

**CITY OF NEW BERN
BOARD OF ALDERMEN MEETING
SEPTEMBER 24, 2019 – 6:00 P.M.
CITY HALL COURTROOM
300 POLLOCK STREET**

1. Meeting opened by Mayor Dana E. Outlaw. Prayer Coordinated by Mayor Outlaw. Pledge of Allegiance.
2. Roll Call.

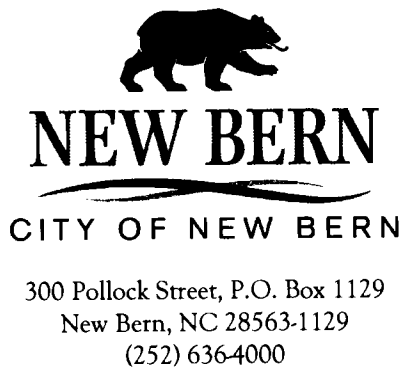
Consent Agenda

3. Consider Approving a Proclamation for Catholic Daughter Sunday.
4. Approve Minutes.

5. Presentation by Greater Duffyfield Residents on Stanley White Recreation Center.
6. Consider Adopting a Resolution Approving a Contract for the Purchase of Property Identified as Tax Parcel ID 8-002-C-055.
7. Consider Adopting a Resolution Approving a Deed and Transfer and Reversion Agreement with Habitat for Humanity of Craven County, NC.
8. Consider Adopting a Resolution Calling for a Public Hearing to Amend Section 15-146 "Table of Permissible Uses" of the Land Use Ordinance.
9. Appointment(s).
10. Attorney's Report.
11. City Manager's Report.
12. New Business.
13. Closed Session.
14. Adjourn.

Aldermen

Sabrina Bengel
Jameesha Harris
Robert V. Aster
Johnnie Ray Kinsey
Barbara J. Best
Jeffrey T. Odham



Dana E. Outlaw
Mayor
Mark A. Stephens
City Manager
Brenda E. Blanco
City Clerk
Joseph R. Sabatelli
Director of Finance

Memo to: Mayor and Board of Aldermen

From: Mark A. Stephens, City Manager

Date: September 19, 2019

Re: September 24, 2019 Agenda Explanations

1. Meeting opened by Mayor Dana E. Outlaw. Prayer Coordinated by Mayor Outlaw. Pledge of Allegiance.

2. Roll Call.

Consent Agenda

3. Consider Approving a Proclamation for Catholic Daughter Sunday.

Belinda Swager of St. Paul Catholic Church has requested a proclamation acknowledging the third Sunday of October as Catholic Daughter Sunday.

4. Approve Minutes.

Draft minutes from the September 10, 2019 regular meeting are provided for review and approval.

5. Presentation by Greater Duffyfield Residents on Stanley White Recreation Center.

Bernard White and Barbara Lee will be in attendance to make a verbal presentation on the Stanley White Recreation Center.

6. Consider Adopting a Resolution Approving a Contract for the Purchase of Property Identified as Tax Parcel ID 8-002-C-055.

(Ward 1) Since May 25, 1999, the City has leased property located on Broad Street and identified as Tax Parcel ID 8-002-C-055 from Dale M. Stroud. The property, along with other contiguous parcels, has been utilized as a leased public parking lot. The City desires to purchase the property for \$81,000, which represents the appraised value. This purchase will be funded through the Municipal Service District Fund.

7. Consider Adopting a Resolution Approving a Deed and Transfer and Reversion Agreement with Habitat for Humanity of Craven County, NC.

(Ward 2) The City and Craven County jointly own ten parcels of land which Habitat for Humanity seeks to acquire for the purpose of building affordable housing. The County has agreed to convey to the City its interest in the properties. In turn, the City will convey the properties to Habitat subject to a Transfer and Reversion Agreement that requires Habitat to develop affordable housing onsite. The proposed resolution approves an agreement with Craven County, a deed to Habitat, and a Transfer and Reversion Agreement.

8. Consider Adopting a Resolution Calling for a Public Hearing to Amend Section 15-146 "Table of Permissible Uses" of the Land Use Ordinance.

At its September 10, 2019 regular meeting, the Governing Board discussed special-use permits for bed and breakfast establishments in R-6, R-8 and R-10 zones. At the conclusion of the discussion, the Board adopted a resolution to request an amendment to the land-use ordinance to eliminate such establishments in these zones. The Planning and Zoning Board will be considering that request at their October 1st meeting. If it is approved, the Board of Aldermen is asked to conduct a public hearing on October 22, 2019 to receive comments and consider amending the ordinance.

9. Appointment(s).

- a) Jeffery Midgett's term on the Planning & Zoning Board will expire on September 12, 2019. Mr. Midgett is eligible to serve another three-year term, but has respectfully declined. Alderman Best is asked to make a new appointment to fill this seat. A memo from Mrs. Blanco is attached.
- b) Tripp Eure resigned from his seat on the Board of Adjustment to accept an appointment on the Historic Preservation Commission. Alderman Kinsey is asked to make an appointment to serve out the remainder of Mr. Eure's term on the Board of Adjustment, which will expire on June 30, 2021.

10. Attorney's Report.

- 11. City Manager's Report.**
- 12. New Business.**
- 13. Closed Session.**
- 14. Adjourn.**

AGENDA ITEM COVER SHEET

Agenda Item Title:

Consider Approving a Proclamation for Catholic Daughter Sunday

| | |
|---|---|
| Date of Meeting: 9/24/2019 | Ward # if applicable: N/A |
| Department: City Clerk | Person Submitting Item: Brenda Blanco |
| Call for Public Hearing: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Date of Public Hearing: N/A |

| | |
|---------------------------------|--|
| Explanation of Item: | Belinda Swager of St. Paul Catholic Church has requested a proclamation acknowledging the third Sunday of October as Catholic Daughter Sunday. |
| Actions Needed by Board: | Consider approving proclamation |
| Backup Attached: | Proclamation |

| |
|--|
| Is item time sensitive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Will there be advocates/opponents at the meeting? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| |
|--|
| Cost of Agenda Item: \$0 |
| If this requires an expenditure, has it be budgeted and are funds available and certified by the Finance Director? <input type="checkbox"/> Yes <input type="checkbox"/> No |

Additional Notes:



MAYOR'S OFFICE P R O C L A M A T I O N

WHEREAS, the Catholic Daughters of the Americas ("CDA") have dedicated their lives to listening to God and serving His people since 1903; and

WHEREAS, the CDF sisterhood gather clothing and food, build shelters, and raise money to care for the poor of their parishes and communities; and

WHEREAS, members work tirelessly to seek and promote justice for all and to promote awareness to meet the needs of the poor and marginalized; and

WHEREAS, members are also dedicated to saving the lives of the unborn and seek to preserve life from its beginning to natural death; and

WHEREAS, the third Sunday of every October is observed as Catholic Daughter Sunday, and each year the CDA chooses a theme for the term of that year.

NOW, THEREFORE, I, Dana E. Outlaw, Mayor of the City of New Bern, North Carolina, on behalf of the New Bern Board of Aldermen, do hereby proclaim the third Sunday of October as

CATHOLIC DAUGHTER SUNDAY

in the City of New Bern and recognize the Catholic Daughters of the Americas for their unity and charity.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of the City of New Bern this the 24th day of October in the year of our Lord Two Thousand and Nineteen.



Dana E. Outlaw, Mayor

AGENDA ITEM COVER SHEET

Agenda Item Title:

Consider Adopting a Resolution Approving an Agreement for Purchase of Real Property

| | |
|---|---|
| Date of Meeting: 9/24/2019 | Ward # if applicable: 1 |
| Department: City Attorney | Person Submitting Item: Scott Davis |
| Call for Public Hearing: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Date of Public Hearing: N/A |

| | |
|---------------------------------|---|
| Explanation of Item: | An agreement to purchase property from Dale Stroud, which the City has been leasing for several years. The property is currently utilized as a parking lot. |
| Actions Needed by Board: | Consider adopting the resolution |
| Backup Attached: | Memo, resolution, agreement, appraisal, and lease from 1999 |

| |
|--|
| Is item time sensitive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Will there be advocates/opponents at the meeting? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| |
|--|
| Cost of Agenda Item: \$81,000 |
| If this requires an expenditure, has it be budgeted and are funds available and certified by the Finance Director? <input type="checkbox"/> Yes <input type="checkbox"/> No |

Additional Notes: N/A



TO: City Manager, Honorable Mayor and Members of the Board of Aldermen
FROM: Joseph R. Sabatelli, CPA - Director of Finance
DATE: September 17, 2019
RE: Agreement to Purchase Property

The attached resolution authorizes the purchase of real property between Dale and Linda Stroud and the City of New Bern. The property has been leased by the Municipal Service District for approximately 20 years; and, along with other contiguous parcels, has been utilized for monthly parking leases to the general public.

The City has agreed to purchase the property from Mr. and Mrs. Stroud for \$81,000 plus closing costs. The purchased will be funded through the Municipal Service District Fund.

Requested Action

It is recommended that the Board adopt the attached resolution at its meeting to be held on September 24, 2019.

RESOLUTION

BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF NEW BERN:

That the Agreement for Purchase and Sale of Real Property, by and between the City of New Bern and Dale M. Stroud and Linda A. Stroud, a copy of which is attached hereto and incorporated herein by reference, be and the same is hereby approved, and the Mayor is hereby authorized and directed to execute the same for and on behalf of the City.

ADOPTED THIS 24th DAY OF SEPTEMBER, 2019.

DANA E. OUTLAW, MAYOR

BRENDA E. BLANCO, CITY CLERK

AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY

THIS AGREEMENT, including any and all addenda attached hereto ("Agreement"), is by and between the **DALE M. STROUD and wife, LINDA A. STROUD** ("Seller"), and the **CITY OF NEW BERN, a municipal corporation** ("Buyer").

FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES SET FORTH HEREIN AND OTHER GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE HEREBY ACKNOWLEDGED, THE PARTIES HERETO AGREE AS FOLLOWS:

Section 1. Terms and Definitions: The terms listed below shall have the respective meaning given them as set forth adjacent to each term.

(a) **"Property"**: 0.24 +/- acre on Broad Street in New Bern, Craven County, North Carolina, and being the property identified by Craven County tax parcel identification number 8-002-C-055, and more specifically illustrated on Exhibit A attached hereto.

(b) **"Purchase Price"** shall mean the sum of Eighty One Thousand and No/100 Dollars (\$81,000.00) payable in cash at Closing.

(c) **"Closing"** shall mean the date and time of recording of the deed. Closing shall occur on or before September 30, 2019.

(d) **"Contract Date"** means the date this Agreement has been fully executed by both Buyer and Seller.

(e) **"Broker(s)"** shall mean: N/A ("Listing Agency"),
____ ("Listing Agent" – License # ____)

Acting as: ☐ Seller's Agent; ☐ Dual Agent

and N/A ("Selling Agency"),
____ ("Selling Agent" - License # ____)

Acting as: ☐ Buyer's Agent; ☐ Seller's (Sub)Agent; ☐ Dual Agent

(f) **"Seller's Notice Address"** shall be as follows:

Dale M. and Linda A. Stroud
625 Alexis Drive
New Bern, NC 28562

except as same may be changed pursuant to Section 12.

(g) **"Buyer's Notice Address"** shall be as follows:

c/o Mark S. Stephens, City Manager
Post Office Box 1129
New Bern, NC 28563

except as same may be changed pursuant to Section 12.

Section 2. Sale of Property and Payment of Purchase Price: Seller agrees to sell and Buyer agrees to buy the Property for the Purchase Price.

Section 3. Proration of Expenses and Payment of Costs: Seller and Buyer agree that all property taxes (on a calendar year basis), or any other liabilities assumed in writing, if any, shall be prorated as of the date of Closing. Seller shall pay any deferred or rollback taxes. Buyer shall pay for preparation of Seller's deed, lien affidavit and 1099 form, as well as recording costs and excise tax, costs of any title search, title insurance, survey, and the cost of any inspections or investigations undertaken by Buyer under this Agreement.

Section 4. Deliveries: Seller agrees to use best efforts to deliver to Buyer as soon as reasonably possible after the Contract Date copies of all information relating to the Property in possession of or available to Seller, including but not limited to: title insurance policies, surveys and copies of all presently effective warranties or service contracts related to the Property. Seller authorizes (1) any attorney presently or previously representing Seller to release and disclose any title insurance policy in such attorney's file to Buyer and both Buyer's and Seller's agents and attorneys; and (2) the Property's title insurer or its agent to release and disclose all materials in the Property's title insurer's (or title insurer's agent's) file to Buyer and both Buyer's and Seller's agents and attorneys. If Buyer does not consummate the Closing for any reason other than Seller default, then Buyer shall return to Seller all materials delivered by Seller to Buyer pursuant to this Section 4 (or Section 7, if applicable), if any, and shall, upon Seller's request, provide to Seller copies of (subject to the ownership and copyright interests of the preparer thereof) any and all studies, reports, surveys and other information relating directly to the Property prepared by or at the request of Buyer, its employees and agents, and shall deliver to Seller, upon the release of the Earnest Money, copies of all of the foregoing without any warranty or representation by Buyer as to the contents, accuracy or correctness thereof.

Section 5. Evidence of Title: Seller agrees to convey title to the Property by warranty deed. Seller shall not enter into or record any instrument that affects the Property after the Contract Date without the prior written consent of Buyer, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 6. Conditions: This Agreement and the rights and obligations of the parties under this Agreement are hereby made expressly conditioned upon fulfillment (or waiver by Buyer, whether explicit or implied) of the following conditions:

(a) **Termination:** Buyer shall have the right to terminate this Agreement if, in its sole discretion, the development and use of the Property for its intended purposes is not feasible or cost effective, or if it fails to secure the tax credit funding for its proposed development, or necessary permits or other regulatory approvals for its proposed development. This Agreement shall terminate if Buyer does not close by the Closing Date, or by the end of any extension as provided in Section 6(e).

(b) **Same Condition:** If the Property is not in substantially the same condition at Closing as of the date of the offer, then the Buyer may (i) terminate this Agreement, or (ii) proceed to Closing in Buyer's sole discretion.

(c) **Inspections:** Buyer, its agents or representatives, at Buyer's expense and at reasonable times during normal business hours, shall have the right to enter upon the Property for the purpose of inspecting, examining, performing soil boring and other testing, conducting timber cruises, and surveying the Property. Buyer shall conduct all such on-site inspections, examinations, soil boring and other testing, timber cruises and surveying of the Property in a good and workmanlike manner, shall repair any damage to the Property caused by Buyer's entry and on-site inspections and shall conduct same in a manner that does not unreasonably interfere with Seller's or any tenant's use and enjoyment of the Property. In that respect, Buyer shall make

reasonable efforts to undertake on-site inspections outside of the hours any tenant's business is open to the public and shall give prior notice to any tenants of any entry onto any tenant's portion of the Property for the purpose of conducting inspections. Upon Seller's request, Buyer shall provide to Seller evidence of general liability insurance. Buyer shall also have a right to review and inspect all contracts or other agreements affecting or related directly to the Property and shall be entitled to review such books and records of Seller that relate directly to the operation and maintenance of the Property, provided, however, that Buyer shall not disclose any information regarding this Property (or any tenant therein) unless required by law and the same shall be regarded as confidential, to any person, except to its attorneys, accountants, lenders and other professional advisors, in which case Buyer shall obtain their agreement to maintain such confidentiality. Buyer assumes all responsibility for the acts of itself, its agents or representatives in exercising its rights under this Section 6(c) and agrees to indemnify and hold Seller harmless from any damages resulting therefrom. This indemnification obligation of Buyer shall survive the Closing or earlier termination of this Agreement. Buyer shall, at Buyer's expense, promptly repair any damage to the Property caused by Buyer's entry and on-site inspections.

Section 7. Leases: Seller affirmatively represents and warrants that there are no Leases (as hereinafter defined) affecting the Property, other than Seller's month-to-month lease with Buyer.

Section 8. Environmental: Seller represents and warrants that it has no actual knowledge of the presence or disposal, except as in accordance with applicable law, within the buildings or on the Property of hazardous or toxic waste or substances, which are defined as those substances, materials, and wastes, including, but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR Part 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302.4) and amendments thereto, or such substances, materials and wastes, which are or become regulated under any applicable local, state or federal law, including, without limitation, any material, waste or substance which is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) designated as a Hazardous Substance pursuant to Section 311 of the Clean Water Act of 1977 (33 U.S.C. §1321) or listed pursuant to Section 307 of the Clean Water Act of 1977 (33 U.S.C. §1317), (v) defined as a hazardous waste pursuant to Section 1004 of the Resource Conservation and Recovery Act of 1976 (42 U.S.C. §6903) or (vi) defined as a hazardous substance pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (42 U.S.C. §9601). Seller has no actual knowledge of any contamination of the Property from such substances as may have been disposed of or stored on neighboring tracts.

Section 9. Risk of Loss/Damage/Repair: Until Closing, the risk of loss or damage to the Property, except as otherwise provided herein, shall be borne by Seller. Except as to maintaining the Property in its same condition, Seller shall have no responsibility for the repair of the Property, including any improvements, unless the parties hereto agree in writing.

Section 10. Closing: At Closing, Seller shall deliver to Buyer a warranty deed and other documents customarily executed or delivered by a seller in similar transactions, including without limitation, an owner's affidavit, and lien waiver form, and Buyer shall pay to Seller the Purchase Price. The Closing shall be held at the office of Buyer's attorney or such other place as the parties hereto may mutually agree. Possession shall be delivered at Closing, unless otherwise agreed herein.

Section 11. Notices: Unless otherwise provided herein, all notices and other communications which may be or are required to be given or made by any party to the other in connection herewith shall be in writing and shall be deemed to have been properly given and received on the date delivered in person or deposited in the United States mail, registered or certified, return receipt requested, to the addresses set out in Section 1(g) as to Seller

and in Section 1(h) as to Buyer, or at such other addresses as specified by written notice delivered in accordance herewith.

Section 12. Entire Agreement: This Agreement constitutes the sole and entire agreement among the parties hereto and no modification of this Agreement shall be binding unless in writing and signed by all parties hereto.

Section 13. Enforceability: This Agreement shall become a contract when a signed by both Buyer and Seller and such signing is communicated to both parties; it being expressly agreed that the notice described in Section 12 is not required for effective communication for the purposes of this Section 14. This Agreement shall be binding upon and inure to the benefit of the parties, their heirs, successors and assigns and their personal representatives.

Section 14. Adverse Information and Compliance with Laws:

(a) **Seller Knowledge:** Seller has no actual knowledge of (i) condemnation(s) affecting or contemplated with respect to the Property; (ii) actions, suits or proceedings pending or threatened against the Property; (iii) changes contemplated in any applicable laws, ordinances or restrictions affecting the Property; or (iv) governmental special assessments, either pending or confirmed, for sidewalk, paving, water, sewer, or other improvements on or adjoining the Property, and no pending or confirmed owners' association special assessments, except as follows: None
(Insert "None" or the identification of any matters relating to (i) through (iv) above, if any). Seller shall pay all owners' association assessments and all governmental assessments confirmed as of the time of Closing, if any, and Buyer shall take title subject to all pending assessments, if any, unless otherwise agreed as follows: None
are \$ N/A per N/A. Seller represents that the regular owners' association dues, if any,

(b) **Compliance:** To Seller's actual knowledge, (i) Seller has complied with all applicable laws, ordinances, regulations, statutes, rules and restrictions pertaining to or affecting the Property; (ii) performance of the Agreement will not result in the breach of, constitute any default under or result in the imposition of any lien or encumbrance upon the Property under any agreement or other instrument to which Seller is a party or by which Seller or the Property is bound; and (iii) there are no legal actions, suits or other legal or administrative proceedings pending or threatened against the Property, and Seller is not aware of any facts which might result in any such action, suit or other proceeding.

Section 15. Survival of Representations and Warranties: All representations, warranties, covenants and agreements made by the parties hereto shall survive the Closing and delivery of the deed. Seller shall, at or within six (6) months after the Closing, and without further consideration, execute, acknowledge and deliver to Buyer such other documents and instruments, and take such other action as Buyer may reasonably request or as may be necessary to more effectively transfer to Buyer the Property described herein in accordance with this Agreement.

Section 16. Applicable Law: This Agreement shall be construed under the laws of the state in which the Property is located. This form has only been approved for use in North Carolina.

Section 17. Assignment: This Agreement may not be assigned.

Section 18. Authority: Each signatory to this Agreement represents and warrants that he, she or it has full authority to sign this Agreement and such instruments as may be necessary to effectuate any transaction contemplated by this Agreement on behalf of the party for whom he, she or it signs and that his, her or its

signature binds such party.

Section 19. Brokers: Except as expressly provided herein, Buyer and Seller agree to indemnify and hold each other harmless from any and all claims of brokers, consultants or real estate agents by, through or under the indemnifying party for fees or commissions arising out of the sale of the Property to Buyer. Buyer and Seller represent and warrant to each other that: (i) except as to the Brokers designated under Section 1(f) of this Agreement, they have not employed nor engaged any brokers, consultants or real estate agents to be involved in this transaction and (ii) that the compensation of the Brokers is established by and shall be governed by separate agreements entered into as amongst the Brokers, the Buyer and/or the Seller.

BUYER:

SELLER:

CITY OF NEW BERN

DALE M. STROUD

By: _____
DANA E. OUTLAW, MAYOR

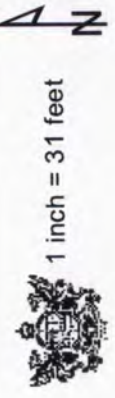
LINDA A. STROUD

Date: _____

Date: _____

EXHIBIT A

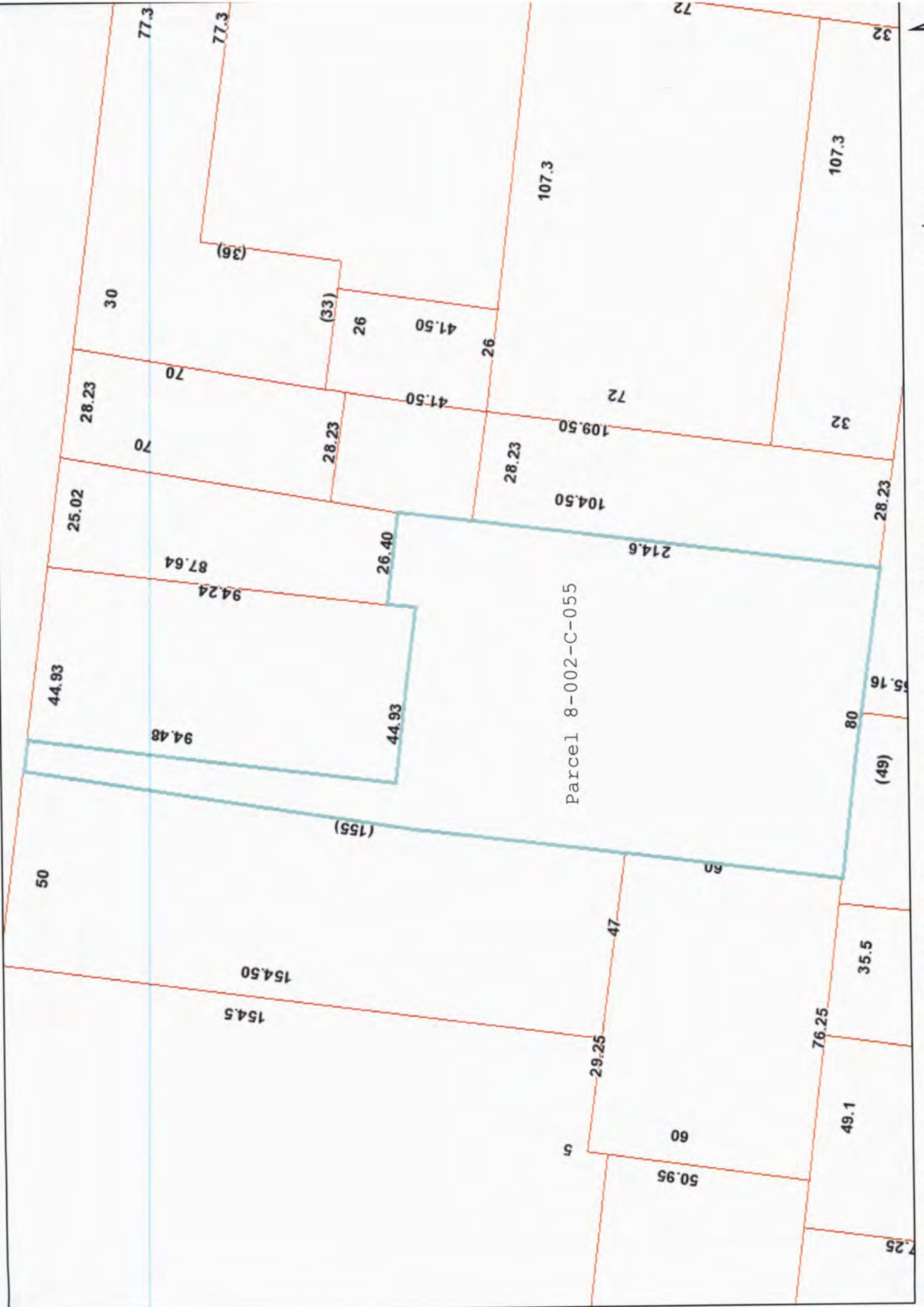
(SEE ATTACHED MAP)



1 inch = 31 feet

Craven County GIS Stroud Property, Parcel #8-022-C-055

Craven County does NOT warrant the information shown on this map and should be used ONLY for tax assessment purposes. Printed on September 16, 2019 at 12:03:19 PM



**An Appraisal Report of
A 10,280 Square Feet parcel
Currently Used as a Parking Lot
PO # 20200048**

**Located Behind
411 Broad Street
New Bern, NC 28560**

**Client:
Mr. J.R. Sabatelli, CPA
Director of Finance
City of New Bern**

**Report Date: August 14, 2019
Effective Value Date: August 2, 2019
Inspection Date: August 2, 2019**

**Prepared By:
Mashburn Appraisal Group
3025 Bridges Street
Morehead City, NC 28557**

**Christopher W. Mashburn, MAI, AI-GRS, ASA
Certified General Real Estate Appraiser NC# A8051**

File # 192358



Stroud Property – Broad Street
New Bern, NC 28540



Christopher W. Mashburn, MAI, AI-GRS, ASA
3025 Bridges Street, Suite 9
Morehead City, NC 28557
Tel: 252-247-0404
Fax: 252-240-2869
Email: chris@mashburnappraisal.com

"Providing Guidance through Real Estate Valuation"

August 14, 2019

City of New Bern
P.O. Box 1129
New Bern, NC 28563

Re: P0 # 20200048
Stroud Property – Broad Street
New Bern, NC 28560

Dear Mr. Sabatelli,

I have prepared an Appraisal Report of the above referenced real property. I have examined the physical property, inspected its neighborhood, and analyzed the market for similar properties.

The purpose of this appraisal is to provide an opinion of the current market value of the Fee Simple Estate "As Is" assuming no liens or encumbrances other than normal covenants and restrictions of record as of August 2, 2019, the effective date of this report. It is my understanding that the intended use of this appraisal is for decisions by a prospective buyer.

The subject property is described as an irregular shaped parcel that comprises 0.236 gross acres (10,280 gross square feet [SF]). Usable upland area is 0.236 acres (10,280 SF). There are no structures on the subject, and it is paved and marked for parking. The pavement is in average condition and the parcel is zoned for a Central Business District (C-1) use. Unless specifically stated otherwise, the estate appraised assumes no adverse leases, liens or encumbrances other than normal covenants and restrictions of record.

This valuation contains analyses, opinions, and conclusions along with market data and reasoning appropriate for the scope of work detailed later herein. It was prepared solely for the intended use and intended user explicitly identified in the attached report. Unauthorized users

do so at their own risk. The appraisal is communicated in the attached Appraisal Report and conforms to the version of the Uniform Standards of Professional Appraisal Practice (USPAP) in effect on this report's preparation date of August 13, 2019.

This letter is not an appraisal report; hence, it should not be removed from the attached report. If this letter is disjoined from the attached appraisal report, then the value opinions set forth in this letter are invalid because the analyses, opinions, and conclusions cannot be properly understood.

In general, valuation of the subject property involves no atypical issues. All value opinions are affected by all the information, extraordinary assumptions, hypotheses, general assumptions and limiting conditions, facts, descriptions, and disclosures stated in the attached appraisal report. After careful consideration of all factors pertaining to and influencing value, the data and analysis support the following current market value "As Is" of the Fee Simple estate in the subject property as of August 2, 2019:

\$81,000

(EIGHTY ONE THOUSAND DOLLARS)

It was a pleasure preparing this appraisal for you. Please contact us if you have unanswered questions regarding my appraisal or if I can be of further assistance in the interpretation of my findings and opinions.

Respectfully submitted,



Christopher W. Mashburn, MAI, AI-GRS, ASA
Certified General Real Estate Appraiser
North Carolina License # A8051

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Overview

| Salient Information | |
|---|--|
| <i>Client's File Number</i> | P0 # 20200048 |
| <i>Appraiser(s) File Number</i> | 192358 |
| <i>Real Estate Appraised</i> | Stroud Property – Broad Street New Bern, NC 28560 |
| <i>County</i> | Craven |
| <i>Client</i> | Mr. J.R. Sabatelli, CPA Director of Finance City of New Bern |
| <i>Property Estate(s) Appraised</i> | Fee Simple |
| <i>Property Type</i> | Parking Lot, Vacant Land |
| <i>Gross Land Area</i> | 0.236 Acres |
| <i>Useable Land Area</i> | 0.236 Acres |
| <i>Improvement Description</i> | Paved Parking Lot |
| <i>Effective Year Built</i> | 2010 |
| <i>Zoning</i> | C-1, Central Business District |
| <i>Highest and Best Use as Vacant</i> | Surface Parking |
| <i>Most Likely Buyer as Though Vacant</i> | Owner-User / investor |
| <i>Highest and Best Use as Improved</i> | Surface Parking |
| <i>Most Likely Buyer as Improved</i> | Owner-User / investor |
| <i>Effective Value Date</i> | August 2, 2019 |
| <i>Inspection Date</i> | August 2, 2019 |
| <i>Report Preparation Date</i> | August 14, 2019 |
| <i>Final Value Conclusion</i> | \$81,000 "As Is" |

Noteworthy Issues

As can be seen in the aerial photo of the subject parcel, access to the site is restricted. This issue will be considered and discussed throughout this appraisal. The access to the site is considered a noteworthy issue because it will impact the highest and best use of the subject property along with the final value conclusion.



Scope of Work

Assignment Elements

The purpose of this assignment (the problem to be solved) is to form one or more opinions about value.

| | | |
|----|--|--|
| 1. | The Client | Mr. J.R. Sabatelli, CPA Director of Finance City of New Bern |
| | Client's Interest in Property Appraised | Prospective Buyer's Representative |
| 2. | Other Intended Users | None |
| 3. | Intended Use of Report | Decisions by a Prospective Buyer |
| 4. | Standard/Definition of Value Used To Form the Value Opinion | Market Value |
| 5. | Key Dates | |
| | Effective Value Date (<i>point in time the value applies</i>) | August 2, 2019 |
| | Report Preparation Date (<i>date the report was prepared</i>) | August 14, 2019 |
| | Date Property Appraised Was Observed by One or More Appraisers Signing This Report | August 2, 2019 |
| 6. | Assignment Conditions | |
| | Extraordinary Assumptions | Applicable |
| | Hypothetical Conditions | Not Applicable |
| | Jurisdictional Exceptions | Not Applicable |
| | Expected Public or Private On-Site or Off-Site Improvements Affect Value | Not Expected |
| | Assemblage of Estates or Component Parts Affects Value | Not Expected |

Relevant Characteristics

The subject property is described as an irregular shaped parcel that comprises 0.236 gross acres (10,280 gross square feet [SF]). Usable upland area is 0.236 acres (10,280 SF). There are no structures on the subject; and is paved and marked for parking. The pavement is in average condition and the parcel is zoned for a Central Business District (C-1) use.

Unless specifically stated otherwise, the estate appraised assumes no adverse leases, liens or encumbrances other than normal covenants and restrictions of record.

| | |
|--|---|
| 7a. Physical | |
| Existing Property Use | Parking Lot |
| Property Use Reflected In One or More Value Opinions | Continued Use "As Is" |
| Sources of Information About the Property Appraised Included | Land Observation, prospective buyer, and Public Records |
| | |
| 7b. Legal | |
| Estate(s) Appraised | Fee Simple |
| Legal Issues Considered | Presence of Ingress or egress easements and current development codes |
| Environmental Concerns | No Known Environmental Concerns |
| | |
| 7c. Economic | |
| Effect of Lease(s) On Value | Effect of leases for parking spaces is considered and is an integral part of this appraisal |
| Cost Information | |
| Type of Reconstruction Cost Used | Not Applicable |
| Source of Reconstruction Cost Information | Not Applicable |

Extent of Services Provided

| | |
|--|---|
| Number of Final Value Opinions Developed | One |
| Value Opinion(s) Reflect the Worth of the Property Appraised | "As Is" |
| Report Preparation Option | Appraisal Report |
| Report Preparation Complies With Requirements Set Forth In USPAP Standard Rule | 2-2(a) |
| Extent of Data Research | Adequate for Credible Results |
| Data Sources | Private Data Provider Service, Online Public Records, prospective buyer, and Other Appraisers |
| Documents Considered | Deeds and tax cards |
| Data Verification | Direct and Indirect Methods |
| Extent of Subject Observation by One or More Appraisers Signing Report | Land Observation |
| Additional Assignment Conditions | Not Applicable |

Other Intended Use Considerations

| | |
|---|---|
| Client's Prior Engagement of Appraisal Services | Numerous |
| Atypical Issues | The parcel has limited access to public roadways. |
| FIRREA Compliance | Not Applicable |
| Insurable Value | Insurable Value Is Not an Intended Use |

Miscellaneous Matters

| | |
|---|---|
| Significant Real Property Assistance | None |
| Extent and Type of Real Property Assistance | None |
| Scope of Work Agreement | County Purchase Order and engagement letter signed by Mr. Sabatelli. Both documents are retained in my work file. |

Appraisal Development

According to USPAP, all approaches that are applicable to the estate being appraised and necessary to produce credible results must be developed. The type of highest and best use, extent of feasibility considered, and the relevance of each major approach are listed below.

| | |
|---|---|
| Highest and Best Use | An Inferred Analysis |
| Feasibility Analysis <i>(a more detailed study separate from highest and best use)</i> | Separate Feasibility Analysis Not Developed |
| Cost Approach | Not Applicable and Not Included in Report |
| Sales Comparison | Not Applicable and Not Included in Report |
| Income Approach | Applicable and Included in Report |

Approach Explanations:

The Cost Approach is most applicable for real estate consisting of land and a new, or like new, building. This approach tends to lack reliability when there is a large degree of depreciation. Since the subject structure is substantially depreciated, the Cost Approach is judged inapplicable and intentionally omitted from this report.

The Income Approach and Sales Comparison Approach is address later in this report.

Scope of Work Limitation

This report is based on and limited to an inferred market analysis, not a fundamental market study. My scope of work agreement with my client does not include a detailed fundamental analysis.

Report Reliance and Use Restrictions

No liability is assumed, expressed, or implied by Mashburn Appraisal Group or the appraiser(s) for unauthorized use of this report. Only those persons, parties, entities, companies, corporations, partnerships, associations, or groups that have previously been clearly and explicitly identified as an intended user(s) may rely on and use this report. There are no implied, suggested, inferred, consequential, or indirect intended users of this report. Unauthorized users should not use or rely on any portion of this document. Unauthorized users do so at their own risk and peril.

Scope of Work Exclusion - Insurable Value

This appraisal should not be relied upon for the purpose of determining the amount or type of insurance coverage to be placed on the subject property. The signatory/signatories to this report assume no liability for and do not guarantee that any insurable value inferred from this report will result in the subject property being adequately insured for any loss that may be sustained. I recommend that the client/reader/user of this report retain the services of a qualified, independent insurance adjuster to determine insurable value prior to making a business decision.

Extraordinary Assumptions and Disclosures

USPAP Standard Rule 1-2(f) requires the identification of all extraordinary assumptions that are necessary for credible assignment results. An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.¹ **Use of extraordinary assumptions might have affected the assignment results.** This appraisal employs the following extraordinary assumptions.

- Features of the subject site such as legal description, dimensions, size, etc., were obtained from the Craven County tax office and Craven County GIS. All information taken from it is assumed reasonably correct.
- Observation of the subject was limited to a moderate viewing of the entire property. It is assumed the land has no subsoil defects. No soil borings were made. It is further assumed the subject has no hidden defects. No probes or attempts to remove materials to discover unapparent defects were made by the appraiser(s).
- Real estate tax information for the subject was obtained from public records. Moreover, this information is assumed the most recent that is expeditiously available to the public.
- A public water system and public sewer main are available near the subject's lot lines. This appraisal assumes these system(s) possess sufficient capacity to adequately serve the intended use of the subject improvements. This appraisal also assumes the water is potable and non-contaminated. If these system(s) are inadequate to properly serve the subject's intended use, then the subject's value and marketability would be adversely affected.
- A review of numerous deeds and a conversation with the prospective buyer indicate that there are no easements granted by the City of New Bern to access the site. The primary access to the site is by crossing parcels owned by The City of New Bern from Hancock Street. The only unrestricted access to the parcel that is owned by the subject land owner is an ally-way from Broad Street, that is on average 10' wide. It is an extraordinary assumption of the report that there are no ingress or egress easements to access the site and that the only unrestricted access is from Broad Street through an ally. It is further an extraordinary assumption of this report that Kress Building Condominium Owners have an ingress and egress easement through the subject property and the parcels owned by the City of New Bern to provide access to the west side of their building and associated parking spaces.
- If this report contains a Noteworthy Issues section, assumptions and presumptions discussed in it are incorporated by way of reference into these Extraordinary Assumptions & Disclosures.
- A recently issued title policy was not furnished to the appraiser(s). If value impairment is identified or suggested in a title policy, another professional report, or some other document, this appraisal does not address issues that are significantly atypical for a valuation of this type property unless specifically identified in the Scope of Work and/or Noteworthy Issues section of this report.

¹ USPAP 2018-2019 Edition, The Appraisal Foundation, 4.

The above extraordinary assumptions as well as other assumptions that may be found elsewhere in this report are integral premises upon which the conclusions in this appraisal report are based. **Use of extraordinary assumptions might have affected the assignment results.**

Hypothetical Conditions

A hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Comment: Hypothetical conditions are 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.² **Use of hypothetical conditions might have affected the assignment results.** Uncertainty is not involved with a hypothetical condition. An essential premise underlying the valuation is known not to exist on the date of value. This appraisal employs no hypothetical conditions.

Assemblage Not Expected

USPAP Standard Rule 1-4(e) requires an analysis of the assemblage of various estates or component parts that affect value. In this case, no assemblage is expected, so value is not affected.

Personal Property and Intangibles

Personal property is movable and not permanently affixed to the real estate. Examples of personal property are freestanding ranges, refrigerators, tables, desks, chairs, beds, linens, silverware, hand tools, and small utensils. An intangible is a nonphysical asset like franchises, trademarks, patents, goodwill, and mineral rights. Personal and intangible property included in this appraisal's value opinion, if any, is considered typical for this type real estate, yet insignificant to the value opinion. Therefore, non-realty is not itemized or valued. Moreover, this report's final value conclusion(s) excludes unaffixed equipment, detached trade fixtures, and chattel, unless specifically stated to the contrary.

² USPAP 2018-2019 Edition, The Appraisal Foundation, 4.

Definitions

Market Value

The following definition of market value was taken from 12C.F.R § 323.2-(g) of the Rules and Regulations of the FDIC.

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

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

Fee Simple Estate

Fee Simple Estate is defined as "Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat."³

Leased Fee Interest

Leased Fee Interest is defined as "The ownership interest held by the lessor, that includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires."⁴

Exposure Time

Exposure time is the estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.⁵

³ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

⁴ Ibid.

⁵ USPAP 2018-2019 Edition, The Appraisal Foundation, 4.



Disclosures

Professional Standards

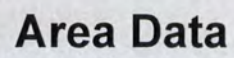
All leading professional appraisal organizations, the U.S. Congress, all state legislatures, and numerous legal jurisdictions recognize the Uniform Standards of Professional Appraisal Practice (USPAP), promulgated by the Appraisal Foundation. These standards set forth ethical practices and proper procedures for a competent appraisal. This appraisal fully complies with all relevant portions of the USPAP version in effect on the date this report was prepared.

Competency

The person(s) signing this report are licensed to appraise real property in the state the subject is located. I affirm I have the experience, knowledge, and education to value this type property and I have previously appraised similar real estate.

Appraiser Interest and/or Prior Services

Christopher W. Mashburn, MAI, AI-GRS, ASA, has no current or prospective interest in the subject property or parties involved and has 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.



Craven County Area Data

ACCESSNC

North Carolina Economic Data and Analysis

NORTH CAROLINA

DEPARTMENT OF REVENUE

County Profile

Craven County (NC)

August 2019

Demographics

Population & Growth

Population

2017 Est Population

103,374

2010 Census Total Population

103,505

Jul2017 NC Certified Population Estimate

103,557

% Annual Growth

(0.8%)

1.3%

Urban/Rural Representation

2010 Census Total Population: Urban

74,825

2010 Census Total Population: Rural

28,680

Urban/Rural Percent

72.3%

27.7%

Estimated Population by Age

2017 Est Median Age

36

2017 Est Total Pop 0-19

25,853

25.0%

2017 Est Total Pop 20-24

10,390

10.1%

2017 Est Total Pop 25-34

13,865

13.4%

2017 Est Total Pop 35-44

11,300

10.9%

2017 Est Total Pop 45-54

11,205

10.8%

2017 Est Total Pop 55-64

12,768

12.3%

2017 Est Total Pop 65+

17,993

17.4%

% Pop by Age

Commuters, Workers Age 16 and Over, 2016 ACS Est

Percent of Workers, By Travel Time

Avg Travel Time, Minutes

21.5

Workers Not Working at Home

45,051

Travel Time to Work: < 10 minutes

18.8%

Travel Time to Work: 10-14 minutes

20.6%

Travel Time to Work: 15-19 minutes

17.9%

Travel Time to Work: 20-24 minutes

12.3%

Travel Time to Work: 25-29 minutes

5.5%

Travel Time to Work: 30-34 minutes

9.1%

Travel Time to Work: 35-44 minutes

5.3%

Travel Time to Work: 45-59 minutes

4.8%

Travel Time to Work: 60+ minutes

5.6%

Workers, By Transportation

Worker Transp. Base

46,375

Work at Home

2.9%

Drove Car/Truck/Van Alone

81.5%

Carpooled Car/Truck/Van

11.2%

Public Transportation

0.3%

Walked

2.1%

Bicycle

0.5%

Taxi, Motorcycle, Other

1.6%

Place of Work

Worked in State/County of Residence

37,935

Worked in State/Outside County of Residence

7,884

Worked Outside State of Residence

557

Commuters

81.8%

17.0%

1.2%

Residents

Education

2017-18 Kindergarten-12th Enrollment

13,665

2018 Average SAT score (1600 new scale)

1,072

2018 Percent of Graduates taking SAT

28.1%

2016-17 Higher Education Completions (Provisional)

1,080

2016-17 Higher Education Enrollment (Provisional)

4,394

2017 Est Education Attainment - At Least High School Graduate

58,850

87.7%

2017 Est Education Attainment - At Least Bachelor's Degree

16,319

24.3%

Pop Age 25+

AccessNC@NCCommerce.com | (919) 707-1500 | EDPNC (919) 447-7777

Housing

| | | % Ann Growth or % Total |
|---|-----------|-------------------------|
| 2017 Est Total Housing Units | 46,453 | 1.1% |
| 2010 Census Total Housing | 40,299 | |
| 2010 Census Total Households | 45,002 | |
| 2010 Census Occupied Housing | 35,596 | 88.3% |
| 2010 Census Vacant Housing | 4,703 | 11.7% |
| 2017 Est Median Value of Owner Occupied Housing | \$156,500 | |
| 2017 Est Median Gross Rent | \$871 | |
| 2017 Est Owner Occupied Housing | 25,669 | 63.3% |
| 2017 Est Renter Occupied Housing | 14,902 | 36.7% |
| 2017 Est % Owner Occupied Vacancy Rate | 3.5% | |
| 2017 Est % Renter Occupied Vacancy Rate | 7.5% | |

Income

| | | % Ann Growth or % Pov |
|--|----------|-----------------------|
| 2016 Est Median Family Income | \$55,998 | |
| 2017 Median Household Income (SAIPE) | \$51,390 | 3.8% |
| 2016 Est Median Worker Earnings | \$26,635 | |
| 2017 Per Capita Income (BEA) | \$42,367 | |
| 2017 Est Pop, Income Below Poverty (SAIPE) | 15,942 | 16.3% |

Employment / Unemployment

| | Currently | 2018 Annual |
|---|-----------|-------------|
| JUN2019 Prelim., 2018 Employment | 40,796 | 39,784 |
| JUN2019 Prelim., 2018 Unemployment | 2,037 | 1,744 |
| JUN2019 Prelim., 2018 Unemployment Rate | 4.8% | 4.2% |
| 2019Q1YTD, 2018 Announced Job Creation | . | 48 |
| 2019Q1YTD, 2018 Total Announced Investments (\$mil) | . | \$4.1 |

Employment / Wages by Industry

| | 2018Q4 Employment | 2018 Employment | 2018Q4 Avg Weekly Wage | 2018 Avg Weekly Wage |
|--|----------------------|--------------------|---------------------------|-------------------------|
| Total All Industries | 39,194 | 39,060 | \$885 | \$837 |
| Total Government | 12,716 | 12,523 | \$1,051 | \$1,034 |
| Total Private Industry | 26,478 | 26,537 | \$805 | \$743 |
| Agriculture Forestry Fishing & Hunting | 232 | 249 | \$880 | \$806 |
| Mining | 45 | . | \$994 | . |
| Utilities | 141 | 136 | \$1,521 | \$1,556 |
| Construction | 1,196 | 1,149 | \$876 | \$885 |
| Manufacturing | 3,779 | 3,779 | \$1,129 | \$1,072 |
| Wholesale Trade | 719 | 710 | \$1,283 | \$1,255 |
| Retail Trade | 5,801 | 5,715 | \$540 | \$518 |
| Transportation and Warehousing | 1,043 | 1,014 | \$881 | \$854 |
| Information | 286 | 300 | \$797 | \$837 |
| Finance and Insurance | 602 | 608 | \$1,430 | \$1,315 |
| Real Estate and Rental and Leasing | 383 | 393 | \$709 | \$655 |
| Professional and Technical Services | 1,552 | 1,579 | \$1,442 | \$1,224 |
| Mgt of Companies, Enterprises | 208 | 203 | \$1,144 | \$1,024 |
| Administrative and Waste Services | 1,781 | 1,869 | \$638 | \$586 |
| Educational Services | 2,723 | 2,652 | \$761 | \$720 |
| Health Care and Social Assistance | 6,688 | 6,722 | \$1,064 | \$903 |
| Arts, Entertainment and Recreation | 390 | . | \$451 | . |
| Accommodation and Food Services | 3,902 | 3,940 | \$304 | \$292 |
| Other Services Ex. Public Admin | 870 | 864 | \$561 | \$534 |
| Public Administration | 6,853 | 6,721 | \$1,155 | \$1,212 |
| Unclassified | 0 | 0 | \$0 | \$0 |

Commercial/Retail/Industrial

Local Business

| | |
|---|-------|
| 2019Q2 Available Industrial Buildings | 3 |
| 2018Q4 Establishments: Total Private Industry | 2,167 |
| 2018Q4 Establishments: Manufacturing | 71 |
| 2016 Est Self Employed | 2,168 |

Local Retail Business

| | |
|---|-------------|
| 2018 Total Retail Sales (With Food/Drink) (\$mil) | \$1,531.4 |
| 2018 Total Retail Businesses (With Food/Drink) | 767 |
| 2018 Avg Sales/Business Total (with Food/Drink) | \$1,996,576 |
| 2019Q2 Available Commercial Buildings (if County reports) | 6 |

Quality of Life

Taxes

| | |
|---|-----------|
| FY2018-19 Property Tax Rate per \$100 Value | \$0.5394 |
| FY2017-18 Annual Taxable Retail Sales (\$mil) | \$1,075.9 |
| 2019 Tier designation | 2 |

Childcare

| | |
|---------------------------------------|-------|
| 2019Q2 Licensed Child Care Facilities | 60 |
| 2019Q2 Licensed Child Care Enrollment | 2,001 |

Healthcare Providers

| | |
|------------------------------------|-------|
| 2018 Number of Physicians | 258 |
| 2018 Physicians/10,000 population | 24.9 |
| 2018 RNs/10,000 population | 104.8 |
| 2018 Dentists/10,000 population | 5.2 |
| 2016 Pharmacists/10,000 population | 9.2 |

Sources:

Census (2010 & ACS 2012-16) for demographics, commuters, place of work, educational attainment, (ACS 2016-17 housing, and income data) at <https://factfinder.census.gov>. ESRI for retail data at www.esri.com. NC Dept. of Education for SAT data by NC county system at <http://www.ncpublicschools.org>. US Dept. of Education, National Center for Education Statistics for higher education data at <https://nces.ed.gov/ipeds/datacenter>. NC Commerce, Labor and Economic Analysis Division, for NC tiers, occupational data, employment and unemployment, and wages and establishments by industry at <http://accessnc.nccommerce.com/>. EDPNC for announced new jobs and investment and available buildings at <https://edpnc.com>. NC Dept. of Health & Human Services for childcare data at <http://www.ncdhhs.gov/>. UNC Sheps Center for healthcare professions at <https://nchealthworkforce.unc.edu/>. Full datasets and topic dashboards are available at <http://AccessNC.NCCommerce.com>.

Notes:

Data are the latest available at the date the profile was prepared. SAT scores use the new 1600 scoring system started in 2016 and represent county systems. Unemployment data is now the latest month which is preliminary and is subject to change. US Education IPEDs data for Completions and Enrollment is at least Provisional and updated when Final. American Community Survey (ACS) data are estimates, noted 'Est' and are from the 5-year survey; data is as of final year with dollars inflated to final year. Additional data, reports, and dashboards are available at: <http://accessnc.nccommerce.com/index.html>.

Greater New Bern and Craven County Area Data Conclusion

The county is expected to undergo a period of moderate, but steady, rate of growth, which is in line with the economy of the southeastern United States in general. The area continues to benefit from the Marine Air Station located in Havelock, from tourists to the coastal area, and the increasing number of retirees who are settling near to the coast.

The outlook for the area is predicated upon the health of the national economy and other areas of North Carolina. Improvements in national influences should enable the area to realize stronger growth. Furthermore, in the past few years the Federal Government granted permission to start the conversion of Hwy 70, which connects Morehead City to I-95 and Raleigh, to Interstate 42. These improvements will reduce driving times from Craven County to Raleigh and inland interstates. This will allow for more people to travel to and from the area quickly and to move to the area and tele-commute to business in the triangle. The quicker drive times to the triangle area should also entice more retirees to move to the area while still having access to the triangle region.

Neighborhood Map



Neighborhood Description – New Bern Area

Neighborhood Boundaries

The subject neighborhood is broadly bounded by the following:

| | |
|--------------|----------------|
| To the north | Neuse River |
| To the south | Trent River |
| To the east | Neuse River |
| To the west | Simmons Street |

Surrounding Land Usage

The land uses immediately surrounding the subject site are as follows:

| | |
|--------------|------------|
| To the north | Commercial |
| To the south | Commercial |
| To the east | Commercial |
| To the west | Commercial |

City of New Bern

New Bern, the county seat, is an older American city founded in 1710 and one of the first founded in North Carolina. During a portion of the colonial period, New Bern served as the capitol of the state. Today a restored historical district attracts a significant number of year-round visitors from other areas. New Bern is also a wholesale and distribution center for a five-county region. Previous growth in Craven County has taken place primarily in the New Bern area.

New Bern Growth Patterns

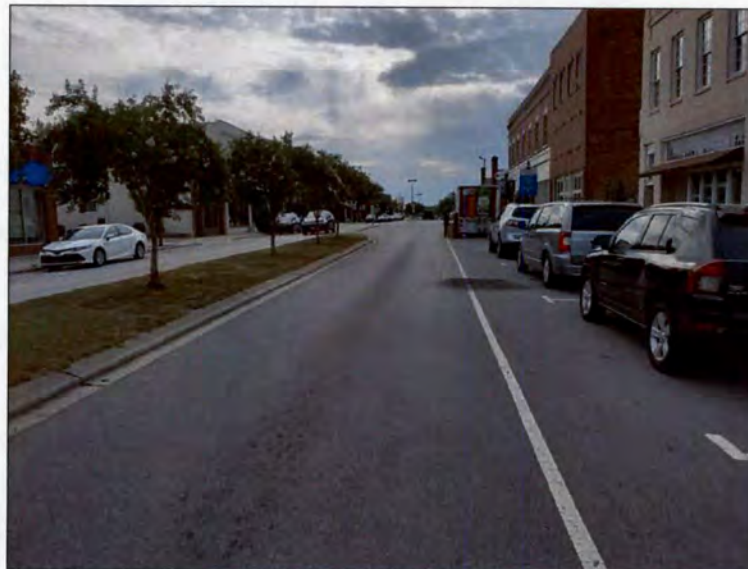
The majority of land in the downtown area is improved. As such, older properties are typically rehabbed or renovated and converted to commercial use on the ground level with office or residential use on the upper levels. Development along the Neuse and Trent River waterfront is underway, with a restaurant recently opened at the end of Pollock Street, fronting on the Neuse River, and Sky-Sail condominiums, which are located at the terminus of Middle Street along the Trent River waterfront.

Due to the Trent and Neuse Rivers restricting growth to the south and east, New Bern has been expanding along the major traffic corridors. These include Hwy 17 Business (M.L. King Blvd.), Hwy 55, and Hwy 70. In the future, we expect New Bern to continue this similar growth pattern, especially along Hwy 70, which has recently been designated a future Interstate.

Proximity Map



Neighborhood Photographs



Broad Street looking east - Subject is on the right



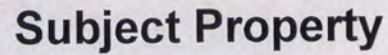
Broad Street looking west - Subject is on the left



Entrance to the subject from Broad Street

Proximity Features

| | |
|--|-------------------|
| Expected Changes in Economic Base | None |
| Protection from Adverse Conditions | Average |
| Demand for Real Estate Like Subject | Adequate |
| Potential Additional Supply Like Subject | Minimal Potential |
| Building Age Range <i>{excluding extremes}</i> | 5 to 30 Years |
| Oversupply of Property Like Subject | Minimal |
| General Appearance of Properties | Average |
| Location | Urban |
| Land Use Change | Not Likely |
| Police and Fire Protection | Average |
| Expressway Access | NA |
| Employment Centers | Under a mile |



The subject property is located in the middle of the city block that is bordered by Hancock Street, Middle Street, Broad Street, and Pollock Street. The subject does not have a street address.

- Copies of the subject's tax cards A copy of the subject's tax card
- A copy of the deed (Deed Book 1827, Page 385), which includes the legal description

This aerial map displays a city block with various property lots. A central parcel, outlined in blue, is the primary focus. The map includes numerous numerical dimensions in feet for each lot's boundaries. Key street names visible are 'BROAD' and 'STREET'. The lots are arranged in a grid-like fashion, with some larger commercial-style buildings and many smaller residential lots. The blue-outlined parcel is situated in the center of the block, bounded by several other lots.

Subject Photographs



Entrance to the subject from Broad Street



Exit to Broad Street



**Entrance and Exit to Hancock Street
(Land owned by the City of New Bern)**



Eastern property line looking north



Eastern property line looking south



Southern Property line looking west



View of subject



View of subject

Sale History

Deed Transfers

Public records located at the Craven County Register of Deeds indicate the current owner Dale M. Stroud and wife, Linda Alligood Stroud acquired the property from Dale M. Stroud, Trustee of the Eunice S. Wray Living Trust on April 17, 2003 per Deed Book 2025, Page 1009. There were no deed stamps associated with this transfer. Furthermore, the deed also references multiple other parcels along with the subject property. A copy of this deed is included in the Addenda section of this report.

No Current Listing

A search of public and private databased indicates that the subject property is not currently listed for sale, nor does there appear have been prior listing(s) of the subject property within the past three years.

Not Under Contract to Sell

To my knowledge the subject property is currently not under a contract for sale.

Flood Hazard

According to the appropriate Federal Emergency Management Agency (FEMA) flood map, which is identified below, the subject property is not located in a special flood hazard zone.

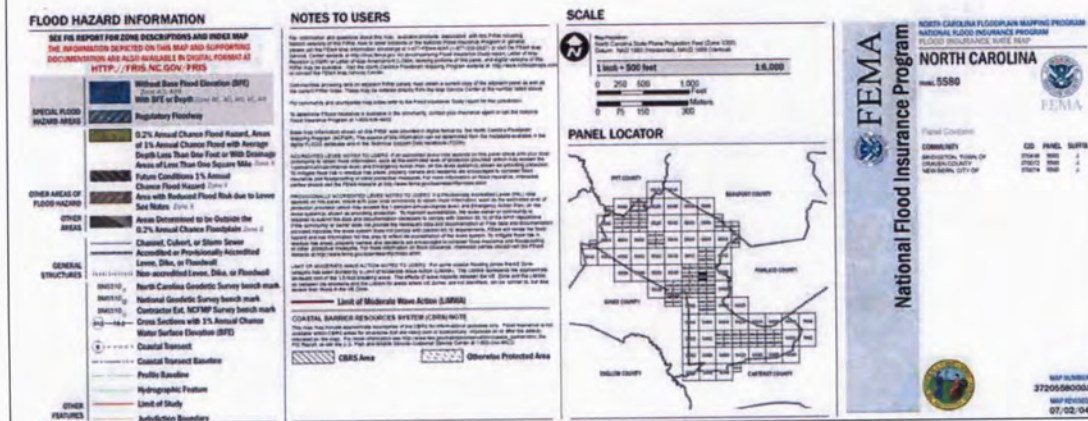
| | |
|------------------|----------------------------|
| Flood Map Number | 3720558000J 3720548900J |
| Flood Map Date | 07/02/04 |
| Flood Zone(s) | X |

Flood Maps published by FEMA are not precise. If anyone desires a precise determination of the subject's flood hazard classification, a professional engineer, licensed surveyor, or local governmental authority should make an exact determination.

Moderate flood hazard areas, labeled Zone B or Zone X (shaded) are also shown on the FIRM, and are the areas between the limits of the base flood and the 0.2-percent-annual-chance (or 500-year) flood. The areas of minimal flood hazard, which are the areas outside the SFHA and higher than the elevation of the 0.2-percent-annual-chance flood, are labeled Zone C or Zone X (unshaded).

While general information relating to flood zones is included in my report for informative purposes, no formal determination is made of flood zone hazards as they affect the subject property. I caution that I am not expert in these matters and have disclaimed responsibility under this item in my "Contingent and Limiting Conditions" earlier in this appraisal.

Flood Map



Site Description

| | | | | |
|------------------|--|-----------|----------|--|
| Location | Stroud Property – Broad Street, New Bern, Craven County, NC | | | |
| Land Area | Acres | SF | % | |
| Useable | 0.236 | 10,280 | 100.0 % | |
| Excess | 0.000 | 0 | 0.0 % | |
| Wetlands | 0.000 | 0 | 0.0 % | |
| Unusable Other | 0.000 | 0 | 0.0 % | |
| Total | 0.236 | 10,280 | 100.0 % | |
| Corner Lot | No | | | |
| Frontage Feet | 10 feet | | | |
| | 10 feet on Broad Street | | | |
| Access | <p>The subject has road frontage on Broad Street, but has poor access to it.</p> <p>The subject has access from Hancock Street and a second access from Broad Street; however, in both instances one would have to cross over two parcels owned by the City of New Bern to get to the subject. Currently there is not an ingress/egress easement to access the subject property from Hancock Street or Broad Street.</p> | | | |
| Visibility | The subject has very limited visibility from Broad Street or Hancock Street | | | |
| Shape | Irregular | | | |
| Topography | Generally Level | | | |
| Landscaping | Minimal | | | |
| Drainage | Average | | | |
| Street Paving | Asphalt Paved | | | |
| Curb and Gutter | Concrete Curb and Gutter | | | |
| Street Lighting | Yes | | | |
| Water and Sewer | All Public Utilities | | | |
| Easements | Based on my research of numerous deeds, and conversations with the City of New Bern, there appears to be no ingress or egress easement allowing for access to the property from Hancock Street or a second entrance from Broad Street. Both of these possibilities would require crossing parcels owned by the City of New Bern. | | | |
| Encroachments | None Known, None Assumed | | | |
| Encumbrances | None Known, None Assumed | | | |
| Overall Features | The land has some atypical and deleterious physical features as compared to similar alternatives. Its overall locational attributes are poor relative to competitive parcels. These features which are considered atypical are access and utility of the parcel. | | | |

Real Estate Taxes

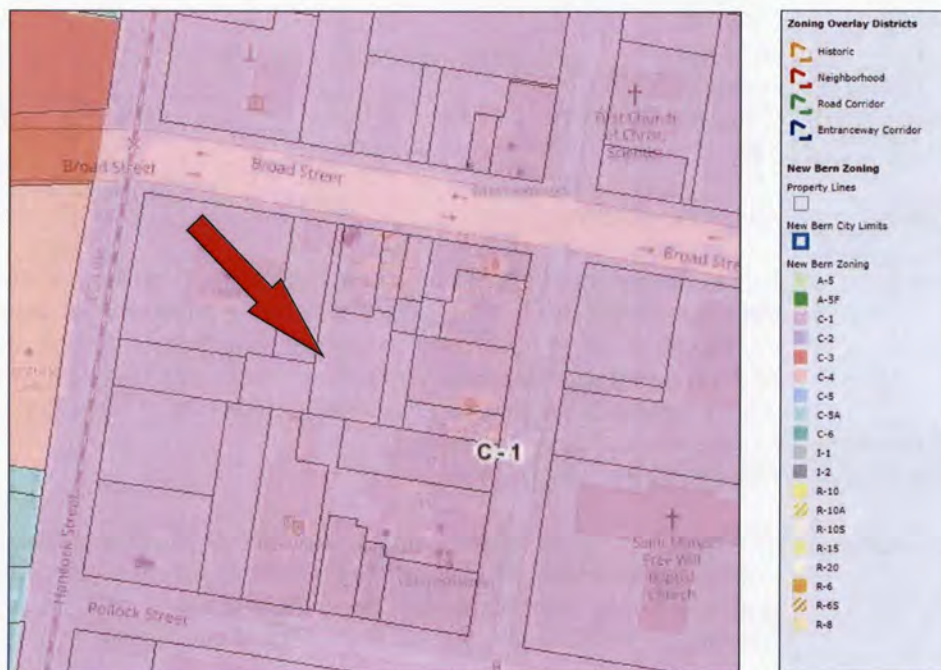
The subject is exempt from county and city property taxes. The subject assessed values are:

| | |
|--|-------------------|
| Assessment Year | 2018 |
| PIN(s) | 8-002-C-055 |
| Land Assessed Value | \$94,990 |
| Building(s) Assessed Value | \$0 |
| Other Improvements Assessed Value | \$7,800 |
| Total Assessed Value | \$102,790 |
| County Taxes | \$554.45 |
| City of New Bern Taxes | \$614.17 |
| Total Taxes Paid per Craven County Tax office | \$1,168.62 |

Zoning

The subject property is zoned "C-1," Central Business District by City of New Bern. Based on the City of New Bern's Unified Development Ordinance subject improvements would be a special use and they are considered to be in compliance with current zoning regulations and are a legal, conforming use.

New Bern zoning map shows the subject to be zoned CBD. A conversation with a zoning official with the city revealed that the CBD district has been changed to DTB.





Analyses and Conclusions

Market Conditions

The following comments pertain to real estate that is physically similar to the property being appraised and located in the same market area.

Rental Market

| | |
|--------------------------------------|--|
| Rent Controls | None |
| Current Supply and Demand | Demand of parking exceeds current supply |
| Inventory Level of Competing Rentals | Stable |
| Rent Concessions | Not Prevalent |
| Marketing Times | Stable |

Sales Market

| | |
|------------------------------------|---------------|
| Current Supply and Demand | Stable |
| Inventory Level of Competing Sales | Stable |
| Sale Concessions | Not Prevalent |
| Marketing Times | Stable |

General Conditions

| | |
|-----------------------------|------------------|
| Financing Availability | Somewhat Limited |
| Recent Past Value Trend | Mildly Rising |
| Expected Near Future Values | Stable |

Highest and Best Use

Introduction

Highest and Best Use is defined as "The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity."⁶

Legally Permissible

The use must be legal or probable. That is, the use must conform to existing zoning restrictions or there must be a reasonable likelihood a rezoning or variance may be granted. Private deed restrictions must not be violated.

Physically Possible

Physical attributes of the land that must be considered include size, access, shape, orientation, soil conditions, potential hazards, topography, and utilities. Physical attributes of the building that must be analyzed include design, size, efficiency, mechanical systems, floorplan, construction materials, quality, and physical condition.

⁶ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

Financially Feasible

Land may be developed with different uses. Only those uses that produce a positive net return over time with acceptable risk are deemed financially feasible.

Maximally Productive

Of all uses that survive the first three tests, there is only one use that produces the greatest return with the least risk. This single use represents the property's Highest and Best Use. Supply and demand are constantly fluctuating, so it is common for a property's highest and best use to change.

Highest and best use analyses can be categorized into two different levels of detail—inferred and fundamental. A fundamental analysis forecasts demand from broad demographic and economic data like population and income. Existing supply is inventoried. Then the relationship of supply and demand is weighed to determine net demand.

An inferred analysis is based on local trends and patterns from which inferences are made. Sales, listings, marketing intervals, and/or price changes for other similar land infer there is adequate demand for the subject parcel at a price level congruous with this data. Inferred analyses emphasize historical data while fundamental analyses are based on future projections.

This appraisal report utilizes an inferred analysis for highest and best use development.

Highest and Best Use as Though Vacant

Legally Permissible

Legal restrictions fall into two main categories—public and private. Public constraints include zoning, right-of-way easements, historic districts, and utility easements. Private restrictions are agreements imposed by previous owners. Examples include access easements, use limitations, and leases.

Unless specifically stated otherwise, there are no known atypical public or private restrictions. Zoning permits a variety of commercial, residential, public, and governmental uses. A full list of the permitted and special uses allowed in a C-1 district is found in the City of New Bern's Unified Development Ordinance in the "Permitted Uses Table".

Physically Possible

Physical attributes commonly considered include size, shape, access, flood potential, topography, and availability of utilities.

There are no known environmental concerns or adverse soil conditions. The land is not located in a FEMA special flood hazard. Sewer and water connections are adjacent, and access is assumed to be convenient.

Currently the subject has legal, unrestricted access to Broad Street through a 10 foot ally that is approximately 95 feet long. A view of this ally is show below:



Other access from Broad Street is possible; however, an ingress/egress easement would need to be negotiated with the City of New Bern. A secondary entrance is available from Hancock Street; however, an ingress/egress easement would need to be acquired from the City of New Bern to use this access as well. It is an assumption of this report that an ingress/egress easement from the City of New Bern which would allow further development of the site would be either difficult to obtain or not financially feasible. Below is a map showing the secondary access locations:



Secondary access locations are identified with the red arrows above

Given the limited access to Broad Street, development of the subject site is limited due to restrictions based on suitable access. This would be necessary not only for larger personal vehicles but also safety vehicles and construction vehicles.

Given these restrictions based on access the physically possible uses would be limited to parking for small/compact personal vehicles or open space within the city center.

Financially Feasible

Uses that are physically impossible or improbable and are not legally permissible are first eliminated. Those uses that remain are then tested to determine whether they produce sufficient net income to fully pay for all operating expenses and provide adequate compensation for all invested capital.

Many of the legal uses were restricted due to the limited access of the parcel. As was mentioned in the previous section above it does not appear it would be financially feasible to purchase an easement from the City of New Bern in order to develop the site nor would it be financially feasible to purchase land on either side of the existing 10' alley. To do this the owner of the subject would need to purchase a portion of the buildings adjacent to the alley and raze them to allow for development on the subject. As stated this is not considered to be financially feasible.

Maximally Productive

Maximum productivity is considered only if more than one use survives the first three tests. This concept holds land will be developed with the use that returns the most reward over time. However, the numerical return should not be the sole determinant. The numerical reward must be weighted within the context of risk. When a use is expected to produce a very attractive return but its successful fruition is very unlikely, the use is often eliminated from further consideration. The maximally productive use of the site appears to be to use the site as a parking lot for the use of the commercial developments along Broad and Middle Streets. These spaces could be used by the tenants/owners, or the public visiting downtown if they could navigate through the 10' alley.

Highest and Best Use as Improved

Legally Permissible

Legal restrictions fall into two main categories—public and private. Public constraints include zoning, right-of-way easements, historic districts, and utility easements. Private restrictions are agreements imposed by previous owners. Examples include access easements, use limitations, and leases.

Unless specifically stated otherwise, there are no known atypical public or private restrictions. Zoning permits a variety of commercial, residential, public, and governmental uses. A full list of the permitted and special uses allowed in a C-1 district is found in the City of New Bern's Unified Development Ordinance in the "Permitted Uses Table".

Physically Possible

Physical attributes commonly considered include size, shape, access, flood potential, topography, and availability of utilities.

There are no known environmental concerns or adverse soil conditions. The land is not located in a FEMA special flood hazard. Sewer and water connections are adjacent, and access is assumed to be convenient.

The site is currently developed and used as a parking lot. I have been provided with a lease outlining the terms of the City of New Bern, who is the landlord leasing the parcel for the use of parking. When the site was visited I noticed that most of the parking spaces are for the courts or City of New Bern offices. There were some for business and individuals.

Given the City of New Bern leases the spaces from the owner it is physically possible to use the space as a parking area and allow for larger vehicles to access the site from Hancock Street and cross other parcels owned by the City of New Bern.

It appears that the original lease agreement has expired; however, if the owner of the subject were to terminate the existing lease then access to the site would be limited to the 10' alley unless an easement was provided by the City of New Bern to access the site.

Financially Feasible

Uses that are physically impossible or improbable and are not legally permissible are first eliminated. Those uses that remain are then tested to determine whether they produce sufficient net income to fully pay for all operating expenses and provide adequate compensation for all invested capital.

Land sales in Downtown New Bern were researched. Details of four sales are listed below:

- 1) 502-508 Broad Street sold for \$155,000 on September 7, 2017. This parcel is 0.99 acres, which results in a sale price of \$3.59 per SF of land area. This site is one block west of the subject and has access from Broad and Hancock Streets.
- 2) 416-418 Broad Street sold for \$115,000 on March 28, 2017. These two parcels combined are 0.454 acres, which results in a sale price of \$5.52 per SF of land area. This site is across Broad Street from the subject and has good access to Broad Street.
- 3) 213 Middle Street sold for \$275,000 on September 10, 2015. These two parcels combined are 0.15 acres which results in a sale price of \$42.08 per SF of land area. This site is two blocks south of the subject property, and is located along Middle Street. It has good access and visibility from Middle Street, which is one of the primary commercial/shopping areas in the downtown area.
- 4) 1004 Queen Street is currently listed for sale at an asking price of \$199,000, and has been on the market for approximately 2015 days. The asking price equates to \$5.07 per SF of land area. It is a triangular shaped lot that is bound by both Queen Street and Broad Street, and the parcel has good access and visibility to both roads. This parcel is approximately five blocks west of the subject property.

All of the sales listed above have good access and visibility. Whereas, the subject property does not. Furthermore, the sale price of number three, located on Middle Street, is considered to be higher than the other sales due to its location along one of the primary shopping areas and being one the last remaining undeveloped parcels with visibility and road frontage along this section of Middle Street.

Numerous conversations were had with land owners, realtors, government officials, and other appraisers to find sales of parcels with similar access, visibility, and utility restrictions. Despite the research performed I was not able to find sales of parcel similar to the subject property. Rural/wetland properties with limited or no access were found but these were not considered to be comparable to the subject given its location.

As such, the income produced from the parking was examined. Based on conversations with other appraisers the consensus was, given the physical restrictions of the subject and the lack of access, the income from parking was most likely the highest and best use of the subject and it would have the greatest return for the land. Furthermore, if parking was the highest and best use of the subject then the value based on the income approach should be consistent with surrounding land sales. It is for this reason that I list the land sales above. However, given the lack of available market data either for sales of similar properties, or an adjustment for inferior utility of the subject and limited access, the sales comparison approach to value is considered to not be applicable and not considered necessary for credible assignment results.

Maximally Productive

Maximum productivity is considered only if more than one use survives the first three tests. This concept holds land will be developed with the use that returns the most reward over time. However, the numerical return should not be the sole determinant. The numerical reward must be weighted within the context of risk. When a use is expected to produce a very attractive return but its successful fruition is very unlikely, the use is often eliminated from further consideration.

Given the limited access to the parcel and the limited utility of the subject, the maximally productive use of the site appears to be used as a parking lot area for the use of the public parking, municipal parking, and use by commercial developments along Broad, Middle, and Hancock Streets. The most likely buyer of the subject property would be either a municipality or an investor who would be willing to hold the property until the access and visibility of the subject could be improved.

Sales Comparison Approach

Introduction

The Sales Comparison Approach draws heavily upon the principle of substitution. In essence, this principle states that a prudent purchaser will pay no more for any particular property than it would cost to acquire an equally desirable alternate property. This approach consists of the comparison of similar properties that have recently sold or are currently being offered for sale. This process involves making adjustments between the subject property and the comparable properties on an item-by-item basis.

The weakness of this approach includes the fact that there may be inadequate data in the marketplace to justify its use, the fact that it is based upon historical data rather than future expectations, and the fact that the conditions of comparability may not closely conform to the subject property. Its strength lies in the fact that it reflects actual market behavior of typical purchasers under current market conditions. In short, the reliability of this approach depends upon the comparability of the comparable properties, verification of sales data, the conditions under which the property is sold, and the date of the sale.

Property sales and current listings of properties similar to the subject are researched through available data sources and by primary research from inquiries to participants in the local and, if necessary, regional market. Sales and listings of properties with similar characteristics were researched in both the local and regional market without any significant results.

Based on my research land sales of rural hunting and wetland properties that have limited or no access generally sell for 30% - 50% less than those without access issues. However, these properties are not in downtown locations such as the subject. Therefore, I did not consider it prudent to compare what buyers do in rural areas to those of buyers in downtown area.

Land sales were found in the Downtown New Bern area; however, they all have good access and visibility. Therefore, without a market based adjustment, it is not prudent to adjust sales of properties without access issues downward without market based evidence. Land sales which did have good access and visibility in Downtown New Bern were outlined and had an average price per SF \$14.07. However, this is only an average and no adjustment are made for location, access, visibility, and utility.

As a result of this research, and given the lack of available market data either for sales of similar properties, or an adjustment for inferior utility of the subject and limited access, the sales comparison approach to value is considered to not be applicable and not considered necessary for credible assignment results.

As such, the income produced from the parking was examined. Based on conversations with other appraisers the consensus was, given the physical restrictions of the subject and the lack of access, the income from parking was most likely the highest and best use of the subject and it would have the greatest return for the land. Furthermore, if parking was the highest and best use of the subject then the value based on the income approach should be consistent with surrounding land sales.

Income Approach

Introduction

The Income Approach is the primary method of estimating the value of income-producing properties for investment purposes. This approach is predicated on the principle that a prudent investor would not pay more for a property than for an alternative investment property with similar risk and return characteristics. Financial analysis techniques are utilized to estimate the present value of future economic benefits arising from ownership, based upon the principle of anticipation. There are two ways to prepare this analysis.

First, a Direct Capitalization method can be used. Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the net income estimate by an appropriate capitalization rate or by multiplying the income estimate by an appropriate factor. Direct capitalization employs capitalization rates and multipliers extracted or developed from market data. Only one year's income is used. Yield and value changes are implied, but not explicitly identified.⁷

Secondly, a Yield Capitalization method may be employed. Yield capitalization is a method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate.⁸

In this report, only the Direct Capitalization method is developed.

Subject Leases / Rental Rates

During 1999 Mr. Stroud leased the subject parcel to the City of New Bern for the purpose of parking. The lease rate was \$300 per month with the lease terminating in 2009 and. Based on historical pictures from 1999 it appears that prior to Mr. Stroud leasing the parcel to the City parking was north and south cutting off access to Hancock Street to the west and Kress Building Condos to the south. It is assumed that this lease allowed the City to realign parking east/west, add the dumpster location, and the handicap space. I was unable to determine if Mr. Stroud leased or sold an easement to Kress Building Condo owners from 1999 to the date of this appraisal report. It is also an assumption of this report that this resolution has remained unchanged and has remained in effect following the termination of the 10 year lease in 2009.

As of the date of this report, the City of New Bern is leasing the subject property from Mr. Stroud. The City then sub-leases the parking spaces to businesses and individuals. Each user is designated their own space. The parking spaces are used by, or designated to, the following:

- 1) Twenty-one spaces are rented from 8 AM to 5 PM Monday through Friday. These spaces are designated to commercial users. Of these twenty-one spaces, three are located on the property line between the subject property and the adjacent property owner who is the City of New Bern. These are spaces 40, 29, and 26.
- 2) Three residential spaces are rented twenty-four hours, seven days a week.
- 3) One handicapped space
- 4) One space is occupied by a dumpster

⁷ Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

⁸ Ibid.

The City of New Bern has stated that these spaces are leased by the Town of New Bern on an annual basis and that the commercial spaces lease for \$20 per month while the residential spaces lease for \$30 per month.

For the purposes of this analysis it is assumed that the handicap space and the space occupied by the dumpster would be considered residential spaces and leased on a twenty-four hour seven day a week basis.

A search of similar parking space rental was made both in New Bern and surrounding cities. Based on this survey the lease rates for this property appear to be at the lower end of the rates. Other spaces that were found to be leased in Morehead City and Beaufort (east of New Bern) were leased at \$45 per space per month with some being more than that if a specific use needs spaces to meet zoning requirements.

Therefore, based on my research, the annual market lease rate for parking spaces would be \$45 per month if leased by a private individual. The rate of \$45 per month is used also due to the fact that the parking spaces are leased on an annual basis, which is considered to be a short term lease and the owner could increase rent in a relatively short period of time.

Direct Capitalization

An estimate of value via the income approach employing direct capitalization involves the following steps.

1. Historical income is considered. Expected change is weighed while forecasting a single year's potential gross income (PGI).
2. If appropriate, an allowance for vacancy and collection loss is deducted from potential gross income. Residual sums are called effective gross income (EGI).
3. Historical expenses are examined, and a forecast of expected expenses is made. Total expenses are deducted from effective gross income thereby producing an estimate of net operating income (NOI).
4. After considering the expected income pattern and elements of risk, a capitalization rate (cap rate) is then determined from market data. Dividing net operating income by the selected overall cap rate produces a value indication.

Potential Gross Income

A market rate of \$45 per parking space will be used in my income analysis. It is assumed that the three spaces that are split between the subject and the adjacent parcel will be equally divided between both property owners.

| Number of Parking Space | Lease Rate per Month | Number of Months | Annual Lease Rate |
|----------------------------|-------------------------|---------------------|----------------------|
| 23 | \$45.00 | 12 | \$12,420 |
| 3 | \$22.50 | 12 | \$810.00 |
| PGI Based on Market Rates: | | | \$13,230 |

Vacancy and Collection Loss

Vacancy rates in this case pertain to overlap of annual rentals for the spaces in the parking lot. The downtown area of New Bern, where the subject is located, is in need of parking. This is true not only for businesses, but also City government, County Government, and residences. Due to the demand for parking vacancy and collection loss are expected to be minimal; therefore, a rate of 3% of potential gross income is considered appropriate.

EGI

Effective Gross Income (EGI) is PGI less vacancy and collection loss (\$12,833).

Expense Analysis

Rental of parking spaces is the equivalent of a gross lease in a traditional retail or office space. While the expenses are minimal the property owner is responsible for all of them. Expenses for this property type include management, property insurance, property taxes and replacement allowance/repairs.

Management fee would cover leasing and collection of income. The time involved in these activities are expected to be minimal since all of the spaces are annual rentals. Therefore, management fees are lessened and a rate of 10% of EGI is considered to be appropriate.

Property insurance would be limited to liability insurance. In this instance a cost of \$800 annually is considered appropriate for liability insurance.

Property taxes are outlined earlier in this report and are used here as the line item expense.

Replacement allowance includes repairs to the parking area, parking stops, and repainting of lines and numbers. These activities will occur on average every ten years especially considering there is a dumpster on the parcel which increase the traffic with the heavy trash trucks (it is assumed that if the dumpster remained the entity requesting it would pay a annual rental similar to a parking space). It is assumed that every ten years the parking lot would undergo maintenance such as asphalt repairs and repainting. Based on the history of other parking lot repairs this cost expected to be \$9,000 every ten years. Therefore, \$900 annually should be set aside for anticipated repairs and/or replacement allowance.

Net Operating Income

Net operating income is the effective gross income less the expenses. Therefore, the effective gross income (\$12,833) less the expenses (\$4,152) results in a net operating income of \$8,681 annually.

Capitalization Rate

Mortgage-Equity Technique

The mortgage-equity band of the investment technique is utilized as a crosscheck to other capitalization techniques. Real estate is customarily acquired with both debt and equity capital. The mortgage-equity technique recognizes this and constructs an overall capitalization rate (Ro). An overall cap rate can be calculated as a weighted average composed of the mortgage

ratio (M), blended with the cost of the debt capital (R_m), plus the equity ratio (E) tempered by the return or rate necessary to attract equity capital (R_e).

The equity cap rate (R_e) is a first-year cash-on-cash return. Four other major ownership benefits—rental growth, equity growth due to loan repayment, income tax benefits, and value growth—all escalate total return. When these other factors are explicitly recognized, total return to equity over the entire ownership period, called equity yield (Y_e), is usually much higher than the initial or going-in overall cap rate (R_o).

Mortgage interest rates vary by property type and lender risk perceptions. Loan terms shown below are reasonably representative of market norms for borrowers with good credit. Borrowers with tarnished credit histories can expect to pay higher rates with lower loan to value ratios. However, a property's market value is not influenced by the tainted credit history of its current or prospective owner.

Debt capital is available for real estate like the subject at a fixed interest rate and level monthly payments for an initial multi-year period. Throughout the level payment period, the interest rate is expected to remain stable. Thereafter, the interest rate and payment are both expected to adjust annually. Different buyers have different purchasing criteria, so a range of reasonable equity returns and an approximate mid-point are illustrated. Current loan terms and first year demands on equity are shown below.

A conversation with market participants indicates, and using RealtyRates.com as a reference, based on a typical knowledgeable investor with a good credit history, the following loan parameters would be available for a property similar to the subject. The equity yield rate utilized is taken from RealtyRates.com.

| | |
|---------|--------------------------------|
| 75 % | Mortgage Ratio (Loan to Value) |
| 5.00 % | Interest Rate |
| 20 | Amortization Period (Years) |
| 12.50 % | Equity Yield Rate |

Using these parameters, we derive an indicated capitalization rate of 9.06 % via the Mortgage-Equity Technique.

Constructed - Debt Coverage Analysis Formula

Mortgage lending parameters and practices have significant influence on real estate investment structuring and corresponding rate requirements. In today's investment market, the debt coverage ratio (DCR) has increased in importance as an indication of appropriate rates of return to the various financial components. The DCR is the ratio of net operating income to annual debt service. Institutional lenders are increasingly sensitive to the safety of their loan portfolio investments. With income-based properties, lenders attempt to provide a margin of error that will enable the underlying collateral to continue to meet its debt service obligations in the event there is a moderate retraction in the income capabilities of the loan collateral.

In this case, a cash flow debt coverage ratio of 1.50 is taken from conversations with other appraisers and RealtyRates.com.

An indicated overall capitalization rate calculated within the parameters of the debt coverage formula follows:

| | | |
|-----|--------|---------------------------------------|
| DCR | 1.50 | Cash Flow Debt Coverage Ratio |
| Rm | 7.92 % | Mortgage Constant (Annualized) |
| M | 75 % | Mortgage Ratio (Loan to Value Ratio) |
| Ro | 8.91 % | Indicated Overall Rate (DCR x Rm x M) |

| MORTGAGE-EQUITY AND DEBT COVERAGE RATIO TECHNIQUES | | | | | |
|--|--------|-------------------|--------------------|------------|-------------|
| The mortgage-equity band of the investment technique is utilized as a crosscheck to other capitalization techniques. The analysis is shown in the following table. The Debt Coverage Ratio Method follows. | | | | | |
| Input Variables & Summary | | | Annual Constant | | |
| Mortgage Ratio (LTV) | 75% | | Present Value | -1 | |
| Interest Rate | 5.00% | | Number of Payments | 240 | |
| Term (Years) | 20 | | Monthly Interest | 0.4167% | |
| Equity Yield Rate | 12.50% | | Monthly Payment | \$0.006600 | |
| | | | | X 12 | |
| | | | Annual Constant | 0.0791947 | |
| Debt Coverage Ratio | 1.50 | | | | |
| Annual Constant | 7.92% | | | | |
| Mortgage-Equity Technique | | | | | |
| Mortgage Ratio | X | Annual Constant | | | |
| 75.00% | X | 7.92% | | | 5.94% |
| Equity Ratio | X | Equity Yield Rate | | | |
| 25.00% | X | 12.50% | | | 3.13% |
| Implied Mortgage-Equity Technique Weighted Cap. Rate | | | | | = 9.06% |
| Debt Coverage Ratio Method | | | | | |
| Debt Coverage Ratio | X | Annual Constant | X | LTV | Implied DCR |
| 1.50 | X | 7.92% | X | 75.00% | Cap. Rate |
| | | | | | = 8.91% |

Cap Rate

In the appraisal profession, capitalization is the process of converting income into value. One method extracts a cap rate from sales of similar property via the following formula. An extracted rate is then divided into the subject's NOI resulting in a value indication for the real estate being appraised.

$$\text{Net Operating Income} / \text{Sale Price} = \text{Cap Rate}$$

Implicit within a cap rate are all investor expectations regarding risk, return, and change. In this case I was not able to extract capitalization rates from the market for surface parking such as the subject. However, during conversations with local investors and other appraisers a capitalization rate between 9% and 11% is considered appropriate especially when access to the property is considered.

In the table below the investor survey is taking into consideration both a publication for investor surveys for land leases and conversations with local investors and appraisers. The investor survey published by RealtyRates.com states that land leases for special use properties range from 3.35% to 16.68% which covers a wide range of properties and risk associated with different property types. This is tempered by conversations with others active in the market which narrows the range to 9% to 11%.

Capitalization rates based on band of investment and debt coverage ratios are constructed with the data outlined above.

Industry publications include surveys and papers published by other appraisers, such as Ted Anglyn, who specialize in this property type. Capitalization rates from his research indicate a scale from 5% to 10% with an average of 6.9%.

| Capitalization Rate Conclusion | |
|---------------------------------------|---------------|
| Investor Survey | 9% - 11% |
| Band of Investment | 9.06% |
| Debt. Coverage Ratio Method | 8.91% |
| Industry Publications | 5% - 10% |
| <hr/> | |
| Selected Rate | 10.75% |

Expectations of the future are very important when selecting an appropriate capitalization rate. These expectations include but are not limited to inflation, taxation, governmental policy, environmental concerns, and the general relationship between supply and demand. The overall cap rate determined for the subject recognizes several considerations.

Consideration has been given to the relative risk that the subject property represents to a potential investor. These risks include the lack of opportunity to develop the parcel and the lack of visibility and access to the property. These risks are tempered by the demand for parking in Downtown area and the minimal expenses associated with this property type. Given the lack of opportunity to develop the site, and/or the cost associated with acquiring an easement or more land adjacent to the ally, a capitalization rate toward the higher end of the scale is considered appropriate by most market participants interviewed. Therefore, a capitalization rate of 10.75% is considered appropriate.

Capitalization Summary

| <u>DIRECT CAPITALIZATION SUMMARY</u> | | |
|---|-------|-----------------------|
| Income Breakdown | | Annual Income |
| Rental Income | | \$ 13,230 |
| Potential Gross Income (PGI) | | \$ 13,230 |
| Vacancy and Collection Loss | 3.0% | \$ 397 |
| Effective Gross Income (EGI) | | \$ 12,833 |
| Expense Breakdown | | Annual Expense |
| Management | 10.0% | \$ 1,283 |
| Property Insurance | | \$ 800 |
| Property Taxes | | \$ 1,169 |
| Replacement Allowance | | \$ 900 |
| Total Expenses | | \$ 4,152 |
| Expense Ratio (Expenses/EGI) | | 32.35% |
| Net Operating Income | | \$ 8,681 |
| Capitalization Rate | | 10.75% |
| Value | | \$ 80,755 |
| Or, Say | | \$ 81,000 |

MARKET VALUE ESTIMATE– “As Is”

| | |
|--|-----------------|
| Indicated Value via Income Approach | \$81,000 |
|--|-----------------|

Reconciliation

During reconciliation, strengths and weaknesses of each developed approach are considered. Adequacy and relevance of the data is weighed. Differences between approaches are examined, rationalized, and resolved when possible. A final value that is supported by the developed approaches is determined.

The subject property is described as an irregular shaped parcel that comprises 0.236 gross acres (10,280 gross square feet [SF]). Usable upland area is 0.236 acres (10,280 SF). There are no structures on the subject; although approximately 10,280 SF is paved and marked for parking. The pavement is in average condition and is zoned for a Downtown Business District use. Unless specifically stated otherwise, the estate appraised assumes no adverse leases, liens or encumbrances other than normal covenants and restrictions of record.

A highest and best use analysis concluded that the highest and best use of the property considering its lack of access and visibility was as a parking lot with spaces leased on an annual basis.

| Value Indications | As Is |
|-------------------|----------|
| Cost Approach | NA |
| Sales Comparison | NA |
| Income Approach | \$81,000 |

The Cost Approach is only applicable in buildings with minimal depreciation. In this case, this approach is not an appropriate valuation method and is intentionally omitted from this report.

The Sales Comparison Approach was discussed at length in this report. I was unable to find data in the market place for sales of similar properties with lack of access and visibility and little utility. Furthermore, I was unable to extract adjustment for limited or no-access properties in order to make an adjustment in the sales comparison approach. Given the lack of sales with limited or no access and the lack of support for an adjustment for a property with limited or no access the sales comparison approach was considered not applicable and intentionally omitted from this report.

The subject property has 26 available parking spaces on it (three of which are split by the property line on the east side) which are leased on an annual basis. These leases are currently \$20 per month for business use and \$30 per month for residential use. Market research indicates that the market rental rate per month for parking spaces is \$45 per month, which is used in the analysis above. After taking into consideration the expenses associated with the parcel in use as a parking area and the risk inherent in the limited access, a value estimate of \$81,000 was concluded. Given this information the income approach is considered to be a reliable method for valuing the subject property.

After careful consideration of all factors pertaining to and influencing value, the data and analysis support the following current market value "As Is" of the fee simple interest in the subject property as of August 2, 2019:

\$81,000

(EIGHTY ONE THOUSAND DOLLARS)

Exposure Time

Exposure Time

Exposure time is the estimated length of time that 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. Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.⁹ Exposure time is always presumed to occur prior to the effective date of the appraisal.

Exposure time is different for various types of property and under various market conditions. It is noted that the overall concept of reasonable exposure encompasses not only adequate, sufficient, and reasonable time but also adequate, sufficient, and reasonable effort. The fact that exposure time is always presumed to occur prior to the effective date of the appraisal is substantiated by related facts in the appraisal process: supply/demand conditions as of the effective date of the appraisal; the use of current cost information; the analysis of historical sales information (sold after exposure and after completion of negotiations between the seller and buyer); and the analysis of future income expectancy projected from the effective date of the appraisal.¹⁰

When reasonable exposure time is a component of the definition for the value opinion being developed, the appraiser must also develop an opinion of reasonable exposure time linked to that value opinion.¹¹ When an opinion of reasonable exposure time has been developed in compliance with Standards Rule 1-2(c), the opinion must be stated in the report.¹² I estimate a reasonable exposure time for the subject property to range from nine to twelve months.

⁹ USPAP 2018-2019 Edition, The Appraisal Foundation, 4.

¹⁰ USPAP 2018-2019 Edition, Advisory Opinion 35, The Appraisal Foundation, 166.

¹¹ Ibid.

¹² Ibid.

Certifications

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and I have no personal interest with respect to the parties involved.
- Christopher W. Mashburn, MAI, AI-GRS, ASA has 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*.
- Christopher W. Mashburn, MAI, AI-GRS, ASA has made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person(s) signing this certification.
- The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report Christopher W. Mashburn has completed the continuing education program for Designated Members of the Appraisal Institute.



Christopher W. Mashburn, MAI, AI-GRS, ASA
Certified General Real Estate Appraiser
North Carolina License # A8051

General Assumptions and Limiting Conditions

1. By this notice, all persons, companies, or corporations using or relying on this report in any manner bind themselves to accept these contingent and limiting conditions, and all other contingent and limiting conditions contained elsewhere in this report. Do not use any portion of this report unless you fully accept all contingent and limiting conditions contained throughout this document.
2. Throughout this report, the singular term "Appraiser" also refers to the plural term "Appraisers." The terms "Appraiser" and "Appraisers" refer collectively to "Mashburn Appraisal Group", its officers, employees, subcontractors, and affiliates. The masculine terms "he" or "his" also refer to the feminine term "she" or "her."
3. These conditions are an integral part of this appraisal report, and are a preface to any certification, definition, description, fact, or analysis. Moreover, these conditions are intended to establish as a matter of record that the purpose of this report is to provide one or more value opinions for the subject property. All value opinions are prepared solely for the explicitly identified client and other explicitly identified intended users.
4. The liability of the Appraiser is limited solely to the client. There is no accountability, obligation, or liability to any other third party. Other intended users may read but not rely on this report. The Appraiser's maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence, or otherwise) is limited to the fee paid to Mashburn Appraisal Group for that portion of their services or work product giving rise to liability. In no event shall the Appraisers be liable for consequential, special, incidental or punitive loss, damages, or expense (including without limitation, lost profits, opportunity costs, etc.) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all contingent and limiting conditions, assumptions, and disclosures. Use of this report by third parties shall be solely at the risk of the third party.
5. As part of this appraisal, information was gathered and analyzed to form value opinion(s) that pertain solely to one or more explicitly identified effective value dates. The effective value date is the only point in time that the value applies. Information about the subject property, neighborhood, comparables, or other topics discussed in this report was obtained from sensible sources. In accordance with the extent of research disclosed in the Scope of Work section, all information cited herein was examined for accuracy, is believed to be reliable, and is assumed reasonably accurate. However, no guaranties or warranties are made for this information. No liability or responsibility is assumed for any inaccuracy which is outside the control of the Appraiser, beyond the scope of work, or outside reasonable due diligence of the Appraiser.
6. Real estate values are affected by many changing factors. Therefore, any value opinion expressed herein is considered credible only on the effective value date. Every day that passes thereafter, the degree of credibility wanes as the subject changes physically, the economy changes, or market conditions change. The Appraiser reserves the right to amend these analyses and/or value opinion(s) contained within this appraisal report if erroneous or more factual information is subsequently discovered. No guarantee is made for the accuracy of estimates or opinions furnished by others and relied upon in this report.
7. This appraisal is not an engineering, construction, legal, or architectural study. It is not an examination or survey of any kind. Expertise in these areas is not implied. The Appraiser is in no way responsible for any costs incurred to discover or correct any deficiency in the property. In the case of limited partnerships, syndication offerings, or stock offerings in the real estate, the client agrees that in case of lawsuit (brought by the lender, partner, or part owner in any form of ownership, tenant, or any other party), the client will hold Mashburn Appraisal Group, its officers, contractors, employees, and associate appraisers completely harmless. Acceptance of and/or use of this report by the client or any third party is prima facie evidence that the user understands

and agrees to all these conditions.

8. For appraisals of multifamily property, only a portion of all dwellings was observed. A typical ratio of observed dwellings roughly approximates 10% of the total number of units, and this ratio declines as the number of dwellings grows. It is assumed the functionality, physical condition, and interior finish of unseen units are similar to the functionality, physical condition, and interior finish of observed units. If unobserved dwellings significantly differ from those that were viewed in functionality, physical condition, or finish, the Appraiser reserves the right to amend these analysis and/or value opinion(s).
9. Unless specifically stated otherwise herein, the Appraiser is unaware of any engineering study made to determine the bearing capacity of the subject land or nearby lands. Improvements in the vicinity, if any, appear to be structurally sound. It is assumed soil and subsoil conditions are stable and free from features that cause supernormal costs to arise. It is also assumed existing soil conditions of the subject land have proper load-bearing qualities to support the existing improvements or proposed improvements appropriate for the site. No investigations for potential seismic hazards were made. This appraisal assumes there are no conditions of the site, subsoil, or structures, whether latent, patent, or concealed, that would render the subject property less valuable. Unless specifically stated otherwise in this document, no earthquake compliance report, engineering report, flood zone analysis, hazardous substance determination, or analysis of these unfavorable attributes was made or ordered in conjunction with this appraisal report. The client is strongly urged to retain experts in these fields, if so desired.
10. If this appraisal values the subject as though construction, repairs, alterations, remodeling, renovation, or rehabilitation will be completed in the future, it is assumed such work will be completed in a timely fashion using non-defective materials and proper workmanship. All previously completed work is assumed to substantially conform to plans, specifications, descriptions, or attachments made or referred to herein. It is also assumed all planned, in-progress, or recently completed construction complies with the zoning ordinance and all applicable building codes. A prospective value opinion has an effective value date that is beyond or in the future relative to the report preparation date. If this appraisal includes a prospective valuation, it is understood and agreed the Appraiser is not responsible for an unfavorable value effect caused by unforeseeable events that occur before completion of the project.
11. If this appraisal values an estate that is less than the whole fee simple estate, then the following disclosure applies. The value for any fractional estate appraised plus the value of all other complementary fractional estates may or may not equal the value of the entire fee simple estate.
12. This valuation may or may not include an observation of the appraised property by a signatory to this report. The extent of any observation is disclosed in the Scope of Work section of this report. Any observation by a signatory is not and should not be misconstrued as a professional property inspection. Comments or descriptions about physical condition of the improvements, if any, are based solely on a superficial visual observation. Electric, heating, cooling, plumbing, water supply, sewer or septic, mechanical equipment, and other systems were not tested. No determination was made regarding the operability, capacity, or remaining physical life of any component in, on, or under the real estate appraised. All building components are assumed adequate and in good working order unless stated otherwise. Private water wells and private septic systems are assumed sufficient to comply with federal, state, or local health safety standards. No liability is assumed for the soundness of structural members since structural elements were not tested or studied to determine their structural integrity. The roof cover for all structures is assumed water tight unless otherwise noted. Comments regarding physical condition are included to familiarize the reader with the property. This document is not an engineering or architectural report. If the client has any concern regarding structural, mechanical, or protective components of the improvements or the adequacy or quality of sewer, water, or other utilities, the client should hire experts in an appropriate discipline before relying upon this report. No representations are made herein as to these matters unless explicitly stated otherwise in this report.

13. No liability is assumed for matters of legal nature that affect the value of the subject property. Unless a clear statement to the contrary is made in this report, value opinion(s) formed herein are predicated upon the following assumptions. (A) The real property is appraised as though and assumed free from all value impairments including yet not limited to title defects, liens, encumbrances, title claims, boundary discrepancies, encroachments, adverse easements, environmental hazards, pest infestation, leases, and atypical physical deficiencies. (B) All real estate taxes and assessments, of any type, are assumed fully paid. (C) The property being appraised is assumed to be owned under responsible and lawful ownership. (D) It is assumed the subject property is operated under competent and informed management. (E) The subject property was appraised as though and assumed free of indebtedness. (F) The subject real estate is assumed fully compliant with all applicable federal, state, and local environmental regulations and laws. (G) The subject is assumed fully compliant with all applicable zoning ordinances, building codes, use regulations, and restrictions of all types. (H) All licenses, consents, permits, or other documentation required by any relevant legislative or governmental authority, private entity, or organization have been obtained, or can be easily be obtained or renewed for a nominal fee.
14. An appraised property that is a physical portion of a larger parcel or tract is subject to the following limitations. The value opinion for the property appraised pertains only to that portion defined as the subject. This value opinion should not be construed as applying with equal validity to other complementary portions of the same parcel or tract. The value opinion for the physical portion appraised plus the value of all other complementary physical portions may or may not equal the value of the whole parcel or tract.
15. The allocation of value between the subject's land and improvements, if any, represents my judgment only under the existing use of the property. A re-evaluation should be made if the improvements are removed, substantially altered, or the land is utilized for another purpose.
16. The Appraiser assumes a prospective purchaser of the subject is aware of the following. (A) This appraisal of the subject property does not serve as a warranty on the physical condition of the property. (B) It is the responsibility of the purchaser to carefully examine the property and to take all necessary precautions before signing a purchase contract. (C) Any estimate for repairs is a non-warranted opinion of the Appraiser.
17. Any exhibits in the report are intended to assist the reader in visualizing the subject property and its surroundings. The drawings are not surveys unless specifically identified as such. No responsibility is assumed for cartographic accuracy. Drawings are not intended to be exact in size, scale, or detail.
18. Value opinions involve only real estate and inconsequential personal property. Unless explicitly stated otherwise, value conclusions do not include personal property, unaffixed equipment, trade fixtures, business-goodwill, chattel, or franchise items of material worth.
19. Conversion of the subject's income into a market value opinion is based upon typical financing terms that were readily available from a disinterested, third party lender on this report's effective date. Atypical financing terms and conditions do not influence market value but may affect investment value.
20. All information and comments concerning the location, market area, trends, construction quality, construction costs, value loss, physical condition, rents, or any other data for the subject represent estimates and opinions of the Appraiser. Expenses shown in the Income Approach, if used, are only estimates. They are based on past operating history, if available, and are stabilized as generally typical over a reasonable ownership period.
21. This appraisal was prepared by Mashburn Appraisal Group and consists of trade secrets and commercial or financial information, which is privileged, confidential, and exempt from disclosure under 5 U.S.C. 522 (b) (4). Please notify Mashburn Appraisal Group of any request for reproduction of this appraisal report.

22. The Appraiser is not required to give testimony or produce documents because of having prepared this report unless arrangements are agreed to in advance. If the Appraiser is subpoenaed pursuant to court order or required to produce documents by judicial command, the client agrees to compensate the Appraiser for his appearance time, preparation time, travel time, and document preparation time at the regular hourly rate then in effect plus expenses and attorney fees. In the event the real property appraised is or becomes the subject of litigation, a condemnation, or other legal proceeding, it is assumed the Appraiser will be given reasonable advanced notice and reasonable additional time for court preparation.
23. Effective January 26, 1992, the Americans with Disabilities Act (ADA), a national law, affects all non-residential real estate or the portion of any property that is non-residential. The Appraiser has not observed the subject property to determine whether the subject conforms to the requirements of the ADA. It is possible a compliance survey, together with a detailed analysis of ADA requirements, could reveal the subject is not fully compliant. If such a determination was made, the subject's value may or may not be adversely affected. Since the Appraiser has no direct evidence or knowledge pertaining to the subject's compliance or lack of compliance, this appraisal does not consider possible noncompliance or its effect on the subject's value.
24. Mashburn Appraisal Group and the Appraiser have no expertise in the field of insect, termite, or pest infestation. We are not qualified to detect the presence of these or any other unfavorable infestation. The Appraiser has no knowledge of the existence of any infestation on, under, above, or within the subject real estate. No overt evidence of infestation is apparent to the untrained eye. However, we have not specifically inspected or tested the subject property to determine the presence of any infestation. No effort was made to dismantle or probe the structure. No effort was exerted to observe enclosed, encased, or otherwise concealed evidence of infestation. The presence of any infestation would likely diminish the property's value. All value opinions in this communication assume there is no infestation of any type affecting the subject real estate. No responsibility is assumed by Mashburn Appraisal Group or the Appraiser for any infestation or for any expertise required to discover any infestation. my client is urged to retain an expert in this field, if desired.
25. All opinions are those of the signatory Appraiser based on the information in this report. No responsibility is assumed by the Appraiser for changes in market conditions or for the inability of the client or any other party to achieve their desired results based upon the appraised value. Some of the assumptions or projections made herein can vary depending upon evolving events. We realize some assumptions may never occur, and unexpected events or circumstances may occur. Therefore, actual results achieved during the projection period may vary from those set forth in this report. Compensation for appraisal services is dependent solely on the delivery of this report and no other event or occurrence.
26. **No part of this report shall be published or disseminated to the public by the use of advertising media, public relations media, news media, sales media, electronic devices, or other media without the prior written consent of Mashburn Appraisal Group. This restriction applies particularly as to analyses, opinions, and conclusions; the identity of the Appraiser; and any reference to the Appraisal Institute or its MAI, SRPA, or SRA designations. Furthermore, no part of this report may be reproduced or incorporated into any information retrieval system without written permission from Mashburn Appraisal Group, the copyright holder.**

Tax Card(s)

Craven County Geographic Information System

Craven County does NOT warrant the information shown on this page and should be used ONLY for tax assessment purposes.

This report was created by Craven County GIS reporting services on 7/16/2019 9:39:51 AM

Parcel ID : 8-002-C -055
Owner : STROUD, DALE M & LINDA A
Mailing Address : 625 ALEXIS DR NEW BERN NC 28562
Property Address : 411 BROAD ST
Description : BROAD ST
Lot Description :



| | | | |
|----------------------------|-------------------------------|-----------------------------|--------------------------|
| Assessed Acreage : | 0.236 | Calculated Acreage : | 0.240 |
| Deed Reference : | 2025-1009 | Recorded Date : | 4 17 2003 |
| Recorded Survey : | | | |
| Estate Number : | | | |
| Land Value : | \$94,990 | Tax Exempt : | No |
| Improvement Value : | \$7,800 | # of Improvements : | 1 |
| Total Value : | \$102,790 | | |
| City Name : | NEW BERN | Fire tax District : | |
| Drainage District : | | Special District : | NEW BERN MUNI (SSD 8) |
| Land use : | COMM - GENERAL COMMERCIAL USE | | |

Recent Sales Information

| SALE DATE | Sellers Name | Buyers Name | Sale Type | Sale Price |
|-----------|------------------------|--------------------------|-------------------|------------|
| 4/17/2003 | STROUD, DALE M TRUSTEE | STROUD, DALE M & LINDA A | MULTI-PARCEL-SALE | \$0 |
| 5/8/1997 | WRAY, EUNICE S | STROUD, DALE M TRUSTEE | MULTI-PARCEL-SALE | \$0 |

List of Improvements to Site

| Type of Structure | Year Built | Base Area 1st Floor | Value |
|-------------------|------------|---------------------|---------|
| ASPHALT PAVING | 2006 | 0 | \$7,800 |

Deed

Craven NC - Document Stamp
Backy Thompson, Register of Deeds
Date 04/17/2003 Time 09:35:04 1 of 6 Pgs
No: 2003-00065617
Book **2025** Page **1009**
Fee Amt : 29.00
Excise Tax: .00

NORTH CAROLINA

SPECIAL WARRANTY DEED

Craven County

THIS DEED, made this the 15 day of April, 2003, by and between Dale M. Stroud, Trustee of the Eunice S. Wray Living Trust hereinafter referred to as Grantor, and Dale M. Stroud and wife, Linda Alligood Stroud of 625 Alexis Drive, New Bern, North Carolina 28562, hereinafter referred to as Grantees;

WITNESSETH:

That the Grantor, for valuable consideration paid by the Grantees, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantees in fee simple, all those certain tracts or parcels of land situated in Craven County, North Carolina, and being more particularly described as follows:

Tract One:

All that certain lot or parcel of land lying and being situate in Number Eight Township, Craven County, North Carolina, and being more particularly described as follows:

Being all of Lot No. 2, Block C, in that certain subdivision known as Riverview, a map or plat of which is recorded in Book 177, Page 526, in the Office of the Register of Deeds of Craven County, reference to which map should be made for a more perfect description of said lot.

NO TITLE EXAM

Tract Two:

Date 04/17/2003 Time 09:35:04 2 of 6 Pgs

All that certain lot or parcel of land lying and being in ~~State of North Carolina~~ **2025-1010**
Township, Craven County, North Carolina and more particularly described as follows:

BEGINNING at a point in the Southwestern Right of Way line of U.S. Highway Number 70, said point being the intersection of the Southwest right of way line of said U. S. Highway Number 70 with the Northwest right of way line of Church Street; thence from this point of beginning South 53° 40' West along and with the Southwestern right of way line of Church Street 10.3 feet to a point being the Southeast corner of Lot Number 241 as shown on a map of Sunset Hills recorded in Map Book 4 at page 24 Craven County Registry; thence North 34° 40' West along and with the Northeast line of said Lot Number 241 200 feet; thence North 53° 40' East 59.9 feet to the right of way line of U.S. Highway Number 70; thence South 21° 00' East along and with the Southwest right of way line of U.S. Highway Number 70 approximately 207 feet to the point of beginning.

Being all of Lot Number 239 and a portion of Lot 237 as shown and delineated on the above referred map of Sunset Hills, and also being a portion of those certain lots or parcels of land conveyed to Elmer Rutt and wife, Mamie Rutt by deed dated November 15, 1950 and recorded in Book 449 at page 189 Craven County Registry.

Tract Three:

All that lot or parcel of land lying and being in Craven County, North Carolina, in the City of New Bern on the South side of Johnson Street and more particularly described as follows:

BEGINNING at a point in the southern right of way line of Johnson Street which place of beginning lies South 86 degrees 28 minutes west 116 feet from the southwest corner of the intersection of Johnson Street and Metcalf Street; and running thence South 7 degrees 30 minutes west 52.0 feet; thence North 86 degrees 28 minutes east 8.75 feet; thence South 7 degrees 30 minutes west 164.5 feet; thence South 86 degrees 28 minutes west 100.05 feet; thence North 4 degrees 00 minutes east 90.60 feet; thence North 86 degrees 28 minutes east 28.56 feet; thence North 7 degrees 30 minutes east 125.0 feet to the southern right of way line of Johnson Street; thence with the southern right of way line of Johnson Street North 86 degrees 28 minutes east 68.4 feet to the place of beginning, being a portion of Lot 332 of the Plan of the City of New Bern, and being No. 607 Johnson Street according to the survey and plat prepared by

Andrew D. Grady, Registered Land Surveyor, dated September 13, 1976,
reference to which is hereby made.

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No: 2003-00065617

TOGETHER with a right of way and easement for the purpose of pedestrian access to and from the lands above conveyed over and upon a strip of land fronting 8.75 feet on Johnson Street and more particularly described as follows: BEGINNING at a point in the southern right of way line of Johnson Street which place of beginning lies South 86 degrees 28 minutes west 116 feet from the southwest corner of the intersection of Johnson Street and Metcalf Street; and running thence South 7 degrees 30 minutes west 52.0 feet; thence North 86 degrees 28 minutes east 8.75 feet to the dividing line between Lot No. 331 and No. 332 of the Plan of the City of New Bern; thence with said dividing line North 07 degrees 30 minutes east 52 feet to the southern right of way line of Johnson Street; thence with the southern right of way line of Johnson Street South 86 degrees 28 minutes west 8.75 feet to the place of beginning.

Tract Four:

All that certain tract or parcel of land lying and being situate in Number Eight Township, Craven County, North Carolina and being more particularly described as follows:

Lying in the City of New Bern on the south side of Broad Street between Middle Street and Hancock Street and beginning at a point in the southern side of Broad Street which lies North 80° West 135.48 feet from the southwestern intersection of Broad and Middle Streets. Thence from this point of beginning so located with the southern side of Broad Street North 80° West 79 feet 2 inches to a point; thence parallel to Middle Street South 10° West 214 feet 6 inches to a point; thence parallel to Broad Street South 80° East 80 feet 7 inches to a point; thence parallel to Middle Street North 10° East 134 feet 6 inches to a point; thence parallel to Broad Street North 80° West 17 inches to a point; thence parallel to Middle Street North 10° East 80 feet to the point of beginning.

The aforesaid property is the second tract described by deed recorded in Book 476, page 382 in the office of the Register of Deeds of Craven County.

Tract Five:

All that certain tract or parcel of land lying and being situate in Number Two Township, Craven County, North Carolina and being more particularly described as follows:

BEGINNING at a point in the centerline of Broad Creek Road (NCSR 1600) which said point of beginning marks the northernmost corner of the property conveyed by deed recorded in Book 1085, Page 716, in the Office of the Register of Deeds of Craven County. Thence from this point of beginning, along and with the centerline of Broad Creek Road, South 54° 38' 51" East 74.58 feet to a point; thence, continuing along the centerline of Broad Creek Road South 56° 13' 50" East 25.42 feet to a point; thence, South 40° 54' West 400 feet to a point; thence north 56° 30' West 100 feet to the northern line of the property described by deed recorded in Book 1085, Page 716; thence, along and with the northern line of said property North 40° 54' East 400 feet, more or less, to the point of beginning.

This conveyance is made subject to the right-of-way of Broad Creek Road.

Tract Six:

All of that Lot or parcel of land lying and being in Number Two Township, Craven County, North Carolina, on the southeast side of North Carolina Secondary Road 1600 (Half Moon or Broad Creek Road) and known and designated as Lot 3 of the Dunn Division as the same is recorded in the Office of the Register of Deeds of Craven Count in Plat Cabinet C at Slide 305, reference to which is hereby made.

TO HAVE AND TO HOLD, the undivided interest in said lands, together with all privileges and appurtenances as thereunto belonging unto the said Grantees, their heirs and assigns, forever, in as full and ample manner as Grantor, is authorized and empowered to convey the same.

And the said Grantor does hereby covenant that it has not placed or suffered to be placed any presently existing lien or encumbrance on said premises and that it will warrant and defend the title to the same against the lawful claims of all persons claiming by, through or on account of it, but no further.

The designation Grantor and Grantees as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

Date 04/17/2003 Time 09:35:04 5 of 6 Pgs

Book 2025 Page 1013

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and adopted as his seal the typewritten word "SEAL" appearing after his signature hereinbelow this the day and year first above written.

Dale M. Stroud (SEAL)
Dale M. Stroud, Trustee of
The Eunice S. Wray Living Trust

NORTH CAROLINA
CRAVEN COUNTY

I, Brian Z. Taylor, a Notary Public in and for the State and County above, do hereby certify that Dale M. Stroud personally appeared before me this day and acknowledged the due execution of the foregoing document.

WITNESS my hand and notarial seal, this the 15th day of April, 2003.

Brian Z. Taylor
NOTARY PUBLIC



My Commission Expires:

11-19-2006

NORTH CAROLINA
CRAVEN COUNTY

The foregoing certificate of Brian Z Taylor is certified to be correct.
This instrument was presented for registration this day and hour, and duly recorded in the office
of the Register of Deeds of Craven County, North Carolina, in Book
2025, at Page 1009.

This the 17 day of April, 2003, at 9:35 o'clock A.m.

Bachy Thompson
REGISTER OF DEEDS

BY: Shawn B. Richard
DEPUTY REGISTER OF DEEDS

Date 04/17/2003 Time 09:35:04 6 of 6 Pgs
No: 2003-00065617

Book 2025 Page 1014

Appraisers' Qualifications

Christopher W. Mashburn, MAI, AI-GRS, ASA

Certified General Real Estate Appraiser NC # A8051

Education

IRWA

The Uniform Act Executive Summary IRWA Course 105 (2017)

Appraisal Institute Education

Valuation of Conservation Easements (2017)
Condemnation Appraising: Principles & Applications (2016)
Review Theory—General (2016)
Uniform Appraisal Standards for Federal Land Acquisitions (2015)
Litigation Skills for the Appraiser: An Overview (2015)
The Appraiser as an Expert Witness: Preparation & Testimony (2015)
Advanced Concepts and Case Studies (2014)
Advanced Market Analysis and Highest and Best Use (2014)
General Demonstration Report Writing (2014)
Quantitative Analysis (2014)
General Appraiser Report Writing and Case Studies (2014)
General Appraiser Market Analysis and Highest and Best Use (2014)
General Appraiser Site Valuation and Cost Approach (2014)
Advanced Income Capitalization (2014)
General Appraiser Income Approach Part 2 (2014)
Real Estate Finance Statistics and Valuation Modeling (2014)
General Appraiser Income Approach Part 1 (2014)
7 Hour National USPAP Update Course (2014)
General Appraiser Sales Comparison Approach (2013)
Marketability Studies: Advanced Considerations & Applications (2013)
Basic Appraisal Procedures (2010)
Basic Appraisal Principles (2009)
15 Hour National USPAP Equivalent Course (2008)
Business Practices and Ethics (2008, 2014)

McKissock Education Services

7 Hour National USPAP Update Course (2018)
7 Hour National USPAP Update Course (2016)

BrightPath Education Services

15 Hour National USPAP Course (2012)
Market Analysis & Highest and Best Use (2012)
Basic Appraisal Procedures (2012)
Basic Appraisal Principles (2012)

Undergraduate Studies

Bachelor of Arts, Construction Technology, Appalachian State University, North Carolina, 2006, with a Minor in Accounting

PROFESSIONAL AFFILIATIONS

Designated Member of the Appraisal Institute (MAI and AI-GRS)

International Association of Assessing Officers

Designated Member of the American Society of Appraisers (ASA)

EXPERIENCE

Christopher Mashburn began his commercial real estate appraising career as a Research Analyst with Mashburn Appraisal Group in Morehead City, NC. After one year as an analyst, he became a "Registered Trainee" Real Estate Appraiser in the state of North Carolina. During his tenure as a Trainee, Christopher met all requirements that included education, coursework, examinations, and experience hours set forth by the Appraisal Institute to earn the designation of MAI.

During his time at Mashburn Appraisal Group, Christopher has completed appraisal reports involving various commercial properties that include: vacant land, farmland, multitenant and single-tenant retail buildings, multitenant and single-tenant office buildings, industrial buildings, motels, mobile home parks, as well as various types of new construction. In preparing these reports, he has gained significant experience in researching and compiling market data, executing fundamental market analyses, as well as discounted cash flow and sell-out analyses. He has experience valuing partial interest, establishing leased fee and fee simple values, and in valuation of various types of conservation easements.

Christopher is a certified general real estate appraiser in the state of North Carolina.

**End of
Report**

RESOLUTION

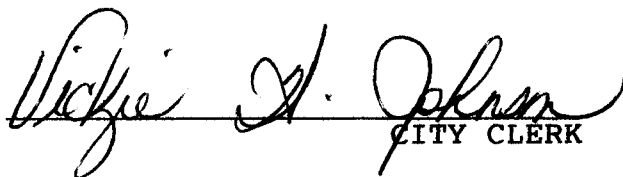
BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF NEW BERN:

That the Lease by and between Dale M. Stroud, Trustee of the Eunice S. Wray Living Trust, and the City of New Bern, bearing date May 25, 1999, copy of which is attached hereto and incorporated herein by reference, be and the same is hereby approved, and the Mayor and City Clerk be and they are hereby authorized and directed to execute the same for and on behalf of the City.

ADOPTED THIS 25th DAY OF MAY 1999.



MAYOR


CITY CLERK

NORTH CAROLINA

CRAVEN COUNTY

PREPARED BY A. D. WARD

THIS LEASE, made and entered into this 25th day of May, 1999, by and between DALE M. STROUD, TRUSTEE OF THE EUNICE S. WRAY LIVING TRUST, bearing date April 29, 1997, and whose address is 3000 Neuse River Drive, New Bern, North Carolina, party of the first part, hereinafter called the LESSOR, and the CITY OF NEW BERN, a North Carolina municipal corporation, party of the first part, hereinafter called the LESSEE;

W I T N E S S E T H:

THAT THE PARTY OF THE FIRST PART, in consideration of the rents, covenants, and agreements hereinafter mentioned to be kept and performed by the party of the second part, does hereby lease and rent unto the party of the second part, for a period of ten years, beginning on the 1st day of June, 1999, and ending on the 31st day of May, 2009, that certain property situate and in the City of New Bern, County of Craven, State of North Carolina, in Number 8 Township, and more fully described as follows:

Lying in the City of New Bern on the south side of Broad Street between Middle Street and Hancock Street and beginning at a point in the southern side of Broad Street which lies North 80° West 135.48 feet from the southwestern intersection of Broad and Middle Streets. Thence from this point of beginning so located with the southern side of Broad Street North 80° West 79 feet 2 inches to a point; thence parallel to Middle Street South 10° West 214 feet 6 inches to a point; thence parallel to Broad Street South 80° East 80 feet 7 inches to a point; thence parallel to Middle Street North 10° East 134 feet 6 inches to a point; thence parallel to Broad Street

North 80° West 17 inches to a point; thence parallel to Middle Street North 10° East 80 feet to the point of beginning.

The aforesaid property is the second tract described by deed recorded in Book 476, Page 382 in the office of the Register of Deeds of Craven County.

Saving and excepting, however, that portion of the above-described property which is occupied by a building fronting on Broad Street. The postal enumerations of the stores which occupy the subject building are 409 Broad Street, 411 Broad Street, and 413 Broad Street.

TO HAVE AND TO HOLD the above-described premises, together with the privileges and appurtenances thereunto belonging, unto the party of the second part, for the period hereinabove mentioned, upon the following terms and conditions:

1. The rent during said period shall be \$300.00 per month, which the LESSEE agrees to pay monthly, in advance, on the first day of each and every month, beginning on the first day of June, 1999.

2. The LESSEE intends to incorporate the subject property into a parking lot, which it intends to construct in the interior of the city block bounded by Broad, Middle, Pollock and Hancock Streets. The development of said parking lot shall be in such manner and at such time as shall be determined by the LESSEE in its sole discretion.

3. The LESSEE agrees to make no unlawful or offensive use of the premises, to pay all rents as and when the same shall become due, and to deliver up the same at the end of the term, or the sooner determination thereof, in good order and condition,

reasonable wear and tear excepted.

4. This lease is made upon the express condition that if the LESSEE shall neglect to make any payment of rent when due, or neglect to keep and fulfill any of the covenants and agreements herein provided on its part, to be kept and fulfilled, and shall remain in default thereof for a period of 30 days after notice from the LESSOR of any such default, the LESSOR, its successors or assigns may thereupon enter upon the premises and expel the LESSEE therefrom, without prejudice to any other remedy which the LESSOR, its successors and assigns, may have on account of such default.

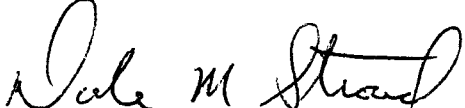
The LESSOR does hereby covenant and agree with the LESSEE that, subject to the terms and conditions hereinabove set forth, the LESSEE shall have and enjoy said premises during the term herein provided, free from the adverse claims of any and all other persons whomsoever.

It is understood and agreed that the rents herein provided to be paid, shall be paid, to the LESSOR, Dale M. Stroud, Trustee of the Eunice S. Wray Living Trust, 3000 Neuse River Drive, New Bern, North Carolina, 28560, or at such other address as the said Lessor may, in writing, request the LESSEE to pay the same.

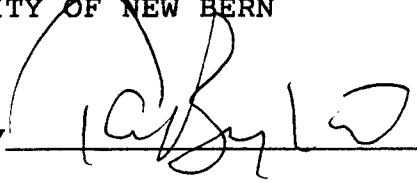
It is understood and agreed that the LESSEE shall have the right to extend the term of this lease for an additional period of ten years, beginning on the first day of June, 2009, automatically, by payment of the rent herein provided to the LESSOR for the month of June, 2009.

This Lease shall inure to the benefit of and be binding on the parties hereto, their heirs, executors, administrators, successors, and assigns.

IN TESTIMONY WHEREOF, the party of the first part has hereunto set his hand and adopted as his seal the typewritten word "SEAL" appearing beside his name, and the City has caused this agreement to be executed as its act and deed by the Mayor, attested by its City Clerk, and its seal to be hereunto affixed, all by the authority of its Board of Aldermen, all as of the day and year first above written.


 (SEAL)
DALE M. STROUD, TRUSTEE OF THE
EUNICE S. WRAY LIVING TRUST

CITY OF NEW BERN

By  MAYOR

[SEAL]

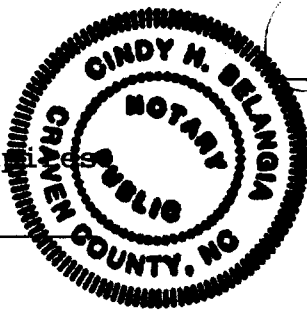
ATTEST:


CITY CLERK

NORTH CAROLINA
CRAVEN COUNTY

I, Cindy H. Belangio, a notary public in and for said county and state, do hereby certify that DALE M. STROUD, TRUSTEE OF THE EUNICE S. WRAY LIVING TRUST, personally appeared before me this day and acknowledged the due execution of the foregoing instrument for the purposes therein expressed.

WITNESS my hand and notarial seal, this 25th day of May 1999.



[Signature]
NOTARY PUBLIC

My commission expires

12-11-2001

NORTH CAROLINA
CRAVEN COUNTY

I, _____, a notary public in and for said county and state, do hereby certify that on the _____ day of _____ 1999, before me personally appeared T. A. BAYLISS, III with whom I am personally acquainted, who, being by me duly sworn, says that he is the Mayor of the City of New Bern, the municipal corporation described in and which executed the foregoing Agreement; that the name of the municipal corporation was subscribed thereto by the said Mayor; by order of the Board of Aldermen of said municipal corporation; and that the said instrument is the act and deed of said municipal corporation.

WITNESS my hand and notarial seal, this _____ day of _____ 1999.

NOTARY PUBLIC

My commission expires:

NORTH CAROLINA
CRAVEN COUNTY

The foregoing certificate of _____,
a notary public in and for said county and state, is certified to
be correct. This instrument was presented for registration on this
day and hour and duly recorded in the Office of the Register of
Deeds of Craven County, North Carolina, in Book _____, at Page
_____.

THIS _____ day of _____ 1999, at _____ o'clock
____.m.

REGISTER OF DEEDS

By _____
ASSISTANT REGISTER OF DEEDS

AGENDA ITEM COVER SHEET

Agenda Item Title:

Consider Adopting a Resolution Approving an Agreement between City of New Bern and Craven County, and Deed and Transfer and Reversion Agreement between the City and Habitat for Humanity of Craven County NC

| | |
|---|---|
| Date of Meeting: 9/24/2019 | Ward # if applicable: 2 |
| Department: City Attorney | Person Submitting Item: Scott Davis |
| Call for Public Hearing: <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | Date of Public Hearing: |

| | |
|---------------------------------|--|
| Explanation of Item: | Agreement regarding the County's conveyance to the City of its interest in numerous properties owned jointly with the City, which the City will thereafter convey to Habitat subject to the provisions of a Transfer and Reversion Agreement |
| Actions Needed by Board: | Adopt a resolution approving the Agreement with the County and the conveyance of the properties to Habitat |
| Backup Attached: | Resolution, Agreement with Craven County, Deed from Craven County to the City, Deed from the City to Habitat, and Transfer and Reversion Agreement between the City and Habitat |

| |
|--|
| Is item time sensitive? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| Will there be advocates/opponents at the meeting? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |

| |
|--|
| Cost of Agenda Item: |
| If this requires an expenditure, has it be budgeted and are funds available and certified by the Finance Director? <input type="checkbox"/> Yes <input type="checkbox"/> No |

Additional Notes:

RESOLUTION

BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF NEW BERN:

That the Agreement between the City of New Bern and the County of Craven, and the Deed and Transfer and Reversion Agreement by and between the City of New Bern and Habitat for Humanity of Craven County NC, copies of which are attached hereto and incorporated herein by reference, be and the same is hereby approved, and the Mayor and City Clerk are hereby authorized and directed to execute the same for and on behalf of the City.

ADOPTED THIS 24th DAY OF SEPTEMBER, 2019.

DANA E. OUTLAW, MAYOR

BRENDA E. BLANCO, CITY CLERK

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

AGREEMENT

THIS AGREEMENT (“Agreement”) is made and entered into as of the 16th day of September, 2019, by and between the CITY OF NEW BERN (“City”), a North Carolina municipal corporation, and the COUNTY OF CRAVEN (“County”), a body politic and corporate of the State of North Carolina, collectively referred to as the “Parties.”

WITNESSETH:

THAT WHEREAS, Habitat for Humanity of Craven County NC has approached the City of New Bern about the possible donation of a number of parcels of real property (“Parcels”) described in Section 1.2 below, to be developed as affordable housing for persons of low and moderate income; and

WHEREAS, the parcels are jointly owned by the City and County; and

WHEREAS, the City has agreed to transfer its interest in the Parcels to Habitat for Humanity of Craven County NC pursuant to a Transfer and Reversion Agreement dated September 24, 2019, a copy of which is attached hereto as Exhibit A (“Transfer and Reversion Agreement”); and

WHEREAS, the County has agreed to transfer its interest in the Parcels to the City so that the City may transfer the same to Habitat pursuant to the terms of the Transfer and Reversion Agreement; and

WHEREAS, the City understands and agrees that the County will transfer its interest in the Parcels identified herein to the City with the understanding that if any of the Parcels revert back to the City pursuant to the terms of the Transfer and Reversion Agreement, the City will transfer back to the County any such reverted parcels in the same amount of the County’s percentage of ownership as of the date of its initial transfer to the City; and

WHEREAS, the Parties hereto desire to reduce their agreement to writing.

NOW, THEREFORE, it is mutually agreed as follows:

1. County Obligations

1.1. The County will transfer its interest in the Parcels to the City by quitclaim deed no later than September 24, 2019.

1.2. The Parcels are identified as follows:

- 1.2.1. 1701 Aycock Avenue (Craven County Parcel ID number 8-039-231).
- 1.2.2. 2308 Aycock Avenue (Craven County Parcel ID number 8-038-043).
- 1.2.3. 2504 Aycock Avenue (Craven County Parcel ID number 8-037-093).
- 1.2.4. 2602 Aycock Avenue (Craven County Parcel ID number 8-037-069-G).
- 1.2.5. 2803 Aycock Avenue (Craven County Parcel ID number 8-037-023).
- 1.2.6. 2007 Pearson Street (Craven County Parcel ID number 8-038-104-A).
- 1.2.7. 1904 Wake Street (Craven County Parcel ID number 8-037-100).
- 1.2.8. 1707 Moore Avenue (Craven County Parcel ID number 8-039-224).
- 1.2.9. 2202 Hartford Avenue (Craven County Parcel ID number 8-039-085).
- 1.2.10. 2208 Hartford Avenue (Craven County Parcel ID number 8-039-088).

2. City Obligations

2.1. If any of the Parcels revert back to the City pursuant to the terms of the Transfer and Reversion Agreement, the City shall transfer the percentage of all such reverted parcels to the County by quitclaim deed within thirty (30) days of such reversion, in the same amount of the County's percentage of ownership as of the date of its initial transfer to the City.

3. Costs of Transaction

3.1. The City shall pay for the cost of recording all instruments necessary to carry out the terms of this Agreement.

4. Miscellaneous

4.1. If any of the provisions of this Agreement shall be held by a court of competent jurisdiction to be unconstitutional or unenforceable, the decision of such court shall not affect or impair any of the remaining provisions of this Agreement, and the parties shall, to the extent they deem to be appropriate, take such actions as are necessary to correct any such unconstitutional or unenforceable provision. It is hereby declared to be the intent of the parties to this Agreement that this Agreement would have been approved and executed had such an unconstitutional or unenforceable provision been excluded therefrom.

4.2. This Agreement shall be enforceable by each party hereto by all remedies available at law or in equity, including but not limited to specific performance. Failure or delay to exercise any right, remedy or privilege hereunder shall not operate as a waiver of such right, remedy or privilege nor prevent subsequent enforcement thereof. In the event that it becomes

necessary to enforce this Agreement by any remedy, the party against whom enforcement is sought hereby agrees to waive any defense of sovereign immunity.

4.3. Each party agrees that from and after the date of execution hereof, each will, upon the request of the other, execute and deliver such other documents and instruments and take such other actions as may be reasonably required to carry out the purpose and intent of this Agreement.

4.4. This Agreement shall be governed in accordance with the laws of the State of North Carolina.

IN TESTIMONY WHEREOF, the City has caused this instrument to be executed by its Mayor and attested by its Clerk, and the County has caused this instrument to be executed by the Chairman of its Board of Commissioners and attested by its Clerk, all as of the day and year first above written.

CITY OF NEW BERN

By: _____
Dana E. Outlaw, Mayor

(City Seal)

Brenda E. Blanco, City Clerk

COUNTY OF CRAVEN

By: _____
George Liner, Chairman

(County Seal)



Nan Holton, Clerk to the Board

This instrument has been preaudited in the manner required by The Local Government Budget and Fiscal Control Act.

Finance Officer, City of New Bern



Finance Officer, County of Craven

Prepared by and return to:

**Michael Scott Davis
DAVIS HARTMAN WRIGHT PLLC
209 Pollock Street
New Bern, NC 28560**

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

TRANSFER AND REVERSION AGREEMENT

THIS TRANSFER AGREEMENT ("Agreement") is made this 24th day of September, 2019, by and between the **CITY OF NEW BERN**, a municipal corporation of the State of North Carolina ("City") and **HABITAT FOR HUMANITY OF CRAVEN COUNTY NC**, a North Carolina nonprofit corporation ("Habitat").

W I T N E S S E T H:

THAT WHEREAS, City is authorized by G.S. §160A-20.1 to "...contract with and appropriate money to any person, association, or corporation, in order to carry out any public purpose that the city is authorized by law to engage in"; and

WHEREAS, City is authorized by law to engage in any activity in which the Housing Authority of the City of New Bern might engage, which includes the provision of affordable housing to persons of low and moderate income; and

WHEREAS, G.S. §160A-279 specifically authorizes a city to convey real or personal property by private sale to any public or private entity to which a city might appropriate funds pursuant to G.S. §160A-20.1, subject to certain limitations; and

WHEREAS, Habitat has requested that the City convey to it certain properties owned by the City to be developed as affordable housing for persons of low and moderate income in the City of New Bern; and

**DAVIS HARTMAN WRIGHT PLLC
Attorneys at Law
209 Pollock Street
New Bern, NC 28560**

WHEREAS, a description of the real properties to be conveyed to Habitat is reflected on the attached Exhibit A, which is incorporated herein by reference; and

WHEREAS, the City and Habitat have reached an agreement with respect to the proposed development, and the circumstances under which all or a portion of said property will revert to the City, and wish to reduce their agreement to writing.

NOW, THEREFORE, the City and Habitat, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, agree with each other as follows:

1. City shall convey to Habitat, and Habitat shall accept the conveyance from City, of the real properties owned by the City ("Subject Properties") described in Exhibit A attached hereto and incorporated herein by reference.

2. Habitat agrees to use the Subject Properties for the development of single-family residences, which shall be sold at low cost, with a low interest mortgage, to qualified low or moderate income applicants who shall have been approved by Habitat.

3. (a) It is understood and agreed that City, in making the transfer of the Subject Properties to Habitat, is relying upon the representations of Habitat that it will develop the Subject Properties into single-family residences to be sold at a modest price to persons of low or moderate income.

(b) City agrees that it will join in any conveyance by Habitat to persons of low or moderate income for the sole purpose of reflecting that the provisions of this contract have been satisfied by Habitat, so that the reverter provisions of this Agreement no longer apply to the property being conveyed.

(c) Habitat specifically agrees to annually provide to City, at its expense, a complete audit of the program, prepared by the accounting firm which does the annual audit for City, to the end that City might monitor the affordable housing program being developed by Habitat on the properties conveyed to it by City. The annual audit shall be provided to City on or about the first day of December of each year, beginning December 1, 2019.

4. City agrees that Habitat shall develop the Subject Properties subject to the provisions of the Land Use Ordinance of the City; shall determine the specifications for the structures to be built, subject always to the Building Code of the State of North Carolina; shall provide and/or decide on the providers of financing for construction of the structures; shall provide and contract for the development of the Subject Properties; and shall determine the criteria for low or moderate income and other nondiscriminatory criteria for applicants who wish to purchase the residences. PROVIDED, HOWEVER, Habitat agrees that City may exercise a right of architectural review of the structures to be erected on the Subject Properties, and to that end, agrees to submit to the City Manager or his designee, plans of the structures that it wishes to

erect. Habitat specifically agrees that it will not erect any structures on the Subject Properties which have not been approved by the City Manager or his designee.

5. Habitat shall obtain building permits to construct single-family residences on each of the Subject Properties within twelve (12) months of the date hereof. In the event it has not obtained the necessary building permits for any one or more of the Subject Properties within twelve (12) months of the date hereof, Habitat specifically agrees that it will reconvey to the City, by deed without warranty, only those properties for which it has not obtained the necessary building permits, should the Board of Aldermen of the City adopt a resolution requesting that said properties be reconveyed.

6. Habitat shall complete construction of single-family residences on each of the Subject Properties within twenty-four (24) months of the date hereof. In the event it has not completed construction on any one or more of the Subject Properties within twenty-four (24) months of the date hereof, title to only those properties on which construction has not been completed shall automatically revert to City, free and clear of all liens and encumbrances, unless City and Habitat shall have agreed in writing on a later date on which said automatic reversion should occur.

7. Should an event of default occur with respect to the Subject Properties so that any one or more of the said properties have reverted automatically to the City, then and in that event, Habitat agrees to execute a conveyance by which the reverting properties are conveyed to the City so that such instrument might be recorded in the Office of the Register of Deeds of Craven County to evidence the reversion. Should Habitat fail or neglect to execute said conveyance upon request, Habitat hereby authorizes Michael Scott Davis, City Attorney, or his successor in office, to effect said conveyance for Habitat as its attorney-in-fact.

8. This Agreement shall not be modified unless in writing, executed by the parties hereto.

9. Miscellaneous paragraphs:

(a) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their estates, devisees, heirs, executors, assigns, successors and representatives, and all persons claiming by, through or under them.

(b) If any provision or clause of this Agreement is held invalid, such invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or application, and to this end, the provisions of this Agreement are severable.

(c) Two copies of this Agreement shall be executed, each of which shall be deemed an original, but all of which taken together constitute one Agreement.

IN TESTIMONY WHEREOF, City has caused this instrument to be executed in its corporate name by its Mayor and its seal to be hereunto affixed and attested by its Deputy City Clerk; and Habitat has caused this instrument to be executed in its corporate name, all the day and year first above written.

CITY OF NEW BERN

[SEAL]

By: _____
Dana E. Outlaw, Mayor

ATTEST:

Brenda E. Blanco, City Clerk

HABITAT FOR HUMANITY OF CRAVEN
COUNTY NC [SEAL]

By: _____
President

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, _____, Notary Public in and for said County and State, do hereby certify that on the _____ day of _____, 2019, before me personally appeared DANA E. OUTLAW, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Mayor and that BRENDA E. BLANCO is the City Clerk for the City of New Bern, the municipal corporation described in and which executed the foregoing instrument; that he knows the common seal of said municipal corporation; that the seal affixed to the foregoing instrument is said common seal; that the name of the municipal corporation was subscribed thereto by the said Mayor; that the said common seal was affixed, all by order of the Board of Aldermen of said municipal corporation; and that the said instrument is the act and deed of said municipal corporation.

WITNESS my hand and official seal this the _____ day of _____, 2019.

Notary Public

My Commission Expires:

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, _____, Notary Public in and for said County and State, do hereby certify that _____ personally appeared before me this day and acknowledged that he/she is President of HABITAT FOR HUMANITY OF CRAVEN COUNTY NC, a North Carolina nonprofit corporation, and that he/she, as President, being duly authorized to do so, voluntarily executed the foregoing instrument on behalf of said corporation for the purposes stated therein.

WITNESS my hand and official seal this the _____ day of _____, 2019.

Notary Public

My Commission Expires:

EXHIBIT A

All those certain tracts or parcels of land in Number Eight (8) Township, Craven County, North Carolina, and being more particularly described as follows:

(DESCRIPTIONS TO BE INSERTED)

Prepared by and return to:

Michael Scott Davis
DAVIS HARTMAN WRIGHT PLLC
209 Pollock Street
New Bern, NC 28560

PARCEL NOS. 8-039-231, 8-038-043, 8-037-093, 8-037-069-G,
8-037-023, 8-038-104-A, 8-037-100, 8-039-224, 8-039-085 & 8-039-088

REVENUE STAMPS: \$0.00

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

THIS QUITCLAIM DEED, made and entered into this 24th day of September, 2019, by and between the **CITY OF NEW BERN**, a municipal corporation of the State of North Carolina, ("Grantor"), and **HABITAT FOR HUMANITY OF CRAVEN COUNTY NC**, a North Carolina non-profit corporation, of Post Office Box 1231, New Bern, North Carolina 28563, Grantee;

W I T N E S S E T H:

That for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable considerations to it in hand paid by the Grantee, the receipt of which is hereby acknowledged, the Grantor has remised and released, and by these presents does remise, release and forever quitclaim unto the Grantee, its successors and assigns, all right, title and interest of the said Grantor in and to those certain lots or parcels of land located in Number Eight (8) Township, Craven County, North Carolina, and being more particularly described as follows:

DAVIS HARTMAN WRIGHT PLLC
Attorneys at Law
209 Pollock Street
New Bern, NC 28560

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN BY
REFERENCE.

The property herein conveyed does not include the primary residence of a Grantor.

TO HAVE AND TO HOLD the aforesaid tracts or parcels of land and all privileges and appurtenances thereunto belonging to the said Grantee, its successors and assigns, free and discharged from all right, title, claim or interest of the said Grantor, or anyone claiming by, through or under it, SUBJECT ALWAYS, HOWEVER, to the terms and conditions of the Transfer and Reversion Agreement of even date herewith, including the reverter provisions thereof, which said Agreement is recorded in Book _____, Page _____, in the Craven County Registry.

IN TESTIMONY WHEREOF, the **CITY OF NEW BERN** has caused this instrument to be executed as its act and deed by its Mayor, attested by its City Clerk, and its seal to be hereunto affixed, all by the authority of its Board of Aldermen, as of the day and year first above written.

CITY OF NEW BERN

(SEAL)

By: _____
Dana E. Outlaw, Mayor

ATTEST:

Brenda E. Blanco, City Clerk

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, _____, Notary Public in and for said County and State, do hereby certify that on the _____ day of September 2019, before me personally appeared DANA E. OUTLAW, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Mayor and that BRENDA E. BLANCO is the City Clerk for the City of New Bern, the municipal corporation described in and which executed the foregoing instrument; that he knows the common seal of said municipal corporation; that the seal affixed to the foregoing instrument is said common seal; that the name of the municipal corporation was subscribed thereto by the said Mayor; that the said common seal was affixed, all by order of the Board of Aldermen of said municipal corporation; and that the said instrument is the act and deed of said municipal corporation.

WITNESS my hand and official seal this the _____ day of September 2019.

Notary Public

My Commission Expires:

EXHIBIT A

All those certain tracts or parcels of land in Number Eight (8) Township, Craven County, North Carolina, and being more particularly described as follows:

TRACT 1: (Parcel No. 8-039-231)

Lying, situate and being in Craven County, North Carolina in that certain settlement of subdivision known as Pembroke near the City of New Bern, the lot hereby conveyed being known and designated as Lot No. 438 of said subdivision of Pembroke, a map or plat of which is recorded in Map Book 1 at Page 104 of the Craven County Registry, to which reference is hereby made.

Being one of the lots described in a deed from A. T. Dill et al. to G. S. Waters dated February 20, 1917, and recorded in Book 231, Page 227, Office of the Register of Deeds of Craven County, to which reference is hereby made.

Being one of the lots conveyed by Robert T. Waters, et al. to Fred Jones and wife, Addie Jones by deed dated February 1, 1952, and recorded in Book 468, Page 262, Office of the Register of Deeds of Craven County, to which reference is hereby made. Also being that same property described in that certain deed of record in Book 476, Page 275 of the Craven County Registry.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated December 7, 2017, recorded on December 8, 2017 in Book 3521 at Page 1240 of the Craven County Registry.

TRACT 2: (Parcel No. 8-038-043)

A certain tract or parcel of land in the City of New Bern, Craven County, State of North Carolina, bounded as follows, viz: Situated near New Bern, N.C. in a certain townsite which is plotted and known by the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183, Page 290, to which reference is hereby made. The land herein conveyed being the certain lot which is designated on the said plot by the number seven hundred (700).

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated December 1, 2016, recorded on December 5, 2016 in Book 3484 at Page 1999 of the Craven County Registry.

TRACT 3: (Parcel No. 8-037-093)

Situated near the City of New Bern, NC, and in a certain townsite which is plotted and known by

the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183, Page 290, filed April 26, 1952. This being Lot #794 of this plot. The original deed for this property was conveyed to D. F. Jarvis by A. T. Dill and wife. The deed was dated December 18, 1914.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated March 16, 2016, recorded on March 17, 2016 in Book 3422 at Page 602 of the Craven County Registry.

TRACT 4: (Parcel No. 8-037-069-G)

That certain tract of land in the Pembroke Subdivision and being known and designated as Lot No. 841 on Lowell Street, as shown and described and designated on a map of Pembroke Subdivision recorded in Map Book 1, Page 165, Craven County Registry.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 8, 2013, recorded on April 16, 2013 in Book 3186 at Page 381 of the Craven County Registry.

TRACT 5: (Parcel No. 8-037-023)

Being all of Lot Number Nine Hundred Thirty Eight (938) of the Pembroke Subdivision as per plat recorded in Map Book 1 on Pages 164 and 165 and Map Book 5 on Page 2 in the Office of the Register of Deeds of Craven County, to which plat reference is hereby made for greater certainty of description.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated February 26, 2014, recorded on February 26, 2014 in Book 3262 at Page 406 of the Craven County Registry.

TRACT 6: (Parcel No. 8-038-104-A)

Being all of that land identified by the tax parcel identification number given by the Craven County Tax Assessor as 8-038-104-A and bounded on the north end by a parcel owned by Annie R. Parham granted to Annie R. Parham in a deed recorded in Deed Book 1949 at Page 166 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-104-B, and bounded on the northeast corner by a parcel owned by Harriet and William H. Hattley, Jr. granted to Harriet and William H. Hattley, Jr. in a deed recorded in Deed Book 1638 at Page 684 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-099, and bounded on the east end by a parcel owned by Annie R. Parham granted to Annie R. Parham in Deed Book 1991 at Page 66 in the Craven County Registry,

commonly referred to by its tax parcel identification number which is 8-038-100, and bounded on the southeast corner by a parcel owned by Mable Mewborn granted to Mable Mewborn in a deed recorded in Deed Book 1165 at Page 75 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-102, and bounded on the southern right end by a parcel owned by Mable Mewborn granted to Mable Mewborn in a deed recorded in Deed Book 1165 at Page 75 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-103, and bounded on the southern left end by a parcel owned by Harry S. and Fern D. Cotton granted to Harry S. and Fern D. Cotton in a deed recorded in Deed Book 1385 at Page 24 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-104, and bounded on the west end by Pearson Street. Said parcel consists of a calculated acreage of 0.12, more or less, and has a property address of 2007 Pearson Street, New Bern, NC 28562.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated November 16, 2015, recorded on November 16, 2015 in Book 3398 at Page 192 of the Craven County Registry.

TRACT 7: (Parcel No. 8-037-100)

The same lying and being in Craven County, North Carolina, and more particularly described as follows: All that certain lot of land situate on the west side of Wake Street, between McKinley and New Bern Avenues, in the subdivision of Pembroke and bounded as follows, viz: beginning in the western line of Wake Street at a point one hundred feet southwardly from McKinley Avenue and running thence southwardly with the western line of Wake Street fifty feet; thence westwardly and parallel with McKinley Avenue one hundred feet; thence northwardly and parallel with Wake Street fifty feet; thence eastwardly and parallel with McKinley Avenue one hundred feet to Wake Street, the place of beginning. Being Lot No. Three Hundred and Thirty-Eight as shown on the plan of Pembroke registered in the Office of the Register of Deeds of Craven County in Map Book 1 at Page 165.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated December 1, 2016, recorded on December 5, 2016 in Book 3484 at Page 2001 of the Craven County Registry.

TRACT 8: (Parcel No. 8-039-224)

A certain tract or parcel of land in the City of New Bern, Craven County, State of North Carolina, bounded as follows, viz: A certain townsite which is plotted and known by the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183 at Page 290. The land herein conveyed being the certain lot which is designated on said plot by the number 452.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 17, 2017, recorded on May 8, 2017 in Book 3500 at Page 1301 of the Craven County Registry, and corrected by Affidavit of Correction of Typographical or Other Minor Error recorded in Book 3508 at Page 1948.

TRACT 9: (Parcel No. 8-039-085)

All that certain property more particularly described as below in Deed Book 1759 at Page 514 in the Craven County Registry. Being all of Lot Number 673 in the Pembroke Subdivision as shown on that certain map of record in Plat Book 5, Page 2 in the Office of the Register of Deeds of Craven County, North Carolina.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 18, 2017, recorded on April 18, 2017 in Book 3498 at Page 1263 of the Craven County Registry.

TRACT 10: (Parcel No. 8-039-088)

All of that certain property more particularly described as below in Deed Book 1759 at Page 514 in the Craven County Registry. Being all of Lot Number 676 in the Pembroke Subdivision as shown on that certain map of record in Plat Book 5, Page 2 in the Office of the Register of Deeds of Craven County, North Carolina.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 18, 2017, recorded on April 18, 2017 in Book 3498 at Page 1267 of the Craven County Registry.

THE CONVEYANCE OF EACH OF THE ABOVE REFERENCED TRACTS IS MADE EXPRESSLY SUBJECT TO ANY RESTRICTIVE COVENANTS, EASEMENTS OR RIGHTS-OF-WAY OF RECORD.

WHEREAS, a description of the real properties to be conveyed to Habitat is reflected on the attached Exhibit A, which is incorporated herein by reference; and

WHEREAS, the City and Habitat have reached an agreement with respect to the proposed development, and the circumstances under which all or a portion of said property will revert to the City, and wish to reduce their agreement to writing.

NOW, THEREFORE, the City and Habitat, in consideration of the premises and other good and valuable consideration, the receipt of which is hereby acknowledged, agree with each other as follows:

1. City shall convey to Habitat, and Habitat shall accept the conveyance from City, of the real properties owned by the City ("Subject Properties") described in Exhibit A attached hereto and incorporated herein by reference.

2. Habitat agrees to use the Subject Properties for the development of single-family residences, which shall be sold at low cost, with a low interest mortgage, to qualified low or moderate income applicants who shall have been approved by Habitat.

3. (a) It is understood and agreed that City, in making the transfer of the Subject Properties to Habitat, is relying upon the representations of Habitat that it will develop the Subject Properties into single-family residences to be sold at a modest price to persons of low or moderate income.

(b) City agrees that it will join in any conveyance by Habitat to persons of low or moderate income for the sole purpose of reflecting that the provisions of this contract have been satisfied by Habitat, so that the reverter provisions of this Agreement no longer apply to the property being conveyed.

(c) Habitat specifically agrees to annually provide to City, at its expense, a complete audit of the program, prepared by the accounting firm which does the annual audit for City, to the end that City might monitor the affordable housing program being developed by Habitat on the properties conveyed to it by City. The annual audit shall be provided to City on or about the first day of December of each year, beginning December 1, 2020.

4. City agrees that Habitat shall develop the Subject Properties subject to the provisions of the Land Use Ordinance of the City; shall determine the specifications for the structures to be built, subject always to the Building Code of the State of North Carolina; shall provide and/or decide on the providers of financing for construction of the structures; shall provide and contract for the development of the Subject Properties; and shall determine the criteria for low or moderate income and other nondiscriminatory criteria for applicants who wish to purchase the residences. PROVIDED, HOWEVER, Habitat agrees that City may exercise a right of architectural review of the structures to be erected on the Subject Properties, and to that end, agrees to submit to the City Manager or his designee, plans of the structures that it wishes to

erect. Habitat specifically agrees that it will not erect any structures on the Subject Properties which have not been approved by the City Manager or his designee.

5. Habitat shall obtain building permits to construct single-family residences on each of the Subject Properties within twelve (12) months of the date hereof. In the event it has not obtained the necessary building permits for any one or more of the Subject Properties within twelve (12) months of the date hereof, Habitat specifically agrees that it will reconvey to the City, by deed without warranty, only those properties for which it has not obtained the necessary building permits, should the Board of Aldermen of the City adopt a resolution requesting that said properties be reconveyed.

6. Habitat shall complete construction of single-family residences on each of the Subject Properties within twenty-four (24) months of the date hereof. In the event it has not completed construction on any one or more of the Subject Properties within twenty-four (24) months of the date hereof, title to only those properties on which construction has not been completed shall automatically revert to City, free and clear of all liens and encumbrances, unless City and Habitat shall have agreed in writing on a later date on which said automatic reversion should occur.

7. Should an event of default occur with respect to the Subject Properties so that any one or more of the said properties have reverted automatically to the City, then and in that event, Habitat agrees to execute a conveyance by which the reverting properties are conveyed to the City so that such instrument might be recorded in the Office of the Register of Deeds of Craven County to evidence the reversion. Should Habitat fail or neglect to execute said conveyance upon request, Habitat hereby authorizes Michael Scott Davis, City Attorney, or his successor in office, to effect said conveyance for Habitat as its attorney-in-fact.

8. This Agreement shall not be modified unless in writing, executed by the parties hereto.

9. Miscellaneous paragraphs:

(a) This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their estates, devisees, heirs, executors, assigns, successors and representatives, and all persons claiming by, through or under them.

(b) If any provision or clause of this Agreement is held invalid, such invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or application, and to this end, the provisions of this Agreement are severable.

(c) Two copies of this Agreement shall be executed, each of which shall be deemed an original, but all of which taken together constitute one Agreement.

IN TESTIMONY WHEREOF, City has caused this instrument to be executed in its corporate name by its Mayor and its seal to be hereunto affixed and attested by its City Clerk; and Habitat has caused this instrument to be executed in its corporate name, all the day and year first above written.

CITY OF NEW BERN

[SEAL]

By: _____
Dana E. Outlaw, Mayor

ATTEST:

Brenda E. Blanco, City Clerk

HABITAT FOR HUMANITY OF CRAVEN
COUNTY NC [SEAL]

By: _____
President

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, _____, Notary Public in and for said County and State, do hereby certify that on the ____ day of _____, 2019, before me personally appeared DANA E. OUTLAW, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Mayor and that BRENDA E. BLANCO is the City Clerk for the City of New Bern, the municipal corporation described in and which executed the foregoing instrument; that he knows the common seal of said municipal corporation; that the seal affixed to the foregoing instrument is said common seal; that the name of the municipal corporation was subscribed thereto by the said Mayor; that the said common seal was affixed, all by order of the Board of Aldermen of said municipal corporation; and that the said instrument is the act and deed of said municipal corporation.

WITNESS my hand and official seal this the ____ day of _____, 2019.

Notary Public

My Commission Expires:

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, _____, Notary Public in and for said County and State, do hereby certify that _____ personally appeared before me this day and acknowledged that he/she is President of HABITAT FOR HUMANITY OF CRAVEN COUNTY NC, a North Carolina nonprofit corporation, and that he/she, as President, being duly authorized to do so, voluntarily executed the foregoing instrument on behalf of said corporation for the purposes stated therein.

WITNESS my hand and official seal this the ____ day of _____, 2019.

Notary Public

My Commission Expires:

EXHIBIT A

All those certain tracts or parcels of land in Number Eight (8) Township, Craven County, North Carolina, and being more particularly described as follows:

TRACT 1: (Parcel No. 8-039-231)

Lying, situate and being in Craven County, North Carolina in that certain settlement of subdivision known as Pembroke near the City of New Bern, the lot hereby conveyed being known and designated as Lot No. 438 of said subdivision of Pembroke, a map or plat of which is recorded in Map Book 1 at Page 104 of the Craven County Registry, to which reference is hereby made.

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Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated December 7, 2017, recorded on December 8, 2017 in Book 3521 at Page 1240 of the Craven County Registry.

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A certain tract or parcel of land in the City of New Bern, Craven County, State of North Carolina, bounded as follows, viz: Situated near New Bern, N.C. in a certain townsite which is plotted and known by the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183, Page 290, to which reference is hereby made. The land herein conveyed being the certain lot which is designated on the said plot by the number seven hundred (700).

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the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183, Page 290, filed April 26, 1952. This being Lot #794 of this plot. The original deed for this property was conveyed to D. F. Jarvis by A. T. Dill and wife. The deed was dated December 18, 1914.

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Being all of Lot Number Nine Hundred Thirty Eight (938) of the Pembroke Subdivision as per plat recorded in Map Book 1 on Pages 164 and 165 and Map Book 5 on Page 2 in the Office of the Register of Deeds of Craven County, to which plat reference is hereby made for greater certainty of description.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated February 26, 2014, recorded on February 26, 2014 in Book 3262 at Page 406 of the Craven County Registry.

TRACT 6: (Parcel No. 8-038-104-A)

Being all of that land identified by the tax parcel identification number given by the Craven County Tax Assessor as 8-038-104-A and bounded on the north end by a parcel owned by Annie R. Parham granted to Annie R. Parham in a deed recorded in Deed Book 1949 at Page 166 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-104-B, and bounded on the northeast corner by a parcel owned by Harriet and William H. Hattley, Jr. granted to Harriet and William H. Hattley, Jr. in a deed recorded in Deed Book 1638 at Page 684 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-099, and bounded on the east end by a parcel owned by Annie R. Parham granted to Annie R. Parham in Deed Book 1991 at Page 66 in the Craven County Registry,

commonly referred to by its tax parcel identification number which is 8-038-100, and bounded on the southeast corner by a parcel owned by Mable Mewborn granted to Mable Mewborn in a deed recorded in Deed Book 1165 at Page 75 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-102, and bounded on the southern right end by a parcel owned by Mable Mewborn granted to Mable Mewborn in a deed recorded in Deed Book 1165 at Page 75 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-103, and bounded on the southern left end by a parcel owned by Harry S. and Fern D. Cotton granted to Harry S. and Fern D. Cotton in a deed recorded in Deed Book 1385 at Page 24 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-104, and bounded on the west end by Pearson Street. Said parcel consists of a calculated acreage of 0.12, more or less, and has a property address of 2007 Pearson Street, New Bern, NC 28562.

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Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated December 1, 2016, recorded on December 5, 2016 in Book 3484 at Page 2001 of the Craven County Registry.

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A certain tract or parcel of land in the City of New Bern, Craven County, State of North Carolina, bounded as follows, viz: A certain townsite which is plotted and known by the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183 at Page 290. The land herein conveyed being the certain lot which is designated on said plot by the number 452.

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TRACT 9: (Parcel No. 8-039-085)

All that certain property more particularly described as below in Deed Book 1759 at Page 514 in the Craven County Registry. Being all of Lot Number 673 in the Pembroke Subdivision as shown on that certain map of record in Plat Book 5, Page 2 in the Office of the Register of Deeds of Craven County, North Carolina.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 18, 2017, recorded on April 18, 2017 in Book 3498 at Page 1263 of the Craven County Registry.

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Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 18, 2017, recorded on April 18, 2017 in Book 3498 at Page 1267 of the Craven County Registry.

Prepared by and return to:

Michael Scott Davis
DAVIS HARTMAN WRIGHT PLLC
209 Pollock Street
New Bern, NC 28560

PARCEL NOS. 8-039-231, 8-038-043, 8-037-093, 8-037-069-G,
8-037-023, 8-038-104-A, 8-037-100, 8-039-224, 8-039-085 & 8-039-088

Revenue Stamps - \$0.00

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

QUITCLAIM DEED

THIS QUITCLAIM DEED, made this ____ day of _____, 2019, by and between **CRAVEN COUNTY**, a body politic and corporate of the State of North Carolina ("Grantor"); to the **CITY OF NEW BERN**, a municipal corporation of the State of North Carolina ("Grantee"), whose mailing address is Post Office Box 1129, New Bern, North Carolina 28563;

W I T N E S S E T H :

That said Grantor, for and in consideration of the sum of TEN DOLLARS (\$10.00) and other good and valuable consideration to Grantor paid by the Grantee, the receipt of which is hereby acknowledged, has remised and released, and by these presents does remise, release and forever quitclaim unto the Grantee, Grantee's successors and assigns, pursuant to N.C.G.S. Section 160A-274, its interest in the following described properties, to wit:

SEE EXHIBIT A ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE.

The property herein conveyed does not include the primary residence of the Grantor.

DAVIS HARTMAN WRIGHT PLLC
Attorneys at Law
209 Pollock Street
New Bern, NC 28560

TO HAVE AND TO HOLD the above described lots or parcels of land and all privileges and appurtenances thereunto belonging to the Grantee, Grantee's successors and assigns, free and discharged from all right, title, claim or interest of the said Grantor or anyone claiming by, through or under the Grantor.

IN TESTIMONY WHEREOF, **CRAVEN COUNTY** has caused this instrument to be executed as its act and deed by the Chairman of its Board of Commissioners, attested by its Clerk, and its seal to be hereunto affixed, all by the authority of its Board of Commissioners, as of the day and year first above written.

CRAVEN COUNTY

[SEAL]

By: _____
Chairman, Craven County Board of
Commissioners

ATTEST:

Clerk, Craven County Board of
Commissioners

STATE OF NORTH CAROLINA

COUNTY OF CRAVEN

I, _____, Notary Public in and for said County and State, do hereby certify that on the ____ day of _____, 2019, before me personally appeared GEORGE S. LINER, with whom I am personally acquainted, who, being by me duly sworn, says that he is the Chairman of the Board of Commissioners for Craven County, and that NAN HOLTON is the Clerk of the Board of Commissioners for Craven County, the body politic and corporate described in and which executed the foregoing instrument; that he knows the common seal of said body politic and corporate; that the seal affixed to the foregoing instrument is said common seal; that the name of the body politic and corporate was subscribed thereto by the said Chairman; that the said common seal was affixed, all by order of the Board of Commissioners of said body politic and corporate; and that the said instrument is the act and deed of said body politic and corporate.

WITNESS my hand and official seal this the ____ day of _____, 2019.

Notary Public

My Commission Expires:

EXHIBIT A

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Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated February 26, 2014, recorded on February 26, 2014 in Book 3262 at Page 406 of the Craven County Registry.

TRACT 6: (Parcel No. 8-038-104-A)

Being all of that land identified by the tax parcel identification number given by the Craven County Tax Assessor as 8-038-104-A and bounded on the north end by a parcel owned by Annie R. Parham granted to Annie R. Parham in a deed recorded in Deed Book 1949 at Page 166 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-104-B, and bounded on the northeast corner by a parcel owned by Harriet and William H. Hattley, Jr. granted to Harriet and William H. Hattley, Jr. in a deed recorded in Deed Book 1638 at Page 684 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-099, and bounded on the east end by a parcel owned by Annie R. Parham granted to Annie R. Parham in Deed Book 1991 at Page 66 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-100, and bounded on

the southeast corner by a parcel owned by Mable Mewborn granted to Mable Mewborn in a deed recorded in Deed Book 1165 at Page 75 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-102, and bounded on the southern right end by a parcel owned by Mable Mewborn granted to Mable Mewborn in a deed recorded in Deed Book 1165 at Page 75 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-103, and bounded on the southern left end by a parcel owned by Harry S. and Fern D. Cotton granted to Harry S. and Fern D. Cotton in a deed recorded in Deed Book 1385 at Page 24 in the Craven County Registry, commonly referred to by its tax parcel identification number which is 8-038-104, and bounded on the west end by Pearson Street. Said parcel consists of a calculated acreage of 0.12, more or less, and has a property address of 2007 Pearson Street, New Bern, NC 28562.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated November 16, 2015, recorded on November 16, 2015 in Book 3398 at Page 192 of the Craven County Registry.

TRACT 7: (Parcel No. 8-037-100)

The same lying and being in Craven County, North Carolina, and more particularly described as follows: All that certain lot of land situate on the west side of Wake Street, between McKinley and New Bern Avenues, in the subdivision of Pembroke and bounded as follows, viz: beginning in the western line of Wake Street at a point one hundred feet southwardly from McKinley Avenue and running thence southwardly with the western line of Wake Street fifty feet; thence westwardly and parallel with McKinley Avenue one hundred feet; thence northwardly and parallel with Wake Street fifty feet; thence eastwardly and parallel with McKinley Avenue one hundred feet to Wake Street, the place of beginning. Being Lot No. Three Hundred and Thirty-Eight as shown on the plan of Pembroke registered in the Office of the Register of Deeds of Craven County in Map Book 1 at Page 165.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated December 1, 2016, recorded on December 5, 2016 in Book 3484 at Page 2001 of the Craven County Registry.

TRACT 8: (Parcel No. 8-039-224)

A certain tract or parcel of land in the City of New Bern, Craven County, State of North Carolina, bounded as follows, viz: A certain townsite which is plotted and known by the name of Pembroke, the plot of which is the same which is recorded in the Office of the Register of Deeds of Craven County in Book 183 at Page 290. The land herein conveyed being the certain lot which is designated on said plot by the number 452.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 17, 2017, recorded on May 8, 2017 in Book 3500 at Page 1301 of the Craven County Registry, and corrected by Affidavit of Correction of Typographical or Other Minor Error recorded in Book 3508 at Page 1948.

TRACT 9: (Parcel No. 8-039-085)

All that certain property more particularly described as below in Deed Book 1759 at Page 514 in the Craven County Registry. Being all of Lot Number 673 in the Pembroke Subdivision as shown on that certain map of record in Plat Book 5, Page 2 in the Office of the Register of Deeds of Craven County, North Carolina.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 18, 2017, recorded on April 18, 2017 in Book 3498 at Page 1263 of the Craven County Registry.

TRACT 10: (Parcel No. 8-039-088)

All of that certain property more particularly described as below in Deed Book 1759 at Page 514 in the Craven County Registry. Being all of Lot Number 676 in the Pembroke Subdivision as shown on that certain map of record in Plat Book 5, Page 2 in the Office of the Register of Deeds of Craven County, North Carolina.

Being that same property conveyed to the City of New Bern and Craven County by Commissioner's Deed dated April 18, 2017, recorded on April 18, 2017 in Book 3498 at Page 1267 of the Craven County Registry.

THE CONVEYANCE OF EACH OF THE ABOVE REFERENCED TRACTS IS MADE EXPRESSLY SUBJECT TO ANY RESTRICTIVE COVENANTS, EASEMENTS OR RIGHTS-OF-WAY OF RECORD.

AGENDA ITEM COVER SHEET

Agenda Item Title:

Resolution calling for a public hearing to amend Section 15-146 "Table of Permissible Uses" of the Land Use Ordinance

| | |
|---|---|
| Date of Meeting: 9/24/2019 | Ward # if applicable: |
| Department: City Attorney | Person Submitting Item: Scott Davis |
| Call for Public Hearing: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | Date of Public Hearing: 10/22/2019 |

| | |
|---------------------------------|---|
| Explanation of Item: | Resolution calling for a public hearing to amend Section 15-146 "Table of Permissible Uses" to remove the special use permit designation for use category 1.520 – Bed and breakfast and other temporary residences renting rooms for relatively short periods of time, in the R-6, R-8 and R-10 zones |
| Actions Needed by Board: | Adopt resolution |
| Backup Attached: | Resolution |

Is item time sensitive? ☒Yes ☐No

Will there be advocates/opponents at the meeting? ☐Yes ☐No

Cost of Agenda Item:

If this requires an expenditure, has it be budgeted and are funds available and certified by the Finance Director? ☐Yes ☐No

Additional Notes:

Aldermen

Sabrina Bengel
Jameesha Harris
Robert V. Aster
Johnnie Ray Kinsey
Barbara J. Best
Jeffrey T. Odham



300 Pollock Street, P.O. Box 1129
New Bern, NC 28563-1129
(252) 636-4000

Dana E. Outlaw
Mayor

Mark A. Stephens
City Manager
Brenda E. Blanco
City Clerk

Joseph R. Sabatelli
Director of Finance

Memo to: Mayor and Board of Aldermen

From: Mark A. Stephens, City Manager

Date: September 13, 2019

Re: Public Hearing on Amendment to Table of Permissible Uses of the Land-Use Ordinance

At its September 10, 2019 regular meeting, the Governing Board discussed special-use permits for bed and breakfast establishments in R-6, R-8 and R-10 zones. At the conclusion of the discussion, the Board adopted a resolution to request an amendment to the land-use ordinance to eliminate such establishments in these zones. The Planning and Zoning Board will be considering that request at their October 1st meeting. If it is approved, the Board of Aldermen is asked to conduct a public hearing on October 22, 2019 to receive comments and consider amending the ordinance.

/beb

RESOLUTION

THAT WHEREAS, the City of New Bern desires to hold a public hearing to receive public comments on a request to amend Section 15-146, "Table of Permissible Uses" of Article X, "Permissible Uses" of Appendix A, "Land Use" of the Code of Ordinances of the City of New Bern to remove the special use permit designation for use category 1.520 – Bed and breakfast and other temporary residences renting rooms for relatively short periods of time, in the R-6, R-8 and R-10 zones.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF ALDERMEN OF THE CITY OF NEW BERN:

That a public hearing will be conducted by the Board of Aldermen of the City of New Bern at 6:00 p.m., or as soon thereafter as the matter may be reached, on October 22, 2019 in the City Hall Courtroom in the City of New Bern for public discussion on a request to amend Section 15-146 "Table of Permissible Uses" of Article X, "Permissible Uses" of Appendix A, "Land Use" of the Code of Ordinances of the City of New Bern to remove the special use permit designation for use category 1.520 – Bed and breakfast and other temporary residences renting rooms for relatively short periods of time, in the R-6, R-8 and R-10 zones. All interested parties will be given an opportunity to be heard:

ADOPTED THIS 24th DAY OF SEPTEMBER, 2019.

DANA E. OUTLAW, MAYOR


BRENDA E. BLANCO, CITY CLERK

Aldermen
Sabrina Bengel
Jameesha Harris
Robert V. Aster
Johnnie Ray Kinsey
Barbara J. Best
Jeffrey T. Odham



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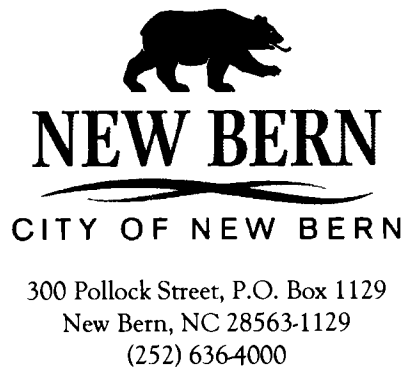
Dana E. Outlaw
Mayor
Mark A. Stephens
City Manager
Brenda E. Blanco
City Clerk
Joseph R. Sabatelli
Director of Finance

Memo to: Alderman Barbara Best
From: Brenda Blanco, City Clerk 
Date: August 30, 2019
Re: Appointment to Planning & Zoning Board

Jeffery Midgett's term on the Planning & Zoning Board will expire on September 12, 2019. Mr. Midgett is eligible to serve another three-year term. You are asked to consider reappointing him to this seat or to make a new appointment.

Aldermen

Sabrina Bengel
Jameesha Harris
Robert V. Aster
Johnnie Ray Kinsey
Barbara J. Best
Jeffrey T. Odham



Dana E. Outlaw
Mayor
Mark A. Stephens
City Manager
Brenda E. Blanco
City Clerk
Joseph R. Sabatelli
Director of Finance

Memo to: Alderman Johnnie Ray Kinsey
From: Brenda Blanco, City Clerk *BEB*
Date: August 30, 2019
Re: Appointment to Board of Adjustment

Tripp Eure has resigned from his seat on the Board of Adjustment to accept an appointment on the Historic Preservation Commission. You are asked to make an appointment to serve out the remainder of Mr. Eure's term, which will expire on June 30, 2021.