

CURRIER APPRAISAL SERVICES, LLC
REAL ESTATE APPRAISERS AND CONSULTANTS

REAL ESTATE APPRAISAL REPORT

Improved Land Parcel
Located at:

1123 North 7th Street
Rochelle, Illinois

Prepared For:
Ms. Michelle J. Pease
City Of Rochelle
P.O. Box 601
Rochelle, Illinois 61068



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3001 FARMDALE LANE
FREEMPORT, ILLINOIS 61032

CURRIER APPRAISAL SERVICES, LLC
Real Estate Appraisers and Consultants

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3001 Farmdale Lane
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PART ONE
INTRODUCTION

LETTER OF TRANSMITTAL

Report Date: February 9, 2018

City Of Rochelle
Ms. Michelle J. Pease
P.O. Box 601
Rochelle, Illinois 61068

**Re: Market value appraisal of
Improved Land
Located at: 1123 North 7th Street
Rochelle, Illinois**

Dear Ms. Pease:

In fulfillment of our agreement, we are pleased to transmit herewith an appraisal report of our opinion of market value of the Fee Simple interest in the referenced real estate as of ***February 5, 2018***. The report sets forth my value conclusion only, with supporting documentation concerning the data, reasoning, and analyses retained in my file.

This appraisal was prepared in accordance with the intended use and with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation, and the Illinois Department of Safety and Professional Services. The appraisal also complies with the prevailing guidelines issued under Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA).

The value opinion reported is qualified by certain definitions, limiting conditions and certifications that are set forth in this report. This report was prepared for and our professional fee billed to City Of Rochelle.

It is intended only for use by your internal management, your auditor and appropriate regulatory authorities. It may not be distributed to or relied upon by other persons or entities without my written permission.

The property was viewed by Daniel P. Currier and Ted L. Schneller, and the report prepared by Daniel P. Currier and Ted L. Schneller. If you have any questions concerning the report, please contact us at (815) 238-0631.

As a result of our analysis, we have formed an opinion that the market value of the Fee Simple interest (as defined in the report), subject to the definitions, certifications and limiting conditions set forth in the attached report, as of *February 5, 2018 is \$540,000* and is for the underlying land value only as it is our opinion that the underlying value of the 1.935± acre site exceeds the value of the property as presently improved with a commercial building and site improvements.

Five Hundred Forty Thousand Dollars

THIS LETTER MUST REMAIN ATTACHED TO THE REPORT, WHICH CONTAINS (26) PAGES PLUS RELATED EXHIBITS, IN ORDER FOR THE VALUE OPINION SET FORTH TO BE CONSIDERED VALID.

Respectfully submitted,
CURRIER APPRAISAL SERVICES, LLC



Daniel P. Currier, IFAS
Wisconsin Certified General Appraiser
#1892-100/Expires December 14, 2019



#--/Expires December 14, 2019

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CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. 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.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
6. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
7. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
8. I have not performed an appraisal or service involving the subject property within three years prior to this assignment.
9. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
10. I have made a personal inspection of the property that is the subject of this report.
11. No one provided significant professional assistance to the person signing this report.
12. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
14. As of the date of this report, I have completed the requirements of the continuing education program the state of Illinois.



Ted L. Schneller, IFAS
Illinois Certified General Appraiser
#553.000510/Expires September 30, 2019

CERTIFICATION

The undersigned does hereby certify that, except as otherwise noted in this appraisal report:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. 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.
5. This appraisal was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
10. My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the Uniform Standards of Professional Appraisal Practice.
11. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
12. I have not performed an appraisal or service involving the subject property within three years prior to this assignment.
13. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
10. I have made a personal inspection of the property that is the subject of this report.
11. No one provided significant professional assistance to the person signing this report.
12. The reported analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.
13. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
14. As of the date of this report, I have completed the requirements of the continuing education program of the Appraisal Institute and the states of Indiana, Michigan, Texas and Wisconsin.



Daniel P. Currier
Wisconsin Certified General Appraiser
#1892-10/Expires December 14, 2019

Summary of Salient Facts

Property Name:	Improved Land
Address:	1123 North 7th Street
City:	Rochelle
State:	Illinois
Effective Date of Value: "As Is"	February 5, 2018
Date of Inspection:	February 5, 2018
Property Rights:	Fee Simple
Property Type:	Improved Land
Highest and Best Use:	Retail/Office Bldg
Zoning:	B-2
Land Area SF:	84,289
Land Area Acres:	1.935009183
Flood Zone:	X
Estimated Exposure Time:	12 to 24 Months
Personal Property:	Not Included
Subject History:	The subject property reportedly has not sold or been transferred within the last 3 years. This is subject to verification by legal counsel.
Building Description:	
Gross Building Area:	57,934
Rentable Area:	Unavailable
Land to Building Ratio:	1.45 to 1
Current Occupancy:	100%
Year Built:	1968
Estimated Effective Physical Age:	25
Remaining Physical Life:	10 to 15
Building Construction:	masonry and frame
Value Indications:	
Cost Approach:	Not Developed
Sales Comparison Approach: Fee Simple	\$540,000
Income Capitalization Approach: Fee Simple	Not Developed
Concluded Market Value: Fee Simple	\$540,000
Financial Indicators:	
Market Value per SF of GBA: Fee Simple	\$9.32

PART TWO
IDENTIFICATION OF THE APPRAISAL PROBLEM
AND SCOPE OF WORK

Type of Appraisal and Report Format

This is a Narrative Report Format, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(c) of the Uniform Standards of Professional Appraisal Practice for a Real Estate Appraisal in an Appraisal Report Format. As such, it does not present discussions of the data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Supporting documentation concerning the data, reasoning, and analyses is retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated below. The appraiser is not responsible for unauthorized use of this report.

CLIENT: City Of Rochelle
Ms. Michelle J. Pease
P.O. Box 601
Rochelle, Illinois 61068

APPRAISER: Daniel P. Currier
Currier Appraisal Services, LLC
3001 Farmdale Lane
Freeport, Illinois

SUBJECT: Improved Land
1123 North 7th Street
Rochelle, Illinois

INTENDED USE OF REPORT: The intended use of the subject appraisal is for asset valuation purposes.

INTENDED USER: of this report is City Of Rochelle.

IDENTIFICATION OF THE SUBJECT PROPERTY: The real estate of 1123 North 7th Street, Rochelle, Illinois, is the subject of this appraisal report as defined in USPAP, Standard 2-2. The appraisal complies with all USPAP standards.

INTENT OF THE APPRAISAL:

The intent of this appraisal is to provide the appraisers' opinion of the Fee Simple Market Value real estate only of the subject Improved Land property Current. *Market Value* is defined by the federal financial institutions regulatory agencies as follows:

PROPERTY RIGHTS APPRAISED: The real property rights appraised are Fee Simple Interest.

Fee Simple Interest is defined as “absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.”

Source: Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute), 2013

Current Use of The Subject Property: The subject property is currently a restaurant/banquet/sports complex facility known as High Grove Center.

Ownership and Sales History: There has been no transfer of the subject property within the past 3 years. This is subject to verification by legal counsel.

DEFINITION OF VALUE APPLIED

Market Value The following definition of market value is used by agencies that regulate federally insured financial institutions in the United States:

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their 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 with the sale. (12 C.F.R. Part 34.42 (g); 55 *Federal Register* 34696, August 24, 1990, as amended at 57 *Federal Register* 12202, April 9, 1995; 59 *Federal Register* 29499, June 7, 1994)

EFFECTIVE DATE OF VALUE: February 5, 2018 Fee Simple Current

DATE OF REPORT: February 9, 2018

Extraordinary assumption(s) An extraordinary assumption is defined as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions.”

Source: USPAP, 2014-2015 Edition, Effective January 1, 2014, DEFINITIONS

This appraisal is subject to the following extraordinary assumptions.

- 1) Demolition costs do not exceed \$50,000 and is subject to verification by a licensed contractor.
- 2) Subject to review of complete mechanical and structural inspection, as some of the HVAC appear to not be operable and the presents of mold was noted.

GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

The certification of the appraisers appearing in the appraisal report is subject to the following conditions and to such other specific and limiting conditions as are set forth in the report.

1. We assume no responsibility for matters of a legal nature affecting the property appraised or the title thereto, nor do we render any opinion as to the title, which is assumed to be good and marketable. The property is appraised as though under responsible ownership.
2. Any sketch in the report may show approximate dimensions and is included to assist the reader in visualizing the property. We have made no survey of the property.
3. We are not required to give testimony or appear in court because of having made the appraisal with reference to the property in question, unless arrangements have been previously made.
4. Any distribution of my concluded market value between land and improvements applies only under the existing program of utilization. The separate valuations for land and building must not be used in conjunction with any other appraisal and are invalid if so used.
5. We assume that there are no hidden or unapparent conditions of the property, subsoil, or structures that would render it more or less valuable. We assume no responsibility for such conditions, or for engineering that might be required to discover such factors.
6. Information, estimates, and opinions furnished to us, and contained in the report, were obtained from sources considered reliable and believed to be true and correct. However, we assume no responsibility for accuracy of such items furnished to us.
7. Disclosure of the contents of the appraisal report is governed by the bylaws and regulations of the professional appraisal organizations with which we are affiliated.
8. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to the property value, the identity of the appraisers, professional designations, reference to any professional appraisal organizations, or the firm with which we are connected), shall be used for any purposes by anyone but the client specified in the report, the borrower if appraisal fee paid by same, the mortgagee or its successors and assigns, mortgage insurers, consultants, professional appraisal organizations, any state or federally approved financial institution, any department, agency, or instrumentality of the United States or any state or the District of Columbia, without my previous written consent; nor shall it be conveyed by anyone to the public through advertising, public relations, news, sales, or other media, without my written consent and approval.

9. On all appraisals subject to satisfactory completion, repairs, or alterations, the appraisal report and value conclusion are contingent upon completion of the improvements in a workmanlike manner.
10. In this appraisal assignment, the existence of potentially hazardous material used in the construction or maintenance of the building, such as the presence of urea formaldehyde foam insulation, and/or existence of toxic waste, which may or may not be present on the property, has not been considered. We are not qualified to detect such substances. We urge the client to retain an expert in this field if desired.
11. Our compensation is not contingent upon the 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.
12. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, possible noncompliance with the requirements of ADA in estimating the value of the property has not been considered.
13. Unless otherwise stated in the report, we observed no adverse easements or encroachments that would affect market value.
14. The appraisal is subject to the following extraordinary assumptions:
 - 1) Demolition costs do not exceed \$15,000 and is subject to verification by a licensed contractor.
 - 2) Subject to review of complete mechanical and structural inspection, as some of the HVAC appear to not be operable and the presents of mold was noted.

APPRAISER COMPETENCY DISCLOSURE

The Competency Rule of USPAP states that an appraiser must describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report. ***Daniel P. Currier and Ted L. Schneller have had similar appraisal experience since 1993.*** Furthermore, the appraisers' qualifications are included in this report.

The following section, Scope of Work, describes the steps taken by the appraisers to complete the assignment competently.

SCOPE OF WORK

The scope of work during the appraisal process encompasses the necessary research and analyses in an appraisal or appraisal review assignment, in accordance with the intended use and with the Uniform Standards of Professional Appraisal Practice (USPAP) as adopted by the Appraisal Foundation, and the Illinois Department of Safety and Professional Services, as of **February 5, 2018**. The appraisal also complies with the prevailing guidelines issued under Title XI of the Federal Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA). In accordance with these requirements, the following steps were taken.

- 1) The subject property was viewed on **February 5, 2018**, with appropriate photographs taken, and presented in the addendum to this report. The owner of the subject property, was present during the viewing, and provided physical data for the subject property.
- 2) We examined the surrounding land uses and the condition of contiguous properties.
- 3) We gathered regional, city, county and neighborhood data from **Ogle County and the City of Rochelle**, and utilized it along with assorted data gathered by Currier Appraisal Services, over the last several years.
- 4) We determined the highest and best use of the subject property after making an analysis of data compiled in the steps noted above. In addition, We have made a study of the real estate market in the subject area to help determine the economic use of the subject.
- 5) We developed approaches to value from the market data utilized in the report; collected from the files of Currier Appraisal Services, and Ted L. Schneller, CGA, an Illinois Certified General Appraiser, and Daniel P. Currier, CGA, a Wisconsin Certified General Appraiser; from interviews with local property managers, realtors and other persons knowledgeable of the subject property market, and from the governmental offices of the applicable municipality.
- 6) After assembling and analyzing the data defined in this scope of the work, we formed an opinion of the market value of the fee simple interest in the real estate, excluding any equipment or personal property of the owner.
- 7) We determined the owner of record as Ogle County Met Exp Aud & Office, and researched a three year sales history, as of **February 5, 2018**.
- 8) This restricted appraisal report sets forth only our conclusions. Supporting documentation is retained in our file.

PART THREE PRESENTATION OF DATA

Legal Description: A complete legal description was not provided.

Personal Property or Other Inclusions: None.

Ownership and Sales History: The current owner of record of the subject property is Ogle County Met Exp Aud & Office. As required under USPAP standards, an investigation was made to ascertain any sales history of the subject property for the last three years. This is subject to verification by legal counsel.

AREA ANALYSIS/DESCRIPTION OF REAL ESTATE APPRAISED

Location Description: Rochelle City Data: Rochelle is located in north central Illinois approximately 66 miles west of Chicago, and 24 miles south of Rockford, Illinois. The community and the county have a primarily agricultural related economy, but some strength is gained due to the diversity of the non-agricultural industries. This variety has helped Rochelle keep some prosperity when other neighboring communities have been hard hit. Please refer to the addenda for a detailed demographic profile of Rochelle, Illinois within a one to five mile radius of the subject.

The city of Rochelle has a fairly diversified economic base, which includes FDL Foods, LaGrou (formerly Carnation), Aigner, Midwest Prestressed Concrete, Illinois Transformer Hardware, Rochelle Cold Storage, Rochelle Printing, a developing intermodal hub business/industrial park, and several other smaller companies.

The subject of this appraisal report is located just to the south of the city of Rochelle, Illinois, which is a community of approximately 9,623 per the 2010 census. This is an increase in population from the 2000 census, which indicated a population of 9,424, or an increase in population of 199 or a 2.11% increase in the population base in 10 years. Also considered was an increase in the population in the county over this same time period from 51,032 in 2000 to 55,755 in 2012, an increase of 4,723 people or 8.47%. The city of Rochelle is considered a growth community as regards increases in population. The city of Rochelle and Ogle County are stable with a moderate increase in the population base projected over the next 5 to 10 years. Some population growth could occur as a result of new industry being attracted because of the good linkages in the area.

The Ogle County area had a total average civilian labor force of 25,072 as of December 2017. On average, the year 2000 had 25,819 employed and 1,176 unemployed people for a 4.4 percent

unemployment rate. The December 2017 average unemployment rate has been estimated at 4.6 percent.

Rochelle has a Mayor/Aldermanic form of government and Ogle County is governed by an elected County Board. The city and county are both encouraging economic development although there has been limited net development of new employment to date. Rochelle is an excellent transportation network with two railroads, two interstate highways and two state highways. The close proximities to Chicago and Rockford by truck and transportation are a big plus for the area. The city has created an Intermodal Hub business/industrial park to transfer freight and thereby take advantage of opportunities provided by the existing transportation crossroads.

The city is using incentives such as tax abatement, and industrial revenue bonds, plus other incentives from Illinois Department of Commerce and Community affairs. Rochelle has a city owned electric utility with rates 44% less than Commonwealth Edison. The municipal utility has expanded in anticipation of the growth projected as a result of the Intermodal Hub. The city is served by two Illinois Highways, Route #38 running east and west, and #251 running north and south. Also two Interstate Highways, I-39 running north and south on Rochelle's east side and I-88 running east and west on Rochelle's south side.

Rochelle is served by two railroads, the Chicago Northwestern, and the Burlington Northern. Both railroads are providing freight service in and out of Rochelle. Automobile and bus transportation are the modes of passenger transportation available to this area. Travel time to downtown Chicago is less than two hours.

Rochelle has its own public school system. The colleges and universities within an hour's travel time include Rockford College, Northern Illinois University, Sauk Valley Jr. College, and Kishwaukee College.

The Rochelle Municipal Airport is Koritz Field and has a 4,225± foot hard surfaced runway and hangar facilities. There is a proposal to lengthen the runway to 5,000 feet and widen to 100 feet. The runway has a 15,000 pound capacity and is a public airport the runway is also being proposed to be upgraded to a 30,000 pound capacity. The airport has both grade 100-octane and Jet A fuel.

Property Description: The subject is located on the east side of North 7th Street and the west side of Tilton Manor Drive, in the northern region of Rochelle, Illinois.

The site area is 84,289±SF or 1.94± acres and is irregular in shape. The site is an interior lot with 178 feet of frontage on the east side of North 7th Street and 105 feet of frontage along the west side of Tilton Manor Drive.

The subject has level topography at grade and no areas of wetlands, with natural drainage to the surrounding streets. The site has exposure and access along North 7th Street to the west and along Tilton Manor Drive to the east. Tilton Manor Drive is a low traffic street which runs in a north/south direction along the eastern property line, while North 7th Street, aka Highway 251 is a moderate traffic street running in a north/south direction.

Access is considered average with one traffic cut along North 7th Street and two traffic cuts along Tilton Manor Drive available. All public utilities are available and in use.

Improvements

The building is a three story steel masonry and frame multi-tenant restaurant/banquet/sports complex building, which was reportedly built in 1968. The building contains a gross building area above grade of 57,934± square feet and a partial basement area.

The building is divided into private offices, banquet rooms, bar/lounge area, dining rooms, commercial grade kitchen with walk in coolers and freezers, mechanical rooms and restrooms. There is also a fitness center with a swimming pool and locker rooms. Each floor has a men's and women's restroom and two elevators service all floors of the building.

The typical physical life of this type and quality of building is 35 to 40 years. The building reportedly was built in 1968. The building has an estimated effective physical age of 25 years.

The foundation is poured concrete with spread concrete footings, a poured concrete floor. The roof is flat with a built-up membrane cover over a steel deck with steel joist support, and is insulated. The exterior walls are dryvit and concrete block over a steel frame and are insulated. Incoming electrical service is 1,200 Amps service. Lighting is provided mostly by fluorescent and incandescent fixtures. The building is sprinklered for fire protection. The floor coverings appear to be in average to fair condition. Interior wall finishes include painted drywall and plaster with some painted concrete block walls. Ceilings are a combination of drywall and acoustical tile. HVAC is provided by roof mounted gas fired forced air and central cooling units. It is reported that only a portion of the units are operable and sections of the building had no heat at the time of our inspection. Dampness and mold was noted in the pool area of the building indicating that the dehumidifier for this area was not operating or not as needed. It is also reported that the locker room areas in the lower level flood during heavy rains.

Comments: Please note that due to design of the property with smaller banquet rooms on multiple levels, the mixed use design of the property with a fitness center and swimming pool, restaurant and banquet facility and the current condition of the property, it is the appraisers opinion that the highest and best use of the subject would be the demolition of the existing building and the redevelopment of the site with some other form of retail/commercial use.

Flood Hazard Area: According to Flood Hazard Boundary Map #17141C0487D, dated December 17, 2010, the property is located in Zone X, which is an area of minimal flooding.

Real Estate Taxes:

PIN #	2016 Assessed Value	2016 Real Estate Taxes	Tax Rate
24-13-377-041	N/A	N/A	N/A

Please note that the subject property is tax exempt.

Site Improvements: The subject has level topography at grade and no areas of wetlands, with natural drainage to the surrounding streets. The subject has blacktop parking area for approximately 106 cars including 6 handicapped parking spaces.

Zoning: Zoning is B-2, Commercial Highway District. The property is a legal and conforming use under this zoning district.

PART FOUR ANALYSIS OF DATA AND CONCLUSIONS

HIGHEST AND BEST USE

The highest and best use as though vacant and available for use is commercial development.

The highest and best use as improved is the demolition of the current improvements and the redevelopment of the site for some other commercial use.

VALUATION PROCESS

The investigation and appraisal give consideration to all of the three commonly accepted methods of valuation, which are summarized as follows.

In the sales comparison approach, properties similar to the subject property that have been sold recently or for which listing prices or offers are known, are compared to the subject. Data from generally comparable properties is used, and comparisons are made to demonstrate a probable price at which the subject property would sell if offered on the market.

In the income capitalization approach, the potential income of the property is calculated and deductions are made for vacancy and collection loss and expenses. The prospective net operating income of the property is then estimated. To support this estimate, operating statements for the subject property in previous years and for comparable properties are reviewed. An applicable capitalization method and appropriate capitalization rates are developed and used in calculations that lead to an indication of value.

In the cost approach, an estimated reproduction or replacement cost of the building and site improvements as of the date of appraisal is developed (including an estimate of entrepreneurial profit or incentive), and an estimate of the losses in value (depreciation) that have taken place due to wear and tear, design and plan deficiencies, or external influences is subtracted. An estimate of the value of the land is then added to this depreciated building cost estimate. The total represents the value indicated by the cost approach.

Source: Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute), 2013

The Cost Approach

The Cost Approach has as its premise the estimated land value by direct comparison to market data available in the area of the site that have sold in the recent past making

adjustments for differences in use, size and utility etc. To the land value estimate is added the estimated developmental costs to reproduce improvements, less any loss of value through depreciation or obsolescence. The Cost Approach was not developed.

The Sales Comparison Approach

The Sales Comparison Approach has as its premise comparing the property under appraisal with others of similar design, utility, use, etc., that have sold in the reasonable past. Adjustments, if necessary, are made for differences in land, improvements, size and condition, etc., to indicate a value for the property under appraisal.

The Income Capitalization Approach

The Income Approach has as its premise the estimation of gross income, imputable to the real property, less all expenses including vacancies and collection loss, to indicate a net operating income. This net income is then capitalized or converted into value at a rate that is commensurate with the risk and economic life expectancy of the improvements. The Income Approach was not developed.

Per a prior agreement with the client, we did not utilize the cost or income capitalization approaches. Although these approaches would generally be considered meaningful in appraising a property of this type, we believe the primary approach to value is the sales comparison approach for the underlying land value only as the site value exceeds the value as improved.

Sales Comparison Approach

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

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

Comparables

We have researched five comparables for this analysis; these are documented on the following pages followed by a location map and analysis grid. All sales have been researched through numerous sources including local MLS, Sales Data Service, assessors and sales services.

Comparable	Address	Date	Price	Land SF Unit	Acres	Land SF	Zoning	Comments
Subject	1123 North 7th Street	2/5/18	0	\$0	1.94	84,289	B-2	
1	561 East Flagg Road	5/20/10	\$470,000	\$11.24	0.96	41,818	B-2 Commercial	This site is located on the north side of East Flagg Road, just east of Route 251.
2	NEC Lincoln Highway and	12/20/11	\$495,000	\$9.88	1.15	50,094	B-2 Commercial	This site is located at the corner of Illinois Route #38 and Caron Road.
3	450 Coronado Drive	2/14/12	\$1,198,336	\$10.50	2.62	114,127	B-2 Commercial	This site is located south of Coronado Drive, just east of the new Super Wal-Mart.
4	1227 Caron Road	8/30/12	\$375,000	\$6.78	1.27	55,321	B-2 Commercial	This site has been improved with a multi tenant commercial building. There is no frontage along IL Route
5	Ranger Road	2/8/18	\$329,900	\$4.92	1.54	67,082	B-2 Commercial	This site is located on the south side of Ranger Drive, west of McDonalds.

Land Comparable 1

ID	27	Date	5/20/10
Address	561 East Flagg Road	Price	\$470,000
City	Rochelle	Land SF Unit Price	\$11.24
State	IL	Financing	Conventional
Tax ID	24-13-177-008	Property Rights	Fee Simple
Grantor	Spencer L Hayden	Verification	Assessor
Grantee	Rock Valley Community Bank		

Site

Acres	1.0	Topography	Level
Land SF	41,818	Zoning	B-2 Commercial
Shape	Rectangular	Flood Zone	Zone X
Utilities	All Public		

Notes

This site is located on the north side of East Flagg Road, just east of Route 251.

Land Comparable 2

ID	28	Date	12/20/11
Address	NEC Lincoln Highway and	Price	\$495,000
City	Rochelle	Land SF Unit Price	\$9.88
State	IL	Financing	Conventional
Tax ID	25-18-376-003	Property Rights	Fee Simple
Grantor	Wal-Mart TRS, LLC	Verification	Assessor
Grantee	Lincoln State Bank		

Site

Acres	1.2	Topography	Level
Land SF	50,094	Zoning	B-2 Commercial
Shape	Rectangular	Flood Zone	Zone X
Utilities	All Public		

Notes

This site is located at the corner of Illinois Route #38 and Caron Road.

Land Comparable 3

ID	26	Date	2/14/12
Address	450 Coronado Drive	Price	\$1,198,336
City	Rochelle	Land SF Unit Price	\$10.50
State	IL	Financing	Conventional
Tax ID	23-18-378-001	Property Rights	Fee Simple
Grantor	North Route 38, LLC	Verification	Assessor
Grantee	KishHealth System		

Site

Acres	2.6	Topography	Level
Land SF	114,127	Zoning	B-2 Commercial
Shape	Rectangular	Flood Zone	Zone X
Utilities	All Public		

Notes

This site is located south of Coronado Drive, just east of the new Super Wal-Mart.

Land Comparable 4

ID	29	Date	8/30/12
Address	1227 Caron Road	Price	\$375,000
City	Rochelle	Land SF Unit Price	\$6.78
State	IL	Financing	Conventional
Tax ID	25-18-376-002	Property Rights	Fee Simple
Grantor	Wal-Mart TRS, LLC	Verification	Assessor
Grantee	Rochelle Equity Group, LLC		

Site

Acres	1.3	Topography	Level
Land SF	55,321	Zoning	B-2 Commercial
Shape	Rectangular	Flood Zone	Zone X
Utilities	All Public		

Notes

This site has been improved with a multi tenant commercial building. There is no frontage along IL Route #38.

Land Comparable 5

ID	30	Date	2/8/18
Address	Ranger Road	Price	\$329,900
City	Rochelle	Land SF Unit Price	\$4.92
State	IL	Financing	Listing
Tax ID	25-20-100-023	Property Rights	Fee Simple
Grantor	Gandhi & Associates, LLC	Verification	Assessor/Broker
Grantee	N/A		

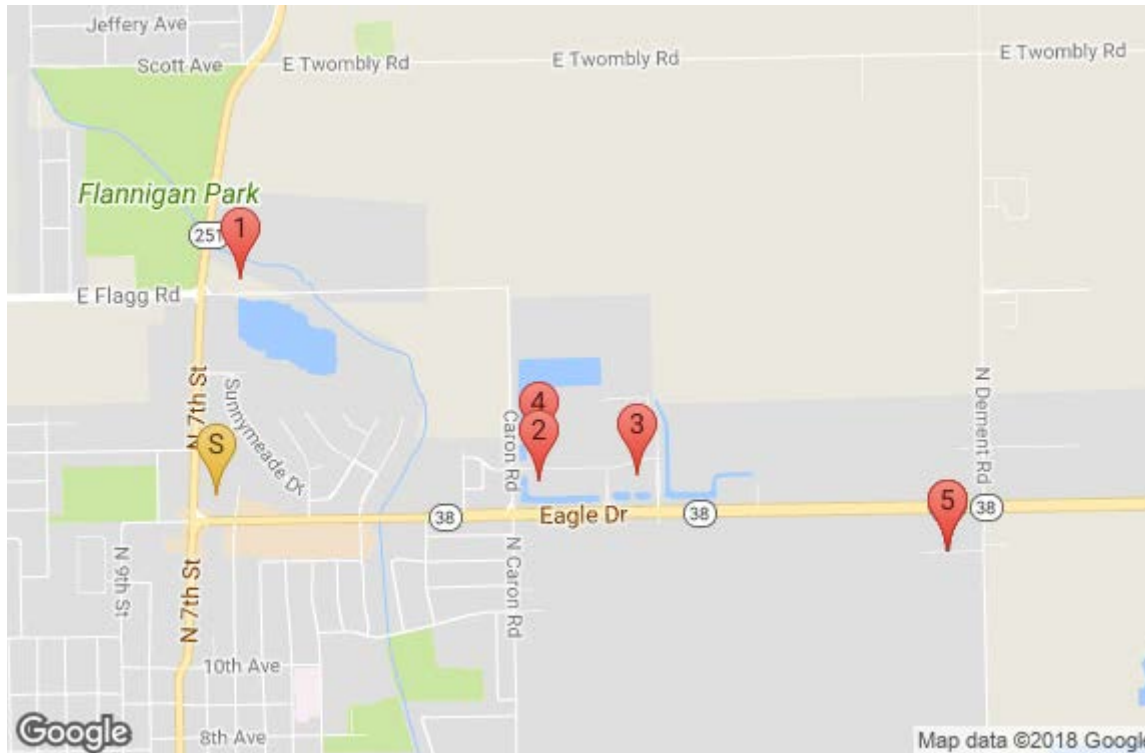
Site

Acres	1.5	Topography	Level
Land SF	67,082	Zoning	B-2 Commercial
Shape	Rectangular	Flood Zone	Zone X
Utilities	All Public		

Notes

This site is located on the south side of Ranger Drive, west of McDonalds.

Comparables Map



Analysis Grid

The above sales have been analyzed and compared with the subject property. We have considered adjustments in the areas of:

- Property Rights Sold
- Financing
- Conditions of Sale
- Market Trends
- Location
- Physical Characteristics

On the following page is a sales comparison grid displaying the subject property, the comparables and the adjustments applied.

Land Comparables Analysis Grid

Land Analysis Grid		Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	
Address	1123 North 7th Street	561 East Flagg Road	NEC Lincoln Highway	450 Coronado Drive	1227 Caron Road	Ranger Road	
City	Rochelle	Rochelle	Rochelle	Rochelle	Rochelle	Rochelle	
State	Illinois	IL	IL	IL	IL	IL	
Date	2/5/2018	5/20/2010	12/20/2011	2/14/2012	8/30/2012	2/8/2018	
Price	\$0	\$470,000	\$495,000	\$1,198,336	\$375,000	\$329,900	
Land SF	84,289	41,818	50,094	114,127	55,321	67,082	
Land SF Unit Price	\$0.00	\$11.24	\$9.88	\$10.50	\$6.78	\$4.92	
Transaction Adjustments							
Property Rights	Fee Simple	Fee Simple	0.0%	Fee Simple	0.0%	Fee Simple	0.0%
Financing	Conventional	Conventional	0.0%	Conventional	0.0%	Conventional	0.0%
Conditions of Sale	Cash	Arms Length	0.0%	Arms Length	0.0%	Arms Length	0.0%
Expenditures After Sale		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Adjusted Land SF Unit Price		\$11.24	\$9.88	\$10.50	\$6.78	\$4.43	
Market Trends Through	2/5/18	0.0%	0.0%	0.0%	0.0%	0.0%	
Adjusted Land SF Unit Price		\$11.24	\$9.88	\$10.50	\$6.78	\$4.43	
Location	Avg/Gd	Avg/Gd	Avg/Gd	Avg/Gd	Average	Average	
% Adjustment		0%	0%	0%	20%	20%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$1.36	\$0.89	
Land SF	84,289	41,818	50,094	114,127	55,321	67,082	
% Adjustment		-15%	-10%	10%	-15%	-5%	
\$ Adjustment		-\$1.69	-\$0.99	\$1.05	-\$1.02	-\$0.22	
Topography	Level	Level	Level	Level	Level	Level	
% Adjustment		0%	0%	0%	0%	0%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Shape	Irregular	Rectangular	Rectangular	Rectangular	Rectangular	Rectangular	
% Adjustment		0%	0%	0%	0%	0%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Utilities	All Public	All Public	All Public	All Public	All Public	All Public	
% Adjustment		0%	0%	0%	0%	0%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Zoning	B-2	B-2 Commercial	B-2 Commercial	B-2 Commercial	B-2 Commercial	B-2 Commercial	
% Adjustment		0%	0%	0%	0%	0%	
\$ Adjustment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Adjusted Land SF Unit Price		\$9.55	\$8.89	\$11.55	\$7.12	\$5.09	

Conclusion of Sales Comparison Approach

The adjusted values of the comparable properties range from \$5.09/SF to \$11.55/SF. The mean is \$8.44 per square foot and the median is \$8.89 per square foot. All of the value indications have been considered, and in the final analysis comparables #3 and #4 were given most weight due to their date of sale and comparable #1 due to its location off of North 7th Street. Please note that due to the lack of recent commercial land sales older sales were utilized. As such it is our opinion that these sales support an adjusted square foot value of \$7.00/SF as of February 5, 2018. This is a Fee Simple value opinion as of February 5, 2018.

Fee Simple Market Value

Indicated Value per Square Foot: \$7.00

Subject Size: 84,289

Indicated Value: \$590,023

Cost of Demolition: \$ 50,000

Indicated Value: \$540,023

Rounded: \$540,000

Five Hundred Forty Thousand Dollars

RECONCILIATION AND FINAL OPINION OF MARKET VALUE

The purpose of this appraisal report was to provide our opinion of the Fee Simple Market Value of the subject property and the reconciliation is the final step in this process. The approaches to value utilized yielded the following.

Cost Approach –	Not Developed
Sales Comparison Approach-	\$540,000
Income Capitalization Approach-	Not Developed

The only viable valuation approach utilized was the Sales Approach and results in what is considered a reliable and supportable valuation conclusion within a reasonable degree of certainty and was conducted within the given outline scope of work in this appraisal, therefore, my opinion of market value of the Fee Simple Interest in the subject property, as of February 5, 2018 is **\$540,000**.

Estimated Marketing and Exposure Time: Exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal.

Marketing time is the time it takes an interest in real property to sell on the market subsequent to the date of an appraisal. It is our opinion that the estimated marketing and exposure times are a subjective estimate of 12 to 24 months to locate an arm's length buyer for the improved property.

A D D E N D A

PHOTOGRAPHS



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



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SUBJECT PROPERTY



SUBJECT PROPERTY



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SUBJECT PROPERTY



SUBJECT PROPERTY



SUBJECT PROPERTY



NORTH 7TH STREET LOOKING NORTH



NORTH 7TH STREET LOOKING SOUTH

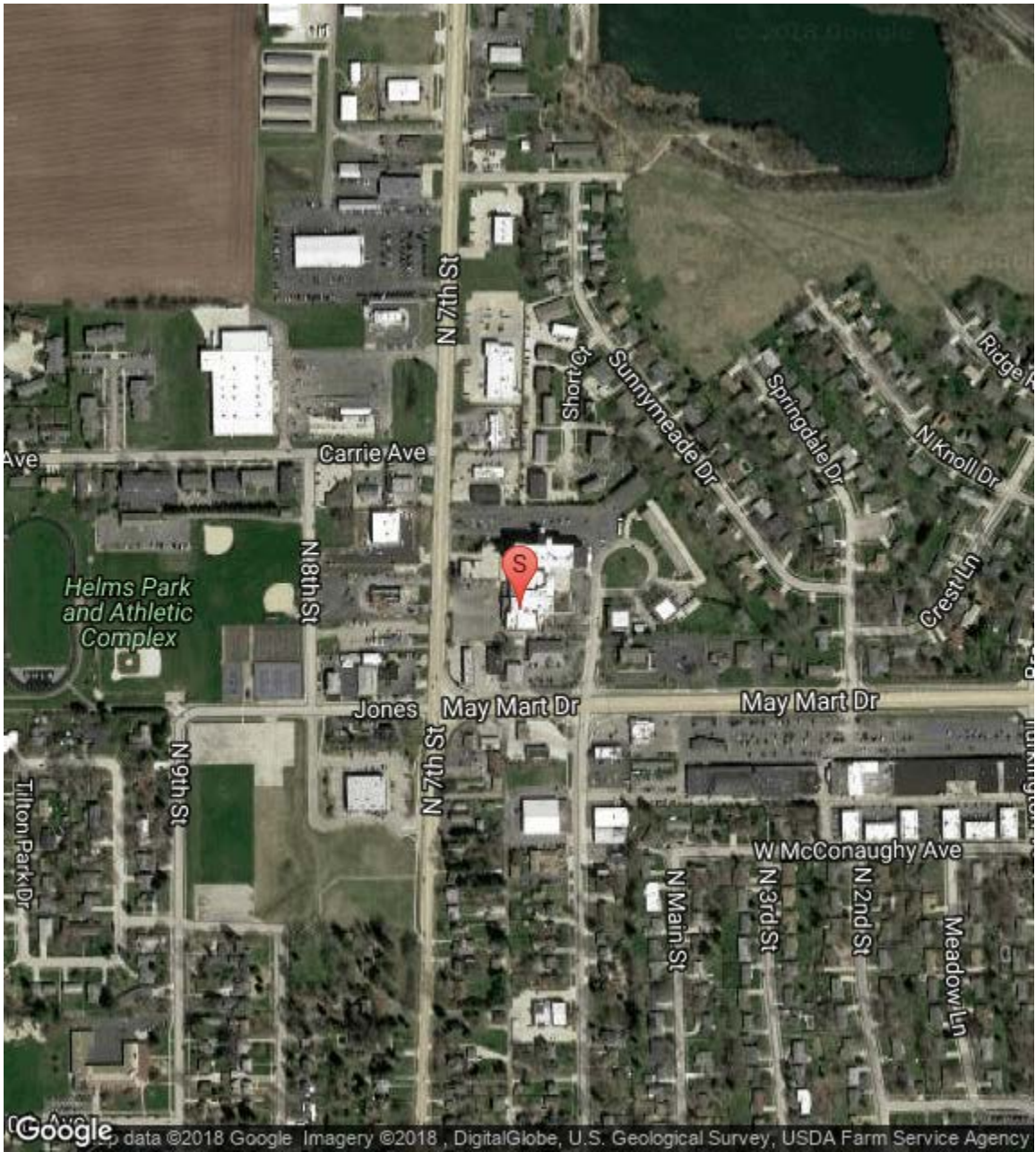


TILTON MANOR DRIVE LOOKING NORTH

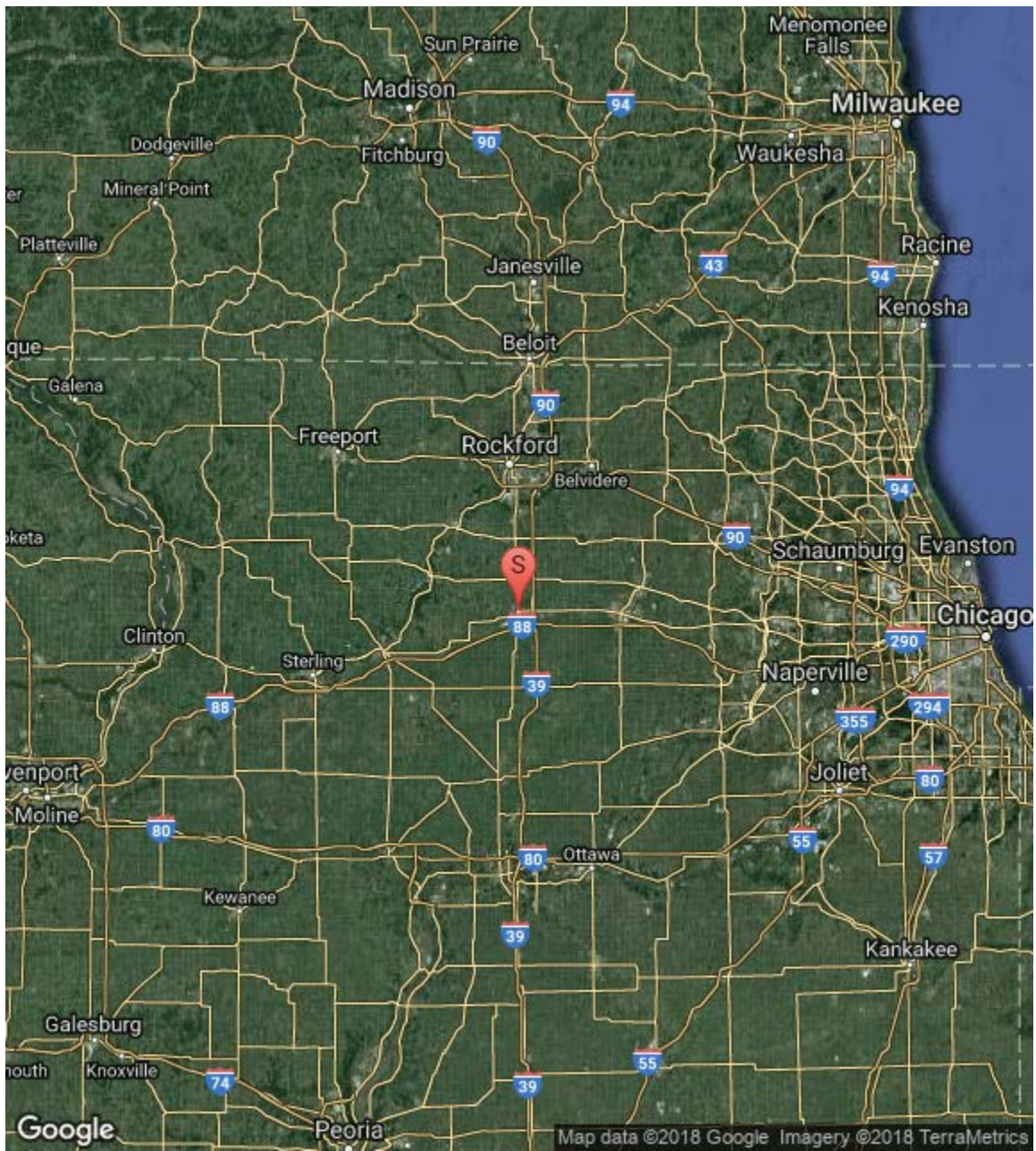


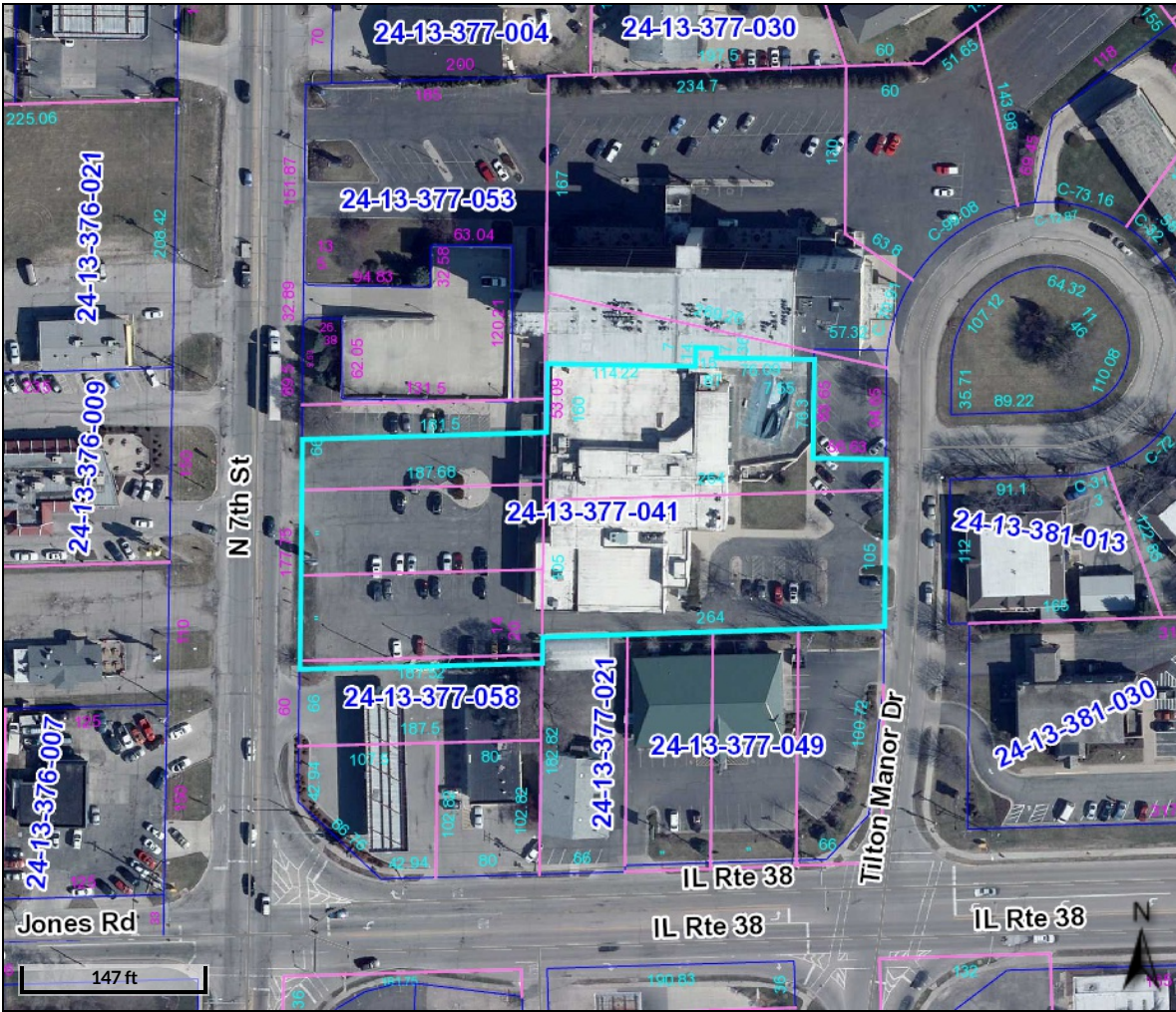
TILTON MANOR DRIVE LOOKING SOUTH

NEIGHBORHOOD MAP

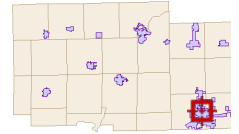


LOCATION MAP





Overview



Legend

- Municipalities
- Townships
- Roads
- Tax Parcels

Parcel ID	24-13-377-041	Lot Dimension		Owner Address	OGLE CO MET EXP AUD&OFFICE
Township	Flagg	Property Class	0090		1127 N 7TH ST
Property Address	1123 N 7TH ST ROCHELLE	Acreage	n/a		ROCHELLE IL 610680000
Tax Code District	00640				
Brief Tax Description	RNG/BLK: TWP:0 SECT/LOT: PT LOTS 1&4& LOTS 2&3 BINZ & DAVIS SUBD ALSO LOT 7&PT LOT 8 TILTON MANOR SUBD FL-TM7D CITY OF ROCHELLE BK 319/287				
	(Note: Not to be used on legal documents)				

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PRIVACY POLICY

The Federal Trade Commission (FTC) has ruled that appraisers are now considered to be financial institutions. This stems from the statements by FannieMae, FreddieMac, and FHA, that appraisers are considered as part of the financial institution for their participation in the lending process.

The Gramm-Leach-Bliley Financial Services Act protects the privacy of nonpublic personal information relating to consumers and customers. Courier Appraisal Services, LLC., like all providers of financial services, is required by law to inform our clients of our policies regarding the privacy of client information.

Licensed/Certified Appraisers have been and continue to be bound by the Uniform Standards of Professional Appraisal Practice, (USPAP) and Ethics Rules, which consist of conduct, management, confidentiality, and record keeping sections. These rules and standards are more stringent than those required by law. Therefore, Courier Appraisal Services, LLC. has always been diligent about protecting information deemed to be private or confidential in nature.

Types of Nonpublic Personal Information Collected: Personal information about you and your property is collected during the course of developing the appraisal process. This is generally accomplished with your prior knowledge and approval. Nonpublic information is provided to our agency by you or obtained by us with your authorization. The purpose of the appraisal process normally is to determine a specific value opinion for a client. The specific value opinion is a part of the requirement for the successful completion of a particular real estate financial transaction.

Parties to Whom We Disclose Information: For current and former clients, this agency does not disclose any nonpublic personal information obtained during the course of developing a property's specific value opinion except as required by law or at the direction of the client to assist in the completion of the particular financial transaction. Such nonpublic information may be disclosed to the client and any identified intended users of the specific appraisal, review, or consultant reporting process.

A fiduciary agreement is automatically in effect between our agency and the identified client and intended users per Ethics Rules and Statement Number 5 of USPAP. In all such situations, it is specifically stated that all confidential information, analyses, conclusions, survey results, adjustments, and opinions be safeguarded by the appraiser.

Record Keeping Requirements: Our agency retains records relating to the professional services that we provide so that we are better able to assist you with your professional needs and to comply with the requirements of the Ethics Rules contained within the USPAP. In order to secure your nonpublic personal information, our agency maintains physical, electronic, and procedural safeguards that comply with our professional standards.

References:

Mr. Robert Forsek
US Bank
24 N. Washington Street, 2nd Floor
Naperville, IL 60540

Mr. Chris Schneiderman
State Bank
1718 S. Dirck Drive
Freeport, Illinois 61032

Ms. Teri Brewster
First National Bank & Trust
315 East Grand Avenue
Beloit, Wisconsin 53511

Mr. J. Travers Price
REUS, Inc.
8626 Jackson Park Boulevard
Wauwatosa, WI 53226

Mr. William Sirny
Valuation Compliance, LLC
3230 Applegate Court
Brookfield, WI 53005

Mr. Bharat Puri
First Midwest Group
6801 Spring Creek Road
Rockford, Illinois 61114

*Additional references available upon request.

Appraisal Qualifications
of
DANIEL P. CURRIER

EDUCATION: **Bachelor of Science Degree** - Finance/Marketing
Northern Illinois University

Real Estate courses taken and passed at the University level and through the Appraisal Institute:

Principles of Real Estate
Real Estate Valuation
Income Capitalization
Fundamentals of Real Estate Appraisals
Appraisal Methods
Principles of Capitalization
Appraisal Applications
Apartment Appraisal
Standards of Professional Practice
Appraising the Single Family Residence
Appraisal of Small Businesses and Professional Practices
Subdivision Analysis
Business Practice & Ethics
Rates & Ratios

EXPERIENCE: Real Valuation Group, LLC 2018 to Present.
John P. Hill & Associates/Midwest Appraisal Services, LLC 1993 to 2017
Fifth Third Bank: 1989-1993.

State Certified General Real Estate Appraiser
Indiana License #CG40300543, expires 6/30/2018
Michigan License #1201075386, expires 7/31/2018
Texas License #TX1380621G, expires 6/30/2018
Wisconsin License #1892-10, expires 12/14/2019
Have held Licenses in Arizona, California, Colorado, Florida, Kansas,
Minnesota, Missouri, Nebraska, Oregon, Pennsylvania, South Carolina and
Washington

PROPERTIES

APPRAISED: I appraise Residential, Commercial and Special Purpose properties, including Office, Industrial/Warehouse, Multi Family, Retail, Automobile Dealerships, Subdivisions, specializing in Hotels, Oil change Facilities, Religious properties, Convenience stores and Truck Stop valuations.

APPRAISAL

ASSIGNMENTS: Fee Simple/Leased Fee/Leasehold/Partial Interests/Going Concern/Tax Assessments/Litigation Support/Investment Analysis

**REAL ESTATE QUALIFICATIONS
OF
TED L. SCHNELLER, IFAS**

PROFESSIONAL PROFILE

Over 35 years of extensive experience in appraising all types of properties throughout the Chicago eight county area, as well as a number of other states.

Certified General Appraiser through the State of Illinois under license number 553.000510

BUSINESS EXPERIENCE

Manager; Appraisal Division, Continental Real Estate	1975-1979
Vice President; Brueckner-Neuses, Inc.	1979-1981
President; T.L. Schneller & Associates	1981-1987
Former Instructor; Cost Analysis, College of DuPage	1980
Chief Staff, Review Appraiser; ICR Appraisal Services	1987-1992
General Manager; Senior Staff Appraiser; Krueger Appraisal Services	1992-1995
President: Senior Staff Appraiser: Krueger Appraisal Services	1995 to 2014
Operations Manager: Real Valuation Group	2013 to 2016
President: Senior Staff Appraiser: Valuation Compliance, Inc.	2010 to Present

PROFESSIONAL MEMBERSHIP AND AFFILIATIONS

Senior Member of the National Association of Independent Fee Appraisers
Certified Appraiser - Senior
Approved Fee Appraiser; State of Illinois, Dept. of Transportation, Bureau of Land Acquisition
Member of Kendall County Board of Review
Former Member of the DuPage County Board of Review
Former Member of Building Owners & Managers Association International
Approved Fee Appraiser; County of DuPage, Division of Transportation
Illinois Coalition of Appraisal Professionals
Member of Better Business Bureau

EDUCATION

Willowbrook High School
College of DuPage: Real Estate
DuPage Board of Realtors: Real Estate Transactions

Continuing Education/Appraisal Courses:

Specific and continuing education with regard to the appraisal profession has included all courses necessary to obtain the State of Illinois General Certification. This involved hundreds of hours of classes conducted by; the Appraisal Institute, the National Association of Independent Fee Appraisers, Real Estate Education Corporation, the Illinois Coalition of Appraisal Professionals, Central YMCA College, McKissock Data Systems, The Appraisal Academy, as well as the Illinois Association of Mortgage Professionals.