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**SUMMARY APPRAISAL REPORT
of the
MARKET VALUE
of**

**The Hayden Properties
Four Parcels
West of Hollywood Road (MD Route 245)
Leonardtown, Maryland 20650**

**Tax Map 32, Grid 11
Parcel 339 Lot 1 & Outlot A Woodbury Subdivision
And Parcels 82 and 225,
Third Election District
St. Mary's County**

Census Tract 995500

Valued as of

May 16, 2007

Appraised for

**Ms. Kimberly Howe, Supervisor of Capital Planning
St. Mary's County Public Schools
27190 Point Lookout Road
Loveville, Maryland 20656**

Appraised by

**Isabelle Gatewood, MAI
and
C. Jane Gatewood, Associate Appraiser**

**Gatewood Company, Inc.
P. O. Box 56 (2C Industrial Park Drive)
Waldorf, Maryland 20604-0056**

File # 07-9042

Gatewood Company, Inc

Real Estate Appraisers, Consultants, Analysts

July 16, 2007

Ms. Kimberly Howe, Supervisor of Capital Planning
St. Mary's County Public Schools
27190 Point Lookout Road
Loveville, Maryland 20656

Re: The Hayden Properties
Four Parcels, West of Hollywood Road (MD Route 245),
Leonardtown, Maryland 20650
Tax Map 32, Grid 11, Parcel 339 Outlot A & Lot 1 Woodbury Subdivision
And Parcels 82 and 225,
Third Election District of St. Mary's County


Dear Ms. Howe:

At your request, we have inspected the properties identified above, and have appraised the market values of the unencumbered fee simple interest in the real estate. In our opinion, the market values of the properties, as defined in the attached appraisal report, and subject to certain limiting assumptions and conditions set forth therein, as of May 16, 2007, are:

<u>Tract</u>	<u>Parcel</u>		<u>Market Value</u>
A	Parcel 339-Outparcel A	89.56 ac, zoned RL	\$1,750,000
B	82	78.92 ac, zoned RPD	\$1,250,000
C	339-Lot 1	1.06 ac w/Residence	\$247,000
D	225	1.69 ac w/Residence	\$365,000

The attached report details the data gathered and the reasoning underlying these value conclusions. We certify that these are our personal, unbiased professional opinions, and that we have neither present nor contemplated financial interest in the appraised property. No one other than the undersigned has prepared the analyses, conclusions or opinions set forth in this letter or in the accompanying report. The appraisal, this letter and the attached report have been prepared in conformance with, and are subject to, the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and the Uniform Standards of Professional Appraisal Practice of the Appraisal Foundation.

Respectfully,


Isabelle Gatewood, MAI
Md. Certified General Appraiser #158

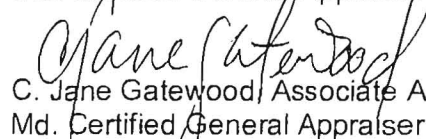

C. Jane Gatewood, Associate Appraiser
Md. Certified General Appraiser #11216



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EXECUTIVE SUMMARY

Property & Location: The Hayden Properties
Four Parcels of Land with Improvements
West of MD Route 245 (Hollywood Road)
Leonardtown, Maryland 20650

Assessor's Identification: Tax Map 32, Grid 11, Parcel 339 Outparcel A and Lot 1
Woodbury; and Parcels 82 and 225;
3rd Election District of St. Mary's County

Owner of Record: Hayden et al

Interest Appraised: Unencumbered Fee Simple

Land Area:

Tract A	Parcel 339 Outparcel A	89.56 ac
Tract B	Parcel 82	78.92 ac
Tract C	Parcel 339 Lot 1	1.06 ac
Tract D	Parcel 225	1.69 ac

Total	171.23 ac
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Building Area (Year Built):	Parcel 339 Lot 1	1,152 sf (1994)
	Parcel 225	1,768 sf (1960)

Zoning: RL and RPD

Highest and Best Use:

if vacant: Residential Subdivision

as Improved: Maintain existing dwellings on Lot 1 and parcel 225;
Residential subdivision of remainder

Date of Value: May 16, 2007

Date of Report: July 13, 2007

Market Value Estimates

Tract A	\$1,750,000
Tract B	\$1,250,000
Tract C	\$ 247,000
Tract D	\$ 365,000

Estimated Exposure Time: Tracts A and B - About one year
Tracts C and D - About 90 days

QUALIFICATIONS OF THE APPRAISERS

Isabelle Gatewood, MAI

Summary of Professional Experience

Since 1980: Principal, The Gatewood Company, Inc providing a full range of commercial, industrial and residential appraisal and consulting services.

Prior Appraisal Experience:

Reynolds & Reynolds, Inc. (Washington DC) 1974-1977

Eugene Shaw, MAI, 1973-1974

Beers Brothers (Silver Spring, MD) 1969-1970, 1972-1973

Independent Fee Appraiser, 1970-1972.

Professional Affiliations and Certifications

Member of the Appraisal Institute (# 5802) since 1978

Society of Real Estate Appraisers Chapter 29 (President 1986-1987),

International Right of Way Association,

Southern Maryland and Prince George's County Associations of Realtors,

Maryland Real Estate Broker, License #36889.

State of Maryland Certified General Real Estate Appraiser #158

Qualified Expert Witness

Circuit Courts of Calvert, Charles, Prince George's and St. Mary's Counties in Maryland;
Alexandria, Virginia; and Berkeley County, West Virginia;

Maryland Boards of Property Review: Calvert, Charles, Prince George's and St. Mary's Counties;
U.S. Bankruptcy Court.

Professional Training:

AIREA Courses I (Appraisal Theory), IB (Capitalization Theory and Techniques), II (Appraisal Practice), IV (Condemnation), and VI (Investment Analysis); Advanced Income Capitalization; Various Professional Seminars.

CCIM Courses 101 (Financial Analysis for Commercial Investment Real Estate) and 102 (User Analysis for Commercial Investment Real Estate)

Certified under the Appraisal Institute voluntary program of continuing education.

General Education:

Bachelor of Arts, Stephen F. Austin University

Types of Appraisals

Office Buildings, Warehouses, Restaurants, Shopping Centers, Marinas and Other Commercial and Industrial Properties,

Motels and Other Transient Accommodations, Apartments and Condominiums,

Residential Subdivisions, Houses, Farms, Special Use Properties, Properties with Historic Significance,

Urban Renewal Acquisition and Re-Use, Eminent Domain, Easements and Partial Interests.

-Qualifications, Continued -

C. Jane Gatewood

Education

Master of Arts, Geography & Planning, University of Toledo (1996)

Bachelor of Arts, University of Toledo (1996)

Appraisal Institute Courses:

- 110 Real Estate Appraisal Principles
- 120 Real Estate Appraisal Procedures
- 310 Basic Income Capitalization
- 320 General Applications
- 330 Apartment Appraisal
- 400 National USPAP Update (May 2005)
- 410 Standards of Professional Practice (USPAP), Part A
- 420 Business Practices and Ethics
- 510 Advanced Income Capitalization
- 520 Highest & Best Use and Market Analysis
- 530 Advanced Sales Comparison & Cost Approaches
- 550 Advanced Applications
- 710 Condemnation Appraising: Basic Principles & Applications

Related Coursework

Ohio Real Estate Law, University of Toledo, Spring 1996

Ohio Real Estate Practices, University of Toledo, Winter 1990

Appraisal Experience

Commercial Appraiser (12/98 to present) The Gatewood Company

Completed appraisal assignments in Charles, Calvert, Prince George's, and St. Mary's Counties including vacant land, subdivisions, small industrial, retail, restaurants, marinas and office properties.

Commercial Appraiser (1/98 to 12/98) Martin Appraisal, Toledo, Ohio

Completed appraisal assignments of vacant land and commercial, industrial and special use properties in northwest Ohio and southeast Michigan.

Related Experience

Executive Director (11/94 to 7/96) Bancroft-Upton-Monroe Area Redevelopment Corporation, Toledo Ohio.

Established Loan Pool Program and procedures in compliance with HUD and City of Toledo requirements. Provided technical assistance to developers interested in re-investing in the neighborhood.

Administrative Assistant (10/96 to 12/97) R.E. Montgomery General Contractor, Toledo OH

Maintained Tax Credit Financing property records and all proposals, contract and financial records related to contracting operations.

Licenses

State of Maryland Certified General Real Estate Appraiser License #11216

GATEWOOD COMPANY, INC.
Representative List of Clients

Government Agencies

Alexandria Redevelopment and Housing
Authority
Calvert County Government
Charles County Government
Charles County Public Schools
City of Bowie
City of College Park
City of Hyattsville
City of Seat Pleasant
Federal Aviation Administration
Federal Deposit Insurance Corporation
Maryland Department of General Services
Maryland-National Capital Park and Planning
Commission
Maryland State Highway Administration
Prince George's County Economic Development
Committee
St. Mary's County Government
Tri-County Community Development
Corporation
United States Department of Justice
U.S. Park Service
U.S. Postal Service
U.S. Department of the Navy
Veterans Administration
Washington Metro Area Transit Authority

Organizations/Institutions

College of Southern Maryland
Calvert County Hospital
Civista Medical Center
St. Mary's Hospital
The Nature Conservancy
The Trust for Public Land
University of Maryland

Relocation Companies

Cendant Mobility
Associates Relocation Management Co.
Weichert Relocation Co.
Valuation Administrators Ltd.
Pinnacle Group Associates
Executive Relocation Corp.

Financial Institutions

Allied Capital
Bank of Southern Maryland
Branch Banking & Trust
Calvert Bank and Trust
Cardinal Bank
Capital Bank
Carrollton Bank
Chevy Chase Bank
Citibank Financial
Community Bank of Tri-County
County First Bank
Crestar Bank
EagleBank
Executive Lending Services
Farmers Bank of Maryland
FCNB Bank
First Mount Vernon Industrial Loan Ass'n
First Tennessee Bank National Association
First Union Corporation
First Virginia Bank
Greater Atlantic Bank
Houston Savings Bank
Key Federal Savings Bank
Lehman Brother Bank
Maryland Bank and Trust Company
Mercantile Bank
National Capital Bank of Washington
Old Line National Bank
Potomac Bank
Sequoia National Bank
Sun Trust Bank
United Bank
Wachovia
Westview Federal Savings Bank
York Federal Savings Bank

Utilities

Potomac Electric Power Company
St. Mary's County Metropolitan Commission
Washington Suburban Sanitary Commission

Accounting Firms, Attorneys, Developers,
Insurance Companies, Retailers, and Other
Individuals

*Gatewood Company, Inc. is a Minority/Woman Owned Business as certified by the
State of Maryland Department of Transportation*

IDENTIFICATION OF THE PROPERTY

The appraised property consists of four parcels, two of which are improved with single-family dwellings, with a combined land area of 171± acres on the west side of Hollywood Road. The real estate tax assessment records for the county identify the land as Parcel 339 Outparcel A and Lot 1 (Woodbury Subdivision) and Parcels 82 and 225 on Tax Map 32 (Grid 11), in the Third Election District of St. Mary's County. The postal addresses of the dwellings are 41501 & 41515 Hayden Farm Lane, Leonardtown Maryland 20650.

Each of these parcels are valued separately. Throughout this report, we have identified the individual parcels as "Tracts A through D", as detailed with current ownership information and the most recent deed references:

<u>Tract</u>	<u>Parcel</u>	<u>Grantor</u>	<u>Grantee</u>	<u>Deed Ref.</u>	<u>Date</u>
A	339-Outparcel A	Janice W. Hayden et al	Debra A. (Hayden) Griffin et al	2851/135	07/07/06
B	82	Joseph I. Hayden	Walter V. Hayden et al	263/180	10/24/76
C	339-Lot 1	Janice W. Hayden et al	Janice W. Hayden	2851/121	07/07/06
D	225	Janice W. Hayden et al	Janice W. Hayden	2852/1	07/07/06

All of the appraised land has been in the Hayden family for many years and the above-referenced deeds are reflective of intra-family transfers.

TAXES AND ASSESSMENTS

Properties in Maryland are assessed on a triennial basis, with the new assessments phased in over three years. The current taxes are based on the phase-in value of the assessor's estimate of fair market value of the property. The 2007-08 real estate tax rate for the Third Election District of St. Mary's County is set at \$1.018 per \$100 of assessed value, which includes \$0.112 in state taxes and a fire tax of \$0.24.

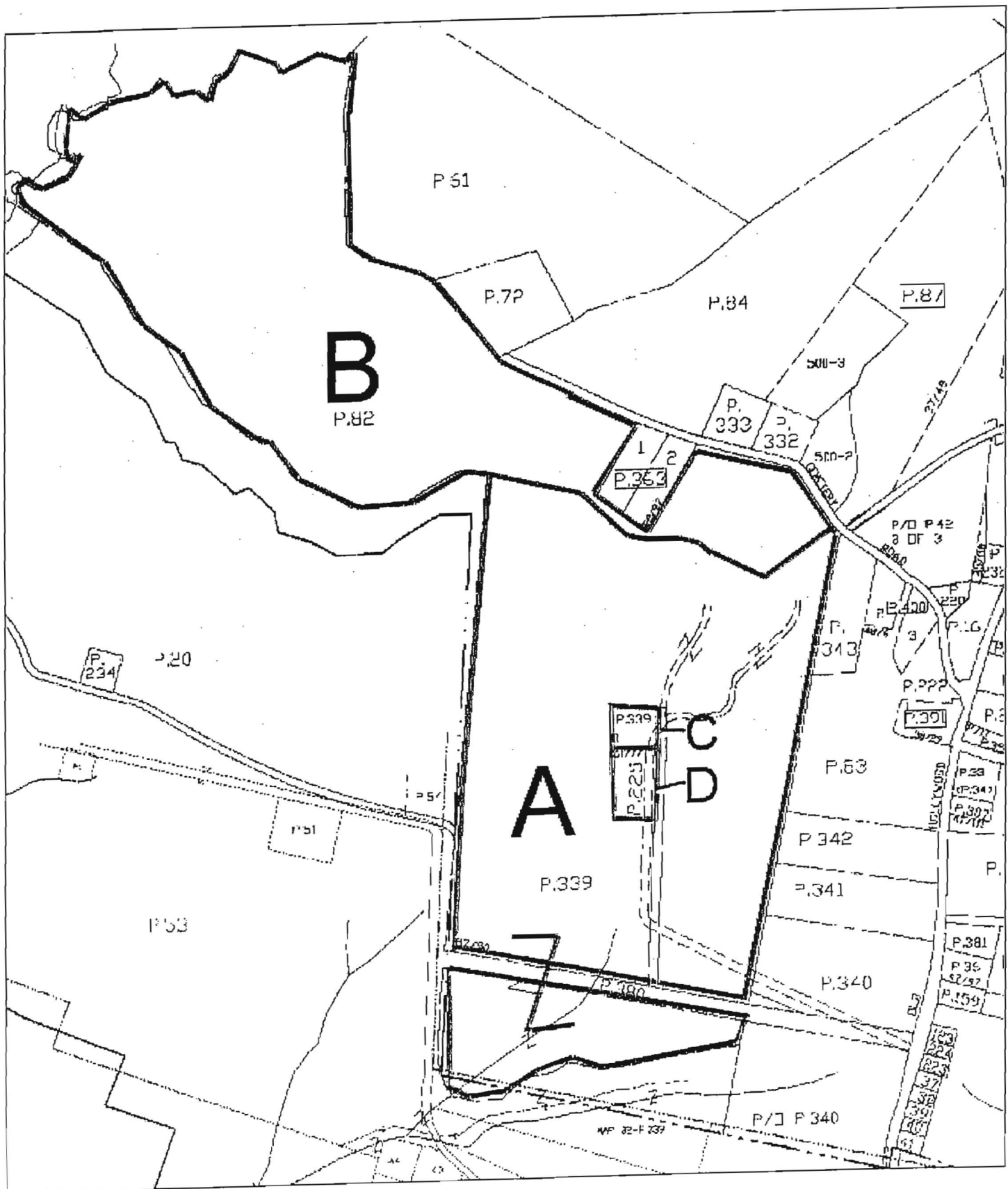
The current taxes and assessments for the properties are:

<u>Tract</u>	<u>Account #</u>	<u>Land</u>	<u>Assessed Value Improvements</u>	<u>Total</u>	<u>Taxable Assessment</u>	<u>2007-08 Taxes</u>
A	03-077381	\$20,410	\$64,290	\$84,700	\$84,700	\$862.24
B	03-032582	\$10,850	N/A	\$10,850	\$10,850	\$110.45
C	03-029409	\$60,300	\$81,890	\$142,190	\$142,190	\$1,537.50
D	03-011410	\$63,450	\$147,620	\$211,070	\$211,070	\$1,832.44

The assessments for Tracts A and B (Parcel 339-Outparcel A and Parcels 82) reflect preferential agricultural tax rates.

According to the St. Mary's County Treasurer's Office the current taxes were billed July 1, 2007 and are due September 30, 2007.

Tax Map



PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market values of the unencumbered fee simple interest in the identified properties, subject to certain limiting conditions and assumptions, as stated in this appraisal report, as of May 16, 2007.

The function of this appraisal is for use in negotiations by St. Mary's County Board of Education and County Commissioner for the proposed acquisition of all or part of the identified parcels.

The intended users are Ms. Kimberly Howe, Supervisor of Capital Planning, and/or her designated representatives.

DEFINITION OF MARKET VALUE

As used in this report the term "Market Value" is defined:

"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 is the consummation of a sale 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."*

* Title XI, Financial Institutions Reform Recovery and Enforcement Act of 1989 (FIRREA), August 23, 1990, Section 564.4, Appraisal Standards.

SCOPE OF THE APPRAISAL

In completing this assignment, Isabelle Gatewood, Francesca Nepa and Jane Gatewood inspected the appraised properties on May 16, 2007. Information about the sites has been obtained from the surveys contained within the record plats of the properties as well as aerial images from the St. Mary's County Office of Land Use and Growth Management., and published topography and soil maps.

The surrounding environment has been reviewed on both a regional and neighborhood level, including the economics of the Leonardtown area, in particular, and more generally that of St. Mary's County. Current statistical data pertinent to the valuation have been obtained from the Maryland Departments of Planning and Economic/Employment Development, and the United States Bureau of Labor Statistics and Census Bureau. Background information on developments in the neighborhood has been obtained from our files and discussions with market participants.

These data constitute the basis of an opinion of the highest and best use of the subject property.

The sales comparison approach has been used as the basis for the value estimates. The focus of the research was sales of similar residences and large parcels of vacant land with similar development potential in St. Mary's County. Data sources include County land records and planning departments, Maryland Property View, Metropolitan Regional Information System, market participants, and information contained in our files.

The data relevant to the appraised property have been correlated to provide indications of current market conditions. Finally, the information has been reconciled into a final estimate of the market value of the marketable interest(s), as of the specific date of the appraisal.

LIMITING ASSUMPTIONS AND CONDITIONS

The reported value estimates are limited by the following assumptions and contingent conditions.

1. We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, assessments or other encumbrances have been disregarded, and the property is appraised as though free and clear and under responsible ownership and competent management.
2. Information and estimates contained in this report have been obtained from government officials and public records, recognized authorities and other sources considered reliable, but their accuracy is not guaranteed. Opinions expressed in the appraisal report are those of the appraisers.
3. Any sketches, plats, maps or drawings reproduced in this report may show approximate dimensions and may not be to scale. These are included to assist the reader in visualizing the property. Although we have physically inspected the property, we have made no precise survey.
4. It is assumed that the subject property is in full compliance with all federal, state and local environmental regulations unless the lack of compliance is stated, described and considered in the appraisal report.
5. We assume that there are no hidden or unapparent conditions of the property, subsoil or structures, which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which might be required to discover such factors. The appraisers have not been informed, nor have the appraisers any knowledge of the existence of any environmental or health impediment, which if known, could have a negative impact on the market value of the subject property. The valuation contained herein is not valid if any hazardous items are found in the subject property and not stated within the appraisal report, including but not limited to: Urea-formaldehyde Foam Insulation, Radon Gas, Asbestos Products, Lead or Lead Based Products or Toxic Waste Contaminants.
6. The appraisers 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.
7. Acceptance and/or use of this report by the client constitutes acceptance of all limiting conditions and assumptions set forth herein.

ECONOMIC BACKGROUND

The subject properties are located in central St. Mary's County, adjacent to the northern boundary of the corporate limits of Leonardtown.

St. Mary's County is a 373 square mile peninsula on the western shore of the Chesapeake Bay in Maryland, bounded by the tidewaters of the Wicomico and Potomac Rivers on the west, and the Patuxent River on the east. The July 2005 population for St. Mary's County was reported by the U.S. Census Bureau to be 96,518, an increase of 12% over July 2000 (86,211).

Unemployment in St. Mary's County was 2.9% in May 2007, slightly lower than the 3.2% in May a year earlier and lower than the current overall rate during the same period for Maryland (3.5%) and the US (4.3%). According to a report published in February 2002 by the St. Mary's County Economic Development Agency, the number of high-tech firms operating in the county increased by 32% since 1998 and account for 20% of the county's private-sector jobs, the highest rate of any Maryland county.

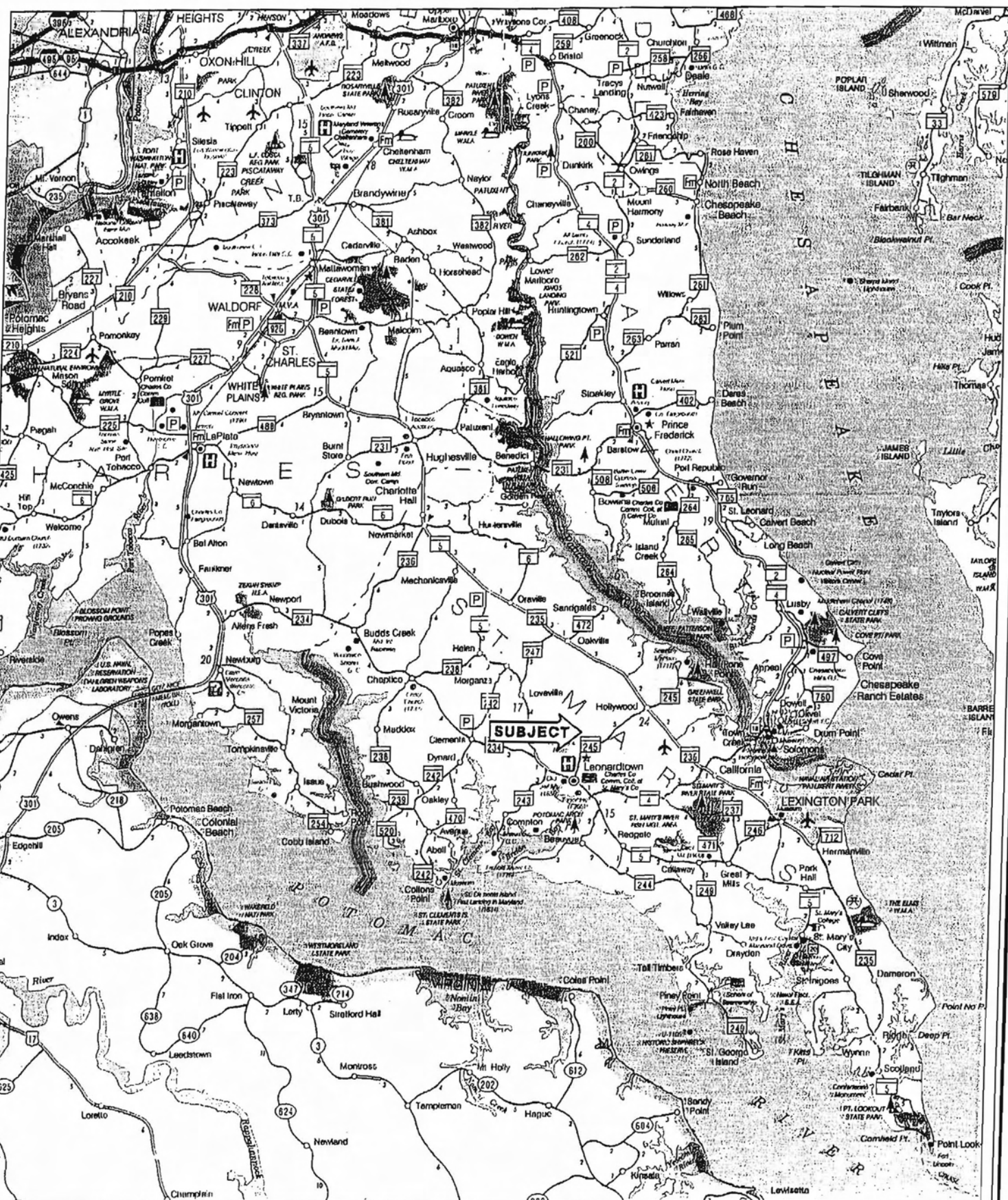
Leonardtown is the seat of county government and the site of the county's only hospital, but the Patuxent Naval Air Warfare Center, about 10 miles southeast in Lexington Park, is the central economic force in the County and a major source of non-agricultural employment in southern Maryland. The military presence in Lexington Park expanded significantly in the late 1990's with consolidation of operations from Arlington (Virginia), Warminster (Pennsylvania), and other areas. With these changes, St. Mary's County has become a center of the Navy's research and development operations, acquisition and propulsion departments, as well as continuing as the Navy's premier testing and evaluation center for aircraft. A recent report from an employee of the Defense Department indicated that a new program at the Naval Air Warfare Center is expected to attract more than 1,000 new employees.

The original business district of Leonardtown was clustered around the courthouse on Washington Street, between the intersection of Route 5 and Breton Bay. In recent years, many of the government offices have moved northward along Hollywood Road (Maryland Route 245). Other new commercial development has spread northwestward along Route 5, including two neighborhood shopping centers in the northwest quadrant of Routes 5 and 243 and more recent redevelopment of an older shopping center closer to Route 245.

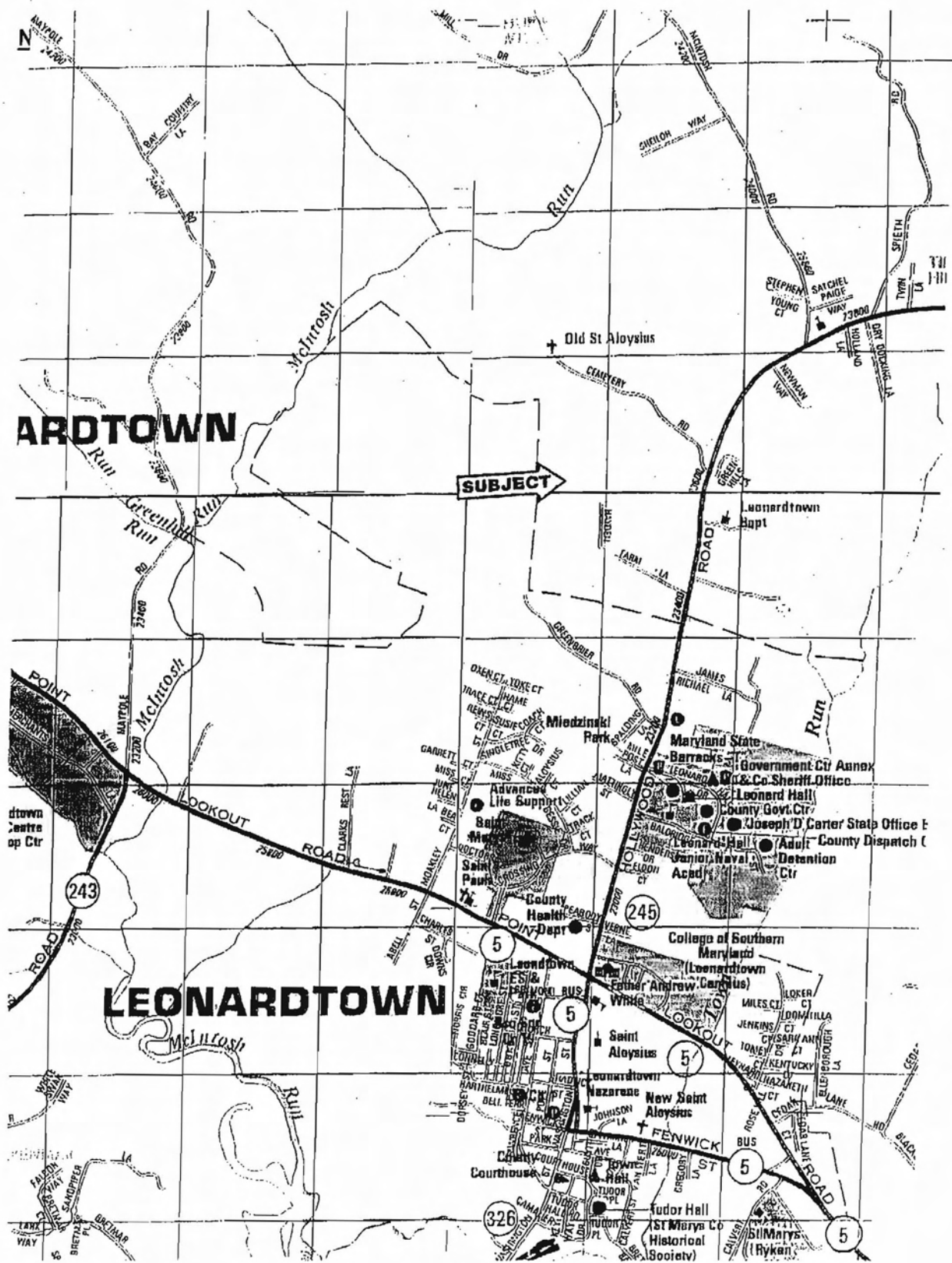
Tudor Hall Village is a mixed-use development planned for a 370± acre site northwest of the town center, extending from Route 5 to Breton Bay. As planned, 150 acres of this tract will be developed with 593 dwelling units: 250 single-family homes, 200 condominium and apartment units, 143 townhouses, and a private marina.

About 15 years ago, Singletree, a new subdivision of upper priced houses, was started near the hospital in the northwest quadrant of the intersection of Maryland Routes 5 and 245. This subdivision sold-out steadily and two larger developments are now in the late planning stages within the town limits, adjacent to the west side of the appraised properties.

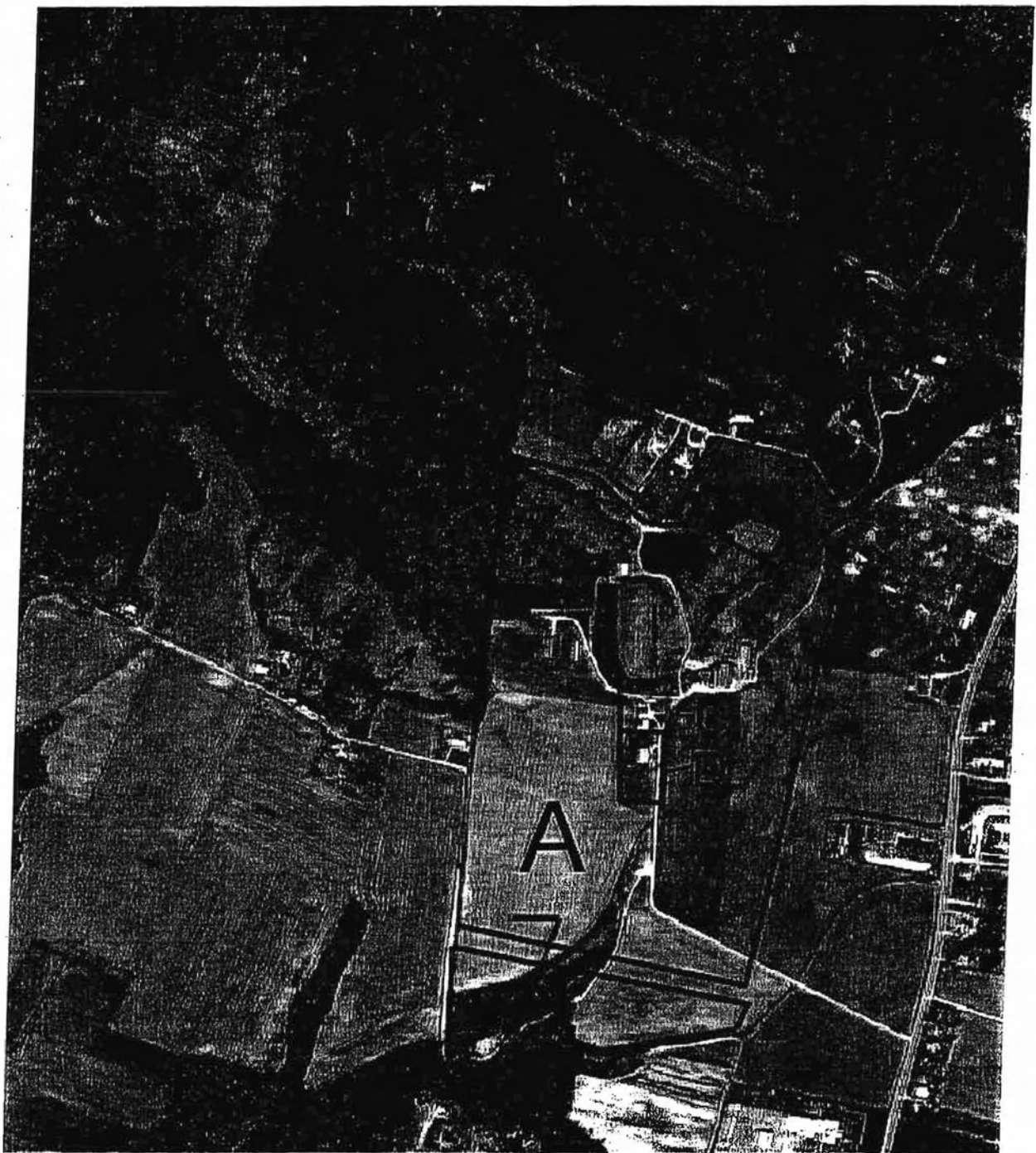
Location Map



Neighborhood Map



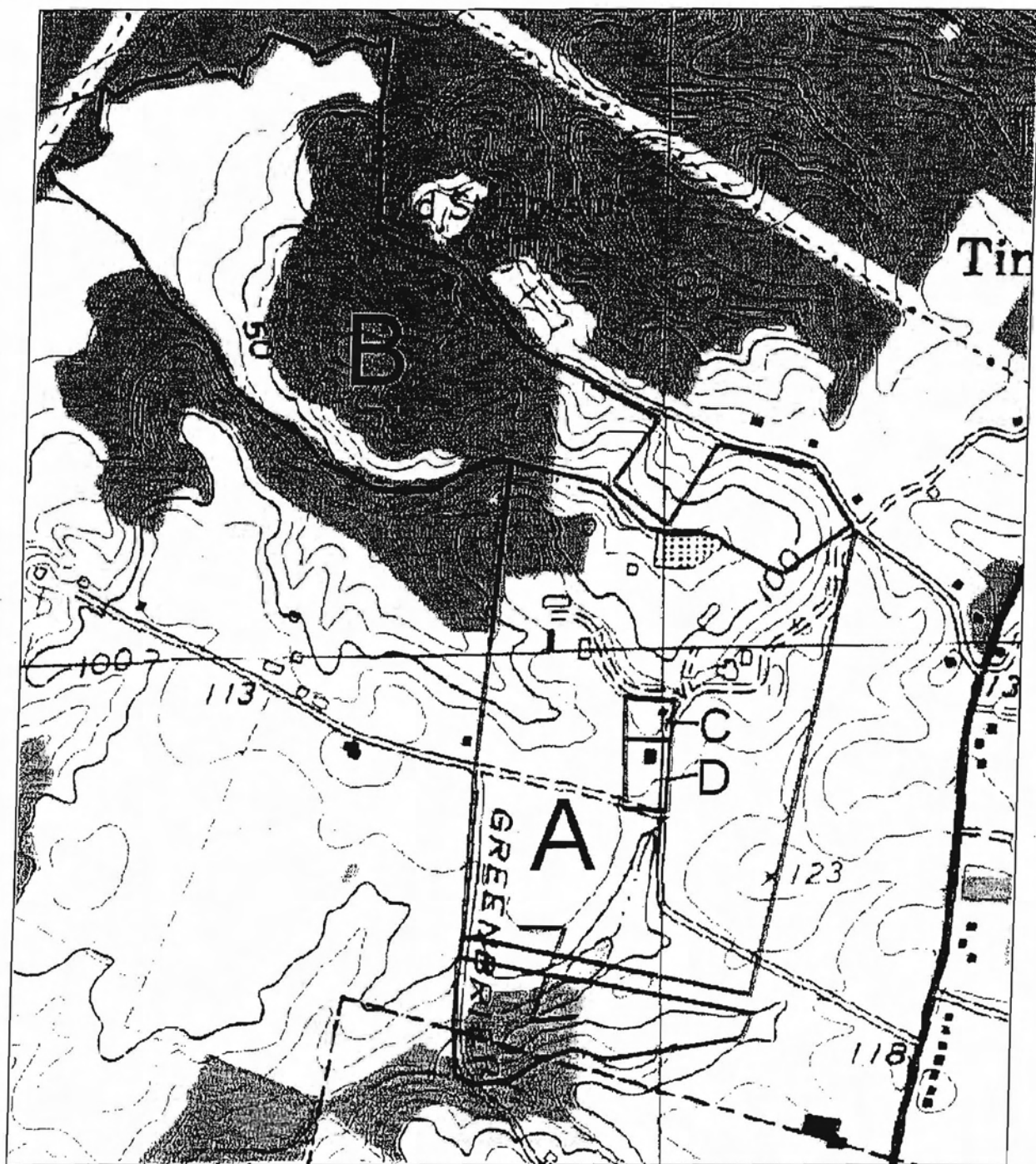
Aerial View of the Subject Properties



SOURCE: St. Mary's County Office of Land Use and Growth Management, GIS Zoning Map

NOTE: Placement of boundary lines is approximate

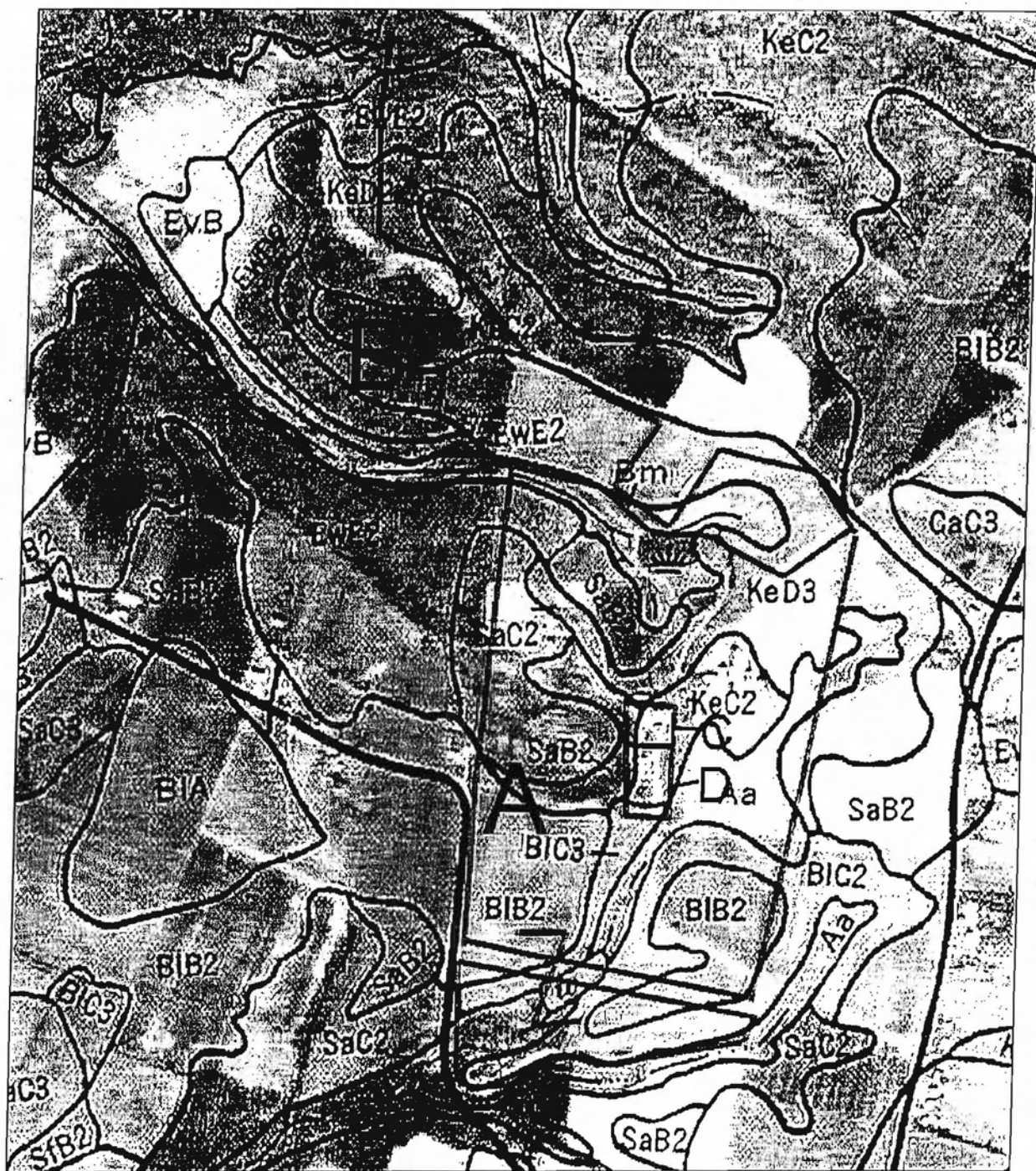
Topographic Map of Subject Properties



Source: US Geological Survey (7.5 minute series - topographic)

NOTE: Placement of boundary lines is approximate

Soils Map



Source: Soils Map of St. Mary's County Published by the USDA

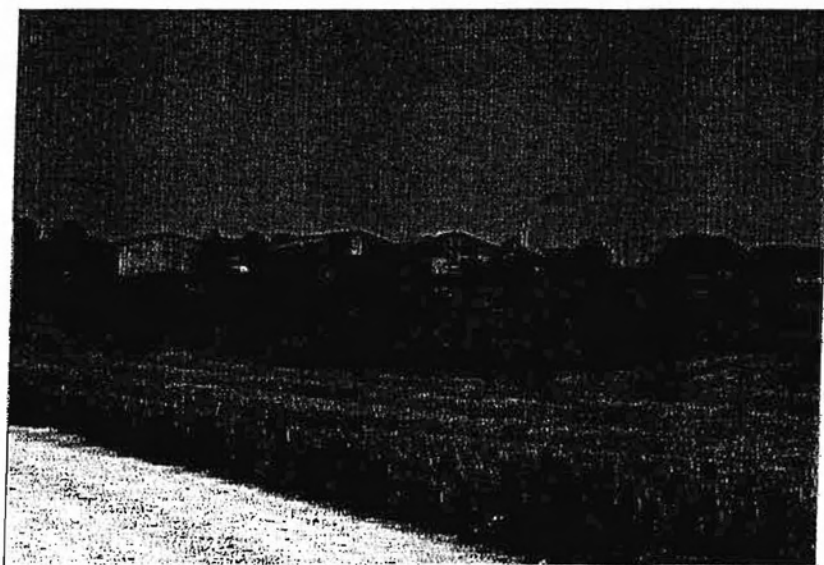
NOTE: Placement of boundary lines is approximate

Photographs of Tracts A and B



Looking north along road
that traverses center of
Outparcel A (Tract A)

Parcel 225 and Lot 1 (Tracts
D and C, respectively) are
on left.



Barns in northeastern corner
of Outparcel A



Looking toward northwestern
section of Outparcel A



Spring-fed stream head
(farm pond) on southern
segment of Outparcel A

A bridge across the northern
end of this pond will be built
to provide access to
"Leonard's Grant", the
planned subdivision on
Parcel 53 adjacent to the
west (off photo to the right)



Looking northeast from
southwestern corner of
Outparcel A



Looking west from existing
subject entrance road along
path of 80-foot ROW that
severs Tract A, future road
to planned subdivision on
adjacent land.



Looking toward western end
of Parcel 82 (Tract B), along
southern boundary



Houses on two lots that
separate eastern and
western ends of
Parcel 82



Looking southeast across
pond on northern boundary
of Outparcel A (Tract A)

Gravel road in foreground
links eastern and western
sections of Parcel 82 (Tract
B)



Looking west along
Cemetery Road.

Eastern end of Tract B is on
left.



Looking south across central
field of Tract B



Cemetery adjacent to middle
of northern subject boundary



MSA 534 1252 8115-2
52' 90'

Description Of Tract A

Size and Shape

The record plats (57/90 and 61/77), indicate the total area of Tract A is 89.563 acres in two sections severed by an 80± foot right-of-way (currently undeveloped) to a large tract of land adjacent to the west (parcel 53, etc).

The northern section contains 77.216± acres in a mostly rectangular configuration, surrounding two residential home sites that have been subdivided from the larger parcel (Tracts C and D of this appraisal). The dimensions are about 1,500 feet from east-to-west and 2,200± feet from north-to-south.

The southern section is 12.347± acres, bounded by the ROW on the north and by a small stream / drainage area on the south. The depth from the ROW is 115± feet along the eastern boundary and 450± feet on the west.

Topography, Soil Features, and Flood Zone Information

The terrain is rolling with an elevation of about 120 feet above sea level over most of the site, sloping down to about 100 feet along the northern boundary. Except for a patch of woods in the southwestern corner, the entire site is cleared, with scatterings of mature trees.

There are two ponds on the property, both apparently spring-fed. One is adjacent to the northern boundary and the other straddles the ROW that severs the subject. According to Map Number 24037C0159E of the flood insurance rate maps for St. Mary's County, there is no flood zone on the property.

Predominant soil types are Sassafras (SaC2, SaB2) and Kempsville (KeC2) in the north; Beltsville (BIB2, BIC3) in the south; with a small band of Alluvial crossing from the southwest corner to the middle of the eastern boundary. Sassafras and Kempsville soils have only slight to moderate limitations for development with home sites and septic systems. Limitations are moderate to severe on Beltsville soils, due to perched high water table; and severe on Alluvial soils.

Access to the Site

The property is situated 800 feet west of MD Route 245 (Hollywood Road). Access is currently provided by a gravel driveway along a 40-foot wide ROW easement across the adjacent property to the east. According to the recorded deeds, this road will be abandoned at such time as the above-referenced 80-foot ROW to parcel 53 is dedicated to public use.

Utilities, Easements and Site Improvements

Public sewer is currently available along Route 245. The developer of parcel 53, to the west, will be installing sewer lines in the 80-foot ROW that crosses the subject.

The record plat indicates an easement for a 50-foot right-of-way along the eastern boundary of the southern segment. The northern segment includes several large barns that are of value only as interim uses.

Relationship to Neighboring Properties

The Leonardtown corporate town limits abut the southern and western edges of the subject. Over the past fifteen years, the Singletree residential subdivision has spread north from Route 5, surrounding the St. Mary's County Hospital. The final build-out for this subdivision has recently reached the subject's southwestern corner.

The 267-acre tract to the west of the subject is approved for development with Leonard's Grant, a 330-unit residential subdivision, planned for a 10-year build-out period. South of Leonard's Grant is an 177-acre parcel planned for development with Clark's Rest, which is still in the planning stages but is expected to include a mix of residential, commercial and public use areas.

The Davis Office Park is located on a 4.5-acre parcel along Hollywood Road east of the subject, surrounded by farmland with no immediate (known) plans for development.

Zoning

Tract A is zoned RL, Low Density Residential District. The intent of this district is *"to provide for low to medium density residential development in areas designated development districts by the comprehensive plan, where public water and sewer, roads and other public facilities are not currently available, adequate, or planned for the immediate future, but might be provided through design and construction of sewer waste treatment facilities or roads or through extension of public water or sewer utilities or roads at some future time."*

Permitted uses include: attached and detached single family residences, apartments, group homes, agriculture, day care facilities and schools.

Other uses allowed, with conditions or specific standards, include clubs or lodges, religious facilities, government and conference facilities, bed and breakfasts, churches, schools, and some offices.

The maximum density without community sewer is one dwelling per acre. With public sewer, the maximum density without TDR's is 2 units per acre. With TDR's and affordable housing credits the density can be increased to 5 units per acre

There is no minimum lot area. The minimum lot width is 75 feet, the minimum depth is 100 feet and the minimum frontage is 50 feet. The maximum building height is 40 feet.

Highest And Best Use

The term "highest and best use" is defined:

"The use, from among reasonably probable and legal alternative uses, found to be physically possible, appropriately supported, financially feasible, and that results in the highest present land value."

Physically Possible/ Legally Permitted

Tract A (Outparcel A) is adjacent to the corporate town limits and has good terrain and will have access to public water and sewer. The RL zoning is intended primarily for low-density residential development, although some other uses are permitted.

The size of the tract and location make the property well-suited for either residential development or special-purpose use.

The new 80 foot wide right-of-way will sever the southern 12 acres, making it suitable for independent development, if desired.

Economically Feasible / Maximally Productive

There are several other new subdivisions, either planned or under construction, within a five mile radius of the subject. Among them, enough lots will become available to meet most of the demand for several years. A minimum of two or three years are usually needed from the time a decision is made to subdivide acreage until final approval to begin construction of the infrastructure.

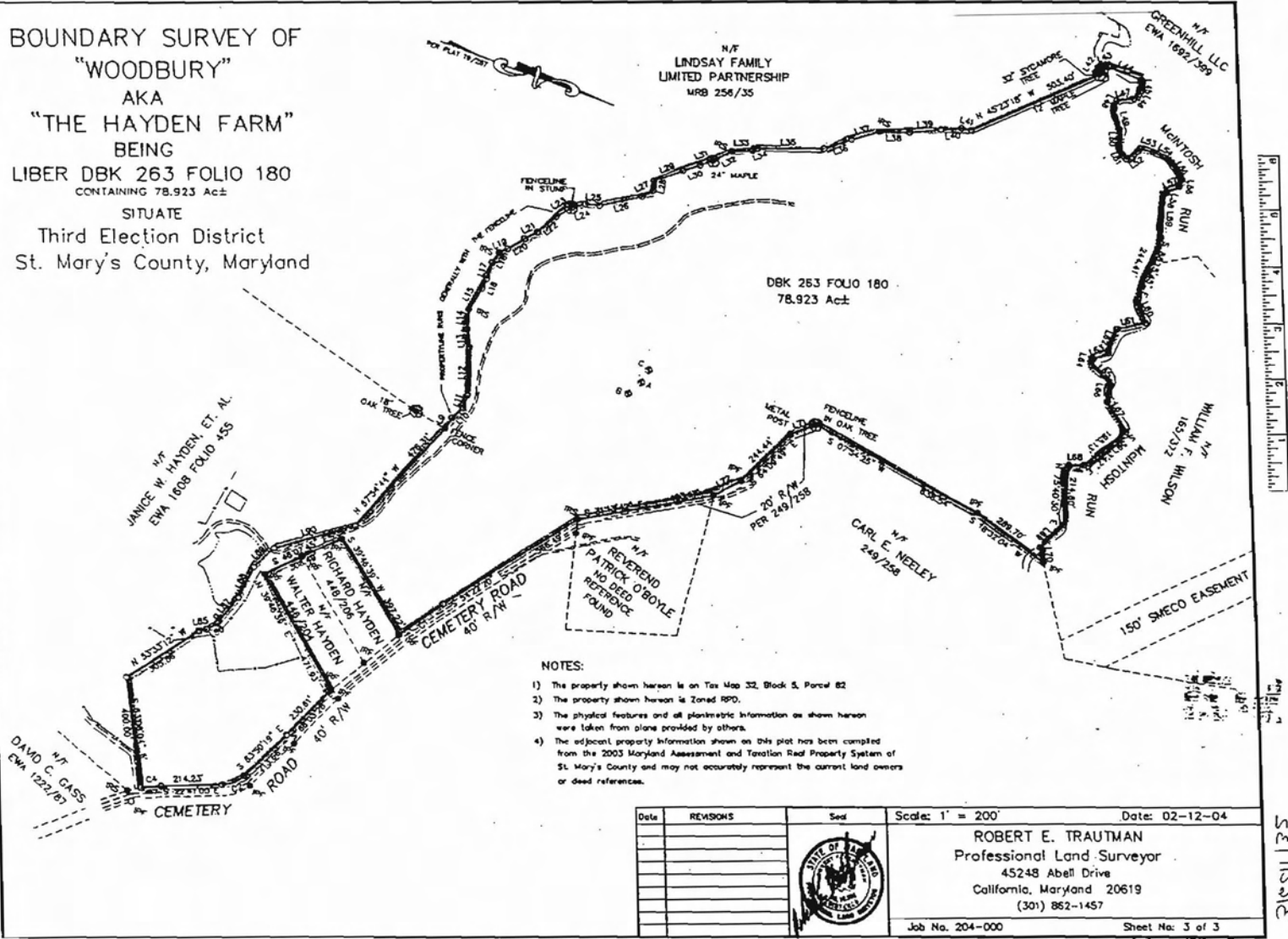
The highest and best use of Tract A is to commission an engineering study for a concept plan to determine the potential lot yield and development costs for a residential subdivision. Since real estate markets are cyclical, a feasibility study should be conducted to determine long-term supply and demand.

The highest and best use of the appraised property is to hold speculatively for future development, subject to timing as indicated by the results of the recommended study.

Since the new right-of-way will provide the primary access to the adjacent subdivision on parcel 53, it is likely that the highest and best use will be for one of the special-purpose buildings permitted under the zoning.

* The Appraisal of Real Estate, page 297, 11th Edition, Appraisal Institute (1996).

BOUNDARY SURVEY OF
 "WOODBURY"
 AKA
 "THE HAYDEN FARM"
 BEING
 LIBER DBK 263 FOLIO 180
 CONTAINING 78.923 Ac±
 SITUATE
 Third Election District
 St. Mary's County, Maryland



NOTES:

- 1) The property shown hereon is on Tax Map 32, Block 5, Parcel 82.
- 2) The property shown hereon is Zoned RPD.
- 3) The physical features and all planimetric information as shown hereon were taken from plane provided by others.
- 4) The adjacent property information shown on this plot has been compiled from the 2003 Maryland Assessment and Taxation Real Property System of St. Mary's County and may not accurately represent the current land owners or deed references.

Date	REVISIONS	Seal	Scale: 1" = 200'	Date: 02-12-04
			ROBERT E. TRAUTMAN Professional Land Surveyor 45248 Abell Drive California, Maryland 20619 (301) 862-1457	Sheet No: 3 of 3 Job No. 204-000

MSA Ssu 1252 8/15/3
 52 90

Description of Tract B

The record plat (57/90) indicates that Tract B (Parcel 82) has an area of 78.823± acres. The configuration is irregular with a small section at the eastern end separated from the remainder by two residential lots. A narrow strip of land connects the southern edges of the two sections.

Cemetery Road forms the northern boundary of both segments. The eastern 7.6± acres has about 800 feet of road frontage and a depth of about 500 feet. The western 71± acres extends 3,500± feet to Macintosh Run, which forms the western boundary. The depth of this section is about 400 feet at its eastern end, expanding to about 1,200 feet near the end of the existing road, and widening further to about 1,600 feet at the western end.

The southern boundary meanders along in the bottom of a hill, adjacent to other farmland.

Topography, Soil Features, and Flood Zone Information

The terrain is mostly rolling, sloping from an elevation of about 130 feet above sea level along Cemetery Road, down to about 30 feet at the western end. The eastern end includes two clear sections, abutted by a large wooded section. The topographic map and aerial image show a cleared field further to the west in the low-lying areas.

Maps published by the US Department of Agriculture indicate that the predominant soils are Kempsville (KeD3, KeC2, and KeD2), with a band of Evesboro and Evesboro-Westphalia along the southern boundary. Evesboro and Kempsville soils have only slight to moderate limitations for development with home sites and septic systems. The limitations for Evesboro Westphalia are moderate to severe.

According to Map Number 24037C0159E of the flood insurance rate maps for St. Mary's County, a small portion along McIntosh Run is located in the 100-year flood plain.

Access to the Site

Access to the north side of Parcel 82 is via Cemetery Road, with a 40 foot wide right away from Hollywood Road. From the south, access is by way of gravel farm roads across adjacent land.

Improvements/ Utilities

There are no improvements or utilities on the land.

Relationship to Neighboring Properties

An old, well-kept Cemetery is near the center of the northern boundary. To the east, along Cemetery Road there are a number of large modern dwellings.

Zoning

Tract B (Parcel 82) is zoned RPD, or Rural Preservation District. According to the St. Mary's County Zoning Ordinance this zone is intended to "maintain low-density residential development in rural areas of the county compatible with the rural environment, natural features and established character of the area in which it is located. It is also intended to foster agricultural and aquacultural uses and the land base necessary to support these activities."

Low-density residential development in the district is permitted subject to performance standards that maintain the rural character of the district in recognition of the fact that a full range of public facilities is not provided or planned.

Uses that are permitted as a matter of right include: agriculture, aquaculture, forestry and single family detached dwellings, group homes, mobile homes, day care, public recreation, religious assembly, animal boarding and care, bed and breakfast inns, and communication and public safety facilities. Numerous other uses are allowed conditionally, subject to specific standards.

The maximum base density is one dwelling for each five acres. This can be increased to one unit for each three acres with the purchase of TDR's.

There is no minimum lot area, but the minimum width is 150 feet and a minimum depth of 160 feet and 75 feet frontage is required.

Highest and Best Use

Physically Possible/ Legally Permitted

The soil maps indicate that there are enough soils suitable for development with septic systems to support a small residential subdivision on Tract B. Although the site is relatively remote from a major road, the right of way from the public road has a width of 40 feet and runs along a ridge that is relatively level. It would probably not be prohibitively expensive to improve the road to County standards to serve 14 to 20 home sites, using private wells and septic systems.

Economically Feasible/Maximally Productive

Although there are several large-scale subdivisions, either planned or under construction in the Leonardtown area, these are all for small lots with public water and sewer. The zoning of the appraised property is for low-density development and the soils are indicated to be suitable for well and septic systems. Development of the subject with large lots would not be directly competitive with these subdivisions of small lots and this type of development requires less up-front costs for infrastructure. There is a market in the Leonardtown area for up-scale homes on large lots.

The highest and best use of Tract B is to commission an engineering study to determine the lot yield and potential development costs for immediate development.

VALUATION – TRACTS A AND B

In estimating the value of Tracts A and B, a search has been made for sales of other vacant sites with comparable development potential. The most relevant sales investigated are summarized:

<u>Sale No.</u>	<u>Location Tax Map Identification</u>	<u>Deed Date Deed Ref.</u>	<u>Grantor/ Grantee</u>	<u>Area Zoning</u>	<u>Sale Price (\$/Acre)</u>
1	West of 245, Leonardtown TM 121, Grid 2, Parcel 53; TM 115 Grid 19 Parcel 1; & TM 32, Grid 11, Parcel 380	07-02-04 2318/28	Lindsay Family LP/ Quality Built Homes	267.85 ac PUD-M	\$6,000,000 \$22,400
2	Clarks Rest Lane, Leonardtown TM 127, Grid 1, Parcel 514	03-08-06 2731/344	Clark Living Trust/ Calvert LLC	177.86 ac PUD-M	\$5,000,000 \$28,112
3	E/Side McIntosh Rd, Leonardtown TM 32, Grid 6, Parcel 106 Lot 2	12-11-06 2909/558	McIntosh Road, LLC/ Sonic Properties LLC	20.00 ac RPD	\$400,000 \$20,000
4	Green Hills Ln, Leonardtown TM 32, Grid 12, p/o Pcl 14 & Pcl 395 parcel A	06-21-06 2801/713	Centerline Entrprs/ Bennett Homes LLC	26.81 ac RL	\$300,000 \$11,190
5	E of Sotterly Rd, Hollywood TM 27, Grid 8, Parcel 922	08-18-06 2838/12	Adams (Estate)/ Bennett Homes LLC	137.71 ac RPD	\$950,000 \$6,898
6	E of McIntosh Road, Hollywood TM 26, Grids 1-2, Parcel 1; P 439 L-8 & Pcl A; and P 326 L-43	05-16-07 3002/233	Broyhill Family/ Stonebrooke Prop LLC	400.00 ac RPD	\$2,000,000 \$5,000
7	N/s Budd's Creek Road TM 17, Grid 7, Parcel 9	02-28-07 2981/319	Marjon Investments/ Burroughs Family LLC	110.00 ac RPD	\$1,870,000 \$17,000
8	SE Side Morgan-Laurel Grove Rd TM 19, Grid 1, Parcel 191	09-28-06 2864/68	Gottlied/ SM Venture LLC	186.59 ac RPD	\$2,600,000 \$13,934
9	S/Side Indian Bridge Rd, TM 42, Grid 7, Parcel 119	08-11-06 2833/387	Beavan/ Beavan Property LLC	75.80 ac RL	\$600,000 \$7,916
10(a)	20976 Indian Bridge Rd TM 50, Grid 12, Parcel 36 Tract 1 Elizabeth Hills	02-10-05 2456/558	Fox/ Calvert LLC	42.97 ac RL	\$860,000 20,014
(b)	21062 Indian Bridge Rd TM 50, Gd 12, Pcl 292 Tract 2 Elizabeth Hills	02-10-05 2456/566	Tennyson/ Calvert LLC	58.75 ac RL	\$1,180,000 \$20,085

Sales 1 and 2 are within the corporate limits of the Town of Leonardtown, adjacent to the west and southwest of the subject property. Sales 3 and 4 are small parcels nearby to the northeast, outside of the town limits like the subject. Sales 5 and 6 are to the north in the neighboring community of Hollywood and Sales 7 and 8 are farther north in the Chaptico and Mechanicsville neighborhoods. Sales 9 and 10 are south of Leonardtown.

Details about each of these sales are provided at the end of this section.

Correlation and Conclusion of Values Tracts A and B

Sales 1 and 2 have been reported because of their proximity to the appraised property. However, there are significant differences that preclude their being the best indicators of value: first, they are both within the town limits with PUD zoning that permits greater flexibility of development; second they had preliminary plan approval at the time of purchase.

Comparison of the price per acre paid for these sites: \$22,400/ac in July-2004 and \$28,112/ac in March-2006, indicates the increasing demand for residential land in Leonardtown. However, these planned developments, along with Tudor Hall, also add to the inventory of competitive sites that would be on the market by the time that a concept plan could be approved for the subject property. For these reasons, and because of the change in housing market over the past two years, no adjustment is indicated for market conditions during this period.

Tract A: Outparcel A

Sales 7 through 10 are the most similar to Tract A and are compared with this land as illustrated in the grid below.

Sale 10 was the only RL-zoned sale found with similar development potential to the subject. Pairing sales 3 and 4, both similar sized tracts near the Leonardtown corporate limits, indicates that the zoning is less important to value than the location and configuration. Sale 3, with RPD zoning and poor terrain, sold for more than Sale 4, with RL zoning but an irregular configuration. On this basis, no adjustment is made for zoning.

Sale #	Price/ac	Subject	Sale #7	\$17,000	Sale #8	\$13,934	Sale #9	\$7,916	Sale #10	\$20,055
Date of Sale		Appraisal May2007	Feb-2007		Sep-2006		Aug-2006		Feb-2005	
Land Area	90± acre		110 ac		187 ac	+10%	75 ac		100± ac	
Location	Hollywood Rd Leon. Dev Dist		Budd's Cr Rd Chaptico	+10%	Morgan-Laurel	+20%	Indian Br Rd Outside DD	+20%	Indian Br Rd LP Dev Dist	
Zoning	RL		RPD		RPD		RL		RL	
Terrain	Clear/Rolling		Wooded/ steep	+30%	Wooded/ Rolling	+5%	Level/Wooded/ Poor Soil	+50%	Clear/ Rolling	
Dev Approvals	None		Concept Plan 22 lot Sub	-30%	None		None		None	
Net Adjustments				+10%		+35%		70%		-0-
Ind. Value/ac				\$18,700		\$18,810		\$13,450		\$20,055

Although Sale 9 has the same zoning, it requires the most adjustments for physical differences and is therefore given the least weight.

After adjustments, these sales bracket a value estimate of **\$1,750,000**, which is at a rate of **\$19,539/acre** for the 89.563 acres reported to be the area of Tract A.

Tract B – Parcel 82

In estimating the value of Tract B (Parcel 82), we have used the most recent sales found of large tracts with RPD zoning. In addition to sales 7 and 8, used in the estimate of Tract A, we have also compared Sale 5 with the subject, adjusting for the contested access and other differences.

Sale #	\$/acre	SUBJECT	Sale #5	\$6,898	Sale #7	\$17,000	Sale #8	\$13,934
Date of Sale		Appraisal	Aug-2006		Feb-2007		Sep-2006	
Land Area	78.823 ac		137 ac	+5%	110 ac		187 ac	+10%
Location	Leonardtown Adjacent N/S		E of Solterly Hollywood	+25%	Budd's Cr Rd Chaptico	+10%	Morgan-Laurel	+20%
Zoning	RPD		RPD		RPD		RPD	
Terrain	Pt wooded/ Rolling		Wooded/ Steep	+20%	Wooded/ steep	+20%	Wooded/ Rolling	
Dev Approvals	None		None		Concept Plan 22 lot Sub	-30%	None	
Access	Average		Contested	+50%	Good	-10%	Good	-10%
Net Adjustments				+100%		-10%		+20%
Indicated \$/ac				\$13,796		\$15,300		\$16,720

Sale 5 requires the most adjustments and is given the least weight. After adjustments these sales bracket a value indication of **\$1,250,000** or **\$15,858/acre** for the reported 78.823 acres in Tract B.

Comparable Land Sale #1

Price:\$6,000,000
 Date of Sale:07/02/04
 Deed Reference:2318/28
 Grantor:Lindsay Family LP
 Grantee: Quality Built Homes, Inc.
 Zoning:PUD-M
 Land Area:267.85 ac
 Price Per Acre Land:\$22,400
 Financing:\$4,500,000, Seller
 Sources:.....Assessor, Deed, Buyer
 Planning, Inspection



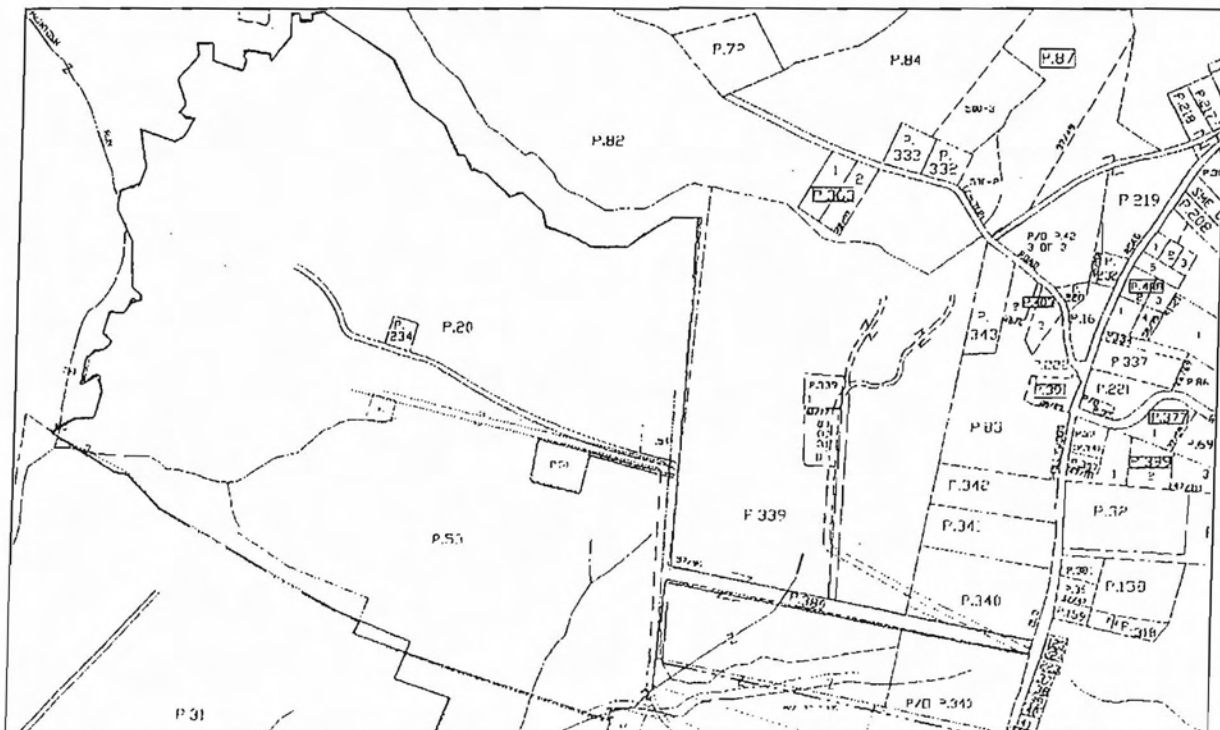
Location

West of 245, Leonardtown
 TM 121, Grid 2, Parcel 53; TM 115 Grid 19 Parcel 1
 & TM 32, Grid 11, Parcel 380

COMMENTS

This land is adjacent to the west of the subject, within the Town of Leonardtown, and the sale included the 80-foot right-of-way that severs subject Outparcel A. The sellers in this transaction had previously obtained approval from MD Department of the Environment to build the road along the ROW, crossing the farm pond, however this had lapsed prior to this sale. The buyer indicate that it required 18 months to re-secure this approval and that they are providing off-site wetland restoration work to mitigate this stream crossing.

The sellers had also obtained concept plan approval from the Town for a residential subdivision prior to this sale. The final approved plan for Leonard's Grant was obtained in May 2007 for 200 single-family lots and 130 townhouses plus community buildings.



Comparable Land Sale #2

Price:\$5,000,000
Date of Sale: 03-08-06
Deed Reference:2731/344
Grantor:George E. Clark Jr. Living Trust
Grantee: Calvert LLC
Zoning:PUD-M
Land Area: 177.86 ac
Price Per Acre Land:\$28,112
Financing:None Reported
Sources:..... Assessor, Deed, Planning
Inspection



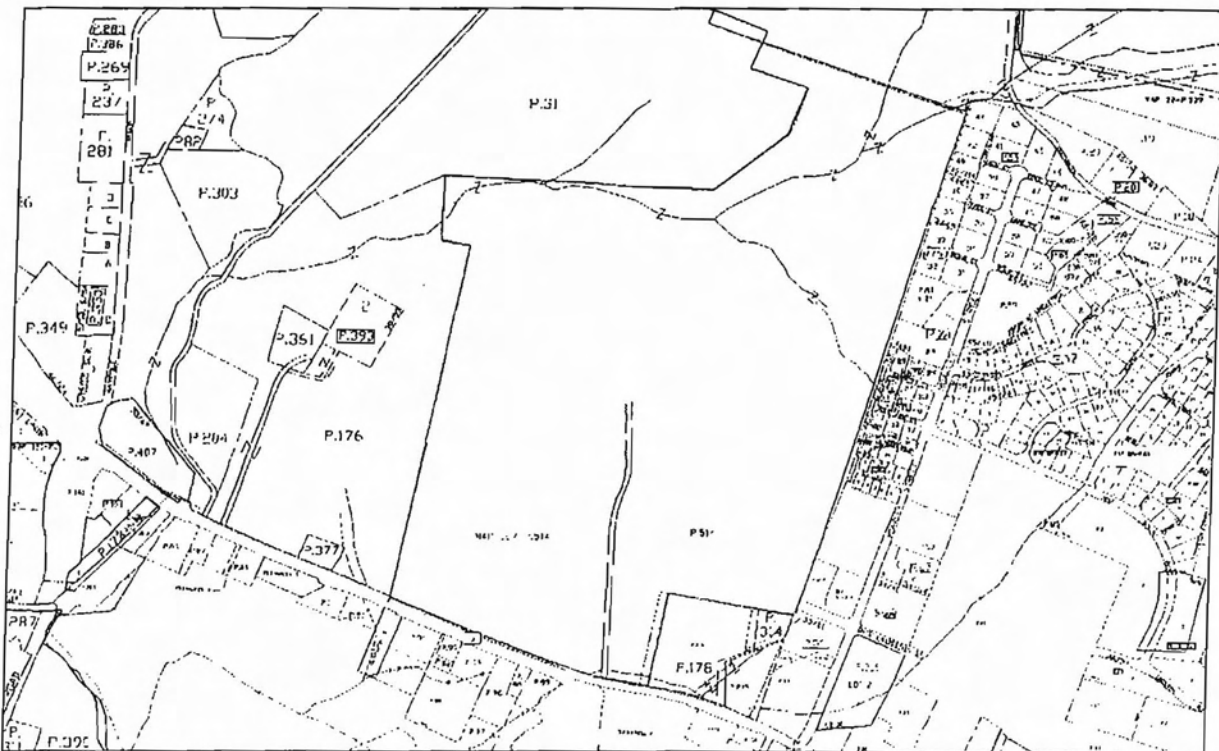
Location

Clarks Rest Lane, Leonardtown
Tax Map 127, Grid 1, Parcel 514

COMMENTS

This land abuts the south side of Sale 1 and extends all the way to Route 5, just west of St. Mary's Hospital and across from the planned Tudor Hall Development.

The concept plan for developing this parcel, called Clark's Rest", includes a commercial component along with a mix of residences. Because of stream crossings, the Commissions have indicated that the residential density on this parcel may be less than originally proposed. The road through this parcel is proposed to connect with the new 80-foot ROW to parcel 53 (Sale 1)



Comparable Land Sale #3

Price:\$400,000
 Date of Sale: 12-11-06
 Deed Reference:2909/558
 Grantor:McIntosh Road, LLC
 Grantee: Sonic Properties LLC
 Zoning: RPD
 Land Area:20.00 ac
 Price Per Acre Land:\$20,000
 Financing: Private
 Sources:.....Assessor, Deed, Broker
 Inspection

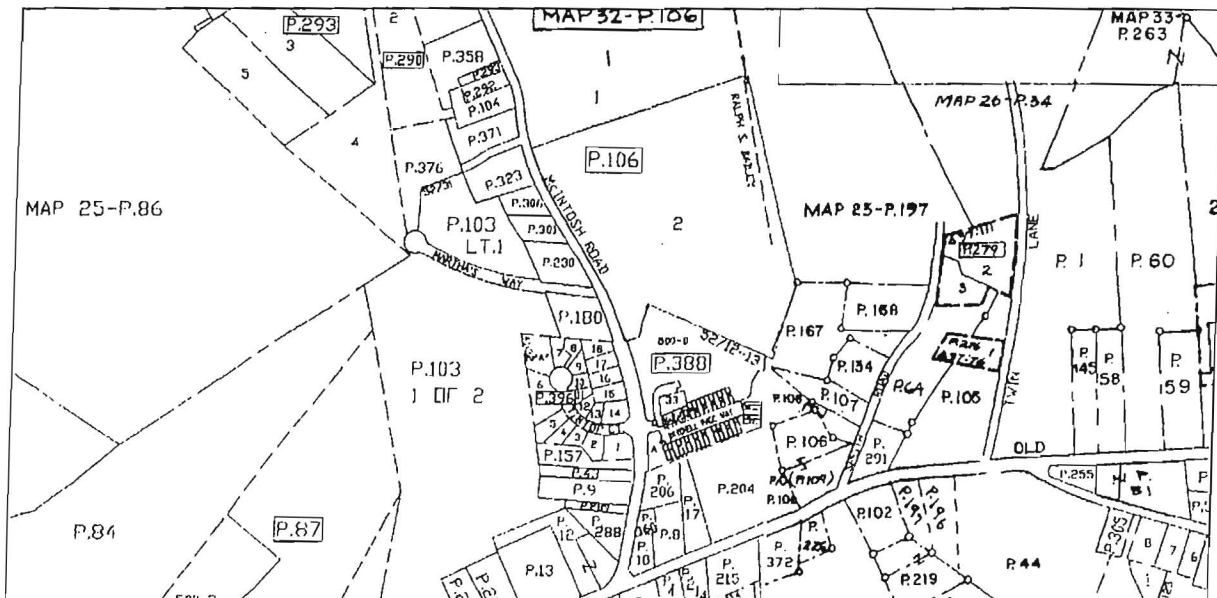


Location
 E/Side McIntosh Rd, Leonardtown
 TM 32, Grid 6, Parcel 106 Lot 2

COMMENTS

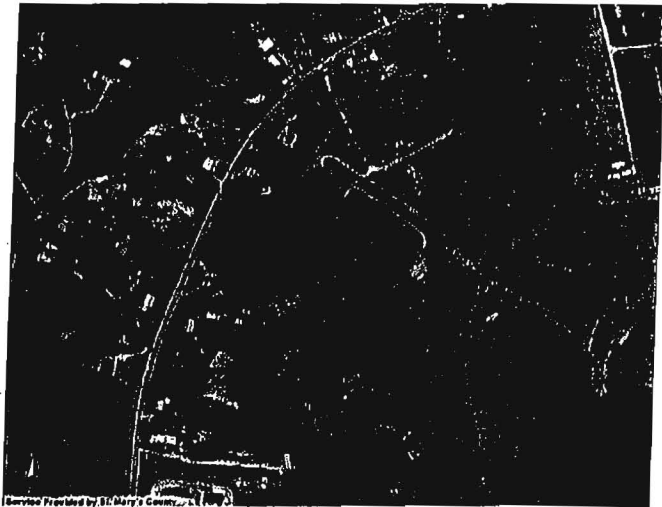
This land is east of Leonardtown, just north of a small community development project with public water and sewer. The broker indicated that there is an approved sewage easement plat for 5 lots. The land previously sold in February-2005 for \$240,000, prior to the new sewage plat.

The terrain is wooded and steep, with a ravine separating the good land at the back of the site from the road. Because of the terrain, the development potential of this site is extremely limited.



Comparable Land Sale #4

Price:\$300,000
 Date of Sale: 06-21-06
 Deed Reference:2801/713
 Grantor: Centerline Enterprises
 Grantee: Bennett Homes, LLC
 Zoning:RL
 Land Area:26.81 ac
 Price Per Acre Land:\$11,190
 Financing:None Reported
 Sources:..... Assessor, Deed, Planning
 Inspection

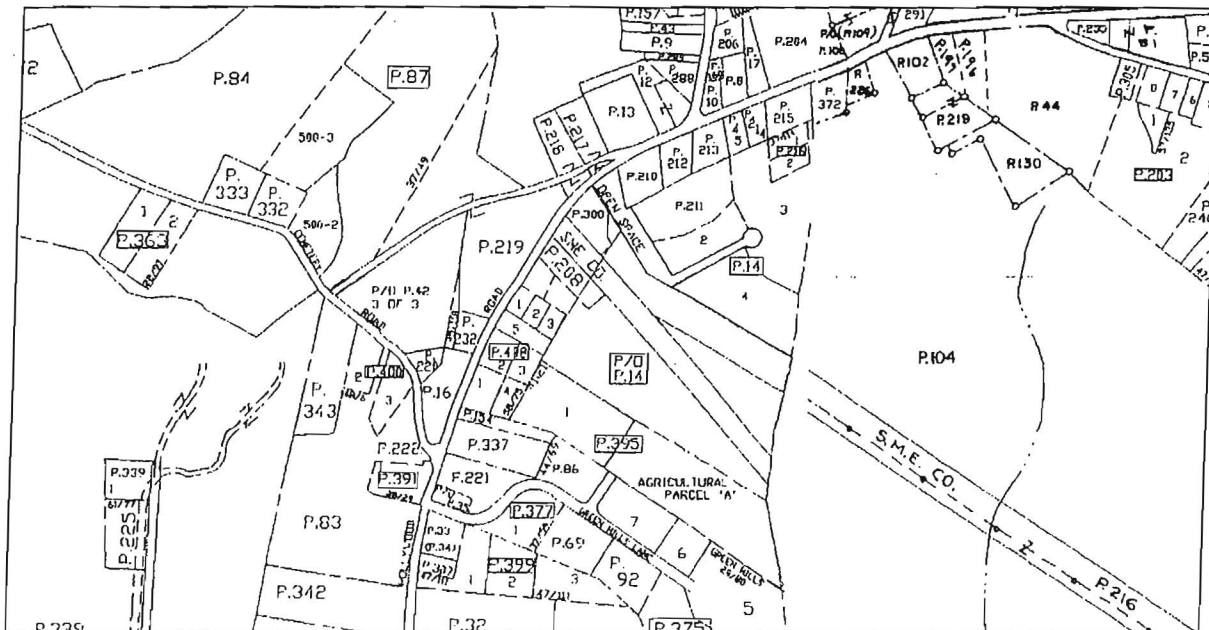


Location
 Green Hills Lane, Leonardtown
 Tax Map 32, Grid 12, P/o Parcel 14 &
 Parcel 395-Prcl A

COMMENTS

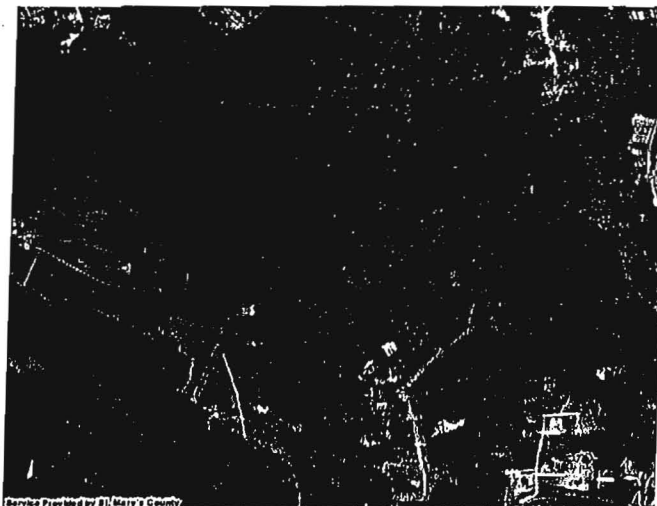
This land is on the southeast side of Route 245, just north of Cemetery Road. It sold without any development approvals. The buyer had previously developed the small subdivision of Parcel 408 at the southwest corner of this land; and anticipate developing this land with public water and sewer although the lot yield is not yet known.

The site is all wooded except for the SMECO easement. Primary access to the site is from Hollywood Road via Newman Lane, which coincides with the "Open Space" parcel. A small stream severs the southern portion of this site from the remainder, but a separate access is available for this portion of the site from Green Hills Blvd.



Comparable Land Sale # 5

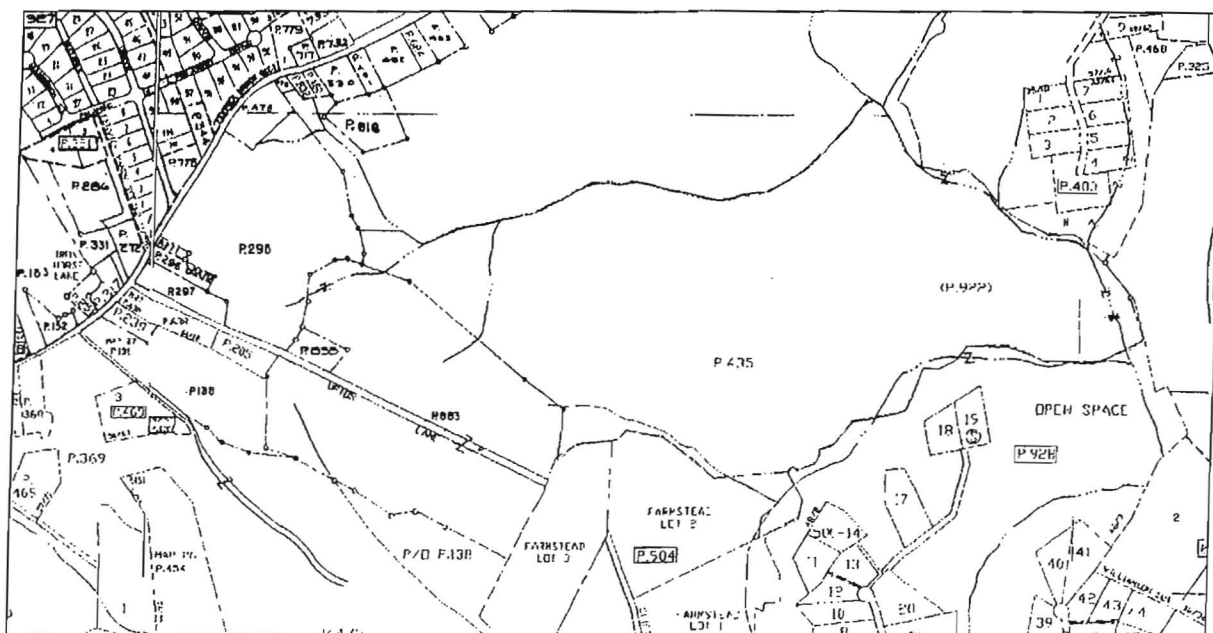
Price:\$950,000
 Date of Sale: 08-18-06
 Deed Reference:2838/12
 Grantor: Adams (Estate)
 Grantee: Bennett Homes LLC
 Zoning: RPD
 Land Area: 137.71 ac
 Price Per Acre:\$6,898
 Financing:\$1,100,000 Mercantile
 Sources:..... Assessor, Deed, Inspection
 Broker



Location
 E of Sotterly Rd, Hollywood
 TM 27, Grid 8, Parcel 922

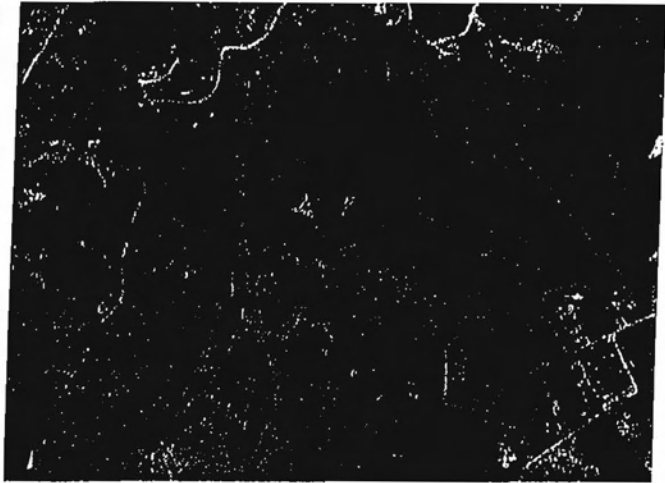
COMMENTS

This land was sold out of an estate. The deed specifies a ROW but does not state the location or the width. The farm lane to this property was from Upton Lane, on the south, and the buyer has filed subdivision plans proposed use of this farm road as access. An adjacent owner has contested this and the new owners are now in litigation over this issue. The site is entirely wooded and includes a central plateau, surrounded by slopes down to the streams that surround the site on the north, east and south.



Comparable Land Sale # 6

Price:\$2,000,000
Date of Sale: 05-16-07
Deed Reference:3002/233
Grantor:Broyhill Family
Grantee:Stonebrooke Prop LLC
Zoning:RPD
Land Area:400.00 ac
Price Per Acre.....\$5,000
Financing:Seller \$1,750,000
Sources:..... Assessor, Deed, Inspection
Buyer

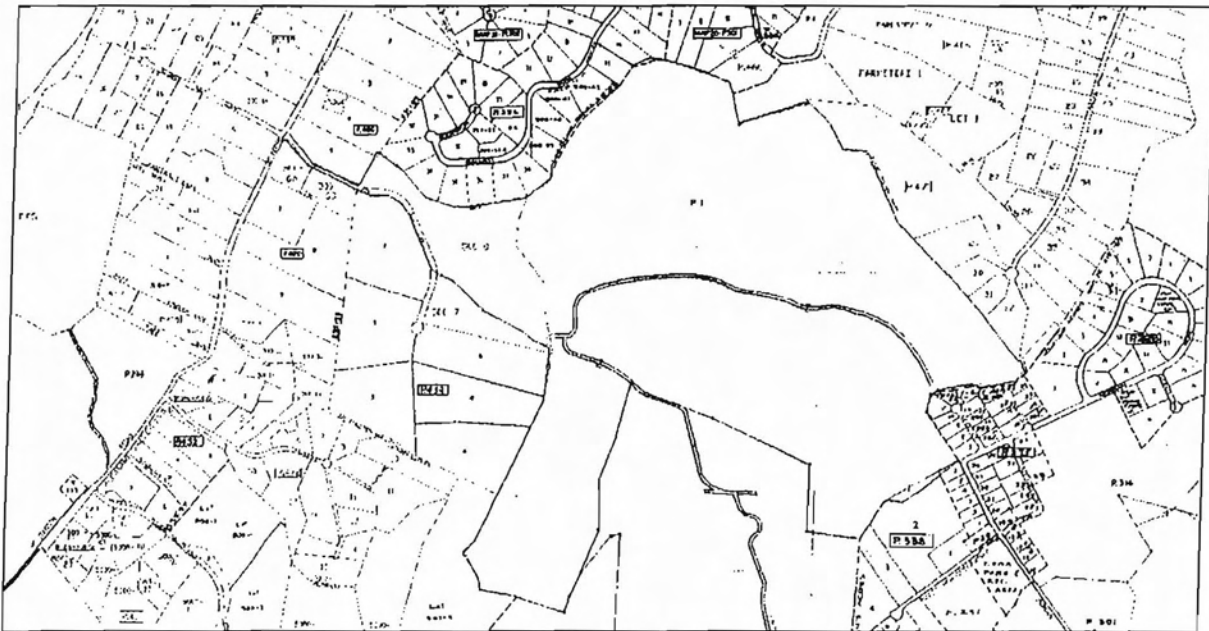


Location

E of McIntosh Road, Hollywood
TM 26, Grids 1-2, Parcel 1;
P 439 L-8 & Pcl A; and P 326 L-43

COMMENTS

This large tract is north of the subject in an area that is accessible only by circuitous secondary roads and remote from most employment centers. The buyer negotiated directly with the Broyhill family after a broker told him that prior deal to sell the land to a large developer for \$3.2 million (\$8,000/ac) had fallen through. The prior contract was based on a projected 100-lot yield but there were not sufficient perc sites for this. The buyer has applied for a 3-lot subdivision at the western end of this site and anticipates holding the remainder for future development.



Comparable Land Sale 7

Price:\$1,870,000
Date of Sale: 02-28-07
Deed Reference:2981/319
Grantor:Marjon Investments
Grantee:Burroughs Family LLC
Zoning:RPD
Land Area: 110.00 ac
Price Per Acre.....\$17,000
Financing: Seller \$1,700,000
Sources:..... Assessor, Deed, Inspection
Planning

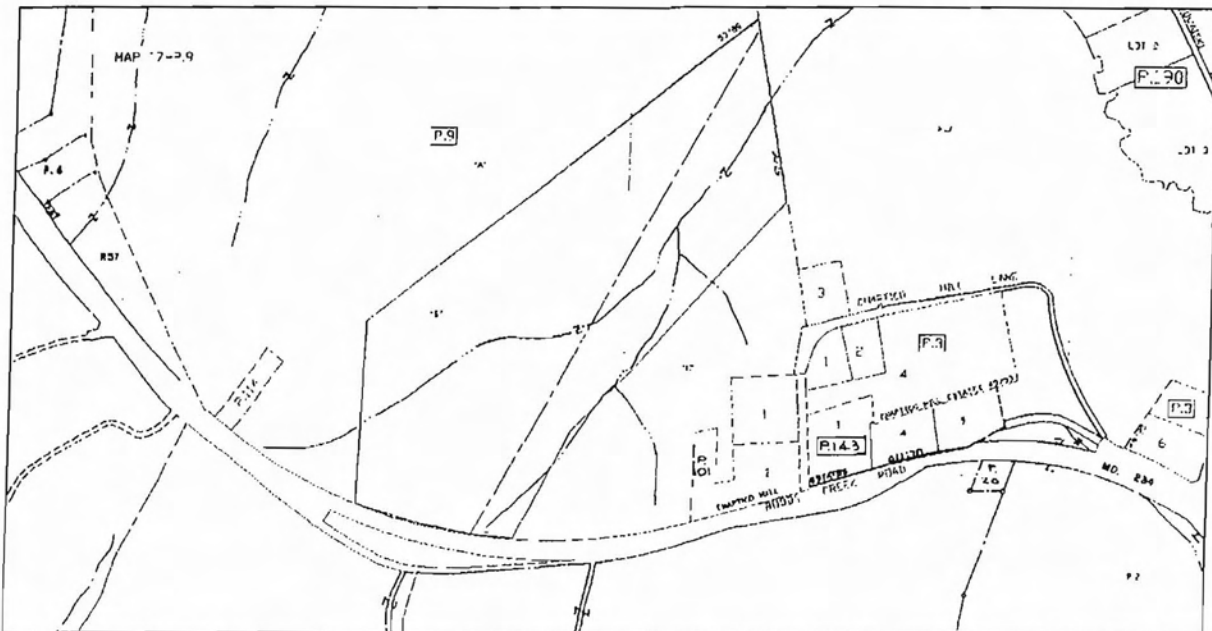


Location
N/s Budd's Creek Road
TM 17, Grid 7, Parcel 9

COMMENTS

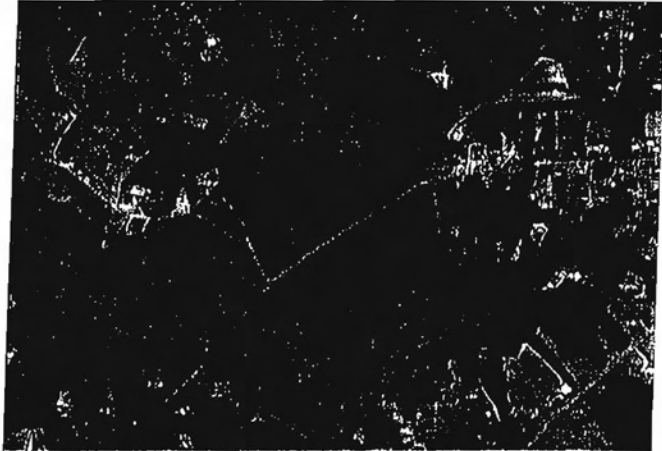
This land sold with concept plan approvals for development with "Indiantown Hills Subdivision, Lots 1-22 and Parcels A-E". Although it sold without final approvals, the sale price reflects a price of \$85,000 per approved lot, with no physical changes. The site is all wooded, with steep slopes along the streambed that crosses the center of the property from north to south.

The land adjacent to the west of this is owned by the County and is planned for development with a recreation center.



Comparable Land Sale #8

Price:\$2,600,000
 Date of Sale: 09-28-06
 Deed Reference:2864/68
 Grantor: Gottlied
 Grantee:SM Venture LLC
 Zoning:RPD
 Land Area: 186.59 ac
 Price Per Acre\$13,934
 Financing: \$3,547,000 Compass Bank
 Sources:..... Assessor, Deed, Inspection
 Planning

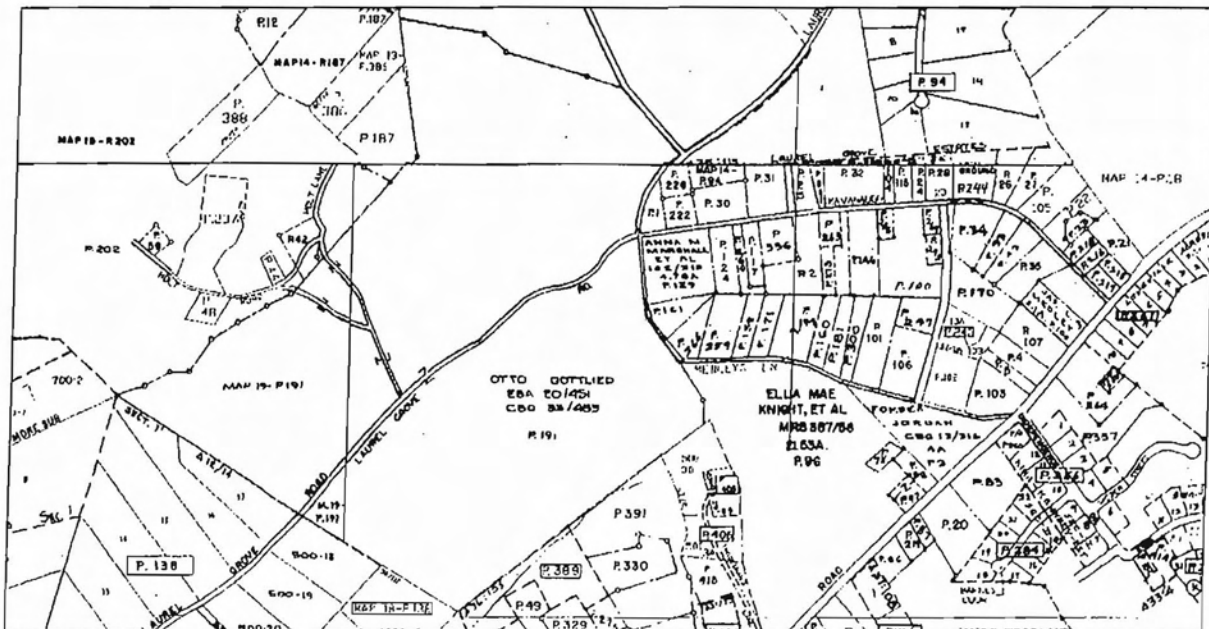


Location
 SE Side Morgan-Laurel Grove Rd
 TM 19, Grid 1, Parcel 191

COMMENTS

This wooded site is on both sides of a narrow, winding county-maintained road in a sparsely developed area about 10 miles northwest of Leonardtown. At the time of sale, the purchasers had completed preliminary engineering identifying 61 perc sites and had secured a recommendation from the Planning Commission for approval of a community well to serve the subdivision (a requirement for any subdivisions with more than 24 lots). The projected density of 3 units per acre would require the developer to use 48 TDR's.

The proposed community well will require the County Commissioners to approve an amendment to the Comprehensive Plan and, subsequent to this sale, approvals for the amendment have stalled in response to community concerns about the impact it will have on existing wells.



Comparable Land Sale #9

Price:\$600,000
 Date of Sale: 08-11-06
 Deed Reference:2833/387
 Grantor: Beavan
 Grantee: Beavan Property LLC
 Zoning:RL
 Land Area: 75.80 ac
 Price Per Acre\$7,916
 Financing: \$540,000 Cedar Point
 Sources:..... Assessor, Deed, Inspection

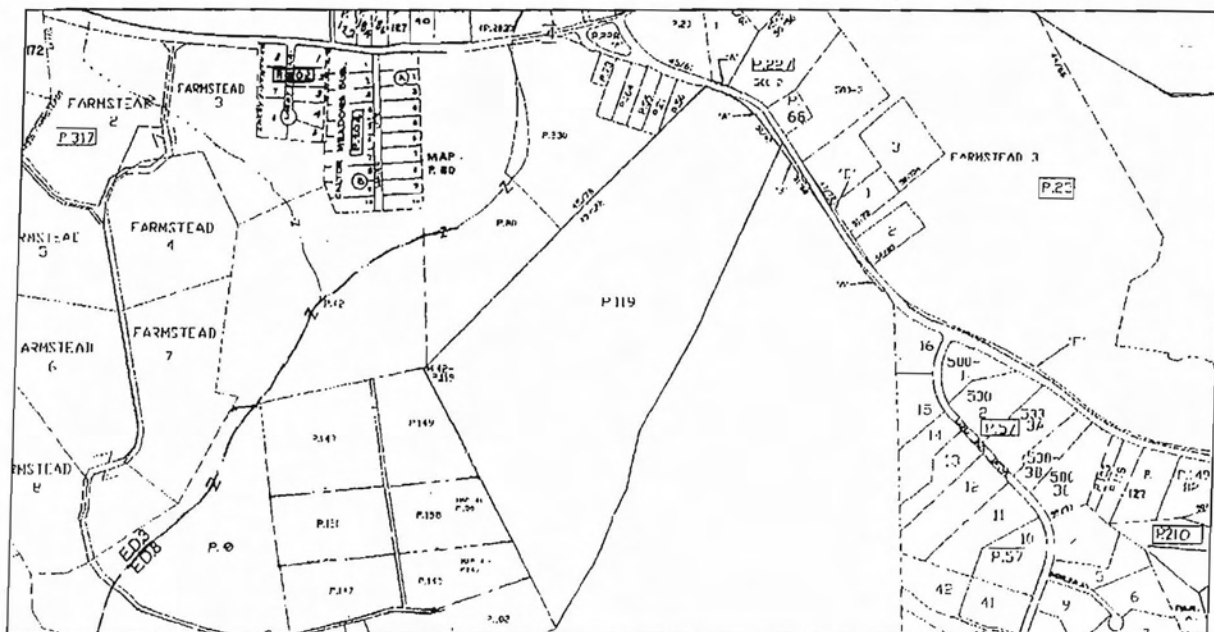


Location
 S/Side Indian Bridge Rd,
 TM 42, Grid 7, Parcel 119

COMMENTS

The level, wooded tract is located midway between Leonardtown and Lexington Park near Route 4. While it is zoned RL, this property and all others on the southwest side of Indian Bridge Road were removed from the Lexington Park Development District in 2003, when the Comprehensive Plan was adopted.

Just prior to this sale, this seller had unsuccessfully argued for re-inclusion in the Development District, which would have entitled this parcel to tie into public sewer. The planning commission minutes indicate that, without this, the development potential of this site is severely constrained by poor soils and limited perc sites.



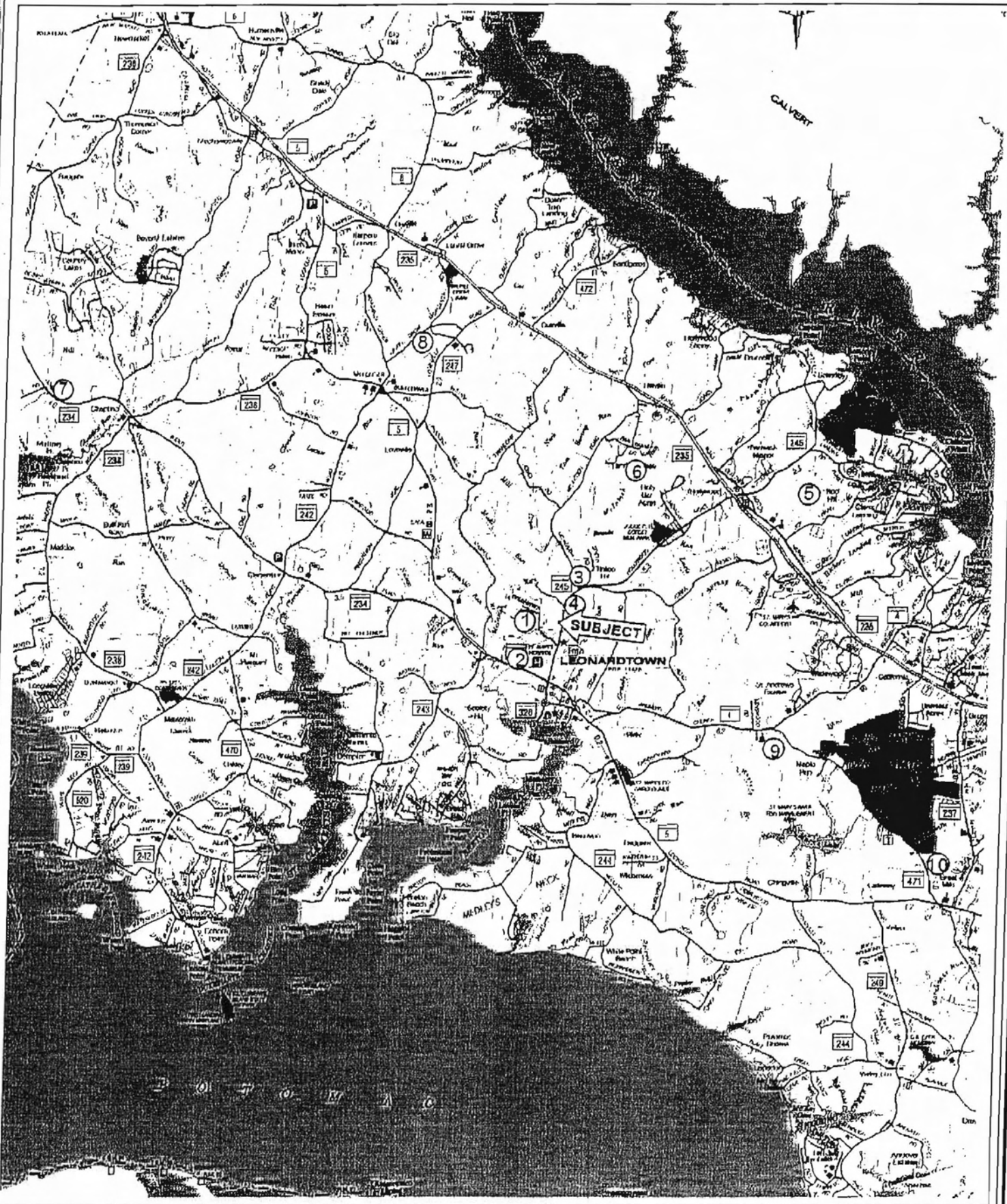
10b) Price:\$1,180,000
Date of Sale:2/10/05
Deed Reference:2456/566
Grantor:James T Tennyson
Land Area58.75 ac
Price per Acre\$20,085

Location

(a) 20976 Indian Bridge Rd
TM 50, Grid 12, Pcl 36, Tract 1 Elizabeth Hills
b) 21062 Indian Bridge Road
TM 50, Grid 12, Pcl 292, Tract 2 Elizabeth Hills

These partially cleared sites are on Indian Bridge Road, within the Lexington Park Development District, about 2 miles north of Great Mills Road close to Old Cecil Mills. It is adjacent to the west side of the Cecil Mill subdivision, recently developed by the buyer in this transaction.

Comparable Land Sales Map



617072



Description of Tract C

According to the plat by Robert E. Trautmann, this parcel has an area of 1.064 acres with a rectangular configuration. The lot is clear and level, with a septic field and a well that is shared with the dwelling at 41515 Hayden Farm Lane. Access to this and the adjacent dwelling is by way of a private gravel road from the state highway (Hollywood Road) about a half mile southeast.

Improvements

The appraised site is improved with a one-story frame dwelling on a crawl space that is reported to be about 17 years old. The exterior walls have vinyl siding and wood framed double hung windows with insulated glass and aluminum gutters and downspouts.

The building has an area of 1,152 square feet, with five rooms, including three bedrooms and two bathrooms. The interior walls are painted drywall and the floor coverings are carpet and vinyl. The heating is oil fired forced hot air and there is electric central air-conditioning.

The building is in good condition with an effective age of about five years.

Valuation

The market value of Parcel 399-Lot 1, with the existing dwelling has been estimated by comparison with recent sales of other similar freestanding dwellings. There were none found that were surrounded by farm-land so other recent sales in the Leonardtown area with dwellings of similar age and size have been selected for comparison. The most relevant sales found are summarized:

<u>Sale No.</u>	<u>Location Tax Map Identification</u>	<u>Deed Date Deed Ref.</u>	<u>Grantor/ Grantee</u>	<u>Land Area Bldg Area</u>	<u>Sale Price (\$/SF/Bldg)</u>
1	39954 Lady Baltimore Ave Leonardtown TM 39B, Gd 23, Pcl 10 Lot 43 The Woods at Bayside	03/01/07 2957/43	Wise/ Garner	11,991 sf 1,494 sf	\$269,900 \$180.65
2	41925 Stephen Young Ct Hollywood TM 32, Gd 6, Pcl 396 Lot 2 Barnes Estates	11/13/06 2890/266	Norton/ Thiering	9,427 sf 1,008 sf	\$239,000 \$237.10
3	41440 Charles St Leonardtown TM 127, Gd 14, Pcl 128 Lot 4 Tudor Park	07/26/06 2822/61	Tippet/ Woodburn	20,873 sf 1,232 sf	\$260,000 \$211.04

Additional information about these sales and the adjustments made in comparing them with the subject are illustrated in the grid on the following page, followed by photos and plats of the subject property and photos of the comparable sales.

Comparable Sales Grid: Tract C – Parcel 399 Lot 1

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	41501 Hayden Farm La Leonardtown, MD	39954 Lady Baltimore Ave Leonardtown, MD		41925 Stephen Young Ct Hollywood, MD		41440 Charles St Leonardtown, MD	
Proximity to Subject		3.98 miles SW		0.95 miles NE		0.98 miles SW	
Sale Price	\$	\$ 269,900		\$ 239,000		\$ 260,000	
Sale Price/Gross Liv. Area	\$ sq.ft.	\$ 180.66 sq.ft.		\$ 237.10 sq.ft.		\$ 211.04 sq.ft.	
Data Source(s)		MRIS #SM6276278/Public Rclds		MRIS #SM6167550/Public Rclds		MRIS #SM6017076/Public Rclds	
Verification Source(s)		Visual/Agent		Visual/Agent		Visual/Agent	
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment	DESCRIPTION	+ (-) \$ Adjustment
Sales or Financing Concessions		None		Seller Subsidy -7,000		Seller Subsidy -6,781	
Date of Sale/Time		c:1/07:s:2/23/07		c:10/06s:10/26/6		c:6/06:s:6/30/06	
Location	Hayden Farm	Wds @Bayside		Barnes Ests		Tudor Park	
Leasehold/Fee Simple	Fee Simple	Fee		Fee		Fee	
Site	1.06 ac/Good	.28 ac/Avg +10,000		.22 ac/Avg +10,000		.48 ac/Avg +5,000	
View	Pastoral	Residential		Residential		Residential	
Design (Style)	Rambler/Avg	Rambler/Avg		Rambler/Avg		Rambler/Avg	
Quality of Construction	Viny/Avg	Viny/Avg		Viny/Avg		Viny/Avg	
Actual Age	13	10		11		17	
Condition	Good	Good		Good		Good	
Above Grade Room Count	Total Bdrms. Baths 5 3 2	Total Bdrms. Baths 5 3 2		Total Bdrms. Baths 5 3 1		Total Bdrms. Baths 4 2 2	
Gross Living Area	1,152 sq.ft.	1,494 sq.ft. -10,000		1,008 sq.ft. +5,000		1,232 sq.ft.	
Basement & Finished Rooms Below Grade	None	None		None		None	
Functional Utility	Avg/SharedWell	Avg/PrivateWell -5,000		Avg/Public -5,000		Avg/Public -5,000	
Heating/Cooling	FWA/Oil/CAC	HP/Elec/CAC		FWA/Oil/CAC		HP/Elec/CAC	
Energy Efficient Items	Ins Wind	Ins Wind		Ins Wind/CFs		Ins Wind/CFs	
Garage/Carport	None	2C att/1C det g -12,000		None		2C At Gar/Opnr -10,000	
Porch/Patio/Deck	None	Deck/Fence -5,000		None		None	
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -22,000		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 8,000		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -14,781	
Adjusted Sale Price of Comparables		Net Adj. %		Net Adj. %		Net Adj. %	
		Gross Adj. %	\$ 247,900	Gross Adj. %	\$ 247,000	Gross Adj. %	\$ 245,219

After adjustments for the most significant differences, the estimated market value of Tract C - Parcel 399 Lot 1 with the existing residence, as of May 16, 2007 is:

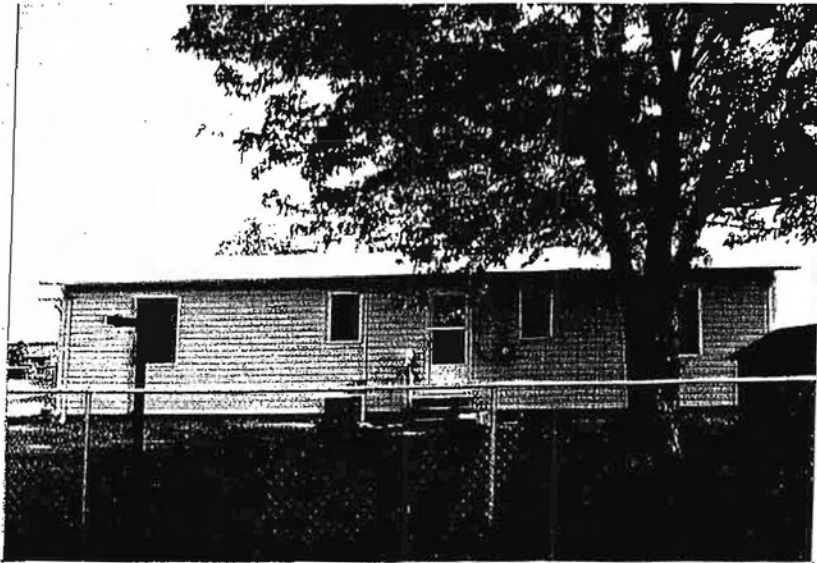
TWO HUNDRED FORTY SEVEN THOUSAND DOLLARS

(\$247,000)

Photographs of Tract C: Parcel 339 - Lot 1



Front



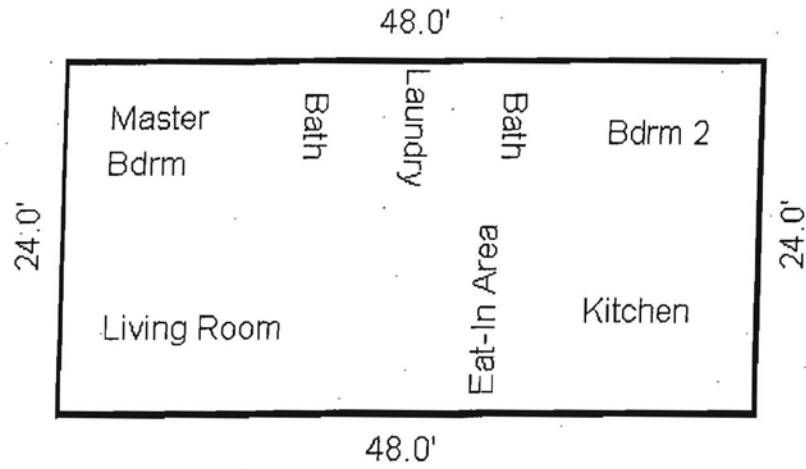
Rear



Subject Street

Floor Plan

41501 Hayden Farm Road



Photographs of the Comparable Sales (Tract C)



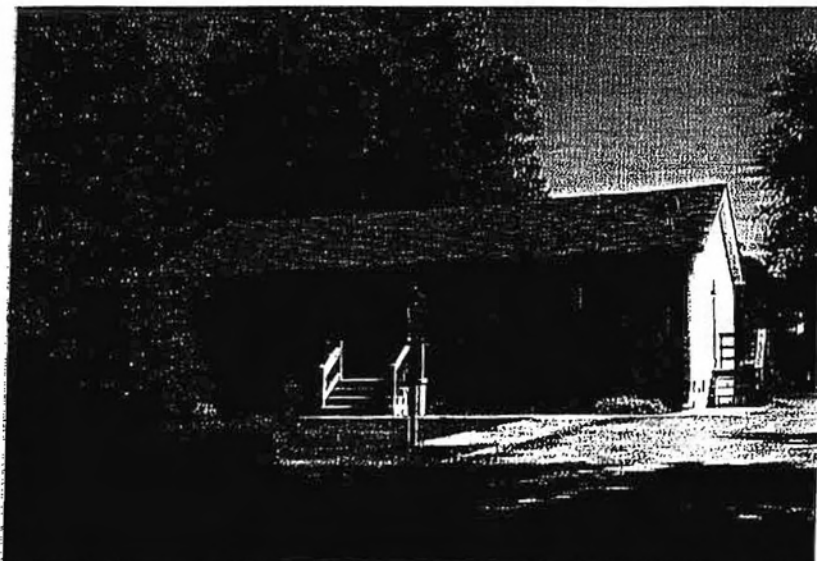
Comparable Sale #1

39954 Lady Baltimore Ave
Leonardtown, MD
Sold 2/23/07 \$269,900



Comparable Sale #2

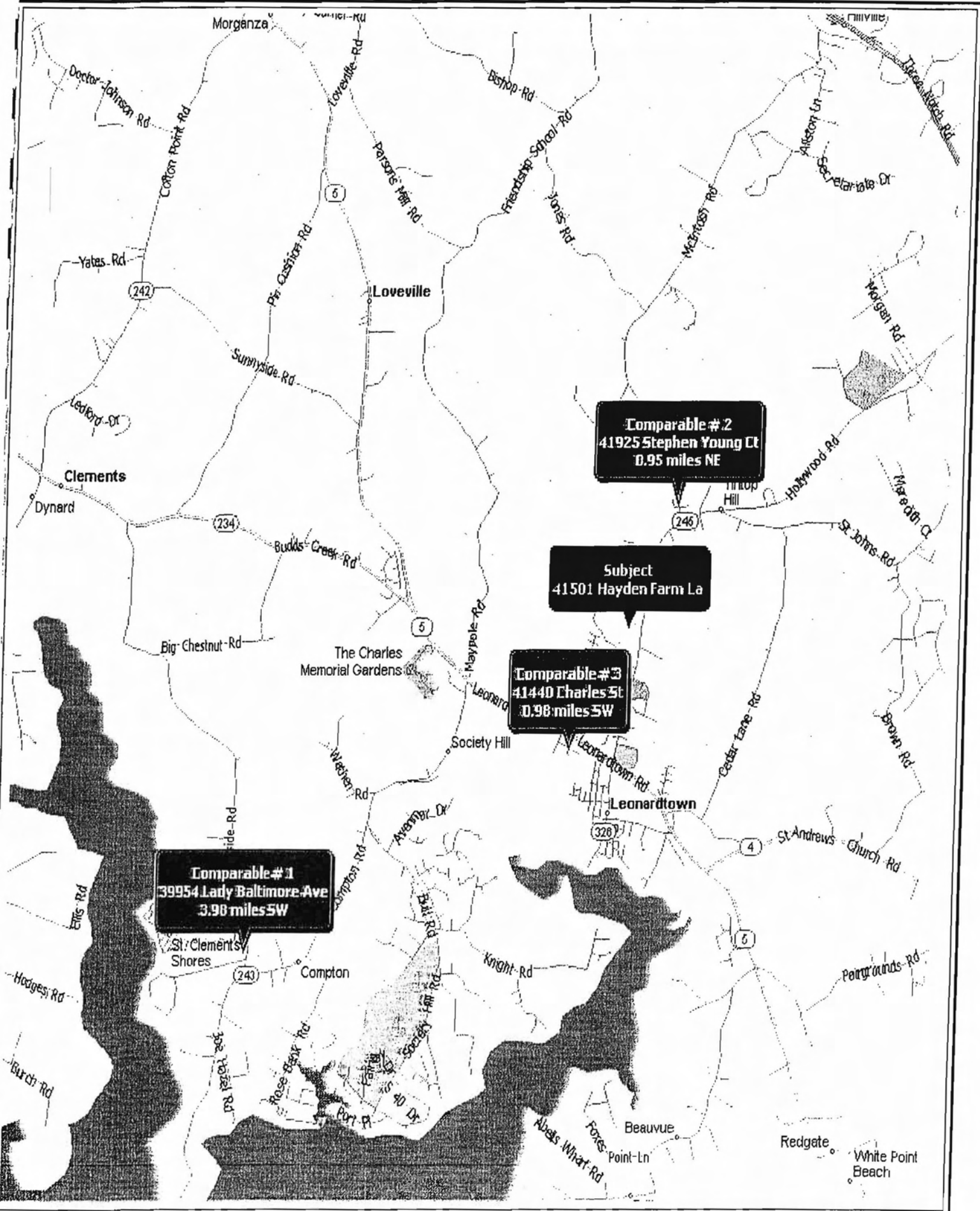
41925 Stephen Young Ct
Hollywood, MD
Sold 10/26/06 \$239,000



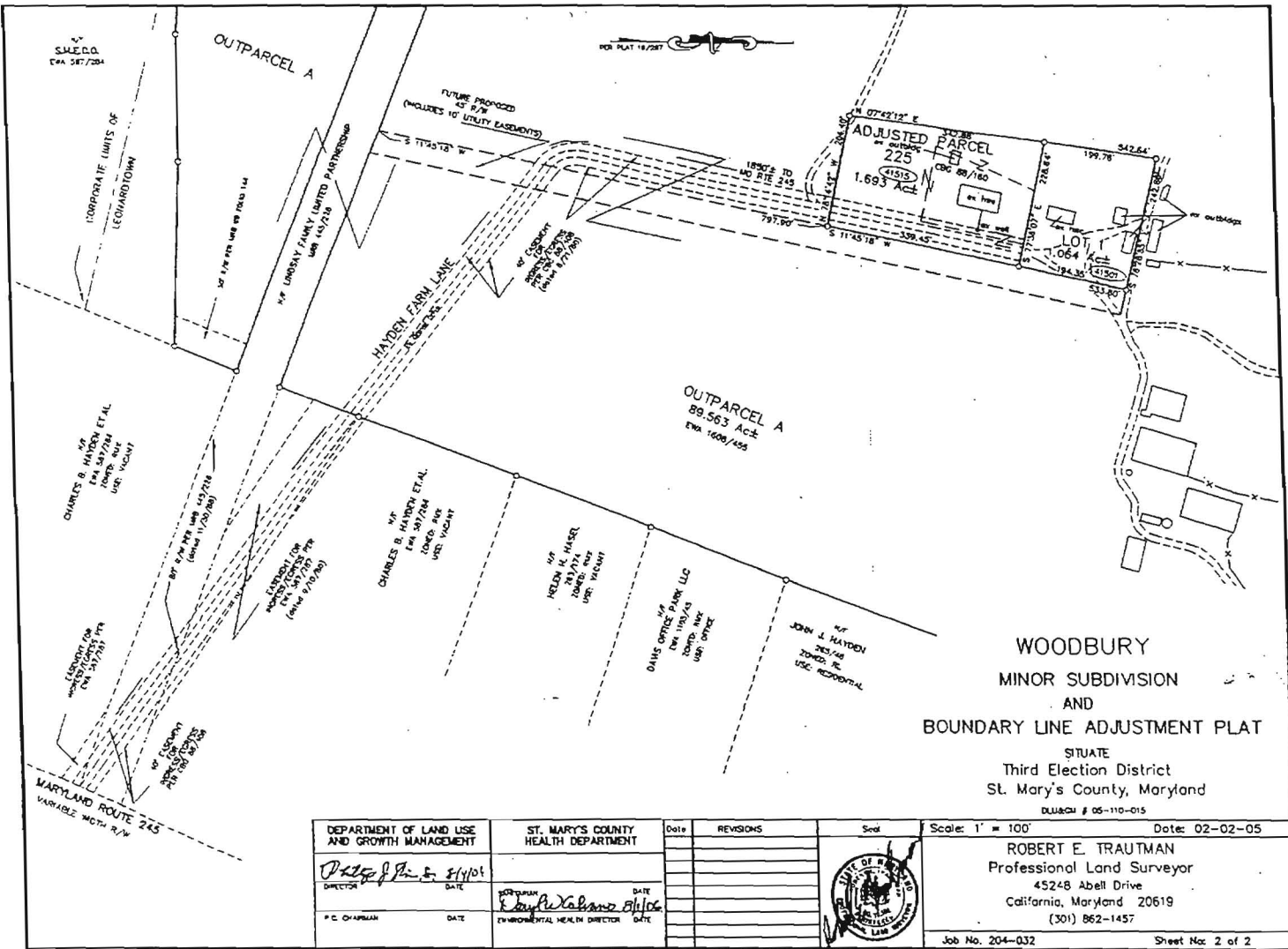
Comparable Sale #3

41440 Charles St
Leonardtown, MD
Sold 6/30/06 \$260,000

Comparable Sales Map (Tract C)



TRACT D: 41515 HAYDEN FARM ROAD



DEPARTMENT OF LAND USE AND GROWTH MANAGEMENT	ST. MARY'S COUNTY HEALTH DEPARTMENT	Date	REVISIONS	Scale
<i>Robert E. Trautman</i> DIRECTOR	<i>Robert E. Trautman</i> ENVIRONMENTAL HEALTH DIRECTOR			
P.C. CHAIRMAN				

PI21016 HSA SSN 1252 8601-2

Description of Tract D (Parcel 225)

According to the deed, this parcel has an area of 1.693 acres with a rectangular configuration. The lot is relatively level and clear, except for some shrubbery near the front of the house and some shade trees.

Access to this house and the adjacent dwelling is by way of a private gravel road leading from the state highway (Hollywood Road) about a half miles southeast. The only public utilities available are electricity and telephone. A septic system provides waste disposal. A well, reported to be 9 years old, is shared with the dwelling at 41501 Hayden Farm Lane.

Improvements

The site is improved with a one-story brick veneer dwelling with a full unfinished basement, that is reported to be about 45 years old. The building has an area of 2,128 square feet above grade. Including an enclosed porch with 368 square feet. The remaining 1,760 square feet has six rooms, including three bedrooms and two bathrooms.

The roof cover is asphalt shingles that are reported to be 10 years old, with aluminum gutters and downspouts. The wood framed double hung windows have insulated glass and screens. Interior walls are painted drywall. There are hardwood floors in the foyer and living room and the other floor covering is carpet or vinyl, except for the bathrooms that have ceramic tile floors and wainscot. Heating is oil fired hot water baseboard and there is electric central air-conditioning.

The building is in good condition with an effective age of about fifteen years.

Valuation

The market value of the dwelling on this lot has been estimated by comparison with recent sales of other similar freestanding dwellings. There were none found that were surrounded by farm-land so other recent sales in the Leonardtown area with dwellings of similar age and size have been selected for comparison. The most relevant sales found are summarized:

<u>Sale No.</u>	<u>Location Tax Map Identification</u>	<u>Deed Date Deed Ref.</u>	<u>Grantor/ Grantee</u>	<u>Land Area Bldg Area</u>	<u>Sale Price (\$/SF/Bldg)</u>
1	22434 Blue Bird Ct Leonardtown TM 40, Gd 9, Pcl 149 Lots 32 & 33, Sec 12-C Society Hill	05/04/07 2995/530	Sauerwein/ Axley	43,560 sf 2,036 sf	\$420,000 \$206.28
2	24586 Pin Cushion Rd Leonardtown TM 24, Gd 18, Pcl 157 Lot 500-1 Saint Oswalds Sub	04/25/07 2989/75	Higgs/ Townsend	111,078 sf 1,680 sf	\$375,000 \$223.21
3	40860 Cooper Dr Leonardtown TM 40, Gd 9, Pcl 149 Lot 8, Sec 12-C Society Hill	12/05/06 2906/124	Raley/ Azopardi	46,609 sf 1,344 sf	\$329,000 \$244.79

Additional information about these sales and the adjustments made in comparing them with Tract D are illustrated:

FEATURE	SUBJECT	COMPARABLE SALE # 1		COMPARABLE SALE # 2		COMPARABLE SALE # 3	
Address	41515 Hayden Farm La Leonardtown, MD	22434 Bluebird Ct Leonardtown, MD		24586 Pin Cushion Rd Leonardtown, MD		40860 Cooper Dr Leonardtown, MD	
Proximity to Subject		2.4 miles SW		3.69 miles NW		2.3 miles SW	
Sale Price	\$	\$ 420,000		\$ 375,000		\$ 349,900	
Sale Price/Gross Liv. Area	\$ sq.ft.	\$ 206.29 sq.ft.		\$ 223.21 sq.ft.		\$ 242.99 sq.ft.	
Data Source(s)		MRIS #SM6291028/Public Rcds		MRIS #SM6211773/Public Rcds		MRIS #SM6026555/Public Rcds	
Verification Source(s)		Visual/Agent		Visual/Agent		Visual/Agent	
VALUE ADJUSTMENTS	DESCRIPTION	+ (-) \$ Adjustment		+ (-) \$ Adjustment		+ (-) \$ Adjustment	
Sales or Financing Concessions		Seller Subsidy -16,000		None		None	
Date of Sale/Time		c:4/07;s:4/26/07		c:3/07;s:4/20/07		c:10/06s:11/29/0	
Location	Hayden Farm	Society Hill		nr Loveville		Society Hill	
Leasehold/Fee Simple	Fee Simple	Fee		Fee		Fee	
Site	1.69 acs/Avg	1.00 ac/Avg +5,000		2.50 ac/Avg -10,000		1.07 ac/Avg +5,000	
View	Pastoral	Residential		Residential		Residential	
Design (Style)	Rambler/Avg	Rambler/Avg		Rambler/Avg		Rambler/Avg	
Quality of Construction	Brick/Avg	Brick/Avg		Vinyl/Avg +10,000		Wood/Avg +10,000	
Actual Age	47	24 -5,000		7 -10,000		31	
Condition	Average	Average		Average		Average	
Above Grade	Total Bdrms. Baths	Total Bdrms. Baths		Total Bdrms. Baths		Total Bdrms. Baths	
Room Count	6 3 2	7 3 2		5 3 1 +3,000		8 3 2	
Gross Living Area	2,128 sq.ft.	2,036 sq.ft.		1,680 sq.ft. +13,000		1,440 sq.ft. +20,000	
Basement & Finished Rooms Below Grade	1,768 sf/Unfin None	2,036 sf/Finishd rr/br/bl/kit/wetba -30,000		1,680 sf/Finishd RR/DN/BF -15,000		1,344 sf/Finishd RR/2BR/BF -15,000	
Functional Utility	Avg/SharedWell	Avg/PrivateWell -5,000		Avg/PrivateWell -5,000		Avg/PrivateWell -5,000	
Heating/Cooling	HWBB/Oil/CAC	HP/Elec/CAC		HP/Elec/CAC		HP/Elec/CAC	
Energy Efficient Items	Storms/CF	Storms/CFs		Ins Wind/CFs		Storms	
Garage/Carport	None	3C Att Gar/Oprn -10,000		None		2C Att Carport -2,000	
Porch/Patio/Deck	Encl Porch	Deck +5,000		Front Porch/Pat +5,000		Scr Porch +3,000	
Net Adjustment (Total)		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -56,000		<input type="checkbox"/> + <input checked="" type="checkbox"/> - \$ -9,000		<input checked="" type="checkbox"/> + <input type="checkbox"/> - \$ 16,000	
Adjusted Sale Price of Comparables		Net Adj. % Gross Adj. % \$ 364,000		Net Adj. % Gross Adj. % \$ 366,000		Net Adj. % Gross Adj. % \$ 365,900	

After adjustments for the most significant differences, the estimated market value of Tract D, as of May 16, 2007, is:

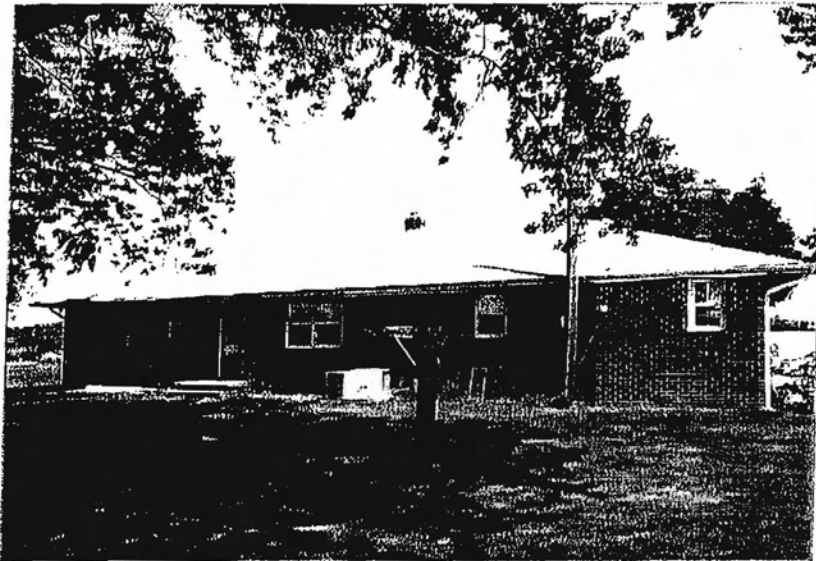
THREE HUNDRED SIXTY FIVE THOUSAND DOLLARS

(\$365,000)

Photographs of Tract D – Parcel 225



Front



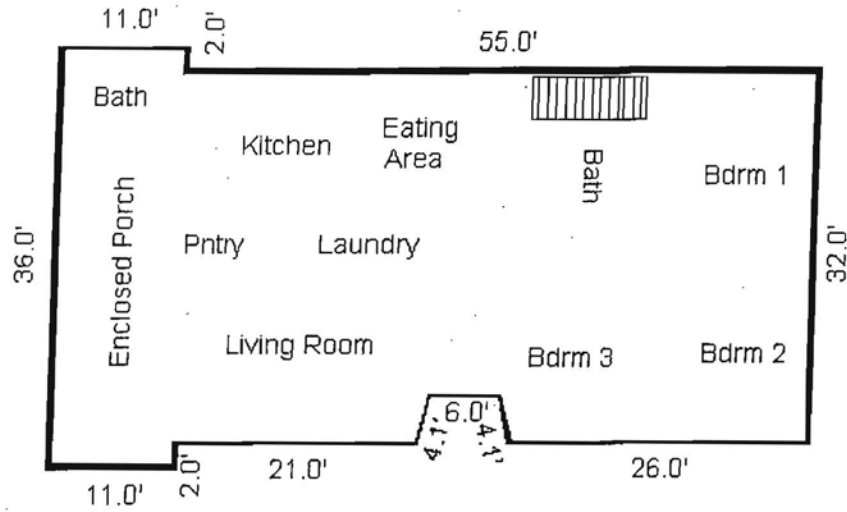
Rear



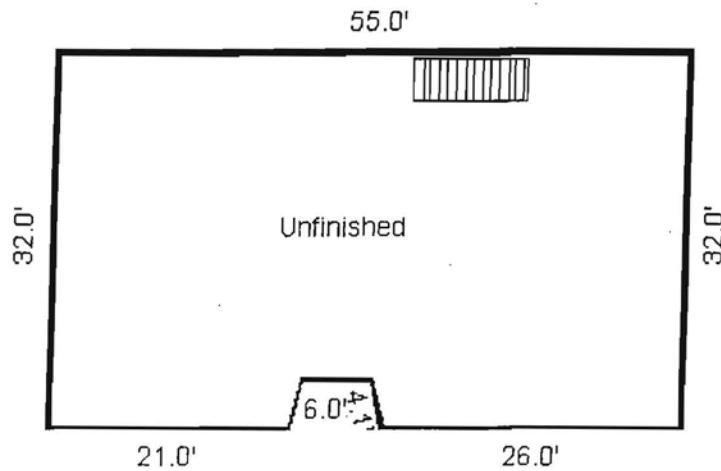
Street Scene

Floor Plan Tract D

41515 Hayden Farm Road



Main Level



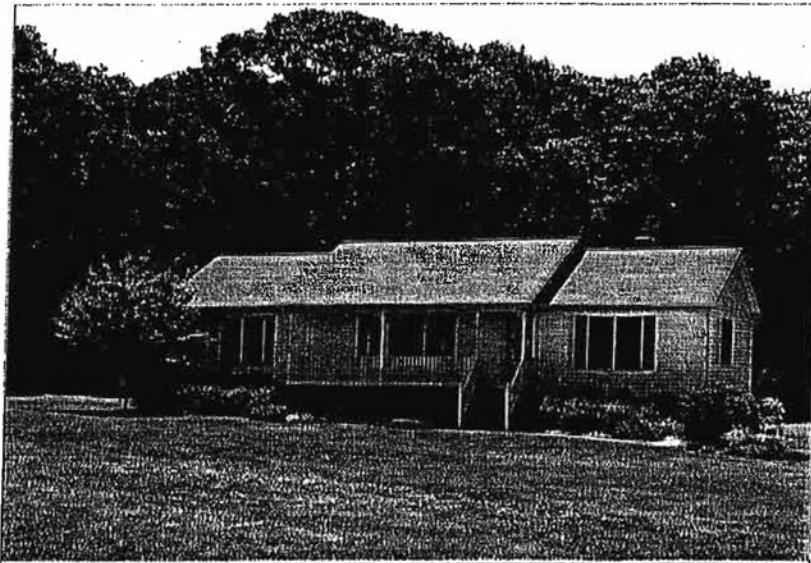
Basement

Photographs of the Comparable Sales – Tract D



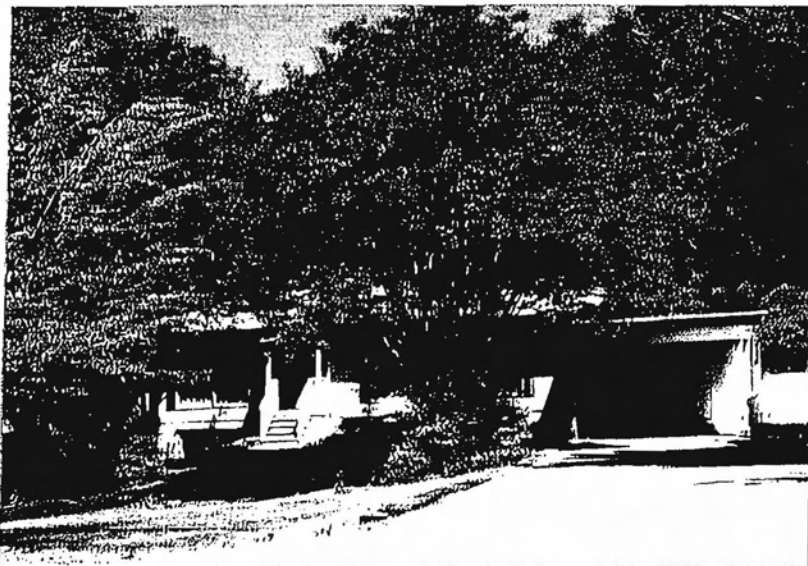
Comparable Sale #1

22434 Blue Bird Ct
Leonardtown, MD



Comparable Sale #2

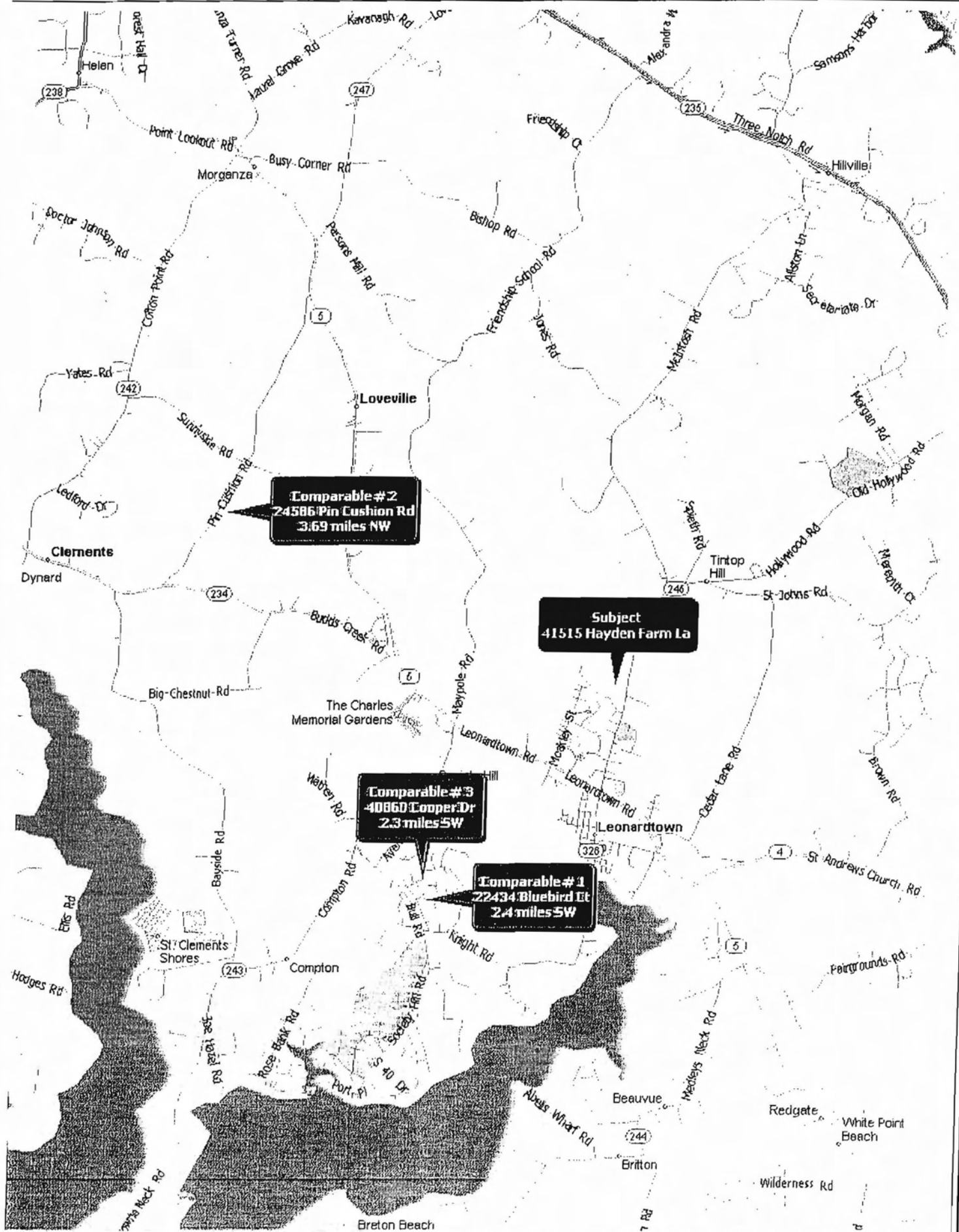
24586 Pin Cushion Rd
Leonardtown, MD



Comparable Sale #3

40860 Cooper Dr
Leonardtown, MD

Comparable Sales Map



SUMMARY OF VALUE INDICATIONS

The values of tracts A and B have been estimated by comparison with recent sales of large tracts of land with comparable development potential.

The values of tracts C and D have been estimated by comparison with recent sales of similar houses.

These estimates are summarized:

<u>Tract</u>	<u>Parcel</u>	<u>Land Area</u>	<u>Building Area (Yr Built)</u>	<u>Value Indication</u>
A	339-Outparcel A	89.56 ac, zoned RL	NA	\$1,750,000 (\$19,539/ac)
B	82	78.92 ac, zoned RPD	NA	\$1,250,000 (\$15,858/ac)
C	339-Lot 1	1.06 ac	1,152 sf (1994)	\$247,000
D	225	1.69 ac	1,768 sf (1960)	\$365,000

Exposure Time

Exposure time is defined in the Third Addition Dictionary of Real Estate Appraisal, published by the Appraisal Institute in 1993 as: "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".

The value estimates for Tracts A and B assume exposure times of one to two years, which is typical of large development tracts in the subject market area.

The value estimates for Tracts C and D assume exposure times of about 90 days at this prices.

CERTIFICATION

We certify that, to the best of our 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 our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- * we 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.
- * we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- * our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- * our 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.
- * 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 & Standards of Professional Appraisal Practice of the Appraisal Institute, which include the *Uniform Standards of Professional Appraisal Practice*.
- * the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- * Isabelle Gatewood and C. Jane Gatewood, have made personal inspections of the property that is the subject of this report.
- * no one provided significant professional assistance to the persons signing this report.
- * as of the date of this report, Isabelle Gatewood has completed the requirements of the continuing education program of the Appraisal Institute.

Signed: _____

Isabelle Gatewood, MAI

Md. Certified General Appraiser #158

Date: July 16, 2007

Signed: _____

C. Jane Gatewood, Associate Appraiser
Md. Certified General Appraiser #11216

Date: July 16, 2007