

**AN APPRAISAL REPORT  
OF THE PROPERTY KNOWN AS  
SKATELAND RECREATION CENTER  
25334 W. EAMES STREET  
CHANNAHON, ILLINOIS 60410**

**EFFECTIVE AS OF  
SEPTEMBER 15, 2020**

**PREPARED FOR  
MR. DARYL R. COLE  
PROJECT COORDINATOR  
CHANNAHON PARK DISTRICT  
24856 W. EAMES STREET  
CHANNAHON, ILLINOIS 60410**

**BY  
JAY M. HEAP & ASSOCIATES, LTD  
860 E. SOUTHMOR ROAD  
MORRIS, ILLINOIS 60450  
RYANN M. HEAP  
CERTIFIED GENERAL REAL ESTATE APPRAISER  
NO.: IL 553.002189**

Jay M. Heap  
Ryann M. Heap  
Aaron J. Heap

**JAY M. HEAP & ASSOCIATES**  
REAL ESTATE APPRAISERS & CONSULTANTS  
860 E. SOUTHMOR ROAD  
MORRIS, ILLINOIS 60450

(815) 883-4310  
r\_heap@yahoo.com  
www.jaymheapassociates.com

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September 24, 2020

Mr. Daryl R. Cole  
Project Coordinator  
Channahon Park District  
24856 W. Eames Street  
Channahon, Illinois 60410

Re: Appraisal Report of  
Skateland Recreation Center  
25334 W. Eames Street  
Channahon, Illinois 60410  
File No.: 83-09-20

Dear Mr. Cole:

As requested, I have completed a market value appraisal, effective as of September 15, 2020, of the above referenced property, hereafter called the subject property. This appraisal was completed in accordance with our engaged proposal that is dated August 31, 2020.

The purpose of this appraisal was to provide my best opinion of the defined market value of the fee simple interest in the subject property. It is my understanding that this appraisal is intended to assist with personal business decisions regarding the subject property and the potential sale of the subject property. The intended user of this report is the Channahon Park District and/or affiliates.

The opinion of market value is based upon the definition of market value stated in this report, which assumes a cash sale with no special terms or contingencies built into the sale agreement. The subject property has been appraised as a whole, as if owned in fee simple interest, free and clear of all liens and encumbrances, except the rights of the public to any dedicated right-of-ways, normal public utility easements, if any, and any apparent easements. I have not investigated the title of the property appraised.

Attached to this letter you will find a 30-page Appraisal Report plus addenda, which was prepared in compliance with Standard 2-2(a) of USPAP and in conformance with the Code of Ethics of the Appraisal Institute. As such, it presents summarized 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 may be retained in the appraiser's files.

Attached and part of this report are the assumptions and limiting conditions used in the development of this appraisal, definitions of market value, highest and best use, and property rights appraised, and a certification of the current market value estimate. The estimate of value reported is based upon the statements of Assumptions and Limiting Conditions found in the addenda of this report. According to the best of my knowledge and belief, all statements and information contained in this report are true and correct, and no important facts have been withheld or overlooked.

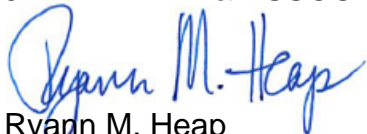
As a result of the investigation and analysis, it is my opinion that the market value of the fee simple interest in the subject property, as of September 15, 2020 was:

**FIVE HUNDRED TWENTY-FIVE THOUSAND DOLLARS  
(\$525,000)**

I certify that I personally have no undisclosed interest, either present or contemplated, in the real estate described herein as the subject property; furthermore, neither the procurement of this appraisal assignment nor the negotiated compensation was contingent upon a predetermined conclusion of value, a value estimate which advocates the client's position, or the occurrence of any subsequent event.

On behalf of JAY M. HEAP & ASSOCIATES, LTD., I appreciate the opportunity to prepare this appraisal for you. Please feel free to contact the undersigned should you have any questions regarding this appraisal.

Respectfully submitted,  
JAY M. HEAP & ASSOCIATES, LTD



Ryan M. Heap  
Certified General Real Estate Appraiser  
License No.: IL 553.002189  
Expires: 09-30-2021  
File No.: 83-09-20

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## **APPRAISAL REPORT**

This is an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice. As such, it presents summarized 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 may be retained in the appraiser's files. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein. The appraiser is not responsible for unauthorized use of this report.

### **PURPOSE, DATE OF VALUE, PROPERTY RIGHTS APPRAISED, INTENDED USE, AND INTENDED USER**

This appraisal has been made for the purpose of estimating the market value of the subject property, under conditions evident in the market as of September 15, 2020. The property has been appraised as a whole, as if owned in fee simple title, free and clear of all liens and encumbrances except for the rights of the public to any dedicated right-of-way and normal public utility easements, if any. It is my understanding that this appraisal is intended to assist with personal business decisions regarding the subject property and the potential sale of the subject property. The intended user of this report is the Channahon Park District and/or affiliates.

### **LEGAL DESCRIPTION**

The legal description was not provided by the client. I relied upon county records for the legal and total land area. The subject property is known by the Will County Supervisor of Assessment's as parcel number 04-10-17-105-010-0000.

### **SALES HISTORY OF THE SUBJECT PROPERTY**

According to the Uniform Standards of Professional Appraisal Practice (USPAP), I am required to report and analyze any sales transaction involving the subject property which has occurred during the past three years or any current listing or pending sales transaction involving the subject property. According to Will County records and to the best of my knowledge, the subject has been under the same and continuous ownership for several years. It was not listed for sale at this time. No verbal or written offers were disclosed at this time. The appraisal is to assist in the potential sale of the subject property.

## SCOPE OF WORK

For each appraisal, appraisal review, and appraisal consulting assignment, an appraiser must:

1. identify the problem to be solved;
2. determine and perform the scope of work necessary to develop credible assignment results; and
3. disclose the scope of work in the report.

An appraiser must properly identify the problem to be solved in order to determine the appropriate scope of work. The appraiser must be prepared to demonstrate that the scope of work is sufficient to produce credible assignment results. Scope of work refers to the type and extent of research and analyses in an assignment. The scope of work discussion should address the following topic areas:

- The extent to which the property is identified;
- The extent to which tangible property is inspected;
- The type and extent of data researched; and
- The type and extent of analyses applied to arrive at opinions or conclusions.<sup>1</sup>

In developing the appraisal, the appraiser made an exterior and interior observation on September 15, 2020. The client provided pertinent data which is believed to be accurate and was relied upon to complete this appraisal. It is my understanding that this appraisal is intended to assist with personal business decisions regarding the subject property and the potential sale of the subject property. The intended user of this report is the Channahon Park District and/or affiliates. This appraisal is not intended for any other use or users.

To develop the opinion of value, the appraiser followed Uniform Standards of Professional Appraisal Practice Guidelines by the Appraisal Standards Board of the Appraisal Foundation. The entire appraisal process was reviewed and applied to this assignment. This summary appraisal report is a recapitulation of the appraiser's analysis and conclusions. Information was gathered regarding the subject property from the physical observations, county records, and data from the client. Other information on the subject property and comparable data that were utilized in this appraisal were obtained from the appraiser's files, Will County records, the Village of Channahon, representatives of the comparable sales, the MLS, and CoStar. After all this information was gathered, confirmed and analyzed, a highest and best use analysis was performed.

The Cost Approach and the Income Capitalization Approach were not applicable at this time. The Sales Comparison Approach was given primary weight toward my final opinion of value. The final value was estimated after following acceptable appraisal practice and process. This appraisal report is intended to comply with standard rule 2-2(a).<sup>2</sup>

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<sup>1</sup> Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, The Appraisal Foundation, page 13

<sup>2</sup> Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, The Appraisal Foundation, page 20-22

## COMPETENCY OF THE APPRAISERS

The appraiser's specific qualifications are included in the addenda of this report. These qualifications serve as evidence of competence for the completion of this appraisal assignment in compliance with the Competency Provision contained within the Uniform Standards of Professional Practice as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The appraiser has previously provided consultation and valuation estimates for the properties similar to the subject. The appraiser's knowledge and experience, combined with my professional qualifications, is commensurate with the complexity of this assignment.

## DEFINITION OF MARKET VALUE

"Market Value is defined by The Appraisal of Real Estate as: "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, 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 each acting in what he or she considers his or her own best interest;
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 arrangement 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."

## HYPOTHETICAL CONDITIONS

Hypothetical condition is a condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.<sup>4</sup> This appraisal is subject to the following hypothetical conditions:

1. None.

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<sup>3</sup> Appraisal Institute, The Appraisal of Real Estate, 14<sup>th</sup> Edition, 2013, Page 59.

<sup>4</sup> Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, The Appraisal Foundation, page 4

## EXPOSURE AND MARKETING TIME ESTIMATES

Market value conclusion and the costs and other estimates used in arriving at conclusion of value is as of the date of the appraisal. Because markets upon which these estimates and conclusions are based upon are dynamic in nature, they are subject to change over time. Further, the report and value conclusion is subject to change if future physical, financial, or other conditions differ from conditions as of the date of appraisal.

In applying the market value definition to this appraisal, a reasonable exposure time of six to twelve months has been estimated. Exposure time is “an opinion, based upon supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of appraisal.”<sup>5</sup> Exposure time is always presumed to precede the effective date of the appraisal.

Marketing time, however, is an estimate of the amount of time it takes to sell a property interest at the market value conclusion during the period after the effective date of the appraisal. An estimate of marketing time is not intended to be a prediction of a date of sale. It is inappropriate to assume that the value as of the effective date of appraisal remains stable during a marketing period. Additionally, we have considered market factors external to this appraisal report and have concluded that a reasonable marketing time for the property is six to twelve months.

## EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.<sup>6</sup> This appraisal is subject to the following extraordinary assumptions:

1. I assume the subject is not encumbered and is free and clear of all liens except for the rights of the public to any dedicated right-of-way and normal public utility easements, if any.
2. Data supplied by the client is believed to be accurate.
3. No environmental survey or Phase One audit was provided prior to the completion of this report. I assume there are no environmental issues or conditions that would negatively impact the value or utility of the subject.
4. The global outbreak of a “novel coronavirus” known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO). The reader is cautioned and reminded that the conclusions presented in this report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of any unforeseen event subsequent to the effective date of appraisal.

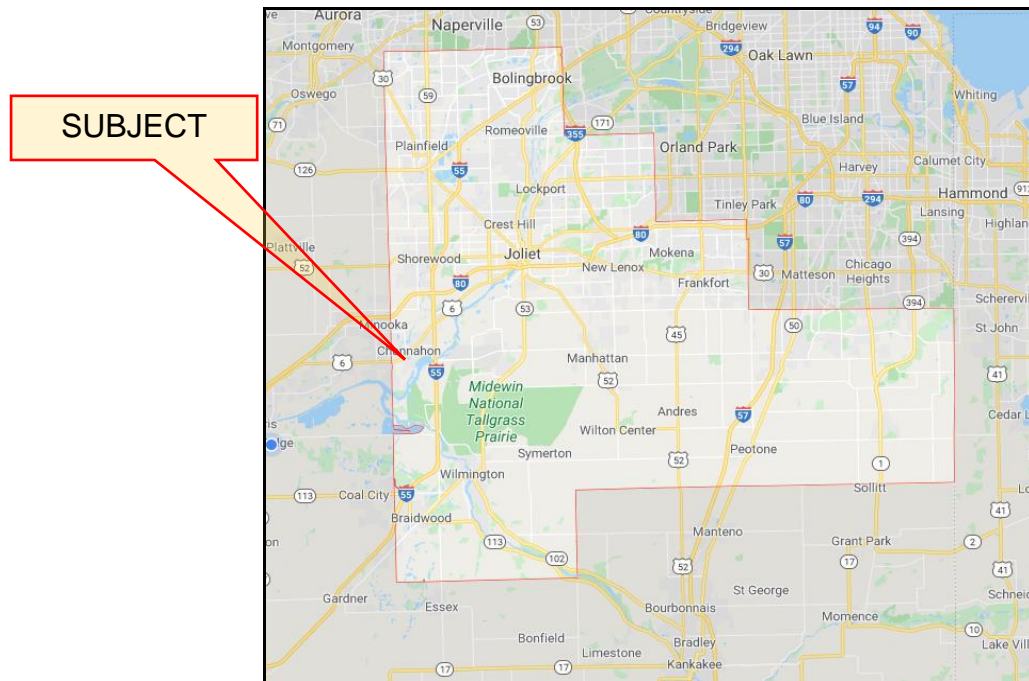
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<sup>5</sup> Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, The Appraisal Foundation, page 4

<sup>6</sup> Uniform Standards of Professional Appraisal Practice, 2020-2021 Edition, The Appraisal Foundation, page 4



## COUNTY DESCRIPTION

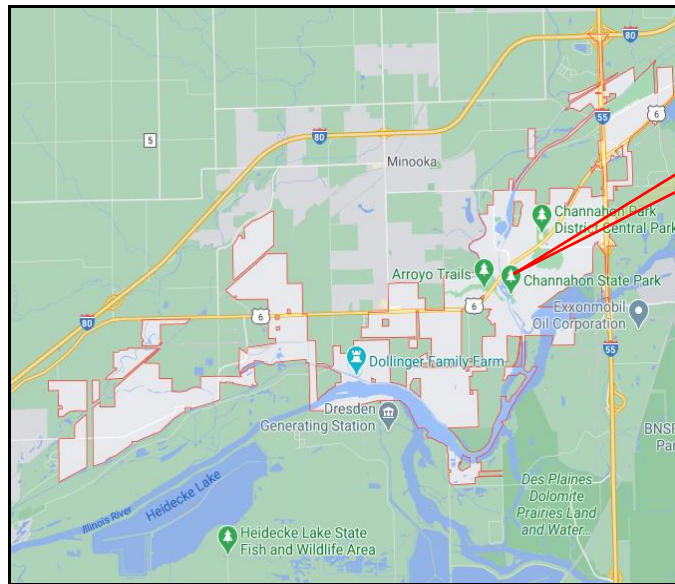


Will County and the Chicagoland area link the Midwest with the rest of the nation. Major roadways throughout the county include Interstate Route 55, Interstate Route 57, Interstate Route 80, and Interstate Route 355. Cook County adjoins Will County to the northeast. The City of Chicago is the county seat of Cook County, which is approximately 40 miles northeast of Joliet and the area of the subject property. Joliet is the county seat of Will County and the fourth largest city in Illinois, with Chicago being the first. The Interstate Route 80 corridor, which goes directly through Joliet, has a diverse mix of commerce including agriculture, heavy industrial, and distribution properties, providing excellent opportunities for doing business in this area of the Midwest.

The population estimate from 2020 for Will County is 705,850. Will County was established in 1836 and has a total area of 849 square miles, of which 837 square miles is land and 12 square miles is water. The DuPage River, Kankakee River, and Des Plaines River are all located within Will County. Major airports in neighboring Cook County include Chicago O'Hare International and Chicago Midway International.

The estimated median household income in 2020 for Will County is \$87,164, and the national median is \$62,203. The average household income in 2020 for Will County is \$111,857, and the national average is \$90,054. The estimated median home value in 2020 for Will County is \$240,492. The unemployment rate of Will County is approximately 10%.

## VILLAGE DESCRIPTION



The Village of Channahon is located in western Will County, with additional areas in northeast Grundy County. The subject property is located within the corporate limits of Channahon, Illinois. The subject property is located along the north side of W. Eames Street, which is also known as US Route 6. US Route 6 is the main thoroughfare through this area of the subject property. Interstate Route 55 has an interchange approximately 2.5 miles to the east along US Route 6. Properties along US Route 6 are mixed uses, with the majority use as commercial.

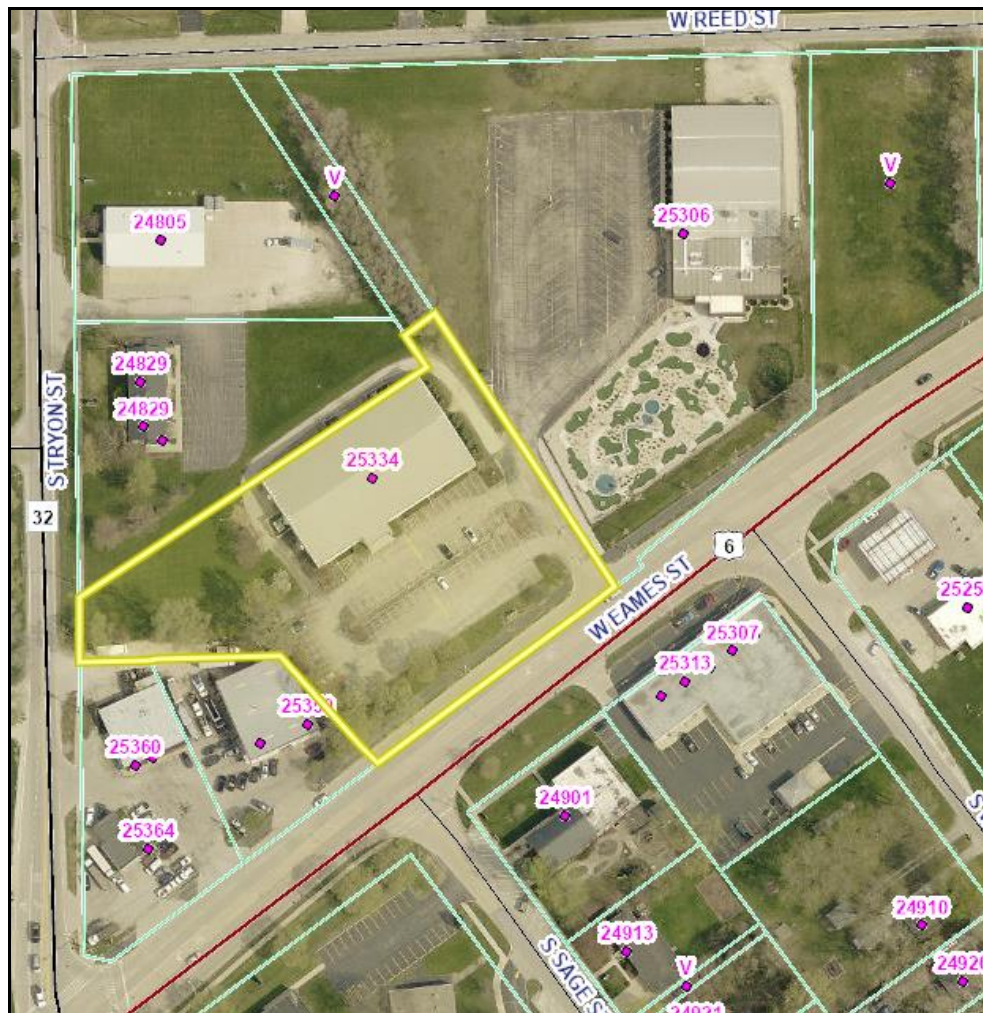
The population estimate for the Village of Channahon in 2020 is 12,927. The population by race in Channahon, Illinois is comprised of approximately 92% White and the remainder of the population is Hispanic or Latino, Black or African American, American Indian, Asian, Pacific Islander, Native Hawaiian, or some other race.

Channahon has a total area of 17.24 square miles, of which 15.81 square miles is land and 1.43 square miles is water. The Illinois River and the I & M Canal are located in southern Channahon.

The estimated median household income in 2020 for Channahon is \$95,089, and the national median is \$62,203. The average household income in 2020 for Channahon is \$109,525, and the national average is \$90,054. The estimated median home value in 2020 for Channahon is \$215,846. The unemployment rate of Channahon is approximately 10%.

I analyzed data from the Multiple Listing Service regarding detached single-family home property types from the past 12 months in the Village of Channahon. 91 homes are currently for sale with an average listing price of \$334,116 and average market time of 100 days. Additionally, within the past 12 months, 215 detached single-family homes were sold with an average sale price of \$270,991, and average market time of 75 days.

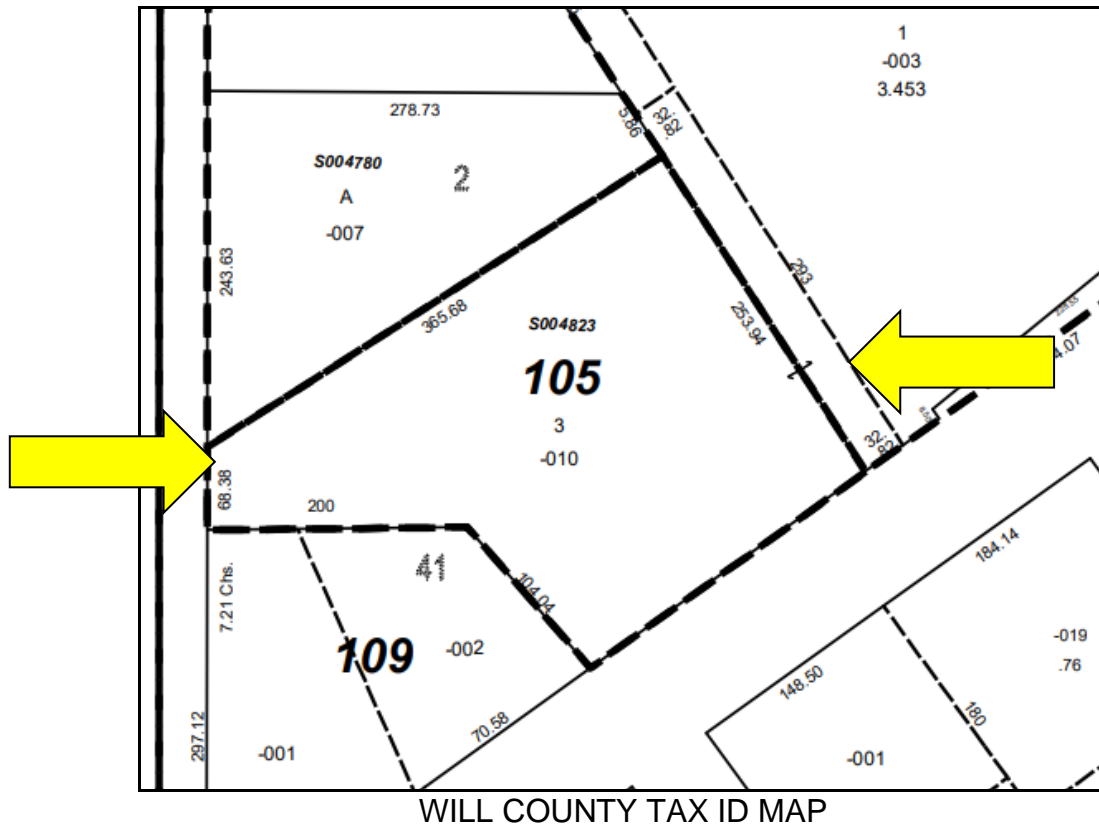
## SUBJECT DESCRIPTION



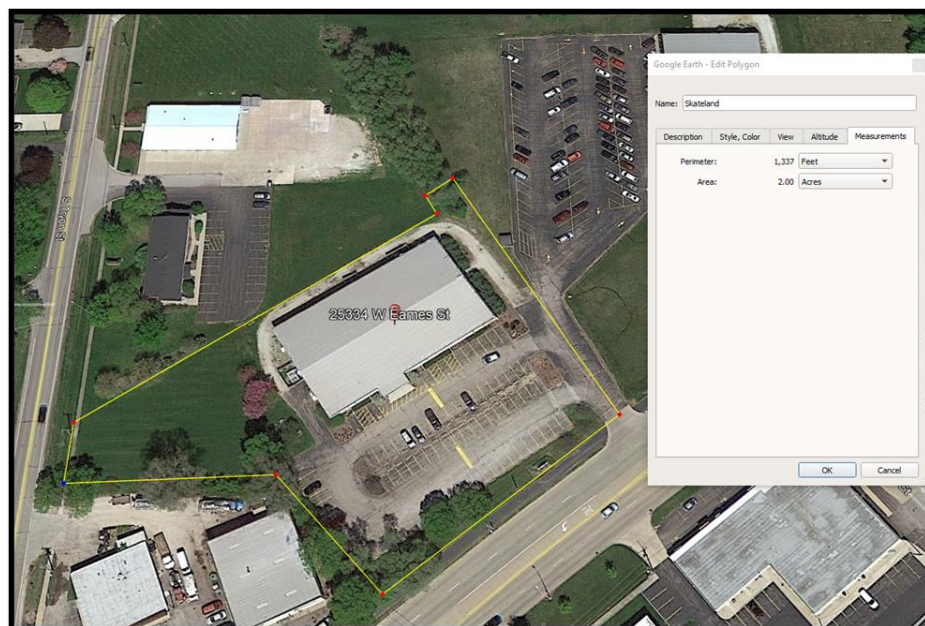
GIS AERIAL MAP

The subject property is located at 25334 W. Eames Street, within the corporate limits of Channahon, Illinois. The subject property is located on the north side of W. Eames Street, which is also known as US Route 6. Interstate Route 55 is approximately 2.5 miles east of the subject property. There is one entrance from the roadway with additional exposure along S. Tryon Street. There is ample parking in the asphalt paved parking lot, including four handicap marked spaces. There is a flag pole, garbage enclosure, gravel lane around the back of the building, and some landscaping surrounding the building. There is exterior building mounted lighting. All public utilities are connected to the subject property including water and sewer.

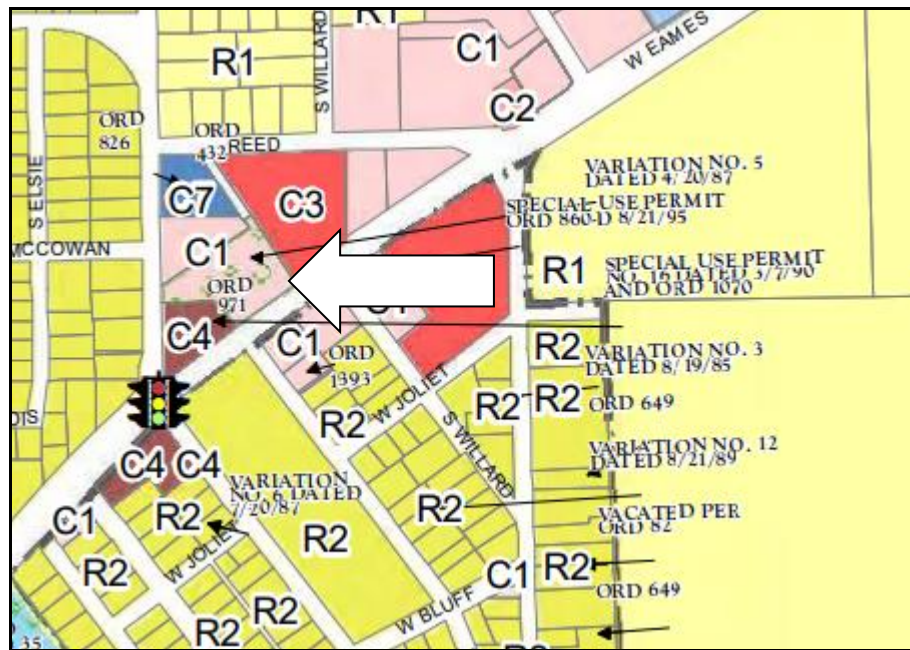




The subject property is comprised of one building located on one parcel. The parcel is rectangular shaped and a total of 2.00 acres. The subject property is identified as parcel number 04-10-17-105-010-0000. This property is exempt from paying property taxes.



GOOGLE EARTH MEASURES 2.00 ACRES



CHANNAHON ZONING MAP

The subject proeprty is zoned C-1 Local Shopping District by the Village of Channahon. The subject property appears to have a good location for it's use. W. Eames Street has a variety of uses and it is a main thoroughfare through this area of the subject property. W. Eames Street is also known as US Route 6.



W. EAMES STREET FACING SW  
SUBJECT PROPERTY AT RIGHT



W. EAMES STREET FACING NE  
SUBJECT PROPERTY AT LEFT





The flood hazard map per community panel No. 17197C0265G dated February 15, 2019 indicates the subject is not located in a designated flood hazard boundary. The topography of the subject property is flat and at road grade.





SOUTH SIDE OF EXTERIOR



NORTH SIDE OF EXTERIOR



WEST SIDE OF EXTERIOR



SOUTH SIDE OF EXTERIOR



PARKING LOT FACING WEST



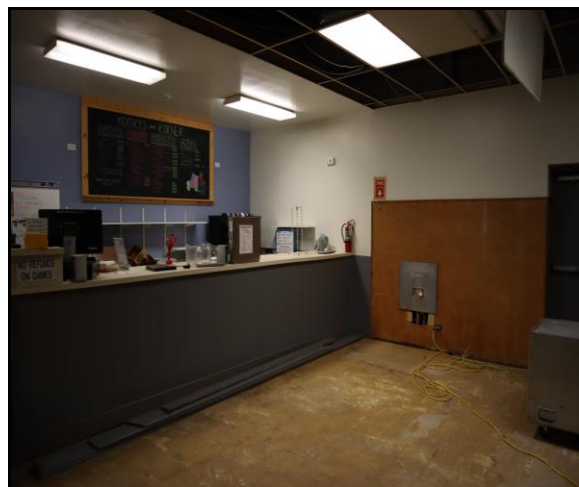
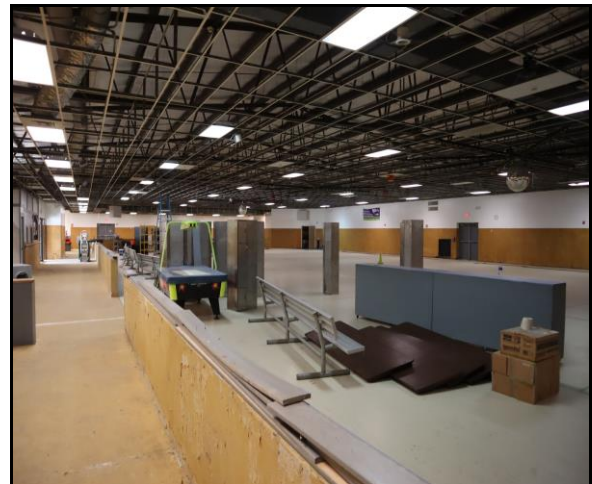
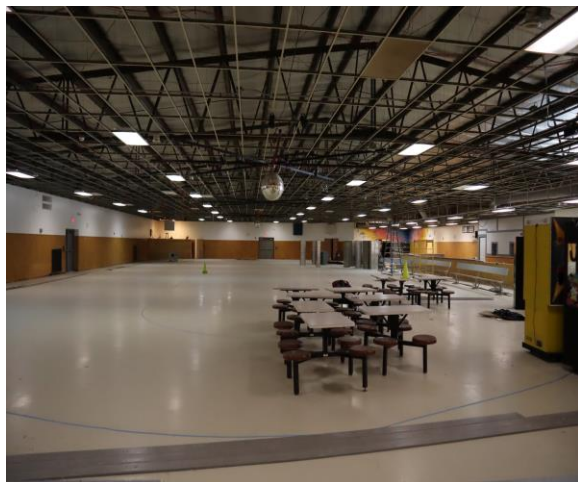
PARKING LOT FACING EAST





The subject property was constructed in the late 1970's. The building is 100' x 175' or say 17,500 square feet. It was used as a skating rink for many years. It has been closed most of 2020 due to the COVID-19 pandemic. After being closed up for several months, mold grew on the carpet. The carpet was removed and all mold was mitigated.

The exterior of the building is mostly metal with a brick face under the canopy at the front entrance. The main entrance is glass double doors. There are also metal double doors on the west, north, and east sides of the building. The building is on a concrete slab, steel-framed with a metal roof, and fully insulated. Most of the building is open for the designated area of the skating rink. The other areas include the bathrooms, two maintenance areas, disc jockey area, concession stand, office, and the skate rental area and changing area. The men's bathroom has concrete block wall partitions and vinyl floors. There are two sinks, two urinals, one handicap accessible stall, and one regular stall. The women's bathroom has concrete block wall partitions and vinyl floors. There are two sinks, one handicap accessible stall, and two regular stalls. The building is equipped with fire alarms and emergency lighting. The HVAC systems are 10-ton and 12-ton and approximately 5 to 7 years old. They are located at the exterior of the building and are enclosed by chain-link fencing. The overall condition of the improvements is average.



## HIGHEST AND BEST USE

Highest and Best use is defined as:

The reasonably probable and legal use of vacant land or an improved property that is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. Alternatively, the probable use of land or improved property-specific with respect to the user and timing of the use-that is adequately supported and results in the highest present value.<sup>7</sup>

In determining the highest and best use of the subject property, careful consideration was given to the economic, legal, and social factors which motivate investors to develop, own, buy and sell, manage, and lease real estate.

The highest and best use of a site as though vacant is defined as:

Among all reasonable, alternative uses, the use that yields the highest present land value, after payments are made for labor, capital, and coordination. The use of a property based on the assumption that the parcel of land is vacant or can be made vacant by demolishing any improvements.

And, lastly, it defines the highest and best use of the property as improved, as:

The use that should be made of a property as it exists. An existing property should be renovated or retained as is so long as it continues to contribute to the total market value of the property, or until the return from a new improvement would more than offset the cost of demolishing the existing building and constructing a new one.

It is to be recognized that in cases where a site has existing improvements on it, the highest and best use may be determined to be different from the existing use. The existing use will continue, however, unless and until land value in its highest and best use exceeds the total value of the property in its existing use. A potential use must be tested against the four criteria stated above to determine the highest and best use of a site. Legal permissibility and physical possibility must be tested first before considering financial feasibility and maximum productivity. If a potential use does not pass the test of each of these criteria it must be withdrawn from consideration. The highest and best use is that use which produces the highest value based upon a specified market rate of investment.

### Highest and Best Use, As Vacant

#### Legally Permissible

The subject property is zoned C-1 Local Shopping District by the Village of Channahon. In determining the highest and best use of the land, as if vacant, consideration was given to all possible uses. Uses that are not permissible under the existing zoning code are considered if it is likely that a zoning change, allowing for that use, could likely be granted for the site. It is my opinion that based on surrounding development that a zoning change is unlikely at this time. A commercial use is considered legally permissible for the subject site.

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<sup>7</sup> The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Edition, Copyright by the Appraisal Institute 2010 pg. 93

Physically Possible

The total site area is 2.00 acres, irregular shaped, and at road grade. The site is not located within a designated flood hazard area. The size, shape, and terrain of the subject site make it acceptable for a commercial use.

Financially Feasible and Maximally Productive Use

After an inspection of the immediate subject area, the most likely use of the subject is for a commercial use. W. Eames Street, also known as US Route 6, has a high daily traffic count. The subject site's surrounding improvements and proximity to primary thoroughfares appear to make it a good location for such commercial development.

A commercial use is the site's financially feasible and maximally productive use.

**Highest and Best Use, As Improved**

My analysis of the Highest and Best Use of the subject property as improved included an analysis to determine whether or not the present improvements on the subject site contributes to the land value, as if vacant, and whether or not an alternative use of the existing improvements would indicate a higher total property value than the existing use.

Based on my analysis, it is my opinion that the value of the subject property as improved is greater than the value of the subject site as vacant. The subject site is improved with a 17,500 square foot steel-framed metal building previously used as a skating rink. It is compatible with the surrounding properties and is considered to have a good location. The cost of converting the improvements to another use is not considered financially feasible.

The present improvements represent the highest and best use of the site as improved. Therefore, the highest and best use of the subject property, as improved, is for the current commercial use or any other use that could adapt to the current layout, according to and permitted by the Village of Channahon.

## THE VALUATION PROCESS

In assignments to develop an opinion of market value, the ultimate goal of the valuation process is a well-supported value conclusion that reflects all of the pertinent factors that influence the market value of the property being appraised. To achieve this goal, an appraiser studies a property from three different viewpoints, which are referred to as the approaches to value.

1. In the cost approach, value is estimated as the current cost of reproducing or replacing the improvements (including an appropriate entrepreneurial incentive or profit), minus the loss in value from depreciation, plus land value.
2. In the sales comparison approach, value is indicated by recent sales of comparable properties in the market.
3. In the income capitalization approach, value is indicated by a property's earning power, based on the capitalization of income.

Traditionally, specific appraisal techniques are applied within the three approaches to derive indications of real property value. One or more approaches to value may be used depending on which approaches are necessary to produce credible assignment results, given the intended use. The three approaches are interrelated. Each requires the gathering and analysis of data that pertains to the property being appraised. From the approaches applied, the appraiser develops separate indications of value for the property being appraised. To complete the valuation process, the appraiser integrates the information drawn from market research, data analysis, and the application of the approaches to reach a value conclusion. This conclusion may be presented as a single point estimate of value or, if the assignment permits, as a range within which the value may fall (or as a point referenced from a benchmark).<sup>8</sup>

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<sup>8</sup> Appraisal Institute, The Appraisal of Real Estate, 14<sup>th</sup> Edition, 2013 pg. 36-37

<b>Identification of the Problem</b>					
Identify client and intended users	Identify the intended use	Identify the purpose of the assignment (type and definition of value)	Identify the effective date of the opinion	Identify the relevant characteristics of the property	Assignment conditions

<b>Scope of Work Determination</b>
------------------------------------

<b>Data Collection and Property Description</b>		
<i>Market Area Data</i> General characteristics of region, city, and neighborhood	<i>Subject Property Data</i> Subject characteristics of land use and improvements, personal property, business assets, etc.	<i>Comparable Property Data</i> Sale, listings, offerings vacancies, cost and depreciation, income and expenses, capitalization rates, etc.

<b>Data Analysis</b>	
<i>Market Analysis</i> Demand studies Supply studies Marketability studies	<i>Highest and Best Use Analysis</i> Land as though vacant Ideal improvement Property as improved

<b>Land Value Opinion</b>
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<b>Application of the Approaches to Value</b>		
Sales Comparison Approach	Income Capitalization Approach	Cost Approach

<b>Reconciliation of Value Indications and Final Opinion of Value</b>
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<b>Report of Defined Value</b>
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## APPROACHES TO VALUE

The classical approaches to value or techniques by which market data may be processed into an indication of value are:

1. Cost Approach-sometimes referred to as the Cost Summation Approach.
2. Income Approach-sometimes referred to as the Income Capitalization Approach or Capitalization Approach.
3. Sales Comparison Approach-variously referred to as Comparison Approach, Sales Approach, Comparative Sales Approach, Market Data Approach, and Market Approach.

The Cost Approach has as its premise the valuation of the land by comparison with other land in the area that has sold in the recent past and making adjustments for differences between land comparables, location, size and physical characteristics. To this land (site if developed) value is added the estimated cost to reproduce or replace the improvements, less any loss of value (depreciation) that might have transpired or taken place. The Cost Approach was not developed at this time due to the lack of consideration by market participants.

The Income Capitalization Approach has as its premise the estimation of the potential gross income, less all of the expenses to the owner to indicate a net income. This net income is then capitalized at a rate that is commensurate with the risk and the life expectancy of the improvements or the anticipation of income for the investment required. This approach was not considered at this time since there was no income or expense data provided. Too many assumptions would have to be made which would result in an unreliable indication of value.

The Sales Comparison Approach is based on analysis of comparable properties that are selected from a study of a larger sales database from the identified competitive market. The selection criteria includes primary economic factors and physical characteristics. The data is judged to be the most similar to the subject property. Following the comparison and adjustment process, the adjusted unit prices form value parameters that are correlated into a final value indication by this method. The main strength of this method is that it represents the actions of typical buyers and sellers in the market. The main weakness is quantity and quality of adjustments made to the data. There was a lack of improved comparable sales in the subject's market area. Therefore, I had to expand my search to the surrounding market areas of the subject property.

One, two or all of the three approaches to value may be applicable to a specific property. After the applicable approaches utilized are analyzed and correlated by the appraiser, a judgment is made as to that property's market value. I have given primary weight toward the Sales Comparison Approach.

## SALES COMPARISON APPROACH

The Sales Comparison Approach is a method of estimating market value whereby a subject property is compared with comparable properties that have sold recently. Preferably, all properties are in the same area. One premise of the sales comparison approach is that the market will determine a price for the property being appraised in the same manner that it determined the prices of comparable, competitive properties. Essentially, the sales comparison approach is a systemic procedure for carrying out comparative shopping. As applied to real estate, the comparison is applied to the unique characteristics of the economic good that cause real estate prices to vary. In applying the sales comparison approach, an appraiser employs appraisal principles. The appraiser is guided by the principles to ensure that all relevant issues have been considered in solving the appraisal problem. To apply the sales comparison approach, appraisers follow a systemic procedure:

1. Research the competitive market for information on properties that are similar to the subject property and that have recently sold, are listed for sale, or are under contract. The characteristics of the properties such as property type, date of sale, size, physical condition, location, and land use constraints should be considered. The goal is to find a set of comparable sales or other evidence such as property listings or contracts as similar as possible to the subject property to ensure they reflect the actions of similar buyers. Market analysis and highest and best use analysis set the stage for the selection of appropriate comparable sales.
2. Verify the information by confirming that the data obtained is factually accurate and that the transactions reflect arm's-length market considerations. Verification should elicit additional information about the property and the market so that comparisons are credible.
3. Select the most relevant units of comparison in the market (e.g. price per acre, price per square foot, price per front foot, price per dwelling unit) and develop a comparative analysis for each unit. The appraiser's goal is to define and identify a unit of comparison that explains market behavior.
4. Look for differences between the comparable sales properties and the subject property using all appropriate elements of comparison. Then adjust the price of each sale property, reflecting how it differs, to equate it to the subject property or eliminate that property as a comparable. This step typically involves using the most similar sale properties and then adjusting for any remaining differences. If a transaction does not reflect the actions of a buyer who would also be attracted to the subject property, the appraiser should be concerned about comparability.
5. Reconcile the various value indications produced from the analysis of comparables into a value indication. 10

On the following pages are the comparable sales that were analyzed for this report.

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10 Appraisal Institute, The Appraisal of Real Estate, 14<sup>th</sup> Edition, 2013 pg. 381-382

**Improved Comparable Sale 1**

Location: 210 Beaver Street, Yorkville, Illinois

Grantor: 210 Beaver St., LLC

Grantee: Distinctly Diversified Properties LLC

Date of Sale: April 2020

Sale Price: \$475,000

Indicated Price: \$32.99/square foot

Tax Index No. 05-04-152-004

Verified: 2020-7994

County: Kendall

Land Size: 1.00 acres

Gross Building Area: 14,400 square feet

Comments: This building was built in 1975. It is constructed of block and brick. There is a combination of finished areas with warehouse space. There is ample parking.





**Improved Comparable Sale 2**

Location: 1110 E. Haven Avenue, New Lenox, Illinois

Grantor: Robert D. Gryczewski Revocable Trust

Grantee: Edenbrone Holdings LLC

Date of Sale: December 2019

Sale Price: \$650,000

Indicated Price: \$35.71/square foot

Tax Index No. 15-08-23-100-024-0000  
15-08-23-100-023-0000

Verified: R2020004014

County: Will

Land Size: 5.55 acres

Gross Building Area: 18,200 square feet

Comments: This building was built in 1970. It is constructed of metal. There is a combination of finished areas with warehouse space. There is ample parking.



**Improved Comparable Sale 3**

Location: 706 W. Baltimore Street, Wilmington, Illinois

Grantor: Jeffrey Hubrich

Grantee: Ellis Enterprises Inc.

Date of Sale: September 2019

Sale Price: \$645,000

Indicated Price: \$28.83/square foot

Tax Index No. 03-17-26-403-027-0000  
03-17-26-403-025-000

Verified: R2019066770

County: Will

Land Size: 1.30 acres

Gross Building Area: 22,369 square feet

Comments: This building was built in 1957 with an addition in 1973. Extensive updates occurred in 2017. It is constructed of brick and block. There is a combination of finished areas with warehouse space. There is ample parking. This property adjoins another property by a "party wall".



#### **Improved Comparable Sale 4**

Location: 417 Borden Avenue, Sycamore, Illinois

Grantor: SMS Ventures LLC

Grantee: Standard Properties LLC

Date of Sale: March 2019

Sale Price: \$900,000

Indicated Price: \$39.90/square foot

Tax Index No. 09-05-107-004

Verified: 2019001840

County: DeKalb

Land Size: 1.88 acres

Gross Building Area: 22,555 square feet

Comments: This building was built in 1995. It is constructed of metal. There is a combination of finished areas with warehouse space. There is ample parking.



**Improved Comparable Sale 5**

Location: 704 E. North Avenue, Elburn, Illinois

Grantor: William E. Stockdale III

Grantee: 704 E. North Street LLC

Date of Sale: December 2018

Sale Price: \$377,000

Indicated Price: \$24.92/square foot

Tax Index No. 11-05-251-003

Verified: 2018K058930

County: Kane

Land Size: 1.77 acres

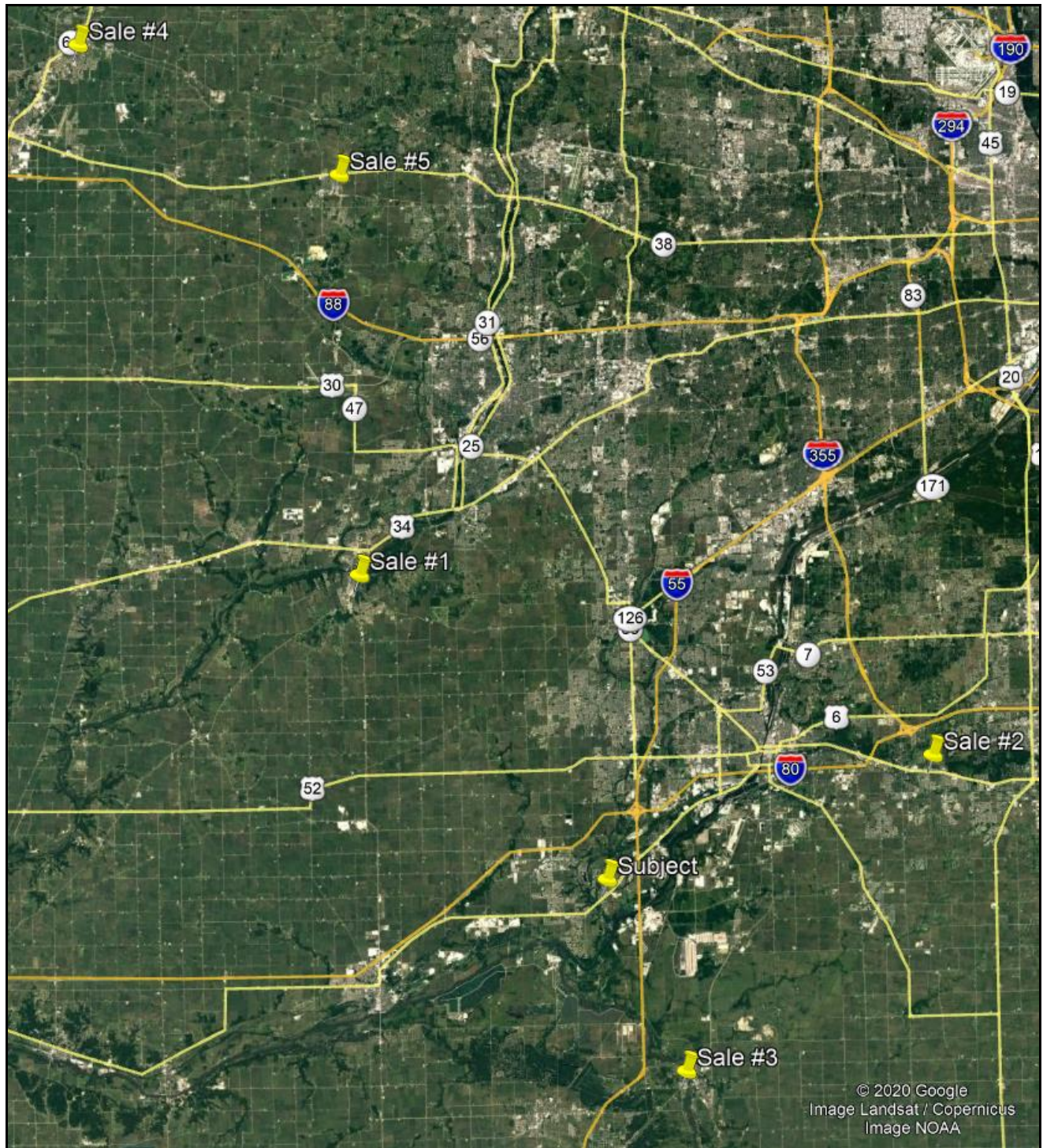
Gross Building Area: 15,126 square feet

Comments: This building was built in 1990. It is constructed of metal. There is a combination of finished areas with warehouse space. There is ample parking.





## COMPARABLE SALES MAP



Item	Subject	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5
Sale Price		\$475,000	\$650,000	\$645,000	\$900,000	\$377,000
Square footage	17,500 S.F.	14,400 S.F.	18,200 S.F.	22,369 S.F.	22,555 S.F.	15,126 S.F.
Price/S.F.	TBD	\$32.99	\$35.71	\$28.83	\$39.90	\$24.92
Date	09/20	04/20	12/19	09/19	03/19	12/18
Market conditions adj.		<b>+2%</b>	<b>+4%</b>	<b>+5%</b>	<b>+8%</b>	<b>+9%</b>
Gross Land Area	2.00 AC	1.00 AC	5.55 AC	1.30 AC	1.88 AC	1.77 AC
GLA adj.		<b>+10%</b>	<b>-35%</b>	<b>+5%</b>	<b>=</b>	<b>=</b>
Gross Building Area	17,500 S.F.	14,400 S.F.	18,200 S.F.	22,369 S.F.	22,555 S.F.	15,126 S.F.
GBA adj.		<b>+5%</b>	<b>=</b>	<b>-10%</b>	<b>-10%</b>	<b>+5%</b>
Overall Condition	Average	Superior	Similar	Similar	Superior	Superior
Condition adj.		<b>-10%</b>	<b>=</b>	<b>=</b>	<b>-10%</b>	<b>-10%</b>
Location	Route 6	Interior St.	Route 30	Route 53	Interior St.	Interior St.
Location adj.		<b>+10%</b>	<b>=</b>	<b>=</b>	<b>+10%</b>	<b>+10%</b>
Net Adjustment		<b>+17%</b>	<b>-31%</b>	<b>=</b>	<b>-2%</b>	<b>+14%</b>
Adj. \$/S.F.		\$38.60/S.F.	\$24.64/S.F.	\$28.83/S.F.	\$39.10/S.F.	\$28.41/S.F.

There was a lack of improved comparable sales in the subject's market area. Therefore, I had to expand my search to the surrounding market areas of the subject property. The preceding sales known as Improved Comparable Sale 1, Improved Comparable Sale 2, Improved Comparable Sale 3, Improved Comparable Sale 4, and Improved Comparable Sale 5 were considered to complete the analysis for the subject property. The sales were compared to the subject property on an individual basis and analyzed as a price per square foot of gross building area. Adjustments were considered for market conditions, gross land area, gross building area, overall condition, and location.

Market conditions are trending upward for these types of properties since late 2018. Therefore, I have adjusted all five sales upward for market conditions.

Sale #1, Sale #2, and Sale #3 were adjusted for gross land area. Sale #1, Sale #3, Sale #4, and Sale #5 were adjusted for gross building area.

Sale #1, Sale #4, and Sale #5 were adjusted for overall condition.

Sale #1, Sale #4, and Sale #5 were adjusted for location.

The result of the adjustment process to Sale #1 and Sale #5 was a positive net adjustment. The result of the adjustment process to Sale #2 and Sale #4 was a negative net adjustment. The result of the adjustment process to Sale #3 was a zero net adjustment.

The adjusted unit values of the five improved sales vary from \$24.64 per square foot to \$39.10 per square foot. The adjusted statistical mean was \$31.92 per square foot with an adjusted median indication of \$28.83 per square foot.

Based upon this analysis, the current market conditions, the physical, functional and locational attributes of the subject property, and the market data which I have cited, it is my opinion that the unit value for the subject property would fall between the adjusted mean and median or say \$30.00 per square foot. By applying this unit value to the gross building area of 17,500 square feet results in a value by the Sales Comparison Approach of \$525,000.

## RECONCILIATION OF FINAL ESTIMATE OF VALUE

The approaches to value utilized in this report resulted in the following preliminary estimates of value:

Cost Approach:	Not applicable
Income Capitalization Approach:	Not applicable
Sales Comparison Approach:	\$525,000

In the Cost Approach to Value, the replacement cost of the improvements are estimated, from which is deducted accrued depreciation, if any, and to which is added the value of the land. This tends to set the upper limit of value on the theory that a reasonable person would not pay more for a property than the cost of an acceptable substitute. The Cost Approach was not due to the lack of market participants.

The Income Capitalization Approach has as its premise the estimation of the potential gross income, less all of the expenses to the owner to indicate a net income. This net income is then capitalized at a rate that is commensurate with the risk and the life expectancy of the improvements or the anticipation of income for the investment required. This approach was not considered at this time since there was no income or expense data provided. Too many assumptions would have to be made which would result in an unreliable indication of value.

The Sales Comparison Approach is based on analysis of comparable properties that are selected from a study of a larger sales database from the identified competitive market. The selection criteria includes primary economic factors and physical characteristics. The data is judged to be the most similar to the subject property. Following the comparison and adjustment process, the adjusted unit prices form value parameters that are correlated into a final value indication by this method. The main strength of this method is that it represents the actions of typical buyers and sellers in the market. The main weakness is quantity and quality of adjustments made to the data. There was a lack of improved comparable sales in the subject's market area. Therefore, I had to expand my search and found seven sales from northern Illinois of similar size and use as the subject property.

I have determined that the Cost Approach and the Income Capitalization Approach are not applicable at this time. The Sales Comparison Approach was given primary weight toward my final opinion of value. After careful consideration of all the facts and circumstances which influence value, plus the analysis presented in this report, it is my opinion that the market value of the fee simple interest in the subject property as of September 15, 2020 was \$525,000.

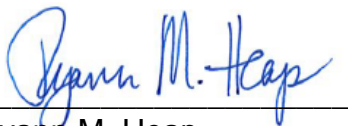


## CERTIFICATION

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
- I have performed no services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 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 Standards of Professional Appraisal Practice of the Appraisal Institute.
- I have made a personal inspection of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the person signing this certification.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
- As of the date of this report, I have completed the continuing education program for Practicing Affiliates of the Appraisal Institute.

Respectfully submitted,  
JAY M. HEAP & ASSOCIATES, LTD.



Ryann M. Heap  
Certified General Real Estate Appraiser  
License No.: IL 553.002189  
Expires: 09-30-2021

September 24, 2020  
Date

## **ADDENDA**

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

QUALIFICATIONS OF APPRAISER

COPY OF LICENSE

## ASSUMPTIONS AND LIMITING CONDITIONS

This appraisal and appraisal report are subject to the following assumptions and limiting conditions:

1. This is a complete appraisal presented in an Appraisal Report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of the Uniform Standards of Professional Appraisal Practice for an Appraisal Report. As such, it presents only summary 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.
2. The legal description furnished is assumed to be correct.
3. I assume no responsibility for matters legal in character, nor do I render any opinion as to title, which is assumed to be marketable. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear under responsible ownership and competent management.
4. Any sketch in this report is included to assist the reader in visualizing the property. I have made no survey of the property and assume no responsibility in connection with such matters.
5. Unless otherwise noted herein, it is assumed that there are no encroachments, zoning violations or restrictions existing in the subject property.
6. All engineering studies are assumed to be correct. The plot plans and illustrative materials in this report are included only to help the reader visualize the property.
7. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
8. It is assumed that the property is in full compliance with all applicable federal, state and local environmental regulations and laws unless the lack of compliance is stated, described and considered in this appraisal report.
9. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in this appraisal report.
10. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.
11. By this notice, all persons and firms reviewing, using or relying on this report in any manner bind themselves to accept these assumptions and limiting conditions. **Do not use this report if you do not accept these assumptions and limiting conditions. These conditions are a part of this appraisal report.** These conditions are a preface to any certification, definition, fact, or analysis and are intended to establish as a matter of record that the appraiser's function is to provide a present market value as of a certain date. As the value of the property appraised may be impacted by changes within the economy and/or the marketplace, this opinion of value is considered to be reliable for a period of six (6) months from the date of the appraisal. Subsequent to that date, the appraiser(s) reserve the right to amend the analysis and/or value conclusion contained within the appraisal report in light of such changed conditions. This appraisal is not an engineering, legal or architectural study or survey, and expertise in these areas is not implied.

12. The liability of Jay M. Heap & Associates, Ltd, its officers, employees, contractors and associate appraisers (hereinafter referred to collectively as "Heap") is limited to the client only. There is no accountability, obligation or liability to any third party except if other specifically stated within the appraisal report. Heap's maximum liability relating to services rendered under this appraisal assignment (regardless of form action, whether in contract, negligence or otherwise) shall be limited to the charges paid to Heap for the portion of its services or work products giving rise to liability. In no event shall Heap be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc) even if advised of their possible existence. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions, and assumptions of the assignment and related discussions. Heap is in no way responsible for any costs incurred to discover or correct any deficiency in the property. In the case of limited partnerships or syndication offerings or stock offerings in real estate, the client agrees that in case of lawsuit (brought by lender, partner or part owner in any form of ownership, tenant or any other part) the client will hold Heap completely harmless. Acceptance of and/or use of this appraisal report by client or any third party is prima facie evidence that the user understands and agrees to these conditions.

13. Information, estimates and opinions contained in this report are obtained from sources considered reliable, however, no liability for them can be assumed by the appraiser.

14. Possession of this report, or a copy thereof, does not carry with it the right of publication, nor may it be used for any purpose by anyone but the applicant without the previous written consent of the appraiser or the applicant, and in any event only with the property qualifications.

15. I am not required to give testimony or attendance in court by reason of this appraisal, with reference to the property in questions, unless arrangements have been made previously therefore.

16. The division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.

17. Environmental Disclaimer: The value estimated in this report is based on the assumption that the property is not negatively affected by the existence of hazardous substances or detrimental environmental conditions. The appraiser's routine inspection of all inquiries about the subject property did not develop any information that indicated any apparent significant hazardous substances or detrimental environmental conditions, which would affect the property negatively. It is possible that tests and inspections made by a qualified hazardous substance and environmental expert would reveal the existence of hazardous materials and conditions on or around the property that would negatively affect its value.

18. Unless otherwise stated in this report, the subject property is appraised without a specific compliance survey having been conducted to determine if the property is or is not in conformance with the requirements of the Americans with Disabilities Act. The presence of architectural and communications barriers that are structural in nature would restrict access by disabled individuals may adversely affect the property's value, marketability or utility. Since the appraiser has no direct evidence relating to this issue, possible noncompliance with the requirements of ADA was not considered in estimating the value of the property.

## **QUALIFICATIONS OF RYANN M. HEAP**

JAY M. HEAP & ASSOCIATES, LTD

860 E. Southmor Road

MORRIS, ILLINOIS 60450

- Employment:** Jay M. Heap & Associates, LTD, April 2002-Present.  
Millennium Financial Corporation, September 2001-April 2002
- Licenses:** Certified General Real Estate Appraiser - IL License #553.002189
- Professional Designations:** CIAO (Certified Illinois Assessing Officer)
- Memberships:** Illinois Coalition of Appraisal Professionals  
International Right of Way Association
- Experience:** I am a Practicing Affiliate of the Appraisal Institute. I have completed assignments for both valuation and consultation services including fee simple and partial interest property rights. Property types include single family, multi-family residential, agricultural; commercial such as office, retail, service, mixed use; industrial such as manufacturing, research and development and warehouses; special purpose properties such as convenience stores, gasoline stations, churches, funeral homes, and car washes. I am an Illinois Department of Transportation approved appraiser and approved reviewer.
- Education:** Graduate of Morris Community High School in 1996  
Graduate of Kankakee Community College in 1998  
Graduate of Lewis University in 2001  
Intensive appraisal courses provided by Illinois Department of Revenue, Illinois Property Assessment Institute, and The Appraisal Institute.
- Partial Client List:** Grundy Bank, First Midwest Bank, State Bank of Graymont, First Financial Bank, First National Bank of Ottawa, Ottawa Savings Bank, Busey Bank, Midland States Bank

## **QUALIFICATIONS OF RYANN M. HEAP**

**Other  
Clients:**

The Morris Hospital, Illinois Department of Natural Resources, Illinois Department of Transportation, Channahon Park District, Grundy County Highway Department, LaSalle County Highway Department, Kendall County Highway Department, Will County Highway Department, Central Illinois Regional Airport, Town of Normal, Will County Forest Preserve, Kendall County Forest Preserve, Aqua Illinois Inc., Illinois American Water, Attorneys, Real Estate Investors, Real Estate Brokers, Land Trusts, Estates, and Individuals

**Continuing  
Education:**

The State of Illinois requires continuing education for all Licensed and Certified Appraisers. Based upon the current requirements, Ryann M. Heap has completed continuing education for the State of Illinois through September 30, 2021.

**FBE:**

**My firm was granted certification as a Female Business Enterprise (FBE) under the Business Enterprise Program (BEP) for Minorities, Females, and Persons with Disabilities. This certification is valid for a five-year term until September 12, 2021.**

# State of Illinois

## Department of Financial and Professional Regulation Division of Real Estate

LICENSE NO.  
553.002189

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:  
09/30/2021

### CERTIFIED GENERAL REAL ESTATE APPRAISER



RYANN M HEAP  
316 WEST JEFFERSON STREET  
MORRIS, IL 60450



DEBORAH HAGAN  
SECRETARY

MARIO TRETO, JR.  
ACTING DIRECTOR

The official status of this license can be verified at [www.idfpr.com](http://www.idfpr.com)

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