. Besides the University of Puerto Rico, these institutions included Bayamón Central University (1970), in Bayamón; Inter-American University of Puerto Rico (1912), with major campuses in Flato Rey and San Germán; Catholic University of Puerto Rico (1948), in Ponce; and the University of the Sacred Heart (1935), in Santurce.

A number of Puerto Rico's major cultural institutions are in San Juan. These include the Museum of Puerto Rican Art, housing works from pre-Columbian times to the present; the Museum of Military and Naval History; and the Museum of Natural History. Of note, too, is the Ponce Art Museum, which has exhibits of paintings by European and Puerto Rican artists.

Puerto Rico's Spanish heritage is preserved in many sites in San Juan, especially in the insular part of the city known as Old San Juan. Among these sites are El Morro and San Cristóbal fortresses, both part of San Juan National Historic Site; La Fortaleza, once a fortress and now the governor's palace, its oldest section completed in 1540; Old Santo Domingo Convent, built between 1523 and 1528; and Fort San Geronimo (completed late 18th century).

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Puerto Rico's mild climate and sandy beaches make it a popular recreation area, especially for swimming, fishing, boating, tennis, and golf. Both horse racing and cockfighting attract many spectators. Baseball, basketball, and boxing also are popular sports.

The Commonwealth of Puerto Rico is governed under a constitution of 1952, as amended. An amendment to the constitution may be proposed by the commonwealth's legislature or by a constitutional convention. To become effective an amendment must be approved by a majority of people voting on an issue in an election. Puerto Ricans share most rights and obligations of other US citizens; residents of the commonwealth may not vote in US presidential elections, however, and, except for federal employees and members of the US armed forces, are not required to pay federal income taxes.

The chief executive of Puerto Rico is a governor, who is popularly elected to a four-year term and who may be re-elected any number of times. The secretary of state succeeds the governor should the latter resign, die, or be removed from office. The governor, with the consent of the legislature, appoints the heads of the commonwealth's executive departments.

Legislative authority is vested in a bicameral Legislative Assembly, made up of a senate and a house of representatives. In the early 1990s the senate had 27 members, and the house had 53 members. Legislators are popularly elected to four-year terms. At a national level, Puerto Rico is represented by a non-voting resident delegate in the Congress of the United States. The delegate is elected by Puerto Ricans to a four-year term.

In the early 1990s Puerto Rico's leading political parties were the Popular Democratic party (founded 1938), which advocates the maintenance of commonwealth status, and the New Progressive party (1967), which advocates that Puerto Rico become a US state. The small Puerto Rico Independence party (1946) favors independence for the island. Christopher Columbus reached the island and claimed it for Spain on November 19, 1493. He named it San Juan Bautista. It became known as Puerto Rico after 1521, when the city of San Juan had been founded and given the island's original name.

Puerto Rico was conquered for Spain in 1509 by Juan Ponce de León, who became the first governor. The island was originally peopled by the Borinqueño, an agricultural people who were enslaved and largely exterminated as the result of harsh treatment. The Native Americans were replaced by black African slaves who worked the plantations and sugar mills. Privateers and pirates harassed the island's residents during the early colonial years. The Spanish constructed strong fortifications and in 1595 defeated the English navigators Sir Francis Drake and Sir John Hawkins when they attempted to capture Puerto Rico; Hawkins was mortally wounded. Raids, however, continued for a long time. San Juan was burned during a Dutch attack in 1625, and the English sacked Arecibo in 1702.

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Puerto Rico was opened to foreign trade in 1804, and in 1808 was accorded representation in the Spanish Parliament. Short-lived uprisings against Spanish rule occurred a few times during the 19th century, but all were quickly suppressed. Slavery was abolished in 1873. The island was granted autonomy in 1897.

As a result of the Spanish-American War (1898), Puerto Rico was ceded to the United States by the Treaty of Paris (December 10, 1898). In 1900 the US Congress established a civil government on the island. US citizenship was granted to Puerto Ricans in 1917, and the United States instituted measures designed to solve various economic and social problems of the overpopulated island. From 1940 to 1948 a hydroelectric-power expansion program was instituted to attract US industry and to provide more employment for Puerto Ricans. Irrigation projects were also initiated. During World War II the island became a key US military base. Naval bases were constructed in San Juan harbor and on Culebra.

Under the leadership of Luis Muñoz Marín, head of the Popular Democratic Party, a development program known as Operation Bootstrap was launched in 1942, resulting in greatly increased manufacturing and a large rise in the general living standard. In 1948, Muñoz became the first elected governor of the island.

On June 4, 1951, Puerto Rican voters approved in a referendum a US law that granted them the right to draft their own constitution. The constituent assembly began its deliberations in the following September. In March 1952 the electorate approved the new constitution, and on July 25 Governor Muñoz proclaimed the Commonwealth of Puerto Rico. The commonwealth held its first general election under the new statute on November 4; Muñoz and the Popular Democratic Party received an overwhelming majority.

The re-election of Governor Muñoz in 1956 and 1960 was regarded as a popular endorsement not only of his economic and social policies but also of commonwealth status. In a July 1967 referendum, Puerto Ricans once more voted to remain a commonwealth.

In the election of 1968, Luis Alberto Ferré, candidate of the New Progressive party, was elected governor. He favored statehood for Puerto Rico, but not until the island's economy was stronger. In 1972 the Popular Democratic Party returned to power with Rafael Hernández Colón, a supporter of commonwealth status, as governor. The electorate shifted again in 1976, as the New Progressives regained control of the legislature and Carlos Romero Barceló was elected governor.

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Romero, a firm advocate of statehood, chose to play down the issue after the 1980 elections, in which he retained his office by only a narrow margin, and the Popular Democratic Party scored impressive victories in legislative and mayoral contests. Meanwhile, extreme nationalist groups such as the US-based Armed Forces of National Liberation (Fuerzas Armadas de Liberación Nacional, or FALN) used terrorist tactics in the late 1970s and early 1980s to press the cause of independence. In 1984 Hernández Colón won the governorship as his Popular Democratic party established commanding majorities in both legislative houses; he was re-elected in 1988. The legislature voted to make Spanish the official language of Puerto Rico. After losing a symbolic plebiscite on the commonwealth question in 1991, Hernández Colón decided not to run for another term. In 1992 Pedro Rosselló of the New Progressive party was elected governor on a pro-statehood platform. He pressed the issue in a 1993 plebiscite, but 48 per cent of the voters elected to petition the US Congress to retain the commonwealth, with enhanced status; 46 per cent chose statehood and 4 per cent chose independence. In 1996 Rosselló was re-elected governor, obtaining 51 per cent of the vote. In December 1998 a referendum (the third) was held on joining the United States as the 51st state. The prospect was once more rejected, with over half the islanders voting to retain Puerto Rico's status as a commonwealth territory of the United States. In 2000, the newly elected governor of the island, Sila María Calderón, also committed herself to preserving its status. Calderón, of the Popular Democratic Party, became Puerto Rico's first woman governor.

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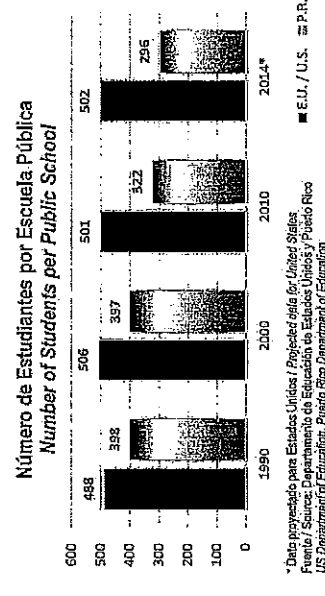
Economy of Puerto Rico

The 7% contraction in Puerto Rico's population between 2007 and 2013 (representing about 283,000 people) has been concentrated among the population of 24 years and younger (representing about 202,000 fewer people). In 2013, the natural growth of the island's population was around 9,000 people, with a net emigration of around 45,000 for a contraction of about 36,000 in only one year. During 2015-2016, for the first time in Puerto Rico, there will be more public high school seniors (29,062) than kindergarten students (26,776). The imbalance among students that begin and finish school indicated that, even without emigration, without drop outs, and with 100% survival rate, public school enrollment will continue its downward trend into the future.

Although the Department of Education's per student budget from the General Fund has been increasing (from \$2,585 in fiscal year 2000-01 to \$4,967 in 2014-15i), the academic performance of students remains poor. As an example, in 2012, a sample of local students—from public schools and private schools—took the tests administered by the Program for International Students Assessment (PISA), which are taken worldwide. While the results are not conclusive, they placed students on the island behind their counterparts in developed countries (such as the Republic of Ireland and the United States) as well as students in some developing countries (such as Costa Rica and Mexico). This suggests that the assignment of financial resources does not necessarily impacts the quality of education.

The number of public schools in Puerto Rico has been decreasing, from 1,543 in 2000-01 to 1,387 in 2014-15ii. Even so, the drop in student enrollment has been proportionally higher, therefore the number of students per public school also has been decreasing. The projection is that from 411 thousand students today, the figure would reach 300 thousand by 2020.

The utilization rate at public schools stands at 62%. To operate schools, in spite of being dispensable, implies larger administrative and maintenance costs. Small schools limit the range of elective courses and extracurricular activities offered. Having fewer schools would allow the reallocation of financial and human resources toward strengthening academic offerings for students.

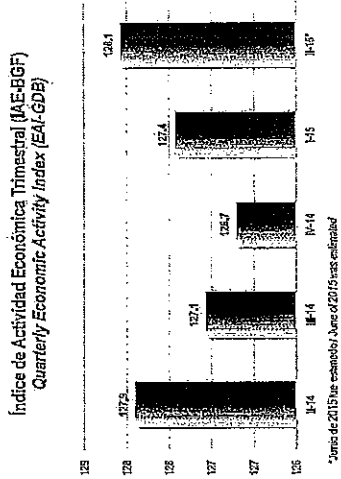
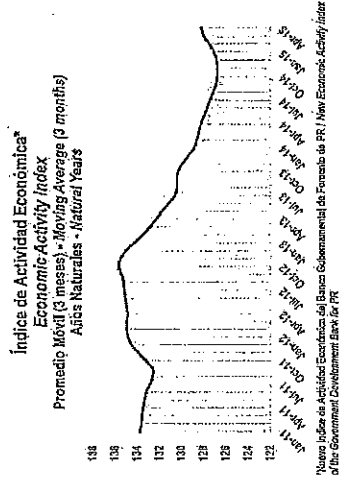


* Datos proyectados para Estados Unidos / Projected data for United States
Fuente / Source: Departamento de Educación de Estados Unidos y Puerto Rico
US Department of Education, Puerto Rico Department of Education

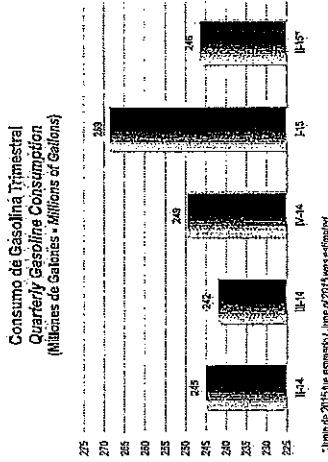
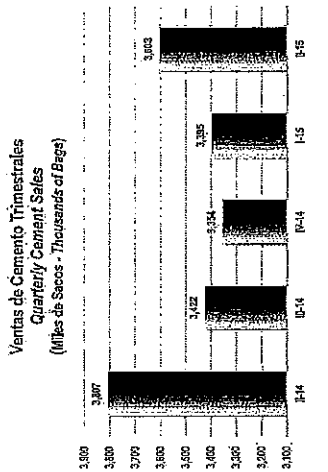
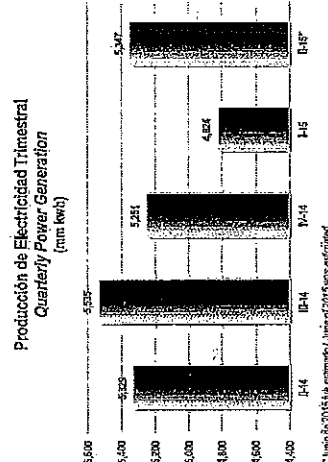
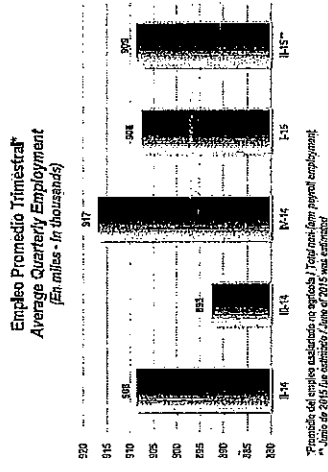
ⁱ General Fund Resources, Office of Management and Budget, U.S. Department of Education and Puerto Rico Department of Education
ⁱⁱ U.S. Department of Education and Puerto Rico Department of Education

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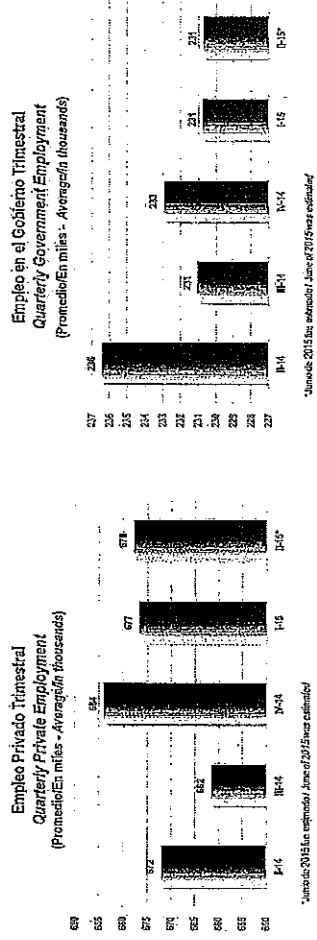
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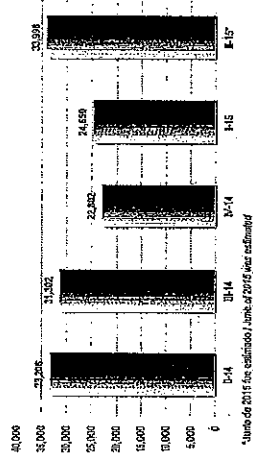
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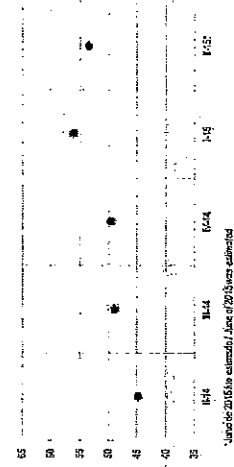
Otros Indicadores / Other Indicators



Reclamaciones Iniciales de Desempleo Trimestrales
Quarterly Unemployment Initial Claims



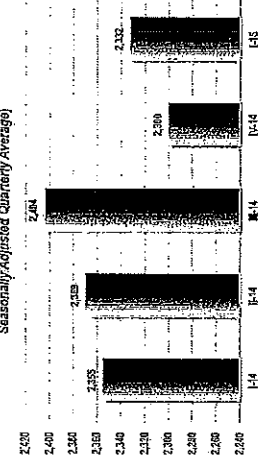
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Manufacturing Purchasing Managers' Index



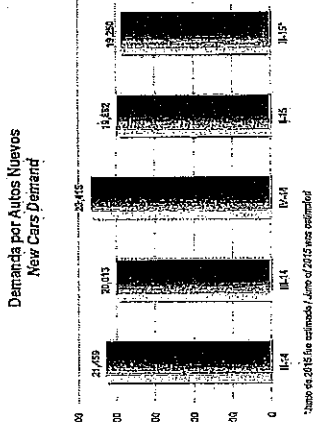
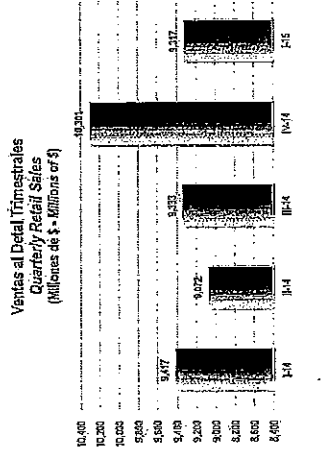
Exportaciones Trimestrales
Quarterly Exports



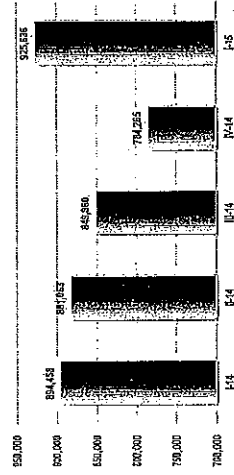
Hores Semanales Trabajadas en Manufactura
Weekly Hours Worked in Manufacture



Otros Indicadores / Other Indicators



Cuartos Noches Vendidos Trimestrales
Quarterly Room Nights Sold



Originaciones de Préstamos Hipotecarios Trimestrales*
Quarterly Mortgage Originations
(Millions of \$ - Millions of \$)



Total de Quiebras Trimestrales
Quarterly Total Bankruptcies



Ingresos Trimestrales Netos al Fondo General
Quarterly Net General Fund Revenues
(Millions of \$ - Millions of \$)



COMERCIO INTERNACIONAL DE VALORES MOBILIARIOS
INTERNATIONAL SECURITIES TRADING
PROGRESO ECONOMICO DE JULIO 2015
"Progreso Economico" July 2015 is a publication prepared by Advantage Business Consulting
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1 Banco Popular, "Progreso Economico", Publication prepared by Advantage Business Consulting. (Edition July 2015) pp. 1-4

Appraisal Report of one land parcel located at:
Boulevard del Río Nicamor Vázquez Avenue, Humacao, PR

JULIO | JULY 2015

Indicadores Económicos - Economic Indicators

Índice de Actividad Económica Economic Activity Index	Unidad - Unit	Mensual - Monthly		12 meses/mo 12 months		Cambio % - % Change
		May-14	Apr-15	May-15	Apr-15	
Índice de Actividad Económica BCF Economic Activity Index	1989 = 100	127.9	128.3	128.1	0.2%	-0.2%
Índice de Precios al Consumidor Consumer Price Index	12-2006 = 100	116.9	115.5	115.8	-1%	0%
Índice de Precios de Alimentos Food Price Index	12-2006 = 101	123.9	125.4	125.4	1%	0%
Precio del Crudo - Crude Oil Price Per Barrel \$ Per Barrel		102.18	84.45	89.25	-42%	9%
Precio de Gasolina - Gasoline Price Per Gallon \$ Per Gallon		3.55	2.59	2.80	-21%	8%
Índice de Gerencia de Compras Purchasing Managers Index	Umbral = 50 - Threshold = 50	47.5	58.4	55.8	17%	-1%
Empleo - Employment	Miles - Thousands	74.7	73.7	74.3	-1%	1%
Salario Promedio por Hora - Hourly Wage Production Workers	Por hora \$ Per hour	13.49	13.15	12.81	-4%	-2%
Horas Semanales Promedio Personal de Producción - Average Weekly Hours Production Workers		42.4	40.4	40.7	-4%	1%
Horas Semanales Trabajadas en Manufactura Weekly Hours Worked in Manufacturing		2,389	2,398	2,428	2%	5%
Servicios y Servicios Services - Employment	Miles - Thousands	338.3	343.8	343.2	2%	-0.2%
Construcción - Construction	Miles - Thousands	27.0	24.5	24.2	-10%	-2%
Venta de Cemento - Cement Sales	Miles de Sacos - Thousands of Bags	1,251	1,153	1,176	-5%	2%
Energía Eléctrica - Electric Power	Miles de KWh - Millions KWh	1,453.3	1,382.9	1,351.5	8%	15%
Consumo Total - Total Consumption	Miles de KWh - Millions KWh	200.4	177.4	209.4	4%	18%
Industrial - Industrial	Miles de KWh - Millions KWh	534.2	473.9	568.7	6%	26%
Residencial - Residential	Miles de KWh - Millions KWh	697.3	652.2	718.9	5%	10%
Comercial - Commercial	Miles de KWh - Millions KWh	1,001	877	859	-13%	6%
Quilómetros Cuadrados - Square Feet Casos de Quiebra - Bankruptcy Cases		83.0	82.2	81.4	-2%	-1%
Gasolina - Gasoline Sales	Miles de Galones - Millions of Gallons	753.1	1,932.4	646.9	-14%	-51%
Ventas de Gasolina - Gasoline Sales	Miles de Galones - Millions of Gallons	83.0	82.2	81.4	-2%	-1%
Gobierno de Puerto Rico Government of Puerto Rico						
Ingresos Netos al Fondo General General Fund Net Revenues	Miles \$ Millers	753.1	1,932.4	646.9	-14%	-51%
Empleo - Employment	Miles - Thousands	753.1	1,932.4	646.9	-14%	-51%
Empleo Total - Total Employment	Miles - Thousands	912.3	912.4	912.4	0.0%	0.2%
Empleo Privado - Private Employment	Miles - Thousands	674.5	679.2	679.9	0.8%	0.1%
Empleo Gobierno Government Employment	Miles - Thousands	237.8	233.3	232.5	-2.2%	0.3%
Reclamaciones Iniciales de Desempleo Unemployment Initial Claims	Por ciento - Percent	10,879	7,950	11,681	7.2%	46.7%
Tasa de Desempleo - Unemployment Rate	Por ciento - Percent	13.8	13.6	12.4	-1.4	-1.2
Tasa de Participación Laboral Labor Participation Rate	Por ciento - Percent	39.8	39.8	39.6	-0.2	-0.2
Comercio - Trade						
Total de Ventas al Detail Total Retail Sales	Miles \$ Millions	3,265.7	2,893.5	3,261.6	-0.1%	8.0%
Demandas de Autos Nuevos New Cars Demand		7,216	5,816	6,546	-9.3%	16.8%
Ultramar - Ultramar						
Cuentas Nuevas Vendidas - Room Nights Sold		284,536	338,568	297,825	4.6%	-12.0%
Comercio Externo - External Trade						
Exportaciones - Exports	Miles \$ Millions	5,810	6,253	5,489	-5.9%	-12.8%
Importaciones - Imports	Miles \$ Millions	3,437	3,503	3,888	3.1%	11.8%

<http://www.popular.com/progresso>

Appraisal Report of one land parcel located at:
Boulevard del Río Nicanor Vázquez, Avenue, Humacao, PR

Sources

PR Electric Power Authority: *Production and Consumption of Electric Energy.*
Government Development Bank – *Economic Activity Index.*
CEMEX Puerto Rico, ESSROC San Juan & Arifiles Cement Corporation.
Commerce and Export Company: *Retail Sales.*
PR Industrial Development Company – *Data on Concessions and Services of companies under Act 20 of 2012.*
PR Tourism Company: *PRTC Monthly Statistics Report.*
Department of Consumer Affairs: *Gasoline Sales.*
U.S. Department of Education, Puerto Rico Department of Education.
Department of Treasury: *General Fund Net Revenues.*
Department of Labor and Human Resources: *All data on Employment Payroll and Consumer Price Index.*
United Automobile Importer's Group- *Data on Sales of New Cars.*
PR Institute of Statistics: *Purchasing Managers Index.*
PR Planning Board: *Data on Exports, Imports and Weekly Hours Worked in Manufacturing.*
Office of the Commissioner of Financial Institutions: *Mortgage Originations.*
U.S. Bankruptcy Court for the District of PR: *Bankruptcies Cases.*
U.S. Department of Labor: *Unemployment Initial Claims.*

Notes

Page 2: The Government Development Bank's Economic Activity Index (GDB-EAI) is a coincident index for the economy of Puerto Rico. This Index summarizes the behavior of four major monthly economic indicators. These four indicators are: total non-farm payroll employment, cement sales, gasoline consumption and electric-power generation.

Page 3: The total non-farm payroll employment is published by the U.S. Bureau of Labor Statistics (BLS) and the data comes from a survey called the Establishment Survey, which is based on a benchmark that is revised every year.

Page 3: The Purchasing Managers Index of manufacturing is a weighted average of various indexes of new orders, production, employment, suppliers' deliveries and inventories.

Page 5: The Labor Force Survey is a monthly survey of 3,500 households that provides estimates for Employment, the Employment-to-Population Ratio and the Unemployment Rate.

Page 5: Manufacturing payroll paid to production employees is composed of the product of the number of production employees, the average weekly hours of production employees, and the average hourly earnings of

Humacao Municipality

Foundation: At the moment of the conquest and colonization of Puerto Rico, this territory was governed by the Taino Chief Jumacao. The name Humacao (oo-mah-KOU) derives from this chief, whose territory was along the Honónimo River, at a short distance from the ocean. Chief Jumacao was the first Taino Chief to learn how to read and write. This fact was corroborated when he wrote a letter to the King of Spain complaining about the Governor of the island not complying with the peace treaty, and that other chiefs as well as himself were virtually prisoners of the regime. He stated also in this communication that he was a free man and capable of responding for his own acts. The King was so moved by the letter, that he ordered immediately that Puerto Rico honor the terms of the peace treaty. The foundation of the town took place in 1793. In 1881 it was given the title of "Villa", and by 1893 it had achieved the title of "City". It is believed that the founders of Humacao were decedents from Spain's Canary Islands.



Location: Humacao is located in the eastern coast of the island, it borders north with Naguabo, south with Yabucoa, West with Las Piedras and east with the Atlantic Ocean.

Area: 117 sq km / 45 sq. mi.

Population: 59,035 (census 2000)

Population Density: 504.5 per sq km / 1,311.8 per sq. mi.

People are known as: Humacaeños

Humacao is also known as: La Perla del Oriente (Pearl Of The Orient)
La Ciudad Gris (The Gray City)
Roya Huesos (The Bone Grinders)

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Boulevard del Río Nicanor Vázquez Avenue, Humacao, PR.*

Neighborhood Analysis

A neighborhood is a group of complementary land uses, or an area in which social, economic, governmental and environmental forces influence property value in all surrounding properties in the same way. The subject property is located close Humacao Main Square and at the east side of PR Highway #30. Due to the heavy traffic along the street at all times, the subject site is considered to have an excellent exposure. Properties along these streets are predominantly commercial in use, while properties in interior and adjacent streets are mostly residential. The subject property is located at an active commercial area which surrounds the subject's neighborhood. It is close to PR Highway #53 and the new Shopping Center at the East side, the area is adjacent to Humacao Main Square.

Boulevard del Río Nicanor Vázquez is one of the most important roads links in Humacao Municipality which's. It takes approximately 50 minutes to drive from the subject property to the Hato Rey area in normal traffic hours. This provides the neighborhood with good location and access characteristics. This is also true of the West bound access to Las Piedras, Juncos, and Caguas. The Highway has placed Humacao in an advantageous position to vie for a commercial hub location to service outlying areas. The subject area is located within relatively close proximity and with good access facilities to some of the most important commercial and urban centers of the Humacao Area. It is provided with most services and amenities such as running water, electric power, asphalt paved roads and telephone lines typical of large suburban areas in Puerto Rico. There is fire and police protection, together with schools, hospital, churches, shopping areas, and most types of commercial and business facilities located at reasonable distances within the area.

The neighborhood has all the services and amenities typical of large metropolitan areas. Curbs, gutters, and sidewalks are of concrete, while streets are usually asphalt, fire and police protection are provided together with schools, hospitals, churches, and all types of commercial and offices facilities within very short distances. The appraisers foresee a continuation of the existing upward trends due to the good location and supporting facilities. In conclusion, the analysis of the appraisers reveals that this neighborhood, due to its good location and access facilities, will see a reasonable growth within the immediate and foreseeable future.

*Appraisal Report of one land parcel located at:
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Neighborhood Description

The subject neighborhood is a growing commercial district adjacent to the intersection of two major roads near the edge of town. The property fronts Boulevard del Río Nicanor Vázquez Avenue a main road through Humacao, near where it intersects with PR State Road #3. The subject is located six blocks south of downtown Humacao and adjacent to Humacao Public Transportation Terminal. Most commercial development in Humacao is found along PR State Road #3 and downtown area, with the greatest concentrations occurring with frontage to State Road #3. With the exception of the downtown area, retail occupancy appeared strong.

Development in the neighborhood is primarily commercial. Retail development includes a 150,000-square-foot mall and some free standing stores, including Triumph Plaza Shopping Mall, and Boulevard del Río Commercial areas. Other commercial uses include a small office building, service station with convenience store, and some family restaurants. Backup land uses include some single-family homes to the West, and some offices facilities to the east.

The neighborhood has a favorable impact on the subject property. The area where the subject is located has an average and relatively healthy, economic base. Development in the area has been on the increase over the past years and is expected to continue. Some new apartments are under construction.

The area has a relatively good retail base that should be able to accommodate the addition of more space. Further, the area's accessibility by major freeways as well as by local roads allows the subject property to draw customers from a wide area as well as from the immediate neighborhood.

*Appraisal Report of one land parcel located at:
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Site Overview

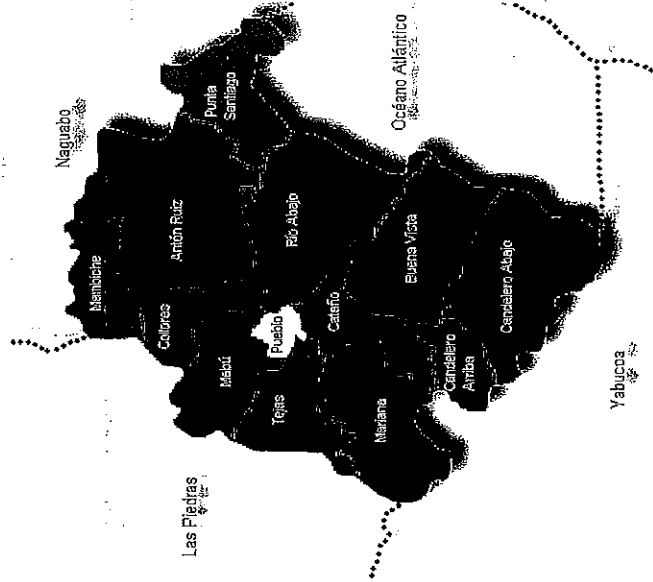
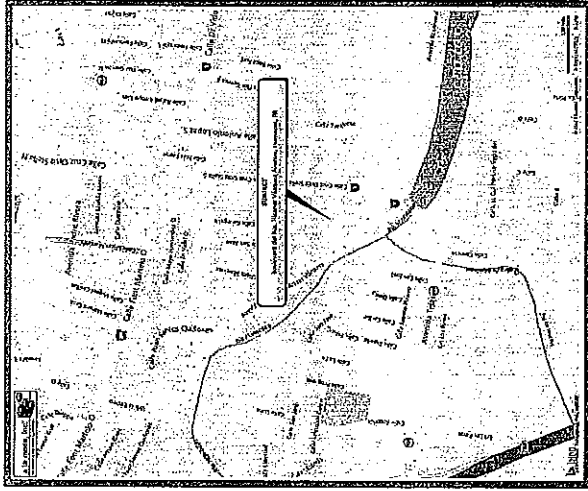
The subject property land site is level and irregular with approximately 2.7859 cuerdas equivalents to 10,949.6076 square meters of area. It is bounded by the Boulevard del Río Nicanor Vázquez Avenue, Humacao, Puerto Rico. The area within a radius of one block of the subject site appears to be 60% developed commercially; 10% residential and 30% professional offices therefore, the subject neighborhood provides a good environment for the subject being appraised and there are no factors that will negatively affect the marketability of the site. Development within the area consists primarily of commercial, office, restaurant, and residential uses. The subject exposition to the traffic that travel along the Boulevard del Río avenue; the availability of parking area and public transportation; increase the demand for the subject property.

The traffic generated during day light hours although at times moderate to heavy, does not interfere with access to the subject site. Boulevard del Río, a two way road provides easy access to surrounding streets while connecting with PR State Road #3. The surrounding neighborhood comprises a mixture of land uses. To the north of the site is Turquesa Street and Humacao Downtown; to the south is Boulevard del Río Avenue; to the east PR State Road and Walgreens Pharmacy and to west Humacao Transportation Terminal.

In other words, the subject's immediate neighborhood is a mixture of residential, commercial and office land uses. The property is located on a major traffic street with good access to surroundings roads.

In conclusion, the subject property has an excellent location for residential or commercial use due to the active traffic pattern, the proximity to residential and commercial buildings properties. The subject site's configuration and access characteristic are excellent, since the subject property has a good frontage to the main street and it is close to Humacao Main Square. Overall, the area favorably impacts the subject property and its surroundings are stable and development is occurring at moderate pace. (See Exhibit)

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Boulevard del Río Nicanor Vázquez Avenue, Humacao, PR*



*Appraisal Report of one land parcel located at:
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Competition Study

A survey of similar facilities in the subject's area was conducted to estimate the strength the subject property will have in the market. The results of the survey are presented on the following page.

The subject property should enjoy a relatively good competitive position in the local market. The primary competition is a nearby mall because several of its restaurants and office space are designed. However, the subject property has established its presence in the market and can only benefit for the commercial city core area. The mall has a slight advantage since it has more parking area, which attracts customers on a routine basis and is partially enclosed. On the other hand, the subject property is benefit from the Plaza Centro Shopping Center since the residential apartments could be more desirable with more aesthetically pleasing environment.

To a lesser extent, the subject will compete with established offices and other commercial properties, which has a relatively similar area without off street parking. This area has several properties that are divided for commercial and residential purposes. Again, because the subject property is not new to the area, the competition should not adversely affect the subject property.

Part of what we must do as real estate professionals is parse through enormous amount of data and find pertinent information as it relates to the past, current and future markets conditions. One of the very most important statistics for us is what we call absorption rates. At their core, absorption rates give us a picture of the market by putting into perspective inventory levels and the rates at which properties are selling and or leasing. The appraiser can use the absorption rate to gauge a quick snapshot of the real estate market. The definition of an absorption rate is:

The length of time it would take to sell or lease real estate properties currently for sale or lease in the market based on the current rate homes are selling or leasing.

Usually, absorption rates are given based on the sales or lease for the month. For example:

- There are 1,000 homes for sale.
- Last month 100 homes sold.
- Based on 100 homes selling a month, it will take 10 months for all homes to sell.
- This means the market has an **absorption rate** of 10 months.

Absorption rates are very scalable and can be used for a neighborhood, city, state, nationally and beyond and it is not necessary to use monthly sales to determine the absorption rate. If you wanted to look at absorption rates for the last 50 years, using absorption rates with yearly sales would be perfectly acceptable and accurate enough for that scale and in most circumstances.

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The absorption rate is one of the most important gauges that can help you understand supply and demand for the market. If the absorption rate is high, it means that you will be competing against more homes for sale or lease and/or homes are not selling or leasing very quickly. By looking at absorptions rates for the last few months, you can develop trends if the absorption rate is getting longer, you are heading into a buyer's market and conversely, if the absorption rates are becoming lower, you are heading into a seller's market. At the end of the day, the absorption rate is one of the best indicators of where the market is and which direction the market is heading. Knowing which direction the market is heading is fundamental in determining a home's value.

The absorption rate is dependent upon the subject property area's sales or leasing market, and how a specific property competes with local demand. Real estate appraisers will consider the overall local demand for properties, and how the subject property compare to local supply, to determine the absorption rate, the ability of the property to be sold or lease under current market conditions.

Knowing your area's **Absorption Rate**, helps to track trends. Understanding the market and where it is headed is part of our job as real estate professionals. Absorption rate is NOT an exact science. Figuring it is based on the premise that one will be looking for a **TREND**. It is advised to consistently do the numbers, to be able to track a trend. Therefore after a market research for properties for sale or lease in the neighborhood the appraiser could estimate the absorption for the subject property in the area as following:

Selling Absorption Rate

1. Listing on market = 20
2. Properties sold last month = 1
3. Properties listed divided by properties sold = $20/1 = 20$

Therefore the number of months it takes to sell current inventory at the present rate of sales is twenty months.

Leasing Absorption Rate

1. Lease space available on the market = 25
2. Properties lease last month = 1
3. Properties for lease divided by properties leased = $25/1 = 25$

Therefore the number of months it takes to lease current inventory at present rate is twenty five months.

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In conclusion the subject property lease opportunities are lower than the selling market of the subject property. Any change in the absorption rate could be by either the number of properties for sale may change, or the subject property competitiveness may change compared to local supply. As date of appraisal the appraiser believes fewer owners put their properties for sale and the buyers still afraid of present economy trends which mean no major changes should occur in the immediate future.

The subject property is generally well positioned in the local market. It offers a good mix tenant environment that will enable it to compete in the area. After analyzing the above date of competitive properties taking into consideration the vacancy rate of similar properties, tenants mix occupancy, proposed or future lease space available the appraiser could concluded:

1. No major changes are expected in the existing competitive properties
2. No other proposed or competition is expected in the near future
3. The demand for properties at this neighborhood will continue to grow slowly but gradually increase in the neighborhood.

*Appraisal Report of one land parcel located at:
Boulevard del Río Nicanor Vázquez Avenue, Humacao, PR.*

Subject Improvements

Land Improvements

The appraised property consist one level vacant site of approximately 2.7859 cuerdas (10,949.6076 square meters) with adequate drainage; all urban utilities and level topography. The land parcel is at street grade and has adequate drainage. All city utilities are available, including water, electric and telephone services. Land improvements included in the appraisal are asphalt paving at the state road and minimal landscaping. The land improvements were in place on the appraisal date and were in good condition. Access to the site is good, where main access is off Boulevard del Río Nicanor Vázquez Avenue, a two way asphalt road. Land improvements for the appraised property include:

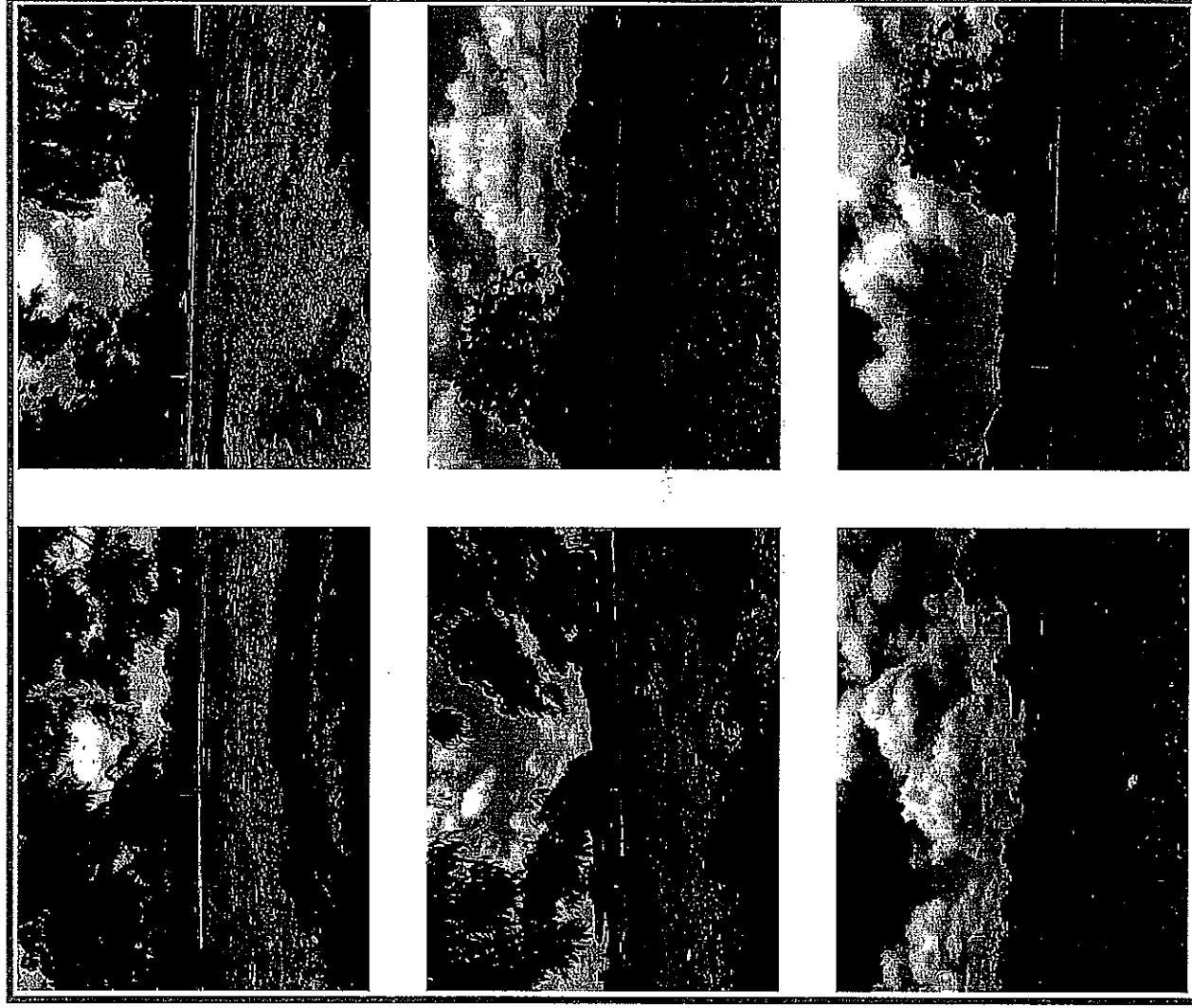
Sidewalks	Concrete
Landscaping	The typical for the area
Parking area	Off Street
Utilities	Telephone, electricity, and water

Subject Improvements

At date of appraisal the subject property was found vacant. As stated above the subject property is an irregular shaped of level land site. The neighborhood is a considered low income residential area and with commercial and residential influx.

The streets are finished with concrete curbing, sewer, electricity and water. Attached to and made a part of this report is a plot plan of the property and photographs portraying the general appearance of the site.

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Boulevard del Río Nicanor Vázquez Avenue, Humacao, PR*



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Zoning

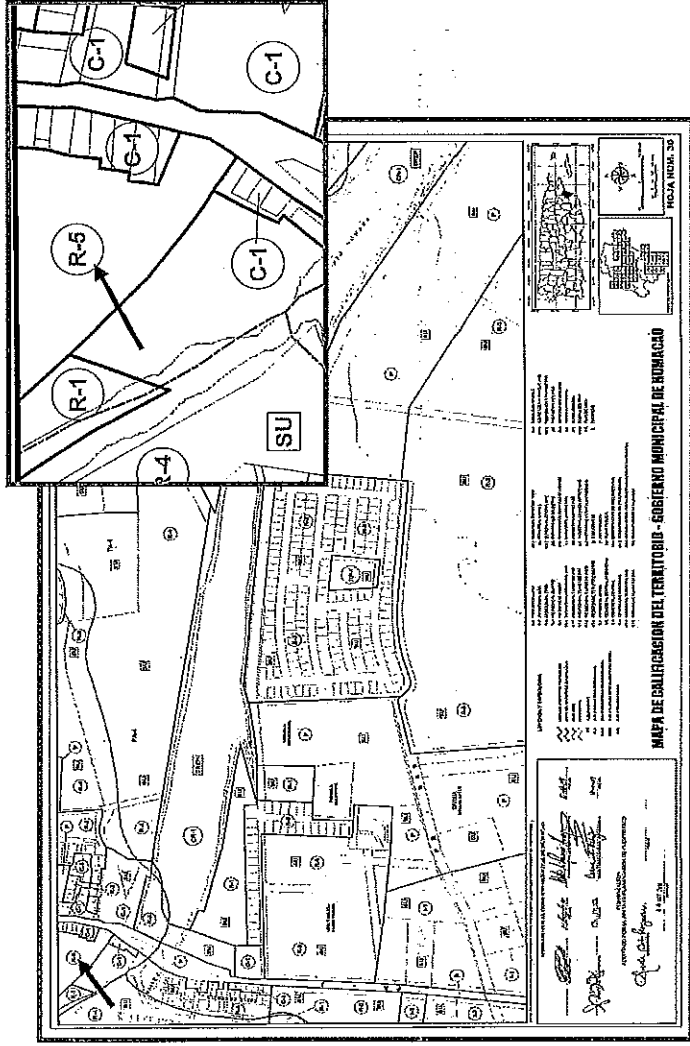
Puerto Rico zoning maps for Humacao Municipality indicates that the subject property fall under Residential (R-A) category. This classification has a wide range of permitted land uses. The following table summarizes regulatory parameters for this type zoning district:

Allowed uses	Single family and multifamily residential.
Maximum height & stories	Up to twelve meters (39.0 feet)
Minimum lot size	275.0 meters
Minimum frontage	11.0 meters
Maximum lot occupancy	60%
Maximum building area	180%
Minimum front patio	3 meters or 1/5 building's height
Minimum lateral patio	3 meters or 1/5 building's height
Minimum rear patio	3 meters or 1/5 building's height

Access is from the Boulevard del Río Nicanor Vázquez Avenue; the commercial use could be allowed by the permit office based on the planned use and norms and rights established by the permit office.

According to local officials, permits could be issue by ARPE for the subject property as currently improved, therefore single family residential project will conform to the all zoning regulations and classifications. (See Exhibit)

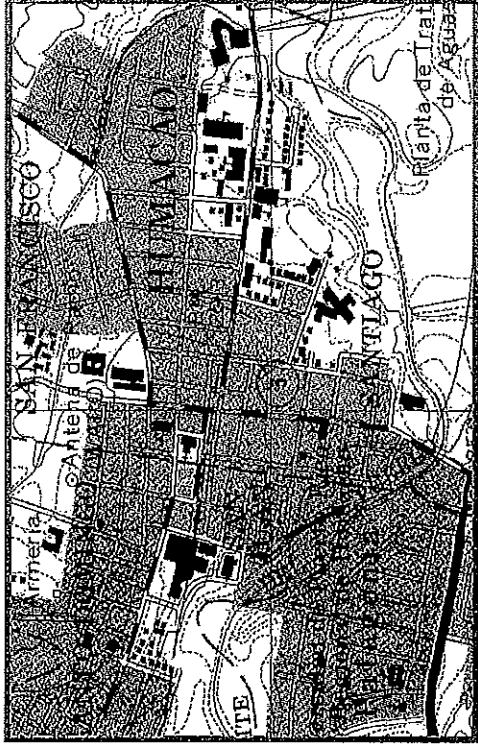
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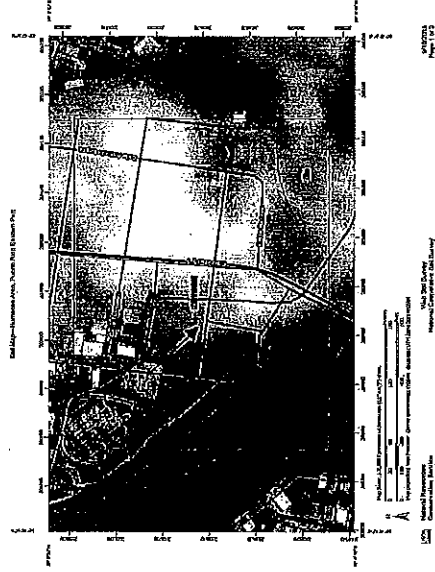
Topography

The site has a level topography with adequate surface water drainage towards the road frontage. At the rear to subject site is above street level while at the frontage with state road is a street level.



Soil Survey

During the site analysis and field inspection, any soils studies were available. Nevertheless, the appraisers estimate based on the type of construction next to the subject property, that this soil could be use for most residential structures. The appraiser is not responsible for hidden conditions that might exist.



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Soil Map—Humacao Area, Puerto Rico Eastern Part

MAP LEGEND

Area of Interest (AOI)	B Soil Area
Area of Interest (AOI)	D Swamp Land
Soil Map Unit Polygon	(D) Very Dark Grey
Soil Map Unit Line	Y Machine
Soil Map Unit Point	A Other
Special Prior Features	Sewer Line Feature
Shaded	Water Features
Shaded	Gravel and Cobble
Shaded	Transportation
Shaded	RR
Shaded	Road
Shaded	Channel Deposition
Shaded	Gravel Pit
Shaded	Gravel Bank
Shaded	Levee
Shaded	Low Pass
Shaded	Marsh or Swam
Shaded	Area of Quarry
Shaded	Industrial Waste
Shaded	Potentially
Shaded	Rock Quarry
Shaded	Shoreline
Shaded	Dredged Area
Shaded	Shaded Embankment
Shaded	Shaded
Shaded	Shaded

MAP INFORMATION

The soil surveys that comprise year AOI were completed in 1980s.

Map Unit Symbols: This map was prepared by the author using the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software.

Please refer to the key table in each map sheet for map information.

Source of Data: National Cooperative Soil Survey, National Cooperative Soil Survey, National Cooperative Soil Survey, National Cooperative Soil Survey.

Map Unit Symbols: This map was prepared by the author using the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software.

The products generated from the USDA-NRCS official data as of the revision date(s) listed below.

Soil Survey Area: Humacao Area, Puerto Rico Eastern Part

Revision Date: August 1, 2017

Scale: 1:25,000

Projection: UTM

Coordinate System: Web Mercator (EPSG:3826)

Map Unit Symbols: This map was prepared by the author using the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software. The map unit symbols are based on the National Cooperative Soil Survey (NCSS) software.

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USDA National Cooperative Soil Survey
National Cooperative Soil Survey
Web Soil Survey
Page 2 of 3

Map Unit Legend

Humacao Area, Puerto Rico Eastern Part (Partial)			
Map Unit Symbol	Map Unit Name	Area in AOI	Percent of AOI
NO7CC0M	No Digital Data Available	21.3	93.6%
Re	Really soils	1.5	6.4%
Totals for Area of Interest		22.8	100.0%

Appraisal Report of one land parcel located at:
Boulevard del Río Nicanor Vázquez Avenue, Humacao, PR

Environmental Condition

No environmental impact studies were made in conjunction with this appraisal. The value estimate contained herein could be impacted by subsequent environmental impact studies, research, investigation and resulting government actions.

Hazardous Substances

The presence of certain materials, such as asbestos, urea-formalde-hyde, radon gas, and others can have a significant negative impact upon the value of improved properties. Subsoil hazardous wastes can impact the valuation of both vacant and improved properties. The existence of hazardous material, which may or may not be present on the property, was not observed by the appraisers during the inspection of the site. The appraisers have no knowledge of the existence of such materials on or in the property. The value estimate in this appraisal assumes that there are no hazardous materials. The client is advised to request an environmental audit if desired.

Utilities and Services

All required municipal services and other government services are available at and for the site: fire and police protection, fire hydrants, street cleaning, garbage pick-up and daily postal delivery. The property also has electric power, telephone, and water. Garbage collection is available from private companies and from the municipal government. The developed properties have septic tanks for used waters. No sewer is available.

Easements, expropriations and encroachments

The site is affected by normal utility easement for power, water, telephone, etc. There are no apparent adverse conditions that could affect the site.

Conclusion of Site Analysis

The subject sites size, exposure, configuration and frontage to depth proportion are adequate for residential use. It has all utilities and government services available. It enjoys good location and access to all points of Humacao Municipality. The neighborhood's infrastructure is adequate to support the residential and agricultural improvements or any other similar improvements. In summary, the subject site has all the characteristics, amenities and functional utility necessary to support its highest and best use, considering its good location.

*Appraisal Report of one land parcel located at:
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Highest and Best Use

What appraisers call "Highest and Best Use" is an important step in the process of estimating the value of any property. Appraisers estimate the Highest and Best Use of a property first assuming the site is unimproved and vacant (even if it is improved and occupied). They identify that use which, in their opinion, would be the best development of the property in terms of its total worth. Then the appraisers do a second Highest and Best Use analysis of the property as actually improved to identify what could be done to the existing improvements to make the property more valuable. The highest and best use of the land as vacant and available may be different from that of the improved property if the improvement is an inappropriate use. The existing use will continue unless and until land value in its highest and best use exceeds the sum value of the entire property in its existing use and the cost to remove the improvements. This type of analysis is used by the appraiser as the basis for the site value estimate, sales comparison approach, cost approach, income approach and the remainder of the valuation process. The following tests must be passed in determining the highest and best use:

The use must be within the realm of probability; that is, it must be likely, not speculative or conjectural.

- The use must be legal.
- Demand must exist for such use.
- The use must be profitable.
- The use must produce the highest net return to the land as well as the property as a whole.

In estimating highest and best use, four stages of analysis must be conducted:

Possible Use: Determine the physically possible uses for the site.

Permissible Use: Determine what uses are legally permitted for the subject site.

Feasible Use: Determine which possible & permissible uses will produce a net return to the subject site.

Most profitable use: Determine which use among the feasible uses is the most profitable of the subject site.

Since the appraisal of the subject property is based on a particular premise of use, the highest and best use analysis determines just what this premise of use should be. As stated above, a highest and best use analysis consist of considering the highest and best use of a property under two assumptions: First, with a vacant and available site and; Second, with the property as improved. These two assumptions on highest and best use are correlated into one final estimate of highest and best use.

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Land as if Vacant and Available

The first major aspect of the highest and best use analysis is considering the property as if it were vacant and available for development. This assumption is made to determine whether the land alone is worth more than the existing property, "as is". In other words, this is the beginning benchmark to compare with the highest and best use of the property "as is", to determine whether the site is presently under-utilized.

Possible Use - The physical characteristics of the site impose the first constraints on any possible use of the property. The appraised tract is **irregular shaped tract consisting of one vacant site of approximately 10,949.6076 square meters (2,7859 cuerdas) with adequate drainage; all urban utilities and level topography at Humacao Municipality, Puerto Rico**. The site is level, highly visible from the street, and is considered suitable residential due to street access and exposition and surrounding commercial sites. Although no soil report has been reviewed, it is the appraiser's opinion that the soil has sufficient load bearing capacity to support construction. All public utilities are available at the street and capacity for utilities does not appear to be a limitation.

Permissible use - Because of its size and shape, the parcel has potential for many uses. The legal restrictions applicable to the site consist of zoning regulations enforced by the **Humacao Municipality and the Planning Board of Puerto Rico**. The present zoning classification encourages the use of the subject property for uses as allowed by the Planning Board of PR Reglamento #4—clearly a definition-consonant with the present use of the subject property and surrounding properties. Environmental conditions and urban infrastructure are adequate to support the present use and its current use appears to legally conform to the current zoning ordinance. Residential use is allowed by present zoning regulations. As stated above the adjacent lots use is residential, and the neighborhood is residential and commercial oriented, no major obstacle is seems to obtain residential permit for a low income residential development.

Feasible Use— The current market value of the subject is driven by its current use. A general shortage of developable sites in this neighborhood has sustained land prices, encouraged development of marginal sites, and demolition of those buildings that no longer produce economic return. Outdated buildings are being acquired and demolished to make way for more modern structures that can produce greater economic return.

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Most Profitable Use - In the final analysis, a determination must be made as to which feasible use is the highest and best use of the parcels as if vacant. Based on the current demand for similar space, coupled with the limited number of potential sites with the same characteristics of the subject property, my opinion is that if the site was available today, the highest and best use would be for residential development. Although, several uses might be attracted to the site, the presence of residential sites in the area and the site's good access, indicate residential use to be the highest and best use.

Conclusion of Highest and Best Use

Many uses are physically possible on the full utility served subject site. Residential uses would be possible on the site. Residential use is considered the most probable and financially supportable use of the subject property. For a use to be probable there must be demand for it. This area is just south of Humacao Main Plaza making it viable for certain uses. Furthermore, the subject property is adjacent to the residential developments making that use consistent and harmonious with the neighborhood.

In conclusion, the subject property seems to be ideally situated for residential purposes. It is located advantageously and it enjoys good visibility and accessibility for both local and transient traffic on Humacao City Core. The demand for many different types of enterprises seems to have been sustained for the last several years. There is every indication that this demand will continue as further growth of the area occurs. Based upon an analysis of the site's location, physical attributes, current zoning, the complementary nature of the neighboring development, the highest and best use of the subject property was concluded to be residential use.

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Methods of Valuation

In the estimation of actual value the appraiser can select from three standard methods of valuation.

1. Market Sales Comparison Approach;
2. Cost Approach, and;
3. Income Approach.

Any valuator or appraisers attempt to employ one or more of these methods to estimate the market value of any property. Although it is prudent for the appraiser to consider the estimate of property value in a number of different ways, not all procedures can be applied to all properties. Often the non-availability of required information restricts the methods that may be applicable. Time and manpower restrictions can also influence the choice of methods used to value properties, especially in mass appraisal situations.

Theoretically, if the information is available all approaches should be used in an appraisal. Moreover, if the methods are completed correctly, then theoretically all should produce approximately the same estimate of value. As a practical matter the appropriate information is not always available, and some valuation methods are better suited for some types of property than others. In the appraisal of property the numbers of valuations needed to be completed in each situation often make this extensive valuation approach untenable. Thus the appraisers generally settle upon one of the three standard approaches to value certain types of property. For example, the market comparison approach is mainly used for residential houses and vacant sites, the cost approach is used for industrial facilities and special use properties, and the income approach is generally used to value income properties such as commercial properties, office buildings, hotels and shopping centers.

The Market Sales Comparison Approach

Apart from an actual sale of the subject property, the most widely accepted, and often the best understood, method of deriving market value is the analysis of comparable sales and/or other market data from similar properties. Everyone who owns a home or a cottage will have some idea of their property value. If a house down your street (or one of the condominiums in your building) sold recently, that sale will provide some idea of the value of your own property. Intuitively you will make those comparisons between your property and other similar properties that have sold (or that have not sold because their listing price is too high) and arrive at some notion of value for your own residence.

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Market Comparisons

As suggested, the market comparison valuation exercise involves the valuation of one property in comparison to the known value of other similar properties. The comparison process involves the identification of the essential features of the subject property and then compares these characteristics and overall impressions to the characteristics and values of others. The task is to insure that the properties being compared are truly comparable and that they will therefore provide a good indication of the value of the subject.

If the appraiser has a sufficient number of comparable property sales transactions, then the Market Comparison Approach can produce fairly accurate estimates of property value. However, it should be noted that valuations completed for a present day value are based upon a historical perspective and in this analysis the appraiser often makes the implicit assumption that things will continue as they have been. Correcting this assumption requires that the appraiser adjust the conclusions derived from the sales transaction data for changed market conditions.

Reliance on market comparison information is also a foundation of the other standard approaches to value. For example, within the Cost Approach the land/site is most commonly valued via market sales comparison analysis, and in the Income Approach "rents" are derived through a market comparison analysis. Primarily, for the property being appraised, comparable sales information should relate to other similar properties. Since these types of properties tend to have individual characteristics, to get true comparable properties and true estimate of comparable values, the appraiser did look for sales of comparable properties near the site being appraised. The greater the number and the closer the similarity, the easier will be the appraiser's task of comparison and estimate of value. Vacant comparables sites were found and compared with the subject property. To estimate the site value as vacant, the appraiser could use the following procedures:

The Direct Sales Comparison method: Vacant land sales or being considered as though vacant, located in the subject's market area, that have been sold in the recent past, are sought, inspected and analyzed. Differences then are adjusted considering each element of comparison, resulting in an indication of value for the subject.

The Allocation Method: is based on the principle of balance and the related concept of contribution which affirms that there is a normal or typical ratio of land value to property value for specific categories of real estate in specific locations. The price paid for the property is distributed between land and building value according to the prevailing ratio between land and property abstracted from the market.

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The Extraction Method: Land value is extracted from the sale price of an improved property by deducting the value contribution of the improvements, which is estimated from their depreciated costs.

The Subdivision Development Method: The highest and best use is considered to be subdivision development. Estimate the parcel value as if vacant were subdivided and sold subtracting the development cost from the Gross Sell Out and discounting the projected sales throughout the marketing period which is estimated by a periodical absorption.

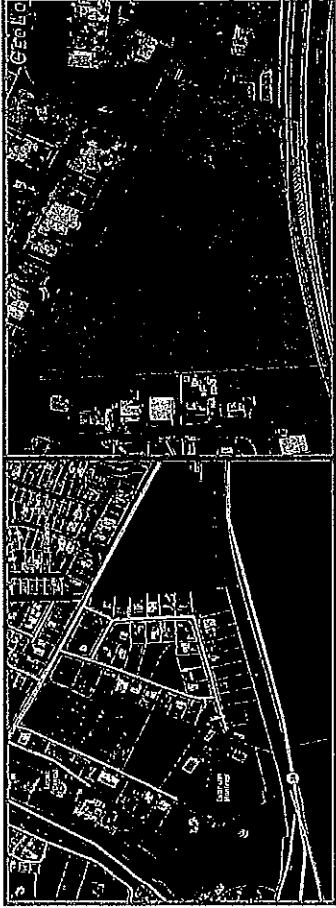
The Land Residual Method: is used to value land when building value is known or can be accurately estimated; stabilized annual net operating income to the property is known or can be accurately estimated; both land and building capitalization rates can be extracted from the market. The net income imputable to the land of an income producing property is capitalized into an estimate of value.

The Ground Rent Capitalization Method: Ground rents can be capitalized at an appropriate rate to indicate the market value of the site.

The sales comparison approach is the most common technique for site valuation. Vacant land comparable sales are adjusted for difference on property rights transferred, financing conditions, sales conditions, market conditions, location and physical characteristics. Following is a list of vacant comparable sales:

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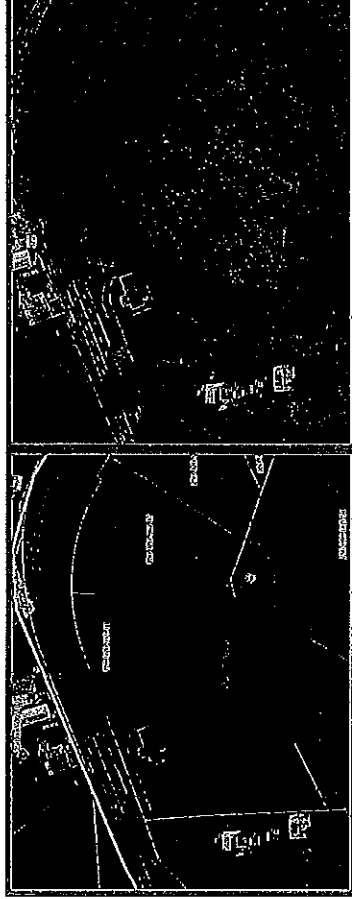
Comparable Vacant Land Sale L-1



Location Lot B, PR #189, KM 7.9, Mamey Ward, Gurabo, PR
 Seller Departamento De La Vivienda
 Buyer Desarrollos Caminitos Inc.
 Property Identification # 47-200-000-008-39-000
 Legal Notes Deed #201; Mario Pérez Acosta, Attorney
 Book: 442; Page: 21; Tract: 16,856
 Date November 9, 2010
 Lot Size 27,588.24 square meters (7.0192 cuerdas)
 Improvements Vacant
 Sales Price \$950,000.00
 Value per Unit \$34.44 per square meter (\$135,343.06 per cuerda)
 Zoning Commercial (C-1)
 Sales Concession/Term None/All Cash To Seller
 Access Good and Efficient
 Facilities-Utilities All of urban character
 Shape Irregular
 Topography-Soils Level, firm and compact
 Flood Factor Zone X, area of minimum flooding
 Neighborhood Residential & Commercial
 Use at time of Sale Vacant
 Highest & Best Use Commercial
 Highlights Adjacent to the subject property

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Comparable Vacant Land Sale L-2



Location PR #172, KM 1.0, Cañaboncito Ward
 Caguas, Puerto Rico
 Seller Doral Finacial Corp
 Buyer Properties Ideas Inc.
 Identification # 46-250-020-939-09-000
 Legal Notes Deed #227; Elyette Fuentes Bonilla, Notary
 Book: #1719; Page: #28, Tract: #43,211
 Date August 1, 2011
 Sales Price \$325,000.00
 Lot Size 10,535.83 square meters (2.68 cuerdas)
 Improvements Vacant
 Improvements Value \$00.00
 Unit Value \$30.85 per square meter (\$121,268.66 per cuerda)
 Access Good and efficient
 Facilities-Utilities All of urban character
 Shape Irregular
 Topography-Soils rolling, firm and compact
 Flood Factor Zone X, area of no flooding
 Neighborhood Urban
 Zoning Rural (RA-3)
 Use at time of Sale Vacant Lot
 Highest & Best Use Commercial

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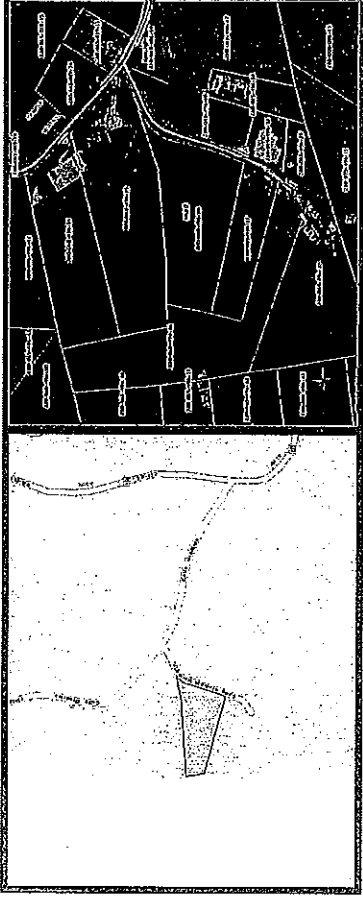
Comparable Vacant Land Sale L-3



Location	Lot A, PR State Road #181, KM 27.2 Jagual Ward, Gurabo, PR
Seller	Héctor Trujillo Rivera
Buyer	Juan Galves Rodríguez
Tax Code Number	47-226-000-003-20-002
Legal Notes	Deed No.83, José Rivera Ortiz, Lawyer Book: 40; Page: 30; Tract: 1,457
Date of Sale	July 13, 2010
Sale Price	\$30,000.00
Sales Concession/Term	None/All Cash to Seller
Lot Size	3,994.54 square meters (1.02 cuerdas)
Unit Price	\$7.51 per square meter (\$29,411.76 per cuerda)
Access	Good and efficient
Facilities-Utilities	All of rural character
Shape	Irregular
Topography-Soils	Level to rolling, firm and compact
Flood Factor	Zone X, area of no flooding
Neighborhood	Residential
Zoning	SRC
Use at time of Sale	Vacant
Highest & Best Use	Residential

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Comparable Vacant Land Sale L-4



Location PR State Road #922, KM 1.2, Mabú Ward, Humacao, PR
 Seller Erasmo Díaz Díaz Heirs
 Buyer Moisés Rosado López
 Tax Code Number 51-280-065-496-56-000
 Legal Notes Deed No. 6, Edwin Rivera Delgado, Lawyer
 Book: 146; Page: 177; Tract: 3,198
 Date of Sale February 7, 2011
 Sale Price \$50,000.00
 Sales Concession/Term None/All Cash to Seller
 Lot Size 6,724.12 square meters (1.71 cuerdas)
 Improvements Vacant
 Unit Price \$7.43 per square meter (\$29,239.76 per cuerda)
 Access Good and efficient
 Facilities-Utilities All of rural character
 Shape Irregular
 Topography-Soils Level to rolling, firm and compact
 Flood Factor Zone X, area of no flooding
 Neighborhood Residential
 Zoning SRC
 Use at time of Sale Vacant
 Highest & Best Use Residential

*Appraisal Report of one land parcel located at:
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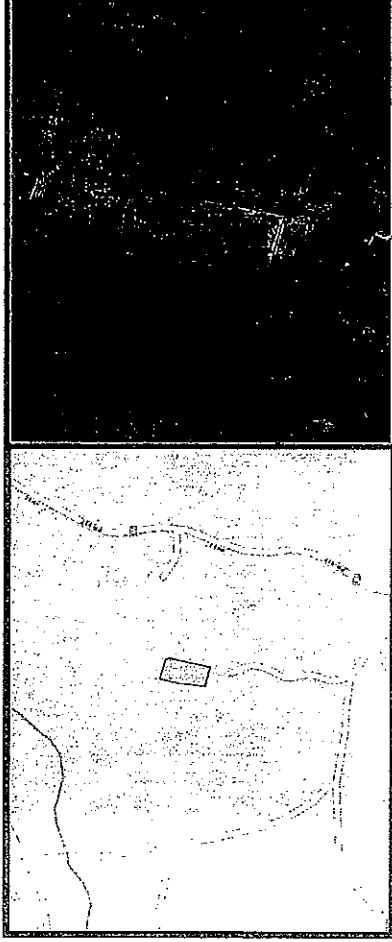
Comparable Vacant Land Sale L-5



<p>Location Seller Buyer Property Identification # Legal Notes Date Lot Size Improvements Sales Price Value per Unit Zoning Neighborhood Sales Concession/Term Access Facilities-Utilities Shape Topography-Soils Flood Factor Use at time of Sale Highest & Best Use</p>	<p>PR State Road #185, KM 4.5, Gurabo Abejo Ward Juncos, Puerto Rico Administración de Terrenos de Puerto Rico Martex Development SE 49-227-000-002-41-000 Deed #2; Eda Díaz Villalobos, Attorney Book: 156; Page: 254; Tract: 3,898 September 10, 2010 6,840.08 square meters (1.74 cuerdas) Vacant \$55,000.00 \$8.04 per square meter (\$31,609.00 per cuerda) Rustic Agricultural Machinable (A-1) Residential None/All Cash To Seller Good and Efficient All of rural character Rectangular Level to rolling, firm and compact Zone X, area of minimum flooding Vacant Residential</p>
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Comparable Vacant Land Sale L-6



Location #4, PR #917, KM 0.1, Montones Ward, Las Piedras, PR
 Seller Migdalia Robles de la Paz
 Buyer Miriam Carrasquillo Delgado
 Property Identification # 50-279-079-236-86-000
 Legal Notes Deed #27; Edwin Rivera Delgado, Notary
 Book: 900; Page: 476; Tract: 13,369
 Date March 18, 2010
 Sales Price \$25,000.00
 Lot Size 1,493.98 square meters (0.38 cuerdas)
 Improvements Vacant
 Unit Value \$16.73 per square meter (\$65,789.47 per cuerda)
 Access Good and efficient
 Facilities-Utilities All of rural character
 Shape Rectangular
 Topography-Soils Level to slightly rolling, firm and compact
 Flood Factor Zone X, area of minimum flooding
 Neighborhood Residential
 Zoning Out of Zoning
 Use at time of Sale Vacant
 Intended Use Residential
 Highest & Best Use Residential

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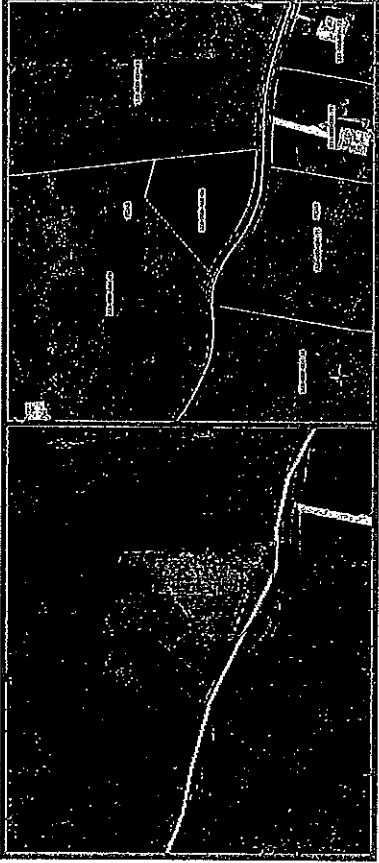
Comparable Vacant Land Sale L-7



Location	#4, Espanta Sueño Community, Fajardo, PR
Seller	Doral Bank
Buyer	Pedro Jose Torres Fontánez
Property Identification #	24-150-063-207-19-000
Legal Notes	Deed #191; Lucy Navarro Rosado, Notary Book: 443; Page: 7; Tract: 13,398
Date	July 30, 2013
Sales Price	\$35,000.00
Lot Size	3,492.48 square meters (0.88 cuerdas)
Improvements	Vacant
Unit Value	\$10.02 per square meter (\$39,772.72 per cuerda)
Access	Good and efficient
Facilities-Utilities	All of rural character
Shape	Rectangular
Topography-Soils	Level to slightly rolling, firm and compact
Flood Factor	Zone X, area of minimum flooding
Neighborhood	Residential
Zoning	Out of zoning
Use at time of Sale	Vacant
Intended Use	Residential
Highest & Best Use	Residential

*Appraisal Report of one land parcel located at:
 Boulevard del Río Nicanor Vázquez Avenue, Humacao, PR*

Comparable Vacant Land Sale L-8



Location	Lot #1, PR #908, KM 7.9, Tejas Ward Las Piedras, PR
Seller	José Díaz Colón
Buyer	Carlos Figueroa
Property Identification #	50-328-008-465-06-000
Legal Notes	Deed #73, María García Montilla, Attorney Book: #18; Page: #290; Tract: #15,480
Date of Sale	March 12, 2010
Sale Price	\$50,000.00
Lot Size	2,523.70 SQMTS (0.6421 cuerdas)
Improvements	Vacant
Unit Price	\$19.81 per SQMT (\$77,869.49 per cuerda)
Access	Good and efficient
Facilities-Utilities	All of rural character
Shape	Irregular
Topography-Soils	Level to rolling, firm and compact
Flood Factor	Zone "X" Area of no flooding
Neighborhood	Residential
Zoning	A-3 (Agricultural)
Use at time of Sale	Vacant
Highest & Best Use	Residential

*Appraisal Report of one land parcel located at:
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COMPARABLE VACANT LAND SALES SUMMARY

Sale #	Improvements	Cuerdas	SQMT	Date of Sale	Sale Price	SP/SQMT	Zoning	Intended Use
L-1	Vacant	7.0192	575,889	Nov 2010	\$950,000.00	\$34.44	Commercial	Residential
L-2	Vacant	2.68	10,535.83	Aug 2011	\$325,000.00	\$30.85	Rural	Residential
L-3	Vacant	1.02	3,994.51	Jul 2010	\$50,000.00	\$7.51	SRC	Residential
L-4	Vacant	1.71	6,924.12	Feb 2011	\$50,000.00	\$7.45	SRC	Residential
L-5	Vacant	1.74	6,840.08	Sen 2010	\$55,000.00	\$8.04	A-1	Residential
L-6	Vacant	0.38	1,493.98	Mar 2010	\$25,000.00	\$16.73	Our	Residential
L-7	Vacant	0.88	3,492.48	Jun 2010	\$35,000.00	\$10.02	Our	Residential
L-8	Vacant	0.6421	2,523.70	Mar 2010	\$30,000.00	\$19.81	A-3	Residential

Appraisal Report of one land parcel located at:
 Boulevard del Rfo Nicanor Vazquez, Avenida, Hamacao, PR

Land was value as if vacant and available for development to its highest and best use. The above comparable sales were used, to estimate the site market value of the subject property.

Comparable vacant land sale one, at \$34.44 unit value per square meter. It is located at similar location and adjacent to PR #189 and PR Highway #30 within walking distance of the subject property. The intended use is residential sub development, the zoning classification was commercial and it is a level site. At time of sale was vacant. The neighborhood is active and attractive for commercial enterprises.

Comparable vacant land sale two, at \$30.85 unit value per square meter. It is located at similar location and close. The intended use is residential, the zoning classification was rural and it is a rolling topography site. At time of sale was vacant. Access to the site is by PR #172 and adjacent to the PR Highway #52 and PR #1.

Comparable vacant land sale three, at \$7.51 unit value per square meter. It is located at similar location at residential and agricultural neighborhood close to Gurabo City Core. The intended use is residential with SRC zoning classification. At time of sale the subject property was vacant. The topography is level to rolling with an irregular shape.

Comparable vacant land sale four, at \$7.43 unit value per square meter. It is located close to Humacao City Core at residential and agricultural neighborhood. At time of sale was found vacant. It has SRC zoning classification. Access is from State Road #922 it has irregular shape with level to rolling topography.

Comparable vacant land sale five, at \$8.04 unit value per square meter. It is located at similar agricultural and residential neighborhood location to the subject property but smaller lot size. The intended use is residential, the zoning classification was A-1 and it is a level to rolling site. At date of sale the comparable was found vacant.

Comparable vacant land sale six, a fee simple transaction at \$16.73 per square meter. It is located at Montones Ward, Las Piedras Municipality with frontage to municipal road off PR #917 and it is bounded by residential and commercial properties. At time of sale was found vacant. The intended use is residential and although the zoning classification was out it allows residential use. The neighborhood is residential and commercial mix use.

Comparable vacant land sale seven, a fee simple transaction at \$10.02 per square meter. It is located at Fajardo Municipality with frontage to municipal road and it is bounded by residential and commercial properties. At time of sale was found vacant. The intended use is residential and although the zoning classification was out it allows residential use by a variance. The neighborhood is residential and commercial mix use.

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Comparable vacant land sale eight, a fee simple transaction at \$19.81 unit value per square meter; it is located at similar residential neighborhood location to the subject property but smaller lot size. The intended use is residential, the zoning classification was A-3 and it is a level to rolling site. At date of sale the comparable was found vacant.

The primary appraisal purposes for the subject property of approximately 10,949.6076 square meters (2.7859 cuerdas); is for the highest and best use and involves estimating the value of residential use land. A market data analysis has been conducted to appraise the entire tract, using sales of similar tract of land to develop and average value per unit for the subject property. The market data approach gives consideration to actual sales of other similar industrial vacant properties in the current real estate market.

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Comparable Sales Adjustments Analysis

The above comparables sales were adjusted to reflect difference with the subject property. They were adjusted by the factors influencing value in the real estate market. These factors were adjusted and explained as follows:

Property Right Conveyed; all the comparable were fee simple transfer, therefore, no adjustment was required to the comparables.

Financing Terms; all comparables were cash to seller transaction, no financing was provided by the seller.

Conditions of Sale; all comparable were made under typical information, seller and buyer were not motivated by undue influence and have all information needed at time of negotiation.

Market Condition; the appraiser believes an exposure time of 36 months and the marketing time of 24 months. The comparables were not adjusted since the sales transactions were made during a five years period. Furthermore, no increase in real estate value was estimated for vacant properties in the areas during the last five years.

Improvements Adjustments, land value is extracted from the sale price of an improved property by deducting the value contribution of the improvements, which is estimated from their depreciated costs. The comparable sales were vacant at the date of sale; the adjustment for improvements was not applicable.

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Location and all other physical Adjustments

Location; all comparables have similar location to the subject property. All comparables are located at urban or suburban neighborhood close to residential, commercial and industrial developments with access to main roads with commercial influx at the neighborhood.

Topography, shape and soils, the subject property have level topography with irregular shape with compact, stable and drained soils. The comparable sale one is similar to the subject with level topography and soils compact, stables and well drained. The comparable sale two have rolling topography and soils compact, stables and well drained. The comparable sales three, four, five and eight have level to rolling topography and soils compact, stables and well drained. The comparable sales six and seven have level to slightly rolling topography and soils compact, stables and well drained.

Flood Condition; the subject property are located at a minimum flood area; the comparables are located at minimum flood area, the comparables are competitive to the subject in terms of exposure, traffic, and neighborhood influences and accessibility, among others.

Frontage & Access; the comparable sales have frontage and direct access to main roads and the frontage area is also similar to the subject property, therefore are considered similar to the subject.

Facilities & View; the subject property facilities and utilities are urban facilities. The view is typical and to other properties. The comparables have similar facilities and view to the subject property.

Zoning and Intended Use; the subject property has residential category classification and the intended use is residential. The comparables have commercial, rural, SRC, agricultural and out classification and residential intended use.

The range of value indications vary from \$7.43 to \$34.44 per square meter. An extensive search and gathering data for comparables sales indicates land site between 1,000.0 to 30,000.0 square meters for residential intended use land indicate a range value per square meters of \$5.00 to \$40.00 per square meter.

The lack of uniformity within this market prevents direct extraction of adjustments from the marketplace. General analysis reflecting market behavior is utilized to determine which comparable sales are superior or inferior to the subject. This analysis establishes value parameters for the subject, allowing for final conclusion of value. No time adjustment has been made to the comparable sales due to the difficulty in quantifying changing market condition in light of current slower economic conditions.

*Appraisal Report of one land parcel located at:
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Land Sale	Square Meters	Sales Comparison Analysis	Price/ square meter	Comparison
Land Sale 1	27,588.24	Similar and competitive to the subject in terms of shape, facilities, view, and accessibility, location, zoning, and access, similar in flood condition and inferior in size. Date of sale four years ago. Overall comparability: Superior	\$34.44	Upper Limit
Land Sale 2	10,535.83	Similar and competitive to the subject in terms of shape, facilities, topography, size, view, access, flood condition and accessibility, among others. Date of sale three years ago. Overall comparability: Superior	\$30.85	Upper Limit
		Subject Positioning		
Land Sale 8	2,523.70	Similar and competitive to the subject in terms of exposure, traffic, rural neighborhood influences and accessibility, and intended use among other, similar in flood condition. Smaller in size.	\$19.81	Lower Limit
Land Sale 6	1,493.98	Similar and competitive to the subject in terms of shape, soils, facilities, view, location, access, and accessibility, among others. Date of sale five years ago. The lot is smaller compared with the subject property.	\$16.73	Lower Limit
Land Sale 7	3,492.48	Similar and competitive to the subject in terms of shape, flood condition, facilities, view, location, access, and accessibility, among others. The lot is smaller than the subject.	\$10.02	Lower Limit
Land Sale 5	6,840.08	Similar and competitive to the subject in terms of topography, shape, soils, facilities, view, zoning and intended use, neighborhood influences and accessibility, among others, similar in flood condition. Smaller lot size.	\$8.04	Lower Limit
Land Sale 3	3,994.54	Similar and competitive to the subject in terms of topography, shape, soils, facilities, view, zoning and intended use, neighborhood influences and accessibility, among others.	\$7.51	Lower Limit
Land Sale 4	6,724.12	Overall, this site is competitive to the subject in terms of location, exposure, traffic, neighborhood influence and has access/frontage similar to subject site, which is a desirable characteristics it has rural zoning classification.	\$7.43	Lower Limit

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There have been a limited number of undeveloped, land sales due to the built-up character of the neighborhood, therefore land sales from adjacent municipalities are also utilized as value indicators for the subject in this analysis. However, it is important to note comparables were on 2010 – 2013 period when the market was more stable, nevertheless, the market already has a market correction on value and the value indicated by the comparables are within market. The comparables overall are considered similar to the subject property. Land in the subject area is most commonly purchased and analyzed on a price per square meter due to the small site sizes.

Thus, the subject will be valued on a price per square meter basis. As such, it \$23.00 per square meter indication set the upper level of value for the subject site in the comparison analysis.

As stated above the subject property is a one land parcel located at Boulevard del Río Nicanor Vázquez Avenue, Humacao, Puerto Rico of approximately 10,949.6076 square meters. After a field inspection and proper evaluation of all factors affecting the comparable sales, and based on the foregoing analysis, ***the appraiser estimate the market value of the subject property site by the sales comparison approach to be as follows:***

“Site Value”

***10,949.6076 square meters @ \$23.00 per square meter = \$251,840.97
Rounded to \$250,000.00***

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The Cost Approach

In the estimation of value using the cost approach the appraiser is attempting to rationalize the purchasing behavior of people in the market place through a logical assumption; i.e., that people would pay no more for an object than the cost of substituting an equally desirable or functional alternative. Thus the cost approach attempts to value a property by estimating what it would cost to "replace" the property. However, as applied, the cost approach generally begins with the estimation of the maximum value for the property through an analysis of what it would cost to reproduce the property as if new. Amounts are then deducted from this value to reflect losses in value due to all causes, e.g., obsolescence and physical deterioration. This produces an estimate the market value contribution of the improvements. Then the value of land is added to arrive at the estimated market value of the property. More specifically, the cost approach is typically completed in the following manner:

- 1) Estimate the reproduction (or replacement) cost new of the existing improvements, [RCN], as of the Valuation Date.
- 2) Make a deduction for the amount reflecting the physical deterioration present in the improvements. [RCNLD].
- 3) Also make adjustments to this amount to reflect the functionality or utility of the property, i.e., deduct amounts reflecting all functional and external obsolescence impacting the property. [Replacement Costs New Less Depreciation and Obsolescence - RCNLD&O] The resulting value will be an estimate of the contribution of the improvements to the market value of the subject property, depreciated for all causes.
- 4) Land is then added at market value to produce the estimated Market Value of Property.

In the final analysis the cost new of a structure may have very little relationship with its current value in the market place. Therefore, it is essential that the amount produced by the analysis of costs new be adjusted to take into account current market conditions and any physical, functional or external depreciation considerations that may detract from the value of the property. The land value was estimate by the analysis of comparable sales in the subject neighborhood area at the sales comparison approach of this report. The subject property was found vacant at date of appraisal therefore the cost approach was not applicable.

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The Income Approach

The theory behind the Income Approach to value is that property values reflect the present worth of anticipated or forecast future benefits. As such the Income Approach analyses the market anticipated benefits or income from a property and converts this revenue into an estimate of current value. In general, there are a number of factors which influence the market value of real estate based upon its income:

- 1) The value of a property is related to its expected potential income and the required market rate of return of the investment.
- 2) The risk involved with the investment affects the rate of return required by the typical investor and thus the amount that such an investor is willing to pay for the property.
- 3) The assessment value of "income" properties should be developed from anticipated income related to the real estate.

The rate of return is a measure of the productivity of the capital, or, the amount of income received in respect of the investment made. For income properties this rate is affected by a number of factors including the timing of the payments, the risk involved in receiving the payments, and the potential growth in the income stream. The expected rate of return from a type of income stream is established by the current buying and selling activity in the market place and is based upon a comparison of the rates of return offered by other types of competitive investments. The risks involved with a real estate investment include the risk that the owner will not receive the expected income from the property either from operation of the property or from future resale. For example, in a shopping center there is a risk that some stores will be vacant and non-income producing for more time than is reasonably expected by the investor. Investments with higher risks must therefore offer higher potential gains (rates of return) or command lower overall prices (or both) in order for them to be attractive to the investor. Acceptable levels of risk and return also depend upon the investment perspective of the purchaser and the rates of return available on competing investments.

The income approach bases property value on the amount, quality and duration of the rental income which the property is capable of generating. This approach is best applied to appraisals of property which is purchased for its income-producing potential. The subject land is located within a commercial and residential neighborhood, and its value does not lie in its income-producing ability. Therefore, the income approach to value has no application to this appraisal problem.

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Reconciliation and Value Conclusions

This appraisal was made to express an opinion of the fair market value of the unencumbered fee simple interest of one level parcel as if offered for sale on the open market. Since the appraisal report is intended to estimate the market value of the subject property the value estimate where calculated "As Is". It's the appraiser opinion that the valuation approaches utilized in this report provide reliable indications of market value. Application of the appraisal methods resulted in the following indications of value:

	<u>Indicated Value</u>
Sales Comparison Approach	\$250,000.00

The cost approach is most appropriate when the improvements are new or nearly new and represent the highest and best use of the land. Also if the improvements are possibly to estimate their value, the cost approach should be used. The cost approach represents the value of the land and the improvements. The cost approach was not developed since the subject property was found vacant at date of appraisal.

The sales comparison approach is based on the principle of substitution, which affirms that a prudent purchaser would pay no more for a property than the cost to acquire an existing property of the same utility. The appraisers considered it a good indicator of market value for the land site. In reviewing the data collected for the sales comparison approach and the results drawn, the appraiser realized that this value indication should be very reliable. The primary appraisal purpose is for one vacant site of approximately 10,949.6076 square meters (2.7859 cuerdas) with adequate drainage; all urban utilities and level topography. The highest and best use and involves estimating the value of residential land.

A market data analysis has been conducted to appraise the entire tract, using sales of similar tract of land to develop an average value per unit for the subject property. The market data approach gives consideration to actual sales of other similar properties in the current real estate market. In reviewing the data collected for the sales comparison approach and the results drawn, the appraiser realized that this value indication should be very reliable. Other comparables properties in the same neighborhood and with similar characteristics and general condition were selling from \$20.00 to \$30.00 per square meters. After allowing for specific differences and indication site value of \$250,000.00 rounded or \$23.00 per square meter was determined for the subject property by the sales comparison approach.


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The income approach, in which anticipated benefits of ownership are converted into an indication of value, reflects the thinking of the typical investor in an income producing property. This approach was not applicable, no recent vacant rentals were found in the neighborhood, developing the income approach will lead to unreliable results.

Therefore, is the appraiser opinion after due consideration to each approach to value; and based on the analysis on this appraisal report, the estimated market value of subject property, as September 18, 2015 was:

"Site Value"
\$250,000.00
TWO HUNDRED FIFTY THOUSAND DOLLARS




Milton Flores
MIE, CREA, Lic. #706EPA
General Certified Appraiser #162GC

*Appraisal Report of one land parcel located at:
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Exhibits

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Curriculum Vitae

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