

A
Neighborhood Compatibility Study
concerning the proposed

General Shale Brick, Inc.
Clay Mine Expansion
at:
Moncure-Flatwood Road
Cape Fear Twp., Chatham Co., NC

Specifically - A study to determine if the proposed re-zoning would adversely affect the market value and/or marketability of adjoining or surrounding properties.

Prepared for:

Mr. Nicolas P. Robinson
Bradshaw & Robinson, LLP
128 Hillsboro Street
Pittsboro, NC 27312

and

The Chatham County Board of Commissioners
The Chatham County Planning Board
The Chatham County Planning Department, and
The People of Chatham County, North Carolina

Prepared by:

Nicholas E. S. Erpelding
Erpelding & Associates
P.O. Box 1153
Pittsboro, North Carolina 27330

as of the effective date being:
September 9, 2007

As written this:
September 12, 2007

September 12, 2007

E&A Erpelding & Associates
P.O. Box 1153 Pittsboro, North Carolina 27312-1153

Real Estate Appraisal and Consulting
T: 919. 708-6979 F: 919. 708-6979

Mr. Nicolas P. Robinson
Bradshaw & Robinson, LLP
128 Hillsboro Street
Pittsboro, NC 27312

and

The Chatham County Board of Commissioners
The Chatham County Planning Board
The Chatham County Planning Department, and
The People of Chatham County, North Carolina

Subject: General Shale Brick, Inc.
Clay Mine Expansion and Re-Zoning

Dear Sirs and Madames:


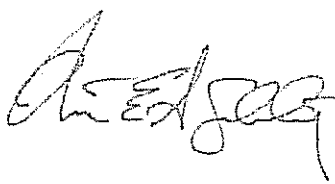
Per Mr. Nicolas P. Robinson's request, I have studied the proposed General Shale Brick, Inc. re-zoning request for properties surrounding the existing Moncure-Flatwood Road clay-mine site. Exhibits available for review included the application for conditional use permit package that was filed August 17, 2007. The study focused upon the likely impact of the proposed re-zoning on the market value and marketability of neighboring properties.

Based upon my oral report - delivered to Mr. Robinson on September 6, 2007 - I have been asked to summarize my findings and memorialize my opinions for the use and benefit of the People of Chatham County. Please accept the enclosed Neighborhood Compatibility Study as an attachment to the General Shale Brick, Inc. re-zoning request.

Based upon the premise that the clay-mine operates within the parameters of the buffers delineated in the re-zoning application submission packet, there is no evidence to conclude that neighboring property values or property marketability will be adversely affected due to the expanded operations.

The following presents a summary of the information considered and reasoning leading to the conclusion.

Sincerely,



Nicholas E. S. Erpelding
NC Certified General Appraiser, License No.: A-5391

Report Introduction

Identification of Problem:

General Problem: Finding #3 of the Chatham County Zoning Ordinance requires that:

“The requested permit will not impair the integrity or character of the surrounding or adjoining districts, and will not be detrimental to the health, safety, or welfare of the community.”

General Question: Would / will the expansion of the existing clay-mine adversely affect the integrity or character of surrounding or adjoining districts?

Specific Problem: Will expansion of existing mine facility cause a decrease in market value or marketability of neighboring properties? [Note - The author is not qualified to address matters concerning the expanded mine’s effect upon the “health and safety” aspects of Finding #3.]

Solution Sought: Given the nature of the problem, the solution sought will represent a well reasoned opinion concerning the affect of the proposed mine expansion on future values relative to present values.

Identification of Report Type: Neighborhood Compatibility Study.

Please note that this report does not constitute an appraisal or an appraisal analysis. No specific market value estimate is sought or intended to be ascertained.

Intended User: Immediate: The client is identified as Mr. Nicolas P. Robinson of Bradshaw and Robinson, LLP Law Firm. Mr. Robinson is representing the business interests of General Shale Brick, Inc.

Extended: The extended intended user of this report includes the Chatham County Board of Commissioners, as well as the people of Chatham County.

Intended Use: This report has been prepared to assist the Chatham County Board of Commissioners in considering the anticipated impact of the proposed expansion of the Moncure-Flatwood Road clay mine facility.

Effective Date of Study: Moncure-Flatwood Road neighborhood has been casually observed on several occasions. Property specific inspection of neighborhood - as well as a walk-over inspection near existing stockpile areas - was performed during afternoon of Sunday, September 9, 2007.

Appraiser’s Experience: Nicholas Erpelding is certified by the State of North Carolina as a certified general real estate appraiser, License A-5391. Appraiser’s experience and qualifications is presented at end of this report.

Appraiser’s Independence: The appraiser’s study and development of opinions presented herein are from a real estate appraiser serving in the capacity as an independent third party. Payment for required research and services rendered is not based upon arriving at a predetermined opinion or conclusion.

Definition of Market Value: Although no single market value estimate is sought, it is beneficial to present the traditionally accepted definition of market value. It is:

"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 as of a specified date and the passing of title from seller to buyer under conditions whereby:

- 1). {Both} buyer and seller are typically motivated;
- 2). Both parties are well informed or well advised, and acting in what they consider their best interests;
- 3). A reasonable time is allowed for exposure in the open market;
- 4). Payment is made in terms of cash in United States 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."¹

The above definition has been agreed upon by agencies that regulate federal financial institutions in the United States including the Resolution Trust Corporation. The above definition is utilized within all analyzes and conclusions presented herein.

Definition of Exposure Period: Condition number three stipulates that a reasonable "exposure period" is implicit within the definition of market value. The Appraisal Institute defines exposure period as:

"The estimated length of time the property interest would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market."²

Assumed Property Interests: The real property interests considered for all properties is the fee simple estate interest. It is defined as:

"Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat."³

Fee simple estate is recognized as the highest state of ownership, an absolute fee; a fee unencumbered with restrictions; a fee without limitations of use or dispositions to any particular class of heirs; subject only to the aforementioned limitations.

¹ Definition is per Title XII, Code of Federal Regulations, (part of) 564.2.F. as published in the *Federal Register*, Vol. #55, No. 163, Thursday, August 23, 1990, pages 34,228 and 34,229; also noted in the Standards of Professional Appraisal Practice of the Appraisal Institute; also included within *The Appraisal of Real Estate*, Eleventh Edition, (Chicago, Appraisal Institute), p. 21.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, Third Edition, (Chicago, Appraisal Institute, 1993), p. 126.

³ *Ibid.*, p. 120.

Neighborhood Compatibility Study

- Overview:** Subject's neighborhood is identified as the Moncure - Corinth Area of Chatham County. This area is comprised of a mix of agricultural, commercial, industrial, residential, special-use, and recreational-use properties.
- Non Residential Uses:** Land Use Plan of Chatham County identifies the subject's neighborhood as an economic center. The area accommodates numerous light and heavy industrial uses. These include; General Shale Brick, Triangle Brick, Moncure Plywood, Progress Energy, Performance Fibers, McGill Environmental and other smaller manufacturing and warehouse entities.
- Additionally, the Shearon Harris nuclear reactor and Shearon Harris reservoir are located along the east portion of the neighborhood. The reactor's cooling towers are visible from various points of higher ground in the neighborhood.
- Market Expectations:** The above identified industries and landmarks are long standing entities within the neighborhood. The identification of several industrial facilities is noted on a permanent signage placard located at the southwest quadrant of Old US Hwy 1 and Corinth Road. The Triangle Brick plant located at Merry Hill serves notice to passers-by that enter the neighborhood from Christian Chapel Church Road.
- No reasonably aware prospective purchaser of a single family residential or agricultural-use property would consider purchase of properties in the area without acknowledging the mixed-use nature of the area. Such is the basis of established property values in the subject's neighborhood.
- Proposed Expansion:** A review of General Shale Brick, Inc.'s proposed expansion appears to abut three single family residential properties near the eastern portion of the assembled tract. These include properties at 1715, 1751, and 1781 Moncure-Flatwood Road.
- These three tracts are zoned RA-40. Noteworthy is that they are located immediately south of an existing CU-Ind-H zoned property. Such proximity to any prospective purchaser would serve notice that there is a possibility of clay mining operations to expand to a point several hundred feet from these residences.
- Recognizing such, the re-zoning of the tract to the west of the residential properties would not / will not add to any discount that is already accounted for by the market. Such is based upon the premise that there is adequate buffer space between the operations and the residences.
- Conclusions:** In his book "Real Estate Damages, An Analysis of Detrimental Conditions," Mr. Randall Bell rightly identifies the components of value as follows:
- An old and simplistic real estate adage states that real estate values are driven by "location, location, and location." Clearly, there are many important issues other than location. One way to view the concept of "value" is to consider that the *needs, tastes, fears, sensitivities, desires, and anticipations* of buyers and sellers are being translated into a number, i.e., price.
- Concerning the subject property's proposed expansion, the anticipated affect upon market values of neighboring properties has already been acknowledged and accepted within the market. The increased scale of the existing operation is not anticipated to decrease the value of neighboring properties.

Chronological Resume

Nicholas E. S. Erpelding

Certified General Real Estate Appraiser

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Employment History:

- o 1996 - Present **Erpelding & Associates** Indianapolis, IN (1996-2004) / Pittsboro, NC (2004-Pres.) Real estate appraisal, brokerage, and consulting. Combine programming, design, and project management skills with economic, demographic, financial analysis and costing skills to meet needs of diverse client-base. [Services summarized on opposite page.] Specialty developed in the valuation of; subdivision developments, (residential, commercial, industrial and mixed-use); golf course facilities; lodging and other recreation-use, and special-use properties. Other services include golf-course and architectural photography.
- o 1992 - 2004 **Nick A. Tillema & Associates / Forrestal Group** Indianapolis, IN. Independent fee commercial real estate appraiser. Focus on large-scale commercial-use property and eminent domain valuation assignments. Assignments included environmentally damaged property valuations, and real estate dispute resolution.
- o 1988 - 1992 **Mark Swanson Associates, Inc., Architecture & Construction** Carmel, IN. Design Captain - Project Manager. Responsibilities included firm's conceptual, schematic, and final design-work. Encompassed land planning, architectural and interior design. Oversaw firm's cad-based construction document production, consultant coordination, and design-build project management. Two built-works recognized with various design honors.
- o 1986 - 1988 **MacDougall & Pierce Construction, Inc. (Design-Build Firm)** Carmel, IN. Architectural and site design / CAD drafting (and implementation of) / cost estimating.
- o 1980 - 1986 **Co-Operative Experience** Indpls., IN; San Francisco, CA, and Newport Beach, CA. ±2½ years cumulative architectural design and construction management "co-op" experience.

Real Estate & Formal Education:

- o **Appraisal Institute, Urban Land Institute, IUPUI, Education Resource, and others** 1991-present Indiana 180 hr. certified general "core appraisal curriculum." Various appraisal and consulting continuing education courses. Various property and commercial liability insurance claim ce.
- o **University of Cincinnati, Bachelors of Architecture, (BArch)** 1986 College of Design, Architecture, Art, and Planning - School of Architecture.

Professional / Volunteer Organizations

- Raleigh Regional Assoc. of Realtors, (RRAR) / Sanford Area Assoc. of Realtors, (SAAR) Member
- Triangle Commercial Association of Realtors, (TCAR), / NCAR / NAR Member
- NC Professional Appraiser's Coalition Member
- Dept. of Housing & Urban Development, Federal Housing Authority, (FHA) Roster Appr.
- Chatham County United Chamber of Commerce / Sanford Area Chamber of Commerce Member
- Urban Land Institute Member
- Pittsboro Kiwanis Club / Chatham County Beekeepers Association Member
- Alltech, Inc. - Parsons Brinckerhoff Certified FEMA Field Inspector
- State of Florida "All-lines" Independent Property Adjuster, (Non-Resident) (2000 - 2005)
- Appraisal Institute (1992 - 2005)

Functional Resume - Experience Overview
Nicholas E. S. Erpelding
Certified General Real Estate Appraiser
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Real Estate Appraisal Experience - Overview

[includes "as-is," "as-proposed," and "as-stabilized" valuations of fee simple estate, leased fee and fractional property interests]

- Land & Subdivisions. Proposed & remainders of res., office, retail, industrial and mixed-use land developments.
- Golf Course Facilities: . . . Prop. & exist'g resort, private, semi-private, & daily-fee golf courses throughout Midwest, U.S.
- Recreation Properties: . . Existing 1/4 mile, 12,000 seat capacity automobile racing facility. Marinas and equine properties.
- Lodging: Existing and proposed hotel, motel and resort valuations, lodging and campground facilities.
- Special Use Includes churches, retired public schools, (Indianapolis, Lebanon), funeral homes, softball parks.
- Corporate Real Estate: . Full service and fast-food restaurants, mini-marts, gas-stations, grocery stores, cell-phone sites.
- Office Use: Existing and proposed multi-tenant and owner-occupied general-use and medical offices.
- Retail Use: Includes stand-alone retail, small to medium sized strip centers and "big-box" properties.
- Industrial: Flex-space, cold-storage, laboratory, distribution warehouse and manufacturing facilities.
- Damages Includes damages owing to environmental problems, as well as professional negligence, (liability).
- Eminent Domain: Court-ordered "large-land" valuation, (±230 acre quasi-urban tract); multi-tract urban takings for new courthouse, (Logansport); multi-tract rural takings for Prophetstown Park, (IN. State Parks Dept.), and; land taking involving developer's compensation of acquired "Section 42" tax credit.
- Residential: Appraisal of above average sized single family residences. Multi-family properties range from 2-4 family units to 640 unit apt. complex. Intended uses include first mortgage, refinance, relocation, divorce, estate, ad valorem, REO and insurance claim. FHA lender select roster.

Commercial Real Estate & Property Development Consulting

- Site Selection: Real estate research. Assist clients in site selection. Criteria based upon analyzing site specific attributes, external factors, and market influences, (demographic and economic).
- Design & Planning: Develop preliminary, conceptual and schematic designs, as well as development of cost-to-build and projected development time-line analyzes, (critical-path scheduling).
- Client Representation: . . Includes petitioner representation at local zoning board hearings, as well as coordination with attorneys, local government officials and municipal utility representatives.
- Dev. Financing: Research pertaining to - and development of - feasibility analyzes. Includes discounted cash flow analyzes, as well as assisting in preparation of property development pro-forma.
- Project Management: . . . Assist clients in team building and development. Includes consultant selection, negotiating fees, contract review, orchestrating work-efforts of design, construction, and financing professionals.

Architecture & Construction Management

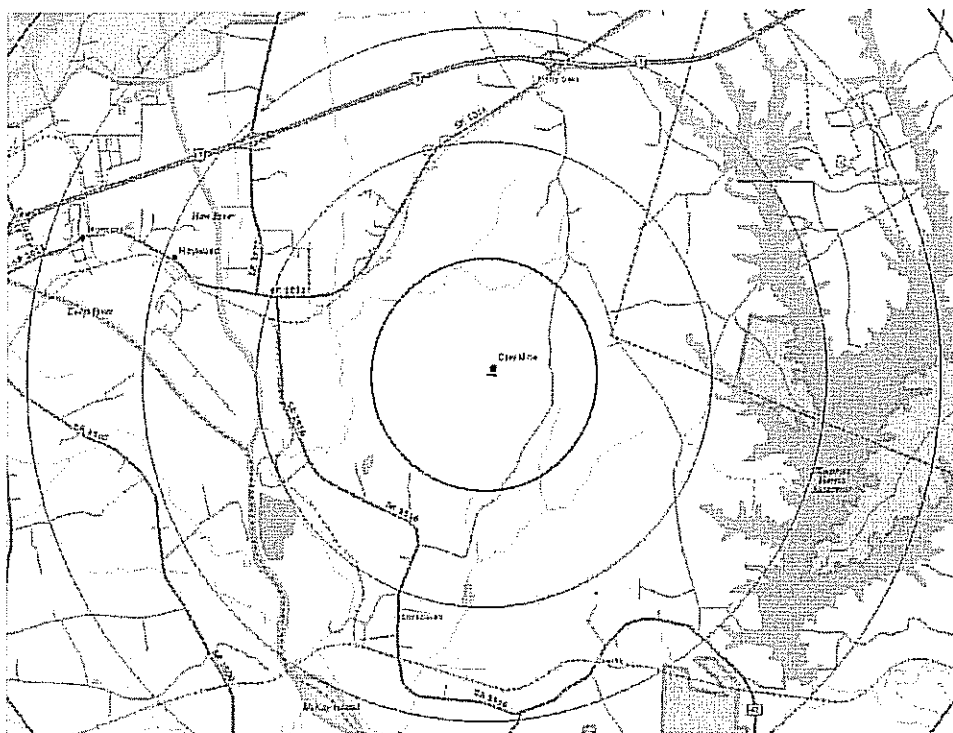
- Architecture & Construction Management: . . . Peer honored land planning, architectural and interior design skills. Land planning has included schematic golf-course routing and club-house facility planning, and conceptual design of ±700 unit PUD development. Architectural work included various types of commercial and residential use properties, (1986-1998). Time management abilities proven by success in serving in multiple roles for multiple client types, (architecture, project management, appraisal, consulting, brokerage).

Independent Insurance Claim Adjusting

- Claims: Investigative, analytical and negotiating skills employed in remediation of large-loss residential, (HO), and commercial property / golf course / business loss, (CGL). "Cat" sites worked include East Nebraska hail sites (2001), Southern Indiana and Central and Southern Illinois (2002). Certified Farmer's Insurance claim representative and negotiator. Certified FEMA property inspector.

Technical Expertise - Miscellany

- Software: Adept at various software programs including; WordPerfect, MS Word; Lotus; data-base development; CAD drafting; and critical path scheduling, (MS Project, Corel Time-Line). Additional experience developing spreadsheets for site development, DCF's, flow-of-funds, and building costs.
- Miscellany: Recognitions gained for exceptional quality appraisal reports, (Farmer's Home Administration), quality in architectural design, (two honorable mention awards from IN Chapter of AIA), and written presentation, (Outstanding Written Senior Thesis, Univ. of Cincinnati, 1986).



Neighborhood Compatibility Study

LOCATED AT:

Moncure-Flatwood Road
Moncure, NC 27559

FOR:

Bradshaw & Robinson
128 Hillsboro Street
Pittsboro, NC 27312

AS OF:

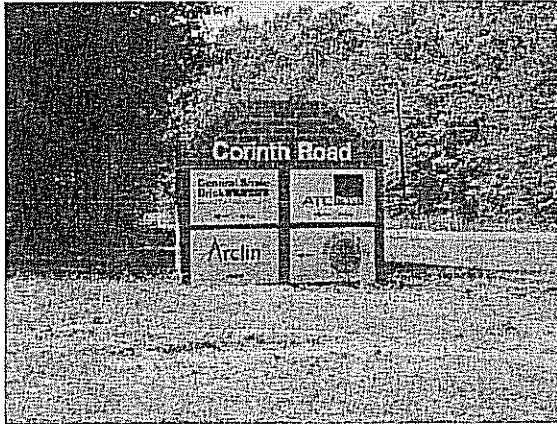
September 9, 2007

BY:

Nicholas E. S. Erpelding
Erpelding & Associates
P.O. Box 1153
Pittsboro, NC 27312-1153

Photograph Addendum - Neighborhood Photographs, (Page 1)

Borrower/Client	Bradshaw & Robinson						
Property Address	Moncure-Flatwood Road						
City	Moncure	County	Chatham	State	NC	Zip Code	27559
Lender	No lender associated with assignment						



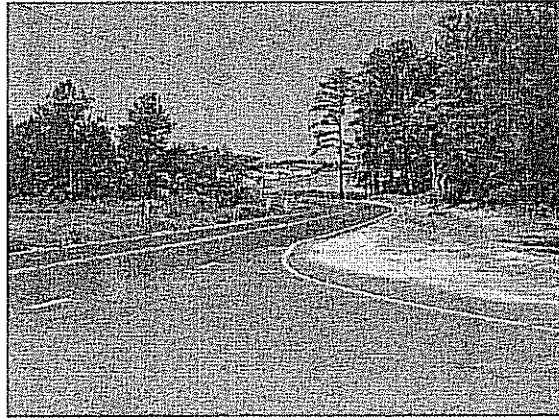
Signage at SW corner of Corinth Rd and Old US Hwy 1.



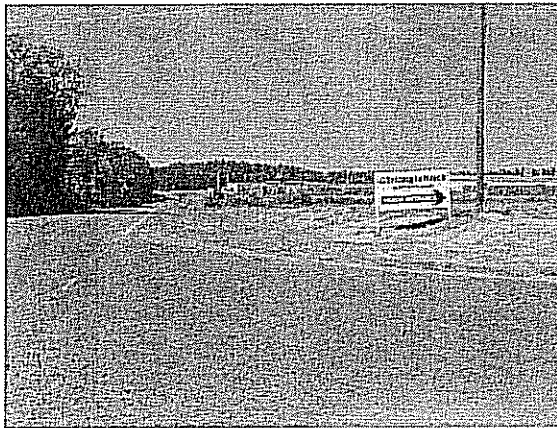
Moncure-Flatwood Rd, as seen from near Corinth Road.



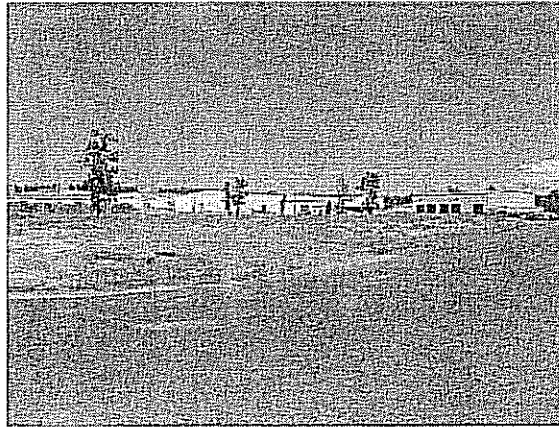
Corinth Rd., looking south from Moncure-Flatwood Rd.



Corinth Rd., looking south from Moncure-Flatwood Rd.



Panoramic view, Triangle Brick manufacturing plant at southeast . . .



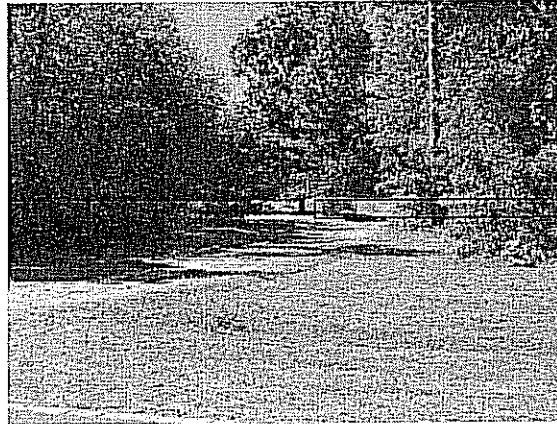
. . . quadrant of U.S. Hwy 1 and Christian Chapel Church Rd.

Photograph Addendum - Neighborhood Photographs, (Page 2)

Borrower/Client	Bradshaw & Robinson						
Property Address	Moncure-Flatwood Road						
City	Moncure	County	Chatham	State	NC	Zip Code	27559
Lender	No lender associated with assignment						



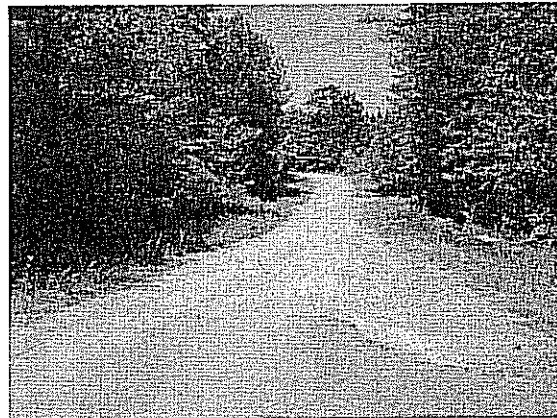
Brown Residence - 1715 Moncure-Flatwood Road



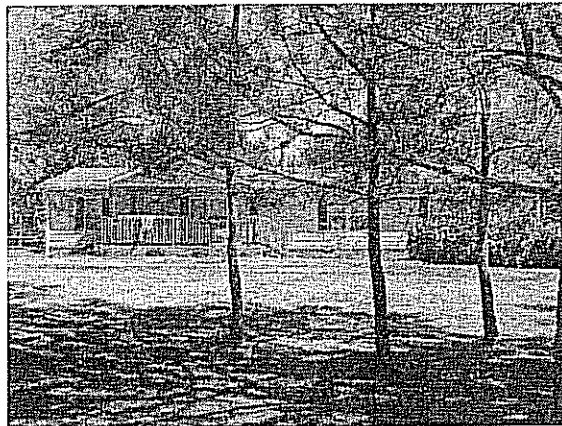
Smith Residence - 1751 Moncure-Flatwood Road



Russell & Taylor Residence - 1781 Moncure-Flatwood Road



Transition from asphalt to gravel road surface.



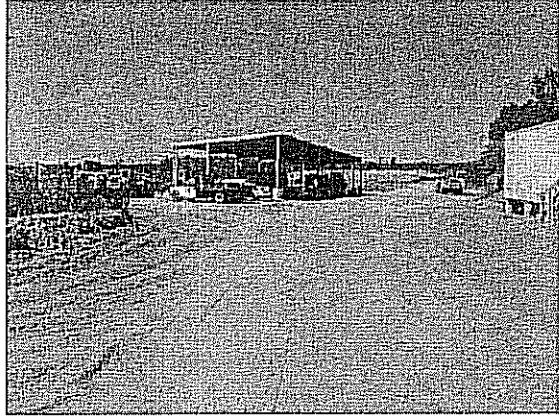
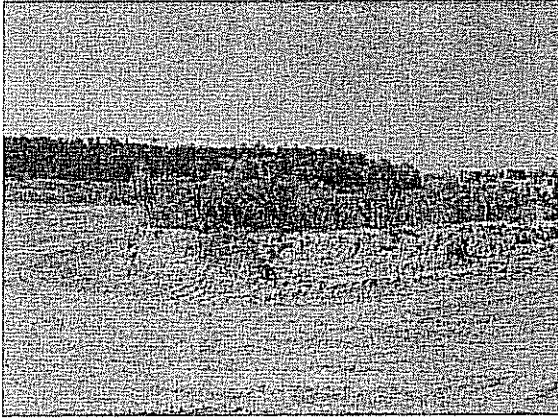
Taylor Residence - 1910 Moncure-Flatwood Road



Moncure-Flatwood Road, as seen from Christian Chapel Church Rd.

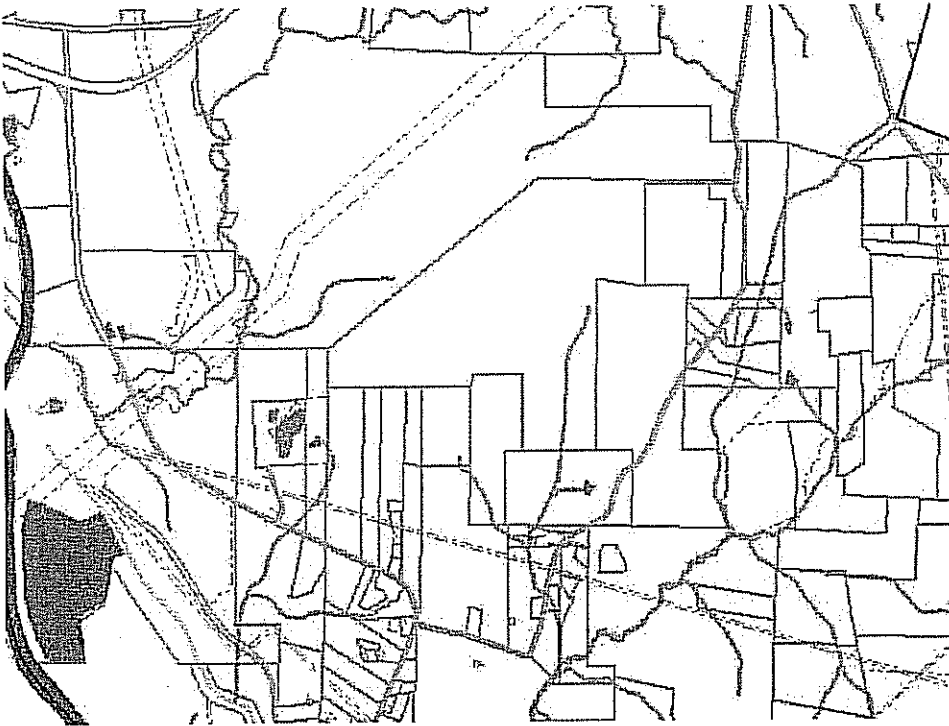
Photograph Addendum - Clay Mine Photographs

Borrower/Client	Bradshaw & Robinson						
Property Address	Moncure-Flatwood Road						
City	Moncure	County	Chatham	State	NC	Zip Code	27559
Lender	No lender associated with assignment						

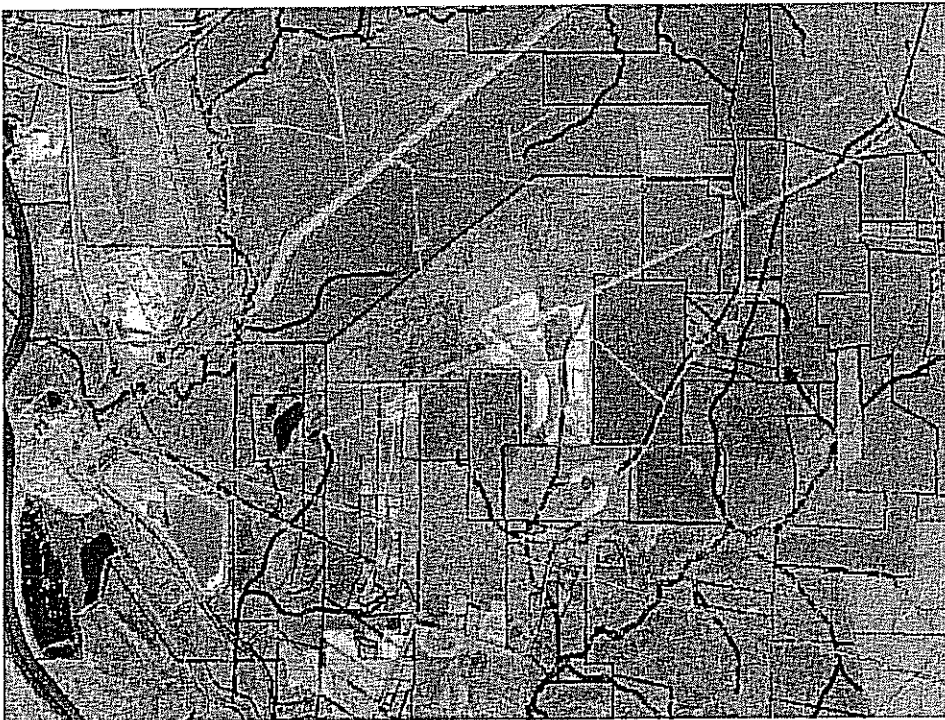


Neighborhood Plats and Aerial Photographs

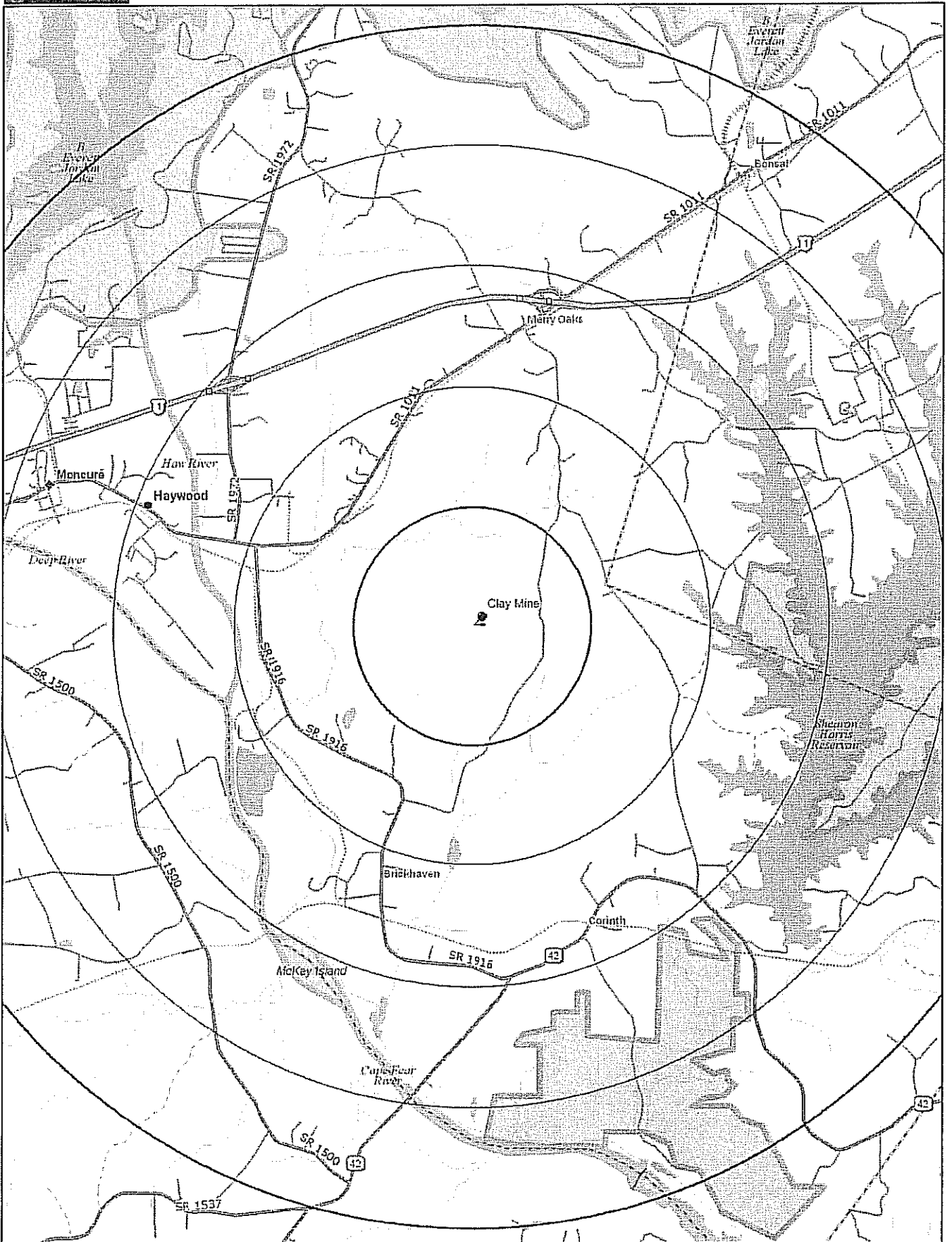
Borrower/Client	Bradshaw & Robinson			
Property Address	Moncure-Flatwood Road			
City	Moncure	County	Chatham	State NC
Lender	No lender associated with assignment			Zip Code 27559



Neighborhood Plat Map



Neighborhood Aerial Map



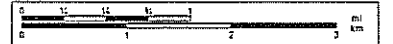
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Scale 1 : 68,750



1" = 1.09 mi

Data Zoom 11-5

